

Auditors' Report

To the readers of the financial statements of WEL Networks Limited - Lines Business

We have audited the accompanying financial statements of WEL Networks Limited - Lines Business. The financial statements provide information about the past financial performance of WEL Networks Limited – Lines Business and its financial position as at 31 March 2004. This information is stated in accordance with the accounting policies set out in the Statement of Accounting Policies.

Directors' Responsibilities

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

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 WEL Networks Limited - Lines Business' circumstances, consistently applied and adequately disclosed.

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

Other than in our capacities as auditors and the provision of other assurance services we have no relationship with or interests in WEL Networks Limited.

Auditors' Report

WEL Networks Limited - Lines Business

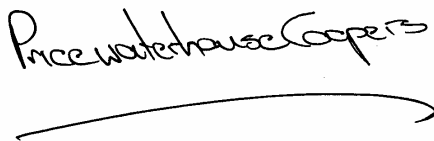
Unqualified Opinion

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

In our opinion:

- (a) proper accounting records have been maintained by WEL Networks Limited – Lines Business as far as appears from our examination of those records; and
- (b) the financial statements referred to above:
 - (i) comply with generally accepted accounting practice
 - (ii) give a true and fair view of the financial position of WEL Networks Limited - Lines Business as at 31 March 2004 and the results of its operations and cash flows for the year then ended; and
 - (iii) comply with the Electricity Information Disclosure Requirements 2004.

Our audit was completed on 15 December 2004 and our unqualified opinion is expressed as at that date.

A handwritten signature in black ink that reads "Price Waterhouse Coopers". Below the signature is a long, horizontal, slightly curved line.

Chartered Accountants

Auckland

Auditors' Opinion of Performance Measures

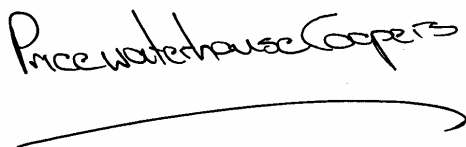
WEL Networks Limited - lines business

We have examined the attached information, being:-

- (a) a derivation table; and
- (b) an annual ODV reconciliation report; and
- (c) financial performance measures; and
- (d) financial components of the efficiency performance measures

that were prepared by WEL Networks Limited – lines business and dated 11 November 2004 for the purposes of the Commerce Commission's Electricity Information Disclosure Requirements 2004.

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



PricewaterhouseCoopers
15 December 2004

Auckland