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EASTLAND COMMUNITY TRUST
AND GROUP

2016

FINANCIAL
STATEMENTS

FOR THE YEAR ENDED
MARCH 2016

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INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF EASTLAND COMMUNITY TRUST

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Eastland Community Trust and Group on pages 3 to 53, which comprise the consolidated statement of financial position as at 31 March 2016, and the consolidated statement of comprehensive revenues and expenses, statement of actual and budget comparison, statement of changes in net assets/equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the Trustees, as a body, in accordance with Section 16 of the Trust Deed. Our audit has been undertaken so that we might state to the Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

Board of Trustees' Responsibility for the Consolidated Financial Statements

The Board of Trustees are responsible on behalf of the entity for the preparation and fair presentation of these consolidated financial statements, in accordance with Public Benefit Entity Standards, and for such internal control as the Board of Trustees determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates, as well as the overall presentation of the consolidated financial statements.

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

Other than in our capacity as auditor we have no relationship with or interests in Eastland Community Trust and Group.

Opinion

In our opinion, the consolidated financial statements on pages 3 to 53 present fairly, in all material respects, the financial position of Eastland Community Trust and Group as at 31 March 2016, and their financial performance and cash flows for the year then ended in accordance with Public Benefit Entity Standards.

The image shows the Deloitte logo, which is a stylized, cursive signature of the word "Deloitte" in a dark grey or black ink.

Chartered Accountants
27 July 2016
Wellington, New Zealand

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the year ended 31 March 2016

	Note	Group		Parent	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Revenue from exchange transactions	3	73,848	75,572	9,926	9,752
Revenue from non-exchange transactions	3	1,827	1,238	-	100
Total revenue		75,675	76,810	9,926	9,852
Operating expenses	4	(14,146)	(16,036)	-	-
Depreciation and amortisation	4	(14,883)	(12,740)	(3)	(3)
Administrative expenses	4	(8,983)	(9,044)	(922)	(896)
Personnel expenses	18	(9,584)	(8,950)	(483)	(341)
Finance expenses	4	(6,238)	(6,204)	-	-
Total expenditure		(53,834)	(52,974)	(1,408)	(1,240)
Operating surplus		21,841	23,836	8,518	8,612
Other non-operating income	5	1,605	235	1,190	208
Other non-operating expenditure	6	(523)	(1,829)	-	-
Share of surplus of joint venture	14	788	1,403	-	-
Surplus before income tax		23,711	23,645	9,708	8,820
Income tax expense	7	(6,450)	(6,850)	(1,236)	(1,354)
Surplus after tax		17,261	16,795	8,472	7,466
Loss from discontinued operations	11	(45)	(185)	-	-
Net surplus after tax		17,216	16,610	8,472	7,466
Other comprehensive revenue and expense					
Cashflow hedges		(9,780)	(4,174)	-	-
Revaluation of property plant and equipment		19,124	(1,490)	-	-
Revaluation movements of investments		120	3,438	120	3,438
Tax on comprehensive income		(2,165)	926	-	-
Total other comprehensive revenue and expense		7,299	(1,300)	120	3,438
Total comprehensive income for the period		24,515	15,310	8,592	10,904
Attributable as:					
Surplus for the year:					
Equity holders of the parent		17,237	16,663	8,472	7,466
Non-controlling interest		(21)	(53)	-	-
		17,216	16,610	8,472	7,466
Total comprehensive income:					
Equity holders of the parent		24,536	15,363	8,592	10,904
Non-controlling interest		(21)	(53)	-	-
		24,515	15,310	8,592	10,904

STATEMENT OF ACTUAL AND BUDGET COMPARISON

For the year ended 31 March 2016

	Note	Parent		Parent	
		2016 Actual \$'000	2016 Budget \$'000	2015 Actual \$'000	2015 Budget \$'000
Revenue					
Eastland Group Limited capital note interest		2,136	2,130	2,580	2,580
Eastland Group Limited dividends		5,615	5,615	5,000	5,000
Craigs portfolio		1,526	1,302	1,476	1,175
Forsyth Barr portfolio		472	319	319	344
Investment funds		180	207	377	223
Other income		1,187	-	308	-
Total revenue		11,116	9,573	10,060	9,322
Expenditure					
Compliance		(40)	(58)	(43)	(47)
Communications		(29)	(30)	(33)	(25)
Office and operational		(242)	(172)	(305)	(333)
Staffing		(531)	(520)	(405)	(361)
Board		(273)	(260)	(171)	(165)
Investment monitoring and activities		(293)	(253)	(283)	(175)
Total expenditure		(1,408)	(1,293)	(1,240)	(1,106)
Surplus before income tax		9,708	8,280	8,820	8,216
Income tax		(1,236)	(1,423)	(1,354)	(2,176)
Surplus after income tax		8,472	6,857	7,466	6,040

Explanation of significant variances

Financial year ended 31 March 2016

Income was ahead of budget by \$1,543,000 an increase of 16.1%. This is as a result of higher than budgeted income from the Craigs and Forsyth Barr portfolios, which offsets the reduction in expected income from invested funds. Other income relates to realised gains on sale of investments.

Operational costs are up on budget by \$115,000, equating to an increase of 8.9%. There are ups and downs between categories with notable variances being; the timing of sponsorship payments from last year, support to investigate and deliver additional projects, strategy development, and increased investment review costs associated with investment opportunities.

Financial year ended 31 March 2015

Actual revenue was up \$738,000 on budget. The majority of this related to improved investment performance and gains made on the sale of investments.

Actual expenditure was up on budget by \$134,000. This mainly related to investment monitoring costs that were offset against income in the budget, and increased staff professional development.

STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

	Note	Group		Parent	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	8	8,521	11,958	5,566	10,612
Exchange trade and other receivables	9	8,591	9,203	206	185
Non-exchange trade and other receivables	9	258	-	258	-
Inventory		38	72	-	-
Assets held for sale	11	7,412	840	-	-
Income tax receivable		-	-	578	895
Total current assets		24,820	22,073	6,608	11,692
Non-current assets					
Investment properties	12	16,350	15,698	-	-
Investment in subsidiaries	13	-	-	25,556	17,148
Investment in joint venture	14	4,761	722	-	-
Intangible assets	15	6,341	6,307	-	-
Derivative financial instruments	23	-	24	-	-
Other investments	16	46,789	41,016	74,560	71,016
Property, plant & equipment	10	389,229	353,408	10	9
Total non-current assets		463,470	417,175	100,126	88,173
Total assets		488,290	439,248	106,734	99,865
LIABILITIES					
Current liabilities					
Liabilities associated with assets held for sale	11	4,300	-	-	-
Derivative financial instruments	23	3,219	41	-	-
Employee entitlements	18	1,801	1,546	34	25
Income tax payable		539	877	-	-
Payables and accruals	17	9,014	5,663	1,851	154
Total current liabilities		18,873	8,127	1,885	179
Non-current liabilities					
Loans and borrowings	19	114,000	105,000	-	-
Derivative financial instruments	23	12,345	5,767	-	-
Income in advance		465	515	-	-
Deferred tax	7	47,320	45,823	-	-
Total non-current liabilities		174,130	157,105	-	-
Total liabilities		193,003	165,232	1,885	179
Net assets		295,287	274,016	104,849	99,686
EQUITY					
Trust capital	24	20,000	20,000	20,000	20,000
Reserves	24	129,058	121,759	6,157	6,037
Non-controlling interest		483	434	-	-
Retained earnings		145,746	131,823	78,692	73,649
Total equity		295,287	274,016	104,849	99,686

STATEMENT OF CHANGES IN NET ASSETS/EQUITY

For the year ended 31 March 2016

	Trust capital \$'000	Hedge reserve \$'000	Asset revaluation reserve \$'000	Group Investment revaluation reserve \$'000	Retained earnings \$'000	Non- controlling interest \$'000	Total equity \$'000
Balance at 01 April 2015	20,000	(4,061)	119,783	6,037	131,823	434	274,016
Surplus for year	-	-	-	-	17,237	(21)	17,216
Other comprehensive income	-	(7,042)	14,221	120	-	-	7,299
Total comprehensive income	-	(7,042)	14,221	120	17,237	(21)	24,515
Transactions with owners							
Movement in non- controlling interest	-	-	-	-	-	70	70
Derecognition of reserves	-	-	-	-	117	-	117
JV distributions	-	-	-	-	(2)	-	(2)
Acquisition of non- controlling interest	-	-	-	-	-	-	-
Distributions	-	-	-	-	(4,234)	-	(4,234)
Tax effect on distributions	-	-	-	-	805	-	805
Total transactions with owners	-	-	-	-	(3,314)	70	(3,244)
Balance at 31 March 2016	20,000	(11,103)	134,004	6,157	145,746	483	295,287

	Trust capital \$'000	Hedge reserve \$'000	Asset revaluation reserve \$'000	Group Investment revaluation reserve \$'000	Retained earnings \$'000	Non- controlling interest \$'000	Total equity \$'000
Balance at 01 April 2014	20,000	(1,056)	116,701	2,599	123,322	1,154	262,720
Surplus for year	-	-	-	-	16,663	(53)	16,610
Other comprehensive income	-	(3,005)	3,082	3,438	(4,815)	-	(1,300)
Total comprehensive income	-	(3,005)	3,082	3,438	11,848	(53)	15,310
Transactions with owners							
Movement in non- controlling interest	-	-	-	-	-	(1,038)	(1,038)
Derecognition of reserves	-	-	-	-	52	-	52
JV distributions	-	-	-	-	(20)	-	(20)
Acquisition of non- controlling interest	-	-	-	-	(371)	371	-
Distributions	-	-	-	-	(4,280)	-	(4,280)
Tax effect on distributions	-	-	-	-	1,272	-	1,272
Total transactions with owners	-	-	-	-	(3,347)	(667)	(4,014)
Balance at 31 March 2015	20,000	(4,061)	119,783	6,037	131,823	434	274,016

STATEMENT OF CHANGES IN NET ASSETS/EQUITY (CONTINUED)

For the year ended 31 March 2016

	Trust capital	Hedge reserve	Asset revaluation reserve	Parent Investment revaluation reserve	Retained earnings	Non- controlling interest	Total equity
31 March 2016	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 01 April 2015	20,000	-	-	6,037	73,649	-	99,686
Surplus for year	-	-	-	-	8,472	-	8,472
Other comprehensive income	-	-	-	120	-	-	120
Total comprehensive income	-	-	-	120	8,472	-	8,592
Transactions with owners							
Distributions	-	-	-	-	(4,234)	-	(4,234)
Tax effect on distributions	-	-	-	-	805	-	805
Total transactions with owners	-	-	-	-	(3,429)	-	(3,429)
Balance at 31 March 2016	20,000	-	-	6,157	78,692	-	104,849

	Trust capital	Hedge reserve	Asset revaluation reserve	Parent Investment revaluation reserve	Retained earnings	Non- controlling interest	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 01 April 2014	20,000	-	-	2,599	69,114	-	91,713
Surplus for year	-	-	-	-	7,466	-	7,466
Revaluations	-	-	-	3,438	-	-	3,438
Total comprehensive income	-	-	-	3,438	7,466	-	10,904
Transactions with owners							
Distributions	-	-	-	-	(4,203)	-	(4,203)
Tax effect on distributions	-	-	-	-	1,272	-	1,272
Total transactions with owners	-	-	-	-	(2,931)	-	(2,931)
Balance at 31 March 2015	20,000	-	-	6,037	73,649	-	99,686

STATEMENT OF CASHFLOWS

For the year ended 31 March 2016

	Note	Group		Parent	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Cash flows from operating activities					
Cash provided from:					
Receipts from customers		74,113	71,396	-	-
Dividends received		1,180	1,038	6,795	6,038
Interest received		996	1,412	3,110	3,737
Other income		1,190	308	1,190	308
		77,479	74,154	11,095	10,083
Cash applied to:					
Payments to suppliers and employees		(31,305)	(34,599)	(1,428)	(1,182)
Interest paid		(7,110)	(6,627)	-	-
Income tax paid		(6,654)	(6,127)	(114)	(285)
		(45,069)	(47,353)	(1,542)	(1,467)
Net cash flow from operating activities		32,410	26,801	9,553	8,616
Cash flows from investing activities					
Cash provided from:					
Proceeds from sale of investments		-	16,324	-	16,324
Proceeds from sale of property, plant and equipment		97	647	-	-
		97	16,971	-	16,324
Cash applied to:					
Purchase of intangibles		(90)	(1,925)	-	-
Purchase of investments		(10,465)	(14,583)	(3,682)	(14,583)
Purchase of property, plant & equipment		(37,843)	(28,581)	(4)	-
Related party advances		-	-	(8,408)	-
Purchase of investment properties		(244)	(278)	-	-
		(48,642)	(45,367)	(12,094)	(14,583)
Net cash flow (used in) from investing activities		(48,545)	(28,396)	(12,094)	1,741
Cash flows from financing activities					
Cash provided from:					
Distribution from associate		1,164	1,970	-	-
Proceeds from bank borrowings		13,300	10,500	-	-
		14,464	12,470	-	-
Cash applied to:					
Equity distributions		(2,505)	(4,447)	(2,505)	(4,372)
		(2,505)	(4,447)	(2,505)	(4,372)
Net cash flow from (used in) financing activities		11,959	8,023	(2,505)	(4,372)
Net cash flows from continuing operations		(4,176)	6,428	(5,046)	5,985
Net cash flows from discontinued operations		739	(54)	-	-
Net (decrease)/increase in cash and cash equivalents		(3,437)	6,374	(5,046)	5,985
Cash and cash equivalents at beginning of period		11,958	5,584	10,612	4,627
Cash and cash equivalents at end of period	8	8,521	11,958	5,566	10,612

STATEMENT OF CASHFLOWS (CONTINUED)

For the year ended 31 March 2016

Reconciliation of the profit for the period with net cash from operating activities

	Note	Group		Parent	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Profit for the period		17,216	16,610	8,472	7,466
Adjusted for:					
Depreciation		14,883	12,740	3	3
Customer contributions and vested assets		(143)	(1,576)	-	-
Impairment loss		258	1,425	-	-
(Gain)/Loss on sale of fixed assets		293	54	-	-
Income from JV		(652)	(1,264)	-	-
Change in the fair value of investment property		(408)	383	-	-
Loss from discontinued operations		(795)	54	-	-
Interest capitalised to fixed assets		(688)	(486)	-	-
Tax/deferred tax expense		567	1,223	1,236	1,354
		13,315	12,553	1,239	1,357
Movement in working capital:					
Decrease/(Increase) in trade and other receivables		583	(1,266)	(21)	23
Decrease in inventory		34	129	-	-
(Decrease) in aircraft deposits (discontinued operations)		-	(135)	-	-
Decrease in assets held for sale		840	131	-	-
Increase/(decrease) in employee entitlements		246	(52)	-	-
Increase in Joint Venture working capital		-	22	-	-
Decrease in income tax payable		(786)	(500)	(114)	(285)
Increase/(decrease) in payables and accruals		962	(691)	(23)	55
		1,879	(2,362)	(158)	(207)
Net cash from operating activities		32,410	26,801	9,553	8,616

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

1 REPORTING ENTITY

The Eastland Energy Community Trust ("the Trust") was established on the 7th of May 1993, pursuant to the Energy Companies (Eastland Energy Limited) Vesting Order 1993, upon the vesting in the Trust of the equity and debt securities issued by Eastland Energy Limited. The Trust changed its name to Eastland Community Trust on 6 December 2004. The Trust is governed by the Trust Deed including variations made by Deed Polls. The Trust has a termination date of 7 May 2073 unless an earlier date is appointed by Deed by trustees.

The financial statements for the Trust are for Eastland Community Trust as established by Deed. The consolidated financial statements for the Group are for the economic entity comprising Eastland Community Trust and its subsidiaries.

The Group is predominantly involved in Electricity Distribution, Energy Generation, and Port sectors in New Zealand. The primary operations include electricity distribution and generation, the operation of Gisborne's port and airport, the ownership of strategically located investment properties and investment portfolios.

For the purposes of financial reporting, the Trust is a Public Benefit Entity (PBE) and as such the financial statements and Group financial statements have been prepared in accordance with Tier 1 Public Benefit Entity reporting standards.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The Parent financial statements and Group financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 2013, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with Tier 1 PBE Standards, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

The financial statements are for the year ended 31 March 2016 and were approved by the Trustees on 27 July 2016.

Basis of preparation

The financial statements are prepared on a going concern basis using the historical cost basis except for the following:

- derivative financial instruments are measured at fair value;
- land and buildings, electrical distribution assets, electrical generation assets and logistics assets, are measured at revalued amounts;
- certain other property, plant and equipment is measured at revalued amounts; and
- investment properties are measured at fair value.

These financial statements are presented in New Zealand dollars (\$), which is the Group's functional currency, and have been rounded to the nearest thousand unless otherwise stated.

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in foreign currency at the beginning of the period, adjusted for effective interest and payments during the period.

The amortised cost in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the Statement of Comprehensive Revenue and Expense.

The Statement of Comprehensive Revenue and Expense has been prepared so that all components are stated exclusive of GST where appropriate. All items in the Statement of Financial Position are stated net of GST, with the exception of receivables and payables, which include GST.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies, estimates and judgements

Statement of Cashflows

For the purpose of the Statement of Cashflows, cash and cash equivalents include cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. The following terms are used in the Statement of Cashflows;

- (i) operating activities are the principal revenue producing activities of the Group and other activities that are not investing or financing activities. Cash flows from operating activities are presented using the direct method;
- (ii) investing activities are the acquisition and disposal of long term assets and other investments not including cash equivalents; and
- (iii) financing activities that result in change in the size and composition of the contributed equity and borrowings of the entity.

Impairment non-financial assets

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in the Statement of Comprehensive Revenue and Expense within administrative expenses. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (group of units) on a pro-rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised. Impairment losses are not reversed on goodwill.

Estimates and judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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 and in any future periods affected. Outcomes in the next financial period may be different to the assumptions made. It is impracticable to quantify the impact should assumptions be materially different to actual outcomes, which may result in material adjustments to the carrying amounts of investments, goodwill and property, plant and equipment and financial instruments reported in these financial statements.

Accounting policies and information about judgements, estimates and assumptions that have a significant effect on the amounts recognised in the financial statements are disclosed in the following notes:

- Revenue recognition (Note 3)
- Classification of investments (Note 13)
- Classification of expenditure and valuation of property, plant and equipment (Note 10)
- Valuation of goodwill (Note 15)
- Valuation of financial instruments (Note 23)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New accounting standards adopted

This is the first set of financial statements of the Trust and Group that is presented in accordance with PBE standards. The Trust and Group have previously reported in accordance with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The accounting policies adopted in these financial statements are consistent with those of the previous financial year, except for instances when the accounting or reporting requirements of a PBE standard are different to requirements under NZ IFRS as outlined below.

The changes to accounting policies and disclosures caused by first time adoption of PBE standards are as follows:

PBE IPSAS 1: Presentation of Financial Statements

There are minor differences between PBE IPSAS 1 and the equivalent NZ IFRS reporting standards. The main changes in disclosure resulting from the application of PBE IPSAS 1 are as follows:

Receivables from exchange and non-exchange transactions

In the financial statements of the previous year, receivables were presented as a single total in the Statement of Financial Position. However, PBE IPSAS 1 requires receivables from non-exchange transactions to be presented separately in the Statement of Financial Position. This requirement affected the presentation of both current and comparative receivable figures.

PBE IPSAS 23: Revenue from non-exchange transactions

This standard prescribes the financial reporting requirements for revenue arising from non-exchange transactions. There is no equivalent financial reporting standard under NZ IFRS. The application of this standard affected the disclosure of non-exchange transactions which resulted in a reclassification of income.

Reclassifications

A reclassification of \$1,829,000 has been made from administration expenses to non-operating expenditure for impairment, loss on revaluations and loss on sale of property, plant and equipment. This reclassification was done to better present the surplus from operation the Groups operating activities.

On 31 March 2015 the geothermal plant, owned by Geothermal Developments Limited, was revalued to fair value, for the first time since it was acquired in January 2010, therefore aligning with the valuation policy for existing infrastructure assets. All asset components including goodwill have been incorporated into the plant's value.

New accounting standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations have come into effect during the period ended 31 March 2016. While these may impact some disclosures, none of these are expected to have a material effect on the consolidated financial statements of the Group.

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2016

3 REVENUE

POLICIES

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

(i) Customer contributions

Revenue from customer contributions is recognised in the Statement of Comprehensive Revenue and Expense as revenue when all obligations to the customer are satisfied.

(ii) Regulated electricity distribution and electricity generation sales

Revenue from electricity distributed and sold is recognised in the Statement of Comprehensive Revenue and Expense when the electricity has been distributed or sold to the customers. The revenue is net of returns, trade discounts and volume rebates.

(iii) Logistics revenue

Revenue from the sales of logistics services is recognised in the Statement of Comprehensive Revenue and Expense in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(iv) Rental income

Rental income from investment property is recognised in the Statement of Comprehensive Revenue and Expense on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Rental income arising from line rentals is recognised as income in the periods in which it is earned, based on usage rates of the relevant customer.

(v) Dividend income

Dividend income is recognised when the right to receive payments is established. Dividends received from pre-acquisition net surpluses are deducted from the cost of the investment.

(vi) Finance income

Finance income comprises of interest income on funds invested, changes in the fair value of financial assets at fair value through the Statement of Comprehensive Revenue and Expense and gains on hedging instruments that are recognised in the Statement of Comprehensive Revenue and Expense. Interest income is recognised as it accrues, using the effective interest method. Foreign exchange gains and losses are further detailed in the foreign currency transaction policy.

JUDGEMENTS

Revenue recognition

The timing of customer payments for services does not always coincide with the timing of delivery of these services. For example customers may pay for services some time after the services are delivered. Customers may also prepay for services. Judgement is therefore required in deciding when revenue is to be recognised. Where the relationship between the payments and multiple services delivered under the related contract is not immediately clear, management must apply judgement in unbundling elements of the contract and allocating payments to the respective services before applying the revenue recognition accounting policy.

Sales of services are recognised at fair value of the consideration received or receivable as the services are delivered or to reflect the percentage completion of the related services where delivered over time.

Third party contributions towards the construction of property, plant and equipment are recognised in the Statement of Comprehensive Revenue and Expense to reflect the percentage completion of construction of those related items of property, plant and equipment.

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2016

3 REVENUE (CONTINUED)

NOTE	Group		Parent	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Revenue from exchange transactions				
Revenue from rendering of services				
Electricity distribution revenue	32,826	33,255	-	-
Logistics revenue	27,632	26,402	-	-
Management fees received from related parties	81	80	-	-
Total revenue from rendering of services	60,539	59,737	-	-
Revenue from sale of goods				
Energy sales	5,906	6,905	-	-
Customer contributions	143	1,576	-	-
Total revenue from sale of goods	6,049	8,481	-	-
Other exchange transaction revenue				
Other income	1,506	1,479	-	-
Property rentals	3,557	3,310	-	-
Interest income on cash and cash equivalents	218	809	196	416
Interest income on investments	799	718	2,935	3,298
Dividends received	1,180	1,038	6,795	6,038
Total other exchange transaction revenue	7,260	7,354	9,926	9,752
Total revenue from exchange transactions	73,848	75,572	9,926	9,752
Revenue from non-exchange transactions				
Other income	1,827	1,238	-	100
Total revenue from non-exchange transactions	1,827	1,238	-	100
Total revenue	75,675	76,810	9,926	9,852

4 EXPENDITURE

POLICIES

Finance expenses comprises of interest expense on borrowings, changes in the fair value of financial assets at fair value through the Statement of Comprehensive Revenue and Expense and impairment losses recognised on financial assets (except for trade receivables), and losses on hedging investments that are recognised in the Statement of Comprehensive Revenue and Expense.

All borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for use. All other borrowing costs are recognised in the profit or loss section of the Statement of Comprehensive Revenue and Expense in the period which they are incurred.

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2016

4 EXPENDITURE (CONTINUED)

NOTE	Note	Group		Parent	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Operating expenses					
		8,538	11,883	-	-
		2,428	1,087	-	-
		3,180	3,066	-	-
		14,146	16,036	-	-
Depreciation and amortisation					
	10	14,828	12,713	3	3
	15	55	27	-	-
		14,883	12,740	3	3
Administrative expenses					
		8,182	8,205	894	879
		28	33	-	-
		433	482	-	-
		281	264	28	17
		55	60	-	-
		4	-	-	-
		8,983	9,044	922	896
Finance expenses					
		6,195	6,204	-	-
		43	-	-	-
		6,238	6,204	-	-

Donations of \$285 were made during the financial year (2015: \$13,589) and sponsorships of \$10,000 were made during the financial year (2015: \$114,015). These are included in administration expenses.

The Auditor's other services relate to regulatory assurance work in relation to the threshold compliance statements and information disclosure for Eastland Network Limited.

5 NON-OPERATING INCOME

	Group		Parent	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Impairment losses recovered	7	9	-	-
Gain on sale of investments	1,190	208	1,190	208
Net foreign exchange gains	-	18	-	-
Change in fair value of investment property	408	-	-	-
Total non-operating income	1,605	235	1,190	208

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2016

6 NON-OPERATING EXPENDITURE

	Group		Parent	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Change in fair value of investment property	-	383	-	-
Loss on revaluations	230	177	-	-
Loss on sale of property, plant and equipment	293	54	-	-
Impairment of investments	-	1,215	-	-
Total non-operating expenditure	523	1,829	-	-

7 INCOME TAX EXPENSE

POLICIES

Income tax expense is made up of current and deferred tax. Income tax expense is recognised in the Statement of Comprehensive Revenue and Expense except to the extent that it relates to items recognised directly in equity.

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

Deferred tax is recognised using the balance sheet method, which provides for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences:

The initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

NOTE

	Note	Group		Parent	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Current tax expense					
Current period		(7,118)	(7,340)	(1,236)	(1,354)
Adjustment for prior periods		(1)	445	-	-
Total current tax (expense)		(7,119)	(6,895)	(1,236)	(1,354)
Deferred tax expense					
Temporary differences for the year		462	387	-	-
Adjustment for prior periods		207	(256)	-	-
Total deferred tax income		669	131	-	-
Subvention payment		-	(86)	-	-
Total income tax (expense)		(6,450)	(6,850)	(1,236)	(1,354)

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2016

7 INCOME TAX EXPENSE (CONTINUED)

A reconciliation of income tax expense applicable to accounting profit before income tax, at the statutory income tax rate to income tax expense at the Group's effective income tax rate is as follows:

	Group				Parent			
	2016 %	2016 \$'000	2015 %	2015 \$'000	2016 %	2016 \$'000	2015 %	2015 \$'000
Accounting profit before income tax		23,711		23,645		9,708		8,820
At the statutory income tax rate	(37.7%)	(8,928)	(35.8%)	(8,455)	(33.0%)	(3,204)	(33.0%)	(2,911)
Adjustments in respect of previous years	0.9%	206	0.8%	189	0.0%	-	0.0%	-
Subvention	0.0%	-	(0.4%)	(86)	0.0%	-	0.0%	-
Non-deductible	(0.2%)	(50)	(1.8%)	(422)	(0.2%)	(18)	(0.2%)	(17)
Tax exempt income	9.8%	2,322	8.1%	1,924	20.5%	1,986	17.9%	1,574
	(27.2%)	(6,450)	(29.0%)	(6,850)	(12.7%)	(1,236)	(15.3%)	(1,354)

Note: The Group statutory tax rate is calculated as 37.7%. This is a result of amounts eliminated on consolidation, and the different tax rates applied to the Parent and the Group. All subsidiary company's tax rates are 28% and the Trust tax rate is 33%.

Deferred tax assets/(liabilities)

	Group						Total \$'000
	Property plant and equipment \$'000	Provisions and accruals \$'000	Investment property \$'000	Hedge reserve \$'000	Other \$'000		
31 March 2016							
Balance at 01 April	(47,765)	325	190	1,502	(75)		(45,823)
Amounts recognised in the Statement of Comprehensive Revenue and Expense							
Relating to the current period	540	34	(112)	-	-		462
Prior period adjustments	221	(15)	-	-	-		206
Amounts recognised directly in other comprehensive income	(4,903)	-	-	2,738	-		(2,165)
Balance at 31 March	(51,907)	344	78	4,240	(75)		(47,320)

	Group						Total \$'000
	Property plant and equipment \$'000	Provisions and accruals \$'000	Investment property \$'000	Hedge reserve \$'000	Other \$'000		
31 March 2015							
Balance at 01 April	(42,448)	267	207	364	(77)		(41,687)
Amounts recognised in the Statement of Comprehensive Revenue and Expense							
Relating to the current period	387	(9)	(17)	(30)	-		331
Prior period adjustments	(275)	67	-	-	2		(206)
Deferred tax on goodwill reclassification	(5,186)	-	-	-	-		(5,186)
Amounts recognised directly in other comprehensive income	(243)	-	-	1,168	-		925
Balance at 31 March	(47,765)	325	190	1,502	(75)		(45,823)

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2016

7 INCOME TAX EXPENSE (CONTINUED)

Group deferred tax net liability

The \$47.3 million (2015: \$45.8 million) net deferred tax liability includes \$52.0 million (2015: \$47.8 million) that relates to accounting depreciation on property, plant and equipment that has been revalued, with the remaining relating to differences between accounting and tax depreciation rates. As the network and port assets are held for the long term, this liability is unlikely to be realised.

The parent company has not recognised any deferred tax assets or liabilities (2015: \$nil).

8 CASH AND CASH EQUIVALENTS

	Group		Parent	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Current accounts	6,428	9,742	5,566	10,612
Call deposits	2,093	2,216	-	-
Total cash and cash equivalents	8,521	11,958	5,566	10,612

Bank balances earn interest at floating rates based on daily bank deposit rates.

The effective interest rate on call deposits is 2.25% (2015: 3.5%).

A guarantee of \$800,000 is in place for potential claims of subsidence relating to the site used for our geothermal plant at Kawerau. The likelihood of a claim is viewed as remote.

9 TRADE AND OTHER RECEIVABLES

DETERMINATION OF FAIR VALUE

The fair value of trade and other receivables and trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. The carrying values of trade and other receivables and trade and other payables that are of a short-term duration are a reasonable approximation of their fair values.

NOTE

	Group		Parent	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Exchange trade and other receivables				
Trade receivables	7,317	7,030	-	-
GST receivable	-	443	-	-
Other receivables	1,274	1,730	206	185
Total exchange trade and other receivables	8,591	9,203	206	185

Trade receivables are stated net of impairment loss allowances of \$19,979 (2015: \$36,956). Trade receivables that are less than three months past due are not considered impaired unless there is evidence to the contrary. For an aging analysis of trade receivables see note 23. No impairment losses have been recognised on related party receivables.

	Group		Parent	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Non-exchange trade and other receivables				
Other receivables	258	-	258	-
Total non-exchange trade and other receivables	258	-	258	-

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2016

10 PROPERTY, PLANT AND EQUIPMENT

POLICIES

Recognition and measurement

Property, plant and equipment are tangible assets expected to be used during more than one financial period and include spares held for the servicing of other property, plant and equipment.

The initial cost of purchased property, plant and equipment is the value of the consideration given to acquire the property, plant and equipment and the value of other directly attributable costs, which have been incurred in bringing the property, plant and equipment to the location and condition necessary for the intended service.

The initial cost of self-constructed property, plant and equipment includes the cost of all materials used in construction, direct labour on the project, financing costs that are attributable to the project, costs of ultimately dismantling and removing the items and restoring the site on which they are located (where an obligation exists to do so) and an appropriate proportion of the other directly attributable overheads incurred in bringing the items to working condition for their intended use. Costs cease to be capitalised as soon as the property, plant and equipment is ready for productive use and do not include any costs of abnormal waste.

Subsequent expenditure relating to an item of property, plant and equipment is added to its gross carrying amount when such expenditure can be measured reliably and either increases the future economic benefits beyond its existing service potential, or is necessarily incurred to enable future economic benefits to be obtained, and that expenditure would have been included in the initial cost of the item had the expenditure been incurred at that time. The costs of day-to-day servicing of property, plant and equipment are recognised in the Statement of Comprehensive Revenue and Expense as incurred.

Land and buildings, electricity distribution, electricity generation equipment and walls, wharves and surfaces are subsequently stated at revalued amounts, less any subsequent accumulated depreciation and impairment losses. Land and buildings, electricity distribution and electricity generation equipment are revalued with sufficient regularity to ensure that the carrying amount of these items does not significantly differ from that which would be determined using fair value at the date of the financial statements.

Land and building revaluations are carried out on a cyclical basis that does not exceed three years, by independent valuers. For electricity distribution and electricity generation equipment assets and wharves, walls and surfaces, revaluations are carried out on a cyclical basis not exceeding five years, by independent valuers.

Any movement on revaluation is reflected through reserves for that class of asset unless there is insufficient reserve in which case that would flow through to the Statement of Comprehensive Revenue and Expense.

All other plant and equipment are valued at historical cost.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in 'other income' or 'other administrative expenses', depending on whether a gain or a loss respectively. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings and recognised through other comprehensive income.

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2016

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation

Depreciation is recognised in the Statement of Comprehensive Revenue and Expense on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

● Buildings	40 - 50 years
● Electricity distribution equipment	10 - 70 years
● Electricity generation equipment	15 - 50 years
● Plant and equipment	3 - 20 years
● Motor vehicles	5 - 10 years
● Wharves, walls and surfaces	3 - 100 years
● Floating plant	2 - 25 years

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

Exploration and evaluation expenditure

Exploration and evaluation expenditure in relation to geothermal sites is accounted for in accordance with the area of interest method. The cost of drilling wells on an established geothermal field are capitalised on the basis that it is expected the expenditure will be recovered through future energy sales, or alternatively, by sale of the assets. Depreciation commences once the wells are put into productive use.

All exploration and evaluation costs, including directly attributable overheads, general permit activity, resource consents, geological testing, geophysical testing and drilling are initially capitalised as work in progress, pending the determination of the success of the area. Costs are expensed where the area of interest does not result in a successful discovery.

Exploration and evaluation expenditure is partially or fully capitalised where either:

The expenditure is expected to be recovered through the successful development and exploration of the area of interest (or alternatively by its sale); or

The exploration and evaluation activities in the area of interest have not, at the end of each reporting period, reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Capitalised costs are reviewed at the end of each reporting period to determine whether economic quantities of reserves have been found or whether further exploration and evaluation work is underway or planned to support the continued carry forward of the capitalised costs. Exploration and evaluation expenditure is impaired in the Statement of Comprehensive Revenue and Expense under the successful efforts method of accounting in the period that exploration work demonstrates that an area of interest is no longer prospective for economically recoverable reserves or when the decision to abandon an area of interest is made.

Land access rights for exploration activities are amortised over the life of the right.

JUDGEMENTS

Classification of expenditure in relation to property, plant and equipment

On initial recognition of items of property, plant and equipment, judgements must be made about whether costs incurred relate to bringing the items to working condition for their intended use, and therefore are appropriate for capitalisation as part of the cost of the item, or whether they should be expensed as incurred. As required by IPSAS 17, Property, Plant and Equipment, management must exercise their judgement to assess the amount of overhead costs which can be reasonably directly attributed to the construction or acquisition of items of property, plant and equipment. For example, employee costs arising directly from such activities are capitalised within the initial cost of property, plant and equipment.

Thereafter, judgement is also required to assess whether subsequent expenditure increases the future economic benefits to be obtained from that asset and is therefore also appropriate for capitalisation or whether such expenditure should be treated as maintenance and expensed.

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2016

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Valuation of property, plant and equipment

Property, plant and equipment is revalued on a cyclical basis as described in the notes. Valuations are performed by registered valuers. Depreciation is recognised on a straight-line basis considering the estimated useful life of the asset and its residual value.

Management must also consider whether any indicators of impairment have occurred which might require impairment testing of the current carrying values of property, plant and equipment. Assessing whether individual assets or a grouping of related assets (which generate cash flows co-dependently) are impaired may involve estimating the future cash flows that those assets are expected to generate. This will in turn involve assumptions, including rates of expected revenue growth or decline, expected future margins and the selection of an appropriate discount rate for discounting future cash flows.

DETERMINATION OF FAIR VALUE

The fair value of certain property, plant and equipment is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties have acted knowledgeably, prudently and without compulsion. Fair values are determined by independent valuers. The market value of plant and equipment (excluding electricity distribution, port wharves, walls and surfaces) is based on the quoted market prices for similar items. In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from the operation of that plant and equipment. A yield that reflects the specific risks inherent in the net cash flows is then applied to the net annual cash flows to arrive at the valuation. Electricity distribution equipment and electricity generation equipment are valued using the discounted cash flow method and port wharves, walls and surfaces are valued using the depreciated replacement cost method.

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2016

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

NOTE

Group

	Land & buildings	Electricity distribution	Electricity generation equipment	Wharves, walls & surfaces	Floating plant	Other plant & equipment	Work in progress	Total
31 March 2016	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost or fair value								
Balance at 01 April	56,079	142,856	56,861	89,929	17,431	18,000	8,578	389,734
Additions	2,866	6,338	511	14,935	3	2,458	5,187	32,298
Disposals	(18)	(355)	-	(272)	-	(408)	-	(1,053)
Revaluation/reclassifications	1,341	-	-	1,410	-	(508)	-	2,243
Balance at 31 March	60,268	148,839	57,372	106,002	17,434	19,542	13,765	423,222
Accumulated depreciation								
Balance at 01 April	1,049	10,186	1,807	13,787	2,175	7,322	-	36,326
Disposals	(10)	(44)	-	-	-	(335)	-	(389)
Revaluations/reclassifications	(135)	-	-	(16,017)	-	(620)	-	(16,772)
Depreciation charge for the year	852	5,386	2,616	3,284	1,048	1,642	-	14,828
Balance at 31 March	1,756	15,528	4,423	1,054	3,223	8,009	-	33,993
At 31 March, net of accumulated depreciation	58,512	133,311	52,949	104,948	14,211	11,533	13,765	389,229

Group

	Land & buildings	Electricity distribution	Electricity generation equipment	Wharves, walls & surfaces	Floating plant	Other plant & equipment	Work in progress	Total
31 March 2015	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost or fair value								
Balance at 01 April	50,178	128,521	46,843	88,896	6,688	13,639	8,724	343,489
Additions	2,817	14,673	94	1,041	11,829	4,689	(146)	34,997
Disposals	(179)	(331)	-	-	(1,086)	(377)	-	(1,973)
Revaluations	2,468	-	10,990	-	-	-	-	13,458
Reclassifications	795	(7)	(1,066)	(8)	-	49	-	(237)
Balance at 31 March	56,079	142,856	56,861	89,929	17,431	18,000	8,578	389,734
Accumulated depreciation								
Balance at 01 April	1,267	5,352	8,321	10,708	2,083	6,235	-	33,966
Disposals	(2)	(37)	-	-	(835)	(347)	-	(1,221)
Revaluations	(942)	-	(8,180)	-	-	-	-	(9,122)
Reclassifications	75	-	(53)	8	-	(40)	-	(10)
Depreciation charge for the year	651	4,871	1,719	3,071	927	1,474	-	12,713
Balance at 31 March	1,049	10,186	1,807	13,787	2,175	7,322	-	36,326
At 31 March, net of accumulated depreciation	55,030	132,670	55,054	76,142	15,256	10,678	8,578	353,408

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2016

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

31 March 2016	Parent							Total
	Land & buildings	Electricity distribution	Electricity generation equipment	Wharves, walls & surfaces	Floating plant	Other plant & equipment	Work in progress	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost or fair value								
Balance at 01 April	-	-	-	-	-	32	-	32
Additions	-	-	-	-	-	4	-	4
Balance at 31 March	-	-	-	-	-	36	-	36
Accumulated depreciation								
Balance at 01 April	-	-	-	-	-	23	-	23
Depreciation charge for the year	-	-	-	-	-	3	-	3
Balance at 31 March	-	-	-	-	-	26	-	26
At 31 March, net of accumulated depreciation	-	-	-	-	-	10	-	10

31 March 2015	Parent							Total
	Land & buildings	Electricity distribution	Electricity generation equipment	Wharves, walls & surfaces	Floating plant	Other plant & equipment	Work in progress	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost or fair value								
Balance at 01 April	-	-	-	-	-	32	-	32
Additions	-	-	-	-	-	-	-	-
Balance at 31 March	-	-	-	-	-	32	-	32
Accumulated depreciation								
Balance at 01 April	-	-	-	-	-	20	-	20
Depreciation charge for the year	-	-	-	-	-	3	-	3
Balance at 31 March	-	-	-	-	-	23	-	23
At 31 March, net of accumulated depreciation	-	-	-	-	-	9	-	9

There are no restrictions on title, and property, plant and equipment pledged as security for liabilities. There is no restriction on the distribution of the balance to shareholders. There has been no impairment of property, plant and equipment during the current year.

In the year to 31 March 2016 \$687,710 (2015: \$476,105) of interest has been capitalised.

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2016

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Land and buildings

Network operational land and buildings were valued on 31 March 2016 (total fair value of \$4.3 million) by an independent valuer; AON New Zealand Limited. The method of valuation was the market approach. The approaches used were direct comparison, income based, capitalisation and the capitalisation rate or yield.

Port land and buildings were last revalued on 31 March 2015 (total fair value of \$38.7 million) by an independent valuer; Crighton Anderson. The method of valuation was market-based value for non-specialised assets. The approaches used were direct comparison, income based, capitalisation and the capitalisation rate or yield.

The Commerce Place property held for economic development was valued on 31 March 2016 (total fair value of \$3.279 million) by an independent valuer; Kay Maw of Lewis Wright Valuation and Consultancy Limited. The approaches used were direct sales comparison and capitalised income.

Electricity distribution

Electricity distribution assets and related land and buildings were last revalued on 1 April 2013, (fair value \$127.5 million) by PricewaterhouseCoopers ("PwC") using the discounted cash flow method.

The key assumptions of the valuation for the discounted cash flows over the period FY14 - FY25 are:

CPI ranging from 1.62% - 2.03%.

Revenue growth of 0.50%.

Default Price Quality Path WACC assumptions 7.12% - 8.77%.

Closing 2025 Regulatory Asset Base used as the terminal value and discounted back to valuation date.

Net working capital \$1.141 million.

Electricity generation equipment

Electricity generation equipment were revalued at 31 March 2015 (total fair value of \$2.2 million) by an independent valuer; Jacobs New Zealand Limited. The valuation used was a discounted cash flow basis, using the following assumptions:

A nominal post tax discount rate of 8.59%.

Forecast operating costs are based on current operating costs adjusted for inflation of 2%.

A corporate tax rate of 28%.

Revenue forecasts are based on the terms of the Contract Energy agreement together with an assumption on electricity spot price at the time of generation.

The Waihi Hydroelectric Scheme was revalued as at 1 April 2012 (total fair value of \$16.8 million) by an independent valuer; Sinclair Knight Merz. The valuation used was a discounted cash flow basis, using the following assumptions:

Outputs are based on an average plant availability of 26% of capacity.

Wholesale electricity prices are based on the Gisborne reference nodal price path estimates prepared by an independent consultant; Energylink in October 2012.

Forecast operating costs are based on current operating costs adjusted for inflation of 2%.

A major half-life overhaul of the generator and turbine equipment has been assumed in the forecast of capital expenditure.

A corporate tax rate of 28%.

A nominal post tax discount rate of 9.6% which is reflective of the expectation an investor would expect to receive on private generation projects.

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2016

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The geothermal plant, owned by Geothermal Developments Limited, was revalued at 31 March 2015 (total fair value of \$38.6 million) by an independent valuer; Jacobs New Zealand Limited. The valuation used was a discounted cash flow basis, using the following assumptions:

Net generation capacity of 8.37 MW.

Wholesale electricity prices are based on the existing Power Purchase Agreement currently in place and the Kawerau reference nodal price estimates prepared by management taking into consideration independent price path forecasts and prices obtained for long term power purchase agreements.

Operating costs are based on current operating costs adjusted for inflation of 2%.

Capital expenditure has been derived from the plant's asset management plan, with a new production well expected to be drilled in 2020, control and instrument replacement and refurbishment in 2024, 2029 and 2034.

A corporate tax rate of 28%.

A nominal post tax discount rate of 8.59% which is reflective of the expectation an investor would expect to receive on private generation projects.

All components from the acquisition of the plant, including goodwill, have now been incorporated into the plant value.

Wharves, walls & surfaces

The Port wharves, walls and surfaces and some other plant and equipment were revalued on 31 March 2016 (total fair value \$105.9 million) by independent valuers Opus International Consultants Ltd. The method of valuation was depreciated replacement cost which is supported by a discounted cash flow valuation prepared, using the following assumptions:

Revenues are based on management's best estimate of cargo volumes (predominantly logs) over the years to 2030 with these estimates supported in the case of log exports by external reports and customer forecasts of likely log volumes.

Port charges for all log cargos increase from 1 April 2017 following a customer consultation period.

Operating costs are based on current operating cost to volume ratios plus inflation of 2% per annum.

Capital expenditures include both maintenance and growth capital expenditure to support the estimated volumes.

A corporate tax rate of 28% is assumed.

The post-tax discount rate of 8.5% is the weighted average cost of capital (WACC).

The terminal value is based on free cash flow at 2030 with the valuation tested at terminal value growth rates of 1.5 - 3.5%.

The carrying values of revalued items of property, plant and equipment that would have been recognised had the assets been recognised on the cost model is as follows:

	Group		Parent	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Land and buildings	24,989	21,300	-	-
Electricity distribution	79,794	75,740	-	-
Wharves, Walls & Surfaces	45,372	31,990	-	-
	150,155	129,030	-	-

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2016

11 ASSET HELD FOR SALE

POLICIES

Individual non-current non-financial assets (and disposal groups) are classified as held for sale if they are available for immediate sale in their present condition subject only to the customary sales terms of such assets (and disposal groups) and their sale is considered highly probable. For a sale to be highly probable, management must be committed to a sales plan and actively looking for a buyer. Furthermore, the assets (and disposal groups) must be actively marketed at a reasonable sales price in relation to their current fair value and the sale should be expected to be completed within one year. Non-current non-financial assets (and disposal groups) which meet the criteria for held for sale classification are measured at the lower of their carrying amount and fair value less costs to sell and are presented within assets held for sale in the Statement of Financial Position. The comparatives are not re-presented when non-current assets (and disposal groups) are classified as held for sale. If the disposal group contains financial instruments, no adjustment to their carrying amounts is permitted.

NOTE

The remaining helicopter from the aviation business was sold during the year.

An investment of \$7.4 million was made into Prime SPV Limited to acquire the land, buildings, plant and equipment of the Prime sawmill site, with the intention to lease long term. Subsequent to acquisition an offer was received to purchase the site and mill, this did not eventuate. A decision has now been made to actively sell the asset and a plan has been enacted to locate a buyer.

	Group		Parent	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Revenue	821	-	-	-
Cost of Sales	-	(200)	-	-
Administrative expenses	(742)	-	-	-
Finance expenses	(142)	(143)	-	-
Loss before tax	(63)	(343)	-	-
Income tax income	18	158	-	-
Loss from discontinued operations	(45)	(185)	-	-
Assets and liabilities held for sale				
Trade and other receivables	-	2	-	-
Inventory	-	742	-	-
Prime sawmill property, plant and equipment	7,412	-	-	-
Income tax refundable	-	40	-	-
Total current assets	7,412	784	-	-
Non-current assets				
Deferred income tax	-	56	-	-
Total non-current assets	-	56	-	-
TOTAL ASSETS	7,412	840	-	-
Liabilities				
Current liabilities				
Loans and borrowings	(4,300)	-	-	-
Total liabilities associated with assets classified as held for sale	(4,300)	-	-	-
Net assets of assets held for sale	3,112	840	-	-

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2016

12 INVESTMENT PROPERTIES

POLICIES

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, and not used in the production or supply of goods or services or for administrative purposes. Investment property is measured at fair value with any change recognised in the Statement of Comprehensive Revenue and Expense within administrative expenses and disclosed separately in the financial statements.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Property that is being constructed for future use as investment property is accounted for as property, plant and equipment until construction or development is complete, at which time it is revalued to a fair value and reclassified as investment property. Any gain or loss arising on revaluation is recognised in the Statement of Comprehensive Revenue and Expense within administrative expenses.

When the use of a property changes from owner-occupied to investment property, the property is revalued to fair value and reclassified as investment property. Any gain arising on revaluation is recognised directly in equity. Any loss is recognised immediately in the Statement of Comprehensive Revenue and Expense.

DETERMINATION OF FAIR VALUE

An external, independent valuation company with appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio annually. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties have acted knowledgeably, prudently and without compulsion.

NOTE

	Group		Parent	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Opening balance at 1 April	15,698	15,700	-	-
Additions	244	277	-	-
Transfers out to operational property	-	104	-	-
Fair value adjustment	408	(383)	-	-
Closing balance at 31 March	16,350	15,698	-	-

Investment properties include parcels of land and buildings strategically located at Eastland Port, Inner Harbour, Gisborne Airport and various other locations in Gisborne.

They are measured at fair value, based on an annual valuation by an independent valuer; Aon New Zealand.

The fair value is based on a discounted cashflow model using expected market rentals for the highest and best use of the property. An analysis of current property sales is also assessed in determining the value. The investment property that has been revalued is categorised as level 3 in the fair value hierarchy. There have been no transfers between levels.

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2016

13 INVESTMENT IN SUBSIDIARIES

POLICIES

Subsidiaries

Subsidiaries are entities controlled, directly or indirectly by the Group. The financial statements of subsidiaries are included in the consolidated financial statements using the acquisition method of consolidation.

Acquisition or disposal during the period

Where a business becomes or ceases to be a part of the Group during the period, the results of the business are included in the consolidated results from the date that control or significant influence commenced until the date that control or significant influence ceased. Where a business is acquired all identifiable assets, liabilities and contingent liabilities are recognised at their fair value at acquisition date. The fair value does not take into consideration any future intentions by the Group.

Goodwill arising on obtaining control of a subsidiary

Where an acquisition results in obtaining control of a subsidiary for the first time, the carrying amount of any previous non-controlling interest held by the Group is first re-measured to fair value and the difference between the carrying amount and the re-measured fair value is recognised in the Statement of Comprehensive Revenue and Expense. Goodwill is then calculated as the sum of the fair value of the consideration paid, the re-measured fair value of the non-controlling interest previously held by the acquirer and the recognised amount of any remaining non-controlling interest in the acquiree held by third parties less the fair value of the total identifiable assets and liabilities of the acquiree at the date of the acquisition.

If the fair value of the total identifiable assets and liabilities acquired exceeds the sum of the fair value of the consideration paid, the re-measured fair value of the non-controlling interest previously held by the acquirer and the recognised amount of any remaining non-controlling interest in the acquiree held by third parties, then a gain representing a bargain purchase is recognised in the Statement of Comprehensive Revenue and Expense.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded as equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Subsequent measurement of goodwill

Subsequent to initial recognition goodwill is tested annually for impairment. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment.

Transactions eliminated on consolidation

Intra-group advances to and from subsidiaries are recognised at amortised cost within current assets and current liabilities in the separate financial statements of the parent. Subsidiaries' advances from and to the parent are repayable on demand. Any interest income and interest expense incurred on these advances is eliminated in the Statement of Comprehensive Revenue and Expense on consolidation. All intra-group advances are eliminated on consolidation.

JUDGMENTS

Classifying investments as either subsidiaries, associates, joint ventures or available-for-sale financial assets requires management to judge the degree of influence which the group holds over the investee. Management look at many factors in making these judgements, such as examining the constitutional documents that govern decision making, governance around current and future representation amongst the board of directors, and also other less formal arrangements which can lead to having influence on the operating and financial policies. These judgements impact upon the basis of consolidation accounting which is used to recognise the group's investments in the consolidated financial statements.

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2016

13 INVESTMENT IN SUBSIDIARIES (CONTINUED)

NOTE		Country of incorporation	Ownership Interest (%)	
			2016	2015
			Eastland Group Limited	Infrastructure assets
Eastland Development Fund Limited	Investment company	NZ	100%	100%
Prime SPV Limited	Investment property	NZ	100%	-
Eastech Limited	Contracting	NZ	100%	100%
Eastland Energy Solutions Limited	Energy Solutions	NZ	100%	-
Eastland Generation Limited	Electrical generation	NZ	100%	100%
Eastland Hawaii Inc	Geothermal development	Hawaii	-	100%
Eastland Holdings 1 Limited	Aviation services	NZ	-	100%
Eastland Holdings 2 Limited	Aviation services	NZ	-	100%
Eastland Investment Properties Limited	Investment property	NZ	100%	100%
Eastland Network Limited	Electrical distribution	NZ	100%	100%
Eastland Port Limited	Port services	NZ	100%	100%
Eastland Port Debarking Limited	Debarker services	NZ	100%	100%
Geothermal Developments Limited	Geothermal generation	NZ	100%	100%
Gisborne Airport Limited	Airport services	NZ	100%	100%
Inner Harbour Marina Limited	Harbour services	NZ	100%	100%
Northland Debarking Limited	Debarker services	NZ	100%	100%
Te Ahi O Maui General Partnership Limited	Geothermal generation	NZ	94%	94%
Te Ahi O Maui Limited Partnership	Geothermal generation	NZ	94%	94%

There are no restrictions in place on the ability of subsidiaries to transfer funds to the parent in the form of cash dividends or to repay loans or advances.

Eastland Energy Solutions Limited was formed on 15 December 2015, Prime SPV Limited was formed on 7 September 2015, Eastland Hawaii Inc was dissolved on 4 August 2015 and Eastland Holdings 1 and 2 were liquidated on 31 March 2016.

14 INVESTMENT IN JOINT VENTURE

POLICIES

Joint ventures are contractual arrangements with other parties which establish joint control for each of the parties over the related operations, assets or entity. The Group is jointly and severally liable in respect of costs and liabilities, and shares in any resulting profit/(loss) or output.

Joint ventures are accounted for through inclusion of the Group's share of the joint venture's operations in the financial statements, using the equity method of consolidation. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in the Statement of Comprehensive Revenue and Expense. Where the Group's share of losses in a joint venture equals or exceeds its interests in the joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture. Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint venture have been changed where necessary to ensure consistency with the policies adopted by the Group.

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2016

14 INVESTMENT IN JOINT VENTURE (CONTINUED)

NOTE

Details of the Group's material joint venture at the end of the reporting period is as follows:

Name of joint venture	Principle activity	Place of incorporation	Portion of ownership interest an voting rights held by the Group	
			2016	2015
Eastland Debarking	Debarking and anti-sap treatment of export logs stored at the port in Gisborne.	New Zealand	50%	50%
WET Gisborne Ltd	Wood engineering.	New Zealand	49.9%	0%

Eastland Debarking joint venture is accounted for using the equity method with the other 50% share of the joint venture being held by East Coast Forests Limited.

On 14 September 2015, Eastland Development Fund Limited, a fully owned subsidiary of Eastland Community Trust, invested \$4.7million in WET Gisborne Limited. \$4.55 million was paid, with the remaining \$150,000 payable upon certain conditions being met.

WET Gisborne Limited is a wood processing venture that will obtain a licence to use Wood Engineering Technology and will construct, commission and operate a 50,000 cubic meter plant per annum using the technology on a site in Gisborne. The remaining 50.1% joint venture partner is Wood Engineering Technology Limited.

Summarised financial information in respect of the Group's material joint ventures is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements, prepared in accordance with IFRS (adjusted by the Group for equity accounting purposes).

	Group		Parent	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Current assets	9,568	1,331	-	-
Current liabilities	(522)	(305)	-	-
Non current assets	485	419	-	-
Net assets	9,531	1,445	-	-

The above amounts of assets and liabilities include the following:

	Group		Parent	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Cash and cash equivalents	9,113	752	-	-
Revenue	5,163	4,795	-	-
Expenditure	3,862	2,266	-	-
Total comprehensive income for the year	1,301	2,529	-	-
Share of profit of joint ventures	652	1,264	-	-
Group eliminations	136	139	-	-
Share of profit of joint ventures	788	1,403	-	-
Distributions made to joint venture partners	2,333	3,980	-	-
The above profit/loss for the year included the following:				
Depreciation and amortisation	77	59	-	-
Interest income	152	27	-	-

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2016

14 INVESTMENT IN JOINT VENTURE (CONTINUED)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	Group		Parent	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Net assets of the joint venture	9,531	1,445	-	-
Proportion of the Group's ownership interest in joint ventures	49.95%	50.00%	-	-
Carrying amount of the Group's interest in the joint venture	4,761	722	-	-

Significant restrictions

There are no significant restrictions on the ability of the joint venture to transfer funds to the Group in the form of profit sharing.

Commitments

At 31 March, total capital expenditure committed but not yet incurred was \$Nil (2015: \$Nil).

Contingent Liabilities

At 31 March, total contingent liabilities were \$Nil (2015: \$Nil).

Impairment

No assets employed in the jointly controlled operations were impaired during the year.

15 INTANGIBLE ASSETS

POLICIES

Goodwill

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the purchase. When the excess is negative (negative goodwill), it is recognised immediately in the Statement of Comprehensive Revenue and Expense. Impairment losses are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

The useful lives of the goodwill as assessed as indefinite and tested for impairment each year.

Other intangibles

Other intangibles held by the Group are amortised over the defined finite life of the intangible asset.

- Resource consents 35 years
- Access rights 27 - 54 years
- Other intangibles 5 - 10 years

JUDGMENTS

Valuation of goodwill

The carrying value of goodwill is assessed at least annually to ensure that it is not impaired. Performing this assessment requires management to estimate future cash flows to be generated by operating segments to which goodwill has been allocated. Estimating future cash flows entails making judgements including the expected rate of growth of revenues, margins expected to be achieved, the level of future maintenance expenditure required to support these outcomes and the appropriate discount rate to apply when discounting future cash flows.

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2016

15 INTANGIBLE ASSETS (CONTINUED)

NOTE

31 March 2016	Group							Total \$'000
	Development rights \$'000	Vended assets \$'000	Resource consent \$'000	Access rights \$'000	Other \$'000	Goodwill \$'000		
Cost								
Balance at 01 April	1,774	1,791	567	1,398	117	1,000	6,647	
Disposals	-	-	-	-	(22)	-	(22)	
Additions	-	69	-	-	20	-	89	
Balance at 31 March	1,774	1,860	567	1,398	115	1,000	6,714	
Accumulated amortisation and impairment losses								
Balance at 01 April	-	-	19	-	31	290	340	
Amortisation for the period	-	-	16	28	11	-	55	
Disposals	-	-	-	-	(22)	-	(22)	
Balance at 31 March	-	-	35	28	20	290	373	
Carrying value at 31 March	1,774	1,860	532	1,370	95	710	6,341	

31 March 2015	Group							Total \$'000
	Development rights \$'000	Vended assets \$'000	Resource consent \$'000	Access rights \$'000	Other \$'000	Goodwill \$'000		
Cost								
Balance at 01 April	1,770	1,232	602	-	117	18,937	22,658	
Acquisitions	-	-	-	-	-	(17,937)	(17,937)	
Disposals	4	559	(35)	1,398	-	-	1,926	
Balance at 31 March	1,774	1,791	567	1,398	117	1,000	6,647	
Accumulated amortisation and impairment losses								
Balance at 01 April	-	-	3	-	20	290	313	
Amortisation for the period	-	-	16	-	11	-	27	
Balance at 31 March	-	-	19	-	31	290	340	
Carrying value at 31 March	1,774	1,791	548	1,398	86	710	6,307	

The parent company has not recognised any intangible assets (2015: \$nil).

The intangible asset costs have been reviewed for the Te Ahi o Maui project and concluded that the development rights and vended assets, are reasonable. Amortisation of the development right will commence on the commissioning of the plant over a period of up to forty years.

Amortisation and impairment charge

The amortisation of the airport obstruction survey is over a five year period. The berth licence recently purchased will be amortised over the period up until 2026. These are included in other intangible assets.

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2016

15 INTANGIBLE ASSETS (CONTINUED)

Impairment testing for cash-generating units containing goodwill

Goodwill is allocated to the Group's operating divisions, which represent cash generating units, the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill allocated to each division are as follows:

	Group		Parent	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Port Weighbridge (owned by Eastland Port Limited)	500	500	-	-
Inner Harbour Marina Limited	210	210	-	-
Total goodwill	710	710	-	-

The recoverable amounts attributable to impairment testing of goodwill is calculated on the basis of value in use using discounted cash flow models. Key assumptions used are as follows:

Port Weighbridge

Future cash flows are projected based on expected cash flows using estimates of log volumes over the next five years. Costs increase at an assumed inflation rate of 1.0%. Discount rates used ranged from 6.7% to 8.7%.

Inner Harbour Marina Limited

Future cash flows are projected based on expected cash flows based on budget forecasts for this business unit over the next five years. Costs are expected to increase at an assumed inflation rate of 1.0%. Discount rates used ranged from 6.46% to 8.46%.

The recoverable amount of each division exceeds the net assets plus goodwill allocated. Therefore the Group has determined that no impairment to goodwill has occurred during the period.

16 OTHER INVESTMENTS

DETERMINATION OF FAIR VALUE

The fair value of available-for-sale financial assets held by Group entities is based on broker quotes provided by the entities' investment advisors.

NOTE

	Group		Parent	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Capital notes (related parties)	-	-	30,000	30,000
Fixed interest financial instruments	16,059	11,271	16,059	11,271
Listed equities	28,501	29,745	28,501	29,745
Unlisted equities	2,229	-	-	-
Closing balance at 31 March	46,789	41,016	74,560	71,016

The Trust subscribed for \$30 million of Capital Notes on 1 April 2010 issued by wholly-owned subsidiary Eastland Group Limited. These were renewed on 1 April 2015, and have an initial term of five years with election dates possibly occurring thereafter subject to 15 months prior notice from the note holder. At election date, Eastland Group may elect to redeem all or part of the notes for equity or cash. The notes incur interest at 7.1%.

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2016

17 TRADE AND OTHER PAYABLES

POLICIES

Provisions

A provision is recognised if, as a result of a past event the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

NOTE

	Group		Parent	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Trade payables	5,196	3,657	106	73
Non-trade payables and accrued expenses	3,373	1,404	1,745	81
Interest payable	420	602	-	-
GST payable	25	-	-	-
Total trade and other payables	9,014	5,663	1,851	154

Trade and other payables generally have terms of 30 days and are interest free. The Board consider the carrying amount of trade and other payables approximates fair value because the amounts due will be settled within 12 months and are interest free.

18 EMPLOYEE ENTITLEMENTS

POLICIES

Short-term benefits

Short-term benefits, payable within 12 months, are measured on an undiscounted basis and are expensed as the related service is provided. This includes wages, salaries, annual leave and sick leave.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date.

Termination benefits for voluntary redundancies are recognised if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

NOTE

	Group		Parent	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Provisions for:				
Annual leave	723	727	34	25
Short-term benefits	998	721	-	-
Post-employment benefits	80	98	-	-
Total employee benefit liability	1,801	1,546	34	25
Expenses recognised in profit or loss				
Wages and salaries	9,157	8,530	483	341
Contributions to defined contribution plans	427	420	-	-
Total employee entitlement expenses	9,584	8,950	483	341

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2016

19 LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate and foreign currency risk, see Note 23.

	Group		Parent	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
The borrowings are repayable as follows:				
Within one to five years	118,300	105,000	-	-
Total borrowings	118,300	105,000	-	-
Classified as follows:				
Current - associated with assets held for sale	4,300	-	-	-
Non current loans and borrowings	114,000	105,000	-	-
Total borrowings	118,300	105,000	-	-
			Group	
			Drawn \$'000	Undrawn \$'000
As at 31 Mar 2016				
Bank facility A maturing 1 April 2021			114,000	36,000
Bank facility B maturing 30 June 2017			-	15,000
Winstone Pulp International Limited			4,300	-
			118,300	51,000
As at 31 Mar 2015				
Tranche A maturing 1 April 2019			105,000	15,000
Tranche B maturing 30 June 2016			-	15,000
			105,000	30,000

The Group has bank funding from the ANZ Bank, ASB and BNZ. At 31 March 2016 there were total bank facilities of NZD \$165 million (2015: \$135 million) which are unsecured and subject to a Deed of Negative Pledge. In 2015 this facility included a USD facility of \$3 million. The borrowings are in the name of Eastland Group Limited. The guaranteeing subsidiaries of the Group debt are as follows:

Gisborne Airport Limited	Geothermal Developments Limited
Eastland Port Limited	Inner Harbour Marina Limited
Eastland Port Debarking Limited	Eastech Limited
Eastland Network Limited	Northland Debarking Limited
Eastland Investment Properties Limited	Eastland Generation Limited

These borrowings are rolled over at 90 day intervals spread throughout the year. The interest rates on these borrowings is the BKBM rate at the rollover date plus a margin of 0.87% (2015: 0.87%). At 31 March 2016, the rates on borrowings ranged from 3.14% to 3.58% (2015: 4.54% to 4.60%). Facilities with the ANZ Bank had expiry dates of 1 April 2021 Tranche A (\$150 million) and a perpetual facility of \$15 million which expires 18 months from drawdown (2015: \$120 million and \$15 million) There have been no defaults during the period of principal, interest, sinking fund, or redemption terms of those loans payable during the period.

The Group secured interest free funding from Winstone Pulp International Limited, secured over the property plant and equipment of the Prime Sawmill. There have been no defaults during the period.

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2016

20 CONTINGENCIES

Waihi Dam

In September 2015 our dam located on the Waihi River sustained damage resulting from unprecedented levels of rain fall. The damage caused the release of debris and sediment into the Waihi River and Waiau river systems.

The Hawkes Bay Regional Council have laid two charges against Eastland Network Limited under the Resource Management Act for disturbance of the lake/river bed and the discharge of contaminants (sediment) into water. The maximum penalty for these charges in aggregate is \$600,000, plus any fine for ongoing offences and potential clean up orders.

The Group is also aware that claims from the Wairoa District Council and other third parties are likely to be made against Eastland Generation and Eastland Group. The overall extent of these claims is not currently known.

Eastland Group maintains Third Party Liability and Statutory Liability insurance and these policies are expected to cover claims made against the Group. Costs to repair the dam and legal costs incurred to balance date have been recognised in the current financial year. These costs are subject to an insurance claim, which is expected to be progressed in the next

21 COMMITMENTS

At 31 March 2016, the Group had total capital commitments payable within the next 12 months of \$2.1 million (2015: \$12 million).

22 LEASES

POLICIES

Finance leases

Property, plant and equipment under finance leases, where the Group as lessee assumes substantially all the risks and rewards of ownership, are recognised as non-current assets in the Statement of Financial Position. Leased property, plant and equipment are recognised initially at the lower of the present value of the minimum lease payments or their fair value. A corresponding liability is established and each lease payment apportioned between the reduction of the outstanding liability and the finance expense. The finance expense is charged to the Statement of Comprehensive Revenue and Expense in each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Leased property, plant and equipment are depreciated over the shorter of the lease term and the useful life of equivalent owned property, plant and equipment.

Operating leases

(i) As lessee

Payments made under operating leases, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased property, plant and equipment are recognised in the Statement of Comprehensive Revenue and Expense on a straight-line basis over the lease term. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease. Property, plant and equipment used by the Group under operating leases are not recognised in the Group's Statement of Financial Position.

(ii) As lessor

Assets leased under operating leases are included in investment property in the Statement of Financial Position. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term. For more details see the investment policy in note 12.

Leasehold improvements

The cost of improvements to leasehold property are capitalised and depreciated over the unexpired period of the lease or the estimated useful life of the improvements, whichever is shorter.

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2016

22 LEASES (CONTINUED)

NOTE

Operating leases receivable

The Group has leased certain investment properties, note 12, and some other land and buildings, under operating leases. The future minimum lease payments receivable under non-cancellable leases are as follows:

	Group		Parent	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Less than one year	1,551	3,090	-	-
Between one and five years	1,796	2,110	-	-
More than five years	345	542	-	-
Total operating leases receivable	3,692	5,742	-	-

Operating leases payable

The Group leases land and/or buildings in Gisborne, Kawerau, Whakatane and Northland, as well as some other office equipment and vehicles. The Group leases land sites throughout the East Coast for the right to lay and maintain power cables and radio transmissions on these sites.

	Group		Parent	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Less than one year	914	893	107	109
Between one and five years	3,328	3,547	-	107
More than five years	12,701	6,323	-	-
Total operating leases payable	16,943	10,763	107	216

The Group operating lease payments of \$818,679 were made during this financial year (2015: \$726,892).

23 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

POLICIES

i) Non-derivative financial instruments

Financial assets

Financial assets consist of cash and cash equivalents, loans and receivables.

Cash and cash equivalents, loans and receivables

Trade receivables, loans, cash and cash equivalents and other receivables are initially recorded at fair value and subsequently measured at amortised cost less impairment. Fair value is estimated as the present value of future cash flows, discounted at the market rate of interest at the inception of the loan or receivable. Discounting is not undertaken when the receivable is expected to be collected within twelve months. A provision for doubtful debts is recognised to allow for the reduction in fair value attributable to expected doubtful or delayed collection of receivables.

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intend to either settle on a net basis or realise the asset and settle the liability simultaneously. Cash and cash equivalents comprise cash on hand, cash in banks and short term deposits maturing within three months. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2016

23 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

Available-for-sale financial assets

Certain perpetual shares and capital notes and listed equities held by the Group are classified as being available-for-sale and are stated at fair value less impairment. Gains and losses arising from changes in fair value are recognised directly in the available-for-sale revaluation reserve, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in the available-for-sale revaluation reserve is included in profit or loss for the period.

Held-to-maturity investments

Certain fixed interest securities held by the Group are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Compound financial instruments

Compound financial instruments issued by the Group comprise of Capital Notes that can be converted into share capital or redeemed for cash at the option of the Group.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

Financial liabilities

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in finance costs in the Statement of Comprehensive Revenue and Expense over the period of the borrowing using the effective interest rate method.

Other financial liabilities comprise trade and other payables. Discounting is not undertaken when the payable is expected to be paid within twelve months. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intend to either settle on a net basis or realise the asset and settle the liability simultaneously.

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2016

23 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

ii) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including interest rate and foreign exchange forwards, swaps and options. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance date. The resulting gain or loss is recognised in the Statement of Comprehensive Revenue and Expense immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in the Statement of Comprehensive Revenue and Expense depends on the nature of the designated hedge relationship.

The Group designates certain derivatives as either hedges of the fair value of recognised assets, liabilities or firm commitments (fair value hedges), or hedges of highly probable forecast transactions (cash flow hedges). At the inception of the transaction the Group documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions.

The Group also documents its assessment, both at hedge inception and on an on-going basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Statement of Comprehensive Revenue and Expense immediately, together with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk.

The gain or loss relating to both the effective and the ineffective portion of interest rate swaps hedging fixed rate borrowings is recognised in the Statement of Comprehensive Revenue and Expense within finance costs. Changes in the fair value of the underlying hedged fixed rate borrowings attributable to interest rate risk are also recognised in the Statement of Comprehensive Revenue and Expense within finance costs.

Hedge accounting is discontinued when the hedge instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised through the Statement of Comprehensive Revenue and Expense from that date.

Cash flow hedge

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. The gain or loss relating to the ineffective portion, if any, is recognised immediately in the Statement of Comprehensive Revenue and Expense within finance costs.

Amounts accumulated in equity are recognised as finance costs in the Statement of Comprehensive Revenue and Expense in the periods when the hedged item is recognised in the Statement of Comprehensive Revenue and Expense. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the Statement of Comprehensive Revenue and Expense within finance costs, when the underlying transaction affects earnings.

However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Thereafter, any cumulative gain or loss previously recognised in equity is only recognised in the Statement of Comprehensive Revenue and Expense when the forecast transaction is ultimately recognised in the Statement of Comprehensive Revenue and Expense. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was previously recognised in equity is recognised immediately in the Statement of Comprehensive Revenue and Expense.

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2016

23 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the Statement of Comprehensive Revenue and Expense within finance costs.

Non-derivative financial instruments comprise of trade and other receivables, cash and cash equivalents, related party borrowings, capital notes, and payables and accruals.

iii) Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement. If there is no contractual obligation to deliver cash or another financial asset, then the instrument is classified as equity. All other instruments are classified as liabilities.

Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

Interest and dividends

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

iv) Impairment of financial assets

The carrying amount of the Group assets are reviewed at balance date to determine whether there is any evidence of impairment. Where assets are deemed to be impaired, the impairment loss is the amount that the carrying amount exceeds its recoverable amount. Impairment losses reduce the carrying amount of assets and are recognised as an expense in the Statement of Comprehensive Revenue and Expense within non-operating expenses.

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted using the effective interest method.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. For trade receivables which are not significant on an individual basis, collective impairment is assessed on a portfolio basis based on numbers of days overdue, and taking into account the historical loss experience in portfolios with a similar amount of days overdue.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the Statement of Comprehensive Revenue and Expense within administrative expenses.

JUDGEMENTS

Valuation of financial instruments

Management have estimated the fair value of the Group's financial instruments based on valuation models that use observable market inputs. Following are the key observable inputs that management have applied in reaching their estimates of the fair values of financial instruments and sensitivity analysis detailing the potential future impacts of reasonably possible changes in those observable inputs over the next financial period.

DETERMINATION OF FAIR VALUE

The fair value of interest rate swaps is based on broker quotes obtained by the Group's treasury advisors, Bancorp Treasury Services Limited. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using the Bloomberg discount factor.

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2016

23 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

NOTE

The Group have comprehensive policies to manage the risks of financial instruments. These outline the objectives and approach the Group applies in its financial risk management processes. They cover, among other things, management of credit risk, interest rate risk, funding risk, liquidity risk, currency risk and operational risk. Non-derivative financial liabilities are categorised as 'amortised cost'. Derivative financial instruments are categorised as 'fair value through profit and loss' unless hedge accounting is applied. Hedge accounting is applied for all derivative financial instruments.

(a) Financial assets and liabilities

	Notes	Group					Fair value \$'000
		Cash and cash equivalents \$'000	Cash-flow hedges \$'000	Loans, receivables and Investments \$'000	Other liabilities at amortised cost \$'000	Total carrying amount \$'000	
31 March 2016							
Financial assets							
Trade and other receivables	9	-	-	8,849	-	8,849	8,849
Other Investments	16	-	-	46,789	-	46,789	46,789
Cash and cash equivalents	8	8,521	-	-	-	8,521	8,521
Total financial assets		8,521	-	55,638	-	64,159	64,159
Financial liabilities							
Derivative financial instruments	23	-	(15,564)	-	-	(15,564)	(15,564)
Loans and borrowings	19	-	-	-	(118,300)	(118,300)	(118,300)
Payables and accruals	17	-	-	-	(9,014)	(9,014)	(9,014)
Employee entitlements	18	-	-	-	(1,801)	(1,801)	(1,801)
Total financial liabilities		-	(15,564)	-	(129,115)	(144,679)	(144,679)
Total net financial assets/(liabilities)		8,521	(15,564)	55,638	(129,115)	(80,520)	(80,520)

	Notes	Group					Fair value \$'000
		Cash and cash equivalents \$'000	Cash-flow hedges \$'000	Loans, receivables and Investments \$'000	Other liabilities at amortised cost \$'000	Total carrying amount \$'000	
31 Mar 2015							
Financial assets							
Trade and other receivables	9	-	-	9,203	-	9,203	9,203
Derivative financial instruments	23	-	24	-	-	24	24
Other Investments	16	-	-	41,016	-	41,016	41,016
Cash and cash equivalents	8	11,958	-	-	-	11,958	11,958
Total financial assets		11,958	24	50,219	-	62,201	62,201
Financial liabilities							
Derivative financial instruments	23	-	(5,808)	-	-	(5,808)	(5,808)
Loans and borrowings	19	-	-	-	(105,000)	(105,000)	(105,000)
Payables and accruals	17	-	-	-	(5,663)	(5,663)	(5,663)
Employee entitlements	18	-	-	-	(1,546)	(1,546)	(1,546)
Total financial liabilities		-	(5,808)	-	(112,209)	(118,017)	(118,017)
Total net financial assets/(liabilities)		11,958	(5,784)	50,219	(112,209)	(55,816)	(55,816)

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2016

23 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

31 March 2016	Notes	Parent					Total carrying amount	Fair value
		Cash and cash equivalents	Cash-flow hedges	Loans and receivables	Other liabilities at amortised cost			
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Financial assets								
Trade and other receivables	9	-	-	464	-	464	464	
Other investments	16	-	-	74,560	-	74,560	74,560	
Cash and cash equivalents	8	5,566	-	-	-	5,566	5,566	
Total financial assets		5,566	-	75,024	-	80,590	80,590	
Financial liabilities								
Payables and accruals	17	-	-	-	(1,851)	(1,851)	(1,851)	
Employee entitlements	18	-	-	-	(34)	(34)	(34)	
Total financial liabilities		-	-	-	(1,885)	(1,885)	(1,885)	
Total net financial assets/(liabilities)		5,566	-	75,024	(1,885)	78,705	78,705	

31 March 2015	Notes	Parent					Total carrying amount	Fair value
		Cash and cash equivalents	Cash-flow hedges	Loans and receivables	Other liabilities at amortised cost			
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Financial assets								
Trade and other receivables	9	-	-	185	-	185	185	
Other investments	16	-	-	71,016	-	71,016	71,016	
Cash and cash equivalents	8	10,612	-	-	-	10,612	10,612	
Total financial assets		10,612	-	71,201	-	81,813	81,813	
Financial liabilities								
Payables and accruals	17	-	-	-	(154)	(154)	(154)	
Employee entitlements	18	-	-	-	(25)	(25)	(25)	
Total financial liabilities		-	-	-	(179)	(179)	(179)	
Total net financial assets/(liabilities)		10,612	-	71,201	(179)	81,634	81,634	

(b) Fair value measurements recognised in the Statement of Financial Position

The following methods and assumptions were used to estimate the carrying amount and fair value of each asset class of financial instrument carried at fair value. Where financial instruments are measured at fair value they have been classified at the following levels.

Level 1 : quoted prices (unadjusted) in active markets for assets or liabilities; or

Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices); or

Level 3 : Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The valuation of derivative financial instruments are based on level 2 fair value hierarchy, and were calculated using valuation models applying observable market data. Some of the key observable market data is presented below.

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2016

23 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

Derivative instruments

The total carrying amount of derivative instruments is the same as the fair value and includes interest accrued.

The calculation of fair value for each financial instrument for either measurement or disclosure purposes are explained below. In each case, interest accrued is included separately in the Statement of Financial Position either in receivables and prepayments for interest payable.

Loans and receivables, trade payables and other creditors, cash and cash equivalents and short term deposits.

The total carrying amounts of these items is equivalent to their fair value. Loans include the principal and interest accrued. Bank overdrafts are set-off against cash balances pursuant to any right of set-off. Receivables are net of doubtful debts provided.

Bank loans, working capital loans and floating rate notes

The total carrying amount includes the principal, interest accrued and unamortised costs.

Capital notes

The total carrying amount includes the principal, interest accrued and unamortised costs.

(c) Interest rate risk

The Group actively manages interest rate exposures in accordance with policy. In this respect, at least fifty percent of all debt must be at fixed interest rates or effectively fixed using interest rate swaps, forward rate agreements, options and other derivative instruments. The main objectives are to minimise the cost of total debt, control variations in the interest expense of the debt portfolio from year to year and to match where practicable the interest rate risk profile of debt with the risk profile of the Group's assets. The policy sets parameters for managing the interest rate risk profile.

The Group enters into interest rate swaps, collars and caps to hedge its exposures to changes in the floating interest rates on loans. The Group has elected to apply cash-flow hedging to all of its interest rate swaps, collars and caps on external loans totalling \$175 million (2015: \$105 million) in compliance with PBE IPSAS 29 (\$90 million of these have start dates ranging from 30 June 2016 to 30 July 2020).

Interest rate swaps, collars and caps have terms or maturity dates which are between 24 and 84 months and swap interest on a floating rate for fixed interest of between 2.87% and 5.94% (2015: 3.40% and 5.94%). The last cash-flow hedge swap matures on 30 July 2025.

The interest rate swaps, collars and caps that have been designated as cash-flow hedges affect profit and loss at the same time as the underlying interest expense is recognised on the retrospective borrowings (see note 19). Any ineffective portion of cash-flow hedges is removed from equity and recognised immediately in the Statement of Comprehensive Revenue and Expense. 2016: \$Nil (2015: \$Nil). The hedge relationships are expected to be highly effective over the life of the swaps.

	Group and Parent	
	2016 Notional Amount \$'000	2015 Notional Amount \$'000
Interest Rate Swaps (Floating to Fixed)		
Maturing in less than 1 year	15,000	5,000
Maturing between 1 and 2 years	25,000	15,000
Maturing between 2 and 5 years	60,000	15,000
Maturing after 5 years	75,000	70,000
	175,000	105,000

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2016

23 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

(d) Foreign currency risk

The Group is exposed to exchange risk through the Te Ahi o Maui construction project. Foreign exchange exposure is primarily managed through entering into derivative forward contracts. The board requires that all foreign currency borrowings are hedged into NZD at the time of commitment. At balance date there is no significant exposure to foreign currency risk.

(e) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group has sufficient funding and banking facilities available to meet the liquidity requirements of the Group. For details of the funding and banking facilities arranged by the Group, please refer to note 19. The Group has entered into interest rate swaps, caps and collars to hedge its exposure to variability in interest rate payments on these borrowings.

Maturity analysis

		Group					
		<6 months	6 -12 months	1-3 years	3-5 years	>5 years	Total
31 March 2016	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets							
Trade and other receivables	9	8,849	-	-	-	-	8,849
Other investments	16	185	1,335	3,784	6,102	35,383	46,789
Cash and cash equivalents	8	8,521	-	-	-	-	8,521
Total financial assets		17,555	1,335	3,784	6,102	35,383	64,159
Financial liabilities							
Derivative financial instruments	23	(1,666)	(1,553)	(2,048)	(3,983)	(6,314)	(15,564)
Loans and borrowings	19	(2,000)	(2,300)	-	-	(114,000)	(118,300)
Payables and accruals	17	(9,014)	-	-	-	-	(9,014)
Employee entitlements	18	(1,801)	-	-	-	-	(1,801)
Total financial liabilities		(14,481)	(3,853)	(2,048)	(3,983)	(120,314)	(144,679)
Liquidity gap		3,074	(2,518)	1,736	2,119	(84,931)	(80,520)

		Group					
		<6 months	6 -12 months	1-3 years	3-5 years	>5 years	Total
31 Mar 2015	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets							
Trade and other receivables	9	9,203	-	-	-	-	9,203
Derivative financial instruments	23	-	-	24	-	-	24
Other investments	16	-	253	2,346	5,335	33,082	41,016
Cash and cash equivalents	8	11,958	-	-	-	-	11,958
Total financial assets		21,161	253	2,370	5,335	33,082	62,201
Financial liabilities							
Derivative financial instruments	23	(41)	-	(627)	-	(5,140)	(5,808)
Loans and borrowings	19	-	-	-	(105,000)	-	(105,000)
Payables and accruals	17	(5,663)	-	-	-	-	(5,663)
Employee entitlements	18	(1,546)	-	-	-	-	(1,546)
Total financial liabilities		(7,250)	-	(627)	(105,000)	(5,140)	(118,017)
Liquidity gap		13,911	253	1,743	(99,665)	27,942	(55,816)

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2016

23 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

31 March 2016	Notes	Parent					Total
		<6 months	6 -12 months	1-3 years	3-5 years	>5 years	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets							
Trade and other receivables	9	464	-	-	-	-	464
Other investments	16	185	1,335	3,784	6,102	63,154	74,560
Cash and cash equivalents	8	5,566	-	-	-	-	5,566
Total financial assets		6,215	1,335	3,784	6,102	63,154	80,590
Financial liabilities							
Payables and accruals	17	(1,851)	-	-	-	-	(1,851)
Employee entitlements	18	(34)	-	-	-	-	(34)
Total financial liabilities		(1,885)	-	-	-	-	(1,885)
Liquidity gap		4,330	1,335	3,784	6,102	63,154	78,705

31 March 2015	Notes	Parent					Total
		<6 months	6 -12 months	1-3 years	3-5 years	>5 years	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets							
Trade and other receivables	9	185	-	-	-	-	185
Other investments	16	-	253	2,346	5,335	63,082	71,016
Cash and cash equivalents	8	10,612	-	-	-	-	10,612
Total financial assets		10,797	253	2,346	5,335	63,082	81,813
Financial liabilities							
Payables and accruals	17	(154)	-	-	-	-	(154)
Employee entitlements	18	(25)	-	-	-	-	(25)
Total financial liabilities		(179)	-	-	-	-	(179)
Liquidity gap		10,618	253	2,346	5,335	63,082	81,634

(f) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the cash and cash equivalents, trade receivables and related party balances.

Credit risk exposure in relation to the subsidiaries is not considered to be significant, and no specific risk management policies have been put in place in relation to inter-group balances.

Credit risk in relation to customers is spread across the Group with the largest customers by dollar value being in the energy and logistics sectors. The retailers are of good credit standing and management believes that the Group is not exposed to any undue risk, which is supported by past history of payment by these customers. The credit risk in relation to the remaining trade receivables is not considered to be significant.

There are no financial assets that have been pledged as collateral for liabilities or contingent liabilities.

The Group recognises impairment losses on trade and other receivables that are believed to be irrecoverable. Specific impairment losses are made for individually significant exposures that are known at year end. The impairment loss allowance at 31 March 2016 was \$19,979 (2015: \$39,956). Actual bad debts written off in the Statement of Comprehensive Revenue and Expense were \$28,505 (2015: \$32,400) and there was no adjustment to the specific allowance. A collective impairment loss component is established for groups of similar receivables in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2016

23 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

Maturity profile

	Group					Total
	Current	1 - 60 days	61 - 90 days	91 - 180 days	Over 180 days	
31 March 2016	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other receivables						
Trade receivables	6,404	795	43	9	86	7,337
Total due	6,404	795	43	9	86	7,337
Impaired						
Trade and other receivables						
Trade receivables	-	-	-	-	20	20
Total impaired financial assets	-	-	-	-	20	20

The above receivables are determined to be impaired due to the nature of the debtor and the lack of payment to date.

	Group					Total
	Current	1 - 60 days	61 - 90 days	91 - 180 days	Over 180 days	
31 March 2015	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other receivables						
Trade receivables	5,953	836	48	66	164	7,067
Total due	5,953	836	48	66	164	7,067
Impaired						
Trade and other receivables						
Trade receivables	-	-	-	11	26	37
Total impaired financial assets	-	-	-	11	26	37

The above receivables are determined to be impaired due to the nature of the debtor and the lack of payment to date.

The Parent has not recognised any impairment on its financial assets (2015: \$nil).

(g) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage market risk exposures within acceptable parameters, while optimising the return. Those risks include:

(i) Cash flow interest rate risk

The Group's main interest exposure arises on external borrowings (see note 19). All borrowings are at variable interest rates, which expose the Group to cash flow interest rate risk.

The Group adopts a policy of ensuring that a portion of its exposure to changes in interest rates on borrowings is on a fixed rate basis. This is achieved by entering into interest rate swaps, caps and collars. For further details on interest rate swaps, caps and collars refer to note 23(c).

The Group is exposed to interest rate risks on that portion of external loans not swapped to fixed rates, gains or losses arising from the differences between variable rates and fixed rates on the swap instruments in place, and interest payable on the loans and capital notes. At balance date, an increase of 100 basis points on borrowings would result in a decrease in profit before tax of \$290,000 (2015: \$400,000). A decrease of 100 basis points on borrowings would result in an increase in profit before tax of \$290,000 (2015: \$400,000).

(ii) Price risk

The Group is exposed to price risk on bank facilities when they mature and capital notes on their election date if the capital notes are not redeemed for cash or converted to ordinary shares. The price for new bank facilities and capital notes is determined when they are refinanced or reissued and reflects market pricing at that time. At balance date, an increase of 25 basis points on bank lending costs would result in a decrease in profit before tax of \$412,500 (2015: \$337,000). A decrease of 25 basis points on bank facility fees would result in an increase in profit before tax of \$412,500 (2015: \$337,000).

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2016

23 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

(h) Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group monitors the return on capital on a regular basis. This involves the management of reserves and capital.

The Group seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There were no changes in the Group's approach to capital management during the current or prior year. The Group is not subject to externally imposed capital requirements.

(i) Hedge accounting and sensitivity analysis

The sensitivity analysis has been determined based on the exposure to interest rates and foreign exchange rates for both derivatives and non-derivative instruments at balance date. It is assumed that the amount of the liability at balance date was outstanding for the whole year. A one percent increase or decrease is used for interest rates and these changes represent management's current assessment of the reasonably possible change over a year.

Interest rate swaps and collars hedging the floating rate debt are hedge accounted and treated as cash flow hedges and hence any changes in interest rates would have no material impact on profits as changes in the fair value of these swaps and collars are taken through other comprehensive income where the hedge is an effective hedge. The fair value of these interest rate swaps is a \$5.7 million loss (2015: \$4.4 million loss). A fall of 1% in interest rates would result in a loss in other comprehensive income of \$1.8 million (2015: \$3.1 million) whereas an increase of 1% in interest rates would result in a gain in other comprehensive income of \$1.7 million (2015: \$2.9 million).

Forward starting interest rate swaps and collars hedging the forecasted floating rate debt are also hedge accounted and treated as cash flow hedges and hence any changes in interest rates would have no material impact on profits as changes in the fair value of these swaps are taken through comprehensive income where the hedge is an effective hedge. The fair value of these interest rate swaps and collars is a \$5.0 million loss (2015: \$1.4 million loss). A fall of 1% in interest rates would result in a loss in other comprehensive income of \$4.8 million (2015: \$1.0 million) whereas an increase of 1% in interest rates would result in a gain in other comprehensive income of \$4.3 million (2015: \$1.1 million).

24 CAPITAL AND RESERVES

NOTE

Trust capital

The Trust was established on the 7th of May 1993 pursuant to the Energy Companies (Eastland Energy Limited) Vesting Order 1993 upon the vesting in the Trust of the equity and debt securities issued by Eastland Energy Limited. These amounts form the Trust Capital.

Asset revaluation reserve

The revaluation reserve relates to the revaluation of property, plant and equipment (after tax).

Cash flow hedging reserve

The cash-flow hedging reserve is the cumulative fair value gains and losses (after tax) relating to the interest rate derivatives on the bank borrowings until the derivative matures or the hedging relationship expires.

Investment revaluation reserve

The revaluation reserve relates to the revaluation of investments.

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2016

25 RELATED PARTIES

(a) Wholly owned subsidiaries

Eastland Group Limited, Eastland Development Fund Limited and Prime SPV Limited are wholly owned by Eastland Community Trust.

(b) Joint ventures

Eastland Debarking and WET Gisborne Limited are joint ventures of the Group..

(c) Trustees' fees

Trustee fees are paid by Eastland Community Trust. Total fees paid were \$186,500 (2015: \$136,400).

R Brooking	39,500	Chairman	P Reynolds	18,375	Appointed 1 July 2015
M Muir	24,500		M Mahuika	18,375	Appointed 1 July 2015
P Searle	24,500		G Milner	6,125	Retired 30 June 2015
V Thorpe	24,500		J Martin	6,125	Retired 30 June 2015
M Foon	24,500				

Mr R Brooking gave general notice that he has the following interests and will therefore be interested in all transactions between any of them and the Group.

Trustee Te Unga Mai Trust	General Manager – Ngai Tamanuhiri Trust
Director/Shareholder Te Unga Mai Trust	Chairman/Trustee Te Ha 1769 Sestercentennial Trust
Shareholder/Director ABR Limited	Trustee Eastland Network Charitable Trust
Director Prime SPV Ltd	Shareholder/Director Independent Facilitators Ltd
Facilitator to Tourism Resources Consultants Group (through Independent Facilitators Limited)	Trustee – Tairawhiti Museum – Gisborne Museum of Art & History Trust
Director Wharerata Forest Limited	

Mr M Muir gave general notice that he has the following interests and will therefore be interested in all transactions between any of them and the Group.

Director/Chairman Gisborne Herald Ltd and subsidiaries	Director/Chairman Destination Gisborne Ltd (non trading)
Director/Chairman Te Rau Press Ltd	Trustee of Gisborne Stewart Centre
Director/Chairman Gisborne Office Equipment Ltd	Trustee of Clark Charitable Trust
Trustee of Tairawhiti Trust	Trustee/Chairman of Chelsea Hospital Trust
Shareholder/Director Muir Family Holdings Ltd	Board member of the Newspaper Publishers Association
Director The Wairoa Star Ltd	Trustee Eastland Network Charitable Trust
Director New Zealand Press Association Ltd	Director Prime SPV Ltd
Member of Tairawhiti Local Allocation Committee of the Tindall Foundation	Trustee of Tairawhiti Museum – Gisborne Museum of Art & History

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2016

25 RELATED PARTIES (CONTINUED)

Ms V Thorpe gave general notice that she has the following interests and will therefore be interested in all transactions between any of them and the Group.

Tenant of Eastland Port Ltd	Trustee of Gisborne SPCA
Trustee of Tairawhiti Trust	Member of East Coast Bay of Plenty Conservation Board
Trustee Eastland Network Charitable Trust	Shareholder/Director Makorori Limited
Director Prime SPV Ltd	

Mr P Searle gave general notice that he has the following interests and will therefore be interested in all transactions between any of them and the Group.

Shareholder/Director Brunton Road Wines Ltd	Shareholder Matawhero Vineyards Ltd
Shareholder/Director Brunton Road Developments Ltd	Shareholder Quay Real Estate Ltd
Shareholder/Director Sterling Park Developments Ltd	Shareholder Quay Property Management 2010 Ltd
Member Real Estate Institute of NZ	Shareholder QRE Property Investments Ltd
Member Gisborne Winegrowers Society	Shareholder Quay Projects Ltd
Board Member Stepping Stone Foundation	Trustee of Searle Family Trust
Board member Real Estate Institute of New Zealand	Trustee of Searle Family Trust No. 2
Shareholder Matawhero Holdings Ltd	Director/Shareholder Shackles (NZ) Ltd
Director Prime SPV Ltd	Trustee Eastland Network Charitable Trust
Director WET Gisborne Limited	Trustee The Searle Christian Trust

Mr M Foon gave general notice that he has the following interests and will therefore be interested in all transactions between any of them and the Group.

MY Gold Investments	Mayor Gisborne District Council
MY Trust Investments	Member RSG Local Government
Trustee Eastland Network Charitable Trust	Chairman Art in Public Places
Chairman City Safe	Chairman Social Sector Trials
Member Asian CEO Inc	Member Institute of Directors
Chair Special Olympics Tairawhiti	Trustee Te Ha 1769 Sestercentennial Trust
Advisory Trustee NZ China Council	Patron The Duke of Edinburgh's Hillary Award
Trustee Eastland Network Charitable Trust	President NZ Chinese Association
Director Prime SPV Ltd	

Dr P Reynolds gave general notice that he has the following interests and will therefore be interested in all transactions between any of them and the Group.

Director – AgResearch Ltd	Trustee Eastland Network Charitable Trust
Deputy Chair – Landcare Research Ltd	Director Prime SPV Ltd
Chair – Our Land & Water Science Challenge	Director WET Gisborne Limited
Trustee – Sir Peter Blake Trust	

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2016

25 RELATED PARTIES (CONTINUED)

Mr M Mahuika gave general notice that he has the following interests and will therefore be interested in all transactions between any of them and the Group.

Director – Ngati Porou Windfarms Ltd	Trustee – M & M Family Trust
Director – NPWF Holdings Ltd	Trustee - Kurenum Family Trust
Director – Tuku Korero (2006) Ltd	Director – New Zealand Merino Company Ltd
Director – JP Ferguson Trustee Company Ltd	Trustee – Nga Tama Toa Trust
Director – Sealord Group Ltd	Director – Pakihiroa Farms Ltd
Trustee - Tikitiki A18 (St Mary's Church & Cemetery)	Director – Prime SPV Ltd
Board Member – New Zealand Geographic Board	Trustee – Eastland Network Charitable Trust
Chairman – Ngati Porou Holding Company Ltd	Director – Te Runanganui o Ngati Porou Trustees Ltd
Board Member – Land Information New Zealand Maori	Advisory Board Member – Maori & Indigenous Governance
Advisory Board (Te Pae Hihiri - Advisory Group)	Centre

(d) Key management personnel compensation

	Group		Parent	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Key management personnel compensation comprises of:				
Short term employee benefits	1,828	1,805	190	167
KiwiSaver and other contributions	128	122	-	-
Total key management personnel compensation	1,956	1,927	190	167

(e) Related party transactions

All transactions with controlled subsidiaries have been eliminated on consolidation.

	Group		Parent	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Transactions with subsidiaries				
Dividends received from Eastland Group Ltd	-	-	5,615	5,000
Interest received from Eastland Group Ltd	-	-	2,136	2,580
Service agreement with Eastland Development Fund Ltd	-	-	(109)	(106)
Distributions to Eastland Development Fund Ltd	-	-	-	(190)
Distributions returned from Eastland Development Fund Ltd	-	-	-	265
Transactions with joint ventures				
Oncharge of costs to Debarking Joint Venture	821	808	-	-

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2016

25 RELATED PARTIES (CONTINUED)

	Group		Parent	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Transactions with other related parties				
Lease paid to Searle Family Trust No. 2	(39)	(39)	-	-
Advertising to the Gisborne Herald	(9)	(5)	(9)	(5)
Printing, stationery and office equipment to Gisborne Office Equipment Ltd	(14)	(19)	(14)	(19)
Distributions to Eastland Network Charitable Trust	(1,405)	(3,557)	(1,405)	(3,557)
Advance to Harry Barker Sports Facilities Trust	(258)	-	(258)	-
Payables by the parent to related parties				
Eastland Development Fund Limited	-	-	(2)	(1)
Eastland Network Charitable Trust	-	-	(661)	-
Total related party payables	-	-	(663)	(1)
Related party advances				
Eastland Development Fund Limited	-	-	6,455	1,748
Prime SPV Limited	-	-	2,901	-
Total related party advances	-	-	9,356	1,748

26 GUIDELINES FOR ACCESS TO INFORMATION

Pursuant to clause 10.1 of the Guidelines For Access By Beneficiaries Of The Eastland Community Trust (the Guidelines). The Trust must report on the following in each annual report:

- The number of requests for information received;
- The costs incurred to process those requests;
- Any cost recoveries made;
- The number of Trust decisions which were subject to review;
- A summary of the outcome of those reviews;
- The costs incurred in respect of those reviews;
- Any cost recoveries in respect of those reviews;

The Trust received 8 requests for information, no third party costs were incurred in responding to these requests and as such no recoveries were made.

There were no Trust decisions that were subject to review.

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2016

27 DISTRIBUTIONS PAID OVER \$1,000

The Trust Deed requires disclosure of distributions paid over \$1,000. These payments do not necessarily tie back to Distributions disclosed in the Statement of Changes in Net Assets/Equity as they are recorded on an accrual basis not payments basis.

	Parent	
	2016	2015
Distributions to Eastland Network Charitable Trust for:		
Akina Foundation	51,300	-
Eastland Helicopter Rescue Trust	250,000	187,500
Eastwoodhill Trust Board cathedral	65,500	-
Gisborne Crime Prevention Camera Trust	37,636	-
Gisborne International Music Competition 2015/16	30,000	-
Gisborne Museum of Art and History Trust	77,410	-
Gisborne Vintage Railway	195,000	-
Gisborne Wainui Lions Club	250,000	-
Longbush Ecoscantuary	-	65,000
Multi use turf facility	-	100,000
Navigational project	100,000	1,700,000
Ngai Tamanuhiri Whanui Trust	38,990	-
Papawhariki Society Inc.	-	30,000
SAFE Tairawhiti Community Trust	25,000	-
Surf Lifesaving New Zealand	-	50,000
Tairawhiti Cultural Development Trust	-	50,000
Tairawhiti Technology Trust	40,000	-
Te Poho o Rawiri Marae	-	550,000
The Gisborne Art in Public Places Charitable Trust	40,000	-
Tu Ake Te Karaka Trust	28,000	-
Unitech Mindlab	-	825,000
Waikanae Surf Life Saving Club	140,000	-
Wainui Surf Lifesaving Club	36,000	-
	1,404,836	3,557,500

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2016

27 DISTRIBUTIONS PAID OVER \$1,000 (CONTINUED)

Smart Energy Solutions	80,183	312,945
Eastland Development Fund	-	280,000
GDC - Gigatown initiative	-	52,500
Activate Tairāwhiti	262,115	-
Black Fig Catering	12,500	-
Ease Up Tairāwhiti	5,000	-
Eastland Rescue Helicopter Trust	6,326	-
Eastland Sports Foundation Education Trust	13,999	-
FI360 Pacific	5,000	-
Gisborne Boardriders Club	10,000	-
Gisborne Budget Advisory Service Inc	10,000	-
Gisborne Business and Professional Women	2,000	-
Gisborne District Council	530,000	-
Gizzy School Lunches	3,495	-
He Awa Ora He Tai Ora Healthy Rivers Living Sea Education Charitable Trust	5,000	-
Hikurangi Takiwa Trust	5,000	-
Hospice Tairāwhiti	8,500	-
Life Education Trust	10,000	-
Naati Beez	5,000	-
Paikea Whitireia Trust	10,000	-
Poverty Bay A & P Association	10,000	-
Poverty Bay Blues Incorporated	10,000	-
Radio Ngati Porou Charitable Trust	10,000	-
Rongowhakaata Iwi Trust	5,000	-
The Boardroom	4,500	-
TMS Sport Promotions Ltd	43,000	-
Tourism Eastland	10,000	-
Turanganui a Kiwa Voyaging Trust	10,000	-
	1,086,618	645,445
Total distributions paid	2,491,454	4,202,945

28 SUBSEQUENT EVENTS

As described in Note 20 - Contingencies, the Group has been charged under the Resource Management Act for disturbance of the lake/river bed and the discharge of contaminants into water, the Group is assessing its legal options.

The Group is unaware of any significant events between the preparation and authorisation of these financial statements as at 27 July 2016.