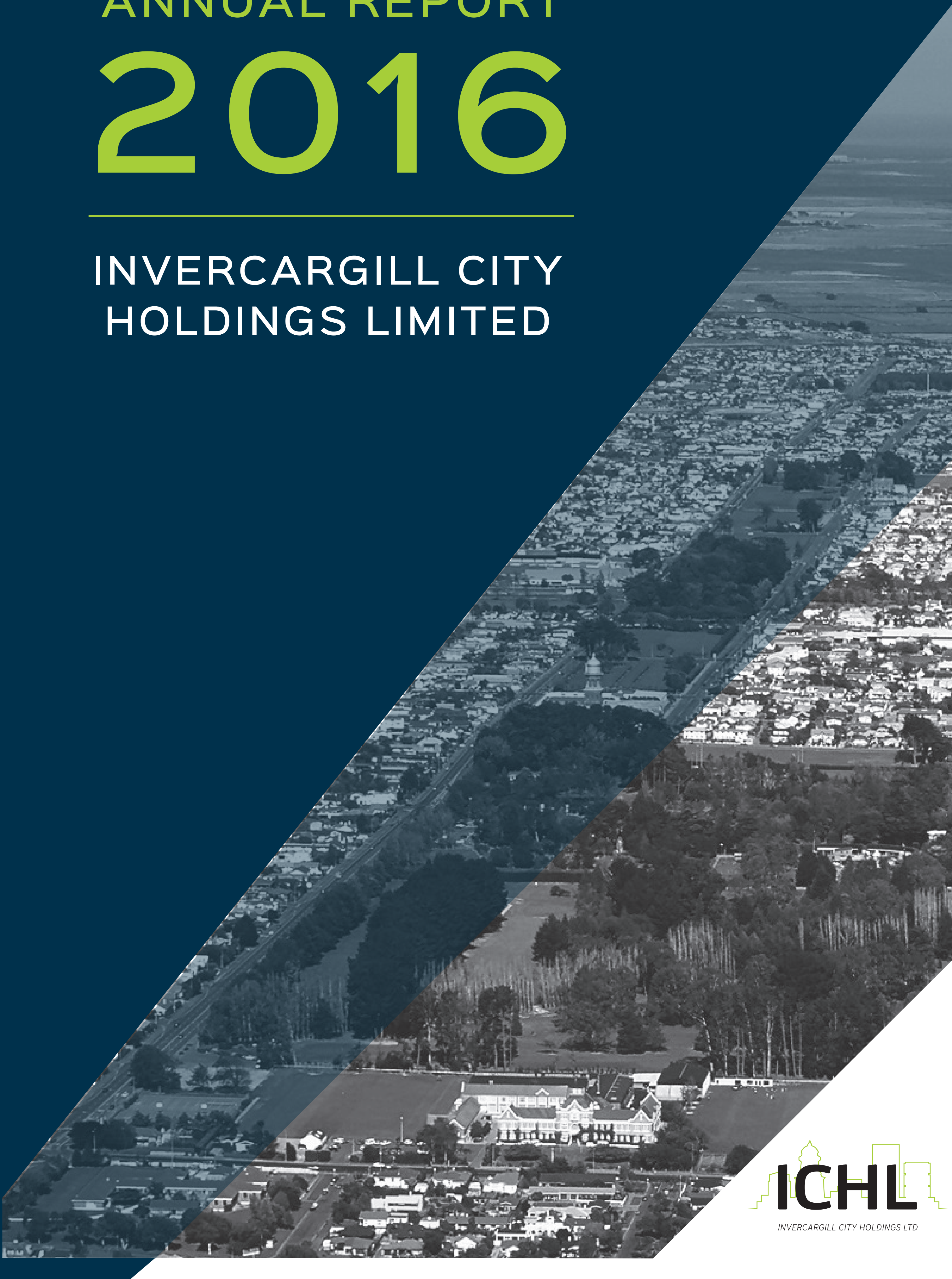
ANNUAL REPORT 2016

INVERCARGILL CITY HOLDINGS LIMITED



ICHL
INVERCARGILL CITY HOLDINGS LTD

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Approval by Directors

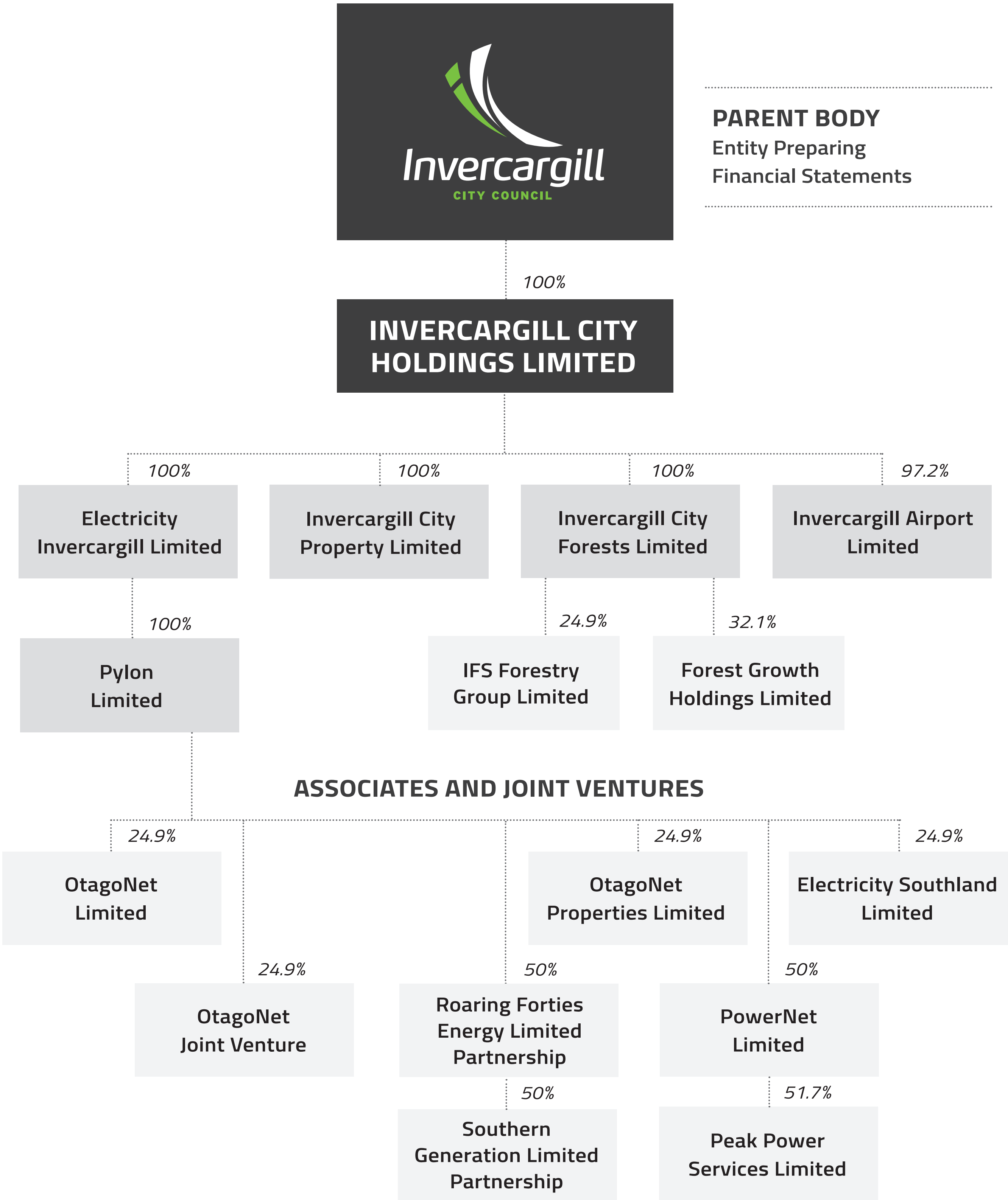
The Directors have approved for issue the financial statements of Invercargill City Holdings Limited for the year ended 30 June 2016.

Chairman	Director
C A McCulloch	T D R Loan

For and on behalf of the Board of Directors.
30 September 2016.

INVERCARGILL CITY HOLDINGS LTD

Group Structure



Directory

REGISTERED OFFICE

101 Esk Street
Invercargill 9810

AUDITOR

Audit New Zealand on behalf of the Office of the Auditor-General

SOLICITORS

Preston Russell Law
92 Spey Street
Invercargill 9810

BANKERS

Westpac

TREASURY MANAGER

Bancorp Treasury Services

An Overview

INVERCARGILL CITY HOLDINGS LIMITED

Activities:

- Treasury advice and systems.
- Overview of Group operations.

2016 Financial Year:

Overall financial result of after tax profit of $5.723 million for the parent company and $9.167

million for the Group.

ELECTRICITY INVERCARGILL LIMITED

Activities:

- Owners of Electricity Network.
- Management of Electricity Network.

2016 Financial Year:

- Continuing to operate successfully with after tax profit for the year of $7.767 million, which was higher than last years, $7.497 million due to an increase in electricity consumption and network assets that were expected to be decommissioned being retained in service.
- Dividend paid to shareholder $6.2 million.
- EIL completed major works this year, including the new Spey Street Zone Substation with all 11kV load from the old Doon Street Zone Substation transferred to the new site. EIL also continued work to replace underground substations to above ground.

INVERCARGILL AIRPORT LIMITED

Activities:

- Owners and operator of regional airport.

2016 Financial Year:

- The after tax profit was $800,000, compared to $745,000 for the prior year. These results include revaluations and impairments.
- Passenger numbers increased from last year by 4.3% and scheduled operators landings increased by 1.8%.
- The new terminal building was completed and opened during the year.
- Health and safety, risk management and operational compliance remain a priority for the company.

INVERCARGILL CITY FORESTS LIMITED

Activities:

- Owners and operator of eight forestry blocks in Southland and Otago.

2016 Financial Year:

- Dividend payment of $ 550,000.
- The financial result for the year is very pleasing with an after tax profit of $1.584 million compared to a loss of $354,000 for the prior year.
- The export log market started the year at an all-time low but rose steadily over the course of the year while the local market remained strong throughout the year.
- The company continues to seek new forestry assets and new markets for its logs.

INVERCARGILL CITY PROPERTY LIMITED

Activites:

- Sales and marketing of industrial land owned by Invercargill City Council at Awarua (Southland).

2016 Financial Year:

- Market conditions and the lack of new business growth in Southland has meant there has been limited interest for the sites at Awarua.
- Continued efforts to market Awarua land.

Board of Directors

COMPANY DIRECTORS

C A McCulloch
Chairman of Directors

G J Sycamore
Director, City Councillor

A G Dennis
Director, City Councillor

T D R Loan
Deputy Chairman

L S Thomas
Director, City Councillor

ELECTRICITY INVERCARGILL LIMITED

N D Boniface
Chairman of Directors, City Councillor

T Campbell
Director

D J Ludlow
Director, City Councillor

R L Smith
Director

S J Brown
Director

INVERCARGILL AIRPORT LIMITED

A J O'Connell
Chairman of Directors

T M Foggo
Director

J D Green
Director

R M Walton
Director

T R Shadbolt
Director, Mayor

INVERCARGILL CITY FORESTS LIMITED

L A Pullar
Chairman of Directors

A B McKenzie
Director

B J Nettleton
Director

M L Montgomery
Director (From 1 November 2015)

INVERCARGILL CITY PROPERTY LIMITED

P J Carnahan
Chairman of Directors (Until 30 June 2016)

M P O'Connor
Director (Until 30 June 2016)

G J Sycamore
Director, City Councillor

C A McCulloch
Director (From 30 June 2016)

T D R Loan
Director (From 30 June 2016)

Statement of Governance

The Directors are pleased to present this Governance Statement.

Role of the Board of Directors

The Directors are responsible for the proper direction and control of the Group's activities. This responsibility includes such areas of stewardship as the identification and control of the Group's business risks on behalf of the ultimate shareholder, Invercargill City Council.

The Directors are responsible for the continual overseeing of the investment in the subsidiary companies with the Directors of those companies responsible for the day-to-day operation. Reporting by the subsidiary Boards of financial, market and operational information is received by the Group's Directors on a regular and ongoing basis.

The Directors of Invercargill City Holdings Limited are also responsible for the operation of the Treasury function which is operated within the Holding Company. This section provides a service to the subsidiaries and to the Invercargill City Council by sourcing funds at competitive rates.

The principal purpose of Invercargill City Holdings Limited is to maximise the performance of the Group as a whole.

Statutory Information

DIRECTORS' REMUNERATION

Invercargill City Holdings Limited	***$***
C A McCulloch (Chairman)	57,500
G J Sycamore	30,300
A G Dennis	30,300
T D R Loan	30,300
L S Thomas	30,300

Electricity Invercargill Limited	***$***
N D Boniface (Chairman)	53,000
T Campbell	27,900
D J Ludlow	27,900
R L Smith	27,900
S J Brown	27,900

Invercargill City Forests Limited	***$***
L A Pullar (Chairman)	50,000
A B McKenzie	26,300
B J Nettleton	26,300
M L Montgomery	17,353

Invercargill Airport Limited	***$***
A J O'Connell (Chairman)	45,000
T M Foggo	23,700
J D Green	23,700
R M Walton	23,700
T R Shadbolt	23,700

Invercargill Property Limited	***$***
P J Carnahan (Chairman)	20,000
M P O'Connor	15,240
G J Sycamore	15,240

There was no remuneration or other benefits paid to Directors during the year for any of the following:

- Compensation for loss of office.
- Guarantees given by the Company for debts incurred by a Director.
- Entering into a contract to do any of the above.

DIRECTORS' INTERESTS

During the year, no Directors had an interest in any transaction or proposed transaction with the parent company.

The following listing is where an Invercargill City Holdings Limited director has a position on another entity or organisation that has transactions with Invercargill City Holdings Limited.

Director	Company/Organisation	Position
A G Dennis	Invercargill City Council	Councillor
L S Thomas	Invercargill City Council	Councillor
G J Sycamore	Invercargill City Council	Councillor

USE OF COMPANY INFORMATION BY DIRECTORS

No Director of any group company has disclosed, used or acted on information that would not otherwise be available to a Director.

SHAREHOLDING BY DIRECTORS

No Director has an interest in any of the Group Company shares held, acquired or disposed of during the year.

DIRECTORS' AND OFFICERS' INDEMNITY INSURANCE

The Group has insured all its Directors and Executive Officers against liabilities to other parties that may arise from their positions.

EMPLOYEES' REMUNERATION

One employee of the Group received remuneration and other benefits of $100,000 or greater during the year.

$'000	No. of employees
130 - 140	1

AUDITORS' REMUNERATION

Audit fees for the Group totalled $178,621. Details of fees payable are contained in Note 3.

LOANS TO DIRECTORS

There are no loans to Directors.

RECOMMENDED DIVIDEND

It is recommended that a dividend of $4,700,000 be paid.

INVERCARGILL CITY HOLDINGS LTD

Chairman's Report

I am pleased to present the 19th Annual Report of the Invercargill City Holdings Limited Group for the year ended 30 June 2016.

This year's surplus after tax of $9.167m compares to $6.864m in 2015, being an increase of $2.303m or 33%. The Directors consider this a good result and have declared a dividend of $4.7m. This is an increase of $500,000 or 12% over last year. The Directors are conscious of their role in providing income for the City, which is used to minimise the rate burden on its citizens, and the need to provide capital for the Group to grow.

The Group experienced growth in all Subsidiaries this year.

Electricity Invercargill Limited (EIL) produced an after tax surplus of $7.767m compared to $7.497m in 2015. This was a better than targeted outcome due to an increase in electricity consumption and network assets that were expected to be decommissioned being retained in service. All investments exceeded expectations both financially and operationally with all key investments contributing positively to the cash flow and net surplus of the EIL group. This allowed the Company to provide for an increased dividend of $6.2m compared to $5.6m in 2015. The increased dividend will be paid out in the 2016/2017 financial year of Invercargill City Holdings Limited.

Invercargill Airport Limited produced and after tax surplus of $800,000 compared to $745,000 in 2015. These figures include revaluations and impairments. The pre-tax profit for the year before investment property revaluations and the runway impairment is a profit of $530,000 compared to $229,000 for the same period last year. The highlight for Invercargill Airport Limited, and the province of Southland, has been the opening of the new Terminal Building. Changes in senior management and renegotiating revenue flow have made this year a very busy but productive one for the Company.

Invercargill City Forests Limited has experienced a much better year this year producing an after tax surplus of $1,584m compared to a loss of $354,000 in 2015. Better market conditions and better log quality have contributed to the result. Forest Growth Holdings Limited has contributed $31,000 (2015: loss of $193,000) which is included in the above result. The Company has continued with its goal of increasing its forest stock with a modest increase via the purchase of a suitable property at Monowai during the year. In June 2016 the Company purchased a 24.9% stake in IFS Forestry Group Limited (IFS). The Company has a 20 year association with IFS which has acted in a consulting role for that time but the Company's size and complexity has made a decision whether or not to employ its own staff appropriate. The Directors decided that rather than follow that path they would make this purchase which will achieve a wider spread of professionalism than could be achieved on its own plus receive a good financial return on its investment. The Company paid a dividend of $550,000 (2015: $550,000) in accordance with its policy of providing a consistent and reliable dividend flow to Invercargill City Holdings Limited.

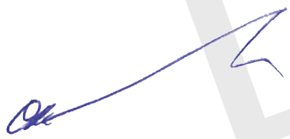
Invercargill City Property Limited has produced a surplus of $42,000 compared to $35,000 in 2015. The activity level in this Company has not been high this year as market conditions for the sale of the Invercargill City Council land at Awarua have not been good. Accordingly at 30 June 2016 the two Independent Directors resigned and Tim Loan and myself have taken up these vacant positions meantime. I would like to take this opportunity to record our appreciation to Peter Carnahan and Mark O'Connor for their hard work during their term as Directors. While the results have not been as we hoped the effort of the Directors has been significant. No Directors fees will be paid to any Director in the 2017 year.

I would like to express my thanks to our Chief Executive Dean Johnston, our Accountant Amy Wilson, our Treasury Manager Miles O'Conner of Bancorp and all other support staff for their continued dedication and hard work during the year.

I would also like to record my appreciation of the Directors and staff of each of our Subsidiaries. Their efforts, combined, make our Group the success it is and is very much appreciated.

To my fellow Directors Tim Loan, Alan Dennis, Lindsay Thomas and Graham Sycamore my personal thanks for your support and invaluable contributions during the year.

In conclusion could I thank the Mayor and Councillors of Invercargill City Council for their support and the confidence they have provided to our whole Group during the year. We simply could not carry out our role without it.



Cam McCulloch

Chairman

Audit Report

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

INVERCARGILL CITY HOLDINGS LTD

INVERCARGILL CITY HOLDINGS LTD

Statement of Accounting Policies

REPORTING ENTITY

Invercargill City Holdings Limited ("the Company") is a Council Controlled Organisation as defined in the Local Government Act 2002 and registered under the Companies Act 1993. The Company is wholly owned by the Invercargill City Council ("the Council").

The Invercargill City Holdings Limited Group consists of:

- Electricity Invercargill Limited (100% owned) and its wholly owned subsidiary Pylon Limited. The Electricity Invercargill Limited Group has a balance date of 31 March.
- Invercargill City Forests Limited (100% owned).
- Invercargill Airport Limited (97% owned).
- Invercargill City Property Limited (100%)

All the Group's subsidiaries and associates are incorporated in New Zealand.

The primary objective of the Company is to manage the commercial investments of the Council. Accordingly, the Company has designated itself and the group as profit orientated entities for the purposes of New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS").

The financial statements of the Company and Group are for the year ended 30 June 2016. The financial statements were authorised for issue by the Board on 30 September 2016. The entities directors do not have the right to amend the financial statements after issue.

BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with the requirements of the Local Government Act 2002, the Companies Act 1993 and the Energy Companies Act 1992.

The financial statements of the Company comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The Company is a Tier 1 for profit entity, as the Company has expenses over $30 million. The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, investments in subsidiaries and associates, investment property, biological assets and financial instruments (including derivative instruments).

The accounting policies that have been applied to these financial statements are based on the External Reporting Board A1, Accounting Standards Framework (For-profit Entities Update).

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand ($'000). The functional currency of the Company is New Zealand dollars.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the Statement of Comprehensive Income.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange at the reporting date.

SUBSIDIARIES

The Company consolidates as subsidiaries in the group financial statements all entities where the Company has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the entity.

This power exists where the Company controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by the Company or where the determination of such policies is unable to materially impact the level of potential ownership benefits that arise from the activities of the subsidiary.

The Company measures the cost of a business combination as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, in exchange for control of the subsidiary plus any costs directly attributable to the business combination.

Any excess of the cost of the business combination over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill.

BASIS OF CONSOLIDATION

The purchase method is used to prepare the consolidated financial statements, which involves adding together like items of assets, liabilities, equity, income and expenses on a line-by-line basis. All significant intragroup balances, transactions, income and expenses are eliminated on consolidation.

The Company's investment in its subsidiaries is carried at deemed cost in the Company's own "parent entity" financial statements. Deemed cost is based on the net asset value of the subsidiary on conversion to NZ IFRS.

ASSOCIATES & JOINT VENTURES

An associate is an entity over which the Company and Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Joint ventures are those entities over which the Group has joint control, established by contractual agreement. The Group's investments in its associates and joint ventures are accounted for using the equity method. The investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the Company's and Group's share of the surplus or deficit after the date of acquisition. The Company's and Group's share of the surplus or deficit is recognised in the Company's and Group's Statement of Comprehensive Income. Distributions received reduce the carrying amount of the investment.

The Company's and Group's share in the associate's surplus or deficits resulting from unrealised gains on transactions between the Company and Group and its associates is eliminated.

The Company's investments in associates are carried at cost in the Company's own "parent entity" financial statements.

REVENUE

Revenue is measured at the fair value of consideration received.

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be reliably estimated and there is no continuing management involvement with the goods.

Interest income is recognised using the effective interest method.

Dividends are recognised when the right to receive payment has been established.

Contributions from customers in relation to the construction of new lines for the network are accounted for as income in the year in which they have been received.

Government grants:

NZU's allocated by the Crown represent non-monetary government grants and are initially recognised at nil value. Gains and losses on disposals are determined by comparing proceeds with the carrying amounts. These are included in the Statement of Comprehensive Income.

BORROWING COSTS

Borrowing costs are recognised as an expense in the period in which they are incurred.

INCOME TAX

Income tax expense in relation to the surplus or deficit for the period comprises current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates that have been enacted or substantively enacted by balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantively enacted by balance date.

Current tax and deferred tax is charged or credited to the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

OPERATING LEASES

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

TRADE AND OTHER RECEIVABLES

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

INVENTORIES

Inventories (such as spare parts and other items) held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at the lower of cost and current replacement cost.

Inventories held for use in the production of goods and services on a commercial basis are valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the FIFO method.

The cost of logs harvested by group companies is the fair value less costs to sell at the time the logs are harvested which becomes the initial cost. Thereafter inventory is carried at the lower of cost and net realisable value.

The write down from cost to current replacement cost or net realisable value is recognised in the Statement of Comprehensive Income.

FINANCIAL ASSETS

Where applicable the Group classifies its investments in the following categories:

Financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

- *Financial Assets at Fair Value through Profit or Loss*
  Financial assets at fair value through profit or loss are financial assets held for trading which are acquired principally for the purpose of selling in the short term with the intention of making a profit. Derivatives are also categorised as held for trading unless they are designated as hedges.

- *Loans and Receivables*
  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the company provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets.

  Loans and receivables are included in receivables in the Statement of Financial Position.

- *Held-to-Maturity Investments*
  Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the company's management has the positive intention and ability to hold to maturity.

- *Available-for-Sale Financial Assets*
  Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

  Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category, including interest and dividend income, are presented in the Statement of Comprehensive Income within other income or other expenses in the period in which they arise.

  The Company classifies its financial assets (excluding derivatives) as loans and receivables. Loans and receivables are classified as "trade and other receivables" in the Statement of Financial Position. Investments in this category include loans to subsidiaries.

- *Impairment of Financial Assets*
  At each Statement of Financial Position date, the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the Statement of Comprehensive Income.

FINANCIAL INSTRUMENTS

- *Receivables*
  Trade and other receivables are recognised initially at fair value. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

- *Cash and cash equivalents*
  Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant amount of risk of changes in value.

- *Trade and Other Payables*
  Trade and other payables are initially measured at fair value, and subsequently measured at amortised cost using the effective interest method.

- *Borrowings*
  Borrowings are recognised initially at fair value, net of any transaction costs incurred. Borrowings are subsequently stated at amortised cost; any differences between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Comprehensive Income over the period of the borrowings using the effective interest method.

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

- *Accounting for Derivative Financial Instruments and Hedging Activities*
  The Company uses derivative financial instruments to hedge exposure to foreign exchange and interest rate risks arising from financing activities. In accordance with its treasury policy, the Company does not hold or issue derivative financial instruments for trading purposes.

  Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at each balance date. However, where derivatives qualify for hedge accounting, recognition for any resultant gain or loss depends on the nature of the hedging relationship.

- *Cash Flow Hedge*
  Changes in the fair value of the derivatives hedging instruments designated as a cashflow hedge are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, change in fair value are recognised in Statement of Comprehensive Income.

  If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. The amount recognised in equity is transferred to revenue or expenditure in the same period that the hedged item affects the Statement of Comprehensive Income.

LEASES

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are charged to the Statement of Comprehensive Income over a straight-line basis over the period of the lease.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

Certain items of property, plant and equipment that had been revalued to fair value on or prior to 1 July 2005, the date of transition to NZ IFRS are measured on the basis of deemed cost, being the revalued amount at the date of transition.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Company and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Electricity Invercargill Limited Network Assets acquired between 1 April 2004 and 31 March 2005 (pre transition) are stated at deemed cost, with all Network Assets acquired since that date stated at purchase cost. All other assets are stated at historical cost. Disposals are written back against the asset cost with any necessary adjustments to accumulated depreciation and the revaluation reserve.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Statement of Comprehensive Income.

When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

Subsequent Costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation

Depreciation is provided on all property, plant and equipment other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

(a)	Buildings	
	- Electricity Invercargill Limited	1% - 15% Straight Line/Diminishing Value
	- Invercargill Airport Limited	3% Straight Line
(b)	Furniture and Fittings	
	- Invercargill Airport Limited	10% - 13% Diminishing Value and 6% to 17.5% Straight Line
(c)	Plant	
	- Invercargill Airport Limited	8.5% - 50% Diminishing Value and 6% - 30% Straight Line
	- Invercargill City Forests Limited	25% - 40% Diminishing Value and 40% Straight Line
(d)	Motor Vehicles	
	- Invercargill Airport Limited	10% - 13% Diminishing Value
(e)	Network Assets	
	- Electricity Invercargill Limited	1.4% - 15% Straight Line
(f)	Other Airport Assets	
	- Fences	5% - 7% Straight Line
	- Runway, Apron and Taxiway (Base-course and sub-base)	3.0% Straight Line
	- Top Surface (Runway)	8.3% Straight Line
	- Top Surface (Apron and Taxiway)	6.7% Straight Line
	- Roads, carparks and stop banks	3.0% Straight Line
(g)	Forestry Road improvements	6.0% Diminishing Value

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

Revaluation

Those asset classes that are revalued are valued on a valuation cycle on the basis described below. All other asset classes are carried at depreciated historical cost. The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value.

Valuation

All assets are valued at historic cost, except the following:

- The electricity distribution network is valued at fair value. Fair value is determined on the basis of a periodic valuation, at a maximum of every five years based on discounted cash flow methodology.
- Invercargill City Forests' land is revalued to fair value and carried at valuation and is not depreciated. The fair value is determined by independent registered valuers based on the highest and best use of the land. In determing the highest and best use consideration is given as to whether the land has been registered under the New Zealand Emissions Trading Scheme and hence whether there are restrictions on the land use.

  Land is revalued with sufficient regularity to ensure carrying value does not differ materially from that which would be determined as fair value. It is anticipated that the Land revaluation will occur every three years, unless circumstances require otherwise.

  New Zealand units received from the government are recognised at cost in the financial statements, which is nil value.

Accounting For Revaluations

The Company accounts for revaluations of property, plant and equipment on an individual asset basis.

The results of revaluing are credited or debited to an asset revaluation reserve for each asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the Statement of Comprehensive Income.

Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the Statement of Comprehensive Income will be recognised first in the Statement of Comprehensive Income up to the amount previously expensed, and then credited to the revaluation reserve for that asset.

CAPITAL WORK IN PROGRESS

Work in progress includes the cost of direct materials and direct labour used in putting replacement and new systems and plant in their present location and condition. It includes accruals for the proportion of work completed at the end of the period. Capital work in progress is not depreciated.

INTANGIBLE ASSETS

Goodwill

Goodwill is initially measured at its cost, being the excess of the cost of the acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Goodwill on acquisition of subsidiaries is included in intangible assets by applying the purchase method. Goodwill on acquisition of associates is included in investments in associates by applying the equity method.

In respect of acquisitions prior to 1 July 2005, goodwill is included on the basis of deemed cost, which represents the amount recorded under previous NZ GAAP at the transition date. The classification and accounting treatment of business combinations that occurred prior to 1 July 2007 has not been reconsidered in preparing the Group's opening NZ IFRS Statement of Financial Position at 1 July 2005.

Goodwill arising in business combinations is not amortised. Instead, goodwill is tested for impairment annually. After initial recognition, the Company measures goodwill at cost less any accumulated impairment losses.
An impairment loss recognised for goodwill will not be reversed in any subsequent period.

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

Other Intangible Assets

Other intangible assets that are acquired by the Group, which have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is charged to the Statement of Comprehensive Income over the estimated useful economic lives of the intangible assets.

FORESTRY ASSETS

Forestry assets are independently revalued annually at fair value less estimated point of sale costs. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate.

Gains or losses arising on initial recognition of biological assets at fair value less estimated point of sale costs and from a change in fair value less estimated point of sale costs are recognised in the Statement of Comprehensive Income.

Forests are revalued annually by an independent registered valuer.

The costs to maintain the forestry assets are included in the Statement of Comprehensive Income.

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.

Investment property is measured initially at its cost, including transaction costs.

After initial recognition, the Company measures all investment property at fair value as determined annually by an independent valuer.

Gains or losses arising from a change in the fair value of investment property are recognised in the Statement of Comprehensive Income.

IMPAIRMENT OF ASSETS

Goodwill and indefinite life intangible assets are not subject to amortisation but are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

The value in use for cash-generating assets is the present value of expected future cash flows.

If an asset's carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the Statement of Comprehensive Income.

For assets not carried at a revalued amount, the total impairment loss is recognised in the Statement of Comprehensive Income.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that asset was previously recognised in Statement of Comprehensive Income, a reversal of the impairment loss is also recognised in the Statement of Comprehensive Income.

For assets not carried at a revalued amount (other than goodwill) the reversal of an impairment loss is recognised in the Statement of Comprehensive Income.

EMPLOYEE BENEFITS

Short-Term Benefits

Employee benefits that the Company expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the Statement of Comprehensive Income as incurred.

BORROWINGS

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

GOODS AND SERVICES TAX (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax, then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department ("IRD") is included as part of receivables or payables in the Statement of Financial Position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these financial statements, the Company has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates, assumptions and critical judgements in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

- Determination of the recoverable amount of the runway and taxiway assets. This is discussed in Note 10 of these financial statements.
- Electricity Invercargill Limited Group Estimates and Assumptions. The estimates and associated assumptions have been based on historical experience and other factors that are believed to be reasonable under the circumstances and have been used in the following areas:
    - Intangibles
    - Property, plant and equipment
    - Recoverable amount from Cash Generating Units (CGU)
    - Joint arrangement classification

In the process of applying accounting policies, Electricity Invercargill Limited management has made the following judgements, estimates and assumptions that have the most significant impact on the amounts recognised in these financial statements.

The Group operates extensive integrated electricity distribution networks comprising large numbers of relatively minor individual network asset components. These components are replaced over time as part of an ongoing maintenance/refurbishment programme, consistent with the Group's approved network asset management plans. The costs associated with recording and tracking all individual components replaced and removed from the networks substantially outweigh the benefits of doing so. Management has estimated the quantities and the carrying values of components removed from the networks in each reporting period. Any errors in the estimates of such removals are corrected at the next asset revaluation, and are not considered to be material on either an annual or a cumulative basis with respect to either reported net surpluses on carrying values of the networks.

Every five years, the company obtains a valuation of their electricity dishibution network, determined by independent valuers, in accordance with their accounting policy. The valuation of the Company's electricity distribution network was performed as at 1 April 2012. The best evidence of fair value is discounted cash flow methodology. The major assumptions used include discount rate, growth rate and future cash flows. Changes in future cash flows arising from changes in regulatory review may result in the fair value of the electricity distribution network being different from previous estimates.

The Group invoices its customers (predominantly electricity retailers) monthly for electricity delivery services on the basis of an estimation of usage, adjusted for the latest wash-up data available from the electricity wholesale market and certain metering data from electricity retailers. Management has made an allowance in revenue and in current assets/liabilities for any amounts which are estimated to be under/over charged during the reporting period. However, as final wash-up metering data is not available for in excess of 12 months, it is possible for the final amounts payable or receivable may vary from that calculated.

NEW STANDARDS ADOPTED

There have been no new standards adopted during the financial year. The Company and Group has not elected to early adopt any new standards or interpretations that are issued but not yet effective.

NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

Standards, amendments and interpretations issued but not yet effective that have not been early adopted, and which are relevant to the Company and Group, are as follows.

Except for changes detailed below there are no other standards or interpretations that have been issued but not yet effective, that have been currently assessed as being applicable to the Company and Group.

Amendments to NZ IFRS 9 - Financial Instruments

The amendment comes into effect for fiscal years beginning on or after 1 January 2018.

The final version of NZ IFRS 9 Financial Instruments brings together the classification and measurement, impairment and hedge accounting phases of the International Accounting Standards Board's project. The standard will replace NZ IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of NZ IFRS 9.

Early adoption is permitted. The Company and Group intend to adopt NZ IFRS 9 on its effective date and has yet to assess its full impact.

NZ IFRS 15 - Revenue from Contracts with Customers

The amendment comes into effect for fiscal years beginning on or after 1 January 2017.

NZ IFRS 15 establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cashflows arising from an entity's contracts with customers.

NZ IFRS 15 replaces the current revenue recognition guidance of NZ IAS 18 Revenue and NZ IAS 11 Construction Contracts and is applicable to all entities with revenue. 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 sets out a five step model for revenue recognition.

The Company and Group has not yet assessed the effect of the new standard.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies during this period. All accounting policies have been consistantly applied throughout the period covered by these financial statements.

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Statement of Financial Position

As at June 30, 2016

	Note	Group 2016 $000	Group 2015 $000
Assets			
Current assets			
Cash and cash equivalents	7	2,257	9,000
Trade and other receivables	8	2,980	3,673
Inventories	9	2	4
Total current assets		5,239	12,677
Non-current assets			
Property, plant and equipment	10	115,965	103,826
Forestry assets	11	17,259	15,054
Investment property	12	3,778	4,000
Capital work in progress		2,600	6,264
Investments in associates and joint ventures	13,14	85,269	48,759
Advances to associates and joint ventures		20,350	16,269
Derivative financial instruments	15	-	101
Other financial assets	15	3,118	4,872
Deferred tax asset	19	1,311	674
Total non-current assets		249,650	199,819
Total assets		254,889	212,496
Liabilities			
Current liabilities			
Derivative financial instruments	15	128	15
Trade and other payables	16	11,650	13,334
Employee benefit liabilities	17	26	49
Borrowings	18	16,777	16,777
Tax payable		1,029	1,258
Total current liabilities		29,610	31,432
Non-current liabilities			
Derivative financial instruments	15	4,553	2,332
Borrowings	18	110,862	72,261
Deferred tax liability	19	22,618	21,940
Total non-current liabilities		138,033	96,523
Total liabilities		167,643	127,956
Equity			
Share capital	20	25,298	25,298
Retained earnings	20	36,767	32,246
Other reserves	20	25,181	26,996
Total equity attributable to the equity holders of the company		87,246	84,540
Equity is attributable to:			
Parent entity	20	84,373	81,689
Minority interest	20	2,873	2,851
		87,246	84,540

The Statement of Accounting Policies and Notes to the Financial Statements are an integral part of, and should be read in conjunction with the financial statements.

Statement of Comprehensive Income

For the year ended June 30, 2016

	Note	Group 2016 $000	Group 2015 $000
Income			
Operating revenue	1	31,431	32,850
Other gains	2	3,150	2,997
Total income		34,581	35,847
Expenditure			
Employee expenses	4	912	788
Depreciation and amortisation	10	5,141	4,399
Biological asset Cost of Goods Sold		1,031	2,768
Administration expenses	3	5,990	8,101
Other expenses		11,505	10,860
Total operating expenditure		24,579	26,916
Finance income	5	758	593
Finance expenses	5	3,678	3,444
Net finance expense		(2,920)	(2,851)
Operating surplus/(deficit) before tax		7,082	6,080
Share of associate & joint ventures surplus/(deficit)	13,14	4,896	3,926
Surplus/(deficit) before tax		11,978	10,006
Income tax expense	6	2,811	3,142
Surplus/(deficit) after tax		**9,167**	**6,864**
Surplus/(deficit) after tax attributable to:			
Equity holders of the Company		9,145	6,843
Minority interest		22	21
		9,167	6,864
Other comprehensive income			
To be classified to surplus or deficit in subsequent periods:			
Property, Plant and Equipment revaluation gains/(losses) - pre tax		-	2,886
Cash flow hedges	20	(1,761)	(1,385)
Total other comprehensive income		(1,761)	1,501
Total comprehensive income		7,406	8,365
Total comprehensive income attributable to:			
Equity holders of the Company		7,384	8,344
Minority interest		22	21
		7,406	8,365

The Statement of Accounting Policies and Notes to the Financial Statements are an integral part of, and should be read in conjunction with the financial statements.

Statement of Changes in Equity

For the year ended June 30, 2016

	Note	Group 2016 $000	Group 2015 $000
Balance at 1 July		84,540	80,374
Total Comprehensive Income for the year	20	7,406	8,365
Distributions to Shareholders			
Dividends paid/declared	20	(4,700)	(4,200)
Contributions from Shareholders			
Shares issued and paid up	20	-	-
Balance at 30 June		87,246	84,540
Attributable to:			
Equity holders of the company		84,373	81,689
Minority interest		2,873	2,851
Balance at 30 June		87,246	84,540

The Statement of Accounting Policies and Notes to the Financial Statements are an integral part of, and should be read in conjunction with the financial statements.

Statement of Cash Flows

For the year ended June 30, 2016

	Note	Group 2016 $000	Group 2015 $000
Cash flows from operating activities			
Interest received		1,779	1,569
Receipts from other revenue		30,448	31,564
Payments to suppliers and employees		(19,229)	(18,068)
Interest paid		(4,096)	(3,701)
Income tax (paid) / refund		(2,313)	(2,253)
Goods and services tax [net]		681	34
Net cash from operating activities	21	7,270	9,145
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		95	250
Proceeds from sale of investments		4,700	1,700
Purchase of biological assets		(960)	(3)
Purchase of property, plant and equipment		(13,904)	(16,968)
Advances made to subsidiaries/associates/joint ventures		(4,128)	4,170
Advances made to non-subsidiaries/associates		1,800	1,570
Investments in associates/joint ventures		(36,016)	(2,808)
Net cash from investing activities		(48,413)	(12,089)
Cash flows from financing activities			
Proceeds from borrowings		45,900	13,600
Repayment of borrowings		(7,300)	-
Dividends paid		(4,200)	(3,900)
Net cash from financing activities		34,400	9,700
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		(6,743)	6,756
Cash, cash equivalents and bank overdrafts at the beginning of the year		9,000	2,244
Cash, cash equivalents and bank overdrafts at the end of the year	7	2,257	9,000

The Statement of Accounting Policies and Notes to the Financial Statements are an integral part of, and should be read in conjunction with the financial statements.

Notes to the Financial Statements

For the year ended June 30, 2016

1 Operating revenue

	Group 2016 $000	Group 2015 $000
Rendering of services	24,625	23,427
Sale of goods	4,077	6,730
Interest on advances to subsidiaries and associates	376	766
Carbon Credits	448	229
Other income	1,905	1,698
	31,431	32,850

2 Other gains and losses

	Group 2016 $000	Group 2015 $000
Change in fair value of biological assets	2,276	2,037
Reversal of prior impairment loss	874	945
Gain/(loss) on foreign exchange rate conversion	-	14
	3,150	2,997

3 Administrative expenses (includes)

	Group 2016 $000	Group 2015 $000
Director fees	682	648
Loss on sales of property, plant and equipment	569	15
Audit remuneration to other auditors comprises		
· audit of financial statements	38	43
· other audit-related services	53	67
Auditor's remuneration to Audit New Zealand comprises:		
· audit of financial statements	63	61
· other audit-related services	-	-
· other audit fees	-	19

4 Employee expenses

	Group 2016 $000	Group 2015 $000
Wages and salaries	912	788
Total employee expenses	912	788

5 Finance income and expense

	Group 2016 $000	Group 2015 $000
Finance Income		
Interest income on bank deposits	758	593
Total finance income	758	593
Financial expense		
Interest expense on financial liabilities measured at amortised cost	3,678	3,444
Total financial expenses	3,678	3,444
Net finance costs	(2,920)	(2,851)

6 Income tax expense in the Income Statement

	Group 2016 $000	Group 2015 $000
Current tax expense		
Current period	2,083	2,859
Adjustment for prior periods	-	-
Total current tax expense	2,083	2,859
Deferred tax expense		
Origination and reversal of temporary differences	367	65
Adjustment for prior periods	-	-
Other	361	219
Total deferred tax expense	728	284
Total income tax expense	2,811	3,142

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6 Income tax expense in the Income Statement

	Group 2016 $000	Group 2015 $000
Reconciliation of effective tax rate		
Profit for the year	11,978	10,006
Permanent differences	-	-
Profit excluding income tax	11,978	10,006
Tax at 28%	3,354	2,801
Group loss offset	(90)	151
Permanent Differences	(415)	148
Change in recognised temporary differences	-	-
Under/(over) provided in prior periods	38	43
Total income tax expense	2,811	3,143
Effective Tax Rate	23%	31%

Invercargill City Holdings Limited will transfer tax losses to Electricity Invercargill Limited of $1,613,549 (2015: $1,292,691).

From the above tax position of loss offsets transferred to other Group companies for the year ended 30 June 2016, there are no unrecognised tax losses of the Group (2015: nil).

	Group 2016 $000	Group 2015 $000
Imputation credits available for use in subsequent periods	6,766	5,252

7 Cash and cash equivalents

	Group 2016 $000	Group 2015 $000
Call deposits	95	8,105
Cash and cash equivalents	2,162	895
Cash and cash equivalents in the statement of financial position and statement of cash flows	2,257	9,000

8 Trade and other receivables

	Group 2016 $000	Group 2015 $000
Trade receivables	2,274	2,295
GST receivable	346	960
Prepayments	84	74
Related party receivables	261	321
Sundry debtors	15	23
Less provision for impairment of receivables	-	-
	2,980	3,673

The status of trade receivables at the reporting date is as follows:

	Group 2016 $000	Group 2015 $000
Not past due	2,191	2,270
Past due 30-60 days	83	24
Past due 61-90 days	-	1
Past due more than 90 days	-	-
Total	2,274	2,295

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9 Inventories

	Group 2016 $000	Group 2015 $000
Other	2	4
Total inventories	2	4

10 Property, Plant and Equipment

2016 - Group ($000)

	Cost/ revaluation	Accumulated depreciation and impairment charges	Carrying amount	Current year additions - Cost	Current year disposals - Cost	Current year disposals - Depreciation
	1 July 2015	1 July 2015	1 July 2015			
Land	6,027	-	6,027	487	-	-
Gravel and Fencing	2,126	580	1,546	1,688	-	-
Buildings, Yards & Terminals	3,762	83	3,679	2,990	-	-
Network assets	95,306	15,387	79,919	8,232	2,170	1,605
Plant and equipment	2,250	2,039	211	907	582	482
Motor vehicles	2,606	2,459	147	-	-	-
Furniture and fittings	2,811	380	2,431	2,172	38	30
Runway, taxiways & apron	14,251	5,957	8,294	480	-	-
Roading	1,801	229	1,572	121	-	-
Total assets	130,940	27,114	103,826	17,077	2,790	2,117

2015 - Group ($000)

	Cost/ revaluation	Accumulated depreciation and impairment charges	Carrying amount	Current year additions - Cost	Current year disposals - Cost	Current year disposals - Depreciation
	1 July 2014	1 July 2014	1 July 2014			
Land	5,974	-	5,974	-	-	-
Gravel and Fencing	2,106	512	1,594	20	-	-
Buildings, Yards & Terminals	1,576	1,531	45	3,648	1,462	1,450
Network assets	83,936	12,062	71,874	11,649	279	30
Plant and equipment	2,498	2,295	203	72	320	317
Motor vehicles	2,608	2,441	167	-	2	2
Furniture and fittings	527	522	5	2,443	159	159
Runway, taxiways & apron	14,251	6,121	8,130	-	-	-
Roading	1,546	134	1,412	255	-	-
Total assets	115,022	25,618	89,404	18,087	2,222	1,958

Current year impairment charges	Current year depreciation	Revaluation surplus	Cost/ revaluation	Accumulated depreciation and impairment charges	Carrying amount
			30-Jun-2016	30-Jun-2016	30-Jun-2016
-	-	-	6,514	-	6,514
-	97	-	3,814	677	3,137
-	174	-	6,752	257	6,495
-	3,567	-	101,368	17,349	84,019
-	102	-	2,574	1,658	916
-	17	-	2,606	2,476	130
-	288	-	4,945	638	4,307
(874)	794	-	14,731	5,877	8,854
-	100	-	1,922	329	1,593
(874)	5,139	-	145,226	29,261	115,965

Current year impairment charges	Current year depreciation	Revaluation surplus	Cost/ revaluation	Accumulated depreciation and impairment charges	Carrying amount
			30 June 2015	30 June 2015	30 June 2015
-	-	53	6,027	-	6,027
-	68	-	2,126	580	1,546
-	2	-	3,762	83	3,679
-	3,355	-	95,306	15,387	79,919
-	61	-	2,250	2,039	211
-	20	-	2,606	2,459	147
-	17	-	2,811	380	2,431
(945)	781	-	14,251	5,957	8,294
-	95	-	1,801	229	1,572
(945)	4,399	53	130,940	27,114	103,826

Revaluation:
The following classes of assets are carried at fair value and are categorised as Level 3 in the fair value hierarchy:

Land:
No depreciation is charged on land and there have been no impairments throughout the period.

The value of the land owned by Invercargill City Forests Limited, had it been carried at the cost model, would be $4,427,678 at 30 June 2016 ($3,940,788 at 30 June 2015).

Forestry land is revalued with sufficient regularity to ensure carrying value does not differ materially from that which would be determined as fair value. It is anticipated that the land revaluation will occur every three years, unless circumstances require otherwise. The land was valued by Thayer Todd Valuations Limited (independent valuers) as at 30 June 2015. The fair value was determined on the highest and best use of the land using the market comparable method on sales of comparable land, based on the Valuers sales database. This resulted in a revaluation increase movement of $53,000.

Network assets:
The value of the network assets owned by Electricity Invercargill Limited, had it been carried at the cost model, would be $61,502,000 at 30 June 2016 ($57,402,000 at 30 June 2015).

The network assets of Electricity Invercargill Limited were revalued to fair value using discounted cash flow methodology on 1 April 2011 by Ernst & Young, who is an independent valuer. This resulted in a revaluation increase movement of $9,259,000.

The following valuation assumptions were adopted;

- o The free cash flows is based on the company's five year business plan and asset management plan adjusted for non recurring or non-arms length transactions and for transactions that arise from expansionary growth in the network after the date of the valuation.
- o The corporate tax rate used is 28%
- o The weighted average cost of capital (WACC) used is 7.9%
- o The sustainable growth adjustment used is 0%.

These comments should be read in conjunction with the previous two pages.

The aeronautical assets of Invercargill Airport Limited are shown at cost less accumulated depreciation and impairment. An annual impairment assessement using discounted cash flow methodology was carried out by Airbiz Aviation Strategies Limited, an independent expert effective 30 June. This resulted in an increase of $874,000 (2015: $945,000), being a reversal of the accumulated impairment from prior years.

The following valuation assumptions were adopted;

- o The forecast free cash flows reflect the charges determined following the 2015 aeronautical pricing consultation with airline customers (2015: 2014 aeronautical pricing consultation with airline customers). Expected revenues also reflect expected passenger numbers and other contractual revenues.
- o The forecast free cash flows reflect the company's business and asset management plans.
- o The forecasts do not include future reseal capex as it is assumed that future reseals would be priced so the net present value (NPV) is zero.
- o The continuing value has been estimated as the forecast optimised depreciated replacement cost of the aeronautical assets at the end of the explicit cash flow forecast period.
- o The corporate tax rate used is 28%.
- o The weighted average cost of capital (WACC) used is 5.86% (2015: 6.76%).

11 Biological assets

	Group Forestry $000
Balance at 1 July 2014	15,448
Additions	3
Forest Assets logged at cost	(2,434)
Forest Assets held in Inventory	-
Change in fair value less estimated point-of-sale costs	2,037
Balance at 30 June 2015	15,054
Balance at 1 July 2015	15,054
Additions	960
Forest Assets logged at cost	(1,031)
Forest Assets held in Inventory	-
Change in fair value less estimated point-of-sale costs	2,276
Balance at 30 June 2016	17,259

Biological assets held by the Group are forestry assets, which comprise of standing timber. At 30 June 2016, standing timber comprised approximately 2,617 hectares of plantations at nine different locations (2015: 2,294 hectares of plantations at eight different locations).

The forests were revalued as at 30 June 2016 by an independent valuer, Mr Geoff Manners of Chandler Fraser Keating Limited (CFK). The valuation excludes funding and taxation. The discount rate is based on the mid-point of CFK's analysis of the implied pre-tax discount rates from actual transactions. The pre-tax discount rate chosen for the 2016 valuations is 8.0% (2015: 8.5%).

Biological assets are categorised as Level 3 in the fair value hierarchy.

Carbon credits (Emissions Trading Scheme)

Invercargill City Forest Limited has received and sold the following carbon credits:

	2016 Units	2016 $000	2015 Units	2015 $000
Received:				
Post 1989	31,281 units	438	34,511 units	225
Pre 1990		-		-
		438		225
Sold:	31,281 units	438	34,511 units	225
Post 1989		-		-
Pre 1990		438		225

As at 30 June 2016 there are nil carbon credits units on hand (30 June 2015: nil).

Pre-1990 Forest:

Pre-1990 forests are forests that were established before 1 January 1990. NZUs cannot be earned for an increase in the carbon stock (through forest growth) in a pre-1990 forest, but NZU's are allocated based on the size of the forested area in three tranches. Provided that pre-1990 forests are re-established after harvesting (by replanting or regeneration), there are no liabilities or obligations under the ETS. Landowners of pre-1990 forests must surrender NZUs equivalent to the carbon emissions from any deforestation.

Post-1989 Forests:

Post-1989 forests are exotic or indigenous forests established after 31 December 1989 on land that was not forest land on 31 December 1989. These forests earn credits under the Kyoto Protocol rules. Therefore, they are also known as "Kyoto Protocol-compliant" forests. Participating in the ETS is voluntary for post-1989 forest owners. If they are part of the ETS, then they earn NZUs for the carbon sequestered in the forest from 1 January 2008, but will need to surrender NZUs to the Crown when the carbon held in their trees decreases, whether through harvest or natural causes (such as by fire or storm). Any liability for post-1989 participants is capped at the amount of NZUs previously claimed for that area of forest land.

Invercargill City Forests has harvested a total of 68 hectares of pre-1990 forest that has to be replanted. It is Invercargill City Forests Limited's intention to replant all forests.

The Company is exposed to a number of risks related to its forestry assets.

Supply and Demand Risk

The Company is exposed to risks arising from fluctuations in the price and sales volume of pine. Where possible the Company manages this risk by aligning its harvest volume to market supply and demand.

The Company is exposed to movements in the price of NZU's to the extent that, the Company has insufficient NZU's to offset a deforestation liability and has to purchase NZU's on the market.

Management performs regular industry trend analysis to ensure that the Company's pricing structure is in line with the market and to ensure that projected harvest volumes are consistent with the expected demand.

Climate and Other Risks

The Company's pine plantations are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces.

The Company has extensive processes in place aimed at monitoring and mitigating those risks, including regular forest health inspections and industry pest and disease surveys.

The Company also insures itself against natural disasters such as fire and lightning.

12 Investment Property

	Group 2016 $000	Group 2015 $000
Balance at 1 July	4,000	4,080
Acquisitions	-	-
Change in fair value	(222)	(80)
Balance at 30 June	3,778	4,000

Investment property comprises a number of commercial properties that are leased to third parties.

The Group's investment properties are valued annually at fair value effective 30 June. All investment properties are related to Invercargill Airport Limited. For 2016 and 2015, all investment properties were valued based on open market evidence except for two properties being less than 20% of the portfolio value. These two properties are planned to be replaced within the next year (2015: two years), hence the open market evidence valuation has been adjusted by management to be valued on a discounted cash flow basis of their remaining expected earnings. The 2016 and 2015 open market evidence valuation was performed by Robert Todd, an independent valuer from Thayer Todd Valuations Limited. The valuer is an experienced valuer with extensive market knowledge in the types of investment properties owned by the Group.

Investment property is categorised as Level 3 in the fair value hierarchy.

13 Equity Accounted Associates

Associate Companies	Country of Incorporation	Percentage Held by Group 2016	Percentage Held by Group 2015	Balance date
Electricity Southland Limited	NZ	24.9%	24.9%	31-Mar
Otago Power Services Limited	NZ	-	50.0%	31-Mar
Forest Growth Holdings Limited	NZ	32.1%	49.0%	31-Mar
IFS Forestry Group Limited	NZ	24.9%	-	31-Mar

	Group 2016 $000	Group 2015 $000
Balance at beginning of year	4,809	6,059
Investments in associates	2,750	98
Share of profit from associates recognised in surplus or deficit the statement of comprehensive income	512	284
Goodwill on acquisition	-	1,613
Distributions from associates	(1,026)	(1,652)
Disposal of associates	(2,371)	(1,593)
Balance at end of year	**4,674**	**4,809**

The information below reflects the amounts presented in the financial statements of each entity and not the Group's share.

Summarised Balance Sheet

	Electricity Southland Ltd	
	100%	100%
	2016	2015
	$000	$000
Cash and cash equivalents	74	42
Other current assets	280	268
Total current assets	354	310
Non-current assets	13,729	11,165
Total assets	14,083	11,475
Current liabilities	734	471
Non-current liabilities	7,108	4,655
Total Liabilities	7,842	5,126
Net assets	6,241	6,349

Summarised Statement of Comprehensive Income

	Electricity Southland Ltd	
	100%	100%
	2016	2015
	$000	$000
Operating revenue	999	702
Interest revenue	-	2
Interest expense	(255)	(159)
Depreciation	(289)	(216)
Profit before tax from continuing activities	(146)	(223)
Income tax expense	38	-
Total comprehensive income	(108)	(223)

Reconciliation of the summarised financial information presented to the carrying amount of the interest in the associate:

	Electricity Southland Ltd	
	100%	100%
	2016	2015
	$000	$000
Opening net assets	6,349	6,572
Total comprehensive income for the period	(108)	(223)
Less shareholder distributions	-	-
Closing net assets	6,241	6,349
Interest in associate	1,554	1,581

Summarised Balance Sheet

	Otago Power Services Ltd 100% 2016 $000	Otago Power Services Ltd 100% 2015 $000
Cash and cash equivalents	-	1,420
Other current assets	-	3,088
Total current assets	-	4,508
Non-current assets	-	6,063
Total assets	-	10,571
Current liabilities		2,742
Non-current liabilities	-	6,747
Total Liabilities	-	9,489
Net assets	-	1,082

Summarised Statement of Comprehensive Income

	Otago Power Services Ltd 100% 2016 $000	Otago Power Services Ltd 100% 2015 $000
Operating revenue	14,770	15,485
Interest revenue	-	-
Interest expense	(74)	(123)
Depreciation	(812)	(1,121)
Profit before tax from continuing activities	1,410	2,305
Income tax expense	(395)	(767)
Total comprehensive income	1,015	1,538

Reconciliation of the summarised financial information presented to the carrying amount of the interest in the associate:

	Otago Power Services Ltd 100% 2016 $000	Otago Power Services Ltd 100% 2015 $000
Opening net assets	1,082	5,091
Total comprehensive income for the period	1,015	1,538
Less shareholder distributions	(2,097)	(5,547)
Closing net assets	-	1,082
Interest in associate	-	541

On 30 September 2014, the Electricity Invercargill Limited Group purchased an additional 3.2% shareholding in Otago Power Services Limited (a contracting company). On 31 March 2015, an additional 22.3% shareholding was purchased to attain a 50% shareholding. Goodwill of $1,613,000 was recognised on the acquisition. The 50% shareholding in Otago Power Services Limited was purchased by PowerNet Limited on 16 February 2016. Following the completion of the aquisition, Otago Power Services Limited was amalgamated with PowerNet Limited on 31 March 2016.

Summarised Balance Sheet

	Forest Growth Holdings Ltd	
	100%	100%
	2016	2015
	$000	$000
Cash and cash equivalents	1,303	1,661
Other current assets	5,248	7,165
Total current assets	6,551	8,826
Non-current assets	45	-
Total assets	6,596	8,826
Current liabilities	5,424	6,648
Non-current liabilities	20	-
Total Liabilities	5,444	6,648
Net assets	1,152	1,067

Summarised Statement of Comprehensive Income

	Forest Growth Holdings Ltd	
	100%	100%
	2016	2015
	$000	$000
Operating revenue	35,504	11,577
Interest revenue	10	26
Interest expense	(526)	(447)
Depreciation	-	-
Profit before tax from continuing activities	642	(286)
Income tax expense	(390)	(108)
Total comprehensive income	252	(394)

Reconciliation of the summarised financial information presented to the carrying amount of the interest in the associate:

	Forest Growth Holdings Ltd	
	100%	100%
	2016	2015
	$000	$000
Opening net assets	2,177	3,108
Total comprehensive income for the period	252	(394)
Less shareholder distributions	(1,277)	(537)
Closing net assets	1,152	2,177
Interest in associate	370	1,067

Summarised Balance Sheet

	IFS Forestry Group Ltd	
	100%	100%
	2016	2015
	$000	$000
Cash and cash equivalents	505	-
Other current assets	5,522	-
Total current assets	6,027	-
Non-current assets	889	-
Total assets	6,916	-
Current liabilities	5,750	-
Non-current liabilities	733	-
Total Liabilities	6,483	-
Net assets	433	-

Summarised Statement of Comprehensive Income

	IFS Forestry Group Ltd	
	100%	100%
	2016	2015
	$000	$000
Operating revenue	-	-
Interest revenue	-	-
Interest expense	-	-
Depreciation	-	-
Profit before tax from continuing activities	-	-
Income tax expense	-	-
Total comprehensive income	-	-

Reconciliation of the summarised financial information presented to the carrying amount of the interest in the associate:

	IFS Forestry Group Ltd	
	100%	100%
	2016	2015
	$000	$000
Opening net assets	-	-
Total comprehensive income for the period	-	-
Less shareholder distributions	-	-
Closing net assets	433	-
Interest in associate	2,750	-

14 Equity Accounted Joint Ventures

Joint Ventures	Country of Incorporation	Percentage Held by Group 2016	Percentage Held by Group 2015	Balance date
PowerNet Limited Group	NZ	50.0%	50.0%	31 March
OtagoNet Joint Venture	NZ	24.9%	24.9%	31 March
Roaring Forties Energy Limited Partnership	NZ	50.0%	-	31 March

The information below reflects the amounts presented in the financial statements of each entity and not the Group's share.

	Group 2016 $000	Group 2015 $000
Balance at beginning of year	43,950	37,416
Investments in joint ventures	10,588	4,392
Share of profit from joint ventures recognised in surplus or deficit the statement of comprehensive income	4,384	3,835
Goodwill on aquisition	-	693
Distributions from joint ventures	(2,621)	(2,386)
Balance at end of year	56,301	43,950

The following information reflects the amounts presented in the financial statements of each entity and not the Group's share.

Summarised Balance Sheet

	PowerNet Limited Group 100% 2016 $000	PowerNet Limited Group 100% 2015 $000
Cash and cash equivalents	4,456	1,075
Other current assets	32,879	24,756
Total current assets	37,335	25,831
Non-current assets	26,241	12,393
Total assets	63,576	38,224
Current liabilities	12,463	9,768
Non-current liabilities	45,451	24,008
Total Liabilities	57,914	33,776
Net assets	5,662	4,448

Summarised Statement of Comprehensive Income

	PowerNet Limited Group 100% 2016 $000	PowerNet Limited Group 100% 2015 $000
Operating revenue	78,754	57,679
Interest revenue	72	72
Interest expense	(1,318)	(1,186)
Depreciation	(1,851)	(1,390)
Profit before tax from continuing activities	1,715	95
Income tax expense	(496)	-
Total comprehensive income	1,219	95

Reconciliation of the summarised financial information presented to the carrying amount of the interest in the joint venture:

	PowerNet Limited Group 100% 2016 $000	PowerNet Limited Group 100% 2015 $000
Opening net assets	4,448	4,353
Total comprehensive income for the period	1,219	95
Plus shareholder contributions	-	-
Plus gain on amalgamation	-	-
Less shareholder distributions	(5)	-
Closing net assets	5,662	4,448
Interest in joint venture	2,831	2,224

Summarised Balance Sheet

	OtagoNet Joint Venture	
	100%	100%
	2016	2015
	$000	$000
Cash and cash equivalents	603	32
Other current assets	2,755	3,718
Total current assets	3,358	3,750
Non-current assets	173,920	171,244
Total assets	177,278	174,994
Current liabilities	4,138	4,081
Non-current liabilities	12	3,067
Total Liabilities	4,150	7,148
Net assets	173,128	167,846

Summarised Statement of Comprehensive Income

	OtagoNet Joint Venture	
	100%	100%
	2016	2015
	$000	$000
Operating revenue	36,001	37,781
Interest revenue	10	14
Interest expense	(111)	-
Depreciation	(7,007)	(6,930)
Profit before tax from continuing activities	14,532	14,343
Income tax expense	-	-
Other comprehensive income	-	15,805
Total comprehensive income	14,532	30,148

Reconciliation of the summarised financial information presented to the carrying amount of the interest in the joint venture:

	OtagoNet Joint Venture	
	100%	100%
	2016	2015
	$000	$000
Opening net assets	167,846	146,873
Total comprehensive income for the period	14,532	30,148
Less shareholder distributions	(9,250)	(9,175)
Closing net assets	173,128	167,846
Interest in joint venture	43,109	41,794

On 30 September 2014, the Electricity Invercargill Limited Group purchased an additional 3.2% interest in the OtagoNet Joint Venture.
On 31 March 2015, some of this was sold to leave a 24.9% interest in the OtagoNet Joint Venture. Goodwill of $693,000 was recognised on the acquisition.

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Summarised Balance Sheet

	Roaring Forties Energy Limited Partnership 100% 2016 $000	100% 2015 $000
Cash and cash equivalents	23	-
Other current assets	-	-
Total current assets	23	-
Non-current assets	20,791	-
Total assets	20,814	-
Current liabilities	2	-
Non-current liabilities	-	-
Total Liabilities	2	-
Net assets	20,812	-

Summarised Statement of Comprehensive Income

	Roaring Forties Energy Limited Partnership 100% 2016 $000	100% 2015 $000
Operating revenue	374	-
Profit before tax from continuing activities	275	-
Income tax expense	-	-
Total comprehensive income	275	-

Reconciliation of the summarised financial information presented to the carrying amount of the interest in the joint venture:

	Roaring Forties Energy Limited Partnership 100% 2016 $000	100% 2015 $000
Opening net assets	-	-
Contributed Capital	21,175	-
Total comprehensive income for the period	275	-
Less shareholder distributions	(638)	-
Closing net assets	20,812	-
Interest in joint venture	10,406	-

2016 was the first year of operation, therefore no prior year comparitives are available.

On April 2015 the Electricity Invercargill Limited Group took a 25% interest in Southern Generation Limited Partnership. This partnership was formed to invest in electricity generation opportunities. During the year, the partnership completed the aquisition of the Mt Stuart adn Flat Hill wind farms. The partners also entered in a conditional agreement to purchase the assets relating to Aniwhenua hydro electric power station where a deposit payment was made during the period.

15 Other Financial Assets & Liabilities

	Group 2016 $000	Group 2015 $000
Non-current investments - Assets		
Investment in other entities	118	72
Loans to non-subsidiaries	3,000	4,800
Total non-current investments	3,118	4,872
Total investments - Assets	3,118	4,872
Non-current financial instruments		
Interest rate swaps (cash flow hedges) - assets	-	101
Interest rate swaps (cash flow hedges) - liabilities	(4,553)	(2,322)
Non-current derivatives	(4,553)	(2,221)
Current financial instruments		
Interest rate swaps (cash flow hedges) - assets	-	-
Interest rate swaps (cash flow hedges) - liabilities	(128)	(15)
Current derivatives	(128)	(15)

16 Trade and Other Payables

	Group 2016 $000	Group 2015 $000
Trade payables	567	908
Directors fee payable	4	4
Accrued expenses	2,522	2,881
Retentions	208	198
Amounts due to other related parties	3,559	5,107
Income in advance	90	35
Dividends payable	4,700	4,200
Total trade and other payables	11,650	13,334

Trade and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payables approximate their fair value.

17 Employee benefit liabilities

	Group 2016 $000	Group 2015 $000
Accrued pay	-	17
Annual leave	26	32
	26	49
Comprising:		
Current	26	49
Non-current	-	-
Total employee benefit liabilities	26	49

18 Borrowings

	Group 2016 $000	Group 2015 $000
Current		
Redeemable preference shares	16,777	16,777
Total current borrowings	16,777	16,777
Non-current		
Secured loans	110,862	72,261
Total non-current borrowings	110,862	72,261

Secured loans of the Company are secured against assets, undertakings and uncalled capital of the Group.

The weighted average interest rate for the multi-option note facility was 5.13% (2015: 5.66%) with hedging refer note 27.

The total borrowing facility of $90m (2015: $80m) was replaced with a new facility of $30m for 2 years and $60m for 3 years on 5 September 2016. Debt may be raised by a committed cash advance facility or by the issuance of promissory notes upon the multi-option note facility for a term of 90 days before being re-tendered.

The redeemable preference shares bear no interest or dividend payable unless the Directors of the Company are notified by the holders of the shares prior to 31 August of each year that payment is required. The rate determined shall not exceed 5% above the ninety (90) day Bank Bill Settlement Rate as quoted on the Reuters Monitor screen page BKBM on the date fixed for redemption.

On a return of assets on liquidation or otherwise the assets of the Company available for distribution amongst its members shall be applied first in repaying the holders of the Redeemable Preference Shares the amounts paid up on the Redeemable Preference Shares, and the balance of such assets subject to any special rights which may be attached to any other class of shares shall be distributed in accordance with the Company's Constitution.

19 Deferred Tax Liabilities/(Assets)

Group :	Balance 1-Jul-14 $000	Recognised in profit or loss $000	Recognised in equity $000
Property, plant and equipment	18,223	(177)	1,102
Biological assets	3,007	161	-
Investment property	756	-	-
Derivatives	(87)	-	(539)
Other items	(18)	81	-
Tax losses	(1,464)	219	-
Total movements	20,418	284	563

Balance	Recognised in profit or loss	Recognised in equity	Balance
30-Jun-15			30-Jun-16
$000	$000	$000	$000
19,148	63	-	19,211
3,168	388	-	3,556
756	(62)	-	694
(626)	-	(685)	(1,311)
63	91	-	154
(1,245)	248	-	(997)
21,266	728	(685)	21,307

20 Equity

Group	Attributable to equity holders of the Company				
	Share capital	**Cashflow Hedging reserve**	**Revaluation reserve**	**Retained earnings**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Balance at 1 July 2014	25,298	(225)	25,771	29,531	80,374
Surplus/(deficit) after tax	-	-	-	6,864	6,864
Other comprehensive income					
Property, Plant and Equipment Revaluation gains/(losses) - pre tax	-	-	2,886	-	2,886
Transfer of revaluation reserve to retained earnings due to asset disposal	-	-	(51)	51	-
Effective portion of changes in fair value of cash flow hedges, net of tax	-	(1,385)	-	-	(1,385)
Distributions to Shareholders					
Dividends paid/declared	-	-	-	(4,200)	(4,200)
Contributions from Shareholders					
Shares issued and paid up	-	-	-	-	-
Balance at 30 June 2015	**25,298**	**(1,610)**	**28,606**	**32,246**	**84,540**
Balance at 1 July 2015	25,298	(1,610)	28,606	32,246	84,540
Surplus/(deficit) after tax	-	-	-	9,166	9,166
Other comprehensive income					
Property, Plant and Equipment Revaluation gains/(losses) - pre tax	-	-	(55)	55	-
Transfer of revaluation reserve to retained earnings due to asset disposal	-	-	-	-	-
Effective portion of changes in fair value of cash flow hedges, net of tax	-	(1,761)	-	-	(1,761)
Distributions to Shareholders					
Dividends paid/declared	-	-	-	(4,700)	(4,700)
Contributions from Shareholders					
Shares issued and paid up	-	-	-	-	-
Balance at 30 June 2016	**25,298**	**(3,371)**	**28,551**	**36,767**	**87,246**

The Company has 17,398,202 ordinary shares that have been called and a further $100,000,000 (2015: $100,000,000) of ordinary shares that have been issued to the Invercargill City Council (67,427,000 for $1 each and 5,211,680 for $6.25 each but remain uncalled at balance date.

Minority interest	Parent interest
$000	$000
2,830	77,545
21	6,843
-	2,886
-	-
-	(1,385)
-	(4,200)
-	-
2,851	**81,689**
2,851	81,689
22	9,144
-	-
-	-
-	(1,761)
-	(4,700)
-	-
2,873	**84,373**

All shares, whether called or uncalled, have equal voting rights and have no par value.

21 Reconciliation of net surplus/(deficit) to net cash inflows (outflows) from operating activities

	Group 2016 $000	Group 2015 $000
Reconciliation with reported operating surplus		
Net surplus after tax	9,166	6,864
Add/(deduct) non-cash items:		
Depreciation	5,140	4,398
Impairment of Property, Plant and Equipment	(874)	(945)
Net (profit)/loss on sale of fixed assets	569	15
Derecognition of term loan	(168)	(168)
Change in fair value of investment property	222	80
Change in fair value of biological assets	(2,276)	(2,037)
Biological assets - Cost of Goods Sold	1,031	2,768
Increase/(decrease) in deferred taxation	729	284
Associate /joint venture post-acquisition profits	(4,896)	(3,926)
Loss on sale of associate/joint venture	(298)	(106)
Add/(less) movements in working capital:		
(Increase)/decrease in receivables	79	(212)
(Increase)/decrease in inventories	2	27
Increase/(decrease) in accounts payable and accruals	(1,540)	1,858
Increase/(decrease) in GST/taxation	384	245
Net cash inflow (outflow) from operating activities	7,270	9,145

22 Related party transactions

The Company is the sole shareholder of Electricity Invercargill Limited, Invercargill City Forests Limited, Invercargill City Property Limited and holds a 97% stake in Invercargill Airport Limited. During the year, the following transactions took place with the group companies. All transactions with the subsidiaries have been eliminated upon consolidation.

	Group 2016 $000	Group 2015 $000
Ultimate parent:		
(a) Invercargill City Council		
Revenue		
Provision of services	140	133
Expenditure		
Provision of services	439	364
Dividends from Subsidiary to Parent	4,700	4,200
Outstanding at balance date by Parent and Group	4,710	4,200
Outstanding at balance date to Parent and Group	-	-
Subsidiaries:		
(b) Electricity Invercargill Limited		
Revenue		
Provision of services and interest charges	-	-
Dividends from Subsidiary to Parent	-	-
Expenditure		
Provision of services	-	-
Outstanding at balance date by Parent and Group	-	-
Outstanding at balance date to Parent and Group	-	-
Loan outstanding at balance date to Parent and Group	-	-
(c) Invercargill City Forests Limited		
Revenue		
Provision of services and interest charges	-	-
Dividends from Subsidiary to Parent	-	-
Expenditure		
Provision of services	-	-
Outstanding at balance date by Parent and Group	-	-
Outstanding at balance date to Parent and Group	-	-
Loan outstanding at balance date to Parent and Group	-	-

	Group 2016 $000	Group 2015 $000
(d) Invercargill Airport Limited		
Revenue		
Provision of services, depreciation subsidy, interest charges	-	-
Expenditure		
Provision of services, depreciation subsidy, interest charges	-	-
Outstanding at balance date by Parent and Group	-	-
Outstanding at balance date to Parent and Group	-	-
Loans outstanding at balance date to Parent and Group	-	-
(e) Invercargill City Property Limited		
Revenue		
Provision of services	-	-
Expenditure		
Provision of goods and services	-	-
Outstanding at balance date by Parent and Group	-	-
Outstanding at balance date to Parent and Group	-	-
Other related parties:		
(f) AWS Legal		
Revenue		
Provision of services	-	-
Expenditure		
Provision of services	41	248
Outstanding at balance date by Parent and Group	-	30
Outstanding at balance date to Parent and Group	-	-
(g) SBS Bank		
Revenue		
Provision of services	62	85
Expenditure		
Provision of services	-	-
Outstanding at balance date by Parent and Group	-	-
Outstanding at balance date to Parent and Group	40	8,044

22 Related party transactions

	Group 2016 $000	Group 2015 $000
(h) AJO Management Limited		
Revenue		
Provision of services and interest charges	-	-
Expenditure		
Provision of goods and services	70	65
Outstanding at balance date by Parent and Group	4	4
Outstanding at balance date to Parent and Group	-	-
(i) OtagoNet Joint Venture		
Revenue		
Provision of services	14	50
Expenditure		
Provision of services	-	-
Outstanding at balance date by Parent and Group	-	-
Outstanding at balance date to Parent and Group	-	11
(j) PowerNet Limited		
Revenue		
Provision of services	245	217
Expenditure		
Provision of goods and services	11,042	11,967
Outstanding at balance date by Parent and Group	3,545	5,100
Outstanding at balance date to Parent and Group	76	106
(k) Electricity Southland Limited		
Revenue		
Provision of services	71	74
Expenditure		
Provision of goods and services	-	-
Outstanding at balance date by Parent and Group	-	-
Outstanding at balance date to Parent and Group	19	24

22 Related party transactions

	Group 2016 $000	Group 2015 $000
(l) Otago Power Services Limited		
Revenue		
Provision of services	33	34
Expenditure		
Provision of goods and services	-	-
Outstanding at balance date by Parent and Group	-	-
Outstanding at balance date to Parent and Group	-	9
(m) Power Services Limited		
Revenue		
Provision of services	-	-
Expenditure		
Provision of goods and services	-	-
Outstanding at balance date by Parent and Group	-	-
Outstanding at balance date to Parent and Group	-	-
(n) The Power Company Limited		
Revenue		
Provision of services	-	-
Expenditure		
Provision of goods and services	-	-
Outstanding at balance date by Parent and Group	-	-

22 Related party transactions

	Group 2016 $000	Group 2015 $000
(o) R M Walton		
Revenue		
Provision of services	-	-
Expenditure		
Provision of goods and services	19	3
Outstanding at balance date by Parent and Group	-	-
Outstanding at balance date to Parent and Group	-	-
(p) Forest Growth Holdings Limited		
Revenue		
Provision of services	462	602
Expenditure		
Provision of goods and services	-	-
Outstanding at balance date by Parent and Group	-	-
Outstanding at balance date to Parent and Group	48	56

22 Related party transactions

No related party transactions have been written off or were forgiven during the 2016 year (2015: nil).

Electricity Invercargill Limited through its joint venture interest in PowerNet Limited and OtagoNet joint venture, uses AWS Legal as its solicitors, of which A B Harper is a Partner.

Invercargill Airport Limited purchased services from AJO Management Limited, a management company, in which AJ O'Connell is the Director. These services included director fees.

Invercargill Airport Limited purchased services from RM Walton (Director).

No debt has been written off or forgiven during the period and all transactions are at arms - length. The outstanding balances are not subject to interest and are repayable on demand.

Refer note 6 for details on tax loss offsets within the group.

Key management personnel compensation comprises:

	Group 2016 $000	Restated Group 2015 $000
Short term employment benefits	642	516
Directors Fees	682	647

Short term employee benefits relate to:

Invercargill City Holdings Limited, and consist of salaries.

Invercargill City Forests Limited, and consist of salaries.

Invercargill City Property Limited, and consist of salaries.

Invercargill Airport Limited, and consist of salaries and does not include any costs for the following: post employment benefits, other long term benefits and termination benefits as they are not provided for by Invercargill Airport Limited.

Electricity Invercargill Limited group, and consists of salaries and other short term benefits.

23 Capital commitments and operating leases

	Group 2016 $000	Group 2015 $000
Capital commitments		
Capital expenditure contracted for at balance date but not yet incurred for property, plant and equipment	2,149	4,657

Operating leases as lessee

The Group does not have any opearting leases where it is the lesee (2015: Nil).

Operating leases as lessor

The Group leases its investment property under operating leases. The majority of these leases have a non-cancellable term of 36 months. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	Group 2016 $000	Group 2015 $000
Non-cancellable operating leases as lessor		
Not later than one year	354	224
Later than one year and not later than five years	1,148	310
Later than five years	886	292
Total non-cancellable operating leases	2,388	826

There are no restrictions placed on the Company by any of the leasing arrangements.

24 Contingencies

Contingent assets: (refer note 11)

2016 Year: Nil

2015 Year: Nil

Contingent liabilities:

Invercargill City Forests has harvested a total of 68 hectares of pre-1990 forest (2015: 196 hectares). This harvested land will be replanted but at balance date carried a potential deforestation liability of $836,659. It is Invercargill City Forests Limited's intention to replant all forests. Refer note 10.

Electricity Invercargill Limited has a contingent liability as at 31 March 2016 of $415,000 (31 March 2015: $415,000). This liability relates to an agreement with Smart Co for the Company to provide a subordinated loan to Smart Co once a number of terms have been met.

25 Key Management Personnel

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

A number these entities transacted with the Group in the reporting period. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

26 Events after the Balance Sheet date

There are no significant events after balance date.

INVERCARGILL CITY HOLDINGS LTD

27 Financial Instruments

Invercargill City Holdings Limited provides services to the businesses in the group and the shareholder, co-ordinates access to domestic financial markets and monitors and manages financial risks relating to the group.

Capital management

The group's capital includes share capital, reserves and retained earnings.

The group manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising return to stakeholders through the optimisation of the debt and equity balance.

The objective of the group from the parent company's Statement of Intent is to provide reasonable returns to the shareholder, while acting generally as a responsible corporate citizen and in accordance with sound business practice, by having regard to the interests of the community.

The board monitors the performance of the subsidiary companies in the group, to meet the objectives while maintaining a strong capital base to sustain future development of the group's businesses.

The intentions of the parent company in respect of distributions for each three year period are disclosed in the annual Statement of Intent submitted to council in public.

Financial Instruments - Risk

The Group has exposure to the following risks from its use of financial instruments:

- **Credit risk**
- **Liquidity risk**
- **Market risk.**

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Company has a series of policies to manage the risks associated with financial instruments. The Company is risk averse and seeks to minimise exposure from its treasury activities. The Company has established Company approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

• **Credit risk**

Credit risk is the risk that a counterparty will default on its obligation causing the Company/Group to incur a financial loss.

Financial instruments that potentially subject the Company/Group to concentrations of credit risk consist principally of cash, short-term investments, trade receivables, foreign exchange transactions and other financial instruments. Cash and short-term investments are placed with banks with high credit ratings assigned by international credit-rating agencies, or other high credit quality financial institutions.

The Company has no significant concentrations of credit risk. The Company invests funds only in deposits with registered banks and local authority stock and its Investment policy limits the amount of credit exposure to any one institution or organisation.

The Group manages its exposure to credit risk from trade receivables by performing credit evaluations on all customers requiring credit whenever possible, and continuously monitoring the outstanding credit exposure to individual customers. The Group does not generally require or hold collateral against credit risk.

The Electricity Invercargill Limited group is exposed to a concentration of credit risk with regards to the amounts owing by energy retailers for line charges. However, these entities are considered to be high credit quality entities. An amount of $1,654,000 (2015: $1,654,000) is owed by energy retailers at balance date.

Credit quality of financial assets: For counterparties with credit ratings the cash at bank and deposits are held in banks with credit ratings from BBB to AA-. Derivative financial instruments assets are held with banks with credit ratings of AA-. For counterparties without credit ratings the community and related party loans are with parties that have had no defaults in the past.

- **Liquidity risk**

Liquidity risk represents the Company/Group's ability to meet its contractual obligations. The Company/Group evaluates its liquidity requirements on an ongoing basis. In general the Group generates sufficient cash flows from its operating activities to meet its contractual obligations arising from its financial liabilities and has credit lines in place to cover potential shortfalls and meet capital expenditure requirements. The Company aims to maintain flexibility in funding by keeping committed credit lines available.

In meeting its liquidity requirements, the Company maintains a target level of investments that must mature within the next 12 months.

The Company manages its borrowings in accordance with its funding and financial policies, which includes a Liability Management policy.

The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low.

The table below analyses the Company/Group's financial assets and liabilities (excluding derivatives) into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

Group 2016	Carrying amount	Contractual cash flows	Maturity Dates			
			< 1 year	1-3 years	> 3 years	Total
	$000	$000	$000	$000	$000	$000
Financial Assets						
Cash and cash equivalents	2,257	2,257	2,257	-	-	2,257
Trade and other receivables	2,986	2,986	2,986	-	-	2,986
Advances	3,000	3,322	161	3,161	-	3,322
	8,243	8,565	5,404	3,161	-	8,565
Financial Liabilities						
Trade and other payables	6,893	6,893	6,893	-	-	6,893
Dividends payable	4,700	4,700	4,700	-	-	4,700
Borrowings - secured loans	110,861	127,296	5,478	5,478	116,340	127,296
Borrowings - redeemable preference shares	16,777	16,777	16,777	-	-	16,777
	139,231	155,666	33,848	5,478	116,340	155,666

The following table details the exposure to liquidity risk as at 30 June 2015:

Group 2015	Carrying amount	Contractual cash flows	Maturity Dates			
			< 1 year	1-3 years	> 3 years	Total
	$000	$000	$000	$000	$000	$000
Financial Assets						
Cash and cash equivalents	9,000	9,000	9,000	-	-	9,000
Trade and other receivables	3,649	3,649	3,649	-	-	3,649
Advances	4,800	5,644	281	5,363	-	5,644
	17,449	18,293	12,930	5,363	-	18,293
Financial Liabilities						
Trade and other payables	9,101	9,101	9,101	-	-	9,101
Dividends payable	4,200	4,200	4,200	-	-	4,200
Borrowings - secured loans	72,261	81,691	3,143	78,548	-	81,691
Borrowings - redeemable preference shares	16,777	16,777	16,777	-	-	16,777
	102,339	111,769	33,221	78,548	-	111,769

The interest rates on the Company's borrowings are disclosed in note 18.

The ultimate parent (ICC) being the holder of the redeemable preference shares has indicated that the shares will not be called for redemption in the next financial year. As the shares are callable the debt is classified as current in the statement of financial position.

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

Group 2016	Carrying amount	Contractual cash flows	Maturity Dates			
			< 1 year	1-3 years	> 3 years	Total
	$000	$000	$000	$000	$000	$000
Financial Assets						
Derivative financial instruments	-	-	-	-	-	-
	-	-	-	-	-	-
Financial Liabilities						
Derivative financial instruments	4,681	5,789	1,195	2,009	2,585	5,789
	4,681	5,789	1,195	2,009	2,585	5,789
Net derivative financial liabilities	4,681	5,789	1,195	2,009	2,585	5,789

The following table details the exposure to liquidity risk as at 30 June 2015:

Group 2015	Carrying amount	Contractual cash flows	Maturity Dates			
			< 1 year	1-3 years	> 3 years	Total
	$000	$000	$000	$000	$000	$000
Financial Assets						
Derivative financial instruments	101	138	-	-	138	138
	101	138	-	-	138	138
Financial Liabilities						
Derivative financial instruments	2,337	3,086	830	1,341	915	3,086
	2,337	3,086	830	1,341	915	3,086
Net derivative financial liabilities	2,236	2,948	830	1,341	777	2,948

- **Market risk.**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise three types or risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits and derivative financial instruments.

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. The Group is exposed to currency risk through Invercargill City Forests Limited as it sells logs to overseas markets, which require it to enter into transactions denominated in a foreign currency. The company/Group has mitiaged this risk by selling the majority of its logs at wharf gate in New Zealand dollars.

Interest Rate Risk

Interest Rate Risk : Fair Value Interest Rate Risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. Borrowing issued at fixed rates expose the Company to fair value interest rate risk. The Company's Liability Management policy outlines the level of borrowing that is to be secured using fixed rate instruments. Fixed to floating interest rate swaps are entered into to hedge the fair value interest rate risk

The Group has interest bearing debt which is subject to interest rate variations in the market. The debt is raised from the Group's parent company, Invercargill City Holdings Limited's bank borrowing facility and then advanced

The Group through the Parent uses interest rate swaps to manage its exposure to interest rate movements on its multi option facility borrowings.

The interest rates on the Company's borrowings are disclosed in note 18.

The financial assets and liabilities are exposed to interest rate risk as follows:

Financial Assets

Cash and cash equivalents	Variable interest rates
Trade and other receivables	Non interest bearing
Dividends receivable	Non interest bearing
Capital work in progress	Non interest bearing
Derivative financial instruments (interest rate swaps)	Variable interest rates
Advances	Variable interest rates
Short term investments	Variable interest rates

Financial Liabilities

Trade and other payables	Non interest bearing
Dividends payable	Non interest bearing
Advances	Variable interest rates
Derivative financial instruments (interest rate swaps)	Variable interest rates
Borrowings - secured loans	Variable interest rates
Borrowings - redeemable preference shares	Non interest bearing

Interest Rate Risk : Cash Flow Interest Rate Risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose the Company to cash flow interest rate risk.

The Company manages its cash flow interest rate risk on borrowings by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings at floating rates and swaps them into fixed rates that are generally lower than those available if the Company borrowed at fixed rates directly. Under the interest rate swaps, the Company agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

The notional principal outstanding in regard to the interest rate swaps is as follows:

	Group	
	2016	**2015**
	$000	**$000**
	Liability	**Liability**
Maturity < 1 year	10,300	6,800
Maturity 1-2 years	1,700	10,300
Maturity 2-3 years	6,500	1,700
Maturity 3-4 years	7,500	6,500
Maturity 4-5 years	10,000	7,500
Maturity 5-6 years	8,000	5,000
Maturity 6-7 years	13,000	8,000
Maturity 7-10 years	18,000	27,000
	75,000	72,800

- Effectiveness of Cash Flow Hedges

The matched terms method is used in applying hedges. In all cases the terms of both the hedge instrument and the underlying transaction are matched. All hedges are interest rate swaps.

	Company/Group	
	2016	**2015**
	%	**%**
Effectiveness	100	100

- Sensitivity analysis on Financial Instruments

Borrowings: If interest rates on borrowings at 30 June 2016 had fluctuated by plus or minus 0.5%, the effect would have been to decrease/increase the surplus after tax by $139,405 (2015: $117,137) as a result of higher/lower interest expense on floating rate borrowings.

Cash and cash equivalents included deposits at call which are at floating interest rates. Sensitivity to a 0.5% movements in rates is immaterial as these cash deposits are very short term.

Derivative Asset: Cash Flow hedge

The derivatives are hedge accounted and managed by the company to be 100% effective and thus there is no sensitivity to the profit and loss to change in the interest rates.

Sensitivity to a 0.5% movements in rates is as follows and affect the equity balance of the Group:

	Carrying amount	**Equity change**	
	Year 2016	**+0.5%**	**-0.5%**
	$000	**$000**	**$000**
Net Derivative financial asset/(Liability) - Cashflow Hedge	(4,681)	1,477	(1,525)

	Year 2015	**+0.5%**	**-0.5%**
	$000	**$000**	**$000**
Net Derivative financial asset/(Liability) - Cashflow Hedge	(2,235)	1,215	(1,261)

28 Fair Value Measurement

- Fair Value measurements recognised in the Statement of Comprehensive Income

The following classes of assets are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	Group 2016				**Group 2015**			
	Level 1	**Level 2**	**Level 3**	**Total NZ**	**Level 1**	**Level 2**	**Level 3**	**Total NZ**
Fair Value Measurement	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Assets at Fair Value								
Derivatives	-	-	-	-	-	101	-	101
Biological Assets	-	-	17,259	17,259	-	-	15,054	15,054
Network Assets	-	-	79,916	79,916	-	-	77,422	77,422
Investment Property	-	-	3,778	3,778	-	-	4,000	4,000
Total Assets at Fair Value	-	-	100,953	100,953	-	101	96,476	96,577
Liabilities at Fair Value								
Derivatives	-	4,681	-	4,681	-	2,337	-	2,337
Total Liabilities at Fair Value	-	4,681	-	4,681	-	2,337	-	2,337

Opening Balance/Closing Balance Level 3 fair value Measurements	Group 2016 $000	Group 2015 $000
Balance at Beginning of year	96,476	96,627
Unrealised net change in value of assets	2,054	1,957
Purchases	6,759	11,586
Sales	(1,165)	(2,576)
Reclassified from fair value	-	(8,130)
Depreciation and impairment	(3,171)	(2,988)
Balance at the end of the year	**100,953**	**96,476**

The Company carries interest rate swaps (derivative financial instruments) at fair value. These instruments are included in Level 2 of the fair value measurement hierarchy. Interest rate swaps are held with financial institutions with investment grade credit ratings. Interest rate derivative fair values are valued using swap model valuation techniques using present value calculations. The key inputs include interest rate curves and forward rate curves.

The Group's biological assets were valued by external valuation on the basis of fair value in accordance with The New Zealand Institute of Forestry (NZIF) valuation guidelines. The discounted cash flow (DCF) method is used with the exception of development forests where a compound cost basis is used. The valuation excludes funding and taxation. The discount rate is based on the mid-point of the valuers analysis of the implied pre-tax discount rates from actual transactions. The pre-tax discount rate chosen for the 2016 valuation is 8.0% (2015: 8.5%). The cash flow term for the valuation is 32 years.

The Group's network assets are valued by external valuation on the basis of fair value using the discounted cash flow (DCF) method. The network assets are revalued every five years. The key inputs include discount rate, growth rate and future cash flows. The cash flow term for the valuation is 5 years.

The Group's investment properties are valued by external valuation on the basis of fair value using open market evidence with the exception of two properties that are planned to be replaced within the next year (2015: two years), where a discounted cash flow (DCF) method is used. The investment properties are revalued annually. The key inputs include yield sensitivity being 9.30% for 2016 (2015: 9.81%).

29 Segmental reporting

	Energy	Energy	Forestry	Forestry	Airport	Airport
	2016 $000	2015 $000	2016 $000	2015 $000	2016 $000	2015 $000
Total external revenues	21,732	21,681	7,179	9,230	5,322	4,205
Intersegmental revenue	-	-	-	-	-	-
Total segmental revenue	21,732	21,681	7,179	9,230	5,322	4,205
Segment result	-	-	-	-	-	-
Unallocated expenses	15,146	14,435	4,698	8,606	3,988	2,951
Results from operating activities		7,246	2,481	624	1,334	1,254
Net finance costs	1,527	1,236	655	624	152	160
Share of profit of equity accounted investees	4,865	4,119	31	(193)	-	-
Income tax expense	2,157	2,632	273	161	382	349
Gain on sale of discontinued operation (net of tax)	-	-	-	-		-
Profit for the period	7,767	7,497	1,584	(354)	800	745
Segment assets	89,034	93,267	25,506	22,896	29,433	25,249
Investment in equity accounted investees	97,299	57,498	8,320	7,530	-	-
Unallocated assets	-	-	-	-	-	-
Total assets	186,333	150,765	33,826	30,426	29,433	25,249
Segment liabilities	97,214	63,213	24,844	22,478	6,764	7,480
Unallocated liabilities	-	-	-	-	-	-
Total liabilities	97,214	63,213	24,844	22,478	6,794	7,480
Capital expenditure	8,232	11,649	634	259	8,211	6,178
Depreciation	3,567	3,355	133	146	1,439	897
Amortisation of intangible assets	-	-	-	-	-	-
Impairment of property, plant and equipment	-	-	-	-	-	-

All businesses operate in the south of the South Island of New Zealand. Therefore the Group has one geographical segment.

Finance	Finance	Property	Property	Consolidate / Elimination	Consolidate / Elimination	Total	Total
2016 $000	2015 $000	2016 $000	2015 $000	2016 $000	2015 $000	2016 $000	2015 $000
11,153	10,159	110	104	(10,915)	(9,532)	34,581	35,847
-	-	-	-	-	-	-	-
11,153	10,159	110	104	(10,915)	(9,532)	34,581	35,847
-	-	-	-	-	-	-	-
947	1,124	69	70	(269)	(269)	24,579	26,917
10,206	9,035	41	34	(10,646)	(9,263)	10,002	8,930
4,482	3,944	(1)	(1)	(3,895)	(3,112)	2,920	2,851
-	-	-	-	-	-	4,896	3,926
-	-	-	-	-	-	2,811	3,142
-	-	-	-	-	-	-	-
5,724	5,091	42	35	(6,751)	(6,150)	9,167	6,864
174,348	134,004	36	43	(169,087)	(128,091)	149,270	147,468
-	-	-	-	-	-	105,619	65,028
-	-	-	-	-	-	-	-
174,348	134,004	36	43	(169,087)	(128,091)	254,889	212,496
135,242	96,475	247	296	(99,668)	(61,985)	167,643	127,957
-	-	-	-	-	-	-	-
135,242	96,475	247	296	(99,668)	(61,996)	167,643	127,957
-	-	-	-		-	17,077	18,086
-	-	-	-		-	5,139	4,398
-	-	-	-		-	-	-
-	-	-	-		-	-	-

31 Publication of Financial Statements

Invercargill City Holdings Limited is a Council-Controlled Trading Organisation operating under the Local Government Act 2002. The Act requires the Board to deliver to the shareholders and make public the audited annual report within three months of the end of the financial year. This time frame has been met.

Statement of Service Performance

For the year ended June 30, 2016

The performance targets established in the 2016 Statement of Corporate Intent for Invercargill City Holdings Limited and the results achieved for the year ended 30 June 2016 follow.

Performance Targets

1 That a rate of return before tax on shareholders funds of 7.55% be achieved.
Achieved - rate of return of 13.73%

That a rate of return after tax on shareholders funds of 5.44% be achieved.
Achieved - rate of return of 10.51%

2 Half yearly reports are provided to the Shareholder within two months of the end of the period and that the annual statements and report are provided within 3 months of the end of the financial year.
Achieved

3 All statutory requirements for reporting under the Companies Act 1993 and the Local Government Act 2002 are achieved.
Achieved

4 Draft Statement of Intent will be submitted for approval to Invercargill City Council by 1 March each year.
Achieved

5 Invercargill City Holdings Limited will keep Invercargill City Council informed of all significant matters relating to Invercargill City Holdings Limited and its subsidiaries, within the constraints of commercial sensitivity. Invercargill City Holdings Limited will run at least one workshop with Councillors per financial year.
Achieved

Invercargill City Holdings Limited (ICHL) held an AGM on 29 October 2015. During the AGM Electricity Invercargill Limited (EIL), Invercargill Airport Limited (IAL) and Invercargill City Forests Limited (ICFL) made presentations.

ICHL ran a workshop with Councillors on 16 February 2016 where each of the subsidiary companies gave a presentation with information included in the ICHL draft Statement of Intent.

The Chairman of ICHL has attended Council Finance & Policy meetings when appropriate during the year.

6 Invercargill City Holdings Limited will maintain contact with subsidiary company boards, and remain aware of their strategic business issues. Invercargill City Holdings Limited will meet subsidiary company boards and their representatives at least once per financial year.
Achieved

ICHL has embarked on a communications programme with Council and each of the subsidiary companies following a strategic workshop held in May 2015. Each of the subsidiary companies, with the exception of Invercargill City Property Limited, are required to attend ICHL meetings regularly to discuss their financials and any other issues. ICHL has also implemented a subsidiary reporting template for reports to ICHL which include financial results, strategic issues, health and saftey information and any current issues facing the company.

ICHL
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