ANNUAL REPORT 2009–2010
Electra Limited

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 Electra Trust on behalf of 42,204 consumers connected to the electricity network.

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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.

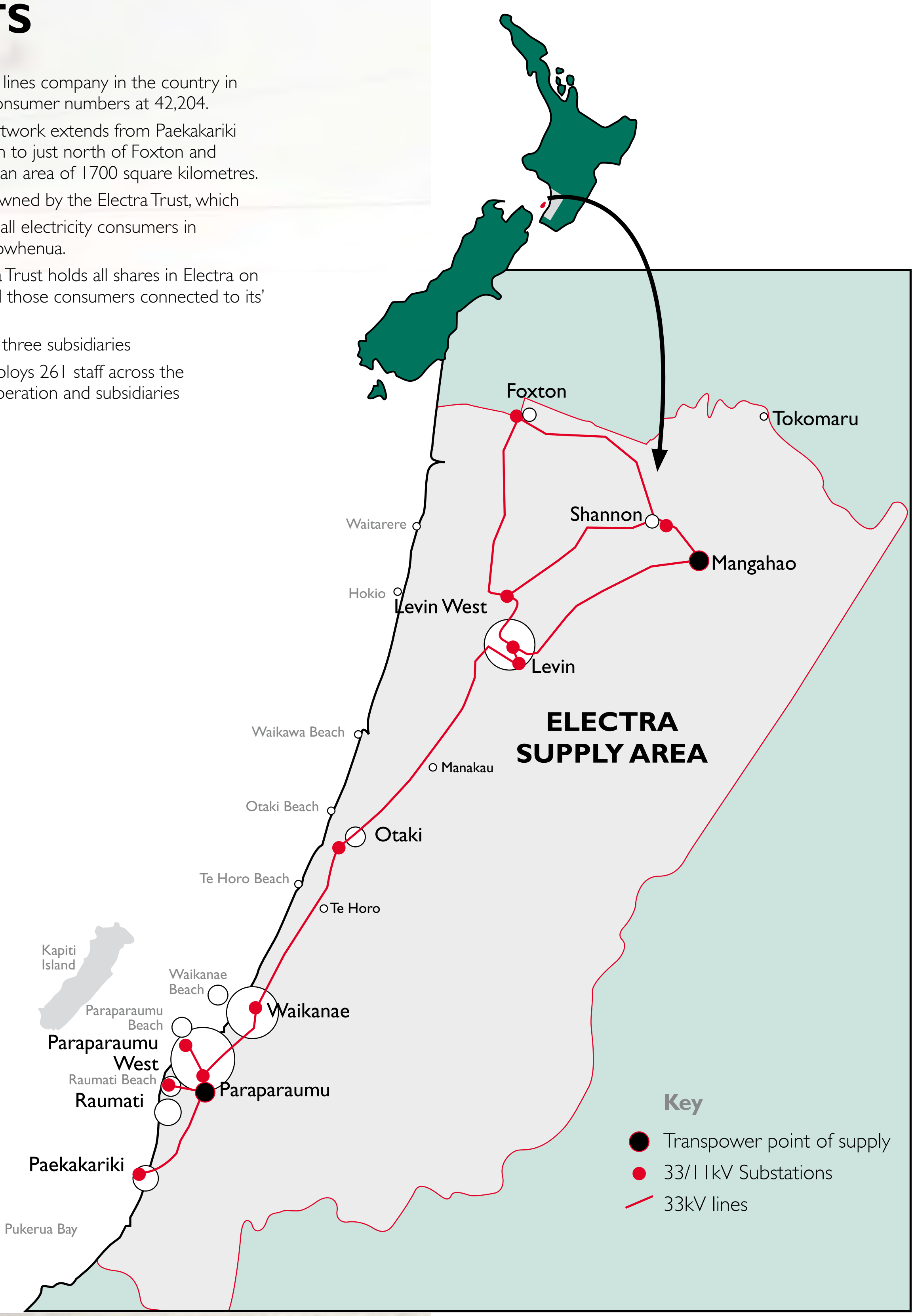
"This year" means the year ended 31 March 2010

"Last year" means the year ended 31 March 2009

"Next year" means the year ending 31 March 2011

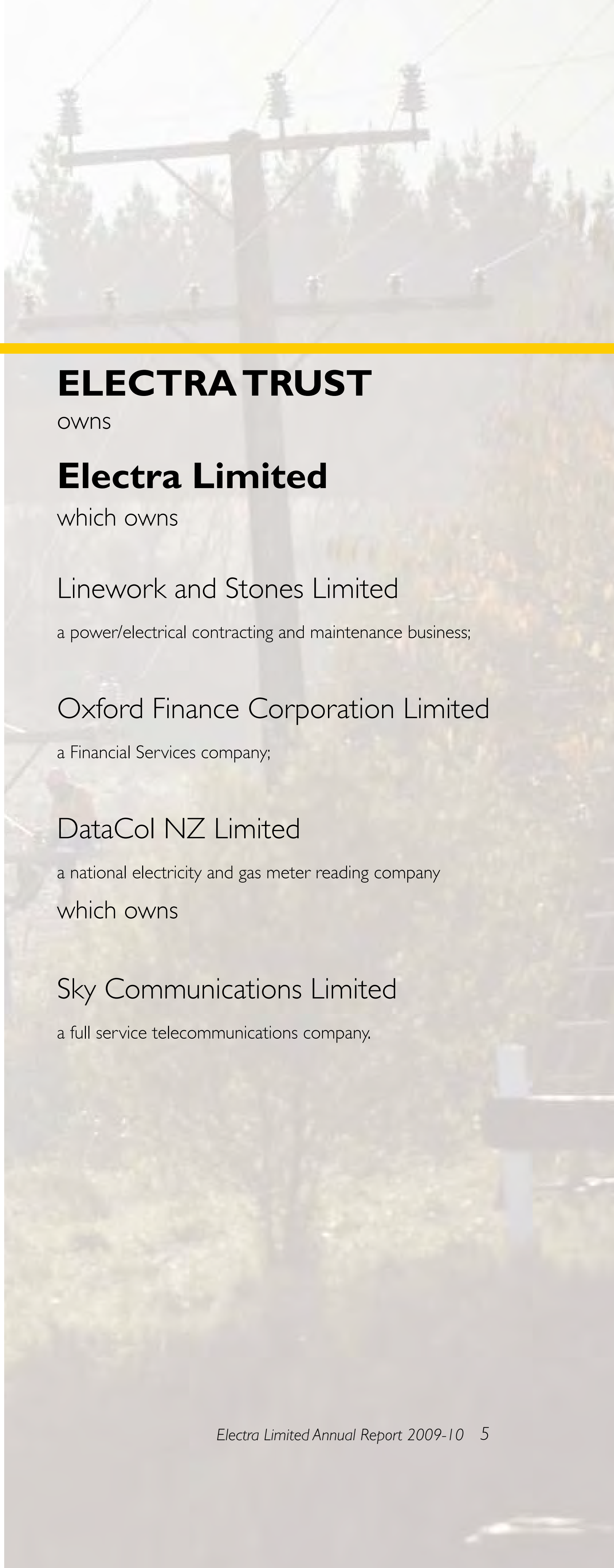
ELECTRA KEY FACTS

- 9th biggest lines company in the country in terms of consumer numbers at 42,204.
- Electra's network extends from Paekakariki in the south to just north of Foxton and Tokomaru, an area of 1700 square kilometres.
- Electra is owned by the Electra Trust, which represents all electricity consumers in Kapiti-Horowhenua.
- The Electra Trust holds all shares in Electra on behalf of all those consumers connected to its' network
- Electra has three subsidiaries
- Electra employs 261 staff across the network operation and subsidiaries



THE ELECTRA GROUP

At 31 March 2010, the Group had total assets of $269 million and shareholders' funds of $132 million.



ELECTRA TRUST

owns

Electra Limited

which owns

Linework and Stones Limited

a power/electrical contracting and maintenance business;

Oxford Finance Corporation Limited

a Financial Services company;

DataCol NZ Limited

a national electricity and gas meter reading company

which owns

Sky Communications Limited

a full service telecommunications company.

HIGHLIGHTS

Revenue growth of 8.5% to $68.8 million

$8.14 million (including GST) Sales Discount distributed to Kapiti-Horowhenua

Total assets grew by $79 million following asset revaluation

Shareholder equity increased by $51 million

Invested $6.1 million in our electricity network

High levels of consumer satisfaction maintained in annual surveys

Linework and Stones

staff achieved recognition in winning national apprentice and cable jointing competitions

Oxford Finance Corporation

returned solid profit and achieved Standard and Poor's rating of BBB- with a stable outlook

DataCol NZ

provided 'best in class' service delivery standards for meter reading

Sky Communications

a telecomunications contractor purchased to complement the Electra Group

Support of our Kapiti-Horowhenua community

We sponsor:

"Caring for Our Community" pages in local newspapers

20 Electra Business Breakfasts

The 2009 annual Electra Business Awards and;

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

CHAIR AND CEO REVIEW

On behalf of the Board of Directors, we have pleasure in presenting the Electra Limited 2010 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 2010.

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

2009 was a tough year for many New Zealand businesses with the fallout from the 2008 global financial crisis continuing as recessionary conditions challenged traditional revenue streams.

Despite this difficult environment we are pleased to say the Electra Group posted a very solid result, reporting an increased surplus for the year.

This result was achieved through a combination of prudent financial management, proactive business development, excellent customer service, and sheer hard work.

In recent years we have invested in building a diversified asset base that provides growth opportunities outside our traditional core business. In 2009 this strategy played an important part in our success by collectively delivering improved revenue streams for the Group.

We welcomed significant improvements in the electricity regulatory environment which will reduce future operating costs. An amendment to the Commerce Act in 2008 meant trust owned lines companies, like Electra, are now exempted from much of the onerous information disclosure requirements demanded of lines companies.

Our Financial Performance

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

We are very pleased to report that, for the year ended 31 March 2010, the Group delivered an excellent performance in line with this goal as all our subsidiary businesses returned profits.

Total Group revenue for the year was $68.8 million, a 8.5% increase on the 2008/09 result ($63.4 million).

Total assets grew by $79 million to $269 million as a result of the network asset revaluation.

Total shareholder funds increased to $132 million, up $51 million on the previous year ($81 million).

Excellent Group revenue ahead of 2009 despite challenging economic climate.

Sales Discount Distribution

The overall performance of the Group produced a final sales discount of $8.14m, which was distributed across the 42,204 consumers on the Electra network.

This year's discount represented a $170,000 increase on the previous year and brought the total amount returned to communities throughout the Kapiti and Horowhenua region over the last 16 years to $112m.

Electra Group Overview

The overall performance of the Electra Group is directly linked to the underlying performance of the Group's subsidiary companies.

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

Electra Limited

The core electricity network operation remains critical to the Electra Group's overall performance. This year saw another solid performance, with revenue up to $29 million. Total unit sales were 4.2% higher than the previous year, due in large part to an exceptionally cold winter.

Recessionary conditions throughout New Zealand have had a significant impact on both the property sector and commercial activity. The Kapiti and Horowhenua region was not immune to these conditions with connection growth slowing as a result. In 2009 there were 380 new connections to the network, compared to 537 in the previous year.

Amongst the new connections, we welcomed the arrival of the Alliance Meatworks to the region, and enjoyed working closely with them to ensure electricity supply was capable of meeting the significantly increased load. It was pleasing that we were able to undertake such a large piece of reconductoring work with minimal impact to surrounding consumers.

The arrival of two new electricity retailers to our network was also a positive for the region. New electricity retailers Pulse Energy and Powershop will provide more competition and offer local consumers an even greater choice of supplier.

We recognise that an efficient and reliable electricity supply is an important contributor to a productive local economy. It is one reason why we continued to invest in the network throughout the year, with $6.1m spent on a variety of projects as part of our 10 year plan.

Our continued commitment to improving overall network reliability saw changes to the company's tree maintenance program, with a focus on reducing the risk to all major feeder lines in the network. The benefits should be reflected over the next year.

During the year the network team was restructured with an operational team now managing the day to day maintenance of the network, while a dedicated network planning and development team focuses on the longer term strategy of ensuring the network will continue to support electricity demand growth within the region.

The combination of maintenance cost increases and the need to continue to invest in the network meant that it was necessary to increase network prices 4.5% during the year. This will ensure that we can continue to improve the network and deliver an efficient and reliable electricity supply to the region.

We pride ourselves in delivering a high level of service to consumers, and our annual awareness and satisfaction surveys once again showed consumers expressing a high level of satisfaction with the overall service they receive from Electra, both from our Call Centre and Service personnel.

Oxford Finance Corporation Limited

In a market where other finance companies continued to struggle, Oxford Finance performed well in posting a very strong result.

This performance means the company is now the 29th largest financial organisation in New Zealand in terms of total net assets.

Despite a 25% fall in motor vehicle sales nationally, Oxford Finance achieved a 10% increase in lending growth and an impressive 17.8% increase in net profit after tax.

This result was achieved through a continued focus on strong interest margins and a prudent approach to balance sheet growth. The traditional lending focus on the motor vehicle market has been maintained whilst limiting exposure to property lending.

The ongoing security of the Electra Guarantee, which ranks ahead of the Crown Retail Deposit Guarantee, meant the company continued to enjoy strong local investor support with a debenture reinvestment rate of about 86% for the year.

The solidity of the business is reflected in the fact that most staff members are long serving members of the team, and have a real pride in the business.

The Kapiti office has been open two years and is experiencing increased enquiries and business. We are committed to the Kapiti Coast and see significant growth potential in the area.

2009 was the third year the company has sponsored the Levin AP&I Show, and we look forward to continuing this partnership in 2010.

In October 2009 Standard & Poor's (the world's foremost provider of independent credit ratings, indices, risk evaluation, investment research and data) assigned its 'BBB-' (stable) long-term corporate credit rating to Oxford Finance Corporation Limited; one of the highest credit ratings in the non bank New Zealand finance sector.

In awarding this rating Standard & Poor's acknowledged the company's high debenture rollover rate, its diverse investor base, and the good maturity distribution of its debenture book. It also noted the explicit security provided by Electra.

The Electra Group is committed to providing staff with access to training and educational opportunities that will enable them to grow personally while delivering genuine value to our organisation.

Electra

Linework and Stones Limited

The company has continued to win new business and to deliver value to existing customers, reflecting the company's good reputation and commitment to service excellence in spite of the global economic crisis having been particularly severe in the property sector.

In 2009, there were only 218 new building consents issued in the Kapiti and Horowhenua region, 27% lower than in 2008 (298) and 64% lower than in 2007 (610).

This has been largely due to a significant fall in the number of new subdivisions being developed, although new private home construction has also been subdued.

Our partnership with Electra continues to provide the business with an ongoing stream of work as we work together to improve the overall efficiency and reliability of the electricity network.

In April 2009 the company diversified its business by securing the contract to carry out all tree maintenance on the Electra network. The initial focus has been on reducing tree risks around Electra's main feeder lines, and the results have been excellent. The amount of work required in this area has resulted in the addition of a second vegetation crew.

Our expertise in the design, construction and maintenance of electrical reticulation systems has led to the creation of a successful partnership with the recently formed network business, Wellington Electricity (formerly part of Vector Energy). Wellington Electricity manages the lines business for the Wellington City, Hutt Valley and Porirua areas.

We are now one of three key contractors to the Wellington Electricity network, and they are our second largest customer. Wellington Electricity has signalled plans for considerable investment in the network over the coming years and we look forward to working with them on this exciting project.

Throughout 2009 we placed considerable focus on finding alternative work and revenue streams, as well as minimising overheads.

As a result several infrastructural projects were secured including a number of school upgrades, Housing Corporation maintenance contracts, and substantial substation work for OnTrack with the regional double tracking and line upgrade projects.

The company also won the contract to carry out all street lighting maintenance for the Kapiti Coast District Council in 2010.

As always, the company remains committed to its people, with a high ratio of trainees and apprentices to tradespeople ensuring the business is well placed for the future.

We are particularly proud of Linework's Barry Coleman who won the National ESITO Cable Jointer Competition and Mike Foley who won the Schneider Electric Award which recognises New Zealand's top academic electrical apprentice.

The business is in a strong position to take advantage of the opportunities that the economic recovery will present.

Datacol New Zealand Limited

With Datacol's core electricity metering reading business facing the threat of smart metering technology, the company has spent a large part of the 2009/10 year refocusing and repositioning the business for future growth opportunities.

This has seen the company enter into a number of partnerships to roll out smart metering technology around the country, while at the same time identifying opportunities to provide specialist meter reading services to new clients.

In early 2009 the core meter reading business was expanded when the company secured 60% of the Auckland water meter reading market in just 3 months.

Datacol has delivered significant results for Manukau Water, underpinned by a "best in class" service delivery standard that has set a zero tolerance level for meter reading errors.

The company also secured additional gas meter reading business throughout the year and 50% of the national meter reading contract for new electricity retailer, PowerShop.

The company's focus on constantly delivering outstanding customer service resulted in a new partnership being formed with national IT provider CodeBlue, a move that will strengthen the security and reliability of information for Datacol's clients.

Technology also provides significant growth potential with the company actively pursuing a number of lucrative opportunities for its patented specialist meter reading software and system.

Internally the company remains focussed on improving operational efficiency. Thanks to the massive effort of staff, the business not only achieved ACC Accreditation (delivering a 15% reduction in ACC levies), but also Microsoft Gold Accreditation (which provides substantial software cost savings for the business).

The purchase of Sky Communications resulted in the rationalisation of the Datacol and Sky Communications offices in Wellington, with both businesses now merged into a single office in Gracefield, Lower Hutt.

Sky Communications' recent re-entry into the South Island market means the combined operation will relocate to new premises in Christchurch in the coming year.

Electra

Sky Communications Limited

In May 2009 the Electra Group made the decision to sell its 51% shareholding in Multimedia Communications Limited in order to fund the 100% acquisition of Sky Communications Limited, a telecommunications contracting business. This new acquisition provides the Group with greater opportunities and revenue potential.

The purchase was welcomed by the team at Sky Communications with all staff electing to remain with the company after the change in ownership.

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

The company employs around 100 staff and contractors, and has offices in Whangarei, Auckland, Wellington and Christchurch.

The telecommunications market is seen as a growth area and a significant potential new income stream for the Electra Group. This acquisition brings together the technical telecommunications expertise of Sky Communications with Datacol's excellent processes and systems, and will position the new acquisition well for future growth.

The Electra Group remains in a solid financial position, with low debt and a diversified asset and revenue base.

For Sky Communications, being part of the much larger Electra Group presents far greater opportunities for its business.

Being part of the Electra Group is already beginning to open doors for Sky Communications - the company recently won a large contract with Australian company Visionstream to maintain major exchanges for Chorus in the Auckland and Northland regions. This new contract resulted in the company employing 25 additional people.

The company also secured half the work on the successful Vodafone 97% coverage project, and has been the primary contractor involved in the trial of Vodafone's upgraded data network.

Following a strong performance in 2009, the company is set for another solid year in 2010 with a number of major projects already scheduled with several of New Zealand's leading telecommunications providers.

Five year performance highlights

Financial – Group	2010	NZ IFRS 2009	2008	2007	Previous NZ GAAP 2006
Total revenue ($000)	**$68,835**	$63,400	$59,834	$45,000	$42,801
Discount issued ($000) - (excludes provisions)	**$7,235**	$7,080	$7,438	$8,887	$8,325
Surplus (after tax) ($000) (excludes revaluation)	**$2,047**	$1,838	$1,691	$1,611	$1,305
Total assets ($000)	**$269,279**	$190,063	$187,143	$167,970	$165,182
Total shareholders funds ($000)	**$132,351**	$81,252	$79,634	$76,593	$97,218
Shareholders funds to total assets	**49%**	43%	43%	46%	59%
Net asset backing per share	**$5.41**	$3.26	$3.19	$3.13	$3.97

Network – Parent	2010	NZ IFRS 2009	2008	2007	Previous NZ GAAP 2006
GWh sold (GWh)	**416.1**	399.2	402.6	406.0	384.9
Loss ratio	**7.5%**	7.3%	7.0%	6.2%	6.7%
Load factor	**54%**	55%	53%	50%	48%
Maximum demand (MW)	**94**	90	97	98	92
Circuit kilometres (kms)	**2,577**	2,233	2,210	2,188	2,179
Supply area (sq kms)	**1,628**	1,628	1,628	1,628	1,628
Operating costs per kWh (cents)	**1.99**	2.22	1.64	1.45	1.28
Direct line costs per kilometre	**$2,298**	$2,314	$1,745	$1,733	$1,533

Consumers Information – Parent	2010	NZ IFRS 2009	2008	2007	Previous NZ GAAP 2006
Number of consumers	**42,204**	**41,761**	41,512	40,860	40,458
Average kWh sales per consumer	**9,859**	**9,561**	9,698	9,934	9,513
Operating costs per consumer	**$196**	**$212**	$159	$144	$122
Indirect line cost per consumer	**$52**	**$70**	$66	$48	$35
Discount issued per consumer (incl. GST) (Average)	**$193**	**$191**	$200	$245	$201

Reliability – Parent	2010	NZ IFRS 2009	2008	2007	Previous NZ GAAP 2006
System Average Interruption Duration Index (SAIDI)	**161.2**	88.7*	104.0	87.8	69.6
System Average Interruption Frequency Index (SAIFI)	**3.05**	1.55*	1.60	1.43	1.34
Consumer Average Interruption Duration Index (CAIDI)	**52.9**	57.2	64.8	61.4	51.9
Faults per 100km line (number)	**3.7**	7.6	5.8	5.8	5.0

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

Personnel – Group	2010	NZ IFRS 2009	2008	2007	Previous NZ GAAP 2006
Number of employees - Electra	**12**	12	12	11	11
Number of employees - Linework and Stones	**104**	108	106	105	95
Number of employees - Oxford Finance	**23**	19	19	18	19
Number of employees - DataCol NZ	**46**	59	33	-	-
Number of employees - MultiMedia Communications	**-**	44	45	-	-
Number of employees - Sky Communications	**76**	-	-	-	-

In the Community

As well as the Electra sales discount, we supported the local business community in a number of other ways throughout 2009.

We continued our association with the Electra Business Breakfasts, helping to run 10 networking events in each of the Kapiti and Horowhenua areas throughout the year, providing local business owners with access to top quality business and Government speakers.

We also sponsored the Annual Electra Business Awards, an event that has been running for 16 years. The Awards are an important way of recognising businesses that are helping to drive economic growth in the region.

Congratulations to Turks Poultry Farm for winning the 2009 Electra Business of the Year Award, and to Colbert Cooper Ltd in being named runner-up.

Investing in Our People

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

Electra encourages a safety culture across the Group and amongst all our contractors.

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

We are confident the Electra Group is well positioned to take advantage of the strengthening economy.

Patricia McKelvey
Chair

Future Outlook

As a Group we continue to work on a number of initiatives that will ensure our companies are well placed to capitalise on growth opportunities as they arise, while remaining alert for good business opportunities which can complement our existing revenue streams.

With the Government committing to a number of key infrastructural projects in the Kapiti and Horowhenua region, we believe the community should look to the future with renewed optimism.

Within the Kapiti and Horowhenua region, four key infrastructure projects will deliver these opportunities:

1. The regional rail network upgrade;
2. The Government's Ultrafast Broadband Project;
3. The improved highway corridor; and
4. The Paraparaumu Airport development.

These projects will present a unique opportunity to drive significant growth within the Kapiti and Horowhenua region and it is expected that significant investment in the electricity network will be required in order to meet future demand growth.

The arrival of the Alliance Meatworks in Levin, and the continued program of upgrades and expansion that this brings, is an example of the renewed growth that is beginning to emerge.

Thank You

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

Thanks also to our owners the Electra Trust and our customers and consumers for their confidence and ongoing business.

John Yeoman
CEO Electra Group

BOARD OF DIRECTORS

Patricia McKelvey – *Chair*

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

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

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

Martin Devlin

Martin has had a distinguished career as a Senior Business Professor at Massey University, specialising in management, entrepreneurship and corporate governance and Director of Massey's graduate School of Business.

Prior to taking a position at Massey, Martin held senior positions in a number of high profile businesses, in New Zealand and overseas, including Feltex, Alex Harvey Industries, Donaghys Limited, the development Finance Corporation (DFC) and British Leyland (UK) Limited.

Martin has been a consultant to many private and public sector organisations and Charities.

He is currently Chair of the Levin War Veterans Home Trust and a current member of the Institute of Directors.

Martin has been a Director of Electra Limited since 1997 and Chairs the Nominating Committee.

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 an accredited Business Mentor with Enterprise North Shore in Auckland.

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

Russell Longuet

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

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

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

Russell was appointed Director of Electra in 2008.

Neil Mackay

Neil has held a number of senior roles in a wide variety of industries in New Zealand and Overseas including power construction, manufacturing, sales and distribution, financial services and the public service. He was the inaugural Chief Executive of Industry New Zealand, a crown entity which was acknowledged by the OECD as being one of the forefront agencies for economic development programmes and strategies.

Neil is now working as a Director in Green Chip Ltd which is supporting innovative companies (primarily in emerging technologies) to scale their business. He is also a Director of two start-up companies and a trustee with the Kapiti Coast Multi-Purpose Aquatic and Recreational Centre Trust and the Reforest Trust.

He has previously held a number of Director roles in both the public and private sectors. Neil was appointed Director of Electra in 2007.

CORPORATE GOVERNANCE

Principles

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

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

The Directors recognise good governance is not merely a matter of achieving legislative compliance but ensuring that exemplary standards and behaviour are sustained. This involves the establishment and maintenance of a culture at board level and throughout the company 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 company are dealt with in a manner which will reinforce or enhance the reputation of the company and those involved.

The Board will ensure that the company 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 the company's annual Statement of Corporate Intent.

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

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

Risk Management

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

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

Board Operation

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

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

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

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

Conflicts of Interest

Directors are required to identify any potential conflicts of interest they may have in dealing with the Company'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 for the year ended 31 March 2010.

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
- to invest in business activities and projects that add value to the Group.

Group results and distributions

	2010 \$000	**2009 \$000**
Operating revenue	**68,835**	63,400
Discount to consumers	**(7,208)**	(6,448)
Group profit before tax for the financial year	**2,710**	2,561
Taxation	**(676)**	(724)
Net profit after taxation	**2,047**	1,838
Dividend	**(235)**	(220)
Other	**239**	-
Retained earnings brought forward	**61,592**	\$59,974
Retained earnings carried forward	**\$63,643**	\$61,592

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 also be beneficiaries of Electra Trust, which holds the shares in the Company for end-customers of the day.

Retirement of Directors

Mr Warren Thessman retired on the 31 July 2009. In accordance with the Constitution of the Company Miss Patricia McKelvey and Mr Piers Hamid retire by rotation at the annual general meeting of the Company. Miss Patricia McKelvey and Mr Piers Hamid 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
Director
28 May 2010

Piers Hamid
Director

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Statement of Comprehensive Income for the year ended 31 March 2010

	Note	Group 2010 $000	Group 2009 $000	Parent 2010 $000	Parent 2009 $000
Continuing operations					
Sales and interest revenue		68,835	63,400	29,226	27,992
Dividends from subsidiaries		-	-	2,046	1,954
Total operating revenue	2	68,835	63,400	31,272	29,946
Discount to consumers		(7,235)	(7,080)	(7,235)	(7,080)
Less accrual adjustments		27	632	27	632
Finance expenses		(6,378)	(6,871)	(2,605)	(2,419)
Total expenses	**2**	(66,125)	(60,839)	(30,211)	(28,193)
Profit before taxation	2	2,710	2,561	1,061	1,753
Income tax (expense) / benefit	3	(676)	(724)	485	62
Profit for year from continuing operations		2,034	1,838	1,546	1,815
Discontinued operations					
Profit for the year from discontinued operations	13.2	13	-	-	-
Profit for the year		2,047	1,838	1,546	1,815
Other comprehensive income					
Asset revaluation		71,992	-	71,992	-
Income tax relating to components of other comprehensive income		(21,284)	-	(21,284)	-
Other comprehensive income for the year net of tax		50,708	-	50,708	-
Total comprehensive income for the year net of tax		52,755	1,838	52,254	1,815
Profit attributable to:					
Minority interest		-	11	-	-
Members of the parent entity		52,755	1,827	52,254	1,815
		52,755	1,838	52,254	1,815
Total comprehensive income attributable to:					
Minority interest		-	11	-	-
Members of the parent entity		52,755	1,827	52,254	1,815
		52,755	1,838	52,254	1,815

The notes on pages 25 to 60 form part of these financial statements.

Statement of Changes in Equity for the year ended 31 March 2010

GROUP	Note	Issued Capital $000	Reserves $000	Retained Earnings $000	Attributable to the owners of the parent $000	Non-controlling interest $000	Total $000
Balance at 1 April 2008		19,660	-	58,566	78,226	1,408	79,634
Profit for the period		-	-	1,827	1,827	11	1,838
Other comprehensive income for the year net of tax		-	-	-	-	-	-
Total comprehensive income		-	-	1,827	1,827	11	1,838
Capital issued		-	-	-	-	-	-
Dividend paid	19	-	-	(220)	(220)	-	(220)
Balance at 31 March 2009		**19,660**	**-**	**60,173**	**79,833**	**1,419**	**81,252**

GROUP	Note	Issued Capital $000	Reserves $000	Retained Earnings $000	Attributable to the owners of the parent $000	Non-controlling interest $000	Total $000
Balance at 1 April 2009		19,660	-	60,173	79,833	1,419	81,252
Profit for the period		-	-	2,047	2,047	-	2,047
Other comprehensive income for the year net of tax		-	50,708	-	50,708	-	50,708
Total comprehensive income		-	50,708	2,047	52,755	-	52,755
Capital issued		-	-	-	-	-	-
Dividend paid	19	-	-	(235)	(235)	-	(235)
Sale of subsidiary		(1,660)	-	1,658	(2)	(1,419)	(1,421)
Balance at 31 March 2010		**18,000**	**50,708**	**63,643**	**132,351**	**-**	**132,351**

The notes on pages 25 to 60 form part of these financial statements.

Statement of Changes in Equity for the year ended 31 March 2010 continued

PARENT	Note	Issued Capital $000	Reserves $000	Retained Earnings $000	Total $000
Balance at 1 April 2008		18,000	-	55,095	73,095
Profit for the period		-	-	1,815	1,815
Other comprehensive income for the year net of tax		-	-	-	-
Total comprehensive income		-	-	1,815	1,815
Capital issued		-	-	-	-
Dividend paid	19	-	-	(220)	(220)
Balance at 31 March 2009		**18,000**	**-**	**56,690**	**74,690**

PARENT	Note	Issued Capital $000	Reserves $000	Retained Earnings $000	Total $000
Balance at 1 April 2009		18,000	-	56,690	74,690
Profit for the period		-	-	1,546	1,546
Other comprehensive income for the year, net of tax		-	50,708	-	50,708
Total comprehensive income		-	50,708	1,546	52,254
Capital issued		-	-	-	-
Dividend paid	19	-	-	(236)	(236)
Balance at 31 March 2010		**18,000**	**50,708**	**58,000**	**126,708**

The notes on pages 25 to 60 form part of these financial statements.

The Board of Electra Limited authorised these financial statements for issue on 28 May 2010.

For and on behalf of the Board

Patricia McKelvey
Director
28 May 2010

Piers Hamid
Director

Statement of Financial Position as at 31 March 2010

	Note	Group		Parent	
		2010 $000	2009 $000	2010 $000	2009 $000
Equity					
Share capital	18	**18,000**	19,660	**18,000**	18,000
Retained earnings		**63,643**	61,592	**58,000**	56,690
Reserves		**50,708**	-	**50,708**	-
Total equity		**132,351**	81,252	**126,708**	74,690
Attributable to:					
Parent entity interest		**132,351**	79,833	**126,708**	74,690
Minority interest		**-**	1,419	**-**	-
Total equity		**132,351**	81,252	**126,708**	74,690
Non-current liabilities					
Borrowings	16	**22,120**	23,552	**17,320**	19,320
Deferred tax	3	**41,003**	20,121	**41,436**	20,526
Secured debenture stock	17	**11,533**	13,443	**-**	-
Provisions		**55**	-	**-**	-
Total non-current liabilities		**74,711**	57,116	**58,756**	39,846
Current liabilities					
Secured debenture stock	17	**37,881**	32,068	**-**	-
Current borrowings - other	16	**17,576**	10,625	**17,445**	12,095
Trade and other payables	15	**6,760**	9,003	**3,118**	6,140
Total current liabilities		**62,217**	51,696	**20,563**	18,235
Total equity and liabilities		**269,279**	190,063	**206,027**	132,771
Non-current assets					
Property, plant and equipment	12	**188,315**	115,243	**184,535**	111,660
Investments in subsidiaries	13	**-**	-	**15,284**	15,284
Goodwill	14	**12,212**	13,332	**1,412**	1,412
Intangible assets	14	**2,084**	2,140	**1,616**	1,570
Finance receivables	7	**22,069**	19,437	**-**	-
Total non-current assets		**224,680**	150,152	**202,847**	129,926
Current assets					
Cash and cash equivalents	22	**3,407**	3,649	**728**	1,133
Trade receivables and prepayments	6	**7,046**	4,661	**1,812**	1,306
Receivables – other	6	**-**	-	**477**	243
Finance receivables	7	**31,686**	30,892	**-**	-
Property held for sale	8	**163**	163	**163**	163
Inventories	9	**490**	94	**-**	-
Work in progress	9	**1,807**	452	**-**	-
Total current assets		**44,599**	39,911	**3,180**	2,845
Total assets		**269,279**	190,063	**206,027**	132,771

The notes on pages 25 to 60 form part of these financial statements.

Statement of Cash Flows for the year ended 31 March 2010

	Note	Group 2010 $000	Group 2009 $000	Parent 2010 $000	Parent 2009 $000
Cash flows from operating activities					
Cash was received from:					
Receipts from customers		**55,527**	50,682	**21,296**	21,460
Dividends received		**-**	-	**2,046**	1,669
Finance receivables - interest received		**6,722**	6,912	**-**	-
Proceeds from HP contracts and loan advances		**34,520**	35,397	**-**	-
Other interest received		**142**	57	**86**	83
		96,911	93,048	**23,428**	23,212
Cash was applied to:					
Payments to suppliers and employees		**(46,949)**	(40,261)	**(17,693)**	(14,769)
Secured debenture stock - interest paid		**(3,389)**	(4,294)	**-**	-
Finance loans advanced		**(36,110)**	(34,863)	**-**	-
Interest paid		**(2,994)**	(2,581)	**(2,624)**	(2,426)
Income tax paid	3	**(1,618)**	(834)	**(397)**	-
		(91,060)	(82,833)	**(20,714)**	(17,195)
Net cash flows from operating activities	23	**5,851**	10,215	**2,714**	6,017
Cash flows to investing activities					
Cash was provided from:					
Proceeds from sale of property, plant and equipment and intangible assets		**85**	99	**23**	-
Sale of subsidiary		**1,159**	-	**-**	-
		1,244	99	**23**	-
Cash was applied to:					
Purchase of property, plant and equipment and intangible assets		**(7,553)**	(9,270)	**(6,070)**	(7,830)
Purchase of subsidiary		**(6,304)**	-	**-**	-
		(13,857)	(9,270)	**(6,070)**	(7,830)
Net cash flows to investing activities		**(12,613)**	(9,171)	**(6,047)**	(7,830)
Cash flows from financing activities					
Cash was provided from:					
Loans raised		**45,403**	2,230	**40,498**	2,000
Secured debenture stock issued		**9,831**	12,330	**-**	-
Advance from subsidiary		**-**	-	**6,236**	4,550
Loan repaid by subsidiary		**-**	-	**1,819**	605
		55,234	14,560	**48,553**	7,155
Cash was applied to:					
Advance to subsidiary		**-**	-	**(2,169)**	-
Repayment of debenture funds		**(5,927)**	(9,689)	**-**	-
Repayment of loans		**(42,552)**	(3,718)	**(43,220)**	(4,765)
Payment of dividends		**(235)**	(219)	**(236)**	(219)
		(48,714)	(13,626)	**(45,625)**	(4,984)
Net cash flows from financing activities		**6,520**	934	**2,928**	2,171
Net increase/(decrease) in cash and cash equivalents held		**(242)**	1,978	**(405)**	358
Add opening cash and cash equivalents brought forward		**3,649**	1,671	**1,133**	775
Ending cash and cash equivalents carried forward		**3,407**	3,649	**728**	1,133

The notes on pages 25 to 60 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

1.1 Statement of compliance

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

The 'Group' for financial reporting purposes comprises:

Electra Limited, the parent Company, and its fully owned subsidiaries Linework and Stones Limited, Oxford Finance Corporation Limited, Oxford Finance Limited, DataCol NZ Limited and its subsidiaries - 51% owned MultiMedia Communications Limited until 31 July 2009 and fully owned Sky Communications Limited from 30 May 2009. Non-trading entities of the Group include – Electra Australia Pty Limited, Electra Generation Limited, DeFrost Limited and Horowhenua Wind Energy Limited. The ultimate parent of the Group is the Electra Trust.

These financial statements have been prepared in accordance with the requirements of the Companies Act 1993, the Financial Reporting Act 1993 and the Energy Companies Act 1992. The financial statements have also been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable financial reporting standards as are appropriate for profit-oriented entities.

The financial statements also comply with International Financial Reporting Standards (IFRS).

1.2 Basis of preparation

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

Separate accounting policies are outlined below.

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

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

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

1.3 Critical accounting estimates and judgements

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

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

The key assumptions concerning the future and other key sources of estimation uncertainty at 31 March 2010, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities are disclosed below.

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. Refer to note 14.

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. This has been based on historical trend analysis and discounted future cash flow projections.

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

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

1.4 Significant accounting policies

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

1.4.1 Basis of consolidation

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

Subsidiaries

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

The Group financial statements incorporate the financial statements of the entities that comprise the consolidated Group, being the parent Electra Limited and its subsidiaries, Linework and Stones Limited, Oxford Finance Corporation Limited, Oxford Finance Limited and Datacol NZ Limited. Datacol NZ Limited also includes the results of its subsidiaries MultiMedia Communications Limited (until disposal on 31 July 2009) and Sky Communications Limited (from acquisition on 30 May 2009). Consistent accounting policies are used in the preparation and presentation of the consolidated financial statements. Non-trading entities include Electra Australia Pty Limited, Electra Generation Limited, DeFrost Limited and Horowhenua Wind Energy Limited.

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

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

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

The minority interest in the results and equity of subsidiaries is shown separately in the consolidated Statement of Comprehensive Income and Statement of Financial Position.

1.4.2 Goods and Services Tax (GST)

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

1.4.3 Revenue recognition

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

Revenue is recognised as follows:

(i) Sales 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.

(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.

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

(vi) 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.

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

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

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

(x) 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.

1.4.4 Income tax

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

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

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

A deferred tax liability is not recognised in relation to any taxable temporary differences arising from goodwill or in relation to temporary differences arising from the initial recognition of assets or liabilities, which affect neither taxable income, or accounting profit. Similarly deferred tax liabilities are not recognised where temporary differences arise on acquisition of subsidiaries, associates and joint ventures where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

1.4.5 Offsetting

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

1.4.6 Inventory and work in progress

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

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

1.4.7 Construction contracts

Revenue from contracts is recognised by reference to the recoverable costs incurred during the period plus the percentage of fees earned.

Where a loss is expected to occur, it is recognised immediately and is made for both work in progress completed to date and for future work on the contract.

1.4.8 Property, plant and equipment and depreciation

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

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

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

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

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

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

The following rates are used in the calculation of depreciation:

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

1.4.9 Impairment of assets

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

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

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

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

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 is recognised in the Statement of Comprehensive Income immediately unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease. A reversal of an impairment loss is recognised in the Statement of Comprehensive Income, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.4.10 Intangible assets

(i) Goodwill

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

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

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

1.4.11 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.

1.4.12 Financial instruments issued by the Group
Debt and equity instruments are classified as either liabilities or equity in accordance with the substance of the contractual arrangement.

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

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

1.4.13 Financial assets

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

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

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

Finance receivables include 'impaired assets' comprising:

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

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

(iv) Bad debts and doubtful debts provisioning
Finance receivables are written down, by way of a specific write-off or collective provision, to their expected net collectable amounts with the amount written off or provided recognised as an expense in the Statement of Comprehensive Income.

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

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

1.4.14 Financial liabilities

(i) Payables

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

(ii) Borrowings and debentures

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

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

(iii) Intercompany payables

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

1.4.15 Foreign currency transactions

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

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

1.4.16 Cash flows

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

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

Operating activities are the principal revenue-producing activities of the Group 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 entity.

1.4.17 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.

1.4.18 Funds management activities

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

1.4.19 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.

1.4.20 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.

1.4.21 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 2009, except for the policy relating to the valuation of property, plant and equipment.

The Group has been impacted by changes to and/or adoption of the standards and interpretations described below:

NZ IFRIC 18 'Transfers of Assets from Customers' (effective for transfer of assets from customers received on or after 1 July 2009).

NZ IFRIC 18 requires that where the transfer meets the definition of an asset it is reported at "fair value". Revenue is recognised in accordance with Note 1.4.3.

NZ IFRS 8 Operating Segments (effective for annual periods beginning on or after 1 January 2009).

NZ IFRS 8 is a disclosure standard that has no impact on the reported results or the financial position of the entity.

1.5 Standards and interpretations in issue not yet adopted

At the date of authorisation there were a number of Standards and Interpretations that have been issued by the Accounting Standards Review Board, but are not yet effective. A list of the relevant standards is outlined below. These standards are not expected to have any impact on the Company but NZ IFRS 9 will impact the Group.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
NZ IFRIC 17 'Distributions of Non-Cash Assets to Owners'	1 July 2009	31 March 2011
NZ IFRIC 19 'Extinguishing Liabilities with Equity Instruments'	1 July 2010	31 March 2012
NZ IFRS 3 'Business Combinations' – revised 2008	1 July 2009	31 March 2011
NZ IAS 27 'Consolidated and Separate Financial Statements' – revised 2008	1 July 2009	31 March 2011
NZ IAS 24 'Related Parties'	1 January 2011	31 March 2012
NZ IFRS 9 'Financial Instruments' NZ IFRS-9 introduces changes to the classification and measurement of this new standard on its future financial statements until Oxford has assessed the various options available and taken into account the outcomes of the other related IAS-39 projects when these become available.	1 January 2013	31 March 2014
Amendments to NZ IAS 39 'Financial Instruments: Recognition and Measurement – Eligible Hedged Items'	1 July 2009	31 March 2011
Omnibus Amendments (2009)	1 July 2009 **	31 March 2011
Improvements to New Zealand Equivalents to International Financial Reporting Standards 2009	1 July 2009	31 March 2011
Amendments to IFRS 2 'Share-Based Payment – Group Cash-Settled Share-Based Payment Transactions'	1 January 2010	31 March 2012

** The effective date and transitional provisions vary by Standard. Most of the improvements are effective for annual periods beginning on or after 1 January 2010, with earlier adoption permitted.

2. Net Profit Before Taxation

Operating revenue	Group 2010 $000	Group 2009 $000	Parent 2010 $000	Parent 2009 $000
Sales - distribution	**28,544**	27,115	**28,544**	27,115
Sales - contracting	**30,685**	26,911	**-**	-
Interest revenue – lending	**6,963**	6,883	**-**	-
Interest revenue - impaired loans	**91**	-	**-**	-
Interest revenue - related parties	**-**	-	**3**	-
Interest revenue - bank deposits	**101**	130	**83**	79
Dividend revenue - subsidiaries	**-**	-	**2,046**	1,954
Other revenue	**2,451**	2,361	**596**	798
Total operating revenue	**68,835**	63,400	**31,272**	29,946

Net profit before taxation	Group 2010 $000	Group 2009 $000	Parent 2010 $000	Parent 2009 $000
Net profit before taxation	**2,710**	2,561	**1,061**	1,753
After charging/(crediting)				
Auditors remuneration:				
Audit services	**192**	247	**83**	126
Other services	**101**	75	**50**	62
Bad debts	**1,133**	1,243	**85**	43
Change in provision for doubtful debts	**295**	354	**12**	-
Depreciation	**5,127**	4,997	**4,352**	4,327
Intangible assets amortisation	**220**	243	**85**	69
Goodwill impairment	**-**	285	**-**	-
Directors' fees	**206**	226	**206**	226
Defined contribution plan expense	**249**	196	**51**	46
Employee costs	**13,872**	11,702	**1,375**	1,372
Interest - related parties	**-**	-	**44**	28
Interest - Oxford Finance Corporation Limited - debtors	**3,400**	4,019	**-**	-
Interest - bank borrowing	**2,978**	2,852	**2,561**	2,391
Investment impairment	**-**	-	**-**	-
Loss on sale of property, plant and equipment	**670**	428	**681**	467
Inventory expense	**4,115**	3,581	**-**	-
Rental and lease costs	**1,112**	763	**32**	35
Repairs and maintenance	**1,575**	1,610	**4,688**	4,738
Vehicle	**1,018**	997	**62**	68
Contractors	**8,624**	8,840	**-**	-
Discount to consumers	**7,208**	6,448	**7,208**	6,448
Other expenses	**14,030**	11,733	**8,636**	7,747
Total expenses	**66,125**	60,839	**30,211**	28,193

Consumer sales discount

A total of $7.2m plus GST (excluding provisions) was credited to consumers during the year to 31 March 2010 ($7.0m plus GST during the year to 31 March 2009).

3. Taxation

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

	Group		Parent	
	2010 $000	2009 $000	2010 $000	2009 $000
Operating surplus before income taxation	**2,710**	2,561	**1,061**	1,753
Income taxation on the surplus for the period at 30% (2009:30%)	**813**	768	**318**	526
Taxation effect of				
Permanent differences	**54**	106	**(622)**	(602)
Prior period adjustment	**(191)**	(146)	**(181)**	21
Adjustment for change in tax rate from 33% to 30% effective 1 April 2009	**-**	(4)	**-**	(7)
Taxation expense	**676**	724	**(485)**	(62)
Taxation expense comprises of:				
Current tax expense	**1,078**	1,238	**(111)**	203
Deferred tax expense	**(402)**	(510)	**(374)**	(258)
Change in tax rate	**-**	(4)	**-**	(7)
Total	**676**	724	**(485)**	(62)

Deferred tax

Group 31 March 2010	Opening Balance $000	Charged to Income $000	Charged to Equity $000	Acquisitions/ Disposals $000	Change in tax rate $000	Closing Balance $000
Gross deferred tax liabilities						
Provisions	298	58	-	-	-	356
Doubtful debts and impairment	299	55	-	-	-	354
Property, plant and equipment	(20,718)	289	(21,284)	-	-	(41,713)
	(20,121)	**402**	**(21,284)**	**-**	**-**	**(41,003)**

Group 31 March 2009	Opening Balance $000	Charged to Income $000	Charged to Equity $000	Acquisitions/ Disposals $000	Change in tax rate $000	Closing Balance $000
Gross deferred tax liabilities						
Provisions	188	113	-	-	(3)	298
Doubtful debts and impairment	181	118	-	-	-	299
Property, plant and equipment	(21,004)	279	-	-	7	(20,718)
	(20,635)	**510**	**-**	**-**	**4**	**(20,121)**

Parent 31 March 2010	Opening Balance $000	Charged to Income $000	Charged to Equity $000	Acquisitions/ Disposals $000	Change in tax rate $000	Closing Balance $000
Gross deferred tax liabilities						
Provisions	80	(51)	-	-	-	29
Doubtful debts and impairment	12	4	-	-	-	16
Property, plant and equipment	(20,618)	421	(21,284)	-	-	(41,481)
	(20,526)	**374**	**(21,284)**	**-**	**-**	**(41,436)**

Parent 31 March 2009	Opening Balance $000	Charged to Income $000	Charged to Equity $000	Acquisitions/ Disposals $000	Change in tax rate $000	Closing Balance $000
Gross deferred tax liabilities						
Provisions	60	20	-	-	-	80
Doubtful debts and impairment	12	-	-	-	-	12
Property, plant and equipment	(20,863)	238	-	-	7	(20,618)
	(20,791)	**258**	**-**	**-**	**7**	**(20,526)**

The tax rate used in the above reconciliation of deferred tax for all adjustments that will reverse after 1 April 2009 is the corporate tax rate of 30% payable by New Zealand corporate entities on taxable profits under New Zealand tax law (which will apply from the 2010 income year, commencing 1 April 2009 for the Company).

Imputation credit account

	Group		Parent	
	2010 $000	2009 $000	2010 $000	2009 $000
Opening balance	**4,349**	3,454	**3,071**	2,174
Imputation credits attached to dividends received/(paid)	**-**	-	**755**	837
Net payments during the year	**1,706**	834	**399**	-
Other	**47**	61	**35**	60
Closing balance	**6,102**	4,349	**4,260**	3,071

4. Rental and Leases

	Group		Parent	
	2010 $000	2009 $000	2010 $000	2009 $000
No later than one year	**815**	785	**4**	12
Later than one year and not later than five years	**1,093**	721	**-**	-
Greater than five years	**188**	-	**-**	-
	2,096	1,506	**4**	12

These are of a rental nature and are on normal commercial terms and conditions. The majority of the lease commitments are for building accommodation. The remainder relate to vehicles and equipment. There are no contingent rents payable and all leases are subject to renewals at the election of Electra.

5. Remuneration of Auditors'

	Group		Parent	
	2010	**2009**	**2010**	**2009**
	$000	**$000**	**$000**	**$000**
Audit of the financial statements	**192**	247	**83**	126
Audit related services or review of the financial statements not reported above	**65**	14	**25**	14
Taxation services	**36**	61	**25**	48
	293	322	**133**	188

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

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

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

6. Receivables and Prepayments

	Group		Parent	
	2010	**2009**	**2010**	**2009**
	$000	**$000**	**$000**	**$000**
Trade receivables	**6,403**	4,575	**1,398**	1,216
Intercompany receivable	**-**	-	**477**	243
GST receivable	**444**	90	**444**	90
Prepayments	**261**	140	**22**	40
	7,108	4,805	**2,341**	1,589
Less provision for doubtful debts	**(62)**	(144)	**(52)**	(40)
	7,046	4,661	**2,289**	1,549

There are no significant concentrations of credit risk within trade receivables.

7. Finance Receivables

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

	Group	
	2010	**2009**
	$000	**$000**
Finance receivables	**54,923**	51,194
Less provision for unearned interest	**(50)**	(30)
Total	**54,873**	51,164
Less provision for doubtful debts	**(1,118)**	(835)
Total finance receivables	**53,755**	50,329

Due for repayment	Group	
	2010	**2009**
	$000	**$000**
Within one year	**32,804**	31,727
Less provision for doubtful debts	**(1,118)**	(835)
Net within one year	**31,686**	30,892
Between one and two years	**14,169**	12,266
Over two years	**7,900**	7,171
Total	**53,755**	50,329

8. Property Held for Sale

	Group and Parent	
	2010	**2009**
	$000	**$000**
27 Bristol Street, Levin	**163**	163

Land at 27 Bristol Street, Levin is available for sale and is listed with local Real Estate Agents. Any sale will be at the market value determined at the time of sale. The above valuation is the lower of cost or expected market value at balance date.

9. Inventories and Work in Progress

	Group	
	2010	**2009**
	$000	**$000**
Inventory	**490**	94
Work in progress	**1,807**	452
	2,297	546

10. Financial Instruments

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

Credit risk

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

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

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

The status of trade receivables as at reporting date is as follows:

	Group		Parent	
	2010 $000	2009 $000	2010 $000	2009 $000
Not past due	**5,372**	3,420	**2,699**	1,305
Past due 0 – 30 days	**526**	399	**(1,033)**	29
Past due 31- 60 days	**101**	189	**17**	1
Past due more than 60 days	**404**	567	**192**	124
	6,403	4,575	**1,875**	1,459

The above maximum exposures are net of any recognised provision for losses on these financial assets. No collateral is held on the above amounts.

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

Guarantees for Subsidiary funding	Company	
	2010 $000	2009 $000
Bank funding	**10,299**	7,680
Oxford Debenture Guarantee	**49,344**	45,510
	59,643	53,190

Bank balances and investments in short term deposits are made with registered banks with satisfactory credit ratings.

Concentrations of credit risk

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

Foreign currency risk

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

Interest rate risk

Liabilities

The interest rate risk exposure is limited to bank borrowings and Secured Debenture Stock. The Group has no interest hedge contracts.

Fair values

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

Financial Instrument Carrying Values by Category – Group

As at 31 March 2010 ($000)	Interest Rate %	Total	0-12 Mths	1-2 Years	2-5 Years	Over 5 Years
Financial assets						
Cash and cash equivalents	3.0	3,407	3,407	-	-	-
Trade receivables	-	6,403	6,403	-	-	-
Financial receivables	14.18	53,755	31,686	14,169	7,484	416
Total financial assets at amortised cost		**63,565**	**41,496**	**14,169**	**7,484**	**416**
Financial liabilities						
Trade and other payables	-	6,760	6,760	-	-	-
Secured debenture stock	6.53	49,414	37,881	7,553	3,980	-
Debt finance	7.83	39,696	17,576	4,320	17,800	-
Total financial liabilities at amortised cost		**95,870**	**62,217**	**11,873**	**21,780**	**-**

As at 31 March 2009 ($000)	Interest Rate %	Total	0-12 Mths	1-2 Years	2-5 Years	Over 5 Years
Financial assets						
Cash and cash equivalents	2.4	3,649	3,649	-	-	-
Trade receivables	-	4,575	4,575	-	-	-
Financial receivables	14.5	50,329	30,892	12,266	6,587	584
Total financial assets at amortised cost		**58,553**	**39,116**	**12,266**	**6,587**	**584**
Financial liabilities						
Trade and other payables	-	9,003	9,003	-	-	-
Secured debenture stock	8.39	45,511	32,068	11,238	2,205	-
Debt finance	8.1	34,177	10,625	12,732	10,820	-
Total financial liabilities at amortised cost		**88,691**	**51,696**	**23,970**	**13,025**	**-**

Financial Instrument Carrying Values by Category – Parent

As at 31 March 2010 ($000)	Interest Rate %	Total	0-12 Mths	1-2 Years	2-5 Years	Over 5 Years
Financial assets						
Cash and cash equivalents	3.0	728	728	-	-	-
Trade receivables	-	1,454	1,454	-	-	-
Intercompany receivables	5.0	421	421	-	-	-
Receivables - other	-	444	444	-	-	-
Total financial assets at amortised cost		**3,047**	**3,047**	**-**	**-**	**-**
Financial liabilities						
Trade and other payables	-	2,454	2,454	-	-	-
Intercompany payables	5.0	806	806	-	-	-
Debt finance	8.03	33,146	15,826	4,320	13,000	-
Intercompany loans	5.0	1,619	1,619	-	-	-
Total financial liabilities at amortised cost		**38,025**	**20,705**	**4,320**	**13,000**	**-**

Financial Instrument Carrying Values by Category – Parent

As at 31 March 2009 ($000)	**Interest Rate %**	**Total**	**0-12 Mths**	**1-2 Years**	**2-5 Years**	**Over 5 Years**
Financial assets						
Cash and cash equivalents	2.4	1,133	1,133	-	-	-
Trade receivables	-	1,216	1,216	-	-	-
Intercompany receivables	-	243	243	-	-	-
Receivables - other	-	90	90	-	-	-
Total financial assets at amortised cost		**2,682**	**2,682**	**-**	**-**	**-**
Financial liabilities						
Trade and other payables	-	5,187	5,187	-	-	-
Debt finance	8.0	31,415	12,095	4,500	14,820	-
Intercompany loans	-	2,453	2,453	-	-	-
Total financial liabilities at amortised cost		**39,055**	**19,735**	**4,500**	**14,820**	**-**

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. Facilities of $26.5m exist with the Bank of New Zealand, of which amounts are drawn down to cover shortfalls in liquidity

Contractual Maturity Analysis
Financial Instrument Maturity Values by Category - Group

As at 31 March 2010	**Int Rate %**	**Total $000**	**On Call $000**	**0 - 6 Mths $000**	**6 - 12 Mths $000**	**1 - 2 Years $000**	**2 - 3 Years $000**	**3 - 4 Years $000**	**4 - 5 Years $000**	**Over 5 Years $000**
Financial assets										
Cash and cash equivalents	3.0	3,407	3,407	-	-	-	-	-	-	-
Trade and other receivables	-	6,403	-	6,403	-	-	-	-	-	-
Finance receivables	14.18	62,394	-	25,801	11,936	16,059	6,560	1,128	352	558
Total financial assets		**72,204**	**3,407**	**32,204**	**11,936**	**16,059**	**6,560**	**1,128**	**352**	**558**
Financial liabilities										
Trade and other payables	-	5,446	-	5,446	-	-	-	-	-	-
Secured debenture stock	6.53	50,636	4,084	19,329	15,012	7,940	4,008	263	-	-
Debt finance	7.83	49,580	-	12,678	7,848	1,419	5,915	10,710	8,011	2,999
Total financial liabilities		**105,662**	**4,084**	**37,453**	**22,860**	**9,359**	**9,923**	**10,973**	**8,011**	**2,999**

As at 31 March 2009	**Int Rate %**	**Total $000**	**On Call $000**	**0 - 6 Mths $000**	**6 - 12 Mths $000**	**1 - 2 Years $000**	**2 - 3 Years $000**	**3 - 4 Years $000**	**4 - 5 Years $000**	**Over 5 Years $000**
Financial assets										
Cash and cash equivalents	3.0	3,649	3,649	-	-	-	-	-	-	-
Trade and other receivables	-	4,575	-	4,575	-	-	-	-	-	-
Finance receivables	14.5	61,460	-	27,197	11,972	14,629	5,428	1,238	297	699
Total financial assets		**69,684**	**3,649**	**31,772**	**11,972**	**14,629**	**5,428**	**1,238**	**297**	**699**
Financial liabilities										
Trade and other payables	-	5,890	-	5,890	-	-	-	-	-	-
Secured debenture stock	8.39	46,959	3,503	17,820	11,426	11,779	2,248	68	115	-
Debt finance	8.10	37,136	-	1,290	3,211	12,363	9,061	4,679	2,661	3,871
Total financial liabilities		**89,985**	**3,503**	**25,000**	**14,637**	**24,142**	**11,309**	**4,747**	**2,776**	**3,871**

Financial Instrument Maturity Values by Category - Parent

As at 31 March 2010	Int Rate %	Total $000	On Call $000	0 - 6 Mths $000	6 - 12 Mths $000	1 - 2 Years $000	2 - 3 Years $000	3 - 4 Years $000	4 - 5 Years $000	Over 5 Years $000
Financial assets										
Cash and cash equivalents	3.0	728	728	-	-	-	-	-	-	-
Trade and other receivables	-	1,889	-	1,889	-	-	-	-	-	-
Intercompany receivables	5.0	421	-	21	400	-	-	-	-	-
Total financial assets		**3,038**	**728**	**1,910**	**400**	**-**	**-**	**-**	**-**	**-**
Financial liabilities										
Trade and other payables	-	3,260	-	3,260	-	-	-	-	-	-
Debt finance	8.03	41,513	-	10,786	7,625	1,196	5,692	7,957	5,258	2,999
Total financial liabilities		**44,773**	**-**	**14,046**	**7,625**	**1,196**	**5,692**	**7,957**	**5,258**	**2,999**

As at 31 March 2009	Int Rate %	Total $000	On Call $000	0 - 6 Mths $000	6 - 12 Mths $000	1 - 2 Years $000	2 - 3 Years $000	3 - 4 Years $000	4 - 5 Years $000	Over 5 Years $000
Financial assets										
Cash and cash equivalents	2.25	1,133	1,133	-	-	-	-	-	-	-
Trade and other receivables	-	1,306	-	1,306	-	-	-	-	-	-
Intercompany receivables	-	243	-	243	-	-	-	-	-	-
Total financial assets		**2,682**	**1,133**	**1,549**	**-**	**-**	**-**	**-**	**-**	**-**
Financial liabilities										
Trade and other payables	-	6,140	-	6,140	-	-	-	-	-	-
Debt finance	8.0	34,443	-	1,178	3,099	9,756	9,200	4,679	2,661	3,870
Total financial liabilities		**40,583**	**-**	**7,318**	**3,099**	**9,756**	**9,200**	**4,679**	**2,661**	**3,870**

Capital management

The Group's capital includes share capital 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 covenents:

(a) The Statement of Corporate Intent imposes a restriction that the parent will maintain shareholder funds at not less than 40% (2009: 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 2.25 times

(ii) Annual accounts to be provided within 120 days of balance date

(iii) Half yearly accounts to be provided within 120 days of period end

(iv) Cash flow forecast for ensuing year to be provided to the bank annually within one month of end of year balance date and upon revision

(v) Group equity to be maintained at no less than 35% of total tangible assets at all times

(c) Oxford Finance is subject to further covenant as detailed in the following note.

The Group has complied with all covenants.

11. Financial Instruments – (Oxford Finance Corporation Limited)

Management Policies

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

Credit risk

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

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

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

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

Maximum exposures to credit risk as at balance date are:

	2010 $000	2009 $000
Cash and cash equivalents	1,898	1,692
Finance receivables	53,816	52,215
Trade and other receivables	35	101
Other credit risk	1,404	432
Total exposure to credit risk	57,153	54,440
Amounts neither past due nor impaired:		
Cash and cash equivalents	1,898	1,692
Finance receivables	49,871	51,112
Trade and other receivables	35	101
Other credit risk	1,404	432
Total	53,208	53,337

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

Sensitivity analysis

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

The principal exposure to rate increases is for 'on call' investments whereby the increases can not be passed immediately on to borrowers. This exposure is managed by the Company having policies limiting the percentage of 'on call' funds to total funding under 10%. At 31 March 2010 on call funds were 8.30% (31 March 2009 – 7.70%).

Potential impact of interest rate change:

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

Funding	Profit and Equity Impact per annum	2010 $000	2009 $000
Increase 1%	Decrease	(494)	(451)
Decrease 1%	Increase	494	451
Lending			
Increase 1%	Increase	550	510
Decrease 1%	Decrease	(550)	(510)

Fair values

Carrying amount and fair value

	As at 31 March 2010 Carrying Value $000	Fair Value $000
Cash and cash equivalents	1,898	1,898
Hire purchase and mortgage advances	52,651	52,602
Dealer floorplans	1,165	1,165
Total finance receivables	53,816	53,767
Secured debenture stock	(49,414)	(49,193)
Other liabilities	(309)	(309)
Total finance liabilities	(49,723)	(49,502)

	As at 31 March 2009 Carrying Value $000	Fair Value $000
Cash and cash equivalents	1,692	1,692
Hire purchase and mortgage advances	51,094	50,074
Dealer floorplans	1,121	1,121
Total finance receivables	52,215	51,195
Secured debenture stock	(45,511)	(47,207)
Bank Loans	(2,500)	(2,500)
Other liabilities	(499)	(467)
Total finance liabilities	(48,510)	(50,174)

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

The fair value of loans and advances are calculated using discounted cash flow models based on the interest rate re-pricing and maturity of the financial assets. Discount rates applied in this calculation are based on current market interest rates for loans and advances with similar credit profiles. At 31 March 2010 the discount rate used for loans and advances was 16.95% (31 March 2009 – 16.95%).

The fair value of all financial liabilities is calculated using discounted cash flow models based on the interest rate re-pricing and maturity of the instruments. The discount rate applied in this calculation is based on current market rates of 2.75% to 8.5% (31 March 2009 – 4.0% to 8.5%).

The Company is not involved in any off balance sheet financial instruments.

Financial assets and liabilities by classification

	2010 $000	2009 $000
Loans and receivables		
Cash and cash equivalents	**1,898**	1,692
Finance receivables	**53,816**	52,215
Trade and other receivables	**35**	101
Total loans and receivables	**55,749**	54,008
Financial liabilities held at amortised cost		
Trade and other payables	**(309)**	(245)
Bank of New Zealand loans	**-**	(2,500)
Secured debenture stock	**(49,414)**	(45,511)
Total financial liabilities held at amortised cost	**(49,723)**	(48,256)

Interest rate risk profile of financial assets and liabilities

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

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

Financial Instrument Carrying Values by Category

As at 31 March 2010	Int Rate %	Total $000	On Call $000	0 - 6 Mths $000	6 - 12 Mths $000	1 - 2 Years $000	2 - 3 Years $000	3 - 4 Years $000	4 - 5 Years $000	Over 5 Years $000
Financial assets										
Trade and other receivables	-	35	-	35	-	-	-	-	-	-
Cash and cash equivalents	3.12	1,898	1,898	-	-	-	-	-	-	-
Finance receivables	14.18	53,816	-	22,591	9,156	14,169	6,041	1,113	330	416
Total financial assets		**55,749**	**1,898**	**22,626**	**9,156**	**14,169**	**6,041**	**1,113**	**330**	**416**
Financial liabilities										
Trade and other payables	-	309	-	309	-	-	-	-	-	-
Secured debenture stock	6.53	49,414	4,084	19,168	14,629	7,553	3,735	245	-	-
Total financial liabilities		**49,723**	**4,084**	**19,477**	**14,629**	**7,553**	**3,735**	**245**	**-**	**-**

As at 31 March 2009	Int Rate %	Total $000	On Call $000	0 - 6 Mths $000	6 - 12 Mths $000	1 - 2 Years $000	2 - 3 Years $000	3 - 4 Years $000	4 - 5 Years $000	Over 5 Years $000
Financial assets										
Trade and other receivables	-	101	-	101	-	-	-	-	-	-
Cash and cash equivalents	3.00	1,692	1,692	-	-	-	-	-	-	-
Finance receivables	14.50	52,215	-	23,136	9,642	12,266	5,278	1,088	221	584
Total financial assets		**54,008**	**1,692**	**23,237**	**9,642**	**12,266**	**5,278**	**1,088**	**221**	**584**
Financial liabilities										
BNZ loan	8.93	2,500	-	-	-	2,500	-	-	-	-
Trade and other payables	-	245	-	245	-	-	-	-	-	-
Secured debenture stock	8.39	45,511	3,503	17,552	11,013	11,238	2,049	59	97	-
Total financial liabilities		**48,256**	**3,503**	**17,797**	**11,013**	**13,738**	**2,049**	**59**	**97**	**-**

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

Liquidity risk

Liquidity risk is the potential for the Company to encounter difficulty meeting its financial obligations as they fall due. Policies are in place to manage liquidity on a day to day basis based on contractual maturities.

The following table outlines undiscounted cash flows based on contractual maturities:

Contractual Maturity Analysis

As at 31 March 2010	Int Rate %	Total $000	On Call $000	0 - 6 Mths $000	6 - 12 Mths $000	1 - 2 Years $000	2 - 3 Years $000	3 - 4 Years $000	4 - 5 Years $000	Over 5 Years $000
Financial assets										
Trade and other receivables	-	35	-	35	-	-	-	-	-	-
Cash and cash equivalents	3.12	1,898	1,898	-	-	-	-	-	-	-
Finance receivables	14.18	62,455	-	25,862	11,936	16,059	6,560	1,128	352	558
Total financial assets		**64,388**	**1,898**	**25,897**	**11,936**	**16,059**	**6,560**	**1,128**	**352**	**558**
Financial liabilities										
Trade and other payables	-	309	-	309	-	-	-	-	-	-
Secured debenture stock	6.53	50,636	4,084	19,329	15,012	7,940	4,008	263	-	-
Financial commitments	-	1,405	-	1,405	-	-	-	-	-	-
Total financial liabilities		**52,350**	**4,084**	**21,043**	**15,012**	**7,940**	**4,008**	**263**	**-**	**-**

As at 31 March 2009	Int Rate %	Total $000	On Call $000	0 - 6 Mths $000	6 - 12 Mths $000	1 - 2 Years $000	2 - 3 Years $000	3 - 4 Years $000	4 - 5 Years $000	Over 5 Years $000
Financial assets										
Trade and other receivables	-	101	-	101	-	-	-	-	-	-
Cash and cash equivalents	3.00	1,692	1,692	-	-	-	-	-	-	-
Finance receivables	14.50	61,565	-	27,302	11,972	14,629	5,428	1,238	297	699
Total financial assets		**63,358**	**1,692**	**27,403**	**11,972**	**14,629**	**5,428**	**1,238**	**297**	**699**
Financial liabilities										
BNZ loan	8.93	2,836	-	131	111	2,594	-	-	-	-
Trade and other payables	-	245	-	245	-	-	-	-	-	-
Secured debenture stock	8.39	46,959	3,503	17,820	11,426	11,779	2,248	68	115	-
Total financial liabilities		**50,040**	**3,503**	**18,196**	**11,537**	**14,373**	**2,248**	**68**	**115**	**-**

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

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

In order to provide additional liquidity the Company has negotiated a committed cash facility to borrow up to $2.0m from the Bank of New Zealand. At balance date $Nil had been drawn down. This facility is secured by way of a general security agreement over Electra Limited assets. As at 31 March 2009 the Company had an additional loan of $2.5m drawn as a fixed interest rate loan for three years at 8.93%. This was repaid during the period (31 March 2009: $2.5m).

In addition the Company has the ability to borrow up to $5m from Electra Limited through their committed cash facility with the Bank of New Zealand. The facility is secured by way of a general security agreement over Electra Limited assets. At balance date the facility had not been utilised (31 March 2009: Nil).

Debenture renewal rates have been consistent throughout the period.

Overdues

The finance receivable balance includes Impaired Assets comprising as follows:

As at 31 March 2010	Motor Vehicle Plant and Equipment $000	Land and Buildings $000	Total $000
Non-Accrual Loans and Assets Acquired Through Enforcement of Security			
Carrying value at beginning of period	883	-	883
Proceeds from sale of security	(44)	-	(44)
Additions of individually impaired assets	698	3,529	4,227
Reduction of individually impaired assets	(187)	-	(187)
Bad debts written off during the period	(482)	(435)	(917)
Closing carrying value	868	3,094	3,962
Less:			
Provision for doubtful debts – opening	(366)	(233)	(599)
Bad debts written off during the period	106	435	541
Additions to impaired assets	(181)	(880)	(1,061)
Reductions to Individually impaired assets	175	58	233
Provision for doubtful debts – closing	(266)	(620)	(886)
Closing carrying value – net of provision	**602**	**2,474**	**3,076**

As at 31 March 2009	Motor Vehicle Plant and Equipment $000	Land and Buildings $000	Total $000
Non-Accrual Loans and Assets Acquired Through Enforcement of Security			
Carrying value at beginning of period	871	-	871
Proceeds of sale of security	(26)	-	(26)
Additions of individually impaired assets	762	340	1,102
Reduction of individually impaired assets	(244)	-	(244)
Bad debts written off during the period	(480)	(340)	(820)
Closing carrying value	883	-	883
Less:			
Provision for doubtful debts – opening	(505)	-	(505)
Transfer to 90+Past Due Assets	236	-	236
Movement in provision during period	(97)	(233)	(330)
Provision for doubtful debts – closing	(366)	(233)	(599)
Closing carrying value – net of provision	**517**	**(233)**	**284**

Assets are identified as impaired in accordance with the accounting policy.

The finance receivable balance includes Restructured Loans comprising:

As at 31 March 2010	Motor Vehicle Plant and Equipment $000	Land and Buildings $000	Total $000
Restructured Loans			
Carrying value at beginning of period	313	-	313
Additions to restructured loans	228	-	228
Repayment of restructured loans	(216)	-	(216)
Closing carrying value	**325**	**-**	**325**

As at 31 March 2009	Motor Vehicle Plant and Equipment $000	Land and Buildings $000	Total $000
Restructured Loans			
Carrying value at beginning of period	138	-	138
Additions to restructured loans	266	-	266
Repayment of restructured loans	(91)	-	(91)
Closing carrying value	**313**	**-**	**313**

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

As at 31 March 2010	Motor Vehicle Plant and Equipment $000	Land and Buildings $000	Total $000
Past Due Assets (90+days)			
Carrying value at beginning of period	741	-	741
Bad debts written off during the period	(125)	-	(125)
Additions to past due assets	521	-	521
Repayment of past due assets	(422)	-	(422)
Transfer to impaired assets	(91)	-	(91)
Closing carrying value	**624**	**-**	**624**
Less:			
Carrying value at beginning of period	(236)	-	(236)
Transfer to collective provision	141	-	141
Bad debts written off during the period	16	-	16
Additions to past due assets	(67)	-	(67)
Repayment of past due assets	54	-	54
Transfer to impaired loans	12	-	12
Provision for doubtful debts – closing	(80)	-	(80)
Closing carrying value – net of provision	**544**	**-**	**544**

As at 31 March 2009	Motor Vehicle Plant and Equipment $000	Land and Buildings $000	Total $000
Past Due Assets (90+days)			
Carrying value at beginning of period	421	1,021	1,442
Bad debts written off during the period	(13)	-	(13)
Additions to past due assets	333	-	333
Repayment of past due assets	-	(1,021)	(1,021)
Closing carrying value	**741**	**-**	**741**
Less:			
Transfer of collective provision from non-accruals	(236)	-	(236)
Movement in provision during period	-	-	-
Provision for doubtful debts – closing	(236)	-	(236)
Closing carrying value – net of provision	**505**	**-**	**505**

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

Past Due Assets – 90 + Days	91-120 days $000	121-150 days $000	150+ days $000	Total $000
31 March 2010	**180**	**111**	**333**	**624**
31 March 2009	642	21	78	741

The proportion of loans in arrears 3 months and over is 1.13% being total overdue loan balances as a proportion of total loan ledger (31 March 2009 – 1.44%).

Instalment arrears less than 90 days are included in the table below. This table outlines only the instalments that are overdue, not the entire loan balance.

Past Due Assets	7-30 days $000	31-60 days $000	61-90 days $000	Total $000
31 March 2010	**255**	**111**	**74**	**440**
31 March 2009	190	84	49	323

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

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

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

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

Floorplan exposure

The maximum amount available to existing motor vehicle dealers on floorplan arrangements is $2.4m (31 March 2009: $1.5m).

The current borrowings by motor vehicle dealers under these facilities is $1.2m (31 March 2009: $1.1m).

Concentrations of lending

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

	31 March 2010	31 March 2009
Land and buildings	**23%**	25%
Residential	**16%**	19%
Commercial	**5%**	5%
Industrial	**2%**	0%
Other	**0%**	1%
Plant and equipment	**2%**	3%
Motor vehicles	**70%**	68%
Other	**5%**	4%

The Company's 1st and 2nd mortgage credit exposure concentrations within New Zealand are as follows:

	31 March 2010	31 March 2009
Auckland/Northland	**10%**	12%
Waikato/Bay of Plenty	**31%**	27%
Hawkes Bay/Gisborne	**5%**	6%
Taranaki/Manawatu/Horowhenua	**24%**	31%
Wellington/Wairarapa	**27%**	23%
Canterbury/Westland/South Island	**3%**	1%

All credit risks are in New Zealand.

Concentrations of credit exposure are as follows:

	31 March 2010
Accommodation, cafes and restaurants	**4%**
Agriculture,forestry, fishing and mining	**7%**
Construction	**11%**
Education, health and community services	**12%**
Electricity, gas and water	**2%**
Finance and insurance	**1%**
Manufacturing	**6%**
Property and business services	**32%**
Transport, storage and communication	**8%**
Wholesale and retail trade	**12%**
Other services	**5%**

Industry categories have been identified using the Australian and New Zealand Standard Industrial Classification (ANZSIC) codes. The information for the previous years were not collated in this form, therefore there are no comparative figures available.

Concentrations of geographic funding

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

	31 March 2010	31 March 2009
Auckland/Northland	**0.5%**	0.5%
Waikato/Bay of Plenty	**3.0%**	3.0%
Hawkes Bay/Gisborne	**0.5%**	1.5%
Taranaki/Manawatu/Horowhenua	**82.0%**	83.0%
Wellington/Wairarapa	**13.0%**	11.0%
Canterbury/Westland/South Island	**0.5%**	0.5%
Overseas	**0.5%**	0.5%

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

Large counterparties

As at 31 March 2010 the Company had the following numbers of counterparties and groups of closely related counterparties with credit exposure equalling or exceeding 10% of equity:

Percentage of Equity	Number of Counterparties As at 31 March 2010	As at 31 March 2009
10-20%	**6**	7
20-30%	**2**	2

Related party transactions

The parent company of Oxford is Oxford Finance Limited being the sole shareholder. The ultimate parent is the Electra Trust. Included within the carrying value of Finance Receivables are the following related party transactions:

31 March 2010	Advance $000	Interest Charged $000	Repaid $000	Balance 31 March 2010 $000
Intercompany advances during the period:				
Sky Communications Limited	8	-	(2)	6
Balance	**8**	**-**	**(2)**	**6**
Opening Advance to:				
Electra Limited	1,514	14	(1,522)	6
Linework and Stones Limited	230	14	(201)	43
DataCol NZ Limited	34	3	(19)	18
Multi-Media Communications Limited	122	4	(126)	-
Balance	**1,900**	**35**	**(1,868)**	**67**
Balance at end of period	**1,908**	**35**	**(1,870)**	**73**

31 March 2009	Advance $000	Interest Charged $000	Repaid $000	Balance 31 March 2009 $000
Intercompany advances during the period:				
Electra Limited	4,565	25	(3,076)	1,514
Linework and Stones Limited	604	31	(405)	230
Multi-Media Communications Limited	104	8	(27)	85
Balance	**5,273**	**64**	**(3,508)**	**1,829**
Opening Advance to:				
Electra Limited	19	1	(20)	-
DataCol NZ Limited	49	5	(20)	34
Multi-Media Communications Limited	57	5	(25)	37
Balance	**125**	**11**	**(65)**	**71**
Balance at end of period	**5,398**	**75**	**(3,573)**	**1,900**

As at 31 March 2010 the Company did not have any outstanding loans from Electra Limited (31 March 2009: Nil). These loans were part of the facility detailed above. The Company did not pay any interest during the period (31 March 2009: Nil)

As at 31 March 2010 Oxford Finance Ltd owed the Company $36,000 relating to the payment of Income Tax.

Guarantees

On 29 June 2009 the Electra Deed of Guarantee was further amended and restated. This was completed for a number of reasons, including to ensure the Electra Deed of Guarantee will operate ahead of the Crown Deed of Guarantee and to strengthen the obligations to Electra investors in the Company under the Deed in order to satisfy criteria Electra understands to be applied by Standards and Poor's for the purpose of rating the Company. At the same time other changes were made to clarify, amongst other things, the process of payment for Debenture Holders should the Guarantee be called upon.

The current Crown retail deposit Guarantee scheme ends on 12 October 2010. The Crown has decided to extend the scheme with changed terms and conditions to 31 December 2011. The Company has elected not to apply to enter the extended scheme.

Credit Rating

In October 2009 international credit rating agency Standard and Poor's assigned the Company a credit rating of BBB- along with a Stable outlook. A rating of this level indicates, in Standard and Poor's assessment, that the Company has an adequate capacity to meet its financial commitments. This rating applies to the Company and to the issue of Secured Debenture Stock described in these statement of financial accounts.

Capital management

Oxford maintains capital in the form of ordinary issued shares and retained profits held within the Company. The Company'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.

Oxford is governed by a Debenture Trust Deed which provides certain covenant compliance over Oxford assets. Oxford complied with these Trust Deed requirements throughout the period.

12. Property, Plant and Equipment

Group	Distribution Plant & Equip (incl. Land & Buildings) at Cost $000	Other Land & Buildings at Cost $000	Other Plant & Equip at Cost $000	Motor Vehicles at Cost $000	Other Capital Work in Progress at Cost $000	Total $000
Cost						
Balance as at 1 April 2008	120,017	1,965	2,574	3,700	1,877	130,133
Additions	408	223	302	974	8,134	10,041
Disposals	(555)	-	(177)	(531)	-	(1,263)
Transfer to/(from) capital work in progress	8,179	-	-	-	(8,474)	(295)
Balance as at 31 March 2009	**128,049**	**2,188**	**2,699**	**4,143**	**1,537**	**138,616**
Balance as at 1 April 2009	128,049	2,188	2,699	4,143	1,537	138,616
Additions	-	-	1,005	1,202	6,143	8,350
Disposals	(1,344)	-	(475)	(438)	-	(2,257)
Transfer to/(from) capital work in progress	4,812	-	-	-	(5,465)	(653)
Revaluation	71,992	-	-	-	-	71,992
Balance as at 31 March 2010	**203,509**	**2,188**	**3,229**	**4,907**	**2,215**	**216,048**
Depreciation and impairment losses						
Balance as at 1 April 2008	(15,797)	(167)	(1,589)	(1,548)	-	(19,101)
Depreciation charge	(4,206)	(60)	(299)	(432)	-	(4,997)
Write back on disposals	85	-	184	456	-	725
Balance as at 31 March 2009	**(19,918)**	**(227)**	**(1,704)**	**(1,524)**	**-**	**(23,373)**
Balance as at 1 April 2009	(19,918)	(227)	(1,704)	(1,524)	-	(23,373)
Depreciation charge	(4,214)	(54)	(371)	(488)	-	(5,127)
Write back on disposals	308	-	249	210	-	767
Balance as at 31 March 2010	**(23,824)**	**(281)**	**(1,826)**	**(1,802)**	**-**	**(27,733)**
Carrying amounts						
At 31 March 2009	108,131	1,961	995	2,619	1,537	115,243
At 31 March 2010	**179,685**	**1,907**	**1,403**	**3,105**	**2,215**	**188,315**

Parent	Distribution Plant & Equip (incl. Land & Buildings) at Cost $000	Other Land & Buildings at Cost $000	Other Plant & Equip at Cost $000	Motor Vehicles at Cost $000	Other Capital Work in Progress at Cost $000	Total $000
Cost						
Balance as at 1 April 2008	120,619	963	624	234	1,877	124,317
Additions	408	-	42	38	8,134	8,622
Disposals	(555)	-	(105)	-	-	(660)
Transfer to/(from) capital work in progress	8,474	-	-	-	(8,474)	-
Balance as at 31 March 2009	**128,946**	**963**	**561**	**272**	**1,537**	**132,279**
Balance as at 1 April 2009	128,946	963	561	272	1,537	132,279
Additions	-	-	140	2	6,143	6,285
Disposals	(1,344)		(119)	(39)	-	(1,502)
Transfer to/(from) capital work in progress	5,465	-	-	-	(5,465)	-
Revaluation	71,992	-	-	-	-	71,992
Balance as at 31 March 2010	**205,059**	**963**	**582**	**235**	**2,215**	**209,054**
Depreciation and impairment losses						
Balance as at 1 April 2008	(15,797)	(45)	(590)	(53)	-	(16,485)
Depreciation charge	(4,209)	(31)	(22)	(65)	-	(4,327)
Write back on disposals	88	-	105	-	-	193
Balance as at 31 March 2009	**(19,918)**	**(76)**	**(507)**	**(118)**	**-**	**(20,619)**
Balance as at 1 April 2009	(19,918)	(76)	(507)	(118)	-	(20,619)
Depreciation charge	(4,214)	(26)	(72)	(40)	-	(4,352)
Write back on disposals	308	-	119	25	-	452
Balance as at 31 March 2010	**(23,824)**	**(102)**	**(460)**	**(133)**	**-**	**(24,519)**
Carrying amounts						
At 31 March 2009	109,028	887	54	154	1,537	111,660
At 31 March 2010	**181,235**	**861**	**122**	**102**	**2,215**	**184,535**

Revaluation and impairment review

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

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

In accordance with NZ IAS 36, the Group has undertaken a review to determine whether the carrying values of any items of property, plant and equipment might be impaired. Based on evidence from asset disposals, the Group does not believe that any such carrying values are materially impaired at 31 March 2010 (31 March 2009: nil).

13. Investments

13.1 Interest held by Group

Name of Entity	Principal Activities	2010	2009
Linework and Stones Limited	Electrical Contracting	100%	100%
Oxford Finance Limited	Financial Services	100%	100%
Oxford Finance Corporation Limited	Financial Services	100%	100%
DataCol New Zealand Limited	Metering Services	100%	100%
MultiMedia Communications Limited	Electrical/ Telecommunication Contracting	0%	51%
Sky Communications Limited	Telecommunication Contracting	100%	0%
Electra Australia Pty. Limited	Non Trading	100%	0%
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 Electra Australia Pty. Limited which is incorporated in Australia.

13.2 Disposal of a subsidiary

On 31 July 2009, DataCol NZ Limited disposed of its 51% interest in MultiMedia Communications Limited for $1,196,000 in cash.

The profit/ (loss) for the period from the discontinued operations is analysed as follows:

	2010 $000
Profit/ (loss) for the period	13
Gain/ (loss) on disposal	4
	17

The results for the relevant periods were as follows:

	2010 $000
Revenue	509
Operating costs	(493)
Finance costs	(3)
Profit/ (loss) before tax	13
Income tax (charge)/ credit	(4)
Profit/ (loss) after tax	9

The net assets of MultiMedia Communications Limited at the date of disposal were as follows:

	$000
Net assets disposed of	1,192
Attributable goodwill	-
	1,192
Profit on disposal	4
Total consideration	1,196
Satisfied by cash, and net cash inflow arising on disposal	1,196

A profit of $3,729 was earned on the disposal of MultiMedia Communications Limited. No tax charge or credit arose on the transaction.

13.3 Acquisition of a subsidiary

On the 30 May 2009 DataCol NZ Limited acquired 100% of Sky Communications Limited for $6,191,514 in cash.

The effect on the group financial statements is summarised as follows:

Summary of the effect of acquisition of controlled entities

	2010 $000
Assets and liabilities acquired at fair value:	
Cash and bank balances	-
Accounts receivables and prepayments	3,565
Property, plant and equipment	620
Inventories	447
Work in progress	2,196
Current tax payable	-
Payables and accruals	(1,626)
Long term debt finance	(31)
Net assets acquired	5,171
Goodwill arising on acquisition	1,021
	6,192
Comprising:	
Total cash paid	6,192
Less cash included in net assets acquired	-
Net cash paid on acquisition	6,192

Summary of the effect of acquisition on Group profit

	2010 $000
Group profit/ (loss) impact of:	
Post acquisition profit/(loss)	425
Total profit/(loss) of acquisition	425

13.4 Impairment

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

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

	Group		Parent	
	2010 $000	2009 $000	2010 $000	2009 $000
DataCol NZ Limited	-	-	-	-
MultiMedia Communications Limited	-	285	-	-
Oxford Finance Corporation Limited	-	-	-	-
Sky Communications Limited	-	-	-	-
	-	285	-	-

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.

14. Goodwill and Intangible Assets

Group	Software $000	Goodwill $000	Other $000	Total $000
Gross carrying amount				
Balance as at 1 April 2008	5,085	15,000	51	20,136
Additions	123	-	11	134
Disposals	(4)	-	-	(4)
Balance as at 31 March 2009	**5,204**	**15,000**	**62**	**20,266**
Balance as at 1 April 2009	5,204	15,000	62	20,266
Additions	60	1,075	107	1,188
Disposals	(12)	(2,970)	-	(2,982)
Balance as at 31 March 2010	**5,252**	**13,105**	**169**	**18,472**
Accumulated amortisation and impairment losses				
Balance as at 1 April 2008	(2,881)	(1,383)	(6)	(4,270)
Amortisation expenses	(243)	-	-	(243)
Disposals	4	-	-	4
Impairment losses (charged to profit)	-	(285)	-	(285)
Balance as at 31 March 2009	**(3,120)**	**(1,668)**	**(6)**	**(4,794)**
Balance as at 1 April 2009	(3,120)	(1,668)	(6)	(4,794)
Amortisation expenses	(214)	-	(6)	(220)
Disposals	9	775	-	784
Impairment losses (charged to profit)	-	-	-	-
Balance as at 31 March 2010	**(3,325)**	**(893)**	**(12)**	**(4,230)**
Carrying amounts				
At 31 March 2009	2,084	13,332	56	15,472
At 31 March 2010	**1,927**	**12,212**	**157**	**14,296**

Parent	Software $000	Goodwill $000	Other $000	Total $000
Gross carrying amount				
Balance as at 1 April 2008	4,166	1,412	51	5,629
Additions	95	-	11	106
Disposals	(4)	-	-	(4)
Balance as at 31 March 2009	**4,257**	**1,412**	**62**	**5,731**
Balance as at 1 April 2009	4,257	1,412	62	5,731
Additions	24	-	107	131
Disposals	-	-	-	-
Balance as at 31 March 2010	**4,281**	**1,412**	**169**	**5,862**
Accumulated amortisation and impairment losses				
Balance as at 1 April 2008	(2,678)	-	(6)	(2,684)
Amortisation expenses	(69)	-	-	(69)
Disposals	4	-	-	4
Balance as at 31 March 2009	**(2,743)**	**-**	**(6)**	**(2,749)**
Balance as at 1 April 2009	(2,743)	-	(6)	(2,749)
Amortisation expenses	(79)	-	(6)	(85)
Disposals	-	-	-	-
Balance as at 31 March 2010	**(2,822)**	**-**	**(12)**	**(2,834)**
Carrying amounts				
At 31 March 2009	1,514	1,412	56	2,982
At 31 March 2010	**1,459**	**1,412**	**157**	**3,028**

15. Trade and Other Payables

	Group		Parent	
	2010 $000	2009 $000	2010 $000	2009 $000
Trade payables	**4,095**	3,541	**1,472**	1,396
Other payables	**1,351**	2,349	**769**	1,949
Inter-company payables	**-**	-	**806**	953
Accruals	**230**	1,739	**38**	1,535
Accrued employee entitlements	**1,084**	1,374	**33**	307
Total trade and other payables	**6,760**	9,003	**3,118**	6,140

16. Debt Financing (Excluding secured debenture funding)

	Group		Parent	
	2010 $000	2009 $000	2010 $000	2009 $000
Bank and other borrowings	**39,696**	34,177	**33,146**	29,915
Intercompany borrowings	**-**	-	**1,619**	1,500
Total debt funding	**39,696**	34,177	**34,765**	31,415
Less current borrowings	**(17,576)**	(10,625)	**(17,445)**	(12,095)
Non-current borrowings	**22,120**	23,552	**17,320**	19,320
Repayable as follows:				
Within one year	**17,576**	10,625	**17,445**	12,095
Within two years	**4,320**	12,732	**4,320**	4,500
Beyond two years	**17,800**	10,820	**13,000**	14,820
	39,696	34,177	**34,765**	31,415

All bank borrowings are secured by a 'General Securities Agreement' over the Parent's assets only.

Interest rates

Interest rates payable on the Parent Company bank facilities range from 4.65 – 9.03% pa. (2009: 4.54 – 9.23% pa.).

17. Secured Debenture Stock

Borrowings	Oxford Finance 2010 $000	2009 $000
Total secured debenture stock	**49,414**	45,511
Less current debenture stock	**(37,881)**	(32,068)
Non-current debenture stock	**11,533**	13,443

Secured debenture stock - security

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

	Oxford Finance			
	2010		2009	
Contractual maturity	$000	Average Rate%	$000	Average Rate%
On call	**4,084**	**4.05**	3,503	4.82
Within six months	**19,168**	**5.99**	17,552	8.21
Within one year	**14,629**	**6.88**	11,013	8.41
Within two years	**7,553**	**7.15**	11,238	8.72
Between two and three years	**3,735**	**7.52**	2,205	8.38
Over three years	**245**	**8.66**	-	-
Total	**49,414**	**6.53**	45,511	8.39

18. Share Capital

000's of shares	Group 2010	Group 2009	Parent 2010	Parent 2009
Opening balance	**24,955**	24,955	**24,465**	24,465
Sold to minority shareholder of subsidiary	**(490)**	-	**-**	-
Closing balance	**24,465**	24,955	**24,465**	24,465

	Group 2010 $000	Group 2009 $000	Parent 2010 $000	Parent 2009 $000
Opening balance	**19,660**	19,660	**18,000**	18,000
Sold to minority shareholder of subsidiary	**(1,660)**	-	**-**	-
Closing balance	**18,000**	19,660	**18,000**	18,000

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

19. Dividends

	Group 2010 $000	Group 2009 $000	Parent 2010 $000	Parent 2009 $000
Dividends paid	**235**	220	**236**	220

	Group 2010 $000	Group 2009 $000	Parent 2010 $000	Parent 2009 $000
Cents per share	**0.96**	0.88	**0.96**	0.90

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

20. Commitments

Capital Commitments

At balance date, there was $966,000 unaccrued expenditure contracted for and approved by the Company and Group (2009 – $436,000).

	Group 2010 $000	Group 2009 $000	Parent 2010 $000	Parent 2009 $000
Distribution network	**878**	313	**878**	313
Intangible assets	**88**	123	**88**	123
	966	436	**966**	436

Distribution expenditure will be incurred when the work is completed (estimated to be over the next 12 to 24 months). The expenditure on intangible assets relates to a maintenance contract and will be incurred over a 30 month period.

Financial Commitments

As at 31 March 2010 Oxford Finance Corporation Limited had financial commitments of $1.4m. This figure represents accepted commercial loans awaiting drawdown of $190,000 (31 March 2009: Nil) and pre-approved floorplan facilities undrawn of $1.2m (31 March 2009: $432,000).

21. Contingent Liabilities

	Group		Parent	
	2010 $000	2009 $000	2010 $000	2009 $000
a) Guarantee of bank facilities for a subsidiary to a limit of	10,299	7,680	10,299	7,680
At balance date the amount of the bank facilities so guaranteed was	-	-	-	-
There is no indication that any liability with regard to the above guarantees will crystallise in the foreseeable future.				
b) The Group has provided for a liability to some employees which would be payable on their retirement.				

22. Cash and Cash Equivalents

	Group		Parent	
	2010 $000	2009 $000	2010 $000	2009 $000
Non finance business				
Cash at bank	1,509	1,957	728	1,133
Finance business				
Cash at bank	1,898	1,692	-	-
Total cash and cash equivalents	3,407	3,649	728	1,133

23. Reconciliation of net profit after tax with cash inflow from operating activities

	Group		Parent	
	2010 $000	2009 $000	2010 $000	2009 $000
Reported profit after taxation	2,047	1,838	1,546	1,815
Add/(less) non-cash items:				
Goodwill write off	-	285	-	-
Depreciation and amortisation	5,347	5,240	4,437	4,396
Doubtful debt provision movement	295	354	12	-
Provision for tax movement	(1,925)	(75)	(882)	(130)
Bad debts written off	1,133	1,243	85	43
Increase/(decrease) in unearned fees	26	(83)	-	-
Capitalised interest adjustment	(377)	-	-	-
Equity accounted earnings of associate	-	-	-	-
(Gain) / loss on sale of investment	(4)	-	-	-
Capital (gain) / loss on sale of fixed assets	670	428	681	467
Add item classified as investing activity	-	-	-	-
Movements in working capital:				
(Decrease) / increase in accounts payable and other provisions	(1,479)	208	(2,545)	(1,213)
Decrease / (increase) in receivables	514	768	(620)	639
Decrease / (increase) in inventory	(396)	9	-	-
Net cash inflow from operating activities	5,851	10,215	2,714	6,017

24. Transactions with Related Parties

The parent entity in the consolidated Group is Electra Limited which is 100% owned by Electra Trust.

Other intergroup related parties – refer note 13.

Electra Related Party Transactions

	Parent	
	2010 $000	2009 $000
Revenue		
Interest from DataCol NZ Limited	**3**	65
Sales to DataCol NZ Limited	**69**	8
Expenses		
Interest expense to DataCol NZ Limited	**37**	-
Interest expense to Oxford Finance Corporation Limited	**14**	28
Purchases from DataCol NZ Limited	**1**	2
Purchases from Linework and Stones Limited	**8,413**	8,226
Receivables		
Loan to Sky Communications Limited	**400**	-
From DataCol NZ Limited	**7**	30
From Oxford Finance Corporation Limited	**15**	14
From Sky Communications Limited	**37**	-
From Linework and Stones Limited	**7**	5
Payables		
Borrowed from DataCol NZ Limited	**1,619**	-
To DataCol NZ Limited	**7**	30
To Oxford Finance Corporation Limited	**6**	60
To Linework and Stones Limited	**804**	893

No related party debts have been written off or forgiven during the year. No amounts were provided for in doubtful debts relating to debts due from related parties at reporting date (2009: $Nil).

Guarantees

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

Directors

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

25. Key Management Personnel

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

	Group		Parent	
	2010 $000	2009 $000	2010 $000	2009 $000
Short-term employee benefits	**1,550**	1,285	**1,064**	815
Defined contribution plans	**43**	33	**28**	18
	1,593	1,318	**1,092**	833

As at 31 March 2010 $331,347 was owing to Directors and key management personnel (31 March 2009 - $336,880). As at 31 March 2010 there was $Nil owing from Directors and key management personnel (31 March 2009 - $13,829).

26. Segment Information

The Group has adopted NZIFRS 8 'Operating Segments' with effect from 1 April 2009. NZIFRS 8 requires operating segments to be identified on the basis of internal reports about components of the group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor Standard (NZIAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. As a result, following the adoption of NZIFRS 8, the identification of the Group's reportable segments has changed.

In prior years, segment reporting was based on the predominant activities undertaken (electricity distribution network, electrical contracting and the provision of financial services). The reporting format was business segments as all activities were conducted within New Zealand. The information reported to the Board is at a more detailed level and under NZIFRS 8 some entities can no longer be combined. The Group's reportable segments under NZIFRS 8 are therefore as follows:

- Electricity Distribution
- Electrical Contracting
- Meter Reading
- Telecommunication Contracting
- Finance

Other segment income relates to inter-company dividends received/paid by Oxford Finance Limited.

Information regarding these segments is presented below. Amounts reported for the prior period have been restated to conform to the requirements of NZIFRS 8.

	Distribution		Electrical Contracting		Meter Reading	
	2010 $000	**2009 $000**	**2010 $000**	**2009 $000**	**2010 $000**	**2009 $000**
External sales	**29,154**	27,992	**10,232**	10,857	**10,841**	11,968
Intersegment sales	**2,118**	1,954	**8,413**	8,438	**595**	100
Unallocated revenue	**-**	-	**-**	-	**-**	-
Total revenue	**31,272**	29,946	**18,645**	19,295	**11,436**	12,068
Segment surplus (before tax)	**1,061**	1,753	**1,118**	976	**1,292**	725
Income tax expense	**485**	62	**(382)**	(325)	**(238)**	(234)
Discontinued operations	**-**	-	**-**	-	**-**	-
Asset revaluation	**50,708**	-	**-**	-	**-**	-
Group profit for the year						
After charging/ crediting:						
Interest revenue	**86**	79	**14**	8	**45**	34
Interest expense	**(2,605)**	(2,419)	**(15)**	(32)	**(422)**	(229)
Employee benefits	**(1,375)**	(1,372)	**(6,324)**	(5,864)	**(1,389)**	(1,633)
Depreciation and amortisation	**(4,437)**	(4,396)	**(450)**	(429)	**(209)**	(254)
Total segment assets	**206,027**	132,771	**7,213**	7,264	**8,474**	3,498
Unallocated assets	**-**	-	**-**	-	**-**	-
Total assets	**206,027**	132,771	**7,213**	7,264	**8,474**	-
Non-current assets acquired	**6,416**	8,728	**500**	1,073	**148**	171
Total segment liabilities	**79,319**	58,081	**1,987**	2,219	**7,576**	3,226
Unallocated liabilities	**-**	-	**-**	-	**-**	-
Total liabilities	**79,319**	58,081	**1,987**	2,219	**7,576**	3,226

Information about major customers

The group has two major customers accounting for 30.64% of total external sales. The revenue was reported in the following segments:

- Distribution

Telecommunication Contracting		Finance		Other		Eliminations		Group	
2010 $000	**2009 $000**	**2010 $000**	**2009 $000**	**2010 $000**	**2009 $000**	**2010 $000**	**2009 $000**	**2010 $000**	**2009 $000**
9,767	4,000	**8,841**	8,583	**-**	-	**-**	-	**68,835**	63,400
10	196	**31**	73	**1,064**	853	**(12,231)**	(10,761)	**-**	-
-	-	**-**	-	**-**	-	**-**	-	**-**	-
9,777	4,196	**8,872**	8,656	**1,064**	853	**(12,231)**	(10,761)	**68,835**	63,400
607	42	**1,847**	1,318	**1,064**	850	**(4,279)**	(3,103)	**2,710**	2,561
(182)	(19)	**(555)**	(296)	**-**	-	**196**	88	**(676)**	(724)
13	-	**-**	-	**-**		**-**	-	**13**	-
-	-	**-**	-	**-**	-	**-**	-	**50,708**	-
								52,755	1,838
1	1	**7,085**	7,031	**-**	-	**(76)**	(140)	**7,155**	7,013
(6)	(35)	**(3,403)**	(4,293)	**-**	(3)	**73**	140	**(6,378)**	(6,871)
(3,771)	(1,922)	**(1,013)**	(911)	**-**	-	**-**	-	**(13,872)**	(11,702)
(186)	(101)	**(65)**	(60)	**-**	-	**-**	-	**(5,347)**	(5,240)
6,394	3,604	**56,063**	58,523	**4,266**	4,299	**(19,158)**	(15,464)	**269,279**	190,063
-	-	**-**	-	**-**	-	**-**	-	**-**	-
6,394	-	**56,063**	58,523	**4,266**	-	**(20,141)**	(15,464)	**269,279**	190,063
2,399	157	**75**	47	**-**	-	**-**	-	**9,538**	10,176
2,102	706	**49,802**	48,226	**3**	36	**(3,861)**	(3,520)	**136,928**	108,811
-	-	**-**	-	**-**	-	**-**	-	**-**	-
2,102	706	**49,802**	48,226	**3**	36	**(3,861)**	(3,520)	**136,928**	108,811

27. Subsequent Events

There have been no material events since balance date to 28 May 2010 that require disclosure in these financial statements.

28. Required Disclosures

The Company reported the following performance measures in its 2009/10 Statement of Corporate Intent:

	Actual	**Target**
Capital ratio – shareholders funds to total assets	**49%**	<40%
Operating surplus	**$2.71m**	$2.56m
Operating cost per consumer	**$196**	$179
Network reliability		
- average interruption duration	**161.2**	78.3
- average frequency index	**3.05**	1.58

AUDITORS REPORT

Deloitte.

AUDIT REPORT

TO THE READERS OF
ELECTRA LIMITED AND GROUP'S
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010

The Auditor-General is the auditor of Electra Limited (the Company) and group. The Auditor-General has appointed me, Trevor Deed, using the staff and resources of Deloitte, to carry out the audit of the financial statements of the Company and group, on her behalf, for the year ended 31 March 2010.

Unqualified Opinion

In our opinion:

- The financial statements of the Company and group on pages 20 to 60:
  - comply with generally accepted accounting practice in New Zealand;
  - comply with International Financial Reporting Standards; and
  - give a true and fair view of:
    - the Company and group's financial position as at 31 March 2010;
    - the results of its operations and cash flows for the year ended on that date.
- Based on our examination the Company and group kept proper accounting records.

The audit was completed on 28 May 2010, and 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 the Auditor, and explain our independence.

This audit report relates to the financial statements of Electra Limited and group for the year ended 31 March 2010 included on the Company's website. The Board of Directors is responsible for the maintenance and integrity of the Company's website. We have not been engaged to report on the integrity of the Company'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 28 May 2010 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.

AUDITORS REPORT

Deloitte.

Basis of Opinion
We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements did not have material misstatements, whether caused by fraud or error.

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

The audit involved performing procedures to test the information presented in the financial statements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:
- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Board of Directors;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements.

This audit report relates to the financial statements of Electra Limited and group for the year ended 31 March 2010 included on the Company's website. The Board of Directors is responsible for the maintenance and integrity of the Company's website. We have not been engaged to report on the integrity of the Company'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 28 May 2010 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.

AUDITORS REPORT

Deloitte.

We evaluated the overall adequacy of the presentation of information in the financial statements. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Board of Directors and the Auditor

The Board of Directors is responsible for preparing the financial statements in accordance with generally accepted accounting practice in New Zealand. The financial statements must give a true and fair view of the financial position of the Company and group as at 31 March 2010. They must also give a true and fair view of the results of operations and cash flows for the year ended on that date. The Board of Directors' responsibilities arise from the Energy Companies Act 1992 and the Financial Reporting Act 1993.

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

Independence

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

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

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

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Non Financial Performance Measures

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

	2010	2009
Energy performance measures		
Direct line cost per kilometre	**$2,298**	$2,314
Indirect line cost per electricity customer	**$52**	$70
Energy delivery efficiency performance measures		
Load factor	**54.39%**	54.7%
Loss ratio	**7.54%**	7.26%
Capacity utilisation	**31.8%**	33.1%
Statistics		
System length (km)	**2,577**	2,233
Transformer capacity (kVA)	**300,600**	298,902
Maximum demand (MW)	**94.4**	90.3
Total electricity supplied from system (kWh)	**416,083,807**	379,280,791
Total customers	**42,204**	41,761
SAIDI (system average interruption duration index)	**161.2**	*88.7
SAIFI (system average interruption frequency index)	**3.05**	*1.55
CAIDI (customer average interruption duration index)	**52.85**	57.23
Number of faults per 100 kilometres	**3.7**	7.6

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

STATUTORY INFORMATION

Directors and remuneration

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

Electra Limited

PF McKelvey	$56,250
MH Devlin	$34,545
PAT Hamid	$34,545
RG Longuet	$34,545
NF Mackay	$34,545
WR Thessman (resigned 31 July 2009)	$12,196
	$206,626

Entries recorded in the interest register

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

a) Directors' interests in transactions
No Directors gave notice of an interest in transactions between a related party and Electra Limited or its subsidiaries:

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

b) Share dealings of directors
The Directors did not purchase or sell shares in Electra Limited or its subsidiaries during the year.

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

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

Executive employees' remuneration

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

	Group and Parent Company	
	Year ended 31 March 10	**Year ended 31 March 09**
Continuing Employees		
$100,000 - $110,000	3	1
$110,001 - $120,000	2	4
$120,001 - $130,000	2	1
$130,001 - $140,000	-	-
$140,001 - $150,000	1	-
$150,001 - $160,000	-	1
$160,001 - $170,000	-	-
$170,001 - $180,000	1	1
$180,001 - $190,000	1	-
$190,001 - $200,000	1	-
$200,001 - $210,000	-	-
$210,001 - $220,000	-	-
$220,001 - $230,000	1	1
$230,001 - $240,000	-	-
$240,001 - $250,000	-	-
$250,001 - $260,000	-	-
$260,001 - $270,000	-	-
$270,001 - $280,000	-	-
$280,001 - $290,000	-	-
$290,001 - $300,000	-	-
$300,001 - $310,000	-	-
$310,001 - $320,000	-	1
$320,001 - $330,000	-	-
$330,001 - $340,000	-	-
$340,001 - $350,000	-	-
$350,001 - $360,000	1	-

All 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. except for the policy relating to the valuation of property, plant and equipment.

Donations

During the year the Group made donations of $5,683.

Directory

Trustees

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

Directors

P F McKelvey (Chair), CNZM, MBE, TTC (Physical Education)
M H Devlin, ED, BA, M.Com, MAIIE, GRAD.DBS, M Inst D
P A T Hamid, BCA
R G Longuet, BE (Elec), M Inst D
N F Mackay, BCA
W R Thessman, BE (Civil) FIPENZ, MICE, CEng, MASCE, MASHRAE, PE, A F Inst D.
(resigned 31 July 2009)

Executives

J L Yeoman (CEO – Electra Group), BBS, FCIS, ACCM, ANZIM
I R Fenwick (Group Chief Financial Officer), BCOM, CA
A L Hutchison (GM – Linework & Stones)
R N Leggett (GM – Group), BA
J M Williams (GM – Oxford Finance)
B G Franks (CEO – DataCol NZ), Dip Bus Management
M J Taylor (GM – Sky Communications)
V M Wright (Company Secretary)

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

Auditors

Deloitte
Wellington
On behalf of the Controller and Auditor General

Solicitors

Quigg Partners, Wellington

Bankers

Bank of New Zealand

Notice of Annual General Meeting

Notice is hereby given that the Annual Meeting of Shareholders of Electra Limited will be held at the Company's Registered Office, Cnr Exeter and Bristol Streets, Levin on Friday 30 July 2010 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. Miss Patricia McKelvey and Mr Piers Hamid retire by rotation at the annual general meeting of the Company. Miss Patricia McKelvey and Mr Piers Hamid 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 his 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

28 May 2010

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.

Electra


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