

Building on our strong foundation — constantly challenging and improving ourselves to be best-positioned in a fast changing sector.

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Mark Gatland
Chief Executive



Nikki Davies-Colley
Chairman



Combined Chairman & CE report

We are very pleased with the strong turnaround in the 2015/2016 financial year. Despite significant challenges in some markets, the turnaround was the result of the steps taken towards the end of the previous year, and a continued focus this year on operational effectiveness. Our operating performance before non-cash adjustments was sufficiently strong for us to lift the dividend to the Northpower Trust (NEPT) from \$3 million to \$5 million. The Financial Overview provides more detail.

The Board is pleased with the leadership shown by the management team and the efforts of staff throughout the business this year. We have continued our strategic focus on reinvestment in our business to be prepared for future changes and volatility within our industry. Much of our focus has also been on improving operational areas of the business to be more effective in more volatile future markets.

Management recognised forward workloads indicated in some regions were at a long term lower level than previously experienced. The Board supported the decision to reduce our workforce appropriately. While it was for the sustainability of the business, it was hard to lose these good people through the closure of our Melbourne office and reducing staff numbers in parts of New Zealand. The reductions are just one initiative of a strategic programme to make Northpower a competitive and desirable solutions partner into the future.

Other initiatives included the implementation of improved procurement practices to reduce business costs, along with changed fleet management to have safer vehicles and lower

operating costs. We continued priority investment in health and safety to ensure we were ready for the updated Health and Safety Act. Progressive implementation of Project Evolution – which will be completed in 2017 – will hugely enhance our capability to efficiently meet customers’ current and future needs. In each of these areas we are already experiencing the benefits of our investment and will continue to pursue opportunities to improve the way we do business.

Northpower’s Network division achieved its financial targets despite revenue lost through the ongoing displacement of our legacy meters with smart meters by electricity retailers. We are offsetting this significant income loss through using technologies

to reduce network operating costs and the additional revenue from acquired ex-Transpower spur lines, while still keeping network prices lower than industry averages.

We also invested significant effort to assess future opportunities to best position ourselves for a fast-changing electricity sector. We are particularly interested in how new technologies can be harnessed for our electricity and fibre networks to provide new opportunities to our customers. We research and experiment in order to refine and develop long-term strategies to make the most of those opportunities. We are proud we have made a number of technological advancements and you will read more about those exciting and cutting edge innovations within this Annual Report.

We reviewed and refined the overall Group structure to best deliver on our strategies. The Board has approved an updated structure and organisation chart and we have commenced the changes we believe will help take the company forward. We expect these will be completed by the end of the 2017 financial year.

Northpower strives to be a leader in safety, innovation, technology and partnering. Our drive is to be a trusted solutions partner, combining proven capability, technical expertise and innovation with an intimate understanding of customer and industry needs. We recognise the importance of anticipating future customer needs and those of our own business units.

We continue to invest in safety development throughout our workforce – arming employees with take-home messages and tools around safety. The Board and Management undertake regular work site visits and are determined to achieve Zero Harm.

Our Contracting division is an important component in our business strategy. Providing services to other networks is competitive and volatile. The more we are challenged to take innovative approaches, the more we add capacity and new skills to

our business. We apply learnings from other networks to our own. Northpower collaborates with customers and leading industry bodies daily and we are recognised for our impact in the electricity sector.

The fibre and electricity network are core assets, and where new technologies will most benefit our consumers. We leverage outside experiences to apply technologies for the betterment of the network, improved customer choices and services we provide. By using our networks as a test-bed we developed a leading ultra-fast fibre network and significantly influenced the development of the electric vehicle sector.

In July 2015, the Board appointed an Institute of Directors “Future Director” for a one year term. Colin Finnegan came out of the international oil and gas contracting sector and added a fresh perspective to our discussions.

We also farewelled previous Northpower CEO and long term Director, John Ward, along with fellow Director Ken Hames in July. The Trust joined us in thanking them for their considerable contribution to Northpower during their collective time with us.

We welcomed Richard Booth and Mark Trigg who were appointed to the Board by the Trust in July. Their biographies are on page 12.

The Future

The Board and Management recognise we are in a period of rapid change. All business aspects are impacted. Now, more than ever before, we want to be agile, responsive and embrace change. We have a good strategic foundation to

...create strong, sustainable outcomes for our people.

Our vision to improve regional prosperity through our business activities means we work with current and prospective businesses in the region. All divisions collaborate with neighbouring lines companies in storms. Through sponsorships and our ability to connect people, we add value to our Kaipara and Whangarei consumers.

When required, we seek the help of outside specialists to supplement our own highly talented team. This builds our recognised capability as a trusted solutions partner with local and international businesses. External acknowledgement through innovation, awards and winning contracts is recognition of the good things our people do and reveals how others view us.

achieve this and our focus is on ensuring our strategies enable us to be ahead of the increasing rate of technological change – along with associated changes in customer expectations.

Consumers are increasingly aware of new market options to meet their electricity supply needs, which is potentially very good for them. However, many of these options require a significant investment and it is difficult for customers to verify the financial benefits claimed by the new product marketers. We can help our consumer owners make better choices by providing transparent line service pricing, reflecting the true value of the service they receive from their connection to the Northpower network, while ensuring they are better informed

when purchasing these products. Our annual line charge rebates cloud this transparency.

In the next couple of years particularly, investment will be required in research and development, new technologies and internal initiatives to allow Northpower to position itself to take advantage of new opportunities. The network will function more cost-effectively and efficiently in years to come – allowing us to utilise our network capacity better. With clever investment now, we can expand our service offering to customers in future, without increasing the size of our workforce. In the medium to long term this will translate into increased returns to our shareholders.

The Board has taken a strategic position and made the decision that it is no longer appropriate to continue with line holiday rebates. While we recognise our consumers will be disappointed, we anticipate that taking this step now will improve the transparency of pricing information and allow us to make some essential investments in the short term, resulting in increased Northpower Trust dividends to our consumer shareholders in the medium and long term.

The Management team and the Board are equally ambitious for the company and the region – driven to help create strong, sustainable outcomes for our people (owners/stakeholders/consumers). The Board values the efforts our people make to collaborate across the Group to achieve a highly effective team. Equally, we appreciate the challenge, guidance and support we receive from the Northpower Trust (NEPT).

This is an incredibly exciting phase for the industry and Northpower’s business. It opens new opportunities for the business and customers. We look forward to the challenges, opportunities and achievements in the coming and future years.

Financial overview 2016

Northpower Group's profit after tax for the year ended 31 March 2016 was a profit of \$9.6m, a significant increase in financial performance on the previous year. The Group performance reflects an improved performance over prior years in the face of dynamic challenging markets and tight business conditions in New Zealand and Australia. During the year the Melbourne operation of WCE was closed, resulting in the occurrence of a significant level of restructuring costs.

The delivery of phase one of Northpower's significant investment in enterprise resource planning and scheduling systems (JD Edwards and ClickSoftware) was successfully completed during the year. Phase two, the works planning and scheduling components, is on target for completion over the next five months. The line holiday rebate to all consumers was \$4.2m with a loss of constraints payment of \$0.6m (GST exclusive) and the FY16 dividend to the Northpower Electric Power Trust was \$5.0m reflecting Northpower's improved financial performance for the year.

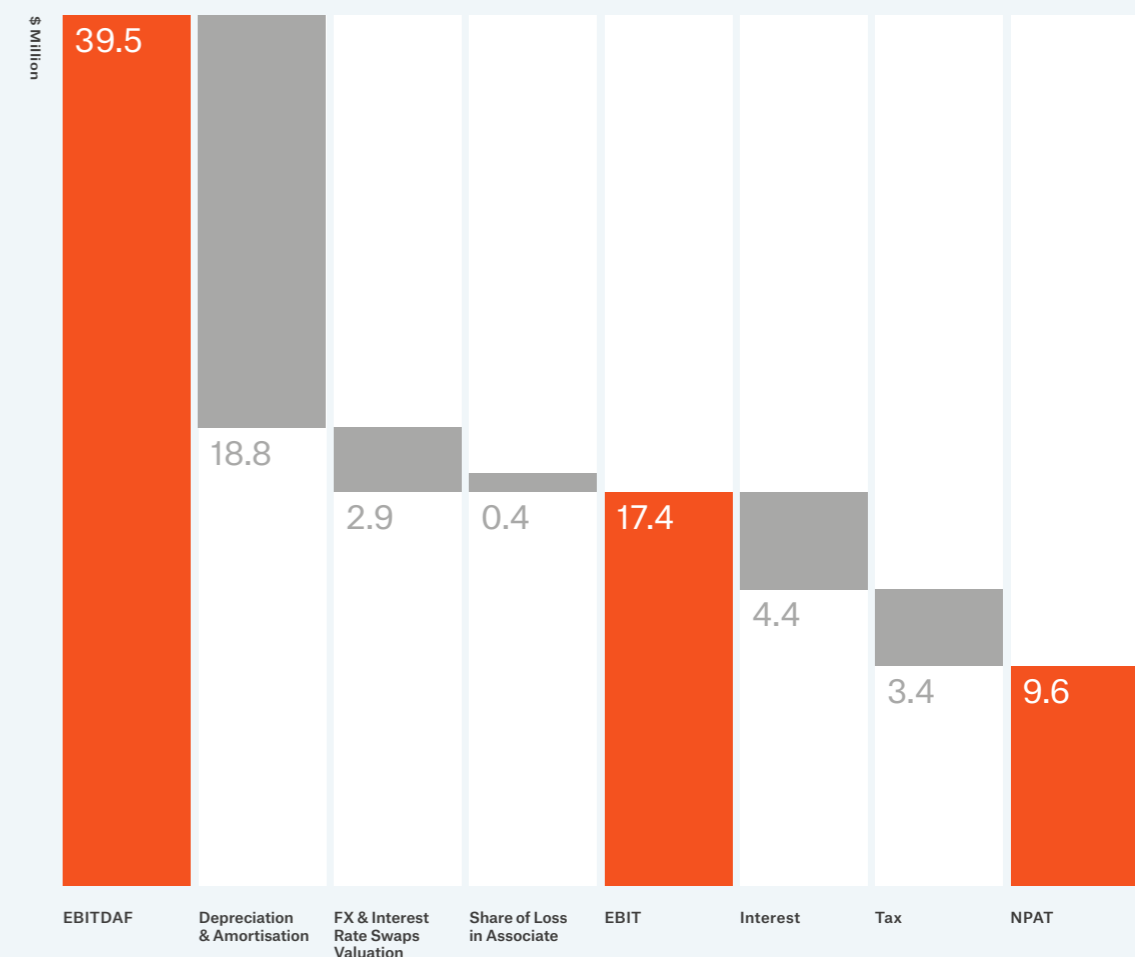
EBITDAF

Earnings before interest, taxation, depreciation, amortisation and the change in fair value of financial instruments and equity accounted earnings ("EBITDAF") is a commonly used non-accounting financial measure used to measure the cash flow operating performance of a business, essentially the cash profit. We believe it assists stakeholders to understand the performance of the core operations of the business. The EBITDAF operating surplus of \$39.5m was reduced to an accounting net profit after taxation ("NPAT") of \$9.6m. The major components that shifted the EBITDAF operating surplus to NPAT are reflected in the waterfall graph below. Besides the impact of

depreciation and amortisation (which are non-cash expenses), the other significant non-cash movement is the unfavourable fair value movement of interest rate swaps.

This movement in this valuation reflects current expectations of continued lower interest rates over the medium and longer term. The underlying interest rate swaps in place were locked in at very competitive rates with our average hedged interest rate being below 3.5%. The purpose of the interest rate swaps is to reduce the risk associated with variable interest rates with many swaps taken out when interest rates were tracking higher and in line with company policy. The expectation of long term interest rates is unclear at present.

EBITDAF to NPAT Waterfall



Our EBITDAF performance compared to the previous year has improved by \$10.3m. WCE has contributed \$7.3m to this variance with the NZ Businesses contributing the remainder of the variance. The waterfall chart highlights the factors contributing to the movement from FY15 which are discussed further in the commentary that follows.

Network

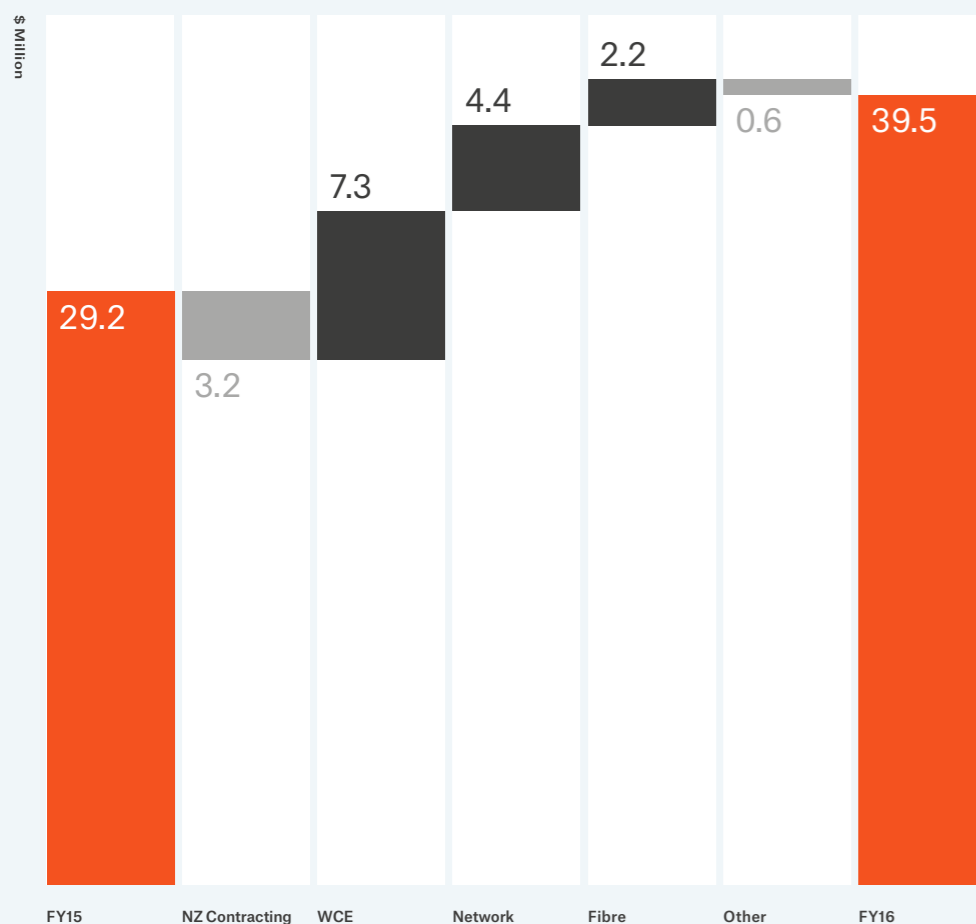
Earnings before interest and tax (EBIT) for the Network Division increased over the previous year. The increase in EBIT reflects a number of factors including higher distribution and generation revenue combined with a lower level of maintenance costs reflecting more efficient maintenance and no

significant expenditure incurred through adverse weather events, such as occurred in the previous year. Connection growth was around 1% in FY16 (FY15 0.9%) and average consumption per customer increased by 1.4%. The increase in consumption over the past couple of years has run counter to trends from the preceding five year period. This increased consumption is associated directly with increased consumer consumption. In addition, increased capacity to commercial customers contributed a further 2.2% in kilowatt hours sold.

Northpower New Zealand Contracting

Over the past ten years, New Zealand Contracting has delivered consistently good results. This is a significant achievement in the current market conditions. FY16 represented a busy and challenging year for New Zealand Contracting, revenue grew by 2% whilst EBIT declined on the previous year. Work has continued on a number of measures to ensure New Zealand Contracting is able to deliver a sustainable level of profitability. During FY17 we will complete our investment in contracting systems (JDE and ClickSoftware) and processes. This, together

FY15 to FY16 EBITDAF movement



\$39.5 Million EBITDAF

35% increase

\$340 Million Revenue

5% increase

8.4% Growth NFL connections

\$200+ Million Returned to the community

with our health and safety, lift in leadership and commercial programmes, will provide foundations to improving NZ Contracting's operational efficiency delivery to existing clients and will provide continued growth opportunities.

Fibre Project

The Ultra-Fast Broadband ("UFB") network is owned and operated by Northpower Fibre Limited ("NFL"), a joint venture between Northpower and the Crown. The continued focus of the business over the past year has been to connect consumers to the fibre network as quickly and efficiently as possible. Connections completed over the past financial year continued to exceed the connection rates contained in the business plan of NFL.

Furthermore, Northpower received its first dividend from its NFL investment with the dividend paid at \$0.6m, exceeding the forecast by over 300%. In addition, the cost of connections tracked to expected levels which were an improvement on prior year performance levels.

Northpower is required to repurchase NFL shares from the Crown as customers connect. Hence, as the number of connections increases, Northpower's shareholding in NFL will increase and the Crown's shareholding will decrease. As at 31 March 2016 our total investment in NFL stood at \$18.8m (FY15: \$11.9m) and our

shareholding in NFL was 46% (FY15: 34%). Uptake on the fibre network is currently sitting at just over 28.8% and has grown from 20.4% over the last year. This reflects the increasing momentum of connections and a push by NFL to drive connection rates further. The on-going challenge for the fibre project and NFL will be to continue to drive an increased level of connections and connect them efficiently and effectively.

West Coast Energy

West Coast Energy Pty Ltd ("WCE") financial performance over FY16 was significantly higher than that recorded over FY15 with WCE generating a net profit of A\$0.4m. This financial result included the payment of a royalty back to Northpower and the costs associated with the closure of the Victorian operation in June 2015.

WCE secured strong work-flows over FY16 which included the results of the inspection services contract in Perth which commenced in July 2016. In addition, WCE undertook and established an agreement to perform Foresight™ acoustic testing for a major player in the mining sector.

In the latter part of the financial year Western Power changed the model they use to issue work from a method whereby work was allocated to contractors such as WCE in bundles to a competitive tendering regime.

(\$m)	FY2016	FY2015	% Change
Revenue	340	325	5%
EBITDAF	39.5	29.2	35%
EBIT	17.4	6.5	168%
NPAT	9.6	-0.5	-2,241%
Dividend + Discount	9.2	7.2	28%
Equity	257	252	2%
Assets	455	442	3%
Net Debt	90.8	85.3	6%
Capital Expenditure (Net)	23.2	28.7	-19%
EBITDA/Revenue	12%	8%	
EBIT/Revenue	5%	2%	
Gearing	26%	25%	
EBIT Interest Cover	3.95x	1.6x	

Our Board

Northpower Annual Report 2015 – 2016

The Board of Directors is pleased to present the Annual Report of Northpower Limited and its subsidiaries (West Coast Energy Pty Limited and Northpower Western Australia Pty Limited) for the year ended 31 March 2016. For and on behalf of the Board of Directors



Nikki Davies-Colley
Chairman

Nikki Davies-Colley

BBS, MBA, CFInstD
Chairman

Nikki was elected Chairman in August 2014 and has been a Director of Northpower since 1995. She previously chaired the Audit Committee and served as a West Coast Energy Director and inaugural Northpower Fibre Director. She is currently a Director of Farmlands Co-operative Society Ltd and Landcorp Farming Ltd, a Chartered Fellow of the NZ Institute of Directors and a Kellogg Scholar. Nikki and her husband Peter have been farming and involved in Northland's forestry industry for over 30 years.

David Ballard

BE (Hons), MBA
Director

David has been a Director of Northpower since 1999 and has been Managing Director and founder of NZ Bloom Ltd since 1992. David has extensive experience in the exporting industry and has established offices in Auckland, Los Angeles and Osaka. Prior to this David was a Technologist with the NZ Dairy Board.

Russell Black

BE(Civil) (Hons), FEng, FIPENZ
Director

Russell has had a significant project management career in tunnelling and underground railway construction in New Zealand, Hong Kong, Singapore, London, China and Australia. Until 2010 he was Executive Projects Director for Hong Kong's MTR Corporation, responsible for railway projects in Hong Kong and China. He is currently a member of the NZ Earthquake Commission Board and has farming and forestry interests in the Kaipara District.

Richard Booth

MBA, Dip Ag
Director

Richard's current governance roles are as independent Chairman of Delta Produce in Dargaville and a ministerial appointment to the commission governing Kaipara District Council. He has held previous directorships on the Board of the Northland Dairy Co-op, the New Zealand Dairy Board, Kiwi Co-op and Fonterra. He has private business interests in two dairy farms and an avocado orchard and is President of the Mangakahia Rugby Club.

Michael James

BCom, CA
Director

Michael is the Chief Financial Officer (CFO) for Plant & Food Research, a Crown owned science company assisting New Zealand's horticultural, arable and food sectors. He has had significant senior executive experience, particularly with innovative or high technology organisations with international scale. Previously he was CFO at Navman, a global supplier of GPS based navigation products and General Manager Europe for Dynamic Controls.

Mark Trigg

B Eng Chemicals and Materials
Director

Mark joined the Northpower Board in 2015 bringing extensive industry experience, with 18 years in the electricity generation and retailing sector. During that time he had responsibility for business development, large-scale project management, operations, strategy and trading. Prior to his time in the electricity sector he had a decade in the financial markets industry. Mark is also a Director of Century Drilling and Energy Services.



Nikki Davies-Colley
Chairman



Richard Booth
Director



David Ballard
Director



Michael James
Director



Russell Black
Director



Mark Trigg
Director

People first

In a fast-changing world, we believe the success to being a growing, profitable business lies in focusing on the details – details that matter to our customers, our people and our community. We work hard to deliver enduring value through innovation, open minds, smart thinking and collaboration. And always, people first.



Te Aroha Nikau,
Electrical Fitter.
Working at
Vector's Flatbush
Substation.

The strength of our people is the strength of our business

In New Zealand and Australia, we have a team of over 1,200 talented people working to add value at every point.

A fast-evolving electricity sector provides constant challenges, but we meet them head on and always strive to improve.

At times this requires right-sizing our work-force to meet forward workloads, but throughout, we maintain a focus on lifting leadership levels so we have the best people with the right attitudes, capabilities, safety awareness and skills to help grow our business.

Industry support

We support industry with representation on a number of industry bodies:

Electricity Networks Assn (ENA)
Northpower: Mark Gatland

Electricity Engineers' Assn (EEA)
Northpower: Lloyd Richards,
Richard Pearce

Connexis
Northpower: Barbara Harrison

EEA-ENA Public Safety
Working Group
Northpower: Steve Macmillan

Industry Awards

We're regularly involved in many industry awards, through sponsorship, support and participation. We're often successful in winning national accolades and finalist status in categories such as health and safety, innovation and leadership.

While we enjoy the organisational wins, it's the individual acknowledgments of our people that really make us smile. Here's a taste of recent individual industry awards:

Steve Rathe,
Warkworth Depot
Winner – National Cable
Jointing Competition

Kotua Phillips,
Rotorua Transmission Team
Winner – Advanced Trainee
of the Year

Carl Groshinski,
Network Operation Manager
Finalist – Contribution to Industry

Epati Fau, Auckland
Finalist – Distribution Trainee
of the Year

Tinirau McCauley
Rotorua Transmission Team
Finalist – Transmission Trainee
of the Year

Prime Minister's Business Scholarship

We're hugely proud of Josie Boyd, Northpower's General Counsel,

who became the third Northpower executive to be awarded a Prime Minister's Business Scholarship.

She is among 12 senior executives and business owners from around New Zealand to attend one of the world's most prestigious business schools, with the opportunity to complete the Stanford Executive Development Program in the United States.

"I'm hugely grateful for the support of Northpower and the NZ Government and look forward to utilising this experience in supporting Northpower's vision and strategy," said Mrs Boyd.

Strength and depth in our team

Diversity is key for an effective workforce and Northpower is not afraid to challenge the norms.

We did this when we went against an industry trend and entered the contracting market almost two decades ago. Similarly, we had leaders take us on a journey building a fibre broadband network before the Government embarked on the UFB initiative.

We seek the best professionals and the best tradespeople and constantly look to develop our talent.

Among them is our America bound Prime Ministerial Business Scholarship winner, Northpower Legal Counsel Josie Boyd.

In the field we have the likes of Line Mechanic Eseta Tonutonu and Electrical Fitter Te Aroha Nikau holding their own in traditionally male dominated roles.

Cable Joints Aroha McLean completed her apprenticeship with Northpower some years ago and like her colleagues remains equally passionate about her role.

We will continue to challenge and support our employees to be outstanding and regularly see the results of great people doing incredible things throughout our workforce.

That's what gives us confidence that we have the people we need to take us into the future.

Northpower has shown the rest of New Zealand what can be achieved when local businesses, council and the community come together. Northland started New Zealand's EV journey, we want the rest of New Zealand to join in.

Mike Underhill
Chief Executive EECA

Leading the charge

Northpower has led the way to promote the use of EVs in Northland and it's proving a huge success. Working with the EV fraternity and Charge.Net. NZ, we've helped construct a far-reaching regional EV highway, giving Northland the highest per capita uptake of EVs in the country.



We were recently recognised for our efforts being highly commended as a finalist in the annual Energy Efficiency and Conservation Authority (EECA) awards. The stats in our region are impressive. Close to 100 of New Zealand's 1200 EVs are in Northland, evidence we've played a key role in removing 'range anxiety' for drivers worried about distances between chargers. We now

have five EV fast chargers in Northland and several destination chargers throughout Kaipara and Whangarei. Northpower's fast charger in Whangarei's CBD is powered by the company's Wairua Hydro Power Station, reinforcing our commitment to using renewable energy for long-term environmental and sustainability gains.

We're also proud to be partnering with the University of Canterbury to devise the optimum mobile DC EV charging for roadside assistance when an EV runs out of charge between charging stations.

When it benefits our community, the environment and promotes Kiwi ingenuity, Northpower will always look to lead and support.

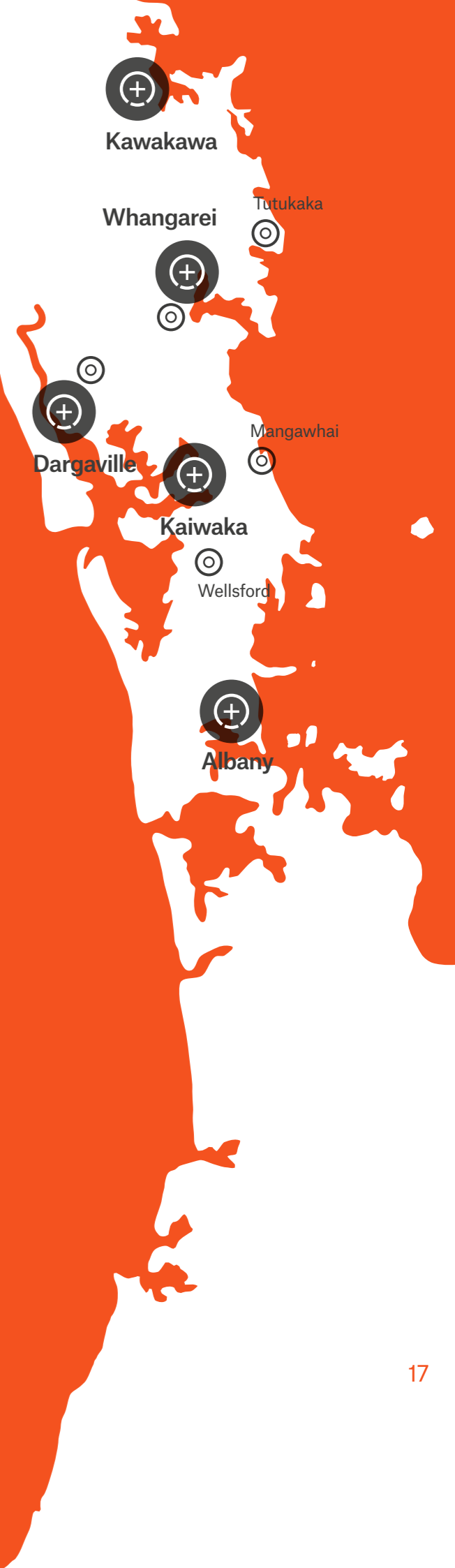
Key locations

-  Rapid Charging
80% — 25 Minutes
-  Fixed Charging
100% — 4/5 Hours



From promoting the use of EVs to providing charging infrastructure and crucial support for other stakeholders in the space, Northpower has played a key role in supporting EV deployment not only in Northland, but throughout New Zealand. Current and future success of EVs in New Zealand is very much due to investments by, and leadership of, companies like Northpower.

Chelsea Sexton
International EV Ambassador



He Tangata He Tangata He Tangata



Keeping our people safe

Safety must always be front and centre in the electricity sector and there's widespread recognition we must all proactively lift the industry's safety culture. Northpower aims to be a leader in this and has initiatives in place to maintain and improve safety standards throughout our business. Improved attitudes and awareness have shown an increase in 'near miss' reporting of 57.8%.

Working in tandem with The Learning Wave, we've developed a Safety Leadership Programme to improve field leadership and facilitation skills, developing strong safety leaders throughout the company.

By December 2015, 123 workshops had been completed, and 304 staff had completed the course in Whangarei, Auckland, Matamata, Rotorua and Wellington.

Office staff too are paying far closer attention to safety, in the office and at home, with incident reporting levels across Northpower's Central region increasing significantly due to attitudinal shift.

By 2017 every Northpower staff member will have completed the Safety Leadership Programme.

Close alignment sees contract success

Northpower always aims to deliver superior technical performance based on a deep understanding of our customers' needs. We build long-lasting relationships based on safety, performance and delivery and align our strategic visions to the benefit of all parties.

This belief in true collaboration, safety and trust has helped us maintain long-term relationships with some of New Zealand's largest and most successful electricity networks and win important recent contracts.

A long term client in the southern region, renewed our contract this year, five years after we entered the region. We also extended our suite of contracts with Transpower, being awarded responsibility for maintaining its Waikato substations.

\$3 million summer bonus for consumers

Summer had a special shine to it this year with Northpower returning \$3m to its 56,500 electricity consumers as a summer holiday bonus, courtesy of the Northpower Trust (NEPT).

Every Northpower consumer connected to our network was eligible for the \$50 gift on their December or January power accounts. In just over 20 years, Northpower consumers have received \$90m in Northpower Trust distributions. Northpower Trust Chairman Erc Angelo said the distributions showed the enduring value of the consumer ownership model.

"Even in challenging times, Northpower has continued to diversify, strengthen and grow for the good of current and future stakeholders. This distribution to Northpower's consumers is courtesy of a dividend we have received from the company this year. Had the company not expanded from being solely a local lines company in the 1990s, consumers would not have continued to benefit in this manner."

Fibre connections race ahead

Winning the government contract to build Whangarei's UFB Fibre Network in 2010 placed us firmly in the centre of one of Northland's most important business and community developments. Six years later demand continues to surge.

Northpower Fibre has maintained its status as one of the country's leading UFB fibre network providers with a current uptake level of nearly 30%. The number of business and residential connections has reached 7,149, placing the goal of 10,000 connections by June 2017 firmly in reach. The connection forecast for 2020 is 16,000.

We continue to improve our processing systems to minimise downtime and meet demand. We've increased our staffing numbers to correct that but access, consents and undergrounding can unfortunately still hold up some connections.

Northpower Fibre achieved two major milestones this year by connecting gigabit capacity

to three of Whangarei's largest schools and making our first dividend payment to Northpower Limited, significantly in excess of the business plan target.

With up to 300 connections a month, Northpower Fibre, in partnership with Crown Fibre Holdings, continues to have one of the highest UFB speeds and uptakes in New Zealand.

More power to the Pacific

The Pacific Islands continue to be a successful expansion of our electricity contracting arm, with over 30 projects completed since 2010.

During the last year Northpower undertook contracts in the Solomon Islands, Tonga, Samoa and Maldives. Our team of FIFO (fly in, fly out) field crews has done an exceptional job in completing complex projects, providing important development for the island communities.

The offshore contracts also provide an ideal opportunity for staff development with senior

staff helping graduate employees extend their skills and experience. We also work with electricity firms in the Pacific Islands to help develop their talent pool and host them in NZ to share skills and insights.

Our teams have made important connections in the communities they work in, so were deeply concerned at the devastation suffered by Fiji following Cyclone Winston in February. Northpower was quick to release additional line crews to help with the cleanup and restore power.

Completed Pacific Island Projects 2015 – 2016

Samoa – 3MW Diesel Power Plant (Salelologa Power Plant) to provide the base load for Savaii Island.

Solomon Islands – Electrical Balance of Plant (EBoP) for 10MW Diesel Power Plant (Lungga Diesel Power Station).

Tonga – Engineering, procurement and construction of new 11kV High Voltage Switchboard in the Popua Diesel Power Plant (Tonga's main electricity generation source).

It is truly an open and symbiotic relationship between two leading and innovative companies, a partnership that enables Calix to work with Northpower to build the best practices and technologies to meet the demands of a future-focused fibre network in the challenging competitive broadband space. Together we've created a world-class network that can be transplanted into any environment.

Andy Lockhart

Senior Vice President Sales, Calix

*
It's the people
It's the people
It's the people
...

Brand new blast suit

Blasting transmission towers in preparation for refurbishment is one of the most physically challenging jobs in the field. We wanted to make sure our teams were kitted out with the best safety options and protective gear.

Partnering with manufacturer Swazi, we collaborated to design and test an innovative blast suit that's a first of its kind. Previous suits were bulky, multi-layered and difficult to move in. The new suit is 60% lighter with improved safety features.

The Kapiti-based field staff were the first to test the new blast suit and can't believe the difference in lower levels of fatigue and better comfort and functionality due to vastly improved manoeuvrability.

Because of the new design and lack of excess fabric, it also means any snagging on the tower or pole straps is eliminated.

The new blast suits have been so successful that requests for the new design have been coming from line crews up and down the country as well as outside industries.

Old suit	15 – 25kg
New suit	2.3kg
Blast protection level	4,000psi
Flash rating	8 Cal atc
Body blast protection	90%

Blast

You can really see the difference when you watch someone climb in a Swazi suit. There are no restrictions on movement; it moves with your body giving far greater mobility and manoeuvrability to get into those tricky positions.

Tuhiwai Hauti-Parapara
Northpower Health & Safety

Davidson Millar,
Tower Refurbisher.
Our cutting edge
new blast suit a
game changer in
safety and comfort.

proof



Business in focus

We've put every area of our business under the microscope, identifying ways to create greater efficiencies at every level. New systems and processes are supporting our people and customers at every point. While we're forensic in reviewing the day to day, we keep a very close eye on the future and emerging technologies, ensuring we're well-armed now and for the changes ahead.

Project Evolution nears completion

A significant focus for our business over the last three years has been Project Evolution (EVO), a critical and multi-faceted drive for far greater efficiencies at all levels of our business. We've now reached a significant milestone that puts us on the cusp of full implementation.

An intense effort by a dedicated project team has seen 90% of EVO completed, allowing us to begin the implementation of the works management and scheduling component. The project touches every area of our business ensuring better delivery, superior outcomes for customers and improved safety for our people. This is critical work to best position us in a fast-changing electricity sector.

Contracting in the electricity sector is an extremely competitive market so efficiencies and best practice are constantly being explored. EVO will transform Northpower and West Coast Energy's contracting works management practices into a streamlined, consistent and efficient delivery process supported by, and leveraging off, IT systems and technology – with measurability an underlying requirement.

New systems up and running

As a result of EVO, the management of the New Zealand business financials migrated to JD Edwards (JDE) in May 2015, with West Coast Energy moving to JDE in March 2016. This built on the move by Auckland Faults to ClickSoftware Scheduling and Mobility (Click) in November 2015, improving information gathering and dispatching of faults jobs to Northpower field crews. Wellington Faults had successfully adopted Click in December 2014.

Key Components

New systems and technology are key enablers of the wider EVO objective of improving processes, behaviours and outcomes of various management initiatives. Ensuring better planning and organisation in the office, will arm field crews with the information and equipment they need to complete jobs with the most efficient use of resources. Key components of EVO include:

- processes and systems solutions for "Planning for Safety and Quality"
- measurable and sustainable profitability improvements
- measurable utilisation and productivity improvements
- migration to business processes that are intuitive, efficient, standardised, effective and support continuous improvement
- timely availability of accurate and manageable data and information to business and clients
- scalable core functionality supporting future growth
- facilitation and enhancement of customer/client relationships.

Fast

We're proud to have collaborated with such a forward thinking New Zealand company. Northpower's challenge was testament to their growth and a changing business environment, which is increasingly dependent on IT convergence and data.

Ray Dunn

Country President, Schneider Electric, New Zealand

0007251-CC01

Wired for a flexible future

As a network provider, system resilience and security is especially important for Northpower. When we were exploring options for a new centre our goals focused on a future proofed, highly secure, environmentally friendly and highly efficient solution.

We engaged respected specialists Schneider Electric to configure and construct the very first pre-fabricated portable data centre of its kind in the Asia Pacific region. The compact, 20-foot centre was designed to significantly increase availability and redundancy of internal IT systems and is a key addition to Northpower's business model, being energy efficient and having lower operational costs.

While the application of New Zealand Electrical Regulatory compliance to the design and build created some challenges, the success of the project meant when the container landed at Northpower's Whangarei head office, it was plugged in and instantly operational.

The facility is also geared up for the future requirements of Ultra-Fast Broadband points of presence and could expand into co-location services for resellers (other companies storing their servers in the data centre).

Innovative, forward thinking solutions such as this are proving to be game changers for industries throughout our region looking for cost-effective solutions for secure portable data centres. The new concept is also hugely cost-effective when compared to the traditional data centre build.

Deepak Veerasamy, IP Network Architect/ Technical Manager, inside Northpower's world-class pre-fabricated portable data centre.

thinking



Tim Morrison,
Electrical
Engineer. Using
Foresight
inspection
technology.

Foresight is game-changing ultrasonic technology boosting Northpower's service offering in defect inspection. It's already found over 2,000 electrical defects across electricity networks in Australia and New Zealand, which were previously undetected through traditional inspection methods.

Richard Pearce

General Manager,
Strategic Development
and Regulatory

Faster, more accurate delivery with frontline technology

We started equipping our frontline staff with iPads in 2012 and now have 700 out in the field. We'll distribute another 50 this year, completing our roll out.

It's hard to contemplate life on the frontline without technology. Before this programme our team had fishbins full of the required paper work on the back seats of their utes. Now everything they need is in the palm of their hands meaning greater efficiencies, better delivery and more accurate completion of client requirements.

iPads are also now used to capture infield data for preventive maintenance. This allows for onsite data validation, cost savings with data handling, higher data quality and increased speed of data delivery. Having field workers providing regular real-time updates back to dispatchers and the network owner is invaluable.

This year both data capture and use of iPads for reactive maintenance has been further extended. The next stage of the Process Re-Engineering Project will extend field force automation to the maintenance capital works teams.

Fleet renewal boosts safety and efficiencies

Twenty million kilometres – that's the distance our teams cover every year operating our electricity network and supporting North Island lines companies.

A review of our aging fleet in 2015 highlighted an opportunity to modernise and increase the safety levels of our vehicle range. We had 863 vehicles on fleet with the oldest truck hitting 35 years on the job.

One year into a five year roll-out, we are on track to move from 15 different manufacturer brands and 100 makes and models, to just seven brands and 12 makes and models.

To date we've replaced 324 vehicles and in the coming year 42 new fit-for-purpose lines trucks will be brought into the fleet. Importantly, our own staff have input into the design to ensure their needs are met in the field.

Summary Vehicle Replacements FY2016

Category	Units
Passenger	118
LCV	163
Trucks	28
Plant	15
Total	324

Urgent assistance for the Maldives

Northpower recently took the lead role in solving a major telecommunications issue in the Maldives. One of the island nation's telecommunications providers was functioning poorly (VDSL, GPON, Docsis – all telecommunication networks) and needed urgent assistance.

At the recommendation of Calix, our UFB GPON equipment partner, our IP Network Architect/Technical Manager, Deepak Veerasamy travelled to the Maldives to assess the situation.

By the end of the first night he had the immediate issues identified and fixed. By day five he had armed their team with a comprehensive future-proofed plan to grow the network efficiently and securely, resulting in a stable telecommunications project for 11,000 subscribers.

The use of UAVs will revolutionise overhead electricity network inspections. They allow us to conduct more timely assessment of the condition of our overhead lines network, meaning we can refine our maintenance planning, reduce costs and maximise the life of the asset. Northpower is at the forefront of adopting this technology.

Graham Dawson
Northpower GM Network

Moving into the future

Challenge and change are the new norms in our industry. We've been constantly building our capability to meet those challenges, often using new technology to lead the way.

Foresight is a case in point. This is a breakthrough development providing swift, highly accurate identification of electricity network faults, up to 18 months in advance of them becoming evident. This powerful new service uses a directional ultrasonic detector which precisely analyses an acoustic signal from each network asset in turn. It runs at 10 times the speed of traditional methods, checking up to 300 distribution poles/structures per day.

We've inspected 150,000 poles, wires and other equipment in New Zealand, Perth and Melbourne using Foresight. The results have been so successful it has also led to increased contracting work such as the maintenance and construction on an international mining giant's electricity network. This is a market that will continue to grow.

On our own electricity network in Kaipara and Whangarei we're trialling the use of UAVs for line inspections. In combination with helicopters, traditional foot inspections and GoPros, we expect the UAVs will add an important new dimension to detecting preventive maintenance.

We continue to keep a close eye on solar photovoltaics and battery back-up. We know they will have an impact on electricity grids and we're watching that space closely.

The electric vehicle sector has long been a focus for Northpower. We continue working with partners to find ways technology can make electric vehicle use more practical and accessible for our electricity consumers.

Exploring technology advancements will always be a focus.

ahead

Looking

Northpower is in phase 2 of UAV trials for line inspections with the adoption of the Phantom 3 Professional.

Ngakau o tatau*

Community sits at the heart of all we do. While our operations stretch beyond our region, Northland is our home.

We're proud of our consumer-owned Trust model and a high-performing network that allows us to support important community initiatives. We're constantly looking for ways to give back to the community and support projects that enhance lives through health, security, education and the environment.

* Our heart

Over 19,000 emergency flights

consistently donate over \$150,000 annually. To mark the beginning of the 2015 fundraising appeal, a documentary capturing the service's history, bravery and commitment was screened at Capitaine Bougainville, raising thousands more dollars for a service Northland simply couldn't do without. The documentary is a powerful reminder of the commitment and dedication of the pilots, paramedics and volunteers who give so much to our province.

Ambassadors also play a key role in promoting and fundraising for the service, such as Duncan Garner, Simon Dallow, Dion Nash, Dean Lonergan, Joey Yovich, David Shearer and The Mad Butcher.

Getting to the heart of the problem with healthy homes

Lack of insulation in homes can impact on physical and mental health as well employment and education outcomes. Since 2007, we've been a funding partner in the Healthy Homes Te Tai Tokerau home insulation programme – an initiative seeing spectacular results.

Chris Farrelly, Manaia PHO CEO believes insulating homes is the most permanent and positive health determinant a family can receive, dramatically improving the lives of thousands of Northland families.

"People don't realise the dire conditions many Northland families live in. There can be ten people sleeping in one room in winter because they need to provide each other heat."

Healthy Homes is changing that. To date, almost 4,500 Far North homes have been insulated, with 2,500 in Whangarei and close to 1,000 in Kaipara. Northpower is proud to be involved in such a critical community programme and look forward to helping fund the further 7,000 homes needed to complete the programme.

One of New Zealand's busiest rescue helicopters

No air ambulance service in New Zealand flies more hours than Northland's three rescue helicopters – proving how reliant the Northland region is on this life-saving service. With well over 19,000 recorded flights, demand for emergency rescues continues to grow each year. It's a vital service for locals and visitors and we're proud to have been a staunch supporter since 1988.

Northpower has contributed millions of dollars to the Northland Rescue Helicopter Service, donating \$100,000 in sponsorship each year as well as running the annual fundraising appeal where generous Northlanders

Staying

Changing the future for Northland

Northpower and Northpower Fibre are helping put education into the hands of Northland school children in need – bringing a smile to hundreds of kids and their families by providing high tech devices and enabling the digital classroom.

We've partnered with the Taitokerau Education Trust, a Northland based incorporated trust set up to provide equity and access to learning methods that develop student engagement and achievement.

The pilot programme, involves the Te Puawai Digital Immersion Cluster which includes six Whangarei schools with the ultimate goal of putting a Chromebook in the schoolbag of every Northland student in need. The initial trial of distributing 300 Chromebooks is proving very successful and the next stage is another 800 devices being distributed, eventually moving beyond Whangarei into other Northland areas.

The schools currently involved range from deciles 1 – 5 and include Manaia View Primary, Hikurangi Primary, Whangarei Intermediate, Te Kura o Otangarei, Whau Valley Primary and Tikipunga High.

The children and their families are also supported by the 20/20 Trust, another partner in the project along with Oxford Sports Trust, YHPJ Chartered Accountants and Orbit Audit.

This initiative is a vital community programme and we're thrilled to help provide digital support to kids hungry for knowledge.

in touch

Jacob Manukau has embraced digital learning – the introduction of dozens of Chromebooks at Manaia View Primary is changing learning outcomes immensely.

Tree planting on the Wairua

For the past two years Northpower has assisted Mangakahia Area School with funding for replanting native trees on the banks of the Wairua River. This is a wonderful project to return native trees to our area and help protect our waterways. We also ensure the school has help on tree planting days by providing a van to transport the precious trees.

Keeping eels on the rise in Northland

Swimming up the Wairua Falls is no easy task, so we've been working with the Te Parawhau hapu to give elvers (baby eels) a leg up to complete their migration and boost Northland's eel numbers.

By building an 'elver ladder' at Northpower's Wairua Hydro Electric Power Station at Titoki, west of Whangarei, elvers are captured into a holding tank and then transported to their habitats in rivers and swamps running into the Wairua.

In just four seasons more than 25 million elvers have made it safely past the hydro station via the ladder. If they'd followed their traditional route up the Wairua Falls, the survival rate is estimated at just 4%, so we're happily helping quadruple their chances of survival.

Keeping close with the kiwi

Matakohe-Limestone Island is a local treasure in the Whangarei Harbour. We're proud to have supported environmental efforts there since the 1990s.

We work with the Friends of Matakohe-Limestone Island who have helped transform the island into a sanctuary for a number of native animals, as well as an invaluable crèche for kiwi, thanks to keen kiwi conservationists including the Department of Conservation.

Open to the public, the island is also the site of Matakohe pa and once extensive kumara gardens, as well as the ruins of one of Whangarei's earliest industrial sites – the Limestone Island cement works, founded in 1856. It's well worth a visit and most definitely worth supporting.

Financials

Independent Auditor's Report

To the readers of Northpower Limited Group's financial statements and statement of service performance for the year ended 31 March 2016

The Auditor General is the auditor of Northpower Limited Group (the Group). The Auditor General has appointed me, Leon Pieterse, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the statement of service performance of the Group consisting of Northpower Limited and its subsidiaries and other controlled entities, on her behalf.

Opinion on the financial statements and the statement of service performance

We have audited:

- the financial statements of the Group on pages 43 to 89, that comprise the balance sheet as at 31 March 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the Group on pages 41 to 42.

In our opinion:

- the financial statements of the Group:
 - » present fairly, in all material respects:
 - its financial position as at 31 March 2016; and
 - its financial performance and cash flows for the year then ended; and
 - » comply with generally accepted accounting practice in New Zealand in accordance with the New Zealand equivalents to International Financial Reporting Standards; and
- the statement of service

performance of the Group presents fairly, in all material respects, the Group's achievements measured against the performance targets adopted for the year ended 31 March 2016.

Our audit was completed on 29 June 2016. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities, and explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and the statement of service performance are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and the statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and in the statement of service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the statement of service performance whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Group's financial statements and statement of service performance in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the appropriateness of the statement of service performance within the Group's framework for reporting performance;
- the adequacy of the disclosures in the financial statements and in the statement of service performance; and
- the overall presentation of the financial statements and the statement of service performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and the statement of service performance. Also we did not evaluate the security and controls over the electronic publication of the financial statements and the statement of service performance.

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

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and fair presentation of financial statements in accordance with the New Zealand equivalents to International Financial Reporting Standards and generally accepted accounting practice, and for the preparation and fair presentation of statement of service performance for the Group.

The Board of Directors' responsibilities arise from the Energy Companies Act 1992.

The Board of Directors is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements and statement of service performance that are free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for the publication of the

financial statements and the statement of service performance, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and the statement of service performance and reporting that opinion to you based on our audit. Our responsibility arises from the Public Audit Act 2001.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor General, which incorporate the independence requirements of the External Reporting Board.

In addition to the audit of the annual financial statements we have carried out other audit assignments for the company and Group. This involved issuing an audit certificate pursuant to the Electricity Distribution (Information Disclosure) Requirements 2012. This assignment is compatible with those independence requirements. Other than the audit and this assignment, we have no relationship with or interests in the Group.



Leon Pieterse
Auditor General

On behalf of the Auditor General
Auckland, New Zealand

Board of Directors' report

The Board of Directors are appointed by the Northpower Electric Power Trust to supervise the management of the Company. The Board establishes the Company's objectives, overall policy framework, and monitors management performance.

Principal Activities

The Group's principal activities are the transmission of electricity and electrical contracting.

Directors holding office during the year

Northpower Limited

N P Davies-Colley (Chairman)
D J Ballard
R J Black
M B D James
K C Hames (until 22/7/15)
J J Ward (until 22/7/15)
R C Booth (from 23/7/15)
M D Trigg (from 23/7/15)

West Coast Energy Pty Ltd, and Northpower Western Australia Pty Ltd

D Wright
D J Ballard
A R Beach

Northpower Limited, in conjunction with Crown Fibre Holdings, has an investment in a jointly controlled entity: Northpower Fibre Limited (NFL)

M R Gatland and R P Pearce are Directors of NFL. K C Hames was a Director until 1/10/15.

Results

The Group recorded an after tax profit of \$9.57m for the period, as set out in the Income Statement.

Dividend

A dividend of \$5.0 million has been declared for the year.

Legend

Bookmark denotes Policy.

Donations

The Group made donations of \$14,000 to Whangarei Native Bird Recovery, \$100,000 to Northland's Electricity Rescue Helicopter, \$20,000 to Northland Youth Development and \$20,000 to Te Taitokerau Education Trust during the year.

Insurance of Directors

The company has insured all its Directors against liabilities to other parties, that may arise from their positions as Directors.

Share dealings

It is not possible for any Director to acquire or dispose of any interest in shares in the Company.

Use of company information

The Board received no notices during the year from Directors requesting use of Company information received in their capacity as Directors, which would not otherwise have been available to them.

Directors' interest

The following Directors have made general disclosures of interest pursuant to Section 140 of the Companies Act 1993, that the named Directors are to be regarded as having an interest in any contract that may be made with the entities listed below by virtue of their directorship of those organisations.

D J Ballard

Director – West Coast Energy Pty Ltd

Director – Northpower Western Australia Pty Ltd

Director/Shareholder – New Zealand Bloom (NZ) Ltd

Director/Shareholder – New Zealand Bloom (California) Ltd

Director – Canterbury Fields Ltd

Shareholder – Vector Ltd

R J Black

Director/Shareholder – Tin Hau Farm Ltd

Director/Shareholder – Mark Six Company Ltd

Director/Shareholder – R and G Orchard Ltd

Director/Shareholder – Leafcutter Ltd

Commissioner – Earthquake Commission

N P Davies-Colley

Director – Farmlands Co-Operative Society Ltd

Director – Landcorp Farming Ltd

M B D James

Director – Plant & Food Research Australia Pty Ltd

Director – Plant & Food Research USA Corporation

Director – CropSeed Ltd

Trustee – Ocean View Trust

Shareholder – Vector Ltd

Shareholder – Westpac Banking Corporation

Shareholder – Meridian Energy Ltd

Shareholder – Origin Energy Ltd

Shareholder – QBE Insurance

M D Trigg

Director – Century Drilling and Energy Services

Director – Langman Lane Limited

Director – Ngati Tuwharetoa Holdings Limited

Director – Ngati Tuwharetoa Geothermal Assets

R C Booth

Chairman – Delta Produce Co-Op Ltd

Commissioner – Kaipara District Council

Directors' remuneration

Directors' remuneration paid during the period was:

Northpower Limited

R J Black	\$57,000
D J Ballard	\$57,000
N P Davies-Colley	\$114,000
J J Ward	\$19,000
K C Hames	\$19,000
M B D James	\$57,000
R C Booth	\$38,000
M D Trigg	\$38,000

\$399,000

West Coast Energy Pty Ltd

D Wright	\$71,800
J Ballard	\$33,645
A R Beach	\$59,739

\$165,184

Remuneration of employees

Bands	No. of Employees
\$100,000 – \$109,999	108
\$110,000 – \$119,999	85
\$120,000 – \$129,999	61
\$130,000 – \$139,999	40
\$140,000 – \$149,999	30
\$150,000 – \$159,999	24
\$160,000 – \$169,999	23
\$170,000 – \$179,999	20
\$180,000 – \$189,999	10
\$190,000 – \$199,999	14
\$200,000 – \$209,999	15
\$210,000 – \$219,999	13
\$220,000 – \$229,999	7
\$230,000 – \$239,999	4
\$240,000 – \$249,999	4
\$250,000 – \$259,999	1
\$290,000 – \$299,999	1
\$300,000 – \$309,999	1
\$310,000 – \$319,999	2
\$350,000 – \$359,999	1
\$360,000 – \$369,999	1
\$380,000 – \$389,999	1
\$580,000 – \$589,999	1

Changes in Directors

In accordance with the Company's Constitution, Nikki Davies-Colley and Russell Black will retire and offer themselves for re-election.

For and on behalf of the Board.



Nikki Davies-Colley
Chairman

Directors' responsibility statement

The Directors are responsible for preparing the financial and service performance statements and ensuring that they comply with New Zealand generally accepted accounting practice and give a true and fair view of the financial position of the Company and the Subsidiaries as at 31 March 2016 and the results of their operations and cash flows for the year ended on that date.

The Directors consider that the financial and service performance statements of the Company and the Subsidiaries have been prepared using appropriate accounting policies which have been consistently applied and supported by reasonable judgements and estimates, and that all relevant financial reporting and accounting standards have been followed.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and the Group and facilitate compliance of the financial statements with the Financial Reporting Act 1993.

The Directors consider that they have taken adequate steps to safeguard the assets of the Company with the Subsidiaries, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide a reasonable assurance as to the integrity and reliability of the financial and service performance statements.

The Directors are pleased to present the financial and service performance statements of Northpower Limited and its Subsidiaries for the year ended 31 March 2016.

For and on behalf of the Board of Directors.



Nikki Davies-Colley
Chairman



Michael James
Director



Nikki Davies-Colley
Chairman

Governance statement

The Board of Directors of the Company is appointed by the Northpower Electric Power Trust, as representatives of the shareholders. Its role is to supervise the management of the Company and its subsidiary companies. The Board establishes the Group's objectives, strategies and overall policy framework. The Board delegates day-to-day management of the Group to the Chief Executive and monitors management's performance.

Code of conduct

As part of the Board's commitment to the highest standards of behaviour and accountability, the Company adopts a Code of Conduct to guide executives, management and employees in carrying out their duties and responsibilities. The Code covers such matters as:

- responsibilities to shareholders
- relations with customers and suppliers
- employment practices
- responsibilities to the community
- Board operations and membership.

The Board comprises six Directors; a non-executive Chairman and five non-executive Directors. Board members have an appropriate range of proficiencies, experience and skills to ensure compliance with all governance responsibilities.

The Board meets monthly and has additional meetings as required to address specific issues.

The primary responsibilities of the Board include:

- ensuring preparation of the annual and half-year financial statements
- the establishment of the long term goals of the Company and strategic plans to achieve those goals
- the review and adoption of annual budgets for the financial performance of the Company, monitoring results on a monthly basis

- managing risk by ensuring that the Company has implemented adequate systems of internal controls, together with appropriate compliance monitoring
- working with management to create shareholder value.

Audit committee

The Audit Committee is responsible for overseeing the financial accounting and audit activities of the Group, including reviewing the adequacy and effectiveness of internal controls, meeting with and reviewing the performance of the external auditors, reviewing the consolidated financial statements and making recommendations on financial and accounting policies. The Committee met six times during the year.

Treasury committee

The Treasury Committee is responsible for the oversight and review of proposed treasury transactions including banking, cash and debt management, investment and treasury risk management. The Committee also monitors the effective implementation of the Group's financing strategy. The Committee met ten times during the year.

Statement of corporate intent

In accordance with Section 39 of the Energy Companies Act 1992, the Board submits to the Northpower Electric Power Trust a draft statement of corporate intent (SCI) for the coming financial year. The SCI sets out the Company's overall objectives, intentions and financial performance targets.

Risk management

The Board has overall responsibility for the Group's internal control systems. The Board has established policies and procedures that are designed to provide effective internal control.

In addition, the Board reviews ways of enhancing existing risk management strategies, including the segregation of duties, the employment of suitably qualified and experienced staff, and the implementation, where considered necessary and effective, of recommendations made by the external auditors.

Statement of service performance

	FY16 Actual	FY16 Target	FY15 Actual
Group			
Net profit after tax as a percentage of Shareholder's Funds			
including discount	3.75%	5.80%	-0.18%
excluding discount	4.94%	-	1.0%
Capital ratio	56.8%	>58%	56.9%
Network			
Earnings before interest and tax as a percentage of Total Assets			
including discount	7%	6%	6.03%
excluding discount	8.88%	-	7.47%
Network Reliability (SAIDI)			
planned	66.52	<55	69
unplanned	67.16	<90	311
Number of faults per 100 km of line	6.60	<10	11.9
Customer Satisfaction (residential)	89%	>85%	88%
Customer Satisfaction (commercial)	86%	>85%	85%
NZ Contracting			
Earnings before interest and tax as a percentage of Total Assets			
	0.27%	9.00%	5.31%
Lost Time injury	3	0	16
Total injury frequency rate per mil man hours	17.65	<20	21.8
Australian Contracting			
Earnings before interest and tax as a percentage of Total Assets			
pre Management & Royalty Fees	4.93%	1.40%	-14.93%
post Management & Royalty Fees	1.9%	-	-16.8%
Lost Time injury	0	0	1
Total injury frequency rate per mil man hours	9.8	<12	14.55
Northpower Fibre			
Earnings before interest and tax as a percentage of Total Assets			
	-2.4%	-3%	-6.5%

Commentary on statement of service performance

Northpower did not achieve its Group SCI target for FY16 – the ratio of Group net profit after tax to average shareholders' funds was 3.75% versus a target of 5.8%. The Group financial performance was an improvement from last year as current year result reported a Group net profit after tax (NPAT) of \$9.57m versus prior year Group result of \$(0.4)m loss.

The Network division exceeded its FY16 SCI financial target of 6% achieving a full year EBIT/ Total Assets of 7%. The target for unplanned interruptions of 90 minutes was achieved with actual unplanned SAIDI score for the year of 67 minutes. We did not meet the planned reliability targets for the year due to the nature of the work on the electricity network which required shutdowns to perform the work safely.

Our annual customer satisfaction suggests our overall performance continues to be higher than target.

The NZ Contracting division achieved EBIT/ Total Assets of 0.27% which below the SCI target of 9%. NZ Contracting operating profit was impacted by lower work volumes from an existing customer due to a combination of market and regulatory factors.

The NZ Contracting division's target is to have no lost time injuries. This was not achieved over the year ended 31 March 2016, despite significant efforts and continued focus on Health and Safety. There has been considerable improvement around total injury frequency rate, decreasing from 21.8 to 17.65 this year.

The Australian Contracting division achieved its target for FY16 – the ratio of EBIT to average total assets was 4.9% versus a target of 1.4%. The Australian Contracting division also met its health and safety targets for the year ended 31 March 2016.

Northpower Fibre performance also exceeded both target and prior year levels.

Comprehensive income statement

	Notes	Group 2016 \$000s	2015 \$000s	Parent 2016 \$000s	2015 \$000s
Revenue	5(a)	338,626	324,921	262,163	253,322
Other income	5(b)	1,078	555	1,699	941
Materials/supplies expenses	32	145,910	136,628	106,604	100,981
Employee benefit expenses		127,938	132,360	95,645	96,027
Transmission costs		18,424	19,480	18,424	19,480
Depreciation & amortisation expenses		18,839	18,037	16,764	15,840
Impairment loss	13 & 14	-	1,906	-	17,850
Other expenses	6	10,815	9,670	9,133	8,110
Finance costs		4,393	4,104	4,316	3,862
Share of (profit)/ loss in associate		368	858	-	-
Profit/ (loss) before income tax		13,017	2,433	12,976	(7,887)
Income tax expenses	7	(3,446)	(2,880)	(3,446)	(2,880)
Profit/ (loss) for the year attributable to the equity holders of the parent		9,571	(447)	9,530	(10,767)
Other comprehensive income					
Items that may be reclassified to profit or loss					
Net fair value gains/ (loss) on available-for-sale financial assets		48	-	48	-
Exchange differences on translation of foreign operations		1,172	(409)	-	-
Income tax relating to these items	7	-	-	-	-
Items that will not be reclassified to profit or loss					
Net fair revaluation gains/ (loss) on land & buildings		402	-	402	-
Income tax relating to these items	7	(311)	-	(311)	-
Other comprehensive income (loss) for the period, net of tax		1,311	(409)	139	-
Total comprehensive income for the year attributable to the equity holders of the parent		10,882	(856)	9,669	(10,767)

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

Balance sheet

	Notes	Group		Parent	
		2016	2015	2016	2015
		\$000s	\$000s	\$000s	\$000s
Assets					
Current assets					
Cash & cash equivalents	9	1,547	1,863	849	1,122
Trade & other receivables	10	37,572	40,346	34,162	31,173
Work in progress – construction contract	11	23,100	23,422	18,563	20,163
Inventory	30	10,044	8,740	9,802	8,463
Tax refund due		-	1,565	-	1,565
Total current assets		72,263	75,936	63,376	62,486
Non-current assets					
Available for sale financial assets	12	865	817	865	817
Investment in subsidiaries	13	-	-	14,638	16,364
Assets under construction		6,426	12,178	6,426	12,178
Goodwill & intangible assets	14	12,873	5,700	12,873	5,700
Investment in associates	26	16,634	10,045	18,809	11,852
Derivative financial instruments	22	-	92	-	92
Investment property	16	4,672	3,924	4,672	3,924
Property, plant & equipment	15	341,968	334,191	331,064	321,812
Total non-current assets		383,438	366,947	389,347	372,739
Total assets		455,701	442,883	452,723	435,225
Current liabilities					
Borrowings	17	809	38,122	-	37,500
Trade & other payables	18	28,229	31,461	26,410	24,513
Provision for dividend	19	5,000	3,000	5,000	3,000
Provision for tax		153	-	153	-
Derivative financial instruments	22	64	116	64	116
Employee entitlements	29	8,505	9,546	7,284	7,721
Total current liabilities		42,760	82,245	38,911	72,850
Non-current liabilities					
Employee entitlements	29	932	1,509	932	1,509
Borrowings	17	91,532	49,031	90,800	47,950
Derivative financial instruments	22	3,514	649	3,514	649
Deferred taxation	8	59,031	57,401	59,031	57,401
Total non-current liabilities		155,009	108,590	154,277	107,509
Total liabilities		197,769	190,835	193,188	180,359
Net assets		257,931	252,049	259,535	254,866
Equity					
Share capital	20	35,989	35,989	35,989	35,989
Asset revaluation reserve		40,072	39,670	40,072	39,670
Available for sale reserve		48	-	48	-
Foreign currency translation reserve		(2,347)	(3,519)	-	-
Retained earnings		184,169	179,909	183,426	179,207
Equity attributable to equity holders of the parent		257,931	252,049	259,535	254,866
Total equity		257,931	252,049	259,535	254,866

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

Statement of changes in equity

	Ordinary shares	Retained Earnings	Available For Sale Reserve	Asset Revaluation Reserves	Foreign Currency Translation Reserve	Total
	\$000's	\$000s	\$000s	\$000s	\$000s	\$000s
Group						
As at 1 April 2015	35,989	179,909	-	39,670	(3,519)	252,049
Profit for the period	-	9,571	-	-	-	9,571
Other comprehensive income for the period	-	(311)	48	402	1,172	1,311
Total comprehensive income for the period	-	9,260	48	402	1,172	10,882
Transactions with owners in their capacity as owners						
Dividends paid	-	(5,000)	-	-	-	(5,000)
As at 31 March 2016	35,989	184,169	48	40,072	(2,347)	257,931
As at 1 April 2014	35,989	183,356	-	39,670	(3,110)	255,905
Profit for the period	-	(447)	-	-	-	(447)
Other comprehensive income for the period	-	-	-	-	(409)	(409)
Total comprehensive income for the period	-	(447)	-	-	(409)	(856)
Transactions with owners in their capacity as owners						
Dividends paid	-	(3,000)	-	-	-	(3,000)
As at 31 March 2015	35,989	179,909	-	39,670	(3,519)	252,049
Parent						
As at 1 April 2015	35,989	179,207	-	39,670	-	254,866
Profit for the period	-	9,530	-	-	-	9,530
Other comprehensive income for the period	-	(311)	48	402	-	139
Total comprehensive income for the period	-	9,219	48	402	-	9,669
Transactions with owners in their capacity as owners						
Dividends paid	-	(5,000)	-	-	-	(5,000)
As at 31 March 2016	35,989	183,426	48	40,072	-	259,535
As at 1 April 2014	35,989	192,974	-	39,670	-	268,633
Profit for the period	-	(10,767)	-	-	-	(10,767)
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	(10,767)	-	-	-	(10,767)
Transactions with owners in their capacity as owners						
Dividends paid	-	(3,000)	-	-	-	(3,000)
As at 31 March 2015	35,989	179,207	-	39,670	-	254,866

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

Cash flow statement

	Notes	Group		Parent	
		2016	2015	2016	2015
		\$000s	\$000s	\$000s	\$000s
Operating activities					
Receipts from customers		344,109	321,365	262,071	249,025
Interest received		43	51	43	51
Payments to suppliers		(176,735)	(160,815)	(133,965)	(125,484)
Payments to employees		(129,994)	(130,506)	(96,659)	(94,603)
Interest paid		(5,275)	(3,640)	(5,198)	(3,398)
Income tax paid		(100)	(5,998)	(100)	(5,998)
Net GST paid		(2,463)	-	(2,064)	-
Net cash flows from operating activities	21	\$29,585	\$20,457	\$24,128	\$19,593
Investing activities					
Proceeds from sale of property, plant & equipment		3,275	921	2,478	896
Purchase of investment property		(735)	-	(735)	-
Proceeds from subsidiary		-	-	5,855	1,566
Advances to subsidiary		-	-	-	(6,505)
Advances to associate		(6,957)	(2,754)	(6,957)	(2,754)
Purchase of intangible assets		(1,469)	(1,432)	(1,469)	(1,432)
Purchase of available for sale financial assets		-	-	-	-
Purchase of property, plant & equipment		(26,553)	(29,585)	(25,923)	(26,881)
Net cash flows used in investing activities		(\$32,439)	(\$32,850)	(\$26,751)	(\$35,110)
Financing activities					
Proceeds from borrowings		5,350	21,862	5,350	21,862
Repayment of borrowings		-	(1,836)	-	-
Payment of finance lease liabilities		(301)	(746)	-	-
Dividends paid to equity holders of the parent	19	(3,000)	(5,529)	(3,000)	(5,529)
Net cash flows from/ (used in) financing activities		\$2,049	\$13,751	\$2,350	\$16,333
Net increase in cash & cash equivalents		(805)	1,358	(273)	816
Net foreign exchange differences		490	91	-	-
Cash & cash equivalents at the beginning of the year		1,863	414	1,122	306
Cash & cash equivalents at the end of the year	9	\$1,547	\$1,863	\$849	\$1,122

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

Notes to the Financial Statements

1 General information

Northpower Limited (the Company) is a profit oriented limited liability company incorporated in New Zealand.

The Company is formed under the Energy Companies Act 1992 and registered under the Companies Act 1993. The financial statements presented are for Northpower Limited and the Group (or "the Group") as at, and for the year ended 31 March 2016. The Group consists of Northpower Limited and its subsidiaries West Coast Energy Pty Ltd and Northpower Western Australia Pty Ltd along with an associate company Northpower Fibre Limited. The Northpower Electric Power Trust is the sole shareholder of the Company.

The principal activities of the Company are electricity distribution and contracting. The principal activities for the subsidiaries are as follows:

- West Coast Energy Pty Ltd is based in Western Australia. It operates an electricity contracting business
- Northpower Western Australia Pty Ltd is based in Western Australia. It is an intermediate holding company.

2 Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Estimates and underlying assumptions are regularly reviewed. Any change to estimates is recognised in the period if the change affects only that period, or into future period if it also affects future periods.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Nature of investment in Northpower Fibre Limited

The nature of Northpower Limited's investment in Northpower Fibre Limited (NFL) is not readily apparent, and requires significant judgment. Management consider that NFL is an associate for the following reasons:

- each shareholder shares in the risks and returns of the arrangement and neither party has the power to affect those benefits or returns
- during the concession period neither Northpower or CFH have the unilateral right to make decisions regarding NFL activities
- Northpower and CFH both have the right to appoint two of the five Directors on the NFL Board and neither is able to control the majority of votes of the Board.

Discounted cash flows

Management assesses whether the individual assets or grouping of related assets (which generate cash flows independently) are impaired by estimating the future cash flows that those assets are expected to generate. Assumptions such as rates of expected revenue growth or decline, expected future margins and the selection of an appropriate discount rate for discounting cash flow are required.

Construction contracts

The Group recognised revenue from construction contracts by applying percentage of completion method. Percentage of completion is determined using the cost incurred compared to the total cost estimated for the completion of the contract.

Impairment of goodwill

The Group determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units, using a value in use discounted cash flow methodology, to which the goodwill and intangibles with indefinite useful lives are allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill and intangibles with indefinite useful lives are discussed in note 14.

Allowance for impairment loss on trade receivables

Northpower maintains a provision for estimated losses expected to arise from customers being unable to make required payments. This provision takes into account known commercial factors impacting specific customer accounts, as well as the overall profile of Northpower's debtors' portfolio. In assessing the provision, factors such as past collection history, the age of receivable balances, the level of activity in customer accounts, as well as general macro-economic trends, are taken into account. Changes to market conditions or assumptions made in the estimation of carrying value of trade receivables.

Estimation of useful lives of assets

The estimation of useful lives of assets has been based on historical experience as well as manufacturers' warranties for plant and equipment (for plant and equipment), lease terms (for leased equipment) and turnover policies (for motor vehicles). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful life are made when considered necessary.

Assessment of impairment in the carrying value of Northpower Fibre Limited

In order to assess whether there is any impairment in the carrying value of the investment in NFL, recoverable value must be estimated using a value-in-use discounted cash flow methodology. A key assumption in the valuation is the forecast rate of uptake of customers connecting to the fibre broadband network. This forecast rate is highly subjective given the business is only on its fifth year of operation.

Assessment of impairment in the carrying value of the investment in West Coast Energy Pty Ltd (WCE)

The recoverable value of the investment in WCE is determined on the basis of value-in-use discounted cash flow methodology. To assess impairment, management must estimate future cash flows which entails making judgements around:

- the expected rate of revenue growth
- margins expected to be achieved
- capital expenditure required to support the outcomes
- appropriate discount rate to apply when discounting future cash flows.

Long service leave and retirement leave provision

Entitlements that are payable beyond 12 months, such as long service leave and retirement leave, have been calculated on an actuarial basis. The calculations are based on the likely future entitlements based on years of service, years to entitlement, attrition rates, and contractual entitlements information; and the present value of the estimated future cash flows. Changes to the assumptions made in the calculation of the long service leave will result in changes to the carrying value of the provision.

Revenue recognition

Part of the network charges are based on normalisation, where consumption is estimated to the end of the billing period based on historical actual meter readings. Occasionally the meter reading history data is not consistent and subsequent adjustments are made to customers' accounts, where further charges are applied or refund given. These adjustment amounts are not significant compared with total network revenue.

Revaluation of assets

Distribution system assets along with land and buildings which are held as property, plant and equipment and investment properties are valued by an independent valuer. The revaluation exercise is performed every three years, the last of which was performed in March 2016.

The fair value of the Group's land and buildings is based on market values, being the price that would be received to sell land and buildings in an orderly transaction between market participants at the measurement date. Changes to market conditions or assumptions made in the estimation of fair value will result in changes to the fair value of the revalued assets.

Network distribution system assets are determined by using a discounted cash flow methodology. The major inputs used in the valuation of network assets include the discount rate, projected operational and capital expenditure profiles, inflation and growth rate assumptions.

An analysis of the valuation model based on the most recent revaluation performed on 31 March 2016 (see note 15) indicates that the valuation of the distribution system assets is most sensitive to movements in distribution revenue and operating expenditure.

Assumptions	Valuation assumptions adopted	Low	High	Valuation Impact
Distribution revenue	Per forecast	Increase by 5%	Decrease by 5%	-\$13.5 million/+\$13.5 million
Operating expenditure	Per forecast	Increase by 5%	Decrease by 5%	-\$10.6 million/+\$10.6 million

Recognised fair value measurements

Fair value hierarchy of non-financial assets

The following table summarises the fair value measurement hierarchy of the non-financial assets that are recognised and measured at fair value in the financial statements.

	Level 2 \$000s	Level 3 \$000s	Total \$000s
Group & Parent			
Investment Properties			
Land	3,440	-	3,440
Buildings	1,232	-	1,232
	4,672	-	4,672
Property, Plant & Equipment			
System distribution assets	-	269,780	269,780
Land	13,429	-	13,429
Buildings	11,594	4,635	16,229
	25,023	274,415	299,438
	26,695	274,415	304,110

Valuation techniques used to determine level 2 and level 3 fair values of non-financial assets

The Group obtains independent valuations for its system distribution assets and land and buildings at least every three years.

The best evidence of fair value is current prices in an active market for similar assets. Where such information is not available, the Directors consider information from a variety of sources including:

- current prices in an active market for properties of different nature or recent prices of similar assets in less active markets, adjusted to reflect those differences
- discounted cash flow projections based on reliable estimates of future cash flows
- capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

3 Summary of significant accounting policies

a Statement of compliance and reporting framework

The financial statements comply with New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS'), and other applicable Financial Reporting Standards, as appropriate for Tier 1 for-profit entities. They also comply with International Financial Reporting Standards.

b Basis of preparation

The financial statements have been prepared on an historical cost basis except for the revaluation of derivatives, available for sale assets, distribution system assets, and land and buildings.

The presentation currency is New Zealand dollars (\$). All financial information has been rounded to the nearest thousand unless otherwise stated.

The financial statements for the year ended 31 March 2016 were authorised for issue in accordance with a resolution of the Directors on 29 June 2016.

c New accounting standards and interpretations

i Changes in accounting policies and disclosures

The Group has adopted NZ IFRS 9 – Financial Instruments on 1 April 2015 and has elected not to restate the comparative information.

ii Accounting standards issued but not yet effective

Standards and interpretations that have been recently issued or amended, but are not yet effective, up to the date of issuance of the Group's financial statements are summarised below. The Group intends to adopt these standards when they become effective.

iii Accounting standards issued but not yet effective

- NZ IFRS 15 Revenue from Contracts with Customers. NZ IFRS 15 supersedes NZ IAS 11 Construction Contracts, NZ IAS 18 Revenue and all other related Interpretations. The core principle of NZ IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. NZ IFRS 15 is effective for annual periods beginning on or after 1 January 2017, with early adoption permitted. Application date for the Group is 1 April 2017. The Group is currently assessing the impact of adopting this standard.
- NZ IFRS 16 Leases. NZ IFRS 16 is the new standard on the recognition, measurement, presentation and disclosure of leases. The scope of the new standard includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. NZ IFRS 16 requires lessees to account for all leases under a single on-balance sheet model (subject to certain exemptions) in a similar way to finance leases under NZ IAS 17. NZ IFRS 16 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted. Application date for the Group is 1 April 2019. The Group is currently assessing the impact of adopting this standard.

d Basis of consolidation

The consolidated financial statements of the Group comprise the financial statements of the Company and other entities under its control (its subsidiaries). Interest in associates are equity accounted and are not part of the consolidated Group.

Subsidiaries are controlled directly or indirectly by the parent. Northpower Limited holds over 50% of the voting rights in all entities reported as subsidiaries. There are currently no indicators that Northpower Limited does not have control consistent with voting rights.

The financial statements of subsidiaries are reported in the financial statement using the acquisition method of consolidation.

Intra-group balances and transactions between Group companies are eliminated on consolidation.

Investments in subsidiaries held by the Parent are accounted for at cost in the separate financial statements of the Parent entity less any impairment charges.

e Foreign currency translation

i Functional and presentation currency

Both the functional and presentation currency of Northpower Limited is New Zealand dollars (\$). The Australian subsidiaries functional currency is Australian dollars which is translated to the presentation currency (see below for consolidated reporting).

ii Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

iii Translation of Group companies' functional currency to presentation currency

Assets and liabilities are translated at exchange rates prevailing at reporting date. Exchange variations resulting from the translation are recognised in other comprehensive income and accumulated in the foreign currency translation reserve in equity.

If the Australian subsidiary were sold, the proportionate share of exchange differences would be transferred out of reserves and reclassified to profit or loss in the statement of comprehensive income.

f Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable
- receivables and payables, which are stated with the amount of GST included
- the net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

g Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when the entity becomes a party to the contractual provisions of the instrument.

All financial instruments are initially recognised at the fair value of the consideration received/transferred less, in the case of financial assets and liabilities not recorded at fair value through profit or loss, directly attributable transaction costs. Subsequently the Group applies the following accounting policies for financial instruments:

Loan and receivables

Loan and receivables consist of trade & other receivables, and cash and equivalents.

Trade and other receivables are subsequently measured at amortised cost using the effective interest rate method, less an allowance for impairment. Appropriate allowances for estimated irrecoverable amounts are recognised in the profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows discounted using the effective interest rate. Financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days and without arrangement) are considered indicators that the receivable is impaired.

Cash and cash equivalents comprise cash on hand and demand deposit and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss consist of derivative financial instruments.

Derivative financial instruments are used to manage exposure to foreign exchange and interest rate risks arising from financing activities. In accordance with the treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes.

Foreign currency transactions (including those for which forward foreign exchange contracts are held) are translated into NZ\$ (the functional currency) using the exchange rates prevailing at the dates of the transactions.

Derivatives are subsequently measured at their fair value at each balance date with the resulting gain or loss recognised in the profit or loss. The Group has elected not to apply hedge accounting.

The full fair value of a foreign exchange derivative is classified as current if the contract is due for settlement within 12 months of balance date, otherwise foreign exchange derivatives are classified as non-current. The portion of the fair value of an interest rate derivative that is expected to be realised within 12 months of the balance date is classified as current, with the remaining portion of the derivative classified as non-current.

The fair value of forward currency contracts are calculated by reference to current forward exchange rates for contracts with similar maturity profile.

Available for sale investments

Available for sale investments are non derivative financial assets, principally equity securities, not classified as financial assets designated at fair value through profit and loss, loans and receivables, or held to maturity financial assets. After initial recognition, available for sale equity instruments are measured at fair value with gains or losses being recognised in other comprehensive income and accumulated in a separate component of equity until the investment is derecognised or until the investment is deemed to be impaired, at which time the cumulative gain or loss previously accumulated in equity is recognised in profit or loss in the comprehensive income statement.

Fair values of instruments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance sheet date. Fair value of unlisted shares are based on the unlisted entity's published fair valuation.

Financial liabilities at amortised cost

Financial liabilities at amortised cost consist of trade and other payable and borrowings.

Financial liabilities at amortised cost are subsequently measured using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

h Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction instead of use. They are not depreciated or amortised. For an asset or disposal group to be classified as held for sale it must be available for immediate sale in its present condition and its sale must be highly probable.

i Research and development costs

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for sale or use, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use or more frequently when an indication of impairment arises during the reporting period.

j Impairment of non financial assets other than goodwill

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the comprehensive income statement immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised in the comprehensive income statement immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment is treated as a revaluation increase through other comprehensive income.

k Leases

Northpower entities lease certain plant and equipment. The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the lease items, are included in the determination of the net surplus in equal instalments over the period of the lease.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in the comprehensive income statement.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Provision for onerous lease

Provision for onerous contracts are obligations that have arisen under non-cancellable leases for which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from it.

l Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

m Cash Flow Statement

Cash and cash equivalents comprise cash balances on hand, held in bank accounts, on-demand deposits and other highly liquid investments with maturities three months or less in which the Group invests as part of its day-to-day cash management.

Operating activities include all activities other than investing and financing activities. The cash inflows include all receipts from the sale of goods and services and other sources of revenue that support Northpower's operating activities. Cash outflows include payments made to employees, suppliers and for taxes.

Investing activities are those activities relating to the acquisition and disposal of current and non-current securities and any other non-current assets.

Financing activities are those activities relating to changes in equity and debt capital structure of the Group and those activities relating to the cost of servicing the Group's equity capital, excluding interest.

4 Financial risk management objectives and policies

The Group's principal financial instruments comprise trade & other receivables, trade & other payables, borrowings, available for sale investments, interest rate swaps, forward exchange contracts and cash & cash equivalents. Financial risk management for currency and interest rate risk is carried out by the treasury function under policies approved by the Board. The Group risk management policy approved by the Board, provides the basis for overall financial risk management.

The Group does not hold or issue derivative financial instruments for trading purposes. All contracts have been entered into with major credit worthy institutions. The risk associated with these transactions is the cost of replacing these agreements at the current market rates in the event of default by a counterparty.

Credit Risk

Credit risk is the risk that a third party will default on its contractual obligation resulting in financial loss to the Group.

Financial instruments which potentially subject the Group to credit risk principally consist of cash and bank balances, short term deposits and accounts receivable. Northpower does not generally require collateral from customers.

The Group places its cash and short term deposits with high credit quality financial institutions (A1 or better), and limits the proportion of credit exposure to any one institution in accordance with Company policy.

The Group trades only with recognised, creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

There is no significant concentration of credit risk. The maximum amount of credit risk for each class is the carrying amount in the balance sheet.

Liquidity Risk

Liquidity risk is the risk that the Parent and Group will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions. Flexibility in funding is maintained by keeping committed credit lines available.

The Group has a maximum amount that can be drawn down against its lending facilities of NZD\$107,000,000 (2015: NZD\$97,000,000). There are no restrictions on the use of the facilities.

The Parent also has in place a credit card facility with a combined credit limit over all cards issued of NZD\$1,000,000 (2015: NZD\$1,000,000).

The Group manages liquidity risk by continuously monitoring forecast and actual cash flow requirements and matching the maturity profiles of financial assets and liabilities.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

Contractual maturity analysis of financial liabilities, excluding derivatives

The table below analyses financial liabilities (excluding derivatives) into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at the balance date. The amounts disclosed are the contractual undiscounted cash flows.

	2016				2015			
	<6 Months	6-12 Months	1-2 Years	2-5 Years	<6 Months	6-12 Months	1-2 Years	2-5 Years
Group								
Trade & Other Payables	22,050	-	-	-	26,003	-	-	-
Finance Leases Payable	856	-	406	407	725	-	703	435
Interest Bearing Loans	-	-	47,000	43,800	-	37,500	31,750	16,200
	22,906	-	47,406	44,207	26,728	37,500	32,453	16,635
Parent								
Trade & Other Payables	16,278	-	-	-	18,991	-	-	-
Finance Leases Payable	-	-	-	-	-	-	-	-
Interest Bearing Loans	-	-	47,000	43,800	-	37,500	31,750	16,200
	16,278	-	47,000	43,800	18,991	37,500	31,750	16,200

Contractual maturity analysis of derivative financial assets (liabilities)

The table below analyses derivative financial instruments into those that are settled net and those that will be settled on a gross basis into their relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	2016				2015			
	<6 Months	6-12 Months	1-2 Years	2-5 Years	<6 Months	6-12 Months	1-2 Years	2-5 Years
Group								
Derivatives	(5)	(58)	(53)	(3,462)	(116)	-	54	(612)
Parent								
Derivatives	(5)	(58)	(53)	(3,462)	(116)	-	54	(612)

Maturity analysis of financial liabilities based on management's expectation

The risk implied from the values shown in the table above, reflects management's expectation of cash outflows. Leasing obligations, trade payables and other financial liabilities mainly originate from the financing of assets used in the Group's ongoing operations. To monitor existing financial assets and liabilities as well as to enable an effective controlling of future risks, Northpower has established comprehensive risk reporting covering its business units that reflects expectations of management of expected settlement of financial assets and liabilities.

Fair Values

The fair value of all financial instruments approximate the carrying value recorded in the balance sheet.

Fair value hierarchy disclosures

For those instruments recognised at fair value on the balance sheet, fair values are determined according to the following hierarchy:

- 1 Quoted market price – Financial instruments with quoted prices for identical instruments in active markets (Level 1).
 - 2 Valuation technique using observable inputs – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable (Level 2).
 - 3 Valuation techniques with significant non-observable inputs – Financial instruments valued using models where one or more significant inputs are not observable (level 3).
- The following table summarises the fair value measurement hierarchy of the Group's financial assets and liabilities.

There have been no transfers between Level 1 and Level 2 during the periods.

	2016		2015	
	Level 1 \$000s	Level 2 \$000s	Level 1 \$000s	Level 2 \$000s
Group				
Financial assets				
Interest rate swaps	-	-	-	92
Available for sale investments	833	32	785	32
	833	32	785	124
Financial liabilities				
Foreign currency forward exchange contracts	-	-	-	109
Interest rate swaps	-	3,578	-	656
	-	3,578	-	765
Parent				
Financial assets				
Interest rate swaps	-	-	-	92
Available for sale investments	833	32	785	32
	833	32	785	124
Financial liabilities				
Foreign currency forward exchange contracts	-	-	-	109
Interest rate swaps	-	3,578	-	656
	-	3,578	-	765

Foreign Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

As a result of investment operations in Australia, the Group's balance sheet can be affected significantly by movements in the exchange rates.

The Group also has transactional currency exposures. Such exposure arises from sales or purchases by an operating entity in currencies other than the functional currency.

At balance date the principal or contract amounts of foreign currency forward exchange contracts in \$NZD are:

	Group		Parent	
	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s
Foreign currency forward exchange contracts	-	2,101	-	2,101

At balance date, the fair value of the above forward exchange contracts were considered immaterial.

At 31 March 2016, the Group had the following exposure to \$AUD:

	Group		Parent	
	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s
Financial Assets				
Cash & cash equivalents	629	725	-	-
Trade & other receivables	6,898	9,028	-	-
Financial Liabilities				
Trade & other payables	5,473	6,857	-	-
Interest bearing loans & borrowings	1,388	1,665	-	-
Net exposure	666	1,231	-	-

The following sensitivity analysis is based on the foreign currency risk exposures in existence at the balance sheet date.

At 31 March 2016, had the New Zealand Dollar moved, as illustrated in the table below with all other variables held constant, post tax profit and equity would have been affected as follows:

	Post Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s
Group				
NZD Strengthen +5%	(35)	(60)	-	-
NZD Weaken -5%	39	66	-	-
Parent				
NZD Strengthen +5%	-	-	-	-
NZD Weaken -5%	-	-	-	-

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing, hedging positions and the mix of fixed and variable interest rates.

The Group manages its cost of borrowing by limiting the ratio of fixed to floating rate cover held. The Group uses interest rate swaps to manage this.

At balance date the notional value of interest rate swaps outstanding are:

	Group		Parent	
	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s
Interest rate swaps	93,000	48,000	93,000	48,000

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date.

At 31 March 2016, if interest rates had moved as illustrated in the table below with all other variables held constant, post tax profit and equity would have been affected as follows:

	Post Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
	2016 \$000s	2015 \$000s	2016 \$000s	2015 \$000s
Group				
+1% (100 basis points)	881	855	-	-
-0.5% (50 basis points)	(441)	(427)	-	-
Parent				
+1% (100 basis points)	881	885	-	-
-0.5% (50 basis points)	(441)	(427)	-	-

Based on the above table the movement in profit is due mainly to the higher/lower interest costs from variable rate debt along with the result of a fair value change in interest rate swaps which are not hedged. There would be no effect on other components of equity.

5 Revenue

Revenue is recognised and measured at fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Line charges

Line charges revenue represents income generated from the distribution of electricity to consumers. Revenue is measured at the fair value of the consideration received or receivable.

Line contributions

Line contribution revenue represents third party contributions towards the construction of distribution system assets. Revenue is recognised in the comprehensive income statement to reflect the percentage of completion of the construction of the related items. Contributions received in excess of those recognised in the comprehensive income statement are recognised as deferred income in the balance sheet.

Interest income

Interest income is recognised using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at balance date, as measured by the proportion that contract costs for work performed to date bear to the total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Farming

Revenue is recognised at the fair value of the consideration received and receivable derived from the Group's share of milking income from the farm.

	Group 2016 \$000s	2015 \$000s	Parent 2016 \$000s	2015 \$000s
a) Revenue				
Gross line revenues	68,859	67,535	68,859	67,535
Discount	(4,204)	(4,194)	(4,204)	(4,194)
Net line revenues	64,655	63,341	64,655	63,341
Line contributions	1,977	1,864	1,977	1,864
Contracting work income	271,143	259,242	194,680	187,643
Dividend income	625	-	625	-
Interest income	43	51	43	51
Income from farming	183	423	183	423
	338,626	324,921	262,163	253,322
b) Other income				
Net gain on foreign exchange	176	-	176	-
Fair valuation gain on derivative instruments	-	-	-	-
Gain on sale of assets	191	-	191	-
Gain on revaluation of investment properties	13	-	13	-
Rent received	75	-	75	-
Sundry income	623	555	1,244	941
	1,078	555	1,699	941

6 Other expenses

	Group 2016 \$000s	2015 \$000s	Parent 2016 \$000s	2015 \$000s
Loss on foreign exchange contracts	-	106	-	106
Auditor's remuneration	-	-	-	-
- Audit of financial statements	225	205	150	133
- Audit of regulatory disclosures	25	24	25	24
Bad debts written off	43	304	43	304
Impairment of investment	-	-	-	-
Fair valuation loss on derivative instruments	2,905	1,287	2,905	1,287
Net loss on foreign exchange	-	674	-	674
Directors' fees	562	582	404	436
Rental & operating lease costs	6,890	6,100	5,561	4,846
Research & development	45	43	45	43
Loss on sale of assets	119	345	-	257
	10,815	9,670	9,133	8,110



7 Taxation

Income tax expense/ (benefit) comprises current and deferred tax and is calculated using rates enacted or substantively enacted at balance dates. Current and deferred tax is recognised in profit or loss unless the tax relates to items in other comprehensive income, in which case the tax is recognised as an adjustment in other comprehensive income against the item to which it relates.

Deferred tax is recognised on temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. No deferred tax is recognised for the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and when the Group intends to settle its current tax assets and liabilities on a net basis.

	Group		Parent	
	2016	2015	2016	2015
	\$000s	\$000s	\$000s	\$000s
Taxation				
Accounting profit before income tax	13,017	2,433	12,967	(7,887)
At New Zealand's statutory tax rate of 28% (2015: 28%)	3,645	681	3,631	(2,208)
Plus/(less) tax effect of:				
- Non-deductible expenses	(157)	2,146	(143)	5,035
- Prior period adjustment	(42)	53	(42)	53
Deferred tax arising from change in tax treatment of buildings	-	-	-	-
	3,446	2,880	3,446	2,880
The Taxation Charge is Represented by:				
- Current taxation	3,004	1,670	3,004	1,670
- Deferred taxation	484	1,157	484	1,157
- Prior period adjustment relating to current tax	(1,010)	(228)	(1,010)	(228)
- Prior period adjustment relating to deferred tax	968	281	968	281
Deferred tax arising from change in tax treatment of buildings	-	-	-	-
	3,446	2,880	3,446	2,880
Amounts charged or credited to other comprehensive income				
- Effect of change in tax rate on asset revaluation reserve	(311)	-	(311)	-
Income tax expense recorded in other comprehensive income	(311)	-	(311)	-
Imputation credits available for use in subsequent reporting periods	28,168	28,721	28,168	28,721

The Group has unrecorded tax losses relating to its Australian business of A\$15.5m (2015: A\$17.2m). These losses have not been booked as a deferred tax asset in the current year due to unpredictability and volatility of future taxable profits.

8 Recognised deferred tax assets and liabilities

	Property, plant & equipment	Financial Instruments	Employee entitlements	Others	Total
	\$000s	\$000s	\$000s	\$000s	\$000s
Group					
Balance as at 1 April 2015	(54,662)	-	2,245	(4,984)	(57,401)
Charged to profit/loss	(1,175)	-	(484)	(282)	(1,941)
Charged to other comprehensive income	311	-	-	-	311
Balance as at 31 March 2016	(55,526)	-	1,761	(5,266)	(59,031)

Parent

Balance as at 1 April 2015	(54,662)	-	2,245	(4,984)	(57,401)
Charged to profit/loss	(1,175)	-	(484)	(282)	(1,941)
Charged to other comprehensive income	311	-	-	-	311
Balance as at 31 March 2016	(55,526)	-	1,761	(5,266)	(59,031)

Group

Balance as at 1 April 2014	(54,182)	-	1,912	(3,694)	(55,964)
Charged to profit/loss	(480)	-	333	(1,290)	(1,437)
Charged to other comprehensive income	-	-	-	-	-
Balance as at 31 March 2015	(54,662)	-	2,245	(4,984)	(57,401)

Parent

Balance as at 1 April 2014	(54,182)	-	1,912	(3,694)	(55,964)
Charged to profit/loss	(480)	-	333	(1,290)	(1,437)
Charged to other comprehensive income	-	-	-	-	-
Balance as at 31 March 2015	(54,662)	-	2,245	(4,984)	(57,401)

9 Cash and cash equivalents

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximate its fair value.

	Group		Parent	
	2016	2015	2016	2015
	\$000s	\$000s	\$000s	\$000s
Bank	1,539	1,859	841	1,118
Cash on hand	8	4	8	4
	1,547	1,863	849	1,122

10 Trade and other receivables

	Group		Parent	
	2016	2015	2016	2015
	\$000s	\$000s	\$000s	\$000s
Trade & other receivables	37,663	40,396	34,248	31,223
Less provision for impairment	(91)	(50)	(86)	(50)
	37,572	40,346	34,162	31,173

Due to the short term nature of these receivables the carrying value of receivables approximates their fair value.

The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Group's policy to transfer (on-sell) receivables to special purpose entities.

As at 31 March 2016 the ageing analysis of trade receivables is as follows:

	2016			2015		
	Gross	Impairment	Net	Gross	Impairment	Net
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Parent						
0 – 30 days	32,466	-	32,466	29,553	-	29,553
31 – 60 days	487	-	487	984	-	984
61 – 90 days	388	-	388	69	-	69
91 days plus	907	(86)	821	617	(50)	567
	34,248	(86)	34,162	31,223	(50)	31,173

Group

0 – 30 days	35,876	-	35,876	37,922	-	37,922
31 – 60 days	488	-	488	1,178	-	1,178
61 – 90 days	388	-	388	302	-	302
91 days plus	911	(91)	821	993	(50)	943
	37,663	(91)	37,572	40,396	(50)	40,346

The provision for impairment has been calculated based on incurred losses for Northpower's pool of debtors. Incurred losses have been determined by review of specific debtors.

Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

The carrying amount of receivables that are past due, but not impaired, whose terms have been renegotiated is \$821k (2015: \$943k).

Movements in the provision for impairment of receivables are as follows:

	Group		Parent	
	2016	2015	2016	2015
	\$000s	\$000s	\$000s	\$000s
Balance at 1 April	50	50	50	50
Additional provisions made during the year	41	-	36	-
Reversal of provision during the year	-	-	-	-
Balance at 31 March	91	50	86	50

11 Work in progress – construction contracts

	Group		Parent	
	2016	2015	2016	2015
	\$000s	\$000s	\$000s	\$000s
Customer progress billing made during the year	(109,996)	(102,500)	(70,595)	(65,282)
Aggregate of costs incurred	93,289	75,403	60,378	45,084
Recognised profits (less recognised losses) to date	39,807	50,520	28,780	40,361
	23,100	23,423	18,563	20,163

12 Available for sale financial assets

	Group		Parent	
	2016	2015	2016	2015
	\$000s	\$000s	\$000s	\$000s
Fonterra Co-operative Group Limited	833	785	833	785
Ravensdown Fertiliser Co-operative Limited	32	32	32	32
	865	817	865	817

The available for sale financial assets consists of 140,439 shares (2015: 140,439 shares) Fonterra Co-operative Group Limited and 31,612 shares (2015: 31,612 shares) Ravensdown Fertiliser Co-operative Limited.

Shares held in Ravensdown Fertiliser Co-operative Ltd are unlisted. The fair value of these shares is provided by Ravensdown Fertiliser Co-operative Limited. Fonterra shares were listed during the year – the fair value of these shares was the closing price reported on the NZX for the the last trading day in March.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of the above investments.

All the above investments are denominated in New Zealand dollars. As a result there is no exposure to foreign currency risk.

13 Investment in subsidiaries

	Parent	
	2016	2015
	\$000s	\$000s
Debentures	30,372	30,372
Advances to subsidiaries	-	1,726
Shares in subsidiaries (unlisted) – at cost	3,781	3,781
Allowance for impairment	(19,515)	(19,515)
	14,638	16,364

In the previous year an allowance for impairment was made in relation to Northpower Limited's investment in Northpower Western Australia Pty Ltd. In 2016, after an independent review by KordaMentha, no additional impairment was required.

The Directors have considered the variability of the key assumptions underlining the carrying amounts for the investment subsidiary. The Directors believe that the range of reasonable variability would not cause a material change in these carrying amounts.

The separate financial statements of Northpower Western Australia Pty Ltd (NPWA) have been prepared on a going concern basis. The ability of NPWA to continue operating viably is conditional on the continued support of its ultimate New Zealand parent, Northpower Limited.

Accordingly, no adjustments have been made on the separate financial statements of NPWA in relation to the measurement and classification of its assets and liabilities that may have been necessary if NPWA was determined to be unable to continue as a going concern.

Subsidiary	Principal Activity	Country of incorporation	Balance sheet date	Interest held at 31 March 2016	Interest held at 31 March 2015
West Coast Energy Pty Ltd	Electricity contracting	Australia	31 March	100%	100%
Northpower Western Australia Pty Ltd	Intermediate holding company	Australia	31 March	100%	100%

14 Goodwill and intangible assets

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding development costs, are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

Intangible assets are assessed to be have either finite or indefinite useful lives. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefit embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in useful life assessment from indefinite to finite is accounted for as a change in accounting estimate and is thus accounted for on a prospective basis.

Software costs have a finite useful life and are amortised over a period of expected future benefit of 5 – 10 years on a straight line basis.

Easements are deemed to have an indefinite life because there is no expiry date to the easement agreements and Northpower is expected to use the easements indefinitely, based on past experience.

Group

Cost

	Goodwill \$000s	Software \$000s	Easements \$000s	Total \$000s
At 1 April 2015	4,122	8,111	453	12,686
Addition	-	8,839	-	8,839
At 31 March 2016	4,122	16,950	453	21,525
Accumulated Amortisation and Impairment				
At 1 April 2015	1,745	5,241	-	6,986
Amortisation for the year	-	1,666	-	1,666
At 31 March 2016	1,745	6,907	-	8,652
Net carrying amount at 31 March 2016	2,377	10,043	453	12,873

Cost

At 1 April 2014	4,122	7,931	453	12,506
Addition	-	1,432	-	1,432
Disposal	-	(1,252)	-	(1,252)
At 31 March 2015	4,122	8,111	453	12,686
Accumulated Amortisation and Impairment				
At 1 April 2014	-	5,556	-	5,556
Amortisation for the year	-	870	-	870
Impairment	1,745	-	-	1,745
Disposal	-	(1,185)	-	(1,185)
At 31 March 2015	1,745	5,241	-	6,986
Net carrying amount at 31 March 2015	2,377	2,870	453	5,700



14 Goodwill and intangible assets (continued)

	Goodwill \$000s	Software \$000s	Easements \$000s	Total \$000s
Parent				
Cost				
At 1 April 2015	2,377	8,111	453	10,941
Addition	-	8,839	-	8,839
At 31 March 2016	2,377	16,950	453	19,780
Accumulated Amortisation and Impairment				
At 1 April 2015	-	5,241	-	5,241
Amortisation for the year	-	1,666	-	1,666
At 31 March 2016	-	6,907	-	6,907
Net carrying amount at 31 March 2016	2,377	10,043	453	12,873
Cost				
At 1 April 2014	2,377	7,931	453	10,761
Addition	-	1,432	-	1,432
Disposal	-	(1,252)	-	(1,252)
At 31 March 2015	2,377	8,111	453	10,941
Accumulated Amortisation and Impairment				
At 1 April 2014	-	5,556	-	5,556
Amortisation for the year	-	870	-	870
Disposal	-	(1,185)	-	(1,185)
At 31 March 2015	-	5,241	-	5,241
Net carrying amount at 31 March 2015	2,377	2,870	453	5,700

There are no intangible assets whose title is restricted.

a Allocation of goodwill to cash generating units

Goodwill is allocated to the Group's cash generating units, being the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other groups of assets. Goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is subject to impairment testing on an annual basis or whenever there is an indicator of impairment.

Goodwill acquired through business combinations has been allocated to three cash generating units ('CGUs') for impairment testing as follows:

- Australian Contracting – The recoverable amount has been determined based on a value in use calculation using cash flow projections based on five year cash flow projections and strategic business plan approved by the Board of Directors. Cash flows beyond the five-year period are extrapolated using terminal value growth rate that assumes zero real growth with nominal growth rate at the rate of inflation. In performing the value in use calculation, the Group has applied post-tax discount rate of 11.2% (2015: 11.2%) to discount the forecast future attributable post-tax cash flows.
- Regional Contracting – is Northpower's North Island contracting area excluding Central and Auckland. The recoverable amount has been determined based on a value in use calculation using cash flow projections based on financial forecasts covering five-year period.

For modelling purposes, a growth rate of 2% (2015: 2%) is used. The pre-tax discount rate applied to cash flow projections is 11.3% (2015: 11.3%).

- Central Contracting – is Northpower's central North Island contracting area. The recoverable amount has been determined based on a value in use calculation using cash flow projections based on financial forecasts covering a five-year period. For modelling purposes, a growth rate of 2% (2015: 2%) is used. The pre-tax discount rate applied to cash flow projections is 11.3% (2015: 11.3%).

b Impairment

In conjunction with the Group's strategic plan, the Group identified indicators of impairment in the Australian operation. As such, the Group assessed the recoverable value of the cash generating unit within the business. The Group reviewed and adjusted the projected cash flows of the business to reflect a realistic forecast in consideration of factors such as accumulated trading losses, changes in the Australian market and current business environment.

The recoverable value of the cash generating unit was determined to be \$16.251 million (A\$14.652 million) representing value in use.

Consequently, no impairment was recognised in 2016.

	Group 2016 \$000s	2015 \$000s	Parent 2016 \$000s	2015 \$000s
Intangible assets	-	1,745	-	-
Property, plant & equipment	-	161	-	-
Total impairment loss	-	1,906	-	-

c Carrying value of goodwill allocated to each group of cash generating units

Australian Contracting	-	-	-	-
Regional Contracting	877	877	877	877
Central Contracting	1,500	1,500	1,500	1,500
	2,377	2,377	2,377	2,377

d The calculation of value in use in calculations for cash generating units

The calculation of value in use in calculations for all CGUs are most sensitive to the following assumptions:

- Gross Margin
- Discount Rates
- Growth Rates.

Gross margins are based on the expected results as per next year's budget and future year's forecast.

Discount rates are based on Northpower's internal return on investment hurdle rate.

e Sensitivity

The Directors have considered the variability of the key assumptions underlining the carrying amounts for the intangible assets set out above. The Directors believe that the range of reasonable variability would not cause a material change in these carrying amounts.

15 Property, plant and equipment

Distribution system assets

Distribution system assets are stated in the balance sheet at their revalued amounts, being the fair value at the date of valuation, less any subsequent accumulated depreciation and subsequent accumulated impairment loss. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at balance sheet date. Additions between revaluations are recorded at cost.

Depreciation on revalued network assets is charged to profit or loss in the comprehensive income statement

Land and buildings

Land and buildings held for use in the production of supply of goods and services, or for administrative purposes are stated in the balance sheet at their revalued amount, being the fair value at the date of valuation, less any subsequent accumulated depreciation and subsequent accumulated impairment loss. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at balance sheet date. Additions between revaluations are recorded at cost.

Depreciation on revalued buildings is charged to profit or loss in the comprehensive income statement.

No depreciation is charged on land.

Plant, equipment and vehicles

Plant, equipment and vehicles are stated at cost less accumulated depreciation and any accumulated impairment losses.

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

The cost of assets constructed by the Group includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of production overhead. Costs cease to be capitalised as soon as the asset is ready for productive use. Repairs and maintenance are recognised in the profit or loss as incurred.

Meters, fibre and generation assets are valued at cost less accumulated depreciation.

Revaluation increment and decrement

Any revaluation increment is recorded in other comprehensive income and credited to the asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrement for the same asset previously recognised in the profit or loss, in which case the increment is recognised in profit or loss.

Any revaluation decrement is recognised in profit or loss, except to the extent that it offsets a previous revaluation increment for the same asset, in which case the decrement is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset.

Depreciation

Depreciation is charged on a straight line basis so as to write off the cost or valuation of the fixed assets to their estimated residual value over their expected economic lives. The estimated economic lives are as follows:

Distribution system	5 – 70 years
Generation	5 – 50 years
Meters	4 years
Fibre assets	10 – 50 years
Buildings – free hold	10 – 50 years
Buildings – infrastructure	10 – 20 years
Motor vehicles	5 – 15 years
Plant & equipment	3 – 20 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on the derecognition of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the year the asset is derecognised. Upon disposal or derecognition, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.



15 Property, plant and equipment (continued)

Group	Freehold Land	Freehold Buildings	Building Infrastructure	Distribution System	Meters	Fibre	Generation	Plant & Equipment	Motor Vehicles	Total
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Cost or fair value										
At 1 April 2015	11,996	12,470	6,817	286,094	4,902	2,307	14,209	38,208	60,573	437,576
Addition	230	897	855	20,409	211	100	932	2,636	917	27,187
Acquisitions through trade purchase	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	71	-	-	(70)	-	-	-	1
Revaluation adjustment	1,203	(2,143)	(2,196)	-	-	-	-	-	-	(3,136)
Disposal	-	-	(26)	(12)	-	-	-	(746)	(10,107)	(10,891)
Foreign exchange differences	-	-	81	-	-	-	-	246	1,530	1,857
At 31 March 2016	13,429	11,224	5,603	306,491	5,113	2,337	15,141	40,343	52,914	452,595
Accumulated Depreciation & Impairment										
At 1 April 2015	-	1,636	1,514	30,116	2,919	603	7,756	25,246	33,595	103,385
Depreciation charge for the year	-	240	412	6,595	1,194	208	502	3,036	5,046	17,233
Transfers	-	-	-	-	-	-	-	(1)	-	(1)
Impairment	-	-	10	-	-	-	-	20	131	161
Revaluation adjustment	-	(1,784)	(1,443)	-	-	-	-	-	-	(3,227)
Disposal	-	-	-	-	-	-	-	(281)	(7,295)	(7,576)
Foreign exchange differences	-	-	13	-	-	-	-	143	496	653
At 31 March 2016	-	92	507	36,711	4,113	811	8,258	28,163	31,973	110,628
Net carrying amount at 31 March 2016	13,429	11,132	5,097	269,780	1,000	1,526	6,883	12,180	20,941	341,968
Cost or fair value										
At 1 April 2014	14,901	13,554	5,697	274,211	4,689	1,352	13,654	35,353	59,142	422,553
Addition	-	146	1,238	11,936	213	955	555	4,032	5,643	24,717
Acquisitions through trade purchase	-	-	-	-	-	-	-	-	-	-
Transfers	(2,905)	(1,230)	-	(53)	-	-	-	-	-	(4,188)
Revaluation adjustment	-	-	-	-	-	-	-	-	-	-
Disposal	-	-	(74)	-	-	-	-	(1,021)	(3,332)	(4,427)
Foreign exchange differences	-	-	(44)	-	-	-	-	(155)	(879)	(1,079)
At 31 March 2015	11,996	12,470	6,817	286,094	4,902	2,307	14,209	38,208	60,573	437,576
Accumulated Depreciation										
At 1 April 2014	-	1,463	1,174	23,469	1,802	402	7,283	23,466	31,295	90,354
Depreciation charge for the year	-	384	361	6,702	1,117	201	473	2,735	5,075	17,048
Transfers	-	(211)	-	(55)	-	-	-	-	-	(266)
Impairment	-	-	10	-	-	-	-	20	131	161
Disposal	-	-	(28)	-	-	-	-	(901)	(2,439)	(3,368)
Foreign exchange differences	-	-	(4)	-	-	-	-	(74)	(467)	(544)
At 31 March 2015	-	1,636	1,514	30,116	2,919	603	7,756	25,246	33,595	103,385
Net carrying amount at 31 March 2015	11,996	10,834	5,303	255,978	1,983	1,704	6,453	12,961	26,979	334,191

Parent	Freehold Land	Freehold Buildings	Building Infrastructure	Distribution System	Meters	Fibre	Generation	Plant & Equipment	Motor Vehicles	Total
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Cost or fair value										
At 1 April 2015	11,996	12,470	5,850	286,094	4,902	2,307	14,209	33,860	41,197	412,885
Addition	230	897	812	20,409	211	100	932	2,531	422	26,544
Acquisitions through trade purchase	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	71	-	-	(70)	-	-	-	1
Revaluation adjustment	1,203	(2,143)	(2,196)	-	-	-	-	-	-	(3,136)
Disposal	-	-	-	(12)	-	-	-	(364)	(9,487)	(9,863)
At 31 March 2016	13,429	11,224	4,537	306,491	5,113	2,337	15,141	36,027	32,132	426,431
Accumulated Depreciation & Impairment										
At 1 April 2015	-	1,636	1,369	30,116	2,919	603	7,756	22,649	24,025	91,073
Depreciation charge for the year	-	240	332	6,595	1,194	208	502	2,726	3,301	15,098
Transfers	-	-	-	-	-	-	-	(1)	-	(1)
Revaluation adjustment	-	(1,784)	(1,443)	-	-	-	-	-	-	(3,227)
Disposal	-	-	-	-	-	-	-	(281)	(7,295)	(7,576)
At 31 March 2016	-	92	258	36,711	4,113	811	8,258	25,093	20,031	95,367
Net carrying amount at 31 March 2016	13,429	11,132	4,279	269,780	1,000	1,526	6,883	10,934	12,101	331,064
Cost or fair value										
At 1 April 2014	14,901	13,554	5,474	274,211	4,689	1,352	13,654	31,555	39,843	399,233
Addition	-	146	411	11,936	213	955	555	3,297	4,647	22,160
Acquisitions through trade purchase	-	-	-	-	-	-	-	-	-	-
Transfers	(2,905)	(1,230)	-	(53)	-	-	-	-	-	(4,188)
Revaluation adjustment	-	-	-	-	-	-	-	-	-	-
Disposal	-	-	(35)	-	-	-	-	(992)	(3,293)	(4,320)
At 31 March 2015	11,996	12,470	5,850	286,094	4,902	2,307	14,209	33,860	41,197	412,885
Accumulated Depreciation										
At 1 April 2014	-	1,463	1,096	23,469	1,802	402	7,283	21,186	23,036	79,737
Depreciation charge for the year	-	384	301	6,702	1,117	201	473	2,364	3,428	14,970
Transfers	-	(211)	-	(55)	-	-	-	-	-	(266)
Impairment	-	-	-	-	-	-	-	-	-	-
Disposal	-	-	(28)	-	-	-	-	(901)	(2,439)	(3,368)
At 31 March 2015	-	1,636	1,369	30,116	2,919	603	7,756	22,649	24,025	91,073
Net carrying amount at 31 March 2015	11,996	10,834	4,481	255,978	1,983	1,704	6,453	11,211	17,172	321,812

In the previous year certain freehold land and buildings were transferred to investment property (refer note 16). There are no items of property, plant and equipment whose title is restricted.

Revaluation of distribution system

The Group engaged PriceWaterhouseCoopers, an independent registered valuer, to determine the fair value of its distribution system assets as at 31 March 2016. As the fair value of the assets was not able to be reliably determined using market-based evidence, the valuation was prepared using a discounted cash flow methodology.

The key inputs used in the valuation include the forecast of future line charges, volumes, projected operational and capital expenditures growth rates and discount rate. A sensitivity analysis of the major inputs used in the valuation are discussed in detail in note 4.

The valuers estimated a range of values attributable to the Group's distribution system assets between \$256.5 million and \$275.9 million as at 31 March 2016. The carrying value of the distribution system is within the range of estimated fair values as a result of valuation exercise. Accordingly, no revaluation adjustments were recognised as the carrying value of the distribution system did not differ materially from its fair value.

Revaluation of land and buildings

The Group engaged AON Risk Solutions, a registered independent valuer, to determine the fair value of its land and buildings as at 31 March 2016. Fair value is determined by direct reference to recent market transactions on arms length terms. Fair value is assessed with reference to the "highest & best use" being defined as "the most probable use of an asset that is physically possible, appropriately justified, legally permissible, financially feasible and results in the highest value". As at 31 March 2016, the fair value of the land and buildings amounted to \$13.42 million and \$16.1 million, respectively. No revaluation adjustments were recognised as the carrying amount of the land and buildings did not differ materially from its fair value as at balance date.

The valuation of land and buildings were carried out in accordance with International Valuation Standards. To establish the valuation of properties, the valuers have used a combination of income capitalisation, market comparison and depreciated replacement cost approach.

The carrying value that would have been recognised had the following revalued assets been carried under the cost model would be as follows:

	2016			
	Freehold Land	Freehold Buildings	Building Infrastructure	Distribution System
Group				
Cost	10,829	14,269	2,954	283,944
Accumulated depreciation & impairment	-	3,980	732	63,305
Net carrying amount	10,829	10,289	2,222	220,639
Parent				
Cost	10,829	14,269	2,954	283,944
Accumulated depreciation & impairment	-	3,980	732	63,305
Net carrying amount	10,829	10,289	2,222	220,639
Group				
Cost	10,599	11,767	2,142	264,193
Accumulated depreciation & impairment	-	2,125	626	56,823
Net carrying amount	10,599	9,642	1,516	207,370
Parent				
Cost	10,599	11,767	2,142	264,193
Accumulated depreciation & impairment	-	2,125	626	56,823
Net carrying amount	10,599	9,642	1,516	207,370

16 Investment property

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Property held to meet service delivery objectives is classified as property, plant, and equipment.

Investment properties are measured initially at cost, including transactions costs. Subsequent to initial recognition, investment properties are stated at fair value, which is based on market prices. Gains or losses arising from changes in the fair value of investment property are recognised in profit or loss in the comprehensive income statement in the year in which they arise.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to a third party.

	Group 2016 \$000s	2015 \$000s	Parent 2016 \$000s	2015 \$000s
Opening balance as at 1 April	3,924	-	3,924	-
Additions	735	3,924	735	3,924
Net gain/ (loss) from fair value adjustments	13	-	13	-
Closing balance as at 31 March	4,672	3,924	4,672	3,924

During the period investment property generated revenue of \$201,630 and had operating expenses of \$114,772.

In prior year properties which consists of land and buildings with carrying values of \$2.905 million and \$1.019 million from property, plant & equipment to investment property. The carrying balance of the land and buildings classified as investment property as at 31 March 2016 amounted to \$3.440 million and \$1.232 million, respectively.

The investment properties are carried at fair value, which has been determined by an independent AON Risk Solutions during the year.

The fair value of the investment property reflects market conditions at the end of the reporting period.

There are no contractual capital obligations.

17 Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

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

Capitalised Borrowing Costs

Capitalised borrowing costs that are 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 or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

	Maturity	Group		Parent	
		2016	2015	2016	2015
		\$000s	\$000s	\$000s	\$000s
Current					
Bank overdrafts	On demand	-	-	-	-
Unsecured loans	30 – 270 days	-	37,500	-	37,500
Secured loans	30 – 90 days	-	-	-	-
Finance lease liability		809	622	-	-
Total current portion		809	38,122	-	37,500
Non Current					
Finance lease liability		732	1,081	-	-
Unsecured loans	Within 2 yrs	47,000	31,750	47,000	31,750
	Within 2 & 3 yrs	43,800	16,200	43,800	16,200
Total non-current portion		91,532	49,031	90,800	47,950
		92,341	87,153	90,800	85,450

a Fair Values

The carrying amount of borrowings repayable within one year approximate their fair value.

b Terms and Conditions

Bank overdrafts and loans

The Group operates an unsecured overdraft facility at floating interest rates and is due on demand.

The Group operates non current lending facility expiring in November 2017 and up to August 2020.

Interest rates paid on \$NZD borrowings averaged 3.7% (2015: 4.46%). Interest rates paid on \$AUD borrowings averaged 4.62% (2015: 7.85%)

c Financing Facilities Available

The Group operates a \$107 million lending facility.

There is also an additional \$1 million credit card facility.

d Assets Pledged as Security

There are commercial secured facilities issued by the ANZ Bank which are secured by the Group's parent entity.

Finance lease liabilities are secured by the underlying assets.

Security held by the bank is in the form of a negative pledge deed, where an undertaking has been given that certain actions will not be undertaken and key financial ratios will be maintained.

e Set-off Assets and Liabilities

The Group has established a legal right of set off with a bank enabling it to set off certain deposits with that bank against an overdraft.

f Interest Rate Risk

Refer to the Financial Risk Management Objectives and Policies.

g Debt to Equity Ratio

The Group's debt to equity ratio is 0.77 (2015: 0.76)

	Group	2015	Parent	2015
	2016	\$000s	2016	\$000s
Minimum lease payments payable:				
Not later than one year	856	725	-	-
Later than one year & not later than five years	813	1,140	-	-
Later than five years	-	-	-	-
Total minimum lease payments	1,669	1,865	-	-
Future finance charges	(130)	(163)	-	-
Present value of minimum lease payments	1,539	1,702	-	-
Present value of minimum lease payments payable:				
Not later than one year	809	622	-	-
Later than one year & not later than five years	731	1,080	-	-
Later than five years	-	-	-	-
Total present value of minimum lease payments	1,539	1,702	-	-

The Group has entered into finance leases for motor vehicles and the net carrying amount of these assets at balance date are \$5.831 million (2015: \$3.642 million). The leases can be renewed at the Group's option, with rents set by reference to current market rates for items of equivalent age and condition. The Group has the option to purchase the asset at the end of the lease term. There are no restrictions placed on the Group by any of the finance leasing arrangements.

18 Trade and other payables

Trade and other payables are recognised when the Group becomes obligated to make future payments resulting from purchase of goods and services.

Trade payables are not discounted given their short term nature.

	Group		Parent	
	2016	2015	2016	2015
	\$000s	\$000s	\$000s	\$000s
Trade payables (GST Inclusive)	19,041	20,243	13,962	14,331
Accrued payables (GST Exclusive)	3,803	8,554	3,110	7,518
Income in advance	5,385	2,664	5,385	2,664
Advances from subsidiaries	-	-	3,953	-
	28,229	31,461	26,410	24,513

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

19 Dividends paid and proposed

During the year fully imputed dividends of \$3 million were paid (\$4.167 million inclusive of imputation credits).

	Group		Parent	
	2016	2015	2016	2015
	\$000s	\$000s	\$000s	\$000s
Dividends on ordinary shares declared during the year				
Final imputed dividend for 2016: 13.89 cents (2015: 8.34 cents)	5,000	3,000	5,000	3,000

20 Share capital

Share Capital

Share capital consists of ordinary shares which are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Asset Revaluation Reserve

The asset revaluation reserve is used to record the increments and decrements in the fair value of property, plant and equipment identified as being carried at valuation.

Foreign Currency Translation Reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Available for Sale Reserve

The available for sale reserve is used to record movements in the fair value of available for sale financial assets.

a Ordinary Shares

	Group		Parent	
	2016	2015	2016	2015
	\$000s	\$000s	\$000s	\$000s
As at 31 March 2016	35,989	35,989	35,989	35,989
Represented by 35,981,848 ordinary shares				
Total issues & paid up capital	35,989	35,989	35,989	35,989

Ordinary shares have no par value. Fully paid shares carry one vote per share and carry the right to dividends. All ordinary shares are ranked equally.

b Capital Management

The company considers the following as part of its capital: shares, reserves and retained earnings. When managing capital, the Board's objective is to ensure the entity continues as a going concern maintaining adequate working capital ensuring obligations can be met on time as well as to maintain returns to shareholders as set out in the statement of corporate intent.

For year ended 31 March 2016 the Group declared dividends of \$5 million (\$2015: \$3 million). As outlined in the statement of corporate intent, the Group's dividend policy is to pay a minimum of 35% of net profit after tax as a dividend.

The Group's statement of corporate intent prescribes that the ratio of total shareholders' funds to total assets will be maintained at not less than 50%.

21 Cashflow statement reconciliation

	Group		Parent	
	2016	2015	2016	2015
	\$000s	\$000s	\$000s	\$000s
Reconciliation of net profit after tax to net cash flows from operations				
Net profit after income tax	9,571	(447)	9,530	(10,767)
Adjustments for:				
- Depreciation & amortisation	18,839	18,037	16,764	15,840
- Loss (gain) on sale of property, plant & equipment	(73)	257	(191)	257
- Revaluation of available for sale investment	-	67	-	67
- Impairment of investment in subsidiary	-	1,906	-	17,850
- Non cash line contribution revenue	(1,977)	(1,864)	(1,977)	(1,864)
- Fair valuation (gain)/ loss on derivative financial instruments	2,905	1,308	2,905	1,308
- Capitalised interest expense	(264)	(139)	(264)	(139)
- Unrealised foreign currency loss/ (gain)	(176)	780	(176)	780
- Revaluation of investment properties	(13)	-	(13)	-
- Share in loss/ (profits) of associate	368	858	-	-
Changes in assets & liabilities				
- Increase (decrease) in trade & other payables	(3,486)	6,329	(2,056)	4,565
- Decrease/ (increase) in work in progress	621	(4,615)	1,600	(6,669)
- Decrease/ (increase) in tax refund	1,565	(4,568)	1,565	(4,568)
- Decrease/ (increase) in trade & other receivables	2,959	(867)	(2,989)	61
- Decrease/ (increase) in inventory	(1,279)	124	(1,339)	11
- Increase/ (decrease) in deferred tax liabilities	1,630	1,437	1,630	1,437
- Increase (decrease) in employee entitlements	(1,758)	1,854	(1,014)	1,424
- Increase (decrease) in provision for tax	153	-	153	-
Net cash from operating activities	29,585	20,457	24,128	19,593

22 Derivative financial instruments

Derivative financial instruments are used by the Group in the normal course of business in order to hedge exposure to fluctuations in interest rates.

	Group		Parent	
	2016	2015	2016	2015
	\$000s	\$000s	\$000s	\$000s
Current asset portion				
Interest rate swap contracts	-	-	-	-
Non-current asset portion				
Interest rate swap contracts	-	92	-	92
Current liability portion				
Interest rate swap contracts	64	116	64	116
Non-current liability portion				
Interest rate swap contracts	3,514	649	3,514	649
Net financial derivative asset/ (liability) position	(3,578)	(673)	(3,578)	(673)

Interest Rate Swaps

The fair values of interest rate swaps have been determined by calculating the expected cash flows under the terms of the swaps and discounting these values to present value. The inputs into the valuation model are from independently sourced market parameters such as interest rate yield curves. Most market parameters are implied from instrument prices.

The notional value of the outstanding interest rate swap contracts amounted to \$93,000,000 (2015: \$48,000,000). The fixed interest rates of interest rate swaps vary from 2.81% to 4.65%.

23 Guarantees and contingencies

	Group		Parent	
	2016	2015	2016	2015
	\$000s	\$000s	\$000s	\$000s
Performance bonds in relation to contract work	18,902	20,273	14,898	16,492
Letters of credit in relation to contract work	152	3,057	152	3,057
Guarantee for leased premises	1,054	100	-	-
	20,108	23,430	15,050	19,549

Performance bonds relate to guarantees given to customers to guarantee completion of contracting work. Northpower has entered into an FRA with ANZ. This is a commitment to make one interest rate payment and receive another at a future date. Letters of Credit relate to guarantees given to off-shore customers for work completed. No liability was recognised in relation to the above guarantees as the fair value is considered immaterial.

Northpower is a participant in the DBP Contributors Scheme (the scheme) which is a multi-employer defined benefit scheme operated by National Provident Fund. If the other participating employers ceased to participate in the scheme, Northpower could be responsible for the entire deficit of the scheme (see note 28). Similarly, if a number of employers ceased to participate in the scheme, Northpower could be responsible for an increased share of the deficit.

24 Commitment

As lessee in Operating leases

The parent and Group leases property plant & equipment in the normal course of business. The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

	Group		Parent	
	2016	2015	2016	2015
	\$000s	\$000s	\$000s	\$000s
Within one year	5,688	3,403	4,889	2,463
After one year but not more than five years	17,040	9,247	13,846	5,876
More than five years	6,502	4,417	3,835	1,290
Total non-cancellable operating leases	29,230	17,066	22,570	9,629

As lessor in Operating leases

The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

Within one year	23	23	23	23
After one year but not more than five years	81	86	81	86
More than five years	14	31	14	31
Total non-cancellable operating leases	118	140	118	140

No contingent rents have been recognised during the period.

Capital commitments contracted for at balance sheet date	-	4,443	-	4,443
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Northpower is a party to certain options contracts which, when exercised, will require Northpower to purchase A shares in Northpower Fibre Ltd from Crown Fibre Holdings. As at balance date, the exercise of these options is considered to be unlikely since the conditions that trigger them have not been met. Furthermore, the value of these options is assessed to be not significant since its exercise price is equivalent to the market price on exercise date.

25 Related parties

a Subsidiaries

i Terms and Conditions

Sale to and purchase from related parties are made in arms length transactions both at normal market prices and on normal commercial terms

ii Outstanding Balances

Outstanding balances at year end are unsecured, interest free and settlement occurs in cash.

	Group		Parent	
	2016	2015	2016	2015
	\$000s	\$000s	\$000s	\$000s

Transactions during the year

Sales to subsidiaries			637	536
Management fees charged to subsidiary			539	485
Royalty fee charged to subsidiary			243	-

Outstanding balances as at 31 March

Accounts payable to subsidiaries			-	-
Accounts receivable from subsidiaries			288	51
Debenture to subsidiary			30,372	30,372
Loan to subsidiary			-	1,726
Loan from subsidiary			3,953	-

b Associates

Transactions during the year

Sales to associate			4,348	4,348
Purchases from associate			87	87
Other transactions			221	221

Outstanding balances as at 31 March

Payable to associate			-	-
Receivable from associate			897	272

c Directors

One of the Directors of Northpower is also a Director of West Coast Energy Pty Ltd and Northpower Western Australia Pty Ltd.

d Key Management

The compensation of the Directors and Executives, being the key management personnel of the entity is set out below:

Compensation of key management personnel

	Group		Parent	
	2016	2015	2016	2015
	\$000s	\$000s	\$000s	\$000s
Short-term employee benefits	4,219	4,044	2,653	2,215

There are close family members of key management personnel employed by the Group. The terms and conditions of these arrangements are no more favourable than the Group would otherwise have adopted if there were no relationships to key management personnel.

During the period Northpower charged Northpower Electric Power Trust \$18,526 (2015: \$20,000) for distribution costs associated with the distribution to consumer beneficiaries. During the year Northpower paid the Northpower Electric Power Trust a dividend totaling \$3 million (refer note 19).

Transactions between the company and key management personnel

Mr Ercoli Allen Angelo is a Trustee of Northpower Electric Power Trust. He is also the Director of D B Quinn Trustees Ltd and shareholder of Diesel Maintenance Ltd. During the year Northpower made purchases from D B Quinn Trustees Ltd of \$nil (2015: \$nil) and Diesel Maintenance Ltd of \$160 (2015: \$nil).

Mr Anthony Davies-Colley is a Trustee of Northpower Electric Power Trust. He is also the Director of Blackdog Steelworks Ltd, Westpoint Management Ltd and Port Nikau Joint Venture. During the year Northpower made sales to Blackdog Steelworks Ltd \$2,345 (2015: \$nil), Westpoint Management Ltd \$nil (2015: \$10,404) and Port Nikau Joint Venture \$nil (2015: \$141,316).

Mrs Nicole Davies-Colley is the Chairman of the Northpower Board and a Director of Farmlands Trading Society Ltd, Landcorp Farming Ltd and a trustee of Taitokerau Education Trust for part of the year before resigning. During the year Northpower made purchases from Farmlands Trading to the value of \$27,523 (2015: \$15,773) and sales to Landcorp Farming of \$176 (2015: \$nil).

Messrs Lloyd Richards and Richard Pearce are Board members of the Electricity Engineers' Association and during the year Northpower made purchases from this organisation totalling \$76,406 (2015: \$78,593) and made sales of \$2,874 (2015: \$2,540).

Mr Richard Booth is the commissioner of the Kaipara District Council and chairman of the Delta Produce Co-op Ltd. During the year Kaipara District Council made purchases of \$45,640. Northpower made sales to Kaipara District Council of \$102,895 and Delta Produce \$266.

David Wright is a Director of WEL Networks Ltd and David Wright Ltd. During the year Northpower transacted purchases of \$10,583 (2015: \$19,206) with WEL Networks Ltd and \$77,596 (2015: \$nil) with David Wright Ltd. Sales to WEL Networks of \$1,520,863 (2015: \$1,628,019) took place during the year with \$1,947 remaining outstanding as at 31 March 2016.

Mark Gatland is a Board member of the Energy Networks' Association and during the year Northpower made payments to this organisation of \$77,450 (2015: \$120,750).

No provision has been required, nor any expense recognised for impairment of receivables from related parties.

26 Investments in associates

The Group's investment in its associates is accounted for using the equity method. The associates are entities over which the Group has significant influence and that are neither subsidiaries nor joint ventures.

Under the equity method, investments in associates are carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in associates, measured as the difference between the recoverable amount of the net investment in the associate and its carrying value. Any impairment loss is recognised in the "share of profit of an associate" in the statement of comprehensive income.

The Group's share of associate's profits or losses is recognised in profit or loss, and its share of movements in other comprehensive income is recognised in other comprehensive income. The cumulative movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables and loans, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances. When there are differences in the reporting dates and accounting policies, appropriate adjustments are made in the financial statements of the associate prior to the application of the equity method of accounting. If the difference in the reporting dates between the Group and the associate is longer than three months, financial statements for the associate are prepared as at the reporting date of the Group prior to the application of the equity method of accounting.

Northpower Fibre Limited (NFL) has been established to construct and operate an ultra-fast broadband (UFB) network in the Whangarei area, as part of the Government's objective to roll out UFB to 75% of the New Zealand population over ten years. Northpower has partnered with Crown Fibre Holdings Limited (CFH) to establish, manage and fund the operations of NFL. Under a shareholders' agreement between Northpower and CFH, Northpower's obligation during the initial ten year period includes:

- a) provide working capital to NFL in return for shares
- b) purchased shares in NFL from CH, as and when end users are connected to the UFB network
- c) participate in the governance and management of NFL, including the appointment of two Directors to the Board of NFL and the provision of management services to NFL.

a Movements in the carrying amount of the Group's investment in associates

	Group		Parent	
	2016	2015	2016	2015
	\$000s	\$000s	\$000s	\$000s
Beginning balance	10,045	8,149	11,852	9,098
Additional investment made	6,957	2,754	6,957	2,754
Share of profit/ (loss) after income tax	(272)	(694)	-	-
Unrealised profit adjustment	(110)	(194)	-	-
Realised profit adjustment	14	30	-	-
Ending balance	16,634	10,045	18,809	11,852

b Summarised financial information

Extracts from the associates' statement of financial position:

	Parent	
	2016	2015
	\$000s	\$000s
Current assets	1,239	450
Non-current assets	36,819	31,848
Current liabilities	581	413
Non-current liabilities	803	593
Net assets	36,674	31,292
Share of associates' net assets	16,870	10,608

Extract from the associates' statement of comprehensive income:

Revenue	3,859	1,837
Net profit/(loss)	(590)	(2,060)

27 Categories of other financial assets and liabilities

The carrying amount of financial assets and liabilities in each of the NZ IAS 39 categories are as follows:

	Group		Parent	
	2016	2015	2016	2015
	\$000s	\$000s	\$000s	\$000s
Financial assets at fair value	-	92	-	92
Loans and receivables				
Cash & cash equivalents	1,547	1,863	849	1,122
Trade & other receivables	37,572	39,016	34,162	31,173
Total loans & receivables	39,119	40,879	35,011	32,295
Available for sale instruments				
Unlisted shares	865	817	865	817
Financial liabilities at fair value	3578	765	3,578	765
Financial liabilities measured at amortised cost	809	38,122	-	37,500
Short term borrowings	91,532	49,031	90,800	47,950
Long term borrowings	22,050	26,003	16,278	18,991
Trade & other payables	114,104	113,156	107,078	104,441

28 Defined benefit superannuation scheme

Northpower contributes to a multi-employer defined benefit superannuation scheme operated by National Provident Fund. The scheme is not open to new members and currently only two employees are members of the scheme.

Insufficient information is available to use defined benefit accounting, as it is not possible to determine, from the terms of the scheme, the extent to which the deficit will affect future contributions by employers, as there is no prescribed basis for allocation.

The actuarial examination as at 31 March 2015 indicated that the scheme had a past service surplus of \$20.9 million (11.4% of the total liabilities). This amount is exclusive of Employer Superannuation Contribution Tax. This surplus was calculated using a discount rate equal to the expected return on the assets, but otherwise the assumptions and methodology were consistent with the requirements of NZ IAS 19.

29 Employee entitlements

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits including accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at their nominal values using the remuneration rate expected at the time of settlement. Expenses for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Provisions made in respect of employee benefits that are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to balance sheet date. Contributions to defined contribution superannuation plans are expensed when incurred.

	Group		Parent	
	2016	2015	2016	2015
	\$000s	\$000s	\$000s	\$000s
Current employee entitlements are represented by:				
Accrued salaries & wages	1,120	1,892	1,120	1,892
Annual leave	7,359	7,629	6,139	5,804
Sick leave	25	25	25	25
Total current portion	8,505	9,546	7,284	7,721
Non-current employee entitlements are represented by:				
Retirement & long service leave	932	1,509	932	1,509
Total non-current portion	932	1,509	932	1,509
Total employee entitlements	9,437	11,055	8,216	9,230

30 Inventory

Inventories are stated at the lower of cost and net realisable value. Cost includes the cost of direct materials and other charges, such as freight cost, that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.



	Group		Parent	
	2016	2015	2016	2015
	\$000s	\$000s	\$000s	\$000s
Inventory held for use in the provision of goods & services	10,044	8,740	9,802	8,463
Cost of inventories recognised as expense	87,155	85,677	56,553	58,959

The carrying amount of inventories held for distribution are measured on a weighted average cost basis. Inventory written down during the period amounted to \$nil (2015: \$55). No inventories were pledged as securities for liabilities, however some inventories are subject to retention of title clauses.

31 Capitalised borrowing cost

The assets under construction account includes capitalised borrowing costs amounting to \$89,538 (2015: \$90,797). The weighted average interest rate used to determine the amount of borrowing costs eligible for capitalisation is 3.7% (2015: 4.5%)

32 Employee benefit expenses

	Group		Parent	
	2016	2015	2016	2015
	\$000s	\$000s	\$000s	\$000s
Salaries & wages	124,684	126,261	94,271	92,276
Defined contribution plan employer contributions	4,096	4,300	2,388	2,327
Movement in employee entitlements	(842)	1,799	(1,014)	1,424
	127,938	132,360	95,645	96,027

33 Auditors remuneration

The auditor of Northpower Limited is Audit New Zealand.

	Group		Parent	
	2016	2015	2016	2015
	\$000s	\$000s	\$000s	\$000s
The auditor of Northpower Limited is Audit New Zealand				
Fees to Audit New Zealand for:				
- Audit of financial statements	150	133	150	133
- Special audits required by regulators	25	24	25	24
	175	157	175	157
Fees paid to non Audit New Zealand firms for:				
- Audit of financial statement of subsidiary	75	72	-	-
- Advisory services	84	72	84	72
	159	144	84	72

34 Events after balance date

a Restructure

Due to the market conditions in Australia, in April 2016 the Board approved a restructuring plan involving the downsizing of its subsidiary West Coast Energy Pty Ltd.

The Group expects to incur \$620k in severance and termination benefits and \$430k in other plant costs. The amounts of all estimates are subject to change.

b Other

There were no other significant events after reporting date.

Northpower Limited

Board

Chairman

N P Davies-Colley
BBS, MBA, CFinD

Directors

D J Ballard
BE (Hons), MBA

R J Black
BE(Civil)(Hons), FEng, FIPENZ

M B D James
BCom, CA

R C Booth
MBA, Dip Ag

M D Trigg
B Eng Chemicals and Materials

Executive Officers

Chief Executive
M R Gatland
MBA, BE(Elec), MIPENZ

Chief Financial Officer
P McElwee
BMS, CA, MBA (Dist)

General Manager, Network
G A C Dawson
NZCE(Elec)

General Manager, Business Support
B S Harrison
BBus

General Manager, Contracting
L B Richards
NZCE(Elec), REA, IPENZ(Tech)

General Manager, Strategic
Development and Regulatory
R Pearce
MBA, BE (Hons) (Electrical and Electronic)

General Counsel
J Boyd
LLB (Hons)/BA

West Coast Energy

Board

Chairman

D Wright
MBA (Dist), B Tech (Hons) Food

Directors

T Beach
MAICD, MIE Aust, CP Eng

D J Ballard
BE (Hons) MBA

Executive Officers

Chief Executive
S Horgan
BMS (Hons), MMS, AMS (INSEAD)

Commercial Operations Manager
N Ellett
BAppMgt, CSCP, AIMM

Area Manager
W Huia

HSQE and Technical
Standards Manager
A Macleod

HR and Training Manager
C Heta

Northpower Electric Power Trust

Chairman

E A Angelo
CA ANZIM

Deputy Chairman

R J Drake
MNZM

Trustees

A J Davies-Colley
BAGSci

I M Durham
BBM, Grad Dip (Fin)

S K McKenzie

K R Provan

W E Rossiter
QSM

Bankers

Westpac Banking Corporation

ANZ Banking Corporation

Head Office

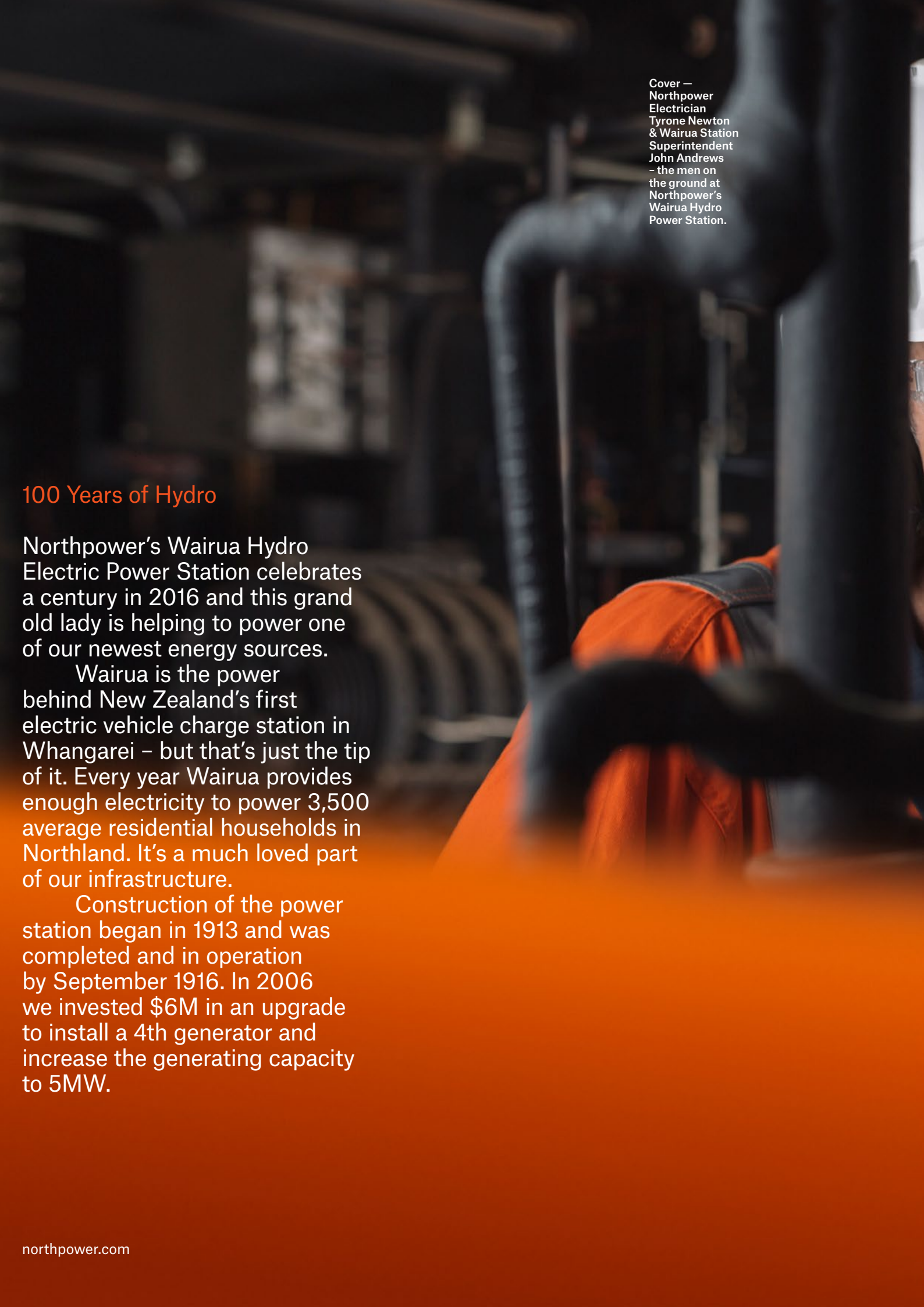
Mount Pleasant Road,
Raumanga, Whangarei

Auditors

Audit New Zealand, Whangarei,
on behalf of the Auditor General

Registered Office

28 Mount Pleasant Road,
Whangarei



Cover —
Northpower
Electrician
Tyrone Newton
& Wairua Station
Superintendent
John Andrews
— the men on
the ground at
Northpower's
Wairua Hydro
Power Station.

100 Years of Hydro

Northpower's Wairua Hydro Electric Power Station celebrates a century in 2016 and this grand old lady is helping to power one of our newest energy sources.

Wairua is the power behind New Zealand's first electric vehicle charge station in Whangarei – but that's just the tip of it. Every year Wairua provides enough electricity to power 3,500 average residential households in Northland. It's a much loved part of our infrastructure.

Construction of the power station began in 1913 and was completed and in operation by September 1916. In 2006 we invested \$6M in an upgrade to install a 4th generator and increase the generating capacity to 5MW.