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HORIZON ENERGY DISTRIBUTION LIMITED

INFORMATION FOR DISCLOSURE

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

HORIZON ENERGY DISTRIBUTION LIMITED**Financial Statements for the purposes of the Electricity (Information Disclosure) Regulations 1999 and the Electricity (Information Disclosure) Amendment Regulations 2000, 2001****STATEMENT OF FINANCIAL PERFORMANCE**

For the Year Ended 31 March 2002

	NOTE	Lines Business 2002 \$000	Lines Business 2001 \$000
Total Operating Revenue	2,16	25,088	23,980
Prior Year Line Revenue	2	816	-
Total Operating Expenditure	2,3,16	(13,536)	(13,279)
Prior Year Transmission costs reversed	2	713	-
Operating Surplus before Interest and Taxation	2,3,16	13,081	10,701
Interest Expense	3	(2,424)	(2,850)
Operating Surplus before Taxation		10,657	7,851
Income Tax Expense	4	(3,900)	(2,964)
Net Surplus After Taxation		6,757	4,887
Surplus Attributable to Shareholders of Horizon Energy Distribution Limited		6,757	4,887

HORIZON ENERGY DISTRIBUTION LIMITED**Financial Statements for the purposes of the Electricity (Information Disclosure) Regulations 1999 and the Electricity (Information Disclosure) Amendment Regulations 2000, 2001****STATEMENT OF FINANCIAL POSITION****As at 31 March 2002**

	NOTE	Lines Business 2002 \$000	Lines Business 2001 \$000
Current Assets			
Advance to "Other"		290	510
Accounts Receivable	8	4,320	3,348
Inventory		392	310
Total Current Assets		5,002	4,168
Non Current Assets			
Fixed Assets	9	64,890	65,306
Total Non Current Assets		64,890	65,306
Total Tangible Assets / Total Assets		69,892	69,474
Current Liabilities			
Cash and Bank Balances		133	(230)
Accounts Payable and Accruals	10	2,891	3,577
Taxation Payable	4	2,270	1,004
Provision for Final Dividend	12	-	2,249
Total Current Liabilities		5,294	6,600
Funding			
Shareholders' Equity / Capital Funds			
Share Capital	6	8,432	7,810
Reserves	7	47,441	47,446
Retained Earnings	5	(23,133)	(27,299)
Total Shareholders' Equity / Total Capital Funds		32,739	27,957
Non Current Liabilities			
Term Loans	11	31,100	34,000
Deferred Taxation	4	759	917
Total Non Current Liabilities		31,859	34,917
Total Equity and Liabilities		69,892	69,474

HORIZON ENERGY DISTRIBUTION LIMITED**Financial Statements for the purposes of the Electricity (Information Disclosure) Regulations 1999 and the Electricity (Information Disclosure) Amendment Regulations 2000, 2001****STATEMENT OF CASH FLOWS**

For the Year Ended 31 March 2002

	Lines Business 2002 \$000	Lines Business 2001 \$000
Cash Flow from Operating Activities		
Cash was provided from:		
Receipts from Customers	23,935	23,605
Net Goods and Services Tax Received (Paid)	(29)	(20)
Interest from Short Term Deposits	-	-
	<hr/> 23,906	<hr/> 23,585
Cash was applied to:		
Payments to Suppliers and Employees	(10,319)	(9,166)
Interest Paid to non-related parties	(321)	(2,962)
Interest Paid to "Other" business	(2,125)	-
Income Tax Paid	(2,792)	(2,697)
	<hr/> (15,557)	<hr/> (14,825)
Net Cash Inflow from Operating Activities	<hr/> 8,349	<hr/> 8,760
Cash Flow from Investing Activities		
Cash was provided from:		
Proceeds from the Sale of Other Fixed Assets	30	(3)
Transfer of Fixed Assets to "Other"	-	-
Cash was applied to:		
Purchases and Construction of Fixed Assets	(1,844)	(1,571)
Net Cash Outflow to Investing Activities	<hr/> (1,814)	<hr/> (1,574)
Cash Flow From Financing Activities		
Cash was provided from:		
Transfer of Shares from "Other"	780	-
Cash was applied to:		
Settlement of Term Debt	(2,900)	(5,500)
Dividends Paid	(4,998)	(3,749)
Issue/(Purchase Back) of Shares	-	-
Net Cash Inflow from (Outflow to) Financing Activities	<hr/> (7,118)	<hr/> (9,249)
Net Movement in Cash Held	(583)	(2,063)
Add Opening Cash	740	2,803
Closing Cash Carried Forward	<hr/> 157	<hr/> 740
<i>Represented by:</i>		
Cash at Bank	(133)	230
Short Term Deposits	-	-
Advance to "Other"	290	510
Closing Cash Carried Forward	<hr/> 157	<hr/> 740

HORIZON ENERGY DISTRIBUTION LIMITED**Financial Statements for the purposes of the Electricity (Information Disclosure) Regulations 1999 and the Electricity (Information Disclosure) Amendment Regulations 2000, 2001****STATEMENT OF CASH FLOWS**

For the Year Ended 31 March 2002

Reconciliation of Surplus Attributable to Shareholders to Cash Flow From Operating Activities

	Lines Business 2002 \$000	Lines Business 2001 \$000
Surplus Attributable to Shareholders	6,757	4,887
Add/(Less) Items Classified as Investing and Financing Activities:		
Net Gain on Sale of Fixed Assets	(16)	-
Accounts Payable and Accruals that relate to the Purchase of Fixed Assets	(135)	43
Add/(Less) Non-Cash Items:		
Depreciation	2,376	2,384
Increase/(Decrease) in Deferred Taxation Liability	(158)	(296)
	2,067	2,131
Add/(Less) Movements in Working Capital Items:		
Decrease/(Increase) in Accounts Receivable	(972)	(374)
Increase/(Decrease) in Accounts Payable and Accruals	(687)	1,556
Decrease/(Increase) in Inventory	(82)	(3)
Increase/(Decrease) in Income Tax Receivable	1,266	563
	(475)	1,742
Net Cash Flow from Operating Activities	8,349	8,760

HORIZON ENERGY DISTRIBUTION LIMITED

**Financial Statements for the purposes of the Electricity (Information Disclosure)
Regulations 1999 and the Electricity (Information Disclosure) Amendment
Regulations 2000, 2001**

STATEMENT OF MOVEMENTS IN EQUITY

For the Year Ended 31 March 2002

	Lines Business 2002 \$000	Lines Business 2001 \$000
Opening Equity	27,957	27,409
Plus		
Surplus Attributable to Shareholders	6,757	4,887
Revaluation of Fixed Assets	(5)	(90)
Transfer of Equity from "Other"	780	-
Less		
Dividends Paid and Proposed	(2,749)	(4,249)
Equity as at 31 March	32,739	27,957

HORIZON ENERGY DISTRIBUTION LIMITED

Financial Statements for the purposes of the Electricity (Information Disclosure) Regulations 1999

Notes to the Financial Statements for the year ended 31 March 2002

1 Statement of Accounting Policies

These financial statements have been prepared in accordance with the Electricity (Information Disclosure) Regulations 1999, and the Electricity (Information Disclosure) Amendment Regulations 2000, 2001.

A General Accounting Policies

The general accounting policies recognised as appropriate for the measurement and reporting of financial performance, cashflows and financial position have been followed in the preparation of these financial statements under the historical cost method, as modified by the revaluation of certain assets. Reliance has been placed on the fact that the lines business and undertakings of Horizon Energy Distribution Limited are a going concern.

B Particular Accounting Policies

The following particular accounting policies, which significantly affect the measurement of financial performance, cashflows and financial position, have been applied:

i) Revenue

Revenue shown in the statement of financial performance comprises amounts received and receivable for goods and services supplied to customers in the ordinary course of business. Line access revenue is based on actual and assessed readings plus an allowance for unread meters at balance date. Revenue is stated exclusive of Goods and Services Tax collected from customers.

ii) Depreciation

Depreciation is charged to write off the cost of fixed assets to their estimated residual value over their remaining useful lives.

iii) Fixed Assets

The cost of purchased fixed assets is the value of the consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service.

The cost of assets constructed by the Company includes the cost of all materials used in construction, direct labour on the project, and financing costs that are directly attributable to the project. Costs cease to be capitalised as soon as the asset is ready for productive use and do not include any inefficiency costs.

Distribution System Assets are valued using modified historical cost. These assets are revalued on a cyclical basis at least every three years, by independent valuers.

iv) Inventories

Inventories are stated at the lower of average cost and net realisable value, with obsolete stock written off.

v) Accounts Receivable

Accounts receivable are stated at estimated realisable value after providing for debts where collection is considered doubtful.

vi) Taxation

The Group follows the liability method of accounting for deferred taxation.

The taxation charge against the surplus for the year is the estimated liability in respect of that surplus after allowance for all permanent differences. This is the comprehensive basis for the calculation of deferred taxation.

Future taxation benefits attributable to timing differences or losses carried forward are recognised in the financial statements only where there is virtual certainty that the benefit of the timing differences will be utilised by the Group.

vii) Statement of Cash Flows

The following are the definitions of the terms used in the statement of cash flows:

- a) Cash is considered to be cash on hand, short term deposits and current accounts in banks, net of bank overdrafts.
- b) Investing activities are those activities relating to the acquisition, holding and disposal of fixed assets and investments. Investments can include securities not falling within the definition of cash.
- c) Financing activities are those activities which result in changes in the size and composition of the capital of the group. This includes both equity and debt not falling within the definition of cash. Dividends paid in relation to the capital structure are included in financing activities.
- d) Operating activities include all transactions and other events that are not investing or financing activities.

HORIZON ENERGY DISTRIBUTION LIMITED
Financial Statements for the purposes of the
Electricity (Information Disclosure) Regulations 1999

Notes to the Financial Statements
for the year ended 31 March 2002

viii) Financial Instruments

Financial instruments with off-balance sheet risk, have been entered into for the primary purpose of reducing exposure to fluctuations in foreign exchange rates and interest rates. While financial instruments are subject to risk that market rates may change subsequent to acquisition, such changes would generally be offset by opposite effects on the items hedged.

Financial instruments entered into with no underlying exposure are accounted for on a mark to market basis.

ix) Research and Development

Costs incurred on all research and development projects are written off as incurred, except that development costs are capitalised to the extent that such costs are expected, beyond any reasonable doubt, to be recovered.

x) Foreign Currency

Foreign currency transactions are recorded at exchange rates in effect at the date of settlement, except where forward contracts have been taken out to cover future commitments. Where forward contracts have been taken out, the transaction is translated at the rate contained in the contract. Monetary assets and liabilities arising from trading transactions are translated at closing rates. Gains or losses due to currency fluctuations on these items are included in the statement of financial performance.

xi) Comparatives

The statements and notes do not restate comparatives or provide comparatives for new disclosure items per the Electricity (Information Disclosure) Regulations 1999, the Electricity (Information Disclosure) Amendment Regulations 2000, 2001.

C. Changes in Accounting Policies

During the year the Group and the Parent change the following accounting policy:

Provision for Dividends

Under the new policy, dividends proposed after balance date are not recognised in the financial statements. Previously, all proposed dividends were recognized as liabilities in the statement of financial position. As a result of changing this accounting policy no provision for final dividend is recognised in the statement of financial position.

The Board of Directors has adopted this change to conform to the requirements of the reversed Financial Reporting Standard No.5 Events after Balance Date.

HORIZON ENERGY DISTRIBUTION LIMITED
Financial Statements for the purposes of the Electricity (Information Disclosure)
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NOTES TO THE FINANCIAL STATEMENTS

	Lines Business 2002 \$000	Lines Business 2001 \$000
2 OPERATING SURPLUS BEFORE TAXATION ITEMS		
Operating revenue includes the following items:		
External Income		
Revenue disclosure items :		
Revenue from line / access charges	22,863	21,817
Gain on Sale of Fixed Assets	16	-
AC loss-rental rebates	622	908
Other operating revenue	1,587	1,255
① Prior year line revenue	816	-
Operating expenditure comprises the following items:		
Payment for Transmission Charges	6,685	7,166
② Prior year Transmission costs provisions reversed	(713)	
Expenses to non-related entities for asset maintenance services / Total specified expenses to non related parties	873	623
Employee Salaries, Wages and Redundancies	750	740
Decrease in estimated doubtful debts	(12)	18
Directors' Fees / Remuneration	101	100
Rental and Operating Lease Obligations (refer note 14)	89	137
Depreciation on System Fixed Assets	2,156	2152
Depreciation on Other Fixed Assets	220	232
Total Depreciation	2,376	2,384
Local Authorities Rates Expense	8	7
Other Expenditure	1,402	1,283
Auditors' Fees / Remuneration (refer note 15)	41	41
Consumer Billing and Information System	55	28
Corporate and Administration Expenses	533	259
Human Resource Expenses	65	61
Marketing / Advertising	-	3
Consultancy and Legal Expenses	570	429

① This amount relates to prior year line revenue which was the subject of litigation settled during the year in Horizon's favour. It had not been accrued in the previous year.

② This amount relates to reversal of transmission costs provisions accrued over previous years. Negotiations concluded during the year now provide sufficient certainty that the provisions are no longer required.

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	Lines Business 2002 \$000	Lines Business 2001 \$000
3 INTEREST		
Net Interest comprises:		
Interest Expense on Borrowings	2,424	2,850
Interest Income on Cash, Bank Balances and Short Term Investments	-	-
Net Interest	2,424	2,850
Total Interest Expense	2,424	2,850
4 INCOME TAX		
<i>Income Tax Expense</i>		
The taxation expense has been calculated as follows:		
Operating Surplus before Taxation	10,657	7,851
Income Tax on Surplus for the year at 33%	3,517	2,591
Plus/(Less) Permanent Differences		
Non-Deductible Depreciation on revalued portion of fixed assets	476	487
Non-Deductible Expenses	26	21
Non-Taxable Income	(119)	(135)
Income Tax Expense	3,900	2,964
Income Tax Expense comprises:		
Tax Payable in respect of current year	3,664	3,260
Deferred Taxation	236	(296)
Income Tax Expense	3,900	2,964
<i>Deferred Taxation</i>		
Opening Balance	917	1,213
Deferred tax in respect of current year	(158)	(296)
Balance as at 31 March	759	917
<i>Taxation Payable</i>		
Income Tax Payable (Prepaid) comprises:		
Opening Balance	1,004	441
Tax Payable in respect of current year	3,664	3,260
Tax payable in respect of prior years	(394)	
Income Tax Paid	(2,004)	(2,697)
Balance as at 31 March (Asset)	2,270	1,004

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	Lines Business 2002 \$000	Lines Business 2001 \$000
5 RETAINED EARNINGS		
Opening Retained Earnings	(27,299)	(27,937)
Surplus after Taxation	6,757	4,887
Plus Retained Earnings distributed from "Other"	780	-
Less "Other" retained earnings arising on the allocation of parent company shares	(622)	-
Less Dividend paid and payable	(2,749)	(4,249)
Balance as at 31 March	(23,133)	(27,299)
6 SHARE CAPITAL		
Share Capital - Issued and paid up		
Opening Balance	7,810	7,810
Transfer from "Other"	622	-
Balance as at 31 March	8,432	7,810
Shares Issued by Horizon Energy Distribution Limited	4,998,277	4,998,277
7 RESERVES		
Asset Revaluation Reserve		
Opening Balance	47,446	47,536
Revaluation during the year (refer note 9)	(5)	(90)
Balance as at 31 March	47,441	47,446
8 ACCOUNTS RECEIVABLE		
Accounts Receivable comprises:		
Trade Receivables	4,203	3,292
Other Receivables	117	56
Balance as at 31 March	4,320	3,348

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NOTES TO THE FINANCIAL STATEMENTS

		Lines Business 2002 \$000	Lines Business 2001 \$000
9	FIXED ASSETS		
	Fixed Assets comprise:		
	Land	<i>Cost</i>	
		146	146
	Buildings	<i>Cost</i>	
		371	371
		<i>Accumulated Depreciation</i>	
		(115)	(109)
		<i>Net book value</i>	
		256	262
	Plant and Equipment	<i>Cost</i>	
		179	174
		<i>Accumulated Depreciation</i>	
		(98)	(74)
		<i>Net book value</i>	
		81	100
	Furniture and Fittings	<i>Cost</i>	
		54	53
		<i>Accumulated Depreciation</i>	
		(45)	(42)
		<i>Net book value</i>	
		9	11
	Motor Vehicles	<i>Cost</i>	
		120	152
		<i>Accumulated Depreciation</i>	
		(87)	(129)
		<i>Net book value</i>	
		33	23
	Consumer Billing and Information System Equipment	<i>Cost</i>	
		1,098	963
		<i>Accumulated Depreciation</i>	
		(741)	(620)
		<i>Net book value</i>	
		357	343
	Office Equipment	<i>Cost</i>	
		57	42
		<i>Accumulated Depreciation</i>	
		(42)	(41)
		<i>Net book value</i>	
		15	1
	System Fixed Assets	<i>Valuation</i>	
		68,302	66,572
		<i>Accumulated Depreciation</i>	
		(4,309)	(2,152)
		<i>Net book value</i>	
		63,993	64,420
	<i>Totals</i>	<i>Cost or Valuation</i>	
		70,327	68,473
		<i>Accumulated Depreciation</i>	
		(5,437)	(3,167)
	Total Fixed Assets	Net book value	
		64,890	65,306

HORIZON ENERGY DISTRIBUTION LIMITED
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9 FIXED ASSETS (Continued)	Lines	Lines
Depreciation Expense	Business	Business
	2002	2001
	\$000	\$000
Buildings	6	6
Plant and Equipment	198	207
Furniture and Fittings	3	3
Motor Vehicles	13	17
Distribution System	2,156	2,152
Total	2,376	2,385

Distribution assets are revalued on a cyclical basis with each class being revalued at least every three years.

Distribution assets were revalued at 31 March 2000. The value adopted is Depreciated Replacement Cost (which was the same as Optimised Deprival Value for that valuation) of the distribution system as at 31 March 2000. The valuation report was prepared by Meritec Limited (Registered Engineers). These Statements also reflect a revision of the 31 March 2000 Valuation due to compliance with the 4th edition of the Handbook for Optimised Deprival Valuation of System Fixed Assets of Electricity Line Businesses.

The valuation has since been varied by additions, deletions, and depreciation in 2000/2001 to provide an implied Optimised Deprival Value at 31 March 2001 of \$64.844 million. This valuation was part of a recalibration of asset values carried out pursuant to Part 4A of the Commerce Act 1986 and was approved by the Commerce Commission on 28 March 2002.

Useful lives and Depreciation Methods	Useful	Useful
	Lives	Lives
	2002	2001
	In Years	In Years
Land Improvements	3-40	3-40
Other Buildings	40-100	40-100
Distribution System	8-70	8-70
Plant and Equipment	2-10	2-10
Motor Vehicles	5-10	5-10
Furniture and Fittings	10	10

All assets are depreciated on a straight line basis.

	Lines	Lines
	Business	Business
	2002	2001
	\$000	\$000
10 ACCOUNTS PAYABLE AND ACCRUALS		
Accounts Payable and Accruals comprise:		
Trade Creditors and Accruals	2,775	3,462
Employee Entitlements	116	115
Balance as at 31 March	2,891	3,577

HORIZON ENERGY DISTRIBUTION LIMITED
Financial Statements for the purposes of the Electricity (Information Disclosure)
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	Lines Business 2002 \$000	Lines Business 2001 \$000
11 TERM LOANS		
Term loans fall due for repayment in the following periods:		
Within One Year	-	-
Within One to Two Years	31,100	34,000
Within Two to Three Years	-	-
Within Three to Four Years	-	-
Within Four to Five Years	-	-
Balance as at 31 March	31,100	34,000
Disclosed in Balance Sheet as:		
Current Portion of Term Loans	-	-
Term Loans	31,100	34,000
Balance as at 31 March	31,100	34,000
All term loans are unsecured and are subject to negative pledge undertakings. The weighted average interest rate on term loans is 6.76% (2001 7.36%). The Company currently has \$40 million rolling loan facilities, confirmed at this level until 31 October 2003.		
12 DIVIDENDS		
Dividend Paid & Declared @ 55.0 cents (85.0 cents in 2001)	2,749	4,249
Less Interim Dividend Paid @ 55.0 cents	(2,749)	(2,000)
Balance as at 31 March	-	2,249
Dividends (Cents Per Share)	55.0	85.0
No provision has been made for a final dividend. This is in accordance with the revised Financial Reporting Standard No.5, Events after Balance Date.		
13 IMPUTATION CREDIT ACCOUNT		
	Group 2002	Group 2001
Opening Balance	893	42
Plus: Income Tax Paid	2,004	2,697
Less: Imputation Credits attached to dividends paid	(2,426)	(1,846)
Balance as at 31 March	471	893

HORIZON ENERGY DISTRIBUTION LIMITED
Financial Statements for the purposes of the Electricity (Information Disclosure)
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NOTES TO THE FINANCIAL STATEMENTS

	Lines Business 2002 \$000	Lines Business 2001 \$000
14 OPERATING LEASES		
Operating lease commitments fall due for repayment in the following periods:		
Within One Year	40	31
Within One to Two Years	16	-
Within Two to Five Years	-	-
	56	31
15 REMUNERATION OF AUDITORS		
Amounts received, or due and receivable, by the principal auditors for:		
Auditing the Financial Statements:	41	41
	41	41
Other Services:		
Assurance related	92	126
Consultancy	-	-
	92	126
Total Payments to Auditors	133	167

16 RELATED PARTY TRANSACTIONS

The Company conducts business predominantly in the Eastern Bay of Plenty and undertakes transactions with shareholders, company officers and other related parties that reside in the region. All transactions with related parties have been carried out on a commercial and "arms length" basis.

Transactions

Sales to Eastern Bay Energy Trust	3	56
Dividend paid to Eastern Bay Energy Trust	2,125	3,284

Balance

Amounts owed by "Other for re-allocations to and from "Other"	290	510
Amounts owed by Eastern Bay Energy Trust	3	56

Eastern Bay Energy Trust owns 77.29% of the ordinary shares of Horizon Energy Distribution Limited

HORIZON ENERGY DISTRIBUTION LIMITED
Financial Statements for the purposes of the Electricity (Information Disclosure)
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17 CAPITAL COMMITMENTS

The Group has commitments for future capital expenditure amounting to \$nil (\$20,000 in 2001).

18 FINANCIAL INSTRUMENTS

(a) The nature of activities and management policies with respect to financial instruments is described as follows:

(i) Interest Rates

The Group generally uses fixed rate loans or swaps to manage interest rate risk. The total level of fixed rate funding at 31 March was nil (2001 \$8,650,000), having a fair value of nil (2001 \$8,707,641). In addition, as at 31 March 2002, the face value of the instruments the Group held were as following:

Interest Rate Options:

	Rate	Term	Commencement Date	2002 \$000	2001 \$000
Swap	7.16%	Six Years	29 June, 2001	4,000	-
Swap	7.16%	42 Months	20 December, 2000	4,000	4,000
Swap	7.27%	66 Months	20 December, 2000	4,000	4,000
Swap	7.07%	Six Years	3 April, 1998	10,400	13,000

The mark to market value of the interest rate swap agreements as at 31 March 2002 showed a loss of \$175,033 (2001 - loss of \$561,681).

(ii) Credit

In the normal course of its business the Company incurs credit risk from trade debtors and financial institutions. The Company has a credit policy which is used to manage this exposure to credit risk. As part of this policy, limits on exposures have been set and are monitored on a regular basis. The bank risk is reduced by spreading short term investments over high credit quality financial institutions.

(b) Fair Values

Financial instruments in the current section of the balance sheet, with the exception of the current portion of term loans, are shown at values equivalent to their fair values. The fair value of term loans is disclosed in section (a) (i) above. Investments are shown at cost which is not significantly different from their fair values.

19 SEGMENTAL

The Company operates predominantly in one industry, the distribution of electricity. Its operations are carried out solely in New Zealand and are therefore within one geographical segment for reporting purposes.

20 CONTINGENT LIABILITIES

The Company has assigned its rights under a long term agreement for the purchase of electricity in respect of which the current purchase price may be greater than current market rates. However the Company remains contingently liable to purchase this electricity until the end of the contract (2008 - plus option to renew for a further 9 years) should the purchasers fail to perform their obligations under the contract.

Judgement was awarded in the company's favour in February 2002 on the remaining litigation issues between the company and Todd Energy Limited in relation to the 31 March 1999 sale and purchase agreement for the company's previous retail and generation assets and businesses. Todd Energy Limited has appealed the judgement. The income (\$1.271m) which was subject to the litigation has been recorded in the current years accounts and has been received after balance date. Directors do not consider it necessary to make any provisions for the outcome of the appeal.

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21 ITEMS WITH NIL BALANCES REQUIRING SPECIFIC DISCLOSURE UNDER THE
ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999 AND THE
ELECTRICITY (INFORMATION DISCLOSURE) AMENDMENT Regulations 2000, 2001

	Lines Business 2002 \$000	Lines Business 2001 \$000
Revenue :		
Revenue from "Other" business for services carried out by the line business (transfer payment)	Nil	Nil
Expenditure :		
Asset maintenance carried out by "Other" business (transfer payment)	Nil	Nil
Consumer disconnection / reconnection services carried out by "Other" business (transfer payment)	Nil	Nil
Charges for meter data carried out by "Other" business (transfer payment)	Nil	Nil
Charges for providing consumer-based load control services carried out by "Other" business (transfer payment)	Nil	Nil
Charges for royalty and patent expenses by "Other" business (transfer payment)	Nil	Nil
Avoided transmission charges on account of own generation	Nil	Nil
Charges for other goods and services carried out by "Other" business (transfer payment)	Nil	Nil
Payment to non-related entities for providing disconnection / reconnection services	Nil	Nil
Payment to non-related entities for providing meter data	Nil	Nil
Payment to non-related entities for providing consumer-based load control services	Nil	Nil
Payment to non-related entities for royalty and patent expenses	Nil	Nil
Amortisation of goodwill	Nil	Nil
Amortisation of other intangibles	Nil	Nil
Total amortisation of intangibles	Nil	Nil
Merger and acquisition expenses	Nil	Nil
Takeover defence expenses	Nil	Nil
Research and development expenses	Nil	Nil
Donations	Nil	Nil
Audit fees paid to other auditors	Nil	Nil
Fees paid for other services to other auditors	Nil	Nil
Bad Debts Written Off	Nil	Nil
Total cost of offering credit	Nil	Nil
AC loss-rental rebates (distribution to retailers/customers) expense	Nil	Nil
Rebates to customers due to ownership interest	Nil	Nil
Subvention payments	Nil	Nil

HORIZON ENERGY DISTRIBUTION LIMITED
Financial Statements for the purposes of the Electricity (Information Disclosure)
Regulations 1999 and the Electricity (Information Disclosure) Amendment
Regulations 2000, 2001

NOTES TO THE FINANCIAL STATEMENTS

- 21 **ITEMS WITH NIL BALANCES REQUIRING SPECIFIC DISCLOSURE UNDER THE ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999 AND THE ELECTRICITY (INFORMATION DISCLOSURE) AMENDMENT Regulations 2000, 2001**
(Continued)

	Lines Business 2002 \$000	Lines Business 2001 \$000
Expenditure (continued) :		
Unusual expenses	Nil	Nil
Financing charges related to finance leases	Nil	Nil
Other interest expense not listed elsewhere	Nil	Nil
Current Assets :		
Short term investments	Nil	Nil
Short term Deposits	Nil	Nil
Other current assets not listed elsewhere	Nil	Nil
Fixed Assets :		
Capital works under construction	Nil	Nil
Other fixed assets not listed elsewhere	Nil	Nil
Other tangible assets not listed elsewhere	Nil	Nil
Intangible Assets :		
Goodwill	Nil	Nil
Other intangible assets not listed elsewhere	Nil	Nil
Total intangible assets	Nil	Nil
Current Liabilities :		
Short-term borrowings	Nil	Nil
Other current liabilities not listed elsewhere	Nil	Nil
Non - Current Liabilities :		
Payables and accruals	Nil	Nil
Other non-current liabilities not listed elsewhere	Nil	Nil
Equity :		
Minority interests in subsidiaries	Nil	Nil
Capital notes	Nil	Nil
Return of capital to shareholders	Nil	Nil



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Auditors' Report

To the readers of the financial statements of Horizon Energy Distribution Limited – Lines Business

We have audited the accompanying financial statements of Horizon Energy Distribution Limited – Lines Business. The financial statements provide information about the past financial performance and cash flows of Horizon Energy Distribution Limited – Lines Business and its financial position as at 31 March 2002. This information is stated in accordance with the accounting policies set out in the Statement of Accounting Policies.

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 Horizon Energy Distribution Limited – Lines Business as at 31 March 2002, and the results of operations and cash flows for the year then ended.

Auditor's Responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the Directors and report our opinion to you.

Basis of Opinion

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

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

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

Other than in our capacities as auditors and tax advisors we have no relationship with or interests in Horizon Energy Distribution Limited.

**Unqualified Opinion**

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

In our opinion:

- (a) proper accounting records have been kept by Horizon Energy Distribution Limited as far as appears from our examination of those records; and
- (b) the financial statements referred to above:
 - (i) comply with generally accepted accounting practice; and
 - (ii) give a true and fair view of the financial position of Horizon Energy Distribution Limited – Lines Business as at 31 March 2002 and the results of its operations and cash flows for the year then ended; and
 - (iii) comply with the Electricity (Information Disclosure) Regulations 1999.

Our audit was completed on 5 August 2002 and our unqualified opinion is expressed as at that date.

A handwritten signature in dark ink, appearing to read 'PricewaterhouseCoopers', written in a cursive style.

Chartered Accountants

Auckland

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	13,081				
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIT)	13,081				
Interest on cash, bank balances, and short-term investments (ISTI)	0				
OSBIT minus ISTI	13,081	a	13,081		13,081
Net surplus after tax from financial statements	6,757			6,757	
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	6,757	n			
Amortisation of goodwill and amortisation of other intangibles	0	g	add	add	add
Subvention payment	0	s	add	add	add
Depreciation of SFA at BV (x)	2,158				
Depreciation of SFA at ODV (y)	2,158				
ODV depreciation adjustment	0	d	add	add	add
Subvention payment tax adjustment	0	s ^u	deduct	deduct	deduct
Interest tax shield	800	q			800
Revaluations	-5	r			-5
Income tax	3,800	p			3,800
Numerator			OSBIT - (c) = a + g + s + d	NSAT - (c) = n + g + s + s ^u + d	OSBIT - (c) = a + g + s + d + p - s ^u
			13,081	6,757	8,376
Fixed assets at end of previous financial year (FA _p)	59,474				
Fixed assets at end of current financial year (FA _c)	60,892				
Adjusted net working capital at end of previous financial year (ANWC _p)	81				
Adjusted net working capital at end of current financial year (ANWC _c)	1,821				
Average total funds employed (ATFE)	70,634 (or regulation 33 time-weighted average)	c	70,634		70,634
Total equity at end of previous financial year (TE _p)	27,957				
Total equity at end of current financial year (TE _c)	32,739				
Average total equity	30,348 (or regulation 33 time-weighted average)	k		30,348	
WUC at end of previous financial year (WUC _p)	0				
WUC at end of current financial year (WUC _c)	0				
Average total works under construction	0 (or regulation 33 time-weighted average)	e	deduct 0	deduct 0	deduct 0
Revaluations	-5	r			

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
Half of revaluations		$\frac{1}{2}$			
Intangible assets at end of previous financial year (IA_{t-1})		-3			deduct
Intangible assets at end of current financial year (IA_t)		0			
Average total intangible asset	(or regulation 33 time-weighted average)	m		add	
Subvention payment at end of previous financial year (S_{t-1})		0			
Subvention payment at end of current financial year (S_t)		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		add	
System fixed assets at end of previous financial year at book value ($SFA_{b,t-1}$)	64,420				
System fixed assets at end of current financial year at book value ($SFA_{b,t}$)	63,994				
Average value of system fixed assets at book value	(or regulation 33 time-weighted average)	f	deduct	deduct	deduct
System Fixed assets at year beginning at ODV value ($SFA_{od,t-1}$)	64,420				
System Fixed assets at end of current financial year at ODV value ($SFA_{od,t}$)	63,994				
Average value of system fixed assets at ODV value	(or regulation 33 time-weighted average)	h	add	add	add
Denominator					
			70,834	30,348	70,837
			$ATFE^{ODV} = c - e - f + h$	$Ave TE^{ODV} = k - e - m + v - f + h$	$ATFE^{ODV} = c - e - \frac{1}{2}d - f + h$
Financial Performance Measure:			18.5	22.3	11.9
			$ROF = OSBIT^{ODV}/ATFE^{ODV} \times 100$	$ROE = NSAT^{ODV}/ATE^{ODV} \times 100$	$ROI = OSBIT^{ODV}/ATFE^{ODV} \times 100$

t = maximum statutory income tax rate applying to corporate entities
 subscript 't' = end of the current financial year
 ROF = return on funds
 ROE = return on equity
 ave = average
 odv = optimised signal valuation
 subscript 'o' = end of the previous financial year
 ROI = return on investment

HORIZON ENERGY DISTRIBUTION LIMITED
Performance Measures for the purposes of the Electricity (Information Disclosure
Regulations 1999 and the Electricity (Information Disclosure) Amendment Regulations 2000

Performance Measures
for the 12 Months ended 31 March 2002

Disclosure of Financial Performance Measures and Efficiency Performance Measures pursuant to
Regulations 15, 21 and 22 of the Electricity (Information Disclosure) Regulations 1999 as amended
by the Electricity (Information Disclosure) Amendment Regulations 2000, 2001

Regulation 15 - Financial Performance Measures and Efficiency Performance Measures :

	2002	2001	2000	1999
1) Financial Performance Measures				
(a) Return on Funds	18.52% ①③	16.10% ①	13.76% ①	11.02% ②
(b) Return on Equity	22.26% ①③	17.65% ①	7.80% ①	6.09% ②
(c) Return on Investment	11.86% ①③	10.09% ①	9.29% ①	7.37% ②
<p>① The 2000, 2001, and 2002 Financial Performance Measures are based on the 2000 Amendment Regulations and MED Derivation Table included in these statements.</p> <p>② The 1999 Financial Performance Measures are based on the 1999 Regulations and 1999 MOC Derivation Table.</p> <p>③ This includes prior year revenue of \$816,000 not previously accrued because of outstanding litigation and prior year transmission costs reversed of \$716,000.00.</p> <p>If the prior year revenue and adjustments were excluded, the 2002 Performance measures would read.</p>				
(a) Return on Funds	16.35% ①③			
(b) Return on Equity	19.21% ①③			
(c) Return on Investment	10.41% ①③			
2) Efficiency Performance Measures				
(a) Direct line costs per kilometre	\$ 1,158	\$ 999	\$ 1,176	\$ 1,925
(b) Indirect Line costs per Customer as prescribed	\$ 75	\$ 59	\$ 88	\$ 88



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Auditors' Opinion of Performance Measures

Horizon Energy Distribution Limited - lines business

We have examined the attached information, 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 Horizon Energy Distribution Limited – lines business and dated 5 August 2002 for the purposes of regulation 15 of the Electricity (Information Disclosure) Regulations 1999.

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

A handwritten signature in dark ink, appearing to read 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

Auckland

HORIZON ENERGY DISTRIBUTION LIMITED**Performance Measures for the purposes of the Electricity (Information Disclosure Regulations 1999 and the Electricity (Information Disclosure) Amendment Regulations 2000,2001****Performance Measures
for the 12 Months ended 31 March 2002**

Disclosure of Financial Performance Measures and Efficiency Performance Measures pursuant to Regulations 15, 21 and 22 of the Electricity (Information Disclosure) Regulations 1999 as amended by the Electricity (Information Disclosure) Amendment Regulations 2000, 2001.

Regulation 21 - Energy Delivery Efficiency Performance Measures :

		2002		2001		2000		1999
1) Energy Delivery Efficiency Performance Measures								
(a) Load Factor		84.71%		76.48%		73.30%		70.60%
(b) Loss Ratio		3.79%		4.19%		4.42%		3.90%
(c) Capacity utilisation		43.15%		46.87%		48.25%		50.04%
2) Statistics								
(a) System length								
	110kV	-	km	-		-		34
	33kV	180	km	180		178		176
	11kV	1,657	km	1,641		1,515		1,399
	400Volt	546	km	544		541		538
Total		<u>2,383</u>	km	<u>2,365</u>		<u>2,234</u>		<u>2,146</u>
(b) Total Circuit Length: Overhead								
	110kV	-	km	-		-		34
	33kV	176	km	176		174		172
	11kV	1,523	km	1,510		1,394		1,289
	400Volt	296	km	295		322		349
		<u>1,995</u>	km	<u>1,981</u>		<u>1,890</u>		<u>1,843</u>
(c) Total Circuit Length: Underground								
	110kV	-	km	-		-		-
	33kV	4	km	4		4		4
	11kV	135	km	132		121		110
	400Volt	250	km	249		219		189
		<u>388</u>		<u>384</u>		<u>343</u>		<u>303</u>
(d) Transformer capacity		185,645	kVA	186,815		187,000		178,162
(e) Maximum demand		80,115	kW	87,563		90,227		89,151
(f) Total electricity supplied		594,501,640	kWh	562,065,251		555,278,197		529,883,592
(g) Total electricity conveyed on behalf of other persons :								
Bay of Plenty Electricity		249,031,072	kWh	265,798,761		252,424,779		
Contact		489,484	kWh	194,801				
Energy Online		142,616	kWh	22,119				
Genesis		1,180,663	kWh	225,984		35,062		
Meridan		3,224,488	kWh	1,863,536		650,402		
Mighty River		241,942,614	kWh	263,496,913		258,742,849		240,432,893
NGC		130,585	kWh	463,401				
On Energy		300,545	kWh	687,332		980,574		388,566
Power NZ		1,075,077	kWh	849,615		433,836		409,309
TrustPower		74,431,191	kWh	53,028,532		42,010,693		9,627,208
Total		<u>571,948,333</u>	kWh	<u>586,630,993</u>		<u>555,278,197</u>		<u>-</u>
(h) Total customers		23,092		23,046		23,061		22,931

HORIZON ENERGY DISTRIBUTION LIMITED

Performance Measures for the purposes of the Electricity (Information Disclosure Regulations 1999 and the Electricity (Information Disclosure) Amendment Regulations 2000,2001

Performance Measures for the 12 Months ended 31 March 2002

Disclosure of Financial Performance Measures and Efficiency Performance Measures pursuant to Regulations 15, 21 and 22 of the Electricity (Information Disclosure) Regulations 1999 as amended by the Electricity (Information Disclosure) Amendment Regulations 2000, 2001.

Regulation 22 Reliability Performance Measures :

	2003	2002	2001	2000	1999
1) Interruptions					
Class A		-	1	-	1
Class B		54	103	138	164
Class C		61	77	86	130
Class D		6	2	8	5
Class E		-	-	-	-
Class F		1	-	1	-
Class G		-	-	-	-
Total number of interruptions		<u>122</u>	<u>183</u>	<u>233</u>	<u>300</u>
2) Interruption Targets					
(a) Planned interruptions (Class B)	80	110	125	150	
(b) Unplanned interruptions (Class C)	75	80	82	120	
3) Average Interruption Targets (Next 5 Years)					
(a) Planned interruptions (Class B)	80	110	120	120	
(b) Unplanned interruptions (Class C)	75	80	82	105	
4) The proportion of the total number of Class C interruptions not restored within :					
(a) 3 hours		19.7%	15.6%	12.8%	
(b) 24 hours		0.00%	0.0%	0.0%	
5) Faults per 100 circuit kilometres of prescribed voltage electric line :					
(a) Number of faults					
110 kV		0	0	-	-
33 kV		1.7	1.7	3.4	1.0
11 kV		3.5	4.5	5.3	10.0
Total number of faults		<u>3.3</u>	<u>4.2</u>	<u>5.1</u>	<u>8.1</u>
(b) Total Number of Faults Targeted					
110 kV	-	-	-	0	
33 kV	1.1	1.1	1.1	0.6	
11 kV	4.4	4.8	5.3	8.5	
Total number of faults targeted		<u>4.1</u>	<u>4.4</u>	<u>7.5</u>	
(c) Average Number of Faults Targeted (Next 5yrs)					
110 kV	-	-	-	-	
33 kV	1.1	1.1	1.1	0.6	
11 kV	4.4	4.8	5.3	7.4	
Total average number of faults targeted		<u>4.1</u>	<u>4.4</u>	<u>6.5</u>	

HORIZON ENERGY DISTRIBUTION LIMITED**Performance Measures for the purposes of the Electricity (Information Disclosure Regulations 1999 and the Electricity (Information Disclosure) Amendment Regulations 2000,2001****Performance Measures
for the 12 Months ended 31 March 2002**

Disclosure of Financial Performance Measures and Efficiency Performance Measures pursuant to Regulations 15, 21 and 22 of the Electricity (Information Disclosure) Regulations 1999 as amended by the Electricity (Information Disclosure) Amendment Regulations 2000, 2001.

Regulation 22 Reliability Performance Measures (Continued) :

	2003	2002	2001	2000	1999
6) The total number of faults per 100 circuit kilometres of underground prescribed voltage electric line, together with a breakdown of that total according to different nominal line voltages.					
110 kV		-	-	-	-
33 kV		-	-	-	-
11 kV		4.6	0.8	-	-
Total Underground faults / 100km		4.4	0.7	-	-
7) The total number of faults per 100 circuit kilometres of overhead prescribed voltage electric line, together with a breakdown of that total according to different nominal line voltages.					
110kV		-	-	-	-
33 kV		1.7	1.7	3.4	1.2
11 kV		3.4	4.8	5.7	9.9
Total Overhead Faults / 100km		3.3	4.5	5.5	8.7
8) The SAIDI for the total number of Interruptions		258 ①	129	205	691
① 100 minutes related to Tornado November 2001					
9) SAIDI Targets :					
(a) Planned interruptions (Class B)	45	45	49	75	
(b) Unplanned interruptions (Class C)	67	72	72	165	
10) Average SAIDI Targets (Next 5 Years) :					
(a) Planned interruptions (Class B)	45	45	49	65	
(b) Unplanned interruptions (Class C)	67	72	72	150	
11) The SAIDI for the total number of interruptions within each interruption class:					
Class A		-	10	-	62
Class B		35	41	49	81
Class C		179	77	72	172
Class D		44	2	80	377
Class E		-	-	-	-
Class F		-	-	4	-
Class G		-	-	-	-
12) The SAIFI for the total number of interruptions.		2.63	1.84	3.86	4.79

HORIZON ENERGY DISTRIBUTION LIMITED

Performance Measures for the purposes of the Electricity (Information Disclosure Regulations 1999 and the Electricity (Information Disclosure) Amendment Regulations 2000,2001

Performance Measures for the 12 Months ended 31 March 2002

Disclosure of Financial Performance Measures and Efficiency Performance Measures pursuant to Regulations 15, 21 and 22 of the Electricity (Information Disclosure) Regulations 1999 as amended by the Electricity (Information Disclosure) Amendment Regulations 2000, 2001.

Regulation 22 Reliability Performance Measures (Continued) :

	2003	2002	2001	2000	1999
13) SAIFI Targets :					
(a) Planned interruptions (Class B)	0.33	0.33	0.35	0.47	
(b) Unplanned interruptions (Class C)	1.30	1.30	1.54	2.60	
14) Average SAIFI Targets (Next 5 Years) :					
(a) Planned interruptions (Class B)	0.33	0.33	0.35	0.46	
(b) Unplanned interruptions (Class C)	1.30	1.30	1.54	2.58	
15) The SAIFI for the total number of interruptions within each interruption class :					
Class A		0.00	0.04	0.00	0.22
Class B		0.22	0.31	0.36	0.50
Class C		1.43	1.24	1.54	2.71
Class D		0.90	0.26	1.88	1.36
Class E		0.00	0.00	0.00	0.00
Class F		0.08	0.00	0.08	0.00
Class G		0.00	0.00	0.00	0.00
16) The CAIDI for the total of all interruptions.		98	70	53	144
17) CAIDI Targets :					
(a) Planned interruptions (Class B)	136	136	140	160	
(b) Unplanned interruptions (Class C)	52	55	47	63	
18) Average CAIDI Targets :					
(a) Planned interruptions (Class B)	136	136	140	141	
(b) Unplanned interruptions (Class C)	52	55	47	58	
19) The CAIDI for the total number of interruptions within each interruption class:					
Class A		-	253	-	286
Class B		160	132	135	161
Class C		125	62	47	63
Class D		49	6	42	277
Class E		-	-	-	-
Class F		-	-	51	-
Class G		-	-	-	-

ODV RECONCILIATION

Fixed Assets (see Note 9 of the financial statements) incorporate Distribution System fixed assets valued on the basis of ODV, revalued every three years in these accounts. This year distribution assets were revalued as at 31 March 2000 in accordance with the fourth edition of the Handbook for Optimised Deprival Value for System Fixed Assets of Electricity Line Businesses. A reconciliation of movements in the ODV carrying value follows :

	Lines Business 2002 \$000
System fixed assets at ODV - end of the previous financial year	64,420
Add Land and Buildings at ODV - end of the previous financial year	428
Less revaluations of system fixed assets	(5)
<i>Equals</i> total system fixed assets at ODV as at 31 March 2001 as per addendum dated 14 March 2002	<u>64,843</u>
 Add system fixed assets acquired during the year at ODV	 1,737
Less system fixed assets disposed of during the year at ODV	-
Less depreciation on system fixed assets at ODV	(2,156)
Less ODV of distribution system land and buildings classified separately in Note 9 of the financial statements	(428)
 <i>Equals</i> system fixed assets at ODV - end of the financial year	 <u>63,994</u>

**CERTIFICATION OF FINANCIAL STATEMENTS, PERFORMANCE MEASURES,
AND STATISTICS DISCLOSED BY HORIZON ENERGY DISTRIBUTION
LIMITED (REGULATION 32)
[Form 5]**

We, Colin George Houston Holmes, and John Gordon Forysthe, directors of Horizon Energy Distribution Limited certify that, having made all reasonable enquiry, to the best of our knowledge,-

(a) The attached audited financial statements of Horizon Energy Distribution Limited prepared for the purposes of regulation 6 of the Electricity (Information Disclosure) Regulations 1999, comply with the requirements of those regulations and the Electricity (Information Disclosure) Amendment Regulations 2000, 2001.

(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 Horizon Energy Distribution 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 the Electricity (Information Disclosure) Regulations 1999, the Electricity (Information Disclosure) Amendment Regulations 2000, 2001.

The valuations on which those financial performance measures are based are as at 31 March 2001.



C G H Holmes (Director)



J G Forysthe (Director)

Date : 5 August 2002


**CERTIFICATION OF VALUATION REPORT OF HORIZON
ENERGY DISTRIBUTION LIMITED**

[Form 7]

We, Colin George Houston Holmes, and John Gordon Forsythe, Directors of Horizon Energy Distribution Limited certify that, having made all reasonable enquiry, to the best of our knowledge -

- (a) The attached valuation report of Horizon Energy Distribution Limited, and the addendum dated 14 March 2002, prepared for the purposes of regulation 20 of the Electricity (Information Disclosure) Regulations 1999, complies with the requirements of that regulation; and
- (b) The replacement cost of the line business system fixed assets of Horizon Energy Distribution Limited is \$106,764,879; and
- (c) The depreciated replacement cost of the line business system fixed assets of Horizon Energy Distribution Limited is \$64,849,901; and
- (d) The optimised depreciated replacement cost of the line business system fixed assets of Horizon Energy Distribution Limited is \$64,843,541; and
- (e) The optimised deprival valuation of the line business system fixed assets of Horizon Energy Distribution Limited is \$64,843,541; and
- (f) The values in paragraphs (b) through to (e) have been prepared in accordance with the ODV Handbook.

These valuations are as at 31 March 2001.


C G H Holmes (Director)


J G Forsythe (Director)

Date: 5 August 2002