

# Electra Business Awards

In 2010 we continued our long-term sponsorship of the Annual Electra Business Awards, an event that has been running for 17 years now. The Awards are an important way of recognising businesses in Kapiti and Horowhenua that are helping to drive economic growth in the region. Congratulations to Aura Software for winning the 2010 Electra Business of the Year Award, and to Levin New World in being Highly Comended by the Judges.



## This Years Results

The information in this review is derived from the 2011 Annual Report of Electra Limited. The Annual Report of Electra Limited, including the audited financial statements is available on request from Electra. Its adoption will be voted on by the Trustees at the Annual Meeting of the Company on 29 July 2011.

| Five year highlights                                     |        |        |        |        |        |
|----------------------------------------------------------|--------|--------|--------|--------|--------|
| For years ended as at 31 March                           | 2011   | 2010   | 2009   | 2008   | 2007   |
| Electricity sold GWh                                     | 410.7  | 416.1  | 399.2  | 402.6  | 406.0  |
| Revenue (\$'000)                                         | 75,206 | 68,835 | 63,400 | 59,834 | 45,000 |
| Sales discount issued (\$'000)                           | 6,949  | 7,235  | 7,080  | 7,438  | 8,887  |
| Total shareholders funds to total assets                 | 49%    | 49%    | 43%    | 43%    | 46%    |
| Network Company only                                     |        |        |        |        |        |
| For years ended as at 31 March                           | 2011   | 2010   | 2009   | 2008   | 2007   |
| Electricity operating costs per consumer                 | \$183  | \$196  | \$212  | \$159  | \$144  |
| Reliability average outage minutes per consumer per year | 75     | 161    | 89*    | 104    | 88     |

\*Excludes extreme events that occurred during the year. Including these events SAIDI would have been 683.1.

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**Your Sales Discount**  
In February 2011 Electra delivered another annual sales discount on your electricity bill.  
Our consumers have enjoyed sales discounts totalling \$120 million in the last 16 years, and we look forward to offering you a discount again in 2012.

## ELECTRA

- Electra Trust holds the shares in Electra Limited, for you the consumers...
- The Directors govern the Group...  
Electra manages the powerlines and owns...
- Oxford Finance - a financial services company,
  - Linework and Stones (LWS) - a power/electrical contracting and maintenance company,
  - DataCol NZ - reading and installing meters for utilities,
  - Sky Communications - a full service telecommunications contracting company,
  - Sky Communications Pty - a full service telecommunications contracting company operating in Sydney and Melbourne, Australia.

## Key facts

- 9th biggest lines company in the country in terms of consumer numbers at 42,483.
- Electra's network extends from Paekakariki in the south to just north of Foxton and Tokomaru.
- The Electra Trust holds all shares in Electra on behalf of all those consumers connected to its' network.
- Electra employs 264 staff across the network operation and it's subsidiaries.

# ANNUAL REVIEW

2010-2011



owns and operates the electricity lines and assets in the Kapiti and Horowhenua district.

| Financial performance highlights          |              |              |
|-------------------------------------------|--------------|--------------|
| In thousands of dollars                   | NZ IFRS 2011 | NZ IFRS 2010 |
| Operating revenue                         | 75,206       | 68,835       |
| Earnings before depreciation and taxation | 8,479        | 7,837        |
| Discount issued to consumers              | (6,949)      | (7,235)      |
| Operating surplus                         | 301          | 2,710        |
| Taxation                                  | 110          | (676)        |
| Net profit after taxation                 | 411          | 2,034        |
| Dividends                                 | (275)        | (235)        |
| Equity at start of year                   | 132,351      | 81,252       |
| Equity at end of year                     | \$133,809    | \$132,351    |

| Financial position highlights             |           |           |
|-------------------------------------------|-----------|-----------|
| In thousands of dollars                   | 2011      | 2010      |
| Share capital                             | 18,000    | 18,000    |
| Retained earnings                         | 63,779    | 63,643    |
| Reserves                                  | 52,030    | 50,708    |
| Total shareholders' equity                | 133,809   | 132,351   |
| Long term liabilities                     | 56,109    | 74,711    |
| Total current liabilities                 | 84,348    | 62,217    |
| Total shareholders' funds and liabilities | 274,266   | 269,279   |
| Non current assets                        | 225,130   | 224,680   |
| Current assets                            | 49,136    | 44,599    |
| Total Assets                              | \$274,266 | \$269,279 |

| Cash flow highlights                           |         |          |
|------------------------------------------------|---------|----------|
| In thousands of dollars                        | 2011    | 2010     |
| Net cash flows from operations                 | 7,320   | 5,851    |
| Net cash flows to investing                    | (9,147) | (12,613) |
| Net loans raised and cash flows from financing | 3,708   | 6,520    |
| Net increase/(decrease) in cash held           | 1,881   | (242)    |
| Add opening cash                               | 3,407   | 3,649    |
| Ending cash carried forward                    | \$5,288 | \$3,407  |

Total revenue earned by the group.

The discount for each individual consumer was based on the amount of network charges paid.

After sales discount and then deducting costs of running the business we're left with this figure.

We paid a dividend to the Electra Trust to cover the Trust expenses.

This is the amount our owners have invested in the company; approximately \$5.46 per share or \$3,151 per consumer. It's made up of the original share capital, reserves (the value that's been built up over the last ten years), and retained earnings (profit that's not paid out by dividend).

The cash generated from day to day operations

The cash spent on assets, new businesses and finance loans

The loans and debentures borrowed or repaid

Cash in bank at the beginning of the year

The bank balance at the end of the year

Arising from revaluation of network assets.

Includes deferred tax liability of \$39m. Over the last year bank loans have increased by \$2.9m.

Amounts due for payment within one year.

The value of cash, inventories, hire purchase loans and the amounts owed to the Company by customers.

The total assets of which 34% is funded by borrowings.

## Electra

Managing electricity demand on the network is a critical part of ensuring the Horowhenua and Kapiti regions continue to enjoy an efficient, reliable electricity supply. If electricity demand can be reduced at peak times, the network can operate at a much more efficient and profitable level, and this means a better Electra sales discount for consumers.

That is why it makes sense for network companies like Electra to encourage the installation and use of more energy efficient equipment and appliances.

Since 2004 Electra has been promoting energy efficiency to electricity users on the network by offering a rebate scheme for customers who install energy efficient products in their homes.

Recently partnering with heat pump experts, Temperature Solutions, Electra has enabled a large number of consumers throughout the region to not only control heating costs, but also to stay healthier inside warmer homes.

The success of this scheme has seen the offer extended for the 2010/11 year with customers able to claim a rebate of \$550 towards the installation of a new heat pump in their home.



## Oxford Finance

Oxford Finance is a local success story. Initially established by a local accountancy firm 23 years ago as a way of investing clients' funds, the company has grown into a highly profitable independent finance company.

Employing 27 staff from the local Horowhenua and Kapiti communities, continued business growth has meant the company has had to move into newer, larger premises in recent months.

Being part of the much larger Electra Group, has provided Oxford with an opportunity to secure more favourable funding arrangements through a facility with the BNZ, meaning the company no longer offers debentures to the public.

General Manager, Jenni Smith, says this decision was not taken lightly as the company was extremely aware of the large group of loyal investors who had entrusted their investments with the company for many years.

The opportunity to significantly lower compliance costs and free up capital for further growth opportunities was the right decision to make from a commercial perspective, and will ensure the business continues to grow and support the local community.

## DataCol NZ

In 2009, with DataCol's core electricity meter reading business facing the threat of smart metering technology, the company began a process of reinventing itself as a technology led, full data monitoring and management business.

This led to the company expanding into water meter reading services and, in less than two years, the company has secured water meter reading work for the Auckland Super City's new combined Watercare operation.

The company has identified that water will become an increasingly valuable economic resource and that a significant business opportunity exists in the area of the electronic monitoring and management of water usage, both in urban and rural situations.



DataCol CEO, Bruce Franks checking a DataCol Solar Collect unit in Middelmarsh

DataCol has developed an electronic data collection system for agricultural use with a particular focus on irrigation and other water use. The unit can measure up to seven different inputs such as water flows, soil moisture, electricity use, effluent and CO2 emissions and has been pre-approved by ECan in Canterbury and nationally.

Interest in the units was massive when they were recently demonstrated at Field Days around the country, and the scope of the opportunity that exists in this area is being explored.

## Linework and Stones (LWS)

### Working to Keep the Lights On

As the principal contractor on the Electra network, LWS is continuously looking for ways to support Electra to improve the overall reliability of the network. The company is committed to providing high quality workmanship and a responsive, efficient service.

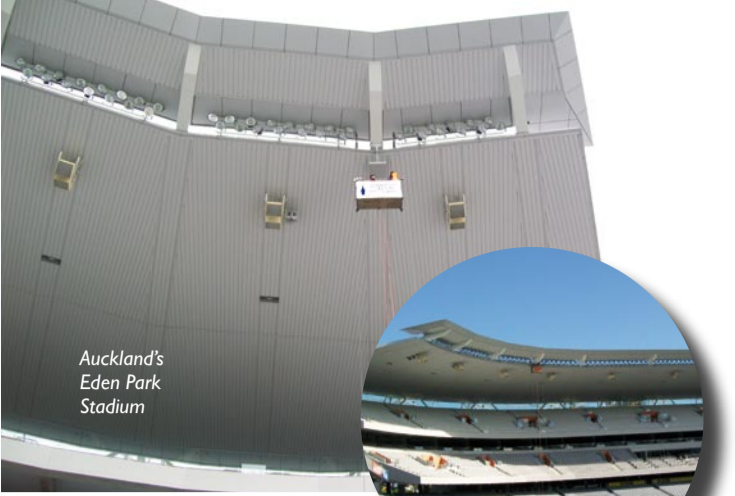
In 2009 the company identified an opportunity to diversify its business while further enhancing the performance of the network. The creation of a specialist vegetation crew enabled the business to identify risks to the Electra network from overgrown trees and vegetation, and to remove this risk in a safe and efficient way. In many cases, introduced tree species are replaced by slower growing natives.

By identifying risks to the network and working with property owners to effectively manage these risks, network reliability is being improved. A second crew has now been employed and, while both are currently fully employed on the Electra network, opportunities exist to extend the service to other local network operators in the future.

This new service, combined with the company's highly regarded faults restoration service, means that reliability on the Electra network is well within company and industry standards.



LWS vegetation crew at work.



## Sky Communications

Later this year, as 60,000 people inside Eden Park reach for their mobile phones to celebrate or commiserate the latest 2011 Rugby World Cup result, the fact they can make those calls, send those txt messages or use their other mobile applications will be down to the expertise and hard work of a locally owned telecommunications contracting business.

Sky Communications is a wholly owned subsidiary of the Electra Group and has built a reputation as one of the country's best telecommunications contracting companies.

Last year the company secured the contract to design and install sophisticated mobile coverage technology inside the new Eden Park stadium, and work commenced in January to install more than 13kms of cable and 246 antennas to support this technology.

When the project is complete in May the company will have installed the largest mobile distributed antenna solution in New Zealand.



Wellington's Amora Hotel



### Making Your Stay a Comfortable One

When the Duxton Hotel was sold and renamed the Amora Hotel in 2010, this high quality, central Wellington hotel underwent a total accommodation makeover including reconfigured power and lighting throughout the entire hotel as well as improved internet access and new light fittings in all the rooms.

The Hotel management not only wanted a high quality job, they also wanted it completed in an extremely short period of time with minimal disruption to guests and staff.

Linework and Stones' electrical contracting division successfully tendered for this project and work began on 1 October. The company committed ten workers to the job and in only four months they had quietly and efficiently worked their way through the entire hotel, including 194 guest rooms.

Thanks to the efforts of the team that worked on site, the job was completed on time and to the demanding standards set by the Amora Hotel management team.