TRUSTPOWER LIMITED AND SUBSIDIARIES
DIRECTORS' RESPONSIBILITY STATEMENT
FINANCIAL STATEMENTS 2011

The Directors are pleased to present the financial statements of TrustPower Limited and subsidiaries for the year ended 31 March 2011.

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 2011 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: 13 May 2011

TRUSTPOWER LIMITED AND SUBSIDIARIES
INCOME STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

		GROUP		PARENT	
		2011	**2010**	**2011**	**2010**
	Note	**$000**	**$000**	**$000**	**$000**
Operating Revenue					
Electricity revenue	6	**722,965**	717,349	**692,008**	682,766
Carbon revenue		**8,928**	9,654	**8,928**	9,654
Meter rental revenue		**6,051**	5,221	**6,051**	5,221
Other customer fees and charges		**3,391**	3,800	**3,391**	3,800
Telecommunications sales		**22,237**	19,672	**22,237**	19,672
Other operating revenue		**2,471**	3,591	**2,607**	2,248
		766,043	759,287	**735,222**	723,361
Operating Expenses					
Energy costs		**142,966**	136,893	**142,966**	136,893
Generation production costs		**33,579**	35,787	**27,774**	30,275
Line costs		**221,956**	223,027	**221,956**	223,027
Market fees and costs		**13,550**	13,851	**13,520**	13,820
Meter rental costs		**3,760**	3,237	**3,760**	3,237
Other customer connection costs		**1,983**	2,053	**1,983**	2,053
Loss/(gain) on sale of property, plant and equipment		**98**	549	**91**	549
Employee benefits		**30,111**	28,734	**27,784**	26,646
Telecommunications cost of sales		**17,572**	15,549	**17,572**	15,549
Other operating expenses	7	**26,055**	25,726	**46,820**	45,643
		491,630	485,406	**504,226**	497,692
Earnings Before Interest, Tax, Depreciation, Amortisation, Fair Value Movements of Financial Instruments and Asset Impairments (EBITDAF)		**274,413**	273,881	**230,996**	225,669
Impairment of assets	8	**-**	6,120	**1,430**	7,885
Fair value (gains)/losses on financial instruments	9	**(62)**	(12,509)	**590**	(3,537)
Amortisation of intangible assets	23	**5,547**	5,657	**5,547**	5,657
Depreciation	21	**49,324**	49,358	**14,977**	14,788
Operating Profit		**219,604**	225,255	**208,452**	200,876
Interest paid	10	**62,746**	59,100	**47,506**	46,078
Interest received	10	**(917)**	(385)	**(1,400)**	(1,190)
Net finance costs		**61,829**	58,715	**46,106**	44,888
Profit Before Income Tax		**157,775**	166,540	**162,346**	155,988
Income tax expense	11	**45,406**	47,127	**55,213**	48,356
Profit After Tax Attributable to the Shareholders of the Company		**112,369**	119,413	**107,133**	107,632
Basic earnings per share (cents per share)	4	**35.7**	37.8	**34.0**	34.1
Diluted earnings per share (cents per share)	4	**35.6**	37.8	**34.0**	34.1

The accompanying notes form part of these financial statements

TRUSTPOWER LIMITED AND SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2011

	Note	GROUP 2011 $000	GROUP 2010 $000	PARENT 2011 $000	PARENT 2010 $000
Profit after tax attributable to the shareholders of the Company		**112,369**	119,413	**107,133**	107,632
Other Comprehensive Income					
Fair value gains/(losses) on generation assets	14	**-**	(159)	**-**	-
Currency translation differences on revaluation reserve	14	**1,806**	3,719	**-**	**-**
Fair value gains/(losses) on cash flow hedges	16	**(33,025)**	23,746	**(33,025)**	23,746
Other currency translation differences	17	**2,767**	5,344	**-**	-
Movements in employee share option reserve	17	**(90)**	160	**(90)**	160
Tax effect of the following:					
Fair value gains on generation assets	14	**-**	1,865	**-**	1,557
Disposal of revalued assets	14	**62**	-	**62**	-
Fair value gains/(losses) on cash flow hedges	16	**9,970**	(7,182)	**9,970**	(7,182)
Other currency translation differences	17	**2,692**	3,413	**-**	-
Effect of the change in corporate tax rate on the following:					
Revaluation reserve		**11,251**	-	**9,600**	-
Cash flow hedge reserve		**(223)**	-	**(223)**	-
Foreign currency translation reserve		**(530)**	-	**-**	-
Total Other Comprehensive Income		**(5,320)**	30,906	**(13,706)**	18,281
Total Comprehensive Income		**107,049**	150,319	**93,427**	125,913

TRUSTPOWER LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2011

	Note	GROUP 2011 $000	GROUP 2010 $000	PARENT 2011 $000	PARENT 2010 $000
Total Comprehensive Income		**107,049**	150,319	**93,427**	125,913
Issue of shares pursuant to the employee share option scheme	13	**-**	1,707	**-**	1,707
Own shares purchased	13	**(6,001)**	-	**(6,001)**	-
Dividends paid	12	**(119,703)**	(144,949)	**(119,703)**	(144,949)
Total Movements in Equity		**(18,655)**	7,077	**(32,277)**	(17,329)
Equity at the beginning of the year		**1,437,146**	1,430,069	**1,205,255**	1,222,584
Equity at the end of the year		**1,418,491**	1,437,146	**1,172,978**	1,205,255

The accompanying notes form part of these financial statements

TRUSTPOWER LIMITED AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2011

		GROUP		PARENT	
		2011	**2010**	**2011**	**2010**
	Note	**$000**	**$000**	**$000**	**$000**
Equity					
Capital and reserves attributable to shareholders of the Company					
Share capital	13	**170,750**	176,751	**170,750**	176,751
Revaluation reserve	14	**880,391**	867,493	**705,806**	696,365
Retained earnings	15	**355,319**	362,432	**304,191**	316,540
Cash flow hedge reserve	16	**(7,872)**	15,406	**(7,872)**	15,406
Other reserves	17	**19,903**	15,064	**103**	193
Total Equity		**1,418,491**	1,437,146	**1,172,978**	1,205,255
Represented by:					
Current Assets					
Cash at bank	18	**12,568**	9,492	**1,429**	3,868
Bond deposits on trust		**2,000**	2,300	**2,000**	2,300
Electricity market security deposits		**1,234**	-	**1,234**	-
Accounts receivable and prepayments	19	**102,473**	117,453	**95,601**	111,604
Derivative financial instruments	20	**2,949**	5,182	**2,949**	5,182
Taxation receivable		**3,925**	-	**-**	-
		125,149	134,427	**103,213**	122,954
Non Current Assets					
Property, plant and equipment	21	**2,435,783**	2,366,252	**1,626,487**	1,546,599
Derivative financial instruments	20	**5,756**	20,340	**5,465**	19,499
Investments in subsidiaries	22	**-**	-	**305,233**	326,409
Other investments		**4,373**	2,195	**1,808**	8
Intangible assets	23	**34,411**	35,583	**34,411**	35,583
		2,480,323	2,424,370	**1,973,404**	1,928,098
Total Assets		**2,605,472**	2,558,797	**2,076,617**	2,051,052
Current Liabilities					
Accounts payable and accruals	24	**91,092**	103,831	**90,219**	102,748
Unsecured bank loans	25	**-**	193,904	**-**	-
Derivative financial instruments	20	**5,201**	4,287	**5,201**	3,809
Taxation payable		**4,186**	7,078	**4,060**	6,439
		100,479	309,100	**99,480**	112,996
Non Current Liabilities					
Unsecured bank loans	25	**336,327**	142,943	**132,700**	142,943
Unsecured subordinated bonds	26	**261,742**	261,206	**261,742**	261,206
Unsecured senior bonds	27	**211,518**	137,518	**211,518**	137,518
Derivative financial instruments	20	**19,599**	4,361	**18,107**	2,415
Deferred tax liability	28	**257,316**	266,523	**180,092**	188,719
		1,086,502	812,551	**804,159**	732,801
Total Liabilities		**1,186,981**	1,121,651	**903,639**	845,797
Net Assets		**1,418,491**	1,437,146	**1,172,978**	1,205,255
Net Tangible Assets Per Share		**$4.40**	$4.44	**$3.62**	$3.71

The accompanying notes form part of these financial statements

TRUSTPOWER LIMITED AND SUBSIDIARIES
CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

	Note	GROUP		PARENT	
		2011	**2010**	**2011**	**2010**
		$000	**$000**	**$000**	**$000**
Cash Flows from Operating Activities					
Cash was provided from:					
Receipts from customers		**814,813**	758,427	**784,475**	723,003
		814,813	758,427	**784,475**	723,003
Cash was applied to:					
Payments to suppliers and employees		**549,523**	493,004	**539,369**	483,078
Taxation paid		**41,252**	31,314	**41,219**	31,219
		590,775	524,318	**580,588**	514,297
Net Cash from Operating Activities	29	**224,038**	234,109	**203,887**	208,706
Cash Flows from Investing Activities					
Cash was provided from:					
Sale of property, plant and equipment		**593**	243	**574**	224
Return of bond deposits on trust		**300**	400	**300**	400
Return of electricity market security deposits		**266**	-	**266**	-
Return of advances from subsidiaries		**-**	-	**1,916**	19,550
Subsidiary purchased		**-**	1	**-**	-
Interest received		**907**	559	**1,400**	17
Sale of investments		**-**	-	**-**	-
		2,066	1,203	**4,456**	20,191
Cash was applied to:					
Advances to subsidiaries		**-**	-	**10,017**	13,704
Purchase of subsidiary		**-**	-	**-**	350
Interest capitalised in construction of property, plant and equipment		**1,466**	-	**1,466**	-
Lodgement of electricity market security deposits		**1,500**	-	**1,500**	-
Purchase of property, plant and equipment		**89,488**	33,886	**82,328**	15,692
Purchase of other investments		**2,179**	1,674	**1,800**	8
Purchase of intangible assets		**4,384**	7,886	**4,384**	7,886
		99,017	43,446	**101,495**	37,640
Net Cash used in Investing Activities		**(96,951)**	(42,243)	**(97,039)**	(17,449)
Cash Flows from Financing Activities					
Cash was provided from:					
Bank loan proceeds		**118,639**	79,700	**115,890**	79,700
Senior bond issue proceeds		**75,000**	140,000	**75,000**	140,000
Subordinated bond issue proceeds		**-**	-	**-**	-
Issue of shares		**-**	1,707	**-**	1,707
		193,639	221,407	**190,890**	221,407
Cash was applied to:					
Bond brokerage costs		**1,516**	2,630	**1,516**	2,630
Purchase of own shares		**6,001**	-	**6,001**	-
Loan establishment costs		**2,250**	-	**2,250**	-
Repayment of bank loans		**126,976**	227,149	**124,261**	222,122
Interest paid		**61,712**	57,759	**46,446**	43,562
Dividends paid		**119,703**	144,949	**119,703**	144,949
		318,158	432,487	**300,177**	413,263
Net Cash used in Financing Activities		**(124,519)**	(211,080)	**(109,287)**	(191,856)
Net Increase/(Decrease) in Cash, Cash Equivalents and Bank Overdrafts		**2,568**	(19,214)	**(2,439)**	(599)
Cash, cash equivalents and bank overdrafts at beginning of the year		**9,492**	27,416	**3,868**	4,467
Exchange gains/(losses) on cash, cash equivalents and bank overdrafts		**508**	1,290	**-**	-
Cash, Cash Equivalents and Bank Overdrafts at End of the Year		**12,568**	9,492	**1,429**	3,868

The accompanying notes form part of these financial statements

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 2011 and have been approved for issue by the Board of Directors (the Board) on 13 May 2011.

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 37.

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.
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2.2 Principles of Consolidation
Subsidiaries
Subsidiaries are all 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. 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 purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair values of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of the acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

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;
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 to New Zealand based subsidiaries are interest free while advances to overseas based subsidiaries 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 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. 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%	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.

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 (not exceeding three years).

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 as a separate component of equity.

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

NZ IFRS 3: Business Combinations (revised) and NZ IAS 27: Consolidated and Separate Financial Statements (Revised)
This amendment includes a number of updates including the requirement that all costs relating to a business combination must be expensed and subsequent re-measurement of the business combination must be put through the income statement. Both standards were required to be adopted at the same time. As the Group has had no transactions involving business combinations there has been no impact from the application of these new standards.

NZ IAS 32 Financial Instruments: Presentation (revised)
This amendment has clarified that share rights, warrants or options may be classified as equity instruments subject to certain criteria being satisfied.

Improvements to NZ IFRS 2009
These improvements include certain amendments to NZ IFRS effective for periods beginning on or after 1 January 2010 that have been made as part of the International Accounting Standards Board's annual improvements process.

Certain new standards, amendments and interpretations of existing standards have been published that are mandatory for later periods and which the Group has not early adopted. These will be applied by the Group in the mandatory periods listed below. The key items applicable to the Group are:

NZ IFRS 9: Financial Instruments (mandatory for periods beginning on or after 1 January 2013)
This replaces the multiple classification and measurements models in *IAS 39 Financial Instruments: Recognition and measurements* with a single model that has only two classification categories: amortised cost and fair value. This will affect future financial statements through disclosure only.

NZ IAS 24: Related Parties Revised (mandatory for periods beginning on or after 1 January 2011)
Further clarifies the definition of a related party which may result in other related parties being identified. Management have reviewed the proposed clarification and do not expect that this will result in further related parties being identified for the Group.

Improvements to NZ IFRS 2010
These improvements include various amendments effective for periods beginning on or after 1 July 2011 and are not expected to have a material impact on the financial statements.

There are no other standards, amendments or interpretations to existing standards which have been issued, but are not yet effective, which are expected to impact the Company or Group.

NOTE 3: UNDERLYING EARNINGS AFTER TAX

	Note	GROUP		PARENT	
		2011	**2010**	**2011**	**2010**
		$000	**$000**	**$000**	**$000**
Profit After Tax Attributable to the Shareholders of the Company		**112,369**	119,413	**107,133**	107,632
Fair value (gains) / losses on financial instruments	9	**(62)**	(12,509)	**590**	(3,537)
Impairment of software intangible asset	8	**-**	6,162	**-**	6,162
Adjustments before income tax		**(62)**	(6,347)	**590**	2,625
Change in income tax expense in relation to adjustments		**19**	3,753	**(177)**	1,061
Tax credit for prior year adjustment		**(1,849)**	-	**(1,849)**	-
Change in corporate tax rules	11	**5,981**	-	**6,892**	-
Adjustments after income tax		**4,089**	(2,594)	**5,456**	3,686
Underlying Earnings After Tax		**116,458**	116,819	**112,589**	111,318

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 impairment charges that management consider 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.

	Note	GROUP		PARENT	
		2011	**2010**	**2011**	**2010**
Profit attributable to the shareholders of the Company ($000)		**112,369**	119,413	**107,133**	107,632
Weighted average number of ordinary shares in issue (thousands)		**314,957**	315,612	**314,957**	315,612
Basic earnings per share (cents per share)		**35.7**	37.8	**34.0**	34.1
Profit attributable to the shareholders of the Company ($000)		**112,369**	119,413	**107,133**	107,632
Weighted average number of ordinary shares in issue plus share options outstanding (thousands)		**315,237**	315,892	**315,237**	315,892
Diluted earnings per share (cents per share)		**35.6**	37.8	**34.0**	34.1
Underlying earnings after tax ($000)	3	**116,458**	116,819	**112,589**	111,318
Weighted average number of ordinary shares in issue (thousands)		**314,957**	315,612	**314,957**	315,612
Underlying earnings per share (cents per share)		**37.0**	37.0	**35.7**	35.3
Underlying earnings after tax ($000)	3	**116,458**	116,819	**112,589**	111,318
Weighted average number of ordinary shares in issue plus share options outstanding (thousands)		**315,237**	315,892	**315,237**	315,892
Diluted underlying earnings per share (cents per share)		**36.9**	37.0	**35.7**	35.2

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 2011, 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 2011 are as follows:

	Generation New Zealand $000	Generation Australia $000	Retail $000	Other $000	Total $000
Total segment revenue	**213,208**	**30,937**	**701,096**	**2,261**	**947,502**
Inter-segment revenue	**(179,474)**	**-**	**-**	**(1,985)**	**(181,459)**
Revenue from external customers	**33,734**	**30,937**	**701,096**	**276**	**766,043**
Adjusted EBITDAF	**183,778**	**22,244**	**70,672**	**(1,935)**	**274,759**
Amortisation of intangible assets	**-**	**-**	**3,808**	**1,739**	**5,547**
Depreciation	**33,855**	**13,676**	**-**	**1,793**	**49,324**
Capital expenditure	**101,992**	**602**	**-**	**5,881**	**108,475**
Asset impairment	**-**	**-**	**-**	**-**	**-**

The segment results for the year ended 31 March 2010 are as follows:

	Generation New Zealand $000	Generation Australia $000	Retail $000	Other $000	Total $000
Total segment revenue	192,016	35,970	686,394	2,261	916,641
Inter-segment revenue	(155,177)	-	-	(2,177)	(157,354)
Revenue from external customers	36,839	35,970	686,394	84	759,287
Adjusted EBITDAF	174,031	27,624	74,913	(2,051)	274,517
Amortisation of intangible assets	-	-	3,808	1,849	5,657
Depreciation	34,168	14,329	-	861	49,358
Capital expenditure	19,012	82	-	10,175	29,269
Asset impairment	-	(42)	-	6,162	6,120

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	
	2011 $000	2010 $000
Adjusted EBITDAF	**274,759**	274,517
Depreciation	**(49,324)**	(49,358)
Amortisation	**(5,547)**	(5,657)
Fair value gains/(losses) on financial instruments	**62**	12,509
Foreign exchange gains/(losses)	**(248)**	(87)
Loss on sale of property, plant and equipment	**(98)**	(549)
Impairment of assets	**-**	(6,120)
Interest received	**917**	385
Interest paid	**(62,746)**	(59,100)
Profit before income tax	**157,775**	166,540

NOTE 6: ELECTRICITY REVENUE

	GROUP		PARENT	
	2011	**2010**	**2011**	**2010**
	$000	**$000**	**$000**	**$000**
Electricity sales	**694,459**	686,726	**692,008**	682,766
Electricity lease revenue	**28,506**	30,623	**-**	-
	722,965	717,349	**692,008**	682,766

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	
		2011	**2010**	**2011**	**2010**
	Note	**$000**	**$000**	**$000**	**$000**
Audit fees and expenses		**211**	213	**176**	179
Fees paid for other audit related services provided by the auditors*		**78**	33	**78**	33
Fees paid for taxation advice, compliance and planning services provided by the auditors		**205**	81	**205**	81
Bad debts written off	38	**1,708**	2,374	**1,708**	2,374
Directors' fees	34	**613**	511	**613**	511
Donations		**851**	753	**830**	734
Loss/(gain) on foreign exchange		**240**	87	**284**	(1,183)
Generation development expenditure		**7,239**	9,146	**5,806**	7,822
Marketing expenditure		**2,117**	1,479	**2,117**	1,479
Computer maintenance and support costs		**3,115**	2,622	**3,115**	2,622
Other administration costs		**9,427**	8,316	**10,996**	9,633
Rental and operating lease costs		**251**	111	**20,892**	21,358
		26,055	25,726	**46,820**	45,643

* Other audit related services provided by the auditors includes reviews of unaudited interim financial statements and assistance with cost of capital determination.

NOTE 8: IMPAIRMENT OF ASSETS

		GROUP		PARENT	
		2011	**2010**	**2011**	**2010**
	Note	**$000**	**$000**	**$000**	**$000**
Reversal of impairment of property, plant and equipment	21	**-**	(42)	**-**	-
Impairment of software intangible asset	23	**-**	6,162	**-**	6,162
Impairment of advances to subsidiaries	22	**-**	-	**1,430**	1,723
		-	6,120	**1,430**	7,885

The impairment of software intangible asset relates to the partial abandonment of a project to replace the Group's billing software which relates to the 'Other' segment as detailed in note 5. The recoverable amount of the asset has been determined as its value in use.

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 2011 are summarised below:

Recognised in the income statement	GROUP		PARENT	
	2011	**2010**	**2011**	**2010**
	$000	**$000**	**$000**	**$000**
Interest rate derivatives	**1,193**	14,348	**541**	5,376
Electricity price derivatives	**(1,131)**	(1,839)	**(1,131)**	(1,839)
Exchange rate derivatives	**-**	-	**-**	-
	62	12,509	**(590)**	3,537

Recognised in the cash flow hedge reserve	GROUP		PARENT	
	2011	**2010**	**2011**	**2010**
	$000	**$000**	**$000**	**$000**
Interest rate derivatives	**(921)**	(68)	**(921)**	(68)
Electricity price derivatives	**(32,008)**	18,419	**(32,008)**	18,419
Exchange rate derivatives	**170**	5,588	**170**	5,588
	(32,759)	23,939	**(32,759)**	23,939

NOTE 10: FINANCE INCOME AND COSTS

	GROUP		PARENT	
	2011	**2010**	**2011**	**2010**
	$000	**$000**	**$000**	**$000**
Amortisation of debt issue costs	**1,428**	1,076	**1,428**	1,076
Interest paid on unsecured bank loans	**20,139**	21,168	**5,104**	8,261
Interest paid on unsecured subordinated bonds	**22,281**	22,281	**22,281**	22,281
Interest paid on unsecured senior bonds	**13,423**	3,168	**13,423**	3,168
Other interest costs and fees	**6,941**	11,407	**6,736**	11,292
Interest capitalised in construction of property, plant and equipment	**(1,466)**	-	**(1,466)**	-
Total Interest Paid	**62,746**	59,100	**47,506**	46,078
Interest received on cash at bank	**917**	385	**514**	18
Interest received on intercompany advances	**-**	-	**886**	1,172
Total Interest Received	**917**	385	**1,400**	1,190

The capitalisation rate ranged from 8.0% to 8.8% in the year to 31 March 2011. No interest was capitalised in the year to 31 March 2010.

NOTE 11: INCOME TAX EXPENSE

		GROUP		PARENT	
		2011	**2010**	**2011**	**2010**
	Note	**$000**	**$000**	**$000**	**$000**
Profit before income tax		**157,775**	166,540	**162,346**	155,988
Tax on profit @ 30%		**47,333**	49,962	**48,704**	46,796
Tax effect of non-assessable revenue		**(4,309)**	(1,833)	**648**	2,566
Income tax over provided in prior year		**(3,599)**	(1,002)	**(1,031)**	(1,006)
Removal of tax depreciation on buildings		**11,079**	-	**9,691**	-
Change in corporate income tax rate		**(5,098)**	-	**(2,799)**	-
		45,406	47,127	**55,213**	48,356
Represented by:					
Current tax		**32,758**	35,094	**44,431**	43,002
Deferred tax	28	**12,648**	12,033	**10,782**	5,354
		45,406	47,127	**55,213**	48,356

The 30% tax rate used above is the corporate tax rate payable by New Zealand corporate entities on taxable profit under New Zealand tax law.

The 2010 Budget contained two provisions which have had a material effect on the Group's 2011 tax expense:

A decrease in the corporate income tax rate from 30 per cent to 28 per cent, effective from the income tax year ending 31 March 2012. As a result of this change, deferred tax has been restated to 28 per cent, as deferred tax is required to be recorded at the tax rate that will apply when the future tax liability is expected to crystallise. See note 14 for impact on revaluation reserve.

The removal of tax depreciation on buildings with estimated useful lives of 50 years or more. TrustPower will no longer be able to claim tax depreciation on buildings from its income tax year ending 31 March 2012. This has resulted in an increased deferred tax liability in respect of buildings completed before May 2010.

NOTE 12: DIVIDENDS ON ORDINARY SHARES

	GROUP & PARENT		GROUP & PARENT	
	2011	**2010**	**2011**	**2010**
	Cents Per Share		**$000**	**$000**
Dividends (forfeited)/reinstated	**-**	-	**(117)**	(113)
Final dividend prior year	**19.0**	17.0	**59,948**	53,590
Interim dividend paid current year	**19.0**	19.0	**59,872**	59,948
Special dividend paid current year	**-**	10.0	**-**	31,524
Supplementary dividend paid	**-**	-	**131**	161
Foreign investor tax credit	**-**	-	**(131)**	(161)
	38.0	46.0	**119,703**	144,949
Final partially imputed dividend declared subsequent to the end of the reporting period payable 10 June 2011 to all shareholders on the register at 27 May 2011.	**20.0**	19.0	**62,936**	59,948

NOTE 13: SHARE CAPITAL

	Note	GROUP & PARENT		GROUP & PARENT	
		2011	2010	2011	2010
		000's of Shares		$000	$000
Authorised and issued ordinary shares at beginning of year		**315,516**	315,236	**176,751**	174,754
Own shares repurchased		**(837)**	-	**(6,001)**	-
Transfer from employee share option reserve	17	**-**	-	**-**	290
Issue of shares pursuant to the employee share option scheme		**-**	280	**-**	1,707
		314,679	315,516	**170,750**	176,751

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. As at 31 March 2011 1,073,000 shares had been purchased at a total cost of $7,633,000. All shares repurchased were purchased through the NZX stock exchange at market price (2010: 236,000 shares at a total cost of $1,634,000). As at 31 March 2011 none of these shares had been reissued or cancelled.

NOTE 14: REVALUATION RESERVE

	Note	GROUP		PARENT	
		2011	2010	2011	2010
		$000	$000	$000	$000
Balance at beginning of year		**867,493**	862,370	**696,365**	695,110
Revaluation of generation assets	21	**-**	(159)	**-**	-
Transfer (to)/from deferred tax liability	28	**62**	1,865	**62**	1,557
Transfer (to)/from retained earnings	15	**(221)**	(302)	**(221)**	(302)
Foreign exchange movements		**1,806**	3,719	**-**	-
Tax effect of change in corporate tax rate		**11,251**	-	**9,600**	-
		880,391	867,493	**705,806**	696,365

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

NOTE 15: RETAINED EARNINGS

	Note	GROUP		PARENT	
		2011	2010	2011	2010
		$000	$000	$000	$000
Balance at beginning of year		**362,432**	387,666	**316,540**	353,555
Profit for the year		**112,369**	119,413	**107,133**	107,632
Transfer (to)/from revaluation reserve	14	**221**	302	**221**	302
Dividends on ordinary shares	12	**(119,703)**	(144,949)	**(119,703)**	(144,949)
		355,319	362,432	**304,191**	316,540

NOTE 16: CASH FLOW HEDGE RESERVE

	GROUP		PARENT	
	2011	2010	2011	2010
	$000	$000	$000	$000
Balance at beginning of year	**15,406**	(1,158)	**15,406**	(1,158)
Fair value gains/(losses)	**(51,042)**	12,869	**(51,042)**	12,869
Tax on fair value (gains)/losses	**15,375**	(3,919)	**15,375**	(3,919)
Transfers to energy cost expense	**17,849**	11,036	**17,849**	11,036
Tax on transfers to energy cost expense	**(5,355)**	(3,311)	**(5,355)**	(3,311)
Transfers to property, plant and equipment	**(1,064)**	-	**(1,064)**	-
Tax on transfers to property, plant and equipment	**319**	-	**319**	-
Transfers to carbon revenue	**1,238**	(209)	**1,238**	(209)
Tax on transfers to carbon revenue	**(371)**	63	**(371)**	63
Transfers to interest paid	**(6)**	50	**(6)**	50
Tax on transfers to interest paid	**2**	(15)	**2**	(15)
Effect of change in corporate tax rate	**(223)**	-	**(223)**	-
	(7,872)	15,406	**(7,872)**	15,406

NOTE 17: OTHER RESERVES

	Note	GROUP		PARENT	
		2011	2010	2011	2010
		$000	$000	$000	$000
Foreign Currency Translation Reserve					
Balance at beginning of year		**14,871**	6,114	**-**	-
Transfer to deferred tax		**2,692**	3,413	**-**	-
Currency translation differences		**2,767**	5,344	**-**	-
Effect of change in corporate tax rate		**(530)**	-	**-**	-
		19,800	14,871	**-**	-
Employee Share Option Reserve					
Balance at beginning of year		**193**	323	**193**	323
Transfer to share capital	13	**-**	(290)	**-**	(290)
Fair value movements charged to the income statement		**(90)**	160	**(90)**	160
		103	193	**103**	193
Total Other Reserves		**19,903**	15,064	**103**	193

NOTE 18: CASH, CASH EQUIVALENTS AND BANK OVERDRAFT

	GROUP		PARENT	
	2011	**2010**	**2011**	**2010**
	$000	**$000**	**$000**	**$000**
Cash at bank	**12,568**	9,492	**1,429**	3,868
	12,568	9,492	**1,429**	3,868

NOTE 19: ACCOUNTS RECEIVABLE AND PREPAYMENTS

		GROUP		PARENT	
		2011	**2010**	**2011**	**2010**
	Note	**$000**	**$000**	**$000**	**$000**
Billed debtors and unbilled sales		**63,821**	62,059	**63,821**	62,057
Provision for doubtful debts	38	**(1,800)**	(2,000)	**(1,800)**	(2,000)
Electricity market receivables		**18,880**	32,369	**18,106**	28,732
Other receivables		**18,746**	23,273	**13,857**	21,018
Prepayments		**2,826**	1,752	**1,617**	1,797
		102,473	117,453	**95,601**	111,604

NOTE 20: DERIVATIVE FINANCIAL INSTRUMENTS

	GROUP		PARENT	
	2011	**2010**	**2011**	**2010**
Current	**$000**	**$000**	**$000**	**$000**
Interest rate derivative assets	**-**	15	**-**	15
Electricity price derivative assets	**1,599**	4,118	**1,599**	4,118
Exchange rate derivative assets	**1,350**	1,049	**1,350**	1,049
	2,949	5,182	**2,949**	5,182
Interest rate derivative liabilities	**-**	3,175	**-**	2,697
Electricity price derivative liabilities	**5,201**	1,112	**5,201**	1,112
Exchange rate derivative liabilities	**-**	-	**-**	-
	5,201	4,287	**5,201**	3,809
Non-current				
Interest rate derivative assets	**3,635**	3,903	**3,344**	3,062
Electricity price derivative assets	**164**	14,348	**164**	14,348
Exchange rate derivative assets	**1,957**	2,089	**1,957**	2,089
	5,756	20,340	**5,465**	19,499
Interest rate derivative liabilities	**6,297**	3,407	**4,805**	1,461
Electricity price derivative liabilities	**13,302**	954	**13,302**	954
Exchange rate derivative liabilities	**-**	-	**-**	-
	19,599	4,361	**18,107**	2,415

See notes 37 and 38 for details on fair value estimation and details of the hedge relationships.

NOTE 21: PROPERTY, PLANT AND EQUIPMENT

	GROUP		PARENT	
	2011	**2010**	**2011**	**2010**
	$000	**$000**	**$000**	**$000**
Generation Assets				
Balance at beginning of year				
Fair value	**2,326,464**	2,305,641	**1,487,035**	1,488,162
Cost	**5,387**	-	**5,334**	-
Capital work in progress	**13,150**	7,701	**10,598**	6,385
Accumulated depreciation	**(44,625)**	-	**(9,728)**	-
	2,300,376	2,313,342	**1,493,239**	1,494,547
Additions at cost	**95,263**	10,994	**88,516**	9,547
Depreciation	**(44,303)**	(44,157)	**(10,040)**	(9,728)
Disposals at net book value	**(1,047)**	(661)	**(986)**	(661)
Foreign exchange movements	**15,958**	21,884	**-**	-
Revaluations/transfers	**802**	(1,026)	**152**	(466)
Balance at end of year				
Fair value	**2,342,802**	2,326,464	**1,486,036**	1,487,035
Cost	**15,776**	5,387	**13,303**	5,334
Capital work in progress	**98,609**	13,150	**91,144**	10,598
Accumulated depreciation	**(90,138)**	(44,625)	**(19,602)**	(9,728)
	2,367,049	2,300,376	**1,570,881**	1,493,239

	GROUP		PARENT	
	2011	2010	2011	2010
Metering Equipment	$000	$000	$000	$000
Balance at beginning of year				
Cost	**68,481**	64,840	**68,481**	64,840
Accumulated depreciation	**(36,082)**	(33,277)	**(36,082)**	(33,277)
	32,399	31,563	**32,399**	31,563
Additions at cost	**4,270**	3,600	**4,270**	3,600
Depreciation	**(2,981)**	(2,804)	**(2,981)**	(2,804)
Disposals at net book value	**-**	-	**-**	-
Transfers	**1**	40	**1**	40
Balance at end of year				
Cost	**72,743**	68,481	**72,743**	68,481
Accumulated depreciation	**(39,054)**	(36,082)	**(39,054)**	(36,082)
	33,689	32,399	**33,689**	32,399
Other Freehold Buildings				
Balance at beginning of year				
Cost	**13,510**	11,245	**10,719**	10,507
Accumulated depreciation	**(3,286)**	(2,932)	**(3,158)**	(2,891)
	10,224	8,313	**7,561**	7,616
Additions at cost	**124**	679	**109**	150
Depreciation	**(234)**	(252)	**(205)**	(205)
Disposals at net book value	**(48)**	(4)	**(48)**	-
Transfers	**(99)**	1,488	**(1)**	-
Balance at end of year				
Cost	**13,428**	13,510	**10,762**	10,719
Accumulated depreciation	**(3,461)**	(3,286)	**(3,346)**	(3,158)
	9,967	10,224	**7,416**	7,561
Other Freehold Land				
Balance at beginning of year				
Cost	**14,663**	14,042	**6,270**	6,492
Additions at cost	**2,159**	2,241	**1,400**	-
Disposals at cost	**(183)**	-	**(183)**	-
Foreign exchange movements	**2**	-	**-**	-
Transfers	**(9)**	(1,620)	**(5)**	(222)
Balance at end of year				
Cost	**16,632**	14,663	**7,482**	6,270
Other Plant and Equipment				
Balance at beginning of year				
Cost	**19,730**	15,366	**18,168**	15,970
Accumulated depreciation	**(11,140)**	(9,730)	**(11,038)**	(9,721)
	8,590	5,636	**7,130**	6,249
Additions at cost	**2,275**	3,869	**1,921**	2,991
Depreciation	**(1,806)**	(2,145)	**(1,751)**	(2,051)
Disposals at net book value	**(133)**	(127)	**(133)**	(112)
Foreign exchange movements	**56**	4	**-**	-
Transfers	**(536)**	1,353	**(148)**	53
Balance at end of year				
Cost	**21,150**	19,730	**19,420**	18,168
Accumulated depreciation	**(12,704)**	(11,140)	**(12,401)**	(11,038)
	8,446	8,590	**7,019**	7,130
Total				
Balance at beginning of year				
Fair value	**2,326,464**	2,305,641	**1,487,035**	1,488,162
Cost	**121,771**	105,493	**108,972**	97,809
Capital work in progress	**13,150**	7,701	**10,598**	6,385
Accumulated depreciation	**(95,133)**	(45,939)	**(60,006)**	(45,889)
	2,366,252	2,372,896	**1,546,599**	1,546,467
Additions at cost	**104,091**	21,383	**96,216**	16,288
Depreciation	**(49,324)**	(49,358)	**(14,977)**	(14,788)
Disposals at net book value	**(1,411)**	(792)	**(1,350)**	(773)
Foreign exchange movements	**16,016**	21,888	**-**	-
Revaluations/transfers	**159**	235	**(1)**	(595)
Balance at end of year				
Fair value	**2,342,802**	2,326,464	**1,486,036**	1,487,035
Cost	**139,729**	121,771	**123,710**	108,972
Capital work in progress - generation assets	**98,609**	13,150	**91,144**	10,598
Accumulated depreciation	**(145,357)**	(95,133)	**(74,403)**	(60,006)
	2,435,783	2,366,252	**1,626,487**	1,546,599

If generation assets were stated on an historical cost basis, the amounts would be as follows	GROUP		PARENT	
	2011	2010	2011	2010
	$000	$000	$000	$000
Generation assets (at cost)	**1,393,236**	1,370,191	**748,504**	740,534
Generation assets under construction (at cost)	**98,609**	13,150	**91,144**	10,598
Generation assets accumulated depreciation	**(261,470)**	(216,481)	**(128,043)**	(118,003)
	1,230,375	1,166,860	**711,605**	633,129

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 2009 to their estimated market value as assessed by Deloitte Corporate Finance.

Included in the capital work in progress as at 31 March 2011 are capitalised borrowing costs of $1,466,000 (2010: nil).

NOTE 22: INVESTMENTS IN SUBSIDIARIES

		GROUP		PARENT	
		2011	2010	2011	2010
	Note	$000	$000	$000	$000
Shares at cost		**-**	-	**64,987**	64,987
Net advances to subsidiaries		**-**	-	**257,785**	276,710
Impairment of advances to subsidiaries	37	**-**	-	**(17,539)**	(15,288)
		-	-	**305,233**	326,409

Significant subsidiaries (31 March balance dates)	*Country of incorporation*	*% owned*	*Principal activity*
Cobb Power Limited	New Zealand	100	Asset holding
TrustPower Oamaru Limited	New Zealand	100	Call services operator
Sellicks Hill Wind Farm Pty Ltd	Australia	100	Generation development
Snowtown 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	Insurance
TrustPower Australia Financing Partnership	Australia	100	Financing
Esk Hydro Power Limited	New Zealand	100	Generation development

NOTE 23: INTANGIBLE ASSETS

	GROUP		PARENT	
	2011	2010	2011	2010
	$000	$000	$000	$000
Customer Base Assets				
Balance at beginning of year				
Cost	**64,994**	64,994	**64,994**	64,994
Accumulated amortisation	**(36,736)**	(32,928)	**(36,736)**	(29,120)
	28,258	32,066	**28,258**	35,874
Additions at cost	**-**	-	**-**	-
Amortisation	**(3,808)**	(3,808)	**(3,808)**	(3,808)
Disposals at net book value	**-**	-	**-**	-
Balance at end of year				
Cost	**64,994**	64,994	**64,994**	64,994
Accumulated amortisation	**(40,544)**	(36,736)	**(40,544)**	(36,736)
	24,450	28,258	**24,450**	28,258
Computer Software				
Balance at beginning of year				
Cost	**22,861**	21,122	**22,861**	21,122
Accumulated amortisation	**(15,536)**	(13,672)	**(15,536)**	(13,672)
	7,325	7,450	**7,325**	7,450
Additions at cost	**4,384**	7,886	**4,384**	7,886
Amortisation	**(1,739)**	(1,849)	**(1,739)**	(1,849)
Impairment	**-**	(6,162)	**-**	(6,162)
Disposals at net book value	**(8)**	-	**(8)**	-
Transfers	**(1)**	-	**(1)**	-
Balance at end of year				
Cost	**27,236**	22,861	**27,236**	22,861
Accumulated amortisation	**(17,275)**	(15,536)	**(17,275)**	(15,536)
	9,961	7,325	**9,961**	7,325

Total	Note	GROUP 2011 $000	GROUP 2010 $000	PARENT 2011 $000	PARENT 2010 $000
Balance at beginning of year					
Cost		**87,855**	86,116	**87,855**	86,116
Accumulated amortisation		**(52,272)**	(46,600)	**(52,272)**	(42,792)
		35,583	39,516	**35,583**	43,324
Additions at cost		**4,384**	7,886	**4,384**	7,886
Amortisation		**(5,547)**	(5,657)	**(5,547)**	(5,657)
Impairment	8	**-**	(6,162)	**-**	(6,162)
Disposals at net book value		**(8)**	-	**(8)**	-
Transfers		**(1)**	-	**(1)**	-
Balance at end of year					
Cost		**92,230**	87,855	**92,230**	87,855
Accumulated amortisation		**(57,819)**	(52,272)	**(57,819)**	(52,272)
		34,411	35,583	**34,411**	35,583

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 24: ACCOUNTS PAYABLE AND ACCRUALS

	GROUP 2011 $000	GROUP 2010 $000	PARENT 2011 $000	PARENT 2010 $000
Capital expenditure accruals	**11,728**	-	**11,728**	-
Customer bond deposits	**1,862**	2,181	**1,862**	2,181
Electricity market payables	**25,695**	47,137	**25,695**	47,137
Line cost accrual	**1,035**	2,723	**1,035**	2,723
Employee entitlements	**5,492**	4,852	**5,426**	4,785
Interest accruals	**4,285**	4,418	**4,192**	4,296
Net GST payable	**3,608**	2,930	**3,397**	2,163
Other accounts payable and accruals	**11,875**	10,197	**11,385**	10,082
Trade accounts payable	**25,512**	29,393	**25,499**	29,381
	91,092	103,831	**90,219**	102,748

NOTE 25: UNSECURED BANK LOANS

	GROUP 2011 $000	GROUP 2010 $000	PARENT 2011 $000	PARENT 2010 $000
New Zealand dollar facilities				
Repayment terms:				
One to two years	**31,900**	54,000	**31,900**	54,000
Two to five years	**-**	-	**-**	-
Over five years	**105,432**	91,104	**105,432**	91,104
Facility establishment costs	**(4,632)**	(2,161)	**(4,632)**	(2,161)
	132,700	142,943	**132,700**	142,943
Weighted average interest:				
One to two years	**3.1%**	3.0%	**3.1%**	3.0%
Two to five years	**-**	-	**-**	-
Over five years	**3.5%**	3.2%	**3.5%**	3.2%
	3.4%	3.2%	**3.4%**	3.2%
Australian dollar facilities				
Repayment terms:				
Less than one year	**-**	193,904	**-**	-
One to two years	**-**	-	**-**	-
Two to five years	**203,627**	-	**-**	-
Over five years	**-**	-	**-**	-
Facility establishment costs	**-**	-	**-**	-
	203,627	193,904	**-**	-
Weighted average interest:				
Less than one year	**-**	4.6%	**-**	-
One to two years	**-**	-	**-**	-
Two to five years	**6.1%**	-	**-**	-
Over five years	**-**	-	**-**	-
	6.1%	4.6%	**-**	-
Total bank loans	**336,327**	336,847	**132,700**	142,943
Current portion	**-**	193,904	**-**	-
Non-current portion	**336,327**	142,943	**132,700**	142,943
	336,327	336,847	**132,700**	142,943

Interest rates paid during the year ranged from 2.7% to 6.9%.

The Group has the following loan facilities with interest priced at between call and 180 day rates:
(i) $225,000,000 revolving loan expiring in under one year
(ii) $125,000,000 revolving loan expiring in one to two years
(iii) $83,182,000 table loan maturing in ten years
(iv) $22,250,000 table loan maturing in fifteen years
(v) AUD 180,000,000 revolving loan expiring in two to five years

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) and (v) 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 $181,735,000. There are no costs to cancel the facility.

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 $25,000,000 to $250,000,000. This facility is currently being documented and will mature in two to five years.

A subsidiary company has entered into a fully defeased cross border lease in relation to generation assets with a book value of $30,756,000. The lease liability is not recognised in these financial statements as all obligations have been prepaid to the respective lessors. This creates restrictions on the disposal of the asset unless the subsidiary company holding the assets is part of the disposal. The lease expires in January 2018 and is subject to a potential termination payment, up to a maximum value of $4,629,000 (2010: $4,882,000), in the event that the subsidiary wishes to terminate the lease.

NOTE 26: UNSECURED SUBORDINATED BONDS

	GROUP		PARENT	
	2011 $000	**2010 $000**	**2011 $000**	**2010 $000**
Repayment terms and interest:				
Maturing in September 2012, 8.5% p.a. fixed coupon rate	**108,592**	108,592	**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
Bond issue costs	**(1,563)**	(2,099)	**(1,563)**	(2,099)
	261,742	261,206	**261,742**	261,206

At maturity the bonds 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 2011 the subordinated bonds had a fair value of $274,822,000 (31 March 2010: $274,286,000).

NOTE 27: UNSECURED SENIOR BONDS

	GROUP		PARENT	
	2011 $000	**2010 $000**	**2011 $000**	**2010 $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**	-
Bond issue costs	**(3,482)**	(2,482)	**(3,482)**	(2,482)
	211,518	137,518	**211,518**	137,518

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 25).

At 31 March 2011 the senior bonds had a fair value of $223,270,000 (31 March 2010: $143,443,000).

NOTE 28: DEFERRED INCOME TAX

	Note	GROUP 2011 $000	GROUP 2010 $000	PARENT 2011 $000	PARENT 2010 $000
Balance at beginning of year		**266,523**	251,137	**188,719**	177,741
Current year changes in temporary differences affecting tax expense	11	**2,503**	10,946	**2,192**	4,560
Current year changes in temporary differences affecting reserves		**(12,724)**	1,903	**(10,032)**	5,624
Reclassification of prior year temporary differences	11	**4,164**	1,087	**1,698**	794
Exchange rate movements on foreign denominated deferred tax		**1,367**	1,450	**-**	-
Effect of announced change in corporate tax rate on:					
Income tax expense		**(5,098)**	-	**(2,799)**	-
Revaluation reserve		**(11,251)**	-	**(9,600)**	-
Cash flow hedge reserve		**223**	-	**223**	-
Foreign currency translation reserve		**530**	-	**-**	-
Effect of removal of tax depreciation on buildings on income tax expense		**11,079**	-	**9,691**	-
		257,316	266,523	**180,092**	188,719
Comprising:					
Deferred tax liabilities		**257,316**	266,523	**180,092**	188,719
		257,316	266,523	**180,092**	188,719

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 2011 ($000)**	**Opening Balance**	**Charged to Income Statement**	**Charged Directly to Equity**	**Closing Balance**
Revaluations	**196,323**	**-**	**(11,313)**	**185,010**
Other property, plant and equipment movements	**61,565**	**14,126**	**-**	**75,691**
Employee benefits	**(1,283)**	**(46)**	**-**	**(1,329)**
Provision for impairment	**(600)**	**96**	**-**	**(504)**
Carbon revenue recognition	**2,853**	**439**	**-**	**3,292**
Customer base assets	**8,477**	**(1,631)**	**-**	**6,846**
Financial instruments	**4,508**	**1,025**	**(9,747)**	**(4,214)**
Unrealised losses on Australian dollar loan	**(5,251)**	**-**	**(2,162)**	**(7,413)**
Other	**(69)**	**6**	**-**	**(63)**
	266,523	**14,015**	**(23,222)**	**257,316**

GROUP **For the year ended 31 March 2010 ($000)**	**Opening Balance**	**Charged to Income Statement**	**Charged Directly to Equity**	**Closing Balance**
Revaluations	196,459	-	(136)	196,323
Other property, plant and equipment movements	54,496	7,069	-	61,565
Employee benefits	(1,278)	(5)	-	(1,283)
Provision for impairment	(480)	(120)	-	(600)
Carbon revenue recognition	636	2,217	-	2,853
Customer base assets	9,620	(1,143)	-	8,477
Financial instruments	(6,409)	3,736	7,181	4,508
Unrealised losses on Australian dollar loan	(1,838)	-	(3,413)	(5,251)
Other	(69)	-	-	(69)
	251,137	11,754	3,632	266,523

PARENT **For the year ended 31 March 2011 ($000)**	**Opening Balance**	**Charged to Income Statement**	**Charged Directly to Equity**	**Closing Balance**
Revaluations	**144,151**	**-**	**(9,662)**	**134,489**
Other property, plant and equipment movements	**30,207**	**11,008**	**-**	**41,215**
Employee benefits	**(1,283)**	**(46)**	**-**	**(1,329)**
Provision for impairment	**(600)**	**96**	**-**	**(504)**
Carbon revenue recognition	**2,853**	**439**	**-**	**3,292**
Customer base assets	**8,477**	**(1,631)**	**-**	**6,846**
Financial instruments	**4,983**	**910**	**(9,747)**	**(3,854)**
Other	**(69)**	**6**	**-**	**(63)**
	188,719	**10,782**	**(19,409)**	**180,092**

PARENT **For the year ended 31 March 2010 ($000)**	**Opening Balance**	**Charged to Income Statement**	**Charged Directly to Equity**	**Closing Balance**
Revaluations	145,708	-	(1,557)	144,151
Other property, plant and equipment movements	26,847	3,360	-	30,207
Employee benefits	(1,278)	(5)	-	(1,283)
Provision for impairment	(480)	(120)	-	(600)
Carbon revenue recognition	636	2,217	-	2,853
Customer base assets	9,620	(1,143)	-	8,477

Financial instruments	(3,243)	1,044	7,182	4,983
Other	(69)	-	-	(69)
	177,741	5,353	5,625	188,719

NOTE 29: RECONCILIATION OF NET CASH FROM OPERATING ACTIVITIES WITH PROFIT AFTER TAX **ATTRIBUTABLE TO THE SHAREHOLDERS**

	GROUP		PARENT	
	2011 $000	**2010 $000**	**2011 $000**	**2010 $000**
Profit after tax attributable to the shareholders of the Company	**112,369**	119,413	**107,133**	107,632
Items classified as investing/financing				
Interest paid	**61,712**	57,759	**46,446**	43,562
Interest received	**(907)**	(559)	**(1,400)**	(17)
	60,805	57,200	**45,046**	43,545
Non-cash items:				
Amortisation of debt issue costs	**1,428**	1,076	**1,428**	1,076
Non-cash transfer from cash flow hedge reserve to interest expense	**(265)**	(194)	**(265)**	(194)
Amortisation of intangible assets	**5,547**	5,657	**5,547**	5,657
Depreciation	**49,324**	49,358	**14,977**	14,788
Loss/(gain) on sale of property, plant and equipment	**98**	549	**91**	549
Impairment of assets	**-**	6,120	**1,430**	7,885
Share option provision transfer	**(90)**	160	**(90)**	160
Movement in derivative financial instruments taken to the income statement	**(62)**	(12,509)	**590**	(3,537)
Intercompany charges	**-**	-	**27,846**	28,221
Increase/(decrease) in deferred tax liability excluding transfers to reserves	**13,031**	12,098	**10,781**	5,353
	69,011	62,315	**62,335**	59,958
Decrease/(increase) in working capital:				
Accounts receivable and prepayments	**14,277**	(39,454)	**14,978**	(38,704)
Taxation payable/receivable	**(8,877)**	3,715	**(2,379)**	5,017
Accounts payable and accruals excluding capital expenditure accruals	**(23,547)**	30,920	**(23,226)**	31,258
	(18,147)	(4,819)	**(10,627)**	(2,429)
Net cash from operating activities	**224,038**	234,109	**203,887**	208,706

NOTE 30: IMPUTATION CREDIT ACCOUNT

	GROUP		PARENT	
	2011 $000	**2010 $000**	**2011 $000**	**2010 $000**
Balance at beginning of year	**463**	462	**463**	462
Tax paid	**41,000**	30,934	**41,000**	30,934
Allocated to dividends	**(35,135)**	(30,941)	**(35,135)**	(30,941)
Other movements	**61**	8	**61**	8
Balance at end of year	**6,389**	463	**6,389**	463

NOTE 31: EMISSION RIGHTS

	GROUP		PARENT	
	2011	**2010**	**2011**	**2010**
Verified Voluntary Emission Reductions (Tonnes CO_2-e)				
Balance at beginning of year	**291,000**	321,000	**291,000**	321,000
Rights verified during the year	**-**	-	**-**	-
Rights sold during the year	**-**	(30,000)	**-**	(30,000)
Rights used internally	**-**	-	**-**	-
Rights unsold at end of year	**291,000**	291,000	**291,000**	291,000

The Verified Voluntary Emission Reductions above relate to completed generation production for the period 1 January 2004 to 31 December 2007. As at 31 March 2011 unsold Verified Voluntary Emission Reductions were valued at nil (2010: nil).

Kyoto Carbon Credits
The Group has received 1,476,000 (2010:1,476,000) tonnes of carbon emission rights from the New Zealand Government issued pursuant to the Kyoto protocol in relation to completed generation facilities. This represents the maximum rights based upon specified levels of generation output from the new facilities for the period 1 January 2008 to 31 December 2012 and is reliant on the ongoing support of the Kyoto protocol and emission rights within the international community. The Group believes that it will be able to utilise 1,310,000 tonnes of these carbon emission rights. This potential revenue source is taken into consideration in the evaluation of generation development projects and in the valuation of the generation assets.

A contract has been signed with Electrabel, a European energy company, for the sale of 228,000 tonnes of carbon emission rights over five years from 2008-2012. This sale is dependent on the Group's Tararua Stage II wind farm producing a minimum level of output. A contract has been signed with The Kansai Electric Power Company, a Japanese energy company, for the sale of 300,000 tonnes of carbon emission rights over five years from 2008-2012. Further contracts have been signed covering emission rights generated over the same period. These sales are dependent on the Group's Tararua Stage III wind farm producing a minimum level of output.

	GROUP		PARENT	
	2011	2010	2011	2010
Kyoto Carbon Credits (Tonnes CO_2-e)				
Balance at beginning of year	**98,000**	65,000	**98,000**	65,000
Rights earned during the year	**227,000**	231,000	**227,000**	231,000
Rights sold during the year	**(168,000)**	(198,000)	**(168,000)**	(198,000)
Rights unsold at end of year	**157,000**	98,000	**157,000**	98,000

Included in other receivables (note 19) is $9,689,000 relating to Kyoto Carbon Credits generated and pre-sold (2010: $11,051,000). In addition $3,844,000 is included relating to Kyoto Carbon Credits generated but unsold at the end of the reporting period (2010: $2,135,000).

The Group also earns Renewable Energy Credits (RECs) from renewable electricity generation in South Australia. Included in other receivables (note 19) is $1,862,000 relating to RECs generated and pre-sold (2010: $1,408,000). In addition $1,884,000 is included relating to RECs generated but unsold at the end of the reporting period (2010: $1,269,000).

NOTE 32: COMMITMENTS

	GROUP		PARENT	
	2011 $000	2010 $000	2011 $000	2010 $000
Capital Commitments	**750**	2,824	**750**	2,824

Electricity Purchase Commitments
The Parent has a long term contract with Mighty River Power Limited to purchase the output from the Rotokawa geothermal power station until 31 March 2013. This commitment cannot be quantified.

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 Ngawha Generation Limited to purchase all of the output from its Ngawha geothermal station. This contract will terminate on 30 September 2011. This commitment cannot be quantified.

NOTE 33: 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. The Group believes the tax treatment adopted is correct and is defending its position. Should Inland Revenue be completely successful in its claim, the resulting liability would give rise to an additional tax payment of $6,779,000 and interest expense of $3,145,000. Further the Group would need to revise its policy for claiming tax deductions for feasibility expenditure in the 2009 and future years. This would give rise to a further estimated tax payment of $3,998,000 and interest expense of $477,000 in respect of the 2009, 2010 and 2011 years.

The Group has provided a guarantee to Rangitata Diversion Race Management Limited (RDR) to allow RDR to borrow funds to purchase land. The maximum amount the Group could be liable to pay is $756,000 (2010: $756,000). This maximum liability would only be payable if RDR was unable to service its debt and was unable to sell the land.

The Group is not aware of any other material contingent liabilities at balance date (2010: nil).

Other than disclosed in note 6 the Group is not party to any material operating leases at balance date (2010: nil).

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

NOTE 34: RELATED PARTY TRANSACTIONS

Key management personnel

The key management personnel compensation (including Directors' fees) is as follows:	GROUP		PARENT	
	2011 $000	2010 $000	2011 $000	2010 $000
Salaries and other short-term employee benefits	**3,627**	4,535	**3,627**	4,535
Share based payments	**28**	22	**28**	22
	3,655	4,557	**3,655**	4,557

$464,000 of this amount was unpaid at 31 March 2011 (2010: $598,000).

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 35).

Subsidiaries

Advances have been made to/from subsidiaries (refer to note 22) 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 22 include the balances due to/from subsidiaries in respect of the following transactions.

The Parent has a lease contract with its subsidiaries Cobb Power Limited and Tararua Wind Power Limited for the use of the subsidiary companies' generation assets. These commitments cannot be quantified.

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	
	2011	2010	2011	2010
	$000	$000	$000	$000
Operating lease costs	**-**	-	**(20,641)**	(21,247)
Insurance costs	**-**	-	**(2,072)**	(2,141)
Interest revenue	**-**	-	**886**	1,172
Impact on profit before income tax	**-**	-	**(21,827)**	(22,216)

The Group is controlled by Infratil Limited (incorporated in New Zealand) which owns 50.6% of the Company's voting shares. The Tauranga Energy Consumer Trust owns 33.0% and the residual balance of 16.4% 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. Mr HRL Morrison is an alternate Director of TrustPower Limited and is a Director of Infratil Limited. Infratil Limited is the parent of TrustPower Limited and $40,000 (2010: $7,000) was paid to H.R.L. Morrison & Co Limited and related entities during the year for consultancy services. As at 31 March 2011 none of this amount was outstanding (2010: nil).

Consultancy fees of $24,000 (2010: $10,000) were paid to Lumo Energy Pty Ltd which is a subsidiary of the Group's ultimate parent. As at 31 March 2011 none of this amount was outstanding (2010: nil).

Mr MJ Cooney, a Director of TrustPower Limited, is a partner in the law firm Cooney Lees Morgan. $18,000 was paid to Cooney Lees Morgan for legal services in the year to 31 March 2011 (2010: $14,000). As at 31 March 2011 none of this amount was unpaid (2010: nil).

Except as noted above, no transactions took place with related parties during the year. 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 2011 (2010: nil).

NOTE 35: 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 $	
	2011	2010	2011	2010
Options Outstanding:				
Tranche A issued November 2003, expiring February 2009	**-**	-	**-**	-
Tranche B issued May 2004, expiring August 2010	**-**	-	**-**	-
Tranche C issued November 2004, expiring February 2010	**-**	-	**-**	-
Tranche D issued May 2006, expiring June 2012	**280,000**	280,000	**8.33**	8.01
	280,000	280,000		
Options Exercised to Date:				
Tranche A	**520,000**	520,000	**3.04**	3.04
Tranche B	**60,000**	60,000	**4.85**	4.85
Tranche C	**420,000**	420,000	**6.10**	6.10
Tranche D	**-**	-	**-**	-
	1,000,000	1,000,000		
Options Lapsed to Date:				
Tranche A	**60,000**	60,000		
Tranche B	**-**	-		
Tranche C	**100,000**	100,000		
Tranche D	**180,000**	180,000		
	340,000	340,000		

The members of the TrustPower Ltd executive management team and certain other employees (together defined as key management personnel) are eligible to receive payment under two cash settled share based payments schemes. The schemes are defined as follows:

Scheme one:
An incentive scheme for key management personnel of the Parent was implemented on 15 November 2008. This is a cash-settled share-based payment scheme covering the three-year period to 15 November 2011.

Scheme two
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 the three-year period to 15 May 2011. Additionally each year on the 15th of May, a new tranche of the scheme may be issued at the discretion of the Board that covers a period of three years from the issue date.

Calculation of payment

Scheme one
Key management personnel are eligible to receive an annual bonus payment during the 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 Group Limited 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 bonus is received by the participants. The total return is calculated for a one year period commencing on the 15th of November with reference to the share price at the date of the scheme closing.

Scheme two
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 Group 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 2011 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 2011 the total expense recognised in the income statement was $40,000 (2010: $14,000) and the liability recognised in the statement of financial position as at 31 March 2011 is $54,000 (2010: $14,000).

NOTE 36: BUSINESS COMBINATIONS

On 26 November 2009 the Group purchased 100% of the shares of Esk Hydro Power Limited for $350,000. There were no material operating results for this acquisition affecting the income statements for this year. The assets and liabilities of the acquisition at the purchase date were as follows:

	GROUP Fair Value 2010 $000	Acquiree's Carrying Value 2010 $000
Assets and Liabilities Acquired:		
Cash at bank	1	1
Property, plant and equipment	350	83
Accounts payable and accruals	(1)	(1)
Shareholder advances	-	(82)
Net assets acquired	350	1

There was no goodwill arising as a result of this business combination. There were no acquisitions in the year ended 31 March 2011.

NOTE 37: 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.

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 increased/(decreased) by $411,000/$(411,000) (2010: increased/(decreased) by $74,000/$(85,000)).

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 2009. 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	Increasing in real terms from $73/MWh to $82/MWh by 2012 then constant.	Increasing in real terms from $78/MWh to $87/MWh by 2012 then constant.	-/+ $64,000,000
Generation volume	2,032 GWh	2,483 GWh	-/+ $217,000,000
Operating costs	$23,000,000 p.a.	$29,000,000 p.a.	+/- $31,000,000
Weighted average cost of capital	8.00%	8.50%	+$74,000,000 / -$67,000,000
Australian Assets			**AUD**
Forward electricity price path	(Stated in AUD) Until 2018 $72 in real terms. After 2018 declining to $60 by 2028 in real terms. Thereafter held constant.	(Stated in AUD) Until 2018 $78 in real terms. After 2018 declining to $66 by 2028 in real terms. Thereafter held constant.	-/+ $5,000,000
Generation volume	350 GWh	428 GWh	-$30,000,000 / +$29,000,000
Weighted average cost of capital	7.60%	8.10%	+/- $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 $4,484,000/$(5,480,000) (2010: $4,487,000/$(5,484,000)).

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 $504,000/$(616,000) (2010: $514,000/$(629,000)).

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
There have been no changes to accounting estimates in the year.

NOTE 38: 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.

The aggregate notional volume of the outstanding electricity derivatives at 31 March 2011 was 900 GWh (31 March 2010: 1,146 GWh).

The hedged anticipated electricity purchase transactions are expected to occur continuously throughout the next five 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 2011 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	
	2011	**2010**	**2011**	**2010**
	$000	**$000**	**$000**	**$000**
Increase/(decrease) to profit of a 10% increase in electricity forward price	**(609)**	(1,532)	**(609)**	(1,532)
Increase/(decrease) to profit of a 10% decrease in electricity forward price	**609**	1,532	**609**	1,532
Increase/(decrease) to equity of a 10% increase in electricity forward price	**5,369**	9,768	**5,369**	9,768
Increase/(decrease) to equity of a 10% decrease in electricity forward price	**(5,369)**	(9,768)	**(5,369)**	(9,768)

(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 2011 was $440,415,000 (31 March 2010: $563,197,000).

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

Effective interest rates for the Parent and the Group are disclosed in note 25.

Sensitivity analysis
At 31 March 2011, 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	
	2011	**2010**	**2011**	**2010**
	$000	**$000**	**$000**	**$000**
Increase/(decrease) to profit of a 100 basis point decrease in interest rates	**(8,994)**	(7,297)	**(3,774)**	(3,447)
Increase/(decrease) to profit of a 100 basis point increase in interest rates	**8,713**	7,119	**3,647**	3,301
Increase/(decrease) to equity of a 100 basis point decrease in interest rates	**(9,601)**	(8,085)	**(4,381)**	(4,235)
Increase/(decrease) to equity of a 100 basis point increase in interest rates	**9,361**	7,900	**4,295**	4,082

(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 2011 was $20,689,000 (31 March 2010: $25,062,000).

The hedged anticipated transactions denominated in foreign currency are expected to occur at various dates between one month and two years 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 2011 will be recycled to revenue from the sale of carbon credits when the credits are sold.

Sensitivity analysis
At 31 March 2011, if the New Zealand dollar 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 materially different.

Other components of equity would have been $(1,387,000)/$1,458,000 (lower)/higher (31 March 2010: $(2,248,000)/$2,041,000 (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 (2010: 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. As shown in note 19, the reported accounts receivable balance includes a provision for doubtful debts of $1,800,000 (2010: $2,000,000).

The Group has around 221,000 customers (2010: 225,000), only four (2010: 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 (2010: 7 per cent) of the Group's total accounts receivable.

As of 31 March 2011, trade receivables relating to the Group and the Parent of $3,589,000 (2010: $4,447,000) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	GROUP		PARENT	
	2011 $000	**2010 $000**	**2011 $000**	**2010 $000**
Up to 3 months	**3,589**	3,984	**3,589**	3,984
3 to 6 months	**-**	463	**-**	463
	3,589	4,447	**3,589**	4,447

As of 31 March 2011, trade receivables relating to the Group and the Parent of $1,800,000 (2010: $2,000,000) were past due and impaired. The ageing analysis of these trade receivables is as follows:

	GROUP		PARENT	
	2010 $000	**2009 $000**	**2010 $000**	**2009 $000**
Up to 3 months	**96**	-	**96**	-
3 to 6 months	**873**	977	**873**	977
6 to 12 months	**453**	603	**453**	603
Over 12 months	**378**	420	**378**	420
	1,800	2,000	**1,800**	2,000

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	
	Note	**2011 $000**	**2010 $000**	**2011 $000**	**2010 $000**
Opening balance		**2,000**	1,600	**2,000**	1,600
Provision for receivables impairment	7	**1,708**	2,374	**1,708**	2,374
Bad debts written off		**(1,908)**	(1,974)	**(1,908)**	(1,974)
Closing balance	19	**1,800**	2,000	**1,800**	2,000

(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 2011	Less than 1 month $000	1-6 months $000	6-12 months $000	Over 1 year $000
Net settled electricity price derivatives	**2,151**	**7,522**	**5,802**	**4,103**
Net settled interest rate derivatives	**30**	**979**	**1,008**	**6,628**
Accounts payable and accruals	**86,807**	**-**	**-**	**-**
Unsecured subordinated bonds	**-**	**11,232**	**11,110**	**308,788**
Unsecured senior bonds	**-**	**8,179**	**8,090**	**270,228**
Unsecured bank loans	**35**	**3,994**	**-**	**340,959**
Financial guarantee contracts	**756**	**-**	**-**	**-**
Total	**89,779**	**31,906**	**26,010**	**930,706**

At 31 March 2010	Less than 1 month $000	1-6 months $000	6-12 months $000	Over 1 year $000
Net settled electricity price derivatives	234	787	2,342	830
Net settled interest rate derivatives	300	3,366	2,414	993
Accounts payable and accruals	99,413	-	-	-
Unsecured subordinated bonds	-	11,232	11,049	331,130
Unsecured senior bonds	-	5,495	5,405	191,356
Unsecured bank loans	123	196,752	-	142,943
Financial guarantee contracts	756	-	-	-
Total	100,826	217,632	21,210	667,252

PARENT

At 31 March 2011	Less than 1 month $000	1-6 months $000	6-12 months $000	Over 1 year $000
Net settled electricity price derivatives	**2,151**	**7,522**	**5,802**	**4,103**
Net settled interest rate derivatives	**30**	**471**	**501**	**5,461**
Accounts payable and accruals	**86,027**	**-**	**-**	**-**
Unsecured subordinated bonds	**-**	**11,232**	**11,110**	**308,788**
Unsecured senior bonds	**-**	**8,179**	**8,090**	**270,228**
Unsecured bank loans	**35**	**1,707**	**-**	**137,332**
Financial guarantee contracts	**756**	**-**	**-**	**-**
Total	**88,999**	**29,111**	**25,503**	**725,912**

At 31 March 2010	Less than 1 month $000	1-6 months $000	6-12 months $000	Over 1 year $000
Net settled electricity price derivatives	234	787	2,342	830
Net settled interest rate derivatives	300	2,096	1,632	449
Accounts payable and accruals	98,452	-	-	-
Unsecured subordinated bonds	-	11,232	11,049	331,130
Unsecured senior bonds	-	5,495	5,405	191,356
Unsecured bank loans	123	1,465	-	142,943
Financial guarantee contracts	756	-	-	-
Total	99,865	21,075	20,428	666,708

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 2011	Less than 1 month $000	1-6 months $000	6-12 months $000	Over 1 year $000
Foreign currency forward contracts				
Inflows	**3,720**	**2,553**	**3,340**	**11,076**
(Outflows)	**(3,063)**	**(2,599)**	**(2,642)**	**(8,768)**

At 31 March 2010	Less than 1 month $000	1-6 months $000	6-12 months $000	Over 1 year $000
Foreign currency forward contracts				
Inflows	3,654	-	3,270	18,137
(Outflows)	(3,121)	-	(2,692)	(14,750)

PARENT

At 31 March 2011	Less than 1 month $000	1-6 months $000	6-12 months $000	Over 1 year $000
Foreign currency forward contracts				
Inflows	**3,720**	**2,553**	**3,340**	**11,076**
(Outflows)	**(3,063)**	**(2,599)**	**(2,642)**	**(8,768)**

At 31 March 2010	Less than 1 month $000	1-6 months $000	6-12 months $000	Over 1 year $000
Foreign currency forward contracts				
Inflows	3,654	-	3,270	18,137
(Outflows)	(3,121)	-	(2,692)	(14,750)

Fair Values

Except for subordinated bonds and senior bonds (see notes 26 and 27), 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 4.0% to 4.9%

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 2011	**Level 1 $000**	**Level 2 $000**	**Level 3 $000**	**Total $000**
Assets per the statement of financial position				
Interest rate derivative assets	**-**	**3,635**	**-**	**3,635**
Electricity price derivative assets	**-**	**-**	**1,763**	**1,763**
Exchange rate derivative assets	**-**	**3,307**	**-**	**3,307**
	-	**6,942**	**1,763**	**8,705**
Liabilities per the statement of financial position				
Interest rate derivative liabilities	**-**	**6,297**	**-**	**6,297**
Electricity price derivative liabilities	**-**	**-**	**18,503**	**18,503**
Exchange rate derivative liabilities	**-**	**-**	**-**	**-**
	-	**6,297**	**18,503**	**24,800**

31 March 2010	**Level 1 $000**	**Level 2 $000**	**Level 3 $000**	**Total $000**
Assets per the statement of financial position				
Interest rate derivative assets	-	3,918	-	3,918
Electricity price derivative assets	-	-	18,466	18,466
Exchange rate derivative assets	-	3,138	-	3,138
	-	7,056	18,466	25,522
Liabilities per the statement of financial position				
Interest rate derivative liabilities	-	6,582	-	6,582
Electricity price derivative liabilities	-	-	2,066	2,066
Exchange rate derivative liabilities	-	-	-	-
	-	6,582	2,066	8,648

PARENT

31 March 2011	**Level 1 $000**	**Level 2 $000**	**Level 3 $000**	**Total $000**
Assets per the statement of financial position				
Interest rate derivative assets	**-**	**3,344**	**-**	**3,344**
Electricity price derivative assets	**-**	**-**	**1,763**	**1,763**
Exchange rate derivative assets	**-**	**3,307**	**-**	**3,307**
	-	**6,651**	**1,763**	**8,414**
Liabilities per the statement of financial position				
Interest rate derivative liabilities	**-**	**4,805**	**-**	**4,805**
Electricity price derivative liabilities	**-**	**-**	**18,503**	**18,503**
Exchange rate derivative liabilities	**-**	**-**	**-**	**-**
	-	**4,805**	**18,503**	**23,308**

31 March 2010	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Assets per the statement of financial position				
Interest rate derivative assets	-	3,077	-	3,077
Electricity price derivative assets	-	-	18,466	18,466
Exchange rate derivative assets	-	3,138	-	3,138
	-	6,215	18,466	24,681
Liabilities per the statement of financial position				
Interest rate derivative liabilities	-	4,158	-	4,158
Electricity price derivative liabilities	-	-	2,066	2,066
Exchange rate derivative liabilities	-	-	-	-
	-	4,158	2,066	6,224

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

GROUP

31 March 2011	Electricity price derivatives $000	Total $000
Assets per the statement of financial position		
Opening balance	**18,466**	**18,466**
Gains and (losses) recognised in profit or loss	**(255)**	**(255)**
Gains and (losses) recognised in other comprehensive income	**(16,448)**	**(16,448)**
Closing balance	**1,763**	**1,763**
Total gains or (losses) for the period included in profit or loss for assets held at the end of the reporting period	**1,483**	**1,483**
Liabilities per the statement of financial position		
Opening balance	**2,066**	**2,066**
(Gains) and losses recognised in profit or loss	**877**	**877**
(Gains) and losses recognised in other comprehensive income	**15,560**	**15,560**
Closing balance	**18,503**	**18,503**
Total (gains) or losses for the period included in profit or loss for liabilities held at the end of the reporting period	**1,938**	**1,938**
Settlements during the year	**26,426**	**26,426**

31 March 2010	Electricity price derivatives $000	Total $000
Assets per the statement of financial position		
Opening balance	3,124	3,124
Gains and (losses) recognised in profit or loss	(1,031)	(1,031)
Gains and (losses) recognised in other comprehensive income	16,373	16,373
Closing balance	18,466	18,466
Total gains or (losses) for the period included in profit or loss for assets held at the end of the reporting period	2,255	2,255
Liabilities per the statement of financial position		
Opening balance	3,304	3,304
(Gains) and losses recognised in profit or loss	807	807
(Gains) and losses recognised in other comprehensive income	(2,045)	(2,045)
Closing balance	2,066	2,066
Total (gains) or losses for the period included in profit or loss for liabilities held at the end of the reporting period	1,327	1,327
Settlements during the year	24,411	24,411

PARENT

31 March 2011	Electricity price derivatives $000	Total $000
Assets per the statement of financial position		
Opening balance	**18,466**	**18,466**
Gains and (losses) recognised in profit or loss	**(255)**	**(255)**
Gains and (losses) recognised in other comprehensive income	**(16,448)**	**(16,448)**
Closing balance	**1,763**	**1,763**
Total gains or (losses) for the period included in profit or loss for assets held at the end of the reporting period	**1,483**	**1,483**
Liabilities per the statement of financial position		
Opening balance	**2,066**	**2,066**
(Gains) and losses recognised in profit or loss	**877**	**877**
(Gains) and losses recognised in other comprehensive income	**15,560**	**15,560**
Closing balance	**18,503**	**18,503**
Total (gains) or losses for the period included in profit or loss for liabilities held at the end of the reporting period	**1,938**	**1,938**
Settlements during the year	**26,426**	**26,426**

31 March 2010	Electricity price derivatives $000	Total $000
Assets per the statement of financial position		
Opening balance	3,124	3,124
Gains and (losses) recognised in profit or loss	(1,031)	(1,031)
Gains and (losses) recognised in other comprehensive income	16,373	16,373
Closing balance	18,466	18,466
Total gains or (losses) for the period included in profit or loss for assets held at the end of the reporting period	2,255	2,255
Liabilities per the statement of financial position		
Opening balance	3,304	3,304
(Gains) and losses recognised in profit or loss	807	807
(Gains) and losses recognised in other comprehensive income	(2,045)	(2,045)
Closing balance	2,066	2,066
Total (gains) or losses for the period included in profit or loss for liabilities held at the end of the reporting period	1,327	1,327
Settlements during the year	24,411	24,411

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	
		2011	2010	2011	2010
	Note	$000	$000	$000	$000
Net debt					
Unsecured bank debt	25	**336,327**	336,847	**132,700**	142,943
Unsecured subordinated bonds	26	**261,742**	261,206	**261,742**	261,206
Unsecured senior bonds	27	**211,518**	137,518	**211,518**	137,518
Cash at bank / bank overdraft	18	**(12,568)**	(9,492)	**(1,429)**	(3,868)
		797,019	726,079	**604,531**	537,799
Equity					
Total equity		**1,418,491**	1,437,146	**1,172,978**	1,205,255
Remove net effect of fair value of financial instruments after tax	16	**7,872**	(15,406)	**7,872**	(15,406)
		1,426,363	1,421,740	**1,180,850**	1,189,849
Total capital funding		**2,223,382**	2,147,819	**1,785,381**	1,727,648
Gearing ratio		**36%**	34%	**34%**	31%

NOTE 39: FINANCIAL INSTRUMENTS BY CATEGORY

GROUP 31 March 2011 **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	**-**	**5,398**	**3,307**	-
Trade and other receivables excluding prepayments	**99,647**	**-**	**-**	-
Cash and cash equivalents	**12,568**	**-**	**-**	-
Bond deposits on trust	**2,000**	**-**	**-**	-
Term receivables	**-**	**-**	**-**	-
Other investments	**-**	**-**	**-**	**4,373**
	114,215	**5,398**	**3,307**	**4,373**

31 March 2010
Assets per the statement of financial position

Derivative financial instruments	-	5,324	20,198	-
Trade and other receivables excluding prepayments	115,701	-	-	-
Cash and cash equivalents	9,492	-	-	-
Bond deposits on trust	2,300	-	-	-
Term receivables	-	-	-	-
Other investments	-	-	-	2,195
	127,493	5,324	20,198	2,195

31 March 2011 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	**-**	**-**	**336,327**
Unsecured subordinated bonds	**-**	**-**	**261,742**
Unsecured senior bonds	**-**	**-**	**211,518**
Derivative financial instruments	**8,931**	**15,869**	**-**
Trade and other payables	**-**	**-**	**91,092**
	8,931	**15,869**	**900,679**
31 March 2010			
Liabilities per the statement of financial position			
Unsecured bank loans including bank overdrafts	-	-	336,847
Unsecured subordinated bonds	-	-	261,206
Unsecured senior bonds	-	-	137,518
Derivative financial instruments	8,648	-	-
Trade and other payables	-	-	103,831
	8,648	-	839,402

PARENT

31 March 2011 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	**-**	**5,107**	**3,307**	-
Trade and other receivables excluding prepayments	**93,984**	**-**	**-**	-
Cash and cash equivalents	**1,429**	**-**	**-**	-
Bond deposits on trust	**2,000**	**-**	**-**	-
Term receivables	**-**	**-**	**-**	-
Other investments	**-**	**-**	**-**	**1,808**
	97,413	**5,107**	**3,307**	**1,808**
31 March 2010				
Assets per the statement of financial position				
Derivative financial instruments	-	4,483	20,198	-
Trade and other receivables excluding prepayments	109,807	-	-	-
Cash and cash equivalents	3,868	-	-	-
Bond deposits on trust	2,300	-	-	-
Term receivables	-	-	-	-
Other investments	-	-	-	8
	115,975	4,483	20,198	8

31 March 2011 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	**-**	**-**	**132,700**
Unsecured subordinated bonds	**-**	**-**	**261,742**
Unsecured senior bonds	**-**	**-**	**211,518**
Derivative financial instruments	**7,439**	**15,869**	**-**
Trade and other payables	**-**	**-**	**90,219**
	7,439	**15,869**	**696,179**
31 March 2010			
Liabilities per the statement of financial position			
Unsecured bank loans including bank overdrafts	-	-	142,943
Unsecured subordinated bonds	-	-	261,206
Unsecured senior bonds	-	-	137,518
Derivative financial instruments	6,224	-	-
Trade and other payables	-	-	102,748
	6,224	-	644,415