



REPORT OF THE AUDITOR-GENERAL

TO THE READERS OF THE FINANCIAL STATEMENTS OF NELSON ELECTRICITY LIMITED FOR THE YEAR ENDED 31 MARCH 2004

We have audited the financial statements of Nelson Electricity Limited on pages 1 to 10. The financial statements provide information about the past financial performance of Nelson Electricity Limited and its financial position as at 31 March 2004. This information is stated in accordance with the accounting policies set out on pages 4 and 5.

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 Nelson Electricity as at 31 March 2004, and the results of its operations and cash flows for the year ended on that date.

Auditor's responsibilities

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

The Auditor-General has appointed Scott Tobin of Audit New Zealand to undertake the audit.

Basis of opinion

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

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

We conducted our audit in accordance with the Auditing Standards published by the Auditor-General, which incorporate the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditor acting on behalf of the Auditor- General, we have no relationship with or interest in Nelson Electricity Limited.

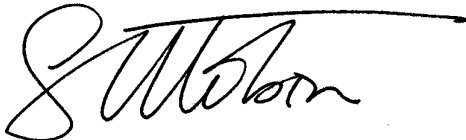
Unqualified opinion

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

In our opinion:

- ▲ proper accounting records have been maintained by Nelson Electricity Limited as far as appears from our examination of those records; and
- ▲ the financial statements of Nelson Electricity Limited on pages 1 to 10:
 - comply with generally accepted accounting practice in New Zealand; and
 - give a true and fair view of Nelson Electricity Limited's financial position as at 31 March 2004 and the results of its operations and cash flows for the year ended on that date; and
 - comply with the Electricity (Information Disclosure) Requirements 2004.

Our audit was completed on 17 December 2004 and our unqualified opinion is expressed as at that date.



Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

This audit report relates to the financial statements of Nelson Electricity Limited for the year ended 31 March 2004 included on Nelson Electricity Limited's web-site. Nelson Electricity Limited is responsible for the maintenance and integrity of their web site. We have not been engaged to report on the integrity of the Nelson Electricity Limited's web site. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information, which may have been hyperlinked to or from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 17 December 2004 to confirm the information included in the audited financial statements presented on this web site.

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