

# Annual Report 2015

"I am getting exactly the maximum speed, I am very happy with it."

"It's great, exactly meets my expectations. It's awesome."

"No dramas, communication was great."

"They were really fast, said it would take 4-5 hours, it only took them a couple of hours."

"The overall experience was excellent."

"I'm very happy because they said it would be 6 weeks and we got it in a week."

"I would recommend it. For any household where you are operating more than one computer or tablet it's great."

"Very great, cleaned up behind them. Quick, friendly."





North

USA 100

CONNECTIONS  
MUST BE  
MADE WITH  
BOTH LOCKS

# Northpower Fibre Limited

## Annual Report 2015

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In respect of the period ended 30 June 2015, the Directors of Northpower Fibre Limited submit the following report:

## Chair's Report



Reflecting on the 2014/2015 financial year, I want to recognise the dedication of the teams out in the field who have built New Zealand's first ultra-fast broadband network and who continue to connect Whangarei

businesses and residents to Northpower Fibre's world-class broadband.

These people work in all conditions and really are Northpower Fibre's public ambassadors. As uptake on the Northpower Fibre network continues to increase, their role becomes increasingly important as they are the direct link between the company and our community.

I must also acknowledge the focus of Northpower Fibre Chief Executive Darren Mason and the team of Northpower executives who support his endeavours. We are fortunate to have such an impressive and dedicated team focused upon the success of the company.

In the Northpower Fibre network build we have achieved something unique, but this is really just the start of a journey that has real potential to significantly boost Northland's economic and social prosperity. In fact, we are already seeing that.

When businesses consistently tell you how much value fibre has added to their operations by way of efficiency gains, cost savings, decreasing frustration levels and business growth; it is clear that UFB networks are game changers for Northland and New Zealand.

And when once struggling Whangarei students are surging ahead in their learning thanks to access to their own devices, while also turning their back on truancy, there is a compelling argument in support of the Government's UFB initiative.

It is something my colleagues at the Northpower Fibre board table discuss often and I thank them all for their vision and on-going support.

They too are inspired by the educational shift that fibre is enabling in Whangarei schools. They have therefore backed the Taitokerau Education Trust which is supporting schools as they introduce digital learning.

In the current year, 300 students at six Whangarei schools have had their education transformed with devices and this initiative is having a really positive impact – improving learning and engagement.

In 2016, it is intended that an additional 800 children will have their own devices, with the Taitokerau Education Trust providing support to ensure that this happens.

These children are not only expected to have improved educational outcomes, but will also form the basis of a skilled digital workforce for Northland's future. I look forward to seeing this project expand throughout Whangarei and Northland, with the support of the community and the willingness of schools to take part.

This is just one example of how Whangarei's UFB network is enabling our community and empowering individuals to actively strive for a brighter future. There are immense opportunities in every sphere of our daily lives allowing us to live, work and study in a beautiful region – all because we can connect globally via a world-class and highly reliable communications platform.

From a financial perspective, Northpower Fibre's performance is very encouraging. Our business plan forecast for operating revenue in the 2014/2015 financial year sat at \$1.8m. However, our actual revenue was \$2.2m which signified an increase of \$1.2m (130%) over the 2013/2014 financial year.

Of course UFB2, expanding the fibre network, will bring other opportunities and we will monitor developments with interest.

Meantime, I am looking forward to hearing more success stories from customers on the Northpower Fibre network. We are consistently told how seamless the connection process is and how great the Northpower Fibre network is and I expect that to continue as more locals join our network and benefit from the New Zealand wide 'fibre journey'. And to think that Northpower has been a leader in fibre broadband since 2007 – well before the Government's UFB initiative was launched. That's something to be proud of.

Jo Brosnahan  
Chairperson

A handwritten signature in black ink that reads "Jo Brosnahan".

## Chief Executive's Report



The 2104/2015 financial year has resulted in tremendous progress for Northpower Fibre.

We completed New Zealand's first ultra-fast broadband network in Whangarei in May 2014 – finishing the build in less than three years. In that time we took fibre to more than 19,000 premises (22,000 customers), providing locals with world-class broadband.

A year on and I am pleased to report that the number of people connected to the Northpower Fibre network continues to climb.

In fact, we are 55% ahead of schedule with almost 4,500 connections to the network. Northpower Fibre has the highest uptake of any UFB network in New Zealand. This is an outstanding result when we consider that we also have some of the most challenging demographics.

The unprecedented demand we are continuing to see can only be fantastic from a social and economic perspective for our region. Barriers to distance are being removed on a daily basis while new markets continue to open up to local businesses. What this means is that a provincial town like Whangarei can become as attractive, sustainable and competitive as major cities.

I am genuinely excited about what we are seeing to put Whangarei at the top of the UFB ladder in terms of our region being able to prosper. This aspirational drive we are seeing within Northpower Fibre and within Whangarei makes it a great place to live, work and play.

Not only is our fibre network resilient the fibre management console we have developed allows us real time visibility which makes management of the network seamless. It is agile and responsive to the needs of retail service providers and, ultimately, the end users.

One of our biggest challenges – indeed it is a challenge for all UFB fibre companies in New Zealand – has been the consenting process and accessing houses down right of ways. Thankfully, the Government has signalled a potential law change which will help remove some of these barriers.

Right of way access has been the most complicated of all our tasks this past year but the Northpower Fibre team has made great progress in locating absentee owners in other countries for example. The nature of infrastructure like a fibre network means that there are at times delays in making connections but we always do our best to keep customers updated as to progress.

We continue to work hard at reducing connection times and we have made tremendous progress on this during the year as we are acutely aware that once people want a fibre connection it is about time and speed – and we want to achieve this as soon as possible. However, sometimes this is held up due to consenting and access challenges.

An infrastructure build of this magnitude will always result in a negative financial performance in the early years but we continue to improve. Northpower Fibre's net loss after tax totalled \$1.2m for the 2014/2015 financial year compared to \$2.03m for 2013/2014 – an improvement of 39%. Along with a 130% lift in revenue to \$2.2m, we are in very good shape for further gains in the 2015/2016 financial year.

On the educational front, every school in Whangarei is now connected to our fibre network and our largest high schools are benefitting from gigabit connections.

Further to this Northpower Fibre is a founding partner of the Taitokerau Education Trust and this is having a big impact on education outcomes in local schools.

Northpower Fibre is undoubtedly creating a brighter future for our businesses, communities, and our future leaders.

Darren Mason  
Chief Executive

## Fibre in Action



### Taitokerau Education Trust

Northpower Fibre has supported the Taitokerau Education Trust since its formation in 2014 and sees the role it plays in educating our young as crucial to the social and economic development of the region.

The Taitokerau Education Trust is a Whangarei based incorporated trust that has recently been set up by local community leaders to provide equity and access to modern learning pedagogies that are proven to address low levels of educational achievement and engagement by students and families in at risk communities.

The aim is to create digitally enabled teaching and learning environments in the schools that we are working with. Access to learning is anytime, anywhere and at any pace; thus extending the learning hours beyond the school day. The programme works for students from Year 4 upwards. This is not about swapping pencil and paper with a device. In fact, parents are supported to become the single biggest investor in their child's learning.

While the project will ultimately be Northland-wide, the initial rollout has begun with a cluster of six Whangarei schools under the name (Te Puawai Digital Immersion Cluster). This has been successfully led by Manaia View School in the initial roll out of e-learning and other programmes aimed at raising student achievement. The other schools in the The Te Puawai Digital Immersion Cluster are Hikurangi Primary, Whangarei Intermediate, Te Kura Otangarei, Whau Valley Primary and Tikipunga High School. The schools range from decile 1 to 5 and the pupils are majority Maori.

#### Student feedback

232 students contributed to an online survey and they were unanimously positive about their experiences.

The respondents were asked to reflect on what contributed to their learning in a Chromebook class.

Within this 47.4% of students believe that they are learning a lot more than previously.

72% loved being in a digital class and don't want to learn in another way.

59.9% have begun with a personal blog or are experiencing a class blog.

72.4% have communicated with their teacher outside of school hours to facilitate or improve learning.

"It is making my work tidier and helping my spelling".

The students commented on the collaborative sharing and licensed learning environments such as mathletics.

#### Teacher feedback

100% of the pilot teachers feel that the students are more engaged in the curriculum.

"The students are able to do so much more than just a worksheet. They can create very attractive responses to reading and writing."

The chromebooks have facilitated more learning time "(with chromebooks) they have more thinking time and most can self-manage their learning."

"There are no barriers to being connected now. They are displaying the key competencies more vividly."

"Students are more engaged in topic studies because of variety of resources available for research and presentation."

"Mathletics is a great motivator for knowledge and strategy, also other maths sites such as Maths Playground and E Ako maths."

"Audiobooks help them with language experience/enrichment."

"Kids love their chromebooks. They love the fact that they can make their learning look really good and can share it globally."

## Fibre in Action



Whangarei institution Arthurs Emporium has reported savings of thousands of dollars annually on broadband and telephone costs since switching to Northpower Fibre.



Northpower Fibre has been proud to sponsor Youthspace - along with Otangarei Marae and is pleased to see the benefits it has brought to our community.

### Northern Districts Security Ltd: adding value, one business at a time

JP Dignon, Managing Director of Northern Districts Security, moved to UFB two years ago, the moment it was available. He's now running five companies on fibre over two city office locations and a couple of remote bases north of Whangarei. He says UFB has reduced costs and added value, especially as he can now use one system across all the companies he owns.

As well as owning the security firm, JP owns: CDL Document Solutions for document archiving and storage; Fire Co, a building compliance and fire safety company; CleanScape, which does cleaning and property maintenance; and Mutual Security, a national alarming and monitoring company.

"We went to voiceover IP and immediately made a massive saving, around \$200 a month," he says, "plus all calls are now recorded, for compliance and customer service, using a cloud-based application."

But the biggest benefit has been in linking the two main offices over a virtual private network with centralised access to all company documents. "It's as if the other office is right here," says JP.



UFB has saved me money.

The businesses use cloud-based customer relationship management and accounting applications and a server-based job tool to dispatch work to security guards, cleaners and landscapers in the field. All information is live and reliable.

"Without internet the business stands still," says JP, so he's looking at building in another UFB connection for redundancy. "In today's business, every minute lost waiting is a minute you could be more productive – you could win back an extra week over a year."

## Directors' Report

	30 June 2015	30 June 2014
	\$	\$
Operating surplus (deficit) for the period	(3,439,102)	(2,027,766)
Opening retained earnings	<u>(1,239,340)</u>	<u>(1,411,336)</u>
Leaving retained earnings at end of period	<u><u>(4,678,442)</u></u>	<u><u>(3,439,102)</u></u>

It is not proposed to make any transfer to reserves.

The directors recommend that no dividend be declared.

The primary objective of the company is to construct and operate an ultra-fast broadband network in the Whangarei area as part of the Government's commitment to roll out ultra-fast broadband in New Zealand.

The shareholders in the company are Crown Fibre Holdings Limited with 22,635,393 A shares; Northpower Limited with 3,240,748 A shares, and 12,715,029 B shares and Her Majesty The Queen In Right of New Zealand Acting By and Through Her Minister of Finance with 1 Government share.

As required by the Companies Act 1993, we disclose the following information:

### Directors' Interests

No directors held interests in the company during the period ended 30 June 2015.

The following entries are in the interest register:

#### JA Brosnahan

- Chair - Abilities Foundation
- Chair - Hunter Downs Development Company Limited
- Chair - Taitokerau Education Trust
- Advisory Trustee - Leadership NZ
- Director - Personal Footprint Limited
- Trustee - Harkness Trust
- Trustee - Auckland Museum Trust
- Principal - Jo Brosnahan Leadership and Governance and Leaders for the Future
- Member, Advisory Board - Centre for Brain Research, Auckland University



#### MR Gatland

- Director - AMAG Limited
- Director - BMAG Limited
- Board Member - Electricity Networks Association
- Chief Executive Officer - Northpower Limited



#### GR Mitchell

- Director - UltraFast Fibre Limited
- Director - Enable Networks Limited
- Chief Executive Officer - Crown Fibre Holdings Limited
- Member - Chorus Steering Committee



#### KC Hames

- Director/Shareholder - Tomorata Dairy Farms Ltd
- Director - Te Arai Farms Ltd
- Director Northpower Limited
- Partner - Ewenny Farms Partnership
- Trustee/Beneficiary - Ken Hames Trust
- Trustee/Beneficiary - G M Hames Estate
- Trustee/Beneficiary - Ken & Janine Hames Trust



#### MS Wynne

- Director - UltraFast Fibre Limited
- Director - Twenty4media Pty Limited
- Director - Enable Networks Limited
- Director/Shareholder - Twenty4media Limited (formerly VC Image Limited)
- Officer - Crown Fibre Holdings Limited
- Member - Chorus Steering Committee





## Directors' Report

### Indemnities and Insurance

Name of director	Particulars of indemnity or insurance
All directors of Northpower Fibre Limited and any other 'Indemnified Persons' (as defined by the term "Indemnified Person" in Clause 1 of the Deed of Indemnification dated 14 February 2013).	Indemnities for costs in proceedings and for liabilities incurred pursuant to Clauses 2 and 3 of the Deed of Indemnification dated 14 February 2013.
All directors of Northpower Fibre Limited.	D & O Insurance Policy pursuant to Clause 28 of Northpower Fibre Limited's constitution and Section 162(5) of the Companies Act 1993.

### Indemnity

The company holds a current Professional Indemnity Insurance Policy.

### Use of Company Information

The Board received no notices during the year from directors requesting to use company information received in their capacity as directors which would have not been otherwise available.

### Share Dealing

No director acquired or disposed of any interest in shares in the company during the period ended 30 June 2015.

### Auditor

Audit New Zealand is appointed as Auditor in accordance with Section 15 of the Public Audit Act 2001.

### Statement of Responsibility

1. The Board of Northpower Fibre Limited accept responsibility for the preparation of the annual financial statements and the judgements used in them.
2. The Board of Northpower Fibre Limited accepts responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting; and
3. In the opinion of the Board of Northpower Fibre Limited the annual financial statements for the period ended 30 June 2015 fairly reflect the financial position and operations of Northpower Fibre Limited.

Signed on behalf of the board

**Jo Brosnahan**

Chairperson

1 September 2015



**Ken Hames**

Director

1 September 2015



## Independent Auditor's Report

### To the readers of Northpower Fibre Limited's financial statements for the year ended 30 June 2015

The Auditor General is the auditor of Northpower Fibre Limited (the company). The Auditor General has appointed me, Leon Pieterse, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the company on her behalf.

We have audited the financial statements of the company on pages 1 to 18, that comprise the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, and the notes to the financial statements that include accounting policies and other explanatory information.

### Opinion

#### Financial statements

In our opinion the financial statements of the company on pages 1 to 18:

- comply with generally accepted accounting practice in New Zealand; and
- give a true and fair view of the company's:
  - ◊ financial position as at 30 June 2015; and
  - ◊ financial performance and cash flows for the year ended on that date.

#### Other legal requirements

In accordance with the Financial Reporting Act 2013 we report that, in our opinion, proper accounting records have been kept by the company as far as appears from an examination of those records.

Our audit was completed on 1 September 2015. This is the date at which our opinion is expressed.

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

#### Basis of opinion

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

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

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

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the adequacy of all disclosures in the financial statements; and
- the overall presentation of the financial statements.

## Independent Auditor's Report

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

In accordance with the Financial Reporting Act 2013 we report that we have obtained all the information and explanations we have required. We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

### Responsibilities of the Board of Directors

The Board of Directors is responsible for preparing financial statements that:

- comply with generally accepted accounting practice in New Zealand; and
- give a true and fair view of the company's financial position, financial performance and cash flows.

The Board of Directors is also responsible for such internal control as is determined necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for the publication of the financial statements, whether in printed or electronic form.

The Board of Directors' responsibilities arise from the Public Finance Act 1989 and the Financial Reporting Act 2013.

### Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you based on our audit. Our responsibility arises from the Public Finance Act 1989 and section 15 of the Public Audit Act 2001.

### Independence

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

In addition to the audit of the annual financial statements we have also issued an audit certificate pursuant to the Northpower Fibre Information Disclosure Determination 2012. This assignment is compatible with those independence requirements. Other than the audit and this assignment, we have no relationship with or interests in the company or any of its subsidiaries.



**Leon Pieterse**  
Audit New Zealand  
On behalf of the Auditor General  
Auckland, New Zealand

**AUDIT NEW ZEALAND**  
Mana Arotake Aotearoa

## Statement of Comprehensive Income

	Notes	2015 \$	2014 \$
<b>Income</b>			
Fibre connection services revenue		2,198,983	957,040
Capital contributions		25,983	
Interest income		4,951	4,185
Total income		<u>2,229,917</u>	<u>961,225</u>
<b>Expenses</b>			
Depreciation and amortisation expense	8	1,578,917	1,156,032
Management fee		349,540	302,000
Salaries and wages		168,621	193,409
Other expenses	3	1,854,144	1,143,841
Total expenses		<u>3,951,222</u>	<u>2,795,282</u>
Profit (loss) before tax		(1,721,305)	(1,834,057)
Income tax benefit	4	481,965	(193,709)
<b>Net profit (loss) for the period</b>		<u>(1,239,340)</u>	<u>(2,027,766)</u>
Other comprehensive income		-	-
<b>Total comprehensive income (loss) for the period</b>		<u>(1,239,340)</u>	<u>(2,027,766)</u>
<b>Profit (loss) attributable to:</b>			
Equity holders of the company		<u>(1,239,340)</u>	<u>(2,027,766)</u>
<b>Total comprehensive income (loss) attributable to:</b>			
Equity holders of the company		<u>(1,239,340)</u>	<u>(2,027,766)</u>

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

## Statement of Financial Position

	Notes	2015 \$	2014 \$
<b>Current assets</b>			
Cash and cash equivalents	5	132,861	82,003
Trade and other receivables	6	857,446	238,253
Prepayments	7	2,346	1,552
<b>Total current assets</b>		<u>992,653</u>	<u>321,808</u>
<b>Non-current assets</b>			
Plant and equipment	8	33,050,054	30,110,354
Deferred tax	4	835,647	353,682
<b>Total non-current assets</b>		<u>33,885,701</u>	<u>30,464,036</u>
<b>Total assets</b>		<u>34,878,354</u>	<u>30,785,844</u>
<b>Current liabilities</b>			
Trade and other payables	9	1,044,951	360,518
<b>Total current liabilities</b>		<u>1,044,951</u>	<u>360,518</u>
<b>Total liabilities</b>		<u>1,044,951</u>	<u>360,518</u>
<b>Net assets</b>		<u>33,833,403</u>	<u>30,425,326</u>
<b>Equity</b>			
Share capital	10	38,511,845	33,864,428
Retained earnings		(4,678,442)	(3,439,102)
<b>Total equity</b>		<u>33,833,403</u>	<u>30,425,326</u>

**Jo Brosnahan**  
Chairperson 1 September 2015



**Ken Hames**  
Director 1 September 2015



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

## Statement of Changes in Equity

	Note	Attributable to equity holders of the company		
		Share Capital	Retained Earnings	Total Equity
			<b>2015</b>	
			\$	
<b>Balance as at 1 July 2014</b>		<u>33,864,428</u>	<u>(3,439,102)</u>	<u>30,425,326</u>
Net profit (loss) for the period		-	(1,239,340)	(1,239,340)
Other comprehensive income		-	-	-
<b>Total comprehensive income (loss) for the period, net of tax</b>		-	<u>(1,239,340)</u>	<u>(1,239,340)</u>
<b>Transactions with owners</b>				
Issue of share capital	10	4,647,417	-	4,647,417
<b>Equity as at 30 June 2015</b>		<u>38,511,845</u>	<u>(4,678,442)</u>	<u>33,833,403</u>
			<b>2014</b>	
			\$	
<b>Balance as at 1 July 2013</b>		<u>20,451,131</u>	<u>(1,411,336)</u>	<u>19,039,795</u>
Net profit (loss) for the period		-	(2,027,766)	(2,027,766)
Other comprehensive income		-	-	-
<b>Total comprehensive income (loss) for the period, net of tax</b>		-	<u>(2,027,766)</u>	<u>(2,027,766)</u>
<b>Transactions with owners</b>				
Issue of share capital	10	13,413,297	-	13,413,297
<b>Equity as at 30 June 2014</b>		<u>33,864,428</u>	<u>(3,439,102)</u>	<u>30,425,326</u>

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

## Cash Flow Statement

	Note	2015 \$	2014 \$
<b>Cash flows from operating activities -</b>			
Cash was provided from:			
Receipts from customers		2,014,367	955,589
Interest received		4,951	4,185
Tax refund		-	-
GST refunds		206,668	21,355
Cash was distributed to:			
Payments to suppliers		(2,123,368)	(1,387,224)
Payments to Employees		(180,560)	(198,504)
<b>Net cash inflow from operating activities</b>	11	<u>(77,942)</u>	<u>(604,599)</u>
<b>Cash flows from investing activities -</b>			
Cash was provided from:			
Proceeds from sale of website		-	-
Cash was applied to:			
Purchase of property, plant and equipment	12	(438,059)	(10,224,277)
Prepayment of property, plant and equipment		-	-
<b>Net cash outflow from investing activities</b>		<u>(438,059)</u>	<u>(10,224,277)</u>
<b>Cash flows from financing activities -</b>			
Cash was provided from:			
Share capital		566,859	10,901,484
<b>Net cash inflow from financing activities</b>		<u>566,859</u>	<u>10,901,484</u>
Net increase (decrease) in cash and cash equivalents		50,858	72,608
Add cash and cash equivalents at the beginning of the year		82,003	9,395
<b>Cash and cash equivalents at the end of the year</b>		<u>132,861</u>	<u>82,003</u>

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

## Accounting Policies

### 1. GENERAL INFORMATION

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#### Reporting Entity

These are the financial statements of Northpower Fibre Limited (“the company”). Northpower Fibre Limited is a company incorporated under the Companies Act 1993 on the 13th day of December 2010 as Whangarei Local Fibre Company Limited and changed its name to Northpower Fibre Limited on the 1st day of October 2013. The company is domiciled in New Zealand. The address of the registered office is 28 Mount Pleasant Road, Raumanga, Whangarei 0110.

The primary objective of the company is to construct and operate an ultra-fast broadband (UFB) network in the Whangarei area, as part of the Government’s objective to roll out UFB to 75% of the New Zealand population in a ten-year period. Accordingly the company has been designated as a profit-orientated entity for the purposes of New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements of Northpower Fibre Limited have been prepared in accordance with the reporting requirements of Section 11 of the Financial Reporting Act 2013.

These financial statements were approved for issue by the Board of Directors on 1st September. The Board does not have the power to amend these financial statements after issue.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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#### a) Statement of Compliance

The financial statements of Northpower Fibre Limited have been prepared in accordance with the Companies Act 1993 and generally accepted accounting practice in New Zealand. They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) as appropriate for profit-oriented entities that qualify for differential reporting concessions.

#### b) Differential Reporting

Northpower Fibre Limited is a qualifying entity in that it qualifies for differential reporting as it is not publicly accountable and is not large as defined under the framework for differential reporting.

The company is a Tier 3 for-profit entity and has elected to report in accordance with Tier 3 for-profit accounting standards. The Company is eligible to report in accordance with Tier 3 for-profit accounting standards on the basis that it does not have public accountability and because it is not a large for-profit public sector entity.

The company has taken advantage of all differential reporting exemptions, except for:

- i. the exemption allowed under NZ IAS 7 Statement of Cash Flows for qualifying entities not to prepare a statement of cash flows;
- ii. the exemption under NZ IAS 12 Income Taxes that permits qualifying entities to use the taxes payable method;
- iii. the exemption available in NZ IAS 18 Revenue that permits qualifying entities to recognise revenue and expenses on a GST inclusive basis.

#### c) Basis of Preparation

The financial statements of Northpower Fibre Limited have been prepared on an historical cost basis.

The financial statements are presented in New Zealand dollars unless otherwise stated. The functional currency of the company is New Zealand dollars (NZ\$).

The specific accounting policies adopted for the preparation of the financial statements are specified below. These policies have been applied consistently to all periods presented, unless otherwise stated.



## Accounting Policies

### d) New Accounting Standards and Interpretations

The accounting policies adopted are consistent with those of the prior year, except as follows:

The company has adopted the following new and amended New Zealand Equivalents to International Financial Reporting Standards and IFRIC interpretations effective for the financial year beginning 1 July 2014.

- i. Legislative Amendments Amendments to Accounting Standards Omnibus Amendments (Legislative Update)
- ii. NZ IAS 1 (Diff Rep) Presentation of Financial Statements
- iii. Amend to NZ IAS 36 (Diff Rep) Recoverable Amount Disclosure for Non-Financial Assets

### e) Revenue

Revenue is recognised to the extent that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific revenue criteria must also be met before revenue is recognised:

- Revenue from fibre connection services  
Revenue is recognised as the end-customer has been provided with a working fibre connection to the UFB network and other related connection services have been rendered.
- Interest income  
Interest revenue is recognised as the interest accrues using the effective interest method.
- Deferred revenue  
Revenue is deferred in respect of the portion of the monthly charges that have been billed in advance

### f) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term, highly liquid investments with original maturities of three months or less and which are subject to an insignificant risk of changes in value.

### g) Trade and Other Receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less they are classified as current assets, if not they are presented as non-current assets.

These amounts are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. The nature of the company's business model means that any overdue amounts will be short-term in nature (120 days or less) and as such the fair value of the receivable is the same as the face value.

The collectability of receivables is reviewed on an on-going basis. Receivables that are known to be uncollectible are written off. Receivables that are assessed not to be impaired individually are also subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, and observable changes in national or local economic conditions that correlate with default on receivables.

The amount of any impairment is the difference between the receivable's carrying amount and the present value of estimated future cash flows, discounted at the receivable's original effective interest rate.

The arising impairment loss is recognised in the statement of comprehensive income.

## Accounting Policies

### h) Property, Plant and Equipment

Fibre Optic Network assets are constructed by Northpower Limited and are acquired by the company once each stage is complete, has passed user acceptance testing (UAT) and a certificate of practical completion has been issued. Fibre Optic Network assets are recognised at cost which is the contract average cost per premise passed as per the Network Infrastructure Project Agreement (NIPA).

#### I. Initial Cost

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the sites on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

#### II. Subsequent Cost

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the entity and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of comprehensive income as incurred.

#### III. Additions

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

#### IV. Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are recognised in the statement of comprehensive income.

#### V. Depreciation

Depreciation is recognised in the statement of comprehensive income on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment.

The estimated useful lives of the three classes of property, plant and equipment for the current period are as follows:

Fibre Optic Network Assets 5 – 40 years

- Fibre Optic Cable – 30 years
- Layer 1 Supporting Infrastructure – 20 years
- Network Hardware (Layer 2 – Active Electronics) – 5 years
- Duct Infrastructure – 40 years

Building Infrastructure

- Leasehold Improvements – 20 years

Plant and Equipment 4 – 10 years

- Computer Equipment – 4 years
- Office Equipment / Furniture and Fittings – 10 years
- Tools and Equipment – 10 years

The asset's residual value and useful lives are reviewed, and adjusted if appropriate, at balance date.

## Accounting Policies

### i) Impairment of Property, Plant and Equipment and Intangible Assets

Non-financial assets such as property, plant and equipment and intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The Company conducts an annual internal review of asset values which is used as a source of information to assess for any indicators of impairment. External factors such as changes in expected future processes and technology and economic conditions are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

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 inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). The impairment loss is recognised in the statement of comprehensive income. Non-financial assets that had suffered impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

### j) Assets Under Construction

The cost of assets under construction is determined using the same principles as for acquired assets. Assets under construction are recognised at cost less impairment and are not depreciated. Advance payments made for the construction are recognised as an asset in the "Payments in Advance" account. The assets under construction are reclassified to property, plant and equipment when their construction is completed and they become capable of operating in the manner intended by management.

### k) Intangible Assets

#### I. Website Development

Website development costs are capitalised when it is probable that the expected economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. Furthermore, the website must be shown to be capable of generating revenues, including direct revenues from enabling orders to be placed.

#### II. Amortisation

Website costs are amortised on a straight-line basis over the asset's useful life of four years. Amortisation begins when the asset is available for use and ceases at the date when the asset is disposed of.

The amortisation charge for each year is recognised in the Statement of Comprehensive Income.

### l) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### m) Goods and Services Tax

These financial statements have been prepared on a GST-exclusive basis with the exception of accounts receivable and accounts payable, which are shown inclusive of GST.

Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense. The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position. The net GST paid to, or received from the IRD, including GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flow. Commitments and contingencies are disclosed exclusive of GST.

## Accounting Policies

### n) Taxation

Current tax is the amount of income tax payable on the taxable profit for the current year. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

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

Deferred tax is measured at tax rates that are expected to apply when an asset is realised or a liability is settled, based on tax rates that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amounts of its assets and liabilities.

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

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

Current and deferred tax is recognised against profit or loss for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive income or directly in equity.

### o) Provisions

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditure will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditure expected to be required to settle an obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in finance costs.

### p) Employee Entitlements

Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned but not yet taken at balance date.

### q) Share Capital (contributed equity)

Issued shares consist of A shares, B shares and a government share which are classified as equity. Incremental costs directly attributable to the issue of the new shares are shown in equity as a deduction, net of tax, from proceeds.

The company issues A shares to Crown Fibre Holdings Limited as capital funding of the fibre optic network assets once they have been constructed by Northpower Limited and certain conditions have been met.

When an end user connects to the fibre network, Northpower Limited is required to purchase an A share from Crown Fibre Holdings Limited which is the A share recycling mechanism.

The cost of connecting a premise to the fibre network is incurred by Northpower Limited, who then sells the connection assets to Northpower Fibre Limited in return for B shares or cash in accordance with the contract.

## Accounting Policies

The company issues B shares to Northpower Limited as consideration for working capital and for expenditure on the communal fibre optic network electronic infrastructure (Layer 2 assets).

The value of the consideration for the A shares and B shares is determined by the Shareholders' Agreement. The rights, preferences and restrictions attaching to each class of share are disclosed in Note 11.

### r) Significant Accounting Estimates and Assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

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

#### Estimation of useful lives of assets

The estimation of useful lives of assets has been based on industry experience as well as manufacturers' claims and warranties.

#### Future estimates of tax profits

The estimation of future tax profits has been based on the company's business plan. The business plan relies on key assumptions made in the areas of end-user take-up and connection mix which are the drivers of revenue. Uptake of UFB fibre in Whangarei is modelled on the uptake rates of DSL in the 2000s which aligns with the IDC forecast published in Insight "When will fibre take off in New Zealand (2013)". Over time entry level priced plans are expected to become the minority.

To date Northpower Fibre has performed to plan. If future expectations prove to be incorrect then this will have an impact on the deferred tax balance recognised in the financial statements. If tax profitability is delayed then the deferred tax asset may not be realisable. If tax profits are higher than expected, then the deferred tax asset may be larger. This will be reassessed annually when determining the fair value of the deferred tax asset associated to the utilisation of tax losses.

### s) Standards Issued But Not Yet Effective

During the year IFRS 15 Revenue was issued. This standard is applicable for periods beginning on or after 1 January 2017. Northpower Fibre Limited has not yet assessed the impact of adopting this standard.

## Notes to the Financial Statements

	2015	2014
	\$	\$
<b>3 Other Expenses</b>		
Auditor's remuneration		
- Auditing financial statements	22,800	18,500
- Auditing information disclosures and TDL 2013	-	10,950
- Auditing information disclosures 2014 & 2015	8,200	8,200
Directors' fees	90,000	90,000
Doubtful debts	22,818	-
Operations & Maintenance	1,539,156	805,299
Other expenses	171,170	210,892
	<u>1,854,144</u>	<u>1,143,841</u>
<b>4 Taxation</b>		
<b>Components of income tax benefit</b>		
Current tax	-	-
Deferred tax	481,965	513,536
Losses not recognised	-	(707,245)
Income tax benefit	<u>481,965</u>	<u>(193,709)</u>
<b>Relationship between tax benefit and comprehensive income (loss)</b>		
Profit (loss) before taxation per statement of comprehensive income	(1,721,305)	(1,834,057)
Tax at 28%	481,965	513,536
Add (less) tax effect of:		
Non-deductible expenditure	-	-
Losses not recognised	-	(707,245)
Income tax benefit/(expense)	<u>481,965</u>	<u>(193,709)</u>

No adjustment has been made to the deferred tax asset in relation to tax losses for 2015 (2014 \$2,499,000).

### Deferred tax asset (liability)

	Property, Plant & Equipment	Employee Entitlements	Provisions	Tax Losses	Total
Opening balance 1 July 2014	(414,120)	4,324	14,171	749,307	353,682
Charged to profit or loss	(258,988)	4,376	1,204	735,373	481,965
Charged to other comprehensive income	-	-	-	-	-
Closing balance 30 June 2015	<u>(673,108)</u>	<u>8,700</u>	<u>15,375</u>	<u>1,484,680</u>	<u>835,647</u>
This balance comprises:					
Tax benefit of losses					1,484,680
Deferred tax asset (liability)					<u>(649,033)</u>
					<u>835,647</u>

The tax loss benefit has been calculated based on tax provision information contained in Northpower Fibre's business plan for the period from when Northpower Fibre starts making a tax profit in 2017 until the end of the concession period when a loss of shareholder continuity is anticipated in 2020.

## Notes to the Financial Statements

### 4 Taxation (continued)

#### Deferred tax asset (liability)

	Property, Plant & Equipment	Employee Entitlements	Provisions	Tax Losses	Total
Opening balance 1 July 2013	(190,642)	1,718	10,895	725,420	547,391
Charged to profit or loss	(223,478)	2,606	3,276	23,887	(193,709)
Charged to other comprehensive income	-	-	-	-	-
Closing balance 30 June 2014	<u>(414,120)</u>	<u>4,324</u>	<u>14,171</u>	<u>749,307</u>	<u>353,682</u>

Tax losses are recognised as a deferred tax asset on the basis that future profits to utilise these losses are considered probable.

	2015	2014
	\$	\$
<b>Imputation credit account:</b>		
Opening balance	-	-
Resident withholding tax	-	-
Less tax refunded	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Imputation credits available for use in subsequent periods	<u>-</u>	<u>-</u>
<b>5 Current Asset - Cash and Cash Equivalents</b>		
Cash at Bank	<u>132,861</u>	<u>82,003</u>
	<u>132,861</u>	<u>82,003</u>
<b>6 Current Assets - Trade and Other Receivables</b>		
Trade receivables	388,412	203,796
Less doubtful debts	<u>(23,910)</u>	<u>(23,910)</u>
	364,502	179,886
GST receivable	<u>492,944</u>	<u>58,367</u>
	<u>857,446</u>	<u>238,253</u>
<b>7 Prepayments</b>		
Insurance	<u>2,346</u>	<u>1,552</u>
	<u>2,346</u>	<u>1,552</u>

## Notes to the Financial Statements

	2015	2014
	\$	\$
<b>8 Property Plant and Equipment</b>		
<b>Fibre Optic Network Assets</b>		
<b>Cost</b>		
Opening balance	31,937,218	18,772,876
Addition	4,518,618	13,164,342
	<u>36,455,836</u>	<u>31,937,218</u>
<b>Accumulated Depreciation</b>		
Opening balance	1,826,864	670,832
Depreciation expense for the year	1,578,918	1,156,032
	<u>3,405,782</u>	<u>1,826,864</u>
<b>Net carrying value</b>	<u>33,050,054</u>	<u>30,110,354</u>

There are no restrictions over the title of the plant and equipment, nor are any of the assets pledged as security for liabilities.

### 9 Trade and Other Payables

Trade payables (GST inclusive)	746,139	181,358
Accrued payables (GST exclusive)	49,592	27,677
Employee entitlements		
Holiday pay accrual	8,236	15,444
Salary & Bonus accrual	22,836	27,567
Income in advance	218,148	108,472
	<u>1,044,951</u>	<u>360,518</u>



## Notes to the Financial Statements

	2015	2014
	\$	\$
<b>10 Share Capital</b>		
<b>(a) A shares</b>		
<b>Crown Fibre Holdings Limited</b>		
Opening balance	23,794,563	15,126,339
Add shares issued during the year	<u>266,859</u>	<u>9,761,139</u>
	24,061,422	24,887,478
Less unpaid shares	<u>-</u>	<u>-</u>
	24,061,422	24,887,478
Less 1,499,238 shares sold to Northpower Limited (2014: 1,092,915 shares)	<u>1,499,238</u>	<u>1,092,915</u>
Total paid-up A shares held by Crown Fibre Holdings Limited	<u><u>22,562,184</u></u>	<u><u>23,794,563</u></u>
<b>Northpower Limited</b>		
Opening balance	1,741,959	649,044
Add 1,499,238 shares purchased from from Crown Fibre Holdings Limited (2014: 1,092,915 shares)	<u>1,499,238</u>	<u>1,092,915</u>
Total paid-up A shares held by Northpower Limited	<u><u>3,241,197</u></u>	<u><u>1,741,959</u></u>
Total paid-up A shares	<u><u>25,803,381</u></u>	<u><u>25,536,522</u></u>
The A shares have voting rights but no ordinary rights to dividends.		
<b>(b) B shares</b>		
Opening balance	8,327,907	4,675,749
Add shares issued during the year	<u>4,380,558</u>	<u>3,652,158</u>
	12,708,465	8,327,907
Less unpaid shares	<u>1</u>	<u>1</u>
Total paid-up B shares	<u><u>12,708,464</u></u>	<u><u>8,327,906</u></u>
The B shares are held by Northpower Limited, have no voting rights but carry ordinary rights to dividends.		
<b>(c) Government share</b>		
Opening balance	1	1
Less unpaid shares	<u>1</u>	<u>1</u>
Total paid-up Government shares	<u><u>-</u></u>	<u><u>-</u></u>
The Government share carries regulatory rights.		
Total shares issued during the year	4,647,417	13,413,297
Total issued capital	38,511,847	33,864,430
Total paid-up capital	38,511,845	33,864,428

## Notes to the Financial Statements

	2015	2014
	\$	\$
<b>11 Reconciliation with Cash Inflow from Operating Activities</b>		
Reported net profit (loss) after taxation	(1,239,340)	(2,027,766)
Add (less) non-cash items:		
Depreciation and amortisation	1,578,917	1,156,032
Movements in tax benefit of losses	(481,965)	193,709
Doubtful debts	-	-
Movements in working capital:		
Increase (decrease) in trade and other payables	684,433	79,211
(Increase) decrease in taxation refund	-	-
(Increase) decrease in trade and other receivables	(619,987)	(5,785)
<b>Net cash inflow from operating activities</b>	<u>(77,942)</u>	<u>(604,599)</u>
<b>12 Reconciliation to Statement of Financial Position</b>		
Purchase of property, plant and equipment per statement of Cash Flow.	438,059	10,224,277
Purchase of property, plant and equipment paid for in shares	4,080,559	2,511,813
Prepayments capitalised	-	428,252
Total additions per Note 8	4,518,618	13,164,342
Add opening balance	30,110,354	18,102,044
Less depreciation expense	1,578,918	1,156,032
Property, plant and equipment per Statement of Financial Position	<u>33,050,054</u>	<u>30,110,354</u>
<b>13 Contingent Liabilities</b>		
The company has no contingent liabilities at balance date (2014: nil).		
<b>14 Lease Commitments</b>		
The company has no lease commitments at balance date (2014: nil).		
<b>15 Capital Commitments</b>		
The company has entered into a contract to construct a fibre optic network in Whangarei. The funding for the construction is provided by Crown Fibre Holdings Limited and Northpower Limited. The communal network was completed in May 2014. The remaining funding required within the contractual period for construction of end-user specific infrastructure is estimated at \$13,238m (FY14 \$9,871m which included communal infrastructure). The contract period (concession period) ends in the 2021 financial year.		

## Notes to the Financial Statements

### 16 Related Parties

#### (a) Transactions with related parties during the year

Crown Fibre Holdings Limited owns only A shares in the company. Other than share transactions there are no other related party transactions with Crown Fibre Holdings Limited. Refer Note 10 for share transaction movements.

Northpower Limited holds A and B shares in the company. The fibre optic network is being constructed by Northpower Limited and once each stage is complete, tested and accepted the assets are transferred to the company. Northpower Limited also provides operations, management and maintenance services to the company for the operation of the fibre optic network and charges management fees for management services provided to the company.

No related party debts were written off during 2015 or 2014.

Income billed to Northpower as agent of the company, \$76,258 (\$145,173 FY14)

Construction costs charged by Northpower, \$5,035,536 (\$14,646,504 FY14)

Services other than construction charged by Northpower, \$2,425,573 (\$1,504,841 FY14)

Amount owed by Northpower at 30 June 2015, \$13,107 (\$12,438 FY14)

Amount owed to Northpower at 30 June 2015, \$737,508 (\$157,107 FY14)

Capital contributions received from Northpower, \$300,000 (\$960,599 FY14)

Capital account balance of Northpower at 30 June 2015 of \$3,241,197 A shares (\$1,741,959 FY14) and \$12,708,464 of B shares (\$8,327,906 FY14)

Capital contributions received from Crown Fibre Holdings, \$266,859 (\$9,761,139 FY14)

Capital account balance of Crown Fibre Holdings at 30 June 2015, \$22,562,184 (\$23,794,563 FY14)

All amounts specified above are GST inclusive.

#### (b) Directors

The Board comprises two directors from each of the shareholding companies, Crown Fibre Holdings Limited and Northpower Limited. Their names are GR Mitchell, MS Wynne, MR Gatland and KC Hames.

The independent director and chair is JA Brosnahan.

KC Hames became a director of Northpower Fibre Limited on 1 July 2014 while all of the other directors were also directors during the period ended 30 June 2014.

#### (c) Other transactions with directors and key management personnel or entities related to them

The company pays director fees to two directors amounting to \$90,000 as follows:

JA Brosnahan	60,000
KC Hames	<u>30,000</u>
	<u>90,000</u>

Salaries and wages of \$168,621 represents the payment to the Chief Executive Officer (FY14 \$193,409)

#### (d) Contractual arrangements with shareholders

During the 2011 financial year Crown Fibre Holdings Limited entered into agreements with Northpower Limited to fulfil the UFB objective as noted in the statement of accounting policies under the heading Reporting Entity.

The agreements set out the key commercial terms of the relationship between Crown Fibre Holdings Limited and this company. This includes Crown Fibre Holdings Limited and Northpower Limited having shareholdings in the company that will reflect the level of investment in the deployment of the UFB network in the Whangarei area.

### 17 Events Post Balance Date

There are no events post balance date.

## Northpower Fibre Limited:

### Chair

Jo Brosnahan, QSO, MA (Hons), FCILT, FNZIM, CFInstD.

### Directors:

Mark Gatland, BE, MIPENZ, MBA.

Ken Hames, BAg, M Inst D.

Graham Mitchell, BCA, ACA.

Sean Wynne, LLB.

## Executive officers:

### Chief Executive

Darren Mason, BMS (Hons).

Bankers	Westpac Banking Corporation, Whangarei.
Head Office	28 Mount Pleasant Road, Raumanga, Whangarei.
Auditors	Audit New Zealand, Whangarei, on behalf of the Auditor-General.
Registered Office	28 Mount Pleasant Road, Whangarei.

[www.northpowerfibre.co.nz](http://www.northpowerfibre.co.nz)