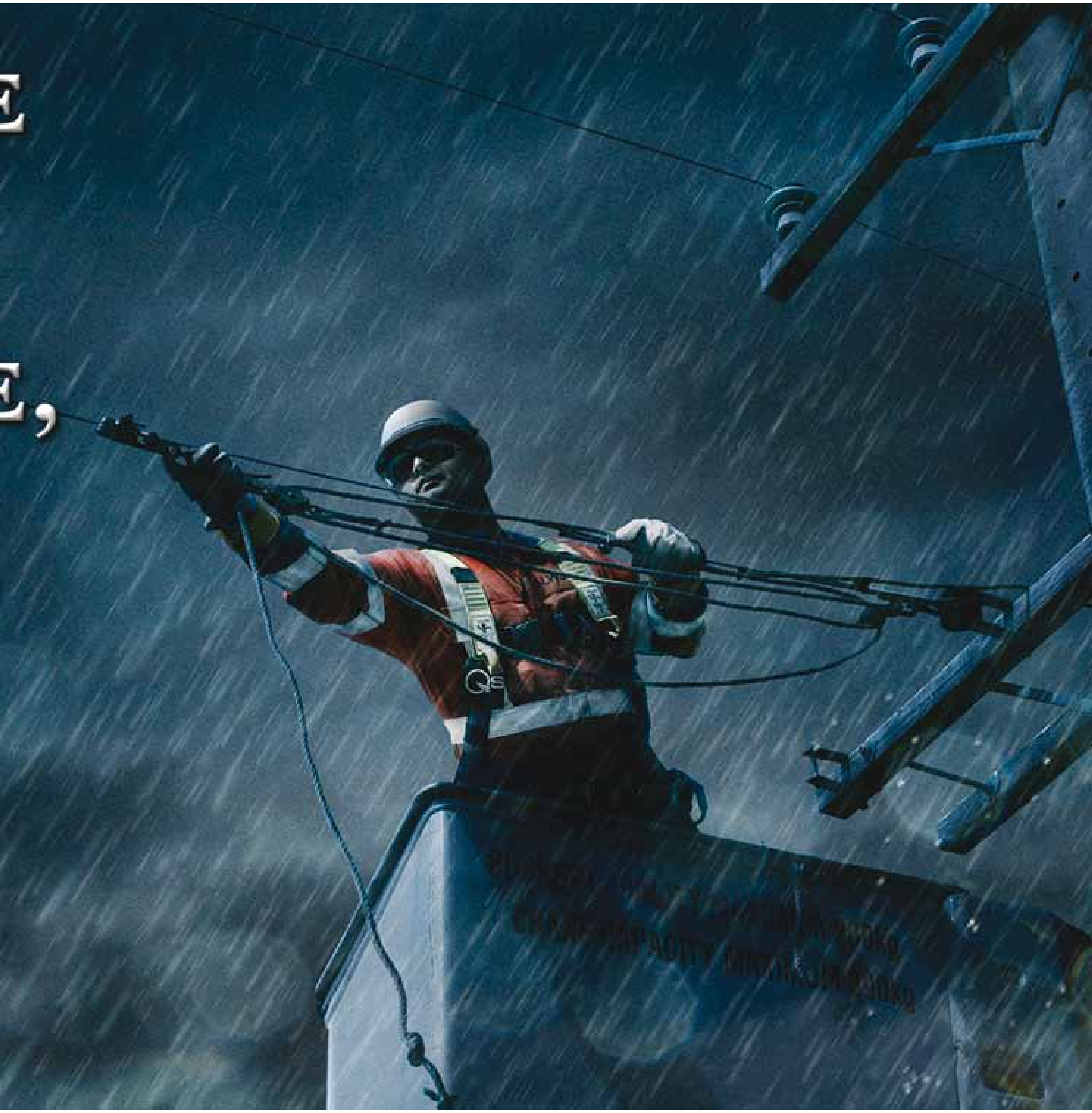
Electra

ELECTRA LIMITED **SUMMARY ANNUAL REPORT 2014 - 15**


WHEN EVERYONE
ELSE IS TOLD
TO STAY AT HOME
OUR PEOPLE
GO TO WORK.
Electra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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 the Trustees of the Electra Trust on behalf of 43,369 beneficiaries.

At 31 March 2015, the Group had total assets of $202 million and shareholders' funds of $137 million and employed 189 (full-time-equivalent) people. Electra owns 100% of DataCol NZ Limited and DataCol Group Pty Limited, which are data collection, monitoring and management companies; Sky Communications Limited, a telecommunications contracting company, and Electra Monitoring, a security monitoring company.

CONTENTS

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.

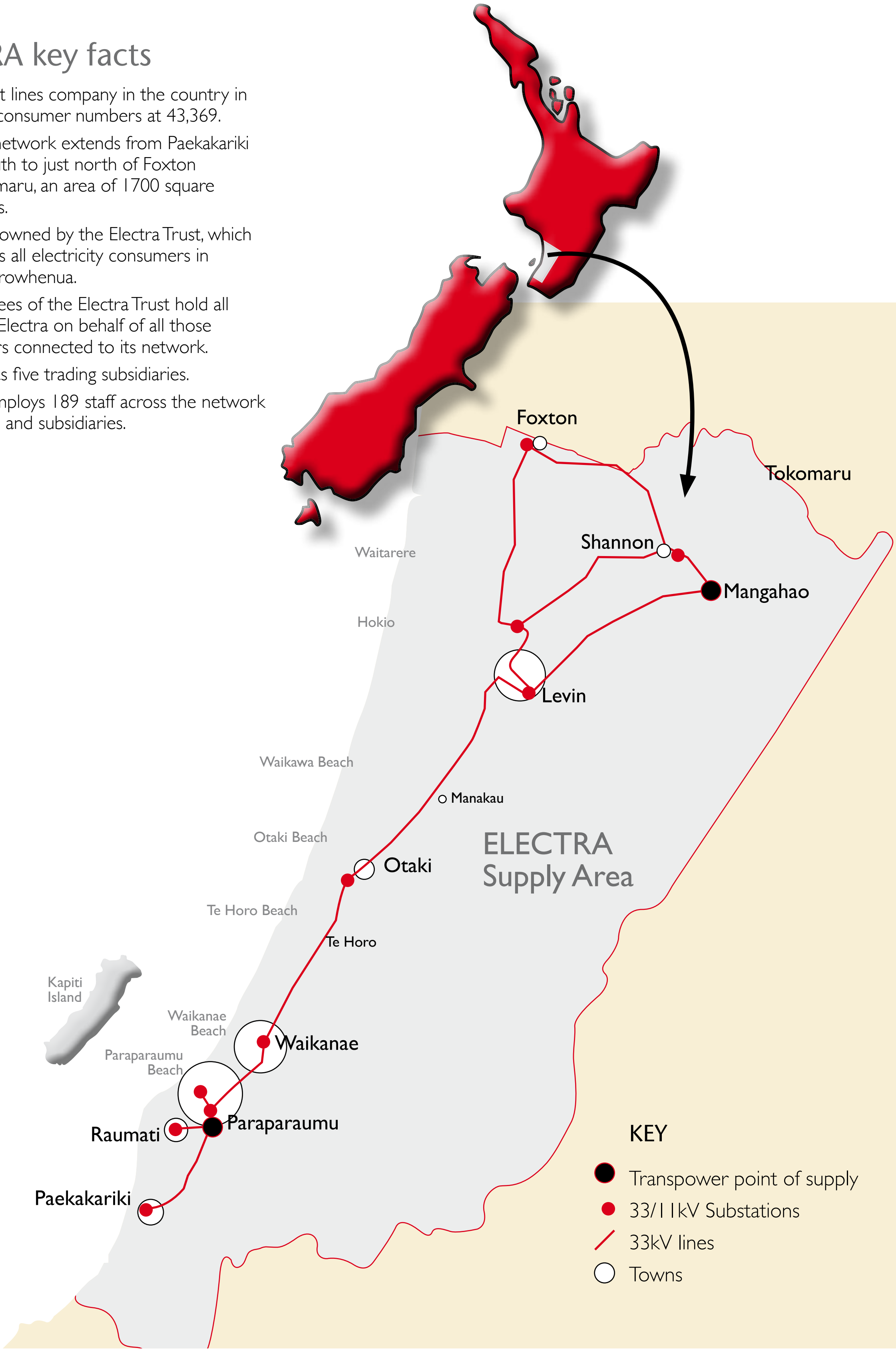
"This year" means the year ended 31 March 2015

"Last year" means the year ended 31 March 2014

"Next year" means the year ending 31 March 2016

ELECTRA key facts

- 9th largest lines company in the country in terms of consumer numbers at 43,369.
- 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 Trustees of the Electra Trust hold all shares in Electra on behalf of all those consumers connected to its network.
- Electra has five trading subsidiaries.
- Electra employs 189 staff across the network operation and subsidiaries.



Profit of $3.4 million

Invested $9.9 million in our electricity network

$8.0 million (including GST) Sales Discount distributed to Kapiti-Horowhenua consumers

High levels of consumer satisfaction maintained in annual surveys

On behalf of the Board of Directors, I have pleasure in presenting the Electra Limited 2015 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 2015.

Over the past year the Electra Group's principal activities were: Electra Limited, the electricity lines business in the Kapiti and Horowhenua region; DataCol NZ Limited, a national meter reading and data collection company; and Sky Communications Limited, a telecommunications contracting business.

The Electra Group has always focused on identifying and implementing strategies that will position the business for future growth, increase our revenue streams and, ultimately, the level of return we can provide to the communities in which we operate.

SALE OF OXFORD FINANCE COMPLETED

It is for these reasons that the Electra Group entered into an agreement in March 2014 to sell its finance company subsidiary, Oxford Finance Limited, to Dorchester Oxford Ltd (as previously reported in the 2014 Annual Report).

While the sale was completed on 1 April 2014, the terms of the sale agreement saw Electra Group retain the management contract for Oxford Finance until 31 March 2015, with the final sale price containing a performance element determined by Oxford's overall business result for the year.

We are pleased to confirm that Oxford Finance exceeded its budget for the year, meaning the Electra Group realised the maximum possible sale price for the business and, as a result, a significant gain was achieved on the sale of this non-core asset.

Paul Byrnes Executive Director and CEO of Turners Limited, the purchaser of Oxford Finance said, "We have been delighted with the acquisition of Oxford Finance. We have found the staff to be engaged and motivated. The integration has really been seamless and the operating performance for the first year has been ahead of all expectations. We are confident Oxford Finance will continue to make a significant contribution to the Turners Limited group result".

CHAIR REVIEW 2015

PURCHASE OF WANGANUI SECURITY

In December 2014 the Group announced an agreement had been reached over the acquisition of Wanganui Security, a business that has been delivering monitoring, response and security guard services throughout New Zealand for 30 years.

This purchase will create future opportunities as electronic monitoring and smart home technologies converge.

OUR FINANCIAL PERFORMANCE

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

The performance of the electricity network, coupled with the sale of Oxford Finance and the steady performance of our subsidiary companies who either achieved or exceeded budget expectations, means that we are pleased to report another solid result for the year ended 31 March 2015.

Total Group revenue from continuing operations for the year was $61.7 million, a 2% decrease on the 2013/14 result ($62.8 million).

The profit for the Group was $3.4m, meaning the Group once again exceeded budget for the year.

SALES DISCOUNT DISTRIBUTION

While the region experienced yet another mild winter, electricity sales were actually slightly higher than the previous year. Unfortunately a number of major weather events and equipment failures resulted in an increase in unplanned operational expenses across the Network.

The overall performance of the entire Electra Group meant the Board was able to declare a final sales discount of $8 million incl. GST, a small decrease on the previous year. This was distributed to the 43,369 consumers on the Electra network as an annual sales discount credited to their power accounts.

We are proud to have returned more than $150 million in sales discount to the electricity consumers throughout the Kapiti and Horowhenua regions over the last 21 years. This demonstrates the value of Electra's Consumer Trust structure.

CHIEF EXECUTIVE AND BOARD LEVEL CHANGES

It was reported in the 2014 Annual Report that Electra Group Chief Executive John Yeoman would be retiring at the end of May 2014, and that the Electra Board had commenced an extensive recruitment process for a new Chief Executive.

At the end of April 2014 we were delighted to announce the appointment of Neil Simmonds as Electra Group's next Chief Executive. Neil is an electrical engineer and Fellow of IPENZ, with an MBA from Europe's leading business school (IMD in Switzerland).

Prior to his appointment, Neil had spent thirteen years as Chief Executive of Counties Power, a company that is also a customer owned lines company. He therefore has an excellent understanding of the unique responsibilities that come with operating within a Consumer Trust structure.

Under his leadership, Counties Power developed a reputation for delivering an innovative, reliable and cost-effective electricity network. At the same time Neil also held senior positions in a number of industry associations and working groups, many of them focused on smart network technology.

We believe Neil has an excellent balance of technical and strategic business skills and experience that will serve both our organisation and the region exceptionally well over the coming years.

During 2014 two new Directors were welcomed to the Electra Board with the appointments of Chris Dyhrberg and Shelly Mitchell-Jenkins, replacing long standing Director Martin Devlin who resigned at the end of 2013/14.

Chris Dyhrberg is a business consultant who has worked in the ICT, health, education and electricity sectors, and has experience across multiple disciplines including commercial, strategy, marketing, product management, industry and stakeholder management, engineering and infrastructure build.

Shelly Mitchell-Jenkins is a Fellow of NZICA and a Director of Colbert Cooper Limited, a chartered accountancy practice located in Levin, providing business, accountancy and tax services to clients throughout the region and across NZ.

The Board believes these three senior appointments bring significant commercial expertise and experience to the Electra Group, and that they will deliver considerable value to the operation of the Group over the coming years.

It needs to be acknowledged that management changes can often create uncertainty and a loss of focus in an organisation. However, despite the significant changes taking place at the senior management and Board level throughout the year, the Electra Group was still able to beat budget for the 2014/15 financial year. This is a testament to the systems and structures left in place by retiring Chief Executive, John Yeoman, the experience and enthusiasm of incoming Chief Executive, Neil Simmonds, the ongoing support and guidance of the Electra Board, and the continued dedication and commitment of the staff employed by the wider Electra Group.

THE ROAD AHEAD

While the large roading projects now underway are delivering short-term employment and business benefits, the region is expecting business and residential growth due to better transport links that will eventuate.

However, these benefits will take time to materialise and are likely to be staggered over a number of years.

In the meantime, growth remains subdued throughout the region and short term business confidence continues to be cautious, but there is a real sense of optimism for the future and a focus on preparing for the inevitable boost to the regional economy.

We remain committed to working with the Councils and businesses throughout our region to support and attract business growth and development to leverage off these new infrastructure investments.

As was the case last year, surplus generation capacity and flat demand growth at a national level should ensure greater price stability for consumers over the next few years.

Patricia McKelvey CNZM, MBE
Chair

CHIEF EXECUTIVE REPORT

I am pleased to present the following performance review of the Electra Group of businesses for the year ended 31 March 2015.

While economic conditions remained flat and regulatory conditions challenging in the markets in which the Electra Group operates, the Group still managed to deliver a solid result for the 2014/15 financial year.

Once again this result can be directly linked to the positive underlying performance of both our core Network and our subsidiaries, highlighting the effectiveness of the Group's long held strategy of diversifying its business streams and improving overall profitability.

As mentioned by the Chair, the sale of the Group's finance company subsidiary, Oxford Finance Limited, to Dorchester Oxford Ltd occurred on 1 April 2014. The final sale price included a performance element based on the business result for the financial year to 31 March 2015, and in exceeding budget for the year the Group achieved the maximum sale price.

As a result Electra was able to deliver a significant gain on the sale of a non-core asset which will allow the Group to focus on further investment in our electricity network and complementary businesses that will enable the business to achieve its long term strategy.

Throughout the year the focus continued to be on positioning the Group for future growth, investing in the network, equipment, technology and people.

There are now over 1.1 million smart meters in use throughout New Zealand (over 50% market penetration) and 80% of consumers are expected to have smart meters installed by the end of 2018. Smart meters provide consumers with greater access to useful information about their energy use, while enabling two-way communication.

We believe the rapid roll-out of smart meters throughout New Zealand and the expected convergence of electronic monitoring and smart home technologies presents opportunities beyond the Group's traditional electricity lines business. Consumers will expect a more interactive relationship, and technology will help us to deliver this relationship.

Electra Limited announced the acquisition of Wanganui Security in December 2014 with the sale completed in early 2015. The company provides a full range of security services both locally and nationally, including monitoring, response and security guard services.

Established 30 years ago, the company will continue to operate from its current location, although the business will be renamed to reflect its wider market. All existing staff, including the original owners, have been retained in the business.

The newly acquired business, that has been renamed Securely, will increase the Group's revenue streams and offers exciting growth opportunities, particularly in the area of monitoring.

Another area of opportunity identified by the Group is in electricity retailing.

A Ministerial Review of the Electricity Market in December 2009 removed the barriers preventing lines companies from competing in the electricity retail market, opening the way for companies like Electra to sell electricity to the consumers on their network. At the same time the Government established a $15m fund to promote customer switching between retailers for the next three years, resulting in a significant increase in the number of customers switching retailers. In 2014 more than 384,000 consumers in New Zealand switched electricity retailer.

Given the changes introduced by the Government, in 2012 we made the decision to commence a limited retail trial with a small group of local customers connected to the Electra Network. The success of this trial, coupled with growing consumer confidence to switch retailer, means the Group has decided to move to a full retail business model. Electra Energy is now fully operational on our Network.

Unfortunately the regulatory environment for lines businesses in which we operate remains challenging. Trust owned companies like Electra remain exempt from the Commerce Commission price control regime. However, despite this exemption, we still have to comply with substantial information disclosure requirements from regulatory bodies such as the Commerce Commission and the Electricity Authority ('EA'). In the 2014 Annual Report we raised a number of concerns with the current costly regime but have seen no progress in this area.

Reconductoring Forest Road, Paraparaumu

It is interesting to note that over the last year the Commerce Commission has been allowing companies to pass through price increases due to increasing production costs, but that these increases are insufficient to cover the rising compliance costs faced by the industry. Ultimately these costs will need to be eliminated or passed through to the consumer.

As always, we remain hopeful that the Government will deliver on its stated intention to reduce the level of business compliance and reporting (and therefore costs), so we can focus on our core activities which provide benefits for our consumers and shareholders.

There is a widespread understanding that the current pricing model is unsustainable and encourages uneconomic investments. We look forward to regulators addressing the unfairness, on consumers and lines businesses, of the current energy based lines charges. At the same time, changes to the Health and Safety rules affecting all businesses has resulted in a significant increase in the level of documentation and work required by WorkSafe New Zealand, and a corresponding increase in levies. In response, the Group has appointed its first ever Health and Safety Manager to help with the transition to the new rules. Improving our health and safety performance remains one of Electra's key goals in the new strategic plan.

Construction of 33kV cable Ruapehu Street, Paraparaumu

ELECTRA LIMITED

Electra Limited owns and operates the electricity network throughout the Kapiti and Horowhenua regions, and has distributed electricity to these regions for more than 70 years. The network covers more than 1,700 square kilometres across a largely rural coastal band. Its 43,369 consumers make it the 9th largest electricity network in New Zealand (out of 29). Our network is in the top quartile in terms of reliability performance with substantial ongoing investment planned to maintain and improve this reliability of supply in the region.

The electricity network operation remains core to the Electra Group's overall performance. This year produced another solid result, with revenue of $37.54 million.

Ongoing technological advances and improvements across the energy industry are changing the way electricity is practiced and used. Like many parts of New Zealand and also the developed world, Electra's kWh sales per consumer are trending down while peak demand continues to grow. It is peak demand that Electra must build for. The Electricity Authority's "2014 Year in Review" report noted that energy demand remains lower than in 2010. The reduced kWh is a result of a combination of factors such as improved efficiency of lighting and appliances, increased price sensitivity, more efficient heating, better insulation, and the growing impact of photovoltaic ('PV') solar panels. While declining average usage is challenging for the company, the reduced powerbills are obviously good news for our consumers.

However despite these downward pressures on demand, it is pleasing to report that total electricity unit sales across the Network were 0.11% higher than the previous year.

This is partly due to system losses being 0.8% lower than the 2013/14 financial year. A non-technical losses project that has been running for the last 18 months has uncovered retailer billing issues which were previously hidden. Electra continues with an active revenue assurance programme and is working co-operatively with retailers in this area.

New connections across the network were 402 compared to last year's 449. The number of live ICP's were up by 461 over last year.

As already noted, while confidence is returning to our region, significant growth in the business and residential sectors is yet to materialise. Work on the Kapiti Expressway is well underway, but the expected new business creation and growth as a result of this project remains limited at this stage.

Electra has undertaken a number of projects with the two local Councils to target business growth in the ICT, Transport and Logistics, and Food and Beverage areas. This work is ongoing and is complemented by both Horowhenua and Kapiti District Councils being actively engaged in launching new economic development strategies for their regions to take advantage of infrastructure spending.

The company's Asset Management Plan ('AMP') sets out the planned investment in the electricity network for the next 10 years and reflects the efforts of the Electra team to deliver a quality electricity network to the region. The focus of the AMP has moved from catering for growth towards building a smarter network and asset replacement based on age and condition. We believe this will deliver more consistent power quality over time and also lead to improved reliability.

Part of this strategy involves the greater use of technology to capture and transfer field data resulting from activities such as inspections and fault reporting. Following successful field trials over the last 18 months, the business will be rolling out this new technology across the Network over the next few years in order to capture the efficiencies such technologies deliver. We will add an outage management system that will provide consumers with more accurate and timely information.

During 2014 we were pleased to complete all the major 11kV and 400V overhead line rebuilding projects that had been scheduled in our AMP, including: Kere Kere Road in Foxton, Muhunoa West and Kuku Beach Roads in Levin, and The Esplanade, Forest Road and Kainui Roads in Raumati South. A significant new 11kV cable was laid in Rosetta Road, Raumati along with the 33kV cable from the Paraparaumu GXP to our Tongariro Street zone substation. We commenced laying 33kV and 11kV underground cables from the Levin East Zone substation to Arapaepae Road to provide increased reliability. They will connect to the Mangahao – Levin 110kV lines currently owned by Transpower, but soon to be purchased by Electra and run at 33kV.

In the 2014 Annual Report we announced that an agreement had been reached with Transpower and NZTA to connect Electra at 220kV in Paraparaumu and install two new 120 MVA 220/33kV transformers. Transpower could then remove 110kV lines running through Transmission Gully to simplify construction of the new road. This work has been completed and is now commissioned, effectively doubling capacity at Paraparaumu and meeting demand for the foreseeable future.

As a result of this work, Electra has been offered the opportunity to purchase some of the now redundant 110kV lines between Kapiti and Mangahao from Transpower for its own purposes. These include the already mentioned lines between Mangahao and Levin to be run at 33kV, along with three other short stretches that will be used at 11kV to connect between areas to improve reliability on the network in those areas. Transfer of ownership should take place during 2015.

Neil with the Transpower and NZTA CEO's at the Paraparaumu GXP Opening

Overall reliability on the Network this year (as measured by the industry reliability indicator – the System Average Interruption Duration Index, or 'SAIDI'), was disappointing by Electra's high standards. Around 40% of the SAIDI minutes were due to two major weather events early in the year, with another 20% the result of equipment failures. This result reinforced Electra's commitment to its renewal and replacement programme.

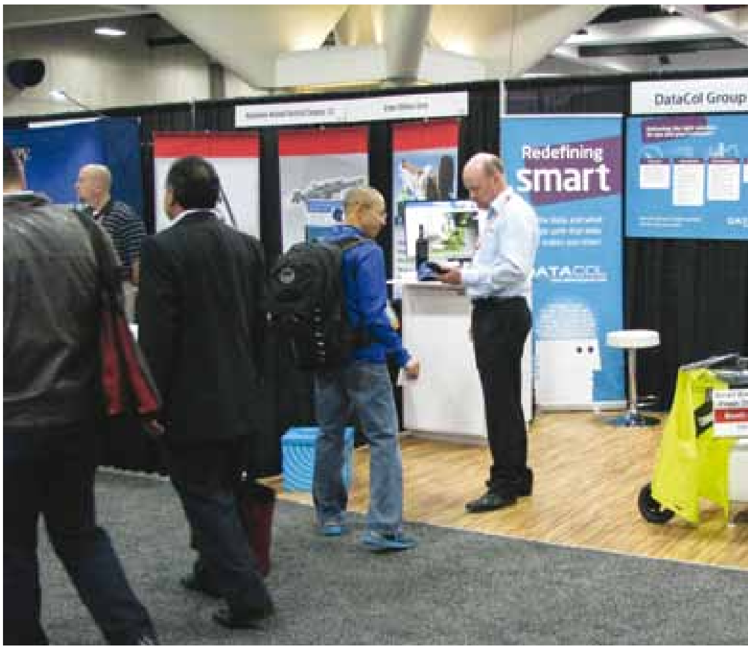
Despite the Network reliability result, consumer satisfaction with Electra's faults response remains extremely high with the Call Centre receiving a "very good" or "excellent" satisfaction rating for their overall service from 92% of respondents surveyed, and faults staff receiving a 100% satisfaction rating. When it came to the timeliness of the job completion, 91% of respondents rated our faults staff either "very good" or "excellent", while a further 87% rated the actual fault resolution just as highly.

While network charges were increased at the beginning of the year, overall prices for residential consumers still compare favourably with other lines companies with Electra continuing to be the 9th lowest out of 42 charging areas according to the Ministry of Business and Employment's quarterly survey of Domestic Electricity Prices (as at 15 May 2014). We expect the 2015 comparison to be similar.

Competition for customers amongst the 13 retailers actively competing on the network seems to be keeping overall electricity prices down, with the retail electricity price in Electra's area the 7th lowest out of 42 charging areas according to the same survey.

As has been the case for many years, the electricity industry, nationally and globally, faces serious issues with an aging workforce and ongoing difficulties in recruiting qualified staff. Electra has successfully bucked that trend this year. Our focus continues to be on training and developing talent from within our own organisation. Over the last year we have recruited seven new trainees: a trainee technician, a trainee faultman, and five trainee line mechanics. We are currently operating with a ratio of 1:5 trainees to qualified staff. We have also recruited field and office staff well this year. The combination of Electra's reputation, competitive pay and low living costs in our area has proven to be very attractive. We are pleased to report that, despite a highly competitive employment market, we have maintained a low level of staff turnover.

Energy efficiency has always been a major focus for Electra with multiple initiatives delivered over the last 20 years to increase awareness and help bring benefits to both our residential and commercial consumers. It is therefore pleasing to see that Electra's annual Market Awareness Study has found that 35% of residential consumers and 31% of commercial consumers on the network currently have a heat pump installed – a slight increase on the previous year. Even more pleasing, the study also reported that 89% of residential consumers and 72% of commercial consumers on the network have installed energy efficient light bulbs – considerably more than in the 2013 study (84% and 61% respectively).



The DataCol Group stand at the DistribuTECH conference in the US in February 2015

DATACOL NEW ZEALAND LIMITED

DataCol is a data collection, monitoring and management business, based in Christchurch with branches in Auckland and Wellington, and over 150 employees and contractors.

Historically a provider of a manual electricity and gas meter reading service, the company recognised a number of years ago that the implementation of smart meter technology across the energy industry would make their position unsustainable.

As a result, DataCol has spent the last 6 years successfully repositioning itself and looking for opportunities to expand its data collection, monitoring and management expertise into both new markets and new technologies. This new business does not requrie as many meter-reading staff as DataCol has traditionally employed. Electra has chosen to impair the goodwill from the original purchase of DataCol by $1 million to reflect this change in focus.

In 2009 the company diversified into water meter reading, securing the contract to provide meter reading services to Watercare Services Ltd, the water services division of the Auckland Super City. Today, DataCol is responsible for 87% of all of the Super City's water meter readings with around 10,000 meters read across Auckland every day.

The company's success in delivering an accurate and reliable meter reading service to the Super City quickly led to further water meter reading contracts being secured and, by the time of last year's annual report the company was responsible for reading the water meters of: Tauranga City Council, Hamilton City Council, Dunedin City Council, Nelson City Council, Waimakariri District Council and the Kapiti Coast District Council.

In the last year the company's growing reputation for water meter reading services has led to three new Council contracts being secured, with Waikato District Council, Waipa District Council and Whangarei District Council increasing DataCol's share of New Zealand's current water meter reading market to over 80%.

While the work with Councils up until now has been largely focused on collecting consumption data for billing purposes only, the next growth opportunity for DataCol will be to help Councils (particularly smaller Councils with limited resources) to analyse data for other purposes, such as water management and conservation.

Muhunoa West line renewal

As part of its plan to diversify into new markets, the company began selling it's data collection and management software system for meter reading, called SevenX. The efficiency benefits delivered by this software led to a contract with Trustpower in 2012.

In the 2014 Annual Report it was announced that DataCol had secured a licencing agreement to provide water meter reading solutions to Sydney Water using the SevenX software. Sydney Water is Australia's largest urban water supplier with over AUD$2 billion in annual revenues and 1.3 million water meters supplying 4.6 million people across an area of 12,700km.

Much of 2014 was spent rolling out the SevenX solution for Sydney Water. This has included developing a new product that will allow a single device to remotely read data from two separate metering systems (thought to be a world first development).

Sydney Water have been extremely pleased with the results delivered to date, and there are good prospects for the software in the Australian market as a result. However, it needs to be noted that these type of contracts have long sales cycles, often taking years to achieve success.

An example of this is the SevenX licencing agreement signed with UMEME, Uganda's sole power distributor (also announced in the 2013/14 Annual Report).

UMEME is one of Africa's largest distributors employing over 1,300 staff and supplying more than 460,000 customers.

The SevenX solution replaced an inefficient and costly paper based system. It took several years to secure this contract following an international tender process.

Like Sydney Water, UMEME are reporting huge improvements in accuracy and productivity following the implementation.

The initial international success of the SevenX software marketing led to the company exhibiting at the DistribuTECH conference in the US in February 2015. DistribuTECH is the world's leading annual conference for the utility industry. DataCol's attendance at the event forms part of a longer term growth strategy to establish a niche market for SevenX in the US.

DataCol has also developed the 'Data Collect' system, an electronic data collection and monitoring system, with a particular focus on irrigation and the management of water usage for agricultural and horticultural applications. The unit provides an on-farm data and consent management portal, and can measure up to seven different inputs such as water flows, electricity use, and CO2 emissions. The unit has been approved by Environment Canterbury.

The Data Collect system was launched in 2012 and total sales reached a milestone in 2014. A large number of these sales have been in the greater Canterbury region which is to be expected given the region is responsible for around 80% of New Zealand's irrigation usage. However, with DataCol securing an important foothold in the Waikato region in 2014 through its water meter reading business, an opportunity exists to grow Data Collect sales in a second key region.

The repositioning and diversification undertaken by DataCol over the last few years has led to the company delivering another positive result for the 2014/15 financial year. The company is also well placed to secure additional business, particularly internationally, over the next few years.

SKY COMMUNICATIONS LTD

Established in 1997, Sky Communications has become one of New Zealand's leading telecommunications contracting services companies, designing, building, supplying and maintaining wireless, fibre and copper networks and products for the region's leading operators including Spark, Vodafone and 2Degrees.

At the same time the company has expanded its expertise to include "in building" telecommunications ('IBC'), providing customised coverage in specific buildings such as offices, hospitals and stadia to meet the growing demand for increased data speeds and volumes from data intensive mobile applications.

SkyComm riggers upgrading a Vodafone Microwave Link

The company is based in Auckland with a field office in Wellington, employs 40 staff and has a turnover of approximately $9 million.

Over the last financial year Sky Communications continued to enjoy considerable success, securing major contracts to assist New Zealand's three largest telecommunications companies with the roll out of the next generation (or long term evolution, 'LTE') in mobile technology, as well as delivering upgrades to existing networks .

Much of the industry focus over the last twelve months has been in more rural areas, with the Horowhenua region benefiting from significant network upgrades and expansions delivered by Sky Communications.

At the same time the company continued to secure significant IBC contracts as the leading telecommunications companies looked to offer customised coverage for large clients. Projects have included a hospital, and several large projects that used microwave technology to deliver a viable alternative to fibre.

The company's success in delivering Eden Park with a successful IBC solution for the 2011 Rugby World Cup saw the company secure the contract to upgrade the stadium in time for the 2014 Cricket World Cup.

With ongoing competition within the local telecommunications industry and the increased demand placed on networks from mobile technologies, Sky Communications was once again able to report another positive result for the year.

Looking ahead, the telecommunications market in New Zealand remains positive and Sky Communications is well placed to continue to profit from ongoing investment in next generation mobile technology.

In addition, the company is currently pursuing specific offshore contracts with potential opportunities within Australia and across the Pacific Islands.

Tennis Court Road, Raumati South, reconductoring

IN THE COMMUNITY

Our principal commitment to the community continues to be to deliver safe and reliable power at a fair price and maximise the annual Electra sales discount that is credited to each electricity account on the Electra network.

We also support the local business community in a number of other ways.

During 2014 we continued our association with the Kapiti Electra Business Breakfast, helping to run 11 networking events in Kapiti throughout the year, providing local business owners with access to top quality business and related speakers. We also partnered with the Horowhenua District Council to host "Business After 5" events for local business owners and their key staff.

Twenty years ago we helped to launch the annual Electra Kapiti Horowhenua Business Awards, and we have been the proud principal sponsor of the event since its inception. We believe the Awards are an important way of recognising businesses that are helping to drive economic and job growth in the region. Congratulations to Goodman Contractors Ltd for winning the 2014 Business of the Year Award, and to Kapiti PAK'nSAVE for being highly commended by the Judges.

We also sponsor a "Part of our Community" page in the Kapiti and Horowhenua weekly newspapers, providing local community volunteer organisations an opportunity to promote themselves and the positive work they do in the community. The page also features energy related information such as energy saving tips and product offers, plus any other information that might be of interest to customers of the Electra Group of companies.

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.

Ensuring the safety of our people, our contractors, our consumers and the general public remains our number one priority. Electra has recently created a new Health and Safety Manager role to lead new initiatives to make us even better. We are committed to providing our staff with access to training that will enable them to grow personally while delivering 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 strong shareholder equity, a diversified asset and revenue base, and new opportunities for additional growth. As always, our strategy will be to continue to look for opportunities to grow and diversify our business, increase revenue streams and maximise the return we provide to our consumers connected to the Electra Network through the annual Electra sales discount.

As mentioned by the Chair, energy usage remains flat throughout the region and uncertainty exists over when the expected economic benefits of several large infrastructure projects will be delivered, but there is a sense of optimism among many people that the region is poised to take advantage of the opportunities ahead. Business growth and job creation will be further stimulated by additional investment in local projects,

Goodman Contractors 2014 Electra Business of the Year

such as the planned developments around Kapiti Airport and Expressway.

Against this backdrop we remain committed to delivering a reliable electricity supply that can meet the current and future demands of our consumers. We will greatly enhance the information channels available for them.

We are excited about the possibilities for our region, and we will continue to work closely with the local Councils and the community to ensure the best advantage is taken of the opportunities that are available to us.

THANK YOU

I would like to thank the management team for their leadership and commitment in delivering a positive financial result in a year of considerable change, the Directors and Trustees for their welcoming attitude and encouragement and the entire Electra Group team for their continued dedication to delivering the best possible service to our consumers and customers alike. It is a pleasure to come to work here.

Neil Simmonds
Chief Executive, Electra Group

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 has had a number of professional board and committee roles, including Chair of the Correspondence School Board of Trustees, Acting Chair of the Charities Commission and Chair of Career Services for many years. In 2014, she was appointed to the Teachers Council Complaints Assessment Committee. 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.

CHRISTOPHER DYHRBERG

Chris held a number of executive and senior management roles within Telecom New Zealand and Chorus New Zealand. He has experience across multiple disciplines including commercial, strategy, marketing, product management, industry and stakeholder management, engineering and infrastructure build and has worked in the ICT, health, education and electricity sectors.

Chris is a Business Consultant and also spends considerable time working on community projects and for not-for-profit organisations. He is a director of Swimming Wellington and trustee on the Kapiti Aquatic Centre Trust and Kapiti College Board of Trustees. Chris is a Member of the Institute of Directors in New Zealand.

Chris was appointed a director of Electra in 2014.

NEIL MACKAY

Neil has held a number of CEO and senior management roles in a wide variety of industries in New Zealand, UK, Hong Kong and Australia including power construction, manufacturing, transport, 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, business and regional development.

Neil is currently an executive director of Green Chip Ltd which owns and supports new technology companies to commercialise and scale up their business. He is also a director of a number of new technology companies.

Neil was appointed Director of Electra in 2007 and is the Chair of the Audit Committee.

RUSSELL LONGUET

Russell is Managing Director of Exergi Consulting Limited, an independent energy consultancy, focusing on Energy Sector risk management for large Industrials, Retailers 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 in New Zealand, an ex-Director of the Energy Efficiency and Conservation Authority (EECA) and Energy Intellect Limited. 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 Chair of the Risk Committee.

ELECTRA DIRECTORS Profiles

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. He is actively involved with Business Mentors NZ, in partnership with ATEED, in the development of individual businesses on Auckland's North Shore. Piers has been a Director of Electra since 1993. He was also an appointed member of the Mid-Central Health and Waikato District Health Boards for nine years, as well as being a Director of a number of private companies.

SHELLY MITCHELL-JENKINS

Appointed to Electra in 2014. Shelly is a Fellow Chartered Accountant (NZICA) and Chartered Member of the Institute of Directors in New Zealand. Shelly is a Director of Colbert Cooper Limited, a chartered accountancy practice located in Levin, providing business, accountancy and tax services to clients throughout the region and across NZ. She is a Trustee of the Eastern and Central Community Trust and a Trustee of Horowhenua based charitable trusts; Life to the Max Horowhenua Trust, Levin Charitable Trust and Horowhenua Scholarship Trust. Growing up in Wanganui, she attended Massey University in Palmerston North, spent three years in Japan and has lived in the Horowhenua since 1996.

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, 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 New Zealand public and private companies. He has around nineteen 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 Chartered Fellow of the Institute of Directors in New Zealand, 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 a member of the Audit Committee.

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 its 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 is the 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 mitigation plans are adjusted accordingly.

BOARD OPERATION

Operation of the Board is governed by the Constitution of Electra, and the rules, procedures and guidelines adopted by the Board, which are 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 standing committees for Audit and Risk. Each committee determines its own meeting timetable to meet the specific requirements of its work programme.

The Directors meet quarterly 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 the 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 2015.

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

	2015	2014
	$000	$000
Operating revenue from continuing operations	**61,669**	62,756
Discount to consumers	**(7,021)**	(7,628)
Other expenses	**(51,126)**	(62,740)
Profit before tax	**3,522**	16
Taxation	**(114)**	997
Profit after tax from continuing operations	**3,408**	1,013
Profit after tax from discontinued operations	**-**	2,653
Net profit after tax	**3,408**	3,666
Dividend	**(275)**	(320)
Retained earnings brought forward	**66,699**	63,353
Retained earnings carried forward	**69,832**	66,699

DIRECTORS' INTERESTS

Directors have declared interests in transactions with the Company during the year as set out in note 24 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, Messrs Neil Mackay and 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
11 June 2015

Neil Mackay
Director

PERFORMANCE HIGHLIGHTS

The following performance measures are disclosed in accordance with the Ministry of Commerce Disclosure Regulations for Electricity Distribution Companies and the companies 2014/15 Statement of Corporate Intent.

	2015	2014
FINANCIAL - GROUP		
Total revenue ($000) (includes discontinued operations)	**61,669**	71,915
Discount issued ($000)	**7,021**	7,628
Profit (after tax) ($000) (excludes revaluation)	**3,408***	3,666
Total assets ($000)	**202,382**	260,249
Total shareholders' funds ($000)	**136,772**	133,753
Shareholders' funds to total assets	**68%**	51%
Net asset backing per share	**$5.59**	$5.47
NETWORK - PARENT		
GWh sold (GWh)	**402.3**	401.8
Loss ratio	**6.71%**	7.5%
Load factor	**56%**	53%
Capacity utilization	**37.02%**	33.65%
Maximum demand (MW)	**89**	93
Circuit kilometers (kms)	**2,263**	2,262
Transformer capacity (kVA)	**328,179**	313,100
Supply area (sq kms)	**1,628**	1,628
Operating costs per kilometre**	**$3,564**	$3,788
Capital expenditure cost per kilometre	**$3,198**	$3,193
CONSUMER INFORMATION - PARENT		
Number of consumers	**43,369**	42,908
Average kWh sales per consumer	**9,277**	9,365
Operating costs per consumer**	**$212**	$205
Capital expenditure cost per consumer	**$167**	$173
Discount issued per consumer (incl. GST) (Average)	**$186**	$205
NETWORK RELIABILITY - PARENT		
System Average Interruption Duration Index (SAIDI)	**139.3**	67.3
System Average Interruption Frequency Index (SAIFI)	**2.25**	1.25
Consumer Average Interruption Duration Index (CAIDI)	**61.9**	53.8
Faults per 100km line (number)	**8.8**	8.0
PERSONNEL - GROUP		
Number of employees		
- Electra	**93**	72
- Oxford Finance	**-**	21
- DataCol NZ	**35**	34
- Sky Communications	**31**	54
- Electra Monitoring	**30**	-

* Includes one off gain of sale of Oxford of $4m.
** Adjusted to remove capital expenditure margin elimination.

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THE GROUP CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015	2014
		$000	$000
Continuing operations			
Sales and interest revenue		**60,429**	62,068
Other revenue		**1,240**	688
Total operating revenue	2	**61,669**	62,756
Discount paid to consumers		**(7,021)**	(7,628)
Finance expenses		**(4,289)**	(2,181)
Other expenses		**(50,953)**	(52,931)
Total expenses	2	**(62,263)**	(62,740)
Gain on disposal of investment in subsidiaries	2	**4,116**	-
Profit before taxation		**3,522**	16
Income tax benefit/(expense)	3	**(114)**	997
Profit from continuing operations		**3,408**	1,013
Discontinued operations			
Profit after tax from discontinued operations		**-**	2,653
Profit for the year		**3,408**	3,666
Other comprehensive income			
Foreign exchange reserve decrement		**(5)**	(28)
Asset revaluation decrement		**-**	(4,053)
Increment/(decrement) on disposal of revalued assets		**(152)**	668
Income tax benefit relating to components of other comprehensive income	3	**43**	655
Other comprehensive loss for the year net of tax		**(114)**	(2,758)
Total comprehensive income for the year net of tax		**3,294**	908

The notes on pages 30 to 54 form part of these financial statements.

THE GROUP CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2015

	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 2014		**18,000**	**49,054**	**66,699**	**133,753**	**-**	**133,753**
Profit for the year		-	-	3,408	3,408	-	3,408
Other comprehensive loss for the year net of tax		-	(114)	-	(114)	-	(114)
Total comprehensive (loss)/income		**-**	**(114)**	**3,408**	**3,294**	**-**	**3,294**
Dividend paid	18	-	-	(275)	(275)	-	(275)
Balance at 31 March 2015		**18,000**	**48,940**	**69,832**	**136,772**	**-**	**136,772**

	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 2013		**18,000**	**51,812**	**63,353**	**133,165**	**-**	**133,165**
Profit for the year		-	-	3,666	3,666	-	3,666
Other comprehensive loss for the year net of tax		-	(2,758)	-	(2,758)	-	(2,758)
Total comprehensive (loss)/income		**-**	**(2,758)**	**3,666**	**908**	**-**	**908**
Dividend paid	18	-	-	(320)	(320)	-	(320)
Balance at 31 March 2014		**18,000**	**49,054**	**66,699**	**133,753**	**-**	**133,753**

The notes on pages 30 to 54 form part of these financial statements.

THE GROUP CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

	Note	2015	2014
		$000	$000
Equity			
Share capital	16	**18,000**	18,000
Retained earnings		**69,832**	66,699
Reserves	17	**48,940**	49,054
Total equity		**136,772**	133,753
Non-current liabilities			
Debt finance	14	**12,900**	18,220
Other financial liabilities	15	**82**	43
Deferred tax	3	**34,238**	35,786
Total non-current liabilities		**47,220**	54,049
Current liabilities			
Debt finance	14	**8,961**	16,439
Other financial liabilities	15	**-**	22
Trade and other payables	13	**9,429**	8,939
Total current liabilities		**18,390**	25,400
Liabilities of disposal group classified as held for sale	26	**-**	47,047
Total equity and liabilities		**202,382**	260,249
Non-current assets			
Property, plant and equipment	10	**180,481**	179,195
Goodwill	12	**5,675**	6,511
Intangible assets	12	**2,040**	2,112
Total non-current assets		**188,196**	187,818
Current assets			
Cash and cash equivalents	21	**4,521**	974
Receivables and prepayments	6	**6,727**	11,867
Finance receivables	7	**1,926**	2,711
Inventories	8	**390**	603
Work in progress	8	**622**	973
Total current assets		**14,186**	17,128
Assets of disposal group classified as held for sale	26	**-**	55,303
Total assets		**202,382**	260,249

The notes on pages 30 to 54 form part of these financial statements.

The Board of Electra Limited authorised these financial statements for issue on 11 June 2015.

For and on behalf of the Board

Patricia McKelvey
Chair
11 June 2015

Neil Mackay
Director

THE GROUP CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015	2014
		$000	$000
Cash flows from operating activities			
Cash was received from:			
Receipts from customers (net of discount)		**56,545**	50,970
Finance receivables - interest received		**2,125**	6,698
Proceeds from HP contracts and loan advances		**-**	43,511
Income tax refund		**-**	362
Other interest received		**849**	51
		59,519	101,592
Cash was applied to:			
Payments to suppliers and employees		**(39,669)**	(41,292)
Finance loans advanced		**-**	(46,216)
Interest paid		**(4,290)**	(5,097)
Income tax paid		**(724)**	(1,921)
		(44,683)	(94,526)
Net cash flows from operating activities	22	**14,836**	7,066
Cash flows to investing activities			
Cash was provided from:			
Proceeds from sale of property, plant and equipment and intangible assets		**257**	87
Sale of investment		**11,080**	-
		11,337	87
Cash was applied to:			
Purchase of property, plant and equipment and intangible assets		**(10,557)**	(8,427)
Purchase of investments	11.2	**(300)**	-
		(10,857)	(8,427)
Net cash flows to investing activities		**480**	(8,340)
Cash flows from financing activities			
Cash was provided from:			
Loans raised		**83,730**	109,968
		83,730	109,968
Cash was applied to:			
Repayment of loans		**(96,510)**	(110,218)
Payment of dividends		**(255)**	(320)
		(96,765)	(110,538)
Net cash flows from financing activities		**(13,035)**	(570)
Net (decrease)/increase in cash and cash equivalents held		**2,281**	(1,844)
Add opening cash and cash equivalents brought forward		**2,240**	4,084
Ending cash and cash equivalents carried forward	21	**4,521**	2,240

The notes on pages 30 to 54 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Statement of compliance

Electra Limited ('the Company') is a for-profit entity 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 DataCol NZ Limited, DataCol Group Pty Limited, Sky Communications Limited, Electra Finance Limited and Electra Monitoring Limited. Non-trading subsidiaries of the Group include 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 2013 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). This is the first-time adopting for-profit designation. This change has not resulted in any changes to disclosures.

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 2015 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.

On aquisition, 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 value 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, assets and liabilities 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 Consolidated 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. Electricity 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 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 accord 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.

Revenues (v) to (xi) above are included in the classification '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 in accordance with IFRS, which requires that the full impact of accounting adjustments, including revaluations are accounted for in calculation of the total liability.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the 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 Consolidated 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

The electricity distribution network is valued at fair value. Fair value is determined on the basis of a periodic independent valuation prepared by external valuers, based on an income (present value) approach. 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 land and buildings, 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 Consolidated 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 Consolidated 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 Consolidated 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.

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 Consolidated 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 is recognised in the Consolidated 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 Cconsolidated 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 on a diminishing value basis. 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

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 consolidated 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 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 mortgage advances are initially measured at fair value at trade date and are subsequently measured at amortised cost under the effective interest method plus any directly attributable transaction costs, less impairment.

Finance receivables include:

Impaired assets:

- 'Non-accrual loans' being loans where we do not expect to be able to collect all the amounts owing in terms of the contract and therefore impairment is required under NZ IAS 39 (but is not a restructured asset).
- 'Assets acquired through security enforcement' being assets acquired in full or partial satisfaction of outstanding loans.

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 Consolidated 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 Consolidated 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 Consolidated Statement of Comprehensive Income.

1.4.15 Financial liabilities

(i) Payables

Trade payables and other accounts payable are recognised at fair value when the 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

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 Consolidated Statement of Comprehensive Income over the period of the borrowing using the effective interest 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 method. No borrowing costs have been capitalised.

(iii) 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 Consolidated Statement of Comprehensive Income as the financial instrument meets the definition of a derivative.

The derecognition of derivatives financial instruments takes place when the Group 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 Consolidated 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 Consolidated 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 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 2015.

1.5 New and revised standards and interpretations

The following new or revised Standards or Interpretations issued are not required to be adopted by entities preparing financial statements for periods ending on 31 March 2015. Management have not yet assessed the impact of these standards.

	Effective for Annual Reporting periods Beginning On Or after	Expected to be Initially Applied in the Financial Year Ending
Standard/Interpretation Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to NZ IAS 26)	1 January 2016	31 March 2017
Financial Instruments NZ IFRS 9	1 January 2018	31 March 2019
Revenue from Contracts with Customers NZ IFRS 15	1 January 2017	31 March 2018

Adoption of new and revised Standards and Interpretations

Management reviewed the Standards and Interpretations that became mandatory in the current year, and determined that there is no material effect on the results and position of the Group.

2. NET PROFIT BEFORE TAXATION

Operating revenue from continuing operations

	GROUP	
	2015	**2014**
	$000	$000
Sales - distribution	**38,554**	36,165
Sales - contracting	**18,817**	25,858
Interest revenue - related parties	**-**	-
Interest revenue - other	**3,058**	45
Dividend revenue - subsidiaries	**-**	-
Other revenue	**1,240**	688
Total operating revenue from continuing operations	**61,669**	62,756

After charging/(crediting)		
Auditors remuneration:		
Audit services	**120**	116
Other services	**60**	62
Bad debts	**45**	139
Change in provision for doubtful debts	**1,098**	80
Depreciation	**9,077**	8,291
Impairment of property, plant and equipment	**(15)**	-
Intangible assets amortisation	**239**	200
Goodwill impairment	**1,000**	500
Directors' fees	**307**	263
Defined contribution plan expense	**309**	287
Employee costs	**12,344**	12,519
Impairment of investment	**-**	49
Interest - other	**4,289**	2,181
Loss/(gain) on sale of property, plant and equipment	**394**	1,116
Contracting inventory expense	**3,060**	7,782
Rental and lease costs	**717**	732
Repairs and maintenance	**650**	710
Vehicle	**656**	426
Contractors	**5,570**	5,987
Discount to consumers	**7,021**	7,628
Foreign exchange (gain)/loss	**(48)**	(41)
Other expenses	**15,370**	13,713
Total expenses from continuing operations	**62,263**	62,740
Gain on disposal of investments in subsidiaries	**4,116**	-
Net profit before taxation from continuing operations	**3,522**	16

Consumer sales discount

A total of $7m plus GST was credited to consumers during the year to 31 March 2015 ($7.6m plus GST during the year to 31 March 2014).

3. TAXATION

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

	GROUP	
	2015	**2014**
	$000	$000
Profit/(loss) for the year before taxation from continuing operations	**3,522**	16
Income taxation for the period at 28%	**986**	4
Taxation effect of		
Permanent/timing differences	**(851)**	276
Prior period adjustment	**(21)**	(1,277)
Taxation (benefit)/expense from continuing operations	**114**	(997)
Taxation (benefit)/expense comprises of:		
Current tax expense	**1,617**	(625)
Deferred tax benefit	**(1,503)**	(372)
Total (benefit)/expense from continuing operations	**114**	(997)

Deferred Tax

GROUP	**Opening Balance**	**Charged to Income - Continuing Operations**	**Charged to Income - Discontinued Operations**	**Charged to Other Comprehensive Income**	**Acquisitions / Disposals**	**Closing Balance**
31 March 2015	$000	$000	$000	$000	$000	$000
Gross Deferred Tax Liabilities						
Provisions	267	365	-	-	-	632
Doubtful debts and impairment	29	287	-	-	-	316
Property, plant and equipment	(36,082)	853	-	43	-	(35,186)
	(35,786)	**1,505**	**-**	**43**	**-**	**(34,238)**

GROUP	**Opening Balance**	**Charged to Income - Continuing Operations**	**Charged to Income - Discontinued Operations**	**Charged to Other Comprehensive Income**	**Acquisitions /Disposals**	**Closing Balance**
31 March 2014	$000	$000	$000	$000	$000	$000
Gross Deferred Tax Liabilities						
Provisions	796	(39)	-	-	(490)	267
Doubtful debts and impairment	768	-	9	-	(748)	29
Property, plant and equipment	(37,611)	411	(3)	655	466	(36,082)
	(36,047)	**372**	**6**	**655**	**(772)**	**(35,786)**

Imputation credit account

	GROUP	
	2015	2014
	$000	$000
Closing balance	12,550	10,526

4. RENTAL AND LEASES

	GROUP	
	2015	2014
	$000	$000
No later than one year	542	551
Later than one year and not later than five years	1,479	1,668
Greater than five years	1,736	1,674
	3,757	3,893

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 the Company.

5. REMUNERATION OF AUDITOR

	GROUP	
	2015	2014
	$000	$000
Audit of the financial statements	120	116
Audit related services or review of the financial statements not reported above	60	45
Taxation services	-	17
	180	178

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 under Part 4A of the Commerce Act 1986 and amendment notices.

Taxation services included a charge for providing taxation compliance assistance.

6. RECEIVABLES AND PREPAYMENTS

	GROUP	
	2015	2014
	$000	$000
Trade receivables	**6,711**	11,451
GST receivable	**235**	495
Prepayments	**103**	60
	7,049	12,006
Less provision for doubtful debts	**(322)**	(139)
	6,727	11,867

7. FINANCE RECEIVABLES

Finance lending is provided to clients in the form of mortgages.

	GROUP	
	2015	2014
	$000	$000
Finance receivables	**2,767**	2,711
Less provision for unearned interest	**-**	-
Total	**2,767**	2,711
Less provision for doubtful debts	**(841)**	-
Total finance receivables	**1,926**	2,711

Due for repayment

	GROUP	
	2015	2014
	$000	$000
Current	**1,926**	2,711
Non-current	**-**	-
Total	**1,926**	2,711

8. INVENTORIES AND WORK IN PROGRESS

	GROUP	
	2015	2014
	$000	$000
Inventory - finished goods	**390**	603
Work in progress	**622**	973
	1,012	1,576

9. FINANCIAL INSTRUMENTS

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 and accounts receivable.

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 as at reporting date is as follows:

	GROUP	
	2015	**2014**
	$000	**$000**
Trade receivables		
Not past due	**6,210**	10,330
Past due 0 – 30 days	**231**	712
Past due 31- 60 days	**5**	30
Past due more than 60 days	**265**	379
	6,711	11,451

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.

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 electricity retailer customers. This is managed as mentioned above through the Use of System Agreements.

Foreign currency risk

The Group has no material exposure to foreign exchange risk.

Interest rate risk

Liabilities
The interest rate risk exposure is limited to bank borrowings.

Fair values
The carrying amounts recorded in the Consolidated 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 in relation to continuing activities 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 2015		$000	$000	$000	$000	$000
Financial assets						
Cash and cash equivalents	2.25	4,521	4,521	-	-	-
Trade receivables	-	6,272	6,272	-	-	-
Finance receivables	-	1,926	1,926	-	-	-
Total financial assets		12,719	12,719	-	-	-
Financial liabilities						
Trade and other payables	-	9,429	9,429	-	-	-
Debt finance	5.38 – 7.37	21,862	8,961	4,900	8,000	-
Other financial liabilities	-	82	-	-	82	-
Total financial liabilities		31,373	18,390	4,900	8,082	-

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 2014		$000	$000	$000	$000	$000
Financial assets						
Cash and cash equivalents	2.25	974	974	-	-	-
Trade receivables	-	11,451	11,451	-	-	-
Finance receivables	-	2,711	2,711	-	-	-
Total financial assets		**15,136**	**15,136**	**-**	**-**	**-**
Financial liabilities						
Trade and other payables	-	8,939	8,939	-	-	-
Debt finance	5.98	34,659	16,439	5,320	12,900	-
Other financial liabilities	-	65	22	-	43	-
Total financial liabilities		**43,663**	**25,400**	**5,320**	**12,943**	**-**

Fair Value Measurements Recognised through Consolidated 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 2015	Level One	Level Two	Level Three	Total
	$000	$000	$000	$000
Interest Rate Swaps	-	(82)	-	(82)
Total	**-**	**(82)**	**-**	**(82)**

GROUP 2014	Level One	Level Two	Level Three	Total
	$000	$000	$000	$000
Interest Rate Swaps	-	(65)	-	(65)
Total	**-**	**(65)**	**-**	**(65)**

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

GROUP	2015	2014
	$000	$000
Interest Rate Swaps	17	204
Total	**17**	204

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 $49.85m (2014: $99.85m) exist with the Bank of New Zealand, of which amounts are drawn down to cover shortfalls in liquidity. At balance date $21.82m had been drawn down (2014: $80.7m).

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 - Continuing Operations

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 2015		$000	$000	$000	$000	$000	$000	$000	$000	$000
Financial assets										
Cash and cash equivalents	2.25	4,521	4,521	-	-	-	-	-	-	-
Trade and other receivables	-	6,272	-	6,272	-	-	-	-	-	-
Finance receivables	-	1,926	-	1,926	-	-	-	-	-	-
Total financial assets		**12,719**	**4,521**	**8,198**	**-**	**-**	**-**	**-**	**-**	**-**
Financial liabilities										
Trade and other payables	-	9,429	-	9,429	-	-	-	-	-	-
Debt finance	5.38-7.37	20,815	-	7,400	2,328	5,339	3,737	2,011	-	-
Other financial liabilities	-	303	-	61	61	123	58	-	-	-
Total financial liabilities		**30,547**	**-**	**16,890**	**2,389**	**5,462**	**3,795**	**2,011**	**-**	**-**

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 2014		$000	$000	$000	$000	$000	$000	$000	$000	$000
Financial assets										
Cash and cash equivalents	2.25	974	974	-	-	-	-	-	-	-
Trade and other receivables	-	11,439	-	11,439	-	-	-	-	-	-
Finance receivables	-	2,711	-	414	2,297	-		-	-	-
Total financial assets		**15,124**	**974**	**11,853**	**2,297**	**-**	**-**	**-**	**-**	**-**
Financial liabilities										
Trade and other payables	-	8,939	-	8,939	-	-	-	-	-	-
Debt finance	6.30	37,669	-	17,087	588	6,226	5,461	6,296	2,011	-
Other financial liabilities	-	481	-	114	62	123	123	59	-	-
Total financial liabilities		**47,089**	**-**	**26,140**	**650**	**6,349**	**5,584**	**6,355**	**2,011**	**-**

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% (2014:40%) 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 Balance Sheet and Profit and Loss account to be provided within 120 days of balance date
- (iii) Interim accounts to be provided upon request
- (iv) Cash flow forecasts/budgets for the ensuing year to be provided to the bank upon request
- (v) Group equity to be maintained at no less than 35% of total tangible assets at all times

The Group has complied with all covenants during the year.

10. 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 2013	195,372	1,665	4,147	4,624	4,289	210,097
Additions	228	-	283	216	7,832	8,559
Disposals	(479)	(1)	(187)	(317)	-	(984)
Transfer to/(from) capital work in progress	4,209	7	44	-	(4,260)	-
Reclassified as 'Held for Sale'	-	(311)	(161)	(89)	-	(561)
Revaluation	(32,210)	-	-	-	-	(32,210)
Balance as at 31 March 2014	**167,120**	**1,360**	**4,126**	**4,434**	**7,861**	**184,901**
Balance as at 1 April 2014	167,120	1,360	4,126	4,434	7,861	184,901
Additions	590	19	248	442	9,817	11,116
Disposals	(628)	(139)	(53)	(235)	-	(1,055)
Transfer to/(from) capital work in progress	8,097	950	218	441	(9,706)	-
Balance as at 31 March 2015	**175,179**	**2,190**	**4,539**	**5,082**	**7,972**	**194,962**
Depreciation and impairment losses						
Balance as at 1 April 2013	(21,219)	(289)	(2,610)	(2,121)	-	(26,239)
Depreciation charge	(7,485)	(22)	(438)	(346)	-	(8,291)
Write back on disposals	89	1	155	252	-	497
Impairment losses (charged to profit)	-	-	-	-	-	-
Reclassified as 'Held for Sale'	-	72	62	32	-	166
Revaluation	28,161	-	-	-	-	28,161
Balance as at 31 March 2014	**(454)**	**(238)**	**(2,831)**	**(2,183)**	**-**	**(5,706)**
Balance as at 1 April 2014	(454)	(238)	(2,831)	(2,183)	-	(5,706)
Depreciation charge	(7,849)	(70)	(428)	(431)	(299)	(9,077)
Impairment losses (charged to profit)	-	-	15	-	-	15
Balance as at 31 March 2015	**(8,250)**	**(239)**	**(3,224)**	**(2,469)**	**(299)**	**(14,481)**
Carrying amounts						
At 31 March 2014	**166,666**	**1,122**	**1,295**	**2,251**	**7,861**	**179,195**
At 31 March 2015	**166,929**	**1,951**	**1,315**	**2,613**	**7,673**	**180,481**

Revaluation and impairment review

The Group's distribution assets (excluding land and buildings) and the electricity distribution network were revalued to a fair value of $167,349,712 as at 31 March 2014 by Richard Krogh, of independent valuers Energia Limited, using an income (present value) approach. This approach was considered to be the most appropriate valuation technique given the current electricity industry environment and the availability of input data.

All other Group property, plant and equipment 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 2015.

11. INVESTMENTS

11.1 Interest held by Group

NAME OF ENTITY	Principal Activities	2015	2014
Oxford Finance Limited	Financial Services	**0%**	100%
DataCol NZ Limited	Metering Services	**100%**	100%
DataCol Group Pty Limited	Metering Services	**100%**	100%
Electra Finance Limited	Management Services	**100%**	100%
Electra Monitoring Limited	Alarm Monitoring	**100%**	0%
Sky Communications Limited	Telecommunication Contracting	**100%**	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 which is incorporated in Australia.

11.2 Business Combination

On 17 November 2014 Electra Monitoring Limited was incorporated under the Companies Act 1993. Electra Monitoring Limited purchased a 100% interest in various assets from Wanganui Security Services Limited on 28 November 2014.

These assets were acquired as a complementary expansion to the Group's activities to provide monitoring services to customers who sign up.

	TOTAL
	$000
Property, plant and equipment	96
Trade receivables	40
Goodwill arising on acquisition	164
Liabilities	0
Total consideration	**300**

Goodwill arose in the acquisition because the cost of the assets purchased exceeded the fair value of these assets. The consideration paid for the assets effectively included an amount in relation to the benefit of expected revenue growth. None of the goodwill arising on the acquisition will be deductible for tax purposes.

Included in the profit for the year is $25,000 loss attributable to Electra Monitoring Limited relating to a 7 month period. The full year impact of this business combination is not material to the Group.

11.3 Disposal of a subsidiary

On 1 April 2014 Electra Limited disposed of its 100% interest in Oxford Finance Limited (OFL), refer note 26.

The profit for the period from the disposal of OFL is analysed as follows:

	2015
	$000
Profit for the period	Nil
Gain on disposal	**4,090**

The results for the relevant periods were as follows:

	2015
	$000
Revenue	Nil
Operating costs	Nil
Finance costs	Nil
Profit before tax	Nil
Income tax expense	Nil
Profit after tax	**Nil**

The net assets of OFL at the date of disposal were as follows:

	$000
Net assets disposed of	8,256
Gain on disposal of investment	4,090
Total consideration	12,346
Satisfied by cash, and net cash inflow arising on disposal	**12,346**

No tax charge or credit arose on the transaction.

Note, total Gain on Disposal on Investments of $4,116,000 in note 2 includes $26,000 relating to other subsidiaries.

12. GOODWILL AND INTANGIBLE ASSETS

GROUP	Software	Goodwill	Other	Total
	$000	$000	$000	$000
Gross carrying amount				
Balance as at 1 April 2013	5,041	13,105	175	18,321
Additions	414	-	-	414
Reclassified as 'Held for Sale'	(99)	(3,268)	-	(3,367)
Revaluation	(100)	-	-	(100)
Balance as at 31 March 2014	**5,256**	**9,837**	**175**	**15,268**
Balance as at 1 April 2014	**5,256**	**9,837**	**175**	**15,268**
Additions	155	164	12	331
Balance as at 31 March 2015	**5,411**	**10,001**	**187**	**15,599**
Accumulated amortisation and impairment losses				
Balance as at 1 April 2013	**(3,211)**	**(2,826)**	**(40)**	**(6,077)**
Amortisation expenses	(192)	-	(8)	(200)
Impairment losses (charged to profit)	-	(500)	-	(500)
Reclassified as 'Held for Sale'	36	-	-	36
Revaluation	96	-	-	96
Balance as at 31 March 2014	**(3,271)**	**(3,326)**	**(48)**	**(6,645)**
Balance as at 1 April 2014	**(3,271)**	**(3,326)**	**(48)**	**(6,645)**
Amortisation expenses	(230)	-	(9)	(239)
Impairment losses (charged to profit)	-	(1,000)	-	(1,000)
Balance as at 31 March 2015	**(3,501)**	**(4,326)**	**(57)**	**(7,884)**
Carrying amounts				
At 31 March 2014	**1,985**	**6,511**	**127**	**8,623**
At 31 March 2015	**1,910**	**5,675**	**130**	**7,715**

Impairment

Goodwill has been allocated at the cash generating unit (CGU) level. 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	
	2015 $000	2014 $000
DataCol NZ Limited	**1,000**	-
Sky Communications Limited	**-**	500
Impairment Loss Reported	**1,000**	500

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.

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% (2014: 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.

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 8.5% (2014: 10.8%) per annum.

Electra performs impairment testing on its goodwill which resulted in an impairment of $1,000,000 in the current year (2014: Nil).

Sky Communications Limited

The Group does not hold any goodwill in relation to Sky Communications.

13. TRADE AND OTHER PAYABLES

	GROUP	
	2015 $000	2014 $000
Trade payables	**5,775**	7,363
Other payables	**663**	216
Intercompany payables	**-**	-
Accruals	**2,042**	439
Accrued employee entitlements	**949**	921
	9,429	8,939

14. DEBT FINANCE

	GROUP	
	2015 $000	2014 $000
Bank and other borrowings	**21,861**	34,659
Intercompany borrowings	**-**	-
Total debt funding	**21,861**	34,659
Less current borrowings	**(8,961)**	(16,439)
Non-current borrowings	**12,900**	18,220
Repayable as follows:		
Within one year	**8,961**	16,439
Within two years	**4,900**	5,320
Beyond two years	**8,000**	12,900
	21,861	34,659

All bank borrowings are secured by a 'General Securities Agreement' over the assets of the Group excluding DataCol Group Pty Limited.

Interest rates

Interest rates payable on the Groups bank facilities range from 5.38 – 7.37% pa. (2014: 4.98-7.88% pa.).

15. OTHER FINANCIAL LIABILITIES

The Group enters 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 Consolidated Statement of Comprehensive Income.

	Average Contracted Fixed Interest Rate		Group Notional Principal		Group Fair Value	
	2015 %	2014 %	2015 $000	2014 $000	2015 $000	2014 $000
Interest rate swaps	**4.90**	**5.10**	2,500	**5,000**	85	**65**

Due for repayment

	GROUP	
	2015	**2014**
	$000	$000
Current	-	22
Non-current	82	43
Total	82	65

16. SHARE CAPITAL

	GROUP	
000 of shares	2015	2014
Opening balance	**24,465**	24,465
Closing balance	**24,465**	24,465

	GROUP	
$000	2015	2014
Opening balance	**18,000**	18,000
Closing balance	**18,000**	18,000

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

17. RESERVES

	GROUP	
	2015 $000	2014 $000
Asset revaluation reserve	**28,973**	49,082
Foreign exchange reserve	**(33)**	(28)
Closing balance at end of financial year	**28,740**	49,054

	GROUP	
Asset Revaluation Reserve	2015 $000	2014 $000
Opening balance at beginning of financial year	**49,082**	51,812
Revaluation decrements	**-**	(3,678)
Asset disposals	**(152)**	-
Deferred tax liability arising on revaluation	**43**	948
Closing balance at end of financial year	**48,973**	49,082

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.

	Group	
Foreign Exchange Reserve	2014 $000	2013 $000
Opening balance at beginning of financial year	**(28)**	-
Decrement	**(5)**	(28)
Closing balance at end of financial year	**(33)**	**(28)**

The foreign exchange reserve arises from converting the Statement of Financial Position of DataCol Group Pty Limited from its functional currency of Australian dollars to its presentation currency of New Zealand dollars.

18. DIVIDENDS

	GROUP	
	2015 $000	2014 $000
Dividends paid	**275**	320

	GROUP	
	2015 $000	2014 $000
Cents per share	**1.12**	1.30

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

19. COMMITMENTS

Capital Commitments

At balance date, there was $1,353,000 commitments contracted for and approved by the Company and Group (2014: $1,968,178).

	GROUP	
	2015 $000	2014 $000
Distribution network	**1,353**	1,968
Intangible assets	**-**	-
	1,353	1,968

Distribution network expenditure will be incurred when the work is completed (estimated to be over the next 12 to 24 months).

20. CONTINGENT LIABILITIES

	GROUP	
	2015 $000	2014 $000
Guarantee of bank facilities for a subsidiary to a limit of	**unlimited**	unlimited

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, Sky Communications Limited and Electra Monitoring Limited in its ordinary course of business undertakes various contracting works, some of which will be subject to customer disputes.

21. CASH AND CASH EQUIVALENTS

	GROUP	
	2015 $000	2014 $000
Non-finance business		
Cash at bank	**4,521**	974
	4,521	974
Cash and cash equivalents included in a disposal group held for sale	**-**	1,266
	4,521	2,240

22. RECONCILIATION of net profit after tax with cash inflow from operating activities

	GROUP	
	2015 $000	2014 $000
Profit for the year	**3,408**	3,666
Add/(less) non-cash items:		
Goodwill impairment	**1,000**	500
Depreciation and amortisation	**9,316**	8,609
Doubtful debt provision movement	**257**	(1,842)
Deferred tax movement	**1,548**	482
Bad debts written off	**17**	2,622
Increase in unearned fees	**-**	9
Capitalised interest adjustment	**-**	(227)
(Gain)/loss on sale of investment	**(4,116)**	49
Assets adjustment to income	**(587)**	-
Capital loss on sale of fixed assets	**379**	1,116
Movements in working capital:		
(Decrease) in accounts payable and other provisions	**(2,276)**	(2,085)
(Increase)/decrease in receivables	**5,677**	(5,856)
Decrease in inventory	**213**	23
Net cash inflow from operating activities	**14,836**	7,066

23. TRANSACTIONS WITH RELATED PARTIES

Electra Limited is the Parent entity in the consolidated Group which is 100% owned by Electra Trust. For a list of other Group companies refer note 11.

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. Some of the Directors are also consumers of the Company and some minor transactions were entered into by the Company with companies in which some Directors held directorships. These transactions were carried out on a commercial and arm's length basis.

24. KEY MANAGEMENT PERSONNEL

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

	GROUP	
	2015 $000	2014 $000
Short-term employee benefits	**2,172**	1,964
Defined contribution plans	**52**	55
	2,224	2,019

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 2015 $176 was owing to Directors and key management personnel (31 March 2014: $Nil). As at 31 March 2015 there was $Nil owing from Directors and key management personnel (31 March 2014: $465).

25. SUBSEQUENT EVENTS

There have been no material events since balance to 11 June 2015 that require disclosure in these financial statements.

26. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

The assets and liabilities related to Oxford Finance Limited (OFL) and Oxford Finance Corporation Limited (OFCL) have been presented as held for sale following the approval of the Group's management and shareholders on 28 March 2014 to sell assets of both former entities.

On 31 March 2014 OFCL sold certain commercial loans to Electra Finance Limited. On the same date OFCL was amalgamated into OFL. The amalgamation was accounted for as a commonly controlled acquisition.

	2015 $000	2014 $000
Operating cash flows	-	3,144
Investing cash flows	-	(33)
Financing cash flows	-	(2,861)
Total cash flows	-	250
Assets of disposal group classified as held for sale		
Property, plant and equipment	-	344
Intangible assets	-	29
Finance receivables	-	50,053
Other current assets	-	4,877
Total assets	-	**55,303**
Liabilities of disposal group classified as held for sale		
Trade and other payables	-	947
Debt finance	-	46,100
Total liabilities	-	**47,047**
Analysis of the result of discontinued operation is as follows:		
Revenue	-	9,159
Expenses	-	(5,580)
Profit before tax of discontinued operations	-	3,579
Tax	-	(926)
Profit after tax of discontinued operations	-	2,653

INDEPENDENT AUDITORS REPORT

Deloitte.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF ELECTRA LIMITED GROUP'S

FINANCIAL STATEMENTS AND STATEMENT OF SERVICE PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2015

The Auditor-General is the auditor of Electra Limited and its New Zealand domiciled subsidiaries and other controlled entities. The Auditor-General has appointed me, Trevor Deed, using the staff and resources of Deloitte, to carry out the audit of the financial statements and the statement of service performance of the group, consisting of Electra Limited and its subsidiaries and other controlled entities (collectively referred to as 'the Group'), on her behalf.

Opinion on the financial statements and the statement of service performance

We have audited:

the financial statements of the Group on pages 26 to 54, that comprise the consolidated statement of financial position as at 31 March 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated 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; and

the statement of service performance measures of the Group on page 24, specifically Shareholders' funds to total assets, Profit (after tax), Operating costs per consumer, and System Average Interruption Duration Index and System Average Interruption Frequency Index.

In our opinion:

- the financial statements of the Group:
  - present fairly, in all material respects:
    - its financial position as at 31 March 2015; and
    - its financial performance and cash flows for the year then ended; and

- have been prepared in accordance with New Zealand equivalents to International Financial Reporting Standards.
  - the statement of service performance measures of the Group:
    - presents fairly, in all material respects, the Group's achievements measured against the performance targets adopted for the year ended 31 March 2015; and
    - has been prepared in accordance with generally accepted accounting practice.

Our audit was completed on 11 June 2015. 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.

AUDITORS REPORT

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 and the statement of service performance are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence the shareholder's overall understanding of the financial statements and the statement of service performance. 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 and in the statement of service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the statement of service performance whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Group's financial statements and statement of service performance 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 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 the disclosures in the financial statements and in the statement of service performance; and
- the overall presentation of the financial statements and the statement of service performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and the statement of service performance. Also we did not evaluate the security and controls over the electronic publication of the financial statements and the statement of service performance.

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 the preparation and fair presentation of financial statements and a statement of service performance measures for the Group, in accordance with New Zealand equivalents to International Financial Reporting Standards and generally accepted accounting practice.

The Board of Directors is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements and a statement of service performance that are free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for the publication of the financial statements and the statement of service performance, whether in printed or electronic form.

The Board of Directors' responsibilities arise from the Energy Companies Act 1992.

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Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and the statement of service performance 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 External Reporting Board.

In addition to the audit we have carried out assignments in the area of audit of the regulatory disclosure schedules in accordance with the Electricity Distribution Information Disclosure Determination 2012, which are compatible with those independence requirements. Other than the audit and these assignments, we have no relationship with or interests in the Group.

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 2015 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 11 June 2015 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.

STATUTORY INFORMATION

Directors and remuneration

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

	Electra Limited	DataCol Group Pty Limted
P F McKelvey	$82,539	-
C C Dyhrberg	$28,080	-
P A T Hamid	$41,269	-
R G Longuet	$41,269	-
N F Mackay	$41,269	-
D L Masters	-	$3,292
S A Mitchell-Jenkins	$28,080	-
I A Wilson	$41,269	-
	$303,775	**$3,292**

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	
	Year Ended 31 March 2015	Year Ended 31 March 2014
Continuing Employees		
$100,000 - $110,000	9	13
$110,001 - $120,000	6	3
$120,001 - $130,000	1	3
$130,001 - $140,000	1	3
$140,001 - $150,000	4	4
$150,001 - $160,000	-	-
$160,001 - $170,000	-	-
$170,001 - $180,000	-	1
$190,001 - $200,000	1	-
$200,001 - $210,000	-	-
$210,001 - $220,000	-	1
$220,001 - $230,000	1	-
$230,001 - $240,000	-	1
$240,001 - $250,000	-	-
$250,001 - $260,000	-	1
$260,001 - $270,000	2	1
$280,001 - $290,000	1	-
$300,001 - $310,000	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 Nil (2014 $230).

DIRECTORY

DIRECTORS - ELECTRA LIMITED

P F McKelvey (Chair), CNZM, MBE, TTC (Physical Education)
C C Dyhrberg, BCom, LLB, M Inst D
S A Mitchell-Jenkins, BBS, FCA
P A T Hamid, BCA
R G Longuet, BE (Elec), M Inst D
N F Mackay, BCA
I A Wilson, QSO, CF Inst D, ANZIM

DIRECTOR - DATACOL GROUP PTY LIMITED

D L Masters, AICD

EXECUTIVES

N P Simmonds (CE – Electra Group), JP, MBA, BE
S P Gregan (COO – Electra Group), BCA, CA
R N Leggett (GM – Electra Network), BA
D M Selby (CFO – Electra Group), BCom, CA
B G Franks (CEO – DataCol NZ), Dip Bus Mgmt
M J Taylor (GM – Sky Communications)
J R McKirdy (Group Business Services Manager)
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
L R Burnell, QSM
A Chapman, MNZM, JP
S M Crosbie, CNZM, OBE
R J Latham
G Sue, QSM, JP

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual Meeting of Shareholders of Electra Limited will be held at Company's Registered Office, 25 Bristol Street, Levin on 31 July 2015 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. Messrs Neil Mackay and 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

11 June 2015

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.