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WESTPOWER LIMITED

INFORMATION FOR DISCLOSURE

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

Westpower Limited
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IN ACCORDANCE WITH THE ELECTRICITY (INFORMATION DISCLOSURE REGULATIONS) 1999

Certification of Financial Statements, Performance Measures, and Statistics Disclosed by Line Owners other than Transpower for the year ending 31 March 2002.

We, Richard Snowden Cornelius and Suzanne Merriman, directors of Westpower Limited certify that, having made all reasonable enquiry, to the best of our knowledge:


- (a) The attached audited financial statements of Westpower Limited, prepared for the purposes of regulation 6 of the Electricity (Information Disclosure) 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 Westpower Limited, and reliability performance measures in relation to Westpower 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 2001.

Signatures of Directors:


.....
(Richard Cornelius)

15 August 2002.
.....
(Date)


.....
(Suzanne Merriman)

15 August 2002.
.....
(Date)

WESTPOWER**FORM 7****ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS
1999****CERTIFICATION OF VALUATION REPORT OF LINE OWNERS**


We, Richard Snowden Cornelius and Suzanne Merriman, directors of Westpower Limited, certify that, having made all reasonable enquiry, to the best of our knowledge:

- (a) The attached valuation report of Westpower Limited, prepared for the purposes of the Electricity (Information Disclosure) Regulations 1999, complies with the requirements of those regulations; and
- (b) The Replacement Cost of the line business system fixed assets of Westpower Limited is \$77,842,294; and
- (c) The Depreciation Replacement Cost of the line business system fixed assets of Westpower Limited is \$48,482,765; and
- (d) The Optimised Depreciated Replacement Cost of the line business system fixed assets of Westpower Limited is \$48,241,065; and
- (e) The Optimised Deprival Valuation of the line business system fixed assets of Westpower Limited is \$48,126,914; and
- (f) The values in (b), (c), (d) and (e) have been prepared in accordance with the ODV Handbook.

These valuations are as at 31 March 2001.



R S Cornelius



S Merriman

Dated: 15 August 2002

WESTPOWER LIMITED

STATEMENT OF ACCOUNTING POLICIES

For The Year Ended 31 March 2002

The financial statements presented are for the reporting entity Westpower Limited and the consolidated financial statements of the group comprising Westpower Limited and its subsidiary (**refer to Note 13**). Westpower Limited is a Lines Company registered under the Companies Act 1993.

The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993, the Companies Act 1993 and section 44 of the Energy Companies Act 1992.

The measurement base adopted is that of historical cost except for the revaluation of certain fixed assets.

(a) Sales

Sales shown in the Statement of Financial Performance comprise the amounts received and receivable by the Group for goods and services supplied to customers in the ordinary course of business.

Lines Charges represent income charged to Energy Retailers based on their meter readings during the period. An allowance is made for unbilled Lines Charges from Energy Retailers to the end of the period.

(b) Investments

The parent company's investment in ElectroNet Services Limited is stated at cost.

Sinking Fund Investments are shown at cost plus accumulated interest.

Other Investments are stated at cost.

Dividend income is accounted for on a cash basis. Interest income is accounted for as earned.

(c) **Fixed Assets and Depreciation**

(i) **Valuation**

Fixed Assets comprise:

Distribution System Assets (being the network system consisting of distribution and transmission lines and cables, zone substations, distribution transformers, protection and control equipment, communications equipment and metering).

Other Assets (being land, buildings, plant and equipment, motor vehicles, furniture and fittings).

Distribution System Assets have been revalued to Optimised Deprival Value which incorporates a valuation based on the engineering optimisation of the system and its components after allowing for depreciation and is based on the value to the company of being deprived of the assets. The valuation was conducted by **KPMG** in conjunction with **Kerslake and Partners**, Registered Valuers, as at 31 March 2001.

Land and Buildings have been revalued to market value as at 31 March 2000. The valuation was conducted by Coast Valuations Limited, registered valuers.

All other fixed assets are valued at cost less accumulated depreciation where applicable.

Distribution equipment is revalued on a cyclical basis with no individual asset being included at a valuation made more than three years previously.

Additions between revaluations are recorded at cost.

(ii) **Depreciation**

Distribution Assets are depreciated using the straight line method at rates which amortise the cost or valuation less estimated residual value over their economic lives.

The main basis are periods not exceeding:

Electricity Distribution System 15 – 70 years

The electricity distribution system economic lives have been set consistent with the Ministry of Commerce's revised ODV Handbook. The economic lives range from 15 – 70 years for the different components of the distribution system.

Other Assets are depreciated using rates which write off the cost or valuation of the fixed assets over their expected economic lives as below:

Buildings	1% to 2.5% SL
Motor Vehicles	25% DV
Plant and equipment	10% to 50% DV
Furniture and fittings including computers	20% to 48% DV

Profits and losses on disposal are calculated as the difference between the carrying amount of the asset at the time of disposal and the proceeds of the disposal. Any depreciation recovered and any loss on sale is included in the operating result of the Group in the year of the disposal.

(d) **Inventories**

Stocks and work-in-progress are stated at the lower of cost and net realisable value.

The cost of stocks is determined on a weighted average basis.

Some stocks may be subject to retention of title clauses on purchase.

The cost of work-in-progress includes materials, and a portion of direct labour and production overhead appropriate to the stage of completion attained.

(e) **Debtors**

Debtors are stated at estimated realisable value after providing for debts where collection is doubtful.

(f) **Taxation**

The taxation charge against the profit for the year is the estimated liability in respect of that profit and is calculated after allowance for permanent differences and timing differences not expected to reverse in future periods. This is the partial basis for the calculation of deferred taxation.

The Company follows the liability method of accounting for deferred taxation. Future taxation benefits attributable to losses carried forward or timing differences are recognised in the financial statements only where there is virtual certainty of realisation.

(g) Goods and Services Tax

All items in the financial statements are net of Goods and Services Tax except for Debtors and Creditors which are shown in the Statement of Financial Position inclusive of GST.

(h) Financial Instruments

Westpower and its subsidiaries are party to financial instrument arrangements as part of everyday operations. These instruments include bank accounts, debtors, creditors, borrowings and interest rate swaps.

Revenues and expenses in relation to all financial instruments are recognised in the Statement of Financial Performance.

Unrealised revenue and expenses associated with electricity hedges are not recognised in the financial statements. Realised revenue and expenses are recognised in the Statement of Financial Performance on maturity of the hedging contracts and are incorporated as part of the cost of electricity.

All financial instruments are recognised in the Statement of Financial Position, with the exceptions of contingent liabilities and interest rate swaps which are disclosed by way of a note to the financial statements.

(i) Changes in Accounting Policies

There have been no changes in accounting policies. All other policies have been applied on a basis consistent with the previous year.

WESTPOWER LIMITED - LINES BUSINESS
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2002

	Note	2002 \$ '000	2001 \$ '000
Revenue	1	11,953	12,090
Total Expenses	2	7,276	7,850
Net Surplus before Interest and Tax		4,677	4,240
Interest		746	911
Net Surplus before Income Tax		3,931	3,329
Less Taxation Expense	3	985	1,028
NET SURPLUS AFTER TAX		<u>2,946</u>	<u>2,301</u>

STATEMENT OF MOVEMENTS IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2002

Equity as at 1 April 2001	40,869	40,333
Net Surplus for Year	2,946	2,301
Revaluation of Assets	435	(3,023)
Total Recognised Revenue and Expenses	<u>3,381</u>	<u>(722)</u>
Inclusion of Investment in Subsidiary		1,000
Inclusion of Other Business due to below 5%	1,095	355
Contributions by Owners	5,000	-
Provision for Dividends	-	(97)
Equity as at 31 March 200	<u><u>50,345</u></u>	<u><u>40,869</u></u>

The accompanying notes form part of these financial statements

WESTPOWER LIMITED - LINES BUSINESS**STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2002**

	Note	2002 \$ '000	2001 \$ '000
EQUITY			
Share Capital		30,300	25,300
Reserves		19,657	19,222
Retained Earnings		388	(3,653)
TOTAL EQUITY	7	50,345	40,869
Represented By:			
CURRENT ASSETS			
Cash and Bank		1,207	95
Short Term Investments		-	-
Sundry Debtors	4	1,510	1,402
Tax refund due		473	30
Other Current Assets		-	-
		<u>3,190</u>	<u>1,527</u>
NON CURRENT ASSETS			
Fixed Assets	5	52,179	48,558
Investments		1,352	1,331
		<u>53,531</u>	<u>49,889</u>
TOTAL ASSETS		56,721	51,416
CURRENT LIABILITIES			
Sundry Creditors		113	1,321
Accrued Interest		1,861	127
Provision for dividend		-	97
		<u>1,974</u>	<u>1,545</u>
NON CURRENT LIABILITIES			
Employee Entitlements		-	-
Long - term Debt	6	4,402	9,002
		<u>4,402</u>	<u>9,002</u>
TOTAL LIABILITIES		6,376	10,547
NET ASSETS		50,345	40,869

The accompanying notes form part of these financial statements

WESTPOWER LIMITED - LINES BUSINESS**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 MARCH 2002**

	Note	2002 \$ '000	2001 \$ '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from customers		11,786	11,770
Interest received		72	80
		<u>11,858</u>	<u>11,850</u>
Cash was applied to:			
Payments to suppliers & employees		6,007	6,664
Interest paid		746	854
Taxes paid		1,428	888
Net GST		-48	54
		<u>8,133</u>	<u>8,460</u>
Net cash flows from operating activities	11	3,725	3,390
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Proceeds from sale of assets		-	-
Sale of Investments		-	-
		<u>-</u>	<u>-</u>
Cash was applied to:			
Purchase of fixed assets		3,990	2,873
Purchase of investments		21	24
		<u>4,011</u>	<u>2,897</u>
Net cash flows from investing activities		(4,011)	(2,897)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from:			
Term Loan		-	-
Contributions from Owners		5,000	
		<u>5,000</u>	
Cash was applied to:			
Repayment of Term Loan		4,600	900
Dividends paid		97	97
		<u>4,697</u>	<u>997</u>
Net cash flows from financing activities		303	(997)
Net increase in cash held		17	504
Add opening cash brought forward		95	245
Transfer of Cash from "Other Business"		1,095	354
Ending cash carried forward		<u>1,207</u>	<u>95</u>
CASH BALANCES IN THE STATEMENT OF FINANCIAL POSITION			
Cash and Bank		<u>1,207</u>	<u>95</u>

WESTPOWER LIMITED - LINES BUSINESS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

	2002 \$ '000	2001 \$ '000
Note 1. Revenue		
Line Charges *	11,217	11,157
Special Discount on Line Charges		-
Interest	72	80
AC loss-rental rebates	368	569
Sundry Income	296	284
	<hr/> 11,953	<hr/> 12,090

Note 2. Expenses

Audit fees for Companies financial statements	28	30
Other services provided by Auditors	12	5
Directors' Fees	35	40
Depreciation	1,490	1,619
Loan Interest	746	911
Bad debts written off		-
Increase (decrease) in estimated doubtful debts		-
Loss (Profit) on Sale of Fixed Assets		37
Write Down in Valuation of Buildings and Land		-

Note 3. Taxation

Net Surplus before taxation	3,931	3,329
Prima facie taxation at 33%	1,297	1,099
Plus Tax effect of permanent differences	489	499
Imputation Credits	-1	
Taxation adjustment previous year	-140	(1)
Timing differences not Recognised	-660	(569)
Total Taxation Expense	<hr/> 985	<hr/> 1,028
The Taxation charge comprises		
- current taxation	985	1,028
- deferred taxation	-	-
	<hr/> 985	<hr/> 1,028

Timing differences of the Company have not been recognised in the Statements of Financial Position because they are not likely to reverse within the foreseeable future. At 31 March 2002 such timing differences amount to \$20,662,485 (2001 \$18,763,669) deferred taxation assessed at the current corporate taxation rate of 33 cents in the dollar is a liability of \$6,818,620 (2001 \$6,192,011).

	2002 \$ '000	2001 \$ '000
Note 4. Sundry Debtors		
Line Charge & Sundry Debtors	1510	1,406
Advance to ElectroNet Services Limited	-	(4)
	<u>1510</u>	<u>1,402</u>

Note 5. Fixed Assets

	Cost/ Valuation \$ '000	Accumulated Depreciation \$ '000	Book Value 2002 \$ '000	Book Value 2001 \$ '000
At Cost:				
Distribution System	1,743	9	1,734	
Land and Buildings	229		229	25
Other	313	72	241	183
Capital Work In Progress	2,694		2,694	494
	<u>4,979</u>	<u>81</u>	<u>4,898</u>	<u>702</u>
At Valuation:				
Distribution System	48,274	1,463	46,811	47,381
Land and Buildings	480	10	470	475
Total	<u>53,733</u>	<u>1,554</u>	<u>52,179</u>	<u>48,558</u>

Note 6. Borrowings

	2002 \$ '000	2001 \$ '000
Term Liabilities - Repayable 1-2 years	4,000	8,600
- Repayable 2-5 years		0
- Repayable later than 5 years	402	402
	<u>4,402</u>	<u>9,002</u>
Loans are secured as follows:		
Short Term Advance Facility \$13,000,000 *	4,000	8,600
Various (No Security)	402	402
	<u>4,402</u>	<u>9,002</u>

* Secured by a charge over all assets.

The interest rates payable on these loans are:

Floating Rate - based on 90 day bill rate

Fixed Rates 9.5% - 10.5%

Interest rates on the National Bank Short Term Advance Facility have been hedged using interest rate swaps for varying terms at rates between 8.14% and 8.16% (includes margins).

	2002 \$ '000	2001 \$ '000
Note 7. Share Capital		
Share Capital (issued and fully paid)		
- 25,000,000 ordinary shares	25,000	25,000
- 300,000 7.25% Redeemable Preference Shares	300	300
- 5,000,000 Preference Shares	5,000	
Capital Reserve	102	102
Transition Reserve	418	418
Asset Revaluation Reserve	19,137	18,702
Retained Earnings	388	(3,653)
	50,345	40,869

Note 8. Financial Instruments**Credit Risk**

Financial instruments which potentially subject the Company to credit risk principally consist of bank accounts, accounts receivable and investments.

The Company places its cash with high quality financial institutions and limits the amount of exposure to any one financial institution. There is a high concentration of credit risk to Trustpower.

The maximum exposure to credit risk at balance date is the fair value of the instruments as stated in the Statement of Financial Position.

Fair Values

For all financial instruments other than the interest rate swaps and the shareholding in International Panel and Lumber (West Coast) Limited the fair value is equivalent to the carrying amount as stated in the Statement of Financial Position. Borrowings are planned to be run to maturity. The fair value of the interest rate swaps at 31 March 2002 is \$132,874 (2001 \$239,470).

The fair value of the shares in International Panel and Lumber (West Coast) Limited is \$63,654 (2001 \$55,815). This represents the value of the 30,000 shares based on the value of net assets as at 31 January 2002.

Currency Risk

The Company has minimal currency risk given that financial instruments are principally transacted in New Zealand dollars. Forward exchange contracts may be employed by the Company to manage exposure to currency fluctuations.

Interest Rate Risk

Interest rate risk is low as borrowings have fixed interest rates except for the Short Term Advance Facility for \$4,000,000 (2001 \$8,600,000) for which interest rates are hedged. The contract amount of interest rates swaps held at 31 March 2002 is \$10,600,000 (2001 \$10,600,000).

Note 9. Contingent Liabilities and Capital Commitments**Capital Commitments**

	2002 \$ '000	2001 \$ '000
The total amount committed at balance date was	0	40

Operating Lease Commitments

These are long-term operating leases relating to land occupied by the Company.

Period	2002 \$ '000	2001 \$ '000
Not later than 1 year	7	7
1 - 2 years	7	7
2 - 5 years	22	22
Later than 5 years	65	65
	101	101

Contingent Liabilities

	2002 \$'000	2001 \$'000
--	------------------------------	------------------------------

A number of warranties have been granted to TrustPower as part of the sale of the Company's generation assets in respect of:

- deficiencies in land titles, licences and resource consents	5,000	5,000
- warranties in general	5,000	5,000

Note 10. Related Parties

At balance date the West Coast Electric Power Trust held 100 per cent of the shares in Westpower Limited. Material transactions (dividends) have been disclosed in the financial statements.

All related party transactions of Westpower Limited have been conducted on a commercial arms length basis.

The Contracting and Management Subsidiary of Westpower Limited, ElectroNet Services, has provided the following services for the period 1 April 2001 to 31 March 2002

	2002 \$ '000	2001 \$ '000
Construction of subtransmission assets *	767	300
Construction of zone substations	456	150
Construction of distribution lines and cables	723	658
Construction of medium voltage switchgear	127	445
Construction of distribution transformers	66	140
Construction of substations	114	334
Construction of low voltage lines and cables	219	221
Construction of other fixed assets	69	64
Maintenance of assets	1,857	1,726
Consumer connections and reconnections		-
Asset Management Service	512	488
Other Services	503	629

* Subtransmission assets now disclosed separately

At year end there was an outstanding balance of \$892,767 (2001 \$542,933) for such services.

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

Note 11. Cash Flows

Reconciliation of Net Cash Flows from Operating Activities

	2002 \$ '000	2001 \$ '000
Net surplus After Income Tax	2,946	2,301
Plus Non Cash Items:		
Depreciation	1,490	1,619
Writedown of Buildings		0
	<u>1,490</u>	<u>1,619</u>
Movements in Working Capital:		
Decrease in Debtors	(107)	(242)
Increase in Creditors, Accrued Interest	526	(465)
Working Capital Transferred from Other Business	(687)	
Increase in Income Tax Refund	-443	140
	<u>(711)</u>	<u>(567)</u>
Other		
Decrease in Gratuities Provision		-
Gain (Loss) on Disposal of Assets		37
		<u>37</u>
Operating Cashflow	<u>3,725</u>	<u>3,390</u>

Note 12. ODV Reconciliation Report

	2002 \$ '000	2001 \$ '000
System fixed assets at ODV at beginning of year	47,381	49,370
Add system fixed assets acquired during the year at ODV	2,201	2,654
Less system fixed assets disposed of during the year at ODV	0	(37)
Less depreciation system fixed assets at ODV	(1,472)	(1,583)
Add revaluations of system fixed assets	435	(3,023)
System fixed assets at ODV at end of year	<u>48,545</u>	<u>47,381</u>

WESTPOWER LIMITED - LINES BUSINESS

Disclosure of Information to be Disclosed in Financial Statements under regulation 6 of the Electricity (Information Disclosure) Regulations 1999 Schedule 1 Part 2 as amended.

	2001 \$ '000	2000 \$ '000
Statement of Financial Position Disclosure (Schedule 1, Part 2)		
1 Current Assets		
(a) Cash and Bank Balances	1,207	95
(b) Short-term Investments		-
(c) Inventories		-
(d) Accounts receivable	1,510	1,402
(e) Other current assets not listed in (a) to (d)	473	30
(f) Total current assets	3,190	1,527
2 Fixed Assets		
(a) System fixed assets	48,545	47,381
(b) Consumer billing and information system assets		-
(c) Motor Vehicles		-
(d) Office Equipment	241	183
(e) Land & Buildings	699	500
(f) Capital works under construction	2,694	494
(g) Other fixed assets not listed in (a) to (f)		-
(h) Total fixed assets	52,179	48,558
3 Other tangible assets not listed above	1,353	1,331
4 Total tangible assets	56,722	51,416
5 Intangible assets		
(a) Goodwill		-
(b) Other intangible not listed in (a)		-
(c) Total intangible assets		-
6 Total Assets	56,722	51,416
7 Current Liabilities		
(a) Bank Overdraft		-
(b) Short-term borrowings		-
(c) Payables and accruals	1,974	1,448
(d) Provision for dividends payable		97
(e) Provision for income tax		-
(f) Other Current Liabilities not listed in (a) to (e)		-
(g) Total Current Liabilities	1,974	1,545
8 Non-current Liabilities		
(a) Payables and accruals		-
(b) Borrowings	4,402	9,002
(c) Deferred tax		-
(d) Other Non-current Liabilities not listed in (a) to (c)		-
(e) Total Non-current Liabilities	4,402	9,002

WESTPOWER LIMITED - LINES BUSINESS

	2002 \$ '000	2001 \$ '000
9 Equity		
(a) Shareholders equity		
(i) Share Capital	30,300	25,300
(ii) Retained Earnings	388	(3,653)
(iii) Reserves	19,657	19,222
(iv) Total Shareholders equity	50,345	40,869
(b) Minority interests in subsidiaries		-
(c) Total Equity	50,345	40,869
(d) Capital notes;		
(e) Total capital funds	50,345	40,869
10 Total equity and liabilities	56,721	51,416
Statement of Financial Performance Disclosure (Schedule 1, Part 2)		
11 Operating Revenue		
(a) Revenue from line/access charges	11,217	11,157
(b) Revenue from "Other" business (transfer payment)		-
(c) Income from interest on bank and short-term investments	72	80
(d) AC loss-rental rebates	368	569
(e) Other operating revenue not listed in (a) to (d)	296	284
(f) Total operating revenue	11,953	12,090
12 Operating expenditure		
(a) Transmission Charges	2,023	3,096
(b) Transfer payments to "Other" business		
(i) Asset maintenance	1,857	1,726
(ii) Consumer disconnections and reconnections		-
(iii) Meter data		-
(iv) Consumer-based load control		-
(v) Royalty and patent expenses		-
(vi) Avoided transmission charges for own generation		-
(vii) Other goods & services not listed in (i) to (vi) above	512	488
(viii) Total transfer payment to the "Other" business	2,369	2,214
(c) Payments to non-related entities		
(i) Asset maintenance	20	90
(ii) Consumer disconnections and reconnections		-
(iii) Meter data		-
(iv) Consumer-based load control		-
(v) Royalty and patent expenses		-
(vi) Total of specified expenses to non-related parties	20	90
(d) Employee salaries, wages and redundancies		-
(e) Consumer billing and information system expense		-
(f) Depreciation on		
(i) System fixed assets	1,472	1,583
(ii) Other assets not listed in (i)	18	36
(iii) Total depreciation expense	1,490	1,619
(g) Amortisation of		
(i) Goodwill		-
(ii) Other intangibles		-
(iii) Total amortisation of intangibles		-

WESTPOWER LIMITED - LINES BUSINESS

	2002 \$ '000	2001 \$ '000
(h) Corporate and administration	767	601
(i) Human resource expenses		9
(j) Marketing and advertising		18
(k) Merger and acquisition expenses		-
(l) Takeover defence expenses		-
(m) Research and development expenses		-
(n) Consultancy and legal expenses	225	79
(o) Donations		-
(p) Directors fees	35	40
(q) Audit fees		
(i) Audit fees paid to principal auditors	28	30
(ii) Audit fees paid to other auditors		-
(iii) Fees paid for other services provided by auditors	12	5
(iv) Total auditors fees	40	35
(r) Costs of offering credit		
(i) Bad debts written off		-
(ii) Increase in estimated doubtful debts		-
(iii) Total costs of offering credit		-
(s) Local authority rates	14	12
(t) AC loss-rental (distribution of) expense		-
(u) Rebates to Consumers due to ownership interest		-
(v) Subvention payments		-
(w) Unusual expenses		-
(x) Other expenditure not listed in (a) to (w)	293	37
13 Total operating expenditure	7,276	7,850
14 Operating surplus before interest and income tax	4,677	4,240
15 Interest		
(a) Interest expense on borrowings	746	911
(b) Financing charges related to finance leases		-
(c) Other interest expense		-
(d) Total interest expense	746	911
16 Operating surplus before income tax	3,931	3,329
17 Income Tax	985	1,028
18 Net Surplus after tax	2,946	2,301

WESTPOWER LIMITED - LINES BUSINESS

PERFORMANCE MEASURES

Disclosure of financial performance measures and efficiency performance measures under Regulation 15 of the Electricity (Information Disclosure) Regulations 1999 as amended.

	2002	2001	2000	1999
1 Financial performance measures				
(a) Return on funds	9.49%	8.56%	4.64%	8.46%
(b) Return on equity	6.69%	5.74%	2.22%	7.94%
(c) Return on investment	6.97%	-0.35%	3.88%	51.83%
2 Efficiency performance measures:				
(a) Direct lines costs per kilometre	\$ 1,297.85	\$ 1,120.23	\$ 1,185.66	\$ 1,737.14
Direct Expenditure	2,558,061	2,199,004	2,277,659	3,328,367
System Length	1,971	1,963	1,921	1,916
(b) Indirect lines costs per electricity Consumer *	\$ 99.87	\$ 74.94	\$ 165.36	\$ 78.42
Indirect Expenditure	1,205,653	898,996	1,939,469	937,475
Total consumers *	12,072	11,996	11,729	11,954

* Number of consumers based on ICP connections

Disclosure of energy delivery efficiency performance measures under regulation 21 of the Electricity (Information Disclosure) Regulations 1999 as amended by the Electricity (Information Disclosure) Amendment Regulations 2000.

1 Energy Delivery efficiency performance measures:

(a) Load factor ($a/b \cdot c \cdot 100$)	64%	66%	66%	68%
a = kWh of electricity entering system	198,693,492	202,136,758	196,242,053	201,971,261
b = Maximum demand	35,650	34,776	34,174	33,906
c = Total number of hours in year	8,760	8,760	8,760	8,760
(b) Loss ratio ($=a/b \cdot 100$)	6%	6%	6%	6%
a = losses in electricity in kWh	11,803,223	11,621,042	10,808,165	11,761,856
b = kWh of electricity entering system	198,693,492	202,136,758	196,242,053	201,971,261
(c) Capacity utilisation ($=a/b \cdot 100$)	34%	32%	34%	35%
a = Maximum demand	35,650	34,776	34,174	33,906
b = Transformer Capacity	104,561	107,127	99,705	97,483

WESTPOWER LIMITED - LINES BUSINESS

2 Statistics

	2002	2001	2000	1999
(a) System Length				
Circuit Kilometres 66kV	47	47	47	47
Circuit Kilometres 33kV	230	230	190	190
Circuit Kilometres 11kV	1,492	1,484	1,482	1,478
Circuit Kilometres 230/400V	202	202	202	201
Total	1,971	1,963	1,921	1,916
(b) System Length - Overhead				
Circuit Kilometres 66kV	47	47	47	47
Circuit Kilometres 33kV	230	230	190	190
Circuit Kilometres 11kV	1,458	1,452	1,452	1,451
Circuit Kilometres 230/400V	142	142	142	142
Total Overhead	1,877	1,871	1,831	1,830
(c) System Length - Underground				
Circuit Kilometres 66kV	-	-	-	-
Circuit Kilometres 33kV	-	-	-	-
Circuit Kilometres 11kV	34	32	29	27
Circuit Kilometres 230/400V	61	60	60	59
Total Underground	95	89	86	86
(d) Transformer Capacity (In Kilovolt Amperes)				
District (zone) Substations	76,000	76,000	76,000	71,000
Distribution Substations	104,363	107,127	99,705	97,483
Total Substations	180,363	183,127	175,705	168,483
(e) Maximum Demand	35,650	34,776	34,174	33,906
(f) Total electricity supplied from the system after losses (in Kilowatt Hours)	186,890,269	190,515,716	185,433,888	185,657,664
(g) Electricity conveyed for each retailer including losses				
Retailer 1	420,787	1,009,418	681,511	544,409
Retailer 2	2,891,538	2,505,082	3,131,378	
Retailer 3	9,253,483	7,537,032	7,156,793	7,573,494
Retailer 4	21,593,443	21,475,632	15,384,446	
Retailer 5	9,177,829	7,678,226	7,744,937	20,430,182
Retailer 6	154,655,251	161,731,367	162,070,008	
Retailer 7		-	-	168,960,068
	197,992,332	201,936,757	196,169,073	197,508,153
(h) Total Consumers *	12,072	11,996	11,729	11,954

* Number of consumers based on ICP connections

WESTPOWER LIMITED - LINES BUSINESS

Disclosure of reliability performance measures under regulation 22 of the Electricity (Information Disclosure) Regulations 1999 as amended.

	2002	2001	2000	1999
1 Total number of interruptions				
Class A - Planned - by Transpower	1	1	0	0
Class B - Planned - by Line Owners	53	73	80	120
Class C - Unplanned - by Line Owners	62	111	83	70
Class D - Unplanned - by Transpower	0	4	0	3
Class E - Unplanned - by ECNZ	0	0	0	0
Class F - Unplanned - by other generation	0	0	3	0
Class G - Any other loss of supply	0	0	0	0
Total	116	189	166	193
2 Interruption targets for 2000 / 2001				
Class B - Planned - by Line Owners	65			
Class C - Unplanned - by Line Owners	65			
3 Average interruption targets for 2000/2001 to 2004/2005 years				
Class B - Planned - by Line Owners	60			
Class C - Unplanned - by Line Owners	60			
4 Proportion of Class C interruptions not restored within: (=a/b*100)				
3 Hours	21.0%			
a = number of interruptions restored within 3	13			
b = total number of Class C interruptions	62			
24 Hours	0.0%			
a = number of interruptions restored within 24	0			
b = total number of Class C interruptions	62			

WESTPOWER LIMITED - LINES BUSINESS

	2002	2000	1999	1998
5 (a) The total number of faults per 100 circuit kilometres of prescribed voltage electric line				
66kV	0	0	2	4
33kV	5	7	4	4
11kV	3	7	5	4
Total	3	7	4	4
(b) Target for 2001 / 2002 year				
66kV	0			
33kV	4			
11kV	5			
Total	4			
(c) Average Target for 2001 / 2002 to 2004 / 2005 years				
66kV	0			
33kV	4			
11kV	5			
Total	4			
6 The total number of faults per 100 circuit kilometres of underground prescribed voltage electric line				
33kV	0	0	0	0
11kV	6	0	28	4
Total	6	0	28	4
7 The total number faults per 100 circuit kilometres of overhead prescribed voltage electric line				
66kV	2	0	0	0
33kV	5	7	4	4
11kV	3	7	5	4
Total	3	7	4	4
8 The SAIDI for the total number of interruption	140.27	235.18	156.46	227.81
9 SAIDI targets for 2000 / 2001				
Class B - Planned - by Line Owners	50			
Class C - Unplanned - by Line Owners	80			
10 Average SAIDI target for 2000 / 2001 to 2004 / 2005 years				
Class B - Planned - by Line Owners	40			
Class C - Unplanned - by Line Owners	70			
11 The SAIDI for the total number of interruptions within each interruption class				
Class A - Planned - by Transpower	13.41	0.68	0.64	0
Class B - Planned - by Line Owners	41.35	63.99	66.27	128.63
Class C - Unplanned - by Line Owners	85.51	155.88	86.94	96.01
Class D - Unplanned - by Transpower	0	14.63	0	3.17
Class E - Unplanned - by ECNZ	0	0	0	0
Class F - Unplanned - by other generation	0	0	2.62	0
Class G - Any other loss of supply	0	0	0	0
	140.27	235.18	156.47	227.81

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	2002	2000	1999	1998
12 The SAIFI for the total number of interruption	1.41	2.52	1.32	2
13 SAIFI target for 2000 / 2001				
Class B - Planned - by Line Owners	0.3			
Class C - Unplanned - by Line Owners	1.1			
14 Average SAIFI target for 2000 / 2001 to 2004 / 2005 years				
Class B - Planned - by Line Owners	0.25			
Class C - Unplanned - by Line Owners	1			
15 The SAIFI for the total number of interruptions within each interruption class				
Class A - Planned - by Transpower	0.08	0	0.02	0
Class B - Planned - by Line Owners	0.2	0.39	0.32	0.57
Class C - Unplanned - by Line Owners	1.13	2.08	0.9	1.36
Class D - Unplanned - by Transpower	0	0.05	0	0.07
Class E - Unplanned - by ECNZ	0	0	0	0
Class F - Unplanned - by other generation	0	0	0.08	0
Class G - Any other loss of supply	0	0	0	0
	1.41	2.52	1.32	2
16 The CAIDI for the total number of interruption	99.59	93	110	114
17 CAIDI targets for 2000 / 2001				
Class B - Planned - by Line Owners	167			
Class C - Unplanned - by Line Owners	73			
18 Average CAIDI target for 2000 / 2001 to 2004 / 2005 years				
Class B - Planned - by Line Owners	160			
Class C - Unplanned - by Line Owners	70			
19 The CAIDI for the total number of interruptions within each interruption class				
Class A - Planned - by Transpower	177	450	33	0
Class B - Planned - by Line Owners	210	166	192	225
Class C - Unplanned - by Line Owners	75.67	75	90	71
Class D - Unplanned - by Transpower		269	0	42
Class E - Unplanned - by ECNZ		0	0	0
Class F - Unplanned - by other generation		0	29	0
Class G - Any other loss of supply		0	0	0
	99.59	93	110	114

WESTPOWER LIMITED - LINES BUSINESS

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	4,677				
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIT)	4,677				
Interest on cash, bank balances, and short-term investments (ISTI)	72				
OSBIT minus ISTI	4,605	a	4,605		4,605
Net Surplus after tax from financial statements	2,946			2,946	
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	2,946	b			
Amortisation of goodwill and amortisation of other intangibles		g	add	add	add
Subvention payment		e	add	add	add
Depreciation of SFA at BV (x)	1,472				
Depreciation of SFA at ODV (y)	1,472				
ODV depreciation adjustment	-	d	add	add	add
Subvention payment tax adjustment	-	e ¹	deduct	deduct	deduct
Interest tax shield	222	q			(222)
Revaluations	435	r			435
Income tax	865	p			(865)
Numerator			OSBIT ^a - ISTI ^b + g + e + d + e ¹ + q + r - p	2,946	3,833
Fixed asset at end of previous year (FA _{p-1})	48,558				
Fixed assets at end of current financial year (FA _t)	52,179				
Adjusted net working capital at end of previous financial year (ANWC _{p-1})	(46)				
Adjusted net working capital at end of current financial year (ANWC _t)	(164)				
Average total funds employed (ATFE)	50,136	c	50,136		50,136

WESTPOWER LIMITED - LINES BUSINESS

SCHEDULE 1 - PART 7
FORM FOR THE DERIVATION OF FINANCIAL PERFORMANCE MEASURES FROM FINANCIAL STATEMENTS

Total equity at end of previous financial year (TE _p)	40,889					
Total equity at end of current financial year (TE _c)	50,345					
Average total equity	45,607	k			45,607	
WUC at end of previous financial year (WUC _p)	484					
WUC at end of current financial year (WUC _c)	2,684					
Average total works under construction	1,584	g	deduct	(1,584)	deduct	(1,584)
Revaluations	435	f				
Half of revaluations	218	h			deduct	218
Intangible assets at end of previous financial year (IA _p)	-					
Intangible assets at end of current financial year (IA _c)	-					
Average total intangible asset	-	m	add	-		
Subvention payment at end of previous financial year (S _p)	-					
Subvention payment at end of current financial year (S _c)	-					
Subvention payment tax adjustment at end of previous financial year	-					
Subvention payment tax adjustment at end of current financial year	-					
Average subvention payment and related tax adjustment	-	n	add	-		
System fixed assets at end of previous year at book value (SFA _{p,bov})	47,381					
System fixed assets at end of current financial year at book value (SFA _{c,bov})	48,545					
Average value of system fixed assets at book value	47,963	i	deduct	(47,963)	deduct	(47,963)
System fixed assets at year beginning at ODV value (SFA _{p,odv})	47,381					
System fixed assets at end of current financial year at ODV value (SFA _{c,odv})	48,545					
Average value of system fixed assets at ODV value	47,963	j	add	47,963	add	47,963
Denominator				44,013	ATTE _{net} = k + m + n + j	48,760
Financial performance measure				9.49	ROE = (ODV _{net} / ATTE _{net}) x 100	7.86

i = maximum statutory income tax rate applying to corporate entities, bv = book value, ave = average, odv = optimised depreciable valuation, subscript 'p' = end of previous financial year, subscript 'c' = end of current financial year ROE = return on funds ROF = return on equity ROI = return on investment



Audit New Zealand

REPORT OF THE AUDITOR-GENERAL

TO THE READERS OF THE FINANCIAL STATEMENTS OF WESTPOWER LIMITED FOR THE YEAR ENDED 31 MARCH 2002

We have audited the accompanying financial statements of Westpower Limited on pages 1 to 15. The financial statements provide information about the past financial performance of Westpower Limited and its financial position as at 31 March 2002. This information is stated in accordance with the accounting policies set out on pages 1 to 4.

Directors' Responsibilities

The Electricity (Information Disclosure) Regulations 1999 require the Directors to prepare financial statements which give a true and fair view of the financial position of Westpower Limited as at 31 March 2002 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 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 Controller and Auditor-General has appointed K J Boddy, 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 and performance information. It also includes assessing:

- the significant estimates and judgements made by the Board in the preparation of the financial statements; and
- whether the accounting policies are appropriate to Westpower Limited 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 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.

We provided assistance to the group on the compilation of reports. Other than this service and in our capacity as auditor, acting on behalf of the Controller and Auditor-General, we have no relationship with or interests in Westpower Limited.

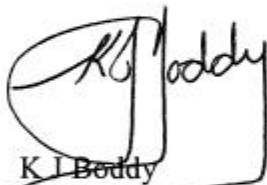
Unqualified Opinion

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

In our opinion:

- proper accounting records have been kept by Westpower Limited as far as appears from our examination of those records; and
- the financial statements of Westpower Limited on pages 1 to 15:
 - comply with generally accepted accounting practice in New Zealand; and
 - give a true and fair view of the financial position of Westpower Limited as at 31 March 2002 and the results of its operations and cash flows for the year ended on that date; and
 - comply with the Electricity (Information Disclosure) Regulations 1999.

Our audit was completed on 20 August 2002 and our opinion is expressed as at that date.



K I Boddy
Audit New Zealand
On behalf of the Controller and Auditor-General
Christchurch, New Zealand



Audit New Zealand

**AUDITOR-GENERAL'S OPINION ON THE PERFORMANCE MEASURES
OF WESTPOWER LIMITED**

We have examined the information on pages 12, 16, 21 and 22, being –

- (a) the derivation table specified in regulation 16 on pages 21 and 22; and
- (b) the annual ODV reconciliation report in regulation 16A on page 12; and
- (c) the financial performance measures specified in clause 1 of Part 3 of the Schedule 1 on page 16; and
- (d) the financial components of the efficiency performance measures specified in clause 2 of Part 3 of that schedule 1 on page 16, -

that were prepared by Westpower Limited and dated 15 August 2002 for the purposes of regulation 15 of the Electricity (Information Disclosure) Regulations 1999.

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

K J Boddy

Audit New Zealand

On behalf of the Controller & Auditor-General

Christchurch, New Zealand

20 August 2002