Market Announcement

10 May 2013

TrustPower produced a solid operating performance for the 2013 financial year. Good progress was made in implementing the Group's growth agenda demonstrated by the Group's commitment to invest in the 270MW Snowtown Stage 2 Wind Farm in South Australia.

TrustPower's consolidated profit after tax was $123.4 million for the year ended 31 March 2013. This represents a decrease of 6% compared with $131.7 million for the same period last year.

Underlying earnings[1] after tax excluding fair value movements on financial instruments and one-off impairment charges were $127.3 million compared with $135.3 million in the previous year, a decrease of 6%.

Earnings before interest, tax, depreciation, amortisation, fair value movements of financial instruments and asset impairments (EBITDAF)[2] were $294.8 million, compared with $300.1 million achieved in the previous year representing a decrease of 2%. As reported in the half year result approximately $3.9 million was included in other operating expenses during the year relating to the cost of transacting currency options to hedge currency exposure prior to the Group committing to the Snowtown Stage 2 Wind Farm investment.

The Group operating performance was considered satisfactory given lower New Zealand generation production and a challenging retail environment, where pressure on margins and lower customer demand was experienced.

Operating revenue was in line with prior period at $805.5 million. Operating expenses including energy and line costs increased 3%.

Notes

1. Underlying Earnings is a non GAAP (Generally Accepted Accounting Principles) financial measure. TrustPower believes that this measure is an important additional financial measure to disclose as it excludes movements in the fair value of financial instruments which can be volatile year to year depending on movement in long term interest rates and or electricity futures prices. Also excluded in this measure are items considered to be one off and not related to core business such as changes to the company tax rate or impairment of generation assets.

   A full reconciliation between profit after tax attributable to the shareholders of the Company and underlying earnings after tax is provided in Note 3 to the consolidated Financial Statements.

2. EBITDAF is a non GAAP financial measure but is commonly used within the electricity industry as a measure of performance as it shows the level of earnings before impact of gearing levels and non-cash charges such as depreciation and amortisation. Market analysts use this measure as an input into company valuation and valuation metrics used to assess relative value and performance of companies across the sector.

Total electricity volume sold by the Company in New Zealand through mass market retailing and time of use sales was 3,683GWh, compared with 3,960GWh in the year to 31 March 2012. This 277GWh reduction in sales volume was partially offset by 199GWh of sales through ASX (67GWh in the prior year) which was considered the most effective sales channel during certain periods of the financial year.

Customer numbers decreased from 209,000 at 31 March 2012 to 206,000 as at 31 March 2013. While the retail market remained highly competitive throughout the year, TrustPower continued to experience lower levels of customer churn than the market overall and in the final quarter achieved modest customer gains.

The Group's New Zealand generation production of 2,330GWh was down 352GWh (10%) on the previous year and 4% below the expected long term average. Total hydro production was down 243GWh (13%) on the previous year due to lower than average inflows into both North and South Island catchments particularly during the first and final quarters but was only 1% below the expected long term average. TrustPower actively used its South Island storage lakes to support generation output. New Zealand wind production ended 10GWh lower than the previous year following a poor final quarter and was down 11% on expected long term average.

The Snowtown Wind Farm in South Australia produced 386GWh which was 10GWh (3%) higher than the previous year and within 1% of expected long term average.

Underlying return on average equity, adjusted for fair value movements on financial instruments and impairment charges, was 8.2% (9.6 % in the previous year).

Group operating cash flow remained solid at $241.1 million for the 2013 financial year versus $268.3 million in the prior year.

TrustPower's balance sheet as at 31 March 2013 remains in good shape, with shareholders' funds of $1.56 billion and total assets of close to $3 billion.

Net debt (including subordinated bonds) to net debt plus equity increased to 37.0% from 33.3% at prior year end, as a result of increased borrowing levels to finance the development of the Snowtown Stage 2 Wind Farm. TrustPower continues to maintain conservative levels of committed credit facilities. As at 31 March 2013 Group net debt was $911.4 million. TrustPower has recently accepted offers to refinance A$180 million of bank facilities due to mature in July 2013. These facilities will be increased to A$200 million and extended in two tranches to July 2016 and July 2018.

The Group has recently completed documentation for A$171.9 million of Danish Export Credit Agency guaranteed amortising loan facilities with a final maturity of November 2032. These loan facilities will be progressively drawn down over the next eighteen months and will assist with the funding of the Snowtown Stage 2 Wind Farm development. This long term unsecured loan facility will also assist in lengthening the Group's debt maturity profile.

Following the completion of these financing activities the Group will have close to NZD equivalent 1.8 billion of committed debt facilities and over NZD equivalent 800 million of undrawn debt facilities.

It is expected that A$194 million of bank facilities maturing in July 2014 will be cancelled following completion of the refinancing of the A$180 million bank facilities maturing in July 2013.

Modest purchases of TrustPower's shares have continued under the Company's share buyback programme for which a three year extension was approved at the Annual Meeting in July 2011. The approval allows the Company to purchase up to 5 million shares over a three year period. 37,000 shares were purchased at an average cost of $7.07 during the year to 31 March 2013. It is expected that the share buyback programme will continue to operate over the next twelve months.

Construction of the 270MW Snowtown Stage 2 Wind Farm in South Australia is progressing well and is on track in terms of budget and schedule. Civil works including wind turbine foundations are around 50% complete and the 28km 275kV transmission line is approximately 70% complete. The first shipments of blades, towers and nacelles are expected to arrive during May and June. The first wind turbine on the Snowtown Stage 2 South site is expected to be generating in October 2013 with the South site completed in April 2014, and the North site completed in September 2014 with final handover of the total site targeted for November 2014. NZD equivalent $159 million has been included in capital work in progress in the Group balance sheet as at 31 March 2013.

TrustPower is actively progressing other wind development options in Australia with the aim of developing further wind projects to help meet the Australian Renewable Energy Target over the course of the next five years.

A development approval application for up to 270MW at the Dundonnell wind farm site in Western Victoria has been lodged. Another development approval application for a wind farm of up to 300MW in New South Wales has also recently been lodged.

The Group has close to a further 1,000MW of identified wind options in South Australia, Victoria and New South Wales which it is continuing to assess.

In New Zealand commissioning of the 3.8MW Esk Valley Hydro project in Hawkes Bay is expected to be completed in July, a few weeks behind schedule but in line with budget at around $13 million. Once commissioned it is expected to add around 15GWh of hydro production to TrustPower's generation portfolio.

Given the current generation oversupply situation in New Zealand, TrustPower will look to maintain its existing 520MW of consented wind and hydro development options. TrustPower will continue to look at small high return enhancement options on existing hydro generation assets.

Following Government approval of the variation to the Rakaia River Water Conservation Order, TrustPower is now in a position to store and distribute consented water from Lake Coleridge to improve irrigation reliability to various irrigator groups. TrustPower has recently concluded a long term storage and release agreement with Barrhill Chertsey Irrigation Limited ("BCIL") and expects to conclude further agreements with other parties in the near future.

First release of stored water for BCIL is expected to occur in the final quarter of 2013. Timing of release to other parties will require final decisions on additional off take infrastructure which could involve TrustPower investment. It is expected that initial agreements will result in an additional irrigation supply area in mid Canterbury of around 40,000ha.

TrustPower continues to achieve growth in the sale of telecommunication services (increase of 13% on prior year) and this is assisting with overall electricity customer retention. Following the implementation of a new customer billing system twelve months ago, TrustPower's focus has turned to further enhancements that will improve our customer online experience and also to ensure the Company is well positioned to offer multiple products across energy and telecommunications. The ability to successfully offer a bundled suite of utility products creates the opportunity to grow market share and customer life time value.

TrustPower is aiming to have this enhanced retail capability in place over the next six months which we hope will see a return to customer number growth but more importantly delivery of a service and product proposition that our customers value and are prepared to pay a premium for.

Over the next twelve months TrustPower intends to invest more heavily in its retail proposition including its brand and this will have a modest impact on near term earnings.

There have been two significant events over the last twelve months that have given TrustPower cause to reflect on the level of regulatory risk that the Group is exposed to in New Zealand. TrustPower recognises that regulatory regimes need to evolve over time to ensure markets remain competitive and efficient, however policy changes need to be carefully managed.

The first of these was the Electricity Authority's proposal to significantly revise the current transmission pricing framework. TrustPower in its last quarterly announcement stated its view was that much of what was being proposed was unnecessarily complex and was likely to lead to unintended consequences for the electricity industry and on-going regulatory uncertainty for investors. Following completion of a detailed submission, TrustPower's view is unchanged. It would seem that this view is shared by a wide cross section of the electricity industry including industrial users, consumer groups, generators, retailers, distribution companies and Transpower. In fact 51 of the 54 submissions received by the Electricity Authority opposed its proposal and of the three that supported, two were heavily caveated.

Secondly, the Labour/Green proposal to abolish the current competitive wholesale and retail market model and replace it with a single buyer model, should it form a government at the next election, had immediate impact. The combined fall in the market value of TrustPower, Contact Energy and Infratil in the twenty four hours following the announcement was close to $600 million. The potential for significant unintended consequences and risk transfer to tax payers together with the likelihood that future private sector investment will be discouraged by such a proposal have already been highlighted in subsequent media reaction. It is

clear from analysis undertaken by a Labour lead Government of the same proposal in 2006 that implementation would be complex, challenging, costly and fraught with risk, and that in fact the proposal may not offer marked improvements overall.

TrustPower believes that a detailed facts based analysis of the issues raised by the proposal needs to be undertaken so that New Zealanders are better informed of the issues at stake. This is challenging for an industry that has a high level of complexity.

Governments the world over do not have good track records of efficient allocation of investment capital or risk management through the electricity supply chain. Single buyer models perform poorly when future electricity requirements turn out differently to the planners' expectation. Single buyers enter long term contract obligations and these must inevitably be underwritten by electricity consumers and tax payers.

In contrast, the current market framework has, for the last twenty years, managed the transition away from dwindling low cost Maui gas and reliance on carbon emission thermal plant to renewables without risk to electricity consumers or taxpayers. New Zealand is the only country in the world that has achieved unsubsidised wind generation through efficient and timely investments by market participants.

Companies such as TrustPower have also invested huge effort and resources to establish a solid pipeline of potential new renewable projects. In aggregate New Zealand has an enviable resilience in its power sector with diversified low cost options for renewable power.

However, TrustPower and the electricity industry need a workable regulatory environment to continue to deliver these outcomes. New Zealand can ill afford dramatic regulatory and policy interventions that cast aside the framework on which investors have made long term investment decisions. The consequent impact on private property values will surely deter continued domestic and foreign investment in New Zealand's future infrastructure.

The Directors are pleased to announce a final dividend of 20 cents per share, partially imputed to 16 cents per share, payable 14 June 2013 (record date of 31 May 2013). This together with an interim dividend of 20 cents per share, provides a total pay-out of 40 cents per share for the 2013 financial year, in line with the prior year. Despite the current challenging New Zealand electricity environment which includes intense retail competition, an oversupplied generation market and regulatory uncertainty, the Board is confident that TrustPower is well placed to regain earnings momentum once the Snowtown Stage 2 Wind Farm is completed and other quality renewable generation and irrigation development opportunities are able to be progressed.

BJ Harker
CHAIRMAN

TRUSTPOWER LIMITED AND SUBSIDIARIES
DIRECTORS' RESPONSIBILITY STATEMENT
FINANCIAL STATEMENTS 2013

The Directors are pleased to present the financial statements of TrustPower Limited and subsidiaries for the year ended 31 March 2013.

The Directors are responsible for ensuring that the financial statements give a true and fair view of the financial position of the Company and the Group as at 31 March 2013 and their financial performance and cash flows for the year ended on that date.

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

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

The Directors consider they have taken adequate steps to safeguard the assets of the Company and the Group to prevent and detect fraud and other irregularities.

Bruce Harker
Chairman

Geoff Swier
Director

Company Registration Number HN604040
Dated: 10 May 2013

TRUSTPOWER LIMITED AND SUBSIDIARIES
INCOME STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013

	Note	GROUP		PARENT	
		2013	**2012**	**2013**	**2012**
		$000	**$000**	**$000**	**$000**
Operating Revenue					
Electricity revenue	6	**765,155**	763,570	**727,215**	727,147
Carbon revenue		**1,692**	5,181	**1,692**	5,181
Meter rental revenue		**7,138**	6,986	**7,138**	6,986
Other customer fees and charges		**2,464**	2,808	**2,464**	2,808
Telecommunications sales		**23,346**	23,427	**23,346**	23,427
Other operating revenue		**5,709**	5,088	**5,601**	5,197
		805,504	807,060	**767,456**	770,746
Operating Expenses					
Energy costs		**136,480**	137,225	**136,480**	137,225
Generation production costs		**41,531**	39,036	**35,195**	33,089
Line costs		**230,312**	225,495	**230,312**	225,495
Market fees and costs		**10,458**	11,594	**10,428**	11,563
Meter rental costs		**4,650**	4,713	**4,650**	4,713
Other customer connection costs		**1,724**	1,835	**1,724**	1,835
Net gain on sale of property, plant and equipment		**(104)**	(5)	**(41)**	(72)
Employee benefits		**35,623**	32,379	**34,597**	29,577
Telecommunications cost of sales		**19,959**	18,792	**19,959**	18,792
Other operating expenses	7	**30,115**	35,859	**42,670**	52,128
		510,748	506,923	**515,974**	514,345
Earnings Before Interest, Tax, Depreciation, Amortisation, Fair Value Movements of Financial Instruments and Asset Impairments (EBITDAF)		**294,756**	300,137	**251,482**	256,401
Impairment of assets	8	**-**	428	**2,841**	5,314
Net fair value losses on financial instruments	9	**5,593**	7,544	**3,721**	1,883
Amortisation of intangible assets	24	**7,930**	5,357	**7,930**	5,357
Depreciation	22	**58,057**	52,880	**23,898**	18,558
Operating Profit		**223,176**	233,928	**213,092**	225,289
Interest paid	10	**64,219**	63,889	**48,782**	48,788
Interest received	10	**(1,472)**	(904)	**(3,320)**	(4,883)
Net finance costs		**62,747**	62,985	**45,462**	43,905
Profit Before Income Tax		**160,429**	170,943	**167,630**	181,384
Income tax expense	11	**37,078**	39,291	**46,805**	47,831
Profit After Tax Attributable to the Shareholders of the Company		**123,351**	131,652	**120,825**	133,553
Basic earnings per share (cents per share)	4	**39.2**	41.9	**38.4**	42.5
Diluted earnings per share (cents per share)	4	**39.2**	41.8	**38.4**	42.5

The accompanying notes form part of these financial statements

TRUSTPOWER LIMITED AND SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2013

		GROUP		PARENT	
	Note	2013 $000	2012 $000	2013 $000	2012 $000
Profit after tax attributable to the shareholders of the Company		**123,351**	131,652	**120,825**	133,553
Other Comprehensive Income					
Revaluation gains on generation assets	14	**-**	193,447	**-**	159,589
Currency translation differences on revaluation reserve	14	**(1,405)**	(6,231)	**-**	-
Fair value gains/(losses) on cash flow hedges	16	**(20,293)**	18,153	**(19,106)**	18,153
Other currency translation differences	17	**(1,031)**	(4,027)	**-**	-
Movements in employee share option reserve	17	**(3)**	(100)	**(3)**	(100)
Tax effect of the following:					
Revaluation gains on generation assets	14	**-**	(41,057)	**-**	(34,074)
Disposal of revalued assets	14	**18**	14	**18**	6
Fair value gains/(losses) on cash flow hedges	16	**5,705**	(5,083)	**5,349**	(5,083)
Other currency translation differences	17	**(493)**	(3,584)	**-**	-
Total Other Comprehensive Income		**(17,502)**	151,532	**(13,742)**	138,491
Total Comprehensive Income		**105,849**	283,184	**107,083**	272,044

The accompanying notes form part of these financial statements

TRUSTPOWER LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2013

GROUP	Note	**Share capital $000**	**Revaluation reserve $000**	**Cash flow hedge reserve $000**	**Other reserves $000**	**Retained earnings $000**	**Total equity $000**
Opening balance as at 1 April 2011		170,750	880,391	(7,872)	19,903	355,319	1,418,491
Total comprehensive income for the period		-	146,173	13,070	(7,711)	131,652	283,184
Disposal of revalued assets		-	(51)	-	-	51	-
Transactions with owners recorded directly in equity							
Purchase of treasury shares by directors		146	-	-	-	-	146
Own shares repurchased	13	(4,818)	-	-	-	-	(4,818)
Dividends paid	12	-	-	-	-	(125,672)	(125,672)
Total transactions with owners recorded directly in equity		(4,672)	-	-	-	(125,672)	(130,344)
Closing balance as at 31 March 2012		166,078	1,026,513	5,198	12,192	361,350	1,571,331
Opening balance as at 1 April 2012		**166,078**	**1,026,513**	**5,198**	**12,192**	**361,350**	**1,571,331**
Total comprehensive income for the period		**-**	**(1,387)**	**(14,588)**	**(1,527)**	**123,351**	**105,849**
Disposal of revalued assets		**-**	**(63)**	**-**	**-**	**63**	**-**
Transactions with owners recorded directly in equity							
Purchase of treasury shares by directors		**290**	-	-	-	-	**290**
Own shares repurchased	13	**(260)**	**-**	**-**	**-**	**-**	**(260)**
Dividends paid	12	**-**	**-**	**-**	**-**	**(125,447)**	**(125,447)**
Total transactions with owners recorded directly in equity		**30**	**-**	**-**	**-**	**(125,447)**	**(125,417)**
Closing balance as at 31 March 2013		**166,108**	**1,025,063**	**(9,390)**	**10,665**	**359,317**	**1,551,763**

PARENT	Note	**Share capital $000**	**Revaluation reserve $000**	**Cash flow hedge reserve $000**	**Other reserves $000**	**Retained earnings $000**	**Total equity $000**
Opening balance as at 1 April 2011		170,750	705,806	(7,872)	103	304,191	1,172,978
Total comprehensive income for the period		-	125,521	13,070	(100)	133,553	272,044
Disposal of revalued assets		-	(25)	-	-	25	-
Effect of amalgamation of subsidiaries							
Transactions with owners recorded directly in equity							
Purchase of treasury shares by directors		146	-	-	-	-	146
Amalgamation adjustment	23	-	30,252	-	-	45,304	75,556
Own shares repurchased	13	(4,818)	-	-	-	-	(4,818)
Dividends paid	12	-	-	-	-	(125,672)	(125,672)
Total transactions with owners recorded directly in equity		(4,672)	30,252	-	-	(80,368)	(54,788)
Closing balance as at 31 March 2012		166,078	861,554	5,198	3	357,401	1,390,234
Opening balance as at 1 April 2012		**166,078**	**861,554**	**5,198**	**3**	**357,401**	**1,390,234**
Total comprehensive income for the period		**-**	**18**	**(13,757)**	**(3)**	**120,825**	**107,083**
Disposal of revalued assets		**-**	**(63)**	**-**	**-**	**63**	**-**
Transactions with owners recorded directly in equity							
Purchase of treasury shares by directors		**290**	**-**	**-**	**-**	**-**	**290**
Own shares repurchased	13	**(260)**	**-**	**-**	**-**	**-**	**(260)**
Dividends paid	12	**-**	**-**	**-**	**-**	**(125,447)**	**(125,447)**
Total transactions with owners recorded directly in equity		**30**	**-**	**-**	**-**	**(125,447)**	**(125,417)**
Closing balance as at 31 March 2013		**166,108**	**861,509**	**(8,559)**	**-**	**352,842**	**1,371,900**

The accompanying notes form part of these financial statements

TRUSTPOWER LIMITED AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2013

		GROUP		PARENT	
		2013	2012	2013	2012
	Note	$000	$000	$000	$000
Equity					
Capital and reserves attributable to shareholders of the Company					
Share capital	13	**166,108**	166,078	**166,108**	166,078
Revaluation reserve	14	**1,025,063**	1,026,513	**861,509**	861,554
Retained earnings	15	**359,317**	361,350	**352,842**	357,401
Cash flow hedge reserve	16	**(9,390)**	5,198	**(8,559)**	5,198
Other reserves	17	**10,665**	12,192	**-**	3
Total Equity		**1,551,763**	1,571,331	**1,371,900**	1,390,234
Represented by:					
Current Assets					
Cash at bank	18	**53,972**	23,142	**31,117**	9,695
Bond deposits on trust		**995**	1,791	**995**	1,791
Accounts receivable and prepayments	19	**136,414**	115,963	**129,456**	110,671
Derivative financial instruments	20	**4,230**	10,603	**2,797**	10,571
Advances to subsidiaries	21	**-**	-	**130,553**	142,066
Taxation receivable		**6,362**	5,159	**-**	-
		201,973	156,658	**294,918**	274,794
Non-Current Assets					
Accounts receivable and prepayments	19	**3,051**	-	**-**	-
Property, plant and equipment	22	**2,716,588**	2,584,985	**1,958,019**	1,954,993
Derivative financial instruments	20	**4,941**	5,665	**4,595**	5,665
Investments in subsidiaries	23	**-**	-	**51,135**	51,135
Other investments		**2,420**	2,431	**1,892**	1,892
Intangible assets	24	**47,298**	45,895	**47,298**	45,895
		2,774,298	2,638,976	**2,062,939**	2,059,580
Total Assets		**2,976,271**	2,795,634	**2,357,857**	2,334,374
Current Liabilities					
Accounts payable and accruals	25	**120,463**	109,812	**115,786**	101,850
Unsecured subordinated bonds	27	**54,713**	108,592	**54,713**	108,592
Unsecured bank loans	26	**24,908**	-	**-**	-
Derivative financial instruments	20	**3,328**	3,896	**303**	3,728
Taxation payable		**2,726**	5,702	**2,561**	5,432
		206,138	228,002	**173,363**	219,602
Non-Current Liabilities					
Unsecured bank loans	26	**435,284**	308,440	**108,983**	119,605
Unsecured subordinated bonds	27	**237,662**	153,685	**237,662**	153,685
Unsecured senior bonds	28	**212,838**	212,178	**212,838**	212,178
Derivative financial instruments	20	**36,399**	17,510	**27,990**	10,857
Accounts payable and accruals	25	**4,064**	4,273	**4,064**	4,273
Deferred tax liability	29	**292,123**	300,215	**221,057**	223,940
		1,218,370	996,301	**812,594**	724,538
Total Liabilities		**1,424,508**	1,224,303	**985,957**	944,140
Net Assets		**1,551,763**	1,571,331	**1,371,900**	1,390,234

The accompanying notes form part of these financial statements

TRUSTPOWER LIMITED AND SUBSIDIARIES
CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013

	Note	GROUP		PARENT	
		2013	2012	2013	2012
		$000	$000	$000	$000
Cash Flows from Operating Activities					
Cash was provided from:					
Receipts from customers		**802,716**	816,396	**765,453**	778,748
		802,716	816,396	**765,453**	778,748
Cash was applied to:					
Payments to suppliers and employees		**517,867**	501,742	**497,603**	488,731
Taxation paid		**43,741**	46,402	**43,426**	46,370
		561,608	548,144	**541,029**	535,101
Net Cash from Operating Activities	31	**241,108**	268,252	**224,424**	243,647
Cash Flows from Investing Activities					
Cash was provided from:					
Sale of property, plant and equipment		**377**	21	**252**	21
Return of bond deposits on trust		**800**	200	**800**	200
Return of electricity market security deposits		**8,900**	5,700	**8,900**	5,700
Return of advances from subsidiaries		**-**	-	**-**	12,038
Interest received		**1,497**	904	**3,321**	4,883
		11,574	6,825	**13,273**	22,842
Cash was applied to:					
Advances to subsidiaries		**-**	-	**14,308**	10,572
Interest capitalised in construction of property, plant and equipment		**4,780**	27	**514**	27
Lodgement of electricity market security deposits		**8,905**	4,457	**8,905**	4,457
Purchase of property, plant and equipment		**198,603**	35,863	**28,823**	33,789
Purchase of other investments		**-**	100	**-**	84
Purchase of intangible assets		**9,333**	16,841	**9,333**	16,841
		221,621	57,288	**61,883**	65,770
Net Cash used in Investing Activities		**(210,047)**	(50,463)	**(48,610)**	(42,928)
Cash Flows from Financing Activities					
Cash was provided from:					
Bank loan proceeds		**242,358**	20,728	**68,534**	18,261
Subordinated bond issue proceeds		**74,925**	-	**74,926**	-
Issue of shares		**290**	146	**290**	146
		317,573	20,874	**143,750**	18,407
Cash was applied to:					
Bond brokerage costs		**1,907**	-	**1,907**	-
Purchase of own shares		**260**	4,818	**260**	4,818
Repayment of bank loans		**83,613**	35,979	**79,789**	32,000
Repayment of subordinated bonds		**43,517**	-	**43,517**	-
Interest paid		**61,404**	63,076	**47,222**	48,370
Dividends paid		**125,447**	125,672	**125,447**	125,672
		316,148	229,545	**298,142**	210,860
Net Cash used in Financing Activities		**1,425**	(208,671)	**(154,392)**	(192,453)
Net Increase/(Decrease) in Cash and Cash Equivalents		**32,486**	9,118	**21,422**	8,266
Cash and cash equivalents at beginning of the year		**23,142**	14,606	**9,695**	1,429
Exchange gains/(losses) on cash and cash equivalents		**(1,656)**	(582)	**-**	-
Cash and Cash Equivalents at End of the Year		**53,972**	23,142	**31,117**	9,695

The accompanying notes form part of these financial statements

TRUSTPOWER LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013

NOTE 1: GENERAL INFORMATION

Reporting Entity
The principal activities of TrustPower Limited (the Company or Parent) and its subsidiaries (together the Group) are the development, ownership and operation of electricity generation facilities from renewable energy sources and the retail sale of electricity and telecommunications services to its customers. All significant operations take place within New Zealand and Australia.

The Company is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is Truman Lane, Te Maunga, Mount Maunganui. The Company is listed on the New Zealand Stock Exchange.

These financial statements relate to the year ended 31 March 2013 and have been approved for issue by the Board of Directors (the Board) on 10 May 2013.

The Company's owners or others do not have the power to amend the financial statements after they have been authorised for issue.

NOTE 2: STATEMENT OF ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these audited financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of Preparation
These audited financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZGAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), International Financial Reporting Standards (IFRS) and other applicable New Zealand Financial Reporting Standards, as appropriate for profit-oriented entities.

Entities reporting
The consolidated financial statements of the Group are for the economic entity comprising TrustPower Limited and its subsidiaries. The consolidated entity is designated as a profit-oriented entity for financial reporting purposes.

Statutory base
TrustPower Limited is registered under the Companies Act 1993 and is an issuer in terms of the Financial Reporting Act 1993. The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993 and the Companies Act 1993.

Historical cost convention
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of generation assets, derivative financial instruments, unsold emission rights and employee share options which are stated at fair value.

Estimates
The preparation of financial statements in conformity with NZ IFRS requires the Group to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 38.

Functional and Presentation Currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'New Zealand Dollars' (NZD), which is the Company's functional and the Group's presentation currency, and rounded to the nearest thousand.

2.2 Principles of Consolidation
Subsidiaries
Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control.

De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies, etc.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and they are no longer consolidated from the date that control ceases.

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with NZ IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but are considered as an impairment indicator of the assets transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3 Segment Reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board.

2.4 Trade Receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of 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. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the impairment loss is recognised in the income statement. The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:
• Significant financial difficulty of the issuer or obligor;
• A breach of contract, such as a default or delinquency in interest or principal payments;
• The Group, for economic or legal reasons relating to the borrower’s financial difficulty, granting to the borrower a concession that the lender would not otherwise consider; and
• It becomes probable that the borrower will enter bankruptcy or other financial reorganisation.

2.5 Financial Assets
The Group classifies all of its investments as financial assets at fair value through the profit or loss, held to maturity financial assets or loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Financial assets at fair value through the profit or loss
Financial assets at fair value through the profit or loss are financial assets held for trading. A financial asset is classified in this category if it is acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as non-current assets where the remaining maturity of the asset is greater than 12 months; they are classified as current assets when the remaining maturity of the asset is less than 12 months.

Held to maturity financial assets
Held to maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities, other than those that meet the definition of loans and receivables, that the Group's management has the positive intention and ability to hold until maturity. These assets are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment.

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 are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. Advances between Group companies within one country are interest free while cross-border advances incur interest at a market rate.

Recognition and derecognition
Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through the profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Subsequent measurement
Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held to maturity financial assets 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 are presented in the income statement within fair value movements of financial instruments, in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Group’s right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arms length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Impairment of financial assets
The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment testing of trade receivables is described in note 2.4.

2.6 Property, Plant and Equipment
Generation assets are shown at fair value, based on at least three-yearly valuations by independent external valuers, less subsequent depreciation. This valuation is reviewed annually and if it is considered that there has been a material change then a new independent valuation is undertaken. Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property is stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

The cost of assets constructed by the Group, including capital work in progress, includes the cost of all materials used in construction, direct labour specifically associated, resource management consent renewal costs, and an appropriate proportion of variable and fixed overheads. Financing costs on uncompleted capital work in progress are capitalised at the specific project finance interest rate, where these meet certain time and monetary materiality limits. Costs cease to be capitalised as soon as the asset is ready for productive use and do not include any inefficiency costs.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset only when it is probable that future economic benefits will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any replaced item is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of generation assets are credited to the revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against the revaluation reserve directly in equity. All other decreases are charged to the income statement.

Land is not depreciated. Depreciation on all other property, plant and equipment is calculated using the straight-line method at rates calculated to allocate each asset's cost over its estimated useful life. Depreciation is charged on a straight line basis as follows:

Freehold buildings	2%	Generation assets	0.5-8%
Metering equipment	5-15%	Plant and equipment	10-33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The depreciation rate for metering assets has changed from 5% to a range from 5-15%, with no individual metering assets having a remaining useful life greater than 10 years. The effect on the financial statements was an increase in depreciation of $2,179,000.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within loss/(gain) on sale of property, plant and equipment, in the income statement. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

2.7 Investment in Subsidiaries
Investments in, and advances to, subsidiaries are recorded at cost less any impairment writedowns.

2.8 Emission Rights
The Group receives tradable emission rights from specific energy production levels of certain renewable generation facilities. The future revenue arising from the sale of these emission rights is a key matter in deciding whether to proceed with construction of the generation facility and is considered to be part of the value of the generation assets recorded in the statement of financial position.

Emission rights produced are recognised in the statement of financial position if the right has been verified, it is probable that expected future economic benefits will flow to the Group, and the rights can be measured reliably. Emission rights are initially measured at cost. After initial recognition, the emission rights are carried at fair value with any changes taken to the income statement. Fair value is determined by reference to an active market. If the emission rights cannot be valued because there is no active market, the emission rights are carried at cost less any subsequent accumulated impairment losses.

2.9 Intangible Assets
Customer base assets
Costs incurred in acquiring customers from other electricity supply companies and telecommunications companies are recorded as a customer base intangible asset. The customer bases are amortised on a straight line basis over the period of expected benefit. This period has been assessed as 20 years for electricity customer bases and 5 years for telecommunication customer bases. These useful lives are reviewed annually with reference to historical levels of churn experienced in the relevant markets. The carrying value of the customer bases is reviewed annually by the Directors and adjusted where it is considered necessary. The carrying values are reviewed with reference to the expected future cash flows from these customers. The expected future cash flows are produced via internal forecasting.

Computer software
Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over three years on a straight line basis except for major pieces of billing system software which are amortised over no more than seven years on a straight line basis.

Costs associated with developing or maintaining computer programmes are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs for more than one year, are recognised as intangible assets. Costs include the employee costs incurred as a result of developing software and an appropriate portion of relevant overheads. Computer software development costs recognised as assets are amortised over their estimated useful lives.

All of the Group's intangible assets have finite lives.

2.10 Revenue Recognition
Revenue comprises the fair value of consideration received or receivable for the sale of electricity, telecommunications and related services in the ordinary course of the Group's activities. Revenue is shown net of goods and services tax, rebates and discounts and after eliminating sales within the Group.

Customer consumption of electricity is measured and billed by calendar month for half hourly metered customers and in line with meter reading schedules for non-half hourly metered customers. Accordingly revenues from electricity sales include an estimated accrual for units sold but not billed at the end of the reporting period for non-half hourly metered customers.

Customer consumption of telecommunications services is measured and billed according to monthly billing cycles. Accordingly revenues from telecommunications services provided include an estimated accrual for services provided but not billed at the end of the reporting period.

Meter rental revenue is charged and recognised on a per day basis.

Other customer fees and charges are recognised when the service is provided.

Operating lease revenue earned by Snowtown Wind Farm Pty Ltd is recognised when the services have been performed under the terms of the arrangement. Refer to note 6 for further details.

Interest income is recognised on a time-proportion basis using the effective interest method.

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

2.11 Employee Entitlements
Employee entitlements to salaries and wages, non-monetary benefits, annual leave and other benefits are recognised when they accrue to employees. This includes the estimated liability for salaries and wages, annual leave and sick leave as a result of services rendered by employees up to the end of the reporting period.

Share-based compensation
The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the granting of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised.

The Group operates cash-settled share based incentive schemes for key management personnel of the Parent.

The Group recognises an expense and a liability as the employees render services over the vesting period at the fair value of the liability. Until the liability is settled, the Group re-measures the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognised in profit or loss for the period. The fair value of the liability is measured taking into account the terms and conditions of the scheme.

Bonus plans
The Group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Termination benefits
Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2.12 Foreign Currency Translation
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). These financial statements are presented in New Zealand dollars, which is the Parent's functional and presentation currency.

Transactions denominated in a foreign currency are converted to New Zealand dollars at the exchange rate on the date of the transaction. Monetary assets and liabilities arising from foreign currency transactions are translated at closing rates at the end of the reporting period. Gains or losses from currency translation on these items are included in the income statement.

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

• assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period
• income and expenses for each income statement are translated at average exchange rates
• all resulting exchange rate differences are recognised in other comprehensive income.

On consolidation, foreign exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve. When a foreign operation is partially disposed of or sold, such foreign exchange differences are recognised in the income statement as part of the gain or loss on sale.

2.13 Generation Development
The Group incurs costs in the exploration, evaluation, consenting and construction of generation assets. Costs incurred are expensed in the income statement unless such costs are highly likely to be recouped through successful development of, and generation of electricity from, a particular project. Where costs meet this criteria and are capitalised they will ultimately be amortised over the estimated useful life of a project once it is completed. The Directors review the status of capitalised development expenditure on a regular basis and in the event that a project is abandoned, or if the Directors consider the expenditure to be impaired, a write off or provision is made in the year in which that assessment is made.

2.14 Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the term 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 for at least 12 months after the end of the reporting period.

2.15 Insurance
The Group has property, plant and equipment which is predominately concentrated at power station locations that has the potential to sustain major losses through damage to plant with resultant consequential costs.

To minimise the financial impact of such exposures, the major portion of the risk is insured by taking out appropriate insurance policies with appropriate counterparties. Any uninsured loss is recognised in the income statement at the time the loss is incurred.

2.16 Impairment of Non-Financial Assets
Assets that have an indefinite useful life, for example land, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation 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. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Assets other than goodwill that suffer an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.17 Cash and Cash Equivalents
Cash and cash equivalents include cash on 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.

2.18 Cash Flow Statement
The following are the definitions used in the cash flow statement:
• cash is considered to be cash on hand and deposits held at call with banks, net of bank overdrafts
• operating activities include all activities that are not investing or financing activities
• investing activities are those activities relating to the acquisition, holding and disposal of property, plant and equipment, intangible assets and investments
• financing activities are those activities, which result in changes in the size and composition of the capital structure of the Group. This includes both equity and debt not falling within the definition of cash. Dividends paid in relation to the capital structure are included in financing activities.

2.19 Goods and Services Tax (GST)
The income statement and cash flow statement have been prepared so that all components are stated exclusive of GST. All items in the statement of financial position are stated exclusive of GST, with the exception of billed receivables and payables which include GST invoiced.

2.20 Income Tax
The income tax expense comprises both current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case the income tax is recognised directly in equity.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The following temporary differences are not provided for: the initial recognition of assets or liabilities in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax liability (asset) is settled (realised).

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.21 Derivative Financial Instruments and Hedging Activities
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are periodically remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as one of the following:

• hedges of the fair value of recognised assets, liabilities or a firm commitment (fair value hedge)
• hedges of highly probable forecast transactions (cash flow hedges)
• hedges of net investments in foreign operations.

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. The fair values of various derivative instruments used for hedging purposes are disclosed in note 20. Movements on the cash flow hedge reserve in equity are shown in the statement of comprehensive income. The full fair value of a derivative is classified as a non-current asset or liability when the remaining maturity of the derivative is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the derivative is less than 12 months.

Fair Value Hedges
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Cash Flow Hedges
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the cost of the asset.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised in accordance with the above policy when the transaction occurs. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Net Investment Hedge
Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Derivatives that do not qualify for hedge accounting
Certain derivatives do not qualify for hedge accounting. Changes in the fair value of these derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

2.22 Share Capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where the Company purchases the Company's equity share capital (treasury stock), the consideration paid is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received is included in equity attributable to the Company's equity holders.

2.23 Trade Payables
Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.24 Leases
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2.25 Dividend Distribution
Dividend distribution to the Company’s shareholders is recognised as a liability in the Group’s financial statements in the period in which the dividend is approved by the Board.

2.26 Other Investments
Other investments include investments in non-group companies as well as insurance investments. Insurance investments include government stock and money market deposits.

2.27 Common Control Transactions
Business combinations in which all of the combining entities or businesses ultimately are controlled by the same party or parties both before and after the combination are recognised as common control transactions.

In common control transactions by way of short form amalgamation, the Company incorporates the assets and liabilities at the amounts recorded in the financial statements of the acquired company. The gain or loss arising on the acquisition is recognised in the statement of changes in equity. The results of the acquired company are recognised in the income statement of the Company from the date of the amalgamation.

2.28 Comparative Information
Where necessary certain comparative information has been reclassified in order to provide a more appropriate basis for comparison.

2.29 Adoption Status of Relevant New Financial Reporting Standards and Interpretations
The following new standards and amendments to standards were applied during the period:

FRS 44 *New Zealand Additional Disclosures and Harmonisation Amendments*
FRS 44 sets out New Zealand specific disclosures for entities that apply NZ IFRSs. These disclosures have been relocated from NZ IFRSs to clarify that these disclosures are additional to those required by NZ IFRS. Apart from the recognition of imputation credits (refer note 32), adoption of the new rules has not affected any of the amounts recognised in the financial statements.

The Harmonisation Amendments amends various NZ IFRSs for the purpose of harmonising with the source IFRSs and Australian Accounting Standards. The significant amendments include:
- deletion of the requirement for an independent valuer to conduct the valuation of investment property and property, plant and equipment;
- inclusion of the option to account for investment property using either cost or fair value model;
- introduction of the option to use the indirect method of reporting cash flows that is not currently in NZ IAS 7.

In addition, various disclosure requirements have been deleted.

The following new standards and amendments to standards have been issued but are not yet effective;

NZ IAS 1 *Amendments Presentation of Items of Other Comprehensive Income*
The amendment requires entities to separate items presented in other comprehensive income into two groups, based on whether they may be recycled to profit or loss in the future. This will not affect the measurement of any of the items recognised in the balance sheet or the profit or loss in the current period. The Group intends to adopt the new standard from 1 April 2013.

NZ IAS 27 *Separate Financial Statements*
NZ IAS 27 is renamed *Separate Financial Statements* and is now a standard dealing solely with separate financial statements. Application of this standard by the Group and Parent entity will not affect any of the amounts recognised in the financial statements, but may impact the type of information disclosed in relation to the parent's investments in the separate parent entity financial statements. The Group intends to adopt the new standard from 1 April 2013.

NZ IFRS 9 *Financial Instruments*
This standard addresses the classification, measurement and derecognition of financial assets and financial liabilities.
NZ IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of NZ IAS 39 that relate to the classification and measurement of financial instruments. NZ IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity’s business model for managing its financial instruments and contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of NZ IAS 39 requirements. The main change is that in cases where the fair value option is taken for financial liabilities, the part of the fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Group is yet to assess NZ IFRS 9’s full impact and intends to adopt NZ IFRS 9 no later than 1 April 2015.

NZ IFRS 10 *Consolidated Financial Statements,*
NZ IFRS 10 replaces all of the guidance on control and consolidation in NZ IAS 27 *Consolidated and Separate Financial Statements,* and NZ SIC 12 *Consolidation – Special Purpose Entities.* The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns before control is present. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. There is also new guidance on participating and protective rights and on agent/principal relationships. The Group does not expect the new standard to have a significant impact on its composition. The Group intends to adopt NZ IFRS 10 from 1 April 2013.

NZ IFRS 12 *Disclosures of interests in other entities*
NZ IFRS 12 sets out the required disclosures for entities reporting under the two new standards, NZ IFRS 10 and NZ IFRS 11, and replaces the disclosure requirements currently found in NZ IAS 28. Application of this standard by the Group will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the Group's investments. The Group intends to adopt NZ IFRS 12 from 1 April 2013.

NZ IFRS 13 *Fair Value Measurement*
NZ IFRS 13 explains how to measure fair value and aims to enhance fair value disclosures. The Group has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements. The Group intends to adopt NZ IFRS 13 from 1 April 2013.

There are no other NZ IFRSs or NZ IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

NOTE 3: UNDERLYING EARNINGS AFTER TAX

	Note	GROUP 2013 $000	GROUP 2012 $000
Profit After Tax Attributable to the Shareholders of the Company		**123,351**	131,652
Fair value losses / (gains) on financial instruments	9	**5,593**	7,544
Asset impairments	8	**-**	428
Adjustments before income tax		**5,593**	7,972
Change in income tax expense in relation to adjustments		**(1,678)**	(2,271)
Adjustment to tax depreciation on buildings	11	-	(2,031)
Adjustments after income tax		**3,915**	3,670
Underlying Earnings After Tax		**127,266**	135,322
Underlying earnings after tax ($000)		**127,266**	135,322
Weighted average number of ordinary shares in issue (thousands)		**314,347**	314,347
Underlying earnings per share (cents per share)		**40.5**	43.0
Underlying earnings after tax ($000)		**127,266**	135,322
Weighted average number of ordinary shares in issue plus share options outstanding (thousands)	4	**314,347**	314,587
Diluted underlying earnings per share (cents per share)		**40.5**	43.0

Underlying earnings after tax is presented to allow stakeholders to make an assessment and comparison of underlying earnings after removing the non-cash fair value movements in financial instruments, the effect of the change in corporate tax rules as well as other items that the Group considers to be one off in nature.

NOTE 4: EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to the shareholders of the Company by the weighted average number of ordinary shares on issue during the year. Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all potential dilutive ordinary shares.

	GROUP		PARENT	
	2013	**2012**	**2013**	**2012**
Profit attributable to the shareholders of the Company ($000)	**123,351**	131,652	**120,825**	133,553
Weighted average number of ordinary shares in issue (thousands)	**314,347**	314,347	**314,347**	314,347
Basic earnings per share (cents per share)	**39.2**	41.9	**38.4**	42.5
Profit attributable to the shareholders of the Company ($000)	**123,351**	131,652	**120,825**	133,553
Weighted average number of ordinary shares in issue plus share options outstanding (thousands)	**314,347**	314,587	**314,347**	314,587
Diluted earnings per share (cents per share)	**39.2**	41.8	**38.4**	42.5

The share options outstanding referred to in the diluted earnings per share calculation relate to share options issued to certain employees.

NOTE 5: SEGMENT INFORMATION

As at 31 March 2013, the Group is organised into two main business segments:
• development, ownership and operation of electricity generation facilities from renewable energy sources including the trading of energy with Retail and external parties ("Generation")
• purchase of energy from Generation and retail sale of electricity to customers ("Retail")

The remaining activities of the Group are included in Other. This primarily relates to property services and some unallocated head office functions.

The Board has further segregated Generation into New Zealand and Australian operations. Generation New Zealand includes the metering business which does not meet the criteria to be disclosed as a separate operating segment. Retail operates only in New Zealand and includes telecommunications operations which do not meet the criteria to be disclosed as a separate operating segment.

The segment results for the year ended 31 March 2013 are as follows:

	Generation New Zealand $000	Generation Australia $000	Retail $000	Other $000	Total $000
Total segment revenue	**252,382**	**37,817**	**722,845**	**2,772**	**1,015,816**
Inter-segment revenue	**(208,179)**	**-**	**-**	**(2,133)**	**(210,312)**
Revenue from external customers	**44,203**	**37,817**	**722,845**	**639**	**805,504**
Adjusted EBITDAF	**222,387**	**23,188**	**51,852**	**(3,927)**	**293,500**
Amortisation of intangible assets	**-**	**-**	**3,063**	**4,867**	**7,930**
Depreciation	**40,651**	**15,182**	**-**	**2,224**	**58,057**
Capital expenditure	**26,971**	**166,461**	**-**	**13,647**	**207,079**
Asset impairment	**-**	**-**	**-**	**-**	**-**

The segment results for the year ended 31 March 2012 are as follows:

	Generation New Zealand $000	Generation Australia $000	Retail $000	Other $000	Total $000
Total segment revenue	254,531	36,407	732,939	2,460	1,026,337
Inter-segment revenue	(217,116)	-	-	(2,161)	(219,277)
Revenue from external customers	37,415	36,407	732,939	299	807,060
Adjusted EBITDAF	212,594	22,886	68,730	(1,468)	302,742
Amortisation of intangible assets	-	-	3,808	1,549	5,357
Depreciation	37,463	13,756	-	1,661	52,880
Capital expenditure	24,119	5,138	-	19,216	48,473
Asset impairment	428	-	-	-	428

Inter-segment transactions are entered into under normal commercial terms and conditions that would also be available to unrelated third parties. The Board does not distinguish between revenue from internal or external customers when measuring the performance of segments. All revenue is reported to the Board on a basis consistent with that used in the income statement.

The Board assesses the performance of segments based on a measure of adjusted EBITDAF. This measure excludes the effects of non-operational expenditure or gains such as loss/gain on disposal or impairments of property, plant and equipment, fair value changes in foreign currency financial assets/liabilities and costs of major business acquisitions.

Interest income and expenditure and taxation costs are not allocated to segments as these activities are managed at a Group level by a central treasury function.

The Board does not segregate assets and liabilities in assessing Group performance.

Capital expenditure comprises additions to property, plant and equipment and intangible assets.

A reconciliation of adjusted EBITDAF to profit before income tax is as follows:

	GROUP	
	2013 $000	2012 $000
Adjusted EBITDAF	**293,500**	302,742
Depreciation	**(58,057)**	(52,880)
Amortisation	**(7,930)**	(5,357)
Fair value gains/(losses) on financial instruments	**(5,593)**	(7,544)
Foreign exchange gains/(losses)	**1,152**	(2,610)
Loss on sale of property, plant and equipment	**104**	5
Impairment of assets	**-**	(428)
Interest received	**1,472**	904
Interest paid	**(64,219)**	(63,889)
Profit before income tax	**160,429**	170,943

NOTE 6: ELECTRICITY REVENUE

	GROUP		PARENT	
	2013	**2012**	**2013**	**2012**
	$000	**$000**	**$000**	**$000**
Electricity sales	**731,465**	729,997	**727,215**	727,147
Electricity lease revenue	**33,690**	33,573	**-**	-
	765,155	763,570	**727,215**	727,147

Electricity lease revenue is revenue recognised in connection with Snowtown Wind Farm Pty Ltd's (a subsidiary of the Company) Power Purchase Agreement to sell 90% of all energy generated by the Snowtown Wind Farm to a significant Australian electricity retailer. This agreement has been deemed as an operating lease of the wind farm under NZ IFRS and all revenue under the contract accounted for as lease revenue. Because of the contract terms, in particular that the volume of energy supplied is variable dependent on the actual generation of the Snowtown Wind Farm, the future minimum payments under the term of the contract, that expires on 31 December 2018, are contingent in nature and therefore not able to be quantified.

NOTE 7: OTHER OPERATING EXPENSES

		GROUP		PARENT	
		2013	**2012**	**2013**	**2012**
	Note	**$000**	**$000**	**$000**	**$000**
Audit fees and expenses		**336**	289	**273**	254
Fees paid for other audit related services provided by the auditors*		**94**	109	**94**	109
Fees paid for taxation advice, compliance and planning		**179**	325	**179**	325
Bad debts written off	39	**1,492**	1,515	**1,492**	1,515
Directors' fees	36	**577**	580	**577**	580
Donations		**784**	683	**762**	645
Loss/(gain) on foreign exchange		**(1,151)**	2,596	**(676)**	2,467
Generation development expenditure		**9,265**	13,751	**2,494**	7,858
Marketing expenditure		**3,006**	2,568	**3,006**	2,568
Computer maintenance and support costs		**4,700**	3,679	**4,700**	3,679
Other administration costs		**10,366**	9,530	**10,361**	11,358
Rental and operating lease costs		**467**	234	**19,408**	20,770
		30,115	35,859	**42,670**	52,128

* Other audit related services provided by the auditors includes reviews of unaudited interim financial statements and carbon assurance services.

The Parent entity reimburses subsidiaries for the use of generation assets and records these as rental and operating lease costs. The future minimum payments are contingent in nature and therefore not able to be quantified.

NOTE 8: IMPAIRMENT OF ASSETS

		GROUP		PARENT	
		2013	**2012**	**2013**	**2012**
	Note	**$000**	**$000**	**$000**	**$000**
Impairment of property, plant and equipment		**-**	566	**-**	566
Reversal of impairment of property, plant and equipment		**-**	(138)	**-**	(28)
Impairment of advances to subsidiaries	21	**-**	-	**2,841**	4,776
		-	428	**2,841**	5,314

NOTE 9: FAIR VALUE GAINS/(LOSSES) ON FINANCIAL INSTRUMENTS

The changes in the fair value of financial instruments recognised in the income statement and the cash flow hedge reserve for the year to 31 March 2013 are summarised below:

Recognised in the income statement	GROUP		PARENT	
	2013	**2012**	**2013**	**2012**
	$000	**$000**	**$000**	**$000**
Interest rate derivatives	**(5,119)**	(9,485)	**(3,247)**	(3,824)
Electricity price derivatives	**(474)**	1,941	**(474)**	1,941
	(5,593)	(7,544)	**(3,721)**	(1,883)

Recognised in the cash flow hedge reserve	GROUP		PARENT	
	2013	**2012**	**2013**	**2012**
	$000	**$000**	**$000**	**$000**
Interest rate derivatives	**63**	(403)	**63**	(403)
Electricity price derivatives	**(17,050)**	18,949	**(17,050)**	18,949
Exchange rate derivatives	**(3,031)**	(118)	**(1,844)**	(118)
	(20,018)	18,428	**(18,831)**	18,428

NOTE 10: FINANCE INCOME AND COSTS

	GROUP		PARENT	
	2013 $000	**2012 $000**	**2013 $000**	**2012 $000**
Amortisation of debt issue costs	**1,889**	1,841	**1,889**	1,841
Interest paid on unsecured bank loans	**16,429**	16,117	**4,253**	4,777
Interest paid on unsecured subordinated bonds	**22,709**	22,342	**22,709**	22,342
Interest paid on unsecured senior bonds	**16,225**	16,225	**16,225**	16,225
Other interest costs and fees	**11,747**	7,391	**4,220**	3,630
Interest capitalised in construction of property, plant and equipment	**(4,780)**	(27)	**(514)**	(27)
Total Interest Paid	**64,219**	63,889	**48,782**	48,788
Interest received on cash at bank	**1,472**	904	**895**	384
Interest received on intercompany advances	**-**	-	**2,425**	4,499
Total Interest Received	**1,472**	904	**3,320**	4,883

The capitalisation rate ranged from 6.7% to 8.2% in the year to 31 March 2013 (2012: 7.9% to 8.4%)

NOTE 11: INCOME TAX EXPENSE

	Note	GROUP		PARENT	
		2013 $000	**2012 $000**	**2013 $000**	**2012 $000**
Profit before income tax		**160,429**	170,943	**167,630**	181,384
Tax on profit @ 28%		**44,920**	47,864	**46,936**	50,788
Foreign tax rate adjustment		**(301)**	(254)	**-**	-
Tax effect of non-assessable revenue		**(6,724)**	(4,114)	**678**	973
Income tax over provided in prior year		**(817)**	(2,174)	**(809)**	(1,748)
Adjustment to tax depreciation on buildings		**-**	(2,031)	**-**	(2,182)
		37,078	39,291	**46,805**	47,831
Represented by:					
Current tax		**39,464**	46,298	**44,321**	50,980
Deferred tax	29	**(2,386)**	(7,007)	**2,484**	(3,149)
		37,078	39,291	**46,805**	47,831

The 28% tax rate used above is the corporate tax rate payable by New Zealand corporate entities on taxable profit under New Zealand tax law.

NOTE 12: DIVIDENDS ON ORDINARY SHARES

	GROUP & PARENT		GROUP & PARENT	
	2013	**2012**	**2013**	**2012**
	Cents Per Share		**$000**	**$000**
Dividends (forfeited)/reinstated	**-**	-	**(152)**	(99)
Final dividend prior year	**20.0**	20.0	**62,796**	62,930
Interim dividend paid current year	**20.0**	20.0	**62,803**	62,841
Supplementary dividend paid	**-**	-	**156**	141
Foreign investor tax credit	**-**	-	**(156)**	(141)
	40.0	40.0	**125,447**	125,672
Final partially imputed dividend declared subsequent to the end of the reporting period payable 14 June 2013 to all shareholders on the register at 31 May 2013.	**20.0**	20.0	**62,803**	62,803

NOTE 13: SHARE CAPITAL

	GROUP & PARENT		GROUP & PARENT	
	2013	**2012**	**2013**	**2012**
	000's of Shares		**$000**	**$000**
Authorised and issued ordinary shares at beginning of year	**314,016**	314,679	**166,078**	170,750
Own shares repurchased	**(37)**	(683)	**(260)**	(4,818)
Purchase of treasury shares by Directors	**36**	20	**290**	146
	314,015	314,016	**166,108**	166,078

All shares rank equally with one vote attached to each share, have no par value and are fully paid.

On 15 May 2008, the Company announced a resolution allowing it to buy back up to 5,000,000 of its own shares. Shareholders approved an extension to the share buyback programme in July 2011. As at 31 March 2013, since the start of the buyback programme, 1,793,000 shares had been purchased at a total cost of $12,712,000 (2012: 1,756,000 shares at a total cost of $12,452,000). All shares repurchased were purchased through the NZX stock exchange at market price. As at 31 March 2013 56,000 of these shares had been reissued or cancelled (2012: 20,000).

NOTE 14: REVALUATION RESERVE

	Note	GROUP		PARENT	
		2013 $000	**2012 $000**	**2013 $000**	**2012 $000**
Balance at beginning of year		**1,026,513**	880,391	**861,554**	705,806
Revaluation of generation assets	22	**-**	193,447	**-**	159,589
Transfer (to)/from deferred tax liability	29	**18**	(41,043)	**18**	(34,068)
Transfer (to)/from retained earnings	15	**(63)**	(51)	**(63)**	(25)
Foreign exchange movements		**(1,405)**	(6,231)	**-**	-
Effect of amalgamation of subsidiaries	23	**-**	-	**-**	30,252
		1,025,063	1,026,513	**861,509**	861,554

There are no restrictions on the distribution of this reserve to the equity holders of the Company.

NOTE 15: RETAINED EARNINGS

	Note	GROUP 2013 $000	GROUP 2012 $000	PARENT 2013 $000	PARENT 2012 $000
Balance at beginning of year		**361,350**	355,319	**357,401**	304,191
Profit for the year		**123,351**	131,652	**120,825**	133,553
Transfer (to)/from revaluation reserve	14	**63**	51	**63**	25
Effect of amalgamation of subsidiaries	23	**-**	-	**-**	45,304
Dividends on ordinary shares	12	**(125,447)**	(125,672)	**(125,447)**	(125,672)
		359,317	361,350	**352,842**	357,401

NOTE 16: CASH FLOW HEDGE RESERVE

	GROUP 2013 $000	GROUP 2012 $000	PARENT 2013 $000	PARENT 2012 $000
Balance at beginning of year	**5,198**	(7,872)	**5,198**	(7,872)
Fair value gains/(losses)	**(27,162)**	11,908	**(27,610)**	11,908
Transfers to energy cost expense	**6,129**	4,680	**6,129**	4,680
Transfers to property, plant and equipment	**(1,635)**	(107)	**-**	(107)
Transfers to carbon revenue	**2,291**	1,629	**2,291**	1,629
Transfers to interest paid	**84**	43	**84**	43
	(20,293)	18,153	**(19,106)**	18,153
Tax on fair value (gains)/losses	**7,595**	(3,335)	**7,730**	(3,335)
Tax on transfers to energy cost expense	**(1,716)**	(1,310)	**(1,716)**	(1,310)
Tax on transfers to property, plant and equipment	**491**	30	**-**	30
Tax on transfers to carbon revenue	**(641)**	(456)	**(641)**	(456)
Tax on transfers to interest paid	**(24)**	(12)	**(24)**	(12)
	5,705	(5,083)	**5,349**	(5,083)
	(9,390)	5,198	**(8,559)**	5,198

NOTE 17: OTHER RESERVES

	GROUP 2013 $000	GROUP 2012 $000	PARENT 2013 $000	PARENT 2012 $000
Foreign Currency Translation Reserve				
Balance at beginning of year	**12,189**	19,800	**-**	-
Transfer to deferred tax	**(493)**	(3,584)	**-**	-
Currency translation differences	**(1,031)**	(4,027)	**-**	-
	10,665	12,189	**-**	-
Employee Share Option Reserve				
Balance at beginning of year	**3**	103	**3**	103
Fair value movements charged to the income statement	**(3)**	(100)	**(3)**	(100)
	-	3	**-**	3
Total Other Reserves	**10,665**	12,192	**-**	3

NOTE 18: CASH AND CASH EQUIVALENTS

	GROUP 2013 $000	GROUP 2012 $000	PARENT 2013 $000	PARENT 2012 $000
Cash at bank	**53,972**	23,142	**31,117**	9,695
	53,972	23,142	**31,117**	9,695

NOTE 19: ACCOUNTS RECEIVABLE AND PREPAYMENTS

	Note	GROUP 2013 $000	GROUP 2012 $000	PARENT 2013 $000	PARENT 2012 $000
Current Portion:					
Billed debtors and unbilled sales		**81,275**	73,452	**81,275**	73,452
Provision for doubtful debts	39	**(1,700)**	(1,800)	**(1,700)**	(1,800)
Electricity market receivables		**39,978**	26,894	**37,903**	26,122
Other receivables		**12,842**	14,581	**9,872**	10,872
GST receivable		**951**	-	**-**	-
Prepayments		**3,068**	2,836	**2,106**	2,025
		136,414	115,963	**129,456**	110,671
Non-current Portion:					
Prepayments		**3,051**	-	-	-
		3,051	-	**-**	-

NOTE 20: DERIVATIVE FINANCIAL INSTRUMENTS

	GROUP		PARENT	
	2013	2012	2013	2012
Current	$000	$000	$000	$000
Interest rate derivative assets	**482**	181	**-**	149
Electricity price derivative assets	**1,451**	8,313	**1,451**	8,313
Exchange rate derivative assets	**2,297**	2,109	**1,346**	2,109
	4,230	10,603	**2,797**	10,571
Interest rate derivative liabilities	**788**	168	**-**	-
Electricity price derivative liabilities	**303**	3,728	**303**	3,728
Exchange rate derivative liabilities	**2,237**	-	**-**	-
	3,328	3,896	**303**	3,728
Non-current				
Interest rate derivative assets	**4,806**	4,540	**4,558**	4,540
Electricity price derivative assets	**37**	44	**37**	44
Exchange rate derivative assets	**98**	1,081	**-**	1,081
	4,941	5,665	**4,595**	5,665
Interest rate derivative liabilities	**21,840**	17,031	**13,431**	10,378
Electricity price derivative liabilities	**14,559**	479	**14,559**	479
	36,399	17,510	**27,990**	10,857

See notes 38 and 39 for details on fair value estimation and details of the hedge relationships.

NOTE 21: ADVANCES TO SUBSIDIARIES

	Note	GROUP		PARENT	
		2013	2012	2013	2012
		$000	$000	$000	$000
Net advances to subsidiaries		**-**	-	**155,945**	165,024
Impairment of advances to subsidiaries	38	**-**	-	**(25,392)**	(22,958)
		-	-	**130,553**	142,066

NOTE 22: PROPERTY, PLANT AND EQUIPMENT

	GROUP		PARENT	
	2013	2012	2013	2012
	$000	$000	$000	$000
Generation Assets				
Balance at beginning of year				
Fair value	**2,488,312**	2,342,802	**1,881,000**	1,486,036
Cost	**-**	15,776	**-**	13,303
Capital work in progress	**19,474**	98,609	**14,721**	91,144
Accumulated depreciation	**-**	(90,138)	**-**	(19,602)
	2,507,786	2,367,049	**1,895,721**	1,570,881
Additions at cost	**188,034**	19,631	**18,509**	17,757
Depreciation	**(49,898)**	(47,770)	**(16,025)**	(13,546)
Disposals at net book value	**(9)**	(244)	**(9)**	(178)
Foreign exchange movements	**(7,778)**	(22,016)	**-**	-
Revaluations/transfers	**178**	191,136	**168**	157,218
Effect of amalgamation of subsidiaries	**-**	-	**-**	163,589
Balance at end of year				
Fair value	**2,482,456**	2,488,312	**1,880,991**	1,881,000
Cost	**8,646**	-	**7,001**	-
Capital work in progress	**196,651**	19,474	**26,227**	14,721
Accumulated depreciation	**(49,440)**	-	**(15,855)**	-
	2,638,313	2,507,786	**1,898,364**	1,895,721
Metering Equipment				
Balance at beginning of year				
Cost	**76,642**	72,743	**76,642**	72,743
Accumulated depreciation	**(42,226)**	(39,054)	**(42,226)**	(39,054)
	34,416	33,689	**34,416**	33,689
Additions at cost	**3,138**	3,876	**3,138**	3,876
Depreciation	**(5,501)**	(3,177)	**(5,501)**	(3,177)
Disposals at net book value	**-**	-	**-**	-
Transfers	**54**	28	**54**	28
Balance at end of year				
Cost	**79,791**	76,642	**79,791**	76,642
Accumulated depreciation	**(47,684)**	(42,226)	**(47,684)**	(42,226)
	32,107	34,416	**32,107**	34,416

NOTE 22: PROPERTY, PLANT AND EQUIPMENT CONTINUED

	GROUP		PARENT	
	2013	2012	2013	2012
	$000	$000	$000	$000
Other Freehold Buildings				
Balance at beginning of year				
Cost	**14,011**	13,428	**11,326**	10,762
Accumulated depreciation	**(3,698)**	(3,461)	**(3,553)**	(3,346)
	10,313	9,967	**7,773**	7,416
Additions at cost	**126**	583	**100**	564
Depreciation	**(266)**	(234)	**(235)**	(205)
Disposals at net book value	**(25)**	-	**(25)**	-
Transfers	**(178)**	(3)	**(178)**	(2)
Balance at end of year				
Cost	**13,931**	14,011	**11,220**	11,326
Accumulated depreciation	**(3,961)**	(3,698)	**(3,785)**	(3,553)
	9,970	10,313	**7,435**	7,773
Other Freehold Land				
Balance at beginning of year				
Cost	**16,710**	16,632	**7,555**	7,482
Additions at cost	**1**	82	**1**	74
Disposals at cost	**-**	-	**-**	-
Foreign exchange movements	**-**	(3)	**-**	-
Transfers	**(2)**	(1)	**(2)**	(1)
Balance at end of year				
Cost	**16,709**	16,710	**7,554**	7,555
Other Plant and Equipment				
Balance at beginning of year				
Cost	**29,828**	21,150	**23,236**	19,420
Accumulated depreciation	**(14,068)**	(12,704)	**(13,708)**	(12,401)
	15,760	8,446	**9,528**	7,019
Additions at cost	**6,447**	7,460	**5,357**	2,370
Depreciation	**(2,392)**	(1,699)	**(2,137)**	(1,630)
Disposals at net book value	**(159)**	(148)	**(147)**	(148)
Foreign exchange movements	**(115)**	(180)	**-**	-
Transfers	**(52)**	1,881	**(42)**	1,833
Effect of amalgamation of subsidiaries	**-**	-	**-**	84
Balance at end of year				
Cost	**35,137**	29,828	**27,588**	23,236
Accumulated depreciation	**(15,648)**	(14,068)	**(15,029)**	(13,708)
	19,489	15,760	**12,559**	9,528
Total				
Balance at beginning of year				
Fair value	**2,488,312**	2,342,802	**1,881,000**	1,486,036
Cost	**137,191**	139,729	**118,759**	123,710
Capital work in progress	**19,474**	98,609	**14,721**	91,144
Accumulated depreciation	**(59,992)**	(145,357)	**(59,487)**	(74,403)
	2,584,985	2,435,783	**1,954,993**	1,626,487
Additions at cost	**197,746**	31,632	**27,105**	24,641
Depreciation	**(58,057)**	(52,880)	**(23,898)**	(18,558)
Disposals at net book value	**(193)**	(392)	**(181)**	(326)
Foreign exchange movements	**(7,893)**	(22,199)	**-**	-
Revaluations/transfers	**-**	193,041	**-**	159,076
Effect of amalgamation of subsidiaries	**-**	-	**-**	163,673
Balance at end of year				
Fair value	**2,482,456**	2,488,312	**1,880,991**	1,881,000
Cost	**154,214**	137,191	**133,154**	118,759
Capital work in progress - generation assets	**196,651**	19,474	**26,227**	14,721
Accumulated depreciation	**(116,733)**	(59,992)	**(82,353)**	(59,487)
	2,716,588	2,584,985	**1,958,019**	1,954,993

If generation assets were stated on an historical cost basis, the amounts would be as follows	GROUP		PARENT	
	2013	2012	2013	2012
	$000	$000	$000	$000
Generation assets (at cost)	**1,510,333**	1,505,243	**992,243**	985,240
Generation assets under construction (at cost)	**196,651**	19,474	**26,227**	14,721
Generation assets accumulated depreciation	**(359,824)**	(309,926)	**(167,328)**	(151,303)
	1,347,160	1,214,791	**851,142**	848,658

Generation assets include freehold land and buildings which are not separately identifiable from other generation assets. Generation assets were independently revalued, using a discounted cash flow methodology, as at 31 March 2012 to their estimated market value as assessed by Deloitte Corporate Finance. See note 38 for significant assumptions.

Included in the capital work in progress as at 31 March 2013 are capitalised borrowing costs of $4,807,000 (2012: $27,000).

NOTE 23: INVESTMENTS IN SUBSIDIARIES

Significant subsidiaries (31 March balance dates)	*Country of incorporation*	*% owned*	*Principal activity*
Sellicks Hill Wind Farm Pty Ltd	Australia	100	Generation development
Snowtown Wind Farm Pty Ltd	Australia	100	Electricity generation
Snowtown Wind Farm Stage 2 Pty Ltd	Australia	100	Electricity generation
Snowtown South Wind Farm Pty Ltd	Australia	100	Electricity generation
Tararua Wind Power Limited	New Zealand	100	Asset holding
TrustPower Australia Holdings Pty Ltd	Australia	100	Generation development
TrustPower Australia (New Zealand) Limited	New Zealand	100	Asset holding
TrustPower Insurance Limited	New Zealand	100	Captive insurance
TrustPower Australia Financing Partnership	Australia	100	Financing
TrustPower Market Services Pty Ltd	Australia	100	Financial services

The following subsidiaries were amalgamated into the Parent on 31 March 2012:

Cobb Power Limited	New Zealand	Asset holding
TrustPower Oamaru Limited	New Zealand	Call services operator
Esk Hydro Power Limited	New Zealand	Generation development
Taheke Geothermal Limited	New Zealand	Generation development
Waikaremoana Power Limited	New Zealand	Generation development
Paehinahina Mourea Geothermal Limited	New Zealand	Generation development

Under the ambulation the Parent took control of all the assets of these subsidiaries and assumed responsibility for their liabilities. These subsidiaries have been removed from the New Zealand register of companies. The table below shows a summary of the effect of amalgamation on the financial statements.

		GROUP		PARENT	
		2013	**2012**	**2013**	**2012**
Assets and liabilities amalgamated:		**$000**	**$000**	**$000**	**$000**
Property, plant and equipment	22	**-**	-	**-**	163,673
Revaluation reserve	14	**-**	-	**-**	(30,252)
Investments in subsidiaries		**-**	-	**-**	(80,271)
Deferred tax liability	29	**-**	-	**-**	(7,846)
Transferred to retained earnings		**-**	-	**-**	45,304

NOTE 24: INTANGIBLE ASSETS

	GROUP		PARENT	
	2013	**2012**	**2013**	**2012**
	$000	**$000**	**$000**	**$000**
Customer Base Assets				
Balance at beginning of year				
Cost	**64,994**	64,994	**64,994**	64,994
Accumulated amortisation	**(44,352)**	(40,544)	**(44,352)**	(40,544)
	20,642	24,450	**20,642**	24,450
Additions at cost	**-**	-	**-**	-
Amortisation	**(3,063)**	(3,808)	**(3,063)**	(3,808)
Disposals at net book value	**-**	-	**-**	-
Balance at end of year				
Cost	**64,994**	64,994	**64,994**	64,994
Accumulated amortisation	**(47,415)**	(44,352)	**(47,415)**	(44,352)
	17,579	20,642	**17,579**	20,642
Computer Software				
Balance at beginning of year				
Cost	**35,305**	27,236	**35,305**	27,236
Accumulated amortisation	**(10,052)**	(17,275)	**(10,052)**	(17,275)
	25,253	9,961	**25,253**	9,961
Additions at cost	**9,333**	16,841	**9,333**	16,841
Amortisation	**(4,867)**	(1,549)	**(4,867)**	(1,549)
Balance at end of year				
Cost	**44,499**	35,305	**44,499**	35,305
Accumulated amortisation	**(14,780)**	(10,052)	**(14,780)**	(10,052)
	29,719	25,253	**29,719**	25,253

NOTE 24: INTANGIBLE ASSETS CONTINUED

	GROUP		PARENT	
	2013	2012	2013	2012
Total	$000	$000	$000	$000
Balance at beginning of year				
Cost	**100,299**	92,230	**100,299**	92,230
Accumulated amortisation	**(54,404)**	(57,819)	**(54,404)**	(57,819)
	45,895	34,411	**45,895**	34,411
Additions at cost	**9,333**	16,841	**9,333**	16,841
Amortisation	**(7,930)**	(5,357)	**(7,930)**	(5,357)
Balance at end of year				
Cost	**109,493**	100,299	**109,493**	100,299
Accumulated amortisation	**(62,195)**	(54,404)	**(62,195)**	(54,404)
	47,298	45,895	**47,298**	45,895

There are no individually material intangible assets included within the above. There are no material internally generated intangible assets or additions as a result of business combinations.

NOTE 25: ACCOUNTS PAYABLE AND ACCRUALS

	GROUP		PARENT	
	2013	2012	2013	2012
Current Portion	$000	$000	$000	$000
Capital expenditure accruals	**2,124**	7,015	**-**	2,199
Customer bond deposits	**861**	1,349	**861**	1,349
Electricity market payables	**54,796**	34,548	**54,796**	34,548
Line cost accrual	**1,298**	1,605	**1,298**	1,605
Employee entitlements	**6,898**	6,041	**6,841**	5,979
Interest accruals	**4,263**	3,461	**2,986**	3,042
GST payable	**1,374**	3,491	**1,045**	3,514
Other accounts payable and accruals	**12,339**	18,444	**11,461**	15,769
Trade accounts payable	**36,510**	33,858	**36,498**	33,845
	120,463	109,812	**115,786**	101,850
Non-current Portion				
Other accounts payable and accruals	**4,064**	4,273	**4,064**	4,273
	4,064	4,273	**4,064**	4,273

NOTE 26: UNSECURED BANK LOANS

	GROUP		PARENT	
	2013	2012	2013	2012
New Zealand dollar facilities	$000	$000	$000	$000
Repayment terms:				
Less than one year				
One to two years	**-**	-	**-**	-
Two to five years	**-**	-	**-**	-
Over five years	**112,338**	123,593	**112,338**	123,593
Facility establishment costs	**(3,355)**	(3,988)	**(3,355)**	(3,988)
	108,983	119,605	**108,983**	119,605
Weighted average interest:				
One to two years	**-**	**-**	**-**	**-**
Two to five years	**-**	**-**	**-**	**-**
Over five years	**3.5%**	3.5%	**3.5%**	3.5%
	3.5%	3.5%	**3.5%**	3.5%
Australian dollar facilities				
Repayment terms:				
Less than one year	**224,176**	-	**-**	-
One to two years	**127,033**	188,835	**-**	-
Two to five years	**-**	-	**-**	-
Over five years	**-**	-	**-**	-
Facility establishment costs	**-**	-	**-**	-
	351,209	188,835	**-**	-
Weighted average interest:				
Less than one year	**4.2%**	-	**-**	-
One to two years	**3.8%**	5.6%	**-**	-
Two to five years	**-**	-	**-**	-
Over five years	**-**	-	**-**	-
	4.1%	5.6%	**-**	-
Total bank loans	**460,192**	308,440	**108,983**	119,605
Current portion	**24,908**	-	**-**	-
Non-current portion	**435,284**	308,440	**108,983**	119,605
	460,192	308,440	**108,983**	119,605

Interest rates paid during the year ranged from 2.9% to 6.2%.

The Group has the following loan facilities with interest priced at between call and 180 day rates:
(i) $100,000,000 revolving loan expiring in two to five years
(ii) $75,000,000 revolving loan expiring in two to five years
(iii) $67,338,000 table loan maturing in over five years
(iv) $45,000,000 table loan maturing in over five years
(v) AUD 180,000,000 revolving loan expiring in under one year
(vi) AUD 194,800,000 revolving loan expiring in one to two years
(vii) AUD 220,000,000 revolving loan expiring in one to two years

Where drawn facilities mature within one year and the Group has an unconditional right to refinance the loans through undrawn facilities with the same lenders with maturity dates of greater than one year from the end of the reporting period, the loan is considered non-current.

All of the Group's borrowings are unsecured. The Group borrows under a negative pledge arrangement with its bank loan providers, which with limited exceptions does not permit the Group to grant any security interest over its assets. The negative pledge deed requires the Group to maintain certain levels of shareholders' funds and operate within defined performance and debt gearing ratios. The banking arrangements may also create restrictions over the sale or disposal of certain assets unless the bank loans are repaid or renegotiated, specifically:
- Facilities (i), (ii), (v), (vi) and (vii) require a continuation of the existing business operations. There are no costs to cancel the facilities.
- Facility (iii) requires continued ownership by the Group of at least 30% in relation to Tararua Stage III wind generation assets with a book value of $148,806,000. There are no costs to cancel the facility.
- Facility (vii) must be repaid if Snowtown South Wind Farm Pty Ltd is sold.

Throughout the period the Group has complied with all debt covenant requirements as imposed by lenders (see above for requirements).

Subsequent to balance date the Group has accepted offers to refinance the facility expiring in under one year and extend it by AUD 20,000,000 to AUD 200,000,000. This facility is currently being documented and will mature in two to five years.

On 30 April 2013 the Group entered into an AUD 171,900,000 table loan maturing in over five years.

NOTE 27: UNSECURED SUBORDINATED BONDS

	GROUP		PARENT	
	2013	**2012**	**2013**	**2012**
	$000	**$000**	**$000**	**$000**
Repayment terms and interest:				
Maturing in September 2012, 8.5% p.a. fixed coupon rate	**-**	108,592	**-**	108,592
Maturing in March 2014, 8.5% p.a. fixed coupon rate	**54,713**	54,713	**54,713**	54,713
Maturing in December 2015, 8.4% p.a. fixed coupon rate	**100,000**	100,000	**100,000**	100,000
Maturing in September 2019, 6.75% p.a. fixed coupon rate	**140,000**	-	**140,000**	-
Bond issue costs	**(2,338)**	(1,028)	**(2,338)**	(1,028)
	292,375	262,277	**292,375**	262,277
Current portion	**54,713**	108,592	**54,713**	108,592
Non-current portion	**237,662**	153,685	**237,662**	153,685
	292,375	262,277	**292,375**	262,277

At maturity the bonds maturing in December 2015 and prior can be converted at the option of the Company to ordinary shares based on the market price of ordinary shares at the time. The bonds are fully subordinated behind all other creditors.

At 31 March 2013 the subordinated bonds had a fair value of $312,930,000 (31 March 2012: $273,213,000).

NOTE 28: UNSECURED SENIOR BONDS

	GROUP		PARENT	
	2013	**2012**	**2013**	**2012**
	$000	**$000**	**$000**	**$000**
Repayment terms and interest:				
Maturing in December 2014, 7.6% p.a. fixed coupon rate	**75,000**	75,000	**75,000**	75,000
Maturing in December 2016, 8.0% p.a. fixed coupon rate	**65,000**	65,000	**65,000**	65,000
Maturing in December 2017, 7.1% p.a. fixed coupon rate	**75,000**	75,000	**75,000**	75,000
Bond issue costs	**(2,162)**	(2,822)	**(2,162)**	(2,822)
	212,838	212,178	**212,838**	212,178

The Group has entered a Master Trust Deed dated 30 October 2009 (the Trust Deed) with respect to its senior bonds, which with limited exceptions does not permit the Group to grant any security interest over its assets. The Trust Deed requires the Group to operate within defined performance and debt gearing ratios. The arrangements under the Trust Deed may also create restrictions over the sale or disposal of certain assets unless the senior bonds are repaid or renegotiated.

Throughout the period the Group has complied with all debt covenance requirements as imposed by the Bond Trustee (see above for requirements).

The unsecured senior bonds rank equally with bank loans (note 26).

At 31 March 2013 the senior bonds had a fair value of $230,681,000 (31 March 2012: $224,738,000).

NOTE 29: DEFERRED INCOME TAX

		GROUP		PARENT	
		2013	**2012**	**2013**	**2012**
	Note	**$000**	**$000**	**$000**	**$000**
Balance at beginning of year		**300,215**	257,316	**223,940**	180,092
Current year changes in temporary differences affecting tax	11	**(2,366)**	(4,714)	**2,478**	144
Current year changes in temporary differences affecting		**(4,772)**	52,050	**(5,367)**	39,151
Reclassification of prior year temporary differences	11	**(468)**	(262)	**6**	(1,111)
Exchange rate movements on foreign denominated deferred tax		**(486)**	(2,144)	**-**	-
Effect of amalgamation of subsidiaries		**-**	-	**-**	7,846
Effect of removal of tax depreciation on buildings on income tax expense	11	**-**	(2,031)	**-**	(2,182)
		292,123	300,215	**221,057**	223,940

NOTE 29: DEFERRED INCOME TAX CONTINUED

Comprising:				
Deferred tax liabilities	**292,123**	300,215	**221,057**	223,940
	292,123	300,215	**221,057**	223,940

There have been changes to the income tax legislation that have had a material impact on the financial statements, refer to note 11 for details.

The tables below show the break down of the temporary differences that make up the deferred tax liabilities and their movement for the year.

Group **For the year ended 31 March 2013 ($000)**	**Opening Balance**	**Charged to Income Statement**	**Charged Directly to Equity**	**Closing Balance**
Revaluations	**227,344**	**-**	**(655)**	**226,689**
Other property, plant and equipment movements	**73,948**	**771**	**71**	**74,790**
Employee benefits	**(1,422)**	**(234)**	**-**	**(1,656)**
Provision for impairment	**(504)**	**28**	**-**	**(476)**
Carbon revenue recognition	**1,062**	**(805)**	**-**	**257**
Customer base assets	**5,779**	**(858)**	**-**	**4,921**
Financial instruments	**(2,100)**	**(1,239)**	**(5,664)**	**(9,003)**
Unrealised losses on Australian dollar loan	**(3,829)**	**-**	**493**	**(3,336)**
Other	**(63)**	**-**	**-**	**(63)**
	300,215	**(2,337)**	**(5,755)**	**292,123**

Group **For the year ended 31 March 2012 ($000)**	**Opening Balance**	**Charged to Income Statement**	**Charged Directly to Equity**	**Closing Balance**
Revaluations	185,010	-	42,334	227,344
Other property, plant and equipment movements	75,691	(648)	(1,095)	73,948
Employee benefits	(1,329)	(93)	-	(1,422)
Provision for impairment	(504)	-	-	(504)
Carbon revenue recognition	3,292	(2,230)	-	1,062
Customer base assets	6,846	(1,067)	-	5,779
Financial instruments	(4,214)	(2,969)	5,083	(2,100)
Unrealised losses on Australian dollar loan	(7,413)	-	3,584	(3,829)
Other	(63)	-	-	(63)
	257,316	(7,007)	49,906	300,215

PARENT **For the year ended 31 March 2013 ($000)**	**Opening Balance**	**Charged to Income Statement**	**Charged Directly to Equity**	**Closing Balance**
Revaluations	**171,046**	**-**	**(18)**	**171,028**
Other property, plant and equipment movements	**48,105**	**5,031**	**-**	**53,136**
Employee benefits	**(1,422)**	**(218)**	**-**	**(1,640)**
Provision for impairment	**(504)**	**28**	**-**	**(476)**
Carbon revenue recognition	**1,062**	**(805)**	**-**	**257**
Customer base assets	**5,779**	**(858)**	**-**	**4,921**
Financial instruments	**(63)**	**(693)**	**(5,350)**	**(6,106)**
Other	**(63)**	**-**	**-**	**(63)**
	223,940	**2,485**	**(5,368)**	**221,057**

PARENT **For the year ended 31 March 2012 ($000)**	**Opening Balance**	**Charged to Income Statement**	**Charged Directly to Equity**	**Closing Balance**
Revaluations	134,489	-	36,557	171,046
Other property, plant and equipment movements	41,215	1,533	5,357	48,105
Employee benefits	(1,329)	(93)	-	(1,422)
Provision for impairment	(504)	-	-	(504)
Carbon revenue recognition	3,292	(2,230)	-	1,062
Customer base assets	6,846	(1,067)	-	5,779
Financial instruments	(3,854)	(1,292)	5,083	(63)
Other	(63)	-	-	(63)
	180,092	(3,149)	46,997	223,940

NOTE 30: NET TANGIBLE ASSETS PER SHARE

		GROUP		**PARENT**	
		2013	**2012**	**2013**	**2012**
		$000	**$000**	**$000**	**$000**
Total net assets ($000)		**1,551,763**	1,571,331	**1,371,900**	1,390,234
Less intangible assets ($000)		**(47,298)**	(45,895)	**(47,298)**	(45,895)
Net tangible assets ($000)		**1,504,465**	1,525,436	**1,324,602**	1,344,339
Number of ordinary shares in issue (thousands)	13	**314,015**	314,016	**314,015**	314,016
Net tangible assets per share (dollars per share)		**4.79**	4.86	**4.22**	4.28

NOTE 31: RECONCILIATION OF NET CASH FROM OPERATING ACTIVITIES WITH PROFIT AFTER TAX **ATTRIBUTABLE TO THE SHAREHOLDERS**	**GROUP**		**PARENT**	
	2013 $000	**2012 $000**	**2013 $000**	**2012 $000**
Profit after tax attributable to the shareholders of the Company	**123,351**	131,652	**120,825**	133,553
Items classified as investing/financing				
Interest paid	**61,404**	63,076	**47,222**	48,370
Interest received	**(1,497)**	(904)	**(3,321)**	(4,883)
	59,907	62,172	**43,901**	43,487
Non-cash items:				
Amortisation of debt issue costs	**1,889**	1,841	**1,889**	1,841
Non-cash transfer from cash flow hedge reserve to interest expense	**(275)**	(275)	**(275)**	(275)
Amortisation of other investments	**13**	5	**-**	-
Amortisation of intangible assets	**7,930**	5,357	**7,930**	5,357
Depreciation	**58,057**	52,880	**23,898**	18,558
Net gain on sale of property, plant and equipment	**(104)**	(5)	**(41)**	(72)
Impairment of assets	**-**	428	**2,841**	5,314
Share option provision transfer	**(3)**	(100)	**(3)**	(100)
Movement in derivative financial instruments taken to the	**5,593**	7,544	**3,721**	1,883
Intercompany charges	**-**	-	**22,981**	25,519
Increase/(decrease) in deferred tax liability excluding	**(2,375)**	(7,164)	**2,485**	(3,149)
	70,725	60,511	**65,426**	54,876
Decrease/(increase) in working capital:				
Accounts receivable and prepayments	**(26,446)**	(15,196)	**(25,444)**	(16,317)
Taxation payable/receivable	**(4,289)**	52	**(2,869)**	1,372
Accounts payable and accruals excluding capital	**17,860**	29,061	**22,585**	26,676
	(12,875)	13,917	**(5,728)**	11,731
Net cash from operating activities	**241,108**	268,252	**224,424**	243,647

NOTE 32: IMPUTATION CREDIT ACCOUNT	**GROUP**		**PARENT**	
	2013 $000	**2012 $000**	**2013 $000**	**2012 $000**
Imputation credits available for use in subsequent reporting	**13,954**	19,279	**12,989**	18,991

The above amounts represent the balance of the imputation account as at the end of the reporting period, adjusted for imputation credits that will arise from the payment of the amount of taxation payable. The consolidated amounts include imputation credits that would be available to the parent if subsidiaries paid dividends.

NOTE 33: EMISSION RIGHTS

Kyoto Carbon Credits
The Group has received carbon emission rights from the New Zealand Government issued pursuant to the Kyoto protocol in relation to completed generation facilities. These rights were based upon the levels of generation output from the new facilities for the period 1 January 2008 to 31 December 2012 and are reliant on the ongoing support of the Kyoto protocol and emission rights within the international community.

	GROUP		**PARENT**	
Kyoto Carbon Credits (Tonnes CO_2-e)	**2013**	**2012**	**2013**	**2012**
Balance at beginning of year	**187,000**	157,000	**187,000**	157,000
Rights earned during the year	**174,000**	222,000	**174,000**	222,000
Rights sold during the year	**(45,000)**	(192,000)	**(45,000)**	(192,000)
Rights unsold at end of year	**316,000**	187,000	**316,000**	187,000

Included in other receivables (note 19) is $2,723,000 relating to Kyoto Carbon Credits generated and pre-sold (2012: $7,360,000). In addition $647,000 is included in other receivables relating to Kyoto Carbon Credits generated but unsold at the end of the reporting period (2012: $1,178,000).

Renewable Energy Credits
The Group also earns Renewable Energy Credits (RECs) from renewable electricity generation in South Australia. Included in other receivables (note 19) is $1,377,000 relating to RECs generated and pre-sold (2012: $1,438,000). In addition $1,493,000 is included relating to RECs generated but unsold at the end of the reporting period (2012: $1,734,000). This potential revenue source is taken into consideration in the evaluation of generation development projects and in the valuation of the generation assets.

NOTE 34: COMMITMENTS

	GROUP		PARENT	
	2013	2012	2013	2012
	$000	$000	$000	$000
Capital Commitments	**360,116**	8,041	**3,072**	8,041

The capital commitments include construction contracts relating to the construction of the Esk Valley Hydro scheme in Hawke's Bay as well as stage two of the Snowtown Wind Farm in South Australia.

Electricity Purchase Commitments

The Parent has a contract with Pioneer Generation Limited to purchase all of the output from its various generation sites. This commitment cannot be quantified.

The Parent has a contract with Mighty River Power Limited to purchase the output from the Rotokawa geothermal power station. This commitment cannot be quantified.

The Parent has a contract with Opuha Water Limited to purchase the output from the its hydropower station. This commitment cannot be quantified.

The Parent has a contract with Amethyst Hydro Limited to purchase the output from the its hydropower station. This commitment cannot be quantified.

NOTE 35: CONTINGENT LIABILITIES, OPERATING LEASES, AND SUBSEQUENT EVENTS

Inland Revenue is currently disputing the tax treatment adopted by the Group in relation to feasibility expenditure in the 2006, 2007 and 2008 financial years. Inland Revenue has now issued assessments for the 2006, 2007 and 2008 financial years. These assessments are based on the adjudication report previously issued by Inland Revenue and now allow a deduction for certain categories of expenditure which were previously disputed by Inland Revenue but contend that the costs of obtaining resource consents should have been capitalised. The assessments are based on Inland Revenue's determination of what should be considered resource consent costs. The Group does not agree with the basis of the assessments. It continues to believe the tax treatment it has adopted is correct and continues to defend its position. The case is currently scheduled to be heard in the High Court in August 2013.

Should Inland Revenue be completely successful in its claim for all three years, the resulting liability would give rise to an additional tax payment of $5,924,000 and interest expense of $2,838,000. Based on the principle of the assessments, the Group would need to revise its policy for capitalising the costs of resource consents for tax purposes in the 2009 and future years. This would give rise to a further estimated tax payment of $4,114,000 and interest expense of $1,104,000 in respect of the 2009 to 2013 years. This would primarily result in a balance sheet adjustment in the financial statements as most resource consents are depreciable intangible property. The impact of these adjustments on the tax expense in the income statement is difficult to estimate but is unlikely to exceed $3,300,000 for all years up to 2013.

The Group is not aware of any other material contingent liabilities at balance date (2012: nil).

Other than disclosed in note 6 the Group is not party to any material operating leases at balance date (2012: nil).

The Group is not aware of any significant events occurring subsequent to balance date that have not been disclosed.

NOTE 36: RELATED PARTY TRANSACTIONS

Key management personnel

The key management personnel compensation (including Directors' fees) is as follows:	GROUP		PARENT	
	2013	2012	2013	2012
	$000	$000	$000	$000
Salaries and other short-term employee benefits	**4,523**	4,048	**4,523**	4,048
Share based payments	**63**	21	**63**	21
	4,586	4,069	**4,586**	4,069

$910,000 of this amount was unpaid at 31 March 2013 (2012: $703,000).

All key management personnel participate in a cash settled, share based incentive scheme. This scheme was introduced in 2007 and replaces the employee share option scheme (refer to note 37).

Subsidiaries

Advances have been made to/from subsidiaries (refer to note 21) and are payable on demand. These advances are not expected to be repaid in the coming year. Advances to New Zealand based subsidiaries are interest free while interest is charged to overseas based subsidiaries at a market rate. The net advances as disclosed in note 21 include the balances due to/from subsidiaries in respect of the following transactions.

The Parent has a lease contract with its subsidiary Tararua Wind Power Limited for the use of the subsidiary companies' generation assets. The Parent had a similar lease contract with its former subsidiary Cobb Power Limited until Cobb Power Limited was amalgamated into the Parent on 31 March 2012 (see note 23). These commitments cannot be quantified because they are dependent on subsidiary asset valuations and capital expenditure.

The Parent has an insurance contract with its subsidiary TrustPower Insurance Limited which is renewed annually.

The impact of transactions with subsidiaries on the profit of the Parent and Group is shown below.

	GROUP		PARENT	
	2013	**2012**	**2013**	**2012**
	$000	**$000**	**$000**	**$000**
Operating lease costs	**-**	-	**(18,941)**	(20,536)
Insurance costs	**-**	-	**(2,685)**	(2,187)
Interest revenue	**-**	-	**2,425**	4,499
Impact on profit before income tax	**-**	-	**(19,201)**	(18,224)

The Group is controlled by Infratil Limited (incorporated in New Zealand) which owns 50.7% of the Company's voting shares. The Tauranga Energy Consumer Trust owns 33.1% and the residual balance of 16.2% is widely held.

A related entity of H.R.L. Morrison & Co Limited manages Infratil Limited and M Bogoievski, a Director of TrustPower Limited, is the Chief Executive of H.R.L. Morrison & Co Limited. Infratil Limited is the parent of TrustPower Limited and $8,000 (2012: $56,000) was paid to H.R.L. Morrison & Co Limited and related entities during the year for consultancy services. As at 31 March 2013 no balance was outstanding (2012: $56,000).

Consultancy fees of $7,000 (2012: $11,000) were paid to Lumo Energy Pty Ltd which is a subsidiary of the Group's ultimate parent. As at 31 March 2013 none of this amount was outstanding (2012: nil).

All Directors participate in a share purchase plan where the Directors' purchase shares in the Company to the value of half of their annual Directors' fees. During the year all Directors purchased their shares directly from the Company at the average market price for the preceding 20 business days from the treasury stock that the Company was holding. A total of 36,000 shares (2012: 20,000) were purchased for $290,000 (2012: $146,000) (see note 13).

Mr RH Aitken, a Director of TrustPower Limited, is the Executive Chairman of the engineering firm Beca Limited. $281,000 was paid to Beca Limited for engineering services (2012: $374,000). As at 31 March 2013 $50,000 of this amount was unpaid (2012: $32,000).

Mr RWH Farron, Chief Financial Officer and Company Secretary of TrustPower Limited, is a director of the engineering supplies firm BGH Group Limited and its New Zealand based subsidiaries. $5,000 has been charged by subsidiaries, Bay Engineers Supplies Limited and Hose Supplies New Zealand Limited (2012: $11,000). As at 31 March 2013 $1,000 of this amount was unpaid (2012: nil).

TrustPower Limited owns 20.0% of the ordinary shares of Rangitata Diversion Race Management Limited (RDR) which owns and operates an irrigation canal in Canterbury. RDR's operating and capital expenditure is funded by advances from its shareholders. In 2013 the Group advanced RDR nothing (2012: $84,000) and the total balance of the advance at 31 March 2013 was $1,884,000 (2012: $1,884,000). This balance is included in other investments in the statement of financial position.

Except as noted above, no transactions took place with related parties during the year. Other than interest free intercompany advances all transactions with related parties take place on an arms length basis. No related party debts were forgiven or written off during the year. Except as noted above there are no amounts outstanding at 31 March 2013 (2012: nil).

NOTE 37: EMPLOYEE SHARE BASED COMPENSATION

The Company has issued share options to certain employees. Each option issued under the Scheme converts to one ordinary share on exercise when employees are required to pay a non-refundable amount for the issue of the ordinary share (the exercise price). The options may be exercised any time after three years from issue date up until expiry, are non-transferable and conditional on the individual employee's continued employment through this period. The initial exercise price was set by taking the average closing market price of the shares during the ten business days up to and including the issue of the options. The exercise price is adjusted by an equity rate of return, dividends paid and capital structure changes from issue date up until the point at which the employee exercises the option.

	NUMBER		EXERCISE PRICE $	
	2013	**2012**	**2013**	**2012**
Options Outstanding:				
Tranche D issued May 2006, expired June 2012	**-**	240,000	**-**	8.62
	-	240,000		
Options Exercised to Date:				
Tranche D	**-**	-	**-**	-
	-	-		
Options Lapsed to Date:				
Tranche D	**460,000**	220,000	**-**	8.62
	460,000	220,000		

Members of the Parent's executive management team and certain other employees (together defined as key management personnel) are eligible to receive payment under a cash settled share based payment scheme. The scheme is defined as follows:

An incentive scheme for key management personnel of the Parent was implemented on 15 May 2009. This is a cash-settled share-based payment scheme covering a three-year period. Subsequently, each year on the 15th of May, a new tranche of the scheme has been issued and covers a period of three years from the issue date.

Key management personnel are eligible to receive a bonus payment at the end of the three year period of the scheme, the sum of which is determined by the total return on a notional number of allocated shares. The return is calculated as the sum of dividends paid by the Parent plus the increase in share price over the period. Payment is only made if a minimum return, set by the Board, is met. Additionally the scheme has a set maximum return above which no increase in the bonus is received by the participants. The total return is calculated for a three year period commencing on the 15th of May with reference to the average share price over the ten days prior to the scheme closing.

The fair value of the liability at 31 March 2013 has been determined by reference to the Parent's current share price and expected dividends and share price movements with comparison to the share price at the start of the relevant period and adjusted to reflect the present value of these future expected cash flows.

For the year ended 31 March 2013 the total expense recognised in the income statement was $89,000 (2012: $(43,000)) and the liability recognised in the statement of financial position as at 31 March 2013 is $99,000 (2012: $10,000).

NOTE 38: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are frequently evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Fair value of derivatives and other financial instruments
The fair value of financial instruments that are not traded in an active market (for example, electricity price hedges) is determined by using valuation techniques. The Group uses its judgement to select methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. The Group has used discounted cash flow analysis for various electricity price hedges that are not traded in an active market. The forward curve is derived from a combination of market quoted prices and management's best estimates. The discount rate is assumed as the counterparty's cost of funds for the period of the instrument. See note 39 for sensitivity analysis.

Electricity gross margin
Three key estimates are made when determining electricity gross margin. The accrual for all three factors is based on an estimate of unbilled units.

• *Revenue recognition*
An accrual is estimated for units sold but not billed at the end of the reporting period for non-half hourly metered customers. This estimate is based on units bought from the wholesale electricity market as well as historical factors. Significant judgement is required in making this determination.

• *Line cost recognition*
Some electricity lines companies bill the Group based on the units and days that the Group has billed its customers while the remaining electricity lines companies bill the Group based on estimated total units and days. For the companies that base their bill on the Group's customer billing, an accrual, similar to the revenue recognition accrual, is estimated for line charges incurred but not billed at the end of the reporting period.

• *Energy cost recognition*
An accrual is estimated for units that the Group believes it has consumed but has not yet been billed for by Energy Clearing House Limited. Significant judgement is required in making this determination.

Sensitivity analysis
If the estimated unbilled units had been 10% higher/lower, operating profit for the year would have (decreased)/increased by $(54,000)/$54,000 (2012: increased/(decreased) by $695,000/$(695,000)).

Generation property, plant and equipment
The Group's generation property, plant and equipment is stated at fair value as established by an independent valuation undertaken at least every three years. This valuation is reviewed annually and if it is considered that there has been a material change then a new independent valuation is undertaken. The basis of the valuation is a discounted cash flow analysis of the future earnings of the assets. The major inputs that are used in the valuation model that require management judgement include the forward price path of electricity, sales volume forecasts, projected operational and capital expenditure profiles, discount rates and life assumptions for each generation station. The following table outlines the key assumptions used by Deloitte Corporate Finance in preparing the most recent valuation as at 31 March 2012. In all cases there is an element of judgement required. The table shows the range of reasonably possible alternative assumption values considered. The valuation is based on a combination of values that are generally in the midpoint of the range.

Assumption	Low	High	Valuation Impact
New Zealand Assets			
Forward electricity price path	Decreasing in real terms from $98/MWh to $85/MWh by 2015 then constant.	Decreasing in real terms from $98/MWh to $85/MWh by 2015 then increasing to $95/MWh by 2020. Thereafter held constant.	-/+ $98,000,000
Generation volume	2,167 GWh	2,649 GWh	-/+ $245,000,000
Operating costs	$29,600,000 p.a.	$32,600,000 p.a.	+/- $38,000,000
Weighted average cost of capital	7.84%	8.34%	+$82,000,000 / -
Australian Assets			**AUD**
Forward electricity price path	(Stated in AUD) Until 2018 constant at $82 in real terms. After 2018 increasing to $105 by 2030 in real terms.	(Stated in AUD) Until 2018 constant at $82 in real terms. After 2018 increasing to $115 with gradual increases to $125 by 2030 in real terms.	-$11,000,000/ +$33,000,000
Generation volume	350 GWh	428 GWh	-/+ $30,000,000
Weighted average cost of capital	7.74%	8.24%	+$6,000,000 / -

The valuation impact is calculated as the movement in the fair value as a result of the change in the assumption and keeping all other valuation inputs constant.

Depreciation expense
A significant amount of management judgement is used when determining the useful lives of the Group's generation assets for depreciation purposes. This is especially so for the Group's longer lived assets.

Sensitivity analysis
If the estimated useful lives of generation assets were 10% higher/lower, operating profit for the year would have increased/(decreased) by $5,278,000/$(6,451,000) (2012: $4,804,000/$(5,872,000)).

Amortisation expense
Management judgement is used when determining the useful lives of the Group's intangible assets for amortisation purposes.

Sensitivity analysis
If the estimated useful lives of intangible assets were 10% higher/lower, operating profit for the year would have increased/decreased by $721,000/$(881,000) (2012: $478,000/$(584,000)).

Income tax expense
The Group is subject to income taxes in New Zealand and Australia. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Provision against advances to subsidiaries
For subsidiaries involved in generation development, the Parent fully provides for advances made until such time as a viable project is identified and construction commences. This provision is the result of significant uncertainty that economic projects will be completed and that the advances will be recoverable.

Changes to accounting estimates
Apart from the change in metering asset useful lives (refer note 2.6), there have been no changes to accounting estimates in the year.

NOTE 39: FINANCIAL RISK MANAGEMENT

Financial Risk Management Objectives
TrustPower's activities expose it to a variety of financial risks: electricity price risk, interest rate risk, exchange rate risk, liquidity risk and credit risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out under policies approved by the Board.

(a) Electricity Price Risk
The Group typically sells more electricity at fixed prices than it generates. As a result the Group is required to purchase a percentage of its electricity sold off the electricity spot market. This leaves the Group exposed to fluctuations in the spot price of electricity where it sells electricity at a fixed price. The Group operates under an energy trading policy which limits the exposure the Group may have in any future period. Future exposure is estimated based on expected fixed price sales and generation output. The Group has entered into a number of electricity hedge contracts to reduce the commodity price risk from price fluctuations on the electricity spot market. These hedge contracts establish the price at which future specified quantities of electricity are purchased. Any resulting differential to be paid or received is recognised as a component of energy costs through the term of the contract. The Group has elected to apply cash flow hedge accounting to those instruments it deems material and which qualify as cash flow hedges while immaterial contracts are not hedge accounted. This risk management strategy assumes that the electricity wholesale market that currently operates will continue to do so in the future. There is a possibility that future regulatory intervention may fundamentally alter the structure of the wholesale electricity market. The likelihood and potential impact of such a change is unquantifiable. However, such an occurrence would likely necessitate a change to the Group's electricity price risk management policies and require a review of assets and liabilities held at fair value where electricity price is a key assumption in their value.

The aggregate notional volume of the outstanding electricity derivatives at 31 March 2013 was 1,275GWh (31 March 2012: 639GWh).

The hedged anticipated electricity purchase transactions are expected to occur continuously throughout the next three years from the end of the reporting period consistent with the Group's forecast electricity generation and retail electricity sales. Gains and losses recognised in the cash flow hedge reserve on electricity derivatives as of 31 March 2013 will be continuously released to the income statement in each period in which the underlying purchase transactions are recognised in the income statement.

Sensitivity analysis
The following tables summarise the impact of increases/decreases of the relevant forward electricity prices on the Group's post-tax profit for the year and on other components of equity. The sensitivity analysis is based on the assumption that the relevant forward electricity prices had increased/decreased with all other variables held constant as a result of the fair value change in electricity price derivatives.

	GROUP		**PARENT**	
	2013 $000	**2012 $000**	**2013 $000**	**2012 $000**
Increase/(decrease) to profit of a 10% increase in electricity forward price	**447**	(3,706)	**447**	(3,706)
Increase/(decrease) to profit of a 10% decrease in electricity forward price	**(447)**	3,706	**(447)**	3,706
Increase/(decrease) to equity of a 10% increase in electricity forward price	**9,011**	5,062	**9,011**	5,062
Increase/(decrease) to equity of a 10% decrease in electricity forward price	**(9,011)**	(5,062)	**(9,011)**	(5,062)

(b) Interest Rate Risk
The Group's bank borrowings are all on floating interest rates exposing it to the risk that rising interest rates will increase the Group's interest expense and, hence, reduce its profitability. The Group operates under a treasury policy which prescribes the proportion of fixed interest rate cover the Group must hold in relation to its future borrowings. This proportion is calculated based on the actual fixed rate cover held and the forecast debt levels of the Group. The Group has various interest rate financial instruments to manage exposure to fluctuations in interest rates. Any resulting differential to be paid or received on the instruments is recognised as a component of interest paid. The Group has elected to hedge account only a limited number of these instruments.

The aggregate notional principal amounts of the outstanding interest rate derivative instruments at 31 March 2013 was $877,803,000 (31 March 2012: $489,459,000).

Interest payment transactions are expected to occur at various dates between one month and eight years from the end of the reporting period consistent with the Group's forecast total borrowings.

Weighted average interest rates for the Parent and the Group are disclosed in note 26.

Sensitivity analysis
At 31 March 2013, if interest rates at that date had been 100 basis points higher/lower with all other variables held constant, post-tax profit for the year and other components of equity would have been adjusted by the amounts in the table below, as a result of the fair value change in interest rate derivative instruments.

	GROUP		**PARENT**	
	2013 $000	**2012 $000**	**2013 $000**	**2012 $000**
Increase/(decrease) to profit of a 100 basis point decrease in interest rates	**(19,873)**	(10,752)	**(5,790)**	(6,587)
Increase/(decrease) to profit of a 100 basis point increase in interest rates	**19,058**	10,336	**5,484**	6,195
Increase/(decrease) to equity of a 100 basis point decrease in interest rates	**(20,168)**	(11,235)	**(6,085)**	(7,070)
Increase/(decrease) to equity of a 100 basis point increase in interest rates	**19,344**	10,800	**5,770**	6,659

(c) Exchange Rate Risk
During the course of business the Group may enter into contracts for the construction of generation assets and the sale of carbon credits to be settled in a foreign currency in the future. This exposes the Group to movements in foreign exchange rates. The Group operates under a treasury policy which requires all foreign currency transactions over certain limits to be 100% hedged. Compliance with this policy is measured by forecasting future foreign currency transactions and ensuring that the exchange rate has been fixed. The Group enters into forward exchange contracts to reduce the risk from price fluctuations of foreign currency costs associated with the construction of property, plant and equipment or income associated with the sale of carbon credits. Any resulting differential to be paid or received is recognised as a component of the cost of the project for the construction of generation assets and as a part of revenue for the sale of carbon credits. The Group has elected to apply cash flow hedge accounting to these instruments.

The aggregate notional principal amounts of the outstanding forward foreign exchange contracts at 31 March 2013 was $247,476,000 (31 March 2012: $11,076,000).

The hedged anticipated transactions denominated in foreign currency are expected to occur at various dates between one month and one year from the end of the reporting period. Gains and losses recognised in the cash flow hedge reserve in equity on forward foreign exchange contracts as at 31 March 2013 will be recycled to revenue from the sale of carbon credits when the credits are sold or to cost of property, plant and equipment when the assets are purchased.

Sensitivity analysis
At 31 March 2013, if the functional currency of the entities holding the forward foreign exchange contracts had weakened/strengthened by 10 per cent against the currencies with which the Group has foreign currency risk with all other variables held constant, post-tax profit for the year would not have been different.

Other components of equity would have been $24,145,000/$(24,145,000) higher/(lower) (31 March 2012: $(768,000)/$768,000 (lower)/higher), arising from foreign exchange gains/losses on revaluation of foreign exchange contracts in a cash flow hedge relationship.

(d) Credit Risk
The Group has no significant concentrations of credit risk (2012: none). It has policies in place to ensure that sales are made to customers with an appropriate credit history. Where a potential customer does not have a suitable credit history a bond is required before the customer is accepted. Derivative counterparties and cash transactions are limited to high credit quality financial institutions with a minimum Standard & Poor's long-term credit rating of A+ and other large electricity market participants (all have a Standard & Poor's long-term credit rating of at least BBB). Where a potential counterparty does not meet these credit criteria the maximum level of credit exposure is set individually by the Board. The Group has policies that limit the amount of credit exposure to any counterparty.

The carrying amounts of financial assets recognised in the statement of financial position best represents the Group's maximum exposure to credit risk at the reporting date without taking account of the value of any collateral obtained. Collateral is customer bond deposits held as cash - refer to note 25. This collateral reduces the exposure to credit risk by its nominal amount. As shown in note 19, the reported accounts receivable balance includes a provision for doubtful debts of $1,700,000 (2012: $1,800,000).

The Group has around 206,000 customers (2012: 209,000), only four (2012: four) of which make up more than one per cent of the Group's total accounts receivable balance. The largest of these customers accounts for 4 per cent (2012: 4 per cent) of the Group's total accounts receivable.

Included in other accounts payable and accruals is $861,000 (2012: $1,349,000) of bonds collected from customers who do not meet certain credit criteria.

As of 31 March 2013, trade receivables relating to the Group and the Parent of $3,955,000 (2012: $4,652,000) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	GROUP		PARENT	
	2013	**2012**	**2013**	**2012**
	$000	**$000**	**$000**	**$000**
Up to 3 months	**3,955**	4,652	**3,955**	4,652
	3,955	4,652	**3,955**	4,652

As of 31 March 2013, trade receivables relating to the Group and the Parent of $1,700,000 (2012: $1,800,000) were past due and impaired. The ageing analysis of these trade receivables is as follows:

	Group		PARENT	
	2013	**2012**	**2013**	**2012**
	$000	**$000**	**$000**	**$000**
Up to 3 months	**11**	493	**11**	493
Over 3 months	**1,689**	1,307	**1,689**	1,307
	1,700	1,800	**1,700**	1,800

For details of the receivables considered impaired refer to note 2.4.

Movements on the provision for impairment of trade receivables are as follows:

		GROUP		PARENT	
		2013	**2012**	**2013**	**2012**
	Note	**$000**	**$000**	**$000**	**$000**
Opening balance		**1,800**	1,800	**1,800**	1,800
Provision for receivables impairment	7	**1,492**	1,515	**1,492**	1,515
Bad debts written off		**(1,592)**	(1,515)	**(1,592)**	(1,515)
Closing balance	19	**1,700**	1,800	**1,700**	1,800

(e) Liquidity Risk
The Group's ability to readily attract cost effective funding is largely driven by its credit standing.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the spreading of debt maturities. The Group operates under a treasury policy which dictates the level of available committed facility to be maintained to provide cover for reasonably conceivable adverse conditions. This is measured by forecasting debt levels under various adverse scenarios and comparing this to committed facility levels. The treasury policy also requires a spread of debt maturities which is measured by the proportion of debt maturing in various time bands.

The tables below analyse the Group's and the Parent's financial liabilities excluding gross settled derivative financial liabilities into relevant maturity groupings based on the remaining period to the earliest possible contractual maturity date at the period end date. The amounts in the tables are contractual undiscounted cash flows.

Group

At 31 March 2013	Less than 1 month $000	1-6 months $000	6-12 months $000	Over 1 year $000
Net settled electricity price derivatives	**71**	**1,019**	**6,073**	**10,950**
Net settled interest rate derivatives	**491**	**3,579**	**3,267**	**19,426**
Accounts payable and accruals	**116,009**	**87**	**104**	**4,064**
Unsecured subordinated bonds	**-**	**11,343**	**65,871**	**306,768**
Unsecured senior bonds	**-**	**8,170**	**8,170**	**254,235**
Unsecured bank loans	**-**	**11,042**	**5,628**	**452,291**
Financial guarantee contracts	**-**	**-**	**-**	**-**
Total	**116,571**	**35,240**	**89,113**	**1,047,734**

At 31 March 2012	Less than 1 month $000	1-6 months $000	6-12 months $000	Over 1 year $000
Net settled electricity price derivatives	463	3,675	2,878	4,319
Net settled interest rate derivatives	347	2,232	2,407	16,288
Accounts payable and accruals	106,160	87	104	4,273
Unsecured subordinated bonds	-	119,824	6,472	182,492
Unsecured senior bonds	-	8,170	8,170	270,575
Unsecured bank loans	-	10,073	5,628	301,172
Financial guarantee contracts	756	-	-	-
Total	107,726	144,061	25,659	779,119

PARENT

At 31 March 2013	Less than 1 month $000	1-6 months $000	6-12 months $000	Over 1 year $000
Net settled electricity price derivatives	**71**	**1,019**	**6,073**	**10,950**
Net settled interest rate derivatives	**298**	**1,391**	**1,689**	**13,046**
Accounts payable and accruals	**112,609**	**87**	**104**	**4,064**
Unsecured subordinated bonds	**-**	**11,343**	**65,871**	**306,768**
Unsecured senior bonds	**-**	**8,170**	**8,170**	**254,235**
Unsecured bank loans	**-**	**7,562**	**5,628**	**101,082**
Financial guarantee contracts	**-**	**-**	**-**	**-**
Total	**112,978**	**29,572**	**87,535**	**690,145**

At 31 March 2012	Less than 1 month $000	1-6 months $000	6-12 months $000	Over 1 year $000
Net settled electricity price derivatives	463	3,675	2,878	4,319
Net settled interest rate derivatives	217	975	1,192	10,967
Accounts payable and accruals	98,617	87	104	4,273
Unsecured subordinated bonds	-	119,824	6,472	182,492
Unsecured senior bonds	-	8,170	8,170	270,575
Unsecured bank loans	-	7,786	5,628	125,432
Financial guarantee contracts	756	-	-	-
Total	100,053	140,517	24,444	598,058

The tables below analyse the Group's and the Parent's derivative financial instruments that will be settled on a gross basis into relevant maturity groupings based on the remaining period to the contractual maturity date at the period end date. The amounts disclosed in the tables are the contractual undiscounted cash flows.

Group

At 31 March 2013	Less than 1 month $000	1-6 months $000	6-12 months $000	Over 1 year $000
Foreign currency forward contracts				
Inflows	**3,882**	**139,269**	**77,844**	**21,923**
(Outflows)	**(2,529)**	**(141,057)**	**(79,793)**	**(22,743)**

At 31 March 2012	Less than 1 month $000	1-6 months $000	6-12 months $000	Over 1 year $000
Foreign currency forward contracts				
Inflows	3,784	-	3,409	3,882
(Outflows)	(2,685)	-	(2,316)	(2,685)

PARENT

At 31 March 2013	Less than 1 month $000	1-6 months $000	6-12 months $000	Over 1 year $000
Foreign currency forward contracts				
Inflows	**3,882**	**-**	**-**	**-**
(Outflows)	**(2,529)**	**-**	**-**	**-**

At 31 March 2012	Less than 1 month $000	1-6 months $000	6-12 months $000	Over 1 year $000
Foreign currency forward contracts				
Inflows	3,784	-	3,409	3,882
(Outflows)	(2,685)	-	(2,316)	(2,685)

Fair Values
Except for subordinated bonds and senior bonds (see notes 27 and 28), the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values.

Estimation of Fair Values
The fair values of financial assets and financial liabilities are determined as follows:

• The fair value of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
• The fair value of other financial assets and liabilities are calculated using discounted cash flow analysis based on market-quoted rates.
• The fair value of derivative financial instruments are calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve or available forward price data for the duration of the instruments.

Where the fair value of a derivative is calculated as the present value of the estimated future cash flows of the instrument, the two key types of variables used by the valuation techniques are:

• forward price curve (as described below); and
• discount rates.

Valuation Input	*Source*
Interest rate forward price curve	Published market swap rates
Foreign exchange forward prices	Published spot foreign exchange rates and interest rate differentials
Electricity forward price curve	Market quoted prices where available and management's best estimate based on its view of the long run marginal cost of new generation where no market quoted prices are available.
Discount rate for valuing interest rate derivatives	Published market interest rates as applicable to the remaining life of the instrument.
Discount rate for valuing forward foreign exchange contracts	Published market interest rates as applicable to the remaining life of the instrument.
Discount rate for valuing electricity price derivatives	Assumed counterparty cost of funds ranging from 3.8% to 4.3%

The selection of variables requires significant judgement and therefore there is a range of reasonably possible assumptions in respect of these variables that could be used in estimating the fair value of these derivatives. Maximum use is made of observable market data when selecting variables and developing assumptions for the valuation techniques. See earlier in this note for sensitivity analysis.

NZ IFRS 7 requires that financial instruments are measured in the statement of financial position at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

• Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
• Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
• Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following tables present the Group's and Parent's financial assets and liabilities that are measured at fair value.

Group

31 March 2013	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Assets per the statement of financial position				
Interest rate derivative assets	**-**	**5,288**	**-**	**5,288**
Electricity price derivative assets	**-**	**-**	**1,488**	**1,488**
Exchange rate derivative assets	**-**	**2,395**	**-**	**2,395**
	-	**7,683**	**1,488**	**9,171**
Liabilities per the statement of financial position				
Interest rate derivative liabilities	**-**	**22,628**	**-**	**22,628**
Electricity price derivative liabilities	**-**	**-**	**14,862**	**14,862**
Exchange rate derivative liabilities	**-**	**2,237**	**-**	**2,237**
	-	**24,865**	**14,862**	**39,727**

31 March 2012	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Assets per the statement of financial position				
Interest rate derivative assets	-	4,721	-	4,721
Electricity price derivative assets	-	-	8,357	8,357
Exchange rate derivative assets	-	3,190	-	3,190
	-	7,911	8,357	16,268
Liabilities per the statement of financial position				
Interest rate derivative liabilities	-	17,199	-	17,199
Electricity price derivative liabilities	-	-	4,207	4,207
Exchange rate derivative liabilities	-	-	-	-
	-	17,199	4,207	21,406

PARENT

31 March 2013	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Assets per the statement of financial position				
Interest rate derivative assets	**-**	**4,558**	**-**	**4,558**
Electricity price derivative assets	**-**	**-**	**1,488**	**1,488**
Exchange rate derivative assets	**-**	**1,346**	**-**	**1,346**
	-	**5,904**	**1,488**	**7,392**
Liabilities per the statement of financial position				
Interest rate derivative liabilities	**-**	**13,431**	**-**	**13,431**
Electricity price derivative liabilities	**-**	**-**	**14,862**	**14,862**
Exchange rate derivative liabilities	**-**	**-**	**-**	**-**
	-	**13,431**	**14,862**	**28,293**

31 March 2012	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Assets per the statement of financial position				
Interest rate derivative assets	-	4,689	-	4,689
Electricity price derivative assets	-	-	8,357	8,357
Exchange rate derivative assets	-	3,190	-	3,190
	-	7,879	8,357	16,236
Liabilities per the statement of financial position				
Interest rate derivative liabilities	-	10,378	-	10,378
Electricity price derivative liabilities	-	-	4,207	4,207
Exchange rate derivative liabilities	-	-	-	-
	-	10,378	4,207	14,585

The following tables present the changes during the year of the level 3 instruments.

Group

31 March 2013	Electricity price derivatives $000	Total $000
Assets per the statement of financial position		
Opening balance	**8,357**	**8,357**
Gains and (losses) recognised in profit or loss	**(6,869)**	**(6,869)**
Gains and (losses) recognised in other comprehensive income	**-**	**-**
Closing balance	**1,488**	**1,488**
Total gains or (losses) for the period included in profit or loss for assets held at the end of the reporting period	**1,447**	**1,447**
Liabilities per the statement of financial position		
Opening balance	**4,207**	**4,207**
(Gains) and losses recognised in profit or loss	**(6,395)**	**(6,395)**
(Gains) and losses recognised in other comprehensive income	**17,050**	**17,050**
Closing balance	**14,862**	**14,862**
Total (gains) or losses for the period included in profit or loss for liabilities held at the end of the reporting period	**14,383**	**14,383**
Settlements during the year	**(794)**	**(794)**

31 March 2012	Electricity price derivatives $000	Total $000
Assets per the statement of financial position		
Opening balance	1,763	1,763
Gains and (losses) recognised in profit or loss	(1,986)	(1,986)
Gains and (losses) recognised in other comprehensive income	8,580	8,580
Closing balance	8,357	8,357
Total gains or (losses) for the period included in profit or loss for assets held at the end of the reporting period	4,316	4,316
Liabilities per the statement of financial position		
Opening balance	18,503	18,503
(Gains) and losses recognised in profit or loss	(22,876)	(22,876)
(Gains) and losses recognised in other comprehensive income	8,580	8,580
Closing balance	4,207	4,207
Total (gains) or losses for the period included in profit or loss for liabilities held at the end of the reporting period	6,036	6,036
Settlements during the year	10,110	10,110

PARENT

31 March 2013	Electricity price derivatives $000	Total $000
Assets per the statement of financial position		
Opening balance	**8,357**	**8,357**
Gains and (losses) recognised in profit or loss	**(6,869)**	**(6,869)**
Gains and (losses) recognised in other comprehensive income	**-**	**-**
Closing balance	**1,488**	**1,488**
Total gains or (losses) for the period included in profit or loss for assets held at the end of the reporting period	**1,447**	**1,447**
Liabilities per the statement of financial position		
Opening balance	**4,207**	**4,207**
(Gains) and losses recognised in profit or loss	**(6,395)**	**(6,395)**
(Gains) and losses recognised in other comprehensive income	**17,050**	**17,050**
Closing balance	**14,862**	**14,862**
Total (gains) or losses for the period included in profit or loss for liabilities held at the end of the reporting period	**14,383**	**14,383**
Settlements during the year	**(794)**	**(794)**

31 March 2012	Electricity price derivatives $000	Total $000
Assets per the statement of financial position		
Opening balance	1,763	1,763
Gains and (losses) recognised in profit or loss	(1,986)	(1,986)
Gains and (losses) recognised in other comprehensive income	8,580	8,580
Closing balance	8,357	8,357
Total gains or (losses) for the period included in profit or loss for assets held at the end of the reporting period	4,316	4,316
Liabilities per the statement of financial position		
Opening balance	18,503	18,503
(Gains) and losses recognised in profit or loss	(22,876)	(22,876)
(Gains) and losses recognised in other comprehensive income	8,580	8,580
Closing balance	4,207	4,207
Total (gains) or losses for the period included in profit or loss for liabilities held at the end of the reporting period	6,036	6,036
Settlements during the year	10,110	10,110

Electricity price derivatives are classified as Level 3 because the assumed location factors which are used to adjust the forward price path are unobservable.

A sensitivity analysis showing the effect on the value of the electricity price derivatives of reasonably possible alternative price path assumptions is shown in section (a) of this note.

Capital Risk Management Objectives
The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital.

• Net debt is calculated as total borrowings less short term deposits. Total borrowings are calculated using a value of unsecured bank loans plus unsecured subordinated and senior bonds.
• Total capital funding is calculated as total equity as shown in the statement of financial position, adjusted for the fair value of financial instruments, plus net debt.

The gearing ratio is calculated below:

		GROUP		PARENT	
		2013	2012	2013	2012
	Note	$000	$000	$000	$000
Net debt					
Unsecured bank debt	26	**460,192**	308,440	**108,983**	119,605
Unsecured subordinated bonds	27	**292,375**	262,277	**292,375**	262,277
Unsecured senior bonds	28	**212,838**	212,178	**212,838**	212,178
Cash and cash equivalents	18	**(53,972)**	(23,142)	**(31,117)**	(9,695)
		911,433	759,753	**583,079**	584,365
Equity					
Total equity		**1,551,763**	1,571,331	**1,371,900**	1,390,234
Remove net effect of fair value of financial instruments after	16	**9,390**	(5,198)	**8,559**	(5,198)
		1,561,153	1,566,133	**1,380,459**	1,385,036
Total capital funding		**2,472,586**	2,325,886	**1,963,538**	1,969,401
Gearing ratio		**37%**	33%	**30%**	30%

NOTE 40: FINANCIAL INSTRUMENTS BY CATEGORY

Group	**Loans and receivables**	**Assets at fair value through profit or loss**	**Derivatives used for hedging**	**Assets held to maturity**
31 March 2013				
Assets per the statement of financial position	**$000**	**$000**	**$000**	**$000**
Derivative financial instruments	**-**	**6,775**	**2,396**	-
Trade and other receivables excluding prepayments	**133,346**	**-**	**-**	-
Cash and cash equivalents	**53,972**	**-**	**-**	-
Bond deposits on trust	**995**	**-**	**-**	-
Term receivables	**3,051**	**-**	**-**	-
Other investments	**-**	**-**	**-**	**2,420**
	191,364	**6,775**	**2,396**	**2,420**
31 March 2012				
Assets per the statement of financial position				
Derivative financial instruments	-	9,129	7,139	-
Trade and other receivables excluding prepayments	113,127	-	-	-
Cash and cash equivalents	20,488	-	-	-
Bond deposits on trust	1,791	-	-	-
Other investments	-	-	-	5,085
	135,406	9,129	7,139	5,085

31 March 2013	**Liabilities at fair value through profit or loss**	**Derivatives used for hedging**	**Other financial liabilities at amortised cost**
Liabilities per the statement of financial position	**$000**	**$000**	**$000**
Unsecured bank loans including bank overdrafts	**-**	**-**	**460,192**
Unsecured subordinated bonds	**-**	**-**	**292,375**
Unsecured senior bonds	**-**	**-**	**212,838**
Derivative financial instruments	**23,179**	**16,548**	**-**
Trade and other payables	**-**	**-**	**124,527**
	23,179	**16,548**	**1,089,932**

31 March 2012
Liabilities per the statement of financial position

Unsecured bank loans including bank overdrafts	-	-	308,440
Unsecured subordinated bonds	-	-	262,277
Unsecured senior bonds	-	-	212,178
Derivative financial instruments	20,133	1,273	-
Trade and other payables	-	-	114,085
	20,133	1,273	896,980

PARENT

31 March 2013 **Assets per the statement of financial position**	**Loans and receivables** **$000**	**Assets at fair value through profit or loss** **$000**	**Derivatives used for hedging** **$000**	**Assets held to maturity** **$000**
Derivative financial instruments	**-**	**6,046**	**1,346**	-
Trade and other receivables excluding prepayments	**127,350**	**-**	**-**	-
Cash and cash equivalents	**31,117**	**-**	**-**	-
Bond deposits on trust	**995**	**-**	**-**	-
Other investments	**-**	**-**	**-**	**1,892**
	159,462	**6,046**	**1,346**	**1,892**

31 March 2012
Assets per the statement of financial position

Derivative financial instruments	-	9,098	7,139	-
Trade and other receivables excluding prepayments	108,646	-	-	-
Cash and cash equivalents	9,695	-	-	-
Bond deposits on trust	1,791	-	-	-
Other investments	-	-	-	1,892
	120,132	9,098	7,139	1,892

31 March 2013 **Liabilities per the statement of financial position**	**Liabilities at fair value through profit or loss** **$000**	**Derivatives used for hedging** **$000**	**Other financial liabilities at amortised cost** **$000**
Unsecured bank loans including bank overdrafts	**-**	**-**	**108,983**
Unsecured subordinated bonds	**-**	**-**	**292,375**
Unsecured senior bonds	**-**	**-**	**212,838**
Derivative financial instruments	**13,982**	**14,311**	**-**
Trade and other payables	**-**	**-**	**119,850**
	13,982	**14,311**	**734,046**

31 March 2012
Liabilities per the statement of financial position

Unsecured bank loans including bank overdrafts	-	-	119,605
Unsecured subordinated bonds	-	-	262,277
Unsecured senior bonds	-	-	212,178
Derivative financial instruments	13,312	1,273	-
Trade and other payables	-	-	106,123
	13,312	1,273	700,183