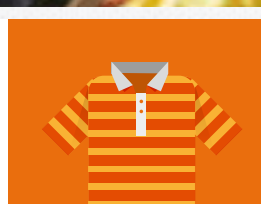
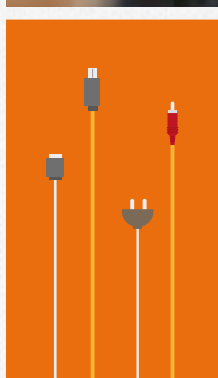
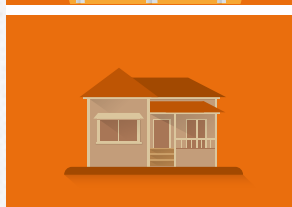




Genesis Energy **Annual Report 2015**



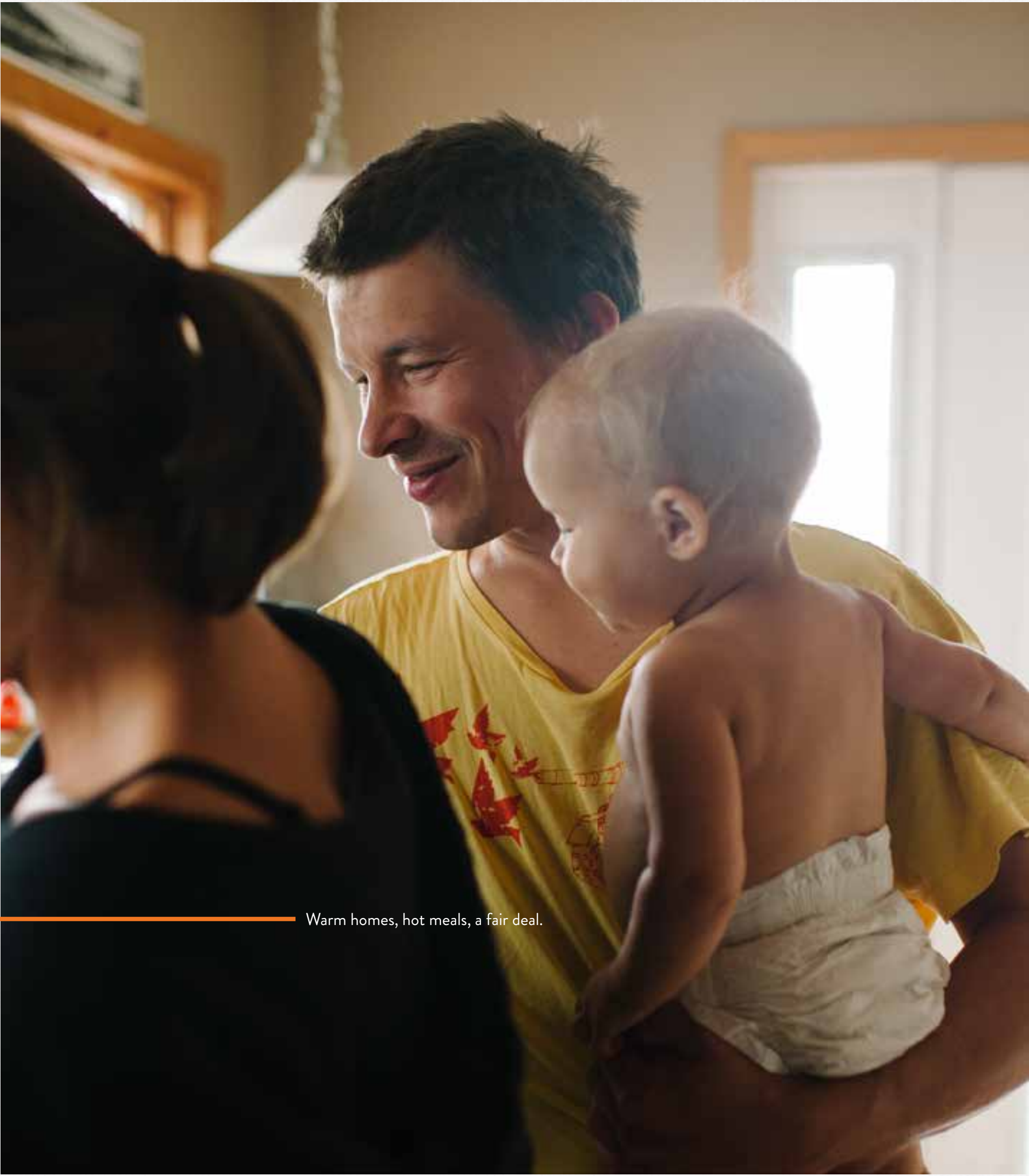
Part of everyday life

We are focused on delivering what people expect from an energy company. A warm house, a hot meal, a fair deal. **All this and more, delivered simply and seamlessly.** Fitting in with everyday life in ways that are genuinely useful and always thoughtful. We have the ambitious goal of ‘Owning New Zealand’s energy future like no other’.

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Warm homes, hot meals, a fair deal.





Our part in your world

Genesis Energy is a **diversified energy company** that provides customers with simple, smart energy solutions and services. We generate electricity through a portfolio of generation assets, and trade electricity and natural gas. **We are New Zealand's largest electricity and gas retailer** with more than 636,676 customer connections.

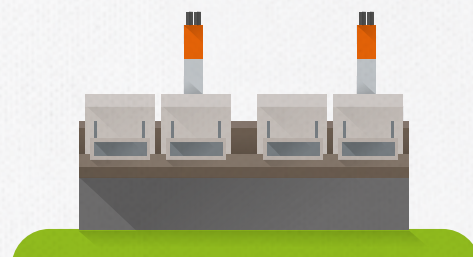
Renewable Energy

We own and operate three hydro power schemes – Tongariro, Waikaremoana and Tekapo. These schemes flow water through eight power stations. We also own the Hau Nui Wind Farm in the Wairarapa.



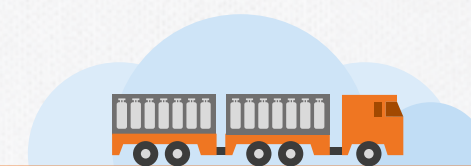
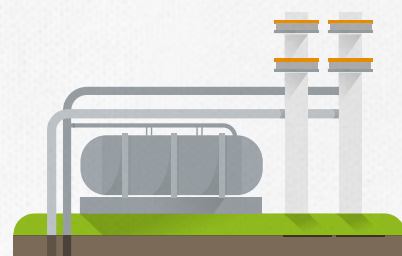
Thermal Energy

Our Huntly Power Station is the largest capacity electricity generation facility in New Zealand by capacity. Huntly is made up of two modern gas-fired and two coal/gas-fired generating units.



Oil and Gas

We have a 31 per cent interest in the Kupe Joint Venture, which operates the Kupe Oil and Gas Field in Taranaki. Kupe is an integral part of our business activities and provides a diversified source of revenue and gas for our customers and for electricity generation.

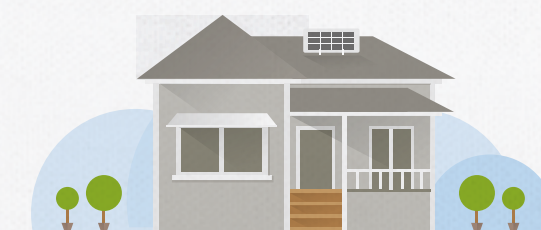


Wholesale Energy Markets

We buy and sell electricity on the New Zealand electricity market. Generators sell their electricity generation into the market; retailers buy this energy and sell it to customers.

Distribution

We sell natural gas to residential and commercial customers in the North Island and sell surplus natural gas on the wholesale natural gas market. We also sell bottled LPG from Kupe to our customers across New Zealand.



Residential

We believe in providing smart energy options to meet our customers' electricity and gas requirements, as well as providing them with first-class customer service. Genesis Energy and Energy Online customers nationwide are served through our Hamilton-based Customer Excellence Centre.

Commercial

We have national coverage and dedicated business team support for our commercial customers. We offer customised electricity, natural gas or LPG pricing solutions for all types and sizes of business. We also have tailored energy solutions for farms and rural enterprises.

Social and Environmental Outcomes

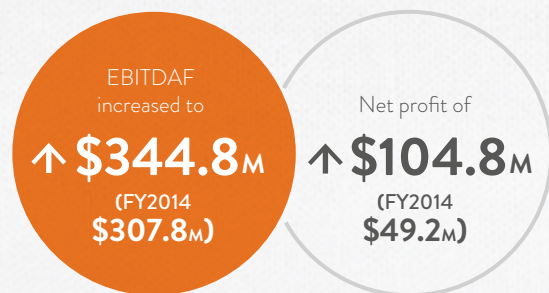
Genesis Energy strives to balance its use of resources in order to create shareholder value with the needs, rights and requirements of the communities and environments in which it operates.



You can view our community initiatives by visiting www.genesisenergy.co.nz/in-community

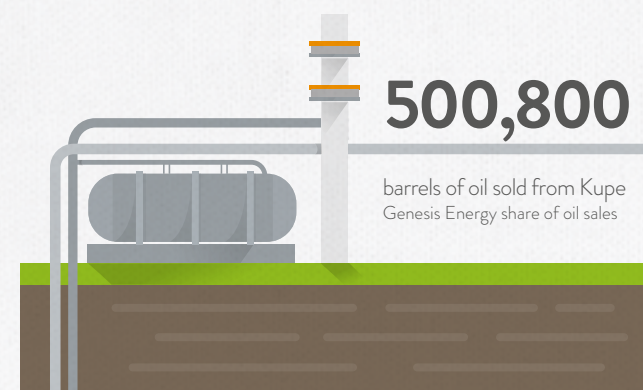
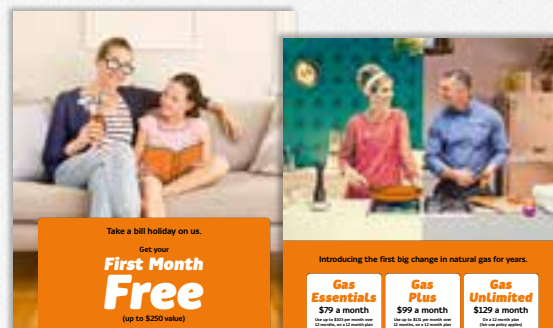
Highlights at a glance

As **part of the bigger picture**, our strategy has been reset and we're ready for the shifting energy future, by delivering simple and smart energy services.



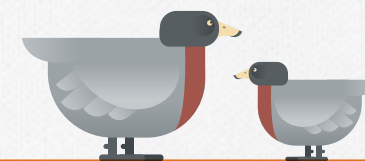
Total number of **customer connections** stabilised at:

636,676



Customer connections for **Energy Online** reached:

73,000

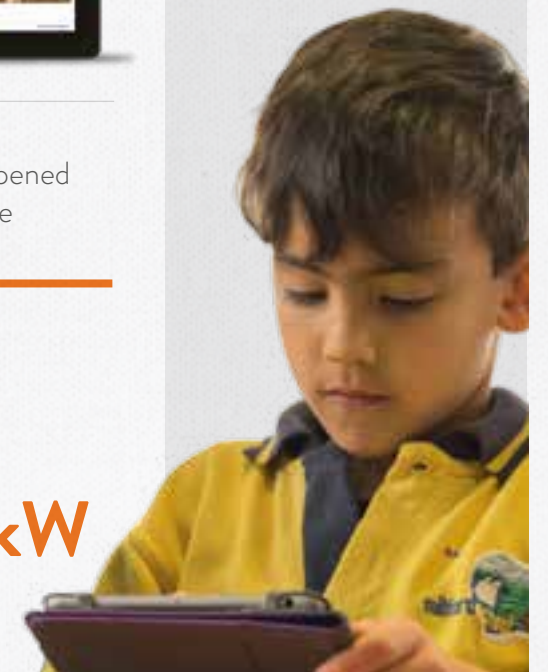


New Whio rearing facility opened
at the National Trout Centre

Since inception, **Schoolgen** has generated

818,955 kW

How many classrooms can that run? Find the answer at www.schoolgen.co.nz



Deloitte Energy Excellence Award for
Health and Safety

Executive Leader of the Year at New
Zealand Health and Safety Awards won
by **Albert Brantley**

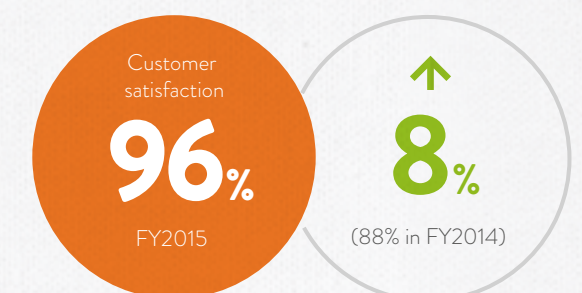
2015 New Zealand CFO Awards winner
Finance Team of the Year

Ngā Tohu Reo Māori 2014 Award
(Te Rāngai Tūmataiti/Private Sector
Category)

66,249 Number of elvers trapped and
transferred upstream of Genesis Energy
hydro structures

72,229 Native plants planted over the year
as part of collaborative enhancement
projects in the Huntly area

13,800 Tonnes of coal ash diverted for reuse
in cement manufacturing



You can contact the Board of Directors at any time
by emailing: board@genesisenergy.co.nz



“In order to provide new smart services and new energy-related technology for our customers, the Company is focused on creating strategic partnerships.”

\$104.8M

net profit
after tax

final dividend
payment

\$0.08

per share

Chairman's letter to shareholders

Genesis Energy has the **diversity and flexibility to respond** quickly to market challenges.

The strong financial and operating performance of Genesis Energy in the financial year to the end of June 2015 demonstrated the Company's earnings stability in variable market conditions and reflected the Company's diversity and flexibility in the midst of significant ongoing changes in the energy sector.

During FY2015, the Board and Executive focused on delivering this strong result while taking the opportunity to review long-term strategies so that the Company maintains the flexibility to respond to the rapidly evolving market now and in the future. In doing so we are focused on delivering new smart services for our customers and operating our generating assets in a very efficient manner.

Overall, the Board is satisfied with the higher-than-forecast net profit after tax of \$104.8 million and the Company's ability to pay the projected final shareholder dividend of \$80.0 million.

A final dividend of 8 cents per share will be paid in October 2015 to bring the full year dividend to 16 cents per share. EBITDAF (earnings before finance expense, income tax, depreciation, depletion, amortisation, impairment, fair value changes and other gains and losses) was \$344.8 million – higher than the \$307.8 million attained in FY2014. While short of the earnings projected at the time of the Genesis Energy

share float in April 2014, the Board views a \$37.0 million improvement over 2014 in a shifting market as a strong outcome.

FY2015 saw uplifts in retail electricity and gas sales volumes countered by a small reduction in customer numbers. This resulted in increases in consumption per customer and in total revenue. Higher oil production from the Kupe Gas and Oil Field was offset by lower international oil prices.

Although generation volumes from our thermal plant increased significantly in the third quarter in response to the low rainfall in parts of the country, wholesale electricity prices did not rise in line with historical trends. Wholesale electricity spot prices did not move above \$100 per megawatt hour despite significantly lower hydro storage through the summer and autumn of 2015. Only a few years ago, similar market conditions would have resulted in prices that were much higher. This trend indicates how much the energy sector has evolved in recent years.

In addition, the Company's Customer Experience business activities faced an increasingly competitive and innovative retail environment with flat demand and high market churn, driven by multi-product offerings, new entrants providing niche offerings and emerging disruptive technology entering the market.

While total customer account numbers were down by 1.6 per cent at the end of the financial year, they have stabilised and revenue from our energy retailing activities was up, due to higher electricity and gas sales to commercial customers. Earnings from our overall retail sales were up as a result of close attention to costs and a variety of business process improvements.

Strategic response

The Board and Management are meeting the significant challenges in the energy market with a revised approach that will create long-term sustainability. All revenue streams for the Company are being challenged and reviewed.

In the wholesale electricity market, recently constructed geothermal and wind generation has pushed Genesis Energy's higher-cost thermal generators to the edge of the market. Our revenue stream from oil and LPG production from Kupe has been under pressure also from reductions in the international oil prices since December 2014.

With the unprecedented speed of change in the energy sector, the Board believes that adapting incrementally to the evolving commercial environment will not be sustainable and it will not deliver the growth we desire for the Company.

The Company is committed to tangible change in order to adapt to the market and meet the future needs of its customers. We will accomplish this in the short term by further developing our digital capabilities and processes that improve service interactions and increase value while lowering costs. In order to provide new smart services and new energy-

“The Company is committed to tangible change in order to meet the future needs of its customers.”



related technology for our customers, the Company is focused on creating strategic partnerships.

The Company will maintain its focus on improving generation operational efficiencies, continue to seek development options to respond to future market changes and re-profile its fuel book to match forecast generation better. We announced that a second Rankine unit at Huntly Power Station was retired permanently in June of this year. Since balance date, the Company has announced it will close the two remaining Rankine units by the end of 2018, unless market conditions change significantly.

I would like to acknowledge the work and support of my fellow Directors. We have worked well as a team, along with our Chief Executive Albert Brantley and his Executive team, to deliver a strong result while developing well-thought-out plans for the future.

CEO Retirement

Since the balance date, Albert has indicated his intention to retire from the Company by 30 June 2016. Albert has successfully led Genesis Energy through some of the most exciting and dynamic years in the New Zealand energy sector. He has contributed significantly to the Company's focus on delivering to customers and to its shareholders and stakeholders. His approach has helped establish the credibility of Genesis Energy in the electricity and gas markets and with investors, and played a major part in the successful Genesis Energy share float. Everyone at Genesis Energy has greatly appreciated his leadership through this important time in the Company's evolution and will miss him enormously.

Genesis Energy is a strong company with a very significant customer base, well-managed assets and excellent stakeholder relations. The Company is in good heart and is positioning itself for a successful future as an enabler of energy solutions and services for the people of New Zealand, and as a sound investment for its shareholders.

Dame Jenny Shipley DNZM
Chairman, Genesis Energy

Contact the Board: If you have a question or comment for the Board of Directors, you can email them to: board@genesisenenergy.co.nz



“The Genesis Energy and Energy Online retail brands are challenging themselves continuously to deliver greater levels of customer service.”



Our challenger brand, Energy Online had a strong year of growth and development.

Chief Executive's report

Our diversified assets and a focus on **reduced operating expenses** have delivered a consistent result.

The FY2015 year represented a significant period of change for the energy sector in New Zealand with intense competition for customers from a growing number of providers, international oil market turmoil and atypical trading conditions in the wholesale energy markets in which we work.

Genesis Energy was able to navigate this evolving environment successfully using the flexibility and balance of its operating activities to respond quickly to challenges, create new retail products and adopt highly commercial trading strategies.

The need to be agile is no more evident than it is in the retail energy markets. Our traditional competitors have been joined by new entrants who are taking advantage of the current lower wholesale spot prices and an increasingly fluid electricity futures market to offer consumers more pricing options.



Genesis Energy responded to the increasingly competitive environment with equally sustainable long-term consumer offerings, backed by innovative acquisition and retention efforts. As the largest provider of energy to New Zealanders, we always have been a target for those looking to grow their own market shares and, following several months of customer losses, Genesis Energy has gained traction with its own customer strategies and delivered positive results. The Company ended FY2015 with a total customer account decline of 1.6 per cent to 636,676.

Our challenger brand, Energy Online, had a strong year of growth and development. Energy Online has a brand proposition of *Brilliantly Simple Energy Powered by Passionate People*. This proposition runs through all aspects of Energy Online's activities. Energy Online has developed its sales channels into more digital channels that customers now prefer to use. As a result, Energy Online has grown from being a niche regional electricity retailer to a national provider with more than 73,000 customers. Also, Energy Online has doubled its number of gas customers in the last 12 months.

Both the Genesis Energy and Energy Online retail brands are challenging themselves to continuously deliver greater levels of customer service. This is being achieved through: the mass adoption of smartphone technology, continually seeking to

remove the friction points of customer experience and ensuring an effortless transition for customers between digital and people channels. This is an area of constant innovation and change and we expect to deliver increasingly higher levels of easy, desirable digital solutions to our customers.

As part of Genesis Energy's view to the future, changing the conversation with customers is essential. As a result, we are looking closely at what we do for our customers with regard to providing simple, easy-to-understand products and attempting to remove the confusion our customers face when presented with complex bills which include distribution company and Transpower charges. As a first step, the Company launched multiple offerings throughout the year with the most unique being three flat-rate gas plans. The gas packages, one of which is an unlimited gas offering, focus on customer value rather than kWh. This approach is a New Zealand first. These and future offerings draw on the Company's ability to utilise customer data and its insights into delivering value.

Although the Company supplied slightly fewer customers during the year, overall the volume of retail sales of electricity increased by 0.4 per cent. This increase can be attributed to a seasonal variation compared to FY2014. Generally, domestic demand for electricity is not growing year-on-year.

Our trading and generation portfolio focus is to manage risk and maximise value over the expected economic life of the individual generation assets. We are managing our assets to optimise our investment while meeting safety, statutory and environmental requirements.

The utilisation of the thermal assets at Huntly in the final quarter of the year reflected this strategy. During the drought of April 2015, the dual fuelled coal units at Huntly ran every day.

In May, however, they ran for 11 days and in June, for only seven days as the trading team reduced thermal volumes and purchased power at lower prices than our cost of generation to cover peak demand from our customers.



The Company is focused on reducing its operating costs where it makes sense. While this is a continual process, in November 2014 we moved to an integrated services model with Transfield Worley Power Services as part of a drive for overall greater efficiency. The five-year contract, valued at approximately \$20 million a year, will result in immediate operating cost savings of around 10 per cent and we expect to create longer-term value for the Company through administrative and managerial efficiencies.

Genesis Energy was proud to win the Deloitte Energy Excellence Award for Health and Safety in August 2014, as it reflected our ongoing commitment to a zero harm culture. Unfortunately, the Company experienced three lost time injuries during FY2015, compared to two in FY2014. These injuries resulted in a Total Recordable Injury Frequency Rate per million man-hours of work of 2.43, slightly above last year's performance. We were fortunate that the severity of the overall injuries was much lower than last year.

Reporting

For the first time, our Annual Report has been prepared using the principles of the worldwide Integrated Reporting framework to guide the content and presentation.

The emerging Integrated Reporting framework is designed to create a more complete picture of how a company creates value for its shareholders, customers and stakeholders. The framework allows us to illustrate how we make a sustainable financial return for our shareholders, while managing and protecting the resources enabling our value creation – natural resources, our people, operational capability, and intellectual and financial capital.

Outlook

Since I joined Genesis Energy in 2008, our industry has seen many developments that are fundamentally changing how we do business. As we prepare for the new future, new skills and different experiences will be required from all of us. While I am always up for a challenge, now is also a logical time to make a change, so I have decided to leave the Company by June 2016. I will be supporting the Board in its search for someone that cares as much for New Zealand, and for Genesis Energy, as I do.

We have set a clear challenge for the Company as we move into 2016 and beyond. Genesis Energy wants 'To own New Zealand's energy future like no other'.

Our strategic direction focuses effort into developing new revenue streams, driving greater value from our operating practices and making it simple for our customers to get on with the things that matter.

Albert Brantley
Chief Executive, Genesis Energy



“The Company’s net profit of \$104.8 million was significantly higher than the net profit of \$49.2 million reported in FY2014.”

\$344.8m

EBITDAF for FY2015

↑
12%

As compared to EBITDAF reported in FY2014

Chief Financial Officer’s report

Close attention to our **capital expenditure costs and debt** has resulted in a satisfactory financial performance.

Despite challenging market conditions, Genesis Energy’s EBITDAF for the 12 months ended 30 June 2015 of \$344.8 million was 12 per cent above the EBITDAF reported in the last financial year, but was five per cent lower than the PFI forecast published in the Company’s share offer prospectus. This prospectus shortfall was due to the impact of lower-than-expected generation revenues, lower international oil price, electricity customer numbers and retail electricity revenues.

Excluding EBITDAF, the key financial metrics of net profit after tax, capital expenditure and free cash flow (FCF) in FY2015 were all better than the respective PFI forecasts.

The Company’s net profit of \$104.8 million was significantly higher than the net profit of \$49.2 million reported in FY2014, and was 10 per cent above the PFI forecast. This was due mainly to a much higher than expected gain on fair value changes which, in turn, was a result of lower than predicted wholesale electricity prices and reduced finance expense.

As was the case in FY2014, the conversion of EBITDAF to free cash flow was particularly strong in FY2015. At \$197.7 million, FCF in FY2015 was 22 per cent higher than it was a year ago and two per cent ahead of the PFI estimate. The key driver of this outcome was stay in business capital expenditure of \$43.6 million. The lower capital expenditure and reduced finance expense offset the reduced EBITDAF.

Total net debt decreased by three per cent to \$937.2 million as at 30 June 2015, which was one per cent higher than forecast in the PFI. During FY2015, Genesis Energy restructured some of its debt by undertaking a US Private Placement (USPP) of debt securities to a select group of institutions in the United States of America. In total, the Company issued US\$150.0 million of securities – and used that to pay down short-term New Zealand dollar denominated bank debt, increasing the average maturity of funding facilities to eight-and-a-half years. At the same time, there was also the opportunity to reduce the Company’s current undrawn facilities; this will help to reduce financing costs in the future.

After adjusting for the impact of hedging exchange rates and fair value movements associated with the USPP, net debt was \$905.3 million compared to \$966.0 million at 30 June 2014. Genesis Energy’s gearing ratio (debt to debt plus equity) now sits at 34.4 per cent which is lower than the 34.5 per cent reported at the end of FY2014.

Net borrowing costs for the 12-month period reduced by \$1.5 million from \$68.2 million in FY2014 to \$66.7 million in FY2015, reflecting lower average debt levels throughout the year. The net financing cost in FY2015 was \$3.8 million lower than the PFI estimate for the same reasons.

Genesis Energy has declared a final dividend of 8.0 cents per share (cps) for FY2015, in line with the PFI forecast, and ahead of the 6.6cps final dividend declared in FY2014. Coupled with the interim dividend of

8.0cps, this brings the total dividend declared in FY2015 to 16.0cps, in line with the PFI, and equating to 80.7 per cent of FCF.

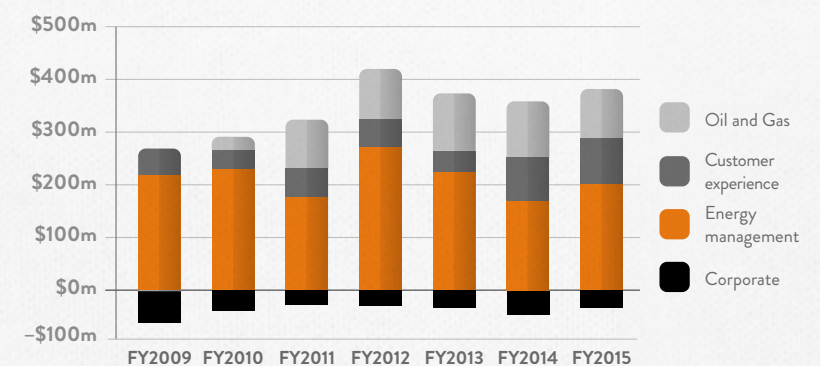
The charts below indicate the contribution to total EBITDAF in FY2015 by each of the Company’s business segments. Customer Experience and Energy Management both experienced growth in EBITDAF versus FY2014, contributing an increase of \$4.7 million and \$32.2 million, respectively, while Corporate costs were lower by \$13.6 million.

Oil and Gas EBITDAF of \$93.5 million was \$13.5 million, or 13 per cent, lower than it was in FY2014, mainly due to lower international oil prices and lower production volumes. Oil and Gas EBITDAF from the Kupe field contributed 27 per cent of total EBITDAF in FY2015 versus 35 per cent a year ago.

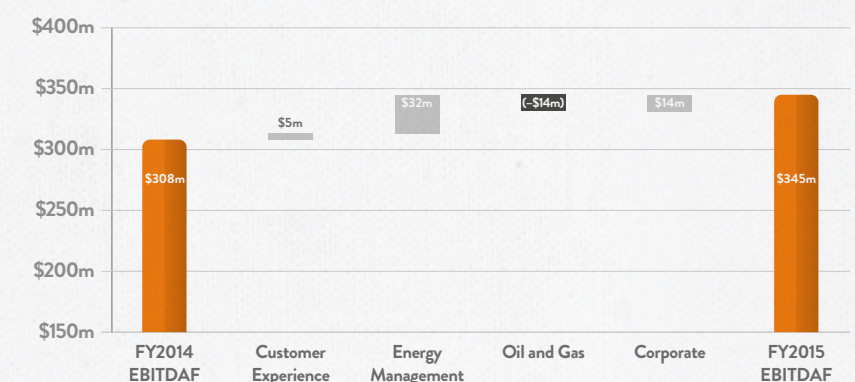
Andrew Donaldson
Chief Financial Officer, Genesis Energy

Excluding EBITDAF, the key financial metrics of net profit after tax, capital expenditure, and free cash flow (FCF) in FY2015 were all better than the respective PFI forecasts.

EBITDAF by segment



EBITDAF bridge from FY2014 to FY2015



Part of creating everyday connections

The energy markets in which Genesis Energy operates are changing rapidly. Customers in New Zealand now have more options than they have ever had before when it comes to choosing which fuel to use to power their homes or businesses, which provider to buy it from and how digital devices or services can interact with their homes, appliances and businesses.



Changes to the New Zealand generation fleet, flat demand, wholesale price stability in dry years, new disruptive technologies, increasing competition and evolving customer expectations will present both challenges and opportunities to the way we meet the expectations of customers and in the way that we maximise the value of our assets.

Genesis Energy is responding to these shifting consumer trends with tailored strategies and flexible business plans.

It is up to Genesis Energy to use its strong brands, great people and assets to leverage into a new, more dynamic future.

We are driving efficiencies to deliver value, realigning our generation portfolio to meet the needs of a changing market and moving towards being an enabler of desirable, simple, smart energy solutions that meet the needs of our customers, large and small.



Brrr, cold day, nice hot bath.

A hot bath is a start to playing our part in enhancing everyday lives.

“We believe that by working together in the context of strategic partnerships, more can be achieved than is possible through the same efforts applied individually.”



Our goals for the future

We will be driving an end to end digital business model

We have an ambitious goal of ‘Owning New Zealand’s energy future like no other’. This means being a provider of simple and smart energy solutions and services. It means providing energy options to customers, partnering with others to deliver innovations that fit seamlessly into everyday life and seeking all those opportunities that allow us to grow. It means being the enabler energy brand of the future.

In its simplest form, Genesis Energy’s strategic direction is focused on:

- Extracting more value from core activities by running more efficiently and at lower cost
- Outshining our competitors
- Establishing digital platforms for growth
- Broadening the Company’s sources of revenue through new ventures and acquisitions.

To meet the demands of New Zealand customers effectively, both now and in the future, Genesis Energy will create the nimble, low-cost environment required to deliver a multidimensional view of the customer. The Company will achieve this by smartly investing in, and driving, an end-to-end digital business model that results in customer needs being met through their digital channels of choice, supported by a ‘hands-off’ digital back office that delivers efficiency.

In the following pages, we discuss the response to the changing markets in the Customer Experience and Energy Management business segments.

The Company will create strategic partnerships that will **deliver multi-product bundles and provide the right back-end tools** and experience to deliver smart, simple services.

Valuable partnerships

At its core, any partnership will aim to create secure, long-term profitable business and development opportunities for both the partner and Genesis Energy.

We believe that, by working together in the context of a strategic partnership, more can be achieved than is possible through the same efforts applied individually.

As an example, we recently began a partnership with Spark, New Zealand’s leading digital services company. The relationship is based

on a set of high-level principles where it is recognised that we have opportunities to complement each other’s business by offering additional valued products and services directly to our customers, or through and with Spark.

Formal and informal discussions are continuing with a range of other potential strategic partners. The Company has a reputation for working cooperatively with a range of partners and is open to forming new commercial relationships.



Schoolgen success

Another successful partnership is between Genesis Energy and 80 primary, intermediate and secondary schools throughout New Zealand.

The Schoolgen programme has been running since 2007 and has installed 247kW of solar photovoltaic (PV) panels onto school roofs.

The programme employs two Environmental Educators to work with teachers and students. Resources for teachers and students at all levels are provided, free of charge, via www.schoolgen.co.nz

Recently the relationship between Genesis Energy and two Schoolgen schools was upgraded to a commercial footing. Both schools – Takapuna Intermediate Normal and Milford Primary – installed a further 35kW of PV under a power purchase agreement.

The ‘Schoolgen Plus’ installations at the Takapuna and Milford schools is part of a pilot commercial scheme to increase our understanding of customers’ needs and to test a variety of business models in the solar arena.



Genesis Energy is an energy company and recognises that customers have energy choices. We believe that solar generation and battery storage are future products that we should offer them. We need to understand their needs and what type of services they may be seeking in the future.

Part of changing the experience

Genesis Energy has around 636,000 customer accounts (connections) and is **New Zealand's largest electricity and gas retailer** with 26.7 and 40.0 per cent of market share, respectively.

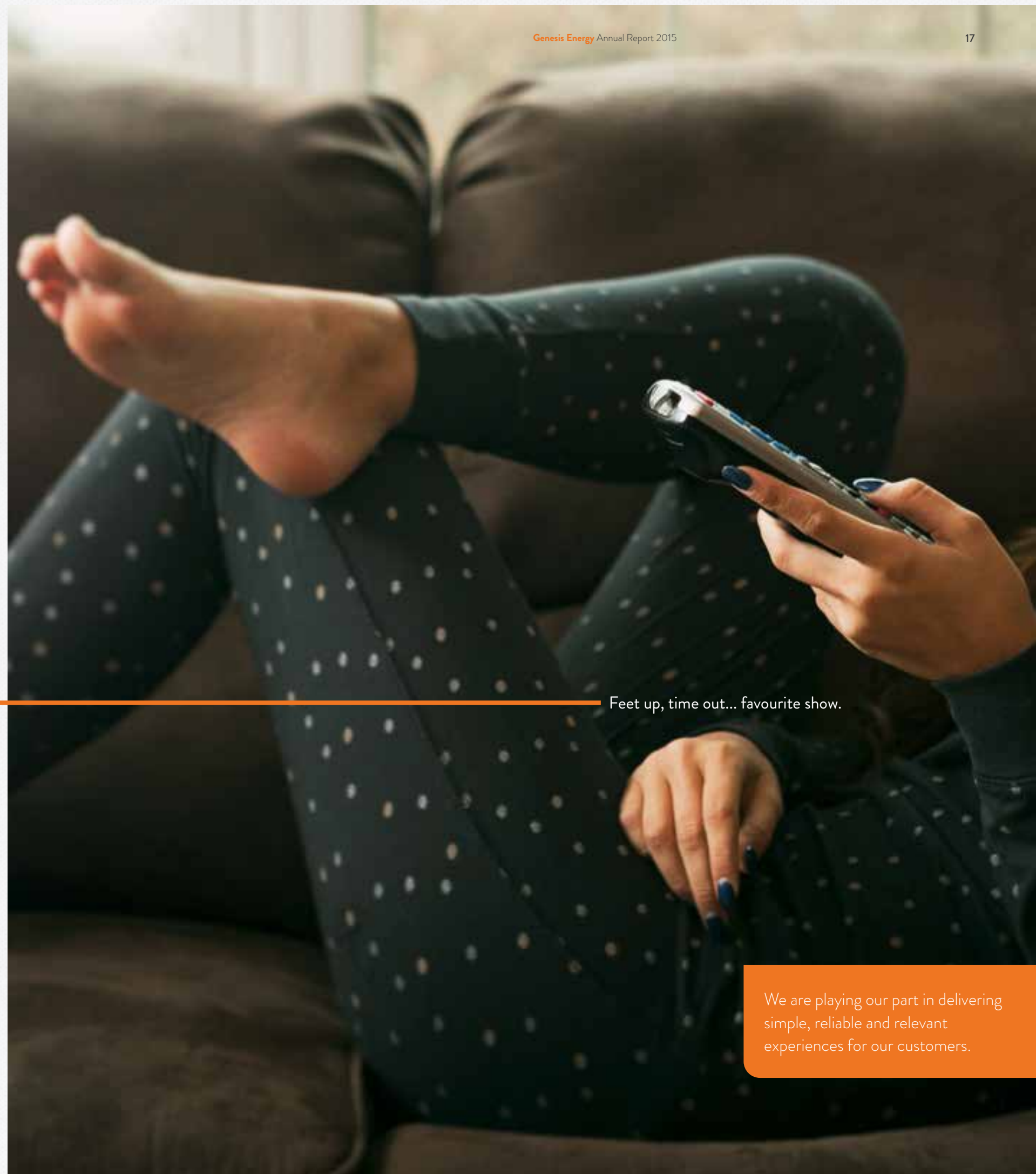
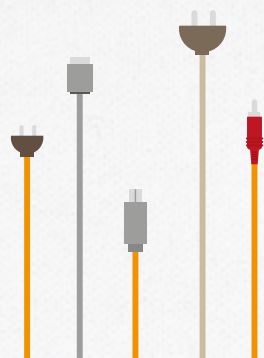


The Company continues to focus on New Zealand and delivering great experiences to its customers by providing multi-product offerings and excellent service through its two brands, Genesis Energy and Energy Online.

The Company uses its trading expertise to support its retail customers and to maximise the value from its diverse (by location, scale and fuel source) generation portfolio.

As we build on our aim to deliver value for our customers through simple, reliable and relevant products and services, our Customer Experience team is focusing on continuing service improvements. Improving digital platforms and gaining greater customer insights through data analysis will deliver better outcomes.

The Company's Customer Experience business activities face an increasingly competitive and innovative retail environment with flat demand and high market churn driven by multi-product offerings (including telecommunications), new entrants, innovative niche offerings and emerging disruptive technology entering the market. Around 30 companies now offer an electricity or gas product to New Zealanders.



Feet up, time out... favourite show.

We are playing our part in delivering simple, reliable and relevant experiences for our customers.

Loyalty is not bought but is earned through great, effortless customer service, brand affinity, and a company that lives its behaviours and values.



Genesis Energy cannot afford to be complacent while new entrants tempt its customers away with promises of lower prices or new ways of metering and selling power. During FY2015, customer switching was high and was sustained over three quarters.

To keep ahead of the competition, substantial service improvements throughout the year resulted in a stabilisation in accounts by the final quarter of the year. These actions included improvements to service, fixed-price-fixed-term contracts and a pledge not to increase the energy component of electricity bills in FY2015.

The year-long recovery to stability was taken without resorting to eroding margins. In fact, despite customer account losses of 1.6 per cent in FY2015, the Customer Experience segment improved its financial contribution to EBITDAF, from \$82.5 million last year to \$87.2 million in FY2015.

Customer surveys conducted monthly for the Company show customer satisfaction increased to 96 per cent at the end of FY2015, from 88 per cent in FY2014.

We know that electricity and gas pricing is a material issue for our customers and that is why we held energy pricing this past year. In March 2015, a price change for all electricity customers did happen but it was only for the distribution network component of customers' bills. Customers in Wellington and Auckland received a network price decrease.

On average, across the country, retail electricity prices did not rise in the 12 months to the end of June 2015 according to Statistics New Zealand's Consumers Price Index.

Genesis Energy supports the New Zealand Federation of Family Budgeting Services (NZFFBS) as a way of helping our customers who struggle to pay their bills.

Our sponsorship of NZFFBS pays for the 0508 Budgetline – an advice helpline – and other budgeting advice resources.



To improve energy sales, the Company is expanding its existing market channels and **developing new channels and services** to support customers who are moving house, as well as other new customer connections.

Customer relationships

While the Company sells a range of products – electricity, natural gas, bottled LPG – the relationships we have with our customers in this competitive environment has become critical. Customer loyalty is highly sought after.

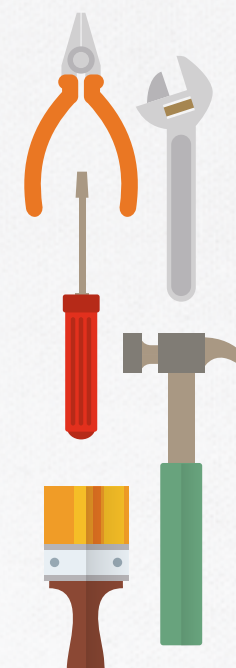
Loyalty is not bought but is earned through great, effortless customer service, brand affinity, and a company that lives its behaviours and values. One behaviour that we encourage internally is 'Do What's Right'. This behaviour was behind our decision to withdraw from door-knocking sales which, research told us, was disliked by customers. Following this move, Genesis Energy partnered with Consumer to help distribute 'Do Not Knock' stickers to New Zealand households via energy invoices. Customers who engaged with us online were sent electronic communications, each of which has a link for ordering stickers.



produce more relevant, and highly effective engagement between our brands and the many communities that make up New Zealand.

Genesis Energy is currently New Zealand's only energy provider with a team dedicated to supporting building and construction companies and tradespeople with their new electricity and gas connection needs. Currently, we are achieving 10 per cent year-on-year growth in the trade and construction sectors in the Auckland, Canterbury and Waikato regions.

For many years, Genesis Energy has invested its sponsorship funds into community groups that operate at a local level and make positive differences to people's lives. Organisations that received support in FY2015 include the Foundation for Youth Development, Curtain Bank and the NZFFBS. Genesis Energy customers also continued to support the Genesis Oncology Trust through regular monthly donations via their energy invoices.



New products

During the year, the **Company launched a range of new product offers designed to work in with the lives of our customers, providing greater value and building loyalty.** The most significant of these was a new way to price and sell natural gas, which the Company sources from its investment in Kupe and other Taranaki gas producers.



The gas value packages give our customers the certainty of paying the same amount each month for gas, even if they use a little extra.

With a view to the future, where customers have a simpler view of energy and demand less complexity in billing, Genesis Energy launched gas value packages in July 2015: both as a first-mover initiative to test the appetite for a simplified offering and to meet the market better.

The gas value packages give our customers the certainty of paying the same amount each month for gas, even if they use a little extra. Based on historical consumption, gas customers were offered one of three monthly plans – \$129 Gas Unlimited, \$99 Gas Plus and \$79 Gas Essentials. All three offer value for money to our customers.

Total retail gas sales volumes of 7.1PJ were 16.4 per cent higher in FY2015 compared to those in FY2014 due to an increase in both mass market and Time of Use sales volumes. This also reflected increased usage per customer (up by 10 per cent year on year) offsetting a reduction in customer connections. Bottled LPG sales increased by 16.7 per cent year on year to 3,523 tonnes and the number of LPG customers now sits at 13,839, up from 11,803 in FY2014.

Digital first

By 2018, around 90 per cent of New Zealanders will have smartphones. More and more, Genesis Energy and Energy Online customers are using their smartphones to access the Internet and engage with vendors. As at September 2014, 40 per cent of our customers were using mobile phones to access our My Account service. However, it wasn't the easiest experience via mobile phone.

The Company addressed this quickly by working within its technology capability to improve the service. We applied the 80:20 rule by selecting the 20 per cent of pages accessed 80 per cent of the time and making them multi-device friendly. The result has been a better experience online for customers, whatever devices they use.



Even though Energy Online is a challenger brand of Genesis Energy, the team operates relatively independently with **genuine entrepreneurial spirit.**

Energy Online – a growth story

Energy Online has a brand proposition of *Brilliantly Simple Energy Powered by Passionate People*. This proposition runs through all aspects of Energy Online's activities. The brand is powered by a small team of passionate people who truly believe in delivering a simple and great-value service.

The team of 45 people works together on one floor of a building in Hamilton. It has developed a close-knit operating culture that focuses on Doing the Right Thing for customers.

The Energy Online team strives to keep things simple and to keep bureaucracy and overly complex processes out of its dealings with customers.

73,000 Energy Online customers in FY2015

As a result, Energy Online has grown from being a niche regional electricity retailer to a national provider with more than 73,000 customers (68,716 in FY2014). Also, Energy Online has doubled its gas customers in the last 12 months to 4,259 at the end of June 2015.

| Customer Experience | FY2015 | vs FY2014 | Percentage change |
|---|----------------|----------------|-------------------|
| Electricity customer accounts | 516,574 | 523,278 | -1.3 |
| Gas customer accounts | 106,263 | 111,966 | -5.1 |
| Total accounts ex LPG¹ | 622,837 | 635,244 | -1.9 |
| LPG customers | 13,839 | 11,803 | 17.2 |
| Total customer accounts | 636,676 | 647,047 | -1.6 |
| Total advanced meters installed | 364,129 | 367,882 | -1.0 |
| Average customer switching rate ² | 19.1% | 21.2% | -2.1 |
| Retail electricity sales (GWh) | 5,414 | 5,391 | 0.4 |
| Retail electricity purchases (GWh) | 5,769 | 5,729 | 0.7 |
| Retail gas sales (PJ) | 7.1 | 6.1 | 16.4 |
| Retail gas purchases (PJ) | 7.0 | 6.1 | 14.8 |
| Retail LPG sales (tonnes) | 3,523 | 3,018 | 16.7 |
| Average retail electricity purchase price (\$/MWh) ³ | 74.67 | 69.80 | 7.0 |
| LWAP/GWAP ratio ⁴ | 99% | 99% | |
| Customer experience EBITDAF (\$m) | 87.2 | 82.5 | 5.7 |

1 Based on Genesis Energy customer records, excluding vacant accounts and defined by number of connections.
2 Based on the number of ICPs (or points of connection).
3 Excludes settlements from electricity derivatives.
4 The ratio of average retail electricity purchase price to average price received for generation.

Part of trading up

At the heart of the Genesis Energy business is the **energy trading and fuels management** function. The Company's trading activities cover electricity generation and wholesale sales, fuel supplies for generation, gas and LPG supplies for our wholesale and retail customers.



Traders in this part of the business manage the daily flow of electricity from the Company's electricity generators to our wholesale and retail customers. They operate the commercial link between the Company's generation plant, fuel suppliers (including the Kupe Oil and Gas Project) and our customers, via the wholesale electricity market or other distribution systems.

Crucially, energy traders are required to respond in real time, 24 hours a day, to supply and demand movements in the various electricity, gas, oil and LPG markets from which Genesis Energy earns revenue. Traders buy and sell short-term in half-hourly tranches or on longer-term hedge contracts. A separate team works in the futures and derivatives markets.

Genesis Energy actively manages and hedges the Company's portfolio of

assets and optimises the mix of fuels, electricity and contracts.

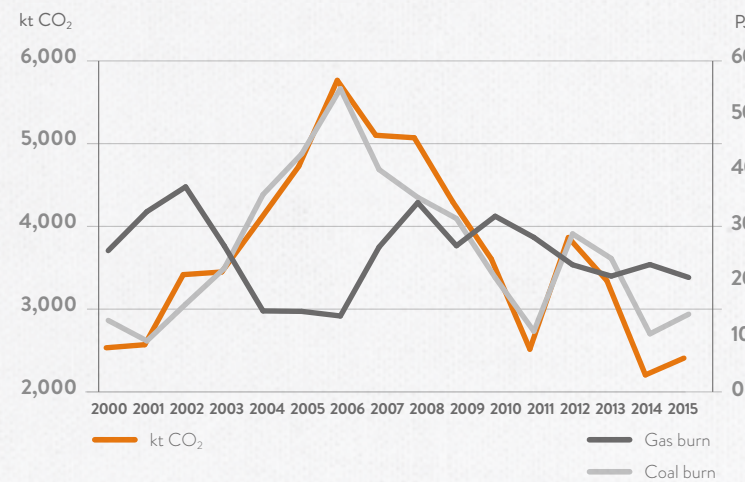
Because of its role within the heart of the business, the Trading and Portfolio Management group is also a nursery for newcomers to the business and is part of succession planning for the wider Company. The group has an active programme for interns and graduates, and experienced traders have moved to other parts of the Company or come from internal roles in Finance, Risk, Energy Management or Strategy Development.

A strength of the Genesis Energy trading team is its range of skills and experiences. It has a number of senior managers with a great deal of electricity industry experience who are committed to Genesis Energy's values and behaviours. It has also recruited, in recent times, traders and commercial managers from outside of the energy sector.



Moving ahead of an everchanging market.

We play a crucial role in the supply and demand of energy in the market. **Pictured:** Trading Operations Manager, Jane Bydder, with colleagues.

Carbon dioxide emissions (kt CO₂) and gas/coal burn (PJs) at Huntly

The Company uses Kupe and other fields' gas at the Huntly Power Station and **sells natural gas** and LPG to wholesale and retail customers.

The outcome of the electricity wholesale market in FY2015 – moderate prices during drought followed by even lower prices when rain appeared – now appears to be the new normal for this market. In the past, during dry seasons, Genesis Energy's thermal units at Huntly were expected to be fully available and generally ran hard. This is no longer the case.

In 2015, contrary to expectations and market history, wholesale electricity spot prices were around \$100 per MWh during summer and almost half that by the end of June. In the past, average prices have been traditionally low in summer due to low consumption, and high in winter due to high demand and declining hydro reserves.

Investment in the National Grid by Transpower and construction of new baseload geothermal power stations has removed a significant proportion of risk from the market for hydro generators with relatively small storage capacity. This significant change combined with better water management and lower consumer demand resulted in modest spot prices despite a historically low hydro storage of around 2,000GWh.

“This scenario of fuel abundance and low wholesale electricity prices is the likely **near future of energy trading for Genesis Energy.**”

In April 2015, national storage came close to the 1992 level when New Zealand instigated a national electricity savings campaign. However, market changes meant no such campaign was required to ensure security of supply.

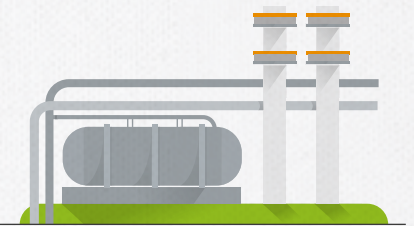
Just as the lakes hit their historical lows, inflows into our North Island catchments were well below long-term averages (Waikaremoana inflows were 20 per cent below median and Tongariro inflows were 15 per cent below median). Vast amounts of rain arrived in the South Island and national hydrology recovered to 110 per cent of average in less than 30 days.

Genesis Energy ran its two Rankine coal-fired units every day in April but, by June, the units were more or less at a standstill as the Company arranged short term hedges with hydro generators to meet its customer demand. Due to an abundance of water, electricity prices dropped to a point where it became uneconomical to generate to meet our customer demand levels using coal or gas, so hedges were purchased at low cost to fill the need.

This scenario of fuel abundance and low wholesale electricity prices is the likely near future of energy trading for Genesis Energy.

Fuel management

Genesis Energy owns a 31 per cent share of the Kupe Oil and Gas Field. As a result, **Genesis Energy is entitled to 31 per cent of the condensate, gas and LPG production from the Field.** Also, it has contracted to buy the balance of natural gas from the other joint venture partners – Origin Energy, New Zealand Oil and Gas and Mitsui EP.



The Company uses Kupe gas at the Huntly Power Station and sells natural gas and LPG to wholesale and retail customers.

Genesis Energy also consumes coal for electricity generation at the Huntly Power Station. Coal is sourced from Solid Energy.

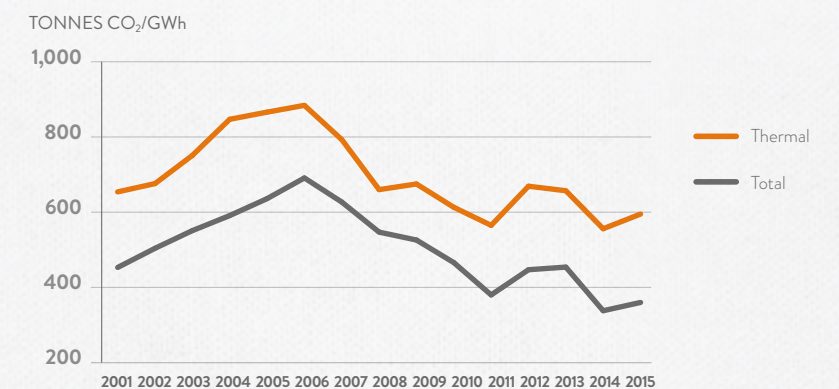
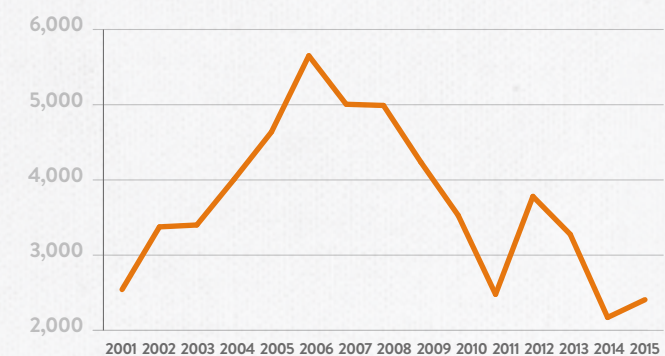
Coal and gas continue to play a useful role in electricity generation in New Zealand. As a result of the dry conditions this past year, and optimisation of the coal and gas contracts, more coal was required to help with electricity supply during periods of 2015 than in 2014.

Consequently, coal consumption increased by 34 per cent from 10.6PJ to 14.2PJ. However, coal consumption by Genesis Energy has been trending down since 2006.

The permanent retirement of two Rankine units and decreasing utilisation of the remaining two units is likely to result in further decline in coal consumption and, consequently, declining carbon dioxide emissions.

During FY2015, CO₂ emissions increased by 10 per cent.

Carbon intensity profile of Genesis Energy's generation portfolio

Carbon dioxide emissions (kt CO₂) at Huntly

Genesis Energy has revised its historical generation emissions profile to incorporate changes made by the Ministry of Business, Innovation and Employment (MBIE) published in its '2013 calendar year emission factors' (released in April 2015). MBIE has aligned the reporting of New Zealand's emission factors to the IPCC 2006 guidelines (under UNCCC agreements) and backdated them (as has been done in other countries) over the historical emission factor time series. This change includes the removal of the oxidation factor for coal (moving from factor 0.98 to 1.00). The impact of these changes on Genesis Energy's historical emission profile (FY2000 to FY2015) is an average increase of 1.6 per cent, mostly noticeable during FY2006 to FY2008.

| Fuel – purchased and consumed | FY2014 (all PJs except coal stockpile) | FY2015 | Percentage change |
|---|--|--------|-------------------|
| Gas purchases | 45.0 | 48.5 | 7.8 |
| Retail gas sales | 6.1 | 7.1 | 16.4 |
| Wholesale gas sales | 15.8 | 20.7 | 31.0 |
| Gas used in internal generation | 23.1 | 20.8 | –10.0 |
| Wholesale coal sales | 0.0 | 0.7 | – |
| Coal used in internal generation | 10.6 | 14.2 | 34.0 |
| Coal stockpile – closing balance (kilotonnes) | 957.5 | 720.9 | –24.7 |

Kupe – reserves and production

The Kupe asset continued to contribute strongly to Group earnings. Higher production levels in FY2015 resulted in higher gas, oil and LPG volumes being sold and led to revenue contributions being slightly ahead of those for last year.

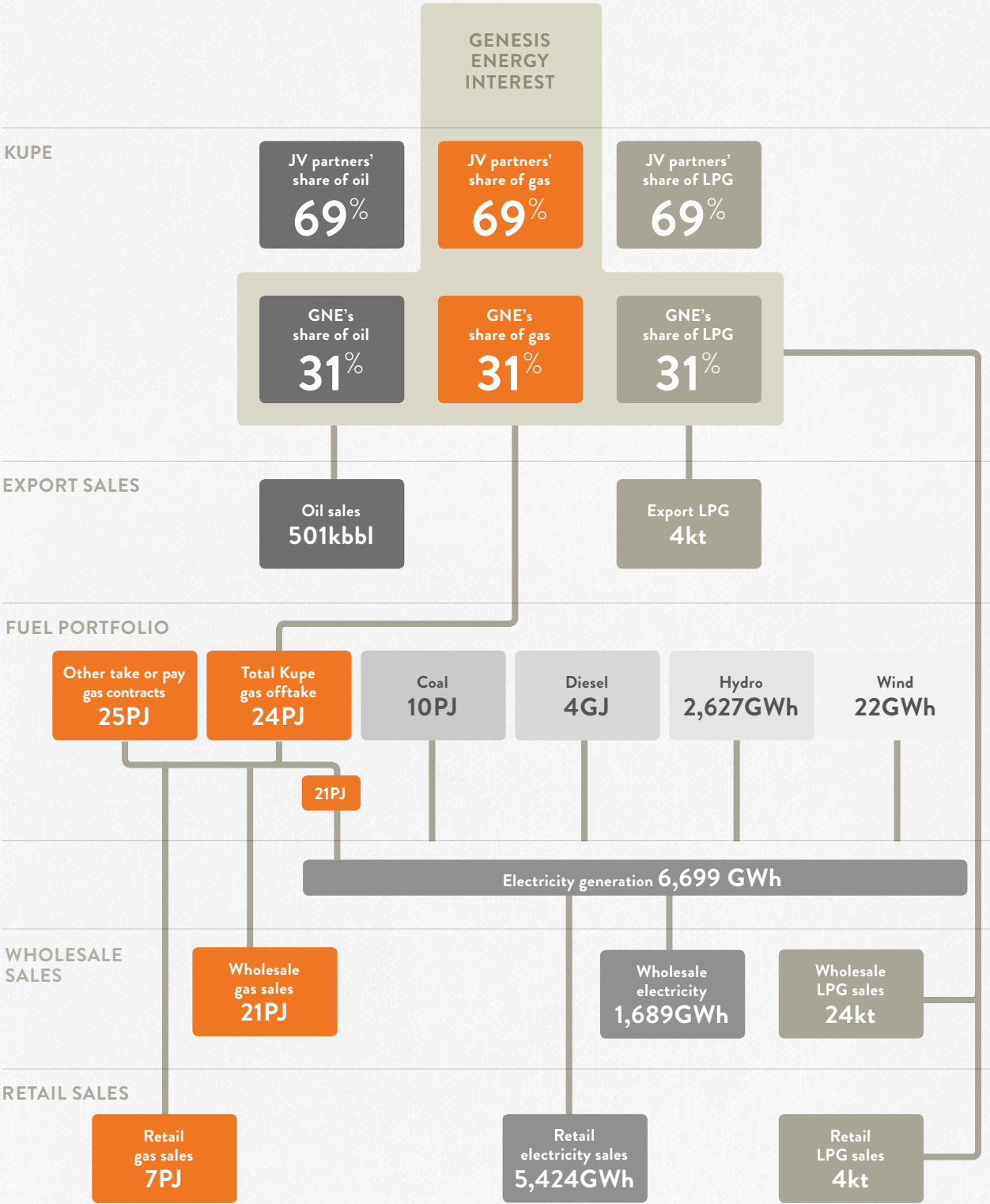
Through hedging put in place prior to the decline in the Brent crude oil prices in Q4 (calendar 2014), there was a more limited price impact on oil revenues from global reductions in oil prices.

| Genesis Energy sales share | FY2014 | FY2015 | Percentage change |
|----------------------------|--------|--------|-------------------|
| Gas sales (PJ) | 7.1 | 7.6 | 7.0 |
| Oil production (kbbbl) | 535.3 | 502.1 | –6.2 |
| Oil sales (kbbbl) | 531.5 | 500.8 | –5.8 |
| LPG sales (kilotonnes) | 29.8 | 31.6 | 6.0 |

No change has been made to the reserves calculated since 30 June 2012. Following the in-well campaign completed in January 2015, new data is being used to update subsurface models and calculate an updated reserves quantity. This reserves update is planned to be completed in H2 of 2016 by Origin Energy, the Kupe field operator.

| | | | Full field production | | | Full field remaining reserves (2P) | | |
|----------------------|------------|----------------------------------|-----------------------|--------|--------|------------------------------------|-------------|-------|
| | Measure | Full field reserves 30 June 2012 | FY2013 | FY2014 | FY2015 | Developed | Undeveloped | Total |
| Condensate/Light oil | barrel (k) | 13,629 | 1,556 | 1,712 | 1,608 | 5,016 | 3,737 | 8,753 |
| Gas | petajoule | 276 | 18 | 23 | 24 | 123 | 88 | 211 |
| LPG | tonne (k) | 1,178 | 77 | 96 | 103 | 532 | 370 | 902 |

Genesis Energy interest in Kupe (FY2015)



Part of the natural environment

Genesis Energy harnesses natural resources in the form of water and wind, and fossil fuels, such as coal and gas, to generate electricity for our wholesale and retail customers.



The Company transforms the kinetic energy of flowing water via turbines and generators into electrical energy. The Company has three hydroelectric power stations – the Tongariro and Waikaremoana Power Schemes in the North Island and the Tekapo Power Scheme in the South Island. A small wind farm at Hau Nui in southern Wairarapa connects to the local electricity network.

At the Huntly Power Station, the Company burns coal and gas to create steam to drive turbines in two 250MW Rankine units. Natural gas sourced from several Taranaki gas fields, including Kupe, fuels two gas turbines – a 403.0MW combined gas and steam turbine and a 50.8MW open cycle gas turbine.

The dispatch of electricity from the Company's generating units is determined by Genesis Energy's customer demand, wholesale

electricity prices, rainfall and inflows to lakes and rivers, fuel costs and plant availability. The key factors in the New Zealand electricity market are hydro storage – which can be volatile given the relatively shallow hydro lakes – and consumer demand.

In FY2015, both factors had significant impacts on the Company's operational performance and strategic decision making with regard to its generation portfolio.

FY2015 experienced one of the driest summers known to the New Zealand electricity sector. Lake levels in February, March and April were extremely low with a bottom point of 2,000GWh of storage. Genesis Energy's three hydro schemes were impacted to varying degrees with Tekapo least affected and Waikaremoana in the North Island severely impacted, although overall hydro generation was up by 5.2 per cent.

It's good to focus on the things that really matter.

Genesis Energy seeks to balance its need to take and divert water in the central North Island with the needs and rights of other river and lake users. **Pictured:** Fly-fishing on the Tongariro River – a contributor to Genesis Energy's Tongariro Power Scheme.





The dispatch of electricity from the generating units is determined by Genesis Energy’s customer demand, wholesale electricity prices, rainfall and inflows to lakes and rivers, fuel costs and plant availability.

20.8PJ

wholesale gas sales



31.0% when compared to FY2014

14.2PJ

coal used in internal generation



34.0% when compared to FY2014

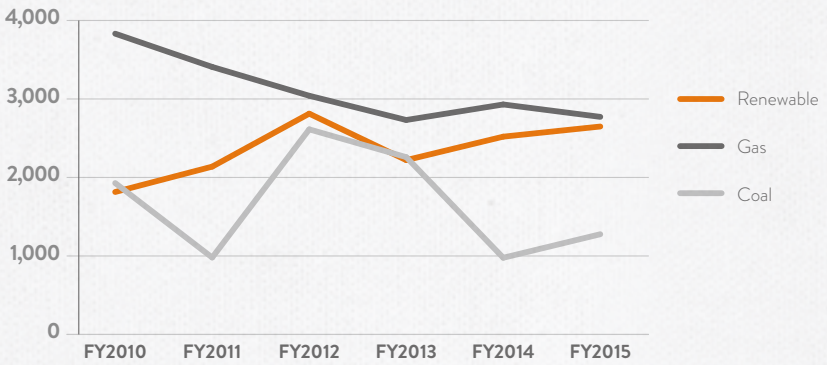
| Generation outputs (GWh) | FY2014 | FY2015 | Percentage change |
|--|--------------|--------------|-------------------|
| Gas | 2,930 | 2,772 | -5.4 |
| Coal | 977 | 1,277 | 33.9 |
| Total thermal | 3,907 | 4,049 | 3.6 |
| Hydro | 2,497 | 2,627 | 5.2 |
| Wind | 23 | 22 | -4.4 |
| Total renewable | 2,520 | 2,649 | 5.1 |
| Total generation | 6,427 | 6,698 | 4.2 |
| North Island | 5,448 | 5,633 | 3.4 |
| South Island | 979 | 1,065 | 8.8 |
| Average price received for generation GWAP(\$/MWh) | \$70.53 | \$75.41 | 6.9 |

While the wholesale prices were soft compared to those of previous dry years, the costs to maintain and operate the coal/gas Rankine units at Huntly continued to rise.

In December 2013, a Rankine unit had been placed into storage with a three-month return to service should it be needed by the market. However, notwithstanding the 2015 drought, the unit was not required by the wholesale electricity market.

At the end of June 2015, Genesis Energy permanently retired a second 250MW coal/gas fired Rankine unit at the Huntly Power Station.

Generation (GWh) by fuel type



Huntly Power Station

| Unit | Status |
|---|---------------------|
| Huntly Units One and Two (250MW coal-and-gas fuelled) | Operating |
| Huntly Units Three and Four | Permanently retired |
| Huntly Unit Five (403MW combined-cycle gas turbine) | Operating |
| Huntly Unit Six (50MW open-cycle gas turbine) | Operating |

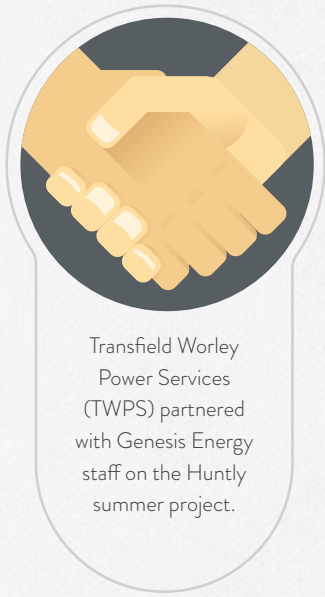
At the end of June 2015, Genesis Energy permanently retired a second 250MW coal/gas Rankine unit at the Huntly Power Station. Market events had proven there was no justification for keeping the additional Rankine unit (Unit Four) in storage.

Investment in the National Grid and by other generators has resulted in Genesis Energy scaling back its medium-term generation development plans. The majority of land rights agreements for the Castle Hill Wind Farm have been allowed to expire (the Company has kept nine agreements) and land acquired for the Rodney Power Station, north of Helensville, Auckland, is being divested over a six-month period.

The previously retired Huntly unit – Unit Three – had one last major function to play during the FY2015 year; its generator transformer and rotor were both moved to Unit One during the FY2015 Cold Survey outage on Unit One. This was a significant recertification outage that involved inspection of key plant areas, validation of critical safety systems and integrity of pressure vessels. This provided an ideal opportunity to replace the transformer and rotor.

Transfield Worley Power Services (TWPS), which was awarded an integrated services contract for outsourced maintenance services at all Genesis Energy generation sites in November 2014, partnered with Genesis Energy staff on the Huntly summer project.

The TWPS integrated services contract replaced around 80 separate outsourced maintenance contracts.





Key asset maintenance facts:

- Unit One now recertified to work at full capacity
- The rotor transplant and transformer move between Units One and Three added to outage complexity
- 50,028 hours worked on the Cold Survey (late December 2014 to April 2015)
- Two new transformers installed at Kaitawa, Waikaremoana Power Scheme.

The Company operates its generation assets under a number of resource consents, easements, mitigation and relationship agreements in order to generate electricity and balance the needs of communities and the environment. During FY2015, there were no significant breaches of consent conditions.

The Annual Environmental Reports update communities and stakeholders about activities at the sites each year.



The Annual Environmental Reports (AER) update communities and stakeholders about activities at the sites each year and cover:

- Resource consent compliance
- Updates on monitoring and research programmes
- Key project information
- Community and environmental initiatives
- Environmental objectives for the next 12 months.

Following completion of the AERs, annual stakeholder consultative meetings are held. These meetings bring Genesis Energy and key stakeholders, such as the Department of Conservation, iwi groups and Fish and Game together with local communities to discuss the power schemes. The meetings focus on giving the public information on Genesis Energy's operations and the opportunity to address any issues as they arise. These meetings help develop closer working relationships with the communities we operate in. The consultative meetings were held between September and November 2014.

Genesis Energy produces voluntary Annual Environment Reports (AER) for the Tongariro, Waikaremoana and Tekapo Hydro Power Schemes. The FY2015 reports are available on the [Genesis Energy website](#)



Genesis Energy partners with organisations that are making a positive difference to social well-being or biodiversity in the areas in which it operates.

Partnerships

Most of Genesis Energy's community and environmental investments or sponsorships are linked closely to our generation activities.



Genesis Energy has for many years demonstrated a tangible commitment to our generation communities and neighbouring environments.

The Company partners with organisations that are making a positive difference to social well-being or biodiversity in the areas in which it operates. Examples include the **Foundation for Youth Development** programmes in the Waikato, the **Hillary Outdoor Pursuits Centre** and the **Department of Conservation's Whio Forever** recovery programme.

The relationship between Genesis Energy and the Department of Conservation is extremely important to both parties. The Company recognises its impact on the natural environment and the native species that inhabit the waterways from which it extracts water. For example, the Whio is a native duck that lives only on fast-flowing water and is an indicator species. Whio populations are secure on rivers that are managed well by hydro generators and protected from imported predators such as ferrets and rats.



↑
23%

increased visits to
Whio Forever website
FY2015.

↑
27%

increase in kilometres
of rivers protected
for whio
FY2015.

Partnership project: Whio Recovery Programme

March 2015 was Whio Awareness Month and efforts focused on raising awareness of the plight of the whio and highlighted conservation work carried out by the Genesis Energy National Whio Recovery Programme.

The ‘Meet Whio-na’ marketing campaign succeeded in increasing visits to the Whio Forever website by 23 per cent.

The partnership between the Department of Conservation and Genesis Energy on the Whio Recovery Programme has been under way for four years. Outstanding results in new breeding pairs have been achieved in recent years in most of the selected security sites as a result of the investment in predator control. However, some sites have been impacted by flood events (washing out nests) and high predator activity (Manganui/Retaruke).

| Kilometres of rivers of New Zealand protected for whio | FY2014 km river managed | FY2015 km river managed |
|--|----------------------------|----------------------------|
| North Island | 347 | 429 |
| South Island | 695 | 898 |
| Total | 1,042 | 1,327 |

| Whio security sites | Pairs FY2013 | Pairs FY2014 | Pairs FY2015 |
|---------------------|-----------------|-----------------|-----------------|
| Te Urewera | 7 | 21 | 21 |
| Whirinaki | 15 | 16 | 23 |
| Tongariro Forest | 43 | 114 | 109 |
| Manganui/Retaruke | 51 | 37 | 22 |
| Wangapeka | 20 | 29 | 30 |
| Clinton/Arthur | 40 | 38 | 41 |
| Oparara/Ugly | 20 | 34 | 32 |
| Styx/Arahura | 10 | 13 | 30 |
| Total | 206 | 302 | 308 |

| Recovery sites | Pairs FY2013 | Pairs FY2014 | Pairs FY2015 |
|----------------|-----------------|-----------------|-----------------|
| 21 sites | 93 | 145 | 188 |



85

students from
Tongariro, Huntly, Wairoa
and Ruapehu Colleges
attended the Hillary Step
programme.

92

students from around
the country competed in
the Genesis Energy
Hillary Challenge.

Partnership project: Hillary Outdoor Pursuits Centre

Situated within the Tongariro Power Scheme, the **Hillary Outdoors Education Centre** is an obvious partner for Genesis Energy and enables us to fulfil our commitment to helping young people achieve a range of important life skills.



Our support is given to two of their key programmes: the Hillary Step and the Genesis Energy Hillary Challenge. The Hillary Step involves students from low-decile schools participating in a weeklong outdoor education programme. The Genesis Energy Hillary Challenge pits teams of students from around the country against each other in a five-day series of adventure challenges.

Our people play their part

At Genesis Energy, **every one of our 931 employees has a role to play** to achieve our long-term strategies and business plans. It is important that everyone achieves their targets and objectives safely, and gets home safe and sound.



A 'cascade approach' is used so that senior managers understand the strategy and, in turn, help develop understanding among team leaders and their members. The Company has embarked on an internal programme to ensure that individual performance objectives have clear links to the Genesis Energy strategy, key behaviours and values, and to health and safety targets.

Following a parallel strategy development programme and internal culture change project, three key behaviours were introduced in the second half of the year. They are:

- Keep it simple
- Make it happen
- Do what's right

These behaviours or attitudes are linked closely to the Company's Business Plan to provide seamless, simple services for our customers, underpinned by safe, efficient and well-run generating plant.

The behaviours were developed internally to meet strategic, cultural and organisational development needs.

The clearest example is 'Do What's Right' – for each other, our customers and our communities. This behaviour applies as much to how we treat our customers as to how we approach personal safety at work.

When we started the safety journey several years ago at Genesis Energy, we concentrated on personal coaching and behaviour to change perceptions of health and safety. We continue this programme today and now incorporate process safety approaches as well. **We are very proud of the change in the health and safety culture that has been developed at Genesis Energy.**



Dad's home! Safe and sound.

Home safe: Genesis Energy is a company that is focused on doing right by our people, and making sure they are safe and sound, and are in an environment where they can grow.

| Total injuries | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 | FY2015 |
|---|--------|--------|--------|--------|--------|--------------|
| Workforce injury rate ¹ (injuries/100 employees) | 20.63 | 18.38 | 14.27 | 8.28 | 4.92 | 4.86 |
| Percentage of absent days (absentee days/total days worked) | 4.16% | 5.09% | 4.50% | 4.53% | 3.57% | 2.47% |
| Lost-time injury frequency rate (LTIFR) (lost-time injuries x 1,000,000/actual hours worked) | 9.87 | 4.35 | 3.66 | 1.18 | 0.98 | 1.82 |
| Total recordable injury frequency rate (TRIFR) ((lost-time injuries + restricted work injuries + medically treated injuries) x 1,000,000/actual hours worked) | 33.00 | 31.00 | 7.32 | 2.36 | 1.97 | 2.43 |

¹ The data reported includes all minor self-treatment, first-aid injuries.
Note: 'Workforce' is defined as permanent and fixed-term employees. Employee numbers as at 30 June 2015.



Our inaugural Safety Week was held from 18 to 22 August 2014. It was a great success with a high level of engagement from individuals and teams across the Company.

In August 2014, Genesis Energy was named the winner of the Excellence in Health and Safety Award at the Deloitte Energy Excellence Awards. Genesis Energy was recognised for a transformational effort that had seen a 93 per cent reduction in work place injuries over the previous three years.

In April 2015, Genesis Energy’s Chief Executive Albert Brantley was named Executive Leader of the Year at the New Zealand Health and Safety Awards. The award celebrates business leaders whose personal commitment to safe working has helped transform the health and safety culture within their companies.

Winning these awards encourages our employees to think about the reduction in recordable workplace-related injuries from 55 in 2010 to two last year not as a statistic, but as the people who have gone home uninjured, the families that have not had to face the uncertainty of when their loved ones and breadwinners can return to work, and the knowledge that each of us has that, when we come to work, we all have each other’s back.

Albert’s win recognised his leadership and focus on shifting Genesis Energy’s safety record from average to best

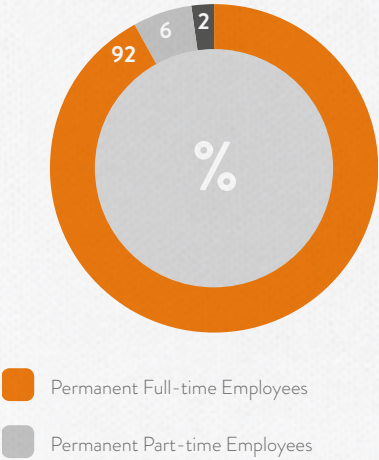
in class. In winning the award, he was acknowledged for making health and safety a cornerstone of Genesis Energy’s operations, with judges praising his ability to drive both the Company, Board and staff commitment to owning health and safety practices.

Our LifeSaving Rules programme, the Company’s Health and Safety Committees, our involvement in testing WorkSafe New Zealand’s Safety Star Rating Scheme and Albert’s endorsement of the establishment of the energy industry’s Stay Life forum were cited as examples of his deep commitment to health and safety.

Our inaugural Safety Week was held from 18 to 22 August 2014. It was a great success with a high level of engagement from individuals and teams across the Company. This was our first foray in staging a Company-wide event that provided individuals with flexibility to engage at a level that suited their business areas.

The Board and Executive team took part in a health and safety inspection at the Kupe gas plant during March 2015. The inspection showcased the Company’s commitment to a zero-harm culture and received positive feedback from the Board.

Workforce by employment type



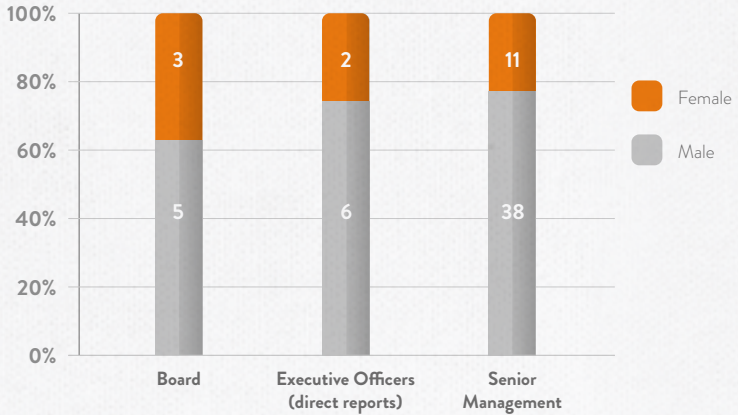
Diversity

Genesis Energy has offices in Christchurch, Wellington, Hamilton and Auckland, plus power stations in the Waikato, Central North Island and Canterbury. Our employees reflect the diversity of New Zealand. Our people come from many different backgrounds – different cultures and beliefs, age groups and genders – and, collectively, bring a wealth of diverse ideas, experiences and perspectives.

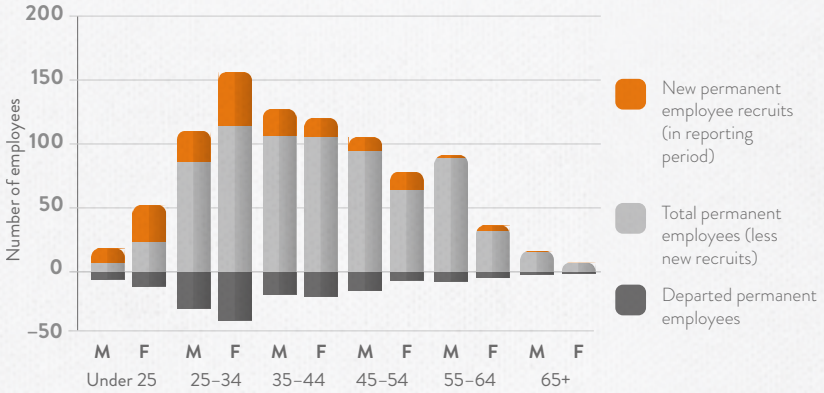
In addition, New Zealand and Genesis Energy’s customer base, is increasingly more diverse. The Company reflects the diversity of our customer base so that we can engage with them effectively and deliver customer-tailored products and services.

The Company recognises this diversity as a source of strength which it is leveraging. Genesis Energy recognises that diversity of thought leads to better decision-making and greater innovation, resulting in increased value for all stakeholders.

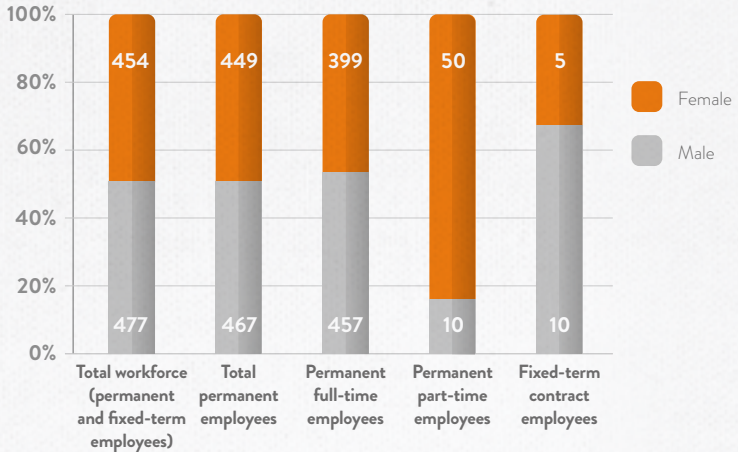
Gender diversity – Board, Executive Officers and Senior Management



Gender diversity – age and gender profiles of workforce



Workforce employment type by gender



The Board of Directors

All Directors are independent and non-executive



Chairman of the Board – Rt Hon Dame Jenny Shipley DNZM

Appointed 1 November 2009

Dame Jenny Shipley has been Chairman of Genesis Energy since November 2009. She is Chairman of the Company's Nominations Committee and is also a member of the Company's Human Resources and Remuneration Committee.

Dame Jenny is chairman of Seniors Money International Limited, Oravida Waters Limited, Oravida NZ Limited and China Construction Bank (New Zealand). Dame Jenny is also chairman of the Advisory Board on transition for the Canterbury Earthquake Recovery Authority and an executive board member of the New Zealand China Council. Dame Jenny is a member of the Canterbury Earthquake Recovery Authority Review Panel and a trustee of the Heart Health Research Trust.

Dame Jenny was Prime Minister of New Zealand from 1997 to 1999 and, in the preceding seven years, she was a Minister in the New Zealand Government and responsible for various portfolios including Minister for State Owned Enterprises. In both roles, she was involved in the split of the Electricity Corporation of New Zealand (ECNZ) and the sell-down of the shares in Contact Energy Limited. Dame Jenny resides in Auckland, New Zealand.



John Dell BCom (Hons), CA

Appointed 1 May 2010

John Dell was appointed to the Genesis Energy Board in May 2010 and is a member of the Company's Audit and Risk Committee and Human Resources and Remuneration Committee. John is a professional director, with current appointments including Higgins Group Holdings Limited, Viridian Glass GP Limited, Unimarket Holdings Limited and EGS Investments Limited. He has experience in executive finance and strategic management having held executive positions previously as chief financial officer and chief executive officer of Tenon Limited (formerly Fletcher Challenge Forests Limited) and as chief financial officer of Air New Zealand Limited. Prior to his corporate roles, John worked for KPMG.

John resides in Auckland, New Zealand.



John Leuchars ME, BCA, FIPENZ

Appointed 16 July 2012

John Leuchars joined the Genesis Energy Board in July 2012 and is a member of the Company's Audit and Risk Committee. He is a professional company director. John was a consulting engineer who held director and managing director positions in international consulting engineering companies for 30 years. These included managing director of Connell Wagner (NZ) Limited (now Aurecon) and of Connell Mott MacDonald, London. He has experience in a broad range of industries, including the design of power generation projects in a hands-on design role and at a governance level. John is currently a director of KiwiRail Holdings Limited, Wellington Gateway General Partner companies (Transmission Gully Motorway) and Milmeq Limited.

John resides in both Melbourne, Australia and Auckland, New Zealand.



Graeme Milne

ONZM, BTECH (Biotech) (Hons)
Appointed 1 May 2009

Graeme Milne was appointed to the Genesis Energy Board in May 2009 and was re-elected at the 2014 Annual Shareholder Meeting. Graeme is a member of the Company's Nominations Committee. He is a professional director and is the chairman of a number of New Zealand-based entities, including Synlait Milk Limited, New Zealand Pharmaceuticals Limited, John's Disease Research Limited, TerraCare Fertilisers Limited, Rimanui Farms Limited, Pacific T and R Holdings Limited and The Rural Broadband Initiative National Advisory Committee, and holds directorships in Alliance Group Limited and Farmers Mutual Group Insurance. Graeme is also a member of the Massey University School of Engineering Advanced Technology Advisory Board.

Graeme was a director of the NZX-listed distribution company Horizon Energy Distribution Limited for seven years prior to joining the Board of Genesis Energy.

Graeme resides near Cambridge, New Zealand.



Deputy Chairman of the Board – Joanna Perry MNZM, MA Econ (Cantab), FCA

Appointed 1 May 2007

Joanna Perry joined the Genesis Energy Board in May 2007 and was appointed Deputy Chairman in May 2009. She is Chairman of the Audit and Risk Committee and a member of the Nominations Committee.

Joanna is a professional director whose board appointments include Trade Me Group Limited, Partners Life Limited, Kiwi Property Group Limited, Rowing New Zealand and Sport New Zealand. Joanna is also chairman of the Investment Advisory Panel of the Primary Growth Partnership, chairman of the International Financial Reporting Standards (IFRS) Advisory Council and a member of the National Health Committee. She was previously a partner in the international accountancy and consultancy firm KPMG, chairman of the New Zealand Financial Reporting Standards Board and a member of the Securities Commission.

Joanna resides in Auckland, New Zealand.



Rukumoana Schaafhausen LLB

Appointed 1 May 2010

Rukumoana Schaafhausen was appointed to the Genesis Energy Board in May 2010 and is a member of the Company's Audit and Risk Committee. She serves as a director of Regional Facilities Auckland Limited and Te Waharoa Investments Limited and is an executive member of Waikato-Tainui Te Kauhanganui Incorporated (the Trustee of the Waikato Raupatu Lands Trust and Waikato Raupatu River Trust).

Rukumoana is the deputy chair of Waikato-Tainui Te Arataura and chairs Te Kauhanganui Incorporated's Group Audit and Risk Committee. She has practised as a lawyer for a number of years in the areas of governance and property and previously worked as group counsel for a large-scale property development company. Rukumoana is of Waikato-Tainui descent.

Rukumoana resides in Auckland, New Zealand.



Mark Cross BBS, CA

Appointed 24 June 2014

Mark Cross joined the Genesis Energy Board in June 2014 and is a member of the Company's Audit and Risk Committee. He has extensive financial markets experience, both as a professional director and consultant, and during his earlier investment banking career.

Mark is currently chairman of MFL Mutual Fund Limited and Superannuation Investments Limited, and a director of Argosy Property Limited, Milford Asset Management Limited, Triathlon New Zealand Incorporated and of other private companies in which he is an investor. In his investment banking career, Mark provided corporate finance advice to companies and governments and he has had significant experience advising companies in the utilities sector in Australia, United Kingdom and Europe, across generation, distribution and retail activities in electricity, water and gas. Mark held senior positions at Deutsche Bank in London, and prior to that in Australia and at Lloyds Corporate Finance/Southpac Corporation in Australia and New Zealand.

Mark resides in Auckland, New Zealand.



Douglas McKay ONZM, BA, AMP (HARVARD)

Appointed 24 June 2014

Doug McKay joined the Genesis Energy Board in June 2014 and is Chairman of the Company's Human Resources and Remuneration Committee. He is an experienced commercial executive and is a director across a range of industries.

Doug is chairman of the Bank of New Zealand and Eden Park Trust Board and has directorships with IAG, Ryman Healthcare, Chartered Accountants Australia New Zealand and the Regulatory Board of New Zealand Institute of Chartered Accountants (NZICA). He is a director and shareholder of Tourism Transport Limited. Doug began his career with Procter & Gamble, working in a number of roles both in New Zealand and overseas and subsequently worked in managing director and chief executive roles with Lion Nathan, Carter Holt Harvey, Goodman Fielder, Sealord and Independent Liquor where he was also chairman. Doug was the inaugural chief executive of the amalgamated Auckland Council until the end of 2013.

Doug resides in Auckland, New Zealand.

The Executive Team



Chief Executive
– **Albert Brantley** BSC, P.GEOL, F.AUSIMM

Albert Brantley is responsible for the leadership, strategic direction and management of all of Genesis Energy's business interests. Appointed in 2008, Albert has an in-depth knowledge of the oil and gas industry, minerals extraction and processing sector, and the power generation sector from long-standing experience, both internationally and in New Zealand, in technical, operational and senior management positions. He has had considerable experience leading businesses requiring political, regulatory and environmental management, both in New Zealand and overseas. Albert has operated at the managing director or chief executive level for most of the past 20 years.



General Counsel and Company Secretary
– **Maureen Shaddick** LLB, BA

As General Counsel, Maureen is responsible for management of the provision of legal services to Genesis Energy and legal compliance and regulatory support. She is the Company Secretary of Genesis Energy and Deputy Chair of the Genesis Oncology Trust.

Prior to joining Genesis Energy in 1999, Maureen worked as a commercial and construction lawyer in both private practice and in-house corporate roles in Wellington, Dubai and London.



General Manager Retail
– **David Goadby** BSC

David Goadby was appointed General Manager Retail in June 2014. He leads the entire residential and commercial Customer Experience operations and the sales and marketing teams. David has held a number of executive roles in Australia, the United Kingdom and Europe across both the energy and FMCG sectors, bringing valuable international experience.

His most recent role was as the general manager retail of an Australian energy retailer in Sydney. David's other senior executive positions include roles at British Gas, Scottish & Newcastle Plc, Nestlé Beverages and Procter & Gamble.



General Manager Generation
– **Tracey Hickman** MA (Hons)

Tracey is responsible for the Company's electricity generation assets which include: the Huntly Thermal Power Station; the Tongariro, Waikaremoana and Tekapo Hydro Power Schemes; and the Hau Nui Wind Farm. Her role includes health and safety, asset management (including strategy, planning and plant performance), engineering, projects delivery, maintenance and operations and environmental management, and community engagement.

Tracey has worked in the electricity sector in a variety of roles for more than 20 years.



Chief Financial Officer
– **Andrew Donaldson** BMS, CA

As Chief Financial Officer, Andrew Donaldson is responsible for directing all financial, treasury, tax, risk and procurement aspects of Genesis Energy. He was appointed in 2011 and brings significant national and international experience and expertise to the Company.

Andrew has served as a director on the boards of a number of companies and, prior to joining Genesis Energy, was chief executive of SmartPay, a NZX-listed company and an electronic commerce leader throughout Australasia. Before that, he was the managing director of Brightstar New Zealand Limited. Andrew has significant experience in executive finance having been finance director for multinationals such as Tiscali UK and Atlas Venture UK and at Telecom New Zealand Retail with the financial accountability for all New Zealand fixed, mobile and broadband customers.



General Manager Strategy and Corporate Affairs
– **Dean Schmidt** BA (Hons)

As General Manager Strategy and Corporate Affairs, Dean Schmidt leads Genesis Energy's corporate strategy and commercial development functions along with managing corporate communications, government and regulatory affairs, public relations and community investment programmes. Having joined Genesis Energy in August 2012, he brings political, private sector and SOE experience to the Company. Dean served as head of corporate affairs at Television New Zealand, Group corporate affairs manager for New Zealand Post Group and head of government and community relations at Telecom New Zealand Limited.



General Manager Portfolio Management
– **Chris Jewell** BE (Hons), MEM, CIMA

Chris Jewell is responsible for all aspects of wholesale energy and fuel trading, sales of energy to our larger customers, managing the Company's hedge portfolio and oversight of Genesis Energy's investment in the Kupe asset. Chris has broad experience in commercial management, energy trading, infrastructure investment and asset operations. He joined Genesis Energy in February 2013 after almost a decade with Mighty River Power in a variety of management roles. Also, he has worked in a variety of telecommunications and infrastructure roles in New Zealand and the United Kingdom.



General Manager Corporate Services
– **Andrew Steele** BCom

Andrew leads the People and Capability, Health, Safety and Quality, Internal Communications, Information Technology and Property and Administration teams at Genesis Energy. Before joining the Company, Andrew worked in a variety of executive roles across New Zealand and Australia.

He has worked in a range of companies including QSuper, Suncorp, Fonterra and Telecom New Zealand Limited. Andrew also managed his own consulting business for three years, building up a set of blue-chip clients across Australia including those in the utility and electricity sectors. He has also spent time working in the electricity sector in New Zealand and the United Kingdom.

Corporate Governance

“We recognise the vital role good corporate governance plays in contributing to markets that are **fair, efficient and transparent** and to **ensuring stakeholders’ interests are respected**. Appropriate processes and systems help to **manage risks and allow those in governance roles to focus on growth**, value creation and the long-term sustainability of their businesses.” Financial Markets Authority – December 2014

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- 1.4 – Key governance policies
- 1.5 – Engaging with investors and stakeholders
- 1.6 – Integrity of financial reporting
- 1.7 – Approach to risk

Part 2 – Remuneration report

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- 2.2 – Directors’ remuneration
- 2.3 – Executive remuneration
- 2.4 – Employee remuneration

Part 3 – Statutory disclosures

- 3.1 – Disclosures of interest

Part 4 – Shareholder and bondholder statistics

- 4.1 – Shareholder statistics
- 4.2 – Bondholder statistics
- 4.3 – Other disclosures

Part 1 – Corporate governance

1.1 Approach to corporate governance

Genesis Energy is committed to maintaining the highest standards of governance, business behaviour and accountability in order to promote investor confidence. The Board believes high standards of corporate governance are essential for sustainable long-term performance and creating value for shareholders.

Genesis Energy (or ‘the Company’) is a company incorporated in New Zealand under the Companies Act 1993 (NZ) (‘Companies Act’), whose fully paid ordinary shares (‘Shares’) are listed on the NZX Main Board and Australian stock exchanges (‘NZX’ and ‘ASX’).

1.1.1 The framework

The Company’s corporate governance framework takes into consideration contemporary standards in New Zealand and Australia, incorporating the NZX Corporate Governance Best

Practice Code (‘NZX Code’), the third edition of the ASX Corporate Governance Council Principles and Recommendations (2014) (‘ASX Principles’) and the New Zealand Financial Markets Authority Corporate Governance in New Zealand Principles and Guidelines (2014) (‘FMA Guidelines’).

This section of the Annual Report has been approved by the Board to demonstrate Genesis Energy’s commitment to good corporate governance and includes a commentary for FY2015 on the Company’s level of compliance with the NZX Code, the ASX Principles and the FMA Guidelines. The Board considers that the corporate governance practices it adopted and followed in FY2015 do not differ materially from those in the NZX Code, the ASX Principles and the FMA Guidelines.

The Genesis Energy Board is responsible for the Genesis Energy governance framework which operates under various policies, charters and practices. These are reviewed regularly by the Board and its committees to keep pace with

the standards set by the NZX and the ASX, any regulatory changes and/or developments in corporate governance best practice, and the requirements set by other key regulatory stakeholders.

The governance framework is illustrated below.

For more information about Genesis Energy’s Board and Management, corporate governance practice and policies, [click here](#).

1.2 Board and Management roles and responsibilities

1.2.1 The Board’s role

The Genesis Energy Board is responsible for the proper direction and control of the affairs and activities of the Company and its subsidiaries. The Board recognises that its primary role is to act in a manner that Directors believe is in the best interests of the Company, thereby creating long-term value for shareholders while having regard to the interests of its employees and other stakeholders.

Diagram 1 – Governance Framework

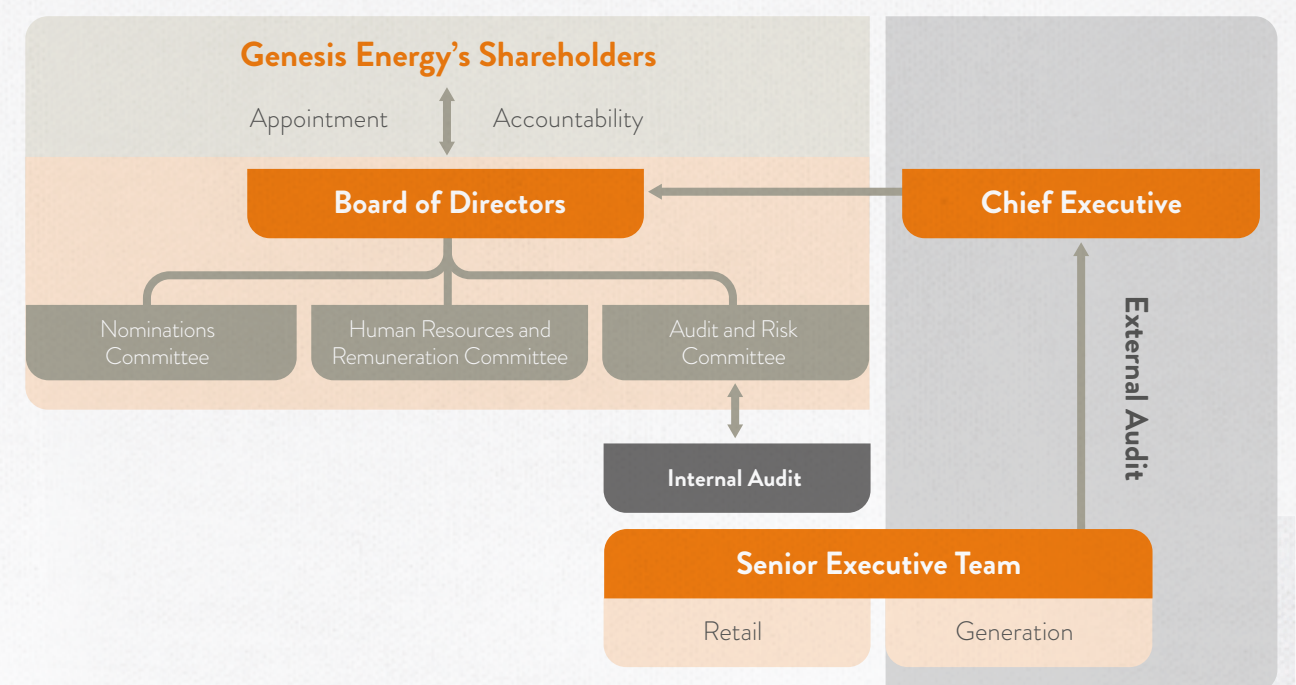
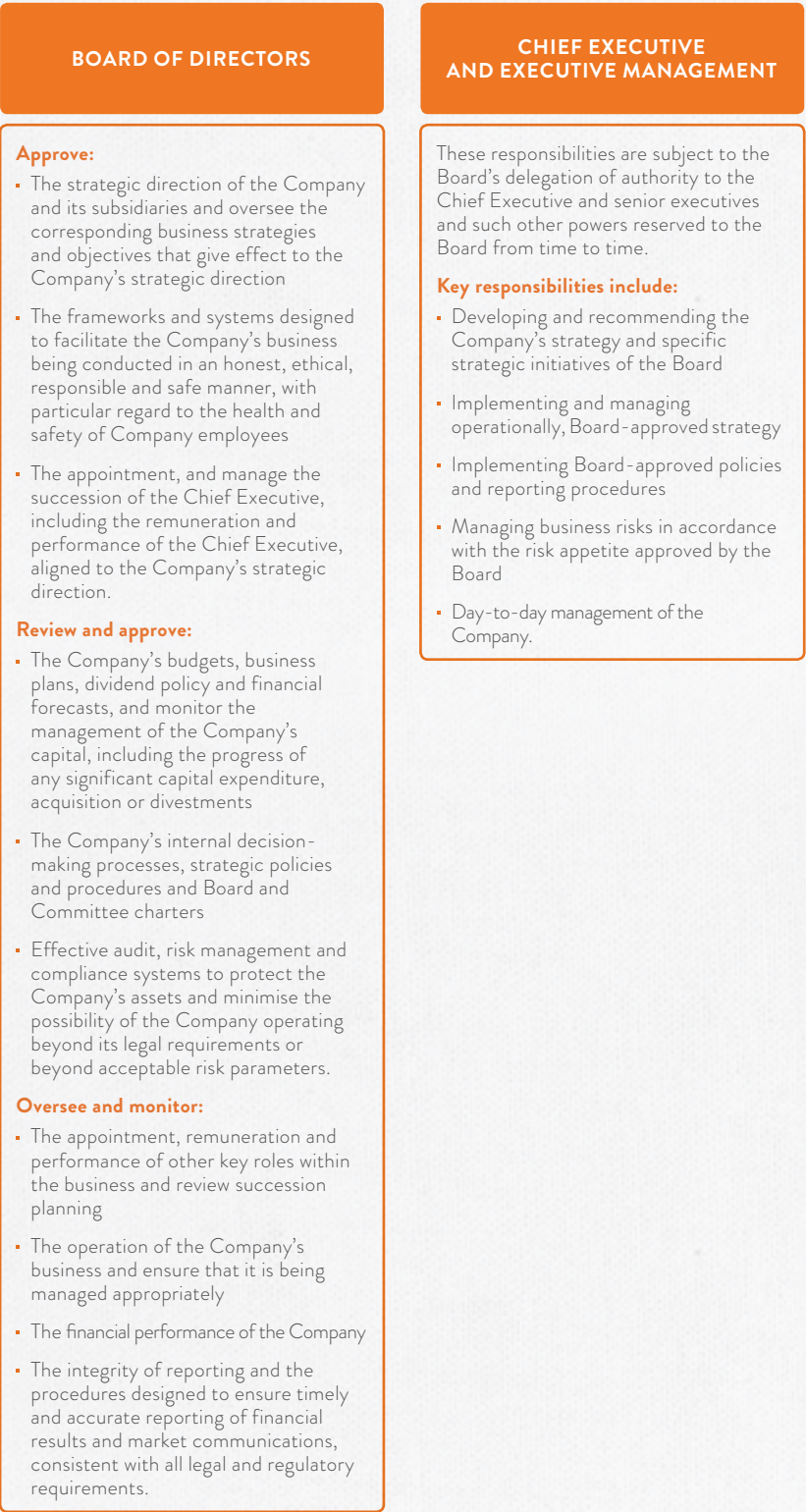


Diagram 2 – Summary of principal responsibilities

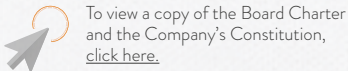


1.2.2 Key responsibilities

The Company’s Constitution provides that the affairs of the Company are to be managed by and/or under the supervision of the Board.

The Board Charter records the Genesis Energy Board’s commitment to achieving best-practice corporate governance and describes the specific responsibilities, values, principles and practices that underpin the role of Director and those that are delegated formally to Management. The Board regularly reviews the Board Charter and the delegations to the Chief Executive (specifically, the Company’s Delegations of Authority Policy).

A summary of the principal responsibilities of the Board and Executive Management is set out in Diagram 2.



1.2.3 Board structure and composition

The Company’s Constitution and the Board Charter set out the Board’s composition, which is as follows:

- A minimum of three Directors
- A maximum of nine Directors
- A majority of independent non-executive Directors, with a minimum of two Directors who will be ordinarily resident in New Zealand.

All Directors are elected by the Company’s shareholders, with rotation and retirement determined by the Constitution. The Board may appoint Directors to fill casual vacancies. Directors appointed to fill casual vacancies are required to retire and stand for election at the first Annual Shareholder Meeting after their appointment.

The Nominations Committee (discussed in more detail within Diagram 5) recommends to the Board potential candidates for appointment as Directors.

Diagram 3 – Directors’ skill matrix



To be eligible for selection, candidates must demonstrate the appropriate qualities and experience for the role of Director and will be selected on a range of factors, including: business, financial markets and governance experience, gender, age, background, professional expertise and qualifications and the Board’s assessment of its needs, having regard to the Company’s strategy.

All of the Directors are considered to be ‘independent’ Directors under the NZX Listing Rules, the ASX Listing Rules, the ASX Principles and the FMA Guidelines, which in summary means that they are not substantial shareholders and they are free of any business or other relationships that would materially interfere with, or could reasonably be seen to materially interfere with, the independent exercise of their judgement.

Materiality is assessed on a case by case basis and is based on qualitative and quantitative factors, including assessing the strategic importance, nature and value of any relationship.

The names of the current Directors together with details of the independence status of each, is set out in the table at Diagram 4.

1.2.4 Director appointments and induction

At least one third of all Directors (or, if their number is not a multiple of three, then the number nearest to one third) must retire at the Annual Shareholder Meeting each year, but will be eligible for re-election at that meeting. In each year, the Directors who retire are those who have been longest in office since their last election.

Directors may be appointed for further terms subject to their re-election being approved by shareholders.

Genesis Energy undertakes appropriate pre-appointment checks before appointing a Director, or putting forward to shareholders a candidate for election, as a Director. This includes background checks on character, education, employment experience, criminal history and bankruptcy to assess suitability.

Genesis Energy is committed to keeping shareholders and investors informed about material information related to the business, including information relevant for the election or re-election of a Director.

There are formal letters of appointment in place with all non-executive Directors, setting out the

key terms and conditions of their appointments.

New Directors are provided with an induction pack containing a Directors’ Duties Guide, governance information, key policies and all relevant information necessary to prepare new Directors for their roles.

Directors also participate in an induction programme led by the Chief Executive, designed to provide new Directors with an overview of Genesis Energy, its operations and the environment and markets in which the Company operates.

1.2.5 Directors’ skills and experience

The Board is structured so that its composition continues to:

- Include Directors who, collectively, have a mix of skills, knowledge, experience and diversity to meet and discharge the Board’s responsibilities
- Retain a balance between long-serving Directors, with experience and knowledge of the energy sector and the Genesis Energy business and history, and new Directors, who bring fresh perspectives and insight.

Diagram 4 – Director details and attendance at meetings

| Director | Appointed | Qualifications | Independent or Executive | Board meetings ⁵ | Audit and Risk Committee meetings | Human Resources and Remuneration Committee meetings | Nominations Committee meetings |
|------------------------|---------------------------|------------------------------|--------------------------|-----------------------------|-----------------------------------|---|--------------------------------|
| Total meetings held: | | | | 11 | 4 | 4 | – |
| Dame Jenny Shipley | 01 Nov 2009 | DNZM | Independent | 11 | 2 ¹ | 4 | – |
| Joanna Perry | 01 May 2007 | MNZM, MA Econ (Cantab), FCA | Independent | 11 | 4 | – | – |
| John Dell | 01 May 2010 | BCom (Hons), CA | Independent | 11 | 4 | 3 | – |
| John Leuchars | 16 July 2012 | ME, BC, FIPENZ | Independent | 11 | 4 | – | – |
| Graeme Milne | 01 May 2009 ⁶ | ONZM, BTech (Biotech) (Hons) | Independent | 11 | – | – | – |
| Rukumoana Schaafhausen | 01 May 2010 | LLB | Independent | 10 | 4 | – | – |
| Mark Cross | 24 June 2014 ⁶ | BBS, CA | Independent | 11 | 3 ² | – | – |
| Douglas McKay | 24 June 2014 ⁶ | ONZM, BA, AMP (Harvard) | Independent | 11 | – | 4 ³ | – |
| Andrew Clements | 16 July 2012 ⁴ | BCom | Independent | 4 ⁴ | – | 2 ⁴ | – |

1

Dame Jenny Shipley stepped down from the Audit and Risk Committee in January 2015.

2

Mark Cross joined the Audit and Risk Committee in November 2014.

3

Douglas McKay joined the Human Resources and Remuneration Committee in August 2014 and became Chair in November 2014.

4

Andrew Clements retired as a Director of Genesis Energy on 28 October 2014.

5

The number of Board meetings, excludes two strategy workshops held in November 2014 and March 2015.

6

Graeme Milne was re-elected, and Doug McKay and Mark Cross were elected as Directors, at the 2014 Annual Shareholder Meeting.

Collectively, the Board has an extensive range of commercial skills and other relevant experience which are vital for the effective management of the business.

During its most recent review, the Board identified the mix of skills and experience among Directors that it currently seeks to maintain and develop. These are summarised in the Directors’ Skills Matrix at Diagram 3 (page 47).

1.2.6 Independence of the Board Chairman

The roles of Chairman and Chief Executive are exercised by different persons. The Chairman and Deputy Chair of Genesis Energy are appointed by the Board from the independent Directors, with the Chairman’s appointment approved (due to the Company’s status as a Mixed Ownership Company as defined by the Public Finance Act 1989¹) by the Minister of Finance.

1.2.7 Board meetings and attendance

The Board schedules a minimum of 10 meetings of Directors each year, at which Directors receive written reports and presentations from the Chief Executive and senior management providing monthly monitoring, addressing and updating on strategy and recommending matters for Board approval. Additional meetings are called as required.

The table at Diagram 4 shows attendance at Board and Committee meetings during the year in review (including the dates of appointment and qualifications of each Director).

Directors also visit Genesis Energy sites and operations, attend stakeholder and iwi engagement events and attend briefings from senior managers and industry experts.

For example, in FY2015 the Directors have met with local management, iwi and stakeholders, associated with the Waikaremoana

and Tongariro Power Schemes, Huntly Power Station and the Kupe processing plant in Taranaki.

1.2.8 Professional development for Directors

The Board is committed to continued professional development to enable Directors to maintain the knowledge and skill set required for the office of director of an issuer and to provide Directors with knowledge specific to the energy industry, and new regulatory and governance practices.

Director development is provided through regular management presentations on key business functions, and updates on legislation and governance, and Directors are offered access to external education and professional development training at the Company’s expense.

A particular focus for Directors for the year in review has been health and safety.

1 The Public Finance Act and the Company’s Constitution provide that Her Majesty the Queen in right of New Zealand must hold at least 51 per cent of the shares of the Company.

Diagram 5 – Board Committees

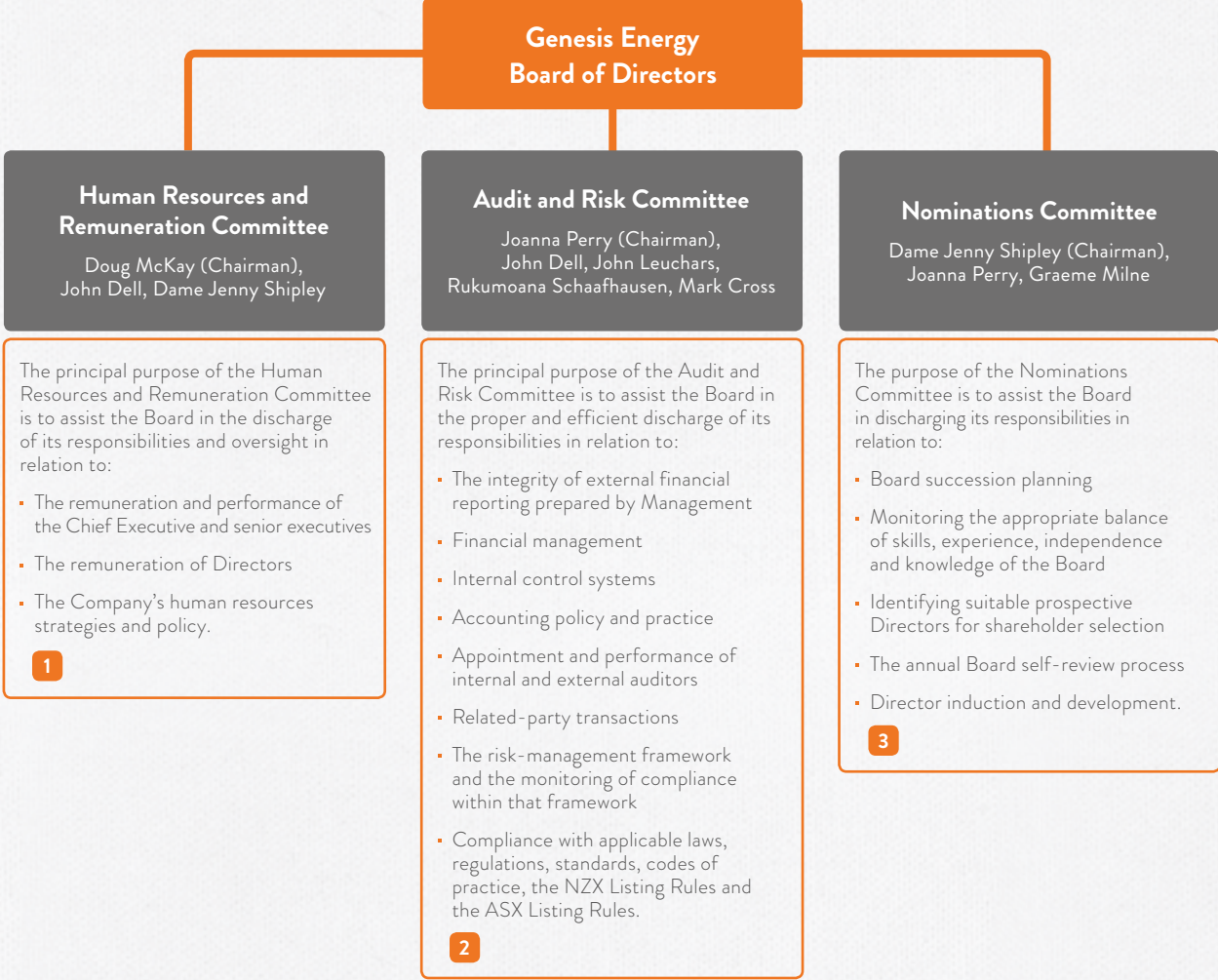


Diagram 6 – FY2015 measurable objectives for diversity

| | Objective | Success measure | Progress as at 30 June 2015 |
|------------------------------|---|---|--|
| Gender diversity initiatives | Increase awareness of unconscious bias at senior management level and provide the skill set to manage this bias. | Managing bias education completed for all Executive Management and >50 per cent of senior leaders by June 2015. | Executive Management and tier 3 leaders of the Company participated in an ‘inclusiveness’ survey in relation to the organisation. The results served both as a baseline measure and as a means of highlighting opportunities for improvement. Following the survey, Executive Management and all tier 3 leaders participated in an education session on ‘inclusive leadership’ and ‘unconscious bias’ facilitated by external consultants. |
| | Introduce quarterly diversity dashboard for Executive Management and Board review. | Descriptive diversity dashboard implemented and presented quarterly to the Executive Management and Board in FY2015. | Diversity metrics are analysed and reported quarterly, to assist in driving discussion and steering internal diversity initiatives. |
| | Introduce a development programme specifically targeted for high-potential women, identified through our talent-management process. | Minimum of three women put forward for high-potential programme during the year. | A formal strategic partnership has been established with Global Women to support women in leadership throughout New Zealand. Through the talent-management process, high-potential women have been identified and a number of development initiatives have been identified. One woman has been accepted in the flagship Global Women Leadership Programme and others have been identified for other Global Women programmes. |
| Other diversity initiatives | Develop a ‘bottom-up’ cultural diversity calendar. | Cultural calendar developed and publicised by June 2015. | <ul style="list-style-type: none">• A cultural calendar has been established and published internally within the Company. Employees were invited to submit events that are culturally significant to them so that these can be acknowledged and the rich diversity of the Company’s people, customers and stakeholders can be celebrated.• Key cultural events, including Chinese New Year, Ramadan, Matariki and Māori Language Week were promoted in the Company.• Māori Language Week supported and promoted Company-wide, with the Company winning the Ngā Tohu Reo Māori 2014 award for the private sector. |
| | Develop new recruitment practices to minimise bias. | New practices that enhance the ability to recruit from the widest possible pool developed and implemented by June 2015. | To minimise bias, the Company has introduced psychometric testing for all roles within the organisation as an objective tool for assessing suitability of potential candidates. This complements other practices already embedded. |

For FY2015, an independent review of Directors and Board performance was undertaken by Propero Consulting Limited. This process required each Director and members of senior management to be interviewed. The Board received detailed feedback and has met to consider the independent report prepared by Propero Consulting Limited, and areas for improvement have been identified.

A programme of actions has been developed to further strengthen the Board as well as senior management reporting and engagement with the Board, the Committees and individual Director knowledge and contribution.

1.3 Board Committees

1.3.1 Board Committee governance

The Board has three standing Committees to assist in carrying out its responsibilities. The Board establishes other committees from time to time to deal with projects relating to Genesis Energy’s various activities.

The Board Committees play a crucial part in the governance framework. The Committees review matters on behalf of the Board and, subject to the terms of each Committee’s charter, refer matters to the Board for decision, with a recommendation from the Committee or, where the Committee acts with delegated authority, determines matters which it then reports to the Board.

To ensure Directors remain informed on all material matters impacting the Genesis Energy business, copies of

all Committee reports and any other relevant resource material are provided to Directors. Directors who are non-Committee members may attend meetings of any Board Committee. The Board receives Committee minutes and updates from the Chair of each Committee on an ongoing basis.

The number of Committee meetings held during the year and details of Directors’ attendance at those meetings are disclosed in Diagram 4 (page 48).

1.3.2 Composition and responsibilities of Board Committees

Details of the membership, composition and responsibilities of each Board Committee are set out in Diagram 5 (page 49).

Each Committee has at least three members, all of whom are non-executive and independent Directors.

1.4 Key governance policies

1.4.1 Code of Conduct and Ethics

Genesis Energy’s reputation as a trusted and respected company is its most valuable asset. The Board has adopted a Code of Conduct and Ethics, which outlines the standards of behaviour expected. This is a formal statement acknowledging the commitment of the Board, Management and employees of the Company to maintaining the highest standards of honesty, integrity and ethical conduct in day-to-day behaviour and decision-making at the Company.

The Code of Conduct and Ethics (which aligns to the principles of the Board Charter) guides Directors in the:

- Practices necessary to maintain confidence in the Company’s integrity
- Practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders
- Responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Code of Conduct and Ethics is supported by other existing Company policy and standards that address the following: Compliance, Protected Disclosures, Privacy, Conflicts of Interest, Harassment Prevention, Travel and Business Expenditure and Gifts, Trading in Company Securities, Health and Safety, Remuneration, Diversity and Inclusion, and Fraud.

To view the Code of Conduct and Ethics [click here](#).

1.4.2 Trading in Company Securities Policy

The Board has adopted a Trading in Company Securities Policy detailing the Company’s guidance and rules for trading in Genesis Energy securities on the NZX and ASX, and trading in New Zealand electricity futures listed on the ASX.

The policy applies to Directors, officers, employees and contractors and is additional to the legal prohibitions on insider trading in New Zealand and Australia.

In support of further embedding the fundamental principles that underpin the Trading in Company Securities Policy in day-to-day operations, Company-wide internal training is also provided to employees on the key themes of the policy and its application. The communication of the commencement and conclusion of blackout periods during the year, also provides a further reminder of the key themes that are designed to ensure the protection of employees, the Company and stakeholder interests.

To view the Trading in Company Securities Policy, [click here](#).

1.4.3 Approach to Diversity and Diversity and Inclusion Policy

Genesis Energy’s Diversity Policy records the Company’s commitment to an inclusive workplace that embraces and promotes diversity through a number of initiatives including a focus on equal opportunity.

The Company takes a holistic view of diversity that is anchored around diversity of thought, and includes those differences resulting from employee experiences and capabilities, and family and cultural heritage. The Company recognises that working towards gender balance is important for the attraction and retention of the best talent.

The Diversity Policy addresses the practical application of a diverse and inclusive workplace and the Company’s process for an annual review and measurement of both the objectives of the Diversity Policy and progress in achieving them.

For the Company, diversity encompasses differences that relate to gender, marital status, religious belief, colour, race, ethnicity or national origin, disability, age, political opinion, employment status, family status or sexual orientation.

The Company has sought to establish measurable objectives for achieving gender diversity.

The Board has conducted its annual assessment of its diversity objectives for FY2015 and the Company’s progress towards achieving these objectives, which is summarised in the table at Diagram 6.

The Company’s approach is consistent with the NZX’s diversity requirements.

To view the Genesis Energy Diversity Policy, [click here](#).

Gender composition

As at 30 June 2015, in relation to Genesis Energy’s:

- Board of Directors, three out of eight Directors were women (for the previous year, at 30 June 2014, three out of nine Directors were women)
- Officers², two out of eight positions were held by women (for the previous year, at 30 June 2014, two out of nine positions were held by women).

For more information on diversity and inclusion within Genesis Energy, refer to page 39.

2 Term “Officer” is defined in the NZX Listing Rules and aligned to the interpretation given under the Financial Markets Conduct Act (relating to the definition of Senior Manager), i.e., a person, however designated, who is concerned or takes part in the management of the public issuer’s business. Genesis Energy deems this to be the Chief Executive and the Chief Executive’s direct reports.

1.4.4 Market disclosure

Genesis Energy is committed to notifying the market, shareholders and investors, and analysts of any material information related to its business, its financial performance and its strategy. The Company is mindful of the need to keep stakeholders informed through a timely, clear and balanced approach which communicates both positive and negative news.

The Company has a Market Disclosure Policy and established disclosure procedures, which aim to ensure Directors and senior executives are aware of and fulfil their disclosure obligations in accordance with best practice and the NZX Listing Rules and ASX Listing Rules.

A Disclosure Committee, which comprises senior executives and Directors, is responsible for ensuring that the Company complies with its disclosure obligations. Significant market announcements, including the preliminary announcement of half-year and full-year results, the accounts for those periods and any advice of a change in earnings forecast, require prior approval of the Board.

In addition, the Market Disclosure Policy requires Directors and Management to regularly consider whether or not there is any information that may require disclosure.

All market disclosures are made to the NZX, ASX and posted on the Genesis Energy website.



1.4.5 Conflicts of interest

The principles that govern the management of conflicts of interest are addressed in a number of governance documents (specifically, the Constitution, the Board Charter, the Code of Conduct and Ethics and the Conflicts of Interest Policy).

Collectively these policies provide guidance to both Directors and employees, as to when a conflict of interest may arise and set out the procedures for managing a conflict of interest. It is expected that Directors will be sensitive to actual and perceived conflicts of interest that may occur and will have constant consideration of this issue. The ultimate purpose of the Conflicts of Interest Policy is to protect the integrity of decision-making at Genesis Energy and the reputation of the Company, those who work for it and those who own it.

1.5 Engaging with investors and stakeholders

1.5.1 Approach to investor relations

Genesis Energy is committed to providing a high standard of communication to its shareholders and other stakeholders and believes effective communication is achieved by providing equal access to timely, accurate and complete information.

Genesis Energy maintains an ongoing programme aimed at tailoring the Company's investor communications in a way which is most useful to each.

Genesis Energy coordinates an active investor relations programme to maintain dialogue with institutional investors, retail investors and analysts through meetings, presentations and other events. The programme includes domestic and international investor roadshows and briefings.

Individual shareholders can call or email the Investor Relations Manager and the Board to ask questions on a confidential basis and a specifically designed 'Investor App' further enhances shareholders' access to information, by providing interactive capability, through an investor's smartphone and tablet for accessing corporate and financial information.

1.5.2 Company website and material

The Company's website is used actively to complement the official release of material information to the market, enabling broader access to Company information by investors and stakeholders. The Company's website has copies of all presentations, media releases and reports.

Announcements made to the market are available on the NZX, ASX and Genesis Energy website, as are any presentations made to industry or broker conferences. On the day that interim and final results are announced, Genesis Energy holds briefings for institutional shareholders, brokers and media, which include Q&A sessions. These briefings are offered to shareholders via teleconference or webcast and can be accessed retrospectively via the Genesis Energy website.

1.5.3 Electronic communications

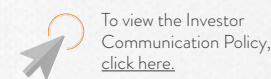
Genesis Energy seeks to continually improve its online and electronic communications and improve the functionality of the website. The Company encourages shareholders to provide email addresses to enable the receipt of shareholder communications by electronic means, and the option to receive the Annual Report in electronic format.

As at 30 June 2015, 68 per cent of Genesis Energy shareholders elect to receive shareholder-related communications electronically from Genesis Energy's share registry, Computershare Investor Services Limited. This is one of the highest rates in Australasia.

Shareholders who have elected to receive communications electronically have access to the electronic platform Investor Centre (owned and managed by the Company's share registry). Investor Centre enables New Zealand shareholders to enjoy the convenience of online access to their dividend and payment details, documents and statements, and transaction history along with the benefits of convenience of access across all device types.

1.5.4 Investor Communication Policy

The Company's Investor Communication Policy details the steps that the Company will take to communicate with its investors. The aim of the Company's communication strategy is to provide full, fair and timely disclosure of information about the Company to investors and the investment community to enable them to engage with the Company in an informed manner and to make informed assessments of the Company's value and prospects.



1.5.5 Annual Shareholder Meeting

This year the Genesis Energy Annual Shareholder Meeting will be held at Shed 6, Queens Wharf, Wellington, on Tuesday 20 October 2015, at 10:00am.

Consistent with the ASX Principles, specifically, Recommendation 4.3, the external auditor will be available to answer questions from shareholders at the Annual Shareholder Meeting. Also in attendance will be the Company's legal advisers and share registry provider.

By rotating the location of the Annual Shareholder Meeting around New Zealand, the Company seeks to facilitate increased shareholder participation and engagement at shareholder meetings.

The Annual Shareholder Meeting voting results will be lodged with the NZX and ASX, as soon as is practicable, following the completion of the meeting and published on the Company's website.

The Board encourages active participation by shareholders at the Annual Shareholder Meeting and shareholders may submit questions for the Board prior to or at the meeting.

The Annual Shareholder Meeting will be webcast from the Genesis Energy website (www.genesisenergy.co.nz/

annual-shareholder-meeting), with the meeting notice and transcript of the meeting also available.

1.5.6 Approach to stakeholders

Genesis Energy recognises that it has a range of stakeholders including the communities and rohe in which it operates its generation assets and business activities, its employees and customers as well as its shareholders, its suppliers and creditors and local and central government regulatory bodies and non-governmental organisations with which it interacts.

The Board has adopted and promoted a range of policies and practices, in addition to its focus on the importance of its relationships with its investors, which reflect the respect it holds for its stakeholders and the value that good relationships with stakeholders deliver to the Company and its shareholders.

The Board has adopted policy which outlines the Company's commitment to responsible, strategic environmental management and community engagement, requiring that environmental, social, and cultural awareness and responsibility are cornerstones of the Company's business activities and that a duty of care towards people, communities and the environment is exercised at and around the Company's assets.

The role of tangata whenua (the people of the land) as kaitiaki (guardians) of the natural resources and taonga (treasures) within their rohe (land) and the Treaty of Waitangi principles is respected and the Board and Company have developed pro-active and constructive long-term relationships with tangata whenua, communities and organisations where the Company operates.

The Company has implemented an Environmental Management System that aligns with core Company values and behaviours, and ensures that environmental risks from its operations are identified,

documented, audited and managed effectively in a manner that is consistent with the Company's risk appetite through the Company's risk-management procedures and seeks collaborative solutions to avoid, remedy or mitigate these risks while achieving its business commitments.

The Company seeks full regulatory compliance as a minimum standard. Regular independent audits and internal monitoring and reporting help to assess the level of the Company's compliance and commitment to responsible stewardship of the environment and Company. The Company publicly reports on its environmental performance and accounts for its use of natural resources, and seeks to minimise use while meeting business requirements.

The Company recognises that the quality of its operational, safety and financial performance relies strongly on the health, well-being and capabilities of its employees. To this end the Company has developed recruitment, remuneration, benefits and performance management practices and systems that drive high levels of performance. Further the Company has identified and promoted a culture and behaviours that are aligned with the Company's business strategy supported by the Code of Conduct and Ethics, and other guiding policy and standards that encourage all employees to strive for success and to act responsibly.

The health and well-being of its employees is paramount to Genesis Energy, as recognised in the Board approved policy. This policy commits the Company to providing a zero harm workplace and requires the implementation of a Safety Management System which minimises exposure to critical health and safety risks and is designed to achieve continuous improvement and deliver compliance with legislation, approved codes of practice and industry and Company standards.

The Company does not take its position as New Zealand’s largest retailer of electricity and gas, and the stability of earnings this provides, for granted. The Company is focused on attracting and keeping valuable customers and aims to achieve this through understanding the customers’ needs and expectations and a customer-centric approach in all its activities and in the design of its customer experience.

Genesis Energy seeks to engage with its suppliers fairly and transparently and, in this regard, regularly reviews its procurement practices and policies and encourages regular reviews with key suppliers to maintain key performance indicators.

The Board recognises the value of maintaining good working relationships with local and central government and non-government agencies, and maintains a corporate affairs team which is responsible for oversight of interactions at all levels of the Company with such agencies.

1.6 Integrity of financial reporting

1.6.1 The Audit and Risk Committee

The Audit and Risk Committee (for membership and meetings, see Diagrams 4 and 5 on pages 48 and 49), assists the Board in providing oversight of all matters relating to risk management, financial management and controls, financial accounting, audit and external reporting requirements of Genesis Energy and its subsidiaries.

Consistent with best practice, the Audit and Risk Committee (comprising five members), consists of only non-executive Directors, a majority of whom are independent, with at least one Director a qualified accountant, and is chaired by an independent director, who is not the Chairman of the Board.

The Chief Executive, the Chief Financial Officer, the General Counsel and Company Secretary, the Group Financial Controller and the Group Risk and Analytics Manager, attend meetings of the Audit and Risk Committee. The Audit and Risk Committee also holds discussions with the auditors (both internal and external), without senior Management present, on a regular basis.

1.6.2 External auditor


Pursuant to the Public Audit Act 2001, the Auditor-General is the auditor of the Company and its subsidiaries (together, the ‘Group’). The Auditor-General has appointed Andrew Dick of Deloitte to carry out the FY2015 audit on her behalf. The NZX Listing Rules require rotation of the lead audit partner at least every five years and this requirement is reflected in Genesis Energy’s Audit Independence Policy.

Consistent with the ASX Principles, the external auditor will be available to answer questions from shareholders at the Annual Shareholder Meeting.

1.6.3 Audit Independence Policy

The purpose of the Audit Independence Policy is to ensure that audit independence is maintained, both in fact and appearance, so that Genesis Energy’s external financial reporting is both reliable and credible.

The policy provides guidance on the provision of external audit services by any person engaged to perform external audit services in relation to Genesis Energy on behalf of the Auditor General.

 To view the Audit Independence Policy, [click here](#).

1.6.4 Internal audit function

Genesis Energy outsources its internal audit function, which assists in the monitoring of the Company’s internal control systems and risk management. Internal audit operates both with and independently from Management and reports its findings directly to the Audit and Risk Committee. The Audit and Risk Committee reviews the internal audit plan annually and internal audit reports are made available to the external auditor.

Ernst & Young is the Company’s internal auditor.

1.6.5 Written declaration

As Genesis Energy is a New Zealand company, section 295A of the Australian Corporations Act is not applicable³. However, Genesis Energy’s Chief Executive and Chief Financial Officer have provided equivalent assurances to the Board as part of the annual audit process. The Board of Genesis Energy has received and considered a certification from the Chief Executive and the Chief Financial Officer which complies with section 295A of the Corporations Act and ASX Principle 4.2 for the financial year ended 30 June 2015.

The certification states that the declaration provided is founded on a sound system of risk management and internal control and that the system is operating effectively in all material aspects in relation to financial reporting risks.

Each year Management provides a representation letter to the Board confirming a number of matters, including that the Group’s:

- Financial statements have been prepared in accordance with generally accepted accounting principles in New Zealand
- Financial statements are free of material misstatements, including omissions
- Financial statements give a true and fair view of the financial performance of the Group
- Financial records have been maintained properly.

A letter of representation confirming those matters was received by the Board in respect of the Genesis Energy Group’s FY2015 financial statements.

1.7 Approach to risk


1.7.1 Approach to risk management – FY2015

The identification and effective management of the Company’s risks are priorities of the Board. The Board is responsible for overseeing and approving risk management strategy and policies, as well as ensuring that effective audit, risk management and compliance systems are in place. The Audit and Risk Committee assists the Board in fulfilling these responsibilities.

The Company has an enterprise-wide risk management framework and policy. The purpose of these is to integrate risk management into the Company’s operations, and to formalise risk management as part of the Company’s internal control and corporate governance arrangements.

The framework and policy were reviewed in August 2014, and are supported by a number of policies appropriate for the Company’s business, including a Market Trading Risk Policy, Credit Risk Policy, Treasury Management Policy, Compliance Policy and Delegations of Authority Policy.

The Company notes that the Audit and Risk Committee undertook a review of the Company’s risk management framework and policy during FY2015 and satisfied itself that it continues to be sound.

 To view a summary of the Company’s risk management framework, [click here](#).

1.7.2 Economic, environmental and social sustainability risks

Genesis Energy is a large organisation and is exposed to a range of strategic, financial, operational and sustainability-related risks that are inherent in operating in the energy industry.

Risks that could affect results and performance include:

- Increased competition in the electricity, gas and LPG markets
- Impacts arising from a wide range of indirect economic impacts on a broad range of stakeholders (for example, suppliers, employees, communities, customers, shareholders) and the New Zealand economy
- Adverse environmental effects and changing environmental regulation
- Fluctuations in the price of fuel and other materials used in power generation
- Health and safety associated with the Company’s work environment and regulations
- Social issues arising from engagement with stakeholders and local communities
- Performance of technology in our operations
- A significant incident within the power generation industry.

Further information about the Company’s exposure to economic, environmental and social sustainability risks and its framework to manage these risks, is discussed throughout the FY2015 Annual Report.

³ Section 295A of the Corporations Act requires each person who performs the CEO or CFO function in a listed entity established in Australia to provide a declaration that, in their opinion, the financial records of the entity for a financial year have been properly maintained in accordance with the Corporations Act and that the financial statements and the notes for the financial year comply with the accounting standards and give a true and fair view of the financial position and performance of the entity. The declaration must be given before the directors approve the financial statements for the financial year.

Part 2 –
Remuneration
report

Genesis Energy aims to be the ‘place that talent wants to work’, and will continue to focus on attracting and retaining the best and most capable people to its business by putting in place appropriate practices and systems, and by creating and maintaining a culture that ensures its ongoing success.

2.1 Remuneration strategy

Genesis Energy’s remuneration strategy aims to attract, motivate and retain talented employees at all levels of the Company. Genesis Energy’s framework seeks to align the interests of its shareholders and employees, whilst driving performance and growth in shareholder value and return. This strategy is supported by a performance-based remuneration system that, among other things, seeks to align individual employee objectives with Genesis Energy’s strategic and business goals.

The Genesis Energy Board is committed to a remuneration framework that:

- Attracts and retains high-quality Directors, executives and employees, while encouraging them to pursue the growth and success of the Company
- Is aligned to the achievement of the Company’s strategy, business objectives and performance
- Is market based, flexible, affordable and simple to understand and communicate
- Ensures clarity and transparency about the Company’s remuneration policy and practice.

2.2 Directors’ remuneration

2.2.1 Directors’ fees

Directors are remunerated in the form of Directors’ fees, approved by shareholders, including a higher level of fees for the Chairman and Deputy Chairman to reflect the additional time and responsibilities that these positions involve.

An additional pool of fees, approved by shareholders for Committee work, is allocated in respect of membership of the various Board Committees.

No Director of Genesis Energy is entitled to any remuneration from the Company other than by way of Directors’ fees and the reasonable reimbursement of travelling, accommodation and other expenses incurred in the course of performing duties or exercising their role as a Director. Non-executive Directors do not participate in any Company share or option plan.

The following people held office as Directors during the year to 30 June 2015 and received the following remuneration during the period:

| Remuneration paid ² | |
|--------------------------------|-----------|
| Dame Jenny Shipley (Chairman) | \$160,000 |
| Joanna Perry (Deputy Chairman) | \$118,000 |
| Graeme Milne | \$84,000 |
| John Dell | \$92,000 |
| John Leuchars | \$88,000 |
| Rukumoana Schaafhausen | \$88,000 |
| Mark Cross | \$85,333 |
| Douglas McKay | \$84,667 |
| Andrew Clements ¹ | \$29,000 |

¹ Andrew Clements retired from the Board on 28 October 2014.
² Directors’ fees exclude both GST and reimbursed costs directly associated with carrying out their duties, for example, travel.

2.2.2 No additional remuneration for subsidiary directors

No Director of a subsidiary company of the Genesis Energy Group (a list of subsidiary companies and Directors is set out in the Statutory Disclosures section at 3.1.2) received any remuneration or other benefits during the period in relation to their duties as Directors of a subsidiary company, other than the benefit of an indemnity from Genesis Energy and the benefit of insurance cover in respect of all liabilities to persons (other than the Company and the subsidiaries or related body corporate), to the extent permitted by law, which arise out of the performance of their normal duties as Directors, unless the liability relates to conduct involving a lack of good faith.

2.3 Executive remuneration

2.3.1 Executive remuneration approach – general

Genesis Energy is committed to a fair and reasonable remuneration framework for its executives.

Genesis Energy’s total remuneration policy for its senior executives provides the opportunity for them to be paid, where individual and Company performance merits, in the median-to-upper quartile for equivalent market-matched roles. In determining an executive’s total remuneration, external benchmarking is undertaken by up to two globally recognised, locally based remuneration advisors to ensure comparability and competitiveness, along with consideration of the individual’s performance, skills, expertise and experience.

The Human Resources and Remuneration Committee reviews annual performance review programmes for the executives and uses external market information when considering remuneration arrangements. Performance evaluations of the Chief Executive and each Executive Management team member took place during FY2015.

Total executive remuneration is made up of three components: fixed remuneration, short-term performance incentives and an executive long-term incentive plan.

Each component is explored in more detail below.

2.3.2 Fixed remuneration

Fixed remuneration consists of base salary and benefits (superannuation and insurances). Genesis Energy’s policy is to pay fixed remuneration for executives based on the market median.

2.3.3 Short-term performance incentives

Short-term performance incentives are at-risk payments aligned to annual Company performance score-cards and individual measures for eligible executives. The score-cards define objectives and measures in the areas of financial performance, customer retention and growth, operational excellence, and people and safety. All measures link directly to Genesis Energy’s business strategies. Each short-term performance incentive remuneration target is expressed as a percentage of base salary and is set and evaluated annually.

The score-cards account for between 30 per cent to 50 per cent of the short-term performance incentive, while individual targets account for the remaining percentages. These percentages are reviewed annually.

2.3.4 Executive long-term incentive plan

The Company implemented an executive long-term incentive plan (‘Executive LTI Plan’) on listing in 2014. The Executive LTI Plan is designed to enhance the alignment between shareholders and those executives most able to influence the financial results of the Company.

The Board has an absolute discretion to invite executives to participate in the Executive LTI Plan. Under the Executive LTI Plan, the participants purchase shares funded by interest-free loans from the Company, with the shares held on trust by the trustee for those participating executives until the end of a set period. The offer price is established at market value at the time of the offer.

Provided the Board determines the performance criteria are met and participants remain employed with the Company throughout the measurement period, a cash bonus will be paid to meet the repayment of the loan and legal title in the shares will be transferred to the participants. Shares that do not vest will be forfeited and proceeds used to repay the interest-free loan.

The performance criteria under the Executive LTI Plan is as follows:

- The requirement that the Company must achieve a positive absolute total shareholder return over the measurement period of three years
- The Company’s performance relative to the performance of the benchmark peer group is measured, with a sliding scale to apply for the number of shares to vest.

If the Company’s total shareholder return over the measurement period exceeds the 50th percentile of total shareholder return of the benchmark peer group, 50 per cent of a participant’s shares will vest. All of a participant’s shares will vest if the Company’s total shareholder return meets or exceeds the 75th percentile of the benchmark peer group, with vesting on a straight-line basis between these two points.

In the event that the total shareholder return performance in absolute terms is less than zero or, in relative terms, does not meet the peer group’s relative total shareholder return hurdle (being the 50th percentile total shareholder return of the benchmark peer group), or if the participant ceases to be employed by the Company other than for a qualifying reason, the shares will be forfeited to the trustee without compensation and the relevant executive will receive no benefits under the plan. Where the total shareholder return exceeds the 50th percentile of the benchmark peer group but is below the 75th percentile, those shares which have not vested will be forfeited to the trustee without compensation. Where any shares are forfeited to the trustee without compensation, the obligations of the participant with respect to the interest-free loan provided for the acquisition of the forfeited shares will be assumed by the trustee, in consideration for the transfer of the relevant shares to the trustee. The trustee may then sell those shares, hold them on trust for future allocations under the Executive LTI Plan, or transfer them to the Company pursuant to a put option granted by the Company. No shares will vest if the Company’s total shareholder return over the measurement period is less than the 50th percentile total shareholder return of the benchmark peer group.

Following year-end FY2015, the Board reviewed the Executive LTI Plan offer for 2014. As stated in the 2014 Annual Report, the vesting of shares with an executive for the inaugural grant, was dependent on continued employment through the three year period (i.e., 2014–2017), achievement of key performance hurdles within the Prospective Financial Information (which was set out in the Prospectus and Investment Statement dated 13 March 2014) ('PFI'), the Company's absolute total shareholder return being positive and the Company's total shareholder return, relative to a benchmark peer group, meeting certain criteria. The Board concluded that due to the Company failing to meet all PFI Targets for FY2015, the shares held on trust for executive participants are to be forfeited to the trustee without compensation and executive participants will receive no benefits under the Executive LTI Plan offer for 2014.

2.3.5 Chief Executive remuneration

The Chief Executive's total remuneration paid in FY2015 was \$1,800,132. In setting the Chief Executive's remuneration, Directors considered a number of factors including prevailing market conditions, the remuneration of Chief Executives in comparable entities, and the performance of the Chief Executive and the Company.

The total remuneration of the Chief Executive may be reviewed each financial year at the discretion of the Board.

2.3.6 Fixed remuneration

The Chief Executive's fixed remuneration (including superannuation and insurances) paid in FY2015 was \$1,031,089.

2.3.7 Short-term incentive

The amount of the short-term incentive payment is based on the achievement by the Chief Executive of certain Company and individual performance hurdles for the financial year. A short-term incentive payment of \$399,808 was made to the Chief Executive in August 2014 in relation to performance for FY2014.

2.3.8 One-off performance payment in relation to the Genesis Energy IPO

The Chief Executive was entitled to receive, on satisfaction of certain conditions, a one-off retention and performance payment of \$300,000 (gross) following the successful listing of Genesis Energy on the NZX and ASX; this was paid in August 2014.

2.3.9 Long-term incentive

The Chief Executive is entitled to participate in the Executive LTI Plan (see paragraph 2.3.4 for further information on the structure of Genesis Energy's LTI Plan).

2.3.10 KiwiSaver

The Chief Executive is a member of KiwiSaver. As a member of this scheme, the Chief Executive is eligible to contribute and receive matching Company contributions of 4 per cent of gross taxable earnings (including on short-term incentives). For FY2015, the Company contribution paid was \$69,235.

2.3.11 Statement as to employment

As announced on 25 August 2015, the Chief Executive Albert Brantley has indicated his intention to retire from the Company by 30 June 2016.

In accordance with the requirements of ASX Listing Rule 3.16.4, pursuant to his employment agreement, the Chief Executive and the Company have mutual rights of termination on the provision of six months' written notice. Also, the Company may terminate the Chief Executive's employment on grounds of redundancy, serious misconduct and ill health.

2.4 Employee remuneration

2.4.1 Remuneration of employees

There were 282 Genesis Energy employees (or former employees) who received remuneration and benefits in excess of \$100,000 (not including Directors) in their capacity as employees during the year ended 30 June 2015, as set out in the table below (see Diagram 7).

2.4.2 Genesis Energy Employee Share Scheme

Genesis Energy implemented the Genesis Energy Employee Share Scheme ('Scheme') in 2014. The Scheme enables eligible employees to acquire shares in the Company and,

if they continue to be employed after a three-year qualification period, they will be entitled to receive one award share for every two shares purchased in the first year of the qualification period and still owned at the end of that period.

The Scheme has a maximum contribution rate of \$5,000 per annum and does not have any performance criteria, with employees entitled to award shares if they continue to be employed and still own the shares at the end of the qualification period.

For the year in review, 38 per cent of employees participated in the Scheme and the Scheme won the Employee Ownership Australia & New Zealand

award for 'Best Performance in Fostering Long Term Share Ownership (less than 1,000 Employees)'.

2.4.3 Transactions in associated products

The Company's Trading in Company Securities Policy (referred to in paragraph 1.4.2) prohibits Directors, officers and employees of the Company or any of its subsidiaries, where they are entitled to participate in any equity-based remuneration scheme, from entering into any transaction for any associated product which has the effect of limiting the economic risk of participating in any entitlement for which they are eligible under that remuneration scheme.

Diagram 7
Record of Employees earning over \$100,000 in the year ending 30 June 2015

| Amount of Remuneration | Employees | Amount of Remuneration | Employees |
|---|-----------|------------------------|-----------|
| \$1,800,000 – \$1,810,000 | 1 | \$220,000 – \$230,000 | 3 |
| \$980,000 – \$990,000 | 1 | \$210,000 – \$220,000 | 4 |
| \$540,000 – \$550,000 | 1 | \$200,000 – \$210,000 | 5 |
| \$450,000 – \$460,000 | 1 | \$190,000 – \$200,000 | 4 |
| \$440,000 – \$450,000 | 1 | \$180,000 – \$190,000 | 9 |
| \$420,000 – \$430,000 | 1 | \$170,000 – \$180,000 | 9 |
| \$410,000 – \$420,000 | 2 | \$160,000 – \$170,000 | 16 |
| \$400,000 – \$410,000 | 1 | \$150,000 – \$160,000 | 20 |
| \$330,000 – \$340,000 | 1 | \$140,000 – \$150,000 | 33 |
| \$310,000 – \$320,000 | 1 | \$130,000 – \$140,000 | 29 |
| \$280,000 – \$290,000 | 1 | \$120,000 – \$130,000 | 41 |
| \$260,000 – \$270,000 | 1 | \$110,000 – \$120,000 | 35 |
| \$250,000 – \$260,000 | 2 | \$100,000 – \$110,000 | 57 |
| \$230,000 – \$240,000 | 2 | | |
| Total employees earning \$100,000+ | 282 | | |
| Employees who are included but who are no longer at Genesis Energy as at 30 June 2015 | 20 | | |

This includes fixed remuneration, employer KiwiSaver contributions, short-term performance payments, settlement payments and redundancy payments for all permanent employees.

Part 3 – Statutory disclosures

3.1 Disclosures of interest

The general disclosures of interest made by Directors of Genesis Energy, pursuant to section 140(2) of the Companies Act 1993, are shown below. There were no declarations of interest made pursuant to section 140(1) of the Companies Act 1993, entered in the Interests Register of Genesis Energy or its subsidiary companies.

3.1.1 Interests register entries

In accordance with section 211(1)(e) of the Companies Act, particulars of the entries in the Interests Register of Genesis Energy made during the accounting period are as set out in the table below:

| Director | Position | Company |
|-----------------------------------|----------------------------------|--|
| Jenny Shipley (Chairman) | Chair | Seniors Money International Limited |
| | Chair | Momentum Holdings Limited (2) |
| | Chair | Financial Services Council (2) |
| | Chair | China Construction Bank (New Zealand) Limited (1) |
| | Chair and Trustee | NZ Global Women (2) |
| | Chair | Transition Advisory Board for CERA (1) |
| | Chair | Oravida NZ Limited (1) |
| | Chair | Oravida Waters Limited (1) |
| | Director and Shareholder | Jenny Shipley New Zealand Limited |
| | Director | Trans-Tasman Resources Limited (2) |
| | Trustee | Heart Health Research Trust |
| | Member | Canterbury Earthquake Recovery Authority Review Panel |
| | Executive Board Member | New Zealand China Council (1) |
| | Trustee | Shipley Family Trust |
| | | |
| Joanna Perry (Deputy Chairman) | Chairman | Investment Advisory Panel of Primary Growth Partnership |
| | Chair | IFRS Advisory Council |
| | Director | Trade Me Group Limited |
| | Director | Sport New Zealand |
| | Director and Shareholder | JMGP Limited |
| | Director | Kiwi Property Group Limited |
| | Director | The Co-operative Bank Limited (2) |
| | Director | Rowing New Zealand |
| | Director | Partners Life Holding Limited |
| | Director | Partners Life Limited |
| | Member | National Health Committee (1) |
| | Independent Advisor to the Board | Tainui Group Holdings Limited (2) |
| | | |
| Graeme Milne | Chairman | New Zealand Pharmaceuticals Limited |
| | Chairman | Synlait Milk Limited |
| | Chairman | Terracare Fertilisers Limited |
| | Chairman | Johne's Disease Research Limited |
| | Chairman | Rural Broadband Initiative National Advisory Committee |
| | Chairman | Pacific T and R Limited (2) (1) |
| | Chairman | Rimanui Farms Limited |
| | Director | New Zealand Institute for Rare Disease Research Limited (2) |
| | Director | Farmers Mutual Group |
| | Director | Alliance Group Limited |
| | Member | Massey University School of Engineering Advanced Technology Advisory Board |
| | Partner | G.R. & J.A Milne |
| | Trustee | Rockhaven Trust |
| | | |
| | | |

| Director | Position | Company |
|---------------------------|-----------------------------------|--|
| Rukumoana Schaafhausen | Director | Regional Facilities Auckland Limited |
| | Executive Member | Waikato-Tainui Te Kauhanganui Incorporated, the trustee of the Waikato Raupatu Lands Trust and Waikato Raupatu River Trust |
| | Trustee | New Zealand Centre for Social Innovation (2) |
| | Director | Te Waharoa Investments Limited |
| | Director | Schaafhausen Inc Limited |
| John Leuchars | Director | KiwiRail Holdings Limited – trading as KiwiRail |
| | Director | Wellington Gateway General Partner No. 1 Limited |
| | Director | Wellington Gateway General Partner No. 2 Limited |
| | Director and Shareholder | Leuchars Holdings Limited |
| | Director and Shareholder | Nuf Investments Pty Limited |
| | Director and Shareholder | Nuf Superannuation Pty Limited |
| | Director and Shareholder | Nuf Pty Limited |
| | Non-executive Director | Milmeq Limited (1) |
| | Member | Saint Kentigern Trust Board Subcommittee |
| John Dell | Managing Director and Shareholder | Japad Trading Limited |
| | Managing Director and Shareholder | Japad Limited |
| | Managing Director and Shareholder | Japad Long Term Investments Limited |
| | Non-executive Director | Higgins Group Holdings Limited |
| | Non-executive Director | Unimarket Holdings Limited |
| | Non-executive Director | EGS Investments Limited and its subsidiaries |
| | Non-executive Director | Perpetual Capital Management Limited (2) |
| | Non-executive Director | Viridian Glass GP Limited |
| | Trustee | Japad Family Trust |
| | Trustee | Japad Investment Trust |
| | Trustee | The Otago Trust |
| | Trustee | Cuthby Trust |
| | Trustee | Newcastle Trust |
| | | |
| | | |
| Mark Cross | Chair | MFL Mutual Fund Limited |
| | Chair | Superannuation Investments Limited |
| | Director and Shareholder | Milford Asset Management Limited and subsidiaries (1) |
| | Director and Shareholder | Virsae Group Limited (1) |
| | Director and Shareholder | Infracom NZ Limited |
| | Director and Shareholder | Aspect Productivity Technology Limited |
| | Director and Shareholder | Alpha Investment Partners Limited |
| | Director | Argosy Property Limited |
| | Director | Triathlon New Zealand Incorporated |
| | Director | Hirepool Group Limited (2) |
| | Director | HGL New Zealand Limited (2) |
| | Trustee | Triathlon Youth Foundation New Zealand |
| | Trustee | The Cross Family Trust |

| Director | Position | Company |
|---------------|--------------------------|--|
| Douglas McKay | Chairman | Eden Park Trust Board (1) |
| | Director | IAG New Zealand Limited and subsidiaries |
| | Chairman | Bank of New Zealand and subsidiaries (1) |
| | Director | New Zealand Snack Food Holdings Limited (2) |
| | Director | Wymac Consulting Limited |
| | Director | New Zealand Institute of Chartered Accountants (2) |
| | Director | New Zealand Food Company Holdings Limited (1) (2) |
| | Director | Ryman Healthcare Limited (1) |
| | Director | Chartered Accountants Australia New Zealand (1) |
| | Director | Regulatory Board of New Zealand Institute of Chartered Accountants (NZICA) (1) |
| | Director and Shareholder | Tourism Transport Limited (1) |
| | Member | Eden Park Trust Board (1) |

1 Entries added by notices given by Directors during the year ended 30 June 2015.
2 Entries removed by notices given by Directors during the year ended 30 June 2015.

3.1.2 Directors of subsidiary companies

At 30 June 2015:

- The Chairman of Genesis Energy Rt Hon Dame Jenny Shipley, the Chief Executive of Genesis Energy, Albert Brantley, and the General Counsel and Company Secretary of Genesis Energy, Maureen Shaddick, were Directors of the following wholly owned subsidiaries: Genesis Power Investments Limited, Kupe Holdings Limited, GP No. 2 Limited and GP No. 5 Limited
- Andrew Donaldson, the Chief Financial Officer, Warwick Williams, the Group Risk and Analytics Manager, and Matthew Hooker (resident Singapore based Director and employed by the Genesis Energy captive manager Willis Management (Singapore) Pte Limited) were Directors, and Maureen Shaddick the Alternate Director to Andrew Donaldson, of Genesis Energy’s captive insurance company incorporated in Singapore, Genesis Energy Insurance Pte Limited.

On 31 July 2014, wholly owned subsidiaries Kinleith Cogeneration Limited and GP No. 1 were amalgamated into Genesis Energy Limited.

3.1.3 Indemnity and insurance

In accordance with section 162 of the Companies Act and the Company’s constitution, Genesis Energy has indemnified and arranged insurance for all current and former Directors and executive officers of the Company and its subsidiary companies in respect of all liabilities to persons (other than the Company or a related body corporate), to the extent permitted by law, which arise out of the performance of their normal duties as Directors or executive officers, unless the liability relates to conduct involving a lack of good faith.

The Company holds:

- Prospectus liability insurance in relation to its Retail Bond issue in December 2008 and Capital Bond issue in April 2011
- Prospectus liability and cost and expenses liability insurance in respect of the Prospectus registered on 13 March 2014 (as amended on 18 March 2014) for the Company’s initial public offering of shares in the Company.

In authorising the insurances to be effected, each Director signed a certificate stating that, in their opinion, the cost of the insurance is fair to the Company.

3.1.4 Use of Company information

No notices have been received by the Board of Genesis Energy under section 145 of the Companies Act with regard to the use of Company information received by Directors in their capacities as Directors of the Company or its subsidiary companies.

3.1.5 Disclosures of Directors’ interests in share transactions

In accordance with section 211(1)(e) of the Companies Act , Directors’ interests in share transactions for the year are laid out in the table on page 63.

3.1.6 Directors’ interests in shares

Directors disclosed the following relevant interests in shares as at 30 June 2015:

| Director | Number of shares in which a relevant interest is held |
|-------------------------|---|
| Jenny Shipley | 14,693 |
| Joanna Perry | 27,306 |
| John Dell | 27,526 |
| John Leuchars | 131,600 |
| Graeme Milne | 27,306 |
| Rukumoana Schaaflhausen | 5,461 |
| Douglas McKay | 13,240 |

Disclosures of Directors’ interests in share transactions

As at 30 June 2015, Directors disclosed the following acquisitions and disposals of relevant interests in Genesis Energy securities during the financial year pursuant to sections 146 and 148 of the Companies Act 1993:

| Name of Director | Date of acquisition/ disposal of relevant interest | Nature of relevant interest | Consideration | Shares in which a relevant interest was acquired/disposed |
|-------------------------|--|--|---|---|
| Jenny Shipley | 23 April 2015 | Loyalty Bonus Shares acquired in accordance with the Genesis Energy Retail Share Offer. Jenny Shipley acquired an interest in 693 shares held by herself, Burton Shipley and Gary Leech as Trustees of the Shipley Family Trust. | Loyalty Bonus Shares acquired on a ratio of one Loyalty Bonus Share for every 15 shares allocated under the Retail Share Offer, provided certain eligibility criteria were met. | 693 Loyalty Bonus Shares |
| Joanna Perry | 23 April 2015 | Loyalty Bonus Shares acquired in accordance with the Genesis Energy Retail Share Offer. Joanna Perry acquired an interest in 1,706 shares held by her. | | 1,706 Loyalty Bonus Shares |
| Rukumoana Schaaflhausen | 23 April 2015 | Loyalty Bonus Shares acquired in accordance with the Genesis Energy Retail Share Offer. Rukumoana Schaaflhausen acquired an interest in 341 shares held by herself and Wilhelm Schaaflhausen. | | 341 Loyalty Bonus Shares |
| Graeme Milne | 23 April 2015 | Loyalty Bonus Shares acquired in accordance with the Genesis Energy Retail Share Offer. Graeme Milne acquired an interest in 1,706 shares held by himself, Julie Milne and Robert Pascoe. | | 1,706 Loyalty Bonus Shares |
| John Dell | 23 April 2015 | Loyalty Bonus Shares acquired in accordance with the Genesis Energy Retail Share Offer. John Dell acquired an interest in 1,720 shares held directly by him. | | 1,720 Loyalty Bonus Shares |
| John Leuchars | 23 April 2015 | Loyalty Bonus Shares acquired in accordance with the Genesis Energy Retail Share Offer. John Leuchars acquired an interest in 2,000 shares held by Leuchars Holdings Limited. | | 2,000 Loyalty Bonus Shares |
| | 23 April 2015 | Loyalty Bonus Shares acquired in accordance with the Genesis Energy Retail Share Offer. John Leuchars acquired an interest in 2,000 shares held by Sally Leuchars and Andrew Walter (as trustees of the Sally and John Leuchars Family Trust No.2). | | 2,000 Loyalty Bonus Shares |
| Douglas McKay | 23 April 2015 | Loyalty Bonus Shares acquired in accordance with the Genesis Energy Retail Share Offer. Douglas McKay acquired an interest in 826 shares held by Custodial Services Limited (as registered holder of the shares for the trustees of the McKay Family Partnership Trust). | | 826 Loyalty Bonus Shares |
| Andrew Clements | 23 April 2015 | Loyalty Bonus Shares acquired in accordance with the Genesis Energy Retail Share Offer. Andrew Clements acquired an interest in 1,600 shares held by Jacon Investments Limited. | | 1,600 Loyalty Bonus Shares |
| | 23 April 2015 | Loyalty Bonus Shares acquired in accordance with the Genesis Energy Retail Share Offer. Andrew Clements acquired an interest in 1,600 shares held by Connor Clements. | | 1,600 Loyalty Bonus Shares |
| | 23 April 2015 | Loyalty Bonus Shares acquired in accordance with the Genesis Energy Retail Share Offer. Andrew Clements acquired an interest in 1,600 shares held by Jamie Clements. | | 1,600 Loyalty Bonus Shares |

Part 4 –
Shareholder
and bondholder
statistics

4.1 Shareholder statistics

4.1.1 Stock exchange listings

Genesis Energy’s ordinary shares are listed and quoted on both the New Zealand and the Australian stock exchanges.

In New Zealand, the Company is listed with a ‘non-standard’ (NS) designation. This is due to a condition of some of the NZX waivers (discussed in further detail in paragraph 4.3.1) and the requirements regulating ownership and transfer of ordinary shares.

4.1.2 Twenty largest registered shareholders as at 4 August 2015

| Name | Number of shares | Percentage of total shares |
|---|------------------|----------------------------|
| Her Majesty the Queen in Right of New Zealand | 512,319,766 | 51.23 |
| Citibank Nominees (New Zealand) Limited* | 34,349,970 | 3.44 |
| Accident Compensation Corporation* | 21,623,324 | 2.16 |
| National Nominees New Zealand Limited* | 20,837,754 | 2.08 |
| HSBC Nominees (New Zealand) Limited* | 19,685,922 | 1.97 |
| JP Morgan Chase Bank NA NZ* | 15,779,511 | 1.58 |
| RBC Investor Services Australia Nominees Pty Limited | 13,891,516 | 1.39 |
| Custodial Services Limited A/C 3 | 13,042,884 | 1.30 |
| FNZ Custodians Limited | 12,768,371 | 1.28 |
| HSBC Nominees (New Zealand) Limited A/C State Street* | 8,988,865 | 0.90 |
| ANZ Wholesale Australasian Share Fund* | 8,736,531 | 0.87 |
| HSBC Custody Nominees (Australia) Limited | 8,417,174 | 0.84 |
| BNP Paribas Nominees (NZ) Limited* | 7,927,739 | 0.79 |
| Investment Custodial Services Limited | 5,862,886 | 0.59 |
| Private Nominees Limited* | 5,845,202 | 0.59 |
| Custodial Services Limited A/C 2 | 5,351,077 | 0.54 |
| National Nominees Limited | 4,127,849 | 0.41 |
| BNP Paribas Noms Pty Limited | 3,988,443 | 0.40 |
| Custodial Services Limited A/C 4 | 3,689,418 | 0.37 |
| Guardian Nominees No 2 A/C Westpac W/S Enhanced Cash Trust* | 3,560,477 | 0.36 |
| Total | 730,794,679 | 73.09 |

* In the above table, the shareholding of New Zealand Central Securities Depository Limited (‘NZSCD’) has been allocated to the applicable members of NZSCD.

4.1.3 Substantial security holders

The following information is given pursuant to sub-part 5 of part 5 of the Financial Markets Conduct Act 2013.

According to notices given to the Company, the substantial security holder in the Company and its relevant interests are noted below.

| | Date of substantial security notice | Relevant interest in the number of shares | Percentage of shares held at date of notice |
|---|-------------------------------------|---|---|
| Her Majesty the Queen in Right of New Zealand | 6 July 2015 | 519,723,781 | 51.97 |

4.1.4 Distribution of ordinary shares and shareholdings as at 4 August 2015

| Size of the holding | Number of shareholders | Percentage of shareholders | Number of ordinary shares | Percentage of ordinary shares |
|---------------------|------------------------|----------------------------|---------------------------|-------------------------------|
| 1 to 1,000 | 4,581 | 8.63 | 3,170,705 | 0.32 |
| 1,001 – 5,000 | 42,154 | 79.40 | 95,259,277 | 9.53 |
| 5,001 – 10,000 | 3,222 | 6.07 | 22,832,361 | 2.28 |
| 10,001 – 50,000 | 2,780 | 5.23 | 53,847,076 | 5.38 |
| 50,001 – 100,000 | 197 | 0.37 | 13,455,044 | 1.35 |
| 101,000 and over | 158 | 0.30 | 811,435,537 | 81.14 |
| Totals | 53,092 | 100.00 | 1,000,000,000 | 100.00 |

4.1.5 Shareholders holding less than a marketable parcel

As at 4 August 2015, there were 66 shareholders (with a total number of 9,805 shares) holding less than a marketable parcel of shares under the ASX Listing Rules. The ASX Listing Rules define a marketable parcel of shares as a parcel of shares worth not less than \$500.

4.2 Bondholder statistics

4.2.1 Stock exchange listings

Genesis Energy’s subordinated, unsecured capital bonds are listed on the New Zealand Debt Market Exchange.

4.2.2 Distribution of holders of quoted securities

Investor ranges: 4 August 2015
Security Code: GPFLA

| Range | Holder | Percentage of holders | Issued capital | Percentage of issued capital |
|----------------------|--------|-----------------------|----------------|------------------------------|
| 1 to 1,000 | – | – | – | – |
| 1,001 – 5,000 | 160 | 5.85 | 800,000 | 0.40 |
| 5,001 – 10,000 | 528 | 19.32 | 5,041,000 | 2.52 |
| 10,001 – 50,000 | 1,657 | 60.63 | 45,897,500 | 22.95 |
| 50,001 – 100,000 | 244 | 8.93 | 20,081,393 | 10.04 |
| Greater than 100,000 | 144 | 5.27 | 128,180,107 | 64.09 |
| Totals | 2,733 | 100.00 | 200,000,000 | 100.00 |

4.3 Other disclosures

4.3.1 Waivers from the New Zealand and Australian Stock Exchanges NZX

NZX has granted a waiver in relation to NZX Rule 9.2.1 to permit the Company to enter into transmission agreements with Transpower which constitute material transactions with a related party without obtaining shareholder approval, where those agreements are entered into in order to comply with the Electricity Industry Participation Code and the amounts payable under those agreements are determined in accordance with the transmission pricing methodology and regulated under the Electricity Industry Participation Code and Part 4 of the Commerce Act 1986 (subject to certain conditions). As a condition of this waiver, the Company is required to disclose in its Annual Report the total amount of fees payable by the Company to Transpower under the transmission agreements for the relevant financial year. For the financial year in review, this amount is \$12,270,113.

4.3.2 Donations

In accordance with section 211(1) (h) of the Companies Act 1993, Genesis Energy records that it made donations of \$23,320 during the year ended 30 June 2015.

4.3.3 Credit rating

As at the date of this Annual Report, Standard & Poor’s long-term credit rating for Genesis Energy was BBB+ Stable.

4.3.4 Exercise of NZX disciplinary powers

The NZX did not exercise any of its powers under Listing Rule 5.4.2 in relation to Genesis Energy during FY2015.

4.3.5 Auditor’s fees

As noted, Deloitte has continued to act as auditor for the Company and the amount payable by Genesis Energy and its subsidiaries to Deloitte, and audit fees and non-audit work fees undertaken in respect of FY2015, are set out in Note 4 to the Financial Statements.

4.3.6 ASX disclosures

Genesis Energy has been admitted to the official list of the ASX. As a requirement of admission, Genesis Energy must make the following disclosures:

- Genesis Energy’s place of incorporation is New Zealand
- Genesis Energy is not subject to Chapters 6, 6A, 6B and 6C of the Corporations Act 2001 (Australia). Genesis Energy will not acquire any classified assets in circumstances in which the ASX Listing Rules would require the issue of restricted securities, without the written consent of ASX.

4.3.7 Shareholder restrictions

Information about Genesis Energy ordinary shares

This statement sets out certain information about the rights, privileges, conditions and limitations, including restrictions on transfer, that attach to fully paid ordinary shares (‘Shares’) in Genesis Energy Limited (‘Company’).

Rights and privileges

Under the Company’s constitution (‘Constitution’) and the Companies Act 1993 (‘Companies Act’), each Share gives the holder a right to:

- Attend and vote at a meeting of shareholders, including the right to cast one vote per Share on a poll on any resolution, such as a resolution to:

- Appoint or remove a director
- Adopt, revoke or alter the Constitution
- Approve a major transaction (as that term is defined in the Companies Act)
- Approve the amalgamation of the Company under section 221 of the Companies Act
- Place the Company in liquidation

- Receive an equal share in any distribution, including dividends, if any, authorised by the Board and declared and paid by the Company in respect of that Share

- Receive an equal share with other shareholders in the distribution of surplus assets in any liquidation of the Company

- Be sent certain information, including notices of meetings and company reports sent to shareholders generally

- Exercise the other rights conferred upon a shareholder by the Companies Act and the Constitution.

Restrictions on ownership and transfer

The Public Finance Act 1989 (‘Public Finance Act’) was amended in June 2012 to include restrictions on the ownership of certain types of securities issued by each mixed ownership model company (including Genesis Energy Limited) and consequences for breaching those restrictions. The Constitution incorporates these restrictions and mechanisms for monitoring and enforcing them.

A summary of the restrictions on the ownership of Shares under the Public Finance Act and the Constitution is set out below. If the Company issues any other class of shares, or other securities which confer voting rights in the future, the restrictions outlined would apply to those other classes of shares or voting securities.

51 per cent shareholding

The Crown must hold at least 51 per cent of the Shares on issue. The Company must not issue, acquire or redeem any Shares if such issue, acquisition or redemption would result in the Crown’s holding falling below this 51 per cent threshold.

10 per cent limit

No person (other than the Crown) may have a ‘Relevant Interest’⁴ in more than 10 per cent of the Shares on issue (‘10 per cent Limit’).

The Company must not issue, acquire or redeem any Shares if it has actual knowledge that such issue, acquisition or redemption will result in any person, other than the Crown, exceeding the 10 per cent limit.

Ascertaining whether a breach has occurred

If a holder of Shares breaches the 10 per cent limit or knows or believes that a person who has a Relevant Interest in Shares held by that holder may have a Relevant Interest in Shares in breach of the 10 per cent limit, the holder must notify the Company of the breach or potential breach.

The Company may require a holder of Shares to provide it with a statutory declaration if the Board knows or believes that a person is, or is likely to be, in breach of the 10 per cent limit. That statutory declaration is required to include, where applicable, details of all persons who have Relevant Interests in any Shares held by that holder.

Determining whether a breach has occurred

The Company has the power to determine whether a breach of the 10 per cent limit has occurred and, if so, to enforce the 10 per cent limit. In broad terms, if:

- The Company considers that a person may be in breach of the 10 per cent limit; or

- A holder of Shares fails to lodge a statutory declaration when required to do so or lodges a declaration that has not been completed to the reasonable satisfaction of the Company, then the Company is required to determine whether or not the 10 per cent limit has been breached and, if so, whether or not that breach was inadvertent. The Company must give the affected shareholder the opportunity to make representations to the Company before it makes a determination on these matters.

Effect of exceeding the 10 per cent limit

A person who is in breach of the 10 per cent limit must:

- Comply with any notice that they receive from the Company requiring them to dispose of Shares or their Relevant Interest in Shares, or take any other steps that are specified in the notice, for the purpose of remedying the breach and reducing their holding below the 10 per cent limit
- Ensure that they are no longer in breach within 60 days after the date on which they became aware, or ought to have been aware, of the breach. If the breach is not remedied within that time frame, the Company may arrange for the sale of the relevant number of Shares on behalf of the relevant holder. In those circumstances, the Company will pay the net proceeds of sale, after the deduction of any other costs incurred by the Company in connection with the sale (including brokerage and the costs of investigating the breach of the 10 per cent limit), to the relevant holder as soon as practicable after the sale has been completed.

If a Relevant Interest is held in any Shares in breach of the 10 per cent limit then, for so long as that breach continues:

- No votes may be cast in respect of any of the Shares in which a Relevant Interest is held in excess of the 10 per cent limit; and
- The registered holder(s) of Shares in which a Relevant Interest is held in breach of the 10 per cent limit will not be entitled to receive, in respect of the Shares in which a Relevant Interest is held in excess of the 10 per cent limit, any dividend or other distribution authorised by the Board in respect of the Shares.

However, if the Board determines that a breach of the 10 per cent limit was not inadvertent, or that it does not have sufficient information to determine that the breach was not inadvertent, then in that case the restrictions on voting and entitlement to receive any dividends or other distributions described in the preceding paragraphs will apply in respect of all of the Shares held by the relevant Shareholder (and not just the Shares in which a Relevant Interest is held in excess of the 10 per cent limit).

An exercise of a voting right attached to a Share held in breach of the 10 per cent limit must be disregarded in counting the votes concerned. However, a resolution passed at a meeting is not invalid where votes exercised in breach of the voting restriction were counted by the Company in good faith and without knowledge of the breach.

The Board may refuse to register a transfer of Shares if it knows or believes that the transfer will result in a breach of the 10 per cent limit or where the transferee has failed to lodge a statutory declaration requested from it by the Board within 14 days of the date on which the Company gave notice to the transferee to provide such statutory declaration.

⁴ In broad terms, a person has a ‘relevant interest’ in a Share if the person (a) is the registered holder or beneficial owner of the Share; or (b) has the power to exercise, or control the exercise of, a right to vote attached to the Share or has the power to acquire or dispose of, or to control the acquisition or disposition of, that Share. A person may also have a ‘relevant interest’ in a Share in which another person has a ‘relevant interest’ depending on the nature of the relationship between them.

Crown directions

The Crown has the power to direct the Board to exercise certain of the powers conferred on it under the Constitution. For example, where the Crown suspects that the 10 per cent limit has been breached but the Board has not taken steps to investigate the suspected breach, the Crown may require the Company to investigate whether a breach of the 10 per cent limit has occurred or to exercise a power of sale of the relevant Share that has arisen as described under the heading ‘Effect of exceeding the 10 per cent limit’ above.

Trustee corporations and nominee companies

Trustee corporations and nominee companies (that hold securities on behalf of a large number of separate underlying beneficial holders) are exempt from the 10 per cent limit provided that certain conditions set out in the Public Finance Act 1989 are satisfied.

Share cancellation

In certain circumstances, Shares could be cancelled by the Company through a reduction of capital, share buy-back or other form of capital reconstruction approved by the Board and, where applicable, the shareholders.

Sale of less than a Minimum Holding

The Company may at any time give notice to a shareholder holding less than a Minimum Holding of Shares (as that term is defined in the NZX Listing Rules) that if, at the expiration of three months after the date the notice is given, Shares then registered in the name of the holder are less than a Minimum Holding, the Company may sell those Shares through the NZX or in some other manner approved by NZX Limited, and the holder is deemed to have authorised the Company to act on behalf of the holder and to sign all necessary documents relating to the sale.

For the purposes of the sale and of Rule 5.12 of the ASX Settlement Operating Rules, where the Company has given a notice that complies with Rule 5.12.2 of the ASX Settlement Operating Rules, the Company may, after the expiration of the time specified in the notice, initiate a Holding Adjustment to move the relevant Shares from that CHESS Holding to an Issuer Sponsored Holding (as those terms are defined in the ASX Settlement Operating Rules) or to take any other action the Company considers necessary or desirable to effect the sale.

The Company will account to the shareholder for the net proceeds of the sale (after deduction of reasonable sale expenses and any unpaid calls or any other amounts owing to the Company in respect of the Shares).

Cancellation of sale of Shares

The Crown may cancel the sale of Shares to an applicant under the offer of Shares by the Crown (‘Offer’) in the Investment Statement and Prospectus for the Offer, if the applicant misrepresented their entitlement to be allocated Shares under the Offer as a New Zealand applicant. If the Crown cancels a sale of Shares on those grounds:

- The Company must sell Shares held by that applicant, up to the number of Shares sold to it under the Offer, irrespective of whether or not those Shares were acquired by the applicant under the Offer (unless the applicant had previously sold, transferred or disposed of all of its Shares to a person who was not an associated person of the applicant)
- The applicant will receive from the sale the lesser of:
 - The sale price for the Shares less the costs incurred by the Crown and the Company
 - The aggregate price paid for the Shares less those costs

with any excess amount being payable to the Crown.

If an applicant who misrepresented their entitlement to Shares has sold, transferred or otherwise disposed of Shares to an associated person, then the power of sale will extend to Shares held by that associated person, up to the number of Shares transferred, sold or otherwise disposed of to the associated person by the relevant applicant.

Consolidated Financial Statements



Genesis Energy Limited
Consolidated Financial Statements
for the year ended 30 June 2015

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Consolidated comprehensive income statement

For the year ended 30 June 2015

| | Note | 2015 \$ million | 2014 \$ million |
|--|------|--------------------|--------------------|
| Operating revenue | | | |
| Electricity revenue | | 1,730.4 | 1,661.1 |
| Gas revenue | | 282.9 | 251.3 |
| Petroleum revenue | | 64.7 | 84.4 |
| Other revenue | | 19.6 | 8.2 |
| | | 2,097.6 | 2,005.0 |
| Operating expenses | | | |
| Electricity purchases, transmission and distribution | | (953.7) | (897.7) |
| Gas purchases and transmission | | (297.1) | (249.8) |
| Petroleum production, marketing and distribution | | (26.1) | (30.6) |
| Fuels consumed | | (187.4) | (191.3) |
| Employee benefits | 4 | (80.6) | (89.2) |
| Other operating expenses | 4 | (207.9) | (238.6) |
| | | (1,752.8) | (1,697.2) |
| Earnings before net finance expense, income tax, depreciation, depletion, amortisation, impairment, fair value changes and other gains and losses | | 344.8 | 307.8 |
| Depreciation, depletion and amortisation | 5 | (155.7) | (156.7) |
| Impairment of non-current assets | 15 | (14.0) | (10.1) |
| Change in fair value of financial instruments | 6 | 32.1 | 0.4 |
| Other gains (losses) | | (0.2) | (1.6) |
| | | (137.8) | (168.0) |
| Profit before net finance expense and income tax | | 207.0 | 139.8 |
| Finance revenue | | 1.3 | 0.9 |
| Finance expense | 7 | (68.0) | (69.1) |
| Profit before income tax | | 140.3 | 71.6 |
| Income tax (expense) | 8 | (35.5) | (22.4) |
| Net profit for the year | | 104.8 | 49.2 |
| Other comprehensive income | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Change in cash flow hedge reserve | 25 | (20.1) | 5.0 |
| Income tax credit (expense) relating to items that may be reclassified | 25 | 5.6 | (1.4) |
| Total items that may be reclassified subsequently to profit or loss | | (14.5) | 3.6 |
| Total other comprehensive income (expense) for the year | | (14.5) | 3.6 |
| Total comprehensive income for the year | | 90.3 | 52.8 |
| Earnings per share from operations attributable to shareholders of the Parent | | | |
| Basic and diluted earnings per share (cents) | 9 | 10.49 | 4.92 |

The above statements should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the year ended 30 June 2015

| | Note | Share capital \$ million | Share-based payments reserve \$ million | Asset revaluation reserve \$ million | Cash flow hedge reserve \$ million | Retained earnings \$ million | Total \$ million |
|---|------|-----------------------------|---|--|--|---------------------------------|---------------------|
| Balance as at 1 July 2013 | | 540.6 | – | 806.4 | (8.7) | 611.5 | 1,949.8 |
| Net profit for the year | | – | – | – | – | 49.2 | 49.2 |
| Other comprehensive income | | | | | | | |
| Change in cash flow hedge reserve | 25 | – | – | – | 5.0 | – | 5.0 |
| Income tax expense relating to other comprehensive income | 8 | – | – | – | (1.4) | – | (1.4) |
| Total comprehensive income for the year | | – | – | – | 3.6 | 49.2 | 52.8 |
| Revaluation reserve reclassified to retained earnings on disposal of assets | | – | – | (0.6) | – | 0.6 | – |
| Acquisition of Treasury shares | 11 | (0.9) | – | – | – | – | (0.9) |
| Dividends | 10 | – | – | – | – | (121.0) | (121.0) |
| Balance as at 30 June 2014 | | 539.7 | – | 805.8 | (5.1) | 540.3 | 1,880.7 |
| Net profit for the year | | – | – | – | – | 104.8 | 104.8 |
| Other comprehensive income | | | | | | | |
| Change in cash flow hedge reserve | 25 | – | – | – | (20.1) | – | (20.1) |
| Income tax credit relating to other comprehensive income | 8 | – | – | – | 5.6 | – | 5.6 |
| Total comprehensive income (expense) for the year | | – | – | – | (14.5) | 104.8 | 90.3 |
| Share-based payments | 12 | – | 0.3 | – | – | – | 0.3 |
| Dividends | 10 | – | – | – | – | (145.9) | (145.9) |
| Balance as at 30 June 2015 | | 539.7 | 0.3 | 805.8 | (19.6) | 499.2 | 1,825.4 |

The above statements should be read in conjunction with the accompanying notes.

Consolidated balance sheet

As at 30 June 2015

| | Note | 2015 \$ million | 2014 \$ million |
|--------------------------------------|------|--------------------|--------------------|
| Current assets | | | |
| Cash and cash equivalents | | 21.0 | 23.3 |
| Receivables and prepayments | 13 | 187.7 | 216.4 |
| Inventories | 14 | 80.0 | 93.8 |
| Assets held for sale | 16 | 3.1 | – |
| Intangible assets | 18 | 4.3 | 3.9 |
| Tax receivable | | 16.2 | – |
| Derivatives | 25 | 34.2 | 19.9 |
| Total current assets | | 346.5 | 357.3 |
| Non-current assets | | | |
| Receivables and prepayments | 13 | 0.9 | 0.9 |
| Inventories | 14 | 24.4 | 34.1 |
| Property, plant and equipment | 15 | 2,682.5 | 2,758.8 |
| Oil and gas assets | 17 | 292.4 | 342.1 |
| Intangible assets | 18 | 127.4 | 128.2 |
| Derivatives | 25 | 53.9 | 8.0 |
| Total non-current assets | | 3,181.5 | 3,272.1 |
| Total assets | | 3,528.0 | 3,629.4 |
| Current liabilities | | | |
| Payables and accruals | 22 | 158.3 | 194.8 |
| Tax payable | | – | 3.4 |
| Borrowings | 23 | 117.8 | 12.3 |
| Provisions | 24 | 12.3 | 13.6 |
| Derivatives | 25 | 21.5 | 22.5 |
| Total current liabilities | | 309.9 | 246.6 |
| Non-current liabilities | | | |
| Payables and accruals | 22 | 0.7 | 0.7 |
| Borrowings | 23 | 840.4 | 977.1 |
| Provisions | 24 | 123.7 | 126.9 |
| Deferred tax liability | 8 | 397.2 | 384.2 |
| Derivatives | 25 | 30.7 | 13.2 |
| Total non-current liabilities | | 1,392.7 | 1,502.1 |
| Total liabilities | | 1,702.6 | 1,748.7 |
| Shareholders' equity | | | |
| Share capital | 11 | 539.7 | 539.7 |
| Reserves | | 1,285.7 | 1,341.0 |
| Total equity | | 1,825.4 | 1,880.7 |
| Total equity and liabilities | | 3,528.0 | 3,629.4 |

The Directors of Genesis Energy Limited authorise these financial statements for issue on behalf of the Board.


Rt Hon Dame Jenny Shipley DNZM
Chairman of the Board
Date: 24 August 2015


Joanna Perry MNZM
Chairman of the Audit and Risk Committee
Date: 24 August 2015

The above statements should be read in conjunction with the accompanying notes.

Consolidated cash flow statement

For the year ended 30 June 2015

| | 2015 \$ million | 2014 \$ million |
|---|--------------------|--------------------|
| Cash flows from operating activities | | |
| Cash was provided from: | | |
| Receipts from customers | 2,122.0 | 2,055.1 |
| Interest received | 1.3 | 0.9 |
| | 2,123.3 | 2,056.0 |
| Cash was applied to: | | |
| Payments to suppliers and related parties | 1,687.6 | 1,649.7 |
| Payments to employees | 81.0 | 89.1 |
| Tax paid | 36.2 | 13.3 |
| | 1,804.8 | 1,752.1 |
| Net cash inflows from operating activities | 318.5 | 303.9 |
| Cash flows from investing activities | | |
| Cash was provided from: | | |
| Proceeds from disposal of property, plant and equipment | 1.3 | 0.4 |
| Proceeds from disposal of oil and gas assets | – | 0.1 |
| | 1.3 | 0.5 |
| Cash was applied to: | | |
| Purchase of property, plant and equipment | 35.5 | 66.5 |
| Purchase of oil and gas assets | 4.1 | 1.2 |
| Purchase of intangibles (excluding emission units) | 10.3 | 15.7 |
| | 49.9 | 83.4 |
| Net cash (outflows) from investing activities | (48.6) | (82.9) |
| Cash flows from financing activities | | |
| Cash was provided from: | | |
| Proceeds from borrowings | 193.0 | 167.1 |
| | 193.0 | 167.1 |
| Cash was applied to: | | |
| Repayment of borrowings | 256.1 | 195.0 |
| Interest paid and other finance charges | 61.6 | 66.6 |
| Repayment of principal on finance lease liabilities | 1.6 | 4.0 |
| Dividends | 145.9 | 121.0 |
| Acquisition of Treasury shares | – | 0.9 |
| | 465.2 | 387.5 |
| Net cash (outflows) from financing activities | (272.2) | (220.4) |
| Net increase (decrease) in cash and cash equivalents | (2.3) | 0.6 |
| Cash and cash equivalents at 1 July | 23.3 | 22.7 |
| Cash and cash equivalents at 30 June | 21.0 | 23.3 |

The above statements should be read in conjunction with the accompanying notes.

Consolidated cash flow statement (continued)

For the year ended 30 June 2015

| Reconciliation of net profit to net cash inflow from operating activities | Note | 2015 \$ million | 2014 \$ million |
|---|------|--------------------|--------------------|
| Net profit for the year | | 104.8 | 49.2 |
| Items classified as investing/financing activities | | | |
| Net (gain) loss on disposal of property, plant and equipment | | 2.5 | (0.1) |
| Interest and other finance charges paid | | 61.8 | 63.4 |
| | | 64.3 | 63.3 |
| Non-cash items | | | |
| Depreciation, depletion and amortisation expense | 5 | 155.7 | 156.7 |
| Impairment of non-current assets | 15 | 14.0 | 10.1 |
| Change in fair value of financial instruments | 6 | (32.1) | (0.4) |
| Deferred tax expense | 8 | 18.6 | 1.2 |
| Change in capital expenditure accruals | | 1.9 | 4.4 |
| Change in rehabilitation and contractual arrangement provisions | | (0.3) | 1.3 |
| Other non-cash items | | 2.0 | (3.1) |
| | | 159.8 | 170.2 |
| Movements in working capital | | | |
| Change in receivables and prepayments | | 28.7 | 51.5 |
| Change in inventories | | 23.5 | (13.8) |
| Change in emission units on hand | | (2.0) | (5.1) |
| Change in payables and accruals | | (36.5) | (30.0) |
| Change in tax receivable/payable | | (19.6) | 8.1 |
| Change in provisions | | (4.5) | 10.5 |
| | | (10.4) | 21.2 |
| Net cash inflow from operating activities | | 318.5 | 303.9 |

The above statements should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

For the year ended 30 June 2015

1. General information

Genesis Energy Limited (the ‘Parent’) is a company registered under the Companies Act 1993. The Parent is majority owned by Her Majesty the Queen in Right of New Zealand (the ‘Crown’) and is listed on the NZSX, NZDX and ASX. The Parent, as a mixed ownership model company, is bound by the requirements of the Public Finance Act 1989. The liabilities of the Parent are not guaranteed in any way by the Crown. The Parent is an FMC Reporting Entity under the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013.

The consolidated financial statements comprise the Parent, its subsidiaries and the Group’s interests in joint operations (together, the ‘Group’). The Group is designated as a profit-oriented entity for financial reporting purposes.

The Group’s core business is located in New Zealand and involves the generation of electricity, retailing and trading of energy, and the development and procurement of fuel sources. To support these functions, the Group’s scope of business includes retailing and trading of related complementary products designed to support its key energy business.

2. Basis of accounting

Basis of preparation

The financial statements have been prepared in accordance with and comply with New Zealand Generally Accepted Accounting Practice (‘NZ GAAP’), New Zealand Equivalents to International Financial Reporting Standards (‘NZ IFRS’) and other applicable New Zealand Financial Reporting Standards as appropriate for profit-oriented entities. These financial statements comply with International Financial Reporting Standards (‘IFRS’).

The financial statements have been prepared in accordance with the Financial Reporting Act 2013 and the Companies Act 1993, and are presented in New Zealand dollars rounded to the nearest million. The accounting policies adopted in the preparation of these financial statements are set out below and in the relevant notes to the financial statements. These policies have been applied consistently to all years presented, unless otherwise stated.

The financial statements have been prepared under the historical-cost convention, modified by the revaluation of derivatives and generation assets.

Goods and Services Tax (‘GST’)

The financial statements are prepared on a GST exclusive basis with the exception of receivables and payables, which include GST where GST has been invoiced.

Basis of consolidation

Subsidiaries

Subsidiaries are all those entities (including structured entities) controlled by the Group. Control is achieved when the Parent has exposure or rights to variable returns and has the power to affect those returns. Subsidiaries are consolidated from the date control is acquired. They are de-consolidated from the date control ceases. The acquisition method of accounting is used to account for the acquisition of subsidiaries.

Joint operations

Where the Group invests in joint operations, the Group’s share of revenue, expenditure, assets and liabilities is included in the appropriate categories within the Group financial statements on a proportionate line-by-line basis.

Transactions and balances eliminated on consolidation

Intercompany transactions, balances, revenue and expenditure between Group companies are eliminated on consolidation.

Critical accounting estimates and judgements

The preparation of financial statements requires management to make estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant areas of estimation in these financial statements are as follows:

Valuation of generation assets

The Group’s generation assets are carried at fair value. The fair value is based on the present value of the estimated future cash flows of the assets, excluding any reduction for costs associated with rehabilitation and restoration. The key assumptions used in the valuation and the carrying value of generation assets are disclosed in note 15.

Depletion of oil and gas producing assets

Depletion of oil and gas producing assets is based on the proven reserves to which the assets relate. Proven reserve estimates can change over time. The proven reserve estimates used to deplete oil and gas producing assets and the carrying value of the assets are disclosed in note 17.

Valuation of rehabilitation and restoration provision

The financial statements include an estimate of the liability in relation to the abandonment and restoration of generation and oil and gas production sites. Such estimates are measured at the present value of the cash flows expected to settle the obligation. The key assumptions used in the calculation and the carrying value of the rehabilitation and restoration provision are disclosed in note 24.

Valuation of electricity derivatives

The valuation of electricity derivatives classified as level three financial instruments is based on forecasted internally generated electricity price paths which incorporate a number of assumptions. The key assumptions used in the valuation and the carrying value of electricity derivatives classified as level three financial instruments are disclosed in note 27.

Impairment of assets

Assets that have indefinite useful lives are not subject to amortisation and are tested annually for impairment. Assets that are subject to depletion, depreciation or amortisation are reviewed for impairment annually, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If an asset’s carrying value exceeds its recoverable amount, the difference is recognised as an impairment loss in profit or loss, except where the asset is carried at a revalued amount then it is treated as a revaluation decrease.

The recoverable amount is the higher of an asset’s fair value less costs to sell, and the asset’s value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at a rate that reflects current market assessments of the time value of money. This discount rate is adjusted for the risks specific to the asset where the estimated cash flows have not been adjusted.

2. Basis of accounting (continued)

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that have been impaired are reviewed for possible reversal of the impairment at each reporting date.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase. Impairment of goodwill is not reversed.

Foreign currency transactions

Transactions denominated in a foreign currency are converted at the exchange rate in effect at the date of the transaction. At balance date monetary assets and liabilities denominated in foreign currencies are translated at the closing rate. Exchange gains and losses arising from these translations and the settlement of these items are recognised in profit or loss, except when deferred in equity where cash flow hedging is applied (refer to the derivatives accounting policy disclosed in note 25).

Statement of cash flows

The following definitions are used in the statement of cash flows:

Operating activities

Operating activities include all transactions and other events that are not investing or financing activities.

Investing activities

Investing activities are those activities relating to the acquisition, holding and disposal of property, plant and equipment, oil and gas assets, intangible assets (excluding emission units) and investments.

Financing activities

Financing activities are those activities that result in changes to the size and composition of the capital structure of the Group. They include both equity and debt not falling within the definition of cash. Dividends and interest paid in relation to the capital structure are included in financing activities.

Payments to suppliers and related parties disclosed in operating activities include the net amount of GST paid/received during the year. GST is disclosed on a net basis as the gross amounts do not provide meaningful information for financial statement purposes.

Capital and reserves

Asset revaluation reserve

The asset revaluation reserve is used to record movements in the fair value of generation assets in accordance with the property, plant and equipment accounting policy disclosed in note 15.

Cash flow hedge reserve

The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedge transactions that have not yet occurred.

Share-based payments reserve

The share-based payments reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

Adoption of new and revised accounting standards, interpretations and amendments

There have been no new and revised accounting standards, interpretations or amendments effective during the year which have a material impact on the Group's accounting policies or disclosures.

Accounting standards, interpretations and amendments in issue not yet effective

The International Accounting Standards Board (IASB) has published the final version of IFRS 9 *Financial Instruments*, which is effective for annual reporting periods beginning on or after 1 January 2018. Therefore, the Group is required to adopt this standard for the financial year ending 30 June 2019. The standard comprises three phases: phase one, Classification and Measurement; phase two, Impairment; and phase three, Hedge Accounting. Phases one and two are not expected to have a material impact on the Group's financial statements. The impact of phase three has yet to be assessed.

NZ IFRS 15 *Revenue from Contracts with Customers* is effective for annual reporting periods beginning on or after 1 January 2017. The Group has yet to determine the impact this standard will have on the Group's financial statements.

All other standards, interpretations and amendments approved but not yet effective in the current year are either not applicable to the Group or are not expected to have a material impact on the Group's financial statements and, therefore, have not been discussed.

3. Segment reporting

For management purposes, the Group is currently organised into four segments as follows:

| Segment | Activity |
|---------------------|---|
| Customer experience | Supply of energy (electricity, gas and LPG) to end-user customers as well as related services. |
| Energy management | Generation and trading of electricity and related products. The segment includes electricity sales to the wholesale electricity market, derivatives entered into to fix the price of electricity, and wholesale gas and coal sales. |
| Oil and gas | Exploration, development, production and sale of gas, LPG and light oil. |
| Corporate | Head office functions including new generation investigation and development, fuel management, information systems, human resources, finance, corporate relations, property management, legal and corporate governance. Corporate revenue is made up of property rental and miscellaneous income. |

The segments are based on the different products and services offered by the Group. No operating segments have been aggregated.

| Year ended 30 June 2015 | Customer experience \$ million | Energy management \$ million | Oil and gas \$ million | Corporate \$ million | Inter-segment items \$ million | Total \$ million |
|--|-----------------------------------|---------------------------------|---------------------------|-------------------------|-----------------------------------|---------------------|
| Operating revenue | | | | | | |
| Electricity revenue | 1,180.3 | 1,037.9 | – | – | (487.8) | 1,730.4 |
| Gas revenue | 149.1 | 188.3 | 59.3 | – | (113.8) | 282.9 |
| Petroleum revenue | – | – | 64.7 | – | – | 64.7 |
| Other revenue | 9.0 | 9.1 | 0.4 | 1.1 | – | 19.6 |
| | 1,338.4 | 1,235.3 | 124.4 | 1.1 | (601.6) | 2,097.6 |
| Operating expenses | | | | | | |
| Electricity purchase, transmission and distribution | (978.6) | (462.9) | – | – | 487.8 | (953.7) |
| Gas purchase and transmission | (125.0) | (229.0) | – | – | 56.9 | (297.1) |
| Petroleum production, marketing and distribution | – | – | (26.1) | – | – | (26.1) |
| Fuel consumed | – | (244.3) | – | – | 56.9 | (187.4) |
| Employee benefits | (25.5) | (28.4) | – | (26.7) | – | (80.6) |
| Other operating expenses | (122.1) | (69.6) | (4.8) | (11.4) | – | (207.9) |
| Earnings before net finance expense, income tax, depreciation, depletion, amortisation, impairment, fair value changes and other gains and losses | 87.2 | 201.1 | 93.5 | (37.0) | – | 344.8 |
| Depreciation, depletion and amortisation | (3.0) | (85.4) | (55.3) | (12.0) | – | (155.7) |
| Impairment of non-current assets | – | (13.1) | – | (0.9) | – | (14.0) |
| Change in fair value of financial instruments | – | 29.4 | 4.7 | (2.0) | – | 32.1 |
| Other gains (losses) | – | (0.2) | 1.1 | (1.1) | – | (0.2) |
| Profit (loss) before net finance expense and income tax | 84.2 | 131.8 | 44.0 | (53.0) | – | 207.0 |
| Finance revenue | 0.1 | – | 0.2 | 1.0 | – | 1.3 |
| Finance expense | (0.3) | (3.3) | (2.9) | (61.5) | – | (68.0) |
| Profit (loss) before income tax | 84.0 | 128.5 | 41.3 | (113.5) | – | 140.3 |
| Other segment information | | | | | | |
| Capital expenditure | 4.3 | 29.2 | 4.0 | 6.1 | – | 43.6 |

3. Segment reporting (continued)

Year ended 30 June 2014

| | Customer experience \$ million | Energy management \$ million | Oil and gas \$ million | Corporate \$ million | Inter-segment items \$ million | Total \$ million |
|--|--------------------------------------|------------------------------------|---------------------------|-------------------------|--------------------------------------|---------------------|
| Operating revenue | | | | | | |
| Electricity revenue | 1,141.5 | 990.0 | – | – | (470.4) | 1,661.1 |
| Gas revenue | 142.3 | 159.5 | 58.2 | – | (108.7) | 251.3 |
| Petroleum revenue | – | – | 84.4 | – | – | 84.4 |
| Other revenue | 5.2 | 2.0 | 0.1 | 0.9 | – | 8.2 |
| | 1,289.0 | 1,151.5 | 142.7 | 0.9 | (579.1) | 2,005.0 |
| Operating expenses | | | | | | |
| Electricity purchase, transmission and distribution | (936.7) | (431.4) | – | – | 470.4 | (897.7) |
| Gas purchase and transmission | (118.2) | (184.9) | – | – | 53.3 | (249.8) |
| Petroleum production, marketing and distribution | – | – | (30.6) | – | – | (30.6) |
| Fuel consumed | – | (246.7) | – | – | 55.4 | (191.3) |
| Employee benefits | (26.5) | (33.2) | – | (29.5) | – | (89.2) |
| Other operating expenses | (125.1) | (86.4) | (5.1) | (22.0) | – | (238.6) |
| Earnings before net finance expense, income tax, depreciation, depletion, amortisation, impairment, fair value changes and other gains and losses | 82.5 | 168.9 | 107.0 | (50.6) | – | 307.8 |
| Depreciation, depletion and amortisation | (2.9) | (85.9) | (56.4) | (11.5) | – | (156.7) |
| Impairment of non-current assets | – | (9.9) | – | (0.2) | – | (10.1) |
| Change in fair value of financial instruments | – | 2.0 | (1.6) | – | – | 0.4 |
| Other gains (losses) | – | (0.9) | (0.5) | (0.2) | – | (1.6) |
| Profit (loss) before net finance expense and income tax | 79.6 | 74.2 | 48.5 | (62.5) | – | 139.8 |
| Finance revenue | 0.3 | – | 0.1 | 0.5 | – | 0.9 |
| Finance expense | (0.2) | (3.1) | (2.8) | (63.0) | – | (69.1) |
| Profit (loss) before income tax | 79.7 | 71.1 | 45.8 | (125.0) | – | 71.6 |
| Other segment information | | | | | | |
| Capital expenditure | 3.3 | 60.2 | 1.7 | 17.2 | – | 82.4 |

Inter-segment revenue

Sales between segments is based on transfer prices developed in the context of long-term contracts. Inter-segment gas revenue includes the Group's share of Kupe gas sales to Energy Management and gas on-sold from Energy Management to Customer Experience.

Geographic information

All business segments operate within New Zealand.

Major customer information

The Group has no individual customers that account for 10 per cent or more of the Group's external revenue (2014: none).

4. Operating expenses

| | 2015 \$ million | 2014 \$ million |
|---|--------------------|--------------------|
| Operating expenses include: | | |
| Auditor's remuneration: | | |
| Audit of financial statements | | |
| – Audit fees for interim financial statements (Deloitte) | – | 0.3 |
| – Review fees for interim financial statements (Deloitte) | 0.1 | – |
| – Audit fees for annual financial statements (Deloitte) | 0.4 | 0.4 |
| Other services | | |
| – Audit-related services (Deloitte) ¹ | – | 0.2 |
| – Other services (Deloitte) ² | – | 0.1 |
| Directors' fees | 0.8 | 0.7 |
| Bad debts | 7.2 | 6.2 |
| Employee benefits expense – defined contributions | 2.8 | 2.9 |
| Rental expenses on operating leases | 8.0 | 7.8 |
| Contract termination fee and related onerous contracts ³ | (3.2) | 16.8 |
| Offer costs | 0.2 | 9.8 |

1 Audit-related services in 2014 relates to the examination of certain financial information included in the Prospectus and attendance as observers at each Due Diligence Committee meeting. This fee is excluded from the offer costs amount.

2 Other services provided by Deloitte relates to trustee reporting and review of the Global Reporting Initiative ('GRI') Report.

3 The contract termination fee and related onerous contracts expense relates to the exit of the coal import contract. The credit in the current year relates to changes in assumptions associated with the onerous contracts.

5. Depreciation, depletion and amortisation

| | Note | 2015 \$ million | 2014 \$ million |
|--|------|--------------------|--------------------|
| Depreciation of property, plant and equipment | 15 | 88.6 | 88.4 |
| Depreciation and depletion of oil and gas assets | 17 | 55.3 | 56.3 |
| Amortisation of intangibles | 18 | 11.8 | 12.0 |
| | | 155.7 | 156.7 |

6. Change in fair value of financial instruments

| | Note | 2015 \$ million | 2014 \$ million |
|--|------|--------------------|--------------------|
| Change in fair value of derivatives – gain (loss) | 25 | 33.3 | (0.5) |
| Fair value interest rate risk adjustment on borrowings – gain (loss) | | (1.2) | 0.9 |
| | | 32.1 | 0.4 |

The change in the fair value of derivatives for the year mainly relates to the movement in the fair value of electricity swaps and options (\$29.1 million). The movement in the fair value of electricity swaps and options primarily reflects movements in the electricity price path between the date contracts were entered into and balance date.

7. Finance expense

| | Note | 2015 \$ million | 2014 \$ million |
|--|------|--------------------|--------------------|
| Interest on borrowings (excluding Capital Bonds) | | 49.1 | 50.4 |
| Interest on Capital Bonds | | 12.4 | 12.6 |
| Total interest on borrowings | | 61.5 | 63.0 |
| Other interest and finance charges | | 0.6 | 1.0 |
| Time value of money adjustments on provisions | 24 | 6.2 | 5.7 |
| | | 68.3 | 69.7 |
| Capitalised finance expenses | 15 | (0.3) | (0.6) |
| | | 68.0 | 69.1 |
| Weighted average capitalisation rate | | 6.4% | 6.6% |

Interest on borrowings, bank and facility fees and transaction costs are recognised in profit or loss over the period of the borrowings using the effective interest rate method, unless such costs relate to funding capital work in progress. Time value of money adjustments on provisions is recognised in profit or loss up to the point the provision is used or released.

Finance expense on capital work in progress (qualifying assets) is capitalised during the construction period. The capitalisation rate used to determine the amount of finance expense to be capitalised is based on the weighted average finance expenses incurred by the Group.

8. Income tax

| | 2015 \$ million | 2014 \$ million |
|--|--------------------|--------------------|
| Current tax | | |
| – Current year | 37.6 | 24.0 |
| – Under (over) provided in prior periods | (1.1) | (2.8) |
| – Hydroelectric powerhouses – depreciation determination | (1.1) | – |
| – Tekapo Canal remediation costs – settlement | (18.5) | – |
| Deferred tax | | |
| – Current year | 2.5 | (0.8) |
| – Under (over) provided in prior periods | 0.3 | 2.0 |
| – Hydroelectric powerhouses – depreciation determination | (2.7) | – |
| – Tekapo Canal remediation costs – settlement | 18.5 | – |
| Income tax expense | 35.5 | 22.4 |
| Current tax | 16.9 | 21.2 |
| Deferred tax | 18.6 | 1.2 |
| | 35.5 | 22.4 |

Reconciliation of income tax expense on pre-tax accounting profit to income tax expense

| | | |
|--|-------|-------|
| Profit before income tax | 140.3 | 71.6 |
| Income tax at 28% | 39.3 | 20.0 |
| Tax effect of adjustments: | | |
| – Under (over) provided in prior periods | (0.8) | (0.8) |
| – Recognition of tax depreciation on hydroelectric powerhouses | (3.8) | – |
| – Non-deductible expenditure and other adjustments | 0.8 | 3.2 |
| | 35.5 | 22.4 |

Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income, in which case the income tax is recognised in other comprehensive income.

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, together with any unpaid tax or adjustment to tax payable in respect of previous years.

8. Income tax (continued)

| | Property, plant and equipment \$ million | Oil and gas assets \$ million | Provisions \$ million | Finance lease liabilities \$ million | Other \$ million | Total \$ million |
|---|--|-------------------------------------|--------------------------|--|---------------------|---------------------|
| Deferred tax liability | | | | | | |
| Balance as at 1 July 2013 | 350.5 | 83.1 | (33.3) | (5.0) | (13.7) | 381.6 |
| Amount recognised in profit or loss | 6.0 | (2.6) | (0.7) | 0.7 | (2.2) | 1.2 |
| Amount recognised in other comprehensive income | – | – | – | – | 1.4 | 1.4 |
| Balance as at 30 June 2014 | 356.5 | 80.5 | (34.0) | (4.3) | (14.5) | 384.2 |
| Amount recognised in profit or loss | 17.5 | (10.1) | (1.8) | 0.8 | 12.2 | 18.6 |
| Amount recognised in other comprehensive income | – | – | – | – | (5.6) | (5.6) |
| Balance as at 30 June 2015 | 374.0 | 70.4 | (35.8) | (3.5) | (7.9) | 397.2 |

Deferred tax is calculated using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period.

Tax depreciation deductions on buildings

Tax depreciation deductions were disallowed for buildings with estimated useful lives of 50 years or more from 1 July 2011. As a result, adjustments to deferred tax liabilities totalling \$12.4 million were made in the 2010 and 2011 financial years relating to generation powerhouse assets, offices and leasehold improvements.

On 25 March 2015, the Inland Revenue Department issued a Depreciation Determination for Hydroelectric Powerhouses which allows the Group to claim an annual depreciation deduction of two per cent on hydroelectric powerhouses; this applies retrospectively from the 2012 income year. As a result, a \$3.8 million adjustment has been made to tax expense in the current year, the majority of which related to reversing the 2010 and 2011 adjustments made when the change in tax depreciation on buildings was substantively enacted.

On 7 July 2015, the Inland Revenue Department released a draft provisional Depreciation Determination for Geothermal and Thermal Powerhouses, including proposed depreciation rates. The Determination is subject to public consultation and, as a result, is not yet finalised. If the draft provisional Depreciation Determination is approved in its current form, the estimated impact on the Income Statement is to decrease income tax expense by between \$3.0 million and \$5.0 million as at 30 June 2015 which has been disclosed as a contingent asset. Refer to Note 30.

Tekapo Canal Remediation Project

During the year, a resolution was reached with Inland Revenue on the tax treatment of costs associated with the Tekapo Canal Remediation Project. The impact of the resolution resulted in an increase in current tax receivable and deferred tax liability of \$18.5 million.

Unrecognised deferred tax assets and liabilities

Taxable temporary differences in relation to investments in subsidiaries for which deferred tax liabilities have not been recognised is \$15.6 million (2014: \$11.6 million).

9. Earnings per share

| | 2015 | 2014 |
|--|--------------|---------|
| Numerator | | |
| Net profit for the year attributable to shareholders (\$ million) | 104.8 | 49.2 |
| Denominator | | |
| Weighted average number of ordinary shares (million units) | 1,000.0 | 1,000.0 |
| Less weighted average number of Treasury shares (million units) | (0.5) | (0.1) |
| Weighted average number of ordinary shares for basic and diluted earnings per share calculation (million units) | 999.5 | 999.9 |
| Basic and diluted earnings per share (cents) | 10.49 | 4.92 |

10. Dividends

| | | 2015 \$ million | 2014 \$ million | 2015 Cents per share | 2014 Cents per share |
|--|---------------|--------------------|--------------------|-------------------------|-------------------------|
| Dividends declared and paid during the year | | | | | |
| Previous year's final dividend | Fully imputed | 66.0 | 57.0 | 6.60 | 10.54 |
| Current year's interim dividend | Fully imputed | 79.9 | 64.0 | 8.00 | 11.84 |
| | | 145.9 | 121.0 | 14.60 | 22.38 |
| Dividends declared subsequent to balance date | | | | | |
| Final dividend | Fully imputed | 80.0 | 66.0 | 8.00 | 6.60 |

Imputation credits

The Group has \$0.1 million imputation credits available for use in subsequent reporting periods (2014: \$12.4 million).

11. Share capital

| | 2015 \$ million | 2014 \$ million | 2015 No of shares million | 2014 No. of shares million |
|--------------------------------|--------------------|--------------------|---------------------------------|----------------------------------|
| Issued capital | | | | |
| Balance as at 1 July | 540.6 | 540.6 | 1,000.0 | 540.6 |
| Share capital issued | – | – | – | 459.4 |
| Balance as at 30 June | 540.6 | 540.6 | 1,000.0 | 1,000.0 |
| Treasury shares | | | | |
| Balance as at 1 July | (0.9) | – | (0.5) | – |
| Acquisition of Treasury shares | – | (0.9) | – | (0.5) |
| Balance as at 30 June | (0.9) | (0.9) | (0.5) | (0.5) |
| Total share capital | 539.7 | 539.7 | 999.5 | 999.5 |

On 10 March 2014, the Parent made a taxable bonus issue of 459,434,998 ordinary shares.

All shares are ordinary authorised, issued and fully paid shares. They all have equal voting rights and share equally in dividends and any surplus on winding up. The shares have no par value.

Treasury shares were acquired in the prior year to meet the current and future obligations under the long-term incentive plan. Refer to note 12.

12. Share-based payments

Long-term incentive plan

During the prior year, the Group implemented a long-term incentive (LTI) plan for senior executives and a Trust was established to administer the plan (refer to note 19). The Trust acquired shares in the Parent; these shares were recorded as Treasury shares in the Group (refer to note 11). Under the plan senior executives purchase shares at market value, funded by interest-free loans from the Parent. The shares are held on Trust by the Trustee of the LTI plan until the end of the vesting period. If the shares vest, each executive is entitled to a cash amount which, after deduction for tax, is equal to the outstanding loan balance on day one for the shares which have vested. That cash amount must be applied towards repayment of their loan balance and the corresponding shares are released by the Trustee back to the individual. The initial vesting period is from April 2014 to June 2017.

Vesting of shares is dependent on continued employment through the vesting period and meeting financial targets in the prospective financial information ('PFI') as disclosed in the Investment Statement dated 13 March 2014. It is also dependent on the Group achieving a positive total shareholder return over the period and the Group's performance relative to the benchmark peer group. If the Group's total shareholder return performance over the vesting period exceeds the 50th percentile total shareholder return of the benchmark peer group, 50 per cent of the shares will vest; 100 per cent of an executive's shares will vest upon meeting the performance of the 75th percentile of the benchmark peer group, with vesting on a straight-line basis between these two points. In the event that the total shareholder return is negative over the period or is less than the 50th percentile of the benchmark peer group and the PFI targets are not met, or if the participant ceases to be employed by the Group other than for qualifying reasons, no shares will vest and the shares will be forfeited to the Trustee without compensation, and the relevant executive will receive no benefits under the plan (unless the Board exercises its discretion to allow some or all of the shares to vest). The benchmark peer group comprises a selected number of NZX-listed electricity generators and energy retailers.

The plan represents the grant of in-substance nil-price options to executives. The cost of the LTI is measured by reference to the fair value at grant date. The fair value of the options granted under the plan are estimated as at the date of grant using an option pricing model that takes into account the terms and conditions upon which the options were granted. The estimated fair value of the in-substance nil-price options at grant date was \$0.5 million. In accordance with the rules of the plan, the model simulates the Group's total shareholder return and compares it against the peer group over the vesting period. As the Parent is newly listed and, therefore, has insufficient historical information, the historical dividends, share price volatilities and co-variances of similar entities have been used to compare to the peer group to produce a predicted distribution of relative share performance. This is applied to the relevant grant to give an expected value of the total shareholder return element.

The cost of the LTI is recognised, together with a corresponding increase to the share-based payments reserve within equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for the LTI at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the best estimate of the number of equity instruments that will ultimately vest.

During the year, the Company expensed \$0.15 million in relation to the scheme (2014: \$0.04 million) and granted 30,812 in-substance nil-price options to senior executives (2014: 335,713), of which none (2014: 43,735) was forfeited during the year.

Employee Share Scheme

During the year, the Group implemented a Employee Share Scheme ('ESS'). The ESS allows Genesis Energy employees to purchase Genesis Energy shares and, subject to certain conditions, receive award shares at no additional cost. Each year, each eligible employee can choose an annual amount (of a maximum of \$5,000 and a minimum of \$250) they wish to invest from their after-tax pay. The annual amount is divided by the number of after-tax payments an employee will receive in the year and is then deducted from their monthly/fortnightly pay. The deduction is used to purchase shares on a monthly basis. If the eligible employee remains employed by Genesis Energy for the applicable qualification period (three years), they will receive one free share (award share) for every two purchased shares acquired in the first scheme year of the qualification period which the eligible employee continues to hold at the end of the qualification period.

If an employee leaves Genesis Energy, they receive all the shares already purchased with their pay deductions; however, in most circumstances, if an employee leaves within the three-year qualification period, they will not be entitled to receive any award shares. The equity-settled, share-based payment expense is recognised over the three-year vesting period and is equivalent to the fair value of the award shares provided to the employee,

12. Share-based payments (continued)

calculated as at the grant date. The amount recognised as an expense takes into account an expectation of the number of employees who will leave during the three-year vesting period and will therefore forfeit their shares. At each balance date, the Group revises its estimates of the employees who have left or are expected to leave during the three-year period; the expense is adjusted to reflect the actual number of employees not completing or expected to complete the service condition. A corresponding entry is recognised in equity as a share-based payment reserve. The estimated fair value of the in-substance nil-price options at grant date was \$0.4 million. During the year, the Group expensed \$0.08 million in relation to the scheme.

13. Receivables and prepayments

| | 2015 \$ million | 2014 \$ million |
|---|--------------------|--------------------|
| Trade receivables | 99.4 | 132.7 |
| Accrued revenue for unread gas and electricity meters | 81.3 | 75.4 |
| Allowance for doubtful receivables | (6.4) | (6.9) |
| | 174.3 | 201.2 |
| Emission units receivable | 1.1 | 0.9 |
| Other receivables | 1.8 | 1.8 |
| Prepayments | 11.4 | 13.4 |
| Total | 188.6 | 217.3 |
| Current | 187.7 | 216.4 |
| Non-current | 0.9 | 0.9 |
| Total | 188.6 | 217.3 |

Revenue is measured at the fair value of the consideration received or receivable net of prompt-payment discounts. Revenue is recognised when the significant risks and rewards of ownership have passed or when the service has been rendered to the customer.

Receivables are initially recognised at fair value and are subsequently measured at amortised cost less any allowance for doubtful receivables.

Receivables which are known to be uncollectable are written off. An allowance for doubtful receivables is established when there is objective evidence that the Group will not be able to collect amounts due. The allowance for doubtful receivables is the difference between the carrying value and the estimated recoverable amount.

Emission units receivable are accounted for in the period in which they are earned within receivables and prepayments and are transferred to intangibles when the emission units are received.

14. Inventories

| | 2015 \$ million | 2014 \$ million |
|---------------------------------|--------------------|--------------------|
| Fuel | 81.6 | 107.3 |
| Petroleum products | 0.4 | 0.4 |
| Consumables and spare parts | 20.1 | 20.2 |
| Emission units held for trading | 2.3 | – |
| Total | 104.4 | 127.9 |
| Current | 80.0 | 93.8 |
| Non-current | 24.4 | 34.1 |
| Total | 104.4 | 127.9 |

Fuel, petroleum, consumables and spare parts are recognised at the lower of cost and net realisable value. Cost is determined using the weighted average cost basis which includes expenditure incurred in bringing the inventories to their present location and condition, including shipping and handling. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Fuel inventories mainly consist of coal used in electricity production. The amount of fuel inventories (excluding natural gas) expensed during the year was \$75.0 million (2014: \$51.2 million).

Petroleum products consist of LPG and light crude oil held for resale, produced from the Kupe production facility. The amount of petroleum products expensed during the year was \$28.5 million (2014: \$29.9 million).

Emission units held for trading purposes are initially measured at cost and are subsequently remeasured to their fair value. Changes in the fair value are recognised immediately in profit or loss.

15. Property, plant and equipment

| | Note | Generation assets \$ million | Buildings and improvements \$ million | Other property, plant and equipment \$ million | Capital work in progress \$ million | Total \$ million |
|--|------|---------------------------------|--|---|--|---------------------|
| Carrying value at 1 July 2013 | | 2,708.5 | 3.1 | 28.8 | 59.7 | 2,800.1 |
| Additions | | 2.3 | – | – | 60.0 | 62.3 |
| Capitalised finance expenses | 7 | – | – | – | 0.6 | 0.6 |
| Change in rehabilitation and contractual arrangement assets | | – | – | – | 2.9 | 2.9 |
| Transfer to (from) capital work in progress | | 58.2 | – | 12.6 | (70.8) | – |
| Transfer between asset categories | | 3.6 | (1.4) | (4.7) | 2.5 | – |
| Transfer to oil and gas assets | 17 | – | – | – | (8.3) | (8.3) |
| Disposals | | (0.3) | – | – | – | (0.3) |
| Impairment | | – | (0.1) | – | (10.0) | (10.1) |
| Depreciation expense | 5 | (82.4) | – | (6.0) | – | (88.4) |
| Carrying value at 30 June 2014 | | 2,689.9 | 1.6 | 30.7 | 36.6 | 2,758.8 |
| Additions | | 0.1 | – | – | 39.7 | 39.8 |
| Capitalised finance expenses | 7 | – | – | – | 0.3 | 0.3 |
| Change in rehabilitation and contractual arrangement assets | | – | – | – | 1.8 | 1.8 |
| Transfer to (from) capital work in progress | | 26.5 | 0.1 | 7.3 | (33.9) | – |
| Transfer between asset categories | | (0.7) | – | 0.5 | 0.2 | – |
| Transfer to intangible assets | 18 | – | – | – | (9.4) | (9.4) |
| Transfer to assets held for sale | 16 | (3.1) | – | – | – | (3.1) |
| Disposals | | (3.0) | – | (0.1) | – | (3.1) |
| Impairment | | – | – | – | (14.0) | (14.0) |
| Depreciation expense | 5 | (81.7) | (0.1) | (6.8) | – | (88.6) |
| Carrying value at 30 June 2015 | | 2,628.0 | 1.6 | 31.6 | 21.3 | 2,682.5 |
| Summary of cost and accumulated depreciation and impairment | | | | | | |
| Cost | | 64.1 | 2.1 | 99.5 | 45.0 | 210.7 |
| Fair value | | 2,708.5 | – | – | – | 2,708.5 |
| Accumulated depreciation and impairment | | (82.7) | (0.5) | (68.8) | (8.4) | (160.4) |
| Carrying value at 30 June 2014 | | 2,689.9 | 1.6 | 30.7 | 36.6 | 2,758.8 |
| Cost | | 90.0 | 2.2 | 107.0 | 24.9 | 224.1 |
| Fair value | | 2,702.0 | – | – | – | 2,702.0 |
| Accumulated depreciation and impairment | | (164.0) | (0.6) | (75.4) | (3.6) | (243.6) |
| Carrying value at 30 June 2015 | | 2,628.0 | 1.6 | 31.6 | 21.3 | 2,682.5 |

Generation assets

Generation assets include land, buildings, and plant and equipment associated with generation assets. Generation assets are recognised in the balance sheet at their revalued amounts, being the fair value at the date of their revaluation, less any subsequent accumulated depreciation and impairment losses. The underlying assumptions used in the revaluation are reviewed annually and revaluations are performed with sufficient regularity, not exceeding five yearly, to ensure the carrying amount does not differ materially from that which would be determined using fair values at the balance date.

Any increase in the revaluation of individual generation assets is recognised in other comprehensive income, unless it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case it is recognised in profit or loss to the extent of the decrease previously recognised in profit or loss. A decrease in carrying amount arising on the revaluation of individual generation assets is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset. Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying value of the asset so that the gross carrying amount after revaluation equals the revalued amount.

Subsequent additions to generation assets are recognised at cost. Cost includes the consideration given to acquire the asset plus any other costs incurred in bringing the asset to the location and condition necessary for its intended use including major inspection costs, resource consent and relationship agreement costs. The cost of assets constructed includes the cost of all materials and direct labour used in construction, resource consent costs, finance expenses and an appropriate proportion of applicable variable and fixed overheads.

15. Property, plant and equipment (continued)

The last revaluation of generation assets was performed at 30 June 2013. A review of the carrying value of generation assets has been undertaken. The results indicate the carrying value is unlikely to be materially different to the fair value. For this reason, the Group has not undertaken a full revaluation of generation assets.

Fair value of generation assets is determined using a discounted cash flow model. The valuation was based on the present value of the estimated future cash flows of the assets. The valuation was prepared by Management and was independently reviewed by PricewaterhouseCoopers ('PwC'), who has the appropriate qualifications and experience in valuing generation assets. The valuation was calculated by generating site except for the Huntly site where it was calculated by type of unit (units 1 to 4, unit 5 and unit 6).

Valuation of generation assets requires significant judgement and, therefore, there is a range of reasonably possible assumptions that could be used in estimating the fair value of these assets. The wholesale electricity price path is the key driver of changes in the valuation of generation assets. Changes in the wholesale electricity price path have a direct impact on generation volumes and operating costs. The forecasted internally generated price path is influenced by changes in demand, hydrology and new generation build. The key unobservable inputs, range of assumptions and third-party inputs combine to determine the wholesale electricity price path. The significant unobservable inputs in the valuation model were:

Assumptions made at the time of the revaluation at 30 June 2013

| Significant unobservable inputs | Method of determination | Sensitivity range | Impact on fair value of generation assets | Interrelationships between unobservable inputs |
|---|---|-------------------|---|---|
| Wholesale electricity price path | In-house market modelling of the wholesale electricity market cross-checked against publicly available price paths. The wholesale electricity price paths used to value generation assets on a time-weighted basis range from \$76 per MWh to \$137 per MWh over the period from July 2014 to 31 December 2025. | Plus/minus 10% | \$527 million to (\$440 million) | Hydrological inflows affect generation volumes as well as wholesale electricity prices. |
| Generation volumes at average weighted price | In-house market modelling of the wholesale electricity market. The generation volumes used in the valuation ranged between 3,320 GWh and 6,112 GWh. | Plus/minus 10% | \$527 million to (\$440 million) | Wholesale electricity price affects the amount of generation. |
| Discount rate | Pre-tax equivalent discount rate scenarios ranging between 11.3 per cent and 12.8 per cent. | Plus/minus 1% | \$466 million to (\$284 million) | Discount rate is independent of wholesale price and volume. |

| Generation assets carried at historical cost | 2015 \$ million | 2014 \$ million |
|--|--------------------|--------------------|
| This table presents the carrying value of generation assets as if they were recognised on the historical cost basis: | | |
| Cost | 2,675.0 | 2,641.0 |
| Accumulated depreciation and impairment | (1,035.0) | (954.8) |
| Carrying value at 30 June | 1,640.0 | 1,686.2 |

Impairment

Impairment relates to capital expenditure on Huntly units 1 to 4 and 6 and associated structures, and rehabilitation of the Huntly ash ponds associated with the units (2014: capital expenditure on Huntly units 1 to 4 and 6, rehabilitation of the Huntly ash ponds associated with the units and minor building alterations). Refer to note 3 for disclosure of impairment by segment. Expenditure associated with Huntly units 1 to 4 and 6 is immediately impaired when incurred as the fair value of these units is nil.

All other categories of property, plant and equipment

All other categories of property, plant and equipment, with the exception of land and capital work in progress, are recognised at cost less accumulated depreciation and any accumulated impairment losses. Land and capital work in progress are not depreciated.

Depreciation

For generation assets carried at fair value, their fair value, less any estimated residual value, is charged to profit or loss on a straight-line basis over their estimated remaining useful lives. Where a generation asset's remaining useful life changes, the depreciation charge is adjusted prospectively. The estimated remaining useful lives of generation assets used in the depreciation calculation was up to 80 years.

For all other property, plant and equipment carried at cost, their cost, less any estimated residual value, is charged to profit or loss on a straight-line basis over their estimated useful lives. The estimated useful lives of different classes of property plant and equipment are as follows:

| | Estimated useful lives |
|-----------------------------------|------------------------|
| Buildings and improvements | 10 to 50 years |
| Other plant and equipment | 3 to 15 years |
| Leased plant and equipment | 20 to 25 years |

The estimated useful lives of assets are reviewed annually. An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

The gain or loss on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset. The gain or loss is recognised in profit or loss. Any balance attributable to the disposed asset in the asset revaluation reserve is transferred to retained earnings.

16. Assets held for sale

Non-current assets (and disposal groups) classified as assets held for sale are recorded at the lower of carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amounts will be recovered through sale transactions rather than through continuing use. This condition is regarded as met only when:

- the sale is highly probable;
- the non-current asset (or disposal group) is available for immediate sale in its present condition; and
- the sale of the non-current asset (or disposal group) is expected to be completed within one year from the date of classification.

The Group intends to dispose of four development properties within the Corporate segment which have become surplus to requirements. These properties are being actively marketed and are expected to be sold within 12 months. No impairment loss was recognised on reclassification of the properties as held for sale as the fair value (estimated based on the recent market prices of similar properties in similar locations) less costs to sell is higher than the carrying amount. The carrying value of the properties at 30 June 2015 was \$3.1 million.

17. Oil and gas assets

| | Note | Exploration and evaluation expenditure \$ million | Oil and gas producing assets \$ million | Other oil and gas assets \$ million | Capital work in progress \$ million | Total \$ million |
|---|------|--|--|--|--|---------------------|
| Carrying value at 1 July 2013 | | 1.3 | 375.0 | 15.6 | – | 391.9 |
| Additions | | 0.2 | 0.8 | – | 0.7 | 1.7 |
| Transfer from property, plant and equipment | 15 | – | – | – | 8.3 | 8.3 |
| Transfer to (from) capital work in progress | | – | 4.1 | – | (4.1) | – |
| Disposals and reversals | | – | – | (0.1) | (3.4) | (3.5) |
| Depreciation and depletion expense | 5 | – | (55.4) | (0.9) | – | (56.3) |
| Carrying value at 30 June 2014 | | 1.5 | 324.5 | 14.6 | 1.5 | 342.1 |
| Additions | | 0.7 | 2.3 | – | 1.2 | 4.2 |
| Transfer to (from) capital work in progress | | – | – | 0.1 | (0.1) | – |
| Change in rehabilitation asset | | – | 1.4 | – | – | 1.4 |
| Depreciation and depletion expense | 5 | – | (54.7) | (0.6) | – | (55.3) |
| Carrying value at 30 June 2015 | | 2.2 | 273.5 | 14.1 | 2.6 | 292.4 |
| Summary of cost and accumulated depreciation, depletion and impairment | | | | | | |
| Cost | | 20.0 | 550.0 | 18.4 | 1.5 | 589.9 |
| Accumulated depreciation, depletion and impairment | | (18.5) | (225.5) | (3.8) | – | (247.8) |
| Carrying value at 30 June 2014 | | 1.5 | 324.5 | 14.6 | 1.5 | 342.1 |
| Cost | | 20.7 | 553.7 | 18.5 | 2.6 | 595.5 |
| Accumulated depreciation, depletion and impairment | | (18.5) | (280.2) | (4.4) | – | (303.1) |
| Carrying value at 30 June 2015 | | 2.2 | 273.5 | 14.1 | 2.6 | 292.4 |

Exploration and evaluation expenditure

All exploration and evaluation costs, including directly attributable overheads, general permit activity, and geological and geophysical costs are expensed as incurred except for the costs of drilling exploration wells and the costs of acquiring new interests. The costs of drilling exploration wells are initially capitalised pending the determination of the success of the well. Costs are expensed immediately where the well does not result in a successful discovery. Costs incurred before the Group has obtained the legal rights to explore an area are expensed as incurred.

Exploration and evaluation expenditure assets are not amortised; instead, they are assessed annually for indicators of impairment. Any impairment is recognised in profit or loss. Once commercial approval has been obtained for the development of a project, the accumulated expenditure in relation to the project is transferred to oil and gas producing assets.

Oil and gas producing assets

Oil and gas producing assets include costs associated with the production station transferred from development expenditure and mining licences. Depletion of oil and gas producing assets is based on the amount of units produced during the period in comparison to the total expected to be produced from the proven reserves (1P). Proven reserves (1P) are the estimated quantities of oil and gas which geological and engineering data demonstrates with reasonable certainty to be recoverable in future years from known reservoirs, under existing economic and operating conditions. Proven reserves (1P) are defined as those which have a 90 per cent likelihood of being delivered. The proven oil and gas reserves used to deplete the oil and gas producing assets is reviewed annually.

Total proven reserves (1P) of the Kupe oil and gas field are 379.7 petajoule equivalents (total proven and probable reserves (2P) of the Kupe oil and gas field are 489.1 petajoule equivalents). Included in the (1P) 379.7 petajoule equivalents are undeveloped reserves totalling 35.3 petajoule equivalents. No change has been considered necessary to the reserve estimate since 30 June 2012. The Group has a 31 per cent interest in the Kupe Joint Venture's reserves. The Joint Venture is currently undertaking a review of the reserves; the outcome of the review is not yet known. Any change in reserves will be applied prospectively. At 30 June 2015, total remaining proven reserves (1P) were 188.2 petajoule equivalents (total remaining proven and probable reserves (2P) were 302.4 petajoule equivalents).

17. Oil and gas assets (continued)

Because the geology of the Kupe oil and gas field subsurface cannot be examined directly, an indirect technique known as volumetrics has been used to estimate the size and recoverability of the reserve. Reserve estimates contain uncertainty and these are reviewed annually. There are high levels of uncertainty in terms of accessibility of reserves through sealing faults and pressure support. Proven reserve estimates have a 90 per cent likelihood of being delivered. A reduction of 10 per cent in these reserves would impact depletion charges going forward by up to \$8.1 million per annum at current production rates.

Other oil and gas assets

Other oil and gas assets include land, buildings, storage facilities, sales pipeline, motor vehicles and the ongoing costs of continuing to develop reserves for production. The cost of other oil and gas assets, less any estimated residual value, is charged to profit or loss on a straight-line basis over their estimated useful lives. The estimated useful lives of other oil and gas assets are as follows:

| | Estimated useful lives |
|---------------------------|------------------------|
| Buildings | 50 years |
| Storage facilities | 25 years |
| Sales pipeline | 25 years |
| Motor vehicles | 5 years |

18. Intangible assets

| | Note | Goodwill \$ million | Computer software \$ million | Emission units \$ million | Naming rights \$ million | Total \$ million |
|--|------|------------------------|---------------------------------|------------------------------|-----------------------------|---------------------|
| Carrying value at 1 July 2013 | | 102.6 | 15.8 | 1.6 | 4.2 | 124.2 |
| Additions | | – | 14.0 | 11.0 | 0.9 | 25.9 |
| Disposed of or surrendered | | – | – | (5.9) | (0.1) | (6.0) |
| Amortisation expense | 5 | – | (10.2) | – | (1.8) | (12.0) |
| Carrying value at 30 June 2014 | | 102.6 | 19.6 | 6.7 | 3.2 | 132.1 |
| Additions | | – | – | 8.8 | 0.5 | 9.3 |
| Transfer from property, plant and equipment | 15 | – | 9.4 | – | – | 9.4 |
| Disposed of or surrendered | | – | (0.5) | (6.8) | – | (7.3) |
| Amortisation expense | 5 | – | (10.2) | – | (1.6) | (11.8) |
| Carrying value at 30 June 2015 | | 102.6 | 18.3 | 8.7 | 2.1 | 131.7 |
| Summary of cost and accumulated amortisation and impairment | | | | | | |
| Cost | | 102.6 | 121.7 | 6.7 | 10.6 | 241.6 |
| Accumulated amortisation and impairment | | – | (102.1) | – | (7.4) | (109.5) |
| Carrying value at 30 June 2014 | | 102.6 | 19.6 | 6.7 | 3.2 | 132.1 |
| Current | | – | – | 3.9 | – | 3.9 |
| Non-current | | 102.6 | 19.6 | 2.8 | 3.2 | 128.2 |
| Carrying value at 30 June 2014 | | 102.6 | 19.6 | 6.7 | 3.2 | 132.1 |
| Cost | | 102.6 | 130.9 | 8.7 | 11.1 | 253.3 |
| Accumulated amortisation and impairment | | – | (112.6) | – | (9.0) | (121.6) |
| Carrying value at 30 June 2015 | | 102.6 | 18.3 | 8.7 | 2.1 | 131.7 |
| Current | | – | – | 4.3 | – | 4.3 |
| Non-current | | 102.6 | 18.3 | 4.4 | 2.1 | 127.4 |
| Carrying value at 30 June 2015 | | 102.6 | 18.3 | 8.7 | 2.1 | 131.7 |

Goodwill

Goodwill represents the excess of the cost of a business combination over the fair value of the Group's share of the net identifiable assets, liabilities and contingent liabilities of the acquired subsidiary/associate at the date of acquisition. Goodwill on the acquisition of subsidiaries is included in intangible assets. Goodwill on the acquisition of associates is included in the investment in associates. Goodwill is assessed as having an indefinite useful life and is not amortised but is subject to impairment testing annually or whenever there are indications of impairment.

For the purpose of impairment testing, goodwill has been allocated to the Customer Experience cash-generating unit ('CGU').

The impairment test is based on an estimated discounted cash flow analysis (value in use). Estimated future cash flow projections are based on the Group's five-year business plan for the Customer Experience business unit and are extrapolated using a 1.0 per cent year-on-year growth

18. Intangible assets (continued)

rate (2014: 1.0 per cent). The estimated future cash flow projections are discounted using pre-tax equivalent discount rate scenarios ranging between 11.0 per cent and 12.2 per cent (2014: 11.0 per cent and 12.8 per cent). Any reasonably possible further change in key assumptions on which the recoverable amount is based is not expected to cause the carrying value of the Customer Experience goodwill to exceed its recoverable amount.

Key assumptions in the value-in-use calculation were:

| Assumptions | Method of determination |
|-------------------------------------|--|
| Customer numbers and customer churn | Review of actual customer numbers and historical data regarding movements in customer numbers (the historical analysis is considered against expected market trends and competition for customers) |
| Gross margin | Review of actual gross margins and consideration of expected market movements and impacts |
| Cost to serve | Review of actual costs to serve and consideration of expected future costs |

Computer software

Items of computer software are assets with finite lives. These assets are recognised at cost less accumulated amortisation and impairment losses. Amortisation is charged to profit or loss on a straight-line basis over the estimated useful life of the asset from the date it is available for use. The estimated useful life is between one and four years.

Emission units

Emission units on hand are initially recognised at fair value. Fair value is cost in the case of purchased units or the initial market value in the case of government-granted units. Emission units held to settle the Group’s emission obligation are not revalued subsequent to initial recognition. They are assessed as having indefinite useful lives and are not amortised but are subject to annual impairment testing or whenever there are indicators of impairment.

Naming rights

Naming rights are assets with finite lives. These assets are recognised at cost less accumulated amortisation and impairment losses. Amortisation is charged to profit or loss on a straight-line basis over the estimated useful life of the asset from the date it is available for use. The useful life is based on the contract period which ranges between one and 15 years.

19. Investments in subsidiaries

During the prior year, the Group established Genesis Energy Insurance Pte Limited to manage the Group’s insurance risk and Genesis Energy Limited Executive Long-term Incentive Plan Trust (the ‘Trust’) to administer the LTI plan. The Trust has been consolidated into the Group on the basis that the Parent has determined the way in which the Trust is designed and operated, the Parent controls the financing and investing activities of the Trust and the Trust is dependent on funding from the Parent.

On 31 July 2014, Kineith Cogeneration Limited and GP No. 1 Limited were amalgamated into the Parent.

| Name of entity | Principal activity | Place of incorporation and operation | Interest held | |
|---|-------------------------------|--------------------------------------|---------------|--------|
| | | | 2015 % | 2014 % |
| Genesis Power Investments Limited | Holding company | New Zealand | 100 | 100 |
| Kineith Cogeneration Limited | Non-trading | New Zealand | – | 100 |
| Kupe Holdings Limited | Joint venture holding company | New Zealand | 100 | 100 |
| GP No. 1 Limited | Joint venture holding company | New Zealand | – | 100 |
| GP No. 2 Limited | Joint venture holding company | New Zealand | 100 | 100 |
| GP No. 5 Limited | Joint venture holding company | New Zealand | 100 | 100 |
| Genesis Energy Insurance Pte Limited | Captive insurance company | Singapore | 100 | 100 |
| Genesis Energy Limited Executive Long-term Incentive Plan Trust | Trust | New Zealand | – | – |

All subsidiaries have 30 June balance dates.

20. Joint operations

The Group has a 31.0 per cent interest in the Kupe production facility and Petroleum Mining Permit 38146 held by the Kupe Joint Venture (2014: 31.0 per cent). The principal activity of the Kupe Joint Venture is petroleum production and sales. The Joint Venture is unincorporated and operates in New Zealand. The Group is considered to share joint control based on the contractual arrangements between the Group and other joint operators that state unanimous decision-making is required for relevant activities which most significantly impact the returns of the joint operation.

The Joint Venture is classified as a joint operation under NZ IFRS 11. The operating results of the Kupe Joint Venture are included in the Oil and Gas segment in note 3 and the Group’s share of capital expenditure commitments relating to joint operations is disclosed in note 29.

21. Related-party transactions

Majority shareholder and entities controlled by and related to the majority shareholder

The majority shareholder of the Parent is the Crown. The Parent and Group transact with Crown-controlled and related entities independently and on an arm’s-length basis for the purchase of coal and use of coal-handling facilities, emission activities including emission unit purchases and sales, royalties, scientific consultancy services, electricity transmission, postal services and energy-related products (including electricity derivatives). All transactions with Crown-controlled and related entities are based on commercial terms and conditions, and relevant market drivers.

During the year, the Group entered into a contract with Meridian Energy, a Crown-controlled entity, to provide dry-year cover for four years from 1 January 2015. The 150MW contract follows on from the existing 200MW contract between Genesis Energy and Meridian Energy, which expired in October 2014.

Dividends paid to the Crown during the year were \$106.3 million (2014: \$121.0 million). There were no other individually significant transactions with the Crown and Crown-controlled and related entities during the year (2014: nil).

Other transactions with Crown-controlled and related entities, which are collectively but not individually significant, relate to the purchase of coal, the sale of gas and electricity derivatives. All of the coal acquired by the Group during the year was supplied by Crown-controlled and related entities under coal supply agreements which expire in June 2017 (2014: 88.7 per cent). Approximately 29.4 per cent (2014: 12.4 per cent) of the gas sales were made to Crown-controlled and related entities under gas sales agreements which expire in December 2015. Approximately 79.5 per cent of the value of electricity derivative assets and approximately 15.4 per cent of the value of electricity derivative liabilities held by the Group at year-end are held with Crown-controlled and related entities (2014: 57.9 per cent and 35.7 per cent, respectively). The contracts expire at various times; the latest expiry date is December 2025.

Key management personnel compensation

The key management personnel of the Group consists of the Directors and the Executive Management team. Key management personnel compensation is as follows:

| | 2015 \$ million | 2014 \$ million |
|--|--------------------|--------------------|
| Short-term benefits | 6.8 | 7.8 |
| Post-employment benefits | 0.2 | 0.2 |
| Termination benefits | 0.3 | 0.1 |
| Share-based payments | 0.1 | – |
| Total key management personnel compensation | 7.4 | 8.1 |

Other transactions with key management personnel or entities related to them

Key management personnel and their families may purchase gas and electricity from the Group on an arm’s-length basis and may purchase shares in the Company. The total number of shares held by key management personnel as at 30 June 2015 was 784,188 (2014: 504,352). During the year, dividends paid to key management personnel and their families was \$99,558 (2014: nil). No other transactions took place between key management personnel and the Group (2014: nil). As at 30 June 2015, the balance payable to key management personnel was nil (2014: nil).

22. Payables and accruals

| | 2015 \$ million | 2014 \$ million |
|-----------------------------|--------------------|--------------------|
| Trade payables and accruals | 150.2 | 186.8 |
| Employee benefits | 5.9 | 6.3 |
| Emission obligations | 2.9 | 2.4 |
| Total | 159.0 | 195.5 |
| Current | 158.3 | 194.8 |
| Non-current | 0.7 | 0.7 |
| Total | 159.0 | 195.5 |

Trade payables and accruals are recognised when the Group becomes obligated to make future payments resulting from the purchase of goods or services, and are subsequently carried at amortised cost.

A liability for employee benefits (wages and salaries, annual and long-service leave, and employee incentives) is recognised when it is probable that settlement will be required and the amount is capable of being measured reliably. Provisions made in respect of employee benefits are measured using the remuneration rate expected to apply at the time of settlement

Emission obligations are recognised as a liability when the Group incurs the emission obligation. Emission units payable to third parties are recognised at the average cost of emission units on hand up to the amount of emission units on hand at the recognition date. Where the emission obligation exceeds the level of units on hand, the excess obligation over the units on hand is measured at the contract price where forward contracts exist or the market price for any obligation not covered by units on hand or forward contracts.

23. Borrowings

| | 2015 \$ million | 2014 \$ million |
|-----------------------------------|--------------------|--------------------|
| Revolving credit and money market | 101.0 | 357.9 |
| Wholesale term notes | 320.1 | 320.5 |
| Retail term notes | 107.1 | 106.8 |
| Capital Bonds | 202.6 | 202.6 |
| USPP | 227.4 | – |
| Finance lease liabilities | – | 1.6 |
| Total | 958.2 | 989.4 |
| Current | 117.8 | 12.3 |
| Non-current | 840.4 | 977.1 |
| Total | 958.2 | 989.4 |

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Borrowings designated in a hedge relationship are carried at amortised cost adjusted for the change in the fair value of the hedged risk. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

| | 2015 \$ million | 2014 \$ million |
|--|--------------------|--------------------|
| Revolving credit and money market | | |
| Money market | – | 6.1 |
| Revolving credit drawn down | 100.0 | 350.0 |
| Accrued interest | 1.0 | 1.8 |
| Total revolving credit and money market | 101.0 | 357.9 |
| Revolving credit | | |
| Expiring 2016 | – | 125.0 |
| Expiring 2017 | – | 75.0 |
| Expiring 2018 | 75.0 | 75.0 |
| Expiring 2019 | 75.0 | 350.0 |
| Expiring 2020 | 225.0 | – |
| Expiring 2022 | 50.0 | – |
| Total available revolving credit facility | 425.0 | 625.0 |
| Revolving credit drawn down (excluding accrued interest) | 100.0 | 350.0 |
| Total undrawn revolving credit facility | 325.0 | 275.0 |

During the year, the Group restructured its revolving credit arrangements, decreasing its revolving credit facilities from \$625.0 million to \$425.0 million and extending the maturity profile.

23. Borrowings (continued)

| | 2015 \$ million | 2014 \$ million |
|--|--------------------|--------------------|
| Wholesale term notes | | |
| Expiring 2017 | 125.0 | 125.0 |
| Expiring 2020 | 120.0 | 120.0 |
| Expiring 2023 | 70.0 | 70.0 |
| Fair value interest rate risk adjustment | 1.0 | 1.4 |
| Accrued interest | 4.5 | 4.5 |
| Capitalised issue costs | (0.4) | (0.4) |
| Total wholesale term notes | 320.1 | 320.5 |
| Retail term notes | | |
| Expiring 2016 | 105.0 | 105.0 |
| Accrued interest | 2.4 | 2.4 |
| Capitalised issue costs | (0.3) | (0.6) |
| Total retail term notes | 107.1 | 106.8 |
| Capital Bonds | | |
| Expiring 2042 | 200.0 | 200.0 |
| Accrued interest | 2.6 | 2.6 |
| Total Capital Bonds | 202.6 | 202.6 |

The Group may redeem all or some of the Capital Bonds on a reset date or on any quarterly interest payment date after the first reset date, which is 16 July 2018. On the first reset date and every five years thereafter, the interest rate will reset to be the sum of the five-year swap rate on the relevant reset date plus a margin of 2.4 per cent. Redemptions on a reset date are at par; redemptions on a quarterly interest payment date must be at the greater of par or market value.

| | 2015 \$ million | 2014 \$ million |
|--|--------------------|--------------------|
| USPP | | |
| Expiring 2026 | 73.8 | – |
| Expiring 2027 | 147.5 | – |
| Fair value interest rate risk adjustment | 4.0 | – |
| Accrued interest | 3.0 | – |
| Capitalised issue costs | (0.9) | – |
| Total USPP | 227.4 | – |

On 24 October 2014, the Group entered into a firm commitment for the issue of \$150.0 million United States dollar-denominated unsecured notes to United States-based institutional investors. A Note Purchase Agreement ('NPA') was signed on 25 November 2014. Cross-currency interest rate swaps ('CCIRS') have been used to manage foreign exchange and interest rate risks on the notes (refer to note 25 for further information on CCIRS). The United States Private Placement ('USPP') is measured at amortised cost adjusted for the change in fair value associated with the hedged risks in accordance with the Group's accounting policy. While the New Zealand dollar amount required to repay the USPP in 2026 and 2027 is fixed as a result of the CCIRS, the USPP is required to be translated to New Zealand dollars at the spot rate at the reporting date, in accordance with NZ IFRS. Any increase/decrease in the carrying value of the USPP as a result of this translation is offset by the movement in the fair value of the CCIRS disclosed in note 25. The proceeds from the USPP were used to reduce revolving credit facilities.

Security

All of the Group's borrowings are unsecured with the exception of finance leases. The Group borrows under a negative pledge arrangement, which does not permit the Group to grant any security interest over its assets, unless it is an exception permitted within the negative pledge. Finance lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

24. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as the provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period 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.

24. Provisions (continued)

Rehabilitation and restoration

The rehabilitation and restoration provision relates to the Meremere generation site, the Huntly ash ponds and the Kupe production facility. These sites require remediation as a result of past and present operations. Different methods and techniques can be used to remediate the sites. The provision represents the present value of the Group’s best estimate of future expenditure to be incurred based on the Group’s assessment of the most appropriate methods to remediate the sites at balance date. Key assumptions include: an estimate of when the rehabilitation and restoration is likely to take place, the possible remediation alternatives available, the expected expenditures attached to each alternative and the foreign currency exchange rate at balance date.

There is an obligation to restore parts of the Huntly site related to the Rankine Units once they are retired. The Rankine Units are currently scheduled to be retired by 31 December 2018 however, there is no intention to exit the Huntly site. There may be costs and recoveries associated with retiring the Rankine Units that cannot be reliably estimated at this time.

The assumptions used to estimate the rehabilitation and restoration provision require balanced judgement as there is a range of possible assumptions that could be used in estimating the carrying value of these obligations. The key assumption that could have a material impact on the Meremere generation site rehabilitation estimate relates to the extent of rehabilitation required at the end of the lease. The extent of rehabilitation depends on the effectiveness of the historical rehabilitation work and the rehabilitation obligations under the lease. The current assumption is that the current remediation work with some further tidy-up at the end of the lease in 2017 will be sufficient. If future monitoring indicates that the clay caps need further remediation work, the provision would need to increase by up to \$2.0 million. The site is monitored regularly and the rehabilitation plan amended as necessary.

The key assumption that could have a material impact on the Huntly ash ponds rehabilitation estimate relates to the extent of rehabilitation work required. The current assumption is that all the ash would be removed from the ponds but, if some of the ash were capped in situ, the provision could decrease by \$9.9 million. The rehabilitation work on the ash ponds is estimated to be completed within the next six years.

The key assumptions that could have a material impact on the Kupe production facility rehabilitation estimate relates to foreign exchange rates, scrap-steel prices, labour rates, concrete removal costs, offshore supply vessel and jack-up rig rates, and associated mobilisation and demobilisation costs. The majority of costs are based in United States dollars and, therefore, are sensitive to fluctuations in foreign exchange rates. Given the equipment required to complete the rehabilitation comes from overseas, the mobilisation and demobilisation costs can fluctuate significantly depending on the volume of other work the contractor has at the time the rehabilitation is required to be completed. If the foreign exchange rate were to decrease by 10 per cent and if the transportation costs for the mobilisation and demobilisation were unable to be shared with other entities, the provision would increase by \$18.1 million. Also affecting the provision are regulations around the removal of the subsea pipeline. Currently, there are no regulations around this and, as such, the provision assumes the subsea pipeline will be flushed and left in situ. The rehabilitation is estimated to be completed in approximately 10 years.

Contractual arrangements

The contractual arrangements provision relates to relationship and sponsorship agreements with various parties. The provision represents the present value of the best estimate of cash flows required to settle the Group’s obligations under the agreements. The timing of the outflows is between 10 and 35 years.

Other provisions

Other provisions represent the onerous contract provision associated with changes to contractual arrangements and other minor provisions. In the prior year, a provision was recognised for 60 per cent of the full liability of the Brownie Points programme as this reflected the estimated redemption rate at the time. The Brownie Points programme was closed during the year and, as a result, there was no provision for Brownie Points at 30 June 2015. The onerous contracts provision relates to onerous lease agreements associated with coal importation. The provision is based on the cash flows associated with the contracts. The timing of the outflows is expected to occur over the next five years.

| | Note | Rehabilitation and restoration | Contractual arrangements | Other provisions | Total |
|-------------------------------------|------|-----------------------------------|-----------------------------|---------------------|--------------|
| Balance at 1 July 2013 | | 66.5 | 55.7 | 7.9 | 130.1 |
| Provisions made during the year | | 6.4 | 1.4 | 14.8 | 22.6 |
| Provisions reversed during the year | | (2.7) | (0.5) | (2.7) | (5.9) |
| Provisions used during the year | | (4.0) | (4.3) | (3.7) | (12.0) |
| Time value of money adjustment | 7 | 3.4 | 2.1 | 0.2 | 5.7 |
| Balance at 30 June 2014 | | 69.6 | 54.4 | 16.5 | 140.5 |
| Provisions made during the year | | 5.4 | 0.7 | 3.9 | 10.0 |
| Provisions reversed during the year | | – | (0.5) | (10.0) | (10.5) |
| Provisions used during the year | | (1.7) | (4.2) | (4.3) | (10.2) |
| Time value of money adjustment | 7 | 3.4 | 2.4 | 0.4 | 6.2 |
| Balance at 30 June 2015 | | 76.7 | 52.8 | 6.5 | 136.0 |
| Current | | 2.2 | 8.3 | 3.1 | 13.6 |
| Non-current | | 67.4 | 46.1 | 13.4 | 126.9 |
| As at 30 June 2014 | | 69.6 | 54.4 | 16.5 | 140.5 |
| Current | | 2.4 | 8.5 | 1.4 | 12.3 |
| Non-current | | 74.3 | 44.3 | 5.1 | 123.7 |
| As at 30 June 2015 | | 76.7 | 52.8 | 6.5 | 136.0 |

25. Derivatives

The Group’s activities expose it to a variety of financial risks: market risk (including price risk, currency risk and interest rate risk), credit risk and liquidity risk. The Group uses the following derivatives to hedge its financial risk exposures:

- Interest rate swaps
- Foreign exchange swaps and options
- Electricity swaps and options
- Oil swaps
- CCIRS
- Forward sale-and-purchase agreements of emission units held for trading.

The Group also enters into electricity derivatives with wholesale electricity market participants which allows them to hedge wholesale electricity market exposures.

During the year, the Group entered into CCIRS to swap the United States dollar principal and fixed coupon obligation for the USPP disclosed in note 23.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.

For the purpose of hedge accounting, hedges are classified as:

- cash flow hedges where the Group hedges the exposure to variability in cash flows that is attributable either to a particular risk associated with a recognised asset or liability or to a highly probable forecast transaction; or
- fair value hedges where the Group hedges the exposure to changes in fair value of a recognised asset or liability.

The Group documents, at the inception of the transaction, the relationship between the hedging instruments and hedged items, as well as its risk-management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

Forward sale-and-purchase agreements in relation to emission units held for trading do not meet the ‘own use’ exemption and, therefore, meet the definition of a derivative. These contracts are initially recognised at fair value on the date the contract is entered into and are subsequently remeasured to their fair value. Changes in the fair value are recognised immediately in profit or loss.

Derivatives designated in a cash flow hedge relationship

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income and accumulate in the cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts accumulated in other comprehensive income are reclassified to profit or loss in the period when the hedged item will affect the profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or liability, the gains and losses previously deferred in the cash flow hedge reserve are reclassified from the cash flow hedge reserve and included in the initial measurement of the cost of the asset or liability.

When a hedging instrument expires or is sold, terminated or exercised, or when a hedge no longer meets the criteria for hedge accounting, the cumulative gain or loss at that time remains in the cash flow hedge reserve and is reclassified to profit or loss when the transaction occurs. If the forecast transaction is no longer expected to occur, the cumulative gain or loss recognised in the cash flow hedge reserve is reclassified immediately to profit or loss.

The margin and basis component of the CCIRS is designated as a cash flow hedge of the margin and basis component of the USPP notes. The interest rate risk associated with interest on New Zealand dollar borrowings is hedged using interest rate swaps. Foreign currency risk associated with future foreign currency cash flows is hedged using forward exchange derivatives. Electricity and oil derivatives are used to manage price risk associated with spot market exposures.

Derivatives designated in a fair value hedge relationship

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The USPP and \$25.0 million of the wholesale term notes are designated in fair value hedge relationships. CCIRS are used to swap the United States-dollar principal and fixed coupon obligations related to the notes to New Zealand dollar floating rate exposure. Interest rate swaps are used to convert the fixed coupons on wholesale term notes to floating rates.

25. Derivatives (continued)**Derivatives that do not qualify for hedge accounting**

Changes in the fair value of any derivatives that do not qualify for hedge accounting are recognised immediately in profit or loss.

| Net carrying value of derivatives | 2015 \$ million | 2014 \$ million |
|--|----------------------------|----------------------------|
| <i>Derivatives designated in a cash flow hedge relationship</i> | | |
| Foreign exchange swaps | (10.3) | 3.3 |
| Interest rate swaps | (16.7) | (3.3) |
| Electricity swaps | (2.7) | (5.5) |
| Oil swaps | 10.6 | (4.4) |
| CCIRS | 24.3 | – |
| <i>Derivatives designated in a fair value hedge relationship</i> | | |
| Interest rate swaps | 1.0 | 1.4 |
| CCIRS | 1.4 | – |
| <i>Derivatives not designated as hedges</i> | | |
| Foreign exchange options | – | 1.4 |
| Electricity swaps and options | 28.1 | (0.7) |
| Forward sale-and-purchase agreements of emission units held for trading (Forward 'S&P' agreements) | 0.2 | – |
| Total | 35.9 | (7.8) |
| Carrying value of derivatives by balance sheet classification | | |
| Current assets | 34.2 | 19.9 |
| Non-current assets | 53.9 | 8.0 |
| Current liabilities | (21.5) | (22.5) |
| Non-current liabilities | (30.7) | (13.2) |
| Total | 35.9 | (7.8) |

Derivatives that are settled within 12 months are treated as current.

25. Derivatives (continued)

| Change in carrying value of derivatives | Note | Forward 'S&P' agreements \$ million | CCIRS \$ million | Oil swaps \$ million | Interest rate swaps \$ million | Foreign exchange swaps and options \$ million | Electricity swaps and options \$ million | Total \$ million |
|---|-------------|--|-----------------------------|---------------------------------|---|--|---|-----------------------------|
| Balance as at 1 July 2013 | | – | – | 1.0 | (1.7) | (3.0) | (11.0) | (14.7) |
| Total change recognised in electricity revenue | | – | – | – | – | – | 32.6 | 32.6 |
| – Net change in derivatives not designated as hedges | | – | – | – | – | 0.2 | 3.8 | 4.0 |
| – Net change in fair value hedges | | – | – | – | (1.0) | – | – | (1.0) |
| – Ineffective gain (loss) on cash flow hedges | | – | – | (1.6) | – | (0.1) | (1.8) | (3.5) |
| Total change recognised in the change in fair value of financial instruments | 6 | – | – | (1.6) | (1.0) | 0.1 | 2.0 | (0.5) |
| Gain (loss) recognised in other comprehensive income | | – | – | (6.8) | 0.7 | 4.9 | 14.4 | 13.2 |
| Settlements | | – | – | 3.0 | 0.1 | 1.5 | (12.1) | (7.5) |
| Sales (option fees) | | – | – | – | – | – | (32.1) | (32.1) |
| Purchases (option fees) | | – | – | – | – | 1.2 | – | 1.2 |
| Balance as at 30 June 2014 | | – | – | (4.4) | (1.9) | 4.7 | (6.2) | (7.8) |
| Total change recognised in electricity revenue | | – | – | – | – | – | 24.9 | 24.9 |
| – Net change in derivatives not designated as hedges | | 0.2 | – | – | – | (1.6) | 27.6 | 26.2 |
| – Net change in fair value hedges | | – | 1.4 | – | (0.4) | – | – | 1.0 |
| – Ineffective gain (loss) on cash flow hedges | | – | (0.2) | 5.1 | (0.4) | 0.1 | 1.5 | 6.1 |
| Total change recognised in the change in fair value of financial instruments | 6 | 0.2 | 1.2 | 5.1 | (0.8) | (1.5) | 29.1 | 33.3 |
| Gain (loss) recognised in other comprehensive income | | – | 24.5 | 19.2 | (15.4) | (15.9) | 8.8 | 21.2 |
| Settlements | | – | – | (9.3) | 2.4 | 2.2 | (7.4) | (12.1) |
| Sales (option fees) | | – | – | – | – | – | (23.8) | (23.8) |
| Purchases (option fees) | | – | – | – | – | 0.2 | – | 0.2 |
| Balance as at 30 June 2015 | | 0.2 | 25.7 | 10.6 | (15.7) | (10.3) | 25.4 | 35.9 |

Reconciliation of movements in the cash flow hedge reserve

| | CCIRS \$ million | Oil swaps \$ million | Interest rate swaps \$ million | Foreign exchange swaps \$ million | Electricity swaps \$ million | Total \$ million |
|--|-----------------------------|---------------------------------|---|--|---|-----------------------------|
| Balance as at 1 July 2013 | – | 0.9 | (3.0) | (2.2) | (4.4) | (8.7) |
| Total reclassified from the cash flow hedge reserve to profit or loss | – | 2.8 | 0.1 | 0.3 | (12.1) | (8.9) |
| Total reclassified from the cash flow hedge reserve to the cost of assets | – | – | – | 0.7 | – | 0.7 |
| Effective gain (loss) on cash flow hedges recognised directly in the cash flow hedge reserve | – | (6.8) | 0.7 | 4.9 | 14.4 | 13.2 |
| Total change in cash flow hedge reserve | – | (4.0) | 0.8 | 5.9 | 2.3 | 5.0 |
| Income tax on change in cash flow hedge reserve | – | 1.1 | (0.2) | (1.7) | (0.6) | (1.4) |
| Balance as at 30 June 2014 | – | (2.0) | (2.4) | 2.0 | (2.7) | (5.1) |
| Total reclassified from the cash flow hedge reserve to profit or loss | (30.6) | (9.2) | 2.4 | 3.4 | (7.5) | (41.5) |
| Total reclassified from the cash flow hedge reserve to the cost of assets | – | – | – | 0.2 | – | 0.2 |
| Effective gain (loss) on cash flow hedges recognised directly in the cash flow hedge reserve | 24.5 | 19.2 | (15.4) | (15.9) | 8.8 | 21.2 |
| Total change in cash flow hedge reserve | (6.1) | 10.0 | (13.0) | (12.3) | 1.3 | (20.1) |
| Income tax on change in cash flow hedge reserve | 1.7 | (2.8) | 3.6 | 3.5 | (0.4) | 5.6 |
| Balance as at 30 June 2015 | (4.4) | 5.2 | (11.8) | (6.8) | (1.8) | (19.6) |

The gain (loss) on interest rate swaps and CCIRS is recognised in finance expenses, the gain (loss) on foreign exchange swaps and options is recognised in other operating expenses, the gain (loss) on electricity swaps and options is recognised in electricity revenue in the profit or loss and the gain (loss) on oil swaps is recognised in petroleum revenue.

26. Financial instruments and financial risk–management

Financial instruments

For financial reporting purposes, the Group designates its financial instruments into the following categories:

Loans and receivables

- Cash and cash equivalents
- Receivables

Financial instruments in a hedge relationship

- Foreign exchange swaps
- Interest rate swaps
- Electricity swaps
- Oil swaps
- CCIRS

Financial instruments held for trading (derivatives not in a hedge relationship)

- Foreign exchange options
- Electricity swaps and options
- Forward sale-and- purchase agreements of emission units held for trading

Financial liabilities measured at amortised cost

- Payables
- Borrowings

Risk–management

The Group’s overall risk-management programme focuses on the unpredictability of financial markets and seeks to minimise financial risk to the Group. The Board of Directors (the ‘Board’) has established policies which provide an overall risk-management framework, as well as policies covering specific areas, such as electricity and oil price risk, foreign exchange risk, interest rate risk, credit risk, use of derivatives and the investment of excess liquidity. Trading in financial instruments, including derivatives, for speculative purposes is not permitted by the Board. Interest rate, foreign exchange and oil price exposures are managed by the central Treasury function (‘Treasury’) and electricity exposures are managed by the risk-management group (‘Risk’). Treasury and Risk identify, evaluate and hedge financial risks in close cooperation with the Group’s operating units. Compliance with policies and exposure limits is independently reviewed by the Group’s internal auditor.

Price risk

The Group is exposed to movements in the spot price of electricity arising through the sale and purchase of electricity to and from the market. The Group is also exposed to movements in the spot price of light crude oil arising from sales of its share of oil from the Kupe production facility. The Group has limited exposure to changes in the sale price for gas and LPG as most of the volume is forward sold.

Electricity sales and purchases

The Group manages price risk in relation to electricity sales and purchases by entering into electricity swaps and options. Electricity swaps and options are either traded on the ASX or negotiated bilaterally with other energy companies and major customers. Electricity options are entered into as needs are identified and as counterparties seek to hedge their electricity purchase exposure. At balance date, the Group had electricity option contracts giving the counterparty the right to exercise a call option and electricity cap contracts.

The aggregate notional face value of the outstanding electricity swaps and options at balance date was \$1,482.5 million (2014: \$1,666.2 million).

Light crude oil sales

The Group manages price risk in respect of oil sales by entering into price swap contracts which provide a fixed price for future oil sales. The Group’s Treasury policy sets minimum and maximum control limits ranging from between 50 per cent and 90 per cent for the first 12 months to between 25 per cent and 75 per cent for months 13 to 24.

The aggregate notional value of the outstanding oil swaps at balance date was 37.8 million United States dollars (2014: 50.3 million United States dollars).

The value of electricity and oil swaps are sensitive to changes in forward prices, and oil swaps are also sensitive to movements in foreign exchange rates. The table below summarises the impact an increase/decrease in these assumptions would have on the Group’s post-tax profit or loss for the year and on the Group’s cash flow hedge reserve. The sensitivity analysis is based on the assumption that the relevant market prices (future electricity and oil price paths) had increased/decreased by 10 per cent with all other variables held constant. A positive number represents an increase in profit or the cash flow hedge reserve.

There have been no changes in the methods and assumptions used in the sensitivity calculations from the previous year.

26. Financial instruments and financial risk-management (continued)

| | 2015 \$ million | 2014 \$ million |
|---|--------------------|--------------------|
| Electricity swaps and options | | |
| Post-tax impact on profit or loss | | |
| +10% | (5.8) | (3.9) |
| –10% | 3.8 | 2.9 |
| Post-tax impact on cash flow hedge reserve (equity) | | |
| +10% | (4.9) | (1.2) |
| –10% | 4.9 | 1.2 |
| Oil swaps | | |
| Post-tax impact on profit or loss | | |
| +10% | (0.5) | (1.7) |
| –10% | 0.5 | 1.7 |
| Post-tax impact on cash flow hedge reserve (equity) | | |
| +10% | (2.7) | (2.7) |
| –10% | 2.7 | 2.8 |

Foreign currency risk

The Group is exposed to foreign currency risk as a result of capital and operational transactions and borrowings denominated in a currency other than the Group’s functional currency (including the purchase of capital equipment and maintenance, and the sale of gas and petroleum). The currencies giving rise to this risk are primarily the United States dollar, Australian dollar, Euro and Japanese yen.

The Group uses foreign exchange swaps and options to manage foreign exchange risk on capital and operational transactions. All significant capital project commitments and all capital purchase orders where exposure and currency levels are confirmed are hedged. All sales, operational commitments and purchase orders denominated in foreign currency over the equivalent of \$500,000 New Zealand dollars are also hedged, in accordance with the Group’s Treasury policy. For ongoing operating commitments, the equivalent of at least the next 12 months’ exposure must be hedged. For the currency exposure arising from the sale of oil and gas, the policy sets minimum and maximum control limits ranging from between 50 per cent and 90 per cent for the first 12 months to between 25 per cent and 75 per cent for months 13 to 24.

The Group uses CCIRS to manage foreign exchange risk on overseas borrowings. All interest and principal repayments are hedged. The combination of the foreign denominated debt and the CCIRS results in a net exposure to New Zealand floating interest rates and a fixed New Zealand -denominated principal repayment. The New Zealand floating interest rate risk is managed using the process described in the interest rate risk section below.

The following table details the foreign exchange swaps and options outstanding at balance date. A positive number represents a buy contract and a negative number represents a sell contract.

| Currency of contract | Foreign amount | | Face value | | Fair value | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 2015 \$ million | 2014 \$ million | 2015 \$ million | 2014 \$ million | 2015 \$ million | 2014 \$ million |
| Foreign exchange swaps | | | | | | |
| United States dollar | (60.0) | (87.9) | (80.1) | (109.2) | (9.9) | 6.5 |
| Japanese yen | 1,183.5 | 1,259.8 | 15.3 | 16.5 | (0.4) | (1.5) |
| Other | – | 2.9 | – | 3.5 | – | (0.3) |
| CCIRS | | | | | | |
| United States dollar | 150.0 | – | 193.2 | – | 25.7 | – |
| Total foreign exchange swaps and options | | | 128.4 | (89.2) | 15.4 | 4.7 |

The values of foreign exchange swaps and options and CCIRS are sensitive to changes in the forward prices of currencies. Foreign currency borrowings are fully hedged against movements in foreign currencies. Any movements in the value of borrowings, or in the interest payable due to a movement in the exchange rate, are offset by any equal and opposite movements in the value and cash flows applicable to the hedge.

The table below summarises the impact an increase/decrease in foreign exchange rates would have on the Group’s post-tax profit or loss for the year and on the Group’s cash flow hedge reserve. The sensitivity analysis is based on the assumption that the New Zealand dollar had weakened/ strengthened by 10 per cent against the currencies with which the Group has foreign currency risk, with all other variables held constant. A positive number represents an increase in profit or the cash flow hedge reserve.

There have been no changes in the methods and assumptions used in the sensitivity calculations from the previous year.

26. Financial instruments and financial risk-management (continued)

| Currency of contract | % change in rate | 2015 \$ million | 2014 \$ million |
|--|------------------|--------------------|--------------------|
| Post-tax impact on profit or loss | | | |
| United States dollar | +10% | – | 2.6 |
| | –10% | – | (1.0) |
| Total foreign exchange swaps and options | +10% | – | 2.6 |
| Total foreign exchange swaps and options | –10% | – | (1.0) |
| Post-tax impact on cash flow hedge reserve (equity) | | | |
| United States dollar | +10% | 5.8 | 3.6 |
| | –10% | (7.1) | (4.5) |
| Japanese yen | +10% | (0.9) | (0.9) |
| | –10% | 1.1 | 1.1 |
| Other | +10% | – | (0.2) |
| | –10% | – | 0.3 |
| Total foreign exchange swaps and options | +10% | 4.9 | 2.5 |
| Total foreign exchange swaps and options | –10% | (6.0) | (3.1) |

Interest rate risk

The Group is exposed to interest rate risk as a portion of borrowings have floating interest rates. The Group uses interest rate swaps to manage interest rate risk. The Group's policy sets maximum and minimum control limits for fixed interest rate exposure which range from between 50 per cent and 100 per cent of projected debt with an age profile of less than one year to a maximum of 50 per cent for projected debt with an age profile of greater than five years and a maximum of 20 per cent for projected debt with an age profile of greater than 10 years.

The following table details the notional principal amounts and the remaining terms of interest rate swaps outstanding at balance date:

| Currency of contract | Average contracted fixed interest rates | | Notional principal amount | | Fair value | |
|--|---|-----------|---------------------------|--------------------|--------------------|--------------------|
| | 2015 % | 2014 % | 2015 \$ million | 2014 \$ million | 2015 \$ million | 2014 \$ million |
| Not later than one year | 3.67 | – | 50.0 | – | (1.2) | – |
| Later than one year and not later than two years | 5.08 | 3.67 | 100.0 | 50.0 | (2.9) | – |
| Later than two years and not later than five years | 5.23 | 5.05 | 90.0 | 145.0 | (3.7) | 1.3 |
| Later than five years | 5.06 | 5.33 | 265.0 | 185.0 | (7.9) | (3.2) |
| | 4.96 | 5.01 | 505.0 | 380.0 | (15.7) | (1.9) |

The values of interest rate swaps are sensitive to changes in forward interest rates. The table below summarises the impact an increase/decrease in interest rates would have on the Group's post-tax profit or loss for the year and on the Group's cash flow hedge reserve. The sensitivity analysis is based on the assumption that interest rates had been 100 basis points higher/lower with all other variables held constant. A positive number represents an increase in profit or the cash flow hedge reserve.

There have been no changes in the methods and assumptions used in the sensitivity calculations from the previous year.

| | 2015 \$ million | 2014 \$ million |
|--|--------------------|--------------------|
| Post-tax impact on profit | | |
| +1% | (0.6) | (0.4) |
| –1% | 0.8 | 0.4 |
| Post-tax impact on cash flow hedge reserve (equity) | | |
| +1% | 11.1 | 6.3 |
| –1% | (12.1) | (6.8) |

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Group. The Group is exposed to credit risk in the normal course of business arising from trade receivables, finance leases (where the Group is lessor), and with banks and financial institutions where short-term deposits are held. The Group is also exposed to credit risk arising from derivative counterparties defaulting on their contractual obligations.

26. Financial instruments and financial risk-management (continued)

The Group is a producer and retailer of electricity and gas. In terms of wholesale sales to the national grid, credit risk is significantly reduced as the Group purchases from the grid for its retail customer base with credit risk being limited to the net position on settlement. In addition, market security requirements in place ensure that there is no significant credit risk for any one participant. Market participants are required to provide letters of credit to the market clearing agent (NZX Limited), which would be called upon should any market participant default.

Credit risk exposure arising from the supply of electricity and gas to the retail market is mitigated due to the Group's large customer base and, in respect of its larger customers, the diverse range of industries they represent throughout New Zealand. The Group has adopted a policy of only dealing with creditworthy trade counterparties and obtaining collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group also minimises its exposure to credit risk in this area through the adoption of counterparty credit limits, and active credit-management practices such as monitoring the size and nature of exposures and mitigating the risk deemed to be above acceptable levels.

A bond is held as collateral from any post-paid electricity customer whose credit profile does not meet the standard set by the Group. The bond is managed in accordance with the terms and conditions outlined in the supply agreement with individual customers. The bond is returned to the customer at cessation of supply. The value of collateral held at balance date was \$3.6 million (2014: \$4.2 million). The carrying value of the bond is considered to approximate its fair value.

Derivative counterparties and cash transactions are limited to high-credit-quality financial institutions and other organisations. The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties. The Group has no significant concentration of credit risk with any one financial institution.

The carrying amounts of financial assets recognised in the balance sheet best represent the Group's maximum exposure to credit risk at the reporting date.

Liquidity risk

The Group's liquidity risk arises from its ability to attract cost-effective funding; this is largely driven by its credit standing (Standard & Poor's = BBB+). Prudent liquidity risk-management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the spreading of debt maturities.

Liquidity risk is monitored by continuously forecasting cash flows and matching the maturity profiles of financial assets and liabilities.

The table below details the Group's liquidity analysis for its financial liabilities and derivatives. The table has been drawn up based on the undiscounted cash inflows (outflows) for all financial liabilities and derivatives. The amounts in the table are the undiscounted contractual cash flows. Where the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the internally generated forward price curves existing at balance date. As the amounts included in the tables are contractual undiscounted cash flows, these amounts will not reconcile to the amounts disclosed in the balance sheet.

| As at 30 June 2015 | Weighted average effective interest rate % | Less than 1 year \$ million | 1 to 2 years \$ million | 2 to 5 years \$ million | More than 5 years \$ million | Total contractual cash flows \$ million |
|---|--|-----------------------------|-------------------------|-------------------------|------------------------------|---|
| Non-derivative financial liabilities | | | | | | |
| Trade and other payables | Non-bearing | (156.1) | – | – | – | (156.1) |
| Revolving credit and money market | 5.6 | (5.7) | (5.6) | (105.8) | – | (117.1) |
| Wholesale term notes | 6.8 | (21.4) | (143.3) | (156.1) | (82.2) | (403.0) |
| Retail term notes | 8.0 | (113.0) | – | – | – | (113.0) |
| Capital Bonds | 6.2 | (12.4) | (12.4) | (37.1) | (463.1) | (525.0) |
| USPP | 5.4 | (8.1) | (8.1) | (24.4) | (274.7) | (315.3) |
| | | (316.7) | (169.4) | (323.4) | (820.0) | (1,629.5) |
| Derivative assets (liabilities) | | | | | | |
| Net-settled derivatives | | | | | | |
| Interest rate swaps (cash flow hedges) | | (1.5) | (4.1) | (11.2) | (2.1) | (18.9) |
| Interest rate swaps (fair value hedges) | | 0.6 | 1.0 | – | – | 1.6 |
| Electricity swaps (cash flow hedges) | | 2.5 | (2.2) | (2.3) | (1.2) | (3.2) |
| Electricity swaps and options (not designated as hedges) | | 11.5 | 7.5 | 11.6 | – | 30.6 |
| Oil swaps (cash flow hedges) | | 10.1 | 0.3 | – | – | 10.4 |
| Forward sale-and-purchase agreements of emission units held for trading | | 0.2 | – | – | – | 0.2 |
| Gross-settled derivatives | | | | | | |
| Foreign exchange swaps (cash flow hedges) | | | | | | |
| – Inflows | | 0.1 | – | – | – | 0.1 |
| – Outflows | | (7.3) | (2.1) | (0.1) | – | (9.5) |
| CCIRS | | | | | | |
| – Inflows | | 8.1 | 8.1 | 24.4 | 274.6 | 315.2 |
| – Outflows | | (9.5) | (9.2) | (30.8) | (269.3) | (318.8) |
| | | 14.8 | (0.7) | (8.4) | 2.0 | 7.7 |

The foreign exchange swaps cash flows above include no inflow in the less-than-one-year category in relation to capital projects which would not be recognised in profit or loss.

26. Financial instruments and financial risk-management (continued)

| As at 30 June 2014 | Weighted average effective interest rate % | Less than 1 year \$ million | 1 to 2 years \$ million | 2 to 5 years \$ million | More than 5 years \$ million | Total contractual cash flows \$ million |
|--|--|-----------------------------------|----------------------------|----------------------------|------------------------------------|---|
| Non-derivative financial liabilities | | | | | | |
| Trade and other payables | Non-bearing | (193.1) | – | – | – | (193.1) |
| Revolving credit and money market | 5.2 | (24.5) | (18.5) | (386.5) | – | (429.5) |
| Wholesale term notes | 6.6 | (19.5) | (20.8) | (167.9) | (213.3) | (421.5) |
| Retail term notes | 8.0 | (8.0) | (113.0) | – | – | (121.0) |
| Capital Bonds | 6.2 | (12.4) | (12.4) | (37.1) | (478.6) | (540.5) |
| Finance lease payable | 7.1 | (1.8) | – | – | – | (1.8) |
| | | (259.3) | (164.7) | (591.5) | (691.9) | (1,707.4) |
| Derivative assets (liabilities) | | | | | | |
| Net-settled derivatives | | | | | | |
| Interest rate swaps (cash flow hedges) | | (0.8) | 0.1 | (2.6) | (0.4) | (3.7) |
| Interest rate swaps (fair value hedges) | | 0.5 | 0.3 | 0.7 | – | 1.5 |
| Electricity swaps (cash flow hedges) | | (0.7) | (1.1) | (3.7) | (0.1) | (5.6) |
| Electricity swaps and options (not designated as hedges) | | (0.3) | 1.2 | (1.5) | – | (0.6) |
| Oil swaps (cash flow hedges) | | (3.6) | (1.0) | – | – | (4.6) |
| Gross-settled derivatives | | | | | | |
| Foreign exchange swaps (cash flow hedges) | | | | | | |
| – Inflows | | 2.2 | 3.1 | – | – | 5.3 |
| – Outflows | | (1.4) | (0.4) | – | – | (1.8) |
| Foreign exchange options (not designated as hedges) | | | | | | |
| – Inflows | | 0.9 | – | – | – | 0.9 |
| | | (3.2) | 2.2 | (7.1) | (0.5) | (8.6) |

The foreign exchange swaps and options cash flows above include \$0.6 million outflow in the less-than-one-year category in relation to capital projects which would not be recognised in profit or loss.

Capital risk-management

The Group manages its capital in a prudent manner to ensure that each entity in the Group will be able to continue as a going concern while maximising the return to shareholders through the appropriate balance of debt and equity. This is achieved by ensuring that the level and timing of its capital investment programmes, equity raisings and dividend distributions are consistent with the Group's capital structure strategy. This strategy remains unchanged from previous years. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 23, cash and cash equivalents and equity attributable to the shareholders of Genesis Energy Limited, comprising issued capital, reserves and retained earnings as disclosed in the balance sheet.

Under the Group's debt funding facilities, the Group has given undertakings that the ratio of debt to equity will not exceed a prescribed level and the interest cover will not be below a prescribed level. For the purpose of these undertakings, the Capital Bonds and related interest costs are treated as 50 per cent equity. The covenants are monitored on a regular basis to ensure they are complied with. There were no breaches in covenants during the year (2014: nil).

27. Fair value**Fair value hierarchy**

The Group's assets and liabilities measured at fair value are categorised into one of three levels as follows:

Level one - the fair value is determined using unadjusted quoted prices from an active market for identical assets and liabilities. A market is regarded as active if quoted prices are readily and regularly available from an exchange, a dealer, a broker, an industry group, a pricing service or a regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's-length basis.

Level two - the fair value is derived from inputs other than quoted prices included within level one that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Financial instruments in this level include interest rate swaps, foreign exchange swaps and options, oil swaps and electricity derivatives which are valued using observable electricity price paths.

Level three - the fair value is derived from inputs that are not based on observable market data. Financial instruments included in this level include electricity derivatives which are valued using internally generated electricity price paths.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between levels one, two and three during the year (2014: nil).

Level two items carried at fair value

| Recurring fair value measurements | 2015 \$ million | 2014 \$ million |
|---|--------------------|--------------------|
| Level two | | |
| <i>Derivatives</i> | | |
| Interest rate swaps | (15.7) | (1.9) |
| Foreign exchange swaps and options | (10.3) | 4.7 |
| Oil swaps | 10.6 | (4.4) |
| Electricity swaps and options (not designated as hedges) | (2.3) | 0.5 |
| CCIRS | 25.7 | – |
| Forward sale-and-purchase agreements of emission units held for trading | 0.2 | – |
| | 8.2 | (1.1) |
| <i>Inventory</i> | | |
| Emission units held for trading | 2.3 | – |

Valuation of level two items carried at fair value

The fair values of level two derivatives and emission units held for trading carried at fair value are determined using discounted cash flow models. The key inputs in the valuation model were:

| Item | Valuation input |
|--|--|
| Interest rate swaps | Forward interest rate price curve |
| Foreign exchange swaps and options | Forward foreign exchange rate curves |
| Oil swaps | Forward oil price and foreign exchange rate curves |
| Electricity swaps (cash flow hedges) | ASX forward price curve |
| Electricity swaps (not designated as hedges) | ASX forward price curve |
| CCIRS | Forward interest rate price curve and foreign exchange rate curves |
| Forward sale-and-purchase agreements of emission units held for trading | OM Financial forward curve |
| Emission units held for trading | OM Financial forward curve |

Level three items carried at fair value

| Recurring fair value measurement | Note | 2015 \$ million | 2014 \$ million |
|--|------|--------------------|--------------------|
| Level three | | | |
| <i>Derivatives</i> | | | |
| Electricity swaps (cash flow hedges) | | (2.7) | (5.5) |
| Electricity swaps and options (not designated as hedges) | | 30.4 | (1.2) |
| | | 27.7 | (6.7) |
| <i>Property, plant and equipment</i> | | | |
| Generation assets | 15 | 2,628.0 | 2,689.9 |

27. Fair value (continued)

Valuation of level three items carried at fair value

Valuation processes of the Group

The Group’s finance department includes a team who perform the valuations of level three fair values for generation assets and derivatives. This team reports directly to the Chief Financial Officer. Discussions of valuation processes and results are held between the Chief Financial Officer and the valuation team at least six monthly for generation assets, and monthly for derivatives. As part of these discussions, the team presents analysis to explain the reasons for changes in fair value measurements. The Chief Financial Officer reports key changes to inputs to the Board in the monthly finance report and any changes to the valuation methodology are reported to the Audit Committee through update papers when any changes are anticipated or have been made due to changes in the business.

Valuation method of the Group

“The valuation of electricity swaps in level three is based on a forecast internally generated electricity price path. The selection of variables used within the price path requires significant judgement and, therefore, there is a range of reasonable assumptions that could be used in estimating the fair value of these derivatives. The key unobservable inputs driving potential changes to the forecast internally generated price path are changes in demand, hydrology and new generation build. Any one of these factors could result in a change to the price path and, therefore, the fair value of electricity swaps and options within level three. The electricity price path assumes national demand growth based on the latest available industry information and Genesis Energy’s view of growth within various sectors of the economy. Forecast hydrology is based on 79 years of historical hydrological inflow data. New generation build assumptions are based on announcements made to the New Zealand market.

The electricity price path requires several inputs derived from third parties. These inputs include discount rates, demand, new build, planned outages, latest hydrology and several others which are checked and signed off by senior management personnel who are responsible for the price path that is output for use across the Group. These inputs are obtained from reputable institutions and are checked by the business for reasonableness as well as ensuring they align with the requirements of NZ IFRS.

The key unobservable inputs, range of assumptions and third-party inputs combine to determine the wholesale electricity price path. The wholesale electricity price paths used to value level three electricity swaps and options on a time-weighted basis range from \$69 per MWh to \$115 per MWh over the period from July 2015 to 31 December 2025 (2014: \$70 per MWh to \$113 per MWh over the period from July 2014 to 31 December 2025).

Valuation of electricity swaps and options

If the price path increased by 10 per cent while holding the discount rate consistent, this would result in the carrying value of the electricity derivatives decreasing to \$12.1 million asset (2014: \$13.7 million liability). If the price path decreased by 10 per cent while holding the discount rate constant, the carrying value would increase to \$40.7 million asset (2014: \$1.1 million liability).

The valuation of electricity options is based on a discounted cash flow model over the life of the agreement. The key assumptions in the model are: the callable volumes, strike price and option fees outlined in the agreement, the forecast internally generated electricity price path, ‘day one’ gains and losses, emission credits and the discount rate. The options are deemed to be called when the internally generated price path is higher than the strike prices after taking into account obligations relating to the specific terms of each contract. The discount rate used in the model ranged from 2.9 per cent to 8.9 per cent (2014: 3.4 per cent to 5.5 per cent) and the emission credit price used ranged between \$7.50 and \$25.00 (2014: \$6.00 and \$26.00).

Valuation of generation assets

Refer to note 15 for the valuation and reconciliation of movements in generation assets.

Reconciliation of level three derivatives

| | 2015 \$ million | 2014 \$ million |
|--|--------------------|--------------------|
| Balance as at 1 July | (6.7) | (9.1) |
| Total gain (loss) | | |
| – Electricity revenue | 24.9 | 32.7 |
| – Change in fair value of financial instruments | 32.0 | (0.5) |
| Total gain (loss) in profit or loss | 56.9 | 32.2 |
| Total gain (loss) recognised in other comprehensive income | 4.6 | 9.2 |
| Settlements (gain) loss | (3.1) | (6.9) |
| Sales | (24.0) | (32.1) |
| Balance as at 30 June | 27.7 | (6.7) |

Change in fair value of financial instruments for the year included an unrealised gain of \$31.5 million (2014: \$0.8 million loss) relating to level three derivatives that are measured at fair value at the end of each reporting period.

27. Fair value (continued)

Deferred ‘day one’ gains (losses)

There is a presumption that when derivative contracts are entered into on an arm’s length basis, and no payment is received or paid on day one, the fair value at inception would be nil. The contract price of non-exchange traded electricity derivative contracts are agreed on a bilateral basis, the pricing for which may differ from the prevailing derived market price for a variety of reasons. In these circumstances, an adjustment is made to bring the initial fair value of the contract to zero at inception. The adjustment is called a ‘day one’ gain (loss) and is deferred and amortised, based on expected call volumes over the term of the contract. The carrying value of derivatives is disclosed net of the ‘day one’ adjustments.

The following table details the movements and amounts of deferred ‘day one’ gains (losses) included in the fair value of electricity derivatives held at balance date:

| | 2015 \$ million | 2014 \$ million |
|--|--------------------|--------------------|
| Balance as at 1 July | 12.9 | 26.0 |
| Deferred ‘day one’ gains (losses) on new derivatives | 15.0 | 0.1 |
| Deferred ‘day one’ gains (losses) realised during the year | (10.8) | (13.2) |
| Balance as at 30 June | 17.1 | 12.9 |

The \$17.1 million ‘day one’ adjustment is included in the level three derivates balance of \$27.7 million.

Items disclosed at fair value

| Currency of contract | Carrying value 2015 \$ million | 2014 \$ million | Fair value 2015 \$ million | 2014 \$ million |
|----------------------|--------------------------------------|--------------------|----------------------------------|--------------------|
| Level one | | | | |
| Retail term notes | (107.1) | (106.8) | (110.2) | (111.8) |
| Capital Bonds | (202.6) | (202.6) | (204.9) | (198.2) |
| Level two | | | | |
| Wholesale term notes | (320.1) | (320.5) | (341.1) | (327.5) |
| USPP | (227.4) | – | (224.4) | – |

The carrying value of all other financial assets and liabilities in the balance sheet approximates their fair values.

Valuation of wholesale term notes

The valuation of wholesale term notes is based on estimated discounted cash flow analyses using applicable market yield curves adjusted for the Group’s credit rating. Market yield curves at balance date used in the valuation ranged from 3.7 per cent to 5.1 per cent (2014: 4.3 per cent to 6.5 per cent).

Valuation of USPP

The valuation of USPP is based on estimated discounted cash flow analyses using applicable United States market yield curves adjusted for the Group’s credit rating. The credit-adjusted market yield curve at balance date used in the valuation was 3.6 per cent.

28. Comparison to prospective financial information ('PFI') as disclosed in the Investment Statement dated 13 March 2014

Consolidated comprehensive income statement

| | 2015 Actual \$ million | 2015 PFI \$ million |
|--|---------------------------|------------------------|
| Operating revenue | | |
| Electricity revenue | 1,730.4 | 1,844.1 |
| Gas revenue | 282.9 | 244.0 |
| Petroleum revenue | 64.7 | 68.3 |
| Other revenue | 19.6 | 9.4 |
| | 2,097.6 | 2,165.8 |
| Operating expenses | | |
| Electricity purchases, transmission and distribution | (953.7) | (1,025.3) |
| Gas purchases and transmission | (297.1) | (235.4) |
| Petroleum production, marketing and distribution | (26.1) | (28.5) |
| Fuels consumed | (187.4) | (212.4) |
| Employee benefits | (80.6) | (85.2) |
| Other operating expenses | (207.9) | (215.6) |
| | (1,752.8) | (1,802.4) |
| Earnings before net finance expense, income tax, depreciation, depletion, amortisation, impairment, fair value changes and other gains and losses | 344.8 | 363.4 |
| Depreciation, depletion and amortisation | (155.7) | (150.2) |
| Impairment of non-current assets | (14.0) | (13.5) |
| Change in fair value of financial instruments | 32.1 | 4.1 |
| Other gains (losses) | (0.2) | – |
| | (137.8) | (159.6) |
| Profit before net finance expense and income tax | 207.0 | 203.8 |
| Finance revenue | 1.3 | – |
| Finance expense | (68.0) | (70.5) |
| Profit before income tax | 140.3 | 133.3 |
| Income tax (expense) | (35.5) | (37.9) |
| Net profit for the year | 104.8 | 95.4 |
| Other comprehensive income | | |
| Items that may be reclassified subsequently to profit or loss: | | |
| Change in cash flow hedge reserve | (20.1) | 2.6 |
| Income tax credit (expense) relating to items that may be reclassified | 5.6 | (0.7) |
| Total items that may be reclassified subsequently to profit or loss | (14.5) | 1.9 |
| Total other comprehensive income (expense) for the year | (14.5) | 1.9 |
| Total comprehensive income for the year | 90.3 | 97.3 |
| Earnings per share from operations attributable to shareholders of the Parent | | |
| Basic and diluted earnings per share (cents) | 10.49 | 9.54 |

Electricity revenue was lower than PFI due to reduced electricity generation as a result of significant hydro inflows combined with unseasonably warm conditions, resulting in lower-than-expected energy consumption. Gas revenue was higher than PFI due to increased Time of Use load from new commercial and industrial customers being greater than reduced mass market gas usage. Depressed wholesale electricity prices led to lower electricity purchase, transmission and distribution costs and a preference for hydro over thermal generation resulted in lower fuel costs than PFI, while other operating expenses benefited from lower maintenance and costs associated with running the thermal fleet. Net Profit after Tax (NPAT) was above PFI, due to the positive impact of changes in fair value of financial instruments, and the write-back of tax expenses associated with previous period earnings.

28. Comparison to prospective financial information ('PFI') as disclosed in the Investment Statement dated 13 March 2014 (continued)

Consolidated statement of changes in equity

| | 2015 Actual \$ million | 2015 PFI \$ million |
|--|---------------------------|------------------------|
| Balance as at 1 July 2014 | 1,880.7 | 1,871.2 |
| Net profit for the year | 104.8 | 95.4 |
| Other comprehensive income | | |
| Change in cash flow hedge reserve | (20.1) | 2.6 |
| Income tax credit relating to other comprehensive income | 5.6 | (0.7) |
| Total comprehensive income (expense) for the year | 90.3 | 97.3 |
| Share-based payments | 0.3 | – |
| Dividends | (145.9) | (144.0) |
| Balance as at 30 June 2015 | 1,825.4 | 1,824.5 |

Total equity was in line with PFI as the additional NPAT was offset by a reduction in the cash flow hedge reserve and the adjustment to income tax.

28. Comparison to prospective financial information ('PFI') as disclosed in the Investment Statement dated 13 March 2014 (continued)

Consolidated balance sheet

| | 2015 Actual \$ million | 2015 PFI \$ million |
|--------------------------------------|---------------------------|------------------------|
| Current assets | | |
| Cash and cash equivalents | 21.0 | 24.5 |
| Receivables and prepayments | 187.7 | 259.3 |
| Inventories | 80.0 | 63.5 |
| Assets held for sale | 3.1 | – |
| Intangible assets | 4.3 | 2.3 |
| Tax receivable | 16.2 | – |
| Derivatives | 34.2 | 4.0 |
| Total current assets | 346.5 | 353.6 |
| Non-current assets | | |
| Receivables and prepayments | 0.9 | 1.0 |
| Inventories | 24.4 | 52.3 |
| Property, plant and equipment | 2,682.5 | 2,733.8 |
| Oil and gas assets | 292.4 | 295.4 |
| Intangible assets | 127.4 | 109.6 |
| Derivatives | 53.9 | 1.5 |
| Total non-current assets | 3,181.5 | 3,193.6 |
| Total assets | 3,528.0 | 3,547.2 |
| Current liabilities | | |
| Payables and accruals | 158.3 | 228.5 |
| Tax payable | – | 8.0 |
| Borrowings | 117.8 | 114.7 |
| Provisions | 12.3 | 11.6 |
| Derivatives | 21.5 | 4.6 |
| Total current liabilities | 309.9 | 367.4 |
| Non-current liabilities | | |
| Payables and accruals | 0.7 | 0.6 |
| Borrowings | 840.4 | 834.2 |
| Provisions | 123.7 | 129.0 |
| Deferred tax liability | 397.2 | 381.5 |
| Derivatives | 30.7 | 10.0 |
| Total non-current liabilities | 1,392.7 | 1,355.3 |
| Total liabilities | 1,702.6 | 1,722.7 |
| Shareholders' equity | | |
| Share capital | 539.7 | 540.6 |
| Reserves | 1,285.7 | 1,283.9 |
| Total equity | 1,825.4 | 1,824.5 |
| Total equity and liabilities | 3,528.0 | 3,547.2 |

Current assets were lower than PFI primarily due to a reduction in receivables and prepayments as a result of a change in settlement procedures for electricity sales and purchases, offset to some degree by the higher current portion of inventories and financial derivatives. Note the increase in tax receivable was due to the resolution reached with the Inland Revenue Department in relation to the Tekapo Canal Remediation Project claim and the Hydroelectric Powerhouse claim. Non-current assets were lower than PFI due to the decrease in the non-current portion of the coal stockpile as a result of the change in the coal burn forecast and higher coal burn in the current year, and reduced capital expenditure.

Current liabilities were lower than PFI mainly due to a decrease in payables and accruals as a result of a decrease in electricity purchases and the change in settlement procedures for electricity sales and purchases discussed above. Non-current liabilities were higher than PFI mainly due to an increase in the deferred tax liability and derivatives. Electricity and interest rate derivatives were higher than PFI due to changes in the wholesale electricity and interest rate price paths.

28. Comparison to prospective financial information ('PFI') as disclosed in the Investment Statement dated 13 March 2014 (continued)

Consolidated cash flow statement

| | 2015 Actual \$ million | 2015 PFI \$ million |
|---|---------------------------|------------------------|
| Cash flows from operating activities | | |
| Cash was provided from: | | |
| Receipts from customers | 2,122.0 | 2,188.3 |
| Interest received | 1.3 | – |
| | 2,123.3 | 2,188.3 |
| Cash was applied to: | | |
| Payments to suppliers and related parties | 1,687.6 | 1,726.6 |
| Payments to employees | 81.0 | 85.2 |
| Tax paid | 36.2 | 31.6 |
| | 1,804.8 | 1,843.4 |
| Net cash inflows from operating activities | 318.5 | 344.9 |
| Cash flows from investing activities | | |
| Cash was provided from: | | |
| Proceeds from disposal of property, plant and equipment | 1.3 | – |
| | 1.3 | – |
| Cash was applied to: | | |
| Purchase of property, plant and equipment | 35.5 | 61.1 |
| Purchase of oil and gas assets | 4.1 | 1.6 |
| Purchase of intangibles (excluding emission units) | 10.3 | 1.4 |
| | 49.9 | 64.1 |
| Net cash (outflows) from investing activities | (48.6) | (64.1) |
| Cash flows from financing activities | | |
| Cash was provided from: | | |
| Proceeds from borrowings | 193.0 | – |
| | 193.0 | – |
| Cash was applied to: | | |
| Repayment of borrowings | 256.1 | 68.1 |
| Interest paid and other finance charges | 61.6 | 67.1 |
| Repayment of principal on finance lease liabilities | 1.6 | 1.6 |
| Dividends | 145.9 | 144.0 |
| | 465.2 | 280.8 |
| Net cash (outflows) from financing activities | (272.2) | (280.8) |
| Net increase (decrease) in cash and cash equivalents | (2.3) | – |
| Cash and cash equivalents at 1 July | 23.3 | 24.5 |
| Cash and cash equivalents at 30 June | 21.0 | 24.5 |

Net cash flows for the year were similar to PFI and only varied due to the operating net outflows being offset by the reduced capital expenditure and lower cash outflows associated with financing activities. Lower capital expenditure reflects reduced spend on retail and corporate head office projects compared to forecast and lower renewable generation expenditure.

29. Commitments

Capital commitments

| | 2015 \$ million | 2014 \$ million |
|---|--------------------|--------------------|
| Not later than one year | 1.2 | 8.3 |
| Later than one year but not later than five years | 4.3 | 4.1 |
| Total capital commitments | 5.5 | 12.4 |

The capital commitments disclosed above include \$1.1 million in relation to Kupe Joint Venture (2014: \$1.0 million).

29. Commitments (continued)

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. When assets are leased under a finance lease, the present value of the minimum lease payments is recognised as either a payable or a receivable in the balance sheet. Repayments are allocated between the capital and interest over the term of the lease in order to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the lease term. Receipts from operating leases are recognised in profit or loss on a straight-line basis over the lease term.

Operating lease commitments

Where the Group is lessee

The Group leases building accommodation for its offices and land for its generation sites under operating lease arrangements. The Group also leases vehicles and certain office equipment. These leases are of a rental nature and are on normal commercial terms and conditions. These leases have varying lease periods of up to 20 years. In some cases, renewal rights exist with market review clauses. The Group does not have any options to purchase the leased assets at the expiry of the lease period.

| | 2015 \$ million | 2014 \$ million |
|---|--------------------|--------------------|
| Not later than one year | 8.4 | 11.7 |
| Later than one year but not later than five years | 17.0 | 26.0 |
| Later than five years | 13.6 | 16.5 |
| Total operating lease commitments | 39.0 | 54.2 |

Lease commitments are disclosed exclusive of GST.

30. Contingent assets and liabilities

The Group had contingent assets and liabilities at 30 June 2015 in respect of:

Land claims, law suits and other claims

The Parent acquired interests in land and leases from Electricity Corporation of New Zealand Limited ('ECNZ') on 1 April 1999. These interests in land and leases may be subject to claims to the Waitangi Tribunal and may be resumed by the Crown. The Parent would expect to negotiate with the new Māori owners for occupancy and usage rights of any sites resumed by the Crown. Certain claims have been brought to or are pending against the Parent, ECNZ and the Crown under the Treaty of Waitangi Act 1975. Some of these claims may affect land and leases purchased by the Parent or its subsidiaries from ECNZ. In the event that land is resumed by the Crown, the resumption would be affected by the Crown under the Public Works Act 1981 and compensation would be payable to the Parent.

The Board of Directors cannot reasonably estimate the adverse effect (if any) on the Parent if any of the foregoing claims are ultimately resolved against it, or any contingent or currently unknown costs or liabilities crystallise. There can be no assurances that these claims will not have a material adverse effect on the Group's business, financial condition or results of operations.

Inland Revenue Department draft provisional Depreciation Determination for Geothermal and Thermal Powerhouses – contingent asset

On 7 July 2015, the Inland Revenue Department released a draft provisional Depreciation Determination for Geothermal and Thermal Powerhouses, including proposed depreciation rates. The Determination is subject to public consultation and, as a result, is not yet finalised. If the draft provisional Depreciation Determination is approved in its current form, the estimated impact of the draft provisional Depreciation Determination on the Income Statement is to decrease income tax expense by between \$3.0 million and \$5.0 million as at 30 June 2015. There are no other known material contingent assets or liabilities (2014: nil).

31. Events occurring after balance date

Subsequent to balance date, the Parent declared a final fully imputed dividend of \$80.0 million (8 cents per share).

The following other events occurred subsequent to balance date:

- New Zealand Aluminium Smelters (NZAS) confirmed on 3 August 2015 that it had varied its contract with Meridian Energy Limited to purchase electricity at its Tiwai Point smelter near Bluff, Southland. Genesis Energy entered into a back-to-back agreement with Meridian Energy to supply 50MW of electricity to the Huntly node from 1 January 2017 to 31 December 2018;
- On 6 August 2015 the Board of Directors announced plans to retire the Huntly Rankine units by 31 December 2018;
- On 13 August 2015 Solid Energy was placed into voluntary administration and on 20 August 2015 Genesis Energy subsequently exercised a right to exit its coal supply agreement with Solid Energy for the supply of coal to the Huntly Power Station; and
- On 17 August 2015 Contact Energy announced plans to close its Otahuhu B Power Station at the end of September 2015.

There is no impact on the financial statements at 30 June 2015 arising from these events.

There have been no other significant events subsequent to balance date.

Independent Auditor’s Report

To the Shareholders of Genesis Energy Limited Group
Report on the audit of the financial statements for the year ended 30 June 2015

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

Opinion

We have audited the financial statements of the Group on pages 70 to 108 that comprise the balance sheet as at 30 June 2015, the comprehensive income statement, statement of changes in equity and cash flow statement for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion the financial statements of the Group comply with generally accepted accounting practice in New Zealand and present fairly, in all material respects, its financial position as at 30 June 2015 and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

Our audit was completed on 24 August 2015. This is the date at which our opinion is expressed.

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

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

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

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the adequacy of the disclosures in the financial statements; and
- the overall presentation of the financial statements.

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

Also we did not evaluate the security and controls over the electronic publication of the financial statements.

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 for the Group that comply with generally accepted accounting practice in New Zealand (being in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards).

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

The Board of Directors' responsibilities arise from the Financial Markets Conduct Act 2013.

Responsibilities of the Auditor

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

Independence

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

In addition to the audit we have carried out assignments in the areas of trustee reporting, review of the Integrated report, scrutineers notice and review of the interim report, which are compatible with those independence requirements. In addition to these assignments, principals and employees of our firm deal with the Group on arm's length terms within the ordinary course of trading activities of the Group. Other than the audit and these assignments, we have no relationship with or interests in the Group.

Andrew Dick
Deloitte
On behalf of the Auditor-General
Auckland, New Zealand

Deloitte.

Directory

Board of Directors

Chairman
Rt Hon Dame Jenny Shipley DNZM

Directors
Joanna Perry MNZM (Deputy Chairman)
Mark Cross
John Dell
John Leuchars
Douglas McKay ONZM
Graeme Milne ONZM
Rukumoana Schaaflhausen

Executive Team

Chief Executive
Albert Brantley

**General Counsel
and Company Secretary**
Maureen Shaddick

Chief Financial Officer
Andrew Donaldson

GM Retail
David Goadby

GM Generation
Tracey Hickman

**GM Strategy
and Corporate Affairs**
Dean Schmidt

GM Corporate Services
Andrew Steele

GM Portfolio Management
Chris Jewell

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Share Registrar – New Zealand

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Telephone: +64 9 488 8777
Facsimile: +64 9 488 8787
Email: enquiry@computershare.co.nz
Website: www.computershare.com/nz

Share Registrar – Australia

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Australia

Telephone: 1 800 501 366
Facsimile: +61 3 9473 2500
Email: enquiry@computershare.co.nz
Website: www.investorcentre.com/nz

Auditor

The Auditor-General pursuant to
section 14 of the Public Audit Act 2001.
Andrew Dick of Deloitte was appointed
to perform the audit on behalf of the
Auditor-General.

Legal Advisers

Russell McVeagh

Bankers

Westpac (New Zealand)
Westpac (Singapore)
ANZ Bank (Singapore)

Credit Rating

Long-term BBB+
Outlook – Stable

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