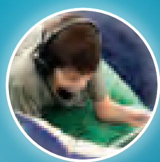
CROWN FIBRE HOLDINGS LIMITED

ANNUAL REPORT

FOR YEAR ENDED 30 JUNE 2015



Crown Fibre Holdings

Ultra-fast broadband for New Zealanders

Crown Fibre Holdings

WHAT WAS ACHIEVED

1st IN OECD FOR GROWTH IN FIBRE CONNECTIONS

54% OF UFB BUILD COMPLETE

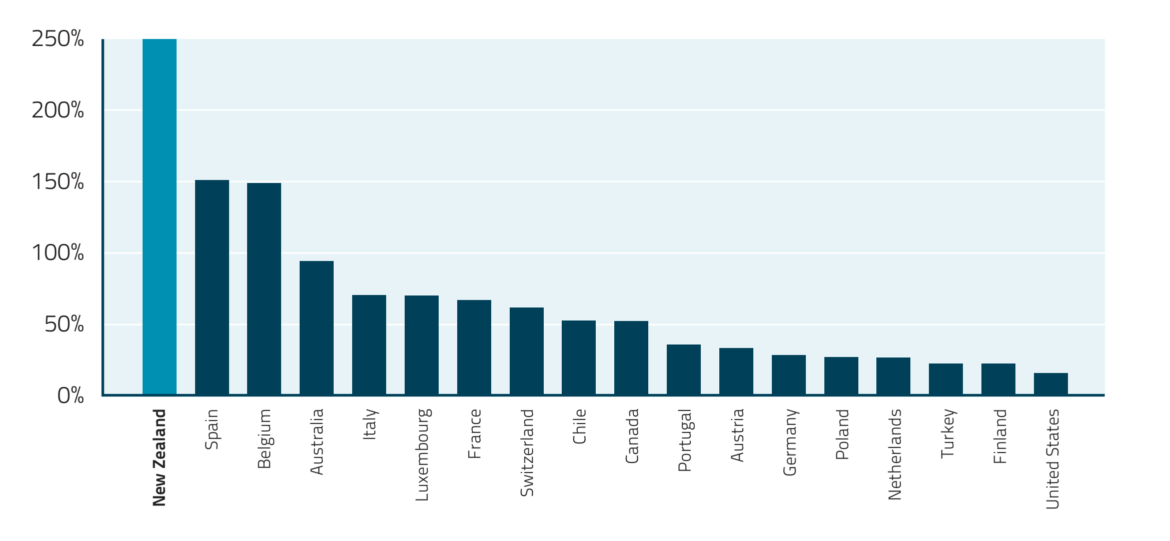
>100,000 CUSTOMERS CONNECTED

93% OF BUSINESSES ABLE TO CONNECT

95% OF SCHOOLS ABLE TO CONNECT[1]

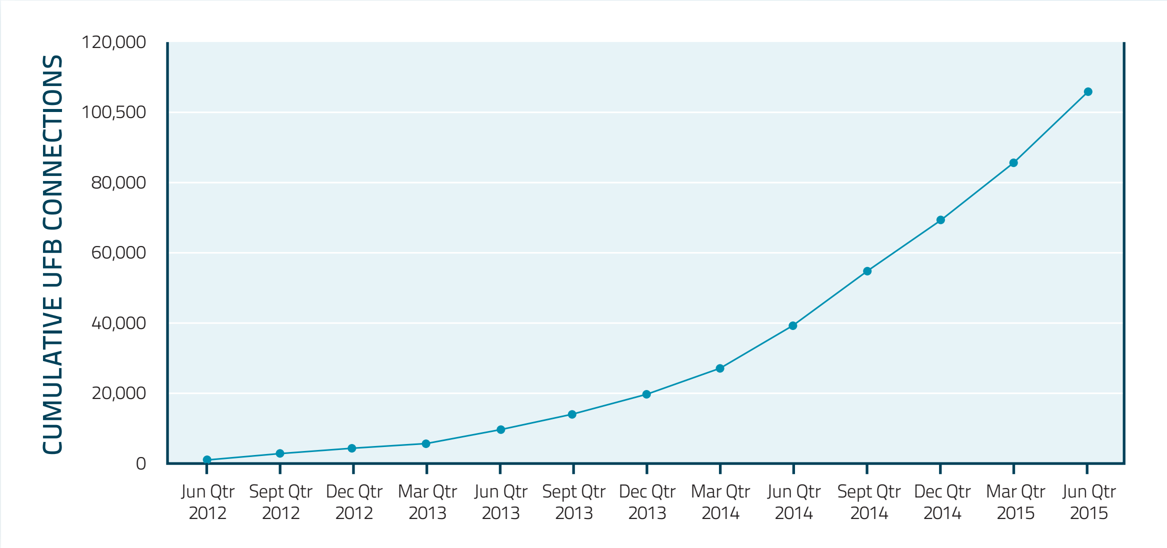
ALL CANDIDATE AREAS HAVE UFB DEPLOYMENT UNDERWAY, WITH 11 TOWNS COMPLETE.

NZ FIBRE CONNECTIONS GROWTH RATE FASTEST IN OECD (DEC 2013-DEC 2014)

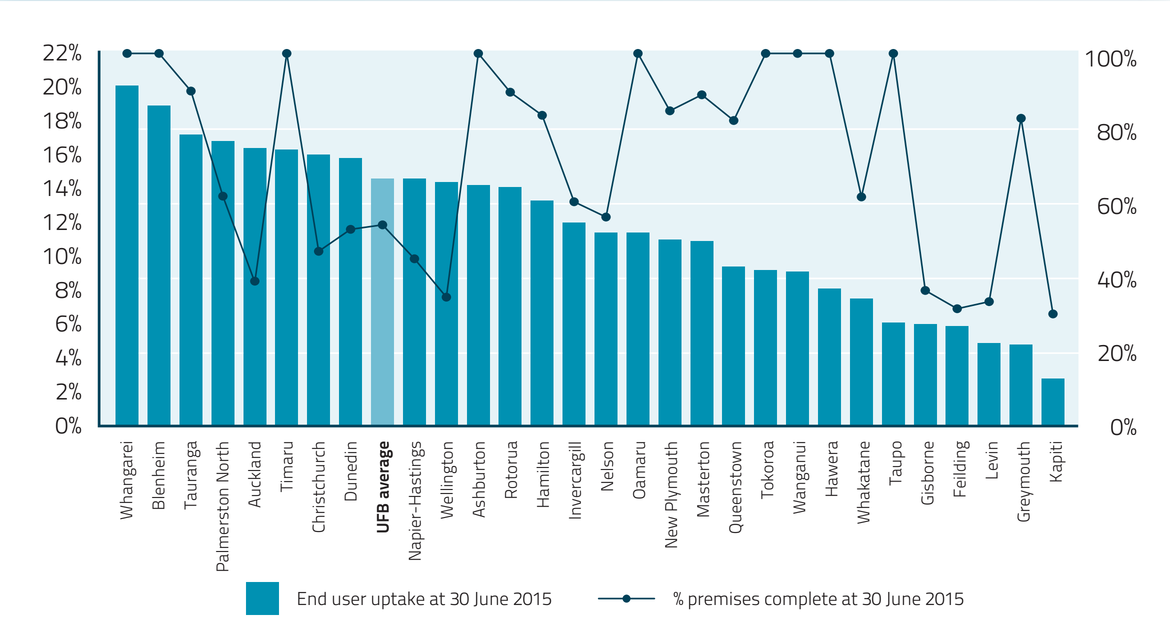


Source: OECD Broadband Portal, July 2015

UPTAKE HAS GROWN RAPIDLY SINCE JUNE 2014

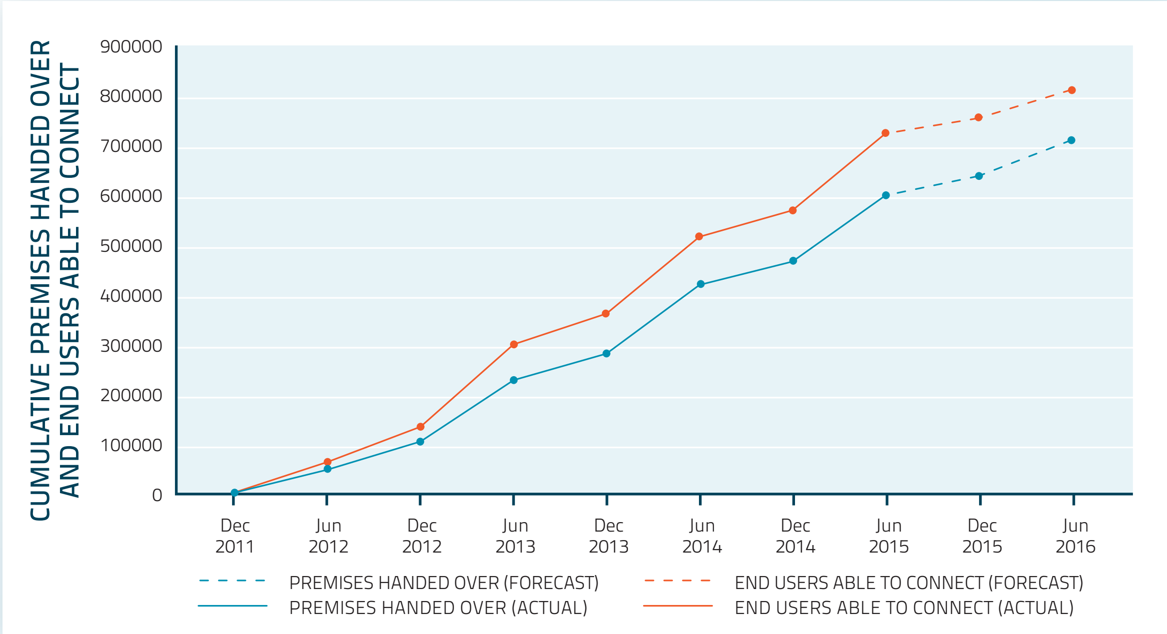


CITIES AND LARGE PROVINCIAL CENTRES SEIZE THE UFB OPPORTUNITY

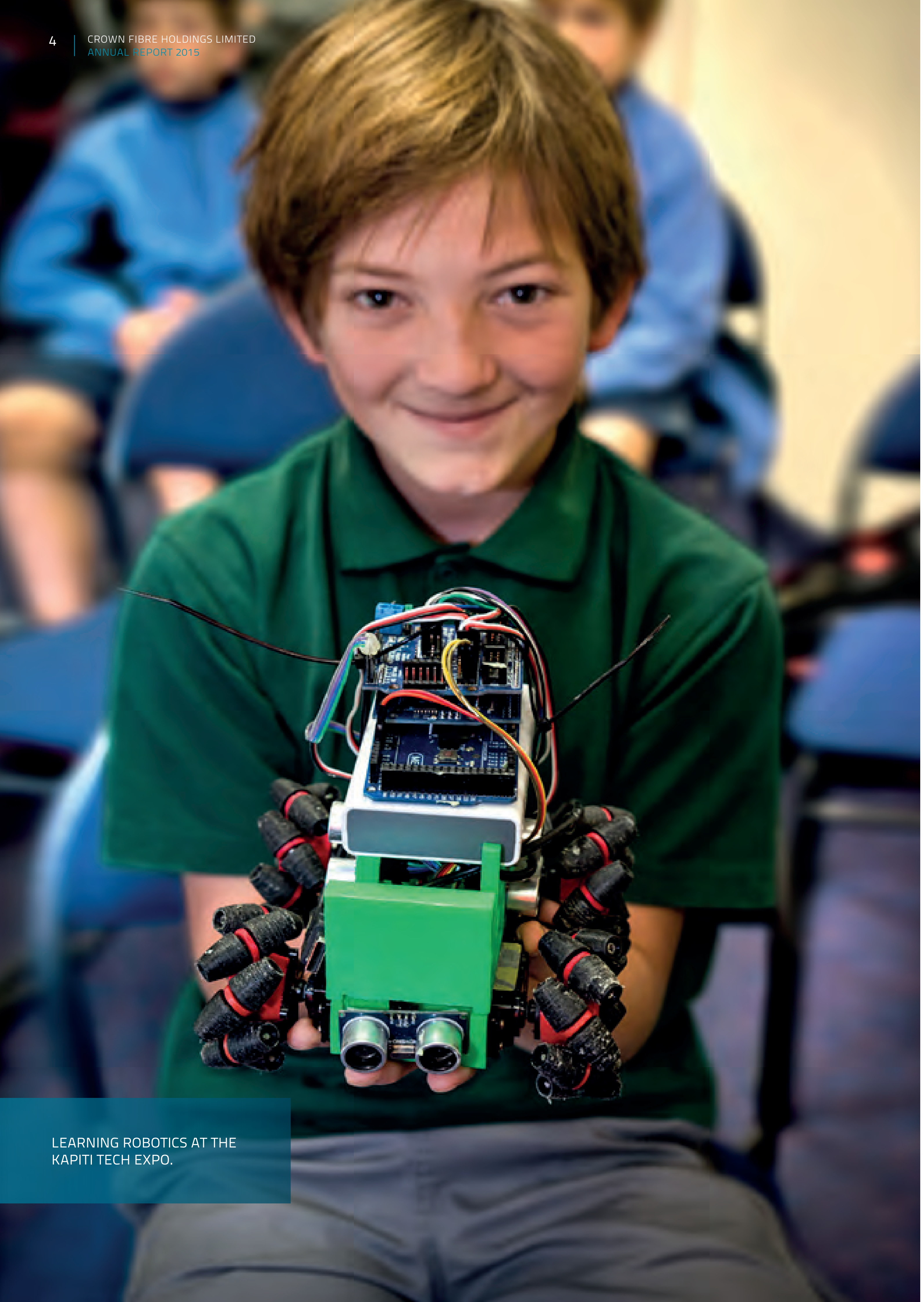


The Auckland region includes four Candidate Areas: Auckland, Waiheke Island, Pukekohe and Waiuku. The Hamilton Candidate Area includes Te Awamutu and Cambridge. Christchurch and Rangiora are two separate Candidate Areas. Figures for these two areas exclude new growth.

DEPLOYMENT IS AHEAD OF TARGET



[1] This includes those schools fibred before the UFB initiative.



LEARNING ROBOTICS AT THE KAPITI TECH EXPO.

REPORT OF THE CHAIR AND CHIEF EXECUTIVE OFFICER

THIS HAS BEEN ANOTHER RECORD-BREAKING YEAR FOR THE ULTRA FAST BROADBAND (UFB) INITIATIVE, IN TERMS OF BOTH THE DEPLOYMENT OF UFB INFRASTRUCTURE AND THE UPTAKE OF UFB SERVICES BY NEW ZEALANDERS.

DEPLOYMENT

We are pleased to report that 44% of New Zealanders can now connect to UFB, including 93% of businesses and 95% of schools in urban areas. The year has seen some 207,000 additional end users (such as households and businesses) gain access to UFB, bringing the total to around 724,000, a 40% lift on last year.

Overall, UFB deployment is 9% ahead of the year's deployment targets, being 54% complete: a testament to the efforts of Crown Fibre Holdings' (CFH's) Co-Investment Partners (Partners)[1]. In 2014, international analyst IDATE of France reported that New Zealand had the fastest growth in the availability of Fibre to the Home/Building in the OECD. This rapid growth has continued into 2015.

Just over 12 months since Whangarei became Australasia's first city to have UFB available to every household, UFB deployment has been completed in a further 10 towns and cities. During the year Local Fibre Company (LFC) Ultrafast Fibre Limited (UFL) finished its build in Te Awamutu, Cambridge, Tokoroa, Hawera and Whanganui, while Chorus ended its work in Taupo, Blenheim, Ashburton, Timaru and Oamaru. Enable Networks Limited (ENL) has reticulated the Canterbury townships of Rolleston and Lincoln.

A further eight towns and cities are on track to have deployment completed by June 2016, including the major population centres of Hamilton, Tauranga and New Plymouth as well as Waiuku, Rotorua, Masterton, Greymouth and Queenstown.

Chorus is expected to reach the halfway mark in UFB deployment in Auckland and Wellington, while Enable will also achieve this milestone in Christchurch and its satellite areas in 2016.

UPTAKE

Demand has lifted to unprecedented levels during the year. UFB connections have grown 168%, with the 100,000th connection added in June. The rapid increase in the availability of UFB in 2014 has translated into connections this year, with New Zealand recording the greatest growth in fibre connections in the OECD for the year ending 31 December 2014.

[1] The Co-Investment Partners, Local Fibre Companies and their relationships with CFH are described on page 51.

In just two years connections have grown 10-fold, whilst uptake has more than quadrupled. At the time of writing CFH's Partners are adding more than 7,000 new connections each month, or more than 350 per working day. Uptake varies widely across towns and cities, with provincial areas such as Whangarei and Blenheim the highest (20% and 19% respectively), followed by larger centres such as Auckland and Tauranga (17% each). The run rate[2] at over 30% per annum, is a better indicator of current end-user demand for UFB as the significant increase in deployment during the year has dampened penetration percentages. The actual number of connections is very pleasing.

It is also pleasing to see that UFB is contributing to improvements in New Zealand's overall broadband speeds. Nationwide (across all forms of access), broadband speeds, as measured by networking firm Akamai, have more than tripled since 2009. Further improvements will also be driven by the increasing number of UFB customers who are selecting high-speed plans such as 100 Megabits per second and 1 Gigabit per second[3].

UFB is being delivered to New Zealanders by Retail Service Providers (RSPs), which offer broadband products and services to end users. Competition amongst RSPs is fierce, with 87 RSPs currently selling UFB and new entrants gaining market share. These range from large telecommunication firms offering nationwide services to small operators with services available in single towns. Niche providers are creating attractive business products and services in areas such as cloud computing, hosting and security.

In the residential market, retailers are offering innovative utility bundles with power and gas, as well as video, mobile phone and gaming options, providing consumers with real choice. Pricing is the same as for a copper broadband connection, but UFB services are faster, more reliable and deliver a far superior video streaming experience. UFB is helping an increasing number of New Zealanders to access streaming entertainment services such as Netflix, Lightbox, Neon TV and Quickflix. In June 2015 the Network for Learning reported that nearly 70% of all New Zealand schools had connected to faster broadband over UFB or other forms of access, seeing students increasingly enjoy a seamless online experience, whether at home or at school.

MANAGING CONTRACTS AND MONITORING INVESTMENTS

During the year the CFH Group (being CFH and the LFCs) met its fiscal operating targets as set out in the Statement of Performance Expectations. CFH's net loss before fair value movements on UFB investments is $5.1 million compared with a planned net loss of $5.9 million. CFH's cumulative net loss, including fair value and UFB contributions, is $100.9 million compared with a planned net loss of $122.5 million for the year. The positive variance reflects the strong growth of the UFB market and low interest rates improving the value of CFH's investments in its Partners.

CFH Group funding has been by way of cash reserves of $79.9 million and a $210 million capital injection from the Crown in line with the budget for the fiscal year. CFH holds cash investments on hand of $77.8 million at 30 June 2015, while additional interest income has been derived from favourable rates and prudent cash flow management.

CFH's new investment in Chorus and LFCs in fiscal 2015 was $222 million, a similar level to fiscal 2014. Fair value movements reflect the opportunity cost of providing UFB funding to Partners without receiving interest or dividends on the investment. This cost is described as the "UFB contribution" in CFH's statement of comprehensive revenue and expense. Over time, the fair value movements will become positive as the interest-free or dividend-free periods end and CFH approaches the point where it can realise the funds invested, less any shortfall in expected commercial returns. See note 14 to the financial statements for more detail.

On workplace health and safety, CFH benchmarks the performance of the Partners against key metrics such as Lost Time Injury Frequency Rate (LTIFR). Performance on the LTIFR across the Partners was 2.46 lost time injuries per 1 million hours spent building the network in the 2015 financial year, which compares favourably with the NZ construction industry at 5.7 LTIs.

[2] Run rate is measured as monthly demand (net of cancellations and rejections), divided by monthly end users able to connect, multiplied by 12 to give demand for the year. This shows demand for premises as they are released to market, without being influenced by the rapid pace of deployment.

[3] 100 Megabits per second means data transfer at a rate of 100 million bits per second, while 1 Gigabit per second is 10 times faster again.

OUTLOOK FOR 2016

CFH's principal goals for next year will be firstly to maintain the strong pace of UFB deployment, and secondly to progress the tender process for the expansion of UFB from 75% of the population to at least 80%.

CFH expects that by 30 June 2016 at least 67% of the initiative will have been completed, with UFB delivered past more than 900,000 end users. CFH forecasts that by December 2015 at least 90% of businesses, and all schools and public hospitals within contracted coverage areas, will be able to receive UFB, in line with the Government's policy objectives.

On 1 September 2015 CFH issued a Request for Proposal seeking prospective partners for the expansion of UFB infrastructure. Subject to responses received, CFH aims to select at least one Partner to deploy UFB during the remainder of the financial year.

CFH wishes to thank the many people and organisations who have supported the UFB initiative this year. CFH's Partners play a vital role, and CFH greatly appreciates their commitment and skill in delivering such strong results in both deployment and connections. RSPs, contractors, local councils and many more stakeholders have been an intrinsic part of the UFB initiative's continued success in 2015.

As UFB uptake increases, CFH expects the demand to contribute further to growth in New Zealand's broadband speeds, and therefore to our national productivity and prosperity.

CFH looks forward to working with its Partners and stakeholders to achieve even more in the year ahead.

Simon Allen
Chair
3 September 2015

Graham Mitchell
Chief Executive Officer
3 September 2015

STATEMENT OF PERFORMANCE

The outputs listed in this statement of performance track CFH's progress towards achieving the UFB Objective, being to accelerate the roll-out of UFB to 75% of New Zealanders by December 2019, concentrating until December 2015 on priority users[1], plus greenfields and tranches of residential areas. For reporting against revenue and expense targets, see note 29.

Under the UFB contracts CFH pays Partners on the basis of premises[2] passed. This measures the Partners' overall performance in meeting their contractual deployment targets. CFH also measures the number of end users[3] capable of connection.

CFH's performance targets for UFB deployment:

FINANCIAL YEAR	2013/2014	2014/2015			2019/2020
	Actual #000	Plan[4] #000	Actual #000	Actual % variance	To December 2019
NUMBER OF PREMISES HANDED OVER BY PARTNERS	421	550	600	+9%	1,170
NUMBER OF PRIORITY USER PREMISES HANDED OVER BY PARTNERS.	77	91	93	+2%	100
NUMBER OF BROADBAND END USERS ABLE TO CONNECT TO UFB	517	647	724	+12%	1,340

CFH's performance targets for financial and operational efficiency:

FINANCIAL YEAR	2014/2015		
	Plan	Actual	Comment
CFH FUNDING PER PREMISE HANDED OVER	$1,092	$1,113	Measures level of CFH funding for each premises handed over
PERCENTAGE OF UFB OBJECTIVE COMPLETED	47%	54%	Measures progress towards target of 75% population coverage for UFB and percentage of fiscal envelope utilised
PERCENTAGE OF FISCAL ENVELOPE INVESTED	47%	49%	
NET CFH OPERATIONAL COST AS PERCENTAGE OF ANNUAL INVESTMENT	4%	4%	Measures CFH's efficiency over time against annual investment

[1] Priority users are businesses (of any size, including private-sector health providers), schools (state, state-integrated and independent) and health facilities. The target is to make UFB available to 100% of schools and urban public hospitals, and at least 90% of businesses (including health facilities), by December 2015.

[2] CFH has a geospatial premises database with more than one million unique premise identifiers. It was built in 2011 and is based on Land Information New Zealand (LINZ) land parcels. This is the sole basis for determining the total number of premises in each stage, and for tracking milestone progress, testing and payment. The database is consistent with the premises' definitions in the transaction documents and is regularly refreshed to take account of greenfields and infill.

[3] CFH measures the number of end users able to connect based on an estimate of end user/premise ratios for residential and priority premises. Independent property experts estimate that there is a standard error of +/- 4.5% on any end-user measure.

[4] Per CFH Statement of Performance Expectations 2014/15.

PARTNERS' KEY PERFORMANCE INDICATORS

CFH monitors the performance of the LFCs and Chorus in connecting new end users to the UFB network, fixing customer faults, network availability and network performance. Performance is measured against set service level agreements (SLAs) for priority and non-priority users. Provisioning, faults and product performance SLAs are between the LFCs and Chorus, and their RSPs. SLAs for Layer 1 and 2 network performance across Candidate Areas are between CFH, and the LFCs and Chorus. CFH reviews performance against all SLAs under contract. Reporting of Partner performance against frame loss, frame delay and frame delay variation will commence following an update to the industry's agreed standards.

Provisioning[5] performance per end user as reported by LFCs and Chorus

	BUSINESS (CONNECTIONS % MET TARGET)	RESIDENTIAL (CONNECTIONS % MET TARGET)
	Target: Within 6 business days[6]	Target: Within 4 business days[6]
CHORUS	78%	88%
ENL	84%	87%
NFL	95%	93%
UFL	92%	93%
TOTAL	87%	90%

- **Provisioning performance per end user:** This measure represents the ratio of orders that met the target provisioning date (or date agreed between the RSP and end user) based on the monthly order forecast. Both residential and business connection timeframes continued to improve in the course of the year, despite increasing order volumes and challenges with order forecasting.

Maximum downtime performance per end user as reported by LFCs and Chorus

	RESTORATION	TARGET	FAULTS REPAIRED WITHIN TARGET
LAYER 2 PERFORMANCE[7]	Residential & business	<12 hours	99.77%
LAYER 1 PERFORMANCE[8]	Default	<48 hours	99.78%

- **Layer 2 Performance per end user:** Measures the number of Layer 2 faults repaired in compliance with the SLA. LFCs and Chorus reported that 99.77% of Layer 2 connection faults for all end users, whether business or residential, saw service restored within 12 hours.

- **Layer 1 Performance per end user:** Measures represents the number of Layer 1 network faults repaired in compliance with the SLA. LFCs and Chorus reported that 99.78% of Layer 1 connection faults met the default restoration service levels.

[5] Provisioning means the installation and activation of a UFB service for an end user.

[6] Or date agreed with the end user.

[7] Layer 2 of the Open Systems Interconnection (OSI) Model, associated with active fibre optic network infrastructure.

[8] Layer 1 of the OSI Model, associated with passive fibre optic network infrastructure.

Average downtime across eligible Candidate Areas as reported by LFCs and Chorus

	LAYER 2 AVERAGE NETWORK PERFORMANCE ACROSS ELIGIBLE CANDIDATE AREAS[9]		LAYER 1 AVERAGE NETWORK PERFORMANCE ACROSS ELIGIBLE CANDIDATE AREAS	
	Target <30min (99.990%)		Target <120min (99.980%)	
CHORUS	06:28 min	99.999%	03:18 min	99.999%
ENL	15:32 min	99.997%	42:06 min	99.992%
NFL	08:27 min	99.998%	24:53 min	99.995%
UFL	15:57 min	99.997%	37:17 min	99.993%

- **Layer 2 Network Performance across eligible Candidate Areas:** Measures the average downtime per end user across eligible Candidate Areas, against a target of no more than 30 minutes average downtime each year. All results are from LFCs monthly reports to CFH. Layer 2 average downtime may include maintenance and planned upgrades, which LFCs do not need to report on if they follow the planned outage process described in the Wholesale Services Agreements they have with RSPs.

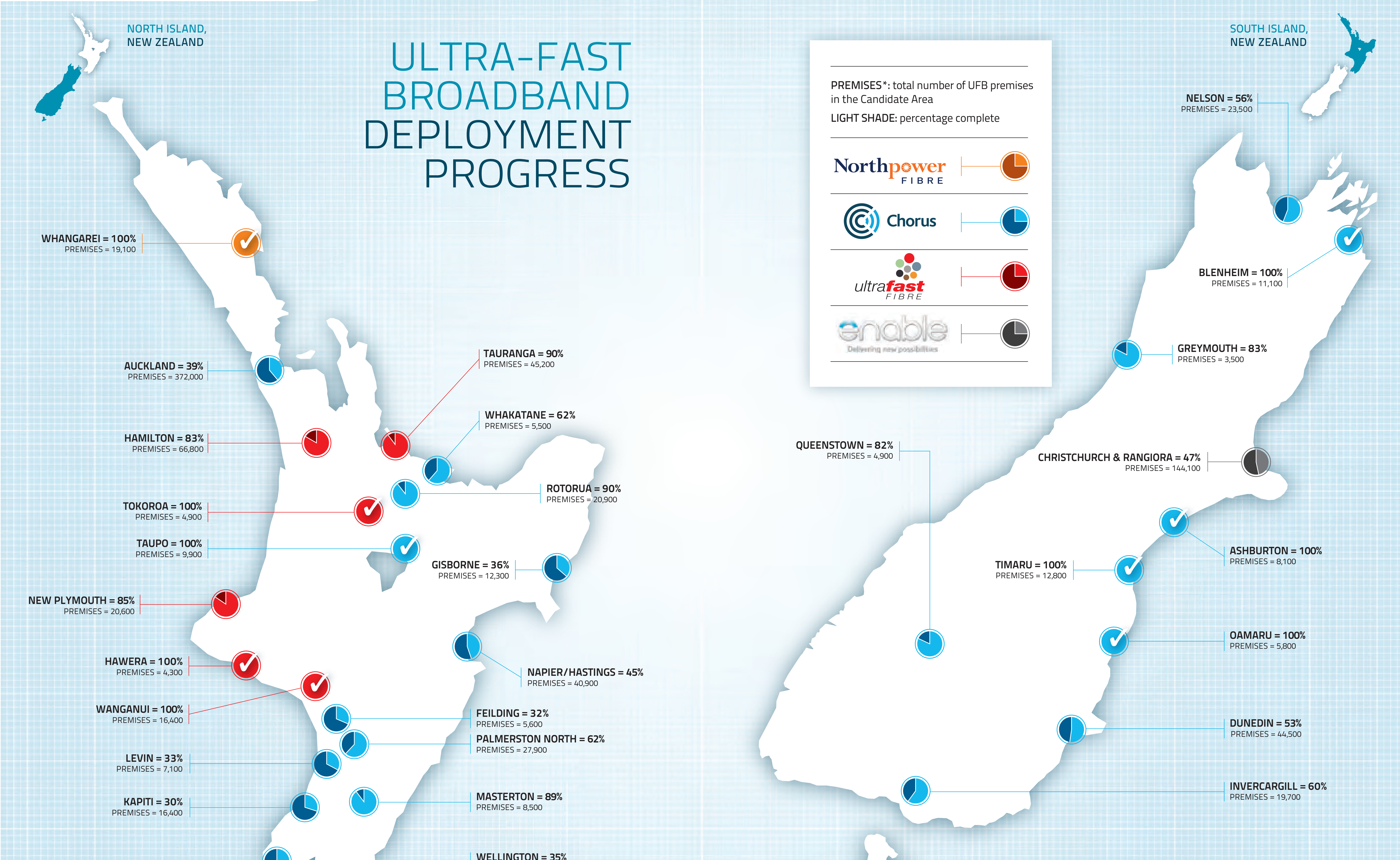
- **Layer 1 Network Performance across eligible Candidate Areas:** Measures the average downtime per end user across eligible Candidate Areas, with a target of no more than 120 minutes of average downtime per year.

Workplace health and safety (H&S): CFH continues to ensure that it complies with its obligations under the Health and Safety in Employment Act 1992. CFH encourages the Partners to focus on H&S related matters. CFH benchmarks the performance of the Partners against key H&S metrics such as Lost-Time Injury Frequency Rate (LTIFR). Performance on the LTIFR across the Partners was 2.46 in the 2015 financial year, compared with 5.7 and 2.1 for the NZ construction and mining sectors respectively. An LTIFR of 10 means there were 10 lost-time injuries per million hours spent constructing the network.

[9] An eligible Candidate Area is one of the 33 towns and cities selected for UFB, where either 3,000 end users or 20% of premises are connected to the network.

ULTRA-FAST BROADBAND DEPLOYMENT PROGRESS

ULTRA-FAST BROADBAND DEPLOYMENT PROGRESS



The Auckland region includes four Candidate areas: Auckland, Waiheke Island, Pukekohe and Waiuku.
The Hamilton Candidate Area includes Te Awamutu and Cambridge.
Christchurch and Rangiora are two separate Candidate Areas.
* Premises figures are rounded and exclude new growth (greenfields sites) and the Christchurch Red Zone.

WHAT'S DRIVING UPTAKE?

With UFB uptake now reaching an average of nearly 15% around the country, the question for many is, what's driving penetration? What makes residents in places like Blenheim and Rolleston move from copper to UFB more quickly than those in other locales? CFH suggests there are four key factors that drive higher uptake: local experience with fibre, community engagement, scale of deployment and competition by RSPs. To assess the impacts of these factors, we consider four parts of the country where UFB deployment has either finished or is close to completion.

FIRST IN FIBRE: WHANGAREI 20%

Whangarei was the first place in New Zealand to have UFB deployment start and finish. It had already seen considerable investment in fibre by the electricity lines company and UFB Co-Investment Partner Northpower. More than 100 kilometres of fibre had been laid and early customers were mainly local businesses. The LFC, Northpower Fibre, has strong foundations in the community. So when it joined the local economic development agency and the council to run a promotional campaign, a temporary ICT hub and a series of other events to mark the completion of the build in May 2014, there was a terrific response. Following the campaign UFB orders ramped up dramatically. Uptake has more than doubled in a year to 20%. RSPs were quick to see the opportunity in Whangarei, including local providers Ultracom and Uber Group; today 17 RSPs compete to sell fibre across the city.

RACING UP THE CHART: BLENHEIM 19%

Fibre wasn't new to Blenheim either, with both CFH's Co-Investment Partner Chorus and an electricity lines company providing services to more than 200 mainly enterprise clients prior to full-scale UFB deployment. Businesses were already well versed in its capability. Blenheim was also lucky to have a Vice President of the Chamber of Commerce who knew the benefits of fibre and eagerly shared his experience at Business After 5 meetings. Lee Harper, Managing Director of pcMedia, is a fibre evangelist, running cloud profitability workshops for IT businesses globally. Another supporter is Brad Clark at BPComputers, who models what he sells, saying UFB has been pivotal to his business growth nationwide. Blenheim has a vibrant RSP market with 16 providers to choose from. Active marketing by RSPs in Blenheim has seen UFB uptake grow from 5% to 19% in just over a year.

ECONOMIC FOCUS AND BUNDLING DRIVING UPTAKE: TAURANGA 17%

Tauranga and the seven councils in the Bay of Plenty have long seen ICT as a key to growth. In 2008 they initiated a shared-services network linking councils including Tauranga, Rotorua, Whakatāne and Taupō. The arrival of UFB in 2011 saw strategies to leverage broadband accelerated. Tauranga's economic development agency, Priority One, further developed the Western Bay of Plenty ICT cluster, which now has hundreds of members. It helped to implement the Institute of IT Professionals' "ICT-Connect" programme for secondary school students and worked closely with UFL to prioritise areas for deployment. This has provided a rich environment for more than 30 RSPs. In 2012, locally based energy and telecommunications company Trustpower began selling UFB. Bundling UFB together with power and gas provided a compelling customer offer and has significantly boosted uptake. The UFB build in Tauranga will be completed in early 2016.

HOME-GROWN GROWTH: ROLLESTON 35% AND LINCOLN 30%

ENL began as the telecommunications network arm of Christchurch City Holdings in 2007. It had built 250 kilometres of fibre to around 75% of local commercial areas by 2010 when it won the bid to deliver UFB to Christchurch and Rangiora, including the townships of Lincoln and Rolleston. Like Northpower's fibre division, ENL had largely done business with enterprise customers. The build in Rolleston and Lincoln finished in October 2013. By April 2015 uptake in these communities was at 35% and 30% respectively. These are close-knit townships, and as a home-grown company ENL has been readily able to engage with broadband end users through home shows, sporting sponsorships and community events. It already had relationships with RSPs and by 2014 these had grown to 38, with the most significant uplift occurring with the arrival of Spark and most recently Slingshot.

EVERYDAY TASKS MAKE USE OF ULTRAFAST BROADBAND.

HOW UFB IS BEING USED

OPERA SINGER, DEBBIE KAPOHE: SINGING THE PRAISES OF ONLINE LEARNING BY VIDEO

WHANGANUI, ULTRAFAST FIBRE

KEEPING UP TO DATE FROM A DISTANCE

PROFESSIONAL OPERA SINGER DEBBIE KAPOHE USES UFB TO TAKE SINGING LESSONS AND IN THE PROCESS SAVES TRAVELLING ALMOST 1,000 KILOMETRES TO DUNEDIN.

Ms Kapohe, who is also the Wanganui District Council arts facilitator, says her fast internet connection has enhanced both her singing and her role at the council. It has also saved her a "huge amount" of time and money.

"As a professional singer I have regular singing lessons – but my teacher is based in Dunedin," she explains. "Now my lessons are done at home via Skype, which is so efficient and easy and it dramatically reduces my costs."

Ms Kapohe says singers and creative artists can use UFB to be more productive.

"Before I got connected the internet was just too slow to research and download files properly. It was incredibly frustrating," she says. "Now with a UFB connection it's simple to go online to learn my music or search out rare opera recordings."

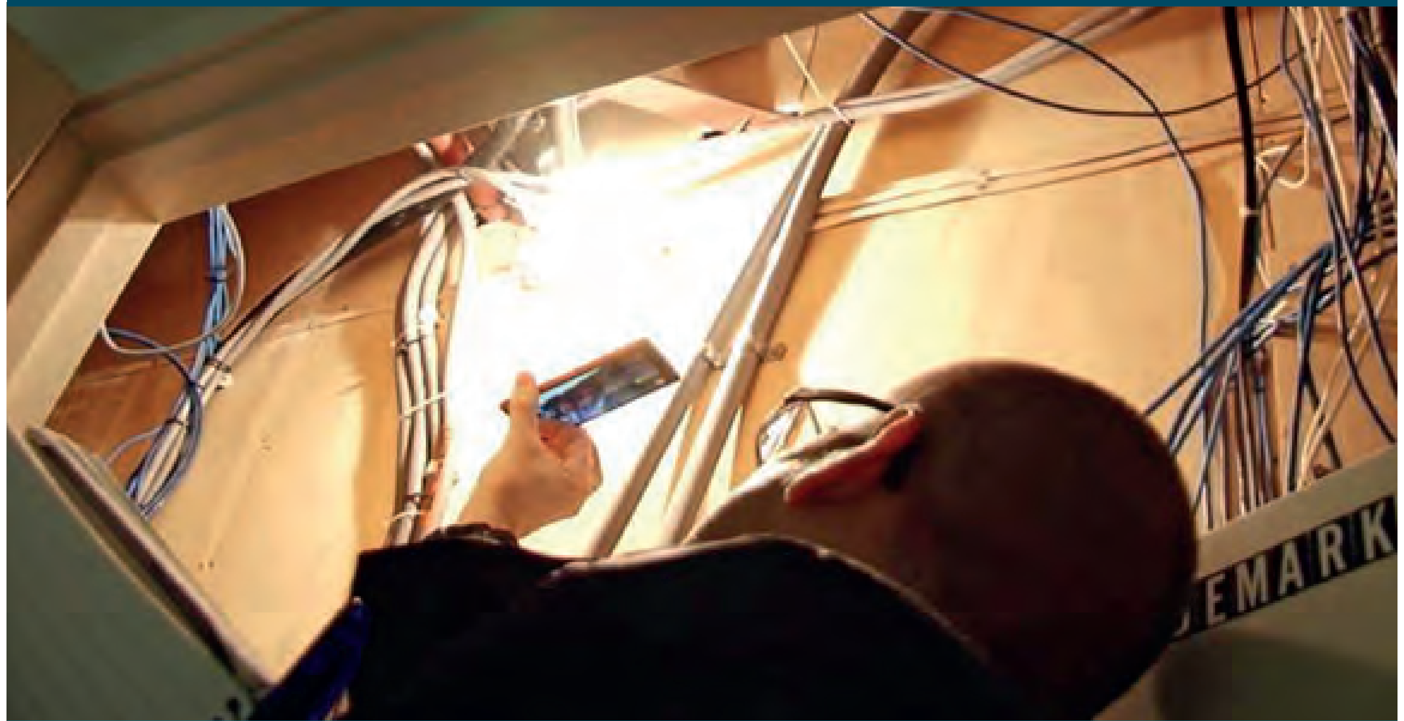
Her arts facilitation work for the council also relies on a fast internet connection.

"It's important for Whanganui to stay connected with what's happening in the arts world," Ms Kapohe says. "We want to be seen as a creative and innovative place, attracting the best performers and artists. UFB allows us to keep our finger on the arts pulse globally. It also enables our local creative talent to learn and develop their skills, while living in the best place - Whanganui!"

HOW FIBRE IS BEING USED

COASTLANDS SHOPPINGTOWN: CONNECTION BEHIND THE SCENES

KĀPITI COAST, CHORUS



A LESSON IN COMMUNICATION

CHORUS HAS BEEN WORKING WITH COASTLANDS MALL IN PARAPARAUMU TO LEARN MORE ABOUT BEST PRACTICE WHEN IT COMES TO CONNECTING MULTIPLE RETAILERS IN LARGE BUILDINGS. ALMOST ALL OF THE 80 COASTLANDS TENANTS AGREED TO HAVE FIBRE INSTALLED AND CONNECTIONS ARE NOW UNDERWAY.

Just as in an office block, retail tenants have specific needs: the stores have to be clean and operational every day, so work has to be done overnight, after hours. Security can be an issue, so a key is needed or a staff member or security guard must be there at night. A closely managed project and timeline is essential to ensure access for the cablers. Chorus's contractor for complex multi-dwelling units, United Communications Group (UCG), developed a good working relationship with Coastlands' management.

David Alexander of UCG recommends a thorough scope of existing infrastructure. Coastlands was built in 1969 and added to over time, so finding pathways for the fibre was sometimes challenging. David says if his team is doing the job right, the retail tenants, 'shouldn't even know we've been there".

Building owners or managers looking to introduce UFB should make sure they're in good contact with internal-cabling companies and their leaseholders. As Jan Forrest, Centre Manager for Coastlands, puts it, 'You need to project manage the job, and keep communicating all the time."

Chorus has learned the value of a single point of contact for the mall owner. It has also looked at how it could connect tenants at the same time as the general internal reticulation is undertaken in future, to help make the move to fibre faster and easier.

HOW FIBRE IS BEING USED

GO MEDIA GROUP: 100,000TH CUSTOMER TO CONNECT TO UFB

CHRISTCHURCH, ENABLE

IT'S ALL ABOUT SPEED OF DELIVERY

GO MEDIA IS A FAST-GROWING OUTDOOR MEDIA PROVIDER. IT HAS BILLBOARD SITES AND BUS COMPANY ADVERTISING FROM INVERCARGILL TO WHANGAREI.

With printing partners in Auckland, Christchurch and Wellington and three teams around the country, it was fitting that this business, with its nationwide communication needs, should be the 100,000th customer to take up UFB, in June 2015.

Go Media wanted to bring three businesses together and run them under a new brand with the Christchurch office as HQ. The company needed email and a way of sharing and storing large files. It had to be able to upload and download large, high-resolution images quickly to meet clients' demands effectively. Brett Leary from IT partner Adapt Technology, which supported the company's migration to the cloud over UFB, says, "The move to fibre was obvious, with pricing similar to DSL [copper] type services".

Director Mike Gray says outdoor advertising is a high-paced, rapidly changing industry. Clients' expectations are very high, and Go Media has to meet tight deadlines. "We can often print something one day and have it up the next. It's all about speed of delivery and, for us, having UFB will definitely help."

The solution was a 100Mbps/100Mbps symmetrical fibre service, with unlimited data. Go Media is running Microsoft Office365 over UFB, including Skype for Business, as well as making more use of file-sharing services such as OneDrive. The benefits have been obvious, especially when it comes to faster uploads and downloads of images.

Brett was able to migrate Go Media to the new services over UFB while ensuring business continuity. "We got them switched over to UFB and we haven't heard a peep since. Going to fibre is a cost-effective solution to move to the cloud."

HOW FIBRE IS BEING USED

NORTHERN DISTRICTS SECURITY: ADDING VALUE, ONE BUSINESS AT A TIME

WHANGAREI, NORTHPOWER FIBRE

UFB HAS SAVED MONEY

JP DIGNON, MANAGING DIRECTOR OF NORTHERN DISTRICTS SECURITY, MOVED TO UFB TWO YEARS AGO. HE'S NOW RUNNING FIVE COMPANIES ON FIBRE, OVER TWO CITY OFFICES AND A COUPLE OF REMOTE BASES NORTH OF WHANGAREI. HE SAYS UFB HAS REDUCED COSTS AND ADDED VALUE.

As well as 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 voice over 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.

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."

CO-INVESTMENT PARTNER PROFILE

NORTHPOWER LIMITED:

Northpower has expanded from a Northland-owned and operated electricity distribution network to become one of the largest multi-utility contractors in New Zealand, with a reputation for excellence and innovation.

Northpower and CFH are Co-Investment Partners in the LFC Northpower Fibre Limited, which is responsible for building the network in Whangarei, almost 2% of the nationwide UFB total.

- LFC Chair: Ms Jo Brosnahan
- LFC Directors: Mr Ken Hames, Mr Mark Gatland (Northpower appointees); Mr Graham Mitchell, Mr Sean Wynne (CFH appointees).

CHRISTCHURCH CITY HOLDINGS LIMITED:

Christchurch City Holdings Limited (CCHL) is the wholly owned investment arm of Christchurch City Council, holding shares in eight trading companies, including the Lyttelton Port Company, Christchurch International Airport and Orion (the local electricity lines company).

Enable Networks Limited (ENL) is an LFC formed by Enable Services Limited (ESL, a subsidiary of CCHL) in partnership with CFH to build and operate the UFB network in Christchurch, Rangiora and surrounding areas, making up some 13% of the national build.

- LFC Chair: Mr Tim Lusk
- LFC Directors: Mr Mark Bowman, Mr Brett Gamble, Mr Owen Scott (CCHL/ESL appointees); Dr Murray Milner, Mr Graham Mitchell, Mr Sean Wynne (CFH appointees).

WAIKATO NETWORKS LIMITED (WEL NETWORKS LIMITED AND WAIPA NETWORKS LIMITED):

WEL Networks provides electricity infrastructure, delivering energy to more than 84,000 homes, businesses and organisations throughout the Waikato region. Its network incorporates more than 5,100 kilometres of lines. WEL Networks, together with Waipa Networks (the electricity lines company serving Te Awamutu and Cambridge), formed Waikato Networks Limited (WNL).

In turn, WNL established the LFC Ultrafast Fibre Limited (UFL) in partnership with CFH. UFL is responsible for building fibre networks in the urban areas of Hamilton, Tauranga, Whanganui, New Plymouth, Tokoroa, Hawera, Cambridge and Te Awamutu. This represents around 14% of the entire UFB deployment.

- LFC Chair: Mr Rodger Fisher
- LFC Directors: Mr Mark Franklin, Mr Garth Dibley (replaced Mr David Smith whose term ended during the year), Mr Tony Steele (replaced Ms Margaret Devlin, whose term ended during the year) (WNL appointees); Mr Graham Mitchell, Ms Danelle Dinsdale, Mr Sean Wynne (CFH appointees).

CHORUS LIMITED:

Chorus is New Zealand's largest telecommunications infrastructure company. Formerly a division of Telecom Corporation of New Zealand Limited (now Spark New Zealand Limited), it separated into an independent company in late 2011. Chorus is the largest partner of CFH's four Co-Investment Partners and is contracted to deliver UFB to more than 830,000 premises by the end of the decade, around 71% of the overall UFB initiative.

Chorus is not an LFC. Instead of a Board of Directors, CFH and Chorus have formed a Steering Committee to oversee Chorus's part of this initiative.

- Chorus UFB Steering Committee Independent Chair: Mr Gavin Walker
- Steering Committee members: Mr Andrew Carroll, Mr Mark Ratcliffe, Mr Keith Turner (Chorus appointees); Mr Jack Matthews, Mr Graham Mitchell, Mr Sean Wynne (CFH appointees).

BOARD OF DIRECTORS

DIRECTORS' PROFILES AND INTERESTS HELD

The following profiles include general disclosures of interest given by Board members pursuant to S140 (2) of the Companies Act 1993 and entered into CFH's interests register.

Mr Simon Allen (Chair) is a professional company director following a 20-year career as Chief Executive of BZW and ABN AMRO. He is Chairman of both New Zealand Refining and Auckland Council Investments Limited. He is Deputy Chairman of St Cuthbert's College. Mr Allen is also a Trustee of the Snowvision charitable trust.

Ms Miriam Dean CNZM QC has extensive governance and commercial litigation experience. A former partner at Russell McVeagh, Ms Dean is a barrister sole whose practice focuses on commercial and competition law, arbitration and mediation. She was made Queen's Counsel in 2004. She was previously a member of the Auckland Transition Authority, the Government's Electricity Review, the Civil Aviation Authority and the IANZ Council. She is currently Chair of the Banking Ombudsman Scheme, Chair of NZ On Air, a Director of Auckland Council Investments Limited and a Trustee of the New Zealand Royal Ballet Board. Ms Dean holds an interest in a Spark debt bond.

Ms Danelle Dinsdale has advised on contract management for major infrastructure and public-private partnership projects in the United Kingdom. She is a Director of Ultrafast Fibre Limited and the Medical Assurance Society New Zealand, as well as being a Director of Hawke's Bay Regional Investment Company Limited, which is considering an investment in the Ruataniwha Water Storage Scheme.

Mr Jack Matthews has held Chief Executive roles in Australia with Fairfax Media and Fairfax Digital. He was the driving force behind Saturn's deployment of a Hybrid Fibre Co-Axial cable network in Wellington and Christchurch. He is currently Chairman of Rewardle Holdings in Australia, a Director of New Zealand's Network for Learning Limited, a Director of Trilogy Limited and a Director of APN Outdoor in Sydney.

Dr Murray Milner has more than 40 years' experience in the New Zealand ICT industry and holds a doctorate of electrical engineering. He chairs Harmonic Analytics Limited, the National Health IT Board, the Whole of Government Radio Network Governance Board and the Emergency Services Interagency Resilience Working Group. Dr Milner is a Director of Enable Networks Limited and the Managing Director of Milner Consulting Limited. He is a Trustee and beneficiary of the Milner Family Trust and a Trustee of the NZ IPv6 Trust. He is also a member of the Expert Advisory Group on Information Security, the National Health Board and the Health Capital Investment Committee. He holds shares in Spark.

Mr Keith Tempest spent 23 years with electricity generator Trustpower, resigning as Chief Executive in 2009. He holds directorships with NZ Bus Limited, Port of Tauranga Limited, Transpower New Zealand Limited and Bay Venues Limited, and is a Director and shareholder of GAP Business Solutions Limited.

	2015		2014	
DIRECTORS	No. of Regular Meetings Attended	No. of Special Meetings Attended	No. of Regular Meetings Attended	No. of Special Meetings Attended
Simon Allen	8	3	11	4
Miriam Dean	9	2	9	3
Danelle Dinsdale	9	2	10	4
Jack Matthews	8	1	11	3
Murray Milner	8	0	11	4
Keith Tempest	9	2	11	3

GOVERNANCE

ORGANISATION FORM

CFH was incorporated on 29 October 2009 under the Companies Act 1993. CFH is a Crown-owned Company, listed under Schedule 4a of the Public Finance Act 1989. CFH is subject to certain provisions of the Crown Entities Act 2004, and it is also subject to the Official Information Act 1982 and the Ombudsmen Act 1975. The shareholders in CFH are the Minister of Finance and Minister for State Owned Enterprises in their capacity as Ministers, and each holds 50% of the issued share capital. CFH is monitored by the Ministry for Innovation, Business and Employment Telecommunications branch and the Commercial Operations Division of the Treasury for policy and shareholding Ministers. CFH's aim is to provide services to the public, rather than make a financial return. Accordingly, CFH has designated itself as a public benefit entity.

MANAGEMENT OF THE COMPANY

The Board of Directors is responsible for the overall direction of CFH's business and other activities on behalf of shareholding Ministers in the manner set out in CFH's Constitution and CFH's Statement of Intent. CFH's purpose is to accelerate the rollout of UFB to 75% of New Zealanders over 10 years, concentrating up to 31 December 2015 on priority users such as businesses, schools and health services, plus greenfields developments and certain tranches of residential areas, with the remainder of the deployment completed by 31 December 2019.

CFH is also responsible for the expansion of UFB to at least 80% of the population.

BOARD OF DIRECTORS

The Board has established strategic policy, guides and monitors the business and affairs of CFH and is committed to a high standard of corporate governance. Responsibility for the operation and administration of CFH is delegated to the Chief Executive, who is accountable to the Board. The Board places emphasis on strategic planning, the implementation of sound administrative systems and procedures, and regulatory compliance.

BOARD MEMBERSHIP

The Board is made up of six non-executive Directors. Their profiles can be read on page 21 of this Annual Report. Directors are appointed by shareholding Ministers following Cabinet approval.

BOARD COMMITTEES

To assist Directors to carry out their duties, the Board has two standing committees (as further described below). Other ad hoc and standing committees may be formed from time to time.

Audit and Risk Committee

The Audit and Risk Committee assists the Board in fulfilling its responsibilities by providing recommendations, counsel and information concerning accounting, reporting and responsibilities under legislation. Its Terms of Reference also cover the role of internal audit.

The Audit and Risk Committee ensures oversight by the Board of all matters related to the financial accounting, planning and reporting of CFH. The Audit and Risk Committee monitors the processes that are undertaken by management and both external and internal auditors. The Audit and Risk Committee ensures that the Board meets all financial governance and accountability requirements and responsibilities. In that regard the Crown Entities Act 2004 sets out the specific statutory planning and reporting obligations of CFH, including the requirements for key accountability documents, the Statement of Intent and the Annual Report. The Audit and Risk Committee also monitors and assesses risks to the business.

Remuneration Committee

The Committee assists the Board in fulfilling its responsibilities by providing advice and recommendations regarding the appropriate remuneration policies and human resources policies for the Company.

CFH AS A GOOD EMPLOYER

CFH places high importance on attracting skilled staff in order to deliver on the Government's UFB objective. As a result CFH has put in place policies that ensure it is a 'good employer' that provides equal employment opportunities (EEO). There are six areas on which CFH is focusing in order to ensure that it is a 'good employer' (based on guidance from the EEO Commissioner).

- **Leadership, accountability and culture:**
  All job descriptions are consistent with EEO principles and there is no gender or ethnicity bias with a genuine EEO culture.
- **Recruitment, selection and induction:**
  CFH has recruited a number of executives through a variety of means including industry networks, recommendations and recruitment companies. All staff have been treated under an EEO framework that includes logic, reasoning and psychometric testing.
- **Employee development, promotion and exit:**
  CFH encourages employee development and promotion. With the initiative now in a phase of steady-state deployment, the structure of CFH has changed to meet evolving requirements, creating opportunities for development.
- **Remuneration, recognition and conditions:**
  CFH has a gender-neutral remuneration policy. Remuneration is market based and includes a small incentive scheme that is designed to reward employee contributions (regardless of race or gender). Flexible working is supported.
- **Harassment and bullying prevention:**
  CFH has a zero tolerance approach to all forms of harassment and bullying. CFH has policies in place to deal with harassment complaints should they arise.
- **Safe and healthy environment:**
  CFH has developed policies that are designed to encourage staff participation in health and safety. All staff are treated with respect regardless of sexuality. Staff are encouraged to take regular holidays and there are policies in place to help staff deal with stress-related complaints if necessary.

STATEMENT OF RESPONSIBILITY

FOR THE YEAR ENDED 30 JUNE 2015

IN TERMS OF THE PUBLIC FINANCE ACT 1989, AND PARTICULARLY S19A, THE BOARD IS RESPONSIBLE FOR THE PREPARATION OF CROWN FIBRE HOLDINGS LIMITED'S ANNUAL REPORT, WHICH INCLUDES FINANCIAL STATEMENTS AND STATEMENT OF PERFORMANCE, AND FOR THE JUDGEMENTS MADE THEREIN.

The Board of Directors of Crown Fibre Holdings Limited has responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting for the Company.

In the Board's opinion, these financial statements and statement of performance fairly reflect the financial position and performance of Crown Fibre Holdings Limited for the year ended 30 June 2015.

Signed on behalf of the Board.

Simon Allen
Chair

3 September 2015

Keith Tempest
Director

3 September 2015

DIRECTIONAL DRILLING IS A COMMON DEPLOYMENT TECHNIQUE.

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF CROWN FIBRE HOLDINGS LIMITED AND GROUP'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2015

The Auditor-General is the auditor of Crown Fibre Holdings Limited (the Company) and its subsidiaries. The Auditor-General has appointed me, Clare Helm, using the staff and resources of Audit New Zealand, to carry out the audit, on her behalf, of the:

- financial statements, including the performance information for the appropriation, of the Company and of the group consisting of the Company and its subsidiaries (collectively referred to as 'the Group"); and
- the performance information of the Group.

OPINION ON THE FINANCIAL STATEMENTS AND THE PERFORMANCE INFORMATION

We have audited:

- the financial statements of the Company and Group on pages 30 to 71, that comprise the statement of financial position as at 30 June 2015, the statement of comprehensive revenue and expense, 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, the performance information for the appropriation and other explanatory information; and
- the performance information of the Group on page 8.

In our opinion:

- the financial statements of the Company and Group:
  - present fairly, in all material respects the Company and Group's:
    - financial position as at 30 June 2015;
    - financial performance and cash flows for the year then ended;
    - assessment of what has been achieved with the appropriation; and
    - actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure.
  - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity Standards.
- the performance information on page 8:
  - presents fairly, in all material respects, the Group's performance for the year ended 30 June 2015, including:
    - for each class of reportable outputs:
      - its standards of performance achieved as compared with forecasts included in the statement of performance expectations for the financial year;
      - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year;
  - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 3 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 explain our independence.

BASIS OF OPINION

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

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

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Company and Group's financial statements and the Group's performance information 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 and Group's internal control.

An audit also involves evaluating:

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

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

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 and performance information that:

- comply with generally accepted accounting practice in New Zealand;
- present fairly the Company and the Group's financial position, financial performance and cash flows; and
- present fairly the Group's performance.

The Board of Directors' responsibilities arise from the Crown Entities Act 2004 and the Public Finance Act 1989.

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

RESPONSIBILITIES OF THE AUDITOR

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

INDEPENDENCE

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

In addition to the audit of the Company and the Group, and the audits of Enable Networks Limited and Northpower Fibre Limited, we have carried out regulation audits relating to Enable Networks Limited and Northpower Fibre Limited, which are compatible with those independence requirements. Other than the audit and these assignments, we have no relationship with or interests in the Company or the Group.

Clare Helm

Clare Helm
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

FOR THE YEAR ENDED 30 JUNE 2015

	Notes	Parent 2015 $000	*Group 2015 $000	Parent 2014 $000	Group 2014 $000
Income					
Interest income	2	8,490	8,607	5,502	5,580
UFB income[1]	3	-	20,274	-	9,980
Other income		288	745	480	480
Fair value gains on FVTSD[2] investments	9,14	31,034	-	8,451	-
Net fair value gains on derivatives	9,14	-	-	111	111
Total income		39,812	29,626	14,544	16,151
Expenses					
Network expenses		-	14,139	-	12,827
Directors' fees	5	210	691	206	716
Personnel costs	6	4,232	7,169	4,469	6,109
Depreciation expense	13	76	14,651	72	8,608
Professional advisory fees	7	1,116	1,927	1,159	2,068
Other expenses	8	1,753	6,361	1,991	5,067
Interest expense	2	-	1,265	16	373
Management fees to Partners	14	-	5,318	-	4,286
UFB contribution – LFCs	9,14	28,775	-	37,615	-
UFB contribution – Chorus Equity Securities	9,14	45,512	45,512	69,884	69,884
UFB contribution – Chorus Debt Securities	9,15	41,448	41,448	65,001	65,001
Net fair value losses on derivatives	9,14	106	106	-	-
Total expenses		123,228	138,587	180,413	174,939
Surplus/(deficit) before tax		**(83,416)**	**(108,961)**	**(165,869)**	**(158,788)**
Tax expense/(credit)	10	-	(8,114)	-	(3,848)
Net surplus/(deficit) for the year		**(83,416)**	**(100,847)**	**(165,869)**	**(154,940)**
Other comprehensive revenue and expense					
Net fair value gains/(losses) on AFS[3] investments	9,14	2,587	(80)	902	601
Total other comprehensive revenue and expense		2,587	(80)	902	601
Total comprehensive revenue and expense for the year		**(80,829)**	**(100,927)**	**(164,967)**	**(154,339)**
Net surplus/(deficit)					
Attributable to members of the parent		(83,416)	(82,703)	(165,869)	(135,222)
Attributable to minority interests		-	(18,144)	-	(19,718)
		(83,416)	**(100,847)**	**(165,869)**	**(154,940)**
Total comprehensive revenue and expense					
Attributable to members of the parent		(80,829)	(82,783)	(164,967)	(134,621)
Attributable to minority interests		-	(18,144)	-	(19,718)
		(80,829)	**(100,927)**	**(164,967)**	**(154,339)**

* Budget figures and explanations of major variances against the budget are detailed in note 29.

[1] See Note 1 page 37.
[2] Fair value through surplus or deficit.
[3] Available for sale.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Notes	Parent 2015 $000	*Group 2015 $000	Parent 2014 $000	Group 2014 $000
Assets					
Current assets					
Cash and cash equivalents	11	77,761	79,856	52,828	55,001
Trade and other receivables	12	55	3,753	382	2,510
GST receivables		46	3,590	12	1,921
Prepayments		90	136	11	42
Total current assets		77,952	87,335	53,233	59,474
Non-current assets					
Property, plant and equipment	13	198	384,274	211	247,430
Investments in LFCs	14	160,030	-	101,140	-
Investments in Chorus Equity Securities	14	47,317	47,317	30,500	30,500
Investments in Chorus Debt Securities	15	57,012	57,012	35,825	35,825
Deferred tax assets	16	-	17,281	-	9,205
Total non-current assets		264,557	505,884	167,676	322,960
Total assets		**342,509**	**593,219**	**220,909**	**382,434**
Liabilities					
Current liabilities					
Creditors and other payables	17	24,298	64,360	31,912	38,590
Employee entitlements		510	1,048	467	666
Deferred revenue		-	3,463	-	1,026
Total current liabilities		24,808	68,871	32,379	40,282
Non-current liabilities					
Deferred revenue		-	447	-	499
Borrowings	27	-	28,077	-	16,436
Other non-current liabilities		-	3,854	-	1,087
Total non-current liabilities		-	32,378	-	18,022
Total liabilities		**24,808**	**101,249**	**32,379**	**58,304**
Net assets		**317,701**	**491,970**	**188,530**	**324,130**
Contributed capital	18	737,900	737,900	527,900	527,900
AFS reserve	19	3,734	766	1,147	846
Retained earnings		(423,933)	(346,237)	(340,517)	(263,534)
Minority interests		-	99,541	-	58,918
Total equity		**317,701**	**491,970**	**188,530**	**324,130**
Equity attributable to parent		317,701	392,429	188,530	265,212
Minority interests		-	99,541	-	58,918
Total equity		**317,701**	**491,970**	**188,530**	**324,130**

* Budget figures and explanations of major variances against the budget are detailed in note 29.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2015

Parent	Capital $000	Available-for-Sale Reserve $000	Retained Earnings $000	Minority Interests $000	Total $000
Opening balance 1 July 2013	**327,900**	**245**	**(174,648)**	**-**	**153,497**
Comprehensive income					
Net surplus/(deficit)	-	-	(165,869)	-	(165,869)
Other comprehensive revenue and expense	-	902	-	-	902
Total comprehensive revenue and expense attributable to parent	-	902	(165,869)	-	(164,967)
Owners' transactions					
Capital contribution – Crown (note 18)	200,000	-	-	-	200,000
Closing balance 30 June 2014	**527,900**	**1,147**	**(340,517)**	**-**	**188,530**
Opening balance 1 July 2014	**527,900**	**1,147**	**(340,517)**	**-**	**188,530**
Comprehensive income					
Net surplus/(deficit)	-	-	(83,416)	-	(83,416)
Other comprehensive revenue and expense	-	2,587	-	-	2,587
Total comprehensive revenue and expense attributable to parent	-	2,587	(83,416)	-	(80,829)
Owners' transactions					
Capital contribution – Crown (note 18)	210,000	-	-	-	210,000
Closing balance 30 June 2015	**737,900**	**3,734**	**(423,933)**	**-**	**317,701**

STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

*Group	Capital $000	Available-for-Sale Reserve $000	Retained Earnings $000	Attributable to Equity Holders of Parent $000	Minority Interests $000	Total $000
Opening balance 1 July 2013	**327,900**	**245**	**(128,313)**	**199,832**	**41,005**	**240,837**
Comprehensive income						
Net surplus/(deficit)	-	-	(135,222)	(135,222)	(19,718)	(154,940)
Other comprehensive revenue and expense	-	601	-	601	-	601
Total comprehensive revenue and expense	-	601	(135,222)	(134,621)	(19,718)	(154,339)
Owners' transactions						
Share transactions with minority interests (note 4)	-	-	1	1	3,628	3,629
Capital contribution – Crown (note 18)	200,000	-	-	200,000	-	200,000
Capital contribution – minority interests	-	-	-	-	34,003	34,003
Closing balance 30 June 2014	**527,900**	**846**	**(263,534)**	**265,212**	**58,918**	**324,130**
Opening balance 1 July 2014	**527,900**	**846**	**(263,534)**	**265,212**	**58,918**	**324,130**
Comprehensive income						
Net surplus/(deficit)	-	-	(82,703)	(82,703)	(18,144)	(100,847)
Other comprehensive revenue and expense	-	(80)	-	(80)	-	(80)
Total comprehensive revenue and expense	-	(80)	(82,703)	(82,783)	(18,144)	(100,927)
Owners' transactions						
Share transactions with minority interests (note 4)	-	-	-	-	18,502	18,502
Capital contribution – Crown (note 18)	210,000	-	-	210,000	-	210,000
Capital contribution – minority interests	-	-	-	-	40,265	40,265
Closing balance 30 June 2015	**737,900**	**766**	**(346,237)**	**392,429**	**99,541**	**491,970**

*Budget figures and explanations of major variances against the budget are detailed in note 29.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2015

	Notes	Parent 2015 $000	*Group 2015 $000	Parent 2014 $000	Group 2014 $000
Cash flows from operating activities					
Receipts from customers		-	21,542	-	9,365
Interest received		2,307	2,426	2,361	2,484
Other receipts		402	402	250	250
Payments to suppliers		(3,133)	(28,587)	(3,093)	(26,583)
Payments to employees		(4,144)	(6,787)	(4,336)	(5,969)
Interest paid		-	(1,063)	(16)	(185)
Goods and services tax (net)		4	(1,635)	27	(571)
Net cash outflow from operating activities	**20**	**(4,564)**	**(13,702)**	**(4,807)**	**(21,209)**
Cash flows from investing activities					
Purchase of property, plant and equipment		(47)	(97,648)	(34)	(92,269)
Acquisition of investments in LFCs		(72,466)	-	(77,456)	-
Acquisition of investments in Chorus Equity Securities		(63,246)	(63,246)	(71,504)	(71,504)
Acquisition of investments in Chorus Debt Securities		(63,246)	(63,246)	(71,504)	(71,504)
Proceeds from sale to minority interests		18,502	18,502	3,628	3,628
Proceeds from disposal of property, plant and equipment		-	38	-	39
Net cash outflow from investing activities		**(180,503)**	**(205,600)**	**(216,870)**	**(231,610)**
Cash flows from financing activities					
Capital contribution – Crown	**18**	210,000	210,000	200,000	200,000
Capital contribution – minority interests		-	32,152	-	27,436
Debt drawdown		-	2,005	-	2,867
Net cash inflow from financing activities		**210,000**	**244,157**	**200,000**	**230,303**
Net increase/(decrease) in cash and cash equivalents		**24,933**	**24,855**	**(21,677)**	**(22,516)**
Cash and cash equivalents at the beginning of the year		52,828	55,001	74,505	77,517
Cash and cash equivalents at the end of the year	**11**	**77,761**	**79,856**	**52,828**	**55,001**

* Budget figures and explanations of major variances against the budget are detailed in note 29.

The accompanying notes form an integral part of these financial statements and should be read in conjunction with them.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

1. STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

The reporting entity is Crown Fibre Holdings Limited (CFH, the parent and the Company). The Group includes CFH and its controlled entities, being the Local Fibre Companies (LFCs), namely:

- Northpower Fibre Limited (NFL), previously Whangarei Local Fibre Company Limited;
- Ultrafast Fibre Limited (UFL); and
- Enable Networks Limited (ENL).

CFH's parent accounts reflect only CFH operations and the direct investments made in each of the three LFCs and Chorus. The CFH Group accounts have the direct investment in Chorus and consolidate the results of the operations of CFH and the LFCs, and hence include the Ultra Fast Broadband (UFB) network built by the LFCs.

CFH is a limited liability company incorporated in New Zealand under the Companies Act 1993 and is a Schedule 4A entity of the Public Finance Act 1989.

The purpose of the Company is to implement the Government's objectives in relation to the availability of, and access to, UFB by co-investing with private sector participants to deploy fibre optic telecommunications network infrastructure. As such, CFH's aim is to provide services to the public, rather than make a financial return.

Accordingly, CFH has designated itself as a public benefit entity (PBE) for the purposes of financial reporting under Public Sector PBE Standards (PBE Standards). CFH is a public authority and consequently is exempt from the payment of income tax. Accordingly, no provision has been made for income tax in the parent financial statements. However, subsidiaries are not exempt from the payment of income tax and accordingly the Group financial statements reflect the tax of subsidiaries, in accordance with the income tax policy set out below.

The financial statements of CFH and the Group are for the period ended 30 June 2015, and were approved by the Board of Directors on 3 September 2015.

STATEMENT OF COMPLIANCE

The financial statements of the Company and the Group have been prepared in accordance with the relevant requirements of the Public Finance Act 1989 and the Crown Entities Act 2004, which include the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

The External Reporting Board has separated New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) into those applicable to for-profit entities and PBEs. The for-profit entity framework continues the current NZ IFRS framework based on International Financial Reporting Standards.

The framework for the Company and Group (as a PBE) is based on International Public Sector Accounting Standards (IPSAS) and is effective for periods beginning on and after 1 July 2014. As a result, these financial statements are the first set of financial statements presented in accordance with PBE Standards. These financial statements have been prepared in accordance with Tier 1 PBE Standards and comply with PBE Standards. The Company and Group previously reported in accordance with NZ IFRS and other applicable Financial Reporting Standards as appropriate for PBEs.

The adoption of PBE Standards has not resulted in any material change to the amounts presented in these financial statements. For further information on the impact of the adoption of PBE Standards, see note 30.

BASIS OF PREPARATION

The financial statements have been prepared on an historical cost basis, except for the revaluation of certain financial instruments as set out below.

FUNCTIONAL AND PRESENTATION CURRENCY

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN ADOPTED EARLY

The External Reporting Board has issued amendments to PBE Standards that are effective for periods beginning on and after 1 April 2015. The amendments incorporate enhancements for not-for-profit entities and should have no impact on the Company or Group as a Public Benefit Entity/Group.

SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The Group financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries, being NFL, UFL and ENL). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The assessment of why the Company is considered to control these entities is discussed in the critical judgements section on page 43.

Minority interests (i.e. the interests of the Partners to the LFC agreements) in the net assets of consolidated subsidiaries are identified separately from equity attributed to equity holders of the parent. The amount ascribed to minority interests represents:

- 100% of the profit after tax of each LFC, before considering impairment. This is discussed in the critical accounting estimates and assumptions section below; and
- capital contributions by the minority interests to each LFC, being the contribution by the Partner on the purchase of A or B shares in each LFC; and
- the A shares taken up by the minority interests under the recycling mechanisms, measured at the original issued capital amount; less
- distributions made to minority interests.

Further details on the nature of the LFC arrangements are set out in note 14.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group accounting policies.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the minority interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

- the aggregate of the fair value of the consideration received and the fair value of any retained interests; and
- the previous carrying amount of the assets and liabilities of the subsidiary and any minority interests.

Amounts previously recognised in other comprehensive revenue and expense in relation to the subsidiary are accounted for (i.e. reclassified to surplus or deficit or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as fair value on initial recognition for subsequent accounting under PBE IPSAS 29 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

The investment in NFL and UFL (along with the recycling mechanism) is designated as at fair value through surplus or deficit (FVTSD) in the parent company's financial statements. The investment in ENL is recorded as an available-for-sale (AFS) financial instrument in the parent company's financial statements. Further information on the treatment of these instruments is set out below.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Revenue

Interest

Interest income is recognised using the effective interest method. Interest income on an impaired financial asset is recognised using the original effective interest rate.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income in the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received between the parties to the contract that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument or, where appropriate, a shorter period to the net carrying amount of the financial instrument at the time of initial recognition.

UFB income

UFB income is recognised in the period in which the UFB service is provided by reference to either the completion of a specific transaction (connection, move, add or change fees) or the proportion of the ongoing services provided measured on a time basis (such as access revenue).

Leases

Operating leases

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset to the Group are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the term of the lease in surplus or deficit. Lease incentives received are recognised in surplus or deficit over the lease term as an integral part of the total lease expense.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily converted to known amounts of cash and are subject to an insignificant risk of changes in value. These amounts are brought to account at face value. All investments are held in New Zealand.

Investments

Investments of the Company comprise the following financial instruments:

Investment in ENL (LFC subsidiary)

In the parent company financial statements, the Company's investments in unlisted shares of ENL are categorised as AFS, and are measured at fair value. Fair value is determined in the manner described in the critical accounting estimates and assumptions section on page 42. Gains and losses arising from changes in fair value are recognised in other comprehensive revenue and expense and accumulated as a separate component of equity in the AFS revaluation reserve, with the exception of impairment losses and losses upon initial investment, which are recognised directly in surplus or deficit. Any difference on initial recognition between the fair value of the investment and the contribution by CFH represents CFH's and the Crown's contribution towards the deployment of UFB in New Zealand, and is reflected in the UFB contribution line in surplus or deficit.

A significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the AFS revaluation reserve is reclassified from equity to surplus or deficit (as a reclassification adjustment).

Impairment losses previously recognised through surplus or deficit are not reversed through surplus or deficit. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive revenue and expense and accumulated as a separate component of equity in the AFS revaluation reserve.

Dividends are recognised in surplus or deficit when the Company's right to receive the dividends is established.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Investments in NFL and UFL (LFC subsidiaries)

In the parent company financial statements, the Company's investments in unlisted shares of NFL and UFL, together with the recycling mechanisms described in note 14, are designated as at FVTSD and are initially recognised at fair value and subsequently re-measured to fair value, with gains and losses arising from changes in fair value recognised in surplus or deficit. Fair value is determined in the manner described in the critical accounting estimates and assumptions section below. Any difference on initial recognition between the fair value of the investment and the contribution by CFH represents CFH's and the Crown's contribution towards the deployment of UFB in New Zealand, and is reflected in the UFB contribution line in surplus or deficit.

Other investments – Chorus

In the Company and Group financial statements, the investment in unlisted Equity Securities of Chorus is categorised as AFS and is measured at fair value. Fair value is determined in the manner described in the critical accounting estimates and assumptions section below.

Gains and losses arising from changes in fair value are recognised in other comprehensive revenue and expense and accumulated as a separate component of equity in the AFS revaluation reserve, with the exception of impairment losses and interest calculated using the effective interest method, which are recognised directly in surplus or deficit. Any difference on initial recognition between the fair value of the investment and the contribution by CFH represents CFH's and the Crown's contribution towards the deployment of UFB in New Zealand, and is reflected in the UFB contribution line in surplus or deficit.

Indications that Chorus is in significant financial difficulty and late payments are considered to be objective evidence of impairment. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the AFS revaluation reserve is reclassified from equity to surplus or deficit (as a reclassification adjustment). If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through surplus or deficit to the extent that the carrying amount at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Dividends are recognised in surplus or deficit when the Company's right to receive the dividends is established.

The Group's investment in Equity Warrants of Chorus is a derivative categorised as a held-for-trading FVTSD financial instrument and is measured at fair value and is accounted for in the same manner as the FVTSD instruments above. Fair value is determined in the manner described in the critical accounting estimates and assumptions section below.

The Group's investment in Chorus Debt Securities is categorised as loans and receivables and is measured initially at fair value and subsequently at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest method. Any difference on initial recognition between the fair value of the investment and the contribution by CFH represents CFH's and the Crown's contribution towards the deployment of UFB in New Zealand, and is reflected in the UFB contribution line in surplus or deficit. Impairment is determined in accordance with the policy described under other receivables below.

Other receivables

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. The impairment of a receivable is established when there is objective evidence that the Group will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of a debtor, the probability that the debtor will enter into bankruptcy, and defaults in payment are considered indicators that the debtor is impaired.

Debtors 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 Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, and observable changes in national or local economic conditions that correlate with defaults on receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

The amount of the impairment is the difference between a receivable's carrying amount and the present value of estimated future cash flows, discounted at the receivable's original effective interest rate. The carrying amount of the receivable is reduced by the impairment loss directly for all receivables with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through surplus or deficit to the extent that the carrying amount of the receivable at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Property, plant and equipment

Property, plant and equipment are shown at cost, less any accumulated depreciation and impairment losses.

Additions

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

Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control over the asset is obtained.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the assets. Gains and losses on disposals are included in surplus or deficit.

Subsequent costs

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

The costs of day-to-day servicing of property, plant and equipment are recognised in surplus or deficit as they are incurred.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment at rates that will write off the costs of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of asset have been estimated as follows:

Information Technology	2.5 years (40%)
Other equipment	4-17 years (6%-25%)
UFB network assets	5-40 years (2%-20%)

The residual value and useful life of an asset are reviewed, and adjusted if applicable, at each balance date.

Impairment of non-financial assets

Property, plant and equipment and intangible assets that have finite useful lives are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amounts might not be recoverable. An impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Cash-generating assets are those held with the primary objective of generating a commercial return. Non-cash-generating assets are assets other than cash-generating assets. Value in use for a non-cash-generating asset is the depreciated replacement cost of the asset. Whilst generating a commercial return is a potential future objective of the Group, the current primary objective is to roll out the UFB network and therefore, for the purpose of the Group accounts, the assets of the LFCs are regarded as non-cash-generating assets and value in use is depreciated replacement cost.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable service amount.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is recognised immediately in surplus or deficit.

Debt

Interest-bearing debt is initially measured at fair value net of transaction costs and subsequently at amortised cost using the effective interest method. Amounts that may be required to be settled within 12 months are presented as current liabilities, and the remainder are presented as non-current liabilities.

Contributed capital

Contributed capital represents proceeds from the issue of ordinary shares to the Crown, net of related share issue costs (if any). Distributions paid to the Crown (if any) are deducted from contributed capital.

Creditors and other payables

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms; therefore the carrying values of creditors and other payables approximate their fair values.

Employee entitlements

Short-term employee entitlements
Employee entitlements that the Group expects to be settled within 12 months of balance date are measured at undiscounted nominal values based on accrued entitlements at current rates of pay. Employee entitlements that are not expected to be settled within 12 months of balance date are measured as the present value of the estimated future cash outflows, in respect of services provided by employees up to balance date.

These include salaries and wages accrued up to balance date, and annual leave earned but not yet taken at balance date. A liability for sick leave is recognised based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that it is expected to be used by staff to cover future absences.

A liability and an expense are recognised for bonuses where there is a contractual obligation or where there is a past practice that has created a constructive obligation.

Superannuation schemes

Defined contribution schemes
Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in surplus or deficit as incurred.

Goods and services tax

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

The net amount of GST recoverable from, or payable to, Inland Revenue is presented as its own line item in the statement of financial position. The net GST paid to or received from Inland Revenue, including the GST relating to investing and financing activities, is classified as operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Income tax

CFH is a public authority and consequently is exempt from the payment of income tax. Accordingly, no provision has been made for income tax in the Company financial statements.

However, subsidiaries are not exempt from the payment of income tax and accordingly the Group financial statements reflect the tax positions of subsidiaries in accordance with the following policies:

- the tax currently payable is based on taxable profit for the reporting period. Taxable profit differs from surplus or deficit as reported in the statement of comprehensive revenue and expense because it excludes items of revenue or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period;
- deferred tax is recognised on 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, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and tax losses, and deferred tax assets are generally recognised for all deductible temporary differences and tax losses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised and any necessary shareholder continuity will be maintained. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting surplus or deficit;
- the carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered and shareholder continuity will be maintained;
- deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the periods in which the liabilities are settled or the assets realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences of the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities;
- deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis; and
- current and deferred taxes are recognised as expenses or income in surplus or deficit, except when they relate to items recognised in other comprehensive revenue and expense or directly in equity, in which case the taxes are also recognised in other comprehensive revenue and expense or directly in equity.

Statement of cash flows

The following are the definitions of the terms used in the statement of cash flows:

- operating activities are activities that are not investing or financing activities;
- investing activities are those activities relating to the acquisition and disposal of non-current investments, property, plant and equipment, intangible assets and other non-current assets; and
- financing activities are those activities that result in changes in the size and composition of the contributed capital and borrowings of the Group.

BUDGET FIGURES

The 2015 Group budgeted deficit of $122.5 million was approved in the 2014/15 Statement of Performance Expectations. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Group in preparing these financial statements. Elements of the budget have been reclassified to better reflect the Group's operations; however, there is no change to the aggregate budget figure.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these financial statements the Group has made estimates and assumptions concerning the future. These estimates and assumptions may differ from subsequent actual results. Estimates and assumptions are continually 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 estimates and assumptions that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Fair value of financial instruments

The fair value of financial assets, being CFH's investment in the Chorus Debt and Equity Securities and Equity Warrants and the LFC shares, is determined by using valuation techniques. CFH uses a discounted cash flow method and makes assumptions that are based on market data and the key characteristics of the instruments. These include, but are not limited to, management's assessments of the LFCs' cash flows, capital expenditure, profitability and market penetration during the estimated period of the investment. For the Chorus securities, management has made estimates based on market-observable data of similar types of instrument; these include corporate bonds that have similar maturity dates, credit risks and industry characteristics.

The nature of the fair value models and the key assumptions for each of the instruments in which CFH invests are set out below, along with information on a reasonably possible change (estimated based on past experience) and the potential impacts of such a change on the investment carrying value.

Key assumptions for Chorus Debt and Equity Securities

			Debt Securities		Equity Securities[2]	
Key Assumptions/Inputs	Assumption[1]	Possible Change	2015 Impact $000	2014 Impact $000	2015 Impact $000	2014 Impact $000
Fibre uptake at 2020	>20%	<20%	+2,900	+4,300	+10,710	+6,800
Senior credit spread (BBB)[3]	272-321 bps	+/- 50 bps	-410/+450	-570/+630	n/a	n/a
Subordinated credit spread (BBB-/BB)[3]	363-412 bps	+/- 50 bps	-810/+880	-1,100/+1,200	-3,200/+3,400	-2,100/+2,300
Risk-free term structure[3]	3.59%-4.21%	+/- 100 bps	-2,300/+2,800	-3,100/+3,700	-6,100/+7,100	-4,100/+4,900

[1] The estimated redemption and dividend profile is set out in note 14 for Equity Securities, and note 15 for Debt Securities.

[2] CFH has elected to treat the Chorus Equity Securities as a debt instrument. This is because there are a number of conversion and redemption features unique to these instruments that result in their being similar in nature to a debt instrument rather than equity.

[3] Standard & Poor's reconfirmed Chorus's credit rating at BBB negative outlook. Moody's reconfirmed Chorus's credit rating at Baa3. The 2014/15 assumptions were:

- senior credit spread (BBB) 97-176 basis points (bps);
- subordinated credit spread (BBB-/BB) 260-391 bps; and
- risk-free term structure 4.65%-5.02%.

Chorus Equity Warrants

For the valuation of the Chorus Equity Warrants CFH uses a Black and Scholes pricing model with inputs from market-observable data such as the Chorus share price and volume of trades. At 30 June 2015 (and 30 June 2014) the warrant carrying values and sensitivity to change are not considered significant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Key assumptions for LFCs (A share investments)

Key Assumptions/Inputs[1]	Assumption	Possible Change	2015 Impact $000	2014 Impact $000
NFL				
Cost of equity[2]	10%	+/- 2%	-1,010/+1,630	-1,740/+3,000
Terminal growth	2%	+/- 1%	+440/-310	+310/-310
CFH shareholding at concession end[3]	23%	+/- 5%	-2,160/+1,820	-3,650/+2,540
UFL				
Cost of equity[2]	10%	+/- 2%	-20,000/+32,530	-12,250/+19,250
Terminal growth	2%	+/- 1%	+7,990/-5,650	+7,990/-5,650
CFH shareholding at concession end[3]	40%	NA/- 5%	NA/- 940	-18,040/+15,020
ENL[3]				
Cost of equity[2]	12%	+/- 2%	-6,130/+9,810	-3,430/+5,470
Terminal growth	2%	+/- 1%	+3,490/-2,510	+3,490/-2,510

[1] CFH has used a range of discount rates within the valuation models for the LFCs, from 5% to 12% (2014: 5% to 12%).

[2] The 2014/15 assumptions in respect of the cost of equity were 9% (NFL), 10% (UFL) and 12% (ENL).

[3] The 2014/15 assumptions in respect of the CFH shareholding at concession end were 41% (NFL) and 40% (UFL). The ENL shareholding at concession end does not have key assumptions/inputs as it is not sensitive to changes in the same way as NFL and UFL due to there being no recycling, and the funding by both Enable Services Limited and CFH is fixed pursuant to the shareholder's agreement. UFL sensitivity only considers a reduction in CFH shareholding given the minimum agreed recycling.

Measurement of minority interests

In consolidating the LFC entities, the Directors have determined that the profit or loss after tax (before considering impairment) of each LFC should be attributed to minority interests, as it approximates the anticipated distributable earnings to each Partner. The apportionment of any impairment recognised by LFCs (if any) will be considered as it arises.

Property, plant and equipment useful lives and residual values

At balance date the Group reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires the Group to consider a number of factors, such as the physical condition of each asset, the expected period of use of the asset by the Group, and the expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will have an impact on the depreciation expense recognised in surplus or deficit, and the carrying amount of the asset in the statement of financial position. The Group minimises the risk of this estimation uncertainty by physical inspections of assets and asset replacement programmes.

The carrying amounts of property, plant and equipment are disclosed in note 13.

CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Management has exercised the following critical judgements in applying CFH's accounting policies for the period ended 30 June 2015:

Determining the nature of the interest in the LFCs

The nature of CFH's investment in each LFC is not readily apparent, and requires significant judgement. On balance, the Directors consider that CFH has an equity interest in each LFC, and CFH has control over each LFC as it has extensive rights over the design, build and operations phases of UFB deployment. Accordingly, the Group has consolidated the LFCs. The apportionment of earnings to minority interests has been determined based on the distribution rights under each agreement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Determining the nature of the interest in Chorus

CFH is supporting the deployment of UFB by subscribing to various forms of investment in Chorus. The investments take three forms, and again significant judgement is required in determining the nature of these investments:

1. Chorus Equity Securities (unlisted);
2. Chorus Debt Securities; and
3. Chorus Equity Warrants, providing CFH with the right to purchase Chorus ordinary shares under certain circumstances.

The Directors have considered whether the interest in Chorus represents control (a subsidiary), joint control (a jointly controlled entity), significant influence (an associate) or an interest with less-than-significant influence. The Directors have determined that, on balance, the interest represents less-than-significant influence.

Determining the nature of the CFH and Crown contribution towards the deployment of UFB in New Zealand

Any difference on initial recognition between the fair value of the investment and the contribution by CFH represents CFH's and the Crown's contribution towards the deployment of UFB in New Zealand. As a result, the UFB transactions are considered, in substance, to be represented by two components and the Company and Group have:

- recognised the UFB contribution as a form of government grant. A government grant is recognised when the other party (e.g. Chorus or the LFCs) meets the criteria to receive the grant; and
- attributed the remaining fair value to the continuing financial instrument (e.g. the Chorus Equity Securities, the Chorus Debt Securities, or the LFC equity investments).

This is consistent with the previous treatment under NZ IFRS. The judgement used in componentising the transactions has impacts when the UFB contribution is recognised.

Lease classification

Determining whether a lease agreement is a finance or an operating lease requires judgement as to whether the agreement transfers substantially all the risks and rewards of ownership to CFH.

Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term, and determining an appropriate discount rate to calculate the present value of the minimum lease payments. Classification as a finance lease means the asset is recognised in the statement of financial position as property, plant and equipment, whereas for an operating lease no such asset is recognised.

CFH has exercised its judgement on the appropriate classification of equipment leases, and has determined that no lease arrangements are finance leases.

Derivatives

The investments in NFL and UFL have been designated as at FVTSD on the basis that the recycling mechanisms represent embedded derivatives that are unable to be separated from the investments as a whole.

Recycling

CFH has exercised its judgment on recycling. This is fully described in note 14.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

2. INTEREST

	Parent 2015 $000	Group 2015 $000	Parent 2014 $000	Group 2014 $000
Interest income				
Loans and receivables				
Chorus Debt Securities	3,240	3,240	1,626	1,626
Interest earned on cash balances with financial institutions	2,128	2,245	2,295	2,373
AFS financial assets				
Chorus Equity Securities	3,122	3,122	1,581	1,581
Total interest income	**8,490**	**8,607**	**5,502**	**5,580**
Interest expense on liabilities at amortised cost				
Borrowings	-	1,265	-	357
Other	-	-	16	16
Total interest expense	**-**	**1,265**	**16**	**373**

Interest rates are set out in note 26.

The interest income on the Chorus Debt Securities and Chorus Equity Securities is the imputed interest calculated to approximate the effect of interest income to CFH on these instruments. The imputed interest is in effect the write-back of the discount on the investment for the year under review.

3. UFB INCOME

	Parent 2015 $000	Group 2015 $000	Parent 2014 $000	Group 2014 $000
Connection revenue	-	713	-	373
Access revenue	-	19,561	-	9,607
Total UFB income	**-**	**20,274**	**-**	**9,980**

Connection revenue is the revenue generated through the LFCs connecting end users to the network and relates to RSP connections.

Access revenue is the recurring revenue received from RSPs for the various wholesale products purchased by RSPs, which are in turn sold to retail customers.

4. REALISED GAIN OR LOSS ON SALE OF INVESTMENTS

	Parent 2015 $000	Group 2015 $000	Parent 2014 $000	Group 2014 $000
Consideration received	18,502	18,502	3,629	3,629
Less carrying value	(12,909)	(18,502)	(2,223)	(3,628)
Net gain/(loss) on sale of investments	**5,593**	**-**	**1,406**	**1**

In the current year CFH sold 1,499,238 NFL A shares and 16,774,296 UFL A shares to the respective Partners as part of the recycling mechanism (2014: 1,092,915 NFL A shares and 2,733,122 UFL A shares). The recycling mechanism is explained in note 14.

Net gains/losses on sales of investments are included as fair value gains on FVTSD investments in the parent financial statements and are accounted for as equity transactions in the Group financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

5. DIRECTORS' FEES

Parent	Parent 2015 $000	Parent 2014 $000
Board member fees during the year were:		
Simon Allen	62	58
Miriam Dean	30	29
Danelle Dinsdale	29	29
Jack Matthews	30	29
Murray Milner	29	29
Keith Tempest	30	32
Total Board member fees – parent	**210**	**206**

Keith Tempest received an additional fee in 2014 due to his acting as an alternate director on the UFL Board.

In the 2015 financial year, Simon Allen, Miriam Dean, Jack Matthews and Keith Tempest also received fees associated with activities outside the scheduled Board meetings.

LFC subsidiaries

	Subsidiaries 2015 $000	Subsidiaries 2014 $000
Board member fees during the year were:		
Tim Lusk (ENL – Independent Chair)	70	70
Mark Bowman (ENL)	25	25
Brett Gamble (ENL)	25	25
Owen Scott (ENL)	25	25
Jo Brosnahan (NFL – Independent Chair)	60	60
Nicole Davies-Colley (NFL)[1]	-	30
Ken Hames (NFL)[1]	30	-
Rodger Fisher (UFL – Independent Chair)	81	80
Mark Franklin (UFL)	40	40
Richard Prebble (UFL)[2]	10	40
Margaret Devlin (UFL)[2]	10	40
Anthony Steele (UFL)[2]	30	-
CFH Board members also on LFC Boards were:		
Danelle Dinsdale (UFL)	40	40
Murray Milner (ENL)	35	35
Total Board member fees – subsidiaries	**481**	**510**
Total Board member fees – Group	**691**	**716**

[1] Nicole Davies-Colley stepped down on 30 June 2014, and Ken Hames was appointed in the 2015 financial year.

[2] Richard Prebble and Margaret Devlin stepped down during the 2015 financial year, and Anthony Steele was appointed during the 2015 financial year. In addition, David Smith was appointed during the 2015 year, but stepped down in May 2015. No fees were paid to David Smith during the year.

CFH and the Group have effected Directors' and Officers' Liability insurance to cover Directors and Officers. CFH and the Group indemnify the Directors against costs and liabilities incurred by Directors for acts and omissions made in their capacity as Directors to the extent permitted by CFH's Constitution and the Companies Act 1993.

The Directors' fees for the subsidiaries are paid by the LFCs and are funded by working capital contributed by each Partner.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

6. PERSONNEL COSTS

	Parent 2015 $000	Group 2015 $000	Parent 2014 $000	Group 2014 $000
Salaries and wages	4,104	6,898	4,392	5,966
Employer contributions to defined contribution plans	83	151	36	71
Other staff benefits	45	120	41	72
Total personnel costs	**4,232**	**7,169**	**4,469**	**6,109**

CFH has 17 full-time-equivalent employees and five contractors as at 30 June 2015 (2014: 19 and six respectively). The Group has 74 full-time-equivalent employees and 12 contractors as at 30 June 2015 (2014: 27 and six respectively).

7. PROFESSIONAL ADVISORY FEES

	Parent 2015 $000	Group 2015 $000	Parent 2014 $000	Group 2014 $000
Accounting	212	370	176	284
Legal	644	807	707	1,013
Other	260	750	276	771
Total professional advisory fees	**1,116**	**1,927**	**1,159**	**2,068**

Accounting fees relate to non-audit accounting services provided; legal fees relate to the provision of legal services relating to the UFB contracts; and other advisory fees predominantly relate to the provision of technical advice on the UFB project.

8. OTHER EXPENSES

	Parent 2015 $000	Group 2015 $000	Parent 2014 $000	Group 2014 $000
Financial statements audit fees – Audit New Zealand	120	205	108	162
Other services from Audit New Zealand – regulatory reporting	-	20	-	46
Financial statements audit fees – PricewaterhouseCoopers	-	63	-	46
Other services from PricewaterhouseCoopers – regulatory reporting	-	21	-	16
Contractors and project management	654	1,048	873	873
Staff travel and accommodation	221	394	241	338
Operating lease expenses	269	1,385	260	1,538
Information technology	148	242	152	1,008
Other	341	2,983	357	1,040
Total other expenses	**1,753**	**6,361**	**1,991**	**5,067**

Audit New Zealand, on behalf of the Office of the Auditor-General, is the auditor of CFH, NFL and ENL and PricewaterhouseCoopers is the auditor of UFL on behalf of the Office of the Auditor-General.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

9. INCOME AND EXPENSES BY CATEGORY

The revenue and expenses (excluding interest, which is set out in note 2) in each of the PBE IPSAS 29 categories are as follows:

	Parent 2015 $000	Group 2015 $000	Parent 2014 $000	Group 2014 $000
Recognised in surplus/(deficit)				
Fair value gains/(losses) on financial assets designated as at FVTSD				
LFCs – UFB contribution	(16,279)	-	(21,500)	-
LFCs – fair value gains	31,034	-	8,451	-
Fair value gains/(losses) on AFS financial assets				
LFCs – UFB contribution	(12,496)	-	(16,115)	-
Chorus Equity Securities – UFB contribution	(45,512)	(45,512)	(69,884)	(69,884)
Fair value (losses)/gains on held-for-trading financial assets				
Chorus Equity Warrants – fair value (losses)/gains	(106)	(106)	111	111
Fair value losses on loans and receivables				
Chorus Debt Securities – UFB contribution	(41,448)	(41,448)	(65,001)	(65,001)
Total recognised in surplus/(deficit)	**(84,807)**	**(87,066)**	**(163,938)**	**(134,774)**
Recognised in other comprehensive revenue and expense – AFS financial assets				
Chorus Equity Securities – fair value (losses)/gains	(80)	(80)	601	601
LFCs – fair value gains	2,667	-	301	-
Total recognised in other comprehensive revenue and expense	**2,587**	**(80)**	**902**	**601**

The LFCs' fair value gains represent the change in the book value to the value that CFH believes it would attain in the market as at balance date. CFH uses a discounted cash flow method and makes assumptions that are based on market data and the key characteristics of the instruments. The LFC fair value movement is in effect the write-back of the discount on the investment for the year under review.

10. INCOME TAX

	Parent 2015 $000	Group 2015 $000	Parent 2014 $000	Group 2014 $000
Income tax expense/(credit) recognised in surplus/(deficit)				
Deferred tax expense relating to tax losses and the origination and reversal of temporary differences	-	(8,114)	-	(3,848)
Total income tax expense/(credit)	**-**	**(8,114)**	**-**	**(3,848)**
Reconciliation				
Surplus/(deficit) for the period	(83,416)	(108,961)	(165,869)	(158,788)
Tax expense/(credit) calculated at 28% (2014: 28%)	(23,356)	(30,509)	(46,443)	(44,461)
Effect of other expenses that are not deductible	-	831	-	415
Prior period adjustment	-	343	-	122
Unrecognised tax losses	-	-	-	2,212
Effect of non-taxable status of parent company	23,356	21,221	46,443	37,864
Total income tax expense/(credit)	**-**	**(8,114)**	**-**	**(3,848)**

The Parent is not an income-tax-paying entity and as such has no income tax to pay, but is required to show the effective tax at 28% in the reconciliation above. The Group is made up of entities that are income tax payers, and any tax liabilities and assets arise as a result of their activities. Deferred tax is recognised to the extent that there will be sufficient income to utilise it and shareholder continuity is maintained.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

11. CASH AND CASH EQUIVALENTS

	Parent 2015 $000	Group 2015 $000	Parent 2014 $000	Group 2014 $000
Cash on hand and at bank	7,761	9,856	12,828	15,001
Cash equivalents – term deposits	70,000	70,000	40,000	40,000
Total cash and cash equivalents	**77,761**	**79,856**	**52,828**	**55,001**

The carrying value of short-term deposits with maturity dates of three months or less approximates their fair values. Interest rates are set out in note 26.

12. TRADE AND OTHER RECEIVABLES

	Parent 2015 $000	Group 2015 $000	Parent 2014 $000	Group 2014 $000
Trade receivables	-	3,698	-	2,126
Other	55	55	382	384
Total trade and other receivables	**55**	**3,753**	**382**	**2,510**

The carrying value of trade and other receivables approximates their fair value.

13. PROPERTY, PLANT AND EQUIPMENT

Movements for each class of property, plant and equipment are as follows:

Parent	Information Technology $000	Other Equipment $000	Total $000
Cost			
Balance at 1 July 2013	413	123	536
Additions during the year	70	-	70
Disposals during the year	(129)	(2)	(131)
Balance at 30 June 2014	354	121	475
Accumulated depreciation			
Balance at 1 July 2013	275	47	322
Depreciation charge for the year	55	17	72
Disposals during the year	(129)	(1)	(130)
Balance at 30 June 2014	201	63	264
Net book value at 30 June 2013	**138**	**76**	**214**
Net book value at 30 June 2014	**153**	**58**	**211**
Cost			
Balance at 1 July 2014	354	121	475
Additions during the year	64	-	64
Disposals during the year	(14)	-	(14)
Balance at 30 June 2015	404	121	525
Accumulated depreciation			
Balance at 1 July 2014	201	63	264
Depreciation charge for the year	63	13	76
Disposals during the year	(13)	-	(13)
Balance at 30 June 2015	251	76	327
Net book value at 30 June 2015	**153**	**45**	**198**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Information Technology $000	Other Equipment $000	UFB Network Assets $000	Total $000
Cost				
Balance at 1 July 2013	425	351	147,031	147,807
Additions during the year	77	64	113,094	113,235
Disposals during the year	(129)	(74)	-	(203)
Balance at 30 June 2014	373	341	260,125	260,839
Accumulated depreciation				
Balance at 1 July 2013	279	102	4,577	4,958
Depreciation charge for the year	61	74	8,473	8,608
Disposals during the year	(129)	(28)	-	(157)
Balance at 30 June 2014	211	148	13,050	13,409
Net book value at 30 June 2013	**146**	**249**	**142,454**	**142,849**
Net book value at 30 June 2014	**162**	**193**	**247,075**	**247,430**
Cost				
Balance at 1 July 2014	373	341	260,125	260,839
Additions during the year	1,212	638	149,686	151,536
Disposals during the year	(14)	(91)	-	(105)
Balance at 30 June 2015	1,571	888	409,811	412,270
Accumulated depreciation				
Balance at 1 July 2014	211	148	13,050	13,409
Depreciation charge for the year	74	165	14,412	14,651
Disposals during the year	(13)	(51)	-	(64)
Balance at 30 June 2015	272	262	27,462	27,996
Net book value at 30 June 2015	**1,299**	**626**	**382,349**	**384,274**

14. INVESTMENTS

Accounting treatment of the investments

Under New Zealand's accounting standards CFH is required to record the value of its investments as the amount it expects to receive. The amount in the balance sheet is to be recorded as the present-day value, not the nominal amount expected in the future. So the amounts expected from Chorus (from 2025) and the LFCs (in the 2021 financial year) need to be recorded as what they are worth today.

The costs of CFH's investment in the LFCs reflect the interest or dividends foregone, or the "time value of money", along with any shortfall in expected commercial returns. This is shown in this year's financial statements as the "write-down" of the amount that CFH has actually invested, which is $72 million (2014: $77 million), to the actual amount recorded in CFH's accounts of $44 million (2014: $40 million). This cost is described as the 'UFB contribution" in the statement of comprehensive revenue and expense and is $29 million (2014: $38 million).

As the dates for the investments to be repaid get closer, the accounting standards require CFH to "write back" the value of the investments, increasing them to the original amount (i.e. $1.3 billion) less any shortfall in expected commercial returns. On the first day of an investment, this 'write-down" is greatest to reflect the longest time value period before funds are returned. Over time, this 'write-down" decreases as the period remaining before CFH is to be repaid reduces.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

14. INVESTMENTS (CONTINUED)

The levels of investment that CFH has in the LFCs and Chorus, along with the initial UFB contributions, follow.

Parent

Investments in LFCs	NFL $000	UFL $000	ENL $000	Total $000
Net investments at 30 June 2013	8,053	44,242	3,881	56,176
Amount paid during the year	9,761	43,798	23,897	77,456
Less UFB contribution	(4,748)	(16,752)	(16,115)	(37,615)
Initial investment recognised	5,013	27,046	7,782	39,841
Less disposal proceeds	(1,093)	(2,536)	-	(3,629)
Net fair value movements recognised in surplus or deficit[1]	1,544	6,907	-	8,451
Net fair value movements recognised in other comprehensive revenue and expense	-	-	301	301
Net investments at 30 June 2014	13,517	75,659	11,964	101,140
Amount paid during the year	267	52,569	19,630	72,466
Less UFB contribution	(83)	(16,196)	(12,496)	(28,775)
Initial investment recognised	184	36,373	7,134	43,691
Less disposal proceeds	(1,499)	(17,003)	-	(18,502)
Net fair value movements recognised in surplus or deficit[1]	3,501	27,533	-	31,034
Net fair value movements recognised in other comprehensive revenue and expense	-	-	2,667	2,667
Net investments at 30 June 2015	15,703	122,562	21,765	160,030

[1] The fair value movements include recognised gains disclosed in note 4.

THE LFCS

In the course of the 2011 financial year CFH entered into agreements with three Partners to establish LFCs to fulfil the UFB Objective through the construction, deployment and operation of the UFB network by the LFCs in their coverage areas. These agreements were entered into with:

- Northpower Limited for the Whangarei Candidate Area on 13 December 2010, resulting in the establishment of Northpower Fibre Limited (NFL) (previously known as the Whangarei Local Fibre Company);
- WEL Networks Limited, and its subsidiary Waikato Networks Limited (WNL) (previously called Ultrafast Fibre Limited), for the Hamilton (including Te Awamutu and Cambridge), Tauranga, New Plymouth, Whanganui, Hawera and Tokoroa Candidate Areas on 15 December 2010, resulting in the establishment of Ultrafast Broadband Limited (UBL). UBL has since changed its name to Ultrafast Fibre Limited (UFL); and
- Christchurch City Holdings Limited and its subsidiary Christchurch City Networks Limited (which has since changed its name to Enable Services Limited (ESL)), for the Christchurch and Rangiora Candidate Areas on 31 May 2011, resulting in the establishment of Enable Networks Limited (ENL).

The agreements set out the key commercial terms of the relationships between CFH and the LFCs and their Partners. This includes CFH having a shareholding in each of the LFCs that reflects the level of CFH's investment, in conjunction with its Partner, in the deployment of the UFB network in the Candidate Area(s).

CFH has Board representation in each of the LFCs, as does the Partner, with there being an independent chair for each LFC. CFH's Board representation in each of the LFCs at 30 June 2015 is set out below:

- NFL – Graham Mitchell (CFH Chief Executive) and Sean Wynne (CFH Chief Commercial Officer);
- UFL – Graham Mitchell, Sean Wynne and Danelle Dinsdale (CFH Board member); and
- ENL – Graham Mitchell, Sean Wynne and Murray Milner (CFH Board member).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

14. INVESTMENTS (CONTINUED)

Under this model the Crown's investment funds the communal infrastructure and the Partners' investments fund the build to each premises. CFH recovers the investment in the LFCs either by dividends received after the concession period or through the sale of shares.

The deployment plans drive CFH's level of investment in the LFCs. As each stage of a plan is completed by the Partner, the LFC purchases the UFB network from the Partner by paying it an agreed cost per premises passed (CPPP)[3] for the number of premises that have successfully completed user acceptance testing (UAT) for the stage. In turn, that purchase is funded by CFH subscribing to A shares (these shares carry full voting rights, with no dividend rights until 10 years from establishment) in the LFC, the price for which is the agreed CPPP. In respect of ENL, the Partner (ESL) funds a portion of the purchase by also subscribing to A shares.

The Partner is required to fund the cost to connect a premises and the end customer (essentially the fibre optic lead-in from the street), the electronics necessary to light the fibre and the LFC operational costs. The Partner generally receives B shares for funding these obligations (B shares carry full dividend rights, but no voting rights until year 10), although some prudent level of debt is permitted in each LFC. All A and B shares in each LFC convert to ordinary voting dividend entitlement shares 10 years from the establishment date (NFL and UFL: December 2010, ENL: May 2011).

The Partners also provide management and operational services to the LFCs, which are included in the management fees to Partners line in surplus or deficit.

LFC RECYCLING MECHANISMS

In relation to NFL:

- as NFL connects customers to the network, the Partner is required to purchase CFH's A shares based on the number of premises connected and the CPPP paid; and
- at the end of the concession period the Partner has a call option if CFH's interest is 25% or less, and CFH has a put option at fair market value if CFH's interest is 10% or less.

In relation to UFL:

- prior to July 2014 the arrangement was as documented for NFL above. In July 2014 CFH agreed to amendments to the transaction documentation between UFL and the Partner (WNL). As a result of the changes, for the period up to 30 June 2016 as UFL connects customers to the network, CFH will receive either the CPPP paid from the sale of its A shares under the recycling mechanism, or dividend-bearing UFL ordinary shares, at the option of WNL. Post 1 July 2016 WNL will have an obligation to purchase A shares from CFH under the recycling mechanism up to an agreed level, then will have the option of purchasing A shares from CFH or allowing CFH to convert its A shares into dividend-bearing UFL ordinary shares for the CPPP of a connected premise.
- CFH has assumed WNL recycles CFH shares as per the July 2014 agreement. If WNL purchased CFH A shares early up to the agreed level it would increases CFH's net book value of UFL by around 1%.
- the UFL Partner also has a put and call option over CFH's remaining interest during the concession period, at fair value on the same basis as that for NFL described above.

These arrangements represent derivatives and are categorised as FVTSD financial instruments together with the underlying investment.

In relation to ENL:

- the Partner (ESL) funds a portion of the CPPP together with CFH; there is no recycling mechanism and therefore the Partner is not required to purchase A shares when end customers connect. Instead the Partner has the option, at any time, to buy (or to require the LFC to buy, subject to certain conditions) a portion of CFH's interest at a fixed price; and
- has a put and call option over CFH's remaining interest during the concession period, as described for NFL above.

These arrangements also represent derivatives and are categorised as FVTSD financial instruments separately from the underlying investment, which is treated as an AFS instrument. These arrangements are considered to have no value at 30 June 2015 (30 June 2014: Nil).

[3] CPPP: The cost per premises passed is the capital contribution by CFH towards the capital cost of passing a premises with UFB.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

14. INVESTMENTS (CONTINUED)

The ownership of each LFC at balance date is summarised below:

	NFL		UFL		ENL	
	2015 #000	**2014 #000**	**2015 #000**	**2014 #000**	**2015 #000**	**2014 #000**
A shares held by CFH	22,635	23,868	151,551	121,282	55,806	36,176
A shares held by Partner	3,241	1,742	20,119	3,345	43,498	34,738
Total A shares	25,876	25,610	171,670	124,627	99,304	70,914
B shares held by Partner	12,715	8,334	61,529	34,559	10,078	12,039
Total number of shares	38,591	33,944	233,199	159,186	109,382	82,953
CFH interest in total number of shares (%)	**59%**	**70%**	**65%**	**76%**	**51%**	**44%**
CFH interest in total number of voting (A) shares (%)	**87%**	**93%**	**88%**	**97%**	**56%**	**51%**

In the year ended 30 June 2015 NFL, UFL and ENL purchased new fibre-related assets from their Partners (Northpower, WNL and ESL) as part of the agreements, in exchange for B shares valued at $4.4 million, $29.1 million and $4.4 million respectively. ENL issued $2.4 million of A shares and funded $9.6 million of the network purchase through new borrowings.

In the year ended 30 June 2014 NFL, UFL and ENL purchased new fibre-related assets from their Partners (Northpower, WNL and ESL) as part of the agreements, in exchange for B shares valued at $0.4 million, $14.2 million and $0.9 million respectively. ENL issued $3.1 million of A shares and funded $13.6 million of the network purchase through new borrowings.

The Minister of Finance, acting on behalf of the Crown, also owns one share in each LFC. As discussed in the critical judgements section of the accounting policies, even when CFH has less than a 50% ownership interest based on the total shares issued by each LFC, it is considered to have control of each of the LFCs as it holds the majority of the voting shares (A shares).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

14. INVESTMENTS (CONTINUED)

INVESTMENT IN CHORUS

Group and Parent

The Group and Parent investments are represented by the Chorus Equity Securities below.

	Chorus Equity Warrants $000	Chorus Equity Securities $000	Total $000
Investments in Chorus Equity Securities			
Net investments at 1 July 2013	45	10,909	10,954
Amount paid during the year	-	71,504	71,504
Amount payable at balance date	-	15,633	15,633
Less UFB contribution	-	(69,884)	(69,884)
Initial investment recognised	-	17,253	17,253
Fair value gains recognised in surplus or deficit	111	-	111
Fair value gains recognised in other comprehensive revenue and expense	-	601	601
Interest	-	1,581	1,581
Net investments at 30 June 2014	156	30,344	30,500
Net investments at 1 July 2014	156	30,344	30,500
Reverse amount payable at previous balance date	-	(15,633)	(15,633)
Amount paid during the year	-	63,246	63,246
Amount payable at balance date	-	11,780	11,780
Less UFB contribution	-	(45,512)	(45,512)
Initial investment recognised	-	13,881	13,881
Fair value losses recognised in surplus or deficit	(106)	-	(106)
Fair value gains recognised in other comprehensive revenue and expense	-	(80)	(80)
Interest	-	3,122	3,122
Net investments at 30 June 2015	50	47,267	47,317
Parent investments at 30 June 2013			**67,130**
Parent investments at 30 June 2014			**131,640**
Parent investments at 30 June 2015			**207,347**

Table 1: CFH Equity Securities redemption and dividend table ($m)

	30-June					30-June				
30 June 2020 test	2025	2030	2033	2035	2036	2025	2030	2033	2035	2036
Fibre uptake less than or equal to 20%										
Equity on which dividends become payable	155	310	-	465	-	33.3%	66.7%	-	100.0%	-
Fibre uptake greater than 20%										
Equity on which dividends become payable	86	172	300	-	465	18.5%	36.9%	64.6%	-	100.0%

The investment structure with Chorus differs from the model adopted for CFH's investment in the three LFCs. Chorus self-funds the design and build work and carries the risk of any cost overruns in the network build. CFH invests up to $929 million in Chorus progressively as deployment stages are completed. Chorus is required to repay the Crown for its investment, either between 2025 and 2036 or earlier, subject to conditions around fibre uptake that are discussed in the following paragraphs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

14. INVESTMENTS (CONTINUED)

CFH's investment in Chorus is by way of an equal share of Debt and Equity Securities i.e. 50% CFH Debt Securities and 50% CFH Equity Securities. Until June 2014 these securities were issued progressively by Chorus, and subscribed to by CFH on a per-premises-passed basis as stages were completed and satisfied UAT. CFH and Chorus entered into a Revised Subscription Regime Agreement in July 2014 whereby, during the 2015 financial year, portions of these securities have been issued progressively as work has been completed, with final payments as stages have been completed and satisfied UAT.

In addition, Chorus and CFH entered into a Forward Agreement in July 2014 that gives Chorus the option of bringing forward CFH funding of up to $178 million that is budgeted to be spent on Chorus's UFB programme in the 2018 and 2019 financial years. This facility provides useful additional financial flexibility and liquidity if needed and does not have any ongoing financial costs unless drawn. The facility will automatically terminate if Chorus does not use it by 30 June 2016. There are no changes to Chorus's underlying contractual obligation to pass all premises in Chorus's coverage area before December 2019, or changes to the network requirements. The effective finance rate is 8.5%, and would translate to Chorus receiving between $141 million and $149 million of advance funding if fully drawn, depending on the timing of the drawdown.

Chorus will also issue to CFH Equity Warrants to allow CFH to participate in the upside of the financial performance of Chorus (one warrant for each $1 of the CFH Equity Securities). These warrants are exercisable by CFH as it elects. It is unlikely that they will be exercised by CFH unless Chorus's Total Shareholder Return exceeds a return hurdle of 16% per annum in the relevant period. The terms of the CFH Equity Securities are set out below, with the key conditions precedent that Chorus has not breached any banking covenants and that Chorus has maintained an investment-grade credit rating. At the time of this report, these conditions have been met. The terms of the CFH Debt Securities are set out in note 15.

The CFH Equity Securities carry no rights to vote at meetings of ordinary Chorus shareholders, but rank ahead of ordinary shareholders in the event of liquidation. Dividends will become payable on a portion of the CFH Equity Securities from 2025 onwards, with the portion increasing with time until all of the CFH Equity Securities attract dividends. These dividends are at the discretion of the Chorus Board; however, ordinary Chorus shareholders cannot be paid dividends if the CFH Equity Securities' dividends are unpaid.

The dividend rate will equal the New Zealand 180-day bank bill rate plus a margin of 6%. End-user (customer) fibre uptake will be measured as at 30 June 2020, the measure being the total number of premises in Chorus's Candidate Areas (being those areas not covered by the LFCs) with fibre connections divided by the total number of premises with copper, fibre or Hybrid Fibre Co-Axial connections. If the uptake is greater than 20% (being the end-user fibre uptake threshold), the portion of CFH Equity Securities that attracts a dividend will be weighted towards the latter half of the period 2025 to 2036. Conversely, if the end-user fibre uptake is equal to or less than 20%, 66.7% of the CFH Equity Securities will attract a dividend by 30 June 2030.

Table 1 at left provides details of the timing and portions of CFH Equity Securities that attract dividends depending on whether the 20% threshold is met or not, and also represents the expected redemptions by Chorus. By 2035 or 2036 (depending on whether the threshold is met), all CFH Equity Securities will attract dividends. Chorus can redeem the CFH Equity Securities in cash or by issuing Chorus ordinary shares (by reference to a formula) at any time.

At 30 June 2015 (and 30 June 2014) the Standard & Poor's rating is BBB negative outlook and the Moody's rating is Baa3. Both credit ratings are investment grade.

The terms of the CFH Equity Securities do not prohibit the payment of dividends on Chorus ordinary shares. However, provisions elsewhere in the agreements prohibit Chorus, without CFH's approval, paying any distributions on its ordinary shares during any period in which Chorus's credit rating is below investment grade.

The agreements between CFH and Chorus contain a pricing schedule that effectively sets agreed price caps for specified UFB wholesale services until 31 December 2019, and require Chorus to satisfy various fibre commitments (including seeking to maximise uptake on the network and offer fibre access services, and undertake activities and make decisions in a manner that is consistent with it being only a fibre access operator) and provide a number of information disclosure obligations to and governance rights for CFH.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

15. CHORUS DEBT SECURITIES

Parent and Group	Senior $000	Subordinated $000	Total $000
Balance at 1 July 2013	$000	7,978	12,064
Amount paid during the year	19,764	51,740	71,504
Amount payable at balance date	4,471	11,161	15,632
Less UFB contribution	(16,676)	(48,325)	(65,001)
Initial investment recognised	7,559	14,576	22,135
Interest revenue	449	1,177	1,626
Balance at 30 June 2014	12,094	23,731	35,825
Balance at 1 July 2014	12,094	23,731	35,825
Reverse amount payable at previous balance date	(4,471)	(11,161)	(15,632)
Amount paid during the year	18,903	44,344	63,247
Amount payable at balance date	3,656	8,124	11,780
Less UFB contribution	(12,076)	(29,372)	(41,448)
Initial investment recognised	6,012	11,935	17,947
Interest revenue	912	2,328	3,240
Balance at 30 June 2015	**19,018**	**37,994**	**57,012**

The fair value of the Chorus Debt Securities is disclosed in note 26.

Table 2: CFH Debt Securities repayment profile ($m)

	30-June					30-June				
30 June 2020 test	2025	2030	2033	2035	2036	2025	2030	2033	2035	2036
Fibre uptake less than or equal to 20%										
Dept repayment	155	155	-	155	-	33.3%	33.3%	-	33.3%	-
Fibre uptake greater than 20%										
Dept repayment	86	86	129	-	164	18.5%	18.5%	27.7%	-	35.4%

The CFH Debt Securities are unsecured and carry no interest, but in accordance with PBE IPSAS 29 they do have imputed interest calculated and shown in the face of the financial statements, as explained in note 2, and, like the CFH Equity Securities, have no voting rights. The principal amount of a CFH Debt Security consists of a senior portion and a subordinated portion. The senior portion ranks equally with all other unsecured, unsubordinated creditors of Chorus, and has the benefit of any negative pledge covenant that may be contained in any of Chorus's debt arrangements. The subordinated portion ranks above ordinary shares of Chorus. The initial value of the senior portion will be the present value (using a discount rate of 8.5%) of the sum repayable on the CFH Debt Securities. The initial subordinated portion is the difference between the issue price of the CFH Debt Securities and the value of the senior portion.

The repayment profile is based on a similar regime to that for the CFH Equity Securities, including the 20% end user fibre uptake threshold test. Table 2 above details the redemption profile of the CFH Debt Securities under both scenarios of end user fibre uptake (being i) less than or equal to 20% at 30 June 2020 and ii) greater than 20% at 30 June 2020).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

16. DEFERRED TAX ASSETS

	Parent 2015 $000	Group 2015 $000	Parent 2014 $000	Group 2014 $000
Unused tax losses	-	17,281	-	9,205

A deferred tax asset has been recognised by subsidiaries as it is considered probable that there will be future taxable profits available against which to utilise the losses and that shareholder continuity will be maintained until these losses are utilised. This is evidenced by the LFC projections and their annual business plans.

The Group has $7.3 million of unrecognised tax losses (2014: $9 million).

17. CREDITORS AND OTHER PAYABLES

	Parent 2015 $000	Group 2015 $000	Parent 2014 $000	Group 2014 $000
Creditors	23,673	55,310	31,346	35,269
Accrued expenses	625	7,454	566	1,896
Other payables	-	1,596	-	1,425
Total creditors and other payables	**24,298**	**64,360**	**31,912**	**38,590**

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms; therefore the carrying value of creditors and other payables approximates their fair value.

At 30 June 2015 the Parent and Group creditors include $23.6 million due to Chorus in respect of the completed UFB network build, which was settled in July 2015 (2014: $31.3 million due to Chorus in respect of the completed UFB network build, which was settled in July 2014) and $14.8 million in respect of infrastructure payments due to ENL's Partner (2014: Nil).

18. CAPITAL – AUTHORISED AND FULLY PAID

	Parent 2015 $000 & #000	Group 2015 $000 & #000	Parent 2014 $000 & #000	Group 2014 $000 & #000
Opening balance	527,900	527,900	327,900	327,900
Capital contribution	210,000	210,000	200,000	200,000
Balance at 30 June	**737,900**	**737,900**	**527,900**	**527,900**

The Crown investment made in CFH is represented by 1,345,400,200 $1 ordinary shares issued, with 737,900,000 being fully paid (2014: 527,900,000) and 607,500,200 being unpaid (2014: 817,500,200). The Crown holds all the issued capital of CFH. All shares have equal voting and dividend rights and share equally in any distribution on wind-up.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

19. AFS REVALUATION RESERVE

	Parent 2015 $000	Group 2015 $000	Parent 2014 $000	Group 2014 $000
Opening balance	1,147	846	245	245
Chorus Equity Securities – fair value (losses)/gains	(80)	(80)	601	601
LFCs – fair value gains	2,667	-	301	-
Balance at 30 June	**3,734**	**766**	**1,147**	**846**

20. RECONCILIATION OF NET DEFICIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	Parent 2015 $000	Group 2015 $000	Parent 2014 $000	Group 2014 $000
Net deficit after tax	(83,416)	(100,847)	(165,869)	(154,940)
Add/(less) non-cash items				
Interest income	(6,362)	(6,362)	(3,207)	(3,207)
Fair value gain on FVTSD investments	(31,034)	-	(8,451)	-
Fair value losses/(gains) on derivatives	106	106	(111)	(111)
Depreciation	76	14,651	72	8,608
UFB contribution	115,735	86,960	172,500	134,885
Deferred tax	-	(8,114)	-	(3,848)
Other non-cash items	1	42	3	8
Total non-cash items	78,522	87,283	160,806	136,335
Add/(less) movements in working capital items				
Trade and other receivables, GST and prepayments	214	(3,006)	(76)	(1,197)
Creditors and other payables	(7,614)	25,771	31,542	29,073
Employee entitlements	43	382	91	140
Deferred revenue	-	2,384	-	386
Net movements in working capital items	(7,357)	25,531	31,557	28,402
Add/(less) items reclassified as investing				
Movements in creditors and other payables related to property, plant and equipment	(17)	(33,373)	(36)	259
Movements in creditors and other payables related to Chorus investments	7,704	7,704	(31,265)	(31,265)
Net cash from operating activities	**(4,564)**	**(13,702)**	**(4,807)**	**(21,209)**

During the year the LFCs acquired property, plant and equipment of $42.8 million (being primarily UFB network assets) in exchange for issuing shares to the Partners of $33.2 million (2014: $18.7 million), and debt funding from the ENL Partner of $9.6 million (2014: Nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

21. COMMITMENTS

OPERATING LEASES AS LESSEE

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

	Parent 2015 $000	Group 2015 $000	Parent 2014 $000	Group 2014 $000
Not later than one year	210	922	210	805
Later than one year and not later than five years	162	548	373	1,336
Later than five years	-	759	-	3,125
Total non-cancellable operating leases	**372**	**2,229**	**583**	**5,266**

CFH leases premises in Auckland at Level 10, PricewaterhouseCoopers Tower, 188 Quay Street. The lease expires in February 2017 and a rent review occurred in March 2014. The Group also leases power poles in some areas, as part of the UFB network.

In addition, UFL currently leases a pre-existing fibre network from its Partner, which will eventually be overbuilt by the UFB network. UFL collects revenue from the legacy customers using this network, and pays WNL a network access fee of 80% of legacy customer revenue. This arrangement will continue until the legacy customers have migrated to UFL's new UFB network or the legacy customer contracts expire, whichever occurs first.

Commitments – UFB investments

CFH has entered into agreements to invest in the LFCs (the subsidiaries) and Chorus, subject to certain conditions being met that are described in notes 14 and 15, to build the UFB network. The Crown, through CFH, will invest over $1.3 billion with the LFCs and Chorus (the Chorus portion being up to $929 million). The table below summarises the number of premises that the entities are expected to have built in each financial year. CFH's investment is at an agreed amount per premises passed multiplied by the number of premises passed. The agreed amount per premises passed varies between each LFC and Chorus.

Cumulative Number of Premises Passed #000	Financial Year 2016	Financial Year 2017	Financial Year 2018	Financial Year 2019
Chorus	474	580	685	830
LFCs	271	299	323	340
Total premises passed #000	**745**	**879**	**1,008**	**1,170**
Total investment $m	**841**	**988**	**1,131**	**1,315**

Note: both the premises numbers and the funding shown above are cumulative.

The total investment is shown before the impact of the recycling mechanism; see note 14.

Group capital commitment

The LFCs have entered into commitments with the Partners to fund the UFB deployment. The expected commitment, based on forecast UFB deployment timing and forecast customer uptake, is:

	Group 2015 $000	Group 2014 $000
Not later than one year	132,120	137,490
Later than one year and not later than five years	329,219	332,505
Later than five years	29,452	75,279
Total	**490,791**	**545,274**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

22. CONTINGENCIES

The Group has $0.3 million of contingent liabilities as at 30 June 2015 (2014: $0.3 million); these relate to commercial arrangements entered into by ENL for the provision of network access.

The Group and Parent have no other contingencies as at 30 June 2015 (2014: Nil).

23. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT PERSONNEL

SIGNIFICANT TRANSACTIONS WITH GOVERNMENT-RELATED ENTITIES

CFH has been provided with funding from the Crown of $210 million (2014: $200 million) for specific purposes as set out in its founding legislation and the scope of the relevant Government appropriations.

OTHER TRANSACTIONS WITH GOVERNMENT-RELATED ENTITIES

In conducting its activities, CFH and the Group are required to pay various taxes and levies (such as income tax, GST, PAYE and ACC levies and rates) to the Crown and entities related to the Crown. The payment of these taxes and levies is based on the standard terms and conditions that apply to all tax and levy payers. CFH is exempt from paying income tax but the LFCs are not exempt.

CFH and the Group enter into transactions with government departments, Crown entities and state-owned enterprises (e.g. New Zealand Post) and other government-related bodies (e.g. Air New Zealand and local councils). These transactions occur within normal supplier or client relationships on terms and conditions no more or less favourable than those that it is reasonable to expect CFH and the Group would have adopted if dealing with those entities at arm's length in the same circumstances. These have not been disclosed as related party transactions and are not individually or collectively significant.

KEY MANAGEMENT PERSONNEL COMPENSATION

	Parent 2015 $000	Group 2015 $000	Parent 2014 $000	Group 2014 $000
Directors (six directors (2014: six) equals one full-time equivalent (2014: one))	210	691	206	716
Chief Executive Officer and senior management team	2,348	2,969	2,175	3,009
Total key management personnel compensation	**2,558**	**3,660**	**2,381**	**3,725**

In the Parent there have been no compensation or termination benefits paid during the year (2014: Nil). In the Group no significant compensation or termination benefits have been paid during the year (2014: Nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

24. EMPLOYEE REMUNERATION

Total remuneration paid or payable for the year

	Parent 2015 # Staff	Group 2015 # Staff	Parent 2014 # Staff	Group 2014 # Staff
$100,000 – $109,999	1	1	1	1
$110,000 – $119,999	1	1	1	1
$120,000 – $129,999	-	1	-	-
$130,000 – $139,999	-	-	-	1
$150,000 – $159,999	2	5	2	4
$160,000 – $169,999	2	2	-	-
$170,000 – $179,999	1	2	1	1
$180,000 – $189,999	1	2	3	3
$190,000 – $199,999	1	1	-	1
$200,000 – $209,999	-	-	2	3
$210,000 – $219,999	1	1	-	-
$230,000 – $239,999	-	-	1	1
$240,000 – $249,999	-	-	-	1
$250,000 – $259,999	1	1	-	-
$260,000 – $269,999	-	1	-	-
$300,000 – $309,999	-	-	1	1
$310,000 – $319,999	-	-	1	1
$320,000 – $329,999	1	1	-	-
$340,000 – $349,999	1	1	-	-
$350,000 – $359,999	-	-	-	1
$370,000 – $379,999	1	1	1	1
$410,000 – $419,999	1	1	1	1
$440,000 – $449,999	-	1	-	-
$480,000 – $489,999	-	-	1	1
$490,000 – $499,999	1	1	-	-
Total employees	**16**	**25**	**16**	**23**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

25. CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

The carrying amounts of financial assets and liabilities in each of the PBE IPSAS 29 categories are as follows:

	Parent 2015 $000	Group 2015 $000	Parent 2014 $000	Group 2014 $000
Loans and receivables				
Cash and cash equivalents	77,761	79,856	52,828	55,001
Trade and other receivables	55	3,753	382	2,510
Investments in Chorus Debt Securities	57,012	57,012	35,825	35,825
Total loans and receivables	134,828	140,621	89,035	93,336
AFS financial assets				
Investments in LFCs	21,765	-	11,964	-
Investments in Chorus Equity Securities	47,267	47,267	30,344	30,344
Total AFS financial assets	69,032	47,267	42,308	30,344
Financial assets designated as at FVTSD				
Investments in LFCs	138,265	-	89,176	-
Total financial assets designated as at FVTSD	138,265	-	89,176	-
Held-for-trading financial assets				
Investments in Chorus Equity Warrants	50	50	156	156
Total held-for-trading financial assets	50	50	156	156
Total financial assets	**342,175**	**187,938**	**220,675**	**123,836**
Financial liabilities measured at amortised cost				
Creditors and other payables	24,298	64,360	31,912	38,590
Borrowings	-	28,077	-	16,436
Total financial liabilities measured at amortised cost	24,298	92,437	31,912	55,026
Total financial liabilities	**24,298**	**92,437**	**31,912**	**55,026**

26. FINANCIAL INSTRUMENT RISKS

CFH's activities expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. CFH has a range of policies to manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments. These policies do not allow any transactions that are speculative in nature to be entered into. Investments of a financial nature can only be transacted with New Zealand major trading banks or in Government securities.

MARKET RISK

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate owing to changes in market interest rates. CFH and the Group are exposed to fair value interest rate risk on the Chorus Equity Securities, which are accounted for at fair value.

The Group is also exposed to fair value interest rate risk in relation to its bank deposits and borrowings (which are held at fixed rates of interest) and the Chorus Debt Securities. However, because these items are not accounted for at fair value, fluctuations in interest rates do not have an impact on surplus or deficit of CFH or the carrying amount recognised in the statement of financial position.

The average interest rate on CFH's bank term deposits is 3.6% (2014: 3.8%).

At 30 June 2015, from total borrowings of $28.1 million, $26 million is subject to a fixed interest rate to maturity and is not sensitive to changes in interest rates. The average interest rate on these borrowings at 30 June 2015 is 6.1% (2014: 6.7%).

The terms of the Chorus Equity Securities and Debt Securities are set out in notes 14 and 15.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

26. FINANCIAL INSTRUMENT RISKS (CONTINUED)

Cash flow interest rate risk

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

At 30 June 2015, from total borrowings of $28.1 million, $2.1 million has an average interest rate of 5.3%, which was reset in August 2015 to long-term fixed interest rates of 5.4% until maturity at 2027 (2014: 5.4%, which was reset in August 2014 to long-term fixed interest rates of 6.5% until maturity in the 2022 financial year). Accordingly, these borrowings are also not subject to significant interest rate sensitivity.

CFH and the Group currently have no other variable rate financial instruments; however, term deposits are re-priced every quarter.

Sensitivity analysis

The sensitivities of the Chorus Equity Securities and Debt Securities are set out in the critical accounting estimates and assumptions section of the accounting policies.

In relation to bank deposits, as at 30 June 2015, if the deposit rate had been 50 basis points higher or lower, with all other variables held constant, the surplus/(deficit) for the period would have been approximately $400,000 (2014: $275,000) higher/lower for CFH and the Group. This sensitivity is greater than in the prior year as a greater amount of cash and cash equivalents is held at balance date when compared with the prior year.

CREDIT RISK

Credit risk is the risk that a third party will default on its obligation, causing CFH or the Group to incur a loss.

Credit risk arises in CFH and the Group from exposure to counterparties where CFH deposits its surplus cash and through its exposure to trade debtors, Chorus through its investment in the Chorus Debt Securities, and the Partners in respect of the options and forward sale arrangements in respect of LFC shares. The process for managing credit risk in relation to CFH's surplus cash is described below and for managing the credit risk with Chorus in note 15.

CFH and the Group invest surplus cash with major registered trading banks. CFH's term deposits are currently held with four (2014: three) major banks, which are registered New Zealand banks. CFH's Investment Policy limits the amount of credit exposure to any one institution (up to $50 million with any one bank and subject to each bank having a credit rating of AA or better).

CFH's maximum credit exposure is represented by the carrying amounts and the Group's commitment to purchase Chorus Securities, which is set out in note 21. There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired. There are no material overdue or impaired assets at 30 June 2015 (2014: Nil).

LIQUIDITY RISK

Liquidity risk is the risk that CFH and the Group will encounter difficulty raising liquid funds to meet commitments as they fall due. CFH's primary mechanism for managing liquidity risk is capital funding from the Crown, and the LFCs fund their working capital requirements by debt or equity contributions from the Partners. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

In meeting its liquidity requirements, CFH maintains a target level of investments that must mature within specified timeframes. CFH accesses its funding through the uncalled capital mechanism, whereby CFH draws down funds from the Crown as required to fund the UFB investment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

26. FINANCIAL INSTRUMENT RISKS (CONTINUED)

CONTRACTUAL MATURITY ANALYSIS OF FINANCIAL LIABILITIES

The table below sets out the undiscounted contractual maturities of the Group's financial liabilities; the amounts include principal and interest payable for the tenor of the borrowings:

Group 2015	Less than 1 Year $000	1-5 Years $000	More than 5 Years $000
Creditors and other payables	60,451	3,909	-
Employee entitlements	1,048	-	-
Borrowings	1,708	6,831	23,392
Total	**63,207**	**10,740**	**23,392**

Group 2014	Less than 1 Year $000	1-5 Years $000	More than 5 Years $000
Creditors and other payables	38,590	1,087	-
Employee entitlements	666	-	-
Borrowings	1,037	4,148	19,055
Total	**40,293**	**5,235**	**19,055**

Parent 2015	Less than 1 Year $000	1-5 Years $000	More than 5 Years $000
Creditors and other payables	24,298	-	-
Employee entitlements	510	-	-
Total	**24,808**	**-**	**-**

Parent 2014	Less than 1 Year $000	1-5 Years $000	More than 5 Years $000
Creditors and other payables	31,912	-	-
Employee entitlements	467	-	-
Total	**32,379**	**-**	**-**

Additional information on CFH's commitment to purchase Chorus Securities and fund the LFCs' UFB network asset purchases is set out in note 21.

FAIR VALUE MEASUREMENTS

The Chorus Debt Securities (carrying amount $57 million (2014: $35.8 million)) have a fair value of $61.3 million (2014: $40.9 million), predominantly due to mark-to-market interest rates falling compared with the amortised cost used in the initial recognition of the debt. The borrowings of the Group (carrying amount $28.1 million (2014: $16.4 million) have a fair value of $29.6 million (2014: the carrying amount approximated fair value). The carrying amounts of all other financial assets and liabilities approximate their fair values at 30 June 2015 and 30 June 2014.

CFH's and the Group's financial assets measured at fair value, and the movements therein, are set out in note 14. These financial assets are all considered to be at level three of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

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27. CAPITAL MANAGEMENT

CFH's and the Group's capital is their equity, which comprises accumulated funds and share capital. Equity is represented by net assets.

ENL's ability to borrow is restricted to borrowings from the Partner only.

CFH and the Group manage their equity as a by-product of prudently managing revenue, expenses, assets, liabilities, investments and general financial dealings to ensure that CFH and the Group achieve their objectives and purposes effectively, whilst remaining going concerns.

28. EVENTS AFTER THE BALANCE SHEET DATE

CFH has subscribed to, and Chorus issued, $13 million Chorus Debt and Equity Securities in July 2015. A further CFH subscription, and Chorus issue, for $7 million Chorus Debt and Equity Securities was made in August 2015.

CFH has also invested a further $5 million in two LFCs for UFB network completed in July and August 2015. CFH received $7 million in recycling from UFL in July 2015.

There have been no other significant events since balance date.

29. EXPLANATION OF SIGNIFICANT VARIANCES AGAINST BUDGET

The Group budget figures below are extracted from the July 2014-June 2015 Statement of Performance Expectations. The Parent does not publish budget figures.

The Group full-year deficit is $19.8 million less than budgeted. Explanations for key variances are set out below.

Statement of comprehensive revenue and expense

	Ref	Group Actual 2015 $000	Group Budget 2015 $000
Income			
Interest income	A	8,607	7,369
UFB income	A	20,274	15,236
Other income		745	300
Total income		29,626	22,905
Expenses			
Board fees		691	716
Audit fees		268	255
Depreciation and amortisation	B	14,651	20,697
Occupancy costs		1,385	891
Interest expense	C	1,265	3,282
Other Company overheads	D	33,371	30,306
UFB contribution	E	86,955	97,278
Total expenses		138,593	153,425
Surplus/(deficit) before tax		**(108,961)**	**(130,520)**
Tax expense/(credit)		(8,114)	(7,983)
Net surplus/(deficit) for the year		**(100,847)**	**(122,537)**
Other comprehensive revenue and expense	F	(80)	1,690
Total comprehensive revenue and expense for the year		**(100,927)**	**(120,847)**
Attributed to members of the parent		**(82,783)**	**(95,287)**
Attributed to minority interests		**(18,144)**	**(25,560)**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

29. EXPLANATION OF SIGNIFICANT VARIANCES AGAINST BUDGET (CONTINUED)

Statement of comprehensive revenue and expense (continued)

Explanation of significant variances:

A – Income

Interest on cash balances exceeds the budget by $1.2 million as CFH receives capital funding in advance of expected UFB network investment, and there continues to be a greater-than-forecast timing difference between the UFB build and investment flows, meaning more cash is held.

UFB income exceeds budget as the number of end user connections has increased more quickly than anticipated, which in turn has driven connection revenue.

B – Depreciation

The Group has a favourable depreciation expense, as this is a factor of the timing of the UFB build, noting that the UFB project had exceeded its build milestone for the financial year to 30 June 2015.

C – Interest expense

Interest expense is also less than budgeted as debt drawdowns were deferred during the year due to the timing of recognition of the build assets.

D – Other Company overheads

The Group overheads are greater than budget due to a number of factors, but in line with the business growth that is also evident in the UFB income growth above.

E – UFB contribution

The UFB contribution is $10.3 million lower than budgeted. Slower than budgeted payments to Chorus within the year and the decreasing long-term interest rates have resulted in a lower UFB contribution.

F – Other comprehensive revenue and expense

Other comprehensive revenue and expense is represented by a minor fair value loss on the Chorus Equity Securities investment. Budgeted fair value changes are estimates only.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

29. EXPLANATION OF SIGNIFICANT VARIANCES AGAINST BUDGET (CONTINUED)

Statement of financial position

	Ref	Group Actual 2015 $000	Group Budget 2015 $000
Assets			
Current assets			
Cash and cash equivalents	A	79,856	17,483
Other current assets		7,479	959
Total current assets		87,335	18,442
Non-current assets			
Property, plant and equipment	B	384,274	360,285
Investments in Chorus	C	104,329	99,068
Deferred tax assets		17,281	19,085
Total non-current assets		505,884	478,438
Total assets		**593,219**	**496,880**
Liabilities			
Current liabilities	D	68,871	3,904
Term debt and loans	E	28,077	43,065
Other non-current liabilities		4,300	-
Total liabilities		**101,249**	**46,969**
Net assets		**491,970**	**449,911**
Capital		737,900	737,700
AFS reserve	F	766	1,690
Retained earnings	F	(346,237)	(361,584)
Minority interests	F	99,541	71,905
Total equity		491,970	449,911
Equity attributable to parent		392,429	378,006
Minority interests		99,541	71,905
Total equity		**491,970**	**449,911**

Explanation of significant variances:

A – Cash and cash equivalents

The key drivers of the cash and cash equivalents variance are set out in the statement of cash flows analysis below.

B – Property, plant and equipment

Overall, the Group has achieved the UFB build targets. However, the UFB acquisitions occurred later in the year than forecast, which has resulted in a lower-than-budgeted depreciation expense and a higher-than-budgeted property, plant and equipment carrying value.

C – Investments in Chorus

The investments in Chorus reflect the fact that the UFB deployment targets for the year ended 30 June 2015 were met. The increased carrying value reflects the higher initial investment recognised (due to the $10.3 million lower UFB contribution described above, and higher-than-budgeted cash flows of $3.5 million), offset by $1.7 million of estimated fair value gains that did not eventuate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

29. EXPLANATION OF SIGNIFICANT VARIANCES AGAINST BUDGET (CONTINUED)

Statement of financial position (continued)

D – Current liabilities
Chorus is now entitled to a partial payment as the network build is completed, and the residual payment on completion of the stage. Accordingly, CFH has recognised a liability of $23.6 million at balance date in respect of amounts due to Chorus for its completed 30 June 2015 build. In addition, ENL has recorded liabilities of $14.8 million in relation to infrastructure payments due to its Partner.

E – Non-current liabilities
Whilst ENL has not drawn down the budgeted level of borrowings during the year, the reduced borrowings are offset by increased current liabilities as described above.

F – AFS reserve, retained earnings and minority interests
The key drivers of the AFS reserve and retained earnings' variance are set out in the statement of comprehensive revenue and expense analysis above. Movements in minority interests are set out in the statement of comprehensive revenue and expense analysis above (as the portion attributable to minority interests) and the statement cash flow financing activities analysis below.

Statement of changes in equity

	Ref	Group Actual 2015 $000	Group Budget 2015 $000
Opening equity		324,130	329,905
Total comprehensive revenue and expense	A	(100,927)	(120,847)
Capital contribution – Crown	A	210,000	210,000
Capital contribution and share transactions with minority interests	A	58,767	30,853
Total equity		**491,970**	**449,911**

Explanation of significant variances:

A – Equity
The key drivers of these variances are set out in the statement of comprehensive revenue and expense and statement of financial position analysis above.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

29. EXPLANATION OF SIGNIFICANT VARIANCES AGAINST BUDGET (CONTINUED)

Statement of cash flows

	Ref	Group Actual 2015 $000	Group Budget 2015 $000
Cash flows from operating activities			
Receipts from customers	A	21,542	15,209
Interest received	B	2,426	1,048
Other receipts		402	300
Payments to suppliers and employees	C	(35,374)	(39,045)
Interest paid	D	(1,063)	(2,373)
Goods and services tax (net)		(1,635)	175
Net cash outflow from operating activities		**(13,702)**	**(24,686)**
Cash flows from investing activities			
Purchase of property, plant and equipment	E	(97,648)	(120,930)
Investments in Chorus	F	(126,492)	(122,980)
Proceeds from sale to minority interests	G	18,502	-
Proceeds from disposal of property, plant and equipment		38	-
Net cash outflow from investing activities		**(205,600)**	**(243,910)**
Cash flows from financing activities			
Capital contribution – Crown		210,000	210,000
Capital contribution – minority interests	H	32,152	27,087
Debt drawdown		2,005	30,853
Net cash inflow from financing activities		**244,157**	**266,353**
Net (decrease)/increase in cash and cash equivalents		**24,855**	**(2,243)**
Cash and cash equivalents at the beginning of the year		55,001	19,726
Cash and cash equivalents at the end of the year		**79,856**	**17,483**

Explanation of significant variances:

A – Receipts from customers
Receipts from customers are ahead of budget, as is UFB income, because the number of end user connections has increased more quickly than anticipated, which in turn has driven connection revenue.

B – Interest received
Interest receipts are significantly higher than budgeted for the same reasons as outlined for interest revenue in the statement of comprehensive revenue and expense analysis above (excluding Chorus interest, which is non-cash).

C – Payments to suppliers and employees
Although expenses are up on budget, a greater portion of expenses is held in creditors at year end, resulting in a smaller-than-budgeted payment to suppliers and employees.

D – Interest paid
Interest paid is lower than budgeted for the same reasons as outlined for interest expense in the statement of comprehensive revenue and expense analysis above.

E – Purchase of property, plant and equipment
Purchases of property, plant and equipment are lower than budgeted; however, there are significant accruals outstanding at 30 June 2015 in relation to property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

29. EXPLANATION OF SIGNIFICANT VARIANCES AGAINST BUDGET (CONTINUED)

Statement of cash flows (continued)

F – Investments in Chorus
Investments in Chorus Equity Securities and Chorus Debt Securities are mainly as budgeted; however, during the year CFH settled the 30 June 2014 accrual of $31 million, and at 30 June 2015 had an accrual of $23.6 million. The reduction in accruals of $7.4 million is responsible for most of the increased payments during the year.

G – Proceeds from sale to minority interests
Recycling was not budgeted as it is at the option of the WNL, and NFL was not material.

H – Capital contribution – minority interests
Contributions by minority interests are required as the LFCs complete the UFB build. As can be seen above, the LFC property, plant and equipment investment is below budget, and therefore lower cash contributions were required from Partners during the period.

30. IMPACT OF ADOPTION OF PBE STANDARDS

The adoption of PBE Standards has not resulted in any material change to the amounts presented in these financial statements; however, GST receivable is a non-exchange transaction under PBE Standards that is now required to be classified separately from other exchange-transaction-related receivables (such as UFB income). As a result the 30 June 2014 Company and Group statement of financial positions' line items trade and other receivables have decreased by $12,000 and $1,921,000 respectively, and GST receivables are now presented separately. The GST accounting policy has also been amended to reflect this change.

In selecting appropriate accounting policies under PBE Standards a number of key judgements have been made. These are outlined in the critical judgements section, on page 41. As a result of the adoption of PBE Standards and the application of these critical judgements, the following accounting policies have changed:

- issued capital has been renamed contributed capital and the accounting policy has been amended to reflect the fact that any future distributions would be recognised against contributed capital. This has no current impact as no distributions have been made; and
- the Group's property, plant and equipment are considered non-cash generating, and as a result the impairment policy has been amended to reflect the fact that value in use would be a depreciated replacement cost basis. This has no current impact as the assets are not impaired.

There have also been a number of minor disclosure changes and minor terminology changes. For example, non-controlling interests are now labelled minority interests, and other comprehensive income is now labelled other comprehensive revenue and expense. The fair value through surplus or deficit category (FVTSD) has also been renamed fair value through surplus or deficit (FVTSD).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

31. REPORTING AGAINST APPROPRIATION

WHAT IS INTENDED TO BE ACHIEVED WITH THIS APPROPRIATION

This appropriation is intended to provide ongoing investment funding for Crown Fibre Holdings as part of the Government's UFB commitment.

Scope of appropriation and expenses.

Type, Title, Scope and Period of Appropriations	Appropriations, Adjustments and Use	Main Estimates 2014/15 $000	Actuals and estimates Supplementary Estimates 2014/15 $000
Broadband Investment (Crown Fibre Holdings Capital Costs) (M88)	Original Appropriation	408,000	408,000
This appropriation is limited to the provision of ongoing investment funding for Crown Fibre Holdings to implement the Government's broadband investment Commitment	Adjustments to 2013/14	774,500	774,500
Commences: 22 August 2011	Adjustments for 2014/15	-	(417,500)
Expires: 30 June 2016	Adjusted Appropriation	1,182,500	765,000
		Estimates	Actuals
	2012/13 Year End	165,000	-
	2013/14 Year End	200,000	365,000*
	2014/15	200,000	210,000
	Appropriation Remaining for 2015/16	617,500	190,000

*cumulative.
Per supplementary estimates of appropriation 2014/15.

How performance will be assessed and end of year reporting requirements.

	2013/14		2014/15	
Assessment of Performance	**Budgeted Standard**	**Actual**	**Budgeted Standard**	**Actual**
UFB (capable of peak speeds of 100Mbps) is available to all schools and 90% of businesses and health service providers in UFB Candidate Areas by the end of 2015 and 75% of New Zealanders by the end of 2019	Roll out targets are met	Roll out targets have been met in in accordance with business plans	Roll out targets are met	Roll out targets have been met in in accordance with business plans

DIRECTORY

Shareholders

Minister of Finance (Hon Bill English); and Minister for State Owned Enterprises (Hon Todd McClay)

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Auditor

The Auditor-General pursuant to section 15 of the Public Audit Act 2001.
Clare Helm of Audit New Zealand was appointed to perform the audit on behalf of the Auditor-General.

Solicitor

Bell Gully

Bankers

ASB, BNZ and ANZ

Senior Management

Graham Mitchell, Chief Executive Officer
Philip Campbell, Planning Director
John Greenhough, Chief Technical Officer
Rohan MacMahon, Strategy Director
Kathryn Mitchell, General Counsel
Sean Wynne, Chief Commercial Officer

Crown Fibre Holdings

Ultra-fast broadband for New Zealanders