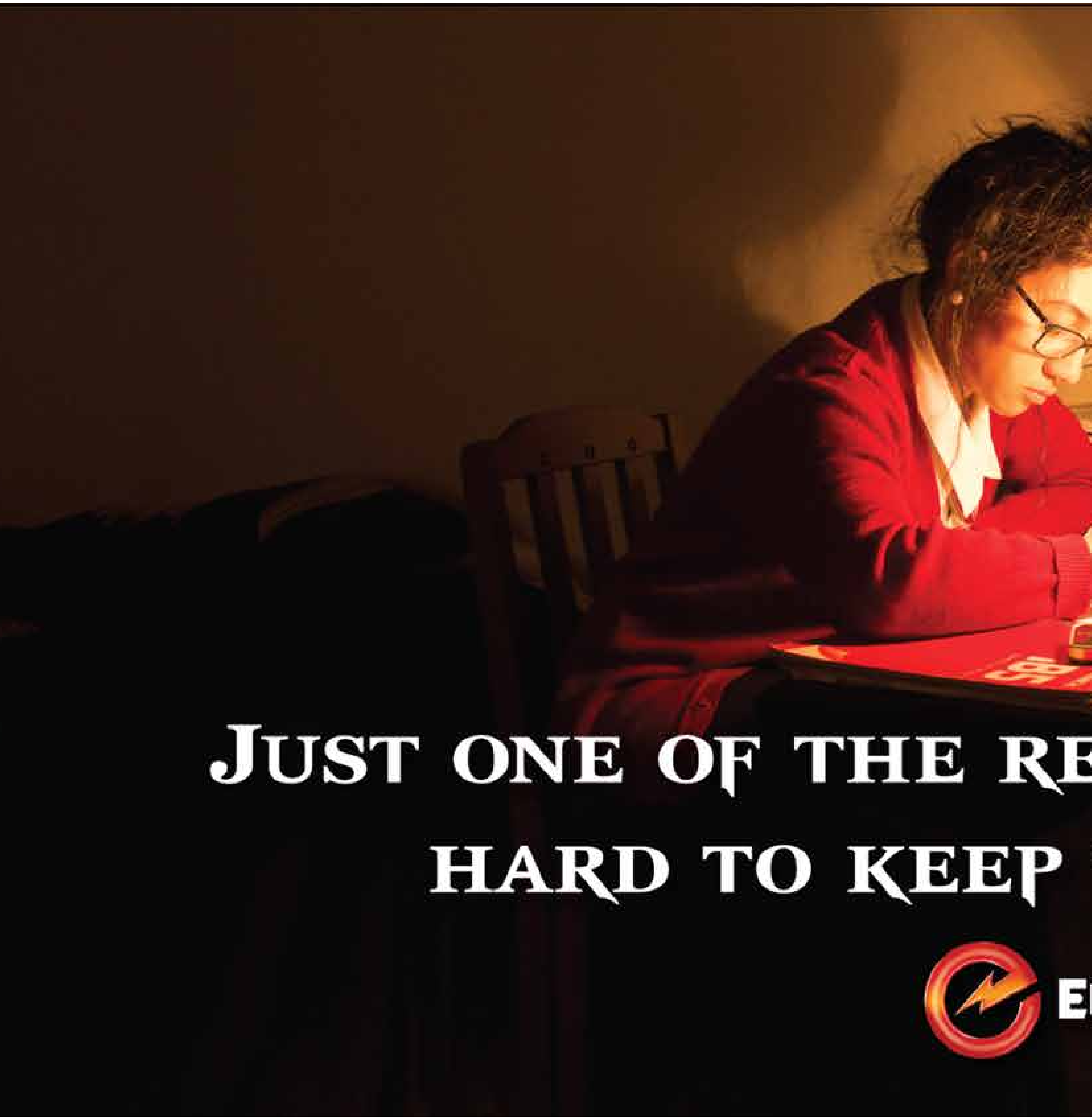
ELECTRA LIMITED ANNUAL REPORT 2015 - 16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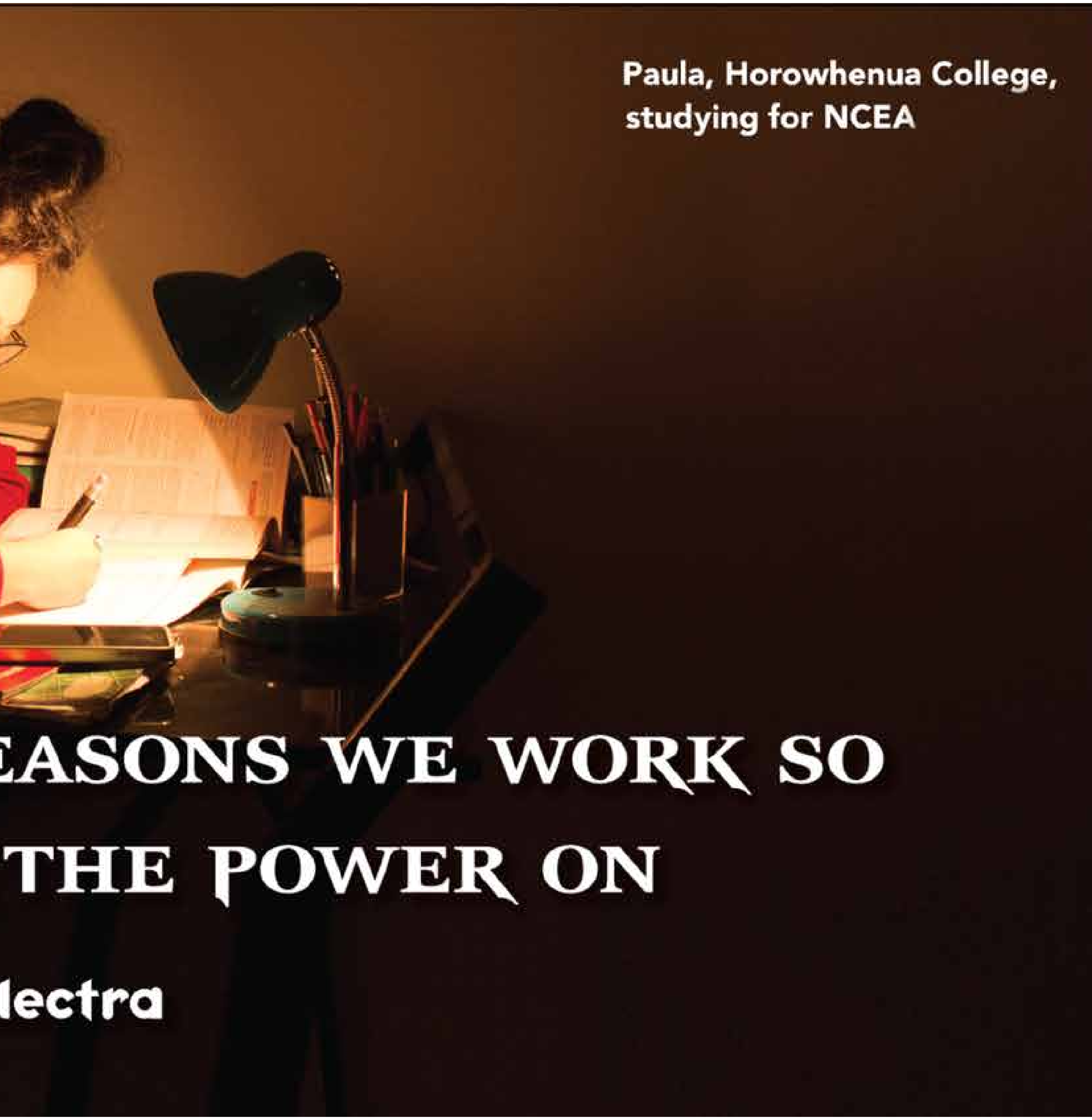
Paula, Horowhenua College,
studying for NCEA
EASONS WE WORK SO
THE POWER ON
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KEY FACTS

1 **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.

2 Ownership is vested in the Trustees of the Electra Trust on behalf of 43,671 electricity consumers connected to its network.

3 Ninth largest lines company in the country in terms of connections to its network.

4 The Electra Group had total assets of $210 million and shareholders' funds of $138 million (As at 31 March 2016).

5 There are 166 full-time-equivalent people employed across the Group.

6 Subsidiaries owned by Electra Limited are: **DataCol NZ Limited**, a national meter reading and data collection company;

Sky Communications Limited, a telecommunications contracting business;

Electra Energy, an electricity retailer operating on the Electra network;

Securely, a security monitoring and response business; and

Electra Generation Limited an electricity generation business based in Papakura.

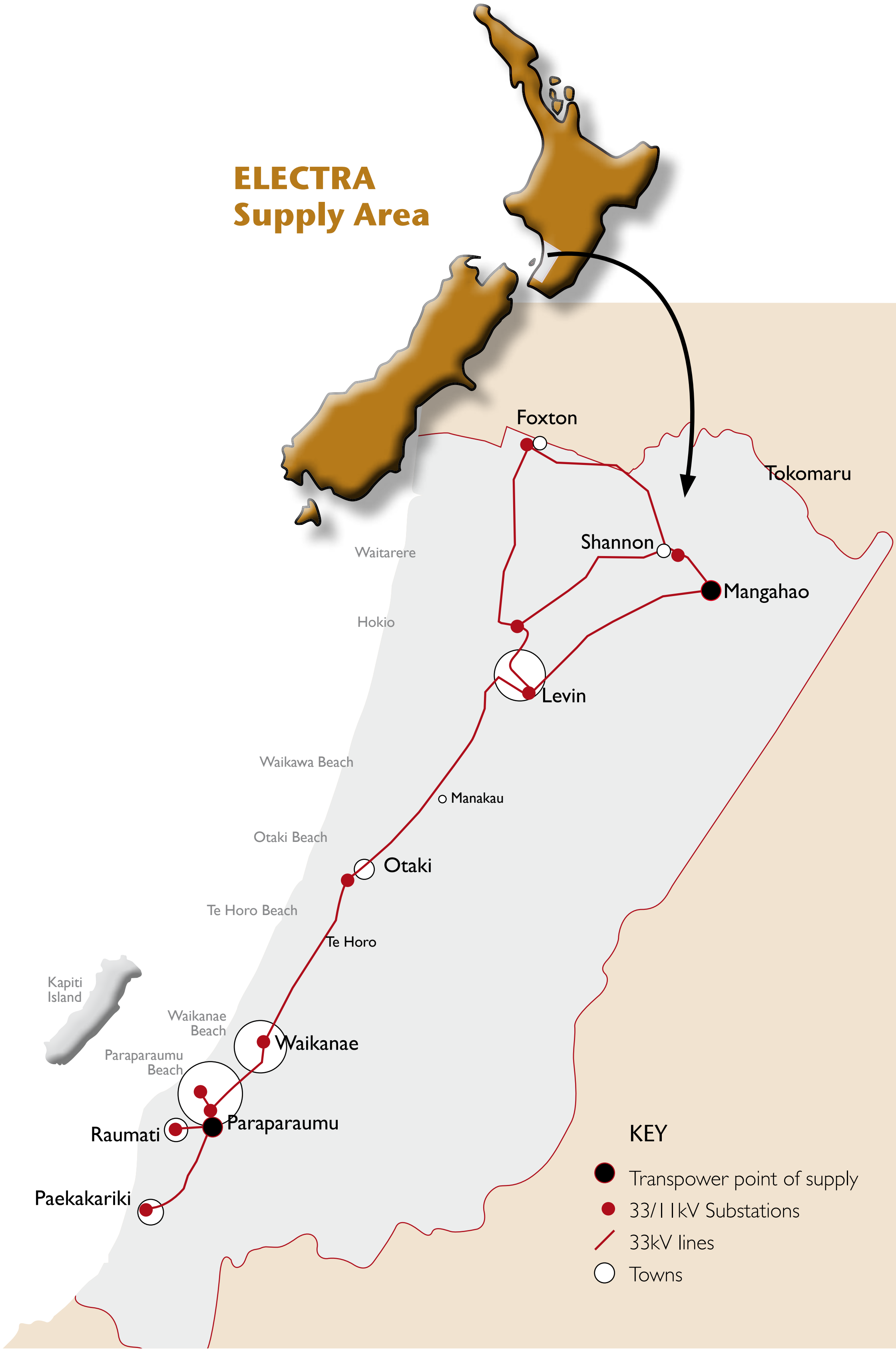
CONTENTS

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

"This year" means the year ended 31 March 2016

"Last year" means the year ended 31 March 2015

"Next year" means the year ending 31 March 2017


ELECTRA
Supply Area
Foxton
Tokomaru
Waitarere
Shannon
Mangahao
Hokio
Levin
Waikawa Beach
Manakau
Otaki Beach
Otaki
Te Horo Beach
Te Horo
Kapiti
Island
Waikanae
Beach
Waikanae
Paraparaumu
Beach
Raumati
Paraparaumu
Paekakariki
KEY
Transpower point of supply
33/11kV Substations
33kV lines
Towns

HIGHLIGHTS

- $8.9 million (including GST) Sales Discount distributed to Kapiti-Horowhenua electricity consumers
- $14.8 million invested in our electricity network, including NZ's first Loop Automation scheme as part of creating a smarter network
- High levels of customer satisfaction maintained in annual surveys
- Two new subsidiaries added to Group portfolio
- Celebrated 21 years as principal sponsor of the Electra Business Awards which promote and acknowledge business excellence in Kapiti and Horowhenua

CHAIR REVIEW 2016

On behalf of the Board of Directors, I have pleasure in presenting the Electra Limited 2016 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 2016.

Over the past year the Electra Group's principal activities were: Electra Limited, the electricity lines business in the Kapiti and Horowhenua region; DataCol NZ Limited, a national meter reading and data collection company; Sky Communications Limited, a telecommunications contracting business; Electra Energy, an electricity retailer operating on the Electra network; Securely, a security monitoring and response business; and Electra Generation Limited, an electricity generation business based in Papakura.

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

Part of this strategy has been to invest in companies that complement the Group's core business and provide opportunities to add value, ongoing services and, as a result, maintain the annual sales discount we return to our consumers.

The emerging importance of technology to deliver added value in the most efficient and cost-effective way has seen the Group look for more opportunities in this area.

OUR FINANCIAL PERFORMANCE

The Electra Group's goal is to maximise value for our consumers through competitive prices, quality services and efficient operations.

The performance of the core electricity network business, coupled with strong performances from our well established subsidiary companies which exceeded budget expectations, means that we are pleased to report another positive result for the year ended 31 March 2016.

Total Group revenue for the year was $65 million, a 5% increase on the 2014/15 result ($62 million).

The profit before tax for the Group was $1.05m, meaning the Group once again exceeded budgeted trading profit for the year.

SALES AND DISCOUNT DISTRIBUTION

Electricity sales were higher than the previous year, and Electra's kWh sales per customer (which are the lowest in the country) increased as well. Nevertheless we still anticipate a continuation of the downward trend in sales per customer in the medium term due to a combination of factors such as more energy efficient businesses, homes and appliances, a growing sensitivity to price, and the small but growing impact of solar roof panels. However, some of this may be offset by local commercial growth related to the major roading projects in the area.

The overall performance of the entire Electra Group meant the Board was able to declare a final sales discount of $8.9m incl. GST, a 10% increase on the previous year. In line with Electra's Consumer Trust structure, this was distributed to the 43,671 consumers connected to the Electra network as an annual sales discount credited to their power accounts.

The Consumer Trust structure has seen Electra return $159m to electricity consumers throughout the Kapiti and Horowhenua regions over the last 22 years - we are extremely proud to operate such a valuable community asset.

SENIOR MANAGEMENT CHANGES

Following the appointment of Chief Executive Neil Simmonds in 2014, further changes were made to the executive management team over 2015, with a new Group Chief Financial Officer (Deborah Selby) appointed, and a new Chief Information Officer ('CIO') position created to oversee the Group's technology-driven strategy.

Deborah is a Chartered Accountant and joins Electra from Transpower where she spent 3 years as the Shared Services Programme Financial Controller. Prior to this, Deborah spent 7 years at Contact Energy in a variety of Financial Accounting and Project roles and 3 years with Ernst and Young. Deborah has a strong industry background and the accounting expertise to lead her Finance team, and assist with the strategic growth of Electra.

Dylan Andrews is the Group's first CIO and comes to us from Counties Power where he worked previously with Neil Simmonds to create one of New Zealand's leading edge networks. He has significant experience in delivering technological solutions that drive efficiency and improve customer engagement and service, and his appointment will enable Electra to leverage technology across our entire business.

The quality of the personnel the Group is able to attract was underlined when our first full time Health & Safety Manager left us at the end of 2015 to accept the top Health and Safety role within the NZ Police. His replacement will continue to reinforce the emphasis we are placing on Health and Safety.

GREATER REGIONAL COLLABORATION

The Board continues to work closely with both local councils and enjoys strong working relationships with them.

Over the year we were pleased to be able to assist the Horowhenua District Council with a water leak detection project, as well as support the Council's regional aged care project.

We are also proud to be partnering with the Kapiti Coast District Council on a community project that will see completion of the final two stages of undergrounding of electricity services along Kapiti Road.

LOOKING AHEAD

Within Electra, I look forward to the company rolling out a new Advanced Distribution Management System in the 2016/17 year. This will position the core business as a leading utility in New Zealand.

New roading infrastructure will provide gains for the Horowhenua and Kapiti regions as population growth drives demand for new homes.

Improved connectivity (and the resulting reduction in transport costs) between our districts and the greater Wellington region will not only encourage more people to locate to the Kapiti and Horowhenua regions but drive the growth of both new and existing businesses.

There is a real sense of optimism for the future and a focus on preparing for the inevitable boost to the regional economy.

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

At an energy level, surplus generation capacity and flat demand growth nationally, coupled with intense retail competition and the influence of new technology, should ensure greater price stability for customers over the next few years.

After 23 years on the Board, Piers Hamid and I are retiring. It has been a wonderful company to be a part of. I am sure it will continue to thrive and add value to the electricity users in Kapiti and Horowhenua.

Finally I would like to thank the Board, management and staff for their commitment and expertise. The shareholders have been well served.

Patricia McKelvey CNZM, MBE
Chair

CHIEF EXECUTIVE REPORT

I am pleased to present the following performance review of the Electra Group of businesses for the year ended 31 March 2016.

The Group delivered a positive result for the 2015/16 financial year. This can be directly linked to the positive underlying performance of both our core Network and our well-established subsidiaries, highlighting the effectiveness of the Group's long held strategy of diversifying its business streams and improving overall profitability.

During the year the Group made a significant change to the way we treat the cost relating to the replacement of cross-arms across our network. Previously treated as an operational expense this is now recorded as a capital expense. We believe this better reflects the reality of the asset.

As signalled previously, the Group is focused on positioning the business for future growth by investing in the network, equipment, technology and people. The energy industry is under pressure to evolve to meet changing consumer demand, driven largely through technological innovation. For example, the growth in electric vehicles and the installation of solar panels ('PV') will change the way that people and businesses participate with the energy industry.

The emergence of smart mobile technology means people expect greater reliability and real time information and support.

It is inevitable that technologies will converge to deliver greater customer value and control in a more efficient and cost-effective way, and we are committed to being at the forefront of this evolution.

A workshop between the Directors and Trustees held in February confirmed this approach. There is a genuine consensus over the direction the Group is taking.

The rapid deployment of smart meters throughout New Zealand continued in 2015. There are now over 1.3 million smart meters in use throughout New Zealand (over 65% market penetration), lowering the costs associated with data collection while providing more accurate consumption data. Smart meters provide customers with greater access to useful information about their energy use, while enabling two-way communication. It also provides opportunities for retailers to create innovative new business models and customer offerings that are better tailored to their needs.

At the same time, competition in the retail electricity market saw over 418,000 customers across the country switching providers in 2015 - the highest number of annual switches ever recorded.

This increased market elasticity saw small and medium retailers continue to grow rapidly in 2015 with new entrants successfully entering the market and growing their customer bases at an even stronger rate than previously seen. Small and medium retailers now have over 170,000 customer connections nationwide. In comparison, the total market size of the largest five retailers remains largely unchanged.

It was in this highly competitive environment that we launched Electra Energy in June 2015, triggering an intense competitive response from existing retailers on the Electra network. While this has provided a challenge for our new business, the end result is a better deal for customers on our network.

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

In the 2015 Annual Report we announced the acquisition of Wanganui Security, a company that provided a full range of security services both locally and nationally, including monitoring, response and security guard services.

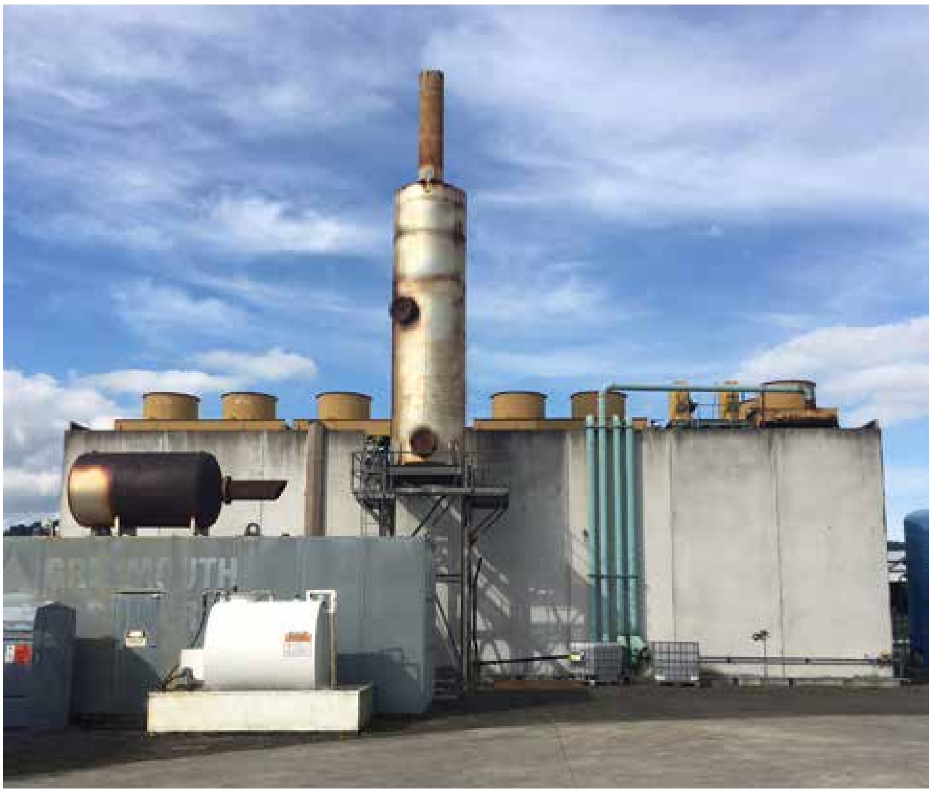
Over the course of the year this business has been restructured as we look to transform it into a technology-driven monitoring and response service, and work to integrate its services with our network business. These changes saw the sale of the non-technology elements of the business (the security guard service) and a rebranding of the business that is now called Securely.

With New Zealand's aging population, we believe there will be a greater need for cost-effective and responsive services that enable people to retain their own independence at home. There are considerable synergies to be gained between this business and our network business.

At the same time the Group has been investing in technology to support improved management of the network and provide customers with much better and more timely information. Our new fault recording and dispatching system allows field crews to provide real time updates on the fault and its expected resolution - information that is then made available to our customers via our website, mobile App and new social media presence.

We have also begun a trial of a 'self healing network', using technology to disconnect, isolate and restore supply after a loss of supply on the feeder or after a permanent fault.

The Group has recognised that, in order to sustain profitability, we need to provide necessary physical hedging against large swings in wholesale pricing. That is one reason why the decision was made to purchase the Dent Place Generation site in December 2015 under its company, Electra Generation Limited. Currently Dent Place has connected 4.7MW generation from its gas and diesel sets with resource consent to increase the site to 10MW. The site is connected via a gas transmission pipeline and the local electricity distribution network. Dent Place is strategically located in Papakura (South Auckland) to benefit from a high growth area



Dent Place Generation Facility, Papakura.

and revenue relating to capacity constraints on the Transpower network.

Alongside this purchase the company is currently investigating another potential generation investment.

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

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

There is a widespread understanding that the current pricing model is unsustainable and encourages uneconomic investments. We look forward to regulators addressing the unfairness on customers and lines businesses of the current energy based lines charges.

At the same time, changes to the Health and Safety rules affecting all businesses has resulted in a significant increase in the level of documentation and work required by WorkSafe New Zealand, and a corresponding increase in levies.

Improving our health and safety performance remains one of Electra's key goals in the new strategic plan. In 2015 the Group appointed its first ever Health and Safety Manager to help with the transition to the new rules.

Over the last year Electra has implemented an online Health and Safety system which enables team members to report incidents and hazards straight from the worksite via mobile devices. The system provides staff with instant access to Health and Safety related documents, plant and equipment information, and has resulted in an increase in the number of 'near misses' being reported - an extremely valuable outcome as it allows the business to identify and better manage potential risks across the organisation and improve overall health and safety performance as a result.

ELECTRA LIMITED

Electra Limited owns and operates the electricity network throughout the Kapiti and Horowhenua regions, and has distributed electricity to these regions for 94 years. Its 43,671 consumers make it the 9th largest electricity network in New Zealand (out of 29). Our performance is in the top quartile in terms of reliability with substantial ongoing investment planned to maintain and enhance this reliability of supply in the region.

The electricity network operation is core to the Electra Group's overall performance. Revenue for the year ended 31 March 2016 was $39.4 million.

Total annual electricity demand across New Zealand increased slightly in 2015 compared to previous years, returning to similar levels to those recorded in 2010. A combination of improved economic performance and increased net migration is likely to have driven this increase, although it is too soon to determine if it is the start of a period of sustained growth.

Demand growth on the Electra network mirrored the national trend with total electricity unit sales 1.71% higher than the previous year. New connections across the network were 390 compared to last year's 401.

With positive sales volume growth Electra's kWh sales per customer also increased. Both these results are pleasing, but we know that it is increased commercial activity that will drive sustained additional sales per customer. Factors such as: better insulation, LED lighting, improved efficiency of appliances (such as refrigerators), a growing sensitivity to price, and the small but growing impact of solar roof panels (PV) will act to counter this.

While peak demand remains relatively flat nationally, the Electra network reflects the unique nature of the Horowhenua-Kapiti region with its large commuter population and will experience peak growth particularly in cold years and as the number of customers increases.

System losses at 6.76% were pleasing and similar to last year. Controlling our loss ratio is one result of our Revenue Assurance project which has now been running for over 2 years and has uncovered billing issues which were previously hidden. Electra continues to work co-operatively with retailers in this area.

Overall reliability on the network also improved significantly over the previous year but SAIDI was still above our AMP target due to a single major fault on the 33kV network. We managed to beat our SAIFI target. This reinforces Electra's commitment to both its renewal and replacement programme and to investing in a "smarter" network.

The proliferation of smart meters across New Zealand's electricity networks is beginning to deliver clear benefits in terms of the capture of and access to data in the field. The resulting efficiencies that are available from new technology will support improved management of the network and provide customers with much better and more timely information. This is a key strategic focus for the business.

During 2015 Electra deployed a call taking and fault dispatching system, implementing a field service management platform for its field crews to provide estimated repair times and fault resolution progress. This information is provided to our dispatching staff and to our customers on a new Outages webpage and mobile App.

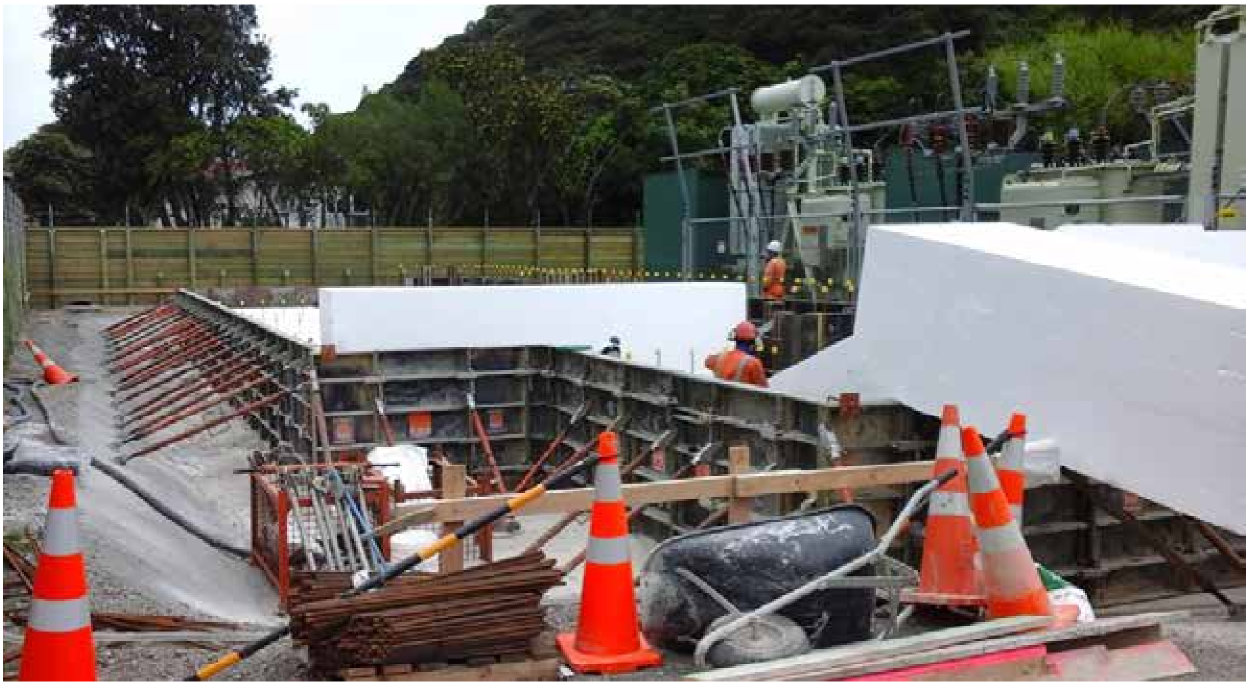
A Request For Proposal has been issued for an Advanced Distribution Management System (ADMS) to enable a comparison of whether a commercial ADMS software product suite represents better value than investing in our own systems. This decision will be made early in the 2016/17 financial year.

We have also installed location and driver identification devices on all faults vehicles to enable us to make better dispatching decisions and provide greater visibility of our faults crews any hour of the day or night.

A new customer information system has been implemented to simplify the access and update of customer information for staff in the office and in the field. How we communicate with customers continues to evolve with increasing numbers of customers turning to digital channels and social media. During 2015 Electra created a social media presence and improved the webpage that displays electricity outages.

All these improvements will help us to better understand our customers' needs and deliver a better service.

Reflecting the lack of recent sustained growth on its network Electra's 2016-26 Asset Management Plan ('AMP') continues the emphasis on asset renewal and replacement based on age and condition. Our asset renewal programme will deliver more consistent



Tongariro St - building in progress

reliability over time and combined with other measures also lead to improvements in this area. The programme will also cope with 1.5%p.a growth at no extra cost.

In addition to the expected pole, pillar and transformer replacements that were planned during 2015, we were pleased to complete all the major 11kV and 400V overhead and underground rebuilding projects that had been scheduled in our 2015-25 AMP Overview.

As well as replacing aged lines and cables, much of this work will also create alternative supply routes and provide greater flexibility in transferring load during network outage situations, allowing us to make use of automated switching opportunities to isolate faults and get the power back on quickly.

An example of this was that during 2015 we worked with Schneider Electric to implement New Zealand's first Loop Automation scheme, designed to improve reliability and availability in the Opiki area of Electra's northern network.

Loop Automation reconfigures a network to return supply to fault free sections that have lost supply due to a fault condition on another section of the network. The rural area of Opiki supplies around 800 customers who experience a reasonably high number of faults per year (4.8), each with a duration of about 40 minutes, providing us with an excellent trial opportunity.

Commissioned in December 2015, the scheme uses Nulec reclosers combined with embedded voltage detection and timers to operate without any human operator intervention. Fault passage flags follow a set of simple rules that disconnect, isolate and restore supply after a loss of supply on the feeder or after a permanent fault.

This will automatically restore power to the healthy parts of the network, allowing the operator to dispatch line crews to the faulted segment. It is also possible for the loop automation system to restore the original configuration when the fault is cleared.

With the scheme in place it will take a maximum of 22 seconds for the power to be restored to all areas apart from the faulty portion. As a result, faults per consumer are expected to fall from around 4.8 to about 1 per year, with the duration of each outage falling from 40 minutes to around 10 minutes.

We will be monitoring the results of this project and may implement similar schemes in other areas of the network where it is cost effective to do so.

The rebuild of the Paraparaumu substation commenced during 2015 and will be completed in the second quarter of 2016. This site has had several modifications throughout its life, including upgraded oil containment and more recently (2009) refurbishment of transformers. In this rebuild the existing 11kV and 33kV switchgear is to be removed and replaced with an indoor 11/33kV switch room, incorporating fire proof walls that will ensure a continuation of supply in a contingency event. Due to limited space on site, it was decided to supply each transformer directly from Transpower's GXP during construction, allowing the existing 33kV switchyard to be removed.

As mentioned in the 2015 Annual Report, Electra will purchase sections of the now redundant 110kV lines between Kapiti and Mangahao from Transpower. This includes the lines between Mangahao and Levin that will be run at 33kV, and two other short stretches that will be used at 11kV to improve reliability. Transfer of ownership will take place during 2016.

Satisfaction with Electra's faults response remains extremely high with the Call Centre receiving a "very good" or "excellent" satisfaction rating for their overall service from 91% of respondents surveyed, and faults staffs receiving a 90% satisfaction rating. When it came to the timeliness of the job completion, 89% of respondents rated our faults staff either "very good" or "excellent", while a further 86% rated the actual fault resolution just as highly.

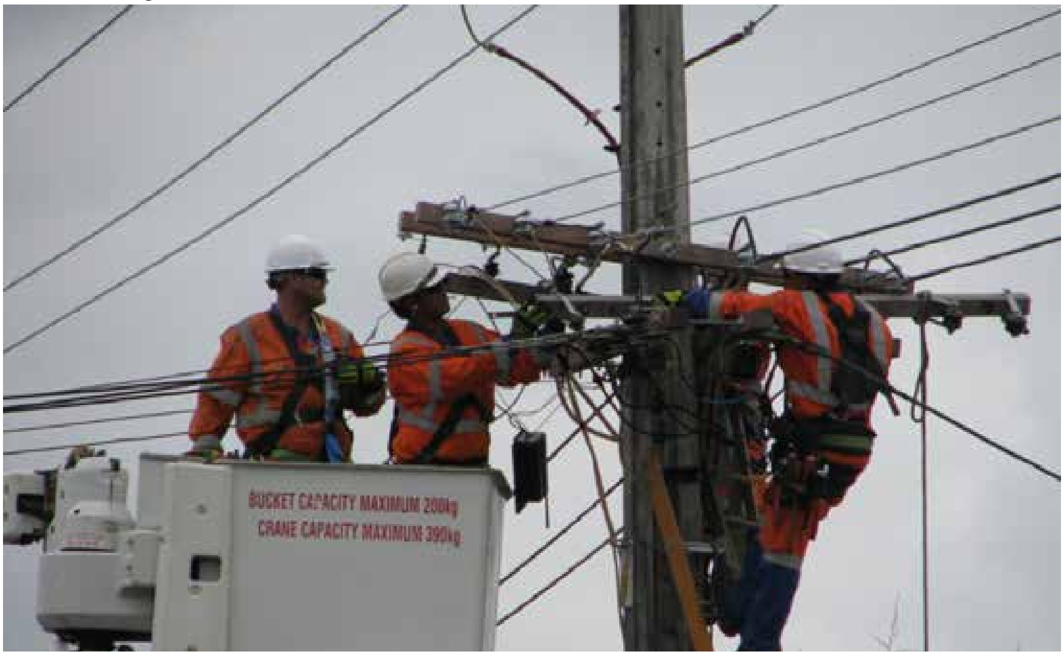
Network charges were increased at the beginning of the year, and Electra has moved from 9th to 10th equal lowest out of 42 charging areas according to the Ministry of Business and Employment's quarterly survey of Domestic Electricity Prices as at 15 February 2016.

Competition for customers by retailers on the network, particularly after the launch of Electra Energy, is keeping overall electricity prices down as the retail electricity price in Electra's area is the 5th lowest out of 42 charging areas according to the same survey. Last year it was 7th lowest.

Like all electricity distributors Electra is grappling with how to set prices for its customers so that there is fairness across all customer groups. For 2016/17 Electra has opened its 'Time of Use' pricing option to all customers and will be promoting the benefits of this to those that are able to take advantage of it. Further changes to pricing are expected over the next few years to better reflect levels of service.

Energy efficiency has always been a major focus for Electra with numerous initiatives delivered over the last 20 years to increase awareness and help bring benefits to both our residential and commercial customers. It is therefore pleasing to see that Electra's annual Market Awareness Study has found that 38% of residential customers and 40% of commercial customers on the network currently have a heat pump installed – a significant increase on the previous year (35% and 31% respectively). The study also reported that 86%

Cross arm change in Otaki



of residential customers and 69% of commercial customers on the network have installed energy efficient light bulbs. There is increasing awareness about solar panels and there are around 270 installations on the Electra network. This will inevitably increase and Electra is turning its attention to pricing for these customers to ensure they pay their fair share of costs, particularly at peak times.

While the electricity industry, nationally and globally, continues to face serious issues with an aging workforce and ongoing difficulties in recruiting qualified staff, Electra has been able to slightly increase its operational workforce over the last twelve months. A restructure within the operations area of Electra led to the creation of new project management roles to organise and manage the work in the field. Changes to the health and safety regulations have also required the implementation of a more formal process to planning and managing jobs. The company has appointed its own in-house electrical fitter who can undertake substation servicing, while the company has increased its live line capability to minimise the level of disruption on the network.

As always, our focus continues to be on training and developing talent from within our own organisation, with four trainee line mechanics and a trainee cable jointer currently learning their trade at Electra.

DATACOL NEW ZEALAND LIMITED

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

Historically a provider of a manual electricity and gas meter reading service, the rapid implementation of smart meter technology across the energy industry has effectively rendered their traditional business model obsolete, forcing the company to spend the last 7 years transforming itself.

As a result, DataCol is now New Zealand's leading provider of water meter reading services, and has established a dominant position as data collection, monitoring and management experts - delivering leading edge software and technology solutions to a broad range of customers.

The change in direction means the company no longer requires as many meter-reading staff as they have previously employed, and Electra has chosen to impair the goodwill from the original purchase of DataCol by $2.5 million to reflect this change.

Since 2009 the company has provided meter reading services to Watercare Services Ltd, the water services division of the Auckland Super City. The company's success in delivering an accurate and reliable meter reading service meant that, by 2014 DataCol was responsible for 87% of all of the Super City's water meter readings with around 10,000 meters read across Auckland every day.

This quickly led to further water meter reading contracts being secured and the company is now responsible for reading the water meters of: Whangarei District Council, Tauranga City Council, Waipa District Council, Hamilton City Council, Waikato District Council, Kapiti Coast District Council, Nelson City Council, Waimakariri District Council, and the Dunedin City Council. Today, DataCol's share of New Zealand's current water meter reading market is over 80%.

This has led the company to expand its market offering by securing the Itron distributorship in New Zealand, and they have recently supplied just under 6,000 water meters to one of the Councils they service.

DataCol is also expanding on its consumption data collection services (used for billing purposes only), helping Councils (particularly smaller Councils with limited resources) to analyse data for other purposes, such as water management and conservation. The company's experience in the rural sector means there are further opportunities to bring some of the 'Time Of Use' data collection experience to Councils, enabling them to manage their water networks in an intelligent way.

The rural sector has also become an area of increased focus for the company in recent years, particularly in the area of irrigation and the management of water usage for agricultural and horticultural applications. The company's proprietary 'Data Collect' system, which has been approved by Environment Canterbury, is an electronic data collection and monitoring system that provides an on-farm data and consent management portal, and can measure up to seven different inputs such as water flows, electricity use, and CO_2 emissions.

Launched in 2012, the company's initial sales focus for the Data Collect system was in the greater Canterbury region which is responsible for around 80% of New Zealand's irrigation usage.

In October 2015 DataCol purchased the assets of Watermetrics (the other significant player in the irrigation monitoring space in Canterbury), tripling the customer base and making DataCol the dominant player for water monitoring and consent management in New Zealand. While there is still some work to be done to integrate Watermetrics into the DataCol business, there are substantial opportunities already opening as a result of the acquisition. One area is in irrigation scheme monitoring with DataCol being selected by Crown Irrigation as the development partner for the Water Transfer Platform. This promotes value to water and increases efficiency around water use. A pilot trial is about to start this year in preparation for the 2016/17 irrigation season.

Further opportunities to extend this water monitoring service into the Waikato region (where DataCol already has a significant water meter reading presence) will open up a key secondary market in the agricultural sector.

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

The implementation, which involved the development of a new product that would allow a single device to remotely read data from two separate metering systems (thought to be a world first development), has progressed smoothly and Sydney Water are extremely pleased with the results delivered

The initial international success of the SevenX software (with licences being sold to both Sydney Water and UMEME, Uganda's sole power distributor) led to the company attending the DistribuTECH conference in the US in February 2015 and again in 2016. DistribuTECH is world's leading annual conference for the utility industry and DataCol's attendance was part of a longer term growth strategy to establish a niche market for SevenX in the US.

In 2016, DataCol met with its North American agent in Salt Lake City, Utah where a number of meetings were organised with a range of utilities, State officials and education institutions, leading to a number of potential opportunities being identified, particularly in the water space.

The company also attended the National Rural Electricity Co-operative Association conference in New Orleans, meeting some of the key Association personnel for projects and identifying a number of opportunities not only around water, but also electricity load shaving.

DataCol's continued transformation and focus on growing its water meter reading and enterprise software solutions means the company has been able to deliver another positive result for the 2015/16 financial year. And with its growing national and international reputation, the company is well placed for future growth opportunities.

SKY COMMUNICATIONS LTD

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

It has also become a leading expert in the design and installation of rural and 'in building' ('IBC') telecommunications and microwave linking solutions, providing customised coverage in specific buildings such as offices, hospitals and stadia to meet the growing demand for increased data speeds and volumes from data intensive mobile applications.

This means the company can now work with end users to improve their coverage, offering them a full turn-key civil construction and supplying a complete telecommunication solution, from concrete to full rigging. The company has also moved into product sales, supplying equipment such as hardware, antennas, and alternative power systems.

The company is based in Auckland with a field office in Wellington, employs 40 staff and undertakes work in New Zealand, Australia and the Pacific Islands.

Sky Communications has produced a strong result for the year ended 31 March 2016, with a number of changes within the business over 2015 helping to significantly lift overall company performance.

As always, New Zealand's three largest telecommunications companies continued to provide Sky Communications with considerable business over the last year, with the company playing a leading role in the roll out of the 4G (or long term evolution, 'LTE') mobile network, as well as delivering upgrades to existing networks.

In addition, the company is now working with the three key operators to improve coverage in traditional 'dead spots', extending coverage into tunnels, buildings, and other areas where coverage has been weak.

During the year the company focused on controlling and reducing overheads, enjoying considerable success in this area with total expenditure for the year well below budget despite a lift in activity.

Part of this approach saw the company implement a new business model with Spark that resulted in greater collaboration and teamwork between the project management teams from both businesses. The new commercial framework has Sky Communications staff spending time in the Spark office, and teamwork and collaboration is encouraged through the establishment of common goals. The change has resulted in significant efficiency gains and cost savings for Spark.

This new model is a New Zealand first for the telecommunications industry and it is hoped that similar relationships can be formed with the other leading operators over the coming year.

Looking ahead, continued investment in New Zealand's telecommunications network, coupled with Sky Communications' expanded service and product offering, means it is well placed to continue to grow and deliver strong profit results in the years ahead.

The company also continues to pursue specific offshore contracts with potential opportunities currently being investigated in Australia and across the Pacific Islands, particularly in Fiji.

ELECTRA ENERGY

Electra Energy is an electricity retail business operating on the Electra Network, supplying business and residential customers throughout the Kapiti and Horowhenua regions.

In December 2009 a Ministerial Review of the Electricity Market removed the barriers preventing lines companies from competing in the electricity retail market, opening the way for companies like Electra to once again sell electricity to the consumers on their network.

In 2012 Electra made the decision to commence a limited retail trial with a small group of local customers connected to its network. The success of this trial, coupled with growing customer confidence to switch retailers, led to the full retail launch of Electra Energy in June 2015.

Electra is the only locally owned network business to operate a residential retail electricity business on its own network.

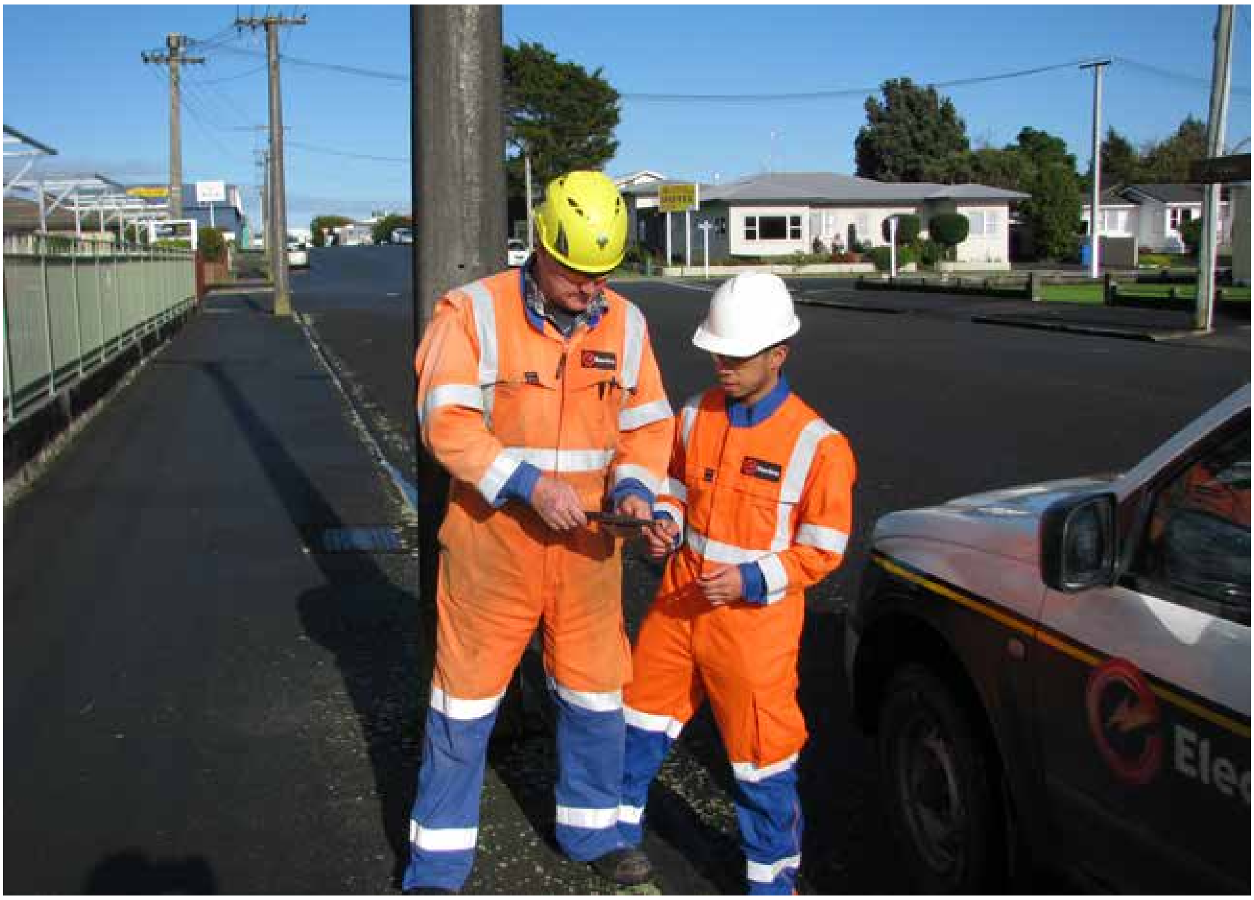
Electra Energy operates from separate premises in Oxford Street, Levin. It is the only retail business operating on the Electra network that can provide the complete customer experience - from 'face to face' to Facebook.

The company's entry into the local market has triggered an intense period of competition, with many retailers offering discounted prices and other incentives to win customers back. This is ultimately a good result for customers on the Electra network who are enjoying even greater value for money.

Despite this heavily competitive environment, Electra Energy continues to grow and has plans in place to launch a number of new products in the coming year.

Electra Energy has generated encouraging local awareness, with 36% of residential customers and 40% of commercial customers recalling the company name when prompted in a recent survey of customers on the Electra network.

The same survey has indicated that 58% of residential customers and 66% of business customers are either very likely or quite likely to consider switching to Electra Energy, providing the price is competitive.



Faultman Ian Burnard and ICT Officer Paulo Ferma discuss Electra's electronic dispatch system

SECURELY

At the end of 2014 Electra announced that it had reached an agreement to acquire Wanganui Security, a business that had been delivering monitoring, response and security guard services throughout New Zealand for 30 years.

The Group felt that the convergence of electronic monitoring and smart home technologies would create significant future opportunities, particularly in the area of aged care and independent assisted living.

With this strategy in mind, much of 2015 was spent repositioning the business to take advantage of these opportunities. A new GM was appointed to develop and implement the new strategy for the business.

As a result, the company sold its man power (security guard) business so that it could focus on transforming itself into a technology business that delivers a complete monitoring and response solution for homes and businesses throughout the central north island (Horowhenua, Manawatu, Wanganui, and Taranaki).

Part of this involved ensuring the right foundations were in place to support future growth, with time spent putting the right processes, systems and people in place to take the business forward.

The company appointed its first ever Territory Sales Manager, responsible for engaging with existing and prospective customers to deliver a quality customer experience. Already well established in the Wanganui and South Taranaki regions, the company has been expanding into the nearby Horowhenua-Kapiti, Manawatu and Taranaki regions since September.

With the expansion into new regions and the focus on delivering a high quality monitoring and response business, the decision was taken to rebrand the business. So in July the company was relaunched as Securely, a name that more accurately reflects the 'peace of mind' the company wants to give its customers.

Securely continues to develop its systems and processes as it repositions itself as a technology-driven business.

For example, the company sees great potential in providing an 'assisted living' service - using its monitoring and response service to allow people to remain independent and in their own homes. Not only by providing a high quality home security and medical alarm monitoring service, but also by using the technology to identify periods of inactivity that may indicate a medical emergency, triggering a response as a result.

Having been through a period of considerable change, the business is now ready to begin delivering on the plan and repositioning the business as a high tech monitoring and response service.

IN THE COMMUNITY

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

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

During 2015 we continued our association with the Kapiti Electra Business Breakfast, helping to run a number of networking events in Kapiti throughout the year, providing local business owners with access to top quality business and related speakers. We also partnered with the Horowhenua District Council to host "Business After 5" events for local business owners and their key staff.

We helped to launch what is now the annual Electra Kapiti Horowhenua Business Awards 21 years ago, and we are proud to have been the principal sponsor of the event since its inception. We believe the Awards are an important way of recognising businesses that are helping to drive economic and job growth in the region. Congratulations to Horowhenua Learning Centre for winning the 2015 Business of the Year Award, and to Turk's Poultry Farm Ltd for being highly commended by the Judges.

For the past 3 years Electra has collaborated with the Massey University Executive MBA (EMBA) program in the delivery of a second year elective Business Development paper. which provides the opportunity for Massey MBA executives to act as real world

Horowhenua Learning Centre Team with Neil Simmonds

consultants within businesses, discussing the issues they face and making recommendations to solve these.

Entrants in the 2016 Business Awards will be given the same opportunity to take part in the programme.

With Electra's long-term interest in business and employment growth in Kapiti and Horowhenua, the Massey MBA programme fits nicely with our support of both the Business Awards and the regular business networking events that are held throughout the region.

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

INVESTING IN OUR PEOPLE

At the core of any good business are its people and it is our people who have enabled us to once again deliver a solid financial result while maintaining the highest standards in safety and customer service.

Ensuring the safety of our people, our contractors, our customers and the general public remains our number one priority, and we continue to identify and implement systems and processes that will improve the health and wellbeing of everyone we interact with.

We are committed to providing our staff with access to training that will enable them to grow personally while delivering genuine value to our organisation and customers.

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

FUTURE OUTLOOK

The Electra Group remains in a solid financial position with strong shareholder equity, a diversified asset and revenue base, and new opportunities for additional growth.

Our strategy remains to look for opportunities to grow and diversify our business, increase revenue streams and maximise the return we provide to our consumers connected to the Electra Network through the annual Electra sales discount.

As mentioned by the Chair, the benefits of the large regional infrastructure projects have created short term opportunities for those businesses connected to these projects, but there is a growing sense of optimism across the wider community.

Improved accessibility and availability to our region will lead to business growth and job creation, and investment in other local projects such as the government's plans to increase economic growth in the Horowhenua, the proposed retail development in Paraparaumu and the ongoing development in and around Kapiti airport will further stimulate growth.

Against this backdrop we remain committed to delivering a reliable electricity supply that can meet the current and future demands of our customers.

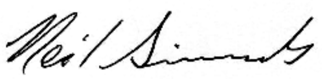
We are excited about the possibilities for our region, and we will continue to work closely with the local Councils and the community to ensure the best advantage is taken of the opportunities that are available to us.

THANK YOU

I would like to thank the management team for their leadership and commitment in delivering a positive financial result in a year when we have been repositioning the business for future growth, the Directors and Trustees for their positive encouragement and collaboration throughout the year, and the entire Electra Group team for their continued dedication to delivering the best possible service to all our stakeholders alike.

Finally I would like to acknowledge the two retiring directors. Piers Hamid has a great ability to read accounts and constructively suggest improvements. This has been really useful as we have transformed the Group's reporting.

Trish McKelvey has been supportive, inclusive and generous of her time as Chair. She has made my first two years as painless as possible. She sets high standards and helps us achieve them. Thankyou.



Neil Simmonds
Chief Executive, Electra Group

PATRICIA MCKELVEY – CHAIR

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

Patricia has had a number of professional board and committee roles, including Chair of the Correspondence School Board of Trustees, Acting Chair of the Charities Commission and Chair of Career Services for many years. In 2014, she was appointed to the Teachers Council Complaints Assessment Committee. To these roles and her role at Electra, Patricia brings exceptional communication and Human Resource skills.

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

CHRISTOPHER DYHRBERG

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

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

Chris was appointed a director of Electra in 2014.

NEIL MACKAY

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

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

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

RUSSELL LONGUET

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

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

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

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

ELECTRA DIRECTORS Profiles

PIERS HAMID

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

His particular interest and expertise is in the area of SME business development over a wide range of industries including construction, transport, textiles and agribusiness. He is actively involved with Business Mentors NZ, in partnership with ATEED, in the development of individual businesses on Auckland's North Shore. Piers has been a Director of Electra since 1993. He was also an appointed member of the Mid-Central Health and Waikato District Health Boards for nine years, as well as being a Director of a number of private companies.

SHELLY MITCHELL-JENKINS

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

IAN WILSON

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

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

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

CORPORATE GOVERNANCE

PRINCIPLES

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

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

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

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

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

ROLE OF DIRECTORS

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

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

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

RISK MANAGEMENT

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

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

A particular focus for the Board is the impact of the new legislation for Health & Safety. This is the number one risk for the Electra Group.

BOARD OPERATION

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

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

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

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

CONFLICTS OF INTEREST

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

DIRECTORS' STATUTORY REPORT

The Directors take pleasure in presenting their Report and financial statements of Electra Limited and Group for the year ended 31 March 2016.

PRINCIPAL ACTIVITIES

The Group's principal activities during the year were:

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

GROUP RESULTS AND DISTRIBUTIONS

	2016	2015
	$000	$000
Operating revenue from continuing operations	**64,626**	61,669
Discount to consumers	**(7,711)**	(7,021)
Other expenses	**(55,865)**	(51,126)
Profit before tax	**1,050**	3,522
Taxation	**(791)**	(114)
Net profit after tax	**259***	3,408**
Dividend	**(285)**	(275)
Retained earnings brought forward	**69,832**	66,699
Retained earnings carried forward	**69,806**	69,832

* Includes Goodwill Impairment cost of ($2.5m).
** Includes one off gain on sale of Oxford of $4m and Impairment cost of ($1m).

DIRECTORS' INTERESTS

Directors have declared interests in transactions with the Company during the year as set out in note 24 of these financial statements.

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

RETIREMENT OF DIRECTORS

In accordance with the Constitution of the Company, Ms Patricia McKelvey and Mr Piers Hamid retire by rotation at the annual general meeting of the Company. Ms Patricia McKelvey and Mr Piers Hamid will not be offering 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

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

For and on behalf of the Board

Patricia McKelvey
Chair
9 June 2016

Neil Mackay
Director
9 June 2016

PERFORMANCE HIGHLIGHTS

The following performance measures are disclosed in accordance with the Ministry of Commerce Disclosure Regulations for Electricity Distribution Companies and the companies 2015/16 Statement of Corporate Intent.

	2016	2015
FINANCIAL - GROUP		
Total revenue ($000) (includes discontinued operations)	**64,626**	61,669
Discount issued ($000)	**7,711**	7,021
Profit (after tax) ($000)*	**259***	3,408**
Total assets ($000)	**210,331**	202,382
Total shareholders' funds ($000)	**138,099**	136,772
Shareholders' funds to total assets	**66%**	68%
Net asset backing per share	**$5.64**	$5.59
NETWORK - PARENT		
GWh sold (GWh)	**409.2**	402.3
Loss ratio	**6.76%**	6.71%
Load factor	**47%**	56%
Capacity utilization	**32.55%**	27.01%
Maximum demand (MW)	**107**	89
Circuit kilometers (kms)	**2,256**	2,256
Transformer capacity (kVA)	**328,939**	328,179
Supply area (sq kms)	**1,628**	1,628
Operating costs per kilometre	**$4,783**	$4,711
Capital expenditure cost per kilometre	**$6,543**	$4,088
CONSUMER INFORMATION - PARENT		
Number of consumers	**43,671**	43,369
Average kWh sales per consumer	**9,370**	9,277
Operating costs per consumer	**$247**	$249
Capital expenditure cost per consumer	**$338**	$212
Discount issued per consumer (incl. GST) (Average)	**$202**	$186
NETWORK RELIABILITY - PARENT		
System Average Interruption Duration Index (SAIDI)	**100.1**	139.3
System Average Interruption Frequency Index (SAIFI)	**1.16**	2.25
Consumer Average Interruption Duration Index (CAIDI)	**86.6**	61.9
Faults per 100km line (number)	**8.8**	8.8
PERSONNEL - GROUP		
Number of employees		
- Electra	**90**	93
- DataCol NZ Limited	**27**	35
- Electra Energy Limited	**9**	-
- Electra Generation Limited	**-**	-
- Electra Monitoring Limited	**12**	30
- Sky Communications	**28**	31

* Includes Goodwill Impairment cost of ($2.5m).
** Includes one off gain on sale of Oxford of $4m and Impairment cost of ($1m).

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THE GROUP CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016	2015
		$000	$000
Continuing operations **Revenue**			
Sales and interest		**62,923**	60,429
Other		**1,703**	1,240
Total operating revenue	3	**64,626**	61,669
Expenses			
Discount to customers		**(7,711)**	(7,021)
Finance expenses		**(1,128)**	(4,289)
Other expenses		**(54,737)**	(50,953)
Total operating expenses	3	**(63,576)**	(62,263)
Gain on disposal of investment in subsidiaries	3	**-**	4,116
Profit before taxation		**1,050**	3,522
Income tax (expense)	4	**(791)**	(114)
Net profit / (loss) for the year		**259**	3,408
Other comprehensive income			
Foreign exchange reserve increment / (decrement)		**4**	(5)
Asset revaluation increment		**2,232**	-
(Decrement) on disposal of revalued assets		**(285)**	(152)
Income tax (expense) / benefit relating to components of other comprehensive income	18	**(598)**	43
Other comprehensive profit / (loss) for the year net of tax		**1,353**	(114)
Total comprehensive profit / (loss) for the year net of tax		**1,612**	3,294

The notes on pages 32 to 55 form part of these financial statements.

THE GROUP CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016

	Note	Issued Capital	Reserves	Retained Earnings	Attributable to owners	Total
		$000	$000	$000	$000	$000
Balance at 1 April 2014		**18,000**	**49,054**	**66,699**	**133,753**	**133,753**
Profit / (loss) for the year		-	-	3,408	3,408	3,408
Revaluation of assets movement		-	-	-	-	-
Other comprehensive profit / (loss) for the year net of tax		-	(114)	-	(114)	(114)
Total comprehensive profit / (loss) for the year		**-**	**(114)**	**3,408**	**3,294**	**3,294**
Dividends paid	19	-	-	(275)	(275)	(275)
Balance at 31 March 2015		**18,000**	**48,940**	**69,832**	**136,772**	**136,772**
Balance at 1 April 2016		**18,000**	**48,940**	**69,832**	**136,772**	**136,772**
Profit for the year		-	-	259	259	259
Revaluation of assets movement		-	2,232	-	2,232	2,232
Other comprehensive profit / (loss) for the year net of tax		-	(879)	-	(879)	(879)
Total comprehensive profit / (loss) for the year		**-**	**1,353**	**259**	**1,612**	**1,612**
Dividends paid	19	-	-	(285)	(285)	(285)
Balance at 31 March 2016		**18,000**	**50,293**	**69,806**	**138,099**	**138,099**

The notes on pages 32 to 55 form part of these financial statements.

THE GROUP CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

	Note	2016	2015
		$000	$000
Equity			
Share capital	17	**18,000**	18,000
Reserves	18	**50,293**	48,940
Retained earnings		**69,806**	69,832
Total equity		**138,099**	136,772
Non-current liabilities			
Debt finance	15	**12,900**	12,900
Other financial liabilities	10	**-**	82
Deferred tax liability	4	**33,212**	34,238
Total non-current liabilities		**46,112**	47,220
Current liabilities			
Debt finance	15	**18,736**	8,961
Trade and other payables	14	**7,384**	9,429
Total current liabilities		**26,120**	18,390
Total equity and liabilities		**210,331**	202,382
Non-current assets			
Property, plant and equipment	11	**193,276**	180,481
Goodwill	13	**3,366**	5,675
Intangible assets	13	**2,858**	2,040
Total non-current assets		**199,500**	188,196
Current assets			
Cash and cash equivalents	22	**1,388**	4,521
Receivables and prepayments	7	**7,159**	6,727
Finance receivables	8	**1,636**	1,926
Inventories and work in progress	9	**648**	1,012
Total current assets		**10,831**	14,186
Assets of disposal group classified as held for sale			-
Total assets		**210,331**	202,382

The notes on pages 32 to 55 form part of these financial statements.

The Board of Electra Limited authorised these financial statements for issue on 9 June 2016.

For and on behalf of the Board

Patricia McKelvey
Chair

Neil Mackay
Director

THE GROUP CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016	2015
		$000	$000
Cash flows from operating activities			
Cash was provided from:			
Receipts from customers		**56,113**	56,545
Finance receivables - interest received		**-**	2,125
Other interest received		**236**	849
		56,349	59,519
Cash was applied to:			
Payments to suppliers and employees		**(44,810)**	(39,669)
Interest paid		**(1,133)**	(4,290)
Tax paid		**(724)**	(724)
		(46,667)	(44,683)
Net cash flows from operating activities	23	**9,682**	14,836
Cash flows to investing activities			
Cash was provided from:			
Sale of property, plant and equipment and intangible assets		**-**	257
Sale of investment		**-**	11,080
		-	11,337
Cash was applied to:			
Purchase of property, plant and equipment		**(21,901)**	(10,557)
Sale of investments		**(409)**	(300)
		(22,310)	(10,857)
Net cash flows to investing activities		**(22,310)**	480
Cash flows from financing activities			
Cash was provided from:			
Loans raised		**119,560**	83,730
		119,560	83,730
Cash was applied to:			
Repayment of loans		**(109,780)**	(96,510)
Payment of dividends		**(285)**	(255)
		(110,065)	(96,765)
Net cash flows from financing activities		**9,495**	(13,035)
Net (decrease)/increase in cash and cash equivalents held		**(3,133)**	2,281
Add opening cash and cash equivalents brought forward		**4,521**	2,240
Ending cash and cash equivalents carried forward	22	**1,388**	4,521

The notes on pages 32 to 55 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1 GENERAL INFORMATION

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

The 'Group' for financial reporting purposes comprises:
Electra Limited, the Parent Company, and its fully owned subsidiaries DataCol NZ Limited, Datacol Group Pty Limited, Electra Finance Limited, Electra Generation Limited, Electra Energy Limited, Electra Monitoring Limited and Sky Communications Limited. Non-trading subsidiaries of the Group include DeFrost Limited and Horowhenua Wind Energy Limited. The ultimate parent of the Group is the Electra Trust.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Companies Act 1993, the Financial Reporting Act 2013 and the Energy Companies Act 1992. The financial statements have also been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and with International Financial Reporting Standards (IFRS).

2.2 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.

2.3 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 year in which the estimate is revised and in any future years affected.

The key assumptions concerning the future and other key sources of estimation uncertainty at 31 March 2016 that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities are disclosed below. The assumptions are based on existing knowledge and outcomes that within the next financial year may differ from these assumptions and could require a material adjustment to the carrying amount of the asset or liability affected.

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

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

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

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

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

2.4 Specific accounting policies

The following specific accounting policies which materially affect the measurement of financial performance and the financial position have been applied:

2.4.1 Basis of consolidation

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

Subsidiaries

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

On 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.

2.4.2 Goods and services tax (GST)
Revenues, expenses, cash flows, liabilities 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 Consolidated Statement of Cash Flows.

2.4.3 Revenue recognition
Revenue comprises the fair value for the sale of goods and services, excluding GST.
Revenue is recognised as follows:

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

(ii) Contracting revenue
Contracting revenue is recognised by reference to the stage of completion at balance date measured by progress invoices calculated on the basis of the percentage of the contract completed compared to the total estimated cost. Refer also to note 2.4.7.

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

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

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

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

(vii) Electricity Income
Electricity Income is recognised by reference to amounts billed and unbilled to customers at balance date. This is based on actual or estimated electricity usage at balance date.

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

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

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

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

Revenues (v) to (xi) above are included in the classification 'Other revenue' in note 3

2.4.4 Income tax
Current tax is based on the net profit for the year 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 years is recognised as a liability (or asset) to the extent that it is unpaid or refundable.

Deferred tax is accounted for in accordance with IFRS, which requires that the full impact of accounting adjustments, including revaluations are accounted for in calculation of the total liability.

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

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

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

2.4.6 Inventory and work in progress
Inventories 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.

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

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

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

2.4.8 Property, plant and equipment
The electricity distribution network is valued at fair value. Fair value is determined on the basis of a periodic independent valuation prepared by external valuers, based on an income (present value) approach. The fair values are recognised in these Consolidated 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 2.4.9.

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

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

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

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

The following rates are used in the calculation of depreciation:

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

2.4.9 Impairment of assets

The Group reviews the carrying value of its tangible assets 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 cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit (CGU) 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 are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

2.4.10 Intangible assets

(i) Goodwill

Goodwill representing the excess of the cost of acquisition over the fair value of identifiable assets, liabilities and contingent liabilities acquired, is recognised as an asset and is not amortised but is tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Any impairment is recognised immediately in the Consolidated Statement of Comprehensive Income and not subsequently reversed. Refer also to note 2.4.9.

(ii) Software

Computer software is capitalised as an intangible asset of finite life on the basis of the costs incurred to acquire and bring the software into service and it is amortised over its expected useful economic life on a diminishing value basis. Costs associated with improving and maintaining computer software programmes are recognised as expenses as incurred.

(iii) Easements

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

2.4.11 Research and Development Costs

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

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

2.4.12 Employee benefits

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

Employee benefits expected to be settled within the next 12 months are measured at the amounts expected to be paid when the obligations are settled. Provisions made in relation to employee benefits, which are not expected to be settled within 12 months, are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees to the Group up to the 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.

2.4.13 Financial instruments

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

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

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

2.4.14 Financial assets

(i) Investments

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

(ii) Loans and receivables

Accounts receivable are initially measured at fair value and are subsequently recognised at amortised cost less impairment using the effective interest method. All known bad debts are written off during the financial year. Intercompany balances due 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 method plus any directly attributable transaction costs, less impairment.

Finance receivables include:

Impaired assets:

-'Non-accrual loans' being loans where we do not expect to be able to collect all the amounts owing in terms of the contract and therefore impairment is required under NZ IAS 39 (but is not a restructured asset).

- 'Assets acquired through security enforcement' being assets acquired in full or partial satisfaction of outstanding loans.

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

(iv) Bad debts and doubtful debts provisioning

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

- Specific provisions: these are raised when there is objective evidence (identified on a counterparty by counterparty basis) that an impairment loss has been incurred. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows using the original effective interest rate. The Company identifies impaired assets where the security has been repossessed and sold due to a breach of agreement. Also where the security has become damaged or written off.

- Collective provisions: Loans that are not known to be impaired are grouped together according to their risk characteristics and are then assessed for objective evidence of impairment of the balance at reporting date. The appropriate collective provision is raised based on historical loss data and current available information for assets with similar risk characteristics. From analysis undertaken, this benchmark has been consistent with the historical level of bad debts experienced in these portfolios.

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

2.4.15 Financial liabilities

(i) Payables

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

(ii) Borrowings

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

Borrowing costs are expensed using the effective interest 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 method.

2.4.16 Foreign currency transactions

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

Exchange differences on foreign currency balances are recognised as income/expenditure in the Consolidated Statement of Comprehensive Income in the year in which they arise.

2.4.17 Statement of cash flows

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

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 Group.

2.4.18 Provisions

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

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. 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.

2.4.19 Fund management activities

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

2.4.20 Operating leases

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

2.4.21 Non-current assets held for sale

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

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

2.4.22 Changes in accounting policy

The same accounting policies, presentation and methods of computation have been followed in these financial statements as were applied in the preparation of the financial statements for the year ended 31 March 2015.

2.5 New and revised standards and interpretations

The following new or revised Standards or Interpretations issued are not required to be adopted by entities preparing financial statements for periods ending on 31 March 2016. Management have not yet assessed the impact of these standards.

Standard / Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to NZ IAS 26)	1 January 2016	31 March 2017
Financial Instruments NZ IFRS 9	1 January 2018	31 March 2019
Revenue from Contracts with Customers NZ IFRS 15	1 January 2017	31 March 2018

Adoption of new and revised Standards and Interpretations

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

3. NET PROFIT BEFORE TAXATION

Operating revenue from continuing operations

	GROUP	
	2016	**2015**
	$000	$000
Sales - contracting	**22,092**	18,817
Sales - distribution	**40,489**	38,554
Interest revenue - other	**342**	3,058
Other revenue	**1,703**	1,240
Total operating revenue from continuing operations	**64,626**	61,669
After charging/(crediting)		
Auditors remuneration:		
Audit services	**155**	120
Other services	**51**	60
Bad debts	**210**	45
Change in provision for doubtful debts	**30**	1,098
Depreciation	**9,358**	9,077
Discount to customers	**7,711**	7,021
Amortisation of intangible assets	**384**	239
Impairment of property, plant and equipment	**20**	(15)
Goodwill impairment	**2,718**	1,000
Directors fees	**323**	307
Defined contribution plan expense	**333**	309
Employee costs	**10,285**	12,344
(Gain) / loss on sale of assets	**594**	394
Interest - other	**1,128**	4,289
Inventory expense	**7,714**	3,060
Rental and lease costs	**756**	717
Repairs and maintenance	**948**	650
Vehicle	**1,014**	656
Contractors	**4,573**	5,570
Foreign exchange (gain)/loss	**-**	(48)
Transmission charges	**10,370**	10,314
Other expenses	**4,901**	5,056
Total expenses from continuing operations	**63,576**	62,263
Gain on disposal of investments in subsidiaries	**-**	4,116
Net profit before taxation from continuing operations	**1,050**	3,522

Consumer sales discount

A total of $7.7m plus GST was credited to consumers during the year to 31 March 2016 ($7m plus GST during the year to 31 March 2015).

4. TAXATION

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

	GROUP 2016	GROUP 2015
	$000	$000
Profit before taxation from continuing operations	**1,050**	3,522
Taxation at 28%	**294**	986
Taxation effect of		
Temporary and permanent differences	**796**	(851)
Taxation losses offset with group entities	**(299)**	(21)
Prior year adjustment	**-**	-
Taxation expense for continuing operations	**791**	114
Taxation expense / (benefit) comprised of:		
Current tax expense	**1,737**	1,617
Deferred tax benefit	**(946)**	(1,503)
Total expense for continuing operations	**791**	114

Deferred Tax

GROUP	Opening Balance	Charged to income - continuing operations	Charged to income - discontinued operations	Charged to other comprehensive income	Acquisitions /disposals	Closing Balance
31 March 2016	$000	$000	$000	$000	$000	$000
Gross deferred tax liabilities						
Provisions	632	280	-	-	-	912
Doubtful debts	316	4	-	-	-	320
Property, plant and equipment	(35,186)	662	-	80	-	(34,444)
	(34,238)	**946**	**-**	**80**	**-**	**(33,212)**

GROUP	Opening Balance	Charged to income - continuing operations	Charged to income - discontinued operations	Charged to other comprehensive income	Acquisitions / disposals	Closing Balance
31 March 2015	$000	$000	$000	$000	$000	$000
Gross deferred tax liabilities						
Provisions	267	365	-	-	-	632
Doubtful debts	29	287	-	-	-	316
Property, plant and equipment	(36,082)	853	-	43	-	(35,186)
	(35,786)	**1,505**	**-**	**43**	**-**	**(34,238)**

Imputation credit account

	GROUP	
	2016	2015
	$000	$000
Closing balance	13,405	12,550

5. RENTAL AND LEASES

	GROUP	
	2016	2015
	$000	$000
No later than one year	619	542
Later than one year and not later than five years	1,520	1,479
Later than five years	1,256	1,736
	3,395	3,757

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

6. REMUNERATION OF AUDITORS

	GROUP	
	2016	2015
	$000	$000
Audit of the financial statements	155	120
Audit related services or review of the financial statements not reported above	51	60
	206	180

The auditor of Electra Limited is David Shadwell of Deloitte on behalf of the Auditor-General.

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

7. RECEIVABLES AND PREPAYMENTS

	GROUP	
	2016	**2015**
	$000	**$000**
Trade receivables	**6,176**	6,711
Other receivables	**1,053**	235
Prepayments	**150**	103
	7,379	7,049
Less provision for doubtful debts	**(220)**	(322)
	7,159	6,727

8. FINANCE RECEIVABLES

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

	GROUP	
	2016	**2015**
	$000	**$000**
Finance receivables	**2,595**	2,767
Less provision for unearned interest	**-**	-
Total	**2,595**	2,767
Less provision for doubtful debts	**(959)**	(841)
Total finance receivables	**1,636**	1,926

Due for repayment

Current	**1,636**	1,926
Non-current	**-**	-
Total	**1,636**	1,926

9. INVENTORIES AND WORK IN PROGRESS

	GROUP	
	2016	**2015**
	$000	**$000**
Inventory - finished goods	**514**	390
Work in progress	**134**	622
	648	1,012

10. FINANCIAL INSTRUMENTS

Credit risk

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

Financial assets which potentially subject the Group to credit risk principally consist of bank balances and accounts receivable which the Company consider is covered within the general liquidity management.

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	
	2016	**2015**
	$000	**$000**
Trade receivables		
Not past due	**5,637**	6,210
Past due 0 – 30 days	**169**	231
Past due 31- 60 days	**54**	5
Past due more than 60 days	**316**	265
	6,176	6,711

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

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

Concentrations of credit risk

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

Foreign currency risk

The Group has no material exposure to foreign exchange risk.

Interest rate risk

Liabilities

The interest rate risk exposure is limited to bank borrowings. The Company has no interest hedge contracts.

Fair values

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

Interest rate risk profile of financial assets and liabilities

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

Financial Instrument Carrying Values by Category

	Interest rate %	Total	0 - 12 months	1 - 2 years	2 - 5 years	Over 5 years
As at 31 March 2016		$000	$000	$000	$000	$000
Financial assets						
Cash and cash equivalents	1.00	1,388	1,388	-	-	-
Trade and other receivables	-	7,159	7,159	-	-	-
Finance receivables	-	1,636	1,636	-	-	-
Total financial assets		**10,183**	**10,183**	**-**	**-**	**-**
Financial liabilities						
Trade and other payables	-	7,384	7,384	-	-	-
Debt finance	3.20 – 4.95	31,636	18,736	-	12,900	-
Other financial liabilities	-	-	-	-	-	-
Total financial liabilities		**39,020**	**26,120**	**-**	**12,900**	**-**

Financial Instrument Carrying Values by Category

	Interest rate %	Total	0 - 12 months	1 - 2 years	2 - 5 years	Over 5 years
As at 31 March 2015		$000	$000	$000	$000	$000
Financial assets						
Cash and cash equivalents	2.25	4,521	4,521	-	-	-
Trade and other receivables	-	6,272	6,272	-	-	-
Finance receivables	-	1,926	1,926	-	-	-
Total financial assets		**12,719**	**12,719**	**-**	**-**	**-**
Financial liabilities						
Trade and other payables	-	9,429	9,429	-	-	-
Debt finance	5.38 – 7.37	21,862	8,961	4,900	8,000	-
Other financial liabilities	-	82	-	-	82	-
Total financial liabilities		**31,373**	**18,390**	**4,900**	**8,082**	**-**

Fair value measurements recognised through Consolidated Statement of Comprehensive Income

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

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

Derivative Financial Instruments

GROUP 2016	Level One	Level Two	Level Three	Total
	$000	$000	$000	$000
Interest rate swaps	-	-	-	-
	-	-	-	-

GROUP 2015	Level One	Level Two	Level Three	Total
	$000	$000	$000	$000
Interest rate swaps	-	(82)	-	(82)
	-	(82)	-	(82)

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

GROUP	2016	2015
	$000	$000
Interest Rate Swaps	(82)	17
Total	(82)	17

Liquidity risk

Liquidity risk represents the risk that the Group may not have the financial ability to meet its contractual obligations. The Group evaluates its liquidity requirements on an ongoing basis. While total financial liabilities exceed total financial assets, facilities of $49.85m (2015 $49.85m) exist with the Bank of New Zealand, of which amounts are drawn down to cover shortfalls in liquidity. At balance date $31.6m had been drawn down (2015: $21.82m).

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

Contractual Maturity Analysis - Continuing Operations

Financial Instrument Maturity Values by Category – Group

	Int Rate %	Total	On Call	0-6 Mths	6-12 Mths	1 - 2 Years	2 - 3 Years	3 - 4 Years	4 - 5 Years	Over 5 Years
As at 31 March 2016		$000	$000	$000	$000	$000	$000	$000	$000	$000
Financial assets										
Cash and cash equivalents	1.00	1,388	1,248	140	-	-	-	-	-	-
Trade and other receivables	-	7,159	-	7,159	-	-	-	-	-	-
Finance receivables	-	1,636	-	1,636	-	-	-	-	-	-
Total financial assets		**10,183**	**1,248**	**8,935**	**-**	**-**	**-**	**-**	**-**	**-**
Financial liabilities										
Trade and other payables	-	7,384	-	7,384	-	-	-	-	-	-
Debt finance	3.20 - 4.95	33,014	-	19,067	319	639	12,989	-	-	-
Other financial liabilities	-	-	-	-	-	-	-	-	-	-
Total financial liabilities		**40,398**	**-**	**26,451**	**319**	**639**	**12,989**	**-**	**-**	**-**

Financial Instrument Maturity Values by Category – Group

	Int Rate %	Total	On Call	0-6 Mths	6-12 Mths	1 - 2 Years	2 - 3 Years	3 - 4 Years	4 - 5 Years	Over 5 Years
As at 31 March 2015		$000	$000	$000	$000	$000	$000	$000	$000	$000
Financial assets										
Cash and cash equivalents	2.25	4,521	4,521	-	-	-	-	-	-	-
Trade and other receivables	-	6,272	-	6,272	-	-	-	-	-	-
Finance receivables	-	1,926	-	1,926	-	-	-	-	-	-
Total financial assets		**12,719**	**4,521**	**8,198**	**-**	**-**	**-**	**-**	**-**	**-**
Financial liabilities										
Trade and other payables	-	9,429	-	9,429	-	-	-	-	-	-
Debt finance	5.38 - 7.37	20,815	-	7,400	2,328	5,339	3,737	2,011	-	-
Other financial liabilities	-	303	-	61	61	123	58	-	-	-
Total financial liabilities		**30,547**	**-**	**16,890**	**2,389**	**5,462**	**3,795**	**2,011**	**-**	**-**

Capital management

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

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

(a) The Statement of Corporate Intent imposes a restriction that the Company will maintain shareholder funds at not less than 40% (2015:40%) of total assets.

(b) Bank Covenants:

  (i) Ratio of EBIT (Group earnings before interest, taxation and customer discounts) to interest paid to be no less than 2.0 times

  (ii) Annual Balance Sheet and Profit and Loss account to be provided within 120 days of balance date

  (iii) Interim accounts to be provided upon request

  (iv) Cash flow forecasts/budgets for the ensuing year to be provided to the bank upon request

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

The Group has complied with all covenants during the year.

11. PROPERTY, PLANT AND EQUIPMENT

GROUP	Distribution Plant & Equipment (incl. land & buildings) at valuation	Other Land and Buildings at Cost	Other Plant and Equipment at Cost	Motor Vehicles at Cost	Other Capital Work in Progress at Cost	Total
	$000	$000	$000	$000	$000	$000
Cost						
Balance as at 1 April 2014	167,120	1,414	4,059	4,447	7,861	184,901
Additions	590	22	245	442	9,817	11,116
Disposals	(628)	(139)	(53)	(235)	-	(1,055)
Transfer to / (from) capital work in progress	8,097	950	218	441	(9,706)	-
Revaluation	-	-	-	-	-	-
Balance as at 31 March 2015	**175,179**	**2,247**	**4,469**	**5,095**	**7,972**	**194,962**
Balance as at 1 April 2015	175,179	2,247	4,469	5,095	7,972	194,962
Additions	-	1,668	3,241	972	14,895	20,776
Disposals	(1,186)	(19)	(7)	(239)	-	(1,451)
Transfer to / (from) capital work in progress	16,977	23	576	-	(17,432)	144
Revaluation	2,232	-	-	-	-	2,232
Balance as at 31 March 2016	**193,202**	**3,919**	**8,279**	**5,828**	**5,435**	**216,663**
Depreciation and impairment losses						
Balance as at 1 April 2014	(454)	(265)	(2,804)	(2,183)	-	(5,706)
Depreciation charge	(7,849)	(74)	(424)	(431)	(299)	(9,077)
Write back on disposals	53	69	20	145	-	287
Impairment	-	-	15	-	-	15
Transfer to / (from) capital work in progress	-	-	-	-	-	-
Balance as at 31 March 2015	**(8,250)**	**(270)**	**(3,193)**	**(2,469)**	**(299)**	**(14,481)**
Balance as at 1 April 2015	(8,250)	(270)	(3,193)	(2,469)	(299)	(14,481)
Depreciation charge	(8,181)	(69)	(643)	(465)	-	(9,358)
Write back on disposals	297	14	3	138	-	452
Impairment losses (charged to profit)	-	-	-	-	-	-
Transfer to / (from) capital work in progress	(299)	-	-	-	299	-
Balance as at 31 March 2016	**(16,433)**	**(325)**	**(3,833)**	**(2,796)**	**-**	**(23,387)**
Carrying amounts						
At 31 March 2015	**166,929**	**1,977**	**1,276**	**2,626**	**7,673**	**180,481**
At 31 March 2016	**176,769**	**3,594**	**4,446**	**3,032**	**5,435**	**193,276**

Revaluation and impairment review

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

All other Group property, plant and equipment are recorded at cost less accumulated depreciation.

In accordance with NZ IAS 36, the Group has undertaken a review to determine whether the carrying values of any items of property, plant and equipment might be impaired. Based on evidence from asset disposals, the Group does not believe that any such carrying values are materially impaired at 31 March 2016 (31 March 2015: $Nil).

12. INVESTMENTS

Interests held by Group

NAME OF ENTITY	Principal Activities	2016	2015
DataCol NZ Limited	Metering Services	**100%**	100%
DataCol Pty Limited	Telecommunications	**100%**	100%
Electra Energy Limited	Electricity Retailing	**100%**	0%
Electra Finance Limited	Financing	**100%**	100%
Electra Generation Limited	Electricity Generation	**100%**	0%
Electra Monitoring Limited (Securely)	Security Monitoring	**100%**	100%
Sky Communications Limited	Telecommunications	**100%**	100%
DeFrost Limited	Non Trading	**100%**	100%
Horowhenua Wind Energy Limited	Non Trading	**100%**	100%

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

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

13. GOODWILL AND INTANGIBLE ASSETS

GROUP	Software	Goodwill	Other	Total
	$000	$000	$000	$000
Gross carrying amount				
Balance as at 1 April 2014	5,256	9,837	175	15,268
Additions	155	164	12	331
Disposals	-	-	-	-
Balance as at 31 March 2015	5,411	10,001	187	15,599
Balance as at 1 April 2015	5,411	10,001	187	15,599
Additions	1,201	409	1	1,611
Disposals	(34)	-	-	(34)
Balance as at 31 March 2016	6,578	10,410	188	17,176
Accumulated amortisation and impairment losses				
Balance as at 1 April 2014	(3,271)	(3,326)	(48)	(6,645)
Amortisation expenses	(230)	-	(9)	(239)
Impairment losses (charged to profit)	-	(1,000)	-	(1,000)
Disposals	-	-	-	-
Balance as at 31 March 2015	(3,501)	(4,326)	(57)	(7,884)
Balance as at 1 April 2015	(3,501)	(4,326)	(57)	(7,884)
Amortisation expenses	(376)	-	(8)	(384)
Impairment losses (charged to profit)	-	(2,718)	-	(2,718)
Disposals	34	-	-	34
Balance as at 31 March 2016	(3,843)	(7,044)	(65)	(10,952)
Carrying amounts				
At 31 March 2015	1,910	5,675	130	7,715
At 31 March 2016	2,735	3,366	123	6,224

Impairment

Goodwill has been allocated at the cash generating unit (CGU) level. The recoverable amount of the subsidiary is its value in use.

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

	GROUP	
	2016 $000	2015 $000
DataCol NZ Limited	**2,500**	1,000
Sky Communications Limited	**54**	-
Electra Monitoring Limited	**164**	-
Impairment loss reported	**2,718**	1,000

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

Cash flow projections during the budget period are based on similar expected gross margins throughout the budget period. The cash flows beyond that five year period have been extrapolated using a steady 2% (2015: 2%) per annum average growth rate. The directors believe that any reasonably possible change in key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.

DataCol NZ Limited

The recoverable amount of this CGU is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five year period, and a discount rate of 8.5% (2015: 8.5%) per annum.

Electra performs impairment testing on its goodwill which resulted in an impairment of $2,500,000 in the current year (2015: $1,000,000).

Sky Communications Limited

Electra performs annual impairment testing on its goodwill which resulted in an impairment of $54,000 in the current year (2015: Nil).

Electra Monitoring Limited

Electra performs annual impairment testing on its goodwill which resulted in an impairment of $164,000 in the current year (2015: Nil).

14. TRADE AND OTHER PAYABLES

	GROUP	
	2016 $000	2015 $000
Trade payables	**3,913**	5,775
Other payables	**1,165**	663
Accruals	**1,497**	2,042
Accrued employee entitlements	**809**	949
	7,384	9,429

15. DEBT FINANCE

	GROUP	
	2016 $000	2015 $000
Bank and other borrowings	**31,636**	21,861
Intercompany borrowings	**-**	-
Total debt funding	**31,636**	21,861
Less current borrowings	**(18,736)**	(8,961)
Non-current borrowings	**12,900**	12,900

Repayable as follows:		
Within one year	**18,736**	8,961
Within two years	**-**	4,900
Beyond two years	**12,900**	8,000
	31,636	21,861

Interest rates

Interest rates payable on the Groups bank facilities range from 3.20 – 4.95% pa. (2015: 5.38 – 7.37% pa.).

16. OTHER FINANCIAL LIABILITIES

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

	Average Contracted Fixed Interest Rate		Group Notional Principal		Group Fair Value	
	2016 %	2015 %	2016 $000	2015 $000	2016 $000	2015 $000
Interest rate swaps	-	4.90	-	2,500	-	82

Due for repayment	2016	2015
	$000	$000
Current	**-**	-
Non-current	**-**	82
Total	**-**	82

17. SHARE CAPITAL

	GROUP	
Number of shares	2016 000	2015 000
Balance at beginning of year	**24,465**	24,465
Shares issued during year	**-**	-
Balance at end of year	**24,465**	24,465

	GROUP	
Fully paid ordinary shares	2016 $000	2015 $000
Opening balance	**18,000**	18,000
Shares issued during year	**-**	-
Balance at end of year	**18,000**	18,000

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

18. RESERVES

	GROUP	
	2016 $000	2015 $000
Asset revaluation reserve	**50,322**	48,973
Foreign exchange reserve	**(29)**	(33)
	50,293	48,940
Asset Revaluation Reserve		
Opening balance	**48,973**	49,082
Revaluation increment	**2,232**	-
Asset disposals	**(285)**	(152)
Deferred tax liability arising on revaluation	**(598)**	43
Closing balance	**50,322**	48,973

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

	Group	
Foreign Exchange Reserve	2016 $000	2015 $000
Opening balance	**(33)**	(28)
Increment / (Decrement)	**4**	(5)
Closing balance	**(29)**	**(33)**

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

19. DIVIDENDS

	GROUP	
	2016 $000	2015 $000
Dividends paid	**285**	275

	GROUP	
	2016	2015
Cents per share	**1.16**	1.12

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 $1,377,000 commitments contracted for and approved by the Company and Group (2015: $1,353,000).

	GROUP	
	2016 $000	2015 $000
Distribution network	**1,377**	1,353
Intangible assets	**-**	-
	1,377	1,353

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

21. CONTINGENT LIABILITIES

	GROUP	
	2016 $000	2015 $000
Guarantee of bank facilities for a subsidiary to a limit of	**unlimited**	unlimited

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

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

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

22. CASH AND CASH EQUIVALENTS

	GROUP	
	2015 $000	2014 $000
Non-finance business		
Cash at bank	**1,388**	4,521
	1,388	4,521

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

	GROUP	
	2016 $000	2015 $000
Reported profit after taxation	**259**	3,408
Add / (less) non-cash items:		
Goodwill impairment	**2,718**	1,000
Depreciation and amortisation	**9,742**	9,316
Doubtful debt provision movement	**30**	257
Deferred tax movement	**1,026**	1,548
Bad debts written off	**210**	17
(Gain) / loss on sale of investment	**-**	(4,116)
Assets adjustment to income	**(695)**	(587)
Capital loss on sale of fixed assets	**594**	379
Movements in working capital:		
(Decrease) in accounts payable and other provisions	**(3,696)**	(2,276)
(Increase) / decrease in receivables	**(382)**	5,677
(Increase) / decrease in inventory	**(124)**	213
Net cash inflow from operating activities	**9,682**	14,836

24. TRANSACTIONS WITH RELATED PARTIES

Electra Limited is the Parent entity in the consolidated Group which is 100% owned by Electra Trust. For a list of other Group companies refer note 12.

Directors

During the year no transactions were entered into with any of the Company's Directors other than the payment of Directors fees and the reimbursement of valid Company related expenses such as travel costs to board meetings. Some of the Directors are also consumers of the Group and some minor transactions were entered into by the Company with companies in which some Directors held directorships. These transactions were carried out on a commercial and arm's length basis.

25. KEY MANAGEMENT PERSONNEL

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

	GROUP	
	2016 $000	2015 $000
Short-term employee benefits	**2,312**	2,172
Defined contribution plans	**66**	52
	2,379	2,224

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

As at 31 March 2016 $927 was owing to Directors and key management personnel (31 March 2015: $176). As at 31 March 2016 there was $222 owing from Directors and key management personnel (31 March 2015: $Nil).

26. SUBSEQUENT EVENTS

There have been no material events since balance to 9 June 2016 that require disclosure in these financial statements.

27. OPERATIONAL TARGETS

Four key value drivers have been identified linking Electra's strategy to the operational targets and measures that are critical to achieving Electra's strategy. These drivers are Revenue, Profit, Assets and People and the performance against key targets set in the Statement of Corporate Intent are evaluated below:

1) Asset Targets

Service Standards
Electra has service performance targets for its electricity lines business, such as responding to service requests within a specified time. These targets assist in driving continuous improvement and the measurement here is the number of consumer payments for compensation where the specified time is exceeded. This target was not met in 2016 due to a significant incident involving tree felling which resulting in the 33Kv line dropping onto the 11Kv line in Peka Peka in July 2015 and a resulting outage that exceeded our target service timeframes.

	Actual	Target
Number of consumer payments	**2,281**	<384

Capital Ratio
Electra aims to maintain consolidated shareholders' funds at not less than 40% of consolidated total assets. This target was met in 2016.

	Actual	Target
Consolidated shareholders funds to total assets percentage	**66%**	>40%

Network Reliability
Electra aims to uphold a level of electricity network reliability (as defined by the Electricity Distribution Information Disclosure Determination 2012). These include factors of SAIFI (average number of supply interruptions per connected consumer). The SAIDI target was not met in 2016 due to the tree felling incident. The SAIFI target was met in 2016.

	Actual	Target
Minutes per year (SAIDI)	**100**	<83
Times per year (SAIFI)	**1.16**	<1.16

2) Profit Targets

These targets have not been met in 2016.

	Actual	Target
Group net profit after tax	**$0.3m**	$1.2m
Subsidiaries net profit after tax	**($0.9m)**	($0.4m)

3) Revenue Targets

Strong revenues will allow Electra to maintain discounts payments and positive returns. A key driver of revenue is the number of consumers in Electra's network. These targets were met in 2016.

	Actual	Target
Sales Discount (exc GST)	**$7.7m**	$7.5m
Group return on equity (pre discount and tax)	**6.3%**	>6.0%
Number of consumers	**43,671**	>43,400

4) People Targets

The Electra group holds targets for Lost Time Injuries (LTIs) such as work related recordable injury or illness resulting in lost time from work. This target was met in 2016.

	Actual	Target
Lost Time Injuries (LTI)	**11**	<14

INDEPENDENT AUDITOR'S REPORT

Deloitte.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF
ELECTRA LIMITED GROUP'S
FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION
FOR THE YEAR ENDED 31 MARCH 2016

The Auditor-General is the auditor of Electra Limited (the company and its subsidiaries (the Group)). The Auditor-General has appointed me, Dave Shadwell, using the staff and resources of Deloitte, to carry out the audit of the financial statements and the performance information of the Group on her behalf.

Opinion on the financial statements and the performance information

We have audited:

- the financial statements of the company on pages 28 to 55, that comprise the consolidated statement of financial position as at 31 March 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies, other explanatory information and the statement of service performance of the Group (operational targets) which specifically measures asset targets, profit targets, revenue targets and people targets.

In our opinion:

- the financial statements of the company:
  - present fairly, in all material respects:
    - its financial position as at 31 March 2016; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with New Zealand equivalents to International Financial Reporting Standards.
- the statement of service performance measures of the Group:
  - presents fairly, in all material respects, the Group's achievements measured against the performance targets adopted for the year ended 31 March 2016; and
  - has been prepared in accordance with generally accepted accounting practice.
- the performance information of the Group presents fairly, in all material respects, the Group's achievements measured against the performance targets adopted for the year ended 31 March 2016.

Our audit was completed on 9 June 2016. This is the date at which our opinion is expressed.

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

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we

AUDITOR'S REPORT

Deloitte.

comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and the performance information are free from material misstatement.

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

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

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the appropriatness of the performance information within the company's framework for reporting performance;
- the adequacy of the disclosures in the financial statements and in the performance information; and
- the overall presentation of the financial statements and the performance information.

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

We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and fair presentation of financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards and generally accepted accounting practice, and for the preparation and fair presentation of performance information for the company.

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

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

AUDITOR'S REPORT

Deloitte.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and the performance information and reporting that opinion to you based on our audit. Our responsibility arises from the Public Audit Act 2001.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in the company.

Dave Shadwell
Deloitte
On behalf of the Auditor-General
Wellington, New Zealand

This audit report relates to the consolidated financial statements of Electra Limited for the year ended 31 March 2016 included on Electra Limited's website. The Board of Directors is responsible for the maintenance and integrity of Electra Limited's website. We have not been engaged to report on the integrity of the Electra Limited's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 9 June 2016 to confirm the information included in the audited financial statements presented on this website. Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATUTORY INFORMATION

Directors and remuneration

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

	Electra Limited	DataCol Group Pty Limited
P F McKelvey	$80,000	-
C C Dyhrberg	$40,000	-
P A T Hamid	$40,000	-
R G Longuet	$40,000	-
N F Mackay	$40,000	-
D L Masters	-	$2,724
S A Mitchell-Jenkins	$40,000	-
I A Wilson	$40,000	-
	$320,000	**$2,724**

Entries recorded in the interest register

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

a) Directors' interests in transactions

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

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

b) Share dealings of Directors

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

c) Loans to Directors

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

d) Directors' indemnity and insurance

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

Executive employees' remuneration

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

	GROUP	
	Year Ended 31 March 2016	Year Ended 31 March 2015
Continuing Employees		
$100,000 - $110,000	12	9
$110,001 - $120,000	11	6
$120,001 - $130,000	-	1
$130,001 - $140,000	4	1
$140,001 - $150,000	-	4
$150,001 - $160,000	2	-
$160,001 - $170,000	1	-
$170,001 - $180,000	1	-
$190,001 - $200,000	1	1
$220,001 - $230,000	2	1
$250,001 - $260,000	1	-
$260,001 - $270,000	-	2
$280,001 - $290,000	1	1
$300,001 - $310,000	1	1
$400,001 - $410,000	1	-

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

Changes in accounting policy

There have been no changes in accounting policies this year.

Donations

During the year the Group made donations of Nil (2015: Nil).

DIRECTORY

DIRECTORS - ELECTRA LIMITED

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

DIRECTOR - DATACOL GROUP PTY LIMITED

D L Masters, AICD

EXECUTIVES

N P Simmonds (CE – Electra Group), JP, MBA, BE
S P Gregan (COO – Electra Group), BCA, CA
R N Leggett (GM – Electra Network), BA
D M Selby (CFO – Electra Group), BCom, CA
B G Franks (CEO – DataCol NZ), Dip Bus Mgmt
M J Taylor (GM – Sky Communications)
J R McKirdy (Group Business Services Manager)
V M Wright (Company Secretary), JP

REGISTERED OFFICE

Electra Limited
Cnr Exeter and Bristol Streets
Levin

POSTAL ADDRESS

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

AUDITOR

David Shadwell – Appointed Auditor
Deloitte
Wellington
On behalf of the Auditor-General

SOLICITORS

CS Law, Levin
Quigg Partners, Wellington

BANKERS

Bank of New Zealand

ELECTRA TRUST TRUSTEES

C R Turver (Chairperson) MNZM, JP
L R Burnell, QSM
A Chapman, MNZM, JP
S M Crosbie, CNZM, OBE
R J Latham
G Sue, QSM, JP

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual Meeting of Shareholders of Electra Limited will be held at Company's Registered Office, 25 Bristol Street, Levin on Friday 29 July 2016 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. Ms Patricia McKelvey and Mr Piers Hamid retire by rotation at the annual general meeting of the Company. Ms Patricia McKelvey and Mr Piers Hamid will not be offering themselves for re-election.
4. To fix remuneration of the Directors for the ensuing year.
5. To record the re-appointment of the Auditor-General (or her appointee) as Auditor of the Company and to authorise the Directors to fix their remuneration for the ensuing year.

By order of the Board

V M Wright

Company Secretary

9 June 2016

Any member 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.