SUPPLEMENT TO

New Zealand Gazette

OF THURSDAY, 28 FEBRUARY 2008

WELLINGTON: WEDNESDAY, 5 MARCH 2008 — ISSUE NO. 53

UNISON NETWORKS LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO
SECTION 57T OF THE COMMERCE ACT 1986

unison
The Powerlines People

CERTIFICATION ON FINANCIAL STATEMENTS, PERFORMANCE MEASURES AND STATISTICS DISCLOSED BY LINE OWNERS (OTHER THAN TRANSPOWER)

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

a. The attached audited financial statements of Unison Networks Limited, prepared for the purposes of requirement 6 of the Commerce Commission's Electricity Information Disclosure Requirements 2004 comply with those Requirements; and

b. The attached information, being the derivation table, financial performance measures, efficiency performance measures, energy delivery efficiency performance measures, statistics, and reliability performance measures in relation to Unison Networks Limited, and having been prepared for the purposes of requirements 14, 15, 20 and 21 of the Electricity (Information Disclosure) Requirements 2004 comply with those Requirements.

The valuations on which those financial performance measures are based are as at 31 March 2007.

Declared at this day of February 2008

Director 28. 2. 2008 *Date*

Director 28 - 2 - 2008 *Date*

UNISON NETWORKS LIMITED - LINES BUSINESS
STATEMENT OF FINANCIAL PERFORMANCE
For the year ended 31 March 2007

	Notes	2007 $000	2006 $000
Operating revenue	23	93,851	94,333
Operating surplus before non operating benefits/(costs)		**30,676**	**36,883**
Amortisation	17,23	844	4,495
Restatement of goodwill	17,23	-	60,559
Interest costs		12,171	12,179
Surplus/(deficit) before taxation	23	17,661	(40,350)
Taxation expense/(benefit)	3(a)	1,534	1,430
Net surplus/(deficit) for year		**16,127**	**(41,780)**

UNISON NETWORKS LIMITED - LINES BUSINESS
STATEMENT OF MOVEMENTS IN EQUITY
For the year ended 31 March 2007

		2007 $000	2006 $000
Equity at beginning of year		301,003	211,539
Net surplus/(deficit)		16,127	(41,780)
Revaluation of network assets	14	2,910	135,844
Total recognised revenues and expenses for the year		19,037	94,064
Dividends paid	15	100	4,600
Equity at end of year		**319,940**	**301,003**

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

UNISON NETWORKS LIMITED - LINES BUSINESS
STATEMENT OF FINANCIAL POSITION
As at 31 March 2007

	Notes	2007 $000	2006 $000
Equity			
Share capital	4	66,661	66,661
Asset revaluation reserve	14	250,920	248,010
Retained earnings	15	2,359	(13,668)
		319,940	**301,003**
Represented by:			
Non Current Assets			
Property, plant and equipment	5	448,060	447,424
Goodwill arising on acquisition	17	13,156	14,000
Capital work in progress	18	19,235	5,204
		480,451	466,628
Current Assets			
Receivables and prepayments	6	9,549	8,855
Inventories		2,589	2,386
Taxation refund	3c	3,071	4,105
		15,209	15,346
Total Assets		**495,660**	**481,974**
Non Current Liabilities			
Employee entitlements	16	752	725
Term debt	7	157,600	161,600
		158,352	162,325
Current Liabilities			
Bank overdraft		2,777	3,362
Accounts payable and accruals	19	13,227	14,102
Employee entitlements	16	1,364	1,181
		17,368	18,645
Total Liabilities		**175,720**	**180,970**
Net Assets Employed		**319,940**	**301,003**

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

UNISON NETWORKS LIMITED - LINES BUSINESS
STATEMENT OF CASH FLOWS
For the year ended 31 March 2007

	Notes	2007 $000	2006 $000
Cash flows from operating activities			
Cash was provided from:			
Receipts from customers		86,987	86,240
Contributions for capital works		6,021	7,989
Taxation refunds		-	-
Interest received		139	84
		93,147	94,313
Cash was disbursed to:			
Payments to suppliers		32,016	36,239
Payments to employees		10,365	9,377
Interest paid on loans		11,978	12,141
Income taxes paid		500	2,800
		54,859	60,557
Net cash flows from operating activities	11	38,288	33,756
Cash flows from investing activities			
Cash was provided from:			
Proceeds from sale of property, plant and equipment		26	43
		26	92
Cash was applied to:			
Purchase and construction of property, plant and equipment		29,130	24,051
		29,130	24,051
Net cash flows from investing activities		(29,104)	(24,007)
Cash flows from financing activities			
Cash was provided from:			
Borrowings		-	1,000
		-	1,000
Cash was applied to:			
Settlement of borrowings		4,000	10,000
Payment of dividends		4,600	100
		8,600	10,100
Net cash flows from financing activities		(8,600)	(9,100)
Net increase/(decrease) in cash held		585	649
Cash balances at beginning of year		(3,362)	(4,011)
Cash balance at end of year		(2,777)	(3,362)

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

Unison Networks Limited – Lines Business
Statement of Significant Accounting Policies

For the year ended 31 March 2007

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

- **Reporting Entity**

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

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

- **Measurement System**

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

- **Specific Accounting Policies**

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

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

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

The electrical distribution network is independently valued at fair value based on Depreciated Replacement Cost (DRC).

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

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

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

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

Unison Networks Limited – Lines Business
Statement of Significant Accounting Policies

For the year ended 31 March 2007

The carrying values of property, plant and equipment do not exceed their estimated recoverable value.

Disposal of Property, Plant and Equipment

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

On disposal of an item of property, plant or equipment, any revaluation surplus in respect of that class of asset is reduced or increased by the amount applicable to that item.

b. ***Depreciation***

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

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

Electrical Distribution Network

33kV sub transmission	45 - 80 Years
Zone substations, structures and equipment	15 - 60 Years
Distribution transformers	45 - 55 Years
Distribution switchgear	35 - 45 Years
Overhead lines	35 - 80 Years
Underground cables	30 - 70 Years
Other distribution equipment	10 - 45 Years

Other Property, Plant and Equipment

Freehold buildings	60 -100 Years
Land	Indefinite
Motor vehicles	5 - 10 Years
Plant and equipment	5 - 10 Years
Office furniture and equipment	4 - 10 Years
Information technology	3 -10 Years

c. ***Investments***

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

d. ***Receivables***

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

e. ***Inventories***

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

f. ***Capital Work in Progress***

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

Unison Networks Limited – Lines Business
Statement of Significant Accounting Policies

For the year ended 31 March 2007

g. ***Income Tax***

Unison adopts the liability method of accounting for deferred taxation.

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

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

h. ***Financial Instruments***

Unison has financial instruments with off-balance sheet risk for the primary purpose of reducing its exposure to fluctuations in interest rates.

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

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

i. ***Capitalisation***

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

j. ***Cash Flows***

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

k. ***Employee Entitlements***

A liability for annual leave, long service leave and retirement gratuities is accrued and recognised in the Statement of Financial Position. Liabilities for annual leave is calculated on an entitlement basis at current rates.

Retirement gratuity liability and long service leave are calculated using current rates and appropriate probabilities for all qualifying staff. The calculations are based on the net present value of the estimated future cashflow.

l. ***Goodwill Arising on Acquisition***

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

Unison Networks Limited – Lines Business
Statement of Significant Accounting Policies

For the year ended 31 March 2007

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

n. ***Goods and Services Tax***
The financial statements have been prepared with revenue and expense items exclusive of GST. In the Statement of Financial Position, accounts receivable and accounts payable are inclusive of GST. All other assets and liabilities are exclusive of GST.

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

Changes in Accounting Policies

There have been no changes to accounting policies.

UNISON NETWORKS - LINES BUSINESS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 31 March 2007

3 INCOME TAX

	2007 $000	2006 $000
a) Taxation		
Operating surplus/(deficit) before taxation	17,661	(40,350)
Prima facie tax @ 33%	5,829	(13,315)
Permanent differences	(1,636)	19,241
Timing differences not recognised	(2,982)	(4,716)
Prior period adjustments	323	220
Current taxation expense/(benefit)	1,534	1,430
Taxation expense/(benefit) is represented by:		
Current taxation	1,534	1,430
	1,534	1,430

b) Unison has not recognised a Deferred Tax Liability totalling $37.1 million (2006: $31.0 million) in relation to the tax depreciation recoverable which would crystallise if all assets were disposed of at their carrying value.

	2007 $000	2006 $000
c) Taxation (Refund)/Payable		
Opening balance	(4,105)	(2,735)
Current year taxation expense/(benefit)	1,534	1,430
Taxation paid	(500)	(2,800)
Closing balance	(3,071)	(4,105)
d) Imputation credit account		
Opening balance	7,626	4,872
Prior period adjustment	-	3
Taxation paid	500	2,800
Imputation credits attached to dividends paid in the reporting period	(2,266)	(49)
Closing Balance	**5,860**	**7,626**

4 SHARE CAPITAL

	2007	2006
Number of ordinary fully paid shares on issue	64,000,000	64,000,000

	2007 $000	2006 $000
Issued and paid up value	66,661	66,661

UNISON NETWORKS - LINES BUSINESS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 31 March 2007

5 PROPERTY PLANT AND EQUIPMENT

	2007 $000	2006 $000
Electrical Distribution Network		
33kV Subtransmission		
at valuation	23,774	23,774
asset transfer	(1,861)	
additions at cost	167	-
less accumulated depreciation	(688)	-
	21,392	23,774
Zone Substation Structures and Equipment		
at valuation	31,044	31,044
asset transfer	112	
additions at cost	323	-
less accumulated depreciation	(1,488)	-
	29,991	31,044
Distribution and Substation Transformers		
at valuation	78,806	78,806
additions at cost	2,857	-
less accumulated depreciation	(2,576)	-
	79,087	78,806
Distribution Switchgear		
at valuation	32,108	32,108
additions at cost	2,343	-
less accumulated depreciation	(1,402)	-
	33,049	32,108
11kV Lines and Cables		
at valuation	152,856	152,857
additions at cost	4,781	-
less accumulated depreciation	(5,253)	-
	152,384	152,857
LV Lines and Cables		
at valuation	79,087	79,087
additions at cost	3,265	-
less accumulated depreciation	(3,343)	-
	79,009	79,087
Other Distribution Equipment		
at valuation	39,052	40,245
asset transfer	1,749	
additions at cost	919	-
less accumulated depreciation	(1,764)	-
	39,956	40,245
Net carrying value, Electricity Distribution Network	**434,868**	**437,921**

UNISON NETWORKS - LINES BUSINESS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 31 March 2007

5 PROPERTY PLANT AND EQUIPMENT...*continued*

	2007 $000	2006 $000
Freehold Buildings		
at valuation	4,012	3,573
asset transfer	(212)	
at cost		447
less accumulated depreciation		502
	3,800	3,518
Land and Additions to Land		
at valuation	4,312	479
at cost		205
	4,312	684
Motor vehicles		
at cost	3,087	2,716
less accumulated depreciation	(2,007)	1,844
	1,080	872
Plant and Equipment		
at cost	2,395	2,324
less accumulated depreciation	(1,616)	1,460
	779	864
Office Furniture and Equipment		
at cost	1,034	782
asset transfer	212	
less accumulated depreciation	(881)	545
	365	237
Information Technology		
at cost	7,800	7,127
less accumulated depreciation	(4,944)	3,799
	2,856	3,328
Net Carrying Value, Other items of Property, Plant and Equipment	**13,192**	**9,503**
TOTAL NET CARRYING VALUE	**448,060**	**447,424**

Reconciliation:

	2007 $000	2006 $000
Balance at beginning of reporting period	447,424	294,111
Plus revaluations	2,910	135,844
Plus other property, plant and equipment additions	15,966	30,784
Less depreciation	(18,240)	13,316
Balance at end of reporting period	**448,060**	**447,424**

This is represented by:

	2007 $000	2006 $000
Property, plant and equipment at valuation	444,839	441,973
Property, plant and equipment at cost	29,182	13,601
Less accumulated depreciation	(25,962)	8,150
	448,060	**447,424**

UNISON NETWORKS - LINES BUSINESS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 31 March 2007

6 RECEIVABLES AND PREPAYMENTS

	2007 $000	2006 $000
Trade debtors	9,556	8,878
Provision for doubtful debts	(45)	(48)
Prepayments	38	25
	9,549	8,855

7 BORROWINGS

	2007 $000	2006 $000
Term borrowings		
Maturing within 1 year	22,500	26,500
Maturing between 1 and 2 years	66,500	66,500
Maturing between 2 and 3 years	67,000	67,000
Maturing between 3 and 4 years	-	-
Maturing between 4 and 5 years	-	-
	156,000	160,000
Related party borrowings		
Maturing between 5 and 10 years	1,600	1,600
	1,600	1,600
Total borrowings	157,600	161,600

	2007 %	2006 %
Weighted average interest rate on term borrowings	7.50%	7.35%
Effective interest rate related party	6.00%	6.00%

All term borrowings are bank loans and interest rates for these borrowings are based on the bank bill rate plus a margin. 'Unison utilises a multi tranche bank facility arrangement for a total of $200 million. Components of this facility will be 'routinely renewed on maturity date. For this reason all borrowings under this facility are reported as term borrowings.

The bank facility is unsecured and has the benefit of a negative pledge and cross guarantee. The facility is subject to various covenants such as limitations on long-term indebtedness, leverage and other ratios. Unison complied with all covenants for the 2006 and 2007 financial years.

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

8 RELATED PARTY TRANSACTIONS

The Hawke's Bay Power Consumers' Trust holds the shares of Unison on behalf of the consumers in their capacity as owners. Unison has issued a debt security to the Trust of $1,600,000 repayable on 1 June 2013. The debt security carries a fixed interest rate of 6% per annum. During the year Unison paid $96,000 in interest to the Hawke's Bay Power Consumers' Trust. During the year the following entities, in which directors had an interest, provided services to Unison under normal commercial terms.

	2007 $000	2006 $000
Information Management Services Ltd/K Atkinson	2	3
Vectek Electronics Ltd/K Valentine	49	4

As at balance date the only amounts outstanding were $45 (2006: $270) to Information Management Services Limited and $576 (2006: $1,302) to Vectek Electronics Ltd in accordance with normal trading terms.

An operating lease agreement to supply backup generation facilities was entered into in December 2005 under normal commercial terms between Unison and the Hawke's Bay District Health Board, of which Mrs H Walker and Mr K Atkinson are members.

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

There were no other related party transactions.

UNISON NETWORKS - LINES BUSINESS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 31 March 2007

9 COMMITMENTS

The value of contractual capital commitments as at 31 March 2007 is estimated at $3,454,425 (2006:$3,096,038).

The value of contractual operating commitments as at 31 March 2007 is $130,767 (2006: $9,300)

Operating lease commitments

	2007 $000	2006 $000
Less than 1 year	15	32
1-2 years	5	10
2-5 years	1	-
	21	42

10 CONTINGENT LIABILITIES

Unison has no contingent liabilities at balance date.

11 RECONCILIATION OF REPORTED NET OPERATING SURPLUS AFTER TAX WITH NET CASH FLOWS FROM OPERATING ACTIVITIES

	2007 $000	2006 $000
Net surplus/(deficit)	16,127	(41,780)
Net (Gain)/loss on sale of property, plant and equipment	(1)	(16)
Amortisation	844	4,495
Restatement of goodwill	-	60,559
Depreciation	18,240	13,316
	35,210	36,574
(Increase)/decrease in receivables and prepayments	(694)	(1)
(Increase)/decrease in inventories	(203)	(968)
(Decrease)/increase in accounts payable, accruals and employee entitlements	2,941	(479)
Decrease (increase) in electricity price hedging instruments	-	-
(Decrease)/increase in taxation payable	1,034	(1,370)
Net cash inflow from operating activities	38,288	33,756

12 FINANCIAL INSTRUMENTS

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

a) Interest rate risk

Unison manages interest rate exposure in accordance with treasury policy by hedging no less than 60% of all borrowings with interest rate hedge instruments.

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

	2007 %	2007 $000	2006 %	2006 $000
Maturing in less than 1 year	6.45	30,000	6.35	30,000
Maturing between 1 and 2 years	6.48	12,000	6.45	30,000
Maturing between 2 and 5 years	6.56	46,000	6.51	46,000
Maturing after 5 years	6.27	12,000	6.58	64,000
		100,000		170,000

The market valuation of these hedges at 31 March 2007 is a $3,259,000 gain (2006: $136,843 gain).

UNISON NETWORKS - LINES BUSINESS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 31 March 2007

The weighted average rates on interest rate options are as follows:

	2007 %	2007 $000	2006 %	2006 $000
Maturing after 5 years	7.30	30,000 -		0
		30,000		0

The market valuation of these hedges at 31 March 2007 is a $636,000 gain (2006: nil).

b) Credit risk

Financial instruments which potentially subject Unison to credit risk principally consist of bank balances and accounts receivables. No collateral is held on these amounts (2006: nil).

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

c) Concentration of credit risk

Unison has exposure to six electricity retailers that account for 84% of accounts receivable. To minimise this risk, the Company performs credit evaluations on all energy retailers in conjunction with the contractual requirements contained within the use 'of system agreements operating with these parties. A bond or bank undertaking may be required where deemed necessary. 'At balance date a bank guarantee of up to $5.4 million is currently held by Unison in respect of one retailer.

d) Fair values

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

e) Currency risk

Unison enters into forward exchange contracts for any significant transactions conducted in currency other than the New Zealand dollar to eliminate the effects of any currency fluctuations. At balance date, forward exchange contracts in operation were US$956,688 (2006:nil). The market valuation of these exchange contracts as at 31 March 2007 is a $127,618 loss (2006: nil).

13 SEGMENT INFORMATION

Unison operates predominantly in one industry - the ownership, management and operation of electricity networks within New Zealand.

14 RESERVES

	2007 $000	2006 $000
Asset Revaluation Reserve		
Balance at beginning of year	248,010	112,166
Revaluation of Land and Buildings	2,910	
Revaluation of electrical distribution network	-	135,844
	250,920	**248,010**
Detailed As		
Land	4,382	278
Revaluation of electrical distribution network	246,538	247,732
	250,920	**248,010**

15 RETAINED EARNINGS

	2007 $000	2006 $000
Balance at beginning of year	(13,668)	32,712
Net surplus/(deficit)	16,127	(41,780)
Dividends paid	(100)	(4,600)
Land and building revaluations	-	-
Balance at end of year	**2,359**	**(13,668)**

UNISON NETWORKS - LINES BUSINESS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 31 March 2007

16 EMPLOYEE ENTITLEMENTS

Employee entitlements expected to be taken within the 12 months following balance date are recorded as current liabilities. All other employee entitlements are recorded as non-current liabilities.

17 GOODWILL ARISING FROM ACQUISITION

	2007 $000	2006 $000
Goodwill at cost	89,888	89,888
Restatement of goodwill	(60,559)	(60,559)
Accumulated amortisation	(16,173)	(15,329)
Balance at year end	13,156	14,000

Goodwill arising on acquisition has been assessed for impairment assuming future cash inflows and outflows relating to the Taupo and Rotorua assets in existence as at 31 March 2007. Cash inflows are based on Line Charge Revenues consistent with Unison's agreed Administrative Settlement offer with the Commerce Commission and regional allocations in line with Unison's cost of supply model. Cash outflows relate to operating and capital expenditure allocations using current best estimates and reflect expenditure essential to maintaining the assets at their current service capability. Note that any changes to these assumptions can have a material impact on the remaining goodwill balance and therefore the assessed goodwill adjustment.

18 CAPITAL WORK IN PROGRESS

	2007 $000	2006 $000
Electrical distribution network	17,697	4,798
Other	1,538	406
	19,235	5,204

19 ACCOUNTS PAYABLE AND ACCRUALS

	2007 $000	2006 $000
Trade creditors	11,794	8,363
Final dividend payable	-	4,500
Interest payable	1,433	1,239
	13,227	14,102

20 EVENTS SUBSEQUENT TO BALANCE DATE

On 15 June 2007 the Unison Board declared a fully imputed dividend of $7.2 million to the Hawkes Bay Power Consumers

On 12 June 2007 Unison Networks Limited terminated its contract with Siemens (NZ) Limited, effective 1 July 2007, for the provision of maintenance and defined capital works over the Taupo and Rotorua networks. Unison Contracting Services Limited (incorporated on 5 April 2007), a wholly owned subsidiary of Unison Networks Limited, simultaneously acquired certain assets from Siemens and employed staff necessary to carry on these maintenance and capital works services in Taupo and Rotorua.

Since 31 March 2007 the corporate tax rate has been reduced from 33% to 30% with effect from the 2008/09 year. The unrecognised deferred tax liability disclosed under Note 3 ($37.1 million) has been based on the current rate of income tax of 33%. Had the new rate been used, the unrecognised deferred tax liability would have been reduced to $33.6 million.

Note 21 "Other Matters" refers to the administrative settlement reached with the Commerce Commission in May 2007.

There have been no other significant reporting events subsequent to balance date.

UNISON NETWORKS - LINES BUSINESS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 31 March 2007

21 OTHER MATTERS

Unison is subject to the Commerce Commission's Price and Quality Threshold Regime which applies to electricity lines businesses.

In September 2005 the Commerce Commission published an intention to declare control of Unison's distribution prices.

Unison provided the Commerce Commission with an administrative settlement offer during August through to October 2006. In May 2007 the Commerce Commission issued its final decision which was to accept Unison's administrative settlement offer and to not take control of Unison's prices.

Judicial Review

On 17 May 2004 Unison commenced proceedings in the High Court for a judicial review of the Commerce Commission's targeted control regime. Those proceedings and a subsequent appeal in the Court of Appeal were decided in favour of the Commission, although the Court of Appeal did find that the Commission's initial price thresholds were unlawful. For this reason and because of the failure of the Court of Appeal to grant relief to Unison, the Court of Appeal's findings have been appealed to the Supreme Court. The Supreme Court hearing is pending. Unison may face court costs as a result of this action.

22 *Impacts of the Adoption to international Financial Reporting Standards*

For the reporting period beginning 1 April 2007 Unison will comply with New Zealand International Financial Reporting Standards (NZIFRS). In complying with NZIFRS for the first time, Unison will restate comparative balances.

The major issues identified that impact on Unison's financial statements include deferred tax, financial instruments, and assets valuation/impairment.

Unison currently recognises a deferred tax liability in the Statement of Financial Position only if the income tax effect of all timing differences are expected to reverse in the foreseeable future, i.e. the partial basis. NZIFRS requires a more comprehensive reflection of future tax liabilities/assets which will result in a deferred tax liability being recognised in the Statement of Financial Position. This liability represents the difference between the fair value of fixed assets as shown in the Statement of Financial Position and their corresponding tax book value. On transition date, the Deferred Tax Liability amount expected to be recognised in the Statement of Financial Position is approximately $65 million with a corresponding decrease in Shareholders Funds.

Unison utilises interest rate swaps to hedge against interest rate volatility. The value of these hedges are not recognised in the Statement of Financial Position. Under NZIFRS these hedges and any other defined financial instruments will be recognised in the Statement of Financial Position with any changes in fair value being reflected in the Statement of Financial Performance, unless specific hedge accounting criteria is achieved. Unison expects to achieve hedge accounting and therefore any volatility in the fair value of its hedges is not required to be taken through the Statement of Financial Performance but through the Statement of Equity. The financial impact of the fair value of these hedges is unknown but could be material.

Under NZ Financial Reporting Standards Unison records its revaluation surplus arising on the revaluation of a class of assets directly to the asset revaluation reserve in the Statement of Equity. A revaluation deficit in excess of the asset revaluation reserve balance for that class is recognised in the Statement of Financial Performance. Under NZIFRS revaluations must be accounted for on an individual asset basis and not by asset class. Any revaluation surplus is recorded in the Statement of Equity and any revaluation deficit goes first to the Statement of Equity per asset, and then any deficit in excess of the individual asset revaluation reserve balance goes into the Statement of Financial Performance. The financial impact of this change is unknown but could be material.

Unison amortises goodwill arising on acquisition under NZ Financial Reporting Standards over 20 years and subject to an annual impairment test. NZIFRS does not permit amortisation of goodwill but instead requires an annual impairment test only.

UNISON NETWORKS - LINES BUSINESS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 31 March 2007
23 MANDATORY SPECIFIC DISCLOSURE

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

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

		2007	2006
		$000	$000
	Current assets		
(a)	Cash and bank balances:	-	-
(b)	Short-term investments:	-	-
(c)	Inventories:	2,589	2,386
(d)	Accounts receivable:	9,549	8,855
(e)	Other current assets not listed in (a) to (d):	3,071	4,105
(f)	**Total current assets**	15,209	15,346
	Fixed assets		
(a)	System fixed assets:	434,868	437,921
(b)	Consumer billing and information system assets:	2,856	3,328
(c)	Motor vehicles:	1,080	872
(d)	Office equipment:	365	237
(e)	Land and buildings:	8,112	4,202
(f)	Capital works under construction:	19,235	5,204
(g)	Other fixed assets not listed in (a) to (f):	779	864
(h)	**Total fixed assets**	467,294	452,628
	Other tangible assets not listed above	-	-
	Total tangible assets	482,504	467,974
	Intangible assets		
(a)	Goodwill:	13,156	14,000
(b)	Other intangibles not listed in (a) above:	-	-
(c)	**Total intangible assets**	13,156	14,000
	Total assets	**495,660**	**481,974**
	Current liabilities		
(a)	Bank overdraft:	2,777	3,362
(b)	Short-term borrowings:	-	-
(c)	Payables and accruals:	13,227	9,602
(d)	Provision for dividends payable:	-	4,500
(e)	Provision for income tax:	-	-
(f)	Other current liabilities not listed in (a) to (e) above:	1,364	1,181
(g)	**Total current liabilities**	17,368	18,645
	Non-current liabilities		
(a)	Payables and accruals:	-	-
(b)	Borrowings:	157,600	161,600
(c)	Deferred tax:	-	-
(d)	Other non-current liabilities not listed in (a) to (c) above:	752	725
(e)	**Total non-current liabilities**	158,352	162,325
	Equity		
(a)	Shareholders' equity:		
	Share capital:	66,661	66,661
	Retained earnings:	2,359	(13,668)
	Reserves:	250,920	248,010
	Total Shareholders' equity:	319,940	301,003
(b)	Minority interests in subsidiaries:	-	-
(c)	Total equity:	319,940	301,003
(d)	Capital notes:	-	-
(e)	**Total capital funds:**	319,940	301,003
	Total equity and liabilities	**495,660**	**481,974**

UNISON NETWORKS - LINES BUSINESS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 31 March 2007
23 MANDATORY SPECIFIC DISCLOSURE...*continued*

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

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

			2007	2006
			$000	$000
		Operating revenue		
(a)		Revenue from line/access charges:	83,141	82,474
(b)		Revenue from "Other" business for services carried out by	-	-
		the line business (transfer payment):	-	-
(c)		Interest on cash, bank balances and short term investments:	139	84
(d)		AC loss-rental rebates:	4,128	3,671
(e)		Other revenue not listed in (a) to (d):	6,443	8,104
(f)		**Total operating revenue pre Discounts**	93,851	94,333

			2007	2006
		Operating expenditure	$000	$000
(a)		Payment for Transmission Charges	20,552	20,083
			20,552	20,083
(b)		Transfer payments to the 'other" business for:		
	(i)	Asset maintenance:	-	-
	(ii)	Consumer disconnection/reconnection services:	-	-
	(iii)	Meter data:	-	-
	(iv)	Consumer-based load control services:	-	-
	(v)	Royalty and patent expenses:	-	-
	(vi)	Avoided transmission charges on account of own generation	-	-
	(vii)	Other goods and services not listed in (i) to (vi) above	-	-
	(viii)	**Total transfer payment to the "Other" business**	-	-
(c)				
		Expense to entities that are not related parties for:		
	(i)	Asset maintenance:	5,507	5,490
	(ii)	Consumer disconnection/reconnection services	-	-
	(iii)	Meter data	-	-
	(iv)	Consumer-based load control services	-	-
	(v)	Royalty and patent expenses	-	-
	(vi)	Total of specified expenses to non-related parties (sum of (i) to (v))	5,507	5,490
(d)		Employee salaries, wages and redundancies	8,879	7,725
(e)		Consumer billing and information system expense	-	-
(f)		Depreciation on:		
	(i)	System fixed assets:	16,516	11,656
	(ii)	Other assets not listed in (i)	1,724	1,660
	(iii)	**Total depreciation**	18,240	13,316
(g)		Amortisation of:		
	(i)	Goodwill:	844	65,054
	(ii)	Other intangibles:		-
	(iii)	**Total amortisation of intangibles**	844	65,054
(h)		Corporate and administration:	2,806	1,759
(i)		Human resource expenses:	643	797
(j)		Marketing/advertising:	288	338
(k)		Merger and acquisition expenses:	-	-
(l)		Takeover defence expenses:	-	-
(m)		Research and development expenses:	-	
(n)		Consultancy and legal expenses:	1,551	3,315
(o)		Donations:	-	-
(p)		Directors' fees:	295	270
			5,583	6,479

UNISON NETWORKS - LINES BUSINESS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 31 March 2007

23 MANDATORY SPECIFIC DISCLOSURE...*continued*

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

			2007 $000	2006 $000
(q)		Auditors' fees:		
	(i)	Audit fees paid to principal auditors:	88	86
	(ii)	Audit fees paid to other auditors:		-
	(iii)	Fees paid for other services provided by principal and other auditors:	7	-
	(iv)	**Total auditors' fees:**	95	86
(r)		Costs of offering credit:		
	(i)	Bad debts written off:	46	17
	(ii)	Increase in estimated doubtful debts:	(3)	23
	(iii)	**Total cost of offering credit:**	43	40
(s)		Local authority rates expense:	99	104
(t)		AC loss-rentals (distribution to retailers/customers) expense:	4,128	3,671
(u)		Rebates to consumers due to ownership interest:	-	-
(v)		Subvention payments:	-	-
(w)		Unusual expenses:	-	-
(x)		Other expenditure not listed in (a) to (w)	49	456
			4,276	4,231
		Total operating expenditure	64,019	122,504
		Operating surplus/(deficit) before interest and income tax	29,832	(28,171)
		Interest expense		
	(a)	Interest expense on borrowings	12,171	12,179
	(b)	Financing charges related to finance leases	-	-
	(c)	Other interest expense	-	-
		Total interest expense	12,171	12,179
		Operating surplus before income tax	17,661	(40,350)
		Income tax	1,534	1,430
		Net surplus/(deficit) after tax	16,127	(41,780)

UNISON NETWORKS LIMITED - LINES BUSINESS

ELECTRICITY INFORMATION DISCLOSURE REQUIREMENTS 2004

Requirement 14 (Schedule 1, Part 3)

Disclosure by line owners of financial and efficiency performance measures

Financial Measures	**2007**	**2006**	**2005**	**2004**
Return On Funds	11.39%	12.19%	13.20%	10.10%
Return On Equity	14.42%	17.18%	19.82%	20.04%
Return On Investment	9.63%	10.39%	10.67%	33.41%

The regulatory calculation for ROI adds revaluations into the Operating Surplus. ROI percentages excluding revaluations from the operating surplus are as follows:

	9.63%	10.39%	10.67%	9.02%

Efficiency Measures	**2007**	**2006**	**2005**	**2004**
Direct Line Cost Per Kilometre	$1,383	$1,138	$1,326	$1,030
Indirect Line Cost Per Customer	$69	$94	$57	$58

SCHEDULE 1 - PART 7

FORM FOR THE DERIVATION OF FINANCIAL PERFORMANCE MEASURES FROM FINANCIAL STATEMENTS

Derivation Table	Input and Calculations	Symbol in formula	ROF		ROE		ROI	
Operating surplus before interest and income tax from financial statements (OSBIT)	29,831,694							
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIIT)	29,831,694							
Interest on cash, bank balances, and short-term investments (ISTI)	138,958							
OSBIIT minus ISTI	29,692,736	a		29,692,736				29,692,736
Net surplus after tax from financial statements	16,126,762							
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	16,126,762	n				16,126,762		
Amortisation of goodwill and amortisation of other intangibles	844,000	g	add	844,000	add	844,000	add	844,000
Subvention payment	0	s	add	0	add	0	add	0
Depreciation of SFA at BV (x)	16,516,378							
Depreciation of SFA at ODV (y)	11,392,964							
ODV depreciation adjustment	5,123,415	d	add	5,123,415	add	5,123,415	add	5,123,415
Subvention payment tax adjustment	0	s*t			deduct	0	deduct	0
Interest tax shield	3,970,661	q					deduct	3,970,661
Revaluations	0	r					add	0
Income tax	1,534,167	p					deduct	1,534,167
Numerator				35,660,151 $OSBIIT^{ADJ} = a + g + s + d$		22,094,177 $NSAT^{ADJ} = n + g + s - s*t + d$		30,155,322 $OSBIIT^{ADJ} = a + g - q + r + s + d - p - s*t$
Fixed assets at end of previous financial year (FA_0)	452,628,232							
Fixed assets at end of current financial year (FA_1)	467,294,893							
Adjusted net working capital at end of previous financial year ($ANWC_0$)	-4,042,000							
Adjusted net working capital at end of current financial year ($ANWC_1$)	-2,452,202							
Average total funds employed (ATFE)	456,714,462 (or regulation 33 time-weighted average)	c		456,714,462				456,714,462
Total equity at end of previous financial year (TE_0)	301,003,225							
Total equity at end of current financial year (TE_1)	319,939,830							
Average total equity	310,471,528 (or regulation 33 time-weighted average)	k				310,471,528		
WUC at end of previous financial year (WUC_0)	5,204,000							
WUC at end of current financial year (WUC_1)	19,235,000							
Average total works under construction	12,219,500 (or regulation 33 time-weighted average)	e	deduct	12,219,500	deduct	12,219,500	deduct	12,219,500

SCHEDULE 1 - PART 7

FORM FOR THE DERIVATION OF FINANCIAL PERFORMANCE MEASURES FROM FINANCIAL STATEMENTS

Derivation Table	Input and Calculations	Symbol in formula	ROF		ROE		ROI	
Operating surplus before interest and income tax from financial statements (OSBIT)	29,831,694							
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIIT)	29,831,694							
Interest on cash, bank balances, and short-term investments (ISTI)	138,958							
OSBIIT minus ISTI	29,692,736	a		29,692,736				29,692,736
Net surplus after tax from financial statements	16,126,762							
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	16,126,762	n				16,126,762		
Amortisation of goodwill and amortisation of other intangibles	844,000	g	add	844,000	add	844,000	add	844,000
Subvention payment	0	s	add	0	add	0	add	0
Depreciation of SFA at BV (x)	16,516,378							
Depreciation of SFA at ODV (y)	11,392,964							
ODV depreciation adjustment	5,123,415	d	add	5,123,415	add	5,123,415	add	5,123,415
Subvention payment tax adjustment	0	s*t			deduct	0	deduct	0
Interest tax shield	3,970,661	q					deduct	3,970,661
Revaluations	0	r					add	0
Income tax	1,534,167	p					deduct	1,534,167
Numerator				35,660,151 $OSBIIT^{ADJ} = a + g + s + d$		22,094,177 $NSAT^{ADJ} = n + g + s - s*t + d$		30,155,322 $OSBIIT^{ADJ} = a + g - q + r + s + d - p - s*t$
Fixed assets at end of previous financial year (FA_0)	452,628,232							
Fixed assets at end of current financial year (FA_1)	467,294,893							
Adjusted net working capital at end of previous financial year ($ANWC_0$)	-4,042,000							
Adjusted net working capital at end of current financial year ($ANWC_1$)	-2,452,202							
Average total funds employed (ATFE)	456,714,462 (or regulation 33 time-weighted average)	c		456,714,462				456,714,462
Total equity at end of previous financial year (TE_0)	301,003,225							
Total equity at end of current financial year (TE_1)	319,939,830							
Average total equity	310,471,528 (or regulation 33 time-weighted average)	k				310,471,528		
WUC at end of previous financial year (WUC_0)	5,204,000							
WUC at end of current financial year (WUC_1)	19,235,000							
Average total works under construction	12,219,500 (or regulation 33 time-weighted average)	e	deduct	12,219,500	deduct	12,219,500	deduct	12,219,500

UNISON NETWORKS LIMITED - LINES BUSINESS

ELECTRICITY INFORMATION DISCLOSURE REQUIREMENTS 2004

Requirement 16 (Schedule 1, Part 8)

Annual Valuation Reconciliation Report

For the year ending 31 March 2007

	2007 $000	2006 $000
System fixed assets at ODV - end of the previous financial year	303,260	285,688
Add system fixed assets acquired during the year at ODV	14,655	29,228
Less system fixed assets disposed of during the year at ODV	-	0
Less depreciation on system fixed assets at ODV	(11,393)	(11,656)
Add revaluation of system fixed assets	-	-
Equals system fixed assets at ODV - end of financial year	**306,522**	**303,260**

Requirement 21 (Schedule 1, Part 5)

Reliability Performance Measures

Year ended 31 March 2007

Interruptions	2008/2012 Target	2008 Target	2007	2006	2005	2004
Total interruptions	951	1,003	988	869	983	1,012
a) Planned interruptions (Class B)	510	550	543	432	463	490
b) Unplanned interruptions (Class C)	441	453	445	437	520	522
Unplanned interruptions not restored within:						
a) 3 Hours (%)			31.01%	25.23%	26.00%	43.00%
b) 24 Hours (%)			2.70%	0.46%	0.96%	1.72%

Faults	2008/12 Target	2008 Target	2007	2006	2005	2004
Faults/100km						
a) Total No. of faults	9.01	9.25	9.08	8.92	9.36	10.67
b) ***i) 33kV line voltage***						
a) Total no. of faults	6.01	6.28	5.84	9.82	5.63	5.17
ii) 11kV line voltage						
a) Total no. of faults	9.30	9.54	9.33	8.84	9.71	11.20
Faults/100km of underground line						
a) Total			6.70	6.60	8.82	7.22
b) 33kV			5.03	16.81	-	*6.60
c) 11kV			6.80	6.61	9.28	7.59
Faults/100km of overhead line						
a) Total			9.86	9.10	9.44	11.18
b) 33kV			11.06	9.22	6.08	5.06
c) 11kV			9.74	9.20	9.78	11.81

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

Reliability Measures	2008/12 Target	2008 Target	2007	2006	2005	2004
Total SAIDI (Classes B & C)	**153**	**153**	**140**	**134**	**156**	**202**
SAIDI						
a) Planned interruptions (Class B)	38	38	33	28	25	30
b) Unplanned interruptions (Class C)	115	115	105	106	130	171
c) Unplanned interruptions Transpower (Class D)			0.45	0.03	5	-
Total SAIFI (Classes B & C)	**2.39**	**2.39**	**2.15**	**2.83**	**3.21**	**2.38**
SAIFI						
a) Planned Interruptions (Class B)	0.19	0.19	0.23	0.18	0.16	0.21
b) Unplanned interruptions (Class C)	2.20	2.20	1.92	2.65	3.05	2.17
c) Unplanned interruptions Transpower (Class D)			0.03	0.01	0.20	-
Total CAIDI (Classes B & C)	**64**	**64**	**63**	**47**	**48**	**85**
CAIDI						
a) Planned interruptions (Class B)	201	201	147	160	154	141
b) Unplanned interruptions (Class C)	52	52	55	40	43	79
c) Unplanned interruptions Transpower (Class D)			16	3	22	-

Requirement 20 (Schedule 1, Part 4)

Year ended 31 March 2007

Energy Delivery Efficiency Performance Measures	2007	2006	2005	2004
a) Load Factor	60.13	62.92	63.45	65.81
b) Loss Ratio	5.19%	5.28%	5.82%	4.52%
c) Capacity Utilisation	32.19%	31.56%	31.28%	29.44%

Energy Delivery Efficiency Performance Measures	2007	2006	2005	2004
a) Systems Length (kms)				
~ 33kV	429	429	427	426
~ 11kV	4,471	4,457	4,475	4,477
~ 230/400V	4,476	4,431	4,363	4,270
Total	9,376	9,317	9,264	9,173
b) Circuit Length (Overhead) (kms)				
~ 33kV	389	389	394	395
~ 11kV	3,839	3,836	3,866	3,869
~ 230/400V	1,613	1,632	1,639	1,646
Total	5,841	5,856	5,899	5,910
c) Circuit Length (Underground) (kms)				
~ 33kV	40	40	32	31
~ 11kV	632	621	610	608
~ 230/400V	2,863	2,800	2,724	2,624
Total	3,535	3,461	3,366	3,263
d) Transformer Capacity (kVA)	990,493	975,000	965,439	940,500
e) Maximum Demand (kW)	318,882	307,724	302,014	276,884
f) Total Electricity entering the network (before losses) (kWh)	1,679,642,493	1,696,095,881	1,678,730,000	1,596,108,000
g) Total electricity supplied for each Retailer (kWh)	1,592,511,783	1,606,525,174	1,581,080,000	1,523,885,000
Retailer A	547,659,995	555,579,599	550,648,000	578,884,000
Retailer B	195,308,838	146,121,137	86,037,000	48,441,000
Retailer C	48,356,735	95,283,713	137,490,000	145,489,000
Retailer D	-		-	-
Retailer E	326,547,284	404,508,895	407,285,000	434,831,000
Retailer F	245,980,913	208,556,826	220,718,000	188,639,000
Retailer G	-		-	-
Retailer H	-		-	-
Retailer I	-		-	-
Retailer J	205,670,348	178,633,012	169,098,000	118,259,000
Retailer K	22,987,670	17,841,992	9,804,000	9,342,000
h) Total customers	105,819	104,578	103,347	102,299

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

AUDITOR-GENERAL'S OPINION ON THE PERFORMANCE MEASURES OF UNISON NETWORKS LIMITED

We have examined the information on pages 21 to 26 being –

(a) the derivation table in requirement 15;

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

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

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

that were prepared by Unison Networks Limited and dated 28 February 2008 for the purposes of the Commerce Commission's Electricity Information Disclosure Requirements 2004.

In our opinion, having made all reasonable enquiry, and to the best of our knowledge, that information has been prepared in accordance with those Electricity Information Disclosure Requirements 2004.

Mark Maloney
Audit New Zealand
On behalf of the Auditor-General
Palmerston North, New Zealand
28 February 2008

MATTERS RELATING TO THE PUBLICATION OF THE AUDITED PERFORMANCE MEASURES IN THE *NEW ZEALAND GAZETTE*

This audit report relates to the performance measures of Unison Networks Limited for the year ended 31 March 2007 that have been published in the *New Zealand Gazette*. The *New Zealand Gazette* is required to publish hard copies of audited performance measures and the related audit report of Unison Networks Limited for the year ended 31 March 2007, and to include an electronic version of the published *New Zealand Gazette* on the *New Zealand Gazette*'s website.

We have not been engaged to report on the integrity of the performance information of Unison Networks Limited that have been published on the *New Zealand Gazette*'s website. We accept no responsibility for any changes that may have occurred to the performance information since they were initially signed and published.

This audit report refers only to the performance information named above. If readers of this audit report are concerned with the inherent risks arising from electronic data communication, they should refer to the original signed and published hard copy of the audited performance information and related audit report dated 28 February 2008 to confirm the information included in the audited performance information published in the *New Zealand Gazette* or on the *New Zealand Gazette*'s website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

TO THE READERS OF THE FINANCIAL STATEMENTS OF UNISON NETWORKS LIMITED FOR THE YEAR ENDED 31 MARCH 2007

We have audited the financial statements of Unison Networks Limited on pages 2 to 19. The financial statements provide information about the past financial performance of Unison Networks Limited and its financial position as at 31 March 2007. This information is stated in accordance with the accounting policies set out on pages 5 to 8.

Directors' Responsibilities

The Commerce Commission's Electricity Information Disclosure Requirements 2004 made under section 57T of the Commerce Act 1986 require the Directors to prepare financial statements which give a true and fair view of the financial position of Unison Networks Limited as at 31 March 2007, and the results of its operations and cash flows for the year ended on that date.

Auditor's Responsibilities

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

The Auditor-General has appointed Mark Maloney of Audit New Zealand to undertake the audit.

Basis of Opinion

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

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

We conducted the audit in accordance with the Auditing Standards 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.

In addition to the audit, we have carried out an audit assignment for the company. This involved issuing an audit opinion on the statutory financial statements for the year ended 31 March 2007. Other than this assignment we have no relationship with or interests in Unison Networks Limited.

Unqualified Opinion

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

In our opinion –

- proper accounting records have been maintained by Unison Networks Limited as far as appears from our examination of those records; and
- the financial statements of Unison Networks Limited on pages 2 to 19:

  (a) comply with generally accepted accounting practice in New Zealand; and

  (b) give a true and fair view of Unison Networks Limited's financial position as at 31 March 2007 and the results of its operations and cash flows for the year ended on that date; and

  (c) comply with the Electricity Information Disclosure Requirements 2004.

Our audit was completed on 28 February 2008 and our unqualified opinion is expressed as at that date.

Mark Maloney
Audit New Zealand
On behalf of the Auditor-General
Palmerston North, New Zealand

MATTERS RELATING TO THE PUBLICATION OF THE AUDITED FINANCIAL STATEMENTS IN THE *NEW ZEALAND GAZETTE*

This audit report relates to the financial statements of Unison Networks Limited for the year ended 31 March 2007 that have been published in the *New Zealand Gazette*. The *New Zealand Gazette* is required to publish hard copies of audited financial statements and the related audit report of Unison Networks Limited for the year ended 31 March 2007, and to include an electronic version of the published *New Zealand Gazette* on the *New Zealand Gazette*'s website.

We have not been engaged to report on the integrity of the financial statements of Unison Networks Limited that have been published on the *New Zealand Gazette*'s website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially signed and published.

This audit report refers only to the financial statements named above. If readers of this audit report are concerned with the inherent risks arising from electronic data communication, they should refer to the original signed and published hard copy of the audited financial statements and related audit report dated 28 February 2008 to confirm the information included in the audited financial statements published in the *New Zealand Gazette* or on the *New Zealand Gazette*'s website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

PUBLISHED BY THE
DEPARTMENT OF INTERNAL AFFAIRS
PRINTED BY WICKLIFFE LIMITED

ISSN 0111-5650
ISSN 1177-8415
Price $5.00 (inc. GST)