

EASTERN BAY ENERGY TRUST

FINANCIAL STATEMENTS

For the Year Ended 31 March 2002

EASTERN BAY ENERGY TRUST
CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

For the Year Ended 31 March 2002

	NOTE	Group 2002 \$000	Unaudited Group 2001 \$000	Parent 2002 \$000	Unaudited Parent 2001 \$000
Operating Revenue	2,3	26 113	24 192	5 820	4 395
Operating Expenses	2,3	(16 929)	(17 301)	(1 089)	(384)
Operating Surplus from Continuing Activities	2,3	9 184	6 891	4 731	4 011
Operating Surplus before Taxation	2,4	9 184	6 891	4 731	4 011
Income Tax Expense	4	(3 096)	(2 733)	(1 561)	(1 323)
Surplus after Taxation		6 088	4 158	3 170	2 688
Less Minority Interest		(1 682)	(1 134)	-	-
Surplus Attributable to the Trustees of Eastern Bay Energy Trust		4 406	3 024	3 170	2 688

These statements are to be read in conjunction with the Notes to the Financial Statements on pages 6 to 13 and the Auditors Report on page 14.

EASTERN BAY ENERGY TRUST
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As At 31 March 2002

	NOTE	Group 2002 \$000	Unaudited Group 2001 \$000	Parent 2002 \$000	Unaudited Parent 2001 \$000
Trust Equity					
Capital Account	6	23 475	23 475	23 475	23 475
Income Account	5	(142)	(1 459)	5 879	5 799
Reserves	7	11 714	11 714	-	-
Minority Interest		7 640	6 582	-	-
Total Trustees' Funds		42 687	40 312	29 354	29 274
<i>Represented by:</i>					
Current Assets					
Cash at Bank		147	339	224	43
Short Term Deposits		-	540	-	-
Tax Refund Due	4	-	-	23	14
Accounts Receivable	8	4 381	3 586	-	52
Inventory		392	309	-	-
Total Current Assets		4 920	4 774	247	109
Non Current Assets					
Goodwill	9	10 463	11 052	-	-
Fixed Assets	10	64 972	65 381	-	-
Investments	11	300	1 000	31 052	31 752
Total Non Current Assets		75 735	77 433	31 052	31 752
Total Assets		80 655	82 207	31 299	31 861
Current Liabilities					
Accounts Payable and Accruals	12	2 940	4 278	50	87
Term loans	13	1 000	2 500	1 000	2 500
Grant Payments Owing		895	-	895	-
Taxation Payable	4	1 313	284	-	-
Provision for Final Dividend		-	510	-	-
Total Current Liabilities		6 148	7 572	1 946	2 587
Non Current Liabilities					
Term Loans	13	31 100	34 000	-	-
Deferred Taxation	4	720	323	-	-
Total Non Current Liabilities		31 820	34 323	-	-
Total Liabilities		37 968	41 895	1 946	2 587
Net Assets		42 687	40 312	29 354	29 274

For, and on behalf of, the Trust
Date - 9th August 2002

..... Trustee

..... Trustee

EASTERN BAY ENERGY TRUST

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 31 March 2002

	Group	Unaudited	Parent	Unaudited
	2002	Group	2002	Parent
	\$000	2001	\$000	2001
	\$000	\$000	\$000	\$000
Cash Flow from Operating Activities				
Cash was provided from:				
Receipts from Customers	25 866	27 005	5 818	4 273
Net Goods and Services Tax Received (Paid)	(28)	(20)	-	-
Interest from Short Term Deposits	250	330	54	70
	26 088	27 316	5 873	4 343
Cash was applied to:				
Payments to Suppliers and Employees	(11 954)	(9 710)	(1 017)	(189)
Grants Made	(1 852)	(2 155)	(1 852)	(2 211)
Interest Paid	(2 556)	(3 149)	(110)	(187)
Income Tax Paid	(2 013)	(2 665)	(1 912)	(1 396)
	(18 375)	(17 679)	(4 891)	(3 983)
Net Cash Inflow from Operating Activities	7 713	9 637	982	360
Cash Flow from Investing Activities				
Cash was provided from:				
Proceeds from the Sale of Investments	728	408	700	405
Cash was applied to:				
Purchases and Construction of Fixed Assets	(1 844)	(1 571)	-	-
Net Cash Outflow to Investing Activities	(1 116)	(1 163)	700	405
Cash Flow From Financing Activities				
Cash was applied to:				
Repayment of Term Debt	(4 400)	(6 354)	(1 500)	(854)
Dividends Paid	(2 873)	(2 201)	-	-
Net Cash Inflow from (Outflow to) Financing Activities	(7 273)	(8 555)	(1 500)	(854)
Net Movement in Cash Held	(676)	(82)	182	(89)
Add Opening Cash	823	960	42	132
Closing Cash Carried Forward	147	879	224	43
<i>Represented by:</i>				
Cash at Bank	147	339	224	43
Short Term Deposits	-	540	-	-
Closing Cash Carried Forward	147	879	224	43

These statements are to be read in conjunction with the Notes to the Financial Statements on pages 6 to 13 and the Auditors Report on page 14.

EASTERN BAY ENERGY TRUST
CONSOLIDATED STATEMENT OF MOVEMENTS IN EQUITY
For the Year Ended 31 March 2002

	Group	Unaudited	Parent	Unaudited
	2002	Group	2002	Parent
	\$000	2001	\$000	2001
	\$000	\$000	\$000	\$000
Opening Equity	40 312	39 569	29 274	29 018
Plus				
Net Surplus for the Year	4 995	3 613	3 170	2 688
Less				
Grants Paid and Proposed	(2 747)	(2 155)	(2 747)	(2 211)
Imputation Credit Adjustment	(342)	(104)	(342)	(104)
Movements in minority interest	21	1 058	-	-
Equity as at 31 March	42 687	40 312	29 354	29 274

These statements are to be read in conjunction with the Notes to the Financial Statements on pages 6 to 13 and the Auditors Report on page 14.

EASTERN BAY ENERGY TRUST

STATEMENT OF CASH FLOWS

For the Year Ended 31 March 2002

Reconciliation of Surplus Attributable to Trustees to Cash Flow From Operating Activities

	Group	Unaudited		Unaudited
	2002	Group	Parent	Parent
	\$000	2001	2002	2001
		\$000	\$000	\$000
Reported surplus after tax	4 995	3 613	3 170	2 688
Minority interest share of surpluses	1 682	1 134		
	<u>6 677</u>	<u>4 747</u>	3 170	2 688
Add/(Less) Items Classified as Investing and Financing Activities:				
Gain on Sale of Fixed Assets	(15)			
Accounts Payable and Accruals that relate to the Purchase of Fixed Assets	(135)	43	-	
Add/(Less) Non-Cash Items:				
Depreciation	2 376	2 394	-	
Increase/(Decrease) in Deferred Dividends	-	1 352		
Increase/(Decrease) in Deferred Taxation	397	(801)		
	<u>2 623</u>	<u>2 988</u>	-	-
Add/(Less) Movements in Working Capital Items:				
Decrease/(Increase) in Accounts Receivable	(905)	1 791	52	(52)
Increase/(Decrease) in Accounts Payable and Accruals	(1 338)	1 400	(38)	7
Decrease/(Increase) in Inventory	(82)	(4)	-	
Decrease/(Increase) in Grants Made	(1 852)	(2 155)	(1 852)	(2 211)
Increase/(Decrease) in Income Tax Payable	2 590	870	(350)	(72)
	<u>(1 587)</u>	<u>1 902</u>	<u>(2 188)</u>	<u>(2 328)</u>
Net Cash Flow from Operating Activities	<u>7 713</u>	<u>9 637</u>	<u>982</u>	<u>360</u>

These statements are to be read in conjunction with the Notes to the Financial Statements on pages 6 to 13 and the Auditors Report on page 14.

EASTERN BAY ENERGY TRUST

Notes to the Financial Statements

For the Year ended 31 March 2002

1. Statement of Accounting Policies

These financial statements have been presented in accordance with the Companies Act 1993 and have been prepared in accordance with the Financial Reporting Act 1993.

The Parent financial statements are for Eastern Bay Energy Trust a separate entity and the consolidated financial statements are for Eastern Bay Energy Trust Group, which includes its subsidiaries and associate entities as disclosed in Note 10.

A. General Accounting Policies

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

Reliance has been placed on the fact that the business and undertakings of Eastern Bay Energy Trust are a going concern.

B. Particular Accounting Policies

The following particular accounting policies, which significantly affect the measurement of financial performance, cash flows, and financial position, have been consistently applied:

i) Revenue

Revenue shown in the statement of financial performance comprises amounts received and receivable for goods and services supplied to customers in the ordinary course of business. Electricity revenue is based on actual and assessed readings plus an allowance for unread meters at balance date. Revenue is stated exclusive of Goods and Services Tax collected from customers.

ii) Principles of Consolidation

The consolidated financial statements are prepared from the financial statements of the Parent and its subsidiaries as at 31 March 2002 using the purchase method. The consolidated statement of financial performance includes the Group's share of the tax-paid surpluses of associate entities. The equity method has been used for those associate entities in which the Group has a significant, but not a controlling interest. All significant transactions between Group are eliminated on consolidation.

iii) Investments

Investments in associate entities are stated at the fair value of the net tangible assets at acquisition plus the share of post-acquisition increases in reserves.

In the Parent financial statements, investments in subsidiaries are stated at cost.

Dividend income is accounted for on a cash basis.

Other investments are stated at the lower of cost or net realisable value.

iv) Fixed Assets

The cost of purchased fixed assets is the value of the consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service.

The cost of assets constructed by the Group includes the cost of all materials used in construction, direct labour on the project, and financing costs that are directly attributable to the project. Costs cease to be capitalised as soon as the asset is ready for productive use and do not include any inefficiency costs.

Distribution System assets are valued using modified historical cost. These assets are revalued on a cyclical basis at least every three years, by independent valuers.

v) Depreciation

Depreciation is charged so as to write off the cost of the fixed assets to their estimated residual value over their remaining useful lives.

vi) Inventories

Inventories are stated at the lower of average cost and net realisable value, with obsolete stock written off.

vii) Accounts Receivable

Accounts receivable are stated at estimated realisable value after providing for debts where collection is considered doubtful.

EASTERN BAY ENERGY TRUST

Notes to the Financial Statements For the Year ended 31 March 2002

viii) Taxation

The Group follows the liability method of accounting for deferred taxation.

The taxation charge against the surplus for the year is the estimated liability in respect of that surplus after allowance for all permanent differences. This is the comprehensive basis for the calculation of deferred taxation. Future taxation benefits attributable to timing differences or losses carried forward are recognised in the financial statements only where there is virtual certainty that the benefit of the timing differences will be utilised by the Group.

ix) Statement of Cash Flows

The following are the definitions of the terms used in the Statement of Cash Flows:

- a) Cash is considered to be cash on hand, short term deposits and current accounts in banks, net of bank overdrafts.
- b) Investing activities are those activities relating to the acquisition, holding and disposal of fixed assets and investments. Investments can include securities not falling within the definition of cash.
- c) Financing activities are those activities which result in changes in the size and composition of the capital of the group. 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.
- d) Operating activities include all transactions and other events that are not investing or financing activities.

x) Financial Instruments

Financial instruments with off-balance sheet risk have been entered into for the primary purpose of reducing exposure to fluctuations in foreign exchange rates and interest rates. While financial instruments are subject to risk that market rates may change subsequent to acquisition, such changes would generally be offset by opposite effects on the items hedged.

Financial instruments entered into with no underlying exposure are accounted for on a mark to market basis.

xi) Research and Development

Costs incurred on all research and development projects are written off as incurred, except that development costs are capitalised to the extent that such costs are expected, beyond any reasonable doubt, to be recovered.

xii) Foreign Currency

Foreign currency transactions are recorded at exchange rates in effect at the date of settlement, except where forward contracts have been taken out to cover future commitments. Where forward contracts have been taken out, the transaction is translated at the rate contained in the contract. Monetary assets and liabilities arising from trading transactions are translated at closing rates. Gains or losses due to currency fluctuations on these items are included in the statement of financial performance.

C. Changes in Accounting Policies

During the year the Group and the Parent changed the following accounting policy:

Provision for Dividends

Under the new policy, dividends proposed after balance date are not recognised in the financial statements. Previously, all proposed dividends were recognised as liabilities in the statement of financial position. As a result of changing this accounting policy no provision for final dividend is recognised in the statement of financial position.

The Trustees has adopted this change to conform to the requirements of the revised Financial Reporting Standard No.5 Events after Balance Date.

EASTERN BAY ENERGY TRUST

NOTES TO THE FINANCIAL STATEMENTS

Taxation Payable

Income Tax Payable (Prepaid) comprises:

Opening Balance	90	(689)	(15)	(45)
Tax Payable in respect of current year	3 056	3 094	1 561	1 323
Tax Payable in respect of prior year	(511)	246	-	-
Excess Imputation Tax Credits	303	103	342	103
Income Tax Paid	(2 013)	(2 665)	(1 912)	(1 396)
Balance as at 31 March (Asset) / Liability	925	90	(24)	(15)

5 INCOME ACCOUNT

Opening Retained Earnings	(1 459)	(2 224)	5 799	5 427
Surplus after Taxation	4 406	3 024	3 170	2 688
Less Imputation Credit Adjustment	(342)	(104)	(342)	(104)
Less Grants Made	(2 747)	(2 155)	(2 748)	(2 211)
Balance as at 31 March	(142)	(1 459)	5 879	5 799

6 CAPITAL ACCOUNT

Opening Balance	23 475	23 475	23 475	23 475
Balance as at 31 March	23 475	23 475	23 475	23 475

7 RESERVES

Asset Revaluation Reserve				
Opening Balance	11 714	11 714	-	-
Balance as at 31 March	11 714	11 714	-	-

8 ACCOUNTS RECEIVABLE

Accounts Receivable comprises:				
Trade Receivables	4 211	3 416	-	-
Other Receivables and Prepayments	170	170	-	52
Balance as at 31 March	4 381	3 586	-	52

9 GOODWILL

Accumulated amortisation	(1 325)	(736)	-	-
Balance as at 31 March	10 463	11 052	-	-

10 FIXED ASSETS

Fixed Assets comprise:

		<u>Unaudited</u>		<u>Unaudited</u>
	Group	Group	Parent	Parent
	2002	2001	2002	2001
	\$000	\$000	\$000	\$000
Land	<i>Cost</i>	146	146	-
Buildings	<i>Cost</i>	371	371	-
	<i>Accumulated Depreciation</i>	(115)	(109)	-
	<i>Net book value</i>	256	262	-

EASTERN BAY ENERGY TRUST

NOTES TO THE FINANCIAL STATEMENTS

Plant and Equipment	<i>Cost</i>	1 334	1 179	-	-
	<i>Accumulated Depreciation</i>	(880)	(735)	-	-
	<i>Net book value</i>	454	444	-	-
Furniture and Fittings	<i>Cost</i>	54	54	-	-
	<i>Accumulated Depreciation</i>	(45)	(42)	-	-
	<i>Net book value</i>	9	12	-	-
Motor Vehicles	<i>Cost</i>	120	152	-	-
	<i>Accumulated Depreciation</i>	(87)	(129)	-	-
	<i>Net book value</i>	34	23	-	-
Distribution System	<i>Valuation</i>	68 391	66 654	-	-
	<i>Accumulated Depreciation</i>	(4 317)	(2 160)	-	-
	<i>Net book value</i>	64 074	64 494	-	-
Total	<i>Cost or Valuation</i>	70 416	68 556	-	-
	<i>Accumulated Depreciation</i>	(5 444)	(3 175)	-	-
Total	Net book value	64 972	65 381	-	-
Depreciation Expense					
Buildings		6	6	-	-
Plant and Equipment		198	208	-	-
Furniture and Fittings		3	3	-	-
Motor Vehicles		13	17	-	-
Distribution System		2 156	2 160	-	-
Total		2 376	2 394	-	-

Current government valuations for land and buildings are \$529,500. The valuations are predominantly dated September 2001 with one valuation dated September 2000.

Valuation of Distribution System Assets

Distribution assets are revalued on a cyclical basis with each class being revalued at least every three years.

Distribution assets were revalued at 31 March 2000. The value adopted is Depreciated Replacement Cost (which was the same as Optimised Deprival Value for that valuation) of the distribution system as at 31 March 2000. The valuation report was prepared by Worley Consultants Limited (Registered Engineers) and independently verified by PricewaterhouseCoopers (Chartered Accountants). The valuation was performed in accordance with generally accepted valuation techniques.

The valuation has since been varied by additions, deletions, and depreciation in 2000/2001 to provide an implied Optimised Deprival Value at 31 March 2001 of \$64.844 million. This valuation was part of a recalibration of asset values carried out pursuant to Part 4A of the Commerce Act 1986 and was approved by the Commerce Commission on 28 March 2002.

Useful lives and Depreciation Methods	Useful Lives 2002	Useful Lives 2001
	In Years	In Years
Land Improvements	3-40	3-40
Other Buildings	40-100	40-100
Distribution System	8-70	8-70
Plant and Equipment	2-10	2-10
Motor Vehicles	5-10	5-10
Furniture and Fittings	10	10

All assets are depreciated on a straight line basis.

EASTERN BAY ENERGY TRUST

NOTES TO THE FINANCIAL STATEMENTS

11 INVESTMENTS

The Trust's shareholding in Horizon Energy Distribution Limited as at 31 March 2002 was 3,863,226 Ordinary shares with a net market value of \$51,110,479 (or \$13.23 per share) The Trust owns 77.29% of the Company.

	Group	Unaudited	Parent	Unaudited
	2002	Group	2002	Parent
	\$000	2001	\$000	2001
		\$000		\$000
Shares - Horizon Energy Distributions Limited	-	-	30 869	30 869
Shares - Investment Portfolio	300	1 000	300	1 000
Balance as at 31 March	300	1 000	31 169	31 869

12 ACCOUNTS PAYABLE AND ACCRUALS

Accounts Payable and Accruals comprise:

Trade Creditors and Accruals	2 824	4 163	50	87
Employee Entitlements	116	115	-	-
Balance as at 31 March	2 940	4 278	50	87

13 TERM LOANS

Term loans fall due for repayment in the following periods:

Within One Year	1 000	2 500	1 000	2 500
Within One to Two Years	31 100	34 000	-	-
Within Two to Three Years	-	-	-	-
Within Three to Four Years	-	-	-	-
Within Four to Five Years	-	-	-	-
Balance as at 31 March	32 100	36 500	1 000	2 500

Disclosed in Balance Sheet as:

Current Portion of Term Loans	1 000	2 500	1 000	2 500
Term Loans	31 100	34 000	-	-
Balance as at 31 March	32 100	36 500	1 000	2 500

All term loans are unsecured and are subject to negative pledge undertakings. The weighted average interest rate on non-current term loans is 6.76% (2001 7.36%). The interest on short term loans is fixed at 5.357% (2001: x%)

The Group currently has \$40 million rolling loan facilities, confirmed at this level until 31 October 2003.

	Group	Unaudited	Parent	Unaudited
	2002	Group	2002	Parent
	\$000	2001	\$000	2001
		\$000		\$000
14 OPERATING LEASES				
Operating lease commitments fall due for repayment in the following				
Within One Year	40	31	40	31
Within One to Two Years	16	-	16	-
Within Two to Five Years	-	-	-	-
	56	31	56	31

EASTERN BAY ENERGY TRUST**NOTES TO THE FINANCIAL STATEMENTS****15 REMUNERATION OF AUDITORS**

Amounts received, or due and receivable, by the auditors for:

Auditing the Financial Statements:				
Audit fees to the principal auditors	1	-	1	-
Audit fees paid to other auditors	43	41	2	-
	44	41	3	-

16 CAPITAL COMMITMENTS

The Group has no commitments for future capital expenditure (\$20,000 in 2001).

17 FINANCIAL INSTRUMENTS

a) The nature of activities and management policies with respect to financial instruments is described as follows:

i) Interest Rates

The Group generally uses fixed rate loans or swaps to manage interest rate risk. The total level of fixed rate funding at 31 March was \$1,000,000 (2001 \$11,150,000), having a fair value of \$1,000,000 (2001 \$11,207,641).

In addition, as at 31 March 2002, the face value of the instruments the Group held were as following:

Interest Rate Options:	Rate	Term	Commencement Date	2002 \$000	2001 \$000
Swap	7.16%	Six Years	29 June, 2001	4 000	-
Swap	7.16%	42 Months	20 December, 2000	4 000	4 000
Swap	7.27%	66 Months	20 December, 2000	4 000	4 000
Swap	7.07%	Six Years	3 April, 1998	10 400	13 000

The mark to market value of the interest rate swap agreements as at 31 March 2002 showed a loss of \$175,033 (2001 - loss of \$561,681).

ii) Credit

In the normal course of its business the Group incurs credit risk from trade debtors and financial institutions. The Group has a credit policy which is used to manage this exposure to credit risk. As part of this policy, limits on exposures have been set and are monitored on a regular basis. The bank risk is reduced by minimising short term investments and by spreading them over high credit quality financial institutions.

b) Fair Values

Financial instruments in the current section of the balance sheet, with the exception of the current portion of term loans, are shown at values equivalent to their fair values. The fair value of term loans is disclosed in section (a) (i) above. Investments are shown at cost which is not significantly different from their fair values.

18 SEGMENTAL

The Group operates predominantly in one industry, the distribution of electricity. Its operations are carried out solely in New Zealand and are therefore within one geographical segment for reporting purposes.

19 CONTINGENT LIABILITIES

A subsidiary has assigned its rights under a long term agreement for the purchase of electricity in respect of which the current purchase price may be greater than current market rates. However the subsidiary remains contingently liable to purchase this electricity until the end of the contract (2008 - plus option to renew for a further 9 years) should the purchasers fail to perform their obligations under the contract.

Judgement was awarded in a subsidiary's favour in February 2002 on the remaining litigation issues between the subsidiary and Todd Energy Limited in relation to the 31 March 1999 sale and purchase agreement for the subsidiary's previous retail and generation assets and businesses. Todd Energy Limited has appealed the judgement. The income (\$1.271m) which was subject to the litigation has been recorded in the current years accounts, and has been received after balance date. The Trustees do not consider it necessary to make any provisions for the outcome of the appeal.

EASTERN BAY ENERGY TRUST

NOTES TO THE FINANCIAL STATEMENTS

20 RELATED PARTY TRANSACTIONS

All members of the Group are considered to be related parties of the Trust, and this includes the subsidiaries identified in Note 10. The Group conducts business predominantly in the Eastern Bay of Plenty and undertakes transactions with shareholders, company officers and other related parties that reside in the region. All transactions with related parties have been carried out on a commercial and "arms length" basis.

	Unaudited		Unaudited	
	Group	Group	Parent	Parent
	2002	2001	2002	2001
	\$000	\$000	\$000	\$000
21 MINORITY INTERESTS				
Balance at the beginning of the year	6 582	6 412	-	-
Share of surplus in subsidiaries	1 682	1 134	-	-
Dividends paid and provided to minority interests	(624)	(964)	-	-
Balance at the end of the year	7 640	6 582	-	-
22 IMPUTATION CREDIT ACCOUNT				
Opening Balance	893	42	-	-
Plus: Income Tax Paid	2 004	2 697	-	-
Less: Imputation Credits attached to dividends paid	(2 426)	(1 846)	-	-
Balance as at 31 March	471	893	-	-

**AUDITOR'S REPORT
TO THE TRUSTEES OF
EASTERN BAY ENERGY TRUST**

JOHN S. GRAY

**CHARTERED
ACCOUNTANT**

I have audited the Financial Statements on pages 1 to 13. The Financial Statements provide information about the past financial performance and cash flows of the Trust and the Group for the year ended 31 March 2002 and its financial position as at that date. This information is stated in accordance with the accounting policies set out on pages 6 to 7.

Trustee's Responsibilities

The Trustees are responsible for the preparation of Financial Statements in accordance with Generally Accepted Accounting Practise, which fairly reflect the financial position of the Trust and the Group as at 31 March 2002, and their Financial performance in addition to cash flows for the year ended on that date.

Auditor's Responsibilities

It is my responsibility to express an independent opinion on the Financial Statements and report my 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 Trustees in the preparation of the Financial Statements; and

Whether the accounting policies are appropriate to the Trust's circumstances, consistently applied and adequately disclosed.

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

Other than in my capacity as auditor, I have no relationship with or interests in the Trust.

Unqualified Opinion

I have obtained all the information and explanations I have required.

In my opinion:-

- Proper accounting records have been kept by the Trust and the group as far as appears from my examination of those records; and
- The Financial Statements of the Trust and the Group on pages 1 to 13:-
 - Comply with generally accepted accounting practise; and
 - Give a true and fair view of the financial position of the Trust and the Group as at 31 March 2002 and their financial performance and cash flows for the year ended on that date.

My audit was completed on 23 August 2002 and my unqualified opinion is expressed as at that date.

JS Gray
Chartered Accountant
Tauranga, New Zealand

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