

Trustees Report to our Customer Beneficiaries

This year the Trust has achieved a most historical and significant milestone; it is now the proud 100% shareholder owner of The Lines Company Limited. Prior to 1998 this Trust held 100% ownership of its local electricity company, then known as the Waitomo Energy Services Limited. However, the historical 1998 Bradford electricity reforms forced electricity companies to restructure their asset holdings which resulted in transactions that forced a combined shareholding in the Company.

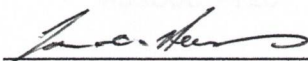
Since these 1998 reforms, this Trust has chipped away at every possible opportunity to take back full control of the Company. The Trust has been involved in a number of investigations and negotiations, the outcome of which resulted in a favourable purchase price for the remaining 10% shareholding.

Annual Director's reviews were held during the year. The purpose of the review is to ensure that the Company's Board continues to have a balance of leadership, experience, skills and knowledge to move forward into a sustainable future, despite the continued uncertainty driven by political and regulatory control. As part of the annual review process, the Trustees consider the current, short and long term strategies and major risks from the points of view of each Director. The outcome of the review resulted in the appointment of two new Directors to the Board composition.

While the Trustees are comfortable with the financial results of the Company, they are not as satisfied with the Company's customer relationships and public perceptions. The Trustees have advised the Directors that they are to treat public relations as a priority issue. Director's fees were not increased at the Company's 2013 AGM. The Trustees continue to enjoy a healthy and constructive relationship with the Directors.

During the year an "A" trustee vacancy arose due to Richard Harford accepting a position with the Company. Under the rules of the Trust, a trustee may not continue in their role if they are involved with the Company. The Trust takes this opportunity to acknowledge the valuable and significant contributions made by Richard to the Trust over a period in excess of ten years. Murray Loewenthal was appointed to the position for the remainder of the term which expires on 30 September 2014.

The Chairman and Trustees have been involved in 28 formal meetings during the year. These have included formal trust meetings, company meetings and negotiations on the purchase of the remaining 10% shareholding in the Company. In addition, there have been a number of informal meeting attendances involving customers and public meetings. The Trust made a further capital distribution to its beneficiaries in December 2014 of \$4m.



Ivan C. Haines (Chairman)
2nd September 2014



Robert A. Kidd (Trustee)
2nd September 2014