

**Certification of Financial Statements, Performance Measures, and Statistics  
Disclosed by Line Owners other than Transpower.**

We, Diane Reed and Grant Kibby, Directors of Waipa Networks Limited certify that, having made all reasonable enquiry, to the best of our knowledge –

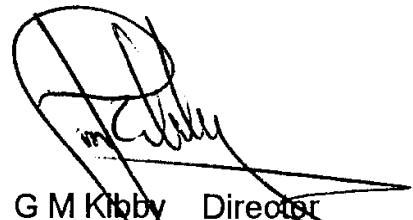
- (a) The attached audited financial statements of Waipa Networks Limited prepared for the purposes of regulation 6 of the Electricity (Information Disclosure) Regulations 1999 comply with the requirements of those regulations; and
- (b) The attached information, being the derivation table, financial performance measures, efficiency performance measures, energy delivery efficiency performance measures, statistics, and reliability performance measures in relation to Waipa Networks Limited, and having been prepared for the purposes of regulations 15, 16, 21 and 22 of the Electricity (Information Disclosure) Regulations 1999, comply with the requirements of those regulations.

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

Dated this 6th day of August 2001.



D M Reed Director



G M Kibby Director

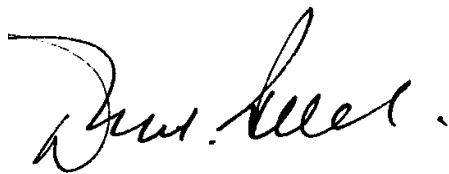
## Certificate of Valuation Report of Line Owners

We, Diane Reed and Grant Kibby, Directors of Waipa Networks Limited certify that, having made all reasonable enquiry, to the best of our knowledge –

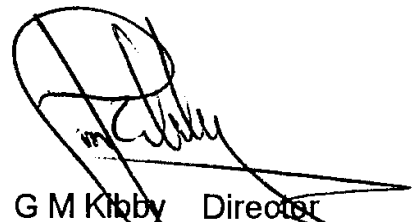
- (a) The attached valuation report of Waipa Networks Limited, prepared for the purposes of regulation 20 of the Electricity (Information Disclosure) Regulations 1999, complies with the requirements of that regulation; and
- (b) The replacement cost of the line business system fixed assets of Waipa Networks Limited is \$73,556,850; and
- (c) The depreciated replacement cost of the line business system fixed assets of Waipa Networks Limited is \$44,945,462; and
- (d) The optimised depreciated replacement cost of the line business system fixed assets of Waipa Networks Limited is \$44,945,462; and
- (e) The optimised deprival valuation of the line business system fixed assets of Waipa Networks limited is \$44,944,031; 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:

Dated this 6th day of August 2001.



D M Reed Director



G M Kibby Director

WAIPA NETWORKS LIMITED - LINES BUSINESS

**STATEMENT OF FINANCIAL PERFORMANCE**

FOR THE YEAR ENDED 31 MARCH 2001

	<b>Note</b>	<b>2001</b> \$	<b>2000</b> \$
REVENUE		<u>11,391,342</u>	<u>10,888,863</u>
NET SURPLUS BEFORE TAX	<b>2</b>	3,452,819	3,374,695
LESS TAXATION EXPENSE	<b>3</b>	1,151,348	1,162,955
NET SURPLUS AFTER TAX		<u>2,301,471</u>	<u>2,211,740</u>

**STATEMENT OF MOVEMENTS IN EQUITY**

FOR THE YEAR ENDED 31 MARCH 2001

		<b>2001</b> \$	<b>2000</b> \$
EQUITY AS AT 1 APRIL 2000		<u>37,942,711</u>	<u>45,942,710</u>
NET SURPLUS FOR YEAR		2,301,471	2,211,740
TOTAL RECOGNISED REVENUE AND EXPENSES FOR THE YEAR		2,301,471	2,211,740
INTERIM DIVIDEND DECLARED	<b>6</b>	921,000	757,000
PROVISION FOR DIVIDEND	<b>6</b>	229,735	1,454,739
REPURCHASE OF SHARES	<b>4 , 5</b>	705,826	8,000,000
EQUITY AS AT 31 MARCH 2001		<u>38,387,621</u>	<u>37,942,711</u>

The accompanying notes form part of these financial statements.

WAIPA NETWORKS LIMITED - LINES BUSINESS

**STATEMENT OF FINANCIAL POSITION**

AS AT 31 MARCH 2001

	Note	2001 \$	2000 \$
<b>EQUITY</b>			
Share capital	4	-	-
Reserves	5	33,712,318	34,418,144
Retained earnings	6	4,675,303	3,524,567
<b>TOTAL EQUITY</b>		<u>38,387,621</u>	<u>37,942,711</u>
 Represented By:			
<b>CURRENT ASSETS</b>			
Cash and Bank		1,095,938	377,502
Short term investments		-	1,490,000
Receivables and prepayments	7	1,126,093	1,229,861
Tax refund due		45,015	-
Inventories		<u>322,944</u>	<u>241,987</u>
		2,589,990	3,339,350
<b>CURRENT LIABILITIES</b>			
Creditors	8	679,377	690,264
Provision for dividend		229,735	1,454,739
Taxation payable		<u>-</u>	<u>1,314</u>
		<u>909,112</u>	<u>2,146,317</u>
<b>NET CURRENT ASSETS</b>		1,680,878	1,193,033
<b>NON - CURRENT ASSETS</b>			
Fixed assets	9	44,721,268	44,765,650
<b>NON - CURRENT LIABILITIES</b>			
Employee entitlements		14,525	15,972
Term Liabilities	10	8,000,000	8,000,000
<b>NET ASSETS</b>		<u>38,387,621</u>	<u>37,942,711</u>

For and on behalf of the Board

D M Reed Director  
6 August 2001

G M Kibby Director  
6 August 2001

The accompanying notes form part of these financial statements.

WAIPA NETWORKS LIMITED - LINES BUSINESS

**STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED 31 MARCH 2001

	Note	2001 \$	2000 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash was provided from:			
Receipts from customers		10,540,535	10,553,078
Interest received		40,319	59,990
Net GST		3,111	7,674
		<u>10,583,965</u>	<u>10,620,742</u>
Cash was disbursed to:			
Payments to suppliers and employees		5,505,084	5,785,913
Interest Paid		796,000	224,625
Taxes paid		1,197,677	938,378
		<u>7,498,761</u>	<u>6,948,916</u>
Net cash flows from operating activities	<b>15</b>	<u>3,085,204</u>	<u>3,671,826</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash was provided from:			
Proceeds from sale of assets		19,091	1,789
Decrease in investments		1,490,000	-
Capital Contributions		372,916	267,700
		<u>1,882,007</u>	<u>269,489</u>
Cash was applied to:			
Purchase of assets		1,167,210	1,216,677
Increase in investments		-	140,000
		<u>1,167,210</u>	<u>1,356,677</u>
Net cash flows from investing activities		<u>714,797</u>	<u>(1,087,188)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Cash was provided from:			
Increase in term liabilities		-	8,000,000
Cash was applied to:			
Dividend / Share Repurchase		3,081,565	10,223,498
Net cash flows from financing activities		<u>(3,081,565)</u>	<u>(2,223,498)</u>
Net increase in cash held		718,436	361,140
Add opening cash brought forward		377,502	16,362
Ending cash carried forward		<u>1,095,938</u>	<u>377,502</u>
<b>CASH BALANCES IN THE STATEMENT OF FINANCIAL POSITION</b>			
Cash and Bank		<u>1,095,938</u>	<u>377,502</u>

The accompanying notes form part of these financial statements.

**NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2001

**1 STATEMENT OF ACCOUNTING POLICIES**

**General Accounting Policies**

Waipa Networks Limited (Formerly Waipa Power Limited to the 30 June 1999) is a company registered under the Companies Act 1993. The financial statements have been prepared for the purpose of complying with the requirements of the Electricity (Information Disclosure) Regulations 1999 (the Regulations) as amended by the Electricity (Information Disclosure) Amendment Regulations 2000.

The general accounting policies recognised as appropriate for the measurement and reporting of performance, cash flows and financial position under the historical cost method, as modified by the revaluation of certain assets, have been followed in the preparation of these financial statements.

**Particular Accounting Policies**

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

**a) Network Charges**

Income from Network charges includes an estimated amount for accrued sales from meters unread as at 31 March 2001.

**b) Fixed Assets**

The Line Business has five classes of fixed assets as follows:

Freehold Land  
Freehold Buildings  
Reticulation Assets  
Motor Vehicles  
Plant, Furniture & Fittings

The Reticulation Assets were revalued on an optimised depreciated replacement cost basis by independent valuers on 1 April 1998 and subsequently will be revalued at least every 3 years. Additions to the Reticulation Assets since revaluation are stated at cost.

Assets constructed by the line business are capitalised at direct cost plus a proportion of indirect overheads.

All other fixed assets are recorded at cost less accumulated depreciation.

**c) Capital Contributions**

Contributions towards the cost of additions to the Reticulation Assets are recognised as income when received.

## WAIPA NETWORKS LIMITED - LINES BUSINESS

### d) Depreciation

Land is not depreciated. Depreciation has been provided on other fixed assets using the straight line method at rates which amortise the cost or valuation less estimated residual value over their economic lives.

Depreciation on assets purchased during the year has been charged on a monthly basis from month of purchase.

Buildings	3.0%
Reticulation Assets	2.5%
Motor Vehicles	20.0%
Computers Equipment & Software	20.0%
Plant, Furniture & Fittings	10.0%

### e) Receivables

Receivables are stated at their estimated realisable value after adequate provision for doubtful debts. Bad debts are written off in the period they are identified.

### f) Income Tax

The income tax expense charged to the Statement of Financial Performance includes both current and deferred tax. Deferred tax is calculated using the liability method, and is accounted for using the partial basis.

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.

### g) Inventories

Inventories are stated at the lower of weighted average cost and net realisable value. Cost of work in progress and finished goods includes the cost of direct material, direct labour and a proportion of the manufacturing overhead expended in putting the inventories in their present location and condition.

### h) Financial Instruments

The Line Business includes all financial instrument arrangements in the statement of financial position using the concepts of accrual accounting. These instruments arise as a result of everyday operations and include: cash, receivables, creditors and investments. Revenues and expenses in relation to all financial instruments are recognised in the statement of financial performance. Financial instruments are shown at their fair values.

## WAIPA NETWORKS LIMITED - LINES BUSINESS

### i) Employee entitlements

Provision is made in respect of the Line Businesses liability for annual leave, long service leave and retirement gratuities. Where the qualifying criteria has been met these have been calculated on an actual entitlement basis at current rates of pay. Further provision has been made for long service and retirement gratuities where the qualifying criteria has not yet been met, bringing to account what is likely to be payable in the future in respect of service that employees have accumulated up until the 31 March 2001.

### CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies. All policies have been consistently applied during the year.

	<b>2001</b>	<b>2000</b>
	\$	\$
<b>2 NET SURPLUS BEFORE TAXATION</b>		
After Charging:		
Direct Expenditure	1,387,316	1,586,594
Audit fees for these financial statements	6,690	6,600
Audit fees for Company financial statements	23,651	23,897
Directors' fees	91,601	96,245
Other Indirect expenditure	964,775	895,310
Depreciation	1,268,068	1,289,783
Net Gain on Disposal of Assets	(9,644)	3,624
Interest Paid	796,000	224,625
After Crediting:		
Interest Received	33,525	63,900



WAIPA NETWORKS LIMITED - LINES BUSINESS

	2001 \$	2000 \$
<b>3 TAXATION</b>		
Net surplus before taxation	3,452,819	3,374,695
Prima facie taxation at 33%	1,139,430	1,113,649
Plus Tax effect of permanent differences	367,576	370,610
Less Tax effect of timing differences not Recognised	(355,658)	(321,304)
Total Taxation Expense	<u>1,151,348</u>	<u>1,162,955</u>
The Taxation charge comprises:		
- current taxation	1,151,348	1,162,955
- deferred taxation	<u>-</u>	<u>-</u>
	<u>1,151,348</u>	<u>1,162,955</u>

A deferred tax liability of \$3,064,972 (2000 \$2,785,106), has not been recognised. This liability primarily relates to asset revaluations of the reticulation assets which would only crystallise on disposal.

Imputation credit memorandum account.

Balance at the beginning of the year	906,213	1,062,991
Dividends Allocated	(1,170,140)	(1,095,156)
Taxation paid	1,197,677	938,378
Balance at end of year	<u>933,750</u>	<u>906,213</u>

**4 SHARE CAPITAL**

Balance at beginning of year	-	8,000,000
Shares Repurchased	-	8,000,000
Balance at end of year	<u>-</u>	<u>-</u>

At 31 March 2001 the line business has 6,800,000 issued shares. During the year the line business has repurchased and cancelled a total of 1,200,000 shares at a total cost of \$8,705,826, \$8,000,000 of this was paid in 2000.

All shares carry equal voting rights and share in any surplus on winding up of the company equally.

None of the shares carry fixed dividend rights.

WAIPA NETWORKS LIMITED - LINES BUSINESS

	<b>2001</b>	<b>2000</b>
	<b>\$</b>	<b>\$</b>
<b>5 RESERVES</b>		
<b>Capitalisation of Assets Reserve</b>		
Balance at beginning of year	705,826	705,826
Shares Repurchased	705,826	-
Balance at end of year	<u>-</u>	<u>705,826</u>
<b>Revaluation of Assets Reserve</b>		
Balance at end of year	33,712,318	33,712,318
Total Reserves	<u>33,712,318</u>	<u>34,418,144</u>
<b>6 RETAINED EARNINGS</b>		
Balance at beginning of year	3,524,567	3,524,566
Net Surplus after Taxation	2,301,471	2,211,740
Interim Dividend	921,000	757,000
Proposed final Dividend	229,735	1,454,739
Balance at end of year	<u>4,675,303</u>	<u>3,524,567</u>
<b>7 RECEIVABLES</b>		
Trade debtors	1,103,327	1,194,517
Accrued Interest Income	-	6,794
Prepayments	22,766	28,550
	<u>1,126,093</u>	<u>1,229,861</u>

WAIPA NETWORKS LIMITED - LINES BUSINESS

	2001 \$	2000 \$
<b>8 CREDITORS</b>		
Accounts payable and accruals - trade	614,633	615,265
Employee entitlements	64,744	68,770
Payables to Directors	-	6,229
	<u>679,377</u>	<u>690,264</u>
<b>9 FIXED ASSETS</b>		
<b>Freehold Land</b>		
Cost	1,610	1,610
<b>Freehold Buildings</b>		
Cost	815,860	794,751
Accumulated Depreciation	<u>151,010</u>	<u>142,700</u>
Net Book Value	664,850	652,051
<b>Reticulation Assets</b>		
Cost - additions since 1 April 1998	3,020,033	1,858,964
Valuation	<u>43,011,008</u>	<u>43,011,008</u>
	46,031,041	44,869,972
Accumulated Depreciation at cost	86,377	47,785
Accumulated Depreciation at valuation	<u>2,150,550</u>	<u>1,075,275</u>
Net Book Value	43,794,114	43,746,912
<b>Motor Vehicles</b>		
Cost	150,825	183,270
Accumulated Depreciation	<u>88,719</u>	<u>91,476</u>
Net Book Value	62,106	91,794
<b>Plant, Furniture and Fittings</b>		
Cost	1,571,987	1,542,703
Accumulated Depreciation	<u>1,373,399</u>	<u>1,269,420</u>
Net Book Value	198,588	273,283
Total Net Book Value	<u>44,721,268</u>	<u>44,765,650</u>

The Reticulation Assets were revalued by E W Graham, B.E. (Elect), F.I.P.E.N.Z. and PriceWaterhouseCoopers on 1 April 1998 to a value of \$43,011,008 on a optimised depreciated replacement cost basis.

The fair value of Land and Buildings is assessed at \$700,000 based on a valuation by Quotable Value New Zealand as at 1 September 1999 for GV purposes.

## WAIPA NETWORKS LIMITED - LINES BUSINESS

	<b>2001</b>	<b>2000</b>
	<b>\$</b>	<b>\$</b>
<b>10 TERM LIABILITIES</b>		
Inter-business Loan - Other Business (9.95%)	8,000,000	8,000,000
Repayable between 2 and 5 years		

## 11 FINANCIAL INSTRUMENTS

### Credit Risk

In the normal course of its business, Waipa Networks incurs credit risk from trade receivables from customers. Waipa Networks largest customer accounts for 81% (2000 91%) of total sales and 80% (2000 71%) of trade receivables at balance date for which a bank performance bond is held. There are no other significant concentrations of credit risk and Waipa Networks generally does not require any collateral.

Waipa Networks places its cash and short term deposits with high credit quality financial institutions with a recognised credit rating of A- or better and limits the amount of credit exposure to any one institution, as set forth by the Board of Directors. While the company may be subject to credit losses up to the contract amounts in the event of non-performance by other parties, it does not expect such losses to occur.

### Currency Risk

Waipa Networks has no exposure to currency risk.

### Interest Rate Risk

Waipa Networks has no significant exposure to interest rate risk as its term loan has fixed interest rates. The interest rate on the term loan is disclosed in note 10.

### Fair Value

The estimated fair value of Waipa Networks financial instruments at 31 March 2001 are stated in the Statement of Financial Position.

## 12 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

There are no contingent liabilities as at 31 March 2001 (2000 The contingent liability disclosed has now been resolved).

There are no commitments for future capital expenditure as at 31 March 2001 (2000 Nil).

## WAIPA NETWORKS LIMITED - LINES BUSINESS

### 13 SEGMENTAL REPORTING

Waipa Networks operates predominantly in one industry, distribution of electricity. All operations are carried out within New Zealand, and are therefore within one geographical segment for reporting purposes.

### 14 RELATED PARTIES

At balance date, the Waipa Networks Trust held 100 per cent of the shares in Waipa Networks Limited

All related party transactions in the accounts of Waipa Networks have been conducted on a commercial and arms length basis.

The contracting department of Waipa Networks has provided the following services at cost, including overheads, for the year ended 31 March 2001

	2001	2000
Construction of distribution lines & cables	403,006	316,839
Construction of medium voltage switchgear	75,559	162,162
Construction of distribution transformers	287,668	304,530
Construction of distribution substations	20,211	-
Construction of low voltage lines and cables	22,981	111,081
Construction of other system fixed assets	351,644	223,766
Maintenance of assets	888,748	1,018,967
Consumer connections and reconnections	6,307	8,164
Other services	45,178	49,193

The following transactions occurred between the line business and other business.

Interest paid to Other	796,000	224,625
------------------------	---------	---------

The line business has a loan from the other business refer note 10.

The amount outstanding at balance date was \$8,000,000 (2000 \$8,000,000).

At year end there were no other outstanding balances for related parties (2000 Nil).

No related party debt has been written off or forgiven during 2001 or 2000.

Provision has been made in the accounts for payment of a final dividend to the Waipa Networks Trust of \$229,735 (2000 \$1,454,739). Interim dividends totalling \$921,000 have already been paid (2000 \$757,000). During the year the line business has repurchased and cancelled a total of 1,200,000 shares at a total cost of \$8,705,826, \$8,000,000 of this was paid in 2000.

WAIPA NETWORKS LIMITED - LINES BUSINESS

	<b>2001</b>	<b>2000</b>
	\$	\$
<b>15 RECONCILIATION OF NET SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES</b>		
Reported Net Surplus after tax	2,301,471	2,211,740
Add (Less) Non Cash Items:		
Depreciation	1,268,068	1,289,783
Increase (Decrease) in Non-current Liabilities Leave Provisions	(1,447)	15,972
	3,568,092	3,517,495
Add (Less) Movements in Working Capital Items		
Decrease (Increase) in Tax Receivable	(46,329)	224,577
Decrease in Receivables	103,768	147,513
Increase in Inventories	(80,957)	(12,104)
Decrease (Increase) in Accounts Payable	(6,861)	116,897
Increase (Decrease) in Leave Provisions	(4,026)	21,681
	(34,405)	498,564
	3,533,687	4,016,059
Add (Less) Items Classified as Investing Activities		
Net Loss (Gain) on Disposal of Assets	(9,644)	3,624
Increase (Decrease) in Creditors for Fixed Assets	(65,923)	(80,157)
Capital Contributions	(372,916)	(267,700)
	(448,483)	(344,233)
Net Cash Inflows from Operating Activities	3,085,204	3,671,826
 <b>16 ODV RECONCILIATION REPORT</b>		
System fixed assets at ODV at beginning of year	42,919,522	43,290,212
Add system fixed assets acquired during the year at ODV	1,300,382	1,001,911
Less system fixed assets disposed of during the year at ODV	8,250	-
Less depreciation system fixed assets at ODV	1,395,437	1,372,601
Add revaluations of system fixed assets	2,127,814	-
System fixed assets at ODV at end of year	44,944,031	42,919,522

WAIPA NETWORKS LIMITED - LINES BUSINESS

- 17 Disclosure of Information to be Disclosed in Financial Statements under regulation 6 of the Electricity (Information Disclosure) Regulations 1999 Schedule 1 Part 2 as amended by the Electricity (Information Disclosure) Amendment Regulations 2000.

	2001	2000
	\$	\$
<b>Statement of Financial Position Disclosure (Schedule 1, Part 2)</b>		
<b>1 Current Assets</b>		
(a) Cash and Bank balances	1,095,938	377,502
(b) Short-term investments	-	1,490,000
(c) Inventories	322,944	241,987
(d) Accounts receivable	1,103,327	1,194,517
(e) Other current assets not listed in (a) to (d)	67,781	35,344
(f) Total current assets	2,589,990	3,339,350
<b>2 Fixed Assets</b>		
(a) System fixed assets	43,794,114	43,746,912
(b) Customer billing and information system assets	132,458	172,724
(c) Motor vehicles	62,106	91,794
(d) Office Equipment	66,130	100,559
(e) Land & Buildings	666,460	653,661
(f) Capital works under construction	-	-
(g) Other fixed assets not listed in (a) to (f)	-	-
(h) Total fixed assets	44,721,268	44,765,650
<b>3 Other tangible assets not listed above</b>	-	-
<b>4 Total tangible assets</b>	47,311,258	48,105,000
<b>5 Intangible assets</b>		
(a) Goodwill	-	-
(b) Other intangible not listed in (a)	-	-
(c) Total intangible assets	-	-
<b>6 Total Assets</b>	47,311,258	48,105,000
<b>7 Current Liabilities</b>		
(a) Bank Overdraft	-	-
(b) Short-term borrowings	-	-
(c) Payables and accruals	679,377	690,264
(d) Provision for dividend payable	229,735	1,454,739
(e) Provision for income tax	-	1,314
(f) Other Current Liabilities not listed in (a) to (e)	-	-
(g) Total Current Liabilities	909,112	2,146,317
<b>8 Non-current liabilities</b>		
(a) Payables and accruals	14,525	15,972
(b) Borrowings	8,000,000	8,000,000
(c) Deferred tax	-	-
(d) Other Non-current Liabilities not listed in (a) to (c)	-	-
(e) Total Non-current Liabilities	8,014,525	8,015,972

WAIPA NETWORKS LIMITED - LINES BUSINESS

	2001	2000
	\$	\$
<b>9 Equity</b>		
(a) Shareholders' equity		
(i) Share Capital	-	-
(ii) Retained Earnings	4,675,303	3,524,567
(iii) Reserves	33,712,318	34,418,144
(iv) Total Shareholders' equity	38,387,621	37,942,711
(b) Minority interests in subsidiaries	-	-
(c) Total Equity	38,387,621	37,942,711
(d) Capital notes	-	-
(e) Total capital funds	38,387,621	37,942,711
<b>10 Total equity and liabilities</b>	47,311,258	48,105,000

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

<b>11 Operating revenue</b>		
(a) Revenue from line/access charges	10,449,345	10,399,414
(b) Revenue from "Other" business (transfer payment)	-	-
(c) Income from interest on bank & short-term investments	33,525	63,900
(d) AC loss-rental rebates	535,556	157,849
(e) Other operating revenue not listed in (a) to (d)	372,916	267,700
(f) Total operating revenue	11,391,342	10,888,863
<b>12 Operating expenditure</b>		
(a) Transmission Charges	3,410,065	3,387,491
(b) Transfer payments to "Other " business		
(i) Asset maintenance	888,748	1,018,967
(ii) Consumer disconnections and reconnections	6,307	8,164
(iii) Meter data	-	-
(iv) Consumer-based load control	45,178	49,193
(v) Royalty and patent expenses	-	-
(vi) Avoided transmission charges for own generation	-	-
(vii) Other goods & services not listed in (i) to (vi) above	-	-
(viii) Total transfer payment to the "Other" business	940,233	1,076,324
(c) Payments to non-related entities		
(i) Asset maintenance	149,927	139,740
(ii) Consumer disconnections and reconnections	-	-
(iii) Meter data	-	-
(iv) Consumer-based load control	-	-
(v) Royalty and patent expenses	-	-
(vi) Total of specified expenses to non-related parties	149,927	139,740
(d) Employee salaries, wages and redundancies	658,438	659,682
(e) Consumer billing and information system expense	47,354	76,135
(f) Depreciation on		
(i) System fixed assets	1,113,867	1,123,060
(ii) Other assets not listed in (i)	154,201	166,723
(iii) Total depreciation expense	1,268,068	1,289,783



WAIPA NETWORKS LIMITED - LINES BUSINESS

	<b>2001</b>	<b>2000</b>
	<b>\$</b>	<b>\$</b>
(g) Amortisation of		
(i) Goodwill	-	-
(ii) Other intangibles	-	-
(iii) Total amortisation of intangibles	-	-
(h) Corporate and administration	172,166	217,389
(i) Human resource expenses	49,240	41,977
(j) Marketing and advertising	80,649	28,048
(k) Merger and acquisition expenses	-	-
(l) Takeover defence expenses	-	-
(m) Research and development expenses	-	-
(n) Consultancy and legal expenses	103,628	57,067
(o) Donations	-	-
(p) Directors fees	91,601	96,245
(q) Audit fees		
(i) Audit fees paid to principal auditors	30,341	30,497
(ii) Audit fees paid to other auditors	-	-
(iii) Fees paid for other services provided by auditors	-	-
(iv) Total auditors fees	30,341	30,497
(r) Costs of offering credit		
(i) Bad debts written off	-	-
(ii) Increase in estimated doubtful debts	-	-
(iii) Total costs of offering credit	-	-
(s) Local authority rates	3,859	3,740
(t) AC loss-rental (distribution of) expense	-	-
(u) Rebates to customers due to ownership interest	-	-
(v) Subvention payments	-	-
(w) Unusual expenses	-	-
(x) Other expenditure not listed in (a) to (w)	136,954	185,425
<b>13 Total operating expenditure</b>	<b>7,142,523</b>	<b>7,289,543</b>
<b>14 Operating surplus before interest and income tax</b>	<b>4,248,819</b>	<b>3,599,320</b>
<b>15 Interest</b>		
(a) Interest expense on borrowings	796,000	224,625
(b) Financing charges related to finance leases	-	-
(c) Other interest expense	-	-
(d) Total interest expense	796,000	224,625
<b>16 Operating surplus before income tax</b>	<b>3,452,819</b>	<b>3,374,695</b>
<b>17 Income Tax</b>	<b>1,151,348</b>	<b>1,162,955</b>
<b>18 Net surplus after tax</b>	<b>2,301,471</b>	<b>2,211,740</b>