



Audit report

To the readers of the threshold compliance statement of Vector Limited for the assessment year ended on 31 March 2010

We have examined the attached statement, being a threshold compliance statement in respect of the price path threshold and the quality threshold prepared by Vector Limited for assessment as at 31 March 2010 and dated 20 May 2010 for the purposes of information requirements set out in clause 7 of the Commerce Act (Electricity Distribution Thresholds) Notice 2004 (“the Notice”). In this report the attached statement is called “the threshold compliance statement”.

Directors’ responsibilities

Directors of Vector Limited are responsible for the certification of the threshold compliance statement in accordance with the Notice.

Auditors’ responsibilities

It is our responsibility to express an independent opinion on the threshold compliance statement and report our opinion to you.

We conducted our audit in accordance with the Auditing Standards issued by the New Zealand Institute of Chartered Accountants.

Basis of Opinion – Price Path Threshold; and Quality Threshold: SAIDI and SAIFI Statistics for the Assessment Year ended 31 March 2010

Our audit included examination, on a test basis, of evidence relevant to the amounts and disclosures contained in the Price Path Threshold sections (pages 5 to 13 and 17 to 25), and the Quality Threshold sections (pages 14 to 16, and 24 to 25) of the threshold compliance statement and which relate to:

- the price path threshold set out in clause 5 of the Notice; and
- the SAIDI and SAIFI statistics for the assessment year ended on 31 March 2010 which are relevant to those parts of the quality threshold that are set out in clauses 6(1)(a) and 6(1)(b) of the Notice.

It also included assessment of the significant estimates and judgments, if any, made by Vector Limited in the preparation of the threshold compliance statement and assessment of whether the basis of preparation has been adequately disclosed.

We planned and performed our audit of the threshold compliance statement so as to obtain all the information and explanations which we considered necessary, including for the purpose of obtaining sufficient evidence to give reasonable assurance that the threshold compliance statement is free from material misstatements. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the threshold compliance statement.

Basis of Opinion – Quality Threshold: SAIDI and SAIFI Statistics for the Years Ended 31 March 1999, 2000, 2001, 2002 and 2003

In relation to the SAIDI and SAIFI statistics for the years ended 31 March 1999, 2000, 2001, 2002 and 2003 which are relevant to those parts of the quality threshold that are set out in clauses 6(1)(a) and 6(1)(b) of the Notice, we have undertaken procedures to provide reasonable assurance that:

- the amounts and disclosures in the threshold compliance statement relating to those statistics have been correctly taken from the information disclosed by Vector Limited in accordance with the Electricity (Information Disclosure) Regulations 1999; and
- those statistics have been calculated based on the source data provided to us. We have not performed audit procedures on the source data.

Relationship and Interests

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

Opinions

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

Price Path Threshold

In our opinion, having made all reasonable enquiry, to the best of our knowledge the amounts or details set out in the threshold compliance statement pages 5 to 13 and 17 to 25 relating to the price path threshold set out in clause 5 of the Notice and related information have been prepared in accordance with the Notice, and give a true and fair view of the performance of Vector Limited against the threshold for the assessment year ended on 31 March 2010.

Quality Threshold: SAIDI and SAIFI Statistics

In our opinion, having made all reasonable enquiry, to the best of our knowledge:

- a) the SAIDI and SAIFI statistics for the assessment year ended on 31 March 2010 which are relevant to those parts of the quality threshold that are set out in clauses 6(1)(a) and 6(1)(b) of the Notice and related information have been calculated or prepared in accordance with the Notice and in accordance with Vector Limited's policies and procedures for recording SAIDI and SAIFI statistics as disclosed in the threshold compliance statement, and fairly represent the performance of Vector Limited for the assessment year ended on 31 March 2010;
- b) the SAIDI and SAIFI statistics for the years ended 31 March 1999, 2000, 2001, 2002 and 2003, which are relevant to those parts of the quality threshold that are set out in clauses 6(1)(a) and 6(1)(b) of the Notice, have been correctly taken from the information disclosed by Vector Limited in accordance with the Electricity (Information Disclosure) Regulations 1999. Those statistics have been properly calculated based on the unaudited source data provided to us by Vector Limited;



- c) the SAIDI and SAIFI statistics for the assessment year ended on 31 March 2010, together with the SAIDI and SAIFI statistics for the years ended 31 March 1999, 2000, 2001, 2002 and 2003, give a true and fair view of the performance of Vector Limited against those parts of the quality threshold that are set out in clauses 6(1)(a) and 6(1)(b) of the Notice for the assessment year ended on 31 March 2010.

Our audit was completed on 20 May 2010 and our opinion is expressed as at that date.

A handwritten signature in black ink, appearing to read 'KPMG'.

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