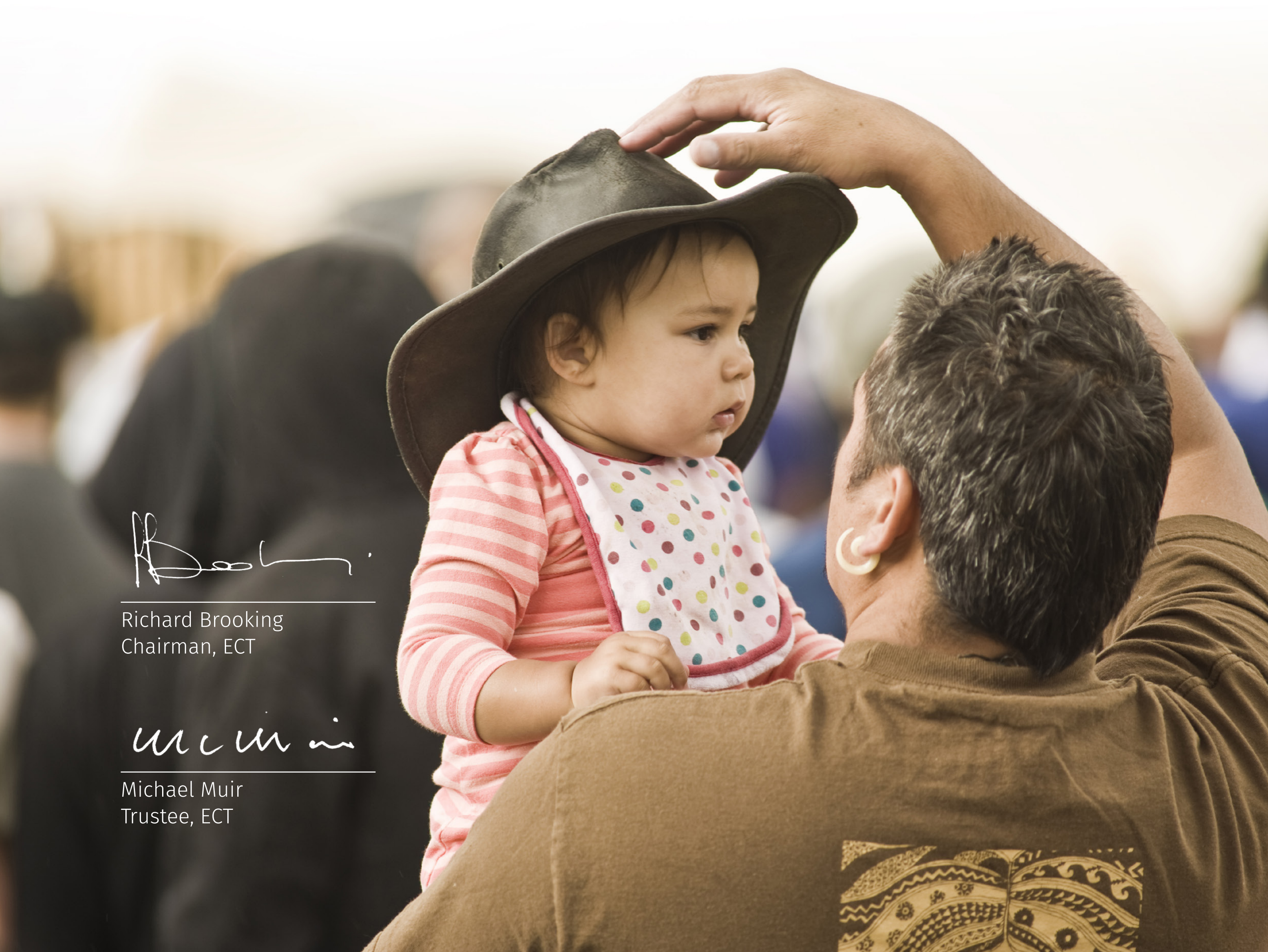
EASTLAND COMMUNITY TRUST AND GROUP ANNUAL REPORT 2015

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 2015



Richard Brooking
Chairman, ECT

Michael Muir
Trustee, ECT

Contents of financial statements

For the year ended 31 March 2015

Deloitte.

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

Report on the Financial Statements

We have audited the accompanying financial statements of Eastland Community Trust and Group on pages 3 to 56, which comprise the statement of financial position as at 31 March 2015, and the statement of financial performance, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Board of Trustees' Responsibility for the Financial Statements

The Board of Trustees are responsible for the preparation and fair presentation of these financial statements, in accordance with New Zealand Equivalents to International Financial Reporting Standards, International Financial Reporting Standards and generally accepted accounting practice in New Zealand, and for such internal control as the Board of Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates, as well as the overall presentation of the financial statements.

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

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

Opinion

In our opinion, the financial statements on pages 3 to 56 present fairly, in all material respects, the financial position of Eastland Community Trust and Group as at 31 March 2015, and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards, International Financial Reporting Standards and generally accepted accounting practice in New Zealand.

Deloitte

Chartered Accountants
29 July 2015
Wellington, New Zealand

This audit report relates to the financial statements of Eastland Community Trust and Group for the year ended 31 March 2015 included on Eastland Community Trust's website. The entity's Board of Trustees is responsible for the maintenance and integrity of the entity's website. We have not been engaged to report on the integrity of the entity's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these 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 financial statements and related audit report dated 29 July 2015 to confirm the information included in the audited financial statements presented on this website. Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Eastland Community Trust

Statement of Financial Performance
For the year ended 31 March 2015

	Notes	GROUP 2015 $'000	GROUP 2014 $'000	PARENT 2015 $'000	PARENT 2014 $'000
Revenue		73,007	69,131	-	-
Other income		1,247	1,912	100	-
Total Income	7	**74,254**	**71,043**	**100**	**-**
Electricity distribution expenses		(11,883)	(11,024)	-	-
Electricity generation expenses		(1,087)	(1,123)	-	-
Logistics operating expenses		(3,066)	(2,877)	-	-
Personnel expenses	24	(8,950)	(8,566)	(341)	(323)
Administrative expenses	8	(10,873)	(9,829)	(896)	(751)
Operating expenditure		**(35,859)**	**(33,419)**	**(1,237)**	**(1,074)**
Earnings before interest, income tax, depreciation and amortisation (EBITDA)		**38,395**	**37,624**	**(1,137)**	**(1,074)**
Depreciation and amortisation	8	(12,725)	(12,107)	(3)	(3)
Profit before interest and income tax		**25,670**	**25,517**	**(1,140)**	**(1,077)**
Finance income	9	2,791	2,314	9,960	9,503
Finance expenses	9	(6,204)	(6,184)	-	-
Share of profit of joint venture	19	1,403	1,587	-	-
Profit before income tax		**23,660**	**23,234**	**8,820**	**8,426**
Income tax expense	10	(6,850)	(6,881)	(1,354)	(1,305)
Net profit after tax		**16,810**	**16,353**	**7,466**	**7,121**
Profit from discontinued operations	16	(185)	733	-	-
Net profit		**16,625**	**17,086**	**7,466**	**7,121**
Profit for the year attributable to:					
Equity holders of the parent		16,678	17,164	7,466	7,121
Non-controlling interest		(53)	(78)	-	-
		16,625	**17,086**	**7,466**	**7,121**

Statement of Comprehensive Income
For the year ended 31 March 2015

	GROUP 2015 $'000	GROUP 2014 $'000	PARENT 2015 $'000	PARENT 2014 $'000
Net profit	**16,625**	**17,086**	**7,466**	**7,121**
Other comprehensive income				
Cashflow hedges	(4,174)	4,567	-	-
Revaluation of property plant and equipment	(1,490)	(11,054)	-	-
Revaluation movements of investments	3,438	611	3,438	611
Tax on comprehensive income	926	864	-	-
	(1,300)	**(5,012)**	**3,438**	**611**
Total comprehensive income for the period	**15,325**	**12,074**	**10,904**	**7,732**
Profit for the year attributable to:				
Equity holders of the parent	15,378	12,152	10,904	7,732
Non-controlling interest	(53)	(78)	-	-
	15,325	**12,074**	**10,904**	**7,732**

Statement of Financial Position
As at 31 March 2015

		GROUP		PARENT	
		2015	2014	2015	2014
	Notes	$'000	$'000	$'000	$'000
ASSETS					
Current assets					
Cash and cash equivalents	11	11,958	5,584	10,612	4,627
Trade and other receivables	12	9,203	14,551	185	208
Inventory	13	72	200	-	-
Current investments	14	-	5,023	-	35,023
Assets held for sale	16	840	971	-	-
Income tax		-	-	895	686
Total current assets		**22,073**	**26,329**	**11,692**	**40,544**
Non-current assets					
Investment properties	17	15,698	15,700	-	-
Investment in subsidiaries		-	-	17,148	17,148
Investment in joint venture	19	722	1,448	-	-
Investment in associate	20	-	1,215	-	-
Intangible assets	21	6,307	22,345	-	-
Derivative financial instruments	28	24	571	-	-
Other investments	22	41,016	34,296	71,016	34,296
Property, plant & equipment	15	353,428	309,528	9	12
Total non-current assets		**417,195**	**385,103**	**88,173**	**51,456**
Total assets		**439,268**	**411,432**	**99,865**	**92,000**
LIABILITIES					
Current liabilities					
Liabilities associated with assets held for sale	16	-	140	-	-
Derivative financial instruments	28	41	663	-	-
Employee entitlements	24	1,546	1,513	25	14
Income tax		877	1,300	-	-
Payables and accruals	23	5,663	6,818	154	273
Total current liabilities		**8,127**	**10,434**	**179**	**287**
Non-current liabilities					
Loans and borrowings	25	105,000	94,500	-	-
Derivative financial instruments	28	5,767	1,519	-	-
Income in advance		515	567	-	-
Deferred tax	10	45,823	41,687	-	-
Total non-current liabilities		**157,105**	**138,273**	**-**	**-**
Total liabilities		**165,232**	**148,707**	**179**	**287**
Net assets		**274,036**	**262,725**	**99,686**	**91,713**
EQUITY					
Trust capital	30	20,000	20,000	20,000	20,000
Reserves	30	121,759	118,244	6,037	2,599
Non-controlling interest		434	1,154	-	-
Retained earnings		131,843	123,327	73,649	69,114
Total equity		**274,036**	**262,725**	**99,686**	**91,713**

Eastland Community Trust

Statement of Changes in Equity

For the year ended 31 March 2015

GROUP 2015

	Trust capital	Hedge reserve	Asset revaluation reserve	Investment revaluation reserve	Retained earnings	Non-controlling interest	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at beginning of period	20,000	(1,056)	116,701	2,599	123,327	1,154	**262,725**
Comprehensive income - Net profit for the period	-	-	-	-	16,678	(53)	**16,625**
Net change in fair value of cash flow hedges	-	(4,174)	-	-	-	-	**(4,174)**
Disposals of property, plant and equipment	-	-	(54)	-	-	-	**(54)**
Revaluations	-	-	3,379	3,438	(4,815)	-	**2,002**
Income tax relating to components of comprehensive income	-	1,169	(243)	-	-	-	**926**
Total comprehensive income	**-**	**(3,005)**	**3,082**	**3,438**	**11,863**	**(53)**	**15,325**
Transactions with owners							
Movement in non-controlling interest	-	-	-	-	-	(1,038)	**(1,038)**
Derecognition of reserves	-	-	-	-	52	-	**52**
JV distributions	-	-	-	-	(20)	-	**(20)**
Acquisition of non-controlling interest	-	-	-	-	(371)	371	**-**
Distributions	-	-	-	-	(4,280)	-	**(4,280)**
Tax effect on distributions	-	-	-	-	1,272	-	**1,272**
Total transactions with owners	**-**	**-**	**-**	**-**	**(3,347)**	**(667)**	**(4,014)**
Balance at end of period	**20,000**	**(4,061)**	**119,783**	**6,037**	**131,843**	**434**	**274,036**

GROUP 2014

	Trust capital	Hedge reserve	Asset revaluation reserve	Investment revaluation reserve	Retained earnings	Non-controlling interest	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at beginning of period	20,000	(4,344)	125,612	1,988	108,484	827	**252,567**
Comprehensive income - Net profit for the period	-	-	-	-	17,164	(78)	**17,086**
Net change in fair value of cash flow hedges	-	4,567	-	-	-	-	**4,567**
Disposals of property, plant and equipment	-	-	(924)	-	-	-	**(924)**
Revaluations	-	-	(10,130)	611	-	-	**(9,519)**
Income tax relating to components of comprehensive income	-	(1,279)	2,143	-	-	-	**864**
Total comprehensive income	**-**	**3,288**	**(8,911)**	**611**	**17,164**	**(78)**	**12,074**
Transactions with owners							
Movement in non-controlling interest	-	-	-	-	-	405	**405**
Derecognition of reserves	-	-	-	-	921	-	**921**
JV distributions	-	-	-	-	(386)	-	**(386)**
Distributions	-	-	-	-	(4,134)	-	**(4,134)**
Tax effect on distributions	-	-	-	-	1,278	-	**1,278**
Total transactions with owners	**-**	**-**	**-**	**-**	**(2,321)**	**405**	**(1,916)**
Balance at end of period	**20,000**	**(1,056)**	**116,701**	**2,599**	**123,327**	**1,154**	**262,725**

Statement of Changes in Equity (continued)
For the year ended 31 March 2015

PARENT 2015	Trust capital	Hedge reserve	Asset revaluation reserve	Investment revaluation reserve	Retained earnings	Non-controlling interest	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at beginning of period	20,000	-	-	2,599	69,114	-	**91,713**
Comprehensive income - Net profit for the period	-	-	-	-	7,466	-	**7,466**
Revaluations	-	-	-	3,438	-	-	**3,438**
Total comprehensive income	**-**	**-**	**-**	**3,438**	**7,466**	**-**	**10,904**
Transactions with owners							
Distributions	-	-	-	-	(4,203)	-	**(4,203)**
Tax effect on distributions	-	-	-	-	1,272	-	**1,272**
Total transactions with owners	**-**	**-**	**-**	**-**	**(2,931)**	**-**	**(2,931)**
Balance at end of period	**20,000**	**-**	**-**	**6,037**	**73,649**	**-**	**99,686**

PARENT 2014	Trust capital	Hedge reserve	Asset revaluation reserve	Investment revaluation reserve	Retained earnings	Non-controlling interest	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at beginning of period	20,000	-	-	1,988	65,015	-	**87,003**
Comprehensive income - Net profit for the period	-	-	-	-	7,121	-	**7,121**
Revaluations	-	-	-	611	-	-	**611**
Total comprehensive income	**-**	**-**	**-**	**611**	**7,121**	**-**	**7,732**
Transactions with owners							
Distributions	-	-	-	-	(4,300)	-	**(4,300)**
Tax effect on distributions	-	-	-	-	1,278	-	**1,278**
Total transactions with owners	**-**	**-**	**-**	**-**	**(3,022)**	**-**	**(3,022)**
Balance at end of period	**20,000**	**-**	**-**	**2,599**	**69,114**	**-**	**91,713**

Eastland Community Trust

Statement of Cash Flows
For the year ended 31 March 2015

		GROUP		PARENT	
		2015	2014	2015	2014
	Notes	$'000	$'000	$'000	$'000
Cash flows from operating activities					
Cash provided from:					
Receipts from customers		71,396	67,168	-	-
Dividends received		1,038	879	6,038	5,679
Interest received		1,412	1,398	3,737	3,856
Other income		308	109	308	109
		74,154	**69,554**	**10,083**	**9,644**
Cash applied to:					
Payments to suppliers and employees		(34,599)	(33,710)	(1,182)	(1,135)
Interest paid		(6,627)	(6,680)	-	-
Income tax (paid)/received		(6,127)	(6,507)	(285)	(204)
		(47,353)	**(46,897)**	**(1,467)**	**(1,339)**
Net cash flow from (used in) operating activities		**26,801**	**22,657**	**8,616**	**8,305**
Cash flows from investing activities					
Cash provided from:					
Proceeds from sale of investment property		-	295	-	-
Proceeds from sale of investments		16,324	3,122	16,324	3,122
Proceeds from sale of property, plant and equipment		647	607	-	-
		16,971	4,024	16,324	3,122
Cash applied to:					
Purchase of intangibles		(1,925)	(749)	-	-
Purchase of investments		(14,583)	(10,949)	(14,583)	(10,221)
Purchase of property, plant & equipment		(28,581)	(24,159)	-	(6)
Related party advances		-	-	-	(1,603)
Purchase of investment properties		(278)	1	-	-
		(45,367)	**(35,856)**	**(14,583)**	**(11,830)**
Net cash flow from (used in) investing activities		**(28,396)**	**(31,832)**	**1,741**	**(8,708)**
Cash flows from financing activities					
Cash provided from:					
Distribution from associate		1,970	677	-	-
Proceeds from bank borrowings		10,500	1,500	-	-
		12,470	**2,177**	**-**	**-**
Cash applied to:					
Repayments of bank borrowings		-	-	-	-
Distributions from associates		-	-	-	-
Equity distributions		(4,447)	(3,969)	(4,372)	(4,135)
		(4,447)	**(3,969)**	**(4,372)**	**(4,135)**
Net cash flow from (used in) financing activities		**8,023**	**(1,792)**	**(4,372)**	**(4,135)**
Net cash flows from continuing operations		6,428	(10,967)	5,985	(4,538)
Net cash flows from discontinued operations		(54)	4,112	-	-
Net (decrease)/increase in cash and cash equivalents		**6,374**	**(6,855)**	**5,985**	**(4,538)**
Cash and cash equivalents at beginning of period		5,584	12,439	4,627	9,165
Cash and cash equivalents at end of period		**11,958**	**5,584**	**10,612**	**4,627**

Statement of Cash Flows

For the year ended 31 March 2015

RECONCILIATION OF THE PROFIT FOR THE PERIOD WITH NET CASH FROM OPERATING ACTIVITIES

		GROUP		PARENT	
		2015	2014	2015	2014
	Notes	$'000	$'000	$'000	$'000
Profit for the period		**16,625**	**17,086**	**7,466**	**7,121**
Adjustments for:					
Depreciation		12,725	12,107	3	3
Customer contributions and vested assets		(1,576)	(791)	-	-
Impairment loss		1,425	14	-	-
(Gain)/Loss on sale of fixed assets		54	(1,636)	-	-
Loss on sale of investment properties		-	1,625	-	-
Income from JV		(1,264)	(1,420)	-	-
Change in the fair value of investment property		383	(168)	-	-
Change in fair value of derivatives		-	4	-	-
Loss from discontinued operations		54	(4,112)	-	-
Interest capitalised to fixed assets		(486)	(475)	-	-
Tax/deferred tax expense		1,223	6,878	1,354	1,305
		12,538	**12,026**	**1,357**	**1,308**
Movement in working capital:					
(Increase)/decrease in trade and other receivables		(1,266)	(403)	23	142
(Increase)/decrease in inventory		129	(68)	-	-
Decrease in aircraft deposits (discontinued operations)		(135)	-	-	-
(Increase)/decrease in assets held for sale		131	1,793	-	-
Increase/(decrease) in employee entitlements		(52)	19	-	-
Increase in Joint Venture working capital		22	-	-	-
Decrease in income tax payable		(500)	(6,507)	(285)	(204)
Increase/(decrease) in payables and accruals		(691)	(1,289)	55	(62)
		(2,362)	**(6,455)**	**(207)**	**(124)**
Net cash from operating activities		**26,801**	**22,657**	**8,616**	**8,305**

Notes to the financial statements

For the year ended 31 March 2015

1 REPORTING ENTITY

The Eastland Energy Community Trust ("the Trust") was incorporated 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 financial statements for the Trust are for Eastland Community Trust as a separate legal entity. The consolidated financial statements for the Group are for the economic entity comprising Eastland Community Trust and its subsidiaries.

The financial statements and group financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993.

2 BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. The financial statements comply with International Financial Reporting Standards ("IFRS") and meet the reporting requirements of Tier 1 of the External Reporting Board.

The financial statements were approved by the Trustees on 29 July 2015.

(b) Basis of measurement

The financial statements have been prepared on 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.

The methods used to measure fair values are discussed further in note 4.

(c) Functional and presentation currency

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.

(d) Use of estimates and judgments

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.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described below.

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 Income to reflect the percentage completion of construction of those related items of property, plant and equipment.

2 BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgments (continued)

Classification of investments

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. Further information regarding the basis of consolidation is included in the following section on significant accounting policies.

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 NZ IAS 16, 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.

Valuation of goodwill and property, plant and equipment

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. Note 21 of these financial statements provides more information surrounding the assumptions management have made in this area.

Property, plant and equipment is revalued by management 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

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. Note 28 of these financial statements provides a list of the key observable inputs that management have applied in reaching their estimates of the fair values of financial instruments and also provides a sensitivity analysis detailing the potential future impacts of reasonably possible changes in those observable input over the next financial period.

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Basis of consolidation

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.

Associates

Associates are entities in which the Group has significant influence but not control over the operating and financial policies. Investments in associates are accounted for using the equity method. The Group's share of the net profit of associates is recognised in the Statement of Financial Performance after adjusting for differences, if any, between the accounting policies of the Group and the associates. The Group's share of any other gains and losses of associates charged directly to equity is recognised in the Statement of Financial Performance. Dividends received from associates are credited to the carrying amount of the investment in associates in the consolidated financial statements.

Joint ventures

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. The Group accounts for these using the equity method.

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 or 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 or an associate

Where an acquisition results in obtaining control of a subsidiary or an associate 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 Financial Performance. 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 Financial Performance.

Goodwill arising on acquisition of an additional interest in an associate while retaining significant influence

Where an acquisition results in the Group obtaining an additional non-controlling interest in an associate while retaining significant influence, goodwill is calculated as the difference between the fair value of the consideration paid and the amount of the Group’s acquired incremental share of the fair values of the total identifiable assets and liabilities of the acquiree at the date of the acquisition. If the Group’s acquired incremental share of the fair values of the acquiree’s total identifiable assets and liabilities exceeds the fair value of the consideration paid, the excess is included in the share of net profit from associates in the Statement of Financial Performance.

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 Financial Performance on consolidation. All intra-group advances are eliminated on consolidation.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial instruments

(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.

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. Fair value is determined in the manner described in note 4. 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 in to 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 Financial Performance 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) 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 Financial Performance immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in the Statement of Financial Performance 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 Financial Performance 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 Financial Performance 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 Financial Performance 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 Financial Performance 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 Financial Performance within finance costs.

Amounts accumulated in equity are recognised as finance costs in the Statement of Financial Performance in the periods when the hedged item is recognised in the Statement of Financial Performance. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the Statement of Financial Performance 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 Financial Performance when the forecast transaction is ultimately recognised in the Statement of Financial Performance. 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 Financial Performance.

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 Financial Performance 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial instruments (continued)

(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.

(c) Property, plant and equipment

(i) 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 owned by the Group.

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 Financial Performance 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. The basis of valuation is discussed in the notes.

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 Financial Performance.

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment (continued)

(ii) Depreciation

Depreciation is recognised in the Statement of Financial Performance 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.

(d) Investment property

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, use 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 Financial Performance within administrative expenses and disclosed separately in the financial statements. The basis of valuation is discussed in note 4.

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 Financial Performance 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 Financial Performance.

(e) 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Exploration and evaluation expenditure (continued)

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 Financial Performance 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.

(f) Impairment

(i) 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 Financial Performance within administrative 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 Financial Performance within administrative expenses.

(ii) 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 Financial Performance 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 impaired on Goodwill.

(g) 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Revenue

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 Financial Performance 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 Financial Performance 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 Financial Performance 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) Management fee

Revenue from management services rendered is recognised in the Statement of Financial Performance in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to costs incurred to date over total expected costs.

(v) Rental income

Rental income from investment property is recognised in the Statement of Financial Performance 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.

(vi) Dividend income

Dividend income is recognised when the right to receive payments is established.

(i) Finance income and expenses

Finance income comprises of interest income on funds invested, changes in the fair value of financial assets at fair value through the Statement of Financial Performance and gains on hedging instruments that are recognised in the Statement of Financial Performance. 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 below.

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

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 Financial Performance in the period which they are incurred.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Income tax expense

Income tax expense is made up of current and deferred tax. Income tax expense is recognised in the Statement of Financial Performance 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.

(k) Intangible assets

(i) 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 Financial Performance. 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.

(ii) Other intangibles

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

(l) Employee benefits

(i) 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.

(ii) 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Foreign currency transactions

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 Financial Performance.

(n) Inventory

Inventories are stated at the lower of cost and net realisable value. The estimated costs of marketing, selling and distribution are deducted from the estimated selling price in net realisable value. Cost is based on the first in first out principle and includes expenditure incurred in acquiring inventories and bringing them to their existing condition and location.

(o) Leases

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 Financial Performance 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 Financial Performance 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.

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.

(p) Goods and Services Tax (GST)

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

(q) Share capital

Ordinary shares are classified as equity.

(r) Dividend distribution

Dividend distributions to Eastland Community Trust from Eastland Group Ltd are recognised as revenue in the Eastland Community Trust parent results in the period in which the dividends are approved by the Directors.

Notes to the financial statements

For the year ended 31 March 2015

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Joint ventures

Joint ventures are accounted for through inclusion of Eastland 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 Financial Performance. 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.

(t) Prior period errors

Prior period errors are recognised in the Statement of Movements in Equity as an adjustment to opening equity balances if any have occurred during the year.

(u) 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;

(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.

(v) Non current assets held for sale

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. There has been a change in presentation and the comparative balances have been re-presented.

(w) Reclassification

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

(x) Implementation of new reporting standards

NZ IFRS 9: Financial Instruments - was adopted by the Group from 1 April 2014. The Standard adds requirements related to the classification and measurement of financial assets and financial liabilities, and de-recognition of financial assets and financial liabilities and replaces the hedging requirements of NZ IAS 39. The revised Standard aligns hedge accounting more closely with risk management and establishes a more principles based approach to hedge accounting. There has been no material impact on the adoption of this standard

4 DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for revaluation and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Property, plant and equipment

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.

(b) Investment Property

An external, independent valuation company with appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values Eastland 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.

(c) Trade and other receivables and trade and other payables

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.

(d) Derivatives

The fair value of interest rate swaps is based on broker quotes obtained by Eastland 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.

(e) Intangible assets

The fair value of intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets. Eastland Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 3 (k). The recoverable amounts of cash-generating units have been determined based on discounted cash flow calculations. These calculations require the use of estimates (note 21).

(f) Available-for-sale financial assets

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

Notes to the financial statements
For the year ended 31 March 2015

5 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 July 2014, and have not been applied in preparing these consolidated financial statements. While these may impact some disclosures, none of these are expected to have a material effect on the consolidated financial statements of the Group.

6 SEGMENT REPORTING

The Group's internal reporting is focused on the following businesses which are the Group's operating segments reported in accordance with NZ IFRS 8 Operating Segments. These consist of:

Electrical Distribution – Ownership and management of electricity line distribution and contracting business Eastech.

Electrical Generation – Ownership and management of electricity generation; including Waihi hydrogeneration and geothermal generation at Kawerau.

Logistics – Ownership and/or management of port , airport, coolstore and debarker operations.

All other segments - Corporate activities, business development, investment activity and aviation (now a discontinued operation).

All other revenues and costs (including head office costs) are included in All Other Segments.

Intersegment transactions included in the operating revenues and expenditures for each segment are on an arms' length basis. All segment information presented is prepared in accordance with the Group's accounting policies. Monthly internal reporting is also prepared on this basis. Segment profit reported is profit before interest and income tax. All financing costs and finance income are incorporated within Corporate activities and are not allocated to the segments.

GROUP

		Distribution	Generation	Logistics	All Other Segments	Intersegment	Total
31 March 2015	Note	$'000	$'000	$'000	$'000	$'000	$'000
External revenue:							
Operating revenue		35,707	7,289	28,472	1,539	-	73,007
Other operation income		85	763	14	385	-	1,247
Intersegment revenue		2,535	4,226	74	5,954	(12,789)	-
Segment revenue		**38,327**	**12,278**	**28,560**	**7,878**	**(12,789)**	**74,254**
External operating expenditure:							
Operating expenditure		(11,883)	(1,087)	(3,066)	-	-	(16,036)
Personnel expenditure		(2,639)	(560)	(2,896)	(2,855)	-	(8,950)
Other administrative expenditure		(1,039)	(1,284)	(2,235)	(6,315)	-	(10,873)
Intersegment expenditure		(7,822)	(1,940)	(2,131)	(730)	12,623	-
Operating expenditure		**(23,383)**	**(4,871)**	**(10,328)**	**(9,900)**	**12,623**	**(35,859)**
Earnings before interest, income tax, depreciation and amortisation (EBITDA)		**14,944**	**7,407**	**18,232**	**(2,022)**	**(166)**	**38,395**
Depreciation and amortisation		(5,272)	(1,761)	(5,177)	(515)	-	(12,725)
Segment profit before interest and income tax		**9,672**	**5,646**	**13,055**	**(2,537)**	**(166)**	**25,670**
Share of profit from joint venture		-	-	1,264	-	139	1,403
Profit from discontinued operations	16	-	-	-	(185)	-	(185)
Assets		146,597	66,698	144,963	81,010	-	439,268
Liabilities		23,909	13,877	19,086	108,360	-	165,232
Segment capital expenditure		17,583	235	16,622	557	-	34,997

Notes to the financial statements
For the year ended 31 March 2015

6 SEGMENT REPORTING (CONTINUED)

GROUP

31 March 2014		Distribution $'000	Generation $'000	Logistics $'000	All Other Segments $'000	Intersegment $'000	Total $'000
External revenue:							
Operating revenue		33,129	6,995	27,641	1,366	-	69,131
Other operation income	7	(3)	-	1,750	165	-	1,912
Intersegment revenue		2,491	3,167	93	5,632	(11,383)	-
Segment revenue		**35,617**	**10,162**	**29,484**	**7,163**	**(11,383)**	**71,043**
External operating expenditure:							
Operating expenditure		(11,024)	(1,123)	(2,877)	-	-	(15,024)
Personnel expenditure		(2,539)	(541)	(2,617)	(2,869)	-	(8,566)
Other administrative expenditure		(763)	(1,230)	(1,831)	(6,005)	-	(9,829)
Intersegment expenditure		(7,762)	(670)	(2,074)	(743)	11,249	-
Operating expenditure		**(22,088)**	**(3,564)**	**(9,399)**	**(9,617)**	**11,249**	**(33,419)**
Earnings before interest, income tax, depreciation and amortisation (EBITDA)		**13,529**	**6,598**	**20,085**	**(2,454)**	**(134)**	**37,624**
Depreciation and amortisation		(5,273)	(1,752)	(4,653)	(435)	6	(12,107)
Segment profit before interest and income tax		**8,256**	**4,846**	**15,432**	**(2,889)**	**(128)**	**25,517**
Share of profit from joint venture		-	-	1,420	-	167	1,587
Loss from discontinued operations	17(b)	-	-	-	733	-	733
Assets		133,461	66,934	137,487	73,550	-	411,432
Liabilities		24,854	7,879	19,274	96,700	-	148,707
Segment capital expenditure		5,432	1,412	14,506	2,712	-	24,062

Notes to the financial statements
For the year ended 31 March 2015

7 REVENUE

	Notes	GROUP 2015 $'000	GROUP 2014 $'000	PARENT 2015 $'000	PARENT 2014 $'000
Electricity distribution revenue		33,255	31,655	-	-
Logistics revenue		26,402	25,350	-	-
Energy sales		6,905	6,607	-	-
Property rentals		3,310	3,346	-	-
Management fees to related parties		80	89	-	-
Customer contributions		1,576	379	-	-
Other income		1,479	1,705	-	-
Total revenue		**73,007**	**69,131**	**-**	**-**
OTHER INCOME					
Other income		1,238	99	100	-
Impairment losses recovered		9	9	-	-
Gain on disposal of assets		-	1,636	-	-
Change in fair value of investment property		-	168	-	-
Total other income		**1,247**	**1,912**	**100**	**-**
Total income		**74,254**	**71,043**	**100**	**-**

8 ADMINISTRATIVE EXPENSES

	Notes	GROUP 2015 $'000	GROUP 2014 $'000	PARENT 2015 $'000	PARENT 2014 $'000
Administrative expenses		8,205	7,467	879	732
Impairment losses and bad debt write-offs on trade receivables		33	14	-	-
Direct operating expenditure arising on investment properties that generated rental income		482	453	-	-
Auditor's remuneration to Deloitte comprises:					
audit of financial statements		264	270	17	19
other services		60	-	-	-
Change in fair value of investment property		383	-	-	-
Loss on revaluations		177	-	-	
Loss on sale of property, plant and equipment		54	-	-	-
Loss on sale of investment property		-	1,625	-	-
Impairment of investments		1,215	-	-	-
Total administrative expenses		**10,873**	**9,829**	**896**	**751**

Donations of $13,589 were made during the financial year (2014: $Nil) and sponsorships of $114,015 were made during the financial year (2014: $73,577). These are included in other administrative expenses.

The 2014 personnel costs of the parent have been reclassified from other administrative expenses, these are now disclosed separately on the statement of financial performance.

Notes to the financial statements
For the year ended 31 March 2015

8 ADMINISTRATIVE EXPENSES (CONTINUED)

		GROUP		PARENT	
		2015	2014	2015	2014
	Notes	$'000	$'000	$'000	$'000
Depreciation and amortisation					
Depreciation as per property, plant and equipment	15	12,698	12,094	3	3
Amortisation	21	27	13	-	-
Total depreciation and amortisation		**12,725**	**12,107**	**3**	**3**

9 FINANCE INCOME AND EXPENSES

		GROUP		PARENT	
		2015	2014	2015	2014
	Notes	$'000	$'000	$'000	$'000
Interest income on cash and cash equivalents		809	679	416	523
Interest income on investments		718	612	3,298	3,192
Dividends received		1,038	879	6,038	5,679
Gain on sale of investments		208	109	208	109
Net foreign exchange gains		18	39	-	-
Fair value gains on derivative instruments at fair value through profit or loss		-	(4)	-	-
Total finance income		**2,791**	**2,314**	**9,960**	**9,503**
Finance expenses					
Interest expense on financial liabilities measured at amortised cost		6,204	6,184	-	-
Total finance expense		**6,204**	**6,184**	**-**	**-**

10 INCOME TAX EXPENSE

		GROUP		PARENT	
		2015	2014	2015	2014
	Notes	$'000	$'000	$'000	$'000
Continuing operations					
Current tax expense					
Current period		(7,340)	(7,201)	(1,354)	(1,305)
Adjustment for prior periods		445	1,082	-	-
Total current tax (expense)/income		**(6,895)**	**(6,119)**	**(1,354)**	**(1,305)**
Deferred tax expense					
Temporary differences for the year		387	442	-	-
Adjustment for prior periods		(256)	(104)	-	-
Total deferred tax (expense)/income		**131**	**338**	**-**	**-**
Subvention payment		(86)	(1,100)	-	-
Total income tax (expense)/income		**(6,850)**	**(6,881)**	**(1,354)**	**(1,305)**

Notes to the financial statements
For the year ended 31 March 2015

10 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 for the year ended 31 March 2015 is as follows:

	GROUP				PARENT			
	2015	2015	2014	2014	2015	2015	2014	2014
	%	$'000	%	$'000	%	$'000	%	$'000
Accounting profit before income tax		23,660		23,234		8,820		8,426
At the statutory income tax rate	(35.7%)	(8,455)	(35.8%)	(8,315)	(33.0%)	(2,911)	(33.0%)	(2,781)
Acquired adjustments in respect of current income tax of previous years	0.8%	189	4.2%	978	0.0%	-	0.0%	-
Subvention payment	(0.4%)	(86)	(4.7%)	(1,100)	0.0%	-	0.0%	-
Non-deductible expenses	(1.8%)	(422)	0.1%	28	(0.2%)	(17)	(0.6%)	(52)
Tax exempt income	8.1%	1,924	6.6%	1,528	17.8%	1,574	18.1%	1,528
	(29.0%)	**(6,850)**	**(29.6%)**	**(6,881)**	**(15.3%)**	**(1,354)**	**(15.5%)**	**(1,305)**

Note: The statutory tax rate shown as 29.0% is the result of amounts eliminated before tax is calculated. The Eastland Group Limited company tax rate is 28% and the Trust tax rate is 33%.

DEFERRED TAX ASSETS AND LIABILITIES

	GROUP					
	Property Plant and Equipment	Provisions and Accruals	Investment Property	Hedge Reserve	Other	Total
31 March 2015	$'000	$'000	$'000	$'000	$'000	$'000
Deferred tax						
Balance at beginning of the period	(42,448)	267	207	364	(77)	(41,687)
Amounts recognised in the Statement of Comprehensive Income						
Relating to the current period	387	(9)	(17)	(30)	-	331
Prior period adjustments recognised in the current period	(275)	67	-	-	2	(206)
Deferred tax on goodwill reclassification	(5,186)	-	-	-	-	(5,186)
Amounts recognised directly in other comprehensive income	(243)	-	-	1,168	-	925
Net deferred tax liabilities	**(47,765)**	**325**	**190**	**1,502**	**(75)**	**(45,823)**

Notes to the financial statements
For the year ended 31 March 2015

10 INCOME TAX EXPENSE (CONTINUED)

	GROUP					
	Property Plant and Equipment	Provisions and Accruals	Investment Property	Hedge Reserve	Other	Total
31 March 2014	$'000	$'000	$'000	$'000	$'000	$'000
Balance at beginning of the period	(44,819)	222	60	1,643	-	(42,894)
Amounts recognised in the Statement of Comprehensive Income						
Relating to the current period	250	43	147	-	3	443
Prior period adjustments recognised in the current period	(22)	2	-	-	(80)	(100)
Amounts recognised directly in other comprehensive income	2,143	-	-	(1,279)	-	864
Net deferred tax liability	**(42,448)**	**267**	**207**	**364**	**(77)**	**(41,687)**

The parent company has not recognised any deferred tax assets or liabilities (2014: $nil).

Group deferred tax net liability

The $45.8 million (2014: $41.7 million) net deferred tax liability includes $47.8 million (2014: $42.4 million) that relates to accounting depreciation on property, plant and equipment revalued, with the remaining 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.

11 CASH AND CASH EQUIVALENTS

	GROUP		PARENT	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Current accounts	9,742	2,985	10,612	3,753
Call deposits	2,216	2,599	-	874
Total cash and cash equivalents	**11,958**	**5,584**	**10,612**	**4,627**

Bank balances earn interest at floating rates based on daily bank deposit rates. Refer to Note 26 for further discussion on the Group's funding facilities.

The Group is party to funding and banking facilities made available to related companies. Since April 2010 the related companies' cash receipts and payments have been made through the bank accounts of Eastland Group Limited, which provides treasury services to the Group.

The effective interest rate on call deposits is 3.5% (2014: 2.75%):

A guarantee of $800,000 is in place for potential claims of subsidence relating to the site used for our geothermal plant at Kawerau.

12 TRADE AND OTHER RECEIVABLES

		GROUP		PARENT	
		2015	**2014**	**2015**	**2014**
	Notes	**$'000**	**$'000**	**$'000**	**$'000**
Trade receivables		7,030	7,071	-	-
Tug construction prepayments		-	6,585	-	-
GST receivable		443	-	-	-
Other receivables		1,730	895	185	208
Total trade and other receivables		**9,203**	**14,551**	**185**	**208**

Trade receivables are stated net of impairment loss allowances of $36,956 (2014: $2,678). 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 30 (e). No impairment losses have been recognised on related party receivables.

The Tug construction prepayment balance in 2014 relates to payments made for the construction of the tug, which was recognised as property, plant and equipment in 2015 once the control and asset was transferred to the Group.

Notes to the financial statements
For the year ended 31 March 2015

13 INVENTORY

		GROUP		PARENT	
		2015	2014	2015	2014
	Notes	$'000	$'000	$'000	$'000
Work in progress		**72**	**200**	**-**	**-**

There is no inventory pledged as security for liabilities. No impairment was recognised on helicopter inventory (2014: $Nil).

14 CURRENT INVESTMENTS

	GROUP		PARENT	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Deposits held with banks	-	5,023	-	5,023
Capital Notes	-	-	-	30,000
	-	**5,023**	**-**	**35,023**

Interest rates were between 4.10% and 4.54% (2014: 4.00% & 4.50%).

15 PROPERTY, PLANT AND EQUIPMENT

GROUP

31 March 2015	Land & Buildings $'000	Electricity Distribution $'000	Electricity Generation Equipment $'000	Wharves, Walls & Surfaces $'000	Floating Plant $'000	Other Plant & Equipment $'000	Work In Progress $'000	Total $'000
At 1 April, Cost or fair value	50,178	128,521	46,843	88,896	6,688	13,639	8,724	343,489
Additions	2,817	14,673	94	1,041	11,829	4,689	(146)	34,997
Disposals	(179)	(331)	-	-	(1,086)	(377)	-	(1,973)
Revaluations	2,468	-	10,990	-	-	-	-	13,458
Transfers between classes/reclassifications	795	(7)	(1,066)	(8)	-	49	-	(237)
At 31 March, Cost or fair value	**56,079**	**142,856**	**56,861**	**89,929**	**17,431**	**18,000**	**8,578**	**389,734**
Accumulated depreciation at 1 April	1,262	5,352	8,321	10,708	2,083	6,235	-	33,961
Disposals	(2)	(37)	-	-	(835)	(347)	-	(1,221)
Revaluations	(942)	-	(8,180)	-	-	-	-	(9,122)
Transfers between classes/reclassifications	75	-	(53)	8	-	(40)	-	(10)
Depreciation charge for the year	636	4,871	1,719	3,071	927	1,474	-	12,698
At 31 March, Accumulated depreciation	**1,029**	**10,186**	**1,807**	**13,787**	**2,175**	**7,322**	**-**	**36,306**
At 31 March, net of accumulated depreciation	**55,050**	**132,670**	**55,054**	**76,142**	**15,256**	**10,678**	**8,578**	**353,428**

Notes to the financial statements
For the year ended 31 March 2015

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

GROUP

31 March 2014	Land & Buildings $'000	Electricity Distribution $'000	Electricity Generation Equipment $'000	Wharves, Walls & Surfaces $'000	Floating Plant $'000	Other Plant & Equipment $'000	Work In Progress $'000	Total $'000
At 1 April, Cost or fair value	41,726	151,690	46,840	83,214	3,726	11,337	7,166	345,699
Additions	6,081	5,976	3	5,682	2,968	1,794	1,558	24,062
Disposals	(14)	(49)	-	-	(6)	(105)	-	(174)
Revaluations	(403)	(25,583)	-	-	-	(112)	-	(26,098)
Transfers between asset classes	2,788	(3,513)	-	-	-	725	-	-
At 31 March, Cost or fair value	**50,178**	**128,521**	**46,843**	**88,896**	**6,688**	**13,639**	**8,724**	**343,489**
Accumulated depreciation at 1 April	838	16,339	6,586	7,680	1,496	5,042	-	37,981
Disposals	(3)	(3)	-	-	(1)	(81)	-	(88)
Revaluations	(444)	(15,514)	-	-	-	(68)	-	(16,026)
Transfers between classes/re	297	(361)	-	-	-	64	-	-
Depreciation charge for the year	574	4,891	1,735	3,028	588	1,278	-	12,094
At 31 March, Accumulated depreciation	**1,262**	**5,352**	**8,321**	**10,708**	**2,083**	**6,235**	**-**	**33,961**
At 31 March, net of accumulated depreciation	**48,916**	**123,169**	**38,522**	**78,188**	**4,605**	**7,404**	**8,724**	**309,528**

PARENT

31 March 2015	Land & Buildings $'000	Electricity Distribution $'000	Electricity Generation Equipment $'000	Wharves, Walls & Surfaces $'000	Floating Plant $'000	Other Plant & Equipment $'000	Work In Progress $'000	Total $'000
At 1 April, Cost or fair value	-	-	-	-	-	32	-	32
Additions	-	-	-	-	-	-	-	-
At 31 March, Cost or fair value	**-**	**-**	**-**	**-**	**-**	**32**	**-**	**32**
Accumulated depreciation at 1 April	-	-	-	-	-	20	-	20
Disposals	-	-	-	-	-	-	-	-
Depreciation charge for the year	-	-	-	-	-	3	-	3
At 31 March, Accumulated depreciation	**-**	**-**	**-**	**-**	**-**	**23**	**-**	**23**
At 31 March, net of accumulated depreciation	**-**	**-**	**-**	**-**	**-**	**9**	**-**	**9**

Notes to the financial statements

For the year ended 31 March 2015

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

PARENT

31 March 2014	Land & Buildings $'000	Electricity Distribution $'000	Electricity Generation Equipment $'000	Wharves, Walls & Surfaces $'000	Floating Plant $'000	Other Plant & Equipment $'000	Work In Progress $'000	Total $'000
At 1 April, Cost or fair value	-	-	-	-	-	26	-	26
Additions	-	-	-	-	-	6	-	6
At 31 March, Cost or fair value	**-**	**-**	**-**	**-**	**-**	**32**	**-**	**32**
Accumulated depreciation at 1 April	-	-	-	-	-	17	-	17
Depreciation charge for the year	-	-	-	-	-	3	-	3
At 31 March, Accumulated depreciation	**-**	**-**	**-**	**-**	**-**	**20**	**-**	**20**
At 31 March, net of accumulated depreciation	**-**	**-**	**-**	**-**	**-**	**12**	**-**	**12**

Under NZIFRS-13, property, plant and equipment that has been revalued is categorised as level 3 in the fair value hierarchy. There have been no transfers between levels.

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 2015 $476,105 (2014: $475,475) of interest has been capitalised.

Land and Buildings

Network operational land and buildings were valued on 31 March 2013 (total fair value of $4.6 million) by an independent valuer; Michael Blair of Lewis Wright Valuation and Consultancy Limited. The method of valuation was depreciated replacement cost, calculated using current market data on building costs, adjusted by an appropriate multiple based on the type of asset being valued.

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.

Electricity Distribution

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

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

CPI ranging from 1.62% - 2.03%

Revenue growth of 0.50%

Default Price Quality Path WACC assumptions 7.12% - 8.77%

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

Net working capital $1.141 million

Notes to the financial statements
For the year ended 31 March 2015

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Electricity Generation Equipment

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

A nominal post tax discount rate of 8.59%.

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

A corporate tax rate of 28%.

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

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

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

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

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

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

A corporate tax rate of 28%.

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

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

Net generation capacity of 8.37 MW.

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

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

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

A corporate tax rate of 28%.

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

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

Wharves, Walls & Surfaces

The Port wharves, walls and surfaces and some other plant and equipment were revalued on 31 March 2011 (total fair value $63.1 million) by independent valuers Opus International Consultants Ltd. The method of valuation was depreciated replacement cost which is supported by a discounted cash flow valuation prepared, using the following assumptions:

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

Port charges for all cargos (excluding logs) grow at 3% per annum.

Port charges for all log cargos increase by 3.75% from 2021 when planned capital growth projects are expected to be complete.

Operating costs are based on current operating cost to volume ratios plus inflation of 3% per annum.

Capital expenditures include both maintenance and growth capital expenditure.

A corporate tax rate of 28% is assumed.

The post-tax discount rate of 10.9% is per the recently completed independent report on the weighted average cost of capital (WACC) for Eastland Port as prepared by PricewaterhouseCoopers.

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

Notes to the financial statements
For the year ended 31 March 2015

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Land and buildings	21,300	20,855	-	-
Electricity distribution	75,740	105,563	-	-
Wharves, Walls & Surfaces	31,990	22,077	-	-
	129,030	**148,495**	**-**	**-**

16 ASSET HELD FOR SALE

	GROUP		PARENT	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Discontinued operations held for sale	**840**	**971**	**-**	**-**

Eastland Group retained one helicopter on consignment to the purchaser of its aviation business sold 28 March 2013. On the sale of the remaining helicopter, the purchaser will pay the reserve price as per the sale and purchase agreement. Interest is payable on the remaining R66 helicopter, valued at $0.75 million (USD$0.7 million) at a rate of 15% pa (2014: USD$1.6 million at a rate of 7.5%).

	GROUP		PARENT	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Revenue	-	3,027	-	-
Cost of Sales	(200)	(3,102)	-	-
Other income	-	17	-	-
Administrative expenses	-	(38)	-	-
Finance income	-	74	-	-
Finance expenses	(143)	(44)	-	-
Loss before tax	**(343)**	**(66)**	**-**	**-**
Income tax income	158	799	-	-
Profit/(Loss) from discontinued operations	**(185)**	**733**	**-**	**-**

Notes to the financial statements
For the year ended 31 March 2015

16 ASSET HELD FOR SALE (CONTINUED)

	GROUP		PARENT	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Assets and liabilities held for sale				
Trade and other receivables	2	4	-	-
Inventory	742	943	-	-
Income tax refundable	40	24	-	-
Total current assets	**784**	**971**	**-**	**-**
Non-current assets				
Deferred income tax	56	-	-	-
Total non-current assets	**56**	**-**	**-**	**-**
TOTAL ASSETS	**840**	**971**	**-**	**-**
Liabilities				
Current liabilities				
Trade and other payables	-	(135)	-	-
Deferred income tax	-	(5)	-	-
Total liabilities associated with assets classified as held for sale	**-**	**(140)**	**-**	**-**
Net assets of aviation business held for sale	**840**	**831**	**-**	**-**

17 INVESTMENT PROPERTIES

	GROUP		PARENT	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Opening balance at 1 April	15,700	15,535	-	-
Additions	277	1	-	-
Transfers out to operational property	104	(3)	-	-
Fair value adjustment	(383)	167	-	-
Closing balance at 31 March	**15,698**	**15,700**	**-**	**-**

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 the financial statements
For the year ended 31 March 2015

18 INVESTMENT IN SUBSIDIARIES

		Country of incorporation	Ownership Interest (%)	
			2015	**2014**
Eastland Group Limited	Infrastructure assets	New Zealand	100%	100%
Eastland Development Fund Ltd	Investment company	New Zealand	100%	100%
Eastech Limited	Contracting	New Zealand	100%	100%
Eastland Port Debarking Limited	Debarker services	New Zealand	50%	50%
Eastland Generation Limited	Electrical generation	New Zealand	100%	100%
Eastland Hawaii Inc	Geothermal development	Hawaii, United States	100%	100%
Eastland Holdings 1 Limited	Aviation services	New Zealand	100%	100%
Eastland Holdings 2 Limited	Aviation services	New Zealand	100%	100%
Eastland Investment Properties Limited	Investment property	New Zealand	100%	100%
Eastland Network Limited	Electrical distribution	New Zealand	100%	100%
Eastland Port Limited	Port services	New Zealand	100%	100%
Eastland Port Debarking Limited	Debarker services	New Zealand	100%	100%
Geothermal Developments Limited	Geothermal generation	New Zealand	100%	100%
Gisborne Airport Limited	Airport services	New Zealand	100%	100%
Inner Harbour Marina Limited	Harbour services	New Zealand	100%	100%
Northland Debarking Limited	Debarker services	New Zealand	100%	-
Te Ahi O Maui General Partnership Limited	Geothermal generation	New Zealand	100%	100%
Te Ahi O Maui Limited Partnership	Geothermal generation	New Zealand	94%	80%

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. The Group provides funding and treasury services to these subsidiaries.

The number of partnership units held in the Te Ahi O Maui Limited Partnership have increased by 14% as one of the partnership units were purchased by Eastland Generation Limited.

Eastland Hawaii Inc is in the process of being liquidated.

19 INVESTMENT IN JOINT VENTURE

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**	**2015**	**2014**
Eastland Debarking	Debarking and anti-sap treatment of export logs stored at the port in Gisborne.	New Zealand	50%	50%

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

Summarised financial information in respect of the Group's material joint venture 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).

Notes to the financial statements
For the year ended 31 March 2015

19 INVESTMENT IN JOINT VENTURE (CONTINUED)

	GROUP		PARENT	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Eastland Debarking Joint Venture				
Current assets	1,331	2,976	-	-
Current liabilities	(305)	(311)	-	-
Non current assets	419	231	-	-
Net assets	**1,445**	**2,896**	**-**	**-**
The above amounts of assets and liabilities include the following:				
Cash and cash equivalents	752	2,380	-	-

	GROUP		PARENT	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Revenue	**4,795**	**5,273**	**-**	**-**
Profit or loss from continuing operations	2,529	2,840	-	-
Profit for the year	2,529	2,840	-	-
Total comprehensive income for the year	**2,529**	**2,840**	**-**	**-**
Profit share at 50%	1,264	1,420	-	-
Group eliminations	139	167	-	-
Share of profit of joint ventures	**1,403**	**1,587**	**-**	**-**
Distributions made to joint venture partners	3,980	2,127	-	-
The above profit/loss for the year included the following:				
Depreciation and amortisation	59	45	-	-
Interest income	27	42	-	-

Notes to the financial statements
For the year ended 31 March 2015

19 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	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Net assets of the joint venture	1,445	2,896	-	-
Proportion of the Group's ownership interest in the joint venture	50%	50%	-	-
Carrying amount of the Group's interest in the joint venture	**722**	**1,448**	**-**	**-**

Significant Restriction

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 (2014: $Nil).

Contingent Liabilities

At 31 March, total contingent liabilities were $Nil (2014: $Nil).

Impairment

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

20 INVESTMENT IN ASSOCIATES

Details of the Group's associates at the end of the reporting period is as follows:

			Portion of ownership interest an voting rights held by the Group	
Name of associate	**Principle activity**	**Place of incorporation**	**2015**	**2014**
Hu'ena Power LLLP	Geothermal plant development	United States	-	44.35%

On 12 December 2014, Eastland Hawaii Inc, a fully owned subsidiary of Eastland Group, divested its interest in Hu'ena Power Inc LLLP, recognising an impairment of $1.2 million (2014: Eastland Hawaii Inc held a 44.35% voting interest and two seats on the board of its general partner).

	GROUP		PARENT	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Investment in associate	-	1,215	-	-

Notes to the financial statements
For the year ended 31 March 2015

21 INTANGIBLE ASSETS

GROUP

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

GROUP

31 March 2014	Development Rights $'000	Vended Assets $'000	Resource consent $'000	Access Rights $'000	Other $'000	Goodwill $'000	Total $'000
Cost							
Balance at beginning of period	1,770	826	-	-	47	18,937	**21,580**
Acquisitions	-	406	602	-	70	-	**1,078**
Disposals	-	-	-	-	-	-	**-**
Balance at end of the period	**1,770**	**1,232**	**602**	**-**	**117**	**18,937**	**22,658**
Accumulated amortisation and impairment losses							
Balance at beginning of period	-	-	-	-	10	290	**300**
Amortisation for the period	-	-	3	-	10	-	**13**
Disposals	-	-	-	-	-	-	**-**
Balance at end of the period	**-**	**-**	**3**	**-**	**20**	**290**	**313**
Carrying value at 31 March	**1,770**	**1,232**	**599**	**-**	**97**	**18,647**	**22,345**

The parent company has not recognised any intangible assets (2014: $nil).

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

The Eastland Group Ltd Board has reviewed the Te Ahi o Maui project and concluded that capitalised project costs, including development rights and vended assets, are reasonable. The effective date for the Te Ahi o Maui project occurred on 11 November 2014. 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

Impairment losses are recognised in administrative expenses in the Statement of Financial Performance. 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 the financial statements
For the year ended 31 March 2015

21 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	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Geothermal Developments Limited	-	17,937	-	-
Port Weighbridge (owned by Eastland Port Limited)	500	500	-	-
Inner Harbour Marina Limited	210	210	-	-
Total goodwill	**710**	**18,647**	**-**	**-**

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:

Geothermal Developments Limited

As part of the revaluation of the geothermal plant, owned by Geothermal Developments Limited, we have incorporated all asset components, including goodwill, into the plant's value. The previously reported goodwill of $17.9m is now included as part of the property, plant and equipment.

Port Weighbridge

Future cash flows are projected based on expected cash flows using estimates of market conditions over the next five years. Revenues are expected to increase by 1.5% per year and costs increase at an assumed inflation rate of 2.0%. Discount rates used ranged from 7.8% to 9.8%.

Inner Harbour Marina Limited

Future cash flows are projected based on expected cash flows using estimates of market conditions over the next five years. Costs are expected to increase at an assumed inflation rate of 2%. 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.

22 OTHER INVESTMENTS

	GROUP		PARENT	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Capital notes (related parties)	-	-	30,000	-
Fixed interest financial instruments	11,271	9,561	11,271	9,561
Listed equities	29,745	24,735	29,745	24,735
Closing balance at 31 March	**41,016**	**34,296**	**71,016**	**34,296**

The Trust subscribed for $30 million of Capital Notes on 1 April 2010 issued by wholly-owned subsidiary Eastland Group Limited. The issue was for five years at an interest rate of 8.6% with interest paid quarterly. The Trust elected to renew the capital notes on 1 April 2015. From this date the notes will 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 the financial statements
For the year ended 31 March 2015

23 TRADE AND OTHER PAYABLES

	GROUP		PARENT	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Trade payables	3,657	3,203	73	38
Non-trade payables and accrued expenses	1,404	2,925	81	235
Interest payable	602	542	-	-
GST payable	-	148	-	-
Total trade and other payables	**5,663**	**6,818**	**154**	**273**

Most cash receipts and payments are made through the bank accounts of Eastland Group Limited, who provides treasury services to the Eastland Group companies.

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.

24 EMPLOYEE ENTITLEMENTS

	GROUP		PARENT	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Provisions for:				
Annual leave	727	736	25	14
Short-term benefits	721	680	-	-
Post-employment benefits	98	97	-	-
Total employee benefit liability	**1,546**	**1,513**	**25**	**14**
Expenses recognised in profit or loss				
Wages and salaries	8,530	8,168	341	323
Contributions to defined contribution plans	420	398	-	-
Total employee entitlement expenses	**8,950**	**8,566**	**341**	**323**
Attributable to :				
Continuing operations	8,950	8,566	341	323
Discontinued operations	-	-	-	-
Employees remuneration	**8,950**	**8,566**	**341**	**323**

During the year the following number of employees of the Group received remuneration of at least $100,000.

500,000 - 529,999	1	160,000 - 169,999	2
300,000 - 319,000	1	140,000 - 149,999	1
260,000 - 269,999	1	130,000 - 139,999	5
250,000 - 259,999	1	120,000 - 129,999	7
240,000 - 249,999	1	110,000 - 119,999	2
220,000 - 229,999	1	100,000 - 109,999	1
190,000 - 199,999	1		

Notes to the financial statements
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25 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 30.

	GROUP		PARENT	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
The borrowings are repayable as follows:				
On demand within two to five years	105,000	94,500	-	-
Total bank borrowings	**105,000**	**94,500**	**-**	**-**
Classified as follows:				
Amount due Settlement after 12 Months (non current)	105,000	94,500	-	-
Total bank borrowings	**105,000**	**94,500**	**-**	**-**

	GROUP AND PARENT	
	Drawn	Undrawn
	$'000	$'000
As at 31 Mar 2015		
Tranch A maturing 14 December 2016	105,000	15,000
Tranch B maturing 14 December 2014	-	15,000
	105,000	**30,000**
As at 31 Mar 2014		
Tranch A maturing 14 December 2016	94,500	25,500
Tranch B maturing 14 December 2014	-	15,000
	94,500	**40,500**

Eastland Group Limited has arranged bank funding from the ANZ Bank on behalf of the Group. At 31 March 2015 there were total bank facilities of NZD $135 million (2014: $135 million) including a USD facility of $3 million (2014: $3 million), which are unsecured and subject to a Deed of Negative Pledge. The borrowings are in the name of Eastland Group Limited. The guaranteeing subsidiaries of the Group debt held by the Parent entity are as follows:

Gisborne Airport Limited
Eastland Port Limited
Eastland Network Limited
Eastland Investment Properties Limited
Eastland Generation Limited
Geothermal Developments Limited
Inner Harbour Marina Limited
Eastland Port Debarking Limited
Eastech Limited
Northland Debarking 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% (2014: 0.87%). At 31 March 2015, the rates on borrowings ranged from 4.54% to 4.60% (2014: 3.79% to 4.04%). Facilities with the ANZ Bank had expiry dates of 1 April 2019 Tranch A ($120 million) and a perpetual facility of $15 million which expires 18 months from drawdown (2014: $120 million and $15 million) There have been no defaults during the period of principal, interest, sinking fund, or redemption terms of those loans payable during the period.

26 COMMITMENTS

At 31 March 2015, the Group had total capital commitments payable within the next 12 months of $12.0 million (2014: $5.5 million).

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27 OPERATING LEASES

(a) Operating leases receivable

Eastland Group has leased certain investment properties (refer to note 17) and some other land and buildings, under operating leases. The future minimum lease payments receivable under non-cancellable leases are as follows:

	GROUP		PARENT	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Less than one year	3,090	2,818	-	-
Between one and five years	2,110	3,442	-	-
More than five years	542	448	-	-
Total operating leases receivable	**5,742**	**6,708**	**-**	**-**

(b) 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	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Less than one year	893	613	109	109
Between one and five years	3,547	3,068	107	216
More than five years	6,323	4,928	-	-
Total operating leases payable	**10,763**	**8,609**	**216**	**325**

The Group operating lease payments of $577,209 were made during this financial year (2014: $465,026).

Notes to the financial statements
For the year ended 31 March 2015

28 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Group has a comprehensive treasury policy, approved by the Group's governing body, to manage the risks of financial instruments. The policy outlines the objectives and approach the Group applies in its financial risk management processes. The policy covers, 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 relate to interest rate swaps and are categorised as 'fair value through profit and loss' unless hedge accounting is applied. Hedge accounting is applied for all derivative financial instruments and treated as cashflow hedges with changes in values taken through other comprehensive income. The resulting movement reflects that current interest rates are lower than the interest rates associated with the swaps resulting in an increased liability. These are explained in more detail in notes 28 (c) and 28 (h).

(a) Financial assets and liabilities

GROUP

31 March 2015	Notes	Cash and cash equivalents $'000	Cash-flow hedges $'000	Loans, receivables and Investments $'000	Other liabilities at amortised cost $'000	Total carrying amount $'000	Fair value $'000
Financial assets							
Trade and other receivables	12	-	-	9,203	-	9,203	9,203
Current Investments	14	-	-	-	-	-	-
Derivative financial instruments	28	-	24	-	-	24	24
Other Investments	22	-	-	41,016	-	41,016	41,016
Cash and cash equivalents	11	11,958	-	-	-	11,958	11,958
Total financial assets		**11,958**	**24**	**50,219**	**-**	**62,201**	**62,201**
Financial liabilities							
Derivative financial instruments	28	-	(5,808)	-	-	(5,808)	(5,808)
Loans and borrowings	25	-	-	-	(105,000)	(105,000)	(105,000)
Payables and accruals	23	-	-	-	(5,663)	(5,663)	(5,663)
Employee entitlements	24	-	-	-	(1,546)	(1,546)	(1,546)
Total financial liabilities		**-**	**(5,808)**	**-**	**(112,209)**	**(118,017)**	**(118,017)**
Total net financial assets/(liabilities)		**11,958**	**(5,784)**	**50,219**	**(112,209)**	**(55,816)**	**(55,816)**

Estimation of fair values

The methods used in determining the fair values of the financial instruments are discussed in note 4.

Notes to the financial statements
For the year ended 31 March 2015

28 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

GROUP

31 Mar 2014	Notes	Cash and cash equivalents $'000	Cash-flow hedges $'000	Loans, receivables and Investments $'000	Other liabilities at amortised cost $'000	Total carrying amount $'000	Fair value $'000
Financial assets							
Trade and other receivables	12	-	-	14,551	-	14,551	14,551
Current investments	14	-	-	5,023	-	5,023	5,023
Derivative financial instruments	30	-	571	-	-	571	571
Other Investments	22	-	-	34,296	-	34,296	34,296
Cash and cash equivalents	11	5,584	-	-	-	5,584	5,584
Total financial assets		**5,584**	**571**	**53,870**	**-**	**60,025**	**60,025**
Financial liabilities							
Derivative financial instruments	28	-	(2,182)	-	-	(2,182)	(2,182)
Loans and borrowings	25	-	-	-	(94,500)	(94,500)	(94,500)
Payables and accruals	23	-	-	-	(6,818)	(6,818)	(6,818)
Employee entitlements	24	-	-	-	(1,513)	(1,513)	(1,513)
Total financial liabilities		**-**	**(2,182)**	**-**	**(102,831)**	**(105,013)**	**(105,013)**
Total net financial assets/(liabilities)		**5,584**	**(1,611)**	**53,870**	**(102,831)**	**(44,988)**	**(44,988)**

PARENT

31 March 2015	Notes	Cash and cash equivalents $'000	Cash-flow hedges $'000	Loans and receivables $'000	Other liabilities at amortised cost $'000	Total carrying amount $'000	Fair value $'000
Financial assets							
Trade and other receivables	12	-	-	185	-	185	185
Current investments	14	-	-	-	-	-	-
Other investments	22	-	-	71,016	-	71,016	71,016
Cash and cash equivalents	11	10,612	-	-	-	10,612	10,612
Total financial assets		**10,612**	**-**	**71,201**	**-**	**81,813**	**81,813**
Financial liabilities							
Payables and accruals	23	-	-	-	(154)	(154)	(154)
Employee entitlements	24	-	-	-	(25)	(25)	(25)
Total financial liabilities		**-**	**-**	**-**	**(179)**	**(179)**	**(179)**
Total net financial assets/(liabilities)		**10,612**	**-**	**71,201**	**(179)**	**81,634**	**81,634**

Estimation of fair values

The methods used in determining the fair values of the financial instruments are discussed in note 4.

Notes to the financial statements
For the year ended 31 March 2015

28 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

PARENT

31 March 2014	Notes	Cash and cash equivalents $'000	Cash-flow hedges $'000	Loans and receivables $'000	Other liabilities at amortised cost $'000	Total carrying amount $'000	Fair value $'000
Financial assets							
Trade and other receivables	12	-	-	208	-	208	208
Current investments	14	-	-	35,023	-	35,023	35,023
Other investments	22	-	-	34,296	-	34,296	34,296
Cash and cash equivalents	11	4,627	-	-	-	4,627	4,627
Total financial assets		**4,627**	**-**	**69,527**	**-**	**74,154**	**74,154**
Financial liabilities							
Payables and accruals	22	-	-	-	(273)	(273)	(273)
Employee entitlements	23	-	-	-	(14)	(14)	(14)
Total financial liabilities		**-**	**-**	**-**	**(287)**	**(287)**	**(287)**
Total net financial assets/(liabilities)		**4,627**	**-**	**69,527**	**(287)**	**73,867**	**73,867**

(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 if 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 as below.

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.

Notes to the financial statements
For the year ended 31 March 2015

28 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

(c) Interest rate risk

The Group actively manages interest rate exposures in accordance with treasury 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 treasury policy sets parameters for managing the interest rate risk profile. The parameters depend upon the Reserve Bank of New Zealand continuing to implement monetary policy through adjustments to the official cash rate.

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 $105 million (2014: $135 million) in compliance with NZ IAS 39 ($30 million of these have start dates ranging from 15/07/2015 to 30/06/2020).

Interest rate swaps, collars and caps are between 24 and 111 months and swap interest on a floating rate for fixed interest of between 3.40% and 5.94% (2014: 3.40% and 7.15%). The interest rate swaps, collars and caps settle on a quarterly basis. The last cash-flow hedge swap matures on 30 June 2024.

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 27). Any ineffective portion of cash-flow hedges is removed from equity and recognised immediately in the Statement of Financial Performance. 2015: $Nil (2014: $Nil). The hedge relationships are expected to be highly effective over the life of the swaps.

	GROUP AND PARENT	
	2015 Notional Amount $'000	**2014 Notional Amount $'000**
Interest Rate Swaps (Floating to Fixed)		
Maturing in less than 1 year	5,000	50,000
Maturing between 1 and 2 years	15,000	5,000
Maturing between 2 and 5 years	15,000	30,000
Maturing after 5 years	70,000	50,000
	105,000	**135,000**

(d) 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 majority of the Group's cash management function is managed by Eastland Group Ltd with cash transactions and funding taking place as part of Eastland Group's treasury function. 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 27. The Group has entered into interest rate swaps, caps and collars to hedge its exposure to variability in interest rate payments on these borrowings. This is discussed further below.

Notes to the financial statements
For the year ended 31 March 2015

28 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

Maturity analysis

GROUP

		<6 months	6 -12 months	1-3 years	3-5 years	>5 years	Total
31 March 2015	Notes	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets							
Trade and other receivables	12	9,203	-	-	-	-	9,203
Current investments	14	-	-	-	-	-	-
Derivative financial instruments	28	-	-	24	-	-	24
Other investments	22	-	253	2,346	5,335	33,082	41,016
Cash and cash equivalents	11	11,958	-	-	-	-	11,958
Total financial assets		**21,161**	**253**	**2,370**	**5,335**	**33,082**	**62,201**
Financial liabilities							
Derivative financial instruments	28	(41)	-	(627)	-	(5,140)	(5,808)
Loans and borrowings	25	-	-	-	(105,000)	-	(105,000)
Payables and accruals	23	(5,663)	-	-	-	-	(5,663)
Employee entitlements	24	(1,546)	-	-	-	-	(1,546)
Total financial liabilities		**(7,250)**	**-**	**(627)**	**(105,000)**	**(5,140)**	**(118,017)**
Liquidity gap		**13,911**	**253**	**1,743**	**(99,665)**	**27,942**	**(55,816)**

GROUP

		<6 months	6 -12 months	1-3 years	3-5 years	>5 years	Total
31 Mar 2014	Notes	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets							
Trade and other receivables	12	14,551	-	-	-	-	14,551
Current investments	14	3,092	1,931	-	-	-	5,023
Derivative financial instruments	28	-	-	-	299	272	571
Other investments	22	1,708	2,558	901	2,984	26,145	34,296
Cash and cash equivalents	11	5,584	-	-	-	-	5,584
Total financial assets		**24,935**	**4,489**	**901**	**3,283**	**26,417**	**60,025**
Financial liabilities							
Derivative financial instruments	28	(395)	(268)	(561)	(99)	(859)	(2,182)
Loans and borrowings	25	-	-	-	-	(94,500)	(94,500)
Payables and accruals	23	(6,818)	-	-	-	-	(6,818)
Employee entitlements	24	(1,513)	-	-	-	-	(1,513)
Total financial liabilities		**(8,726)**	**(268)**	**(561)**	**(99)**	**(95,359)**	**(105,013)**
Liquidity gap		**16,209**	**4,221**	**340**	**3,184**	**(68,942)**	**(44,988)**

Notes to the financial statements
For the year ended 31 March 2015

28 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

PARENT

		<6 months	6 -12 months	1-3 years	3-5 years	>5 years	Total
31 March 2015	Notes	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets							
Trade and other receivables	12	185	-	-	-	-	185
Current investments	14	-	-	-	-	-	-
Other investments	22	-	253	2,346	5,335	63,082	71,016
Cash and cash equivalents	11	10,612	-	-	-	-	10,612
Total financial assets		**10,797**	**253**	**2,346**	**5,335**	**63,082**	**81,813**
Financial liabilities							
Payables and accruals	23	(154)	-	-	-	-	(154)
Employee entitlements	24	(25)	-	-	-	-	(25)
Total financial liabilities		**(179)**	**-**	**-**	**-**	**-**	**(179)**
Liquidity gap		**10,618**	**253**	**2,346**	**5,335**	**63,082**	**81,634**

PARENT

		<6 months	6 -12 months	1-3 years	3-5 years	>5 years	Total
31 March 2014	Notes	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets							
Trade and other receivables	12	208	-	-	-	-	208
Current investments	14	3,092	31,931	-	-	-	35,023
Other investments	22	1,708	2,558	901	2,984	26,145	34,296
Cash and cash equivalents	11	4,627	-	-	-	-	4,627
Total financial assets		**9,635**	**34,489**	**901**	**2,984**	**26,145**	**74,154**
Financial liabilities							
Payables and accruals	23	(273)	-	-	-	-	(273)
Employee entitlements	24	(14)	-	-	-	-	(14)
Total financial liabilities		**(287)**	**-**	**-**	**-**	**-**	**(287)**
Liquidity gap		**9,348**	**34,489**	**901**	**2,984**	**26,145**	**73,867**

(e) 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.

The treasury function of the Group is provided to all the subsidiary companies. 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 $ 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 2015 was $39,956 (2014: $2,678). Actual bad debts written off in the Statement of Comprehensive Income were $32,400k (2014: $13,473) 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 the financial statements
For the year ended 31 March 2015

28 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

Maturity profile

	GROUP					
	Current	**60 days**	**90 days**	**180 days**	**>1 year**	**Total**
31 March 2015	$'000	$'000	$'000	$'000	$'000	$'000
Past due, but not impaired						
Trade and other receivables						
- Trade receivables	5,953	836	48	66	164	7,067
Total past due, but not impaired financial assets	**5,953**	**836**	**48**	**66**	**164**	**7,067**
Impaired						
Trade and other receivables						
- Trade receivables	-	-	-	11	26	37
Total impaired financial assets	**-**	**-**	**-**	**11**	**26**	**37**

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

	GROUP					
	Current	**60 days**	**90 days**	**180 days**	**>1 year**	**Total**
31 March 2014	$'000	$'000	$'000	$'000	$'000	$'000
Past due, but not impaired						
Trade and other receivables						
- Trade receivables	6,528	371	56	7	112	7,074
Total past due, but not impaired financial assets	**6,528**	**371**	**56**	**7**	**112**	**7,074**
Impaired						
Trade and other receivables						
- Trade receivables	-	-	-	3	-	3
Total impaired financial assets	**-**	**-**	**-**	**3**	**-**	**3**

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 it's financial assets (2014: $nil).

(f) 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 27). 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 30(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 $400,000 (2014: $290,000). A decrease of 100 basis points on borrowings would result in an increase in profit before tax of $400,000 (2014: $290,000).

Notes to the financial statements
For the year ended 31 March 2015

28 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

(ii) Foreign exchange rate risk

The Group is exposed to foreign currency exchange rate risk primarily against the US dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. Management has set up a policy that requires each entity in the Group to manage its own foreign exchange risk against its functional currency. At balance date, an decrease of 10 percent of the NZ dollar against the US dollar would result in a decrease in profit before tax of $103,000 (2014: $91,000). A increase of 10 percent would result in an increase in profit before tax of $94,000 (2014: $91,000).

(iii) 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 facility fees would result in a decrease in profit before tax of $337,000 (2014: $337,000). A decrease of 25 basis points on bank facility fees would result in an increase in profit before tax of $337,000 (2014: $337,000).

(g) 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 issued 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.

(h) 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 $4.4 million loss (2014: $0.9 million loss). A fall of 1% in interest rates would result in a loss in other comprehensive income of $3.1 million (2014: $0.7 million) whereas an increase of 1% in interest rates would result in a gain in other comprehensive income of $2.9 million (2014: $0.8 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 $1.4 million loss (2014: $0.9 million loss). A fall of 1% in interest rates would result in a loss in other comprehensive income of $1.0 million (2014: $2.8 million) whereas an increase of 1% in interest rates would result in a gain in other comprehensive income of $1.1 million (2014: $3.1 million).

Notes to the financial statements
For the year ended 31 March 2015

29 RELATED PARTIES

(a) Parent and ultimate controlling party

Eastland Group Limited is fully owned by Eastland Community Trust. Payments were made during the year of $2.6 million (2014: $2.6 million) of interest on capital notes of $30 million, and dividends paid of $5 million (2014: $4.8 million).

(b) Key management personnel compensation

	GROUP		PARENT	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Key management personnel compensation comprises of:				
Short term employee benefits	1,805	1,918	167	156
Kiwisaver and other benefits	122	120	-	-
Termination benefits	-	40	-	-
Total key management personnel compensation	**1,927**	**2,078**	**167**	**156**

(c) Directors' fees

Directors' fees are paid by Eastland Group Limited to the Directors, as the Directors of the Group. Total fees paid were $291,214 (2014: $276,782). There are no separate fees paid in respect of the subsidiaries.

N Cull	78,235	Chairman
J Clarke	40,817	Chairman of Remuneration Committee
M Glover	40,817	
T Gray	42,987	
J Rae	46,107	Chairman of Audit and Finance Committee
A Blackburn	42,252	

Mr N J P Cull gave general notice that he is a director and/or officer of the following companies and will therefore be interested in all transactions between any of them and Eastland Group

MSC Consulting Group Limited
Eastland Port Limited
Gisborne Airport Limited
Eastland Group Limited
Eastland Network Limited

Mr W J Clarke gave general notice that he is a director and/or officer of the following companies and will therefore be interested in all transactions between any of them and Eastland Group

Eastland Group Limited
Eastland Port Limited
Gisborne Airport Limited
Eastland Network Limited
Sunrise Foundation
Eastwood Hill Trust Board
New Zealand Winegrowers
NZW Wines General Partner Limited

Notes to the financial statements

For the year ended 31 March 2015

29 RELATED PARTIES (CONTINUED)

Mr J M Rae gave general notice that he is a director and/or officer of the following companies and will therefore be interested in all transactions between any of them and Eastland Group

Eastland Port Limited
Gisborne Airport Limited
Eastland Network Limited
Eastland Group Limited
F J Hawkes & Co Limited
The Lines Company Limited
Kingyo Foods Limited
Taku Honey Limited
Smart Environmental Limited
Gobble Limited
NZ Council for Infrastructure Development
National Infrastructure Advisory Board
Playtime Holdings Limited
Jaffa Holdings Limited
Ngapuhi Asset Holding Company Limited
Tairawhiti Economic Development Agency

Mr M J Glover gave general notice that he is a director and/or officer of the following companies and will therefore be interested in all transactions between any of them and Eastland Group

Gisborne Airport Limited
Eastland Network Limited
Eastland Group Limited
Eastland Port Limited
Cold Storage Nelson Limited
FSL Foods Limited
Kihilla Properties Limited
Goldpine Properties Limited
Goldpine Industries Limited
Goldpine Group Limited
Rio Dolores (2006) Limited
Richmond Glass (2014) Limited
Simla Holdings Limited

Ms M A Blackburn gave general notice that she is a director and/or officer of the following companies and will therefore be interested in all transactions between any of them and Eastland Group

Gisborne Airport Limited
Eastland Network Limited
Eastland Group Limited
Eastland Port Limited
Ten Gracie Square Limited
Auckland Council Property Limited
Fidelity Life Limited
Committee for Auckland
Commercial Operations Advisory Board
Royal District Nursing Service New Zealand Limited
Unitec
New Zealand Venture Investment Fund Limited & Subsidiaries
Warren and Mahoney
Centre For Clinical Trials And Effective Practice (CCREP)
Fisher Funds Management
TSB Bank
Royal District Nursing Service Limited

Mr A T Gray gave general notice that she is a director and/or officer of the following companies and will therefore be interested in all transactions between any of them and Eastland Group

Gisborne Airport Limited
Eastland Network Limited
Eastland Group Limited
Hawkes Bay Opera House Limited
Ngati Pukenga Investments Limited
Eastland Port Limited
Ngati Apa Developments Limited
New Zealand Local Government Insurance Corporation Limited
Omarunui LFG Generation Limited Partnership
Civic Assurance Property Pool

Notes to the financial statements
For the year ended 31 March 2015

29 RELATED PARTIES (CONTINUED)

(d) Trustees' fees
Trustee fees are paid by Eastland Community Trust. Total fees paid were $136,400 (2014: $136,400).

R Brooking	29,000	Chairman	B Wilson	4,475	(Replaced 1 July 2014)
M Muir	17,900		G Milner	17,900	
J Martin	17,900		V Thorpe	17,900	
P Searle	17,900		M Foon	13,425	

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

Trustee Te Unga Mai Trust
Board Member of Tairawhiti Museum
Shareholder/Director ABR Limited
Facilitator to Tourism Resources Consultants Group (through Independent Facilitators Limited)
Director Wharerata Forest Limited
General Manager Ngai Tamanuhiri Tutuporoporo Trust
Trustee Eastland Network Charitable Trust
Shareholder/Director Independent Facilitators Ltd
Chairman Te Ha 1769 Sestercentennial Trust

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

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

Managing Partner, Burnard Bull & Co
Shareholder/Director Burnard Bull & Co Trustee Company (1 - 4)
Shareholder/Director Gisborne Professional Chambers Ltd
Shareholder/Director First Night Ltd
Executive member, Gisborne Chamber of Commerce
Trustee, Te Ha 1769 Sestercentennial Trust
Member, Gisborne Branch of NZ Law Society
Trustee, Tairawhiti Heritage Trust
Committee Member, Tairawhiti Branch Gisborne, NZ Historic Places Trust Tairawhiti Inc.
Trustee Eastland Network Charitable Trust
Shareholder/Director Martin Pastoral Ltd.

Notes to the financial statements

For the year ended 31 March 2015

29 RELATED PARTIES (CONTINUED)

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

Gisborne District Councillor	Trustee B & P Wilson Family Trust
Board Member of Gisborne YMCA	Trustee Gisborne Surf Lifesaving Charitable Trust
Trustee of Art in Public Places	Member Surf Life Saving NZ Honours and Awards Committee
Board Member of Tairawhiti District Health Board	Member Gisborne West Rotary
Tairawhiti Youth Voice Executive	Trustee Eastland Network Charitable Trust

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	Trustee of Searle Family Trust
Member Gisborne Winegrowers Society	Trustee of Searle Family Trust No. 2
Board Member Stepping Stone Foundation	Director/Shareholder Shackles (NZ) Ltd
Board member Real Estate Institute of New Zealand	Trustee Eastland Network Charitable Trust
Shareholder Matawhero Holdings Ltd	Trustee The Searle Christian Trust

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

Principal of GMA Chartered Accountants	Board Member of Tairawhiti District Health Board
Chairman Horouta Sports Club	Chairman of Eastern & Central Community Trust
Director Tairawhiti Laundry Services Ltd	Director – Ngati Porou Seafoods Group
Independent Board Member for the East Coast Rugby Football Union Inc. (and by association)	Executive member and treasurer of Tairawhiti Maori Business Network Incorporated
Trustee Eastland Network Charitable Trust	Chairman of Papawhariki Board

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

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

MY Gold Investments	Gisborne District Council
MY Trust Investments	RSG Local Government
Trustee Eastland Network Charitable Trust	Art in Public Places
City Safe	Social Sector Trials
Asian CEO Inc	Institute of Directors
Special Olympics Tairawhiti	Te Ha 1769 Sestercentennial Trust
Treaty of Waitangi Day Distribution Fund	The Duke of Edinburgh's Hillary Award

Notes to the financial statements
For the year ended 31 March 2015

29 RELATED PARTIES (CONTINUED)

e) Chief Executive

Mr L Evans, Eastland Community Trust General Manager, has no related party transactions other than as a Director of Eastland Development Fund Ltd. The relationship and transactions are detailed in note 32.

Mr M Todd, Chief Executive Officer for Eastland Group Limited, leases a private hangar and uses the landing services at Gisborne Airport. Landing charges and the terms of Mr Todd's lease are on a commercial arms length basis and identical to those for other hangar occupants and airport users. The annual rental paid for the hangar and landing charges is $5,664 (2014: $5,516). Mr Todd also uses his own aircraft for Eastland Group business charging the equivalent to the ruling aero club hire charge for a similar aircraft. Payments made during the year totalled $4830 (2014: $8,337).

f) Other related party transactions

All transactions with controlled subsidiaries have been eliminated on consolidation.

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. There are no guarantees held regarding subsidiary balances. The management of all Eastland Group debtors and creditors is carried out by Eastland Group Limited.

	GROUP		PARENT	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Transactions with subsidiaries				
Dividends received from Eastland Group Ltd	-	-	5,000	4,800
Interest received from Eastland Group Ltd	-	-	2,580	2,580
Service agreement with Eastland Development Fund Ltd	-	-	(106)	(103)
Distributions to Eastland Development Fund Ltd	-	-	(190)	(166)
Distributions returned from Eastland Development Fund Ltd			265	-
Transactions with associates and joint ventures				
Oncharge of costs to Debarking Joint Venture	808	204	-	-
Investment in Hu'ena Inc	-	1,215	-	-
Transactions with other related parties				
Lease paid to Searle Family Trust No. 2	(39)	(39)	-	-
Distribution to Chelsea Hospital Trust	-	(27)	-	(27)
Distributions to Eastland Network Charitable Trust	(3,557)	(3,826)	(3,557)	(3,826)
Payables by the parent to related parties				
made up of:				
Eastland Development Fund Limited	-	-	(1)	(2)
Eastland Network Charitable Trust	-	(38)	-	(38)
Total related party payables	**-**	**(38)**	**(1)**	**(40)**
Related party advances				
Eastland Development Fund Limited	-	-	1,748	1,748
Total related party advances	**-**	**-**	**1,748**	**1,748**

Notes to the financial statements
For the year ended 31 March 2015

30 ISSUED CAPITAL AND RESERVES

(a) Trust capital

There was no movement in the total number of shares during the year.
All shares are classed as ordinary, have no par value and are subject to the same rights and privileges and are subject to the same restrictions. There are no restrictions on the distribution of dividends and the repayment of capital.

(b) Asset revaluation reserve

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

(c) 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.

(d) Realised capital reserve

The reserve was reclassified in 2012 and was transferred to retained earnings to reflect common accounting practices for Trusts.

(e) Investment revaluation reserve

The revaluation reserve relates to the revaluation of investments.

31 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 no requests for information under 10.1 of the Guidelines For Access By Beneficiaries Of The Eastland Community Trust (the Guidelines).

There were no Trust decisions that were subject to review.

Notes to the financial statements
For the year ended 31 March 2015

32 DISTRIBUTIONS PAID OVER $1,000

	PARENT	
	2015	**2014**
	$	**$**
Distributions to Eastland Network Charitable Trust for:		
Secondary Schools Triathlon	-	15,000
C-Company	-	50,000
Economic Development	-	90,000
Smart Energy Solutions Ltd	-	116,076
Waikanae Surf Club	-	150,000
Community Endowment Fund	-	220,000
War Memorial Theatre Gisborne Trust	-	300,000
Eastwoodhill Arboretum	-	400,000
Eastland Helicopter Rescue Trust	187,500	375,000
Multi use turf facility	100,000	510,000
Navigational project	1,700,000	1,600,000
Unitech Mindlab	825,000	-
Te Poho o Rawiri Marae	550,000	-
Surf Lifesaving New Zealand	50,000	-
Papawhariki Society Inc.	30,000	-
Longbush Ecoscantuary	65,000	-
Tairawhiti Cultural Development Trust	50,000	-
	3,557,500	**3,826,076**
Smart Energy Solutions - warm up Eastland	312,945	192,770
Eastland Development Fund - regional development	280,000	166,035
Eastwoodhill Arboretum - design and costing	-	66,000
Chelsea Hospital Trust - feasibility study	-	27,000
GDC - Gigatown initiative	52,500	12,500
Hospice Tairawhiti	-	10,000
	645,445	**474,305**
Total distributions paid	**4,202,945**	**4,300,381**

33 SUBSEQUENT EVENTS

The Board is unaware of any significant events between the preparation and authorisation of these financial statements as at 29 July 2015.

ECT
EASTLAND COMMUNITY TRUST

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