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EASTLAND NETWORK LIMITED

INFORMATION FOR DISCLOSURE

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

CERTIFICATION OF FINANCIAL STATEMENTS, PERFORMANCE MEASURES DISCLOSED BY EASTLAND NETWORK LIMITED

We, Arthur Patrick Muldoon and Trevor William Taylor, directors of Eastland Network Ltd certify that, having made all reasonable enquiry, to the best of our knowledge, -

(a) The attached audited financial statements of Eastland Network Ltd, prepared for the purposes of regulation 6 of the Electricity (Information Disclosures) Regulations 1999 comply with the requirements of those regulations; and

(b) The attached information, being the derivation table, financial performance measures, efficiency performance measures, energy delivery efficiency performance measures, statistics and reliability performance measures in relation to Eastland Network Limited, and having been prepared for the purposes of regulations 15, 16, 21 and 22 of the Electricity (Information Disclosure) Regulations 1999, comply with the requirements of those regulations.

The valuations on which those financial performance measures are based are as at 31 March 2002.

.... Director

.... Director

Dated this 21st day of July 2003

Statement of financial performance
For the year ended 31 March 2003

	Note	2003 $'000	2002 $'000
Operating Revenue	2	21,014	22,361
Operating Expenses	3	14,002	16,242
Earnings before Interest and Tax		7,012	6,120
Interest Expense	4	2,727	1,952
Net Surplus before Taxation		4,285	4,168
Taxation	5	1,551	1,807
Net Surplus after Taxation		2,734	2,361

Statement of movements in equity
For the year ended 31 March 2003

	Note	2003 $'000	2002 $'000
Total equity at beginning of year		31,223	17,729
Net surplus after taxation		2,734	2,361
Increase (decrease) in value of fixed recognised in equity			
Land and Buildings		-	(17)
System Assets		-	18,116
		-	18,099
Total recognised revenues and expenses		2,734	20,460
Dividends paid		250	-
Repayment of capital		-	6,966
Distributions to owners		250	6,966
Total equity at end of year		33,707	31,223

Statement of financial position
For the year ended 31 March 2003

	Note	2003 $'000	2002 $'000
Equity			
Share Capital	8	5,573	5,573
Reserves	9	18,273	18,273
Retained earnings		9,861	7,377
Total equity		33,707	31,223
Non-current liabilities			
Bank Borrowings	11	29,200	26,850
Deferred Tax	6	463	-
Capital Notes		10,000	10,000
		39,663	36,850
Current Liabilities			
Borrowings	11	1,000	-
Payables and accruals	12	3,221	5,464
Employee Provisions		178	179
Total Current Liabilities		4,399	5,643
Total Equity & Liabilities		77,769	73,716
Non-current Assets			
Property, plant & equipment	10	73,623	70,855
Future Tax benefit	6	-	153
Total non-current assets		73,623	71,008
Current Assets			
Cash		1,396	17
Receivables and prepayments		2,429	2,197
Income Tax refundable		296	229
Inventories		25	265
Total Current Assets		4,146	2,708
Total Assets		77,769	73,716

Statement of cash flows
For the year ended 31 March 2003

	Note	2003 $'000	2002 $'000
Cash flows from operating activities			
Cash was received from (disbursed to):			
Receipts from customers		18,943	22,462
Interest Received		-	-
Payments to suppliers and employees		(9,283)	(12,116)
Interest paid		(2,730)	(1,718)
Income Tax paid		(1,002)	(1,635)
Net GST		83	174
Net cash flows from (to) operating activities	14	6,011	7,167
Cash flows from (to) investing activities			
Cash was provided by (applied to)			
Disposal of fixed assets		15	55
Acquisition of fixed assets		(7,747)	(19,665)
Net cash flows from (to) investing activities		(7,732)	(19,610)
Cash Flows from (to) financing activities			
Cash was provided by (applied to)			
Proceeds of Capital Notes		-	10,000
Proceeds of borrowings		3,350	26,850
Repayment of borrowings		-	(6,400)
Repayment of Subordinated debt		-	(10,000)
Repayment of Capital		-	(6,966)
Dividends paid		(250)	-
Net cash flows from (to) financing activities		3,100	13,484
Net increase (decrease) in cash held		1,379	1,041
Add opening cash brought forward		17	(1,024)
Ending cash carried forward		1,396	17

Notes to the financial statements
For the year ended 31 March 2003

1) Statement of accounting policies

Basis of Preparation

Eastland Network Ltd is registered under the Companies Act 1993 and is a reporting entity for purposes of the Financial Reporting Act 1993.

The financial statements are those of the Line Business Activities only of Eastland Network Ltd and have been prepared in accordance with the Electricity (information Disclosure) Regulations 1999 and only for that purpose.

Measurement base

The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on a historical cost basis are followed, with the exception that certain property has been revalued.

Specific accounting policies

The following specific accounting policies which materially affect the measurement of financial performance and the financial position have been applied.

(A) Fixed Assets

Owned Assets

Fixed assets are initially stated at cost and depreciated as outlined below. Where appropriate, the cost of fixed assets includes site preparation costs, installation costs, and the cost of obtaining resource consents.

Leased Assets

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets acquired by way of finance lease are stated at an amount equal to the present value of the future minimum lease payments, and are depreciated as outlined below.

Revaluations

Land and buildings are stated at valuation as determined, on a cyclical basis not exceeding three years by an independent valuer. The basis of valuation is market value less the estimated costs of disposal, on an existing use basis.

Network assets are stated at valuation as determined, on a cyclical basis not exceeding five years. The basis of valuation is optimised depreciated replacement cost, as reviewed by an independent engineering consultant.

Notes to the financial statements (continued)
For the year ended 31 March 2003

Any surplus on revaluation is transferred directly to equity unless it offsets a previous decrease in value recognised in the statement of financial performance, in which case it is recognised in the statement of financial performance. A decrease in value is recognised in the statement of financial performance where it exceeds the surplus previously transferred to equity.

Disposal of Fixed Assets

Where a fixed asset is disposed of, the profit or loss recognised in the statement of financial performance is calculated as the difference between the sale price and the carrying value of the fixed asset.

Depreciation

Depreciation is calculated on a straight line basis to allocate the cost or revalued amount of an asset, less any residual value, over its useful life.

Major depreciation periods are:

Buildings	40 – 100 years
Distribution system	10 – 60 years
Motor Vehicles	5 – 10 years
Plant & Equipment	5 – 15 years

(B) Receivables

Receivables are stated at estimated realisable value after providing against debts where collection is doubtful.

(C) Inventories

Inventories are stated at the lower of cost or net realisable value. The estimated costs of marketing, selling and distribution are deducted in calculating net realisable value.

Cost is determined on a weighted average basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location.

(D) Taxation

The income tax expense charged to the statement of financial performance includes both the current year's provision and the income tax effect of timing differences calculated using the liability method.

Tax effect accounting is applied on a comprehensive basis to all timing differences. 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.

Notes to the financial statements (continued)
For the year ended 31 March 2003

(E) Financial instruments

The Company is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, investments, accounts receivable, accounts payable and term borrowings. All financial instruments are recognised in the statement of financial position and all revenues in relation to financial instruments are recognised in the statement of financial performance.

Except for those items covered by a separate accounting policy, all financial instruments are shown at their fair value.

(F) Employee Entitlements

A liability for annual leave and long service leave is accrued and recognised in the statement of financial position. The liability is calculated on an actual entitlement basis.

(G) Foreign Currency Transactions

Transactions denominated in foreign currencies are translated into the reporting currency using the exchange rate in effect at the transaction date.

Monetary items receivable or payable in a foreign currency, other than those resulting from short term transactions covered by forward exchange contracts, are translated at balance date at the closing rate. For transactions covered by short term forward exchange contracts, the rates specified in those contracts are used as the basis for measuring and reporting the transaction.

Exchange differences on foreign currency balances are recognised in the Statement of Financial Performance.

(H) Changes in Accounting Policies

There have been no changes in accounting policies. All Policies have been applied on bases consistent with those in the prior year.

Notes to the financial statements (continued)
For the year ended 31 March 2003

	2003 $'000	2002 $'000
2) Operating revenue comprises		
Revenue from line/access charges	18,487	19,570
Revenue from "Other" business for services carried out by the line business (transfer payment)	119	422
Interest on cash, bank balances and short term investments	91	-
AC loss-rental rebates	1,730	2,086
Other revenue	587	283
Total Operating revenue	21,014	22,361
3) Operating Expenditure includes		
(a) Payment for transmission charges	5,837	6,179
(b) Transfer payments for "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	-	-
(vii) Avoided transmission charges on account owned generation	*319*	*599*
(viii) Other goods & services not listed in (i) to (vi) above	-	-
(viiii) Total transfer payment to "Other" business	319	599
(c) Expense to entities that are not related parties for:		
(i) Asset Maintenance	*1,824*	*3,085*
(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	1,824	3,085
(d) Employee salaries, wages and redundancies	874	950
(e) Consumer billing and information system expense	79	65
(f) Depreciation on:		
*(i) System fixed assets: **	*3,451*	*3,835*
(ii) Other assets not listed in (i)	*271*	*107*
(iii) Total depreciation	3,722	3,942
(g) Amortisation of:		
(i) Goodwill	-	-
(ii) Other intangibles	-	-
(iii) Total amortisation of intangibles	-	-
(h) Corporate and administration	387	354
(i) Human Resource expenses	44	66
(j) Marketing advertising	8	7

Notes to the financial statements (continued)
For the year ended 31 March 2003

3) Operating Expenditure (continued)

	2003 $'000	2002 $'000
(k) Merger and acquisition expenses	-	2
(l) Takeover defense expenses	-	-
(m) Research and development expenses	-	-
(n) Consultancy and legal expenses	544	698
(o) Donations	-	-
(p) Directors' fees	130	133
(q) Auditors' fees:		
(i) audit fees paid to principal auditors	*30*	*30*
(ii) audit fees paid to other auditors	-	-
(iii) fees paid for other services provided by	-	-
principal and other auditors	-	-
(iv) Total auditors fees	30	30
(r) Costs of offering credit		
(i) *Bad debts written off*	*31*	*2*
(ii) *Increase in estimated doubtful debts*	*(1)*	-
(iii) Total cost of offering credit	30	2
(s) Local authority rates	14	6
(t) AC loss-rentals (distribution to retailers /customers) expense	-	-
(u) Rebates to consumers due to ownership interest	-	-
(v) Subvention payments	-	-
(w) Unusual expenses	-	-
(x) Other expenditure not listed in (a) to (w)	160	122
Total operating expenditure	14,002	16,242

4) Interest expense

	2003 $'000	2002 $'000
a) Interest expense on borrowings	2,727	1,952
(b) *Financing charges related to finance leases*	-	-
(c) Other Interest expense	-	-
(d) Total Interest Expense	-	-
	2,727	1,952

Notes to the financial statements (continued)
For the year ended 31 March 2003

	2003 $'000	2002 $'000
5) Taxation		
Profit before taxation	4,285	4,168
Prima facie taxation at 33 %	1,414	1,375
Add (subtract) tax effect of permanent differences	136	432
Income tax expense	1,551	1,807
Income Tax expense is made up of		
Current Taxation	935	1,805
Deferred Taxation	616	2
	1,551	1,807
6) Deferred Taxation		
Balance at beginning of year	153	155
Recognised in the statement of financial performance	(616)	(2)
Balance at end of year	(463)	153
7) Imputation credits		
Balance at beginning of year	5,030	3,433
Taxation paid	1,002	1,597
Imputation credits attached to dividends paid	(123)	-
Balance at end of year	5,909	5,030
8) Paid in share capital		
Balance at beginning of year	5,573	12,539
Shares repurchased	-	6,966
	5,573	5,573
9) Asset revaluation reserve		
Balance at beginning of year	18,273	174
Revaluation current year		
Land and Buildings	-	(17)
Network Assets	-	18,116
	18,273	18,273

Notes to the financial statements (continued)
For the year ended 31 March 2003

10) Fixed assets

	2003 $'000	2002 $'000
System fixed assets at cost	72,582	64,952
Less accumulated depreciation	(4,045)	(1,670)
	68,537	63,282
Customer billing & information system assets at cost	835	466
Less accumulated depreciation	(341)	(261)
	494	205
Motor vehicles at cost	212	199
Less accumulated depreciation	(143)	(114)
	69	85
Office equipment at cost	221	406
Less accumulated depreciation	(153)	(309)
	68	97
Land & building at cost	-	-
Land and buildings at valuation	1,136	1,048
Less accumulated depreciation	(57)	(51)
	1,079	997
Capital works under construction at cost	3,119	5,818
Other plant and equipment at cost	987	1,366
Less accumulated depreciation	(730)	(995)
	257	371
Total fixed assets	73,623	70,855

Valuation
Revalued freehold land and buildings on hand at balance date are stated at net current value as determined by an independent registered valuer Roger Kelly ANZIV of the firm Valuation & Property Services in February 2002.

Network assets have been valued at Optimised Depreciated Replacement Cost as confirmed by Kerslake and Partners, Consulting Engineers, as at 31 March 2002.

Capitalised Interest
The Capital works programme undertaken during the year was partly financed from borrowings. Interest incurred on these borrowing during the period of construction has been capitalised being recognition that borrowing cost was part of the cost of the resulting assets. The total amount of interest capitalised in this manner is $90,000.

Notes to the financial statements (continued)
For the year ended 31 March 2003

	2003 $'000	2002 $'000
11) Borrowings		
a. Non-Current		
Bank loans unsecured	29,200	26,850
b. Current		
Bank loans unsecured	1,000	
12) Payables and accruals		
Trade Creditors	3,221	2,903
Other accruals	-	2,561
Employee provisions	178	179
	3,399	5,643

13) Bank Loans

The Company has a creditline with ASB Bank for $40 million. This credit line is unsecured, but subject to a Deed of Negative Pledge. The facility is initially for a period of 5 years from 28 July 2001. Borrowings are rolled over on either 3 monthly or on a call basis. The Company has a policy of hedging interest rates and currently has interest rate cover of $23 million for various periods up to 5 years.

Average rate of fixed Rate cover at 31 March 2003 is 6.50%.

Notes to the financial statements (continued)
For the year ended 31 March 2003

14) Net Cash Flow from Operating Activities

The following is a reconciliation between the surplus after taxation shown in the statement of financial performance and the net cash flow from operating activities.

	2003 $'000	2002 $'000
Surplus after taxation	2,734	2,361
Add/(less) non-cash items		
Depreciation	3,722	3,678
Decrease in future tax benefit	616	2
Loss(gain) on disposal of assets	73	264
Overhead recovered in fixed assets	-	(371)
	4,411	3,573
Add/(less) movement in working capital		
Decrease/(increase) in trade debtors and other receivables	(232)	(79)
Decrease/(increase) in inventories	241	(265)
(Decrease)/increase in trade creditors and other payables	- (1,074)	1,398
(Decrease)/increase in Income Tax receivable	(69)	179
	(1,134)	1,233
Net cash flow from operations	6,011	7,167

15) Contingent Liability

At 31 March 2003, the Company has a contingent liability of $92,299 (2002 $98,549) in respect of Subdivision Developers' Rebates on sections that are reticulated but undeveloped. The individual liabilities will be brought to charge as each section is developed and line charges become payable.

Notes to the financial statements (continued)
For the year ended 31 March 2003

17) Contingent Asset

Last year the Company reported a contingent asset is respect of an insurance claim resulting from storm damage incurred in September 2000. A final claim of $1.7 million was submitted to the Insurance Company in September 2002. Of this amount $750,000 was received during the 2002 year. Negotiations are continuing with the Insurance Company to resolve settlement of this claim and an offer has been made in June 2003 by the Insurance Company. This offer is currently under consideration.

18) Commitments

There were no capital commitments not provided for at year end. The figure for 2002 was also nil.

19) Financial instruments

Credit risk
Financial assets which potentially subject the Company to a credit risk principally consist of bank balances and accounts receivable. The maximum credit risk is the book value of these financial instruments however, the Company considers the risk of non recovery of these amounts to be minimal.

Bank balances and investments in short term deposits are made with registered banks with satisfactory credit ratings. Exposure with any one financial institution is restricted in accordance with company policy.

Currency risk
At 31 March 2003 the Company had a US Dollar liability of USD156.000 payable in June. This liability was not hedged and is recorded at the spot market rate on 31 March 2003.

Interest risk
The interest rate risk is limited to bank borrowings. The Company has a policy of hedging interest rates and has hedges covering $23 million of borrowings for periods between two and five years at less than 6.76%.

Fair Values
The carrying value of cash and bank deposits, accounts receivable and accounts payable is equivalent to their fair value.

Notes to the financial statements (continued)
For the year ended 31 March 2003

20) Transactions with related parties

(a) Eastland Energy Community Trust

The Company is 100% owned by Eastland Energy Community Trust.

Other than payment of Interest on Capital Notes and the payment of dividends there have been no significant transactions between the Company and the Trust during the financial year.

(b) Port of Gisborne

One of the Directors was also a director of Port of Gisborne Limited during the year. Eastland Network Limited leased land from Port of Gisborne Limited for a substation. Lease payments are $280 per annum.

Eastland Port Limited, a company also owned by Eastland Energy Community Trust, acquired the port assets from Port Gisborne Limited at the end of the year. This lease was one of the assets acquired.

21) Financial and efficiency performance measures under Regulation 15 of the Electricity (Information Disclosure) Regulations 1999

		2003	2002	2001	2000
1)	Financial performance measures				
	a) Return on funds	12.9	14.4	11.3	9.40
	b) Return on Equity	15.0	13.8	11.2	8.00
	c) Return on Investment	9.3	2.4	-2.6	-11.40
2)	Efficiency performance measures				
	a) Direct line costs per Kilometre	$646	$1,034	$1,837	$1,300
	b) Indirect line costs per electricity consumer	$67	$67	$52	$72

22) Delivery efficiency performance measures under Regulation of the Electricity (Information Disclosure) Regulations 1999

1.	Load factor	61.1%	58%	58%	57%
2.	Loss ratio	7.16%	7.32%	8.51%	6.2%
3.	Capacity utilisation	29.5%	25.37%	27.1%	28.5%

Annual Valuation Reconciliation Report
Year ended 31 March 2003

Systems fixed assets at ODV - end of the previous year		66,048,645
Add	system fixed assets aquired during the year at ODV	4,928,090
less	system fixed assets disposed of during year at ODV	49,652
less	depreciation on system fixed assets at ODV	1,726,919
Add	revaluations of system fixed assets	-
equals	system fixed assets at ODV - end of financial year	69,200,164

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	7,012,016				
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIIT)	7,012,016				
Interest on cash, bank balances, and short-term investments (ISTI)	0				
OSBIIT minus ISTI	7,012,016	a	7,012,016		7,012,016
Net surplus after tax from financial statements	2,733,615				
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	2,733,615	n		2,733,615	
Amortisation of goodwill and amortisation of other intangibles	0	g	add 0	add 0	add 0
Subvention payment	0	s	add 0	add 0	add 0
Depreciation of SFA at BV (x)	3,451,064				
Depreciation of SFA at ODV (y)	1,726,919				
ODV depreciation adjustment	1,724,145	d	add 1,724,145	add 1,724,145	add 1,724,145
Subvention payment tax adjustment	0	s*t		deduct 0	deduct 0
Interest tax shield	899,941	q			deduct 899,941
Revaluations	0	r			add 0
Income tax	1,551,307	p			deduct 1,551,307
Numerator			8,736,161 $OSBIIT^{ADJ} = a + g + s + d$	4,457,760 $NSAT^{ADJ} = n + g + s - s^*t + d$	6,284,913 $^{ADJ} = a + g - q + r + s + d - p - s^*t$
Fixed assets at end of previous financial year (FA_0)	70,854,550				
Fixed assets at end of current financial year (FA_1)	73,622,664				
Adjusted net working capital at end of previous financial year ($ANWC_0$)	-2,179,383				
Adjusted net working capital at end of current financial year ($ANWC_1$)	-944,994				
Average total funds employed (ATFE)	70,676,419 (or regulation 33 time-weighted average)	c	70,676,419		70,676,419
Total equity at end of previous financial year (TE_0)	31,222,594				
Total equity at end of current financial year (TE_1)	33,707,239				
Average total equity	32,464,917 (or regulation 33 time-weighted average)	k		32,464,917	
WUC at end of previous financial year (WUC_0)	5,817,825				
WUC at end of current financial year (WUC_1)	3,118,748				

Average total works under construction	4,468,287 (or regulation 33 time-weighted average)	e	deduct 4,468,287	deduct 4,468,287	deduct 4,468,287
Revaluations	0	r			
Half of revaluations	0	r/2			deduct 0
Intangible assets at end of previous financial year (IA_0)	0				
Intangible assets at end of current financial year (IA_1)	0				
Average total intangible asset	0 (or regulation 33 time-weighted average)	m		add 0	
Subvention payment at end of previous financial year	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})	63,281,567				
System fixed assets at end of current financial year at book value (SFA_{bv1})	68,537,060				
Average value of system fixed assets at book value	65,909,314 (or regulation 33 time-weighted average)	f	deduct 65,909,314	deduct 65,909,314	deduct 65,909,314
System Fixed assets at year beginning at ODV value (SFA_{odv0})	66,048,645				
System Fixed assets at end of current financial year at ODV value (SFA_{odv1})	69,200,164				
Average value of system fixed assets at ODV value	67,624,405 (or regulation 33 time-weighted average)	h	add 67,624,405	add 67,624,405	add 67,624,405
Denominator			67,923,223 $ATFE^{ADJ} = c - e - f + h$	29,711,721 $Ave\ TE^{ADJ} = k - e - m + v - f + h$	67,923,223 $ATFE^{ADJ} = c - e - ½r - f + h$
Financial Performance Measure:			12.9 $ROF = OSBIIT^{ADJ}/ATFE^{ADJ} \times 100$	15.0 $ROE = NSAT^{ADJ}/ATE^{ADJ} \times 100$	9.3 $ROI = OSBIIT^{ADJ}/ATFE^{ADJ} \times 100$

Efficiency Performance Measures (Schedule 1, Part 3)

	2003	2002	2001	2000
Direct line costs per kilometre	646	1,034	1,837	1,297
Direct expenditure	2,428,814	3,804,374	6,500,929	4,535,030
System length	*3,758.25*	*3,678.51*	*3,538.02*	*3,495.52*

	2003	2002	2001	2000
Indirect line costs per consumer	67	67	52	72
Indirect expenditure	1,695,627	1,716,912	1,355,848	1,699,925
Total consumers	*25,264*	*25,552*	*26,128*	*23,694*

Energy Delivery Efficiency Performance Measures (Schedule 1, Part 4)

	2003	2002	2001	2000
Load Factor (= [a/bc]*100/1)	61.11%	58.06%	57.99%	56.59%
where -				
a = Kwh of electricity entering system during the financial year	*296,909,000*	*290,305,891*	*289,321,000*	*269,881.692*
(this figure should be same as the total for (g) from Statistics)				
b = Maximum Demand	*55,463*	*57,077*	*56,950*	*54,446*
c = Total number of hours in financial year	8760	8760	8760	*8,760*

	2003	2002	2001	2000
Loss Ratio (= a/b*100/1)	7.31%	7.32%	8.51%	6.18%
where -				
a = losses in electricity in kWh	*21,712,954*	*21,250,391*	*24,612,917*	*16,679,992*
(this figure should be the difference between (f) and (g) from Statistics)				
b = Kwh of electricity entering system during the financial year	*296,908,821*	*290,305,891*	*289,321,000*	*269,881,692*

	2003	2002	2001	2000
Capacity Utilisation (= a/b*100/1)	29.50%	25.37%	27.12%	28.47%
where -				
a = Maximum Demand	*55,463*	*57,077*	*56,950*	*54,446*
b = Transformer Capacity	*188,006*	*224,970*	*209,991*	*191,218*

Statistics (Schedule 1, Part 4)

Statistics	Nominal Voltage	2003	2002	2001	2000
System Length (Total) (kms)					
	50kV	254.24	258.33	253.55	295.69
	33kV	35.50	35.50	35.50	0.00
	11kV	2,620.27	2,637.41	2,569.33	2,599.42
	230/400 V	848.24	747.27	679.64	600.41
	Total	**3,758.25**	**3,678.51**	**3,538.02**	**3,495.52**
Circuit Length (Overhead) (kms)					
	50kV	254.24	258.33	253.55	295.69
	33kV	35.40	35.40	35.40	
	11kV	2,502.40	2,532.90	2,472.49	2,499.60
	230/400 V	660.34	594.75	529.15	472.07
	Total	**3,452.38**	**3,421.38**	**3,290.59**	**3,267.36**
Circuit Length (Underground) (kms)					
	33kV	0.10	0.10	0.10	
	11kV	117.87	104.51	96.84	99.82
	230/400 V	187.90	152.52	150.49	128.34
	Total	**305.87**	**257.13**	**247.43**	**228.16**
Transformer Capacity (kVA)	in kVA	188,006	224,970	209,991	191,218
Maximum Demand (kWh)	in kW	55,463	57,077	56,950	54,446
Total Electricity Supplied from System, before losses of electricity (kWh)	in kWh	296,908,821	290,305,891	289,563,702	269,881,692
	Name of retailer/generator				
Total amount of electricity conveyed through the system, after losses of electricity, on behalf of each person that is an electricity generator or electricity retailer or both:	Contact Energy Ltd	166,214,066	161,212,700	160,749,080	177,632,149
	Mercury Energy Ltd (Mighty River)	1,538,842	3,831,200	30,972,710	9,843,519
	Transalta NZ Ltd		7,252,300	12,568,933	5,322,018
	Trustpower Ltd	53,549,918	51,533,500	53,783,112	39,066,269
	Meridian Energy Ltd	39,254,678	34,965,200	3,023,455	273,606
	Genesis Energy Ltd	14,638,363	10,236,100	2,989,299	21,064,139
	NGC/Energy		24,500	14,949	
	Empower		0	849,248	
	TOTAL	275,195,867	269,055,500	264,950,786	253,201,700
Total number of consumers	Number	25,264	25,552	26,128	23,694

Reliability Performance Measures (Schedule 1, Part 5)

Interruptions		Average Interruption Targets	Interruption Targets	Actual Interruptions				
		2004/08	2004	2003	2002	2001	2000	1999
	Class							
	Class A			1		7	1	0
Planned Interruptions	Class B	54	60	130	237	137	156	376
Unplanned Interruptions	Class C	104	120	214	138	224	179	140
	Class D			1	1	5	2	0
	Class E			0	0	0	0	0
	Class F			0	0	0	0	0
	Class G			0	0	0	0	0
	Class H			0	0	0	0	0
	Class I			0	0	0	0	0
	Total			346	376	373	338	516

Proportion of Total Class C Interruptions not restored: (= a/b*100/1)	Within 3 Hours	Within 24 Hours
where -		
a = No. of interruptions not restored within	56	10
b = Total number of Class C interruptions	214	214
Proportion expressed as a percentage	26.17%	4.67%

Reliability Performance Measures (Schedule 1, Part 5)

Faults		Average Faults Targets	Faults Targets	Actual number of faults			
		2004/08	2004	2003	2002	2001	2000
Faults per 100 circuit kilometres of prescribed voltage electric line	Nominal Voltage						
	50kV	3	3	3	2	4	4
	33kV	0	0	11	3		
	11kV	7	7	8	13	7	6
	Total			7	12	7	6

Faults		Actual number of faults			
		2003	2002	2001	2000
Faults per 100 circuit kilometres of underground prescribed voltage electric line	Nominal Voltage				
	50kV				
	33kV				
	11kV	5	0	1	4
	Total	5	0	1	4

Faults		Actual number of faults			
		2002	2002	2001	2000
Faults per 100 circuit kilometres of overhead prescribed voltage electric line	Nominal Voltage				
	50kV	3	2	4	4
	33kV	11	3		
	11kV	7	13	8	6
	Total	7	12	7	6

Reliability Performance Measures (Schedule 1, Part 5)

SAIDI	Class	Average SAIDI Targets	SAIDI Targets	Actual SAIDI			
		2004/08	2004	2003	2002	2001	2000
SAIDI for total number of interruptions (= a/b)				426.91	189.78	1,043.04	235.33
where - a = sum of interruption duration factors for **all** interruptions							
b = Total consumers							
SAIDI Targets (=a/b)							
Planned Interruptions	Class B	40	45				
Unplanned Interruptions	Class C	184	298				
where-							
Planned Interruptions (pi) a^{pi} = sum of interruption duration factors for all interruptions	Class B	*993,200*	*1,128,600*				
Unplanned Interruptions (ui) a^{ui} = sum of interruption duration factors for all interruptions	Class C	*4,563,754*	*7,473,840*				
b = Projected total consumers		*24,830*	*25,080*				
SAIDI for total number of interruptions within each interruption class (= a/b)							
	Class A			23.27	0.00	1.27	1.68
	Class B			56.95	75.89	24.12	47.95
	Class C			285.54	111.98	642.95	183.43
	Class D			61.16	1.91	374.71	2.28
	Class E			0.00	0.00	0.00	0.00
	Class F			0.00	0.00	0.00	0.00
	Class G			0.00	0.00	0.00	0.00
	Class H			0.00	0.00	0.00	0.00
	Class I			0.00	0.00	0.00	0.00
	SAIDI for total of interruptions			**426.91**	**189.78**	**1,043.04**	**235.33**
where - a = sum of interruption duration factors for all interruptions within the particular interruption class							
	Class A			587,769	0	32,862	39,732
	Class B			1,438,693	1,939,160	626,231	1,136,102
	Class C			7,213,916	2,861,194	16,690,867	4,346,118
	Class D			1,545,201	48,870	9,727,476	54,126
	Class E			0	0	0	0
	Class F			0	0	0	0
	Class G			0	0	0	0
	Class H			0	0	0	0
	Class I			0	0	0	0
b = Total consumers				25,264	25,552	25,960	23,694

Reliability Performance Measures (Schedule 1, Part 5)

Para	SAIFI	Class	Average SAIFI Targets 2004/08	SAIFI Targets 2004	Actual SAIFI 2003	2002	2001	2000
12	**SAIFI for total number of interruptions (= a/b)**				3.19	2.78	4.39	3.55
	where -							
	a = sum of electricity consumers affected by each of those interruptions							
	b = Total consumers							
13, 14	**SAIFI Targets (=a/b)**							
	Planned Interruptions	Class B	0.34	0.43				
	Unplanned Interruption	Class C	1.95	2.47				
	where-							
	Planned Interruptions	Class B						
	a = projected number of electricity consumers affected by each of those interruptions		*8,442*	*10,784*				
	b = Projected total customers		*24,830*	*25,080*				
	Unplanned Interruptions	Class C						
	a = projected number of electricity consumers affected by each of those interruptions		*48,419*	*61,822*				
	b = Projected total customers		*24,830*	*25,080*				
15	**SAIFI for total number of interruptions within each interruption class (= a/b)**							
		Class A			0.07	0.00	0.11	0.02
		Class B			0.39	0.29	0.42	0.45
		Class C			2.54	2.28	3.59	2.58
		Class D			0.20	0.21	0.27	0.50
		Class E			0.00	0.00	0.00	0.00
		Class F			0.00	0.00	0.00	0.00
		Class G			0.00	0.00	0.00	0.00
		Class H			0.00	0.00	0.00	0.00
		Class I			0.00	0.00	0.00	0.00
		SAIFI for total of interruptions			**3.19**	**2.78**	**4.39**	**3.55**
	where -							
	a = sum of electricity consumers affected by each of those interruptions within that interruption class							
		Class A			1,883	0	2,889	462
		Class B			9,765	7,478	10,841	10,714
		Class C			64,049	58,178	93,310	61,081
		Class D			5,000	5,430	6,955	11,743
		Class E			0	0	0	0
		Class F			0	0	0	0
		Class G			0	0	0	0
		Class H			0	0	0	0
		Class I			0	0	0	0
	b = Total consumers				25,264	25,552	25,960	23,694

Reliability Performance Measures (Schedule 1, Part 5)

Para	CAIDI	Class	Average CAIDI Targets	CAIDI Targets	Actual CAIDI			
			2004/08	2004	2003	2002	2001	2000
16	**CAIDI for total number of interruptions (= a/b)**				134	68	238	66
	where - a = sum of interruption duration factors for all interruptions b = sum of electricity consumers affected by each of those interruptions							
17, 18	**CAIDI Targets (=a/b)**							
	Planned Interruptions	Class B	119	103				
	Unplanned Interruptio	Class C	94	121				
	where-							
	Planned Interruptions	Class B						
	a = sum of interruption duration factors for all interruptions		*993,200*	*1,128,600*				
	b = projected number of electricity consumers affected by each of those interruptions		*8,346*	*10,957*				
	Unplanned Interruptions	Class C						
	a = sum of interruption duration factors for all interruptions		*4,563,754*	*7,473,840*				
	b = projected number of electricity consumers affected by each of those interruptions		*48,551*	*61,767*				
19	**CAIDI for total number of interruptions within each interruption class (= a/b)**							
		Class A			312	#DIV/0!	11	86
		Class B			147	259	58	106
		Class C			113	49	179	71
		Class D			309	9	1,399	5
		Class E			0	0	0	0
		Class F			0	0	0	0
		Class G			0	0	0	0
		Class H			0	0	0	0
		Class I			0	0	0	0
		CAIDI for total of interruptions			**134**	**68**	**238**	**66**
	where - a = sum of interruption duration factors for all interruptions							
		Class A			587,769	0	32,862	39,732
		Class B			1,438,693	1,939,160	626,231	1,136,102
		Class C			7,213,916	2,861,194	16,690,867	4,346,118
		Class D			1,545,201	48,870	9,727,476	54 126
		Class E			0	0	0	0
		Class F			0	0	0	0
		Class G			0	0	0	0
		Class H			0	0	0	0
		Class I			0	0	0	0
	b = sum of electricity consumers affected by each of those interruptions within that interruption class							
		Class A			1,883	0	2,889	462
		Class B			9,765	7,478	10,841	10,714
		Class C			64,049	58,178	93,310	61,081
		Class D			5,000	5,430	6,955	11,743
		Class E			0	0	0	0
		Class F			0	0	0	0
		Class G			0	0	0	0
		Class H			0	0	0	0
		Class I			0	0	0	0

Deloitte Touche Tohmatsu

**REPORT OF THE AUDITOR-GENERAL
TO THE READERS OF THE FINANCIAL STATEMENTS OF EASTLAND NETWORK LIMITED
FOR THE YEAR ENDED 31 MARCH 2003**

We have audited the financial statements of Eastland Network Limited on pages 2 to 15. The financial statements provide information about the past financial performance of Eastland Network Limited and its financial position as at 31 March 2003. This information is stated in accordance with the accounting policies set out on pages 5 to 7.

Directors' Responsibilities
The Electricity (Information Disclosure) Regulations 1999 require the Directors to prepare financial statements that give a true and fair view of the financial position of Eastland Network Limited as at 31 March 2003, and results of operations and cash flows for the year then ended.

Auditor's Responsibilities
Section 15 of the Public Audit Act 2001 and Regulation 31 of the Electricity (Information Disclosure) Regulations 1999 require the Auditor-General to audit the financial statements. It is the responsibility of the Auditor-General to express an independent opinion on the financial statements and report that opinion to you.

The Auditor-General has appointed Bruce Taylor of Deloitte Touche Tohmatsu 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 Eastland Network Limited's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with the Auditing Standards published by the Auditor-General, which incorporate the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain 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 our capacity acting on behalf of the Auditor-General, we have no relationship with or interest in Eastland Network Limited.

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

In our opinion:

- proper accounting records have been kept by Eastland Network Limited as far as appears from our examination of those records, and
- the financial statements of Eastland Network Limited on pages 2 to 15:
  (a) comply with generally accepted accounting practice in New Zealand; and
  (b) give a true and fair view of the financial position of Eastland Network Limited as at 31 March 2003 and the results of its operations and cash flows for the year then ended; and
  (c) comply with the Electricity (Information Disclosure) Regulations 1999.

Our audit was completed on 21 July 2003 and our unqualified opinion is expressed as at that date.

Bruce Taylor
Deloitte Touche Tohmatsu
On behalf of the Auditor-General
Hamilton, New Zealand

Deloitte
Touche
Tohmatsu

AUDITOR-GENERAL'S OPINION ON THE PERFORMANCE MEASURES OF EASTLAND NETWORK LIMITED

We have examined the attached information on pages 15 to 18, being:

(a) The derivation table in regulation 16; and
(b) The annual ODV reconciliation report in regulation 16A; and
(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 Eastland Network Limited and dated 31 March 2003 for the purposes of regulation 15 of the Electricity (Information Disclosure) Regulations 1999.

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

Bruce Taylor
Deloitte Touche Tohmatsu
On behalf of the Auditor-General
Hamilton, New Zealand
21 July 2003

KPMG

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AUDITORS OPINION IN RELATION TO ODV VALUATION

EASTLAND NETWORK LIMITED

I have examined the valuation report of Eastland Network Limited by KPMG and dated 17 July 2002, which contains valuations of system fixed assets as at 31 March 2002.

In my opinion, having made all reasonable enquiry, to the best of my knowledge, the ODV valuations contained in the report, including the total valuation of system fixed assets of $66,048,645 have been made in accordance with the ODV Handbook.

Bruce Loader
Partner

17 July 2002

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