



Michael Muir

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Chairman, ECT

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Trustee, ECT



EASTLAND COMMUNITY TRUST
AND GROUP

2017

**FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED
MARCH 2017

CONTENTS OF FINANCIAL STATEMENTS

For the year ended 31 March 2017

Contents of financial statements	1
Audit report	2 - 3
Statement of comprehensive revenue and expense	4
Statement of budget and actual comparison	5
Statement of financial position	6
Statement of changes in net assets/equity	7 - 8
Statement of cash flows	9 - 10
Notes to and forming part of the financial statements	11 - 53

Independent Auditor's Report

To the Trustees of Eastland Community Trust

Opinion

We have audited the financial statements of Eastland Community Trust (the 'Trust') and its subsidiaries ('the Group'), which comprise the consolidated and separate statement of financial position as at 31 March 2017, and the consolidated and separate statement of comprehensive revenue and expense, statement of changes in net assets/equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements, on pages 4 to 53, present fairly, in all material respects, the consolidated and separate financial position of the Group as at 31 March 2017, and its consolidated and separate financial performance and cash flows for the year then ended in accordance with Public Benefit Entity Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report.

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

We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants*, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor and the provision of other assurance services relating to the audit of regulatory disclosure statements, we have no relationship with or interests in the Trust or any of its subsidiaries. These services have not impaired our independence as auditor of the Trust or the Group.

Other information

The Board of Trustees are responsible on behalf of the Group for the other information. The other information comprises the information in the Annual Report that accompanies the consolidated and separate financial statements and the audit report.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information, and consider whether it is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.

Board of Trustees' responsibility for the consolidated and separate financial statements

The Board of Trustees are responsible on behalf of the Group for the preparation and fair presentation of the consolidated and separate 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 and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the Board of Trustees are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Trustees either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

A further description of our responsibilities for the audit of the consolidated and separate financial statements is located on at the External Reporting Board's website at:

<https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-7>

This description forms part of our auditor's report.

Restriction on use

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.



Deloitte Limited
Wellington, New Zealand
24 July 2017

This audit report relates to the consolidated and separate financial statements of Eastland Community Trust (the 'Trust') and its subsidiaries (the 'Group') for the year ended 31 March 2017 included on the Trust's website. The Board of Directors are responsible for the maintenance and integrity of the Trust's website. We have not been engaged to report on the integrity of the Trust's website. We accept no responsibility for any changes that may have occurred to the consolidated and separate financial statements since they were initially presented on the website. The audit report refers only to the consolidated and separate financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these consolidated and separate financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited consolidated and separate financial statements and related audit report dated 24 July 2017 to confirm the information included in the audited consolidated and separate financial statements presented on this website.

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the year ended 31 March 2017

	Note	Group		Parent	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Revenue from exchange transactions	3	76,020	73,848	11,512	9,926
Revenue from non-exchange transactions	3	2,237	1,827	-	-
Total revenue		78,257	75,675	11,512	9,926
Operating expenses	4	(14,512)	(14,146)	-	-
Depreciation and amortisation	4	(15,113)	(14,883)	(4)	(3)
Administrative expenses	4	(13,472)	(8,983)	(911)	(922)
Personnel expenses	18	(10,941)	(9,584)	(574)	(483)
Finance expenses	4	(5,684)	(6,238)	-	-
Total expenditure		(59,722)	(53,834)	(1,489)	(1,408)
Operating surplus		18,535	21,841	10,023	8,518
Other non-operating income	5	1,576	1,605	1,391	1,190
Other non-operating expenditure	6	(1,115)	(523)	-	-
Share of surplus of joint venture	14	(559)	788	-	-
Surplus before income tax		18,437	23,711	11,414	9,708
Income tax expense	7	(6,383)	(6,450)	(1,522)	(1,236)
Surplus after tax		12,054	17,261	9,892	8,472
Loss from discontinued operations	11	-	(45)	-	-
Net surplus after tax		12,054	17,216	9,892	8,472
Other comprehensive revenue and expense					
Cashflow hedges		4,720	(9,780)	-	-
Revaluation of property plant and equipment		(325)	19,124	-	-
Revaluation movements of investments		779	120	779	120
Tax on comprehensive income		(1,287)	(2,165)	-	-
Total other comprehensive revenue and expense		3,887	7,299	779	120
Total comprehensive revenue for the period		15,941	24,515	10,671	8,592
Attributable as:					
Surplus for the year:					
Equity holders of the parent		12,082	17,237	9,892	8,472
Non-controlling interest		(28)	(21)	-	-
		12,054	17,216	9,892	8,472
Total comprehensive revenue:					
Equity holders of the parent		15,969	24,536	10,671	8,592
Non-controlling interest		(28)	(21)	-	-
		15,941	24,515	10,671	8,592

STATEMENT OF ACTUAL AND BUDGET COMPARISON

For the year ended 31 March 2017

	Note	Parent		Parent	
		2017 Actual \$'000	2017 Budget \$'000	2016 Actual \$'000	2016 Budget \$'000
Revenue					
Eastland Group Limited capital note interest		2,130	2,130	2,136	2,130
Eastland Group Limited dividends		6,135	5,815	5,615	5,615
Eastland Development Fund Limited interest		692	-	-	-
Prime SPV Limited interest		441	-	-	-
Craigs portfolio		1,588	1,340	1,526	1,302
Forsyth Barr portfolio		454	452	472	319
Investment funds		72	23	180	207
Other income		1,391	-	1,187	-
Total revenue		12,903	9,760	11,116	9,573
Expenditure					
Compliance		(37)	(35)	(40)	(58)
Communications		(29)	(40)	(29)	(30)
Office and operational		(185)	(170)	(242)	(172)
Sponsorship		(49)	(100)	-	-
Staffing		(617)	(535)	(531)	(520)
Strategic review and business development investigation		(185)	(250)	-	-
Board		(228)	(260)	(273)	(260)
Investment monitoring and activities		(159)	(160)	(293)	(253)
Total expenditure		(1,489)	(1,550)	(1,408)	(1,293)
Surplus before income tax		11,414	8,210	9,708	8,280
Income tax		(1,522)	-	(1,236)	(1,423)
Surplus after income tax		9,892	8,210	8,472	6,857

Explanation of significant variances

Financial year ended 31 March 2017

Income was ahead of budget by \$3,143,000 an increase of 32.2%. This was as a result of higher than budgeted income from the Craigs investment portfolio, better than expected dividends from Eastland Group Ltd and interest being charged to subsidiary companies. Other income relates to realised gains on sale of investments.

Operational costs were down on budget by \$61,000, equating to a decrease of 3.9%. The notable variances were: more staff resulting from trustees' decisions to build capability and capacity within the Trust which increased office, operational and staff costs. Lower than anticipated spending on sponsorship and business development opportunities.

Financial year ended 31 March 2016

Income was ahead of budget by \$1,543,000 an increase of 16.1%. This was 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 were up on budget by \$115,000, equating to an increase of 8.9%. There were ups and downs between categories with notable variances being: the timing of sponsorship payments; support to investigate and deliver additional projects; strategy development; and increased investment review costs associated with investment opportunities.

STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

		Group		Parent	
	Note	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	8	12,399	8,521	7,104	5,566
Exchange trade and other receivables	9	8,535	8,591	201	206
Non-exchange trade and other receivables	9	258	258	258	258
Inventory		56	38	-	-
Assets held for sale	11	2,438	7,412	-	-
Income tax receivable		-	-	845	578
Total current assets		23,686	24,820	8,408	6,608
Non-current assets					
Investment properties	12	14,065	16,350	-	-
Investment in subsidiaries	13	-	-	29,947	25,556
Investment in joint venture	14	3,280	4,761	-	-
Intangible assets	15	6,285	6,341	-	-
Derivative financial instruments	23	291	-	-	-
Other investments	16	51,535	46,789	76,484	74,560
Property, plant & equipment	10	448,697	389,229	9	10
Total non-current assets		524,153	463,470	106,440	100,126
Total assets		547,839	488,290	114,848	106,734
LIABILITIES					
Current liabilities					
Liabilities associated with assets held for sale	11	2,300	4,300	-	-
Derivative financial instruments	23	3,413	3,219	-	-
Employee entitlements	18	1,269	1,801	42	34
Income tax payable		88	539	-	-
Payables and accruals	17	9,987	9,014	2,572	1,851
Total current liabilities		17,057	18,873	2,614	1,885
Non-current liabilities					
Loans and borrowings	19	166,000	114,000	-	-
Derivative financial instruments	23	7,722	12,345	-	-
Income in advance		413	465	-	-
Deferred tax	7	48,387	47,320	-	-
Total non-current liabilities		222,522	174,130	-	-
Total liabilities		239,579	193,003	2,614	1,885
Net assets		308,260	295,287	112,234	104,849
EQUITY					
Trust capital	24	20,000	20,000	20,000	20,000
Reserves	24	132,945	129,058	6,936	6,157
Non-controlling interest		455	483	-	-
Retained earnings		154,860	145,746	85,298	78,692
Total equity		308,260	295,287	112,234	104,849

STATEMENT OF CHANGES IN NET ASSETS/EQUITY

For the year ended 31 March 2017

	Trust capital	Hedge reserve	Asset revaluation reserve	Group Investment revaluation reserve	Retained earnings	Non- controlling interest	Total equity
31 March 2017	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 01 April	20,000	(11,103)	134,004	6,157	145,746	483	295,287
Surplus for year	-	-	-	-	12,082	(28)	12,054
Other comprehensive income	-	3,398	(290)	779	-	-	3,887
Total comprehensive income	-	3,398	(290)	779	12,082	(28)	15,941
Transactions with owners							
Movement in non-controlling interest	-	-	-	-	-	-	-
Derecognition of reserves	-	-	-	-	319	-	319
JV distributions	-	-	-	-	(1)	-	(1)
Distributions	-	-	-	-	(4,335)	-	(4,335)
Tax effect on distributions	-	-	-	-	1,049	-	1,049
Total transactions with owners	-	-	-	-	(2,968)	-	(2,968)
Balance at 31 March	20,000	(7,705)	133,714	6,936	154,860	455	308,260

	Trust capital	Hedge reserve	Asset revaluation reserve	Group Investment revaluation reserve	Retained earnings	Non- controlling interest	Total equity
31 March 2016	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 01 April	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)
Distributions	-	-	-	-	(4,234)	-	(4,234)
Tax effect on distributions	-	-	-	-	805	-	805
Total transactions with owners	-	-	-	-	(3,314)	70	(3,244)
Balance at 31 March	20,000	(11,103)	134,004	6,157	145,746	483	295,287

STATEMENT OF CHANGES IN NET ASSETS/EQUITY (CONTINUED)

For the year ended 31 March 2017

	Trust capital	Hedge reserve	Asset revaluation reserve	Parent Investment revaluation reserve	Retained earnings	Non- controlling interest	Total equity
31 March 2017	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 01 April	20,000	-	-	6,157	78,692	-	104,849
Surplus for year	-	-	-	-	9,892	-	9,892
Other comprehensive income	-	-	-	779	-	-	779
Total comprehensive income	-	-	-	779	9,892	-	10,671
Transactions with owners							
Distributions	-	-	-	-	(4,335)	-	(4,335)
Tax effect on distributions	-	-	-	-	1,049	-	1,049
Total transactions with owners	-	-	-	-	(3,286)	-	(3,286)
Balance at 31 March	20,000	-	-	6,936	85,298	-	112,234

	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	20,000	-	-	6,037	73,649	-	99,686
Surplus for year	-	-	-	-	8,472	-	8,472
Revaluations	-	-	-	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	20,000	-	-	6,157	78,692	-	104,849

STATEMENT OF CASHFLOWS

For the year ended 31 March 2017

	Note	Group		Parent	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Cash flows from operating activities					
Cash provided from:					
Receipts from customers		75,660	74,113	-	-
Dividends received		1,197	1,180	7,332	6,795
Interest received		958	996	3,061	3,110
Other income		1,391	1,190	1,391	1,190
		79,206	77,479	11,784	11,095
Cash applied to:					
Payments to suppliers and employees		(36,734)	(31,305)	(1,475)	(1,428)
Interest paid		(7,402)	(7,110)	-	-
Income tax paid		(6,890)	(6,654)	(1,591)	(114)
		(51,026)	(45,069)	(3,066)	(1,542)
Net cash flow from operating activities		28,180	32,410	8,718	9,553
Cash flows from investing activities					
Cash provided from:					
Proceeds from sale of investment properties		669	-	-	-
Proceeds from sale of property, plant and equipment		1,868	97	-	-
		2,537	97	-	-
Cash applied to:					
Purchase of intangibles		-	(90)	-	-
Purchase of investments		(3,967)	(10,465)	(1,145)	(3,682)
Purchase of property, plant & equipment		(70,001)	(37,843)	(3)	(4)
Related party advances		-	-	(3,465)	(8,408)
Purchase of investment properties		(1,255)	(244)	-	-
		(75,223)	(48,642)	(4,613)	(12,094)
Net cash flow (used in) from investing activities		(72,686)	(48,545)	(4,613)	(12,094)
Cash flows from financing activities					
Cash provided from:					
Distribution from associate		951	1,164	-	-
Borrowings		52,000	13,300	-	-
		52,951	14,464	-	-
Cash applied to:					
Equity distributions		(2,567)	(2,505)	(2,567)	(2,505)
Borrowings		(2,000)	-	-	-
		(4,567)	(2,505)	(2,567)	(2,505)
Net cash flow from (used in) financing activities		48,384	11,959	(2,567)	(2,505)
Net cash flows from continuing operations		3,878	(4,176)	1,538	(5,046)
Net cash flows from discontinued operations		-	739	-	-
Net (decrease)/increase in cash and cash equivalents		3,878	(3,437)	1,538	(5,046)
Cash and cash equivalents at beginning of period		8,521	11,958	5,566	10,612
Cash and cash equivalents at end of period	8	12,399	8,521	7,104	5,566

STATEMENT OF CASHFLOWS (CONTINUED)

For the year ended 31 March 2017

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

	Note	Group		Parent	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Profit for the period		12,054	17,216	9,892	8,472
Adjusted for:					
Depreciation		15,113	14,883	4	3
Customer contributions and vested assets		(498)	(143)	-	-
Impairment loss		3,619	258	-	-
Loss on sale of fixed assets		620	293	-	-
Loss on sale of investment properties		495	-	-	-
Income from JV		678	(652)	-	-
Change in the fair value of investment property		(181)	(408)	-	-
Loss from discontinued operations		-	(795)	-	-
Capitalised interest		(1,737)	(688)	(1,132)	-
Tax/deferred tax expense		1,302	567	1,522	1,236
		19,411	13,315	394	1,239
Movement in working capital:					
(Increase)/Decrease in trade and other receivables		(121)	583	13	(21)
(Increase)/decrease in inventory		(18)	34	-	-
Decrease in assets held for sale		-	840	-	-
(Decrease)/Increase in employee entitlements		(540)	246	-	-
(Decrease) in income in advance		(53)	-	-	-
(Decrease) in income tax payable		(1,811)	(786)	(1,591)	(114)
(Decrease)/increase in payables and accruals		(742)	962	10	(23)
		(3,285)	1,879	(1,568)	(158)
Net cash from operating activities		28,180	32,410	8,718	9,553

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

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 80 years from the date of execution of the Trust Deed, 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 2017 and were approved by the Trustees on 24 July 2017.

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 2017

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

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 2017. 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 2017

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.

(vii) Non-exchange income

Non-exchange income comprises of income received from another party without directly giving approximate value in return.

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 2017

3 REVENUE (CONTINUED)

NOTE	Group		Parent	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Revenue from exchange transactions				
Revenue from rendering of services				
Electricity distribution revenue	34,503	32,826	-	-
Logistics revenue	30,040	27,632	-	-
Management fees received from related parties	69	81	-	-
Total revenue from rendering of services	64,612	60,539	-	-
Revenue from sale of goods				
Energy sales	4,297	5,906	-	-
Customer contributions	454	143	-	-
Total revenue from sale of goods	4,751	6,049	-	-
Other exchange transaction revenue				
Other income	1,893	1,506	-	-
Property rentals	2,623	3,557	-	-
Interest income on cash and cash equivalents	120	218	93	196
Interest income on investments	824	799	4,087	2,935
Dividends received	1,197	1,180	7,332	6,795
Total other exchange transaction revenue	6,657	7,260	11,512	9,926
Total revenue from exchange transactions	76,020	73,848	11,512	9,926
Revenue from non-exchange transactions				
Other income	2,237	1,827	-	-
Total revenue from non-exchange transactions	2,237	1,827	-	-
Total revenue	78,257	75,675	11,512	9,926

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 2017

4 EXPENDITURE (CONTINUED)

NOTE

	Note	Group		Parent	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Operating expenses					
Electricity distribution expenses		9,000	8,538	-	-
Electricity generation expenses		2,124	2,428	-	-
Logistics operating expenses		3,388	3,180	-	-
Total operating expenses		14,512	14,146	-	-
Depreciation and amortisation					
Depreciation of property, plant and equipment	10	15,057	14,828	4	3
Amortisation	15	56	55	-	-
Total depreciation and amortisation		15,113	14,883	4	3
Administrative expenses					
Administration		9,172	8,182	886	894
Impairment losses and bad debt write-offs on trade receivables	11	3,619	28	-	-
Direct operating expenditure arising on investment properties that generated rental income		362	433	-	-
Auditor's remuneration to Deloitte comprises:					
audit of financial statements		268	281	25	28
audit of commerce commission reporting		51	55	-	-
other		-	4	-	-
Total administrative expenses		13,472	8,983	911	922
Finance expenses					
Interest expense		5,684	6,195	-	-
Net foreign exchange losses		-	43	-	-
Total finance expense		5,684	6,238	-	-

Donations of \$400 were made during the financial year (2016: \$285) and sponsorships of \$48,902 were made during the financial year (2016: \$10,000). 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	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Impairment losses recovered	4	7	-	-
Gain on sale of investments	1,391	1,190	1,391	1,190
Change in fair value of investment property	181	408	-	-
Total non-operating income	1,576	1,605	1,391	1,190

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2017

6 NON-OPERATING EXPENDITURE

	Group		Parent	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Loss on sale of investment property	495	-	-	-
Loss on revaluations	-	230	-	-
Loss on sale of property, plant and equipment	620	293	-	-
Total non-operating expenditure	1,115	523	-	-

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

		Group		Parent	
	Note	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Current tax expense					
Current period		(6,846)	(7,118)	(1,522)	(1,236)
Adjustment for prior periods		242	(1)	-	-
Total current tax (expense)		(6,604)	(7,119)	(1,522)	(1,236)
Deferred tax expense					
Temporary differences for the year		416	462	-	-
Adjustment for prior periods		(195)	207	-	-
Total deferred tax income		221	669	-	-
Total income tax (expense)		(6,383)	(6,450)	(1,522)	(1,236)

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2017

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			
	2017 %	2017 \$'000	2016 %	2016 \$'000	2017 %	2017 \$'000	2016 %	2016 \$'000
Accounting profit before income tax		18,437		23,711		11,414		9,708
At the statutory income tax rate	(33.0%)	(6,085)	(33.0%)	(7,825)	(33.0%)	(3,767)	(33.0%)	(3,204)
Group eliminations	(12.5%)	(2,309)	(4.7%)	(1,103)	0.0%	-	0.0%	-
Adjustments in respect of previous years	0.4%	73	0.9%	206	0.0%	-	0.0%	-
Subvention	2.6%	471	0.0%	-	0.0%	-	0.0%	-
Non-deductible	(4.4%)	(805)	(0.2%)	(50)	(0.2%)	(27)	(0.2%)	(18)
Non-taxable income	12.3%	2,272	9.8%	2,322	19.9%	2,272	20.5%	1,986
	(34.6%)	(6,383)	(27.2%)	(6,450)	(13.3%)	(1,522)	(12.7%)	(1,236)

Note: The Group statutory tax rate is calculated as 33.0%. All subsidiary company's tax rates are 28% and the Trust tax rate is 33%.

Deferred tax assets/(liabilities)

	Group					
	Property plant and equipment	Provisions and accruals	Investment property	Hedge reserve	Other	Total
31 March 2017	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 01 April	(51,907)	344	78	4,240	(75)	(47,320)
Amounts recognised in the Statement of Comprehensive Revenue and Expense						
Relating to the current period	374	(14)	55	2	-	417
Prior period adjustments	(238)	41	-	-	-	(197)
Amounts recognised directly in other comprehensive income	34	-	-	(1,321)	-	(1,287)
Balance at 31 March	(51,737)	371	133	2,921	(75)	(48,387)

	Group					
	Property plant and equipment	Provisions and accruals	Investment property	Hedge reserve	Other	Total
31 March 2016	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
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)

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2017

7 INCOME TAX EXPENSE (CONTINUED)

Group deferred tax net liability

The \$48.3 million (2016: \$47.3 million) net deferred tax liability includes \$51.7 million (2016: \$51.9 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 (2016: \$nil).

8 CASH AND CASH EQUIVALENTS

	Group		Parent	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Current accounts	12,333	6,428	7,104	5,566
Call deposits	66	2,093	-	-
Total cash and cash equivalents	12,399	8,521	7,104	5,566

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

The effective interest rate on call deposits is 2.01% (2016: 2.25%).

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	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Exchange trade and other receivables				
Trade receivables	7,265	7,317	-	-
GST receivable	151	-	-	-
Other receivables	1,119	1,274	201	206
Total exchange trade and other receivables	8,535	8,591	201	206

Trade receivables are stated net of impairment loss allowances of \$45,463 (2016: \$19,979). 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	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Non-exchange trade and other receivables				
Other receivables	258	258	258	258
Total non-exchange trade and other receivables	258	258	258	258

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2017

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 2017

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 PBE 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 2017

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 2017

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 2017	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost or fair value								
Balance at 01 April	60,268	148,839	57,372	106,002	17,434	19,542	13,765	423,222
Additions	3,803	7,476	10,284	2,230	924	2,709	46,369	73,795
Disposals	(1,358)	(389)	(5)	-	(130)	(482)	-	(2,364)
Transfers	2,560	23	7	459	-	(504)	-	2,545
Balance at 31 March	65,273	155,949	67,658	108,691	18,228	21,265	60,134	497,198
Accumulated depreciation								
Balance at 01 April	1,756	15,528	4,423	1,054	3,223	8,009	-	33,993
Disposals	(4)	(85)	(1)	-	(87)	(359)	-	(536)
Transfers	(3)	23	6	19	-	(58)	-	(13)
Depreciation charge for the year	1,022	5,408	2,724	3,124	1,036	1,743	-	15,057
Balance at 31 March	2,771	20,874	7,152	4,197	4,172	9,335	-	48,501
At 31 March, net of accumulated depreciation	62,502	135,075	60,506	104,494	14,056	11,930	60,134	448,697

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/	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)
Revaluation/ 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

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2017

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Parent							
	Land & buildings	Electricity distribution	Electricity generation equipment	Wharves, walls & surfaces	Floating plant	Other plant & equipment	Work in progress	Total
31 March 2017	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost or fair value								
Balance at 01 April	-	-	-	-	-	36	-	36
Additions	-	-	-	-	-	3	-	3
Balance at 31 March	-	-	-	-	-	39	-	39
Accumulated depreciation								
Balance at 01 April	-	-	-	-	-	26	-	26
Depreciation charge for the year	-	-	-	-	-	4	-	4
Balance at 31 March	-	-	-	-	-	30	-	30
At 31 March, net of accumulated depreciation	-	-	-	-	-	9	-	9

	Parent							
	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	-	-	-	-	-	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

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 2017 \$1,736,837 (2016: \$687,710) of interest has been capitalised.

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2017

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 were:

- 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 \$1.1 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 were based on current operating costs adjusted for inflation of 2%.

- A corporate tax rate of 28%.

- Revenue forecasts were 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 31 March 2017 (total fair value of \$15.4 million) by an independent valuer; Jacobs. The valuation used was a discounted cash flow basis, using the following assumptions:

- Outputs were based on an average plant availability of 25.5% of capacity resulting in an average production of 11.19 GW
- Wholesale electricity prices were based on the Gisborne reference nodal price path estimates prepared by an independent consultant; Energylink in April 2016.

- 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 was assumed in the forecast of capital expenditure.
- A corporate tax rate of 28%.

- A nominal post tax discount rate of 8.47% 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 2017

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

Capital expenditure was 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 was 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 were 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 were 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% was the weighted average cost of capital (WACC).

The terminal value was 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	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Land and buildings	26,779	24,989	-	-
Electricity distribution	83,838	79,794	-	-
Wharves, Walls & Surfaces	46,010	45,372	-	-
	156,627	150,155	-	-

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2017

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

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 a view to developing a wood processing cluster. When fully operational, it is expected to create as many as 120 direct jobs and inject up to \$7.7 million per annum into the local economy.

The asset was held for sale in the 2016 financial year and a decision was made to retain the land and certain buildings which were transferred to Land and Buildings during the year.

Subsequent to balance date a Sale and Purchase Agreement has been entered into to sell the sawmill plant and equipment, and selected buildings. This is an ongoing process and negotiations are underway with the potential purchaser.

To create 60 direct jobs and contribute to regional GDP, Trustees are prepared to accept a lower value than what is recorded in the financial statements. Accordingly, an impairment of \$3.6 million was made in the current year against the asset held for sale. This impairment is linked to the economic benefits and job opportunities that are expected to be derived.

	Group		Parent	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Assets and liabilities held for sale				
Prime sawmill property, plant and equipment	2,438	7,412	-	-
Total current assets	2,438	7,412	-	-
TOTAL ASSETS	2,438	7,412	-	-
Liabilities				
Current liabilities				
Loans and borrowings	(2,300)	(4,300)	-	-
Total liabilities associated with assets classified as held for sale	(2,300)	(4,300)	-	-
Net assets of assets held for sale	138	3,112	-	-

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2017

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	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Opening balance at 1 April	16,350	15,698	-	-
Additions	1,255	244	-	-
Disposals	(1,164)	-	-	-
Transfers out to operational property	(2,557)	-	-	-
Fair value adjustment	181	408	-	-
Closing balance at 31 March	14,065	16,350	-	-

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 2017

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 2017

13 INVESTMENT IN SUBSIDIARIES (CONTINUED)

NOTE

NOTE		Country of incorporation	Ownership Interest (%)	
			2017	2016
Eastland Group Limited	Infrastructure assets	NZ	100%	100%
Eastland Development Fund Limited	Investment company	NZ	100%	100%
Prime SPV Limited	Investment property	NZ	100%	100%
Eastech Limited	Contracting	NZ	100%	100%
Eastland Energy Solutions Limited	Energy Solutions	NZ	100%	100%
Eastland Generation Limited	Electrical generation	NZ	100%	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.

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 2017

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:

Portion of ownership
interest an voting rights
held by the Group

Name of joint venture	Principle activity	Place of incorporation	2017	2016
Eastland Debarking Ltd	Debarking and anti-sap treatment of export logs stored at the port in Gisborne.	New Zealand	50.0%	50.0%
WET Gisborne Ltd	Wood engineering.	New Zealand	49.9%	49.9%

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

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 other 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	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Current assets	6,113	9,568	-	-
Current liabilities	(900)	(522)	-	-
Non current assets	1,351	485	-	-
Net assets	6,564	9,531	-	-
The above amounts of assets and liabilities include the following:				
Cash and cash equivalents	4,192	9,113	-	-
Revenue	5,503	5,163	-	-
Expenditure	7,104	3,862	-	-
Total comprehensive income for the year	(1,601)	1,301	-	-
Share of profit of joint ventures	(678)	652	-	-
Group eliminations	119	136	-	-
Share of profit of joint ventures	(559)	788	-	-
Distributions made to joint venture partners	1,902	2,333	-	-
The above profit/loss for the year included the following:				
Depreciation and amortisation	116	77	-	-
Interest income	112	152	-	-

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2017

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	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Net assets of the joint venture	6,564	9,531	-	-
Proportion of the Group's ownership interest in joint ventures	49.97%	49.95%	-	-
Carrying amount of the Group's interest in the joint venture	3,280	4,761	-	-

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 (2016: \$Nil).

Contingent Liabilities

At 31 March, total contingent liabilities were \$Nil (2016: \$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.

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 2017

15 INTANGIBLE ASSETS (CONTINUED)

NOTE

	Group						
	Development rights	Vended assets	Resource consent	Access rights	Other	Goodwill	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
31 March 2017							
Cost							
Balance at 01 April	1,774	1,860	567	1,398	115	1,000	6,714
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	-	-	35	28	20	290	373
Amortisation for the period	-	-	16	28	12	-	56
Balance at 31 March	-	-	51	56	32	290	429
Carrying value at 31 March	1,774	1,860	516	1,342	83	710	6,285

	Group						
	Development rights	Vended assets	Resource consent	Access rights	Other	Goodwill	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
31 March 2016							
Cost							
Balance at 01 April	1,774	1,791	567	1,398	117	1,000	6,647
Acquisitions	-	-	-	-	(22)	-	(22)
Disposals	-	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

The parent company has not recognised any intangible assets (2016: \$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 2017

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	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'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 2.0%. Discount rates used ranged from 6.6% to 8.6%.

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 2.0%. 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	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Capital notes (related parties)	-	-	30,000	30,000
Fixed interest financial instruments	16,639	16,059	16,639	16,059
Listed equities	29,845	28,501	29,845	28,501
Unlisted equities	5,051	2,229	-	-
Total other investments	51,535	46,789	76,484	74,560

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 2017

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	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Trade payables	6,044	5,196	108	106
Non-trade payables and accrued expenses	3,504	3,373	2,464	1,745
Interest payable	439	420	-	-
GST payable	-	25	-	-
Total trade and other payables	9,987	9,014	2,572	1,851

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	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Provisions for:				
Annual leave	821	723	42	34
Short-term benefits	356	998	-	-
Post-employment benefits	92	80	-	-
Total employee benefit liability	1,269	1,801	42	34
Expenses recognised in profit or loss				
Wages and salaries	10,418	9,157	574	483
Contributions to defined contribution plans	523	427	-	-
Total employee entitlement expenses	10,941	9,584	574	483

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2017

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	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
The borrowings are repayable as follows:				
Within one to five years	168,300	118,300	-	-
Total borrowings	168,300	118,300	-	-
Classified as follows:				
Current - associated with assets held for sale	2,300	4,300	-	-
Non current loans and borrowings	166,000	114,000	-	-
Total borrowings	168,300	118,300	-	-

	Group		Parent	
	Drawn \$'000	Undrawn \$'000	Drawn \$'000	Undrawn \$'000
31 March 2017				
Bank facility A maturing 1 April 2021	166,000	44,000	-	-
Bank facility B maturing 30 June 2018	-	15,000	-	-
Winstone Pulp International Limited	2,300	4,300	-	-
	168,300	118,300	-	-
31 March 2016				
Tranche A maturing 1 April 2021	114,000	36,000	-	-
Tranche B maturing 30 June 2017	-	15,000	-	-
Winstone Pulp International Limited	4,300	-	-	-
	118,300	51,000	-	-

The Group has bank funding from the ANZ Bank, ASB and BNZ. At 31 March 2017 there were total bank facilities of NZD \$225 million (2016: \$165 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
Te Ahi o Maui Limited Partnership	Te Ahi o Maui GP 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% (2016: 0.87%). At 31 March 2017, the rates on borrowings ranged from 2.77% to 2.94% (2016: 3.14% to 3.58%). Facilities with the ANZ Bank had expiry dates of 1 April 2021 Tranche A (\$210 million) and a perpetual facility of \$15 million which expires 18 months from drawdown (2016: \$150 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 2017

20 CONTINGENCIES

At 31 March 2017, there were no known contingent liabilities.

21 COMMITMENTS

At 31 March 2017, the Group had total capital commitments payable within the next 12 months of \$19.3 million (2016: \$2.1 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 2017

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	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Less than one year	2,472	1,551	-	-
Between one and five years	4,922	1,796	-	-
More than five years	269	345	-	-
Total operating leases receivable	7,663	3,692	-	-

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	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Less than one year	906	914	81	107
Between one and five years	3,330	3,328	-	-
More than five years	11,310	12,701	-	-
Total operating leases payable	15,546	16,943	81	107

The Group operating lease payments of \$943,852 were made during this financial year (2016: \$818,679).

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 2017

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 2017

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 2017

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 2017

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

				Group			
		Cash and cash equivalents	Cash-flow hedges	Loans, receivables and Investments	Other liabilities at amortised cost	Total carrying amount	Fair value
31 March 2017	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets							
Trade and other receivables	9	-	-	8,793	-	8,793	8,793
Derivative financial instruments	23	-	291	-	-	291	291
Other Investments	16	-	-	51,535	-	51,535	51,535
Cash and cash equivalents	8	12,399	-	-	-	12,399	12,399
Total financial assets		12,399	291	60,328	-	73,018	73,018
Financial liabilities							
Derivative financial instruments	23	-	(11,135)	-	-	(11,135)	(11,135)
Loans and borrowings	19	-	-	-	(168,300)	(168,300)	(168,300)
Payables and accruals	17	-	-	-	(9,987)	(9,987)	(9,987)
Employee entitlements	18	-	-	-	(1,269)	(1,269)	(1,269)
Total financial liabilities		-	(11,135)	-	(179,556)	(190,691)	(190,691)
Total net financial assets/(liabilities)		12,399	(10,844)	60,328	(179,556)	(117,673)	(117,673)

				Group			
		Cash and cash equivalents	Cash-flow hedges	Loans, receivables and Investments	Other liabilities at amortised cost	Total carrying amount	Fair value
31 March 2016	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
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 TO FINANCIAL STATEMENTS

For the year ended 31 March 2017

23 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

				Parent	Other liabilities at	Total carrying	Fair value
		Cash and cash equivalents	Cash-flow hedges	Loans and receivables	amortised cost	amount	
31 March 2017	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets							
Trade and other receivables	9	-	-	459	-	459	459
Other investments	16	-	-	76,484	-	76,484	76,484
Cash and cash equivalents	8	7,104	-	-	-	7,104	7,104
Total financial assets		7,104	-	76,943	-	84,047	84,047
Financial liabilities							
Payables and accruals	17	-	-	-	(2,572)	(2,572)	(2,572)
Employee entitlements	18	-	-	-	(42)	(42)	(42)
Total financial liabilities		-	-	-	(2,614)	(2,614)	(2,614)
Total net financial assets/(liabilities)		7,104	-	76,943	(2,614)	81,433	81,433

				Parent	Other liabilities at	Total carrying	Fair value
		Cash and cash equivalents	Cash-flow hedges	Loans and receivables	amortised cost	amount	
31 March 2016	Notes	\$'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

(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 2017

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 \$170 million (2016: \$175 million) these include forward swaps of \$75 million with start dates ranging from 30 July 2017 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 2.85% and 5.94% (2016: 2.87% 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. 2017: \$Nil (2016: \$Nil). The hedge relationships are expected to be highly effective over the life of the swaps.

	Group and Parent	
	2017	2016
	Notional Amount	Notional Amount
	\$'000	\$'000
Interest Rate Swaps (Floating to Fixed)		
Maturing in less than 1 year	25,000	15,000
Maturing between 1 and 2 years	-	25,000
Maturing between 2 and 5 years	60,000	60,000
Maturing after 5 years	85,000	75,000
	170,000	175,000

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2017

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 2017	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets							
Trade and other receivables	9	8,793	-	-	-	-	8,793
Derivative financial instruments	23	288	-	3	-	-	291
Other investments	16	1,301	-	5,820	6,458	37,956	51,535
Cash and cash equivalents	8	12,399	-	-	-	-	12,399
Total financial assets		22,781	-	5,823	6,458	37,956	73,018
Financial liabilities							
Derivative financial instruments	23	(2,737)	(676)	(411)	(2,710)	(4,601)	(11,135)
Loans and borrowings	19	(2,000)	(300)	-	(166,000)	-	(168,300)
Payables and accruals	17	(9,987)	-	-	-	-	(9,987)
Employee entitlements	18	(1,269)	-	-	-	-	(1,269)
Total financial liabilities		(15,993)	(976)	(411)	(168,710)	(4,601)	(190,691)
Liquidity gap		6,788	(976)	5,412	(162,252)	33,355	(117,673)

		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
Derivative financial instruments	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)

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2017

23 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

		Parent					
		<6 months	6 -12 months	1-3 years	3-5 years	>5 years	Total
31 March 2017	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets							
Trade and other receivables	9	459	-	-	-	-	459
Other investments		1,301	-	5,820	6,458	62,905	76,484
Cash and cash equivalents	8	7,104	-	-	-	-	7,104
Total financial assets		8,864	-	5,820	6,458	62,905	84,047
Financial liabilities							
Payables and accruals	17	(2,572)	-	-	-	-	(2,572)
Employee entitlements	18	(42)	-	-	-	-	(42)
Total financial liabilities		(2,614)	-	-	-	-	(2,614)
Liquidity gap		6,250	-	5,820	6,458	62,905	81,433

		Parent					
		<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	464	-	-	-	-	464
Other investments	-	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

(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 2017 was \$45,463 (2016: \$19,979). Actual bad debts written off in the Statement of Comprehensive Revenue and Expense were \$19,186 (2016: \$28,505) 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 2017

23 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

Maturity profile

	Group					
	Current	1 - 60 days	61 - 90 days	91 - 180 days	Over 180 days	Total
31 March 2017	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other receivables						
Trade receivables	6,560	458	65	45	106	7,234
Total due	6,560	458	65	45	106	7,234
Impaired						
Trade and other receivables						
Trade receivables	-	-	-	-	48	48
Total impaired financial assets	-	-	-	-	48	48

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

	Group					
	Current	1 - 60 days	61 - 90 days	91 - 180 days	Over 180 days	Total
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.

The Parent has not recognised any impairment on its financial assets (2016: \$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 \$710,000 (2016: \$290,000). A decrease of 100 basis points on borrowings would result in an increase in profit before tax of \$710,000 (2016: \$290,000).

(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 \$562,500 (2016: \$412,500). A decrease of 25 basis points on bank facility fees would result in an increase in profit before tax of \$562,500 (2016: \$412,500).

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2017

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 \$7.8 million loss (2016: \$5.7 million loss). A fall of 1% in interest rates would result in a loss in other comprehensive income of \$3.4 million (2016: \$1.8 million) whereas an increase of 1% in interest rates would result in a gain in other comprehensive income of \$3.2 million (2016: \$1.7 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 \$2.0 million loss (2016: \$5.0 million loss). A fall of 1% in interest rates would result in a loss in other comprehensive income of \$2.7 million (2016: \$4.8 million) whereas an increase of 1% in interest rates would result in a gain in other comprehensive income of \$2.5 million (2016: \$4.3 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 2017

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 excluding GST were \$195,475 (2015: \$186,500).

M Muir (Chairman)	37,853	J Clarke	19,362	Appointed 1 July 2016
P Searle	25,816	T Kupenga	11,849	Appointed 14 October 2016
V Thorpe	25,816	R Brooking	9,875	Retired 30 June 2016
M Foon	25,816	M Mahuika	13,271	Retired 14 October 2016
P Reynolds	25,816			

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

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 T Kupenga 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/Shareholder Choice Energy Ltd	Director Te Runanganui o Ngati Porou Trustee Ltd
Director Choice Food (NZ) Ltd	Director /Shareholder Te Amokura Consultants Ltd
Director/Shareholder Gizza Look Ltd	Member Broadcasting Standards Authority
Director /Shareholder Choice Finance Ltd	Trustee Eastland Network Charitable Trust
Director/Shareholder Waihuka Ltd	Director Prime SPV Ltd

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2017

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 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	Director/Shareholder Triple Eight Investments Ltd
Shareholder Gradjobs Ltd	Director/Shareholder Alpha12 Ltd
Trustee NZ One Belt One Road Think Tank Trust	

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	Chair Enviro-Mark Solutions Ltd
Trustee Motu Economic and Public Policy Research Trust	

Mr J Clarke 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 NZW Wines General Partner Ltd	Director NZ Grapegrowers Ltd
Trustee Sunrise Foundation	Director New Zealand Winegrowers Inc.
Director Thos Corson Holdings Ltd	Trustee Eastland Network Charitable Trust
Director Eastwoodhill Trust Board	Director Prime SPV Ltd
Trustee Ilfracombe Trust	Alternative Civil Defence Controller - GDC

(d) Key management personnel compensation

	Group		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Key management personnel compensation comprises of:				
Short term employee benefits	2,371	1,828	181	190
KiwiSaver and other contributions	140	128	5	-
Total key management personnel compensation	2,511	1,956	186	190

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2017

25 RELATED PARTIES (CONTINUED)

(e) Related party transactions

All transactions with controlled subsidiaries have been eliminated on consolidation.

	Group		Parent	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Transactions with subsidiaries and joint ventures				
Dividends received from Eastland Group Ltd	-	-	6,135	5,615
Distributions were paid to Eastland Group Ltd	-	-	300	-
Interest received from Eastland Group Ltd	-	-	2,130	2,136
Interest received from Prime SPV Ltd	-	-	440	-
Interest received from Eastland Development Fund Ltd	-	-	692	-
Service agreement with Eastland Development Fund Ltd	-	-	(105)	(109)
Oncharge of costs to Debarking Joint Venture	820	821	-	-
Lease to WET Gisborne Ltd Joint Venture	28	-	-	-
Advances to related parties				
Eastland Development Fund Limited	-	-	7,026	6,455
Prime SPV Limited	-	-	6,721	2,901

Transactions with other related parties

Transactions have occurred with related parties under a normal supplier relationship at an arm's length basis. Payments were made to; Searle Family Trust for office lease, the Gisborne Herald for advertising and Gisborne Office Equipment for stationery.

Subvention payments of \$1,680,000 were made between Eastland Group Ltd, Prime SPV Ltd and Eastland Development Fund Ltd to maximise tax efficiencies.

Eastland Group Limited and Eastland Development Fund Limited entered into a sale and purchase agreement for two sections at Commerce Place for \$295,000.

Distributions of \$2,060,222 were made to Eastland Network Charitable Trust.

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 14 requests for information, third party costs of \$875 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 2017

27 DISTRIBUTIONS PAID OVER \$1,000

The Trust Deed requires disclosure of distributions paid over \$1,000. Following are the distributions approved during the year with the distributions paid during the year identified by way of an asterix.

	Parent 2017 \$
Distributions approved by Trustees in current year	
Attractive funding pool	
Connex Trust	* 200,000
Eastland Group Ltd	300,000
St John Ruatoria Area Committee	250,000
Turanganui a Kiwa Voyaging Trust	paid \$380,000 * 625,000
Whakarua Park Trust Board	400,000
	1,775,000
Positive - Major funding pool	
2020 Communications Trust	* 50,000
Black Fig	10,000
Gisborne Boardriders Club	* 10,000
Gisborne Chamber of Commerce	* 12,000
Gisborne Museum of Art and History	* 66,490
He Awa Ora He Tai Ora	* 39,000
Inner Fit	* 100,000
Kapai Kaiti Inc	* 21,200
Matawai Volunteer Fire Brigade	* 30,000
New Zealand Symphony Orchestra Foundation	* 20,000
Ngati Porou Hauora	* 90,000
Plant based New Zealand Health Trust	* 100,000
Poverty Bay Golf Club	* 96,400
Sunshine Service Inc	* 50,000
Swim for Life Tairāwhiti	* 20,000
Tairāwhiti Cultural Development Trust	* 100,000
Tairāwhiti Technology Trust	40,000
Te Ha 1769 Sestercentennial Trust	* 100,000
Te Runanga o Turanganui a Kiwa	* 100,000
Te Whare Hukahuka	55,000
Whinray Ecological Charitable Trust	* 33,060
	1,143,150

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2017

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

Positive - Minor funding pool

A & P Show	*	10,000
Activate Tairawhiti		5,000
Black Fig	*	6,000
Citizens Advice Bureau	*	10,000
Ease Up Tairawhiti		10,000
Eastland Swim	*	4,903
Express PR	*	10,000
Gisborne Aero Club Inc	*	8,970
Gisborne Contract Bridge Club Inc	*	5,000
Gisborne Judo Club	*	10,000
Gisborne Volunteer Centre		10,000
Gizzy Food Month	*	9,000
Gizzy School Lunches	*	8,972
Hikurangi Huataukina Trust		6,000
Life Education Trust	*	5,000
Massey University		9,700
Matapuna Training Centre	*	10,000
Matawai School		10,000
NZ Concert Bands	*	7,000
Poverty Bay Hockey Association	*	5,000
Poverty Bay Hunt Incorporated		6,600
Rongopai Marae Committee	*	5,875
SAFE Tairawhiti Community Trust	*	6,500
Sport Gisborne Tairawhiti	*	10,000
Surf Lifesaving NZ		5,000
Tairawhiti Softball Association	*	5,000
Te Kuri Walkway	*	1,000
Te Riu o Waiaapu	*	2,000
Te Runanganui o Ngati Porou	*	10,000
TMS Sport Promotions Ltd		5,000
Tu Ake Te Karaka Trust (distribution returned)	*	(6,475)
Waiohiki Intellectual Property Ltd	*	2,000
Whangara Angus Stud		10,000
		223,045

Prosperous funding pool

Activate Tairawhiti	paid \$711,000 *	1,185,000
Tourism Eastland		8,460
		1,193,460
Total distributions approved		4,334,655

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2017

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

Approved previous years paid current year

BDO	*	8,000
Eastland Helicopter Rescue Trust (multi year)	paid \$375,000 *	1,250,000
Gisborne District Council	paid \$430,000 *	860,000
Gisborne International Music Competition (multi year)	paid \$30,000 *	90,000
Gisborne Riding for Disabled	*	17,423
Gisborne Trampoline Club	*	10,000
Gisborne Volunteer Centre	*	3,060
Hackfalls Arboretum Charitable Trust	*	6,120
Hikurangi Takiwa Trust	paid \$5,000 *	10,000
Matawai Memorial Hall Assn	*	19,000
Poverty Bay Rugby Football Union	*	6,500
Sisterson Lagoon Restoration Trust	*	17,000
Taki Rua Productions Society Incorporated	*	10,000
Te Kura Awhio Trust	*	10,000
Te Kura Kaupapa Maori o Tapere Nui a Whatonga	*	27,350
Te Runanganui o Ngati Porou	*	150,000
Te Whare Whai Matauranga o Turanga	*	9,000
Whakarua Park Trust Board	*	8,000
Approved prior years paid current year		2,511,453

*** Total distributions paid** **3,616,348**

28 SUBSEQUENT EVENTS

Subsequent to balance date Prime SPV Limited entered into a Sale and Purchase agreement to sell the sawmill plant and equipment and certain buildings at the Prime Sawmill site. Note 11 provides more detail around this transaction.

Subsequent to balance date the Trust acquired the shares in Activate Tairawhiti Limited to closely align the two organisations economic development initiatives.