



2003 Financial Statements

for the 15-month period ended 30 June 2003

CONTENTS

Auditors Report	26
Statement of Financial Performance	27
Statement of Movements in Equity	28
Statement of Financial Position	29
Statement of Cash Flows	30
Statement of Accounting Policies	32
Notes to the Financial Statements	37
Statutory Information	56

2003 FINANCIAL STATEMENTS

The directors are pleased to present the financial statements of the group for the 15-month period ended 30 June 2003. These financial statements were approved for issue and are signed on the date below.

Director



21 August 2003

Director



21 August 2003

Auditors Report

for the 15-month period ended 30 June 2003



To the shareholder of Vector Limited

We have audited the financial statements on pages 27 to 55. The financial statements provide information about the past financial performance and financial position of the company and group as at 30 June 2003. This information is stated in accordance with the accounting policies set out on pages 32 to 36.

Directors' responsibilities

The directors are responsible for the preparation of financial statements which give a true and fair view of the financial position of the company and group as at 30 June 2003 and the results of their operations and cash flows for the 15-month period ended on that date.

Auditors' 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;
- whether the accounting policies are appropriate to the company's and group's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand 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.

Partners and employees of our firm may deal with the company and group on normal terms within the ordinary course of trading activities of the business of the company and group. This has not impaired our independence as auditors of the company and group. The firm has no other relationship with or interests in the company and any of its subsidiaries.

Unqualified opinion

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

In our opinion:

- proper accounting records have been kept by the company as far as appears from our examination of those records;
- the financial statements on pages 27 to 55:
 - comply with New Zealand generally accepted accounting practice;
 - give a true and fair view of the financial position of the company and group as at 30 June 2003 and the results of their operations and cash flows for the 15-month period ended on that date.

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

KPMG.

Auckland

Statement of Financial Performance
for the 15-month period ended 30 June 2003

Total operating revenue
Total operating expenses
**Operating surplus before interest
expense and income tax**
Interest expense
Operating surplus before income tax
Income tax expense
Operating surplus
Minority interest
Net surplus for the period

Notes	Group		Parent	
	2003	2002	2003	2002
	15 Months	12 Months	15 Months	12 Months
	\$000	\$000	\$000	\$000
1	527,086	241,251	294,462	240,805
3	(321,139)	(133,375)	(174,242)	(139,542)
	205,947	107,876	120,220	101,263
4	(124,453)	(11,554)	(108,390)	(11,550)
2	81,494	96,322	11,830	89,713
5	(31,923)	(34,959)	(2,379)	(34,890)
	49,571	61,363	9,451	54,823
12	115	320	-	-
2	49,686	61,683	9,451	54,823

Statement of Cash Flows

for the 15-month period ended 30 June 2003

Net cash from/(used in)

operating activities

Cash provided from:

Receipts from customers

532,053 238,239 **283,851** 238,155

Interest received

3,414 683 **2,849** 1,754

Dividend received from associate

100 - **100** -

535,567 238,922 **286,800** 239,909

Cash applied to:

Payments to suppliers and employees

307,165 98,581 **179,270** 92,884

Income tax paid

21,275 23,525 **4,165** 23,525

Subvention payments

- - **2,075** -

Interest paid on capital bonds

16,746 - **16,746** -

Interest paid

77,158 11,448 **66,022** 11,561

422,344 133,554 **268,278** 127,970

Net cash from operating activities

113,223 105,368 **18,522** 111,939

Net cash from/(used in)

investing activities

Cash provided from:

Advances from subsidiaries

- - **667,491** -

Proceeds from sale of Eastern
and Central assets

998,814 - - -

Proceeds from sale of other property,
plant and equipment

1,706 4,938 **1,706** 4,938

Proceeds from sale of investments

1,401 - - -

Contributions from minority interest

- 1,329 - -

1,001,921 6,267 **669,197** 4,938

Cash applied to:

Advances to subsidiaries

- - - 18,694

Investment in subsidiary

- 3,928 **16,000** -

Acquisition of UnitedNetworks Limited

1,513,297 - **1,513,297** -

Bank overdraft acquired on acquisition
of UnitedNetworks Limited

20,459 - - -

Purchase and construction of property,
plant and equipment

95,405 44,169 **43,815** 34,392

1,629,161 48,097 **1,573,112** 53,086

Net cash used in investing activities

(627,240) (41,830) **(903,915)** (48,148)

Statement of Cash Flows (continued)

for the 15-month period ended 30 June 2003

Net cash from/(used in)

financing activities

Cash provided from/(applied to):

Proceeds from borrowings

Repayment of borrowings

Proceeds from capital bonds issue

Dividends paid

Net cash from/(used in)

financing activities

Net increase/(decrease) in cash balances

Cash balances at beginning of the period

Cash balances at end of the period

Reconciliation of net surplus to net

cash from operating activities

Net surplus for the period

Minority interest in deficit of partnership

Items classified as investing and

financing activities

Gain on sale of property, plant
and equipment

Gain on sale of investments

Capitalised costs

Non-cash items

Depreciation and amortisation

Amortisation of the mark to market adjustment

Increase/(decrease) in deferred tax

Increase/(decrease) in provisions

Equity earnings

Movement in working capital

Decrease/(increase) in capitalised finance costs

Increase/(decrease) in payables and accruals

Decrease/(increase) in receivables
and prepayments

Increase/(decrease) in income tax payable

Net cash from operating activities

	Group		Parent	
	2003	2002	2003	2002
	15 Months	12 Months	15 Months	12 Months
	\$000	\$000	\$000	\$000
Net cash from/(used in)				
financing activities				
Cash provided from/(applied to):				
Proceeds from borrowings	1,986,921	-	1,974,000	-
Repayment of borrowings	(1,742,139)	(13,709)	(1,356,810)	(15,000)
Proceeds from capital bonds issue	307,205	-	307,205	-
Dividends paid	(42,800)	(48,000)	(42,800)	(48,000)
Net cash from/(used in)	509,187	(61,709)	881,595	(63,000)
financing activities				
Net increase/(decrease) in cash balances	(4,830)	1,829	(3,798)	791
Cash balances at beginning of the period	6,128	4,299	4,782	3,991
Cash balances at end of the period	1,298	6,128	984	4,782
Reconciliation of net surplus to net				
cash from operating activities				
Net surplus for the period	49,686	61,683	9,451	54,823
Minority interest in deficit of partnership	(115)	(320)	-	-
	49,571	61,363	9,451	54,823
Items classified as investing and				
financing activities				
Gain on sale of property, plant and equipment	(229)	(1,904)	(1,144)	(1,917)
Gain on sale of investments	(1,401)	-	-	-
Capitalised costs	(2,213)	(1,026)	(2,213)	(1,026)
	(3,843)	(2,930)	(3,357)	(2,943)
Non-cash items				
Depreciation and amortisation	103,276	31,677	40,242	30,559
Amortisation of the mark to market adjustment	(4,934)	-	-	-
Increase/(decrease) in deferred tax	(3,814)	17,945	14,306	17,876
Increase/(decrease) in provisions	(8,191)	-	(66)	-
Equity earnings	(414)	-	-	-
	85,923	49,622	54,482	48,435
Movement in working capital				
Decrease/(increase) in capitalised finance costs	(27,462)	-	(15,785)	-
Increase/(decrease) in payables and accruals	(18,831)	1,368	(2,537)	2,815
Decrease/(increase) in receivables and prepayments	10,756	2,273	(5,435)	3,430
Increase/(decrease) in income tax payable	17,109	(6,328)	(18,297)	5,379
	(18,428)	(2,687)	(42,054)	11,624
Net cash from operating activities	113,223	105,368	18,522	111,939

Statement of Accounting Policies

for the 15-month period ended 30 June 2003

ENTITIES REPORTING

Vector Limited is a company registered under the Companies Act 1993. Vector Limited is an issuer for the purpose of the Financial Reporting Act 1993 and its financial statements comply with that Act.

Financial statements for Vector Limited (the "parent") and consolidated financial statements are presented. The consolidated financial statements comprise the parent and its subsidiaries (the "group") and the group's interest in associates and partnerships.

STATUTORY BASE

The financial statements have been prepared in accordance with the requirements of the Companies Act 1993 and the Financial Reporting Act 1993.

MEASUREMENT BASE

The financial statements are prepared on the basis of historical cost modified by the revaluation of certain fixed assets as identified in specific accounting policies below.

Where a change in the presentational format of the financial statements has been made during the period, comparative figures have been restated accordingly.

SPECIFIC ACCOUNTING POLICIES

The financial statements are prepared in accordance with New Zealand generally accepted accounting practice. The following specific accounting policies that materially affect the measurement of financial performance, financial position and cash flows have been applied:

A) BASIS OF CONSOLIDATION

Subsidiaries

Subsidiaries are those entities controlled, directly or indirectly by the company. The financial statements of subsidiaries are included in the consolidated financial statements using the purchase method of consolidation.

Associates

Associates are entities in which the group has significant influence, but not control over the operating and financial policies. The group's share of the net surplus of associates is recognised as a component of operating revenue in the statement of financial performance after adjusting for the amortisation of goodwill arising on acquisition and differences between the accounting policies of the group and the associates. The group's share of other gains and losses of associates is recognised as a component of total recognised revenues and expenses in the statement of movements in equity. Dividends received from associates are credited to the carrying amount of the investment in associates.

Partnerships

Partnerships are those relationships that the group has with other persons whereby the partners carry on a business in common with a view to generating a profit. The group has joint and several liability in respect of all liabilities incurred by the partnerships. Where the group has a controlling interest in a partnership it is accounted for in the consolidated financial statements as a subsidiary. Where the group has significant influence over the operating and financial policies of the partnership it is accounted for in the consolidated financial statements as an associate.

Statement of Accounting Policies (continued)

for the 15-month period ended 30 June 2003

Acquisition or disposal during the period

Where an entity becomes or ceases to be a part of the group during the period, the results of the entity are included in the consolidated results from the date that control or significant influence commenced or until the date that control or significant influence ceased. When an entity is acquired all identifiable assets and liabilities are recognised at their fair value at acquisition date. The fair value does not take into consideration any future intentions by the group. Where an entity that is part of the group is disposed of the gain or loss recognised in the statement of financial performance is calculated as the difference between the sale price and the carrying amount of the entity.

Goodwill arising on acquisition

Goodwill arising on acquisition of a subsidiary or associate represents the excess of the purchase consideration over the fair value of the identifiable net assets acquired. Goodwill is amortised to the statement of financial performance on a straight line basis over the period during which benefits are expected to be derived up to a maximum of 20 years.

Transactions eliminated on consolidation

The effects of intra-group transactions are eliminated in preparing the consolidated financial statements.

B) INCOME RECOGNITION

Income from the provision of utility services is recognised as services are delivered. Interest and rental income is accounted for as earned. Income from capital contributions is typically recognised on an as-invoiced or percentage of completion basis to match the conditions of the contract.

C) PROPERTY, PLANT AND EQUIPMENT

The cost of purchased property, plant and equipment is the value of the consideration given to acquire the property, plant and equipment and the value of other directly attributable costs, which have been incurred in bringing the property, plant and equipment to the location and condition necessary for the intended service. All feasibility costs are expensed as incurred.

The cost of self-constructed property, plant and equipment includes the cost of all materials used in construction, direct labour on the project, costs of obtaining resource management consents, financing costs that are attributable to the project and an appropriate proportion of the variable and fixed overheads. Costs cease to be capitalised as soon as the property, plant and equipment is ready for productive use and do not include any inefficiency costs.

Subsequent expenditure relating to an item of property, plant and equipment is added to its gross carrying amount when such expenditure either increases the future economic benefits beyond its existing service potential, or is necessarily incurred to enable future economic benefits to be obtained, and that expenditure would have been included in the initial cost of the item had the expenditure been incurred at that time.

Distribution systems and some land and buildings are revalued by independent experts on the basis of depreciated replacement cost, while land and buildings are valued by reference to market information.

Valuations are performed based on highest and best use in accordance with New Zealand Financial Reporting Standard No. 3. If the estimated recoverable amount of an asset is less than its carrying amount, the asset is written down to its estimated recoverable amount and an impairment loss is recognised in the statement of financial performance.

Statement of Accounting Policies (continued)

for the 15-month period ended 30 June 2003

Estimated recoverable amount is the greater of the estimated amount from the asset's future use and ultimate disposal, and its net market value. Annual impairment reviews are undertaken for all property, plant and equipment not subject to revaluations.

Revaluations of distribution systems and distribution land and buildings are carried out at least every three years.

D) DEPRECIATION

Depreciation of property, plant and equipment, other than freehold land, is calculated so as to expense the cost of the property, plant and equipment, or the revalued amounts, to their residual values over their useful lives as follows:

Buildings	50 - 100 years
Distribution systems	15 - 100 years
Motor vehicles and mobile equipment	20% - 33% per annum diminishing value
Computer and telecommunication equipment	3 - 40 years
Other plant and equipment	4% - 60% per annum diminishing value

E) RECEIVABLES

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

F) INCOME TAX

The income tax expense recognised for the period is based on the operating surplus before taxation, adjusted for permanent differences between accounting and tax rules.

The impact of all timing differences between accounting and taxable income is recognised as a deferred tax liability or asset. This is the comprehensive basis for the calculation of deferred tax under the liability method.

A deferred tax asset, or the effect of losses carried forward that exceed the deferred tax liability, is recognised in the financial statements only where there is the virtual certainty that the benefit of the timing differences, or losses, will be utilised.

G) INVENTORIES

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

H) GOODS AND SERVICES TAX (GST)

The statement of financial performance and statement of cash flows have been prepared so that all components are stated exclusive of GST. All items in the statement of financial position are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

I) LEASED ASSETS

Finance leases

Property, plant and equipment under finance leases are recognised as non-current assets in the statement of financial position. Leased property, plant and equipment are recognised initially at the lower of the present value of the minimum lease payments or their fair value. A corresponding liability is established and each lease payment allocated between the liability and the interest expense. Leased property, plant and equipment are depreciated on the same basis as equivalent property, plant equipment.

Statement of Accounting Policies (continued)

for the 15-month period ended 30 June 2003

Operating leases

Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased property, plant and equipment, are included in the determination of the surplus or deficit in equal instalments over the lease term.

The cost of improvements to leasehold property are capitalised and amortised over the unexpired period of the lease or the estimated useful life of the improvements, whichever is the shorter.

J) FOREIGN CURRENCIES

Transactions in foreign currencies are translated at the New Zealand rate of exchange ruling at the date of the transaction. At balance date foreign monetary assets and liabilities not hedged by foreign currency derivative instruments are translated at the closing rate, and exchange variations arising from these translations are included in the statement of financial performance as operating items.

Monetary assets and liabilities in foreign currencies at balance date hedged by foreign currency derivative instruments are translated at contract rates.

K) FINANCIAL INSTRUMENTS

The group uses derivative financial instruments within predetermined policies and limits in order to reduce its exposure to fluctuations in foreign currency exchange rates and interest rates.

Derivative financial instruments that are designated as hedges of specific items are recognised on the same basis as the underlying hedged items.

The group does not engage in speculative transactions or hold derivative financial instruments for trading purposes.

Fees incurred in raising debt finance are capitalised and amortised over the term of the debt instrument.

L) INVESTMENTS

Non-current investments are stated at cost.

M) PROVISIONS

Employee entitlements

Employee entitlements to salaries and wages, annual leave, long-term leave and other benefits are recognised when they accrue to employees.

The liability for employee entitlements is carried at the present value of the estimated future cash outflows.

Onerous contracts

Where the benefits expected to be derived from a contract are lower than the unavoidable costs of meeting the group's obligation under the contract, a provision is recognised. The provision is stated at the present value of the future net cash outflows expected to be incurred in respect of the contract.

Provision for claims

A provision for claims is recognised as a liability where the group considers that a constructive or legal obligation to settle items under litigation may exist in the foreseeable future. Provision for claims are not recognised where the likelihood of a resultant liability is considered remote.

Statement of Accounting Policies (continued)

for the 15-month period ended 30 June 2003

N) STATEMENT OF CASH FLOWS

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

Operating activities include all transactions and other events that are not investing or financing activities.

Investing activities are those activities relating to the acquisition, holding and disposal of property, plant and equipment and of investments. Investments can include securities not falling within the definition of cash.

Financing activities are those that result in changes in the size and composition of the capital structure. 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.

Cash is considered to be cash on hand and current accounts in banks, net of bank overdrafts.

O) DISCONTINUED OPERATIONS

Discontinued operations are clearly distinguishable activities of the group's business that have been sold or terminated before the earlier of three months after balance date and the date that the financial statements are approved. In order for the activities to be classified as discontinued, they must have a material effect on the nature and focus of the business and represent a material reduction in either operating facilities or turnover.

CHANGES IN ACCOUNTING POLICIES

Property, plant and equipment

The Financial Standards Reporting Board recently issued a new standard Financial Reporting Standard No.3: Accounting for property, plant and equipment. Revaluations have been stated at highest and best use without deducting disposal costs. Previously, revaluations were prepared on the basis of current use.

The effect of applying Financial Reporting Standard No. 3 has been to increase the amount of the revaluation of property, plant and equipment at 31 March 2003 by \$155.1 million. Consequently, the increase in depreciation charged to the statement of financial performance for the three month period from 1 April 2003 to 30 June 2003 is estimated to be between \$1.0 million and \$1.5 million.

With the exception of the above change, there have been no changes in accounting policies during the period and all policies have been applied on a basis consistent with those used in the prior period.

Notes to the Financial Statements

for the 15-month period ended 30 June 2003

3. OPERATING EXPENSES

Operating expenses include:

Depreciation of property, plant and equipment:

Distribution systems	60,787	24,391	33,016	24,391
Leasehold improvements	1,156	466	945	466
Motor vehicles	59	36	34	36
Computer and telecommunications equipment	10,910	6,098	5,998	5,439
Other plant and equipment	1,656	325	249	227
Total depreciation	74,568	31,316	40,242	30,559

Amortisation of goodwill

19	28,708	361	-	-
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Research costs

	298	330	249	260
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Bad debts written off

	401	869	362	869
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Increase/(decrease) in provision for doubtful debts

	636	(120)	64	(120)
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Rental and operating lease costs

	1,959	1,418	1,579	1,415
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Loss on disposal of property, plant and equipment

	272	-	270	-
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Donations

	10	-	-	-
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Directors' fees

	399	245	399	245
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Subvention payments

	-	-	124	13,906
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Auditors remuneration:

Audit fees paid to principal auditors - KPMG

	133	-	133	-
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Audit fees paid to other auditors - PwC, Ernst & Young

	105	115	-	115
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Fees paid for other assurance services provided - PwC

	120	59	120	59
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Fees paid for other non-assurance services provided - PwC

	370	326	370	326
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4. INTEREST EXPENSE

Interest paid and accrued

	105,709	11,554	91,346	11,550
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Amortised facility fees

	18,744	-	17,044	-
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Total

	124,453	11,554	108,390	11,550
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Notes to the Financial Statements

for the 15-month period ended 30 June 2003

5. TAXATION

Operating surplus before tax

Prima facie tax at 33%

Plus/(less) tax effect of permanent differences:

Deferred tax asset not previously recognised

Prior period adjustment

Other permanent differences

Income tax expense

The income tax expense is represented by:

Current tax

Deferred tax

Notes	Group		Parent	
	2003	2002	2003	2002
	15 Months	12 Months	15 Months	12 Months
	\$000	\$000	\$000	\$000
	81,494	96,322	11,830	89,713
	26,893	31,787	3,904	29,605
	(4,368)	(3,494)	(4,368)	(3,494)
	92	212	128	180
	9,306	6,454	2,715	8,599
	31,923	34,959	2,379	34,890
	35,737	17,014	(11,927)	17,014
7	(3,814)	17,945	14,306	17,876
	31,923	34,959	2,379	34,890

During the period the group prepaid tax of \$21.3 million. A deferred tax asset of \$14.8 million (2002: \$18.3 million) has not been recognised as at 30 June 2003 as there is not virtual certainty of utilisation by the group.

6. IMPUTATION BALANCES

Balance at beginning of the period

Purchase of subsidiary

Prior period adjustment

Income tax payments during period

Imputation credits received

Imputation credits attaching to dividends paid

Balance at end of the period

The imputation credits are available to shareholders of the parent:

Through direct shareholding in the parent

Through indirect shareholding

in subsidiaries

	Group		Parent	
	2003	2002	2003	2002
	15 Months	12 Months	15 Months	12 Months
	\$000	\$000	\$000	\$000
	17,687	4,582	17,687	4,582
	(19,106)	-	-	-
	176	-	(413)	-
	21,275	23,525	4,165	23,525
	2,691	-	-	-
	(17,687)	(10,420)	(17,687)	(10,420)
	5,036	17,687	3,752	17,687
	3,752	17,687	3,752	17,687
	1,284	-	-	-
	5,036	17,687	3,752	17,687

Notes to the Financial Statements

for the 15-month period ended 30 June 2003

7. DEFERRED TAX LIABILITY

Balance at beginning of the period
On surplus for the period
Fair value of deferred tax liability acquired
Deferred tax adjustment on revalued assets
Balance at end of the period

Notes	Group		Parent	
	2003	2002	2003	2002
	15 Months	12 Months	15 Months	12 Months
	\$000	\$000	\$000	\$000
	(90,232)	(7,287)	(90,449)	(7,573)
5	3,814	(17,945)	(14,306)	(17,876)
	(120,725)	-	-	-
10	-	(65,000)	-	(65,000)
	(207,143)	(90,232)	(104,755)	(90,449)

8. SHARE CAPITAL

Ordinary class A shares
300,000,000 issued and fully paid shares
Total

		Group and Parent	
		2003	2002
		June	March
		\$000	\$000
		300,000	300,000
	Total	300,000	300,000

The ordinary class A shares can only be held by the Auckland Energy Consumer Trust and may only be dealt with pursuant to the Trust Deed.

In September 2002, the parent repurchased all group C shares. Upon repurchase those shares were cancelled.

9. DIVIDENDS

Distributions relating to previous period
Dividends paid on ordinary shares
Proposed distributions
Proposed dividends on ordinary shares
Total distributions paid or payable in cash
Less dividends accrued in previous period
Total

		Group and Parent	
		2003	2002
		June	March
		\$000	\$000
		42,800	48,000
		-	-
	Total distributions paid or payable in cash	42,800	48,000
		-	(48,000)
	Total	42,800	-

On 21 August 2003, the directors recommended a final dividend of 10.73 cents per class A share (\$32.2 million), which has not been provided for in these financial statements.

Notes to the Financial Statements

for the 15-month period ended 30 June 2003

14. CAPITALISED FINANCE COSTS

Total capitalised costs

Capital bonds - cost	10,459	-	10,459	-
Capital bonds - amortisation	(1,706)	-	(1,706)	-
Other debt - cost	36,311	-	22,371	-
Other debt - amortisation	(17,602)	-	(15,338)	-
Total	27,462	-	15,786	-

Current capitalised costs

Capital bonds	2,541	-	2,541	-
Other debt	5,647	-	3,169	-
Total	8,188	-	5,710	-

Non-current capitalised costs

Capital bonds	6,212	-	6,212	-
Other debt	13,062	-	3,864	-
Total	19,274	-	10,076	-

15. GROUP INVESTMENTS

Current investments

Surplus property held for resale	8,220	-	-	-
Total	8,220	-	-	-

Non-current investments

Investments in subsidiaries	-	-	1,529,297	-
Investment in associates	17	2,284	-	-
Other investments	1,493	-	-	-
Total	3,777	-	1,529,297	-

Property held for resale was independently valued on 31 March 2003 by Trevor Walker, a registered valuer with Telfer Young (Auckland) Limited. Trevor Walker is a member of the New Zealand Institute of Valuers. The basis of valuation was market value less the estimated costs of disposal, based on the property's highest and best use.

In December 2002, the group sold its investments in Morrinsville Trading Limited and Warkworth Trading Limited resulting in a profit on sale of \$1.4 million.

Notes to the Financial Statements

for the 15-month period ended 30 June 2003

15. GROUP INVESTMENTS (continued)

The group's investment in subsidiaries comprises shares at cost. Significant investments in group companies comprise:

	Percentages held		Principal activities
	2003	2002	
	June	March	
Significant subsidiaries			
UnitedNetworks Limited	100%	-	Utilities network provider
Auckland Generation Limited	100%	100%	Holding company
- MEL Silverstream Limited	100%	100%	Holding company
- MEL Network Limited	100%	100%	Holding company
- Mercury Geotherm Limited (in receivership)	65%	65%	Holding company
- Poihipi Land Limited (in receivership)	65%	65%	Holding company
Caduceus Equities No. 1 Limited	100%	100%	Holding company
Tangent Limited	100%	100%	Telecommunication network provider
Vector Stream Limited	100%	100%	Holding company
- Stream Information Limited	70%	70%	Agent for partnership
- Stream Information	70%	70%	Partnership - meter services
Non-trading subsidiaries			
Vector Power Limited	100%	100%	Dormant
Auckland Network Limited	100%	100%	Dormant
Energy North Limited	100%	100%	Dormant
Acquired with UnitedNetworks Limited (effective 11 October 2002):			
Significant subsidiaries			
Salamanca Holdings Limited	75%	-	Investment company
Broadband Services Limited	100%	-	Telecommunication network provider
Significant associates			
Treescape Limited	50%	-	Vegetation management
Non-trading associates			
Pacific Energy Limited	37%	-	Dormant

All entities have a balance date of 30 June, apart from Treescape Limited, Salamanca Holdings Limited, Pacific Energy Limited, Mercury Geotherm Limited (in receivership) and Poihipi Land Limited (in receivership) which all have a balance date of 31 March.

Notes to the Financial Statements

for the 15-month period ended 30 June 2003

16. ACQUISITION OF SUBSIDIARY

On 11 October 2002 the group acquired a controlling interest in UnitedNetworks Limited, a company providing utility services in New Zealand. The acquisition of 100% of UnitedNetworks Limited was completed on 15 November 2002. The contribution of UnitedNetworks Limited to the consolidated net surplus for the 15-month period ended 30 June 2003 was \$44.0 million (after the elimination of intra-group transactions).

The acquisition was accounted for using the purchase method with the resulting goodwill being amortised in accordance with the group's accounting policy.

The acquisition had the following effect on the consolidated financial position:

	Group			
	Notes	2003		2002
		15 Months		12 Months
		\$000	\$000	
Fair value of assets and liabilities acquired				
Cash/(bank overdraft)		(20,459)	-	
Receivables and prepayments		82,364	-	
Investments		3,665	-	
Payables and accruals		(63,227)	-	
Deferred tax liability		(120,725)	-	
Property, plant and equipment:				
Eastern and Central assets		999,585	-	
Retained assets		1,014,778	-	
Surplus property	15	8,220	-	
Borrowings		(1,157,854)	-	
Net assets acquired		746,347	-	
Goodwill arising on acquisition	19	752,899	-	
Cash consideration paid		1,499,246	-	
Costs incurred during acquisition	19	14,051	-	
Bank overdraft acquired with subsidiary		20,459	-	
Net cash impact of acquisition		1,533,756	-	

In a separate transaction, the Eastern region electricity and Central North Island gas assets were sold to Powerco Limited and Hawkes Bay Network Limited.

Costs incurred during acquisition are professional fees paid to the parent's professional advisors, of which \$2.2 million has been paid to other auditors (PwC).

Notes to the Financial Statements

for the 15-month period ended 30 June 2003

17. INVESTMENT IN ASSOCIATES

Carrying amount of associates

Carrying amount at beginning of the period

-

-

-

-

Acquisition of interest in associate

1,970

-

-

-

Equity accounted earnings of associates

414

-

-

-

Dividends from associates

(100)

-

-

-

Carrying amount at end of the period

2,284

-

-

-

Equity accounted earnings

of associates

Surplus before income tax

618

-

-

-

Income tax

(204)

-

-

-

Net surplus

414

-

-

-

Other gains and losses

-

-

-

-

Total recognised revenues

414

-

-

-

and expenses

414

-

-

-

	Group		Parent	
	2003	2002	2003	2002
	15 Months	12 Months	15 Months	12 Months
	\$000	\$000	\$000	\$000
17. INVESTMENT IN ASSOCIATES				
Carrying amount of associates				
Carrying amount at beginning of the period	-	-	-	-
Acquisition of interest in associate	1,970	-	-	-
Equity accounted earnings of associates	414	-	-	-
Dividends from associates	(100)	-	-	-
Carrying amount at end of the period	2,284	-	-	-
Equity accounted earnings				
of associates				
Surplus before income tax	618	-	-	-
Income tax	(204)	-	-	-
Net surplus	414	-	-	-
Other gains and losses	-	-	-	-
Total recognised revenues	414	-	-	-
and expenses	414	-	-	-

Notes to the Financial Statements

for the 15-month period ended 30 June 2003

18. PROPERTY, PLANT AND EQUIPMENT

Freehold land at cost

Freehold buildings at valuation

Leasehold improvements at cost

Accumulated depreciation

Net book value

Distribution systems at valuation

Distribution land at valuation

Distribution buildings at valuation

Accumulated depreciation:

Distribution systems

Distribution buildings

Net book value

Plant and equipment:

Motor vehicles and mobile
equipment - at cost

Computer and telecommunications
equipment - at cost

Computer and telecommunications
equipment - at valuation

Other plant and equipment - at cost

Accumulated depreciation:

Motor vehicles and mobile equipment

Computer and telecommunications
equipment

Other plant and equipment

Net book value

Capital work in progress

Total net book value

	Group		Parent	
	2003	2002	2003	2002
	June	March	June	March
	\$000	\$000	\$000	\$000
Freehold land at cost	3,733	2,212	1,219	212
Freehold buildings at valuation	1,157	-	-	-
Leasehold improvements at cost	3,423	3,250	3,423	3,250
Accumulated depreciation	(1,656)	(710)	(1,656)	(710)
Net book value	1,767	2,540	1,767	2,540
Distribution systems at valuation	2,026,011	879,684	1,072,178	879,684
Distribution land at valuation	46,716	22,351	17,531	22,351
Distribution buildings at valuation	44,699	17,780	19,010	17,780
	2,117,426	919,815	1,108,719	919,815
Accumulated depreciation:				
Distribution systems	(15,911)	(23,452)	(6,970)	(23,452)
Distribution buildings	(365)	(937)	(193)	(937)
	(16,276)	(24,389)	(7,163)	(24,389)
Net book value	2,101,150	895,426	1,101,556	895,426
Plant and equipment:				
Motor vehicles and mobile equipment - at cost	495	371	351	371
Computer and telecommunications equipment - at cost	67,138	73,148	45,554	59,153
Computer and telecommunications equipment - at valuation	1,181	-	-	-
Other plant and equipment - at cost	9,669	9,237	2,691	7,204
	78,483	82,756	48,596	66,728
Accumulated depreciation:				
Motor vehicles and mobile equipment	(315)	(227)	(250)	(227)
Computer and telecommunications equipment	(28,134)	(29,628)	(18,718)	(28,883)
Other plant and equipment	(4,265)	(4,269)	(443)	(4,156)
	(32,714)	(34,124)	(19,411)	(33,266)
Net book value	45,769	48,632	29,185	33,462
Capital work in progress	44,084	12,600	13,731	11,611
Total net book value	2,197,660	961,410	1,147,458	943,251

Notes to the Financial Statements

for the 15-month period ended 30 June 2003

18. PROPERTY, PLANT AND EQUIPMENT (continued)

The directors consider that the fair value of land and buildings is equal to their book value.

The distribution assets were revalued to \$2,090.5 million as at 31 March 2003. Subsequent additions are stated at cost.

The basis of valuation was depreciated replacement cost. This valuation was undertaken in conjunction with Meritec Limited consulting engineers.

As indicated in the accounting policies interest and other costs are capitalised to property, plant and equipment while under construction. During the period \$2.2 million (2002: \$1.3 million) of interest and other costs were capitalised. Included in other plant and equipment are \$2.1 million of property, plant and equipment held under finance leases.

19. INTANGIBLE ASSETS

Goodwill

Balance at beginning of the period

Acquired in the financial period:

UnitedNetworks Limited

Other

Acquisition costs

Amortisation in the financial period

Balance at end of the period

Notes	Group		Parent	
	2003	2002	2003	2002
	15 months	12 months	15 months	12 months
	\$000	\$000	\$000	\$000
	3,568	3,929	-	-
16	752,899	-	-	-
	339	-	-	-
16	14,051	-	-	-
3	(28,708)	(361)	-	-
	742,149	3,568	-	-

Goodwill is amortised over a period up to 20 years in accordance with the group's accounting policy.

20. PAYABLES AND ACCRUALS

Current

Trade payables and other creditors

Provision for claims

Mark to market adjustment

Interest payable

Employee entitlements

Total

Non-current

Mark to market adjustment

Total

Notes	Group		Parent	
	2003	2002	2003	2002
	June	March	June	March
	\$000	\$000	\$000	\$000
	57,824	41,705	21,502	37,477
21	15,179	2,020	10,079	2,020
	4,427	-	-	-
	18,371	3,404	10,223	3,404
22	1,736	1,323	1,634	1,243
	97,537	48,452	43,438	44,144
	6,862	-	-	-
	6,862	-	-	-

Notes to the Financial Statements

for the 15-month period ended 30 June 2003

Group - June 2003						
	Weighted average interest rate	Total	Payable within 1 year	Payable between 1 and 2 years	Payable between 2 and 5 years	Payable after 5 years
	%	\$000	\$000	\$000	\$000	\$000
24. BORROWINGS						
Bank loans	5.95	760,000	-	-	760,000	-
Working capital loan	5.75	7,000	7,000	-	-	-
Medium term notes:						
Fixed rate NZ\$	6.50	198,933	-	-	198,933	-
Floating rate A\$	5.30	569,018	-	-	319,018	250,000
Capital bonds	9.75	307,205	-	-	307,205	-
Other	5.09	2,563	830	-	1,678	55
	6.44	1,844,719	7,830	-	1,586,834	250,055
Parent - June 2003						
	Weighted average interest rate	Total	Payable within 1 year	Payable between 1 and 2 years	Payable between 2 and 5 years	Payable after 5 years
	%	\$000	\$000	\$000	\$000	\$000
Bank loans	5.95	760,000	-	-	760,000	-
Working capital loan	5.75	7,000	7,000	-	-	-
Capital bonds	9.75	307,205	-	-	307,205	-
	7.04	1,074,205	7,000	-	1,067,205	-
Group - March 2002						
	Weighted average interest rate	Total	Payable within 1 year	Payable between 1 and 2 years	Payable between 2 and 5 years	Payable after 5 years
	%	\$000	\$000	\$000	\$000	\$000
CHF bond	7.10	104,810	104,810	-	-	-
Commercial paper	4.94	45,000	45,000	-	-	-
Other	1.99	1,291	953	-	338	-
	6.42	151,101	150,763	-	338	-
Parent - March 2002						
	Weighted average interest rate	Total	Payable within 1 year	Payable between 1 and 2 years	Payable between 2 and 5 years	Payable after 5 years
	%	\$000	\$000	\$000	\$000	\$000
CHF bond	7.10	104,810	104,810	-	-	-
Commercial paper	4.94	45,000	45,000	-	-	-
	6.45	149,810	149,810	-	-	-

Notes to the Financial Statements

for the 15-month period ended 30 June 2003

24. BORROWINGS (continued)

All borrowings are unsecured with all bank loans and medium term notes being subject to negative pledge arrangements.

Interest rates for all bank loans are floating based on the bank bill rate plus a margin.

Medium term notes - fixed rate NZ\$ mature April 2007 and are shown at the value of proceeds received after deducting the discount on issue (\$1.7 million) and adjusted for the amount amortised (\$0.6 million).

Medium term notes - floating rate A\$ mature April 2008 and April 2011.

Borrowings are classified between current and non-current dependent on repayment dates.

Bank loans are subject to various covenants. These have all been met for the 15-month period to 30 June 2003 and the 12-month period to 31 March 2002.

25. CAPITAL BONDS

On 5 November 2002 the parent issued 307,205,000 capital bonds for \$307,205,000. The capital bonds have an initial term of four years from the date of issue. The capital bonds are convertible into Vector Limited ordinary shares in certain limited circumstances and have a principal amount of NZ\$1.00 each.

The interest rate of 8.25% is fixed until the first election date of 15 December 2006, and thereafter will be reset at intervals determined by the parent. If a public offer (which involves the quotation of ordinary shares on the New Zealand Exchange and the issue of at least 24.9% of the total parent ordinary share capital to persons other than the Auckland Energy Consumer Trust) is not completed by 30 September 2003, the interest rate will be increased by 1.5% per annum as from 15 June 2003 (until the date on which a public offer is completed or the first election date, whichever date is earlier). Such an adjustment will be in addition to any adjustment to the interest rate as a result of a change to the parent credit rating.

The capital bonds are unsecured debt obligations of the parent, which are subordinated to all other creditors of the parent and are constituted by a trust deed entered into by the parent and The New Zealand Guardian Trust Company Limited as trustee dated 25 September 2002.

The capital bonds were issued to partially finance the parent's acquisition of UnitedNetworks Limited.

Notes to the Financial Statements

for the 15-month period ended 30 June 2003

26. FINANCIAL INSTRUMENTS

The group has a comprehensive treasury policy approved by the board of directors to manage the risks of financial instruments.

Interest rate risk

The group has long-term borrowings, which are used to fund ongoing activities. The group actively manages interest rate exposures in accordance with treasury policy. In this respect, at least 40% of all term debt must be at fixed interest rates or effectively fixed using interest rate swaps, forward rate agreements, options and similar derivative instruments.

The weighted average rates of borrowings are as follows:

	Group			
	June 2003		March 2002	
	Weighted average interest rate	Face value	Weighted average interest rate	Face value
	%	\$000	%	\$000
Bank loans	5.95	760,000	-	-
Working capital loan	5.75	7,000	-	-
CHF bond	-	-	7.10	104,810
Commercial paper	-	-	4.94	45,000
Medium term notes - fixed rate NZ\$	6.50	200,000	-	-
Medium term notes - floating rate A\$	5.30	569,018	-	-
Capital bonds	9.75	307,205	-	-
Other	5.09	2,563	1.99	1,291
	Parent			
	June 2003		March 2002	
	Weighted average interest rate	Face value	Weighted average interest rate	Face value
	%	\$000	%	\$000
Bank loans	5.95	760,000	-	-
Working capital loan	5.75	7,000	-	-
CHF bond	-	-	7.10	104,810
Commercial paper	-	-	4.94	45,000
Capital bonds	9.75	307,205	-	-

Notes to the Financial Statements

for the 15-month period ended 30 June 2003

26. FINANCIAL INSTRUMENTS (continued)

The weighted average rates of interest rate swaps and cross currency swaps are as follows:

	Group			
	June 2003		March 2002	
	Weighted average interest rate	Face value	Weighted average interest rate	Face value
	%	\$000	%	\$000
Interest rate swaps				
Maturing in less than 1 year	7.16	111,250	-	-
Maturing between 1 and 2 years	6.97	135,000	7.17	20,000
Maturing between 2 and 5 years	6.94	542,500	7.12	50,000
Maturing after 5 years	6.69	172,500	-	-
Total	6.92	961,250	7.13	70,000
Cross currency swaps	5.30	569,018	7.10	104,810
	Parent			
	June 2003		March 2002	
	Weighted average interest rate	Face value	Weighted average interest rate	Face value
	%	\$000	%	\$000
Interest rate swaps				
Maturing in less than 1 year	7.17	20,000	-	-
Maturing between 1 and 2 years	6.63	40,000	7.17	20,000
Maturing between 2 and 5 years	6.58	210,000	7.12	50,000
Maturing after 5 years	6.66	130,000	-	-
Total	6.64	400,000	7.13	70,000
Cross currency swaps	-	-	7.10	104,810

Foreign exchange risk

The group has, in this reporting period, conducted transactions in foreign currencies for the purposes of protecting the NZ\$ value of capital expenditure and for the issuance of A\$ medium term notes which have been hedged with cross currency swaps.

At balance date the group has no significant exposure to foreign currency risk.

Notes to the Financial Statements

for the 15-month period ended 30 June 2003

26. FINANCIAL INSTRUMENTS (continued)

Credit risk

In the normal course of business, the group is exposed to credit risk from energy retailers, financial institutions and trade debtors. The group has a credit policy, which is used to manage this exposure to credit risk.

As part of this policy, the group can only have exposures to financial institutions having at least a credit rating of A- long term from Standard & Poors (or equivalent rating). In addition, limits on exposures to financial institutions have been set by the board of directors and are monitored on a regular basis. In this respect, the group minimises the credit risk by spreading such exposures across a range of institutions. The group does not anticipate non-performance by any of these financial institutions.

The group has some concentration of credit exposures with a few large energy retailers. To minimise this risk, the group performs credit evaluations on all energy retailers and other energy customers and requires a bond or other form of security where deemed necessary.

The maximum exposure to credit risk is represented by the carrying value of each financial asset:

	Group		Parent	
	2003 June \$000	2002 March \$000	2003 June \$000	2002 March \$000
Cash and bank	1,298	6,128	984	4,782
Trade receivables	68,176	32,431	37,790	31,904

Fair values

The estimated fair value of financial instruments at balance date is:

	Group			
	June 2003		March 2002	
	Carrying amount \$000	Fair value \$000	Carrying amount \$000	Fair value \$000
Bank loans	760,000	760,000	104,810	104,810
Working capital loan	7,000	7,000	-	-
Commercial paper	-	-	45,000	45,000
Medium term notes - fixed rate NZ\$	198,933	207,340	-	-
Medium term notes - floating rate A\$	569,018	539,100	-	-
Capital bonds	307,205	340,629	-	-
Interest rate swaps loss/(gain)	12,275	45,481	-	(28,500)
Cross currency swaps loss	-	25,558	-	-
Other	2,563	2,563	1,291	1,291

Notes to the Financial Statements

for the 15-month period ended 30 June 2003

26. FINANCIAL INSTRUMENTS (continued)

Advances from subsidiaries

Advances to subsidiaries

Bank loans

Working capital loan

Commercial paper

Capital bonds

Interest rate swaps

Parent			
June 2003		March 2002	
Carrying amount	Fair value	Carrying amount	Fair value
\$000	\$000	\$000	\$000
704,194	704,194	40,722	40,722
(53,378)	(53,378)	(57,397)	(57,397)
760,000	760,000	104,810	104,810
7,000	7,000	-	-
-	-	45,000	45,000
307,205	340,629	-	-
-	17,574	-	(28,500)

The following methods and assumptions were used to estimate the fair value of each class of financial instrument where it is practical to estimate that value:

Cash and short term deposits, loans and working capital

The carrying amount of these items is equivalent to their fair value. Bank overdrafts are set off against cash balances pursuant to right of set off.

Medium term notes

The fair value of NZ\$ notes is based on quoted market prices.

The fair value of A\$ notes is based on the face value converted at the exchange rate prevailing at the end of the period.

Capital bonds

The fair value of capital bonds is based on quoted market prices.

Derivative instruments

The fair value of interest rate swaps, forward rate agreements, interest rate options and other derivative instruments is estimated based on the quoted market prices for these instruments.

Notes to the Financial Statements

for the 15-month period ended 30 June 2003

27. CONTINGENT LIABILITIES

Directors are aware of claims that have been made against the group and have recognised provisions for these within the financial statements. No other material contingencies have been identified.

28. TRANSACTIONS WITH RELATED PARTIES

During the period the parent had the following transactions with the Auckland Energy Consumer Trust (AECT), which is the sole shareholder of the parent:

Payment of dividend to AECT	\$42.8 million	(2002: \$48.0 million)
Payments received from AECT	\$0.1 million	(2002: \$0.1 million)

Note 15 identifies all group entities including associates and partnerships in which the group has an interest. All of these entities are related parties of the parent. Other than the directors themselves, there are no additional related parties with whom material transactions have taken place.

During the period, the parent entered into the following transactions with subsidiaries:

Loan from UnitedNetworks Limited	\$639.4 million	(2002: \$0.0 million)
Gross interest paid on loan from UnitedNetworks Limited	\$16.9 million	(2002: \$0.0 million)
Other advances from/(to) subsidiaries (net)	\$12.3 million	(2002: \$(7.0) million)
Gross interest received on advances to subsidiaries	\$1.1 million	(2002: \$1.4 million)
Finance services income	\$0.1 million	(2002: \$0.1 million)
Purchase of metering equipment	\$0.1 million	(2002: \$0.1 million)

A provision of \$65.0 million (2002: \$65.0 million) has been provided against advances to subsidiaries. No related party debts have been written off or forgiven during the period. All transactions for subsidiary company Mercury Geotherm Limited, which is in receivership, are funded by the parent. Advances to subsidiaries are at arms length and subject to compounding interest at various rates.

The group transacts on an arms length basis with companies disclosed against the directors in the interests register (listed on pages 61 - 63 of the statutory information).

29. SEGMENT INFORMATION

The group operates a distribution network providing utilities. All operations are carried out within New Zealand.

30. EVENTS AFTER BALANCE DATE

Effective from 1 July 2003, UnitedNetworks Limited and Caduceus Equities No. 1 Limited were amalgamated with the parent.

On 21 August 2003, the directors announced that a decision had been reached not to proceed with the public offer at this time (see note 25). The parent and group have accrued interest on capital bonds in these financial statements at a premium of 1.5% per annum from 15 June 2003 to allow for the additional interest payable should the public offer not be completed by 30 September 2003.

Hence no adjustments are required to these financial statements in respect of these events.

Statutory Information

PRINCIPAL ACTIVITY

The group's principal activity during the period was the operation of a distribution network providing utilities in New Zealand.

FINANCIAL PERFORMANCE

The consolidated financial statements have been prepared for Vector Limited (the "parent") and its subsidiary companies ("subsidiaries"), which together form the Vector Limited group (the "group"). They also include the group's share of any interest in associates and partnerships.

In 2003 the group changed its statutory reporting balance date to 30 June. These financial statements are prepared for the 15-month period ended 30 June 2003. Comparatives for 2002 are for the 12-month period ended 31 March 2002.

The group reported a net surplus after tax of \$49.7 million for the 15-month period ended 30 June 2003 (12-month period ended 31 March 2002: \$61.7 million).

DIVIDENDS

The final dividend for the year ended 31 March 2002 of \$42.8 million was provided for and paid during the period. A final dividend for the 15-month period ended 30 June 2003 of \$32.2 million was recommended by the directors on 21 August 2003, and has not been provided for in these financial statements.

INTERESTS REGISTER

Each company in the group is required to maintain an interests register in which the particulars of certain transactions and matters involving the directors must be recorded. The interests registers for Vector Limited and its subsidiaries are available for inspection at its registered office.

Details of all matters that have been entered in the interests register by individual directors are outlined in the director information following.

INFORMATION USED BY DIRECTORS

No member of the board of Vector Limited, or any subsidiary, issued a notice requesting to use information received in their capacity as directors which would not otherwise have been available to them.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The parent indemnifies all directors named in this report and officers of the group against all liabilities (other than to the parent or another member of the group), which arise out of the performance of their normal duties as director or officers, unless the liability relates to conduct involving lack of good faith. To manage this risk, the group has indemnity insurance.

Statutory Information

DIRECTORS

The directors for Vector Limited and current group companies are:

Director	New appointments	Parent
W Boyd	Appointed 11 September 2002	Vector Limited
Dr M Buchanan-Oliver		Vector Limited
J Collinge	Appointed 16 April 2002	Vector Limited
B Leyland	Appointed 11 September 2002	Vector Limited
D McLaren ONZM		Vector Limited
B Plimmer		Vector Limited
M Stiassny	Appointed 11 September 2002	Vector Limited
Director	New appointments	Subsidiary
W Boyd	Appointed 21 January 2003	Broadband Services Limited
	Appointed 04 October 2002	UnitedNetworks Limited
	Appointed 12 May 2003	Tangent Limited
Dr M Buchanan-Oliver	Appointed 13 February 2003	UnitedNetworks Limited
	Appointed 14 May 2003	Tangent Limited
J Collinge	Appointed 13 February 2003	UnitedNetworks Limited
	Appointed 14 May 2003	Tangent Limited
M Franklin	Appointed 21 May 2003	Auckland Generation Limited
	Appointed 21 February 2003	Auckland Network Limited
	Appointed 21 February 2003	Caduceus Equities No. 1 Limited
	Appointed 21 February 2003	Energy North Limited
	Appointed 06 June 2003	MEL Network Limited
	Appointed 06 June 2003	MEL Silverstream Limited
	Appointed 20 June 2003	Mercury Geotherm Limited (in receivership)
	Appointed 20 June 2003	Poihipi Land Limited (in receivership)
	Appointed 01 February 2003	Salamanca Holdings Limited
	Appointed 21 February 2003	Vector Power Limited
	Appointed 21 February 2003	Vector Stream Limited
B Leyland	Appointed 13 February 2003	UnitedNetworks Limited
	Appointed 14 May 2003	Tangent Limited
A McLachlan		Mercury Geotherm Limited (in receivership)
		Poihipi Land Limited (in receivership)
C McLachlan		Mercury Geotherm Limited (in receivership)
D McLaren ONZM	Appointed 13 February 2003	UnitedNetworks Limited
	Appointed 14 May 2003	Tangent Limited
K Nickels	Appointed 20 June 2003	Caduceus Equities No. 1 Limited

Statutory Information

DIRECTORS (continued)

The directors for Vector Limited and current group companies are (continued):

Director	New appointments	Subsidiary
B Plimmer	Appointed 13 February 2003 Appointed 14 May 2003	UnitedNetworks Limited Tangent Limited
D Ross		Mercury Geotherm Limited (in receivership) Pohipi Land Limited (in receivership)
M Stiassny	Appointed 21 January 2003 Appointed 04 October 2002 Appointed 12 May 2003	Broadband Services Limited UnitedNetworks Limited Tangent Limited
M Underhill		Salamanca Holdings Limited
Director	New appointments	Associate
S Bielby	Appointed 26 July 2002	Pacific Energy Limited
E Chignell		Treescape Limited
B Dodds		Pacific Energy Limited
M Franklin	Appointed 29 July 2003 Appointed 31 January 2003	Treescape Limited Pacific Energy Limited
D Tompkins	Appointed 29 July 2003	Treescape Limited
R Stoddard	Appointed 16 July 2002	Treescape Limited
M Underhill		Pacific Energy Limited
B Whiddett		Treescape Limited

Directors of former group companies sold during the period:

Director	New appointments	Company
D Blank		Warkworth Trading Limited
A Christie		Warkworth Trading Limited
B Crawford	Appointed 04 April 2002	Morrinsville Trading Limited
I Hadwin		Warkworth Trading Limited Morrinsville Trading Limited
J Martin		Warkworth Trading Limited
K Lindeman		Morrinsville Trading Limited
K Porteous		Morrinsville Trading Limited
S Whyte		Morrinsville Trading Limited

Statutory Information

DIRECTORS (continued)

Director retirements from Vector Limited and current group companies:

Director	Retirement date	Parent
M Brown	15 April 2002	Vector Limited
W Brown	11 September 2002	Vector Limited
D Dell	11 September 2002	Vector Limited
M Wells	11 September 2002	Vector Limited
Director	Retirement date	Subsidiary
D Bacon	11 July 2002	UnitedNetworks Limited
W Brown	20 March 2003	Tangent Limited
M Franklin	12 May 2003	Tangent Limited
R Green	24 April 2002	UnitedNetworks Limited
I Hadwin	11 March 2003	Salamanca Holdings Limited
R Perkins	04 October 2002	UnitedNetworks Limited
W Russell	20 June 2003	Auckland Generation Limited
	20 June 2003	Auckland Network Limited
	20 June 2003	Caduceus Equities No. 1 Limited
	20 June 2003	Energy North Limited
	23 June 2003	MEL Network Limited
	20 June 2003	MEL Silverstream Limited
	20 June 2003	Mercury Geotherm Limited (in receivership)
	20 June 2003	Poihipi Land Limited (in receivership)
	12 May 2003	Tangent Limited
	20 June 2003	Vector Power Limited
	20 June 2003	Vector Stream Limited
P Strange	31 March 2003	Auckland Generation Limited
	21 February 2003	Auckland Network Limited
	21 February 2003	Caduceus Equities No. 1 Limited
	21 February 2003	Energy North Limited
	31 March 2003	MEL Network Limited
	31 March 2003	MEL Silverstream Limited
	31 March 2003	Mercury Geotherm Limited (in receivership)
	31 March 2003	Poihipi Land Limited (in receivership)
	21 February 2003	Tangent Limited
	13 February 2003	UnitedNetworks Limited
	21 February 2003	Vector Power Limited
	21 February 2003	Vector Stream Limited

Statutory Information

DIRECTORS (continued)

Director retirements from Vector Limited and current group companies (continued):

Director	Retirement date	Subsidiary
P Smith	15 November 2002	UnitedNetworks Limited
K Stamm	04 October 2002	UnitedNetworks Limited
R Stanic	15 November 2002	UnitedNetworks Limited
D Warnock	21 January 2003	Broadband Services Limited
	01 February 2003	Salamanca Holdings Limited
	04 October 2002	UnitedNetworks Limited
M Wells	20 March 2003	Tangent Limited
Director	Retirement date	Associate
R Bentley	26 June 2003	Pacific Energy Limited
K Burgisser	16 July 2002	Treescape Limited
T Whiteley	19 April 2002	Pacific Energy Limited
I Hadwin	29 July 2003	Treescape Limited
	14 March 2003	Pacific Energy Limited
S Whyte	29 July 2003	Treescape Limited
	14 March 2003	Pacific Energy Limited
D Warnock	31 January 2003	Pacific Energy Limited

Directors remuneration Vector Limited and current group companies:

Director	Parent	Subsidiaries
	\$	\$
W Boyd	27,389	-
W Brown	35,000	6,000
Dr M Buchanan-Oliver	42,875	-
J Collinge	48,536	-
D Dell	17,000	6,000
B Leyland	27,389	-
D McLaren ONZM	45,708	-
B Plimmer	45,708	-
M Stiassny	56,389	-
M Wells	17,000	6,000

Statutory Information

DIRECTORS (continued)

Entries in the interests register:

Director	Entity	Position
W Boyd	Auckland International Airport Limited	Chairman
	Forsyth Barr Group Limited	Director
	Freightways Limited	Chairman
	Tru-Test Limited	Director
	Vulcan Steel Limited	Director
W Brown	Auckland District Health Board	Chairman
	Brown Properties	Owner and chairman
	Cabletalk Limited	Director
	Festival Films Limited	Director
	Land Transport Safety Authority	Chairman
	Maori TV	Director
	Tairāwhiti District Health Board	Chairman
	Waahi Paraone Limited	Owner and chairman
Dr M Buchanan-Oliver	Enterprise Waitakere	Trustee
	Hope Foundation	Trustee
	Metra Information Limited	Director
	Meteorological Service of New Zealand Limited	Deputy chair
	Paint a Pixel Limited	Director
	Partners NZ (Waitakere)	Trustee
	Auckland Energy Consumer Trust	Deputy chairman and trustee
J Collinge	John Collinge	Principal, barrister and solicitor
	Thesaurus Investments Limited	Managing director
	Thesaurus Trustees Limited	Managing director
	Charter Consulting	Informal partner
D Dell	Energy Advisory Services	Informal partner
	Arapito Family Trust	Trustee
B Leyland	Heathcote Limited	Director
	LCL Limited (trading as Bryan Leyland Consulting Engineer)	Director
	Onekaka Energy Limited	Director and shareholder
	Sinclair Knight Merz Limited	Principal (on contract)

Statutory Information

DIRECTORS (continued)

Entries in the interests register (continued):

Director	Entity	Position
D McLaren ONZM	BOMAC Industries Limited	Chairman
	BOMAC Laboratories Limited	Chairman
	BOMAC Research Limited	Chairman
	D G & R B McLaren Limited	Owner
	D G McLaren No.1 & No.2 Trust	Trustee
	McLaren Family Trust	Trustee
B Plimmer	B K Plimmer Limited	Director
	Canada-NZ Business Association	Executive member
	EPOC Systems Limited	Director
	Kenrae Trust	Trustee
	Rural Couriers Society Limited	General manager
M Stiasny	Ashley Holdings Limited	Director
	Atapo Corporation Limited	Director and shareholder
	Axtens Holdings Limited	Director
	CWF Holdings Limited	Director
	CWF Limited	Director
	Ferrier Hodgson & Company	Partner
	Grafton Investments Limited	Director
	Metlifecare Limited	Director
	Metro Water Limited	Chairman
	Michael Spencer Limited	Director
	Primary Industry Consulting Limited	Director and shareholder
	Quay Management Services Limited	Director and shareholder
	Quay Street Management Services Limited	Director and shareholder
	RMG Limited	Chairman and shareholder
	Silva Forest Products Limited	Director and shareholder
	Spectrum Resources Limited	Director and shareholder
	Ted Kingsway Limited	Director and shareholder
	The Horticulture and Food Research Institute of New Zealand Limited	Director
	The Ronaki Trust	Trustee
	Triceps Holdings Limited	Director and shareholder
Twin Palms Trust	Trustee	
Zeacom Group Limited	Shareholder	

Statutory Information

DIRECTORS (continued)

Entries in the interests register (continued):

Director	Entity	Position
M Wells	Alliance Group Holdings Pty Limited	Director
	Bancorp Holdings Limited	Chairman
	Bancorp New Zealand Limited	Chairman
	Bancorp Property Fund No. 1 Limited	Chairman
	Bancorp Treasury Services Limited	Chairman
	Baycorp Advantage Limited	Director
	Fisher Funds Management Limited	Director
	Greenpark Holdings Limited	Chairman
	Marsh Limited	Advisory board member
	New Zealand High Performance Sports Centre Trust	Chairman
	Sport & Recreation New Zealand	Chairman
	Taranaki Property Fund Limited	Chairman

The companies listed above against each director may transact with Vector Limited and its subsidiaries in the normal course of business.

The following current directors of the parent are holders of Vector Limited capital bonds:

Director	Nature of interest	Number of bonds
B Plimmer	Beneficial	10,000
B Leyland	Beneficial	40,000
D McLaren ONZM	Beneficial	100,000
J Collinge	Beneficial	125,000
J Collinge	Non-beneficial	75,000
W Boyd	Non-beneficial	50,000
M Stiassny	Non-beneficial	150,000

Statutory Information

EMPLOYEES

The number of employees within the group receiving remuneration and benefits above \$100,000 are included in the following table:

	Group		Parent	
	2003	2002	2003	2002
Current employees				
\$100,001 - \$110,000	5	8	-	7
\$110,001 - \$120,000	3	2	-	2
\$120,001 - \$130,000	9	3	6	2
\$130,001 - \$140,000	7	3	4	2
\$140,001 - \$150,000	7	3	4	3
\$150,001 - \$160,000	-	2	-	1
\$160,001 - \$170,000	2	-	1	-
\$170,001 - \$180,000	2	-	2	-
\$180,001 - \$190,000	2	-	2	-
\$190,001 - \$200,000	2	1	2	1
\$200,001 - \$210,000	4	-	4	-
\$210,001 - \$220,000	2	1	1	-
\$230,001 - \$240,000	1	-	1	-
\$240,001 - \$250,000	1	2	-	2
\$260,001 - \$270,000	-	1	-	-
\$270,001 - \$280,000	1	-	-	-
\$280,001 - \$290,000	-	1	-	1
\$290,001 - \$300,000	1	1	1	-
\$320,001 - \$330,000	1	-	1	-
\$360,001 - \$370,000	1	-	-	-
\$370,001 - \$380,000	1	-	1	-
\$390,001 - \$400,000	1	-	-	-
\$400,001 - \$410,000	1	-	1	-
\$470,001 - \$480,000	-	1	-	1

Statutory Information

EMPLOYEES (continued)

	Group		Parent	
	2003	2002	2003	2002
Employees no longer with the group (including any termination payments):				
\$100,001 - \$110,000	10	-	1	-
\$110,001 - \$120,000	6	-	1	-
\$120,001 - \$130,000	6	-	-	-
\$130,001 - \$140,000	4	-	-	-
\$140,001 - \$150,000	1	-	-	-
\$150,001 - \$160,000	3	1	-	-
\$170,001 - \$180,000	1	1	-	-
\$190,001 - \$200,000	1	-	-	-
\$200,001 - \$210,000	1	-	-	-
\$220,001 - \$230,000	2	-	-	-
\$410,001 - \$420,000	1	-	-	-
\$470,001 - \$480,000	1	-	-	-
\$480,001 - \$490,000	-	1	-	1
\$790,001 - \$800,000	1	-	1	-
\$830,001 - \$840,000	1	-	1	-

No employee of the group appointed as a director of a subsidiary or associate company receives or retains any remuneration or benefits as a director. The remuneration and benefits of such employees, received as employees, are included in the relevant bandings disclosed above, where the annual remuneration and benefits exceed \$100,000.

Statutory Information

DISTRIBUTION OF DEBT SECURITIES

The information in the disclosures below has been taken from the group's registers at 30 June 2003.

Range of security holdings	Number of holders	Number of securities held	Percentage issued securities
1 - 4,999	1	2,000	0.01
5,000 - 9,999	2,597	13,506,000	4.40
10,000 - 49,999	5,639	104,898,000	34.14
50,000 - 99,999	852	47,071,000	15.32
100,000 - 499,999	405	58,378,000	19.00
500,000 - 999,999	28	17,016,000	5.54
1,000,000 plus	26	66,334,000	21.59
Total	9,548	307,205,000	100.00

CREDIT RATING

As at 30 June 2003 Vector Limited had a Standard & Poor's credit rating of BBB+ / Stable / A- 2.