ELECTRA LIMITED **ANNUAL REPORT 2011-12**

ELECTRA LIMITED operates as an electricity line owner and operator in the Kapiti and Horowhenua region on the west coast of the lower North Island, New Zealand.

Ownership is vested in Electra Trust on behalf of 42,595 beneficiaries. At 31 March 2012, the Group had total assets of $271 million and shareholders' funds of $131 million and employed 284 (full-time-equivalent) people. Electra owns 100% of Linework and Stones Limited, electrical contracting and maintenance businesses; DataCol NZ Limited which is a national electricity and gas meter reading company; Oxford Finance Corporation Limited and Oxford Finance Limited, which specialise in financial services and Sky Communications Limited and Sky Communications Pty Limited which are telecommunications contracting companies.

CONTENTS

Electra

All values in this report are in thousands (000's) of New Zealand dollars (rounded) and are for years ended 31 March unless otherwise stated.

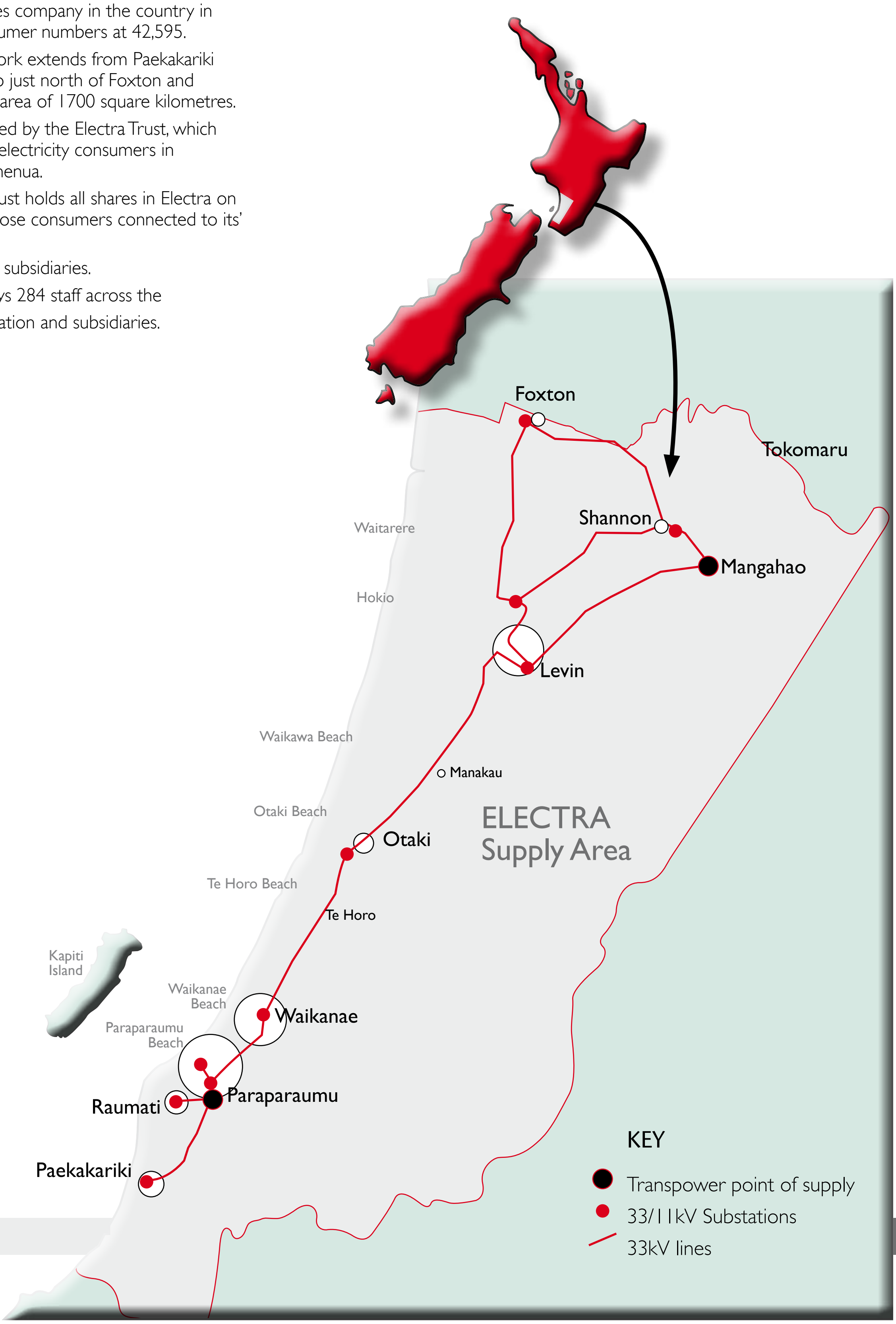
"This year" means the year ended 31 March 2012

"Last year" means the year ended 31 March 2011

"Next year" means the year ending 31 March 2013

ELECTRA key facts

- 9th largest lines company in the country in terms of consumer numbers at 42,595.
- Electra's network extends from Paekakariki in the south to just north of Foxton and Tokomaru, an area of 1700 square kilometres.
- Electra is owned by the Electra Trust, which represents all electricity consumers in Kapiti-Horowhenua.
- The Electra Trust holds all shares in Electra on behalf of all those consumers connected to its' network.
- Electra has six subsidiaries.
- Electra employs 284 staff across the network operation and subsidiaries.



THE ELECTRA GROUP

At 31 March 2012, the Group had total assets of $271 million and shareholders' funds of $131 million.

Electra Trust
owns

Electra Limited
which owns

Linework and Stones Limited
a power/electrical contracting and maintenance business;

Oxford Finance Limited
and Oxford Finance Corporation Limited
'Oxford Finance' financial services companies;

DataCol NZ Limited
a national electricity and gas meter reading company;

Sky Communications Limited
a full service telecommunications contracting company operating in New Zealand;

Sky Communications Pty Limited
a full service telecommunications contracting company operating in Sydney and Melbourne, Australia.

HIGHLIGHTS

Revenue growth of 13% to $86 million

$7.7 million (including GST) Sales Discount distributed to Kapiti-Horowhenua

Invested $6.6 million in our electricity network

High levels of consumer satisfaction maintained in annual surveys

Linework and Stones

Oxford Finance

DataCol NZ

Sky Communications

We sponsor:

"Part of Our Community" pages in local newspapers

22 Electra Business Breakfasts

The 2011 annual Electra Business Awards and;

Oxford Finance's sponsorship of Levin's annual Agriculture, Pastoral and Industry (AP&I) show

CHAIR REVIEW 2012

On behalf of the Board of Directors, we have pleasure in presenting the Electra Limited 2012 Annual Report, which incorporates the audited financial statements of Electra Limited and its subsidiaries (collectively known as the Electra Group) for the year ended 31 March 2012.

The Electra Group's principal activities comprise: Electra Limited, the electricity lines business in the Kapiti and Horowhenua region; Linework and Stones Limited, a power and electrical contracting and maintenance business; Oxford Finance Limited and Oxford Finance Corporation Limited, financial services companies; DataCol NZ Limited, a national meter reading and data collection company; and Sky Communications Limited and Sky Communications Pty Limited, telecommunications contracting businesses.

The difficult economic conditions that have challenged the country since 2008 continued into 2012. For our network business, flat regional growth offset by a severe winter cold snap and a particularly wet summer contributed to a small lift in sales volumes on the network for the year.

Unlike the previous year, not all companies within the Group were able to deliver on their budgeted results this year as increased competition for a declining number of opportunities placed downward pressure on margins.

The Electra Group result for the year in part reflects the current economic climate which has impacted on the level of construction activity and the very competitive market for the work available. Strategies are now in place to position the contracting businesses to align to the challenges ahead.

OUR FINANCIAL PERFORMANCE

The Electra Group's goal has always been to maximise value for our consumers and owner, the Electra Trust, through competitive prices, quality services and efficient operations.

We are pleased to report that, for the year ended 31 March 2012, the Group was able to deliver results in line with this goal.

Total Group revenue for the year was $86.4 million, a 13% increase on the 2010/11 result ($75.2 million).

SALES DISCOUNT DISTRIBUTION

The mild winter and wet summer affected the level of electricity sales and along with increased operational expenses across the network, and extremely challenging market conditions for a number of our subsidiaries, the overall performance of the entire Electra Group meant the Board was able to declare a final sales discount of $7.7m incl. GST, which was once again distributed to the 42,595 consumers on the Electra network as an annual sales discount credited to their power accounts.

We are proud to have returned more than $128m to communities throughout the Kapiti and Horowhenua regions over the last 18 years.

This demonstrates the value the Trust structure delivers to local communities where profits are returned to the consumers connected to the network.

CEO REPORT

I am pleased to present the following performance review of the Electra Group and its subsidiary businesses for the year ended 31 March 2012.

The overall result of the Electra Group is directly linked to the positive underlying performance of our core network and our subsidiaries Oxford Finance and DataCol NZ.

The Group has a strategy of diversifying its business streams and improving overall profitability by acquiring high quality assets with strong growth potential.

Despite this, the Group could not avoid the difficult conditions that have continued to challenge the New Zealand economy. While all the subsidiaries within the Group were successful in securing business in highly competitive markets, margins and profitability were impacted as a result of this competition for our contracting companies.

Throughout the year the focus was to position the Group for future growth, investing in the network, equipment, technology and people. At the same time new opportunities were identified that are expected to deliver value to the Group in coming years.

The Government has yet to deliver the promised reduction in business compliance costs under which we operate. While trust owned companies like Electra are exempt from the Commerce Act control regime, we still have to comply with substantial information disclosure requirements from regulatory bodies such as the Commerce Commission and the new Electricity Authority. The cost to comply with these requirements is significant and this will ultimately need to be passed on to the consumer. We remain hopeful that the Government will deliver on its stated intention to reduce the level of business compliance and information disclosure for our consumers.

ELECTRA

Electra owns and operates the electricity network throughout the Kapiti and Horowhenua regions. The network covers more than 1,700 square kilometres across a largely rural coastal band. Its 42,595 consumers make it the 9th largest electricity network in New Zealand (out of 29).

The core electricity network operation remains critical to the Electra Group's overall performance. This year saw another solid performance, with total Group revenue of $86.4 million. Total electricity unit sales were 0.55% higher than the previous year, due in large part to several cold snaps in the August / September period influencing electricity usage amongst the largely residential consumer base.

Connection growth across the network (354) was lower than 2010/11 (376) symptomatic of a sluggish local economy. The construction sector also highlighted current market conditions with total annual building consents for 2011/12 42% lower than 2010/11.

In the business sector, activity was also down although there are a few signs of positive regional business growth on the horizon.

Two major projects were undertaken throughout the year with the Levin West and Raumati substations' transformer and switchgear upgraded. The modernisation of the Shannon substation was also completed in 2011, the result being a less visible, more attractive site.

Electra Limited (the 'Company' or 'Electra') reached a Generation Connection Agreement with Mangahao Hydro Station's owners Todd Energy and King Country Energy. This agreement has the purpose of sharing transmission benefits resulting from demand reduction at the Grid Exit Point (GXP) by the power station's generation being focused where possible around co-incident peaks in the morning and evening periods.

Electra has also been discussing with Transpower for sometime about how to deal with looming capacity issues at our southern Paraparaumu Grid Exit Point. We have concluded that it is possible and ultimately cheaper to develop existing capacity at our northern Mangahao Grid Exit Point, carry out some tactical upgrades on our northern 33kV network and to then move the Otaki load from the Paraparaumu GXP to the Managahao GXP. We are now working with Transpower to include this in its future work programme so that it can take place as soon as possible after 2015. This would delay the necessity for a third GXP or costly upgrade to the Paraparaumu GXP until between 2025 and 2030.

While network charges were increased by 5.5%, overall prices for residential consumers still compare favourably with other lines companies and competition amongst the electricity retailers on the network is a positive for electricity consumers throughout the region. There are now 10 companies competing for customers on the network and this can only be good in providing local consumers with greater choice and better value.

The Company's Asset Management Plan, that sets out the planned investment in the electricity network for the next 10 years, was ranked 5th out of the 29 electricity companies by the Commerce Commission and is a testament to the efforts of the Electra team to deliver a quality electricity network to the region.

There were four major weather events during 2011/2012: gale force wind storms north of Shannon, a tornado at Waikanae, a major snow storm that impacted the entire lower North Island and finally a weather bomb in March that affected the southern area of the network. It was this last event that turned what would have been another good year for reliability into a mediocre one. There were also two Transpower outages – one at each GXP – along with the North Island under frequency load shedding event, which impacted severely on overall reliability.

Despite the severe challenges these weather events generated, electricity supply was maintained to most of our consumers throughout. In fact the snow storm in mid-August resulted in the highest ever peak load on the Electra network – 108.8MW versus the previous 98MW.

Credit must be given to the vegetation crews who worked hard throughout the year to remove potential threats to the network and also to the faults staff who responded to outages on the network while achieving a very high satisfaction rating in the annual customer service survey.

Energy efficiency has always been a major focus for the Company and it is pleasing to see that Electra's annual Market Awareness Study has found that 25% of residential consumers and 32% of commercial consumers on the network currently have a heat pump installed, while 72% of residential consumers and 58% of commercial consumers on the network have installed energy efficient light bulbs. Both these results have been influenced by Electra initiatives over a number of years.

The emphasis on the safety of the people who work on our network continues. A Safety Management System has been introduced and this has been audited by Telarc and certified as compliant with the latest standards. This will help public safety and overall quality on the network

Despite relatively slow electricity demand growth on the network there are indications that the region will ultimately benefit from a number of high profile developments. Infrastructure projects such as the Expressway, Transmission Gully, double tracking of the rail network and further development at Paraparaumu Airport will all help to stimulate growth in the region. Local developments such as the CleanTech centre in Otaki, the new Aquatic Centre, Whitirea campus and new KCDC offices in Paraparaumu, a new primary school for Waikanae, and new retirement villages in Waikanae and Levin will create jobs and impact on electricity demand.

Clearly, one of the keys to stimulating the local economy is to continue to attract new developments to the region and the provision of an efficient, reliable electricity supply is fundamental to this. Electra is positive about maintaining the integrity of its existing network as well as positioning to meet the challenge that future growth will present.

ELECTRA GROUP BOARD OF DIRECTORS

OXFORD FINANCE

Oxford Finance is a highly profitable independent finance company, which is an achievement worth celebrating considering the challenges the finance industry has faced in recent years, underlined by the large number of high profile finance company failures.

Through this period Oxford Finance has maintained profitability by focusing on its core lending business, mainly in the area of motor vehicle finance, and continuing to apply prudent lending practices. Solid business growth has seen the company expand its operations to meet the additional demand, moving into new premises in April 2011 and increasing staff numbers including a new Operations Manager, Jean Gant, who has come from a senior role within the energy industry and has significant operational and customer service experience.

In March 2011 the strength of Oxford Finance was underlined when the company was able to secure more favourable funding arrangements through a facility with the BNZ, meaning Oxford Finance no longer needs to offer debentures to the public.

This significant change means the company can avoid the considerable additional compliance costs that have resulted from the increase in the level of disclosure and financial adequacy requirements (including changes to the Non-Bank Deposit Taker's regulations), imposed on the finance industry as a result of the Global Financial Crisis ("GFC") and the subsequent collapse of a large number of finance companies throughout New Zealand. It is estimated that the company will manage to avoid around $500,000 p.a. in compliance costs as a result of the new BNZ relationship.

This funding change, and continued industry consolidation following the GFC, has positioned Oxford Finance well for future growth.

In the meantime, the motor vehicle industry has continued to recover from a poor 2010, reporting a marked increase in vehicle sales in the year to 31 March 2012.

This has enabled Oxford Finance to post another positive profit result despite ongoing costs associated with the winding up of existing debentures (a process expected to be completed in 2013).

This year's result was once again a vindication of the company's strategy of building a business on strong cash flows and a prudent approach to balance sheet growth.

LINEWORK AND STONES

Linework and Stones is the largest power and electrical contracting company in the Kapiti and Horowhenua regions, with over 90 employees spread across its Paraparaumu office and two depots in Levin and Petone.

The company is the principal contractor for the Electra network, and has a reputation for providing high quality workmanship and a responsive, efficient service.

Throughout 2011/12 the company worked with Electra to improve the overall efficiency and reliability of the electricity network, undertaking significant substation upgrades at Shannon, Levin West and Raumati, along with programmed switchgear replacement across the entire Electra network

The company's commitment to providing excellent service was underlined by a customer satisfaction survey that found 89% of customers rated the faults service on the Electra network as either above average or excellent.

While workloads within the power contracting division remained solid, the electrical contracting division faced challenges due to a sluggish construction sector where building consents remained at historic lows, and commercial and 3rd party development work (e.g. new subdivisions) was limited.

This resulted in increased competition for electrical work, placing downward pressure on margins and squeezing profitability as a result.

Despite the challenging market conditions, the company was successful in securing a good proportion of contracts in the Kapiti and Horowhenua regions, reflecting the company's good reputation and commitment to service excellence. It also continued to deliver value and quality workmanship to a broad range of existing customers.

Unfortunately, securing commercial development work in Wellington has become increasingly competitive over the last two years and at the end of 2011 the decision was made to withdraw from the Wellington market and close the electrical contracting division based at Petone.

As always, the company maintains a high ratio of trainees and apprentices to tradespeople, ensuring the business is well placed for the future. Work continues on skill development and extending competencies across the business so that staff are highly qualified and skilled in a number of areas. Recently a safety climate programme was implemented to ensure emphasis is maintained on safety for our consumers, our people, and the public whom they work amongst.

DATACOL NEW ZEALAND

DataCol is a data collection, monitoring and management business, based in Christchurch with offices in Auckland and Wellington.

Originally focused on delivering an electricity and gas meter reading service, the introduction of electronic smart metering technology (that can be read remotely) led the company to reposition itself and seek opportunities to expand the range of services it can offer.

In its traditional area of business this has meant securing new contracts to provide meter reading services for water, such as Watercare in Auckland, smaller electricity retailers as well as new entrants to the market. The company is well placed to remain as one of the few meter reading services providers left once the market has consolidated. It has also focused on identifying "value-add" services for electricity retailers, such as the management of vacant premises and handling the application process for new occupiers.

Three years ago the company expanded into the water meter reading market, and today it undertakes 87% of all meter readings for Watercare Services Ltd, the water services division of the Auckland Super City. The company is also pursuing other water meter reading opportunities with local authorities around the country, promising a "best in class" service delivery.

At the same time the company has developed the 'Data Collect' system, an electronic data collection and monitoring system, with a particular focus on irrigation and the management of water usage. The unit can measure up to seven different inputs such as water flows, electricity use, and CO2 emissions and has been approved by Environment Canterbury. Sales of the system have now reached the point where production has had to be outsourced to a 3rd party in order to meet the increased demand for the product. Further development is currently underway to include the monitoring and effective management of effluent and nutrients, a major issue for dairy farms and dairy factories who must comply with resource management requirements.

Technology provides significant growth potential for the company which has also developed and patented a specialist meter reading software and system, SevenX. The installation of the SevenX software and system at Trustpower has been highly successful and further opportunities exist, particularly internationally where licensing opportunities are currently being pursued.

The decision to transform DataCol into a broader data collection, monitoring and management company has created significant opportunities for growth and positioned the company to be a leading provider of market solutions.

Having spent the last three years implementing this new direction, the company delivered an excellent result for the year ended 31 March 2012, despite the challenges of having to deal with the aftermath of two major earthquakes in Christchurch including the relocation of the head office, twice.

SKY COMMUNICATIONS - NEW ZEALAND

Sky Communications NZ is a telecommunications contractor, providing design, build and maintenance services to telecommunications operators and vendors in New Zealand, Australia and the Pacific Islands. Local clients include Telecom, Vodafone, 2Degrees, TelstraClear, Whoosh, Teamtalk, Visionstream, Huawei and the NZ Police, while offshore clients include Vodafone and Optus in Australia.

Over the last few years the company has secured large contracts to support the rollout of network upgrades for clients such as Telecom, Vodafone and 2Degrees. Much of this work is now complete until the market is ready to roll out 4G.

As a result the company made the decision to expand into the new area of "in building" (IBC), telecommunications providing coverage in buildings such as offices, hospitals and stadia to meet growing demand from data intensive mobile applications that require increased data speeds and data volumes.

One of the major IBC projects was Eden Park where, during the Rugby World Cup, up to 70,000 people (including international dignitaries and media) were able to use their mobile phones to send and upload data, access applications, send txt messages and make calls without any interruptions to service – a feat only possible thanks to 13.5kms of cabling and 246 antennae installed by Sky Communications during the Eden Park redevelopment.

Also during the year the company secured the contract to build around half the new 3G sites that will support 2 Degrees' expansion beyond the three main centres.

While the company has been successful in winning a number of significant contracts during the past year difficult market conditions have impacted on the margins achieved.

SKY COMMUNICATIONS - AUSTRALIA

In 2010 Sky Communication Pty Limited was established with 10 staff employed in offices in Melbourne and Sydney. The decision to set up an operation in Australia was driven by growing demand across the Tasman and the opportunities there are for build work that are far less cyclic.

Since establishment just over a year ago the company has secured a number of contracts for both the Optus and Vodafone networks, including the upgrade of 40% of Vodafone's sites in Victoria, Tasmania and ACT. The key constraint to the operation in Australia has been a shortage of qualified staff with a number of large projects (including the National Broadband Project) absorbing all skilled personnel. As a result the company has recruited staff internationally.

IN THE COMMUNITY

While our principal commitment to the community is to maximise the Electra sales discount that is credited to electricity accounts each year, we also support the local business community in a number of other ways.

During 2011 we continued our association with the Electra Business Breakfasts, helping to run 11 networking events in each of the Kapiti and Horowhenua areas throughout the year, providing local business owners with access to top quality business and Government speakers.

We sponsored the Annual Electra Business Awards once again, an event that has been running for 18 years now. The Awards are an important way of recognising businesses that are helping to drive economic growth in the region. Congratulations to Tuatara Brewery for winning the 2011 Award, and to Prenail Systems Ltd for being highly commended by the Judges.

INVESTING IN OUR PEOPLE

At the core of any good business are its people. Our ability to deliver a solid financial result in challenging market conditions while maintaining the highest standards in safety and customer service is a testimony to the quality of our people.

Electra fosters a safety culture across the Group and amongst all our contractors. We are committed to providing our staff with access to training that will enable them to deliver genuine value to our organisation and customers.

We pride ourselves on developing a diverse workforce equipped with the right blend of skills to take the company into the future.

FUTURE OUTLOOK

The Electra Group remains in a solid financial position, with a strong shareholder equity position, low debt and a diversified asset and revenue base. From this position of strength we will continue to look for opportunities to grow and diversify our business, increase revenue streams and maximise the return we provide to our consumers through the Electra sales discount.

While growth in the Kapiti and Horowhenua regions has been flat in recent years, signs are beginning to emerge that significant growth is ahead with several large infrastructure projects attracting further investment in the region.

Development at Paraparaumu Airport, and the roll-out of the Government's Ultra Fast Broadband and Expressway Projects, coupled with local initiatives will position our region well for future growth.

Ensuring we can support this growth will require significant ongoing investment in the electricity network, and we are committed to delivering a reliable electricity supply that can meet the increased capacity needs of our region.

We believe there are many reasons to look to the future with renewed optimism. We look forward to working with the local community to ensure the best advantage is taken of the opportunities these projects will deliver.

THANK YOU

We would like to thank the management team for their leadership and commitment in delivering the latest financial result, the Directors for their ongoing support during a challenging period for the industry, and the entire Electra Group team for their continued dedication to delivering the best possible service to our consumers and customers alike.

Finally, thanks to our customers and consumers for their confidence and ongoing business. Without their support we would be unable to generate and distribute the profits to the people in the community that we serve.

Patricia McKelvey
Chair

John Yeoman
CEO Electra Group

ELECTRA TEAM

Profiles

ELECTRA DIRECTORS

PATRICIA MCKELVEY – CHAIR

Patricia has enjoyed outstanding success in both the sporting and education areas. She has been a world-class cricketer and was Principal of Wellington High School for seven years. Her service to the community has been recognised with an MBE for services to Women's Cricket in 1981 and a CNZM for Education in 2005.

Patricia now has a number of professional board and committee roles, including Chair of the Correspondence School Board of Trustees and Acting Chair of the Charities Commission. To these roles and her role at Electra, Patricia brings exceptional communication and Human Resource skills.

Patricia has been an Electra Director since 1993 and was appointed Chair in 2007.

MARTIN DEVLIN

Martin Devlin is Professor Emeritus at the College of Business, Massey University where he was Head of the Graduate School of Business for many years. His areas of expertise include Corporate Governance, Entrepreneurship, Innovation and Management.

Martin had successful careers in the Army, manufacturing and merchant banking.

His governance experience includes directorships in private, public and non-profit organisations, many of them well-known in New Zealand and overseas.

He is now a business consultant, a member of the Institute of Directors and has been a director of Electra Ltd since 1997, chairing the Governance Committee of the board.

Martin was appointed an Officer in the NZ Order of Merit (ONZM) in the 2011 Queen's Birthday honours list for services to education.

PIERS HAMID

Piers practised as a Chartered Accountant and Company Director in the Manawatu and Kapiti-Horowhenua regions from 1981 -2006. He has been a Financial Director and Management consultant and currently has his own consultancy business in Auckland.

His particular interest and expertise is in the area of SME business development over a wide range of industries including construction, transport, textiles and agribusiness.

Piers has been a Director of Electra since 1993 and was also an appointed member of the Mid-Central Health, Waikato District Health Boards for nine years, as well as being a Director of a number of private companies.

RUSSELL LONGUET

Russell is Managing Director of Exergi Consulting Limited, an independent energy consultancy, focusing on Energy Sector risk management for large Industrials and Government liaison. Prior to that, he managed the Energy portfolio for Carter Holt Harvey.

Russell's background spans Electrical Engineering, Merchant Banking and Energy Consulting in New Zealand and overseas.

He is a member of the Institute of Directors, a Director of a public unlisted company and an ex-Director of the Energy Efficiency and Conservation Authority (EECA). He has been on a number of advisory groups to Government on electricity and gas markets.

Russell was appointed Director of Electra in 2008 and is the Chair of the Risk Committee.

NEIL MACKAY

Neil has held a number of CEO and senior management roles in a wide variety of industries in New Zealand and overseas including power construction, manufacturing, sales and distribution, financial services and the public service. He was the inaugural Chief Executive of Industry New Zealand a crown entity which was responsible for the development and implementation of strategies and programmes for industry and regional development.

Neil is currently an executive director of Green Chip Ltd which is supporting innovative companies to scale up their business. He is also a director of three clean technology companies and a trustee with the Kapiti Aquatic Centre Trust and the Reforest Trust.

Neil was appointed Director of Electra in 2007.

IAN WILSON

Ian is an experienced Company Manager and Director across a wide range of sectors. He has strong commercial, strategic and corporate governance strengths and has been involved with numerous acquisitions and mergers and organisational restructuring.

Ian has been a Director of companies in many parts of the world, and is presently a director of a number of of New Zealand public and private companies. He has around fourteen years experience in the energy sector having held past directorships in various network and retail/generation companies notably, Progas Systems, ElectroPower, TrustPower, Central Power and Powerco. He is a Fellow of the Institute of Directors, an Associate of the NZ Institute of Management, was awarded the Massey University Medal in 2004 and made a Companion of the Queen's Service Order in 2006.

Ian was appointed Director of Electra in 2010 and is the Chair of the Audit Committee.

Profiles

OXFORD FINANCE CORPORATION DIRECTORS

PIERS HAMID – CHAIR

Piers practised as a Chartered Accountant and Company Director in the Manawatu and Kapiti-Horowhenua regions from 1981 -2006. He has been a Financial Director and Management consultant and currently has his own consultancy business in Auckland.

Piers was appointed Director and Chair of Oxford Finance Corporation Limited in October 2010.

NEIL MACKAY

Neil has held a number of CEO and senior management roles in a wide variety of industries in New Zealand and overseas including power construction, manufacturing, sales and distribution, financial services and the public service.

Neil was appointed Director of Oxford Finance Corporation Limited in October 2010.

DEREK MCCORKINDALE – INDEPENDANT DIRECTOR

Derek is a professional adviser to a number of financial institutions and brings considerable experience and analytical expertise with a risk management focus. His background includes senior roles in the areas of financial and management accounting as well as corporate banking.

Derek was appointed an independent director of Oxford Finance Corporation Limited in October 2010.

SHELLY MITCHELL-JENKINS – INDEPENDANT DIRECTOR

Shelly has been a Director of Colbert Cooper Limited, a chartered accountancy practice in Levin since 2001 providing financial services to a wide range of businesses in Horowhenua/Kapiti/Manawatu regions.

She is a past Chair of Manawatu Branch of the New Zealand Institute of Chartered Accountants. Shelly was appointed an independent director of Oxford Finance Corporation Limited in October 2010.

JOHN YEOMAN

John is the Chief Executive Officer for Electra Limited and its subsidiary companies. He has extensive experience in management and business development in the New Zealand energy industry.

John is a Chartered Accountant and is also a board member of the Electricity and Gas Complaints Commission and Horowhenua Learning Centre.

He was appointed Executive Director of Oxford Finance Corporation Limited in October 2010.

CORPORATE GOVERNANCE

PRINCIPLES

The Directors recognise the need for the highest standards of corporate governance practice and ethical conduct by all directors and employees of Electra Limited and it's subsidiaries.

The Board embraces and endorses the principles embodied in the New Zealand Institute of Directors Code of Best Practice for New Zealand Directors.

The Directors recognise good governance is not merely a matter of achieving legislative compliance but ensuring that exemplary standards and behaviour are sustained. This involves the establishment and maintenance of a culture at board level and throughout the Group to ensure that the Directors and employees deal fairly with others, with transparency and protect the interest of all stakeholders.

It is the objective of the Directors to ensure that all issues within the Group are dealt with in a manner which will reinforce or enhance the reputation of the Group and those involved.

The Board will ensure that the Group is governed within the broader framework of corporate responsibility and regulatory oversight.

ROLE OF DIRECTORS

The Directors are responsible to the Shareholder for the setting of strategies and objectives in accord with key policies adopted in Electra's annual Statement of Corporate Intent.

It is their ongoing responsibility to monitor management's operation of the business.

They will direct management to develop appropriate structures, processes and plans necessary to achieve agreed objectives, and delegate to them the day to day operations in order that the plans are executed.

RISK MANAGEMENT

The Directors recognise their primary responsibility in identification, evaluation and mitigation (where possible) of all risks to the business.

They ensure that management has appropriate systems and controls in place to regularly review and assess these risks and adjust mitigation plans accordingly.

BOARD OPERATION

Operation of the Board is governed by the Constitution of Electra, and the rules, procedures and guidelines adopted by the Board, and set out in the Electra handbook.

The Board oversees the development of annual and long term plans. It meets monthly to receive reports from management on progress against such plans, and reviews and approves changes to strategies where necessary.

Where more detailed or technical supervision is necessary the Board has delegated responsibilities to committees as appropriate. Currently the Board has committees for Audit, Risk and Governance. Each committee determines its own meeting timetable to meet the specific requirements of its work programme.

The Directors meet regularly with the shareholding Trustees to report on achievement of corporate objectives and discuss matters relating to the operation of the Group.

CONFLICTS OF INTEREST

Directors are required to identify any potential conflicts of interest they may have in dealing with Group's affairs. Where a conflict arises, a Director may still attend a Board meeting but may not take part in the debate or vote on any resolution in which they are interested.

DIRECTORS' STATUTORY REPORT

The Directors take pleasure in presenting their Report and financial statements of Electra Limited and Group for the year ended 31 March 2012.

PRINCIPAL ACTIVITIES

The Group's principal activities during the year were:

- to be a successful electricity line owner and operator maximising value for owners through competitive prices, quality and efficient operations;
- to operate a successful electricity network construction and maintenance contracting business; and
- to invest in business activities and projects that add value to the Group.

GROUP RESULTS AND DISTRIBUTIONS

	2012	2011
	$000	$000
Operating revenue	86,442	75,206
Discount to consumers	(6,736)	(6,949)
Group (loss)/profit before tax for the financial year	(2,798)	301
Taxation	254	110
Net (loss)/profit after taxation	(2,544)	411
Dividend	(298)	(275)
Retained earnings brought forward	63,779	63,643
Retained earnings carried forward	**60,937**	**63,779**

DIRECTORS' INTERESTS

Directors have declared interests in transactions with the Company during the year as set out in note 27 of these financial statements.

Directors have no direct interest in equity securities issued by the Company. Directors may be beneficiaries of Electra Trust, which holds the shares in the Company for end-customers of the day.

RETIREMENT OF DIRECTORS

In accordance with the Constitution of the Company, Mr Neil Mackay and Mr Ian Wilson retire by rotation at the annual general meeting of the Company. Mr Neil Mackay and Mr Ian Wilson being eligible, offer themselves for re-election.

USE OF COMPANY INFORMATION

During the year, the Board received no notices from Directors of the Company requesting use of Company information received in their capacity as Directors, which would not otherwise have been available to them.

AUDITOR

Trevor Deed of Deloitte was appointed as Auditor on behalf of the Auditor-General, in accordance with Section 45 of the Electricity Companies Act 1992.

For and on behalf of the Board

Patricia McKelvey
Chair
1 June 2012

Ian Wilson
Director

FIVE YEAR PERFORMANCE HIGHLIGHTS

	NZ IFRS				
	2012	2011	2010	2009	2008
FINANCIAL - GROUP					
Total revenue ($000)	**86,442**	75,206	68,835	63,400	59,834
Discount issued ($000) (excludes provisions)	**6,736**	6,949	7,235	7,080	7,438
(Loss)/profit (after tax) ($000) (excludes revaluation)	**(2,544)**	411	2,047	1,838	1,691
Total assets ($000)	**271,379**	274,266	269,279	190,063	187,143
Total shareholders' funds ($000)	**131,054**	133,809	132,531	81,252	79,634
Shareholders' funds to total assets	**48%**	49%	49%	43%	43%
Net asset backing per share	**$5.36**	$5.46	$5.41	$3.26	$3.19
NETWORK - PARENT					
GWh sold (GWh)	**413.2**	410.7	416.1	399.2	402.6
Loss ratio	**7.3%**	7.5%	7.5%	7.3%	7.0%
Load factor	**49%**	54%	54%	55%	53%
Maximum demand (MW)	**104**	94	94	90	97
Circuit kilometers (kms)	**2,583**	2,580	2,577	2,233	2,210
Supply area (sq kms)	**1,628**	1,628	1,628	1,628	1,628
Operating costs per kWh (cents)	**1.92**	1.90	1.99	2.22	1.64
Direct line costs per kilometre	**$2,015**	$2,057	$2,298	$2,314	$1,745
CONSUMER INFORMATION - PARENT					
Number of consumers	**42,595**	42,483	42,204	41,761	41,512
Average kWh sales per consumer	**9,701**	9,667	9,859	9,561	9,698
Operating costs per consumer	**$186**	$183	$196	$212	$159
Indirect line cost per consumer	**$61**	$55	$52	$70	$66
Discount issued per consumer (incl. GST) (Average)	**$182**	$184	$193	$191	$200
NETWORK RELIABILITY - PARENT					
System Average Interruption Duration Index (SAIDI)	**131.9a**	74.7	161.2	88.7*	104.0
System Average Interruption Frequency Index (SAIFI)	**2.29a**	1.62	3.05	1.55*	1.60
Consumer Average Interruption Duration Index (CAIDI)	**57.6**	46.2	52.9	57.2	64.8
Faults per 100km line (number)	**6.4**	3.6	3.7	7.6	5.8
PERSONNEL - GROUP					
Number of employees					
- Electra	**15**	12	12	12	12
- Linework & Stones	**90**	101	104	108	106
- Oxford Finance	**21**	23	23	19	19
- DataCol NZ	**38**	44	46	59	33
- Sky Communications	**120**	84	76	-	-

* Excludes extreme events that occurred during the year.
Including these events SAIDI and SAIFI would have been - SAIDI – 683.1, SAIFI – 2.9

a Excludes Transpower outages during the year.
Including theses events SAIDI and SAIFI would have been- SAIDI – 267.3, SAIFI – 3.3

INDEX for the Audited Financial Statements

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2012

	Note	GROUP 2012 $000	GROUP 2011 $000	PARENT 2012 $000	PARENT 2011 $000
Continuing operations					
Sales and interest revenue		**82,473**	72,444	**32,638**	29,715
Dividends from subsidiaries		**-**	-	**2,110**	1,844
Other revenue		**3,969**	2,762	**1,765**	889
Total operating revenue	2	**86,442**	75,206	**36,513**	32,448
Discount to consumers		**(6,736)**	(6,949)	**(6,736)**	(6,949)
Less accrual adjustments		**624**	(106)	**624**	(106)
Finance expenses		**(5,987)**	(6,105)	**(2,908)**	(2,753)
Other expenses		**(77,141)**	(61,745)	**(26,345)**	(22,296)
Total expenses	2	**(89,240)**	(74,905)	**(35,365)**	(32,104)
(Loss)/profit before taxation		**(2,798)**	301	**1,148**	344
Income tax benefit/(expense)	3	**254**	110	**658**	881
(Loss)/profit for the year		**(2,544)**	411	**1,806**	1,225
Other comprehensive income					
Asset revaluation		**(61)**	-	**(61)**	-
Increment/(decrement) on disposal of revalued assets		**182**	(134)	**182**	(134)
Income tax relating to components of other comprehensive income	3	**(34)**	1,456	**(34)**	1,456
Other comprehensive income for the year net of tax		**87**	1,322	**87**	1,322
Total comprehensive (loss)/income for the year net of tax		**(2,457)**	1,733	**1,893**	2,547
(Loss)/profit attributable to:					
Members of the parent entity		**(2,544)**	411	**1,806**	1,225
Total comprehensive (loss)/income attributable to:					
Members of the parent entity		**(2,457)**	1,733	**1,893**	2,547

The notes on pages 35 to 84 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2012

GROUP

	Note	Issued Capital	Reserves	Retained Earnings	Attributable to owners of the parent	Non-controlling interest	Total
		$000	$000	$000	$000	$000	$000
Balance at 1 April 2011		**18,000**	**52,030**	**63,779**	**133,809**	**-**	**133,809**
Loss for the year		-	-	(2,544)	(2,544)	-	(2,544)
Other comprehensive income for the year net of tax		-	87	-	87	-	87
Total comprehensive (loss)/income		**-**	**87**	**(2,544)**	**(2,457)**	**-**	**(2,457)**
Capital issued		-	-	-	-	-	-
Dividend paid	22	-	-	(298)	(298)	-	(298)
Balance at 31 March 2012		**18,000**	**52,117**	**60,937**	**131,054**	**-**	**131,054**

GROUP

	Note	Issued Capital	Reserves	Retained Earnings	Attributable to owners of the parent	Non-controlling interest	Total
		$000	$000	$000	$000	$000	$000
Balance at 1 April 2010		**18,000**	**50,708**	**63,643**	**132,351**	**-**	**132,351**
Profit for the year		-	-	411	411	-	411
Other comprehensive income for the year net of tax		-	1,322	-	1,322	-	1,322
Total comprehensive income		**-**	**1,322**	**411**	**1,733**	**-**	**1,733**
Capital issued		-	-	-	-	-	-
Dividend paid	22	-	-	(275)	(275)	-	(275)
Balance at 31 March 2011		**18,000**	**52,030**	**63,779**	**133,809**	**-**	**133,809**

The notes on pages 35 to 84 form part of these financial statements.

PARENT

	Note	Issued Capital	Reserves	Retained Earnings	Total
		$000	$000	$000	$000
Balance at 1 April 2011		18,000	52,030	58,950	128,980
Profit for the year		-	-	1,806	1,806
Other comprehensive income for the year net of tax		-	87	-	87
Total comprehensive income		**-**	**87**	**1,806**	**1,893**
Capital issued		-	-	-	-
Dividend paid	22	-	-	(298)	(298)
Balance at 31 March 2012		**18,000**	**52,117**	**60,458**	**130,575**

PARENT

	Note	Issued Capital	Reserves	Retained Earnings	Total
		$000	$000	$000	$000
Balance at 1 April 2010		**18,000**	**50,708**	**58,000**	**126,708**
Profit for the year		-	-	1,225	1,225
Other comprehensive income for the year net of tax		-	1,322	-	1,322
Total comprehensive income		**-**	**1,322**	**1,225**	**2,547**
Capital issued		-	-	-	-
Dividend paid	22	-	-	(275)	(275)
Asset revaluation reserve transferred to / from equity		-	-	-	-
Balance at 31 March 2011		**18,000**	**52,030**	**58,950**	**128,980**

The notes on pages 35 to 84 form part of these financial statements.

The Board of Electra Limited authorised these financial statements for issue on 1 June 2012.

For and on behalf of the Board

Patricia McKelvey
Chair
1 June 2012

Ian Wilson
Director

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2012

		GROUP		PARENT	
	Note	2012	2011	2012	2011
		$000	$000	$000	$000
Equity					
Share capital	20	**18,000**	18,000	**18,000**	18,000
Retained earnings		**60,937**	63,779	**60,458**	58,950
Reserves	21	**52,117**	52,030	**52,117**	52,030
Total equity		**131,054**	133,809	**130,575**	128,980
Attributable to:					
Parent entity interest		**131,054**	133,809	**130,575**	128,980
Total equity		**131,054**	133,809	**130,575**	128,980
Non-current liabilities					
Debt finance	17	**48,830**	-	**23,130**	-
Other financial liabilities	18	**321**	-	**321**	-
Deferred tax	3	**37,727**	38,638	**37,973**	38,653
Secured debenture stock - non-current	19	**3,212**	17,393	**-**	-
Provisions		**50**	78	**-**	-
Total non-current liabilities		**90,140**	56,109	**61,424**	38,653
Current liabilities					
Secured debenture stock - current	19	**13,597**	33,156	**-**	-
Debt finance	17	**25,880**	42,605	**24,765**	42,605
Other financial liabilities	18	**62**	-	**62**	-
Trade and other payables	16	**10,646**	8,587	**5,851**	3,619
Total current liabilities		**50,185**	84,348	**30,678**	46,224
Total equity and liabilities		**271,379**	274,266	**222,677**	213,857
Non-current assets					
Property, plant and equipment	13	**189,091**	187,919	**183,564**	183,171
Investments in subsidiaries	14	**-**	-	**23,732**	20,447
Goodwill	15	**11,035**	12,212	**235**	1,412
Intangible assets	15	**2,044**	1,979	**1,565**	1,592
Finance receivables – non-current	7	**22,501**	23,020	**-**	-
Total non-current assets		**224,671**	225,130	**209,096**	206,622
Current assets					
Cash and cash equivalents	25	**3,945**	5,288	**1,232**	792
Receivables and prepayments	6	**12,970**	8,492	**11,519**	5,617
Finance receivables - current	7	**27,335**	29,427	**-**	-
Property held for sale	8	**830**	826	**830**	826
Inventories	9	**621**	525	**-**	-
Work in progress	9	**1,007**	4,578	**-**	-
Total current assets		**46,708**	49,136	**13,581**	7,235
Total assets		**271,379**	274,266	**222,677**	213,857

The notes on pages 35 to 84 form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2012

		GROUP		PARENT	
	Note	2012	2011	2012	2011
		$000	$000	$000	$000
Cash flows from operating activities					
Cash was received from:					
Receipts from customers		**70,901**	59,104	**26,665**	23,257
Dividends received		**-**	-	**2,110**	1,635
Finance receivables - interest received		**6,528**	6,753	**-**	-
Proceeds from HP contracts and loan advances		**46,631**	34,454	**-**	-
Other interest received		**55**	26	**313**	110
		124,115	100,337	**29,088**	25,002
Cash was applied to:					
Payments to suppliers and employees		**(60,654)**	(50,873)	**(14,149)**	(14,839)
Secured debenture stock - interest paid		**(2,123)**	(3,252)	**-**	-
Finance loans advanced		**(45,537)**	(34,951)	**-**	-
Interest paid		**(3,464)**	(2,823)	**(2,508)**	(2,724)
Income tax paid		**(1,050)**	(1,116)	**(345)**	(25)
		(112,828)	(93,017)	**(17,002)**	(17,588)
Net cash flows from operating activities	26	**11,287**	7,320	**12,086**	7,414
Cash flows to investing activities					
Cash was provided from:					
Proceeds from sale of property, plant and equipment and intangible assets		**78**	87	**-**	41
Sale of subsidiary		**-**	-	**-**	-
		78	87	**-**	41
Cash was applied to:					
Purchase of property, plant and equipment and intangible assets		**(10,754)**	(8,571)	**(8,060)**	(6,136)
Purchase / Capital introduced into investments		**(4)**	(663)	**(654)**	(5,826)
		(10,758)	(9,234)	**(8,714)**	(11,962)
Net cash flows to investing activities		**(10,680)**	(9,147)	**(8,714)**	(11,921)
Cash flows from financing activities					
Cash was provided from:					
Loans raised		**74,250**	31,180	**44,800**	31,180
Secured debenture stock issued		**-**	13,045	**-**	-
Advance from subsidiary		**-**	-	**-**	3,250
Loan repaid by subsidiary		**-**	-	**1,316**	1,312
		74,250	44,225	**46,116**	35,742
Cash was applied to:					
Advance to subsidiary		**-**	-	**(6,588)**	(4,277)
Repayment of debenture funds		**(33,740)**	(11,909)	**-**	-
Repayment of loans		**(42,162)**	(28,333)	**(42,162)**	(26,619)
Payment of dividends		**(298)**	(275)	**(298)**	(275)
		(76,200)	(40,517)	**(49,048)**	(31,771)
Net cash flows from financing activities		**(1,950)**	3,708	**(2,932)**	4,571
Net (decrease) /increase in cash and cash equivalents held		**(1,343)**	1,881	**440**	64
Add opening cash and cash equivalents brought forward		**5,288**	3,407	**792**	728
Ending cash and cash equivalents carried forward		**3,945**	5,288	**1,232**	792

The notes on pages 35 to 84 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Statement of compliance

Electra Limited ('The Company' or 'Parent') is a profit-oriented company incorporated in New Zealand. The Company has its head office in Levin. The Company operates primarily in the field of electricity distribution and as a holding company for other investments.

The 'Group' for financial reporting purposes comprises:

Electra Limited, the Parent Company, and its fully owned subsidiaries Linework and Stones Limited, Oxford Finance Corporation Limited, Oxford Finance Limited, Electra Finance Limited, DataCol NZ Limited, Sky Communications Limited and Sky Communications Pty Limited. Non-trading subsidiaries of the Group include –Datacol Group Pty Limited, Electra Generation Limited, DeFrost Limited and Horowhenua Wind Energy Limited. The ultimate parent of the Group is the Electra Trust.

These financial statements have been prepared in accordance with the requirements of the Companies Act 1993, the Financial Reporting Act 1993 and the Energy Companies Act 1992. The financial statements have also been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and with International Financial Reporting Standards (IFRS).

1.2 Basis of preparation

The financial statements have been prepared on the basis of historical and deemed cost except for the revaluation of certain non-current assets.

Separate accounting policies are outlined below.

Cost is based on the fair value of the consideration given in exchange for assets.

The financial statements have been prepared in New Zealand dollars (NZD), rounded to the nearest thousand, as both the functional and presentation currency.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

1.3 Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates and underlying assumptions are based on historical experience and are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The key assumptions concerning the future and other key sources of estimation uncertainty at 31 March 2012 that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities are disclosed below. The assumptions are based on existing knowledge and outcomes that within the next financial year may differ from these assumptions and could require a material adjustment to the carrying amount of the asset or liability affected.

The Company invoices its customers (predominantly electricity retailers) monthly for electricity delivery services on an estimation of usage based on certain metering data from electricity retailers. As final wash-up metering data is not available for periods in excess of twelve months, it is possible that the final amounts payable or receivable may vary from that calculated.

Determining whether there has been impairment in relation to goodwill requires an assessment of the value in use of the cash generating assets with which the goodwill is associated. This is undertaken by estimating the future cashflows expected to arise and using a suitable discount rate to estimate the present value of the future cash flows.

A key area of estimation is the doubtful debt collective provision reflecting the non-performance of the counterparties to finance receivables. A degree of estimation has been required to determine the level of current risk inherent within the loan portfolio. The historical loss experience is adjusted based on the current observable data and events and discounted future cash flow projections.

In carrying out the revaluation of the network distribution assets a number of assumptions and estimates were used where complete or accurate data was not available.

Other areas where judgement has been exercised in preparing these financial statements are assessing the level of any unrecoverable work in progress and calculating provisions for employee benefits.

1.4 Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements.

1.4.1 Basis of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the parent entity, and its subsidiaries as defined in NZ IAS 27: 'Consolidated and Separate Financial Statements'.

Subsidiaries

Subsidiaries are all those entities over which the Group has control.

The Group financial statements incorporate the financial statements of the entities that comprise the consolidated Group, being the parent Electra Limited and its subsidiaries, Linework and Stones Limited, Oxford Finance Limited, Oxford Finance Corporation Limited, Electra Finance Limited, Datacol NZ Limited, Sky Communications Limited and Sky Communications Pty Limited. Non-trading subsidiaries include DataCol Group Pty Limited, Electra Generation Limited, DeFrost Limited and Horowhenua Wind Energy Limited.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair values of the identifiable net assets acquired exceed the cost of acquisition, the excess is credited to profit or loss in the period of acquisition.

The consolidated financial statements include the information and results of each subsidiary from the date on which the Company obtains control and until such time as the Company ceases to control the subsidiary.

In preparing consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

1.4.2 Goods and Services Tax (GST)

Revenues, expenses, cash flows and assets are recognised net of the amount of GST, except for receivables and payables which are recognised inclusive of GST. Where GST is not recoverable as an input tax it is recognised as part of the related asset or expenses. Cash flows in respect of payments to and receipts from the Inland Revenue Department are shown net in the Statement of Cash Flows.

1.4.3 Revenue recognition

Revenue comprises the fair value for the sale of goods and services, excluding GST, rebates and discounts (not excluding discount to consumers) and after eliminating sales within the Group.

Revenue is recognised as follows:

(i) Distribution revenue
Distribution revenue is the electricity lines revenue. Electricty lines revenue is based on actual and assessed readings.

(ii) Contracting revenue
Contracting revenue is recognised by reference to the stage of completion at balance date measured by progress invoices calculated on the basis of the percentage of the contract completed compared to the total estimated cost. Refer also to note 1.4.7.

(iii) Dividend revenue
Dividend revenue is recognised when the shareholders' right to receive payment is established.

(iv) Interest income
Interest income is recognised as it accrues at the effective interest rate.

(v) Sale of goods
Revenue from the sale of goods is recognised when an entity in the Group has delivered to the buyer the significant risks and rewards of ownership of the goods and services.

(vi) Lending fees
Fees and direct costs relating to loan origination, financing or restructuring and to loan commitments are deferred and amortised to interest over the life of the loan using the effective interest rate method.

(vii) Commission and other fees
Where fees are received on an ongoing basis and represent the recoupment of the costs of maintaining and administering existing loans, these fees are taken to income on an accrual basis as the service is provided.

(viii) Rental income
Rental income is recognised on an accrual basis in accordance with the underlying rental agreement.

(ix) Administrative income
Administrative income written into contracts but not yet earned has been excluded from gross income.

(x) Unearned income
Unearned income is reflected as a reduction of finance receivables.

(xi) Transfer of assets from customers
Transfer of assets from customers relates to connection to the network and the revenue is recognised when the connection to the network is completed.

Revenue (v) to (xi) are included in the classification of 'Other revenue' in note 2.

1.4.4 Income tax

Current tax is based on the net profit for the period adjusted for non-deductible expenditure and non-assessable income, plus any adjustments to income tax payable in respect of prior years. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Current tax for the current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid or refundable.

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences between the carrying values of the assets and liabilities and income and expenses in the consolidated financial statements and the corresponding tax bases of those items.

In principle deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or unused tax losses can be utilised.

A deferred tax liability is not recognised in relation to any taxable temporary differences arising from goodwill or in relation to temporary differences arising from the initial recognition of assets or liabilities, which affect neither taxable income nor accounting profit. Similarly deferred tax liabilities are not recognised where temporary differences arise on acquisition of subsidiaries, associates and joint ventures where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the assets or liabilities giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects at the reporting date to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company or Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax is recognised as an expense or income in the Statement of Comprehensive Income, except when it relates to items credited or debited directly to equity, in which case the current or deferred tax is also recognised directly in equity or where it arises from the initial accounting for a business combination in which case it is taken into account in the determination of goodwill or excess.

1.4.5 Offsetting

Offsetting of assets and liabilities does not occur unless there is a legally enforceable right or it is expressly permitted by a standard.

1.4.6 Inventory and work in progress

Inventories predominantly comprise network system spares and materials and are valued on the basis of the lower of cost and net realisable value. Cost is determined on the basis of weighted average of purchase costs. Due allowance is made for damaged and obsolete inventory. Work in progress comprises the cost of direct materials and labour together with direct overheads.

Net realisable value is the estimated amount the inventories are expected to realise in the ordinary course of business less an estimate of any costs to completion and applicable variable selling expenses.

1.4.7 Construction contracts

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

1.4.8 Property, plant and equipment and depreciation

Land and buildings and the electricity distribution network are valued at fair value. Fair value is determined on the basis of a periodic independent valuation prepared by external valuers, based on an optimised depreciated replacement cost methodology. The fair values are recognised in these financial statements of the Group and are reviewed at the end of each reporting period to ensure that the carrying value of the electricity distribution network is not materially different from fair value. Consideration is given as to whether the assets are impaired as detailed in note 1.4.9.

All other property, plant and equipment assets are accounted for at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. The cost of assets constructed by the Group includes the cost of materials and direct labour and an allowance for overheads.

Any revaluation increase arising on the revaluation of land and buildings and the electricity distribution network is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense in profit or loss, in which case the increase is credited to the Statement of Comprehensive Income to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of land and buildings and the electricity distribution network is charged as an expense in the Statement of Comprehensive Income to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

Depreciation is provided on plant, property and equipment, including freehold buildings but excluding land.

Depreciation on revalued buildings and the electricity distribution system is charged to the Statement of Comprehensive Income. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus remaining in the asset revaluation reserve, net of any related deferred taxes, is transferred directly to retained earnings.

Depreciation is calculated for buildings and electricity distribution assets so as to write off the cost of each asset over its expected useful life to its estimated residual value. Other property, plant and equipment items are depreciated so as to expense the cost of the assets over their useful lives.

The following rates are used in the calculation of depreciation:

Category		
Distribution plant and equipment	1% - 50%	straight line or
	10% - 25%	diminishing value
Other buildings at cost	2% - 36%	straight line
Other plant and equipment	7.8% - 50%	straight line or
	10% - 39.6%	diminishing value
Motor vehicles	10% - 33.3%	diminishing value

1.4.9 Impairment of assets

The Group reviews the carrying value of its tangible assets (primarily the electricity distribution network and investments) at balance date to determine whether there is any indication that the assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cashflows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

The Group considers that the electricity network represents a single cash generating unit for the purposes of impairment assessment, and the individual subsidiaries are cash generating units as they each derive their own cash flows.

Goodwill and other intangible assets are tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

The recoverable amount is the higher of fair value (less the costs to sell) and value in use. In assessing value in use, the estimated future cash flows over a five year period are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. A growth rate of 2 per cent is assumed in the estimated future cash flows.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, then the carrying amount is reduced to its recoverable amount. An impairment loss other than goodwill is recognised in the Statement of Comprehensive Income immediately unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease. A reversal of an impairment loss other than goodwill is recognised in the Statement of Comprehensive Income, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.4.10 Intangible assets

(i) Goodwill

Goodwill representing the excess of the cost of acquisition over the fair value of identifiable assets, liabilities and contingent liabilities acquired, is recognised as an asset and is not amortised but is tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Any impairment is recognised immediately in the Statement of Comprehensive Income and not subsequently reversed. Refer also to note 1.4.9.

(ii) Software

Computer software is capitalised as an intangible asset of finite life on the basis of the costs incurred to acquire and bring the software into service and it is amortised over its expected useful economic life. Usually this period does not exceed three years. Costs associated with improving and maintaining computer software programmes are recognised as expenses as incurred.

(iii) Easements

Easements obtained in relation to access, construction and maintenance of electricity distribution system assets are capitalised as assets to the extent of survey, legal and registration costs and any lump sum payments made to landowners in exchange for certain rights. Such easements are capitalised and amortised over the duration of the agreement.

1.4.11 Research and Development Costs

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised as an expense as incurred.

An intangible asset arising from development activity is recognised only if all of the following conditions are met: an asset is created that can be recognised; it is probable that the asset created will generate future economic benefits; and the cost can be measured reliably. Development costs that meet these criteria are amortised on a straight-line basis over their useful lives. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses. Development costs incurred that cannot be separately identified from the physical asset are included in the item of property, plant and equipment being developed and depreciated over the useful life of the asset. If the recognition criteria are not met, development expenditure is recognised as an expense as incurred.

1.4.12 Employee benefits

Provision is made for employee entitlements accruing in relation to wages and salaries, annual leave, long service leave, retiring gratuities and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Employee benefits expected to be settled within the next 12 months are measured at the amounts expected to be paid when the obligations are settled. Provisions made in relation to employee benefits, which are not expected to be settled within 12 months, are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees to the Group up to reporting date. In relation to retirement gratuities the present value calculations also provide for the probability of the employees completing employment to the point of entitlement (retirement).

Contributions to defined contribution superannuation schemes are expensed when incurred.

1.4.13 Financial instruments issued by the Group

Debt and equity instruments are classified as either liabilities or equity in accordance with the substance of the contractual arrangement.

Interest and dividends are classified as expenses or as distributions of profit consistent with the Statement of Financial Position classification of the related debt or equity instruments or component parts of compound instruments.

Financial assets and liabilities are not offset unless there is a legally enforceable right, or where required by a standard.

1.4.14 Financial assets

(i) Investments

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned.

(ii) Loans and receivables

Accounts receivable are initially measured at fair value and are subsequently recognised at amortised cost less impairment using the effective interest rate method. All known bad debts are written off during the financial year. Inter-group balances due from subsidiaries are stated at amortised cost less impairment.

(iii) Finance receivables

Finance receivables, comprising hire purchase contracts, mortgage advances and dealer floorplans are initially measured at fair value at trade date and are subsequently measured at amortised cost under the effective interest rate method plus any directly attributable transaction costs, less impairment.

Finance receivables include 'impaired assets' comprising:

- 'Non-accrual loans' being loans where we do not expect to be able to collect all the amounts owing in terms of the contract.
- 'Assets acquired through security enforcement' being assets acquired in full or partial satisfaction of outstanding loans.
- 'Restructured loans' are impaired assets for which the original contracted terms have been concessionally modified due to the counterparty's difficulties in complying with the original terms, the revised terms of the facility are not comparable with the terms of new facilities with comparable risks, and on which interest continues to be accrued at a rate which is equal to or greater than the Company's average cost of funds at the date of restructuring.
- 'Past due assets' are finance receivables where a counterparty has failed to make a payment when contractually due.
- '90 day past due assets' are finance receivables which have not been operated by the counterparty within the key terms of the agreement for at least 90 days but which are not impaired assets.

An impairment loss is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the impairment loss is the difference between the asset's carrying amount and the present value of estimated future cashflows, discounted at the original effective interest rate. The amount of the impairment loss is recognised in the Statement of Comprehensive Income.

(iv) Bad debts and doubtful debts provisioning

Finance receivables are written down, by way of a specific write-off or collective provision, to their expected net collectable amounts with the amount written off or provided recognised as an expense in the Statement of Comprehensive Income, comprising:

- Specific provisions: these are raised when there is objective evidence (identified on a counterparty by counterparty basis) that an impairment loss has been incurred. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows using the original effective interest rate. The Company identifies impaired assets where the security has been repossessed and sold due to a breach of agreement. Also where the security has become damaged or written off.
- Collective provisions: Loans that are not known to be impaired are grouped together according to their risk characteristics and are then assessed for objective evidence of impairment of the balance at reporting date. The appropriate collective provision is raised based on historical loss data and current available information for assets with similar risk characteristics. From analysis undertaken, this benchmark has been consistent with the historical level of bad debts experienced in these portfolios.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down or allowance is reversed through the Statement of Comprehensive Income.

1.4.15 Financial liabilities

(i) Payables

Trade payables and other accounts payable are recognised at fair value when the Company or Group becomes obliged to make future payments resulting from the purchase of goods and services. Trade payables are subsequently recognised at amortised cost.

(ii) Borrowings and debentures

Borrowings are recorded initially at fair value net of any transaction costs. Borrowings are subsequently recognised at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the Statement of Comprehensive Income over the period of the borrowing using the effective interest rate method. Borrowings are classified as non-current liabilities where the Group holds an agreement with the lender which includes the right to settle the liability in an accounting period at least 12 months after the balance date.

Borrowing costs are expensed using the effective interest rate method. No borrowing costs have been capitalised.

(iii) Intercompany payables

These payables are initially recognised at fair value and are subsequently recognised at amortised cost using the effective interest rate method. In preparing the Group financial statements they are eliminated in full.

(iv) Interest rate swaps

The Group enters into derivative financial instrument contracts to manage its exposure to interest rates risk arising from financing activities.

Derivative financial liabilities are recognised initially at fair value at the date the contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the profit or loss immediately in the Statement of Comprehensive Income as the financial instrument meets the definition of a derivative.

The derecognition of derivatives financial instruments takes place when the Electra no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold or all cash flows attributable to the instrument are passed through to an independent party.

1.4.16 Foreign currency transactions

Transactions denominated in foreign currencies are translated into the reporting currency using the exchange rate in effect at the transaction date. Foreign currency monetary items at balance date are translated at the exchange rate ruling at that date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates ruling at the date when the fair value is determined.

Exchange differences on foreign currency balances are recognised in the Statement of Comprehensive Income in the period in which they arise.

1.4.17 Statement of cash flows

Cash and cash equivalents comprise cash on hand, cash in banks (including bank overdrafts), demand deposits and other short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

Cash flows are inflows and outflows of cash and cash equivalents.

Operating activities are the principal revenue-producing activities of the Group including finance lending and other activities that are not investing or financing.

Investing activities are the acquisition and disposal of long term assets and other investments not included in cash equivalents.

Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the Company or Group.

1.4.18 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, the future sacrifice of economic benefits is probable, and the amount of the provision can be reliably measured. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cashflows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be reliably measured.

1.4.19 Fund management activities

The Group does not manage funds on behalf of other parties or engage in other fiduciary activities.

1.4.20 Operating leases

Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased items, are included in the determination of the operating profit in equal instalments over the lease term. There are no leases classified as finance leases.

1.4.21 Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell, and are not amortised or depreciated.

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met when the sale is highly probable and the asset is available for immediate sale in its present condition.

1.4.22 Changes in accounting policy

The same accounting policies, presentation and methods of computation have been followed in these financial statements as were applied in the preparation of the financial statements for the year ended 31 March 2011.

The following new and revised IFRSs have been adopted in the consolidation financial statements. The application of these new and revised IRFSs has not had any material impact on the amount reported for the current and prior years but may affect the accounting for future transactions and arrangements.

The date indicates the effective date for annual reporting periods beginning on or after.

Amendments to NZ IAS 26 Accounting and Reporting by Retirement Benefit Plans

Amendments to NZ IFRS 7 Financial Instruments: Disclosures – Appendix E

Amendments to NZ IAS 24 Related Party Disclosures

Improvements to NZ IFRS (2010)

Amendments to NZ IFRIC 14 Prepayments of a Minimum Funding Requirement

NZ IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

1.5 Standards and Interpretations on issue not yet adopted

At the date of authorisation there were a number of Standards and Interpretations that have been issued by the Accounting Standards Review Board, but are not yet effective. A list of the relevant standards is outlined below.

NZ IFRS 9 requires all financial assets to be measured at fair value, unless the Company or Group's business model is to hold the assets to collect contractual cash flows and contractual terms give rise to cash flows that are solely payments of interest and principal, in which case they are measured at amortised cost. This may impact the classification of certain available for sale investments in the financial statements. The financial statement impact of adoption of these other standards has not yet been analysed.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
NZ IFRS 9 ' Financial Instruments'	1 January 2015	31 March 2016
* Revised NZ IFRS 9 'Financial Instruments' (2010)	1 January 2015	31 March 2016
Amendment to NZ IFRS 7 –'Financial Instruments': Disclosures	1 July 2011	31 March 2013
Amendment to NZ IAS 12 'Income Tax':- Deferred Tax: Recovery of Underlying Assets	1 January 2012	31 March 2013
NZ IFRS 12 'Disclosures of Interests in Other Entities'	1 January 2013	31 March 2014
NZ IFRS 13 'Fair Value Measurement'	1 January 2013	31 March 2014
Amendments to New Zealand Equivalents to International Financial Reporting Standards to Harmonise with International Financial Reporting Standards and Australian Accounting Standards	1 July 2011	31 March 2013
FRS 44 'NZ Additional Disclosures'	1 July 2011	31 March 2013
Amendments to FRS 44 'NZ Additional Disclosures'	1 July 2011	31 March 2013
Amendments to NZ IAS 1 'Presentation of Financial Statements' – Presentation of Items of Other Comprehensive Income	1 July 2012	31 March 2014
Amendment to NZ IAS 19 'Employee Benefits'	1 January 2013	31 March 2014
Amendments to NZ IFRS 9 and NZ IFRS 7 Mandatory Effective Date and Transition Disclosures	1 January 2015	31 March 2016
Amendments to NZ IFRS 7 'Financial Instruments: Disclosures' – Offsetting Financial Assets and Financial Liabilities	1 January 2013	31 March 2014
Amendments to NZ IAS 32 'Financial Instruments: Presentation' – Offsetting Financial Assets and Financial Liabilities	1 January 2014	31 March 2015

2. NET LOSS/PROFIT BEFORE TAXATION

	GROUP		PARENT	
	2012	**2011**	**2012**	**2011**
	$000	$000	$000	$000
Sales - distribution	**32,325**	29,605	**32,325**	29,605
Sales - contracting	**43,020**	35,575	**-**	-
Interest revenue - lending	**7,025**	7,177	**-**	-
Interest revenue - impaired loans	**48**	61	**-**	-
Interest revenue - related parties	**-**	-	**295**	97
Interest revenue - other	**55**	26	**18**	13
Dividend revenue - subsidiaries	**-**	-	**2,110**	1,844
Other revenue	**3,969**	2,762	**1,765**	889
Total operating revenue	**86,442**	75,206	**36,513**	32,448

	GROUP		PARENT	
	2012	**2011**	**2012**	**2011**
	$000	$000	$000	$000
Net (loss)/profit before taxation	**(2,798)**	301	**1,148**	344
After charging/(crediting)				
Auditors remuneration:				
Audit services	**233**	182	**104**	70
Other services	**58**	68	**34**	35
Bad debts	**2,096**	1,832	**39**	97
Change in provision for doubtful debts	**(385)**	742	**20**	-
Depreciation	**8,554**	8,178	**7,361**	7,067
Intangible assets amortisation	**166**	210	**69**	104
Goodwill impairment	**1,177**	-	**1,177**	-
Directors' fees	**342**	281	**270**	242
Defined contribution plan expense	**417**	251	**52**	50
Employee costs	**22,248**	17,860	**1,703**	1,392
Interest - related parties	**-**	-	**-**	29
Debenture interest	**2,121**	3,252	**-**	-
Interest - other	**3,866**	2,853	**2,908**	2,724
Loss on sale of property, plant and equipment	**442**	213	**396**	178
Contracting inventory expense	**12,577**	6,888	**-**	-
Rental and lease costs	**1,005**	1,017	**27**	20
Repairs and maintenance	**891**	82	**5,352**	4,092
Vehicle	**1,442**	1,154	**61**	49
Contractors	**8,710**	7,963	**-**	-
Discount to consumers	**6,112**	7,055	**6,112**	7,055
Other expenses	**17,168**	14,824	**9,680**	8,900
Total expenses	**89,240**	74,905	**35,365**	32,104

Consumer sales discount

A total of $6.7m plus GST (excluding provisions) was credited to consumers during the year to 31 March 2012 ($7.1m plus GST during the year to 31 March 2011).

3. TAXATION

The income taxation expense on pre-tax accounting (loss)/profit reconciles to the income tax expense as follows:

	GROUP		PARENT	
	2012	**2011**	**2012**	**2011**
	$000	$000	$000	$000
(Loss)/profit for the year before taxation	**(2,798)**	301	**1,148**	344
Income taxation for the period at 28% (2011 : 30%)	**(784)**	90	**321**	103
Taxation effect of				
Permanent / timing differences	**562**	227	**(244)**	(449)
Prior period adjustment	**(32)**	(106)	**(109)**	(48)
Taxation losses given to/(received from) Group Entities	**-**	-	**(626)**	-
Adjustment for change in tax rate from 30% to 28% effective 1 April 2012	**-**	(1,344)	**-**	(1,345)
Change in tax law	**-**	1,023	**-**	858
Taxation (benefit)/expense	**(254)**	(110)	**(658)**	(881)
Taxation (benefit)/expense comprises of:				
Current tax expense	**691**	799	**56**	446
Deferred tax (benefit)	**(945)**	(588)	**(714)**	(840)
Change in tax rate/tax law	**-**	(321)	**-**	(487)
Taxation (benefit)/expense	**(254)**	(110)	**(658)**	(881)

Deferred Tax

GROUP	Opening Balance	Charged to Income	Charged to Other Comprehensive Income	Aquisitions /Disposals	Change in Tax Rate/ Law	Closing Balance
31 March 2012	$000	$000	$000	$000	$000	$000
Gross Deferred Tax Liabilities						
Provisions	(99)	459	-	-	-	360
Doubtful debts and impairment	540	(108)	-	-	-	432
Property, plant and equipment	(39,079)	594	(34)	-	-	(38,519)
	(38,638)	945	(34)	-	-	(37,727)

GROUP	Opening Balance	Charged to Income	Charged to Other Com-prehensive Income	Aquisitions /Disposals	Change in Tax Rate/ Law	Closing Balance
31 March 2011	$000	$000	$000	$000	$000	$000
Gross Deferred Tax Liabilities						
Provisions	356	(462)	-	-	7	(99)
Doubtful debts and impairment	354	224	-	-	(38)	540
Property, plant and equipment	(41,713)	826	1,456	-	352	(39,079)
	(41,003)	**588**	**1,456**	**-**	**321**	**(38,638)**

PARENT	Opening Balance	Charged to Income	Charged to Other Com-prehensive Income	Aquisitions /Disposals	Change in Tax Rate/ Law	Closing Balance
31 March 2012	$000	$000	$000	$000	$000	$000
Gross Deferred Tax Liabilities						
Provisions	34	27	-	-	-	61
Doubtful debts and impairment	15	6	-	-	-	21
Property, plant and equipment	(38,702)	681	(34)	-	-	(38,055)
	(38,653)	**714**	**(34)**	**-**	**-**	**(37,973)**

PARENT	Opening Balance	Charged to Income	Charged to Other Com-prehensive Income	Aquisitions /Disposals	Change in Tax Rate/ Law	Closing Balance
31 March 2011	$000	$000	$000	$000	$000	$000
Gross Deferred Tax Liabilities						
Provisions	29	8	-	-	(3)	34
Doubtful debts and impairment	16	-	-	-	(1)	15
Property, plant and equipment	(41,481)	832	1,456	-	491	(38,702)
	(41,436)	**840**	**1,456**	**-**	**487**	**(38,653)**

Except for buildings the tax rate used in the above reconciliation of deferred tax for all adjustments that will reverse after 1 April 2011 is the corporate tax rate of 28% payable by New Zealand corporate entities on taxable profits under New Zealand tax law (which applied from the 2012 income year, commencing 1 April 2011 for the Company). Deferred tax on buildings has been adjusted to take into account the change in tax law removing depreciation on buildings from 1 April 2011.

Australian tax losses generated by Sky Communications Pty Limited have not been recognised as it is not probable that sufficient future taxable profits will be generated against which these losses can be utilised.

Imputation credit account

	GROUP		PARENT	
	2012	**2011**	**2012**	**2011**
	$000	$000	$000	$000
Opening balance	**7,016**	6,102	**4,982**	4,260
Imputation credits attached to dividends received/(paid)	**-**	-	**455**	790
Payments during the year	**871**	1,116	**345**	25
Other	**38**	(202)	**(169)**	(93)
Closing balance	**7,925**	7,016	**5,613**	4,982

4. RENTAL AND LEASES

	GROUP		PARENT	
	2012	**2011**	**2012**	**2011**
	$000	$000	$000	$000
No later than one year	**818**	1,054	**4**	4
Later than one year and not later than five years	**835**	1,903	**-**	-
Greater than five years	**-**	245	**-**	-
	1,653	3,202	**4**	4

The majority of the lease commitments are for building accommodation. The remainder relate to vehicles and equipment. There are no contingent rents payable and all leases are subject to renewals at the election of Electra.

5. RENUMERATION OF AUDITOR

	GROUP		PARENT	
	2012	2011	2012	2011
	$000	$000	$000	$000
Audit of the financial statements	**233**	182	**104**	70
Audit related services or review of the financial statements not reported above	**18**	34	**18**	12
Taxation services	**40**	34	**16**	23
	291	250	**138**	105

The auditor of Electra Limited and its subsidiaries is Trevor Deed of Deloitte on behalf of the Auditor-General.

Audit related services comprise the review of Electra Limited's regulatory disclosures in accordance with the Electricity (Information Disclosure) Requirements and the Threshold Compliance Statement under Part 4A of the Commerce Act 1986 and amendment notices.

Taxation services include a charge for providing taxation advice, compliance assistance and preparation of taxation returns.

6. RECEIVABLES AND PREPAYMENTS

	GROUP		PARENT	
	2012	2011	2012	2011
	$000	$000	$000	$000
Trade receivables	**12,718**	8,312	**2,119**	2,163
Intercompany receivable	**-**	-	**8,922**	3,440
GST receivable	**-**	68	**486**	42
Prepayments	**354**	279	**64**	24
	13,072	8,659	**11,591**	5,669
Less provision for doubtful debts	**(102)**	(167)	**(72)**	(52)
	12,970	8,492	**11,519**	5,617

7. FINANCE RECEIVABLES

Finance lending is provided to clients in the form of HP contracts, mortgages and dealer floorplans.

	GROUP	
	2012	2011
	$000	$000
Finance receivables	**51,302**	54,256
Less provision for unearned interest	**(25)**	(48)
Total	**51,277**	54,208
Less provision for doubtful debts	**(1,441)**	(1,761)
Total finance receivables	**49,836**	52,447

Due for repayment

	GROUP	
	2012	2011
	$000	$000
Current	**27,335**	29,427
Non-current	**22,501**	23,020
Total	**49,836**	52,447

8. PROPERTY HELD FOR SALE

	GROUP		PARENT	
	2012	2011	2012	2011
	$000	$000	$000	$000
27 Bristol Street, Levin	**163**	163	**163**	163
26 Koromiko Road, Te Aro	**667**	663	**667**	663
	830	826	**830**	826

The properties are available for sale and are listed with local Real Estate Agents. Any sale will be at the market value determined at the time of sale. The above valuations are the lower of carrying amount and fair value less costs to sell.

9. INVENTORIES AND WORK IN PROGRESS

	GROUP	
	2012	2011
	$000	$000
Inventory	**621**	525
Work in progress	**1,007**	4,578
	1,628	5,103

10. FINANCIAL INSTRUMENTS

For specifics relating to Oxford Finance Corporation Limited, refer to note 11, and Oxford Finance Limited, refer note 12.

Credit risk

Credit risk is the potential that the counterparty to a financial transaction will fail to perform according to the terms and conditions of the contract, thus causing loss.

Financial assets which potentially subject the Group to credit risk principally consist of bank balances, accounts receivable and in the case of the Company, advances to subsidiaries and the guarantee it has made in regard to the deposits of Oxford Finance Corporation Limited which the Company and Group consider is covered within the general liquidity management.

The Company and the Group manages their principal credit risk by having Use of System Agreements with its major customers to maintain a minimum credit rating of BBB or better and performing credit evaluations on customers requiring advances.

The status of trade receivables and intercompany loan receivable as at reporting date is as follows:

	GROUP		PARENT	
	2012	2011	2012	2011
	$000	$000	$000	$000
Trade and intercompany receivables				
Not past due	**10,816**	6,137	**10,886**	5,910
Past due 0 – 30 days	**1,123**	1,325	**(120)**	(91)
Past due 31- 60 days	**138**	114	**8**	(311)
Past due more than 60 days	**641**	736	**267**	95
	12,718	8,312	**11,041**	5,603

The above maximum exposures exclude any recognised provision for losses on these financial assets. No collateral is held on the above amounts. The trade and intercompany receivables are within their contractual terms and are considered to be collectible.

The levels of potential credit exposure resulting from the Parent's guarantees for subsidiary funding are as follows:

	PARENT	
	2012	2011
	$000	$000
Bank funding	**unlimited**	unlimited
Oxford Debenture Guarantee	**16,809**	50,549
	16,809	50,549

In accordance with the Group's Treasury policy Bank balances in short term deposits are made with registered banks. The registered banks currently have a credit rating of AA-.

Concentrations of credit risk

The Company has exposure to concentration of credit risk by having ten line customers. This is managed as mentioned above through the Use of System Agreements.

Foreign currency risk

The Company and Group have no material exposure to foreign exchange risk.

Interest rate risk

Liabilities

The interest rate risk exposure is limited to bank borrowings and Secured Debenture Stock.

Fair values

The carrying amounts recorded in the Statement of Financial Position are considered to be their fair values for all classes of financial instruments with the exception of bank borrowings, investments in subsidiaries and amounts which are not able to be determined because there is no available market data.

Interest rate risk profile of financial assets and liabilities

The interest rate risk profile of on-balance sheet financial assets and financial liabilities has been prepared on the basis of maturity or contractual repricing whichever is the earlier.

Financial Instrument Carrying Values by Category – Group

	Interest Rate %	Total	0 - 12 Months	1 - 2 Years	2 - 5 Years	Over 5 Years
As at 31 March 2012		$000	$000	$000	$000	$000
Financial assets						
Cash and cash equivalents	3.00	3,945	3,945	-	-	-
Trade receivables	-	12,718	12,718	-	-	-
Finance receivables	14.89	49,836	27,335	14,521	7,821	159
Total financial assets		**66,499**	**43,998**	**14,521**	**7,821**	**159**
Financial liabilities						
Trade and other payables	-	10,646	10,646	-	-	-
Secured debenture stock	7.32	16,809	13,597	2,982	230	-
Debt finance	6.17	74,710	25,880	13,900	34,930	-
Other financial liabilities	-	383	62	54	267	-
Total financial liabilities		**102,548**	**50,185**	**16,936**	**35,427**	**-**

Financial Instrument Carrying Values by Category – Group

	Interest Rate %	Total	0 - 12 Months	1 - 2 Years	2 - 5 Years	Over 5 Years
As at 31 March 2011		$000	$000	$000	$000	$000
Financial assets						
Cash and cash equivalents	2.97	5,288	5,288	-	-	-
Trade receivables	-	8,312	8,312	-	-	-
Finance receivables	14.30	52,447	29,427	14,707	8,077	236
Total financial assets		**66,047**	**43,027**	**14,707**	**8,077**	**236**
Financial liabilities						
Trade and other payables	-	8,517	8,517	-	-	-
Secured debenture stock	6.29	50,549	33,156	13,923	3,470	-
Debt finance	7.35	42,605	42,605	-	-	-
Other financial liabilities	-	-	-	-	-	-
Total financial liabilities		**101,671**	**84,278**	**13,923**	**3,470**	**-**

Financial Instrument Carrying Values by Category – Parent

	Interest Rate %	Total	0 - 12 Months	1 - 2 Years	2 - 5 Years	Over 5 Years
As at 31 March 2012		$000	$000	$000	$000	$000
Financial assets						
Cash and cash equivalents	2.63	1,232	1,232	-	-	-
Trade receivables	-	2,119	2,119	-	-	-
Intercompany receivables	4.85	8,922	8,922	-	-	-
Receivables - other	-	-	-	-	-	-
Total financial assets		**12,273**	**12,273**	**-**	**-**	**-**
Financial liabilities						
Trade and other payables	-	4,201	4,201	-	-	-
Intercompany payables	4.85	1,650	1,650	-	-	-
Debt finance	6.17	45,260	22,130	7,900	15,230	-
Other financial liabilities	-	383	62	54	267	-
Intercompany loans	-	2,635	2,635	-	-	-
Total financial liabilities		**55,926**	**30,972**	**7,954**	**15,497**	**-**

Financial Instrument Carrying Values by Category – Parent

	Interest Rate %	Total	0 - 12 Months	1 - 2 Years	2 - 5 Years	Over 5 Years
As at 31 March 2011		$000	$000	$000	$000	$000
Financial assets						
Cash and cash equivalents	3.00	792	792	-	-	-
Trade receivables	-	1,870	1,870	-	-	-
Intercompany receivables	5.00	3,733	3,733	-	-	-
Receivables - other	-	42	42	-	-	-
Total financial assets		**6,437**	**6,437**	**-**	**-**	**-**
Financial liabilities						
Trade and other payables	-	2,638	2,638	-	-	-
Intercompany payables	5.00	981	981	-	-	-
Debt finance	6.53	42,605	42,605	-	-	-
Other financial liabilities	-	-	-	-	-	-
Intercompany loans	-	-	-	-	-	-
Total financial liabilities		**46,224**	**46,224**	**-**	**-**	**-**

Fair Value Measurements Recognised through Statement of Comprehensive Income

The table below shows the fair value hierarchy of financial assets and liabilities recognised at fair value. The fair value hierarchy is based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs or other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable data (unobservable inputs).

Derivative Financial Instruments

GROUP AND PARENT 2012	Level One	Level Two	Level Three	Total
	$000	$000	$000	$000
Interest Rate Swaps	-	(383)	-	(383)
Total	**-**	**(383)**	**-**	**(383)**

GROUP AND PARENT 2011	Level One	Level Two	Level Three	Total
	$000	$000	$000	$000
Interest Rate Swaps	-	-	-	-
Total	**-**	**-**	**-**	**-**

The table below shows the changes in fair value of financial instruments recognised in the profit and (loss) component of the Statement of Comprehensive Income.

GROUP AND PARENT	2012	2011
	$000	$000
Interest Rate Swaps	(383)	-
Total	**(383)**	-

Liquidity risk

Liquidity risk represents the risk that the Group may not have the financial ability to meet its contractual obligations. The Group evaluates its liquidity requirements on an ongoing basis. While total financial liabilities exceed total financial assets, facilities of $96.25m (2011: $32.3m) exist with the Bank of New Zealand, of which amounts are drawn down to cover shortfalls in liquidity. At balance date $74.1m had been drawn down.

The following table outlines undiscounted cash flows including any accrued interest based on contractual maturities however actual repayments may differ. While most commercial loans are showing in the table with contractual maturities of 0-6 months it is expected some of these will be rolled over at the discretion of the Board.

Contractual Maturity Analysis

Financial Instrument Maturity Values by Category – Group

	Int Rate %	Total	On Call	0-6 Mths	6-12 Mths	1 - 2 Years	2 - 3 Years	3 - 4 Years	4 - 5 Years	Over 5 Years
As at 31 March 2012		$000	$000	$000	$000	$000	$000	$000	$000	$000
Financial assets										
Cash and cash equivalents	3.00	3,945	3,945	-	-	-	-	-	-	-
Trade and other receivables	-	12,718	-	12,718	-	-	-	-	-	-
Finance receivables	14.89	57,499	-	19,360	13,011	17,211	6,160	1,281	339	137
Total financial assets		**74,162**	**3,945**	**32,078**	**13,011**	**17,211**	**6,160**	**1,281**	**339**	**137**
Financial liabilities										
Trade and other payables	-	10,646	-	10,646	-	-	-	-	-	-
Secured debenture stock	7.32	17,183	33	7,154	6,646	3,114	166	70	-	-
Debt finance	6.17	82,565	-	23,465	5,615	16,551	29,467	4,786	123	2,558
Other financial liabilities	-	1,287	-	297	234	276	175	123	123	59
Total financial liabilities		**111,681**	**33**	**41,562**	**12,495**	**19,941**	**29,808**	**4,979**	**246**	**2,617**

Financial Instrument Maturity Values by Category – Group

	Int Rate %	Total	On Call	0-6 Mths	6-12 Mths	1 - 2 Years	2 - 3 Years	3 - 4 Years	4 - 5 Years	Over 5 Years
As at 31 March 2011		$000	$000	$000	$000	$000	$000	$000	$000	$000
Financial assets										
Cash and cash equivalents	2.97	5,288	5,288	-	-	-	-	-	-	-
Trade and other receivables	-	8,312	-	8,312	-	-	-	-	-	-
Finance receivables	14.30	61,512	-	24,218	11,838	16,923	6,558	1,311	372	292
Total financial assets		**75,112**	**5,288**	**32,530**	**11,838**	**16,923**	**6,558**	**1,311**	**372**	**292**
Financial liabilities										
Trade and other payables	-	5,586	-	5,586	-	-	-	-	-	-
Secured debenture stock	6.29	51,899	3,215	17,570	12,910	14,554	3,413	167	70	-
Debt finance	6.53	42,605	-	42,605	-	-	-	-	-	-
Other financial liabilities	-	-	-	-	-	-	-	-	-	-
Total financial liabilities		**100,090**	**3,215**	**65,761**	**12,910**	**14,554**	**3,413**	**167**	**70**	**-**

Financial Instrument Maturity Values by Category – Parent

	Int Rate %	Total	On Call	0-6 Mths	6-12 Mths	1 - 2 Years	2 - 3 Years	3 - 4 Years	4 - 5 Years	Over 5 Years
As at 31 March 2012		$000	$000	$000	$000	$000	$000	$000	$000	$000
Financial assets										
Cash and cash equivalents	2.63	1,232	1,232	-	-	-	-	-	-	-
Trade and other receivables	-	2,597	-	2,597	-	-	-	-	-	-
Intercompany receivables	4.85	8,922	-	8,922	-	-	-	-	-	-
Total financial assets		**12,751**	**1,232**	**11,519**	**-**	**-**	**-**	**-**	**-**	**-**
Financial liabilities										
Trade and other payables	-	5,851	-	5,851	-	-	-	-	-	-
Debt finance	6.16	49,055	-	18,857	4,801	9,106	8,824	4,786	123	2,558
Other financial liabilities	-	1,287	-	297	234	276	175	123	123	59
Total financial liabilities		**56,193**	**-**	**25,005**	**5,035**	**9,382**	**8,999**	**4,909**	**246**	**2,617**

Financial Instrument Maturity Values by Category – Parent

	Int Rate %	Total	On Call	0-6 Mths	6-12 Mths	1 - 2 Years	2 - 3 Years	3 - 4 Years	4 - 5 Years	Over 5 Years
As at 31 March 2011		$000	$000	$000	$000	$000	$000	$000	$000	$000
Financial assets										
Cash and cash equivalents	3.0	792	792	-	-	-	-	-	-	-
Trade and other receivables	-	1,870	-	1,870	-	-	-	-	-	-
Intercompany receivables	5.0	3,733	-	3,733		-	-	-	-	-
Total financial assets		**6,395**	**792**	**5,603**	**-**	**-**	**-**	**-**	**-**	**-**
Financial liabilities										
Trade and other payables	-	3,619	-	3,619	-	-	-	-	-	-
Debt finance	6.53	49,401	-	49,401	-	-	-	-	-	-
Other financial liabilities	-	-	-	-	-	-	-	-	-	-
Total financial liabilities		**53,020**	**-**	**53,020**	**-**	**-**	**-**	**-**	**-**	**-**

Capital management

The Group's capital includes share capital, asset revaluation reserve and retained earnings. The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Group is subject to the following capital requirements and covenants:

(a) The Statement of Corporate Intent imposes a restriction that the Parent will maintain shareholder funds at not less than 40% (2011:40%) of total assets.

(b) Bank Covenants:

- (i) Ratio of EBIT (Group earnings before interest, taxation and customer discounts) to interest paid to be no less than 2.0 times
- (ii) Annual accounts to be provided within 120 days of balance date
- (iii) Half yearly accounts to be provided within 120 days of period end
- (iv) Cash flow forecast for ensuing year to be provided to the bank annually within one month of end of year balance date and upon revision
- (v) Group equity to be maintained at no less than 35% of total assets at all times

(c) Oxford Finance Corporation Limited is subject to further covenant as detailed in note 11.

(d) Oxford Finance Limited is subject to further covenant as detailed in Note 12.

On 31 March 2012 the Group was in breach of the bank covenant (i) above. The Group's bank was advised prior to the 31 March 2012 of the breach. The Group's bank advised that they will continue to make funds available to the Group through a waiver of this breach.

The Group has complied with all other covenants.

11. FINANCIAL INSTRUMENTS – (OXFORD FINANCE CORPORATION LIMITED (OFC))

Management Policies

Interest rate risks are monitored on a regular basis and advice taken on likely trends. Oxford Finance Corporation Limited's (OFC) policy is to match interest rate risk, and interest rate exposures are reported to and reviewed regularly by the Board of Directors.

Credit Risk

The nature of the OFC's activities as a financial institution necessitates OFC dealing in financial instruments that contain an inherent element of credit risk.

Financial instruments which potentially subject OFC to credit risk principally consist of hire purchase contracts, mortgage advances, dealer floorplans and bank deposits.

For all customers requiring advances and hire purchase loans, OFC performs credit evaluations. The approval process considers a number of factors including; borrower's past performance, ability to repay, amount of money to be borrowed against the security and the substance of the guarantor/co-borrower involved.

Hire purchase contracts are principally made through motor vehicle dealer clients. Dealer floorplans are secured by first charges taken over vehicle stock. All other motor vehicle lending is secured by first charges over vehicle stock. Exposure to land and buildings are secured by way of mortgage over the property.

Maximum exposures to credit risk as at balance date are:

	31 March 2012	31 March 2011
	$000	$000
Cash and cash equivalents	**1,334**	3,674
Finance receivables	**21,737**	53,370
Trade and other receivables	**3**	109
Other credit risk	**-**	684
Total exposure to credit risk	**23,074**	57,837
Amounts neither past due nor impaired:		
Cash and cash equivalents	**1,334**	3,674
Finance receivables	**16,556**	51,572
Trade and other receivables	**3**	109
Other credit risk	**-**	684
Total	**17,893**	56,039

The above maximum exposures are net of any recognised provision for doubtful debts in these financial statements. Other credit exposures represent the other commercial loan commitments waiting for drawdown and all undrawn floorplan exposures.

Sensitivity Analysis

In managing interest rate risks OFC aims to reduce the impact of short-term fluctuations on OFC's earnings. The impact on profit of future funding interest rate changes would be mitigated by increasing the rates charged to borrowers on future loans.

Potential impact of interest rate change:

If either the funding or lending rate increased but with no corresponding increase in either funding or the lending rates the impact on profit and equity would be as follows:

Funding $000	Profit and Equity Impact per annum	31 March 2012	31 March 2011
Increase 1%	decrease	**(168)**	(505)
Decrease 1%	increase	**168**	505
Lending			
Increase 1%	increase	**217**	552
Decrease 1%	decrease	**(217)**	(552)

Fair Values

Carrying Amount and Fair Value.

	31 March 2012	
	Carrying Value	Fair Value
	$000	$000
Cash and cash equivalents	1,334	1,334
Hire purchase and mortgage advances	21,737	22,721
Dealer floorplans	-	-
Total finance receivables	**21,737**	**22,721**
Secured debenture stock	(16,809)	(16,861)
Other liabilities	(232)	(232)
Total finance liabilities	**(17,041)**	**(17,093)**

	31 March 2011	
	Carrying Value	Fair Value
	$000	$000
Cash and cash equivalents	3,674	3,674
Hire purchase and mortgage advances	52,274	54,044
Dealer floorplans	1,096	1,096
Total finance receivables	**53,370**	**55,140**
Secured debenture stock	(50,549)	(49,969)
Bank loans	(307)	(307)
Total finance liabilities	**(50,856)**	**(50,275)**

The fair value of trade and other payables and other receivables approximate their fair value due to the short term nature of the financial instrument.

The fair value of loans and advances are calculated using discounted cash flow models based on the interest rate re-pricing and maturity of the financial assets. Discount rates applied in this calculation are based on current market interest rates for loans and advances with similar credit profiles. At 31 March 2012 the discount rate used for loans and advances was 16.95% (31 March 2011 - 16.95%).

The fair value of all financial liabilities is calculated using discounted cash flow models based on the interest rate re-pricing and maturity of the instruments. The discount rate applied in this calculation is based on current market rates of 4.25% to 7.65% (31 March 2011 - 4.25% to 9.25%).

OFC is not involved in any off balance sheet financial instruments.

Financial Assets and Liabilities by classification

	As at 31 March 2012	As at 31 March 2011
	$000	$000
Loans and receivables		
Cash	**1,334**	3,674
Finance receivables	**21,737**	53,370
Trade and other receivables	**3**	109
Total loans and receivables	**23,074**	57,153
Financial liabilities held at amortised cost		
Trade and other payables	**(232)**	(307)
Secured debenture stock	**(16,809)**	(50,549)
Total financial liabilities held at amortised cost	**(17,041)**	(50,856)

Interest Rate Risk Profile of Financial Assets and Liabilities

The interest rate risk profile of on-balance sheet financial assets and financial liabilities has been prepared on the basis of maturity or contractual repricing whichever is the earlier.

Interest rate risk is the risk that the value of OFC's assets and liabilities will fluctuate due to changes in market interest rates. OFC is exposed to interest rate risk by lending and borrowing at fixed interest rates for differing terms. OFC manages this risk by matching, as far as possible, maturities on funding facilities with maturities on finance receivables.

Financial Instrument Carrying Values by Category

	Int Rate %	Total	On Call	0-6 Mths	6-12 Mths	1 - 2 Years	2 - 3 Years	3 - 4 Years	4 - 5 Years	Over 5 Years
As at 31 March 2012		$000	$000	$000	$000	$000	$000	$000	$000	$000
Financial assets										
Trade and other receivables	-	3	-	3	-	-	-	-	-	-
Cash and cash equivalents	2.95	1,334	1,334	-	-	-	-	-	-	-
Finance receivables	14.03	21,737	-	11,442	4,033	4,570	984	340	219	149
Total financial assets		**23,074**	**1,334**	**11,445**	**4,033**	**4,570**	**984**	**340**	**219**	**149**
Financial liabilities										
Trade and other payables	-	232	-	232	-	-	-	-	-	-
Secured debenture stock	7.32	16,809	33	7,066	6,498	2,982	163	67	-	-
Total financial liabilities		**17,041**	**33**	**7,297**	**6,498**	**2,982**	**163**	**67**	**-**	**-**

	Int Rate %	Total	On Call	0-6 Mths	6-12 Mths	1 - 2 Years	2 - 3 Years	3 - 4 Years	4 - 5 Years	Over 5 Years
As at 31 March 2011		$000	$000	$000	$000	$000	$000	$000	$000	$000
Financial assets										
Trade and other receivables	-	109	-	109	-	-	-	-	-	-
Cash and cash equivalents	2.97	3,674	3,674	-	-	-	-	-	-	-
Finance receivables	14.30	53,370	-	20,038	10,312	14,707	6,477	1,298	302	236
Total financial assets		**57,153**	**3,674**	**20,147**	**10,312**	**14,707**	**6,477**	**1,298**	**302**	**236**
Financial liabilities										
Trade and other payables	-	307	-	307	-	-	-	-	-	-
Secured debenture stock	6.29	50,549	3,215	17,381	12,560	13,923	3,238	166	66	-
Total financial liabilities		**50,856**	**3,215**	**17,688**	**12,560**	**13,923**	**3,238**	**166**	**66**	**-**

The balances in the tables above are net of any recognised provision for losses in these financial statements.

Liquidity Risk

Liquidity risk is the potential for OFC to encounter difficulty meeting its financial obligations as they fall due. Policies are in place to manage liquidity on a day to day basis based on contractual maturities. The following table outlines undiscounted cash flows including any accrued interest based on contractual maturities however actual repayments may differ. While most commercial loans are showing in the table with contractual maturities of 0-6 months it is expected some of these will be rolled over at the discretion of the Board.

Contractual Maturity Analysis

	Int Rate %	Total	On Call	0-6 Mths	6-12 Mths	1 - 2 Years	2 - 3 Years	3 - 4 Years	4 - 5 Years	Over 5 Years
As at 31 March 2012		$000	$000	$000	$000	$000	$000	$000	$000	$000
Financial assets										
Trade and other receivables	-	3	-	3	-	-	-	-	-	-
Cash and cash equivalents	2.95	1,334	1,334	-	-	-	-	-	-	-
Finance receivables	14.03	24,307	-	11,895	5,531	5,027	1,065	416	259	114
Total financial assets		**25,644**	**1,334**	**11,898**	**5,531**	**5,027**	**1,065**	**416**	**259**	**114**
Financial liabilities										
Trade and other payables	-	232	-	232	-	-	-	-	-	-
Secured debenture stock	7.32	17,183	33	7,154	6,646	3,114	166	70	-	-
Total financial liabilities		**17,415**	**33**	**7,386**	**6,646**	**3,114**	**166**	**70**	**-**	**-**

Contractual Maturity Analysis

	Int Rate %	Total	On Call	0-6 Mths	6-12 Mths	1 - 2 Years	2 - 3 Years	3 - 4 Years	4 - 5 Years	Over 5 Years
As at 31 March 2011		$000	$000	$000	$000	$000	$000	$000	$000	$000
Financial assets										
Trade and other receivables	-	109	-	109	-	-	-	-	-	-
Cash and cash equivalents	2.97	3,674	3,674	-	-	-	-	-	-	-
Finance receivables	14.30	62,435	-	24,218	12,761	16,923	6,558	1,311	372	292
Total financial assets		**66,218**	**3,674**	**24,327**	**12,761**	**16,923**	**6,568**	**1,311**	**372**	**292**
Financial liabilities										
Trade and other payables	-	307	-	307	-	-	-	-	-	-
Secured debenture stock	6.29	51,899	3,215	17,570	12,910	14,554	3,413	167	70	-
Financial commitments	-	684	-	684	-	-	-	-	-	-
Total financial liabilities	**-**	**52,890**	**3,215**	**18,561**	**12,910**	**14,554**	**3,413**	**167**	**70**	**-**

OFC's policy for managing liquidity is to structure its investment rates offered to attract investment funds for periods that match the contractual lending maturity portfolio as displayed in the above tables.

OFC is subject to cashflow liquidity risk by borrowing funds on floating interest rates.

OFC has the ability to borrow up to $5m from Electra Limited through their committed cash facility with the Bank of New Zealand. The facility is secured by way of a general security agreement over Electra Limited assets. As at 31 March 2012 the facility had not been utilised (31 March 2011 - $Nil).

Overdues

The finance receivable balance includes Impaired Assets comprising as follows:

As at March 2012	Motor Vehicle Plant and Equip Other $000	Land and Buildings $000	Total $000
Non-Accrual Loans and Assets Acquired Through Enforcement of Security			
Carrying value at beginning of year	694	1,806	2,500
Additions of individually impaired assets	418	4,042	4,460
Reduction of individually impaired assets	(178)	(606)	(784)
Bad debts written off during the year	(520)	(1,449)	(1,969)
Closing carrying value	**414**	**3,793**	**4,207**
Less:			
Provision for Doubtful Debts – opening	(158)	(1,135)	(1,293)
Bad debts written off during the year	4	1,200	1,204
Additions to impaired assets	(38)	(880)	(918)
Reductions to Individually impaired assets	125	-	125
Provision for Doubtful Debts – closing	**(67)**	**(815)**	**(882)**
Closing carrying value – net of provision	**347**	**2,978**	**3,325**

As at March 2011	Motor Vehicle Plant and Equip Other $000	Land and Buildings $000	Total $000
Non-Accrual Loans and Assets Acquired Through Enforcement of Security			
Carrying value at beginning of year	868	3,094	3,962
Additions of individually impaired assets	596	1,253	1,849
Reduction of individually impaired assets	(227)	(1,472)	(1,699)
Bad debts written off during the year	(543)	(1,069)	(1,612)
Closing carrying value	**694**	**1,806**	**2,500**
Less:			
Provision for Doubtful Debts – opening	(266)	(620)	(886)
Bad debts written off during the year	249	534	783
Additions to impaired assets	(227)	(1,049)	(1,276)
Reductions to Individually impaired assets	86	-	86
Provision for Doubtful Debts – closing	**(158)**	**(1,135)**	**(1,293)**
Closing carrying value – net of provision	**536**	**671**	**1,207**

Assets are identified as impaired in accordance with the accounting policy. Some loans have been identified as impaired at balance date, but the security has yet to be sold. Once the security is seized OFC's policy is to issue notices (under the Credit Contracts Act) and at the expiration of those notices put the security up for sale. Seized securities are not used in OFC's day to day operations.

The finance receivable balance includes Restructured Loans comprising:

	Motor Vehicle Plant and Equip Other	Land and Buildings	Total
As at March 2012	$000	$000	$000
Restructured Loans			
Carrying value at beginning of year	180	-	180
Additions of restructured loans	166	-	166
Repayment of restructured loans	(139)	-	(139)
Closing carrying value	207	-	207

	Motor Vehicle Plant and Equip Other	Land and Buildings	Total
As at March 2011	$000	$000	$000
Restructured Loans			
Carrying value at beginning of year	325	-	325
Additions of restructured loans	66	-	66
Repayment of restructured loans	(211)	-	(211)
Closing carrying value	180	-	180

The finance receivable balance also includes 90+ days Past Due Assets comprising:

	Motor Vehicle Plant and Equip Other	Land and Buildings	Total
As at March 2012	$000	$000	$000
Past Due Assets (90+days)			
Carrying value at beginning of year	462	-	462
Bad debts written off during the year	-	-	-
Additions to past due assets	424	1,375	1,799
Repayment of past due assets	(281)	-	(281)
Transfer to Impaired Assets	(127)	-	(127)
Closing carrying value	478	1,375	1,853
Less:			
Carrying value at beginning of year	(51)	-	(51)
Bad debts written off during the year	-	-	-
Additions to past due assets	(47)	(151)	(198)
Repayment of past due assets	31	-	31
Transfer to Impaired loans	14	-	14
Provision for doubtful debts – closing	(53)	(151)	(204)
Closing carrying value – net of provision	425	1,224	1,649

	Motor Vehicle Plant and Equip Other	Land and Buildings	Total
As at March 2011	$000	$000	$000
Past Due Assets (90+days)			
Carrying value at beginning of year	624	-	624
Bad debts written off during the year	(22)	-	(22)
Additions to past due assets	344	-	344
Repayment of past due assets	(323)	-	(323)
Transfer to Impaired Assets	(161)	-	(161)
Closing carrying value	**462**	**-**	**462**
Less:			
Carrying value at beginning of year	(80)	-	(80)
Transfer to collective provision	11	-	11
Bad debts written off during the year	2	-	2
Additions to past due assets	(38)	-	(38)
Repayment of past due assets	36	-	36
Transfer to Impaired loans	18	-	18
Provision for doubtful debts – closing	**(51)**	**-**	**(51)**
Closing carrying value – net of provision	**411**	**-**	**411**

The disclosure of past due assets in the tables below recognises the entire loan balance as past due when an instalment has not been made within the terms of its agreement.

	91 - 120 days	121 - 150 days	150 + days	Total
Past Due Assets	$000	$000	$000	$000
31 March 2012	**344**	**24**	**1,485**	**1,853**
31 March 2011	127	88	247	462

The proportion of loans in arrears 3 months and over is 8.57% being total overdue loan balances as a proportion of total loan ledger (31 March 2011- 0.84%).

	1 - 30 days	31 - 60 days	61- 90 days	Total
Past Due Assets	$000	$000	$000	$000
31 March 2012	**1,430**	**747**	**80**	**2,257**
31 March 2011	1,481	901	228	2,610

For all customers requiring advances and hire purchase loans OFC performs credit evaluations. The approval process considers a number of factors including; borrowers past performance, ability to repay, amount of money to be borrowed against the security and the substance of the guarantor/co-borrower involved.

Hire purchase contracts are principally made through the motor vehicle dealer clients.

There are no indicators to suggest that credit quality of these assets is impaired.

The finance receivables include mortgage advances secured by a registered mortgage over the property. It also includes personal and hire purchase advances whereby OFC holds a secured charge over a motor vehicle.

Floorplan exposure

The maximum amount available to existing motor vehicle dealers on floorplan arrangements is $Nil (31 March 2011 - $1.78m).

The current borrowings by motor vehicle dealers under these facilities is $Nil (31 March 2011 - $1.1m).

Concentrations of lending

The majority of OFC's funds are advanced through motor vehicle dealers on hire purchase agreements. These dealers are throughout the North Island of New Zealand. OFC also provides finance on hire purchase and advances, mortgage advances, business lending and motor vehicle floorplans. OFC's credit exposure concentrations of finance receivables are as follows:

	31 March 2012	31 March 2011
Land and Buildings	**30%**	17%
Residential	**24%**	13%
Commercial	**1%**	3%
Industrial	**5%**	1%
Plant and Equipment	**3%**	1%
Motor Vehicles	**64%**	76%
Other	**3%**	6%
Land and Buildings		
1st Mortgage	**67%**	66%
2nd Mortgage	**33%**	34%

OFC's credit exposure concentrations within New Zealand are as follows:

	31 March 2012	31 March 2011
Auckland/Northland	**9%**	7%
Waikato/Bay of Plenty	**29%**	30%
Hawkes Bay/Gisborne	**2%**	4%
Taranaki/Manawatu/Horowhenua	**21%**	25%
Wellington/Wairarapa	**37%**	32%
Canterbury/Westland/South Island	**2%**	2%

All credit risks are in New Zealand.

Concentrations of Credit Exposure are as follows:

	31 March 2012	31 March 2011
Accommodation, Cafes and Restaurants	**3%**	4%
Agriculture,Forestry, Fishing and Mining	**5%**	7%
Construction	**10%**	9%
Education, Health and Community Services	**9%**	16%
Electricity, Gas and Water	**2%**	3%
Finance and Insurance	**3%**	5%
Manufacturing	**3%**	4%
Property and Business Services	**28%**	16%
Transport, Storage and Communication	**8%**	7%
Wholesale and Retail Trade	**7%**	11%
Other Services	**22%**	18%

Industry categories have been identified using the Australian and New Zealand Standard Industrial Classification (ANZSIC) codes.

OFC's concentrations of secured debenture stock funding are as follows:

	31 March 2012	31 March 2011
Auckland/Northland	**2%**	1.5%
Waikato/Bay of Plenty	**2%**	2%
Hawkes Bay/Gisborne	**2%**	1.5%
Taranaki/Manawatu/Horowhenua	**72%**	75%
Wellington/Wairarapa	**20%**	18%
Canterbury/Westland/South Island	**2%**	1.0%
Overseas	**0%**	1.0%

OFC is unable to determine the customer, industry or economic sector.

Large counterparties

As at 31 March 2012 OFC had the following numbers of counterparties and groups of closely related counterparties with credit exposure equalling or exceeding 10% of equity:

Percentage of Equity	**Number of Counterparties**	
	31 March 2012	31 March 2011
10-20%	**3**	4
20-30%	**2**	2

Guarantees

The Company's ultimate parent, Electra Limited has provided a guarantee for the payment of principal and interest to Debenture Holders. This is covered under the Electra Deed of Guarantee dated 29 June 2009 and subsequently amended to clarify, amongst other things the process of payment for Debenture Holders should the Guarantee be called upon.

Credit rating

OFC's credit rating as assessed by international credit rating agency Standard and Poor's, was BB along with a Stable Outlook. On 20 December 2011 Standard and Poor's confirmed this rating and advised it has been withdrawn at OFC's request as OFC is no longer an issuer of debentures to the public.

Capital management

OFC maintains capital in the form of ordinary issued shares and retained profits held within OFC. OFC's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

As part of the Electra Group OFC also has access to the undrawn portion of the $47m facility Oxford Finance Limited has with the BNZ (31 March 2011 - $35m). This facility is secured by an unlimited inter-company guarantee from Electra Limited, Linework and Stones Limited, Oxford Finance Limited, Datacol NZ Limited and Sky Communications Limited.

OFC is governed by a Debenture Trust Deed which provides certain covenant compliance over OFC. These relate to the liquidity of OFC assets and its ability to register prior charges over assets. These are monitored and managed as part of OFC's overall capital management by the Board. OFC complied with these Trust Deed requirements throughout the period.

12. FINANCIAL INSTRUMENTS – (OXFORD FINANCE LIMITED (OFL))

There are no comparatives in this note for 31 March 2011 as OFL commenced trading on 1 April 2011.

Magangement Policies

Interest rate risks are monitored on a regular basis and advice taken on likely trends. OFL's policy is to match interest rate risk, and interest rate exposures are reported to and reviewed regularly by the Board of Directors.

Credit Risk

The nature of the OFL's activities as a financial institution necessitates OFL dealing in financial instruments that contain an inherent element of credit risk.

Financial instruments which potentially subject OFL to credit risk principally consist of, hire purchase contracts, mortgage advances, dealer floorplans and bank deposits.

For all customers requiring advances and hire purchase loans OFL performs credit evaluations. The approval process considers a number of factors including; borrower's past performance, ability to repay, amount of money to be borrowed against the security and the substance of the guarantor/co-borrower involved.

Hire purchase contracts are principally made through motor vehicle dealer clients. Dealer floorplans are secured by first charges taken over vehicle stock. All other motor vehicle lending is secured by first charges over vehicle stock. Exposure to land and buildings are secured by way of mortgage over the property.

Maximum exposures to credit risk as at balance date are:

	31 March 2012
	$000
Cash and cash equivalents	165
Finance receivables	29,433
Trade and other receivables	2,642
Other credit risk	422
Total exposure to credit risk	**32,682**
Amounts neither past due nor impaired:	
Cash and cash equivalents	165
Finance receivables	29,336
Trade and other receivables	2,642
Other credit risk	442
Total exposure to credit risk	**32,585**

The above maximum exposures are net of any recognised provision for doubtful debts in these financial statements. Other credit exposures represent the other commercial loan commitments waiting for drawdown and all undrawn floorplan exposures.

Fair Values
Carrying Amount and Fair Value

	31 March 2012	
	Carrying Value	Fair Value
	$000	$000
Cash and cash equivalents	165	165
Hire purchase and mortgage advances	28,255	28,719
Dealer floorplans	1,178	1,178
Total finance receivables	**29,433**	**29,897**
Debt financing	(29,450)	(29,450)
Other liabilities	(648)	(648)
Total finance liabilities	**(30,098)**	**(30,098)**

The fair value of trade and other payables and other receivables approximate their fair value due to the short term nature of the financial instrument.

The fair value of loans and advances are calculated using discounted cash flow models based on the interest rate re-pricing and maturity of the financial assets. Discount rates applied in this calculation are based on current market interest rates for Loans and Advances with similar credit profiles. At 31 March 2012 the discount rate used for loans and advances was 16.95% to 18.75% .

The carrying value of debt financing has been assessed as an appropriate measure of fair value.

OFL is not involved in any off balance sheet financial instruments.

Financial Assets and Liabilities by classification

	31 March 2012
	$000
Loans and receivables	
Cash	165
Finance receivables	29,433
Trade and other receivables	2,642
Total loans and receivables	32,240
Financial liabilities held at amortised cost	
Trade and other payables	(304)
Debt financing	(29,450)
Total financial liabilities held at amortised cost	(29,754)

Interest Rate Risk Profile of Financial Assets and Liabilities

The interest rate risk profile of on-balance sheet financial assets and financial liabilities has been prepared on the basis of maturity or contractual repricing whichever is the earlier.

Interest rate risk is the risk that the value of OFL's assets and liabilities will fluctuate due to changes in market interest rates. OFL is exposed to interest rate risk by lending and borrowing at fixed interest rates for differing terms. OFL manages this risk by matching, as far as possible, maturities on funding facilities with maturities on finance receivables.

Financial Instrument Carrying Values by Category

	Int Rate %	Total	On Call	0-6 Mths	6-12 Mths	1 - 2 Years	2 - 3 Years	3 - 4 Years	4 - 5 Years	Over 5 Years
As at 31 March 2012		$000	$000	$000	$000	$000	$000	$000	$000	$000
Financial assets										
Trade and other receivables	-	7	-	7	-	-	-	-	-	-
Cash and cash equivalents	2.25	165		165	-	-	-	-	-	-
Finance receivables	15.53	28,100	-	6,434	5,427	9,951	5,177	1,017	84	10
Intercompany finance - receivable	9.00	1,333	-	10	1,323	-	-	-	-	-
Intercompany receivable	-	2,635	-	2,635	-	-	-	-	-	-
Financial commitments	-	442	-	442	-	-	-	-	-	-
Total financial assets		**32,682**	**-**	**9,693**	**6,750**	**9,951**	**5,177**	**1,017**	**84**	**10**
Financial liabilities										
Trade and other payables	-	648	-	648	-	-	-	-	-	-
Debt financing	6.20	29,450	-	3,750	-	6,000	19,700	-	-	-
Total financial liabilities		**30,098**	**-**	**4,398**	**-**	**6,000**	**19,700**	**-**	**-**	**-**

The balances in the tables above are net of any recognised provision for losses in these financial statements.

Sensitivity Analysis

In managing interest rate risks OFL aims to reduce the impact of short-term fluctuations on OFL's earnings. The impact on profit of future funding interest rate changes would be mitigated by increasing the rates charged to borrowers.

Potential impact of interest rate change:

If either the funding or lending rate increased but with no corresponding increase in either funding or the lending rates the impact on profit and equity would be as follows:

Funding $000	Profit and Equity Impact per annum	31 March 2012
Increase 1%	Decrease	**(294)**
Decrease 1%	Increase	**294**
Lending		
Increase 1%	Increase	**294**
Decrease 1%	Decrease	**(294)**

Liquidity Risk

Liquidity risk is the potential for OFL to encounter difficulty meeting its financial obligations as they fall due. Policies are in place to manage liquidity on a day to day basis based on contractual maturities.The following table outlines undiscounted cash flows based on contractual maturities, however actual repayments may differ.

Contractual Maturity Analysis

	Int Rate %	Total	On Call	0-6 Mths	6-12 Mths	1 - 2 Years	2 - 3 Years	3 - 4 Years	4 - 5 Years	Over 5 Years
As at 31 March 2012		$000	$000	$000	$000	$000	$000	$000	$000	$000
Financial assets										
Trade and other receivables	-	7	-	7	-	-	-	-	-	-
Cash and cash equivalents	2.25	165	-	165	-	-	-	-	-	-
Finance receivables	15.53	34,526	-	8,799	7,480	12,184	5,095	865	80	23
Intercompany finance receivables	9.00	1,412	-	59	1,353	-	-	-	-	-
Intercompany receivables		2,635	-	2,635	-	-	-	-	-	-
Financial commitments		442	-	442	-	-	-	-	-	-
Total financial assets		**39,187**	**-**	**12,107**	**8,833**	**12,184**	**5,095**	**865**	**80**	**23**
Financial liabilities										
Trade and other payables	-	648	-	648	-	-	-	-	-	-
Debt financing	6.20	33,510	-	4,608	814	7,445	20,643	-	-	-
Total financial liabilities		**34,158**	**-**	**5,256**	**814**	**7,445**	**20,643**	**-**	**-**	**-**

OFL policy for managing liquidity is to structure its Debt Financing maturity profile for periods that match the contractual lending maturity portfolio as displayed in the above tables.

OFL is subject to cash flow liquidity risk by borrowing funds on floating interest rates.

Overdues

The finance receivable balance includes Impaired Assets comprising:

	Motor Vehicle Plant and Equip Other	Land and Buildings	Total
As at March 2012	**$000**	$000	$000
Non-Accrual Loans and Assets Acquired Through Enforcement of Security			
Carrying value at beginning of period	-	-	-
Additions of individually impaired assets	52	-	52
Closing carrying value	**52**	**-**	**52**
Less:			
Provision for Doubtful Debts – opening	-	-	-
Additions to impaired assets	(20)	-	(20)
Provision for Doubtful Debts – closing	**(20)**	**-**	**(20)**
Closing carrying value – net of provision	**32**	**-**	**32**

Assets are identified as impaired in accordance with the accounting policy. Some loans have been identified as impaired at balance date, but the security has yet to be sold. Once the security is seized OFL's policy is to issue notices (under the Credit Contracts Act) and at the expiration of those notices put the security up for sale. Seized securities are not used in OFL's day to day operations.

The finance receivable balance also includes 90+ days Past Due Assets comprising:

	Motor Vehicle Plant and Equip Other	Land and Buildings	Total
As at March 2012	$000	$000	$000
Past Due Assets (90+days)			
Carrying value at beginning of period	-	-	-
Additions to past due assets	73	-	73
Closing carrying value	**73**	**-**	**73**
Less:			
Carrying value at beginning of period	-	-	-
Additions to past due assets	(8)	-	(8)
Provision for doubtful debts – closing	**(8)**	**-**	**(8)**
Closing carrying value – net of provision	**65**	**-**	**65**

The disclosure of past due assets in the tables below recognises the entire loan balance as past due when an instalment has not been made within the terms of its agreement.

	91 - 120 days	121 - 150 days	150 + days	Total
Past Due Assets	$000	$000	$000	$000
31 March 2012	40	33	-	73

The proportion of loans in arrears 3 months and over is 0.25% being total overdue loan balances as a proportion of total loan ledger.

	1 - 30 days	31 - 60 days	61 - 90 days	Total
Past Due Assets	$000	$000	$000	$000
31 March 2012	1,203	180	39	1,422

For all customers requiring advances and hire purchase loans OFL performs credit evaluations. The approval process considers a number of factors including; borrowers past performance, ability to repay, amount of money to be borrowed against the security and the substance of the guarantor/co-borrower involved.

Hire purchase contracts are principally made through the motor vehicle dealer clients. Dealer floorplans are secured by first charges taken over vehicle stock.

There are no indicators to suggest that credit quality of these assets is impaired.

The finance receivables include mortgage advances secured by a registered mortgage over the property. It also includes personal and hire purchase advances whereby OFL holds a secured charge over a motor vehicle.

Floorplan Exposure

The maximum amount available to existing motor vehicle dealers on floorplan arrangements is $1.6m.

The current borrowings by motor vehicle dealers under these facilities is $1.178m.

Concentrations of Lending

The majority of OFL's funds are advanced through motor vehicle dealers on hire purchase agreements. These dealers are throughout the North Island of New Zealand. OFL also provides finance on hire purchase and advances, mortgage advances, business lending and motor vehicle floorplans. OFL's credit exposure concentrations of finance receivables are as follows:

	31 March 2012
Plant and Equipment	1%
Motor Vehicles	91%
Other	7%
Property and land	1%

OFL's credit exposure concentrations within New Zealand are as follows:

	31 March 2012
Auckland/Northland	3%
Waikato/Bay of Plenty	29%
Hawkes Bay/Gisborne	3%
Taranaki/Manawatu/Horowhenua	22%
Wellington/Wairarapa	40%
Canterbury/Westland/South Island	3%

All credit risks are in New Zealand.

Concentrations of Credit Exposure are as follows:

	31 March 2012
Accommodation, Cafes and Restaurants	3%
Agriculture,Forestry, Fishing and Mining	7%
Construction	7%
Education, Health and Community Services	12%
Electricity, Gas and Water	7%
Finance and Insurance	1%
Manufacturing	2%
Property and Business Services	1%
Transport, Storage and Communication	8%
Wholesale and Retail Trade	14%
Other Services	38%

Industry categories have been identified using the Australian and New Zealand Standard Industrial Classification (ANZSIC) codes.

Large Counterparties

As at 31 March 2012 OFL had the following numbers of counterparties and groups of closely related counterparties with credit exposure equalling or exceeding 10% of equity:

Percentage of Equity	Number of Counterparties
	31 March 2012
30-40%	1
50-60%	1

Capital Management

OFL is subject to the following financial and reporting covenants:

(i) The value of the top 10 borrowers (excluding any short-term advances for cash management purposes to Electra Limited), are to be no more than 20% of net finance receivables.

(ii) The net carrying value of 90 day plus days past due loans to net finance receivables is to be no more than 3%.

(iii) OFL and subsidiaries (on consolidated basis) are to maintain net assets/total tangible assets at no less than 8%.

(iv) To provide a copy of its audited annual accounts to the bank within 120 days of balance date.

(v) To provide a copy of monthly financial reporting to the bank within 15 days of sign-off by the Board of Directors.

On 31 December 2011 OFL was in breach of the bank covenant (iii) above. OFL's bank advised no action would be taken as a result of this breach and that they will continue to make funds available to OFL.

13. PROPERTY, PLANT AND EQUIPMENT

GROUP	Distribution Plant & Equipment (incl. land & buildings) at valuation	Other Land and Buildings at Cost	Other Plant and Equipment at Cost	Motor Vehicles at Cost	Other Capital Work in Progress at Cost	Total
	$000	$000	$000	$000	$000	$000
Cost						
Balance as at 1 April 2010	179,685	2,188	3,229	4,907	2,215	192,224
Additions	-	2	985	1,546	5,836	8,369
Disposals	(238)	-	(87)	(202)	-	(527)
Transfer to/(from) capital work in progress	2,765	-	49	-	(3,064)	(250)
Balance as at 31 March 2011	**182,212**	**2,190**	**4,176**	**6,251**	**4,987**	**199,816**
Balance as at 1 April 2011	182,212	2,190	4,176	6,251	4,987	199,816
Additions	1,252	333	1,110	1,266	6,698	10,659
Disposals	(230)	(3)	(577)	(397)	-	(1,207)
Transfer to/(from) capital work in progress	3,199	-	68	-	(3,685)	(418)
Balance as at 31 March 2012	**186,433**	**2,520**	**4,777**	**7,120**	**8,000**	**208,850**
Depreciation and impairment losses						
Balance as at 1 April 2010	-	(281)	(1,826)	(1,802)	-	(3,909)
Depreciation charge	(6,894)	(50)	(513)	(721)	-	(8,178)
Write back on disposals	1	-	51	138	-	190
Balance as at 31 March 2011	**(6,893)**	**(331)**	**(2,288)**	**(2,385)**	**-**	**(11,897)**
Balance as at 1 April 2011	(6,893)	(331)	(2,288)	(2,385)	-	(11,897)
Depreciation charge	(7,213)	(83)	(669)	(589)	-	(8,554)
Write back on disposals	22	1	431	238	-	692
Balance as at 31 March 2012	**(14,084)**	**(413)**	**(2,526)**	**(2,736)**	**-**	**(19,759)**
Carrying amounts						
At 31 March 2011	175,319	1,859	1,888	3,866	4,987	187,919
At 31 March 2012	**172,349**	**2,107**	**2,251**	**4,384**	**8,000**	**189,091**

PARENT	Distribution Plant & Equipment (incl. land & buildings) at valuation	Other Land and Buildings at Cost	Other Plant and Equipment at Cost	Motor Vehicles at Cost	Other Capital Work in Progress at Cost	Total
	$000	$000	$000	$000	$000	$000
Cost						
Balance as at 1 April 2010	181,235	963	582	235	2,215	185,230
Additions	-	-	28	101	5,836	5,965
Disposals	(238)	-	(4)	(113)	-	(355)
Transfer to/(from) capital work in progress	3,015	-	49	-	(3,064)	-
Balance as at 31 March 2011	**184,012**	**963**	**655**	**223**	**4,987**	**190,840**
Balance as at 1 April 2011	184,012	963	655	223	4,987	190,840
Additions	1,252	-	-	21	6,698	7,971
Disposals	(230)	-	(52)	-	-	(282)
Transfer to/(from) capital work in progress	3,617	-	68	-	(3,685)	-
Balance as at 31 March 2012	**188,651**	**963**	**671**	**244**	**8,000**	**198,529**
Depreciation and impairment losses						
Balance as at 1 April 2010	-	(102)	(460)	(133)	-	(695)
Depreciation charge	(6,894)	(23)	(94)	(56)	-	(7,067)
Write back on disposals	1	-	4	88	-	93
Balance as at 31 March 2011	**(6,893)**	**(125)**	**(550)**	**(101)**	**-**	**(7,669)**
Balance as at 1 April 2011	(6,893)	(125)	(550)	(101)	-	(7,669)
Depreciation charge	(7,213)	(19)	(85)	(44)	-	(7,361)
Write back on disposals	22	-	43	-	-	65
Balance as at 31 March 2012	**(14,084)**	**(144)**	**(592)**	**(145)**	**-**	**(14,965)**
Carrying amounts						
At 31 March 2011	177,119	838	105	122	4,987	183,171
At 31 March 2012	**174,567**	**819**	**79**	**99**	**8,000**	**183,564**

Revaluation and impairment review

The Group's distribution assets including land and buildings and the electricity distribution network were revalued to a fair value of $181,235,000 as at 31 March 2010 by Ms Lynne Taylor, a director, and Mr Chris Taylor, a Partner of independent valuers PricewaterhouseCoopers. PricewaterhouseCoopers was assisted by Sinclair Knight Merz, engineering consultants in arriving at the depreciated replacement cost value.

All other Group assets are recorded at cost less accumulated depreciation.

In accordance with NZ IAS 36, the Group has undertaken a review to determine whether the carrying values of any items of property, plant and equipment might be impaired. Based on evidence from asset disposals, the Group does not believe that any such carrying values are materially impaired at 31 March 2012 (31 March 2011: $ Nil).

14. INVESTMENTS

Interest held by Group

NAME OF ENTITY	Principal Activities	2012	2011
Linework and Stones Limited	Electrical Contracting	**100%**	100%
Oxford Finance Limited	Financial Services	**100%**	100%
Oxford Finance Corporation Limited	Financial Services	**100%**	100%
Electra Finance Limited	Financial Services	**100%**	100%
DataCol NZ Limited	Metering Services	**100%**	100%
Sky Communications Limited	Telecommunication Contracting	**100%**	100%
Sky Communications Pty Limited	Telecommunication Contracting	**100%**	100%
Datacol Group Pty Limited	Non Trading	**100%**	-
Electra Generation Limited	Non Trading	**100%**	100%
DeFrost Limited	Non Trading	**100%**	100%
Horowhenua Wind Energy Limited	Non Trading	**100%**	100%

The effective ownership and the voting interests in the above investments are the same.

All subsidiaries and associates have a balance date of 31 March and are incorporated in New Zealand, with the exception of Datacol Group Pty Limited and Sky Communications Pty Limited which are incorporated in Australia.

15. GOODWILL AND INTANGIBLE ASSETS

GROUP	Software	Goodwill	Other	Total
	$000	$000	$000	$000
Gross carrying amount				
Balance as at 1 April 2010	5,252	13,105	169	18,526
Additions	111	-	-	111
Disposals	(7)	-	-	(7)
Balance as at 31 March 2011	**5,356**	**13,105**	**169**	**18,630**
Balance as at 1 April 2011	5,356	13,105	169	18,630
Additions	231	-	7	238
Disposals	(216)	-	(1)	(217)
Balance as at 31 March 2012	**5,371**	**13,105**	**175**	**18,651**
Accumulated amortisation and impairment losses				
Balance as at 1 April 2010	(3,325)	(893)	(12)	(4,230)
Amortisation expenses	(198)	-	(12)	(210)
Disposals	1	-	-	1
Impairment losses (charged to profit)	-	-	-	-
Balance as at 31 March 2011	**(3,522)**	**(893)**	**(24)**	**(4,439)**
Balance as at 1 April 2011	(3,522)	(893)	(24)	(4,439)
Amortisation expenses	(158)	-	(8)	(166)
Disposals	209	-	1	210
Impairment losses (charged to profit)	-	(1,177)	-	(1,177)
Balance as at 31 March 2012	**(3,471)**	**(2,070)**	**(31)**	**(5,572)**
Carrying amounts				
At 31 March 2011	1,834	12,212	145	14,191
At 31 March 2012	**1,900**	**11,035**	**144**	**13,079**

PARENT	Software	Goodwill	Other	Total
	$000	$000	$000	$000
Gross carrying amount				
Balance as at 1 April 2010	4,281	1,412	169	5,862
Additions	80	-	-	80
Disposals	-	-	-	-
Balance as at 31 March 2011	**4,361**	**1,412**	**169**	**5,942**
Balance as at 1 April 2011	4,361	1,412	169	5,942
Additions	35	-	7	42
Disposals	-	-	(1)	(1)
Balance as at 31 March 2012	**4,396**	**1,412**	**175**	**5,983**
Accumulated amortisation and impairment losses				
Balance as at 1 April 2010	(2,822)	-	(12)	(2,834)
Amortisation expenses	(92)	-	(12)	(104)
Disposals	-	-	-	-
Balance as at 31 March 2011	**(2,914)**	**-**	**(24)**	**(2,938)**
Balance as at 1 April 2011	(2,914)	-	(24)	(2,938)
Amortisation expenses	(61)	-	(8)	(69)
Disposals	-	-	1	1
Impairment losses (charged to profit)	-	(1,177)	-	(1,177)
Balance as at 31 March 2012	**(2,975)**	**(1,177)**	**(31)**	**(4,183)**
Carrying amounts				
At 31 March 2011	1,447	1,412	145	3,004
At 31 March 2012	**1,421**	**235**	**144**	**1,800**

Impairment

Goodwill has been allocated at the cash generating unit level. As each subsidiary derives its own cash inflows, goodwill impairment is determined by reference to the cash generating unit. The recoverable amount of the subsidiary is its value in use.

Electra has performed impairment testing on the subsidiary business operations and has recognised the following impairment losses because the financial results have not returned what was expected; therefore the future cash flows of the current business activities have been reassessed.

	GROUP		PARENT	
	2012 $000	2011 $000	2012 $000	2011 $000
DataCol NZ Limited	-	-	-	-
Linework and Stones Limited	1,177	-	1,177	-
Oxford Finance Corporation Limited	-	-	-	-
Sky Communications Limited	-	-	-	-
Sky Communications Pty Limited	-	-	-	-
	1,177	-	1,177	-

Determining whether there has been impairment in relation to goodwill requires an assessment of the value in use of the cash generating assets with which the goodwill is associated. This is undertaken by estimating the future cash flows expected to arise and using a suitable discount rate to estimate the present value of the future cash flows.

Datacol NZ Limited

The recoverable amount of this CGU is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five year period, and a discount rate of 10.8% (2011: 10.8%) per annum.

Cash flow projections during the budget period are based on similar expected gross margins throughout the budget period. The cash flows beyond that five year period have been extrapolated using a steady 2% (2011: 2%) per annum average growth rate. The directors believe that any reasonably possible change in key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.

Linework and Stones Limited

The recoverable amount of this cash-generating unit (CGU) is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five year period, and a discount rate of 10.8% (2011: 10.8%) per annum.

Cash flow projections during the budget period are based on similar expected gross margins throughout the budget period. The cash flows beyond that five year period have been extrapolated using a steady 2% (2011: 2%) per annum average growth rate. The directors believe that any reasonably possible change in key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.

Oxford Finance Corporation Limited

The recoverable amount of this CGU is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five year period, and a discount rate of 11.83% (2011: 11.83%) per annum.

Cash flow projections during the budget period are based on similar expected gross margins throughout the budget period. The cash flows beyond that five year period have been extrapolated using a steady 2% (2011: 2%) per annum average growth rate. The directors believe that any reasonably possible change in key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.

Sky Communications Limited

The recoverable amount of this CGU is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five year period, and a discount rate of 10.8% (2011: 10.8%) per annum.

Cash flow projections during the budget period are based on similar expected gross margins throughout the budget period. The cash flows beyond that five year period have been extrapolated using a steady 2% (2011: 2%) per annum average growth rate. The directors believe that any reasonably possible change in key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.

16. TRADE AND OTHER PAYABLES

	GROUP		PARENT	
	2012 $000	2011 $000	2012 $000	2011 $000
Trade payables	**5,442**	5,586	**1,069**	1,180
Other payables	**393**	60	**289**	490
Intercompany payables	**-**	-	**4,303**	981
Accruals	**3,067**	1,468	**-**	843
Accrued employee entitlements	**1,744**	1,473	**190**	125
	10,646	8,587	**5,851**	3,619

17. DEBT FINANCING (EXCLUDING SECURED DEBENTURE FUNDING)

	GROUP		PARENT	
	2012 $000	2011 $000	2012 $000	2011 $000
Bank and other borrowings	**74,710**	42,605	**45,260**	42,605
Intercompany borrowings	**-**	-	**2,635**	-
Total debt funding	**74,710**	42,605	**47,895**	42,605
Less current borrowings	**(25,880)**	(42,605)	**(24,765)**	(42,605)
Non-current borrowings	**48,830**	-	**23,130**	-
Repayable as follows:				
Within one year	**25,880**	42,605	**24,765**	42,605
Within two years	**13,900**	-	**7,900**	-
Beyond two years	**34,930**	-	**15,230**	-
	74,710	42,605	**47,895**	42,605

All bank borrowings are secured by a 'General Securities Agreement' over the assets of the Group excluding Sky Communications Pty Limited and Oxford Finance Corporation Limited.

Interest rates

Interest rates payable on the Parent Company bank facilities range from 4.85 – 8.84% pa. (2011: 4.65 – 8.84% pa.).

18. OTHER FINANCIAL LIABILITIES

The Group and the Company enter into New Zealand dollar floating interest rate swap agreements to reduce the impact of changes in the floating interest rates on its borrowings and thus reduce the variability in its cash flows.

Derivative financial instruments are initially recognised at fair value on the contract date and subsequently measured at fair value on each balance date. All interest rate swaps are valued at fair value through profit and loss and are not hedge accounted. Therefore, changes in the fair value of the interest rate swaps are recognised immediately in the profit or loss component of the Statement of Comprehensive Income.

	Average Contracted Fixed Interest Rate		Group and Parent Notional Principal		Group and Parent Fair Value	
	2012 %	2011 %	2012 $000	2011 $000	2012 $000	2011 $000
Interest rate swaps	**4.82%**	-	**13,800**	-	**383**	-

19. SECURED DEBENTURE STOCK

	Oxford Finance Corporation	
	2012 $000	2011 $000
Group borrowings		
Current debenture stock	**13,597**	33,156
Non-current debenture stock	**3,212**	17,393
Total secured debenture stock	**16,809**	50,549

Secured debenture stock - security

All debenture stock is secured by a charge in favour of the Trustee over all the undertakings and assets of Oxford Finance Corporation Limited. The stock ranks equally with all previously issued debenture stock, including that of Electra Finance Limited and all other debenture stock, which may hereafter be issued under the Trust Deed.

	Oxford Finance Corporation			
	2012		2011	
Group contractual Maturity	$000	Average Rate %	$000	Average Rate %
On call	**33**	**0.00**	3,215	4.07
Within six months	**7,065**	**7.15**	17,381	5.78
Within one year	**6,499**	**7.34**	12,560	6.38
Within two years	**2,982**	**7.68**	13,923	7.25
Between two and three years	**163**	**7.70**	3,238	7.61
Between three and four years	**67**	**7.50**	166	7.85
Over four years	**-**	**-**	66	7.50
Total	16,809	7.32	50,549	6.29

20. SHARE CAPITAL

	GROUP		PARENT	
000 of shares	2012	2011	2012	2011
Opening balance	**24,465**	24,465	**24,465**	24,465
Closing balance	**24,465**	24,465	**24,465**	24,465

	GROUP		PARENT	
$000	2012	2011	2012	2011
Opening balance	**18,000**	18,000	**18,000**	18,000
Closing balance	**18,000**	18,000	**18,000**	18,000

All shares rank equally with one vote attached to each share, have no par value and are fully paid.

21. RESERVES

	GROUP		PARENT	
Asset Revaluation Reserve	2012 $000	2011 $000	2012 $000	2011 $000
Balance at beginning of financial year	**52,030**	50,708	**52,030**	50,708
Revaluation increments/(decrements)	**121**	(134)	**121**	(134)
Impairment losses	**-**	-	**-**	-
Reversals of impairment losses	**-**	-	**-**	-
Deferred tax liability arising on revaluation	**(34)**	1,456	**(34)**	1,456
Reversal of deferred tax liability on revaluation	**-**	-	**-**	-
Transferred to retained earnings	**-**	-	**-**	-
Balance at end of financial year	**52,117**	52,030	**52,117**	52,030

The asset revaluation reserve arises on the revaluation of the Group's distribution network land and buildings and the electricity distribution network. Where a revalued asset is disposed of that portion of the asset revaluation reserve which relates to that asset, and is effectively realised, is transferred directly to retained profits.

22. DIVIDENDS

	GROUP		PARENT	
	2012 $000	2011 $000	2012 $000	2011 $000
Dividends paid	**298**	275	**298**	275

	GROUP		PARENT	
	2012 $000	2011 $000	2012 $000	2011 $000
Cents per share	**1.22**	1.12	**1.22**	1.12

Dividends were paid, during the year to the Electra Trust. There is no proposed final dividend.

23. COMMITMENTS

Capital Commitments

At balance date, there was $2,028,000 unaccrued expenditure contracted for and approved by the Company and Group (2011: $1,982,000).

	GROUP		PARENT	
	2012 $000	2011 $000	2012 $000	2011 $000
Distribution network	**2,011**	1,921	**2,011**	1,921
Intangible assets	**17**	61	**17**	61
	2,028	1,982	**2,028**	1,982

Distribution expenditure will be incurred when the work is completed (estimated to be over the next 12 to 24 months). The expenditure on intangible assets relates to a maintenance contract and will be incurred over a 12 month period.

Financial Commitments

As at 31 March 2012 Oxford Finance Limited had financial commitments of $422,000. This figure represents pre-approved floorplan facilities undrawn of $422,000 (31 March 2011: $Nil).

As at 31 March 2012 Oxford Finance Corporation Limited had financial commitments of $Nil (31 March 2011: $684,000).

24. CONTINGENT LIABILITIES

	GROUP		PARENT	
	2012 $000	2011 $000	2012 $000	2011 $000
Guarantee of bank facilities for a subsidiary to a limit of	**unlimited**	unlimited	**unlimited**	unlimited
Guarantee of OFC's debentures to a limit of	**16,809**	50,549	**16,809**	50,549

There is no indication that any liability with regard to the above guarantees will crystallise in the foreseeable future.

The Group has provided for a liability to some employees which would be payable on their retirement.

DataCol NZ Limited in its ordinary course of business undertakes various contracting works, some of which will be subject to customer disputes.

A dispute exists with one customer relating to the alleged failure to meet contracted standards. The nature of the disputed claim is denied by DataCol NZ Limited. Agreement has been reached that the dispute will be arbitrated. The Directors are confident that the outcome will not be material to these financial statements.

25. CASH AND CASH EQUIVALENTS

	GROUP		PARENT	
	2012 $000	2011 $000	2012 $000	2011 $000
Non-finance business				
Cash at bank	**2,446**	1,614	**1,232**	792
Finance business				
Cash at bank	**1,499**	3,674	**-**	-
Total cash and cash equivalents	**3,945**	5,288	**1,232**	792

26. RECONCILIATION of net (loss)/profit after tax with cash inflow from operating activities

	GROUP		PARENT	
	2012 $000	2011 $000	2012 $000	2011 $000
Reported (loss)/profit after taxation	**(2,544)**	411	**1,806**	1,225
Add/(less) non-cash items				
Goodwill write off	**1,177**	-	**1,177**	-
Depreciation and amortisation	**8,720**	8,388	**7,430**	7,171
Doubtful debt provision movement	**(385)**	742	**20**	-
Provision for tax movement	**(1,470)**	(2,169)	**(1,003)**	(1,461)
Bad debts written off	**2,096**	1,832	**39**	97
Increase/(decrease) in unearned fees	**447**	(22)	**-**	-
Capitalised interest adjustment	**(545)**	(473)	**-**	-
Equity accounted earnings of associate	**-**	-	**-**	-
(Gain)/loss on sale of investment	**-**	-	**-**	-
Capital (gain)/loss on sale of fixed assets	**442**	347	**396**	312
Add item classified as investing activity	**-**	-	**-**	-
Movements in working capital:				
(Decrease)/increase in accounts payable and other provisions	**3,354**	3,754	**2,910**	530
Decrease/(increase) in receivables	**91**	(5,455)	**(689)**	(460)
(Increase)/decrease in inventory	**(96)**	(35)	**-**	-
Net cash inflow from operating activities	**11,287**	7,320	**12,086**	7,414

27. TRANSACTIONS WITH RELATED PARTIES

The Parent entity in the consolidated Group is Electra Limited which is 100% owned by Electra Trust. For a list of other group companies refer note 14.

Electra Related Party Transactions

	PARENT	
	2012 $000	2011 $000
Revenue		
Interest from DataCol NZ Limited	**-**	5
Sales to DataCol NZ Limited	**-**	6
Sales to Linework and Stones Limited	**42**	-
Interest from Linework and Stones Limited	**16**	-
Interest from Sky Communications Limited	**218**	88
Interest from Sky Communications Pty Limited	**62**	3
Sales to Sky Communications Pty Limited	**-**	2
Management/Director Fees from Oxford Finance Corporation Limited	**16**	26
Loan received from Oxford Finance Corporation Limited	**-**	3,250
Management Fees from Oxford Finance Limited	**270**	-
Expenses		
Interest expense to DataCol NZ Limited	**-**	13
Interest expense to Oxford Finance Corporation Limited	**-**	16
Purchases from DataCol NZ Limited	**2**	-
Purchases from Linework and Stones Limited	**10,870**	8,549
Loan repaid to Oxford Finance Corporation Limited	**-**	3,250
Receivables		
Loan to Sky Communications Limited	**6,551**	3,103
Loan to Sky Communications Pty Limited	**1,836**	262
Loan to Linework and Stones Limited	**250**	-
From DataCol NZ Limited	**24**	-
From Oxford Finance Corporation Limited	**-**	10
From Sky Communications Limited	**109**	50
From Sky Communications Pty Limited	**76**	5
From Linework and Stones Limited	**44**	10
From Oxford Finance Limited	**32**	-
Payables		
To Oxford Finance Limited	**2.635**	-
To Linework and Stones Limited	**1,650**	981

Mr M Taylor, General Manager of Sky Communications Limited, is a director and shareholder of Broadtech Group Limited which is associated with BOP Properties Limited. BOP Properties Limited leased premises to Sky Communications Limited - 2012 $195k (2011: $160k). Broadtech Group Limited provided Information Technology services and support to and received fault services from Sky Communications Limited - 2012 $34k (2011: $99k). All transactions were undertaken in the normal course of business on an arm's-length commercial basis.

No related party debts have been written off or forgiven during the year. No amounts were provided for in doubtful debts relating to debts due from related parties at reporting date (2011: $Nil).

Guarantees

On 7 September 2007 Electra Limited provided a guarantee to Electra Finance Limited (formerly Oxford Finance Limited) in which Electra Limited guarantees the Debenture Stockholders of Oxford Finance Corporation Limited.

Electra Limited also provides an unlimited guarantee for subsidiaries bank facilities.

Directors

During the year no transactions were entered into with any of the Company's Directors other than the payment of Directors fees and the reimbursement of valid Company related expenses such as travel costs to board meetings and interest paid by Oxford Finance Corporation Limited on debentures. Some of the Directors are also consumers of the Company and some minor transactions were entered into with companies in which some Directors held directorships and with related parties. These transactions were carried out on a commercial and arm's length basis. The exception to this being employees of the Group are entitled to a discounted interest rate on lending, and a premium interest rate on investments, when transacting with Oxford Finance Corporation Limited.

28. KEY MANAGEMENT PERSONNEL

The compensation of the Directors and Executives, being the key management personnel of the Group, is set out below:

	GROUP		PARENT	
	2012 $000	2011 $000	2012 $000	2011 $000
Short-term employee benefits	**1,864**	1,587	**1,367**	1,079
Defined contribution plans	**33**	43	**30**	25
	1,897	1,630	**1,397**	1,105

Some of the above employees are provided with the use of a Company motor vehicle not included in the above calculation.

As at 31 March 2012 $71,833 was owing to Directors and key management personnel (31 March 2011: $506,000). As at 31 March 2012 there was $41,059 owing from Directors and key management personnel (31 March 2011: $51,000).

29. SUBSEQUENT EVENTS

Subsequent to the year end the Board approved the sale of the Linework and Stones Limited electrical contracting and Wellington linework business units. The Board has also approved that the residual linework contracting business will be amalgamated into Electra Limited as a separate division.

The material impacts of these transactions have been reported in the financial statements for the year ended 31 March 2012 and any residual Linework and Stones assets and liabilities will be transferred at their carrying values on the date of amalgamation, which is yet to be decided.

There have been no other material events since balance date to 1 June 2012 that require disclosure in these financial statements.

30. REQUIRED DISCLOSURES

The Company reported the following performance measures in its 2011/12 Statement of Corporate Intent:

	Actual	Target
Capital ratio – shareholders' funds to total assets	**48%**	50%
Operating (loss)/surplus[1]	**($2.8m)**	$3.76m
Operating cost per consumer	**$186**	$204
Network reliability		
- Average interruption duration	**131.9**	83.0
- Average frequency index	**2.29**	1.66

[1] The decrease in operating surplus is due to losses incurred in the contracting subsidiaries and impairment of goodwill.

INDEPENDENT AUDITORS REPORT

Deloitte.

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF
ELECTRA LIMITED AND GROUP'S
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

The Auditor-General is the auditor of Electra Limited (the "Company") and Group. The Auditor-General has appointed me, Trevor Deed, using the staff and resources of Deloitte, to carry out the audit of the financial statements of the Company and Group on her behalf.

We have audited the financial statements of the Company and Group on pages 30 to 84, that comprise the statement of financial position as at 31 March 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

Opinion on the financial statements

In our opinion,

the financial statements of the Company and Group on pages 30 to 84:

- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards; and
- give a true and fair view of the Company and Group's:
    - financial position as at 31 March 2012; and
    - financial performance and cash flows for the year ended on that date.

Opinion on other legal requirements

In accordance with the Financial Reporting Act 1993 we report that, in our opinion, proper accounting records have been kept by the Company and Group as far as appears from an examination of those records.

Our audit was completed on 1 June 2012. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities, and explain our independence.

Deloitte.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Company and Group's financial statements that give a true and fair view of the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company and Group's internal control.

An audit also involves evaluating:

the appropriateness of accounting policies used and whether they have been consistently applied;

the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;

the adequacy of all disclosures in the financial statements; and

the overall presentation of the financial statements.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements. In accordance with the Financial Reporting Act 1993, we report that we have obtained all the information and explanations we have required. We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Board of Directors

The Board of Directors is responsible for preparing financial statements that:

comply with generally accepted accounting practice in New Zealand; and

give a true and fair view of the Company and Group's financial position, financial performance and cash flows.

Deloitte.

The Board of Directors is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Board of Directors' responsibilities arise from the Energy Companies Act 1992 and the Financial Reporting Act 1993.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 45(1) of the Energy Companies Act 1992.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

Other than the audit and the provision of taxation compliance services, we have no relationship with or interests in the Company or any of its subsidiaries.

Trevor Deed
Deloitte
On behalf of the Auditor-General
Wellington, New Zealand

This audit report relates to the consolidated financial statements of Electra Limited for the year ended 31 March 2012 included on Electra Limited's website. The Board of Directors is responsible for the maintenance and integrity of Electra Limited's website. We have not been engaged to report on the integrity of the Electra Limited's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. 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/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 1 June 2012 to confirm the information included in the audited financial statements presented on this website. Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

NON FINANCIAL PERFORMANCE MEASURES

The following performance measures are disclosed in accordance with the Ministry of Commerce Disclosure Regulations for Electricity Distribution Companies.

	2012	**2011**
Energy performance measures		
Direct line cost per kilometre	**$2,015**	$2,057
Indirect line cost per electricity customer	**$61**	$55
Energy delivery efficiency performance measures		
Load factor	**48.99%**	53.76%
Loss ratio	**7.33%**	7.54%
Capacity utilisation	**29.96%**	32.2%
Statistics		
System length (km)	**2,583**	2,580
Transformer capacity (kVA)	**310,474**	303,772
Maximum demand (MW)	**103.6**	94.3
Total electricity supplied from system (kWh)	**413,205,843**	410,691,478
Total customers	**42,595**	42,483
SAIDI (system average interruption duration index)	**131.9**	74.7
SAIFI (system average interruption frequency index)	**2.29**	1.62
CAIDI (customer average interruption duration index)	**57.6**	46.20
Number of faults per 100 kilometres	**6.4**	3.6

STATUTORY INFORMATION

Directors and remuneration

The following persons holding office as Directors during the year were authorised and received the following remuneration:

	Electra Limited	Oxford Finance Corporation Limited
P F McKelvey	$70,917	-
M H Devlin	$41,917	-
P A T Hamid	$36,916	$24,000
R G Longuet	$41,917	-
N F Mackay	$36,916	$16,000
D G McCorkindale	-	$16,000
S A Mitchell-Jenkins	-	$16,000
I A Wilson	$41,917	-
J L Yeoman	-	$16,000
	$270,500	**$88,000**

Entries recorded in the interest register

The following entries were recorded in the Interest Register of the Company and its subsidiaries during the year:

a) Directors' interests in transactions

No Directors gave notice of an interest in transactions between a related party and Electra Limited or its subsidiaries.

A number of the Directors are consumers of the Company. All transactions were undertaken at the Company's normal terms and conditions.

b) Share dealings of Directors

The Directors did not purchase or sell shares in Electra Limited or its subsidiaries during the year.

c) Loans to Directors

There were no loans made to Directors by Electra Limited or its subsidiaries during the year.

d) Directors' indemnity and insurance

The Company has insured its Directors, and the Directors of its subsidiaries, against liabilities to other parties that may arise from their positions as Directors. The insurance does not cover liabilities arising from criminal actions.

Executive employees' remuneration

During the year the following numbers of employees received remuneration and/or other benefits within the following bands:

	GROUP AND PARENT	
	Year Ended 31 March 2012	Year Ended 31 March 2011
Continuing Employees		
$100,000 - $110,000	9	6
$110,001 - $120,000	5	5
$120,001 - $130,000	2	4
$130,001 - $140,000	1	1
$140,001 - $150,000	1	1
$150,001- $160,000	2	2
$160,001 - $170,000	1	-
$170,001 – 180,000	1	-
$180,001 - $190,000	-	-
$190,001 - $200,000	-	1
$200,001 - $210,000	1	1
$210,001 - $220,000	-	-
$220,001 - $230,000	-	1
$230,001 - $240,000	1	1
$240,001 - $250,000	1	-
$250,001 - $260,000	-	-
$260,001 - $270,000	-	-
$270,001 - $280,000	-	-
$280,001 - $290,000	-	-
$290,001 - $300,000	-	-
$300,001 - $310,000	-	-
$310,001 - $320,000	-	-
$320,001 - $330,000	-	-
$330,001 - $340,000	-	-
$340,001 - $350,000	-	1
$350,001 - $360,000	1	-

Some of the above employees are provided with the use of a Company motor vehicle not included in the above calculation.

Changes in accounting policy

There have been no changes in accounting policies this year.

Donations

During the year the Group made donations of $1,854 (2011: $7,763).

DIRECTORY

DIRECTORS

P F McKelvey (Chair), CNZM, MBE, TTC (Physical Education)
M H Devlin, ONZM, ED, BA, M.Com, MAIIE, GRAD.DBS, M Inst D
P A T Hamid, BCA
R G Longuet, BE (Elec), M Inst D
N F Mackay, BCA
I A Wilson, QSO, F Inst D, ANZIM

INDEPENDANT DIRECTORS — OFCL

D G McCorkindale, MSc, BCA(Hons), CA, M Inst D
S A Mitchell-Jenkins, BBS, CA

EXECUTIVES

J L Yeoman (CEO – Electra Group), BBS, ACA, FCIS, ANZIM
S P Gregan (COO – Electra Group), BCA, CA
I R Fenwick (CFO – Electra Group), BCom, DipGrad, CA
B G Franks (CEO – DataCol NZ), Dip Bus Management
T A Wepiha (GM – Linework & Stones), NZCE(Electrical), Dip Bus
R N Leggett (GM – Group), BA
M J Taylor (GM – Sky Communications)
V M Wright (Company Secretary), JP

REGISTERED OFFICE

Electra Limited
Cnr Exeter and Bristol Streets
Levin

POSTAL ADDRESS

P O Box 244
Levin 5540
Telephone 0800 353 2872
Fax 06 367 6120

AUDITOR

Trevor Deed – Appointed Auditor
Deloitte
Wellington
On behalf of the Auditor-General

SOLICITORS

Cullinane Steele, Levin
Quigg Partners, Wellington

BANKERS

Bank of New Zealand

ELECTRA TRUST TRUSTEES

C R Turver (Chairperson), JP
A Chapman, MNZM, JP
L R Burnell
J M Keall
R J Latham
G Sue, JP

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual Meeting of Shareholders of Electra Limited will be held at the Company's Registered Office, Cnr Exeter and Bristol Streets, Levin on Friday 27 July 2012 at 2.00pm.

ORDINARY BUSINESS

1. To receive and consider the Directors' Report, the Financial Statements and the Auditors' Report
2. To consider the Directors' recommendations as to dividends
3. To elect Directors. Mr Neil Mackay and Mr Ian Wilson retire by rotation at the annual general meeting of the Company. Mr Neil Mackay and Mr Ian Wilson being eligible, offer themselves for re-election
4. To fix remuneration of the Directors for the ensuing year
5. To record the re-appointment of the Auditor-General (or her appointee) as Auditor of the Company and to authorise the Directors to fix their remuneration for the ensuing year

By order of the Board

V M Wright

Company Secretary

1 June 2012

Any shareholder of the Company entitled to attend and vote at the Meeting may appoint another person as proxy to attend and vote on his or her behalf. A proxy need not be a member of the Company. Proxy forms must be lodged at the registered office of the Company, cnr Exeter and Bristol Streets, P O Box 244, Levin 5540.