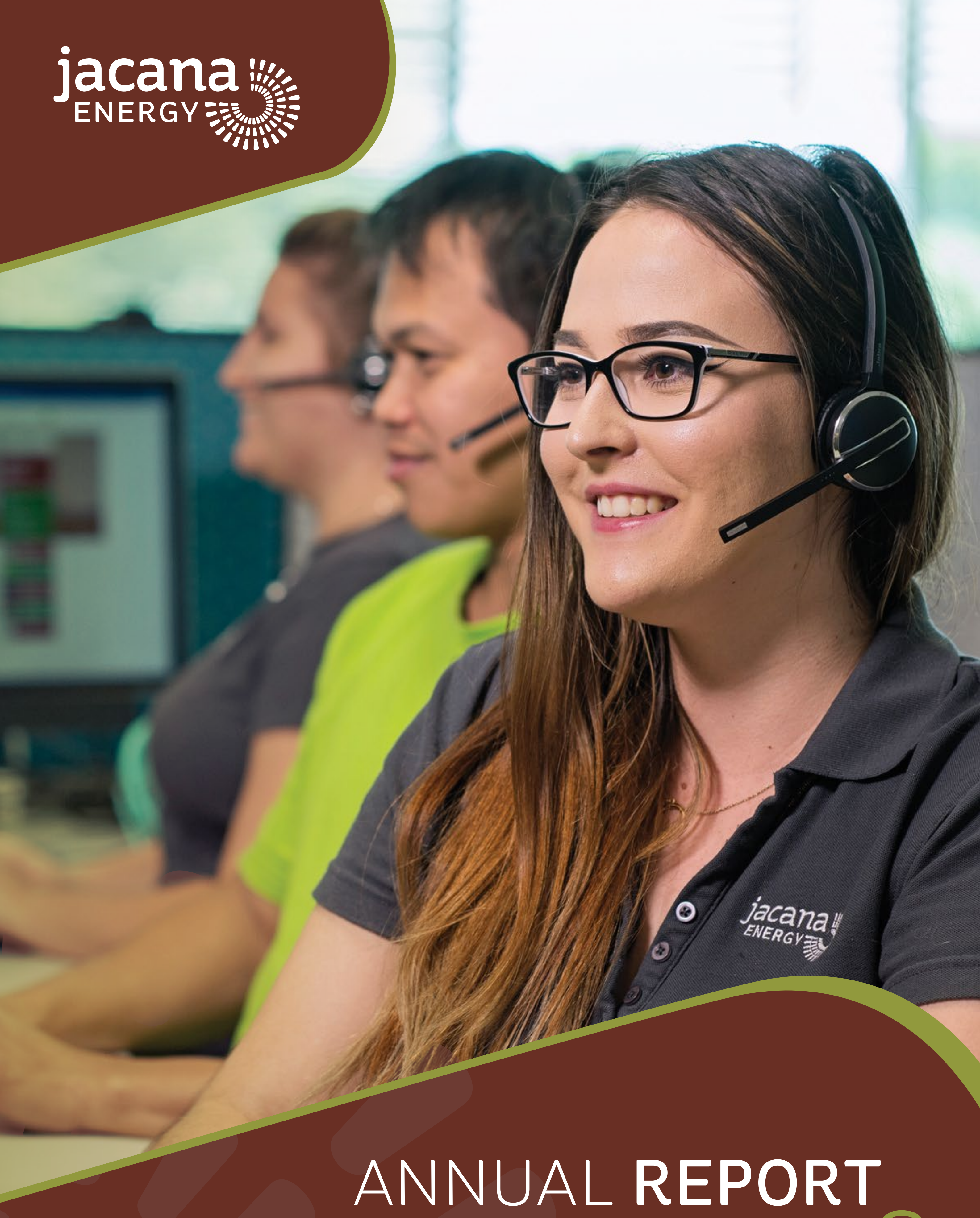


ANNUAL **REPORT** 2015-16

CONTENTS

PURPOSE OF THIS REPORT

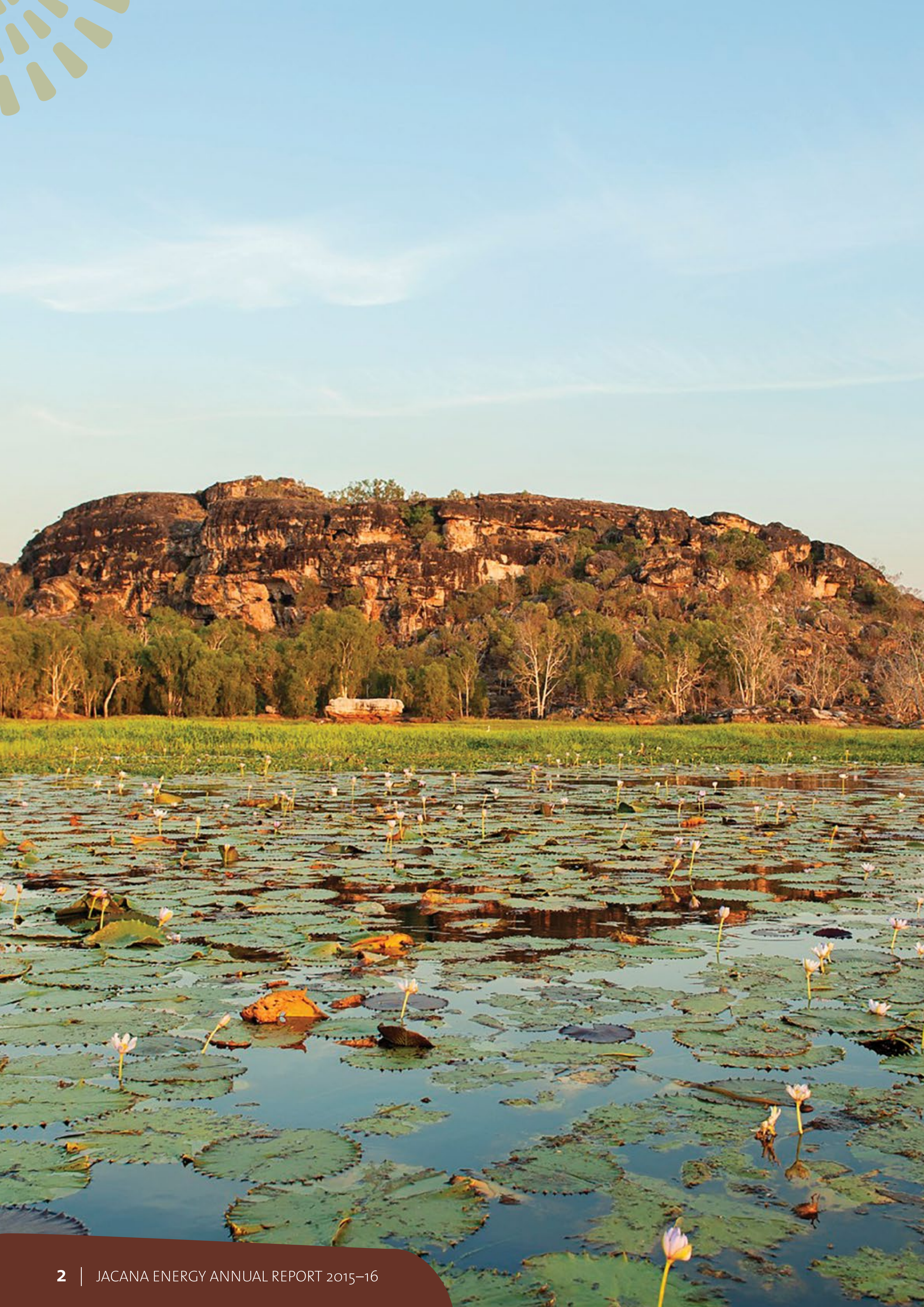
Jacana Energy's Annual Report outlines our operations and achievements for the 2015-2016 financial year.

Pursuant to section 44 of the Government Owned Corporations Act, the report informs the Northern Territory Parliament, Territorians and other stakeholders of:

- *Jacana Energy's primary services and responsibilities*
- *Significant activities of the year, highlighting major projects, key achievements and outcomes.*
- *Financial management and performance in compliance with the Government Owned Corporations Act.*

The Annual Report is tabled in the Northern Territory Legislative Assembly as a reporting mechanism for Jacana Energy's Shareholding Minister and Northern Territory Parliament. It provides a statement of income and expenditure for the 2015-2016 financial year.

The Annual Report also includes information for others, including the wider public, who have an interest in the provision of electricity services in the Northern Territory.



LETTER TO OUR SHAREHOLDER

Hon Nicole Manison MLA
Treasurer
Northern Territory Government
DARWIN 0800

Dear Treasurer,

On behalf of Jacana Energy, it gives us great pleasure to present the Corporations Annual Report for the year ended 30 June 2016 in accordance with the provisions of section 44 of the *Government Owned Corporations Act*.

This report details the non-financial and financial performance of Jacana Energy for the year ended 30 June 2016.

We are pleased to report that during this year our key achievements have included:

- a profit before tax of $7.2 million
- a declared post year-end dividend of $2.5 million
- further improvements in customer service capability
- retention and winning back commercial and industrial contract customers
- supporting vulnerable Territorians through financial hardship funding programs

We look forward to continuing our support for Territorians in 2016-2017.

Yours sincerely

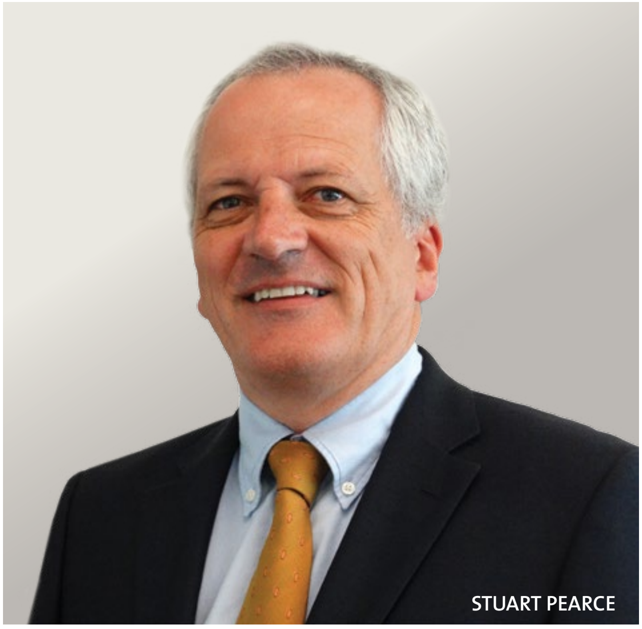
Noel Faulkner
Chair

Stuart Pearce
Chief Executive Officer

30 September 2016

OVERVIEW FROM THE CHAIR AND CEO

NOEL FAULKNER



STUART PEARCE

In just our second year of operations, Jacana Energy has delivered strong financial results, transitioned key customer service functions in-house, remained focused on efficient business operations and further strengthened our position as an integral part of the Territory community.

SOUND FINANCIAL RESULTS

Our Earnings Before Interest and Tax (EBIT) for 2015–2016 was $7.2 million which was well above our Statement of Corporate Intent target of $5.5 million. We achieved this result despite increased competition, lower retail prices and upward pressure on costs.

A contributing factor to our favourable EBIT was better than forecast sales and our ability to retain and win-back a number of important Commercial and Industrial customers.

On 1 January 2016, we passed through the Government's 5 per cent price reduction to our mass market customers.

Over the course of 2015–2016 Jacana Energy, like other energy retailers, saw a near doubling in the market price for Large-scale Generation Certificates which added $6.9 million to our costs for the year.

Jacana Energy also incurred a number of one off costs during the year driven by the commencement of a number of key projects including the implementation of a Financial Management System and a Retail Operating System. These projects will deliver on-going efficiencies to the business but require initial expenditure for their establishment.

CUSTOMER SERVICE

We are serious about customer service and delivering on this promise is at the centre of everything we do.

Two significant operational achievements in the year were the successful transition of the Contact Centre and Credit Management functions from Power and Water Corporation to Jacana Energy.

We became responsible for our Contact Centre operations in January 2016. From this date to the end of the reporting year the Contact Centre achieved a Grade of Service of 67.1 per cent and an Abandonment Rate of 4.6 per cent. These are very pleasing results for a newly established Contact Centre.

By managing customer care from within our own business, we are able to better manage the level of service and the quality of interactions with our customers. Training our people is key to this. With our own staff, we can also embed our own culture and values, further enhancing their ability to deliver excellent customer service.

The transition of Credit Management from Power and Water Corporation to Jacana Energy commenced in December 2015 with our people moving into our new office in Alice Springs. We are committed to meeting our customers service expectations and the transition of both the Contact Centre and Credit Management functions were key steps toward this objective.

DELIVERING EFFICIENCIES

A key challenge for our business is that we have limited direct control over our major costs such as generation and network costs which represent 91 per cent of all our costs. In fact, we only have a direct impact on our own operational expenditure, which represents just 3 per cent of our costs.

Notwithstanding this, it is critical that we operate as efficiently as possible. The transition of key functions from Power and Water Corporation to Jacana Energy and the implementation of our new Financial and Retail Operating Systems will enable us to drive greater efficiency out of the business while maintaining a high level of customer service.

PART OF THE COMMUNITY

Jacana Energy is very proud to be part of the Territory community and provides financial assistance to Territorians in need as well as participating in iconic Territory community events.

In 2015–2016 we provided $175,000 in funding to organisations such as Anglicare, St Vincent De Paul, Somerville Community Services, the Salvation Army and Catholic Care. These funds were used to assist more than 1,000 Territorians with their electricity bills.

In December 2015 we launched our Public Benevolent Institution tariff to assist registered organisations with their electricity costs.

LOOKING FORWARD

As we look forward to the coming year, we are confident that we can continue to deliver a level of service that Territorians can be proud of. In closing, we would like to thank our shareholder, the Northern Territory Government, people and stakeholders for their support throughout the year. It has been a year of change and their efforts have helped make that transition a smooth one while continuing to deliver for Territorians.

Noel Faulkner
Chair

Stuart Pearce
Chief Executive Officer

PERFORMANCE TARGETS

KEY PERFORMANCE INDICATOR	UNIT	2015–2016 ACTUAL	2015–2016 SCI
Gross Margin	% Revenue	4.8	4.3
Cost to Serve	A$/customer	189	173
EBIT	A$ million	7.2	5.5
Return on Equity	%	7.8	6.5
Grade of Service	%	58.6	70.0
Abandonment Rate	%	5.3	5.0

Jacana Energy delivered an EBIT of $7.2 million compared to a target of $5.5 million. This result was largely due to a better than forecast Gross Margin. Jacana Energy's actual Gross Margin percentage across all customer segments was 4.8 per cent of revenue compared to its target of 4.3 per cent. A key driver of this performance was our ability to retain and win back a number of important commercial and industrial customers.

The better than anticipated earnings performance enabled Jacana Energy to deliver a Return on Equity of 7.8 per cent compared to a target of 6.5 per cent.

Jacana Energy did not achieve its Cost to Serve target in 2015–2016, largely due to higher than anticipated costs associated with establishment of our own customer service capability and other factors unique to the start-up phase of the business. If you exclude these one-off costs, which were not anticipated in the budget, the Cost to Serve would be $173, which was in line with our target for the year.

In 2015–2016 Jacana Energy transitioned the Contact Centre and Credit Management functions in-house from Power and Water Corporation. We also commenced two key projects. The first was to implement our own Financial Management System and the second was to implement a modern and efficient Retail Operating System which will further improve our service offering and deliver more efficient operations.

Jacana Energy's Contact Centre Grade of Service and Abandonment Rate for 2015–2016 averaged 58.6 and 5.3 respectively. The service varied significantly pre and post transition. In the first seven months of 2015–2016 Contact Centre services were provided by Power and Water Corporation with a Grade of Service and Abandonment Rate of 54.1 per cent and 5.9 per cent respectively. The service level increased significantly when Jacana Energy brought the Contact Centre function in-house in January 2016 and for the balance of the reporting period we achieved a Grade of Service of 67.1 per cent and an Abandonment Rate of 4.6 per cent compared to targets of 70.0 per cent and 5.0 per cent respectively.

DEFINITIONS

GROSS MARGIN: Gross Margin (percentage) is calculated by dividing the gross margin by the total revenue.

COST TO SERVE: Cost-to-Serve is calculated by dividing Operating Costs (less bad and doubtful debts) by average account numbers.

EBIT: EBIT is Earnings Before Interest and Tax.

RETURN ON EQUITY: Return on Equity is calculated by dividing the Net Profit After Tax by the average equity balance for the year.

GRADE OF SERVICE: Grade of Service measures the percentage of customer calls to the Contact Centre answered within 30 seconds.

ABANDONMENT RATE: Abandonment Rate measures the percentage of calls to the Contact Centre ended before any conversation occurs.

WHO WE ARE

At Jacana Energy we are committed to delivering a superior experience to our customers. We're a start-up business and we are excited about our journey to deliver customer focused and forward thinking energy solutions for more than 80,000 customers across the Northern Territory.

As the NT's largest electricity retailer, we provide electricity retail services for residential, and business customers throughout the urban, rural and remote areas. We are owned by the NT Government and were created as part of the structural separation of Power and Water Corporation.

OUR PURPOSE

To create value now and into the future by delivering seamless energy related solutions to achieve the needs of our customers, stakeholders and shareholder.

WHAT WE DO

Our role is to look after our customers electricity needs and to act as first point of contact for electricity matters. We purchase electricity in bulk from generators and turn this into a range of retail products to meet customer needs.

We arrange connection of electricity to our customers properties, deliver timely and accurate bills and provide customer services as well as developing products and convenient payment options to help customers manage their electricity costs.

As an electricity retailer, we don't generate, transmit electricity or manage the poles and wires.

CREATING VALUE

We create value for our customers by:

- Providing electricity services to more than 80,000 business and residential customers
- Facilitating competition between generators to drive down wholesale energy costs
- Purchasing wholesale energy and renewable energy certificates, managing the risks associated with this and passing the benefit on to customers
- Acting as the consumer advocate to make it easier to deal with other industry participants
- Using customer insight to develop a range of retail energy products and services to meet different customer needs
- Supporting larger customers with personalised local account management services
- Providing customers with timely and accurate billing with a variety of payment options across a range of convenient channels
- Delivering high quality, efficient customer service to solve customer queries and problems.

OUR CORE VALUES

- ***We operate with integrity***
- ***We drive innovation for our business***
- ***We embrace diversity***
- ***We deliver as a team***
- ***We are passionate about our employees wellbeing***

OUR CUSTOMERS

We look after 80,000 customers in urban, regional and remote centres across the Northern Territory, including:

- Adelaide River
- Alice Springs
- Batchelor
- Borroloola
- Daly Waters
- Darwin
- Elliott
- Katherine
- Kings Canyon
- Larrimah
- Mataranka
- Newcastle Waters
- Palmerston
- Pine Creek
- Tennant Creek
- Ti Tree
- Timber Creek
- Yulara
- Rural areas surrounding cities and towns

OUTLOOK

OUR STRATEGIC OBJECTIVES ARE TO:

- Deliver superior customer experience
- Become a valued and trusted brand
- Develop an engaged, motivated team with opportunities to grow
- Maximise value.

The following section provides an overview of the strategies and initiatives to address each of these objectives and ultimately improve financial performance while providing excellent customer service.

DELIVER SUPERIOR CUSTOMER EXPERIENCE

STRATEGIES	INITIATIVES
Deliver a consistent and positive customer experience	• Develop and implement efficient and customer friendly business processes • Automate processes, provide online customer service and a broader range of customer payment solutions
Understand customer needs	• Introduce new customer feedback methods and techniques, such as the Net Promoter Score, to drive improvement initiatives • Establish a Customer and Community Reference Council to obtain feedback and assist in understanding customer needs
Get the fundamentals right	• Benchmark key business processes and Key Performance Indicators against best practice
Develop and provide alternative solutions	• Introduce customer consumption analysis and develop customer energy management tools • Identify and assess non-grid energy solutions
Provide transparency in key processes e.g. billing	• Develop a new, customer friendly website • Provide greater self-service capability and leverage social media to improve the customer experience

BECOME A VALUED AND TRUSTED BRAND

STRATEGIES	INITIATIVES
Ensure Jacana Energy's services improves outcomes for vulnerable customers	• Develop and promote flexible payment plans and the option of more frequent billing • Develop a strategy to assist vulnerable customers • Leverage relationships with key partners to deliver improved outcomes
Embed a customer centric culture in Jacana Energy's business	• Recognise and reward the provision of exceptional customer service • Develop and implement a cultural programme to ensure core values and brand values are aligned

DEVELOP AN ENGAGED, MOTIVATED TEAM WITH OPPORTUNITIES FOR GROWTH

STRATEGIES	INITIATIVES
Attract and retain the best people	• Undertake a skills inventory and resource analysis • Refine resource and recruitment planning • Implement a succession and retention plan
Ensure professional development aligned with strategy	• Identify and source efficient and effective cross organisation training • Develop a detailed training program
Right culture: customer centric, innovative, flexible	• Design a series of culture development workshops to create a culture aligned with the strategic objectives • Develop and implement a detailed communications plan that supports the cultural change • Create a culture which recognises and rewards product and service innovation

MAXIMISE VALUE

STRATEGIES	INITIATIVES
Flexibility in how Jacana Energy deals across the supply chain	• Promote wholesale market reform • Develop a long-term and sustainable wholesale procurement plan
Minimise costs to serve	• Develop low cost options such as online and customer self service • Deliver reduced operating costs, and improved debt recovery by bringing the credit management function in-house • Minimise rework by automating business processes and focussing on quality assurance
Define the non-financial value drivers	• Consult with key stakeholders such as the Customer and Community Reference Council and others to develop improved non-financial performance indicators
Develop strong commercial acumen	• Continue to focus on embedding a strong commercial decision making framework • Build commercial acumen into recruitment process and plans
Grow the profitable revenue base	• Improve management of Jacana Energy costs and market segment profitability reporting by bringing the accounting and finance function in-house • Develop a highly efficient and professional account management capability

GOVERNANCE

Jacana Energy is a Government Owned Corporation. As at the date of this publication Jacana Energy's Shareholding Minister is the Hon Nicole Manison MLA, the Treasurer, and the Portfolio Minister is the Hon Gerry McCarthy MLA, Minister for Essential Services.

THE BOARD

The Jacana Energy Board sets the organisation's strategic direction. It also ensures appropriate corporate governance arrangements and shareholder performance reporting are in place.

The members of the Board are:

- Noel Faulkner – Chair
- Clare Milikins – Deputy Chair
- Caryle Demarte

The Board delegates certain authorities to the Chief Executive Officer, management and employees through the Instruments of Delegation and other policies.

THE AUDIT AND RISK COMMITTEE

The members of the Audit and Risk Committee are:

- Clare Milikins – Chair
- Noel Faulkner
- Caryle Demarte

The Audit and Risk Committee assists the Board in the corporation's governance by providing advice and specific oversight in relation to financial reporting, application of accounting policies, business policies and practices, legal and regulatory compliance and internal control and risk management systems.

EXECUTIVE LEADERSHIP TEAM

The Executive Leadership Team comprises the Chief Executive Officer and four other senior executives. The Chief Executive Officer is responsible for the day-to-day management of Jacana Energy and takes direction from the Board.

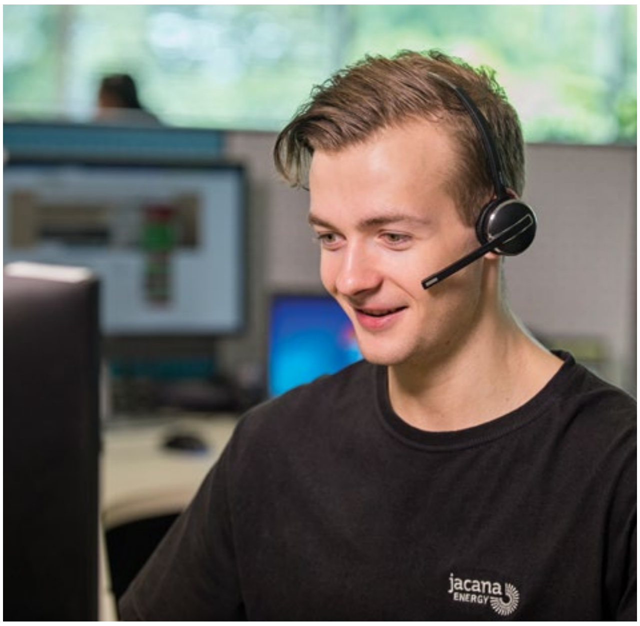
The Board sets annual performance targets for the CEO based on the key performance indicators and other targets in the Statement of Corporate Intent. These targets are cascaded down through the organisation. The CEO's and Jacana Energy's performance are regularly monitored against these targets, and is formally reviewed on an annual basis.

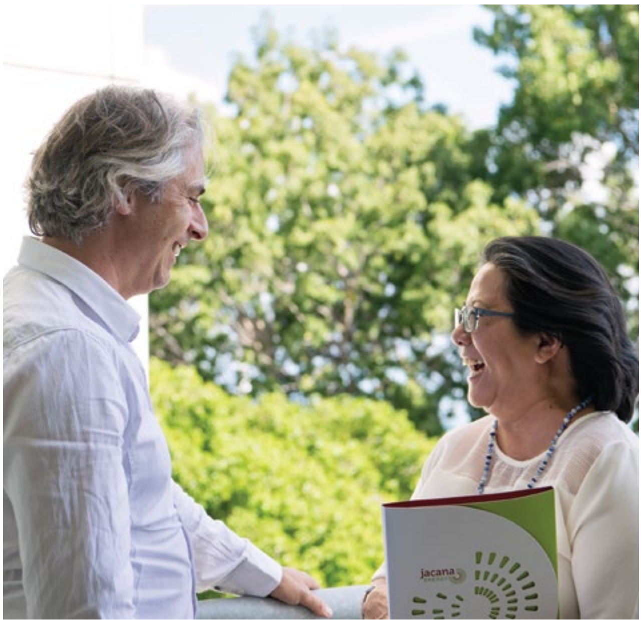
Biographies of the Executive Leadership Team as at 30 June 2016 are set out on page 14–15.

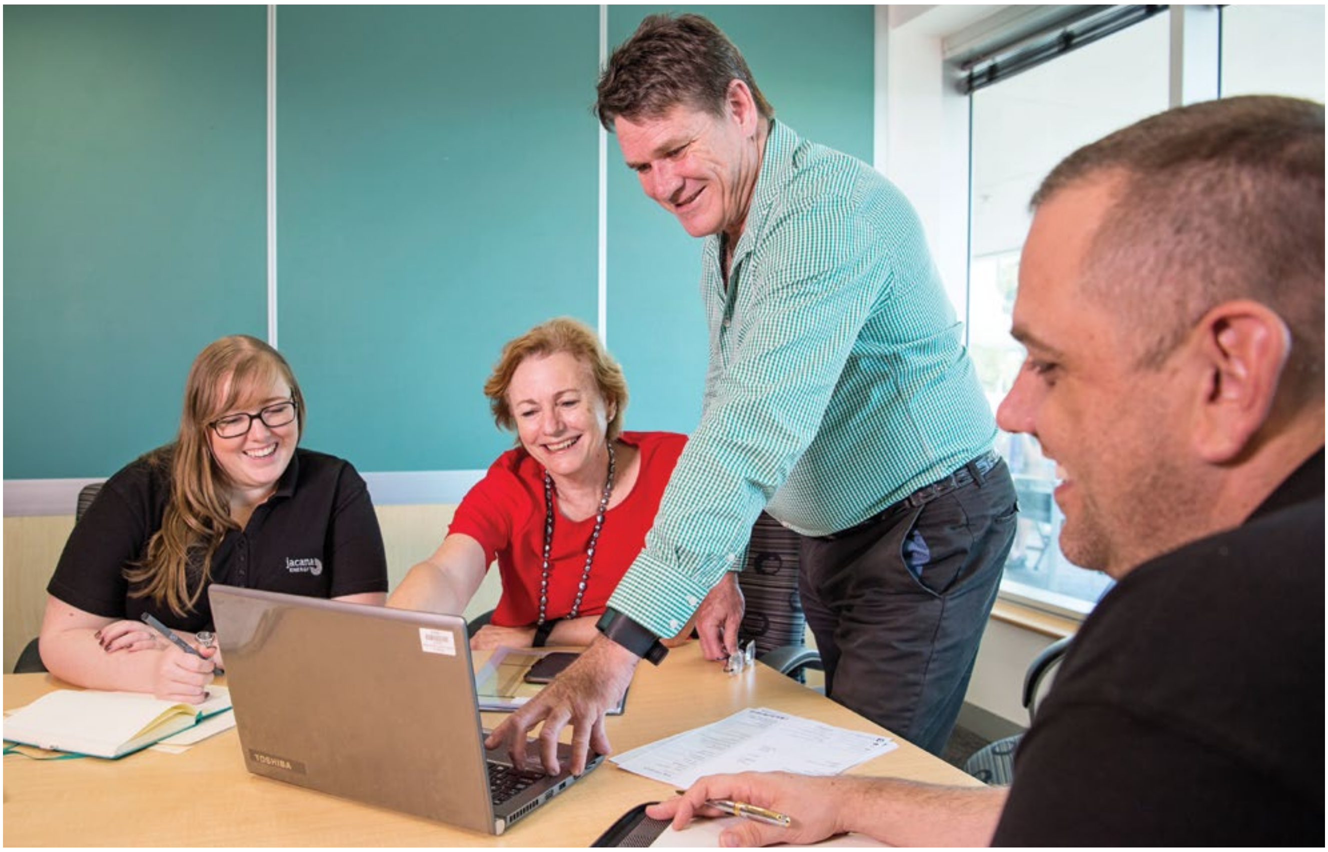
RISK MANAGEMENT

Risk management is fundamental to our success and sustainability. We aim to have risk management practices embedded and integrated into our business processes, with engagement at all levels to minimise risks. Some specific risks are covered by insurance.

Control systems have been developed to identify, assess, address and monitor strategic, operational, legal, commercial and financial risks.







Our Risk Management Framework is designed to proactively and systematically identify, assess, monitor and manage material risks. The Board has ultimate responsibility to regularly and effectively review and manage the Risk Management Framework with the support of the Audit and Risk Committee.

Key components of the Risk Management Framework are our Risk Appetite Statements which define the nature and level of risk that the business is willing to accept in relation to the key components of service delivery and enabling activities in the pursuit of its strategic objectives. These Statements provide a means of ensuring the Board, Leadership Team and employees are in alignment with regard to the level of risk considered acceptable in undertaking business operations and risk-assessed judgements.

Through the Risk Appetite Statements, we define the risk parameters associated with conducting our business in a commercial manner and acting with financial prudence and efficiency. The Statements reflect our focus on customer and stakeholder services and define our aspiration to implement a long-term financial strategy that provides a sustainable return to the government and is averse to actions that may impact on projected targets and outcomes.

Our Risk Management Framework operates alongside internal controls. Controls exist at the Board, executive and management level and are designed to safeguard our business interests which include compliance with authority limits, work health and safety, employment, competition and consumer law and other legislation.

Control systems continue to be developed to ensure that material risks including strategic, operational, legal, commercial, technological, financial and regulatory risks are identified, assessed, addressed and monitored.

The Risk Management Framework is collaborative and involves our employees, contractors and management conducting their activities in a manner that complies both with the law and delegated limits of authority.

The Audit and Risk Committee has oversight of the risk management process and oversees policies and procedures in relation to risk management. The Committee provides reports to our Board and regularly reviews the effectiveness of the risk management framework and key mitigation strategies. Executives and management are responsible for identifying risks and implementing strategies to mitigate them. Management reports to the Committee on how the risks are being managed.

In 2015 we appointed an Audit firm as our independent internal auditor. The internal auditor provides an objective assessment to the Committee and Board regarding the adequacy, effectiveness and efficiency of Jacana Energy's risk management, control and governance processes. The internal auditor and internal audit function have direct access to the Committee Chair.

DIRECTORS

NOEL FAULKNER

Non-Executive, Chair

Noel has 36 years experience in utilities predominantly in electricity entities, combined with 8 years in government. He has directed the integration of a number of large businesses in Queensland and Victoria including the establishment of competitive retail undertakings in Victoria. Noel has also recently been involved in South East Queensland's regional water reforms, including leading the establishment of the distributor/retailer Queensland Urban Utilities.

Noel is the Chairman of the Mackay Water Advisory Board and Chairman of Redland City Council Advisory Panel. Noel has held the position of Chief Executive Officer of Queensland Urban Utilities, Powercor Australia Ltd, United Energy Ltd and Capricornia Electricity, as well as holding senior executive roles with Brisbane City Council.

Noel has also held Chairman and Director roles at South East Queensland Bulk Water Supply Authority and Unitywater.

Noel has a Bachelor of Engineering, a Graduate Diploma in Management and is also a Graduate of the Australian Institute of Company Directors.

CLARE MILIKINS

Non-Executive, Deputy Chair

Clare is a Northern Territory based senior finance and governance professional. She has held executive positions in the public sector, establishing effective organisational systems and leading reform agendas. Clare also owns a successful retail business. Clare has widely diversified skills both in the public sector and private enterprise and has a sound track record of success in the roles undertaken and outcomes achieved.

In May 2014 Clare was appointed Deputy Chair of the Corporation and is also the Chair of the Audit and Risk Committee. Clare has held a number of voluntary directorships and is currently Treasurer for Victims of Crime NT.

Clare is a Certified Practicing Accountant, with a Bachelor of Commerce (Accounting) and a Post Graduate Certificate in Public Sector Management. She is also a Graduate of the Australian Institute of Company Directors. She has formally held senior executive positions within the NT Government, including Executive Director Finance and Governance at the Department of Natural Resources, Environment and the Arts as well as roles in Treasury and Department of Transport and Works. Clare was born and raised in Darwin.

CARYLE DEMARTE

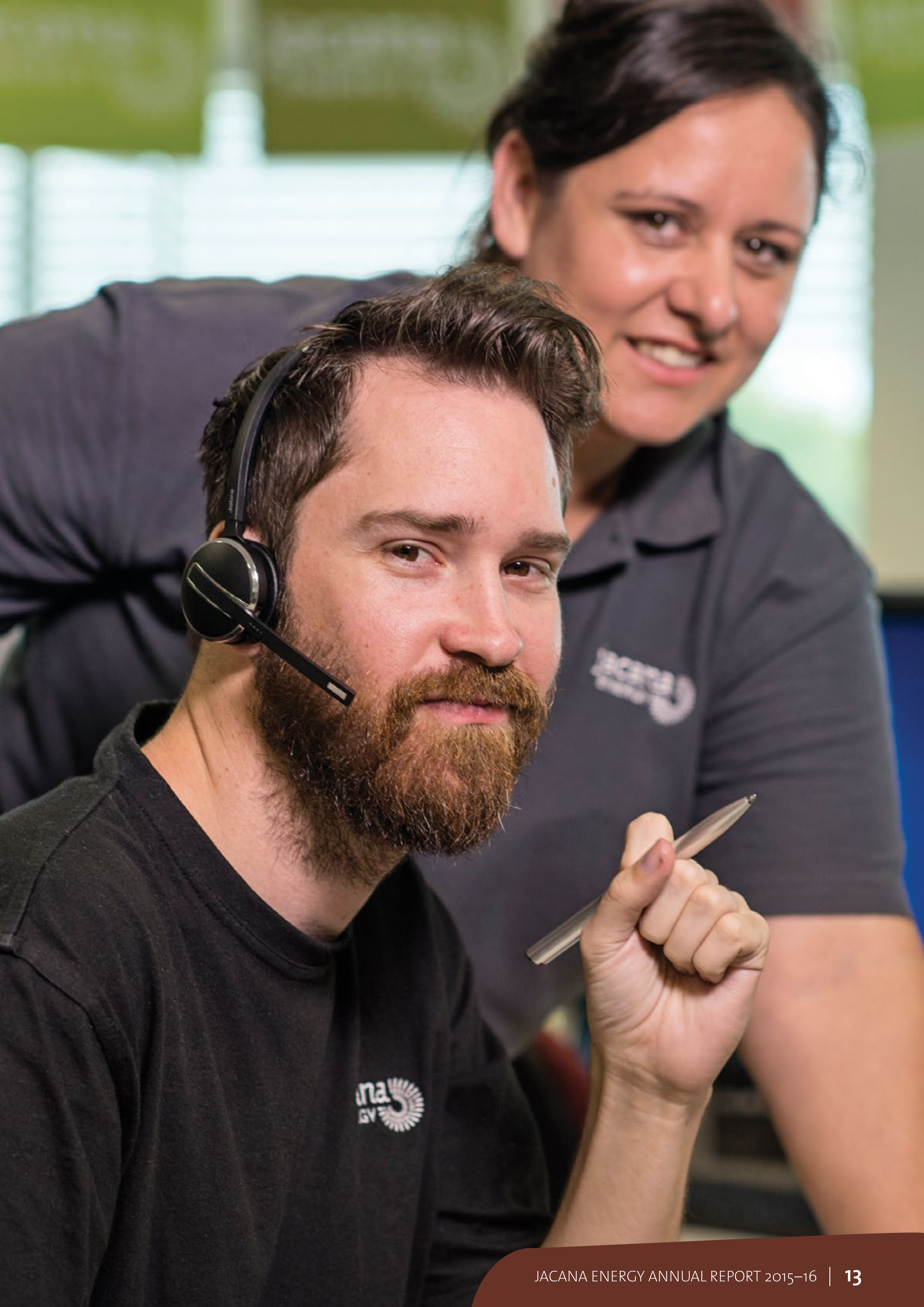
Non-Executive, Director

Caryle has an extensive background in both the public and private sectors of the energy industry including General Manager of TXU Retail and TXU Corporate Relations. She has also held positions with the Victorian Government owned retailer, Kinetik Energy.

Caryle is presently the Chair of Aurora Energy, Tasmania and Chair of the Local Government Infrastructure Assistance Fund for the Victorian Government.

Caryle has held directorships at Yarra Valley Water, Synergy, Victorian Energy and Water Industry Ombudsman and VENCorp.

Caryle has a Bachelor of Business and, in 2000, was awarded a Public Service Medal for services to the Victorian community. She is a Fellow of the Australian Institute of Company Directors.



EXECUTIVE LEADERSHIP TEAM

STUART PEARCE

Chief Executive Officer

Stuart is a senior energy industry executive with more than 20 years experience within the electricity supply chain across Australia, New Zealand and South East Asia.

Stuart's key strengths include strategy, leadership, innovation and building business capability. Stuart has led the development and introduction of a range of new energy pricing structures, the management of the retail component of the federal government-funded Smart Grid, Smart City Project, the introduction of value-adding energy and home services, the management of mass market and commercial solar PV, and the introduction of broad based energy usage programs.

Stuart's formal qualifications include a Master of Business (Marketing), Bachelor of Economics and Diploma of Education. He is a Graduate of the Australian Institute of Company Directors, A Fellow of the Australian Marketing Institute and a Certified Practicing Marketer

MICHAEL HOARE

Chief Financial Officer

Michael is an experienced executive and has held executive positions in Insurance, Banking and most recently the Energy Industry. He has over 20 years experience in financial, executive operational and Board Member roles.

Michael holds a Bachelor of Arts degree in Accounting, is a Fellow of the Australian Society of Certified Practising Accountants and Australian Institute of Company Directors. Michael leads Jacana Energy's Finance and Corporate Services functions.

DANNY MOORE

Executive Manager Sales and Strategy

Danny has ten years experience in energy retailing having worked in a variety of project, marketing and operational leadership roles for the top three retailers within the National Electricity Market (NEM).

With direct experience in transformation programs at AGL, Origin and Energy Australia, Danny has led business transition to the National Energy Consumer Framework regulatory environment, the retail project in the Australian Government's $100m Smart Grid, Smart City project, as well as senior leadership of large operational groups and key stakeholder relationships such as the Ombudsman. Danny holds a Bachelor of Arts degree in IT & Marketing, Postgraduate Diploma in Marketing and is a graduate of the Institute of Company Directors.

DAVID WALKER

Acting Executive Manager Operation and Transitional Services

David has 35 years experience in the electricity and gas industry having worked for TXU, TRUenergy, Energy Australia, and consulting into various energy companies through DB Results. Specifically David has managed TXU's Call Centre operations, TRUenergy's Billing, Customer Transfer, and Credit functions, including 4 years in India managing these functions via an outsourced arrangement.

Recently David has been involved in three major customer data migration projects, having led teams responsible for Customer Experience and capabilities supporting Customer Operations. Ten years working in electricity distributions roles has also provided David with deep insights into the operational mechanisms of electricity Networks.

David's formal qualifications include a Masters of Applied Science (Innovation and Service Management) and an Associate Diploma, Electrical.

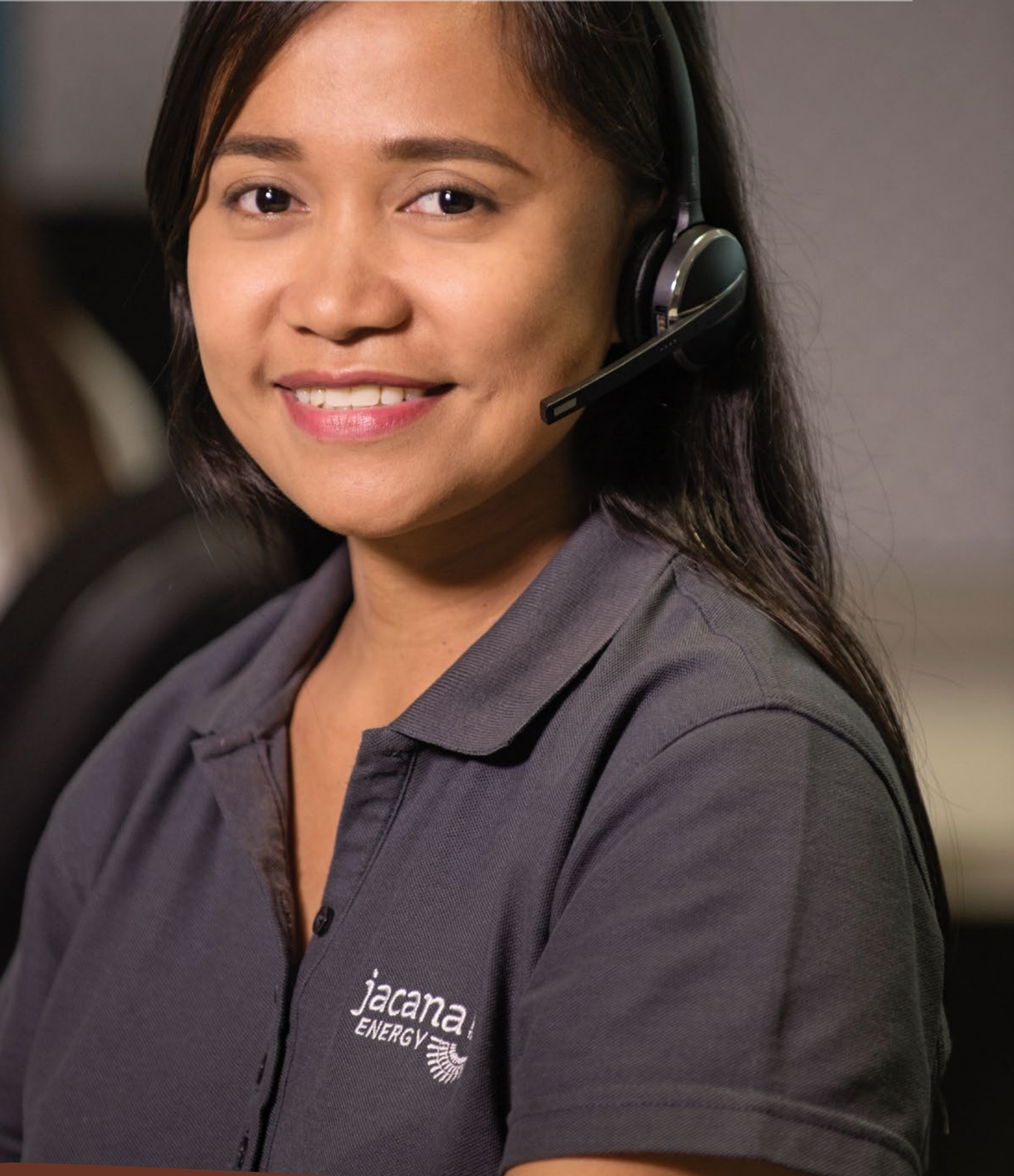
WILLIAM OLIVER

General Counsel and Company Secretary

Will was admitted to practice law in 1998 and is an experienced general counsel and company secretary. He has broad corporate governance experience in the Australian insurance and finance sector. Prior to joining Jacana Energy Will served on the TIO executive team for seven years in roles including general counsel and company secretary.

Prior to this Will was a partner in a national law firm. Will is experienced in providing strategic legal and commercial advice to boards and executive management. He is passionate about developing sound risk and compliance frameworks and embedding a strong enterprise-wide risk culture. Will leads the Jacana Energy Legal and Governance team. Will has a Diploma of Law from the NSW Legal Practitioners Admission Board and a Bachelor of Arts from the University of Sydney.

FINANCIAL STATEMENTS 30 JUNE 2016



DIRECTORS REPORT

The Directors present their report together with the financial report of Power Retail Corporation trading as Jacana Energy for the year ended 30 June 2016 and the Auditors report thereon. This report is to be read in conjunction with the financial statements of the Corporation.

DIRECTORS

The Directors of the corporation during or since the end of the financial year are:

Mr Noel Faulkner	Chair
Ms Clare Milikins	Deputy Chair
Ms Caryle Demarte	Director

Details of Directors, their directorships/experience are set out in the Governance section of the Annual Report.

PRINCIPAL ACTIVITIES

The principal business activity of the Corporation is the buying and selling of electricity and the provision of energy retail services to the people of the Northern Territory. There were no significant changes in the nature of activities conducted by the Corporation during the year.

REVIEW OF OPERATIONS

The Corporation recorded a net profit before tax for the year of $7.2 million. The annual results are discussed in detail below.

Total revenue for the year was $516.1 million. This included Community Service Obligation funding of $59.4 million. Electricity sales included the effect of a decrease to pricing order tariffs on 1 January 2016 of 5%.

Overall expenses excluding tax were $508.9 million for the year. The majority of these expenses related to cost of goods sold expenditure, being network and system control charges and generation costs, of $168.5 million and $298.4 million respectively. Cost of goods sold also included energy purchased for resale of $4.3 million from customers usage of solar panels and $18.8 million in renewable energy certificates to meet the Clean Energy Regulator requirements.

Operating expenditure totalled $17.7 million for the year. Included in operating expenditure were external service agreements of $5.6 million which related to contracts held by third parties. Included in the external service agreements is the $4.8 million Transitional Services Agreement with Power and Water Corporation which covers operational and systems services.

The Corporation's cash balance at the end of June was $55.1 million.

SUBSEQUENT EVENTS

There has not been any matter or circumstance occurring subsequent to the end of the financial year and before the date of this report that has significantly affected, or may significantly affect, the operations of the Corporation, the results of those operations, or the state of affairs of the Corporation in future financial years.

FUTURE DEVELOPMENTS

It is anticipated that by the end of the next financial year, the services performed under the current Transitional Services Agreement will be performed or managed internally.

ENVIRONMENTAL REGULATIONS

The Corporation's operations are subject to statutory responsibilities under Commonwealth and Northern Territory legislation. The Corporation met its responsibilities in this area.

DIVIDENDS

Since the end of the financial year, the Directors have declared a dividend of $2.5 million.

INDEMNIFICATION OF OFFICERS AND AUDITORS

The Northern Territory Government has indemnified the Directors of the Corporation from and against all liabilities incurred or arising out of conduct as a Director of the Corporation, acting in good faith in compliance with any direction made by the Shareholding Minister to the Corporation or the Board of the Corporation pursuant to the Deed of Indemnity executed by the Northern Territory Government.

Liability for costs and expenses incurred by the Directors in defending a proceeding, whether civil or criminal, is covered by the Corporation where judgement is given in favour of the Directors or the Directors are acquitted.

During the financial year a premium was paid to purchase the following insurance policies to cover the Directors and Officers of the Corporation:

- Personal Accident Insurance
- Directors and Officers Liability

DIRECTORS MEETINGS

The following table sets out the number of Directors meetings (including meetings of committees of Directors) held during the year ended 30 June 2016 and the number of meetings attended by each Director (while they were a Director or Committee Member).

	BOARD OF DIRECTORS		AUDIT AND RISK COMMITTEE	
	MEETINGS HELD	MEETINGS ATTENDED	MEETINGS HELD	MEETINGS ATTENDED
Noel Faulkner	13	13	7	7
Clare Milikins	13	13	7	7
Caryle Demarte	13	13	7	7

Noel Faulkner
Chairman
Darwin, 30 September 2016

DIRECTORS DECLARATION

The Directors declare that:

a) in the Directors opinion, there are reasonable grounds to believe that the Corporation will be able to pay its debts as and when they become due and payable;

b) in the Directors opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 2 to the financial statements; and

c) in the Directors opinion, the attached financial statements and notes thereto are in accordance with the *Government Owned Corporations Act*, including compliance with accounting standards and give a true and fair view of the financial position and performance of the Corporation.

On behalf of the Directors

Noel Faulkner
Chairman
Darwin, 30 September 2016

AUDITORS REPORT

Auditor-General

Independent Auditor's Report to the Board of Directors
Power Retail Corporation
Page 1 of 2

I have audited the accompanying financial report of Power Retail Corporation ("the Corporation"), which comprises the statement of financial position as at 30 June 2016, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' declaration.

Directors' Responsibility for the Financial Report

The Directors of the Corporation are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Government Owned Corporation Act*, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2(a), the Directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view, 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Level 12 Northern Territory House 22 Mitchell Street Darwin 0800 Tel: 08 8999 7155

Auditor-General

Opinion

In my opinion:

a) the financial report gives a true and fair view of the financial position of the Power Retail Corporation, as at 30 June 2016, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards and the Government Owned Corporations Act; and

b) the financial report complies with *International Financial Reporting Standards* as disclosed in Note 2(a).

Julie Crisp
Auditor-General for the Northern Territory
Darwin, Northern Territory

30 September 2016

Level 12 Northern Territory House 22 Mitchell Street Darwin 0800 Tel: 08 8999 7155

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 30 June 2016

	NOTE	2016 $'000	2015 $'000
Revenue	4(a)	454,990	454,195
Community service obligation	4(b)	59,365	57,835
Interest revenue	4(c)	1,750	434
Energy cost of sales	5(a)	(491,202)	(481,917)
Employee benefits expense	5(b)	(5,740)	(2,483)
External service agreements	5(c)	(5,623)	(6,788)
Structural separation expenses	5(d)	-	(406)
Depreciation expense	5(e)	(6)	-
Other expenses	5(f)	(6,360)	(5,903)
Profit before tax		**7,174**	**14,967**
Income tax expense	6(a)	2,153	4,489
Profit for the year		**5,021**	**10,478**
Other comprehensive income			
Other comprehensive income for the year, net of income tax		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**5,021**	**10,478**

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the notes to the financial statements.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	NOTE	2016 $'000	2015 $'000
Current Assets			
Cash and cash equivalents	7	55,078	61,220
Trade and other receivables	8	69,899	97,008
Other current assets	9	14,406	4,848
Total Current Assets		**139,383**	**163,076**
Non-Current Assets			
Property, plant and equipment	10	1,025	-
Deferred tax assets	6(d)	3,020	3,022
Total Non-Current Assets		**4,045**	**3,022**
Total Assets		**143,428**	**166,098**
Current Liabilities			
Trade and other payables	11	62,995	88,311
Current tax liabilities	6(c)	2,151	6,876
Provisions	13(a)	8,056	7,216
Other current liabilities	12	6,966	5,503
Total Current Liabilities		**80,168**	**107,906**
Non-Current Liabilities			
Provisions	13(b)	95	48
Total Non-Current Liabilities		**95**	**48**
Total Liabilities		**80,263**	**107,954**
Net Assets		**63,165**	**58,144**
Equity			
Contributed equity	14	47,666	47,666
Reserves	15	15,499	10,478
EQUITY		**63,165**	**58,144**

The above Statement of Financial Position should be read in conjunction with the notes to the financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2016

	NOTE	CONTRIBUTED EQUITY $'000	RETAINED EARNINGS $'000	TOTAL $'000
Balance at 1 July 2014		**-**	**-**	**-**
Contributed equity		47,666	-	47,666
Profit for the year		-	10,478	10,478
Other comprehensive income for the year, net of income tax		-	-	-
Total comprehensive income for the year		**-**	**10,478**	**10,478**
Dividends paid or provided for		-	-	-
Balance at 30 June 2015		**47,666**	**10,478**	**58,144**
Balance at 1 July 2015		**47,666**	**10,478**	**58,144**
Profit for the year		-	5,021	5,021
Other comprehensive income for the year, net of income tax		-	-	-
Total comprehensive income for the year		**-**	**5,021**	**5,021**
Dividends paid or provided for		-	-	-
Contributed equity		-	-	-
BALANCE AT 30 JUNE 2016		**47,666**	**15,499**	**63,165**

The above Statement of Changes in Equity should be read in conjunction with the notes to the financial statements.

STATEMENT OF CASH FLOWS
For the year ended 30 June 2016

	NOTE	2016 $'000	2015 $'000
Cash Flow from Operating Activities			
Receipts from customers		483,574	452,833
Payments to suppliers and employees*		(515,197)	(456,995)
Payment of income tax		(6,876)	-
Payments for Renewable Energy Certificates		(27,727)	(10,928)
Community Service Obligation received		59,365	35,876
Interest received		1,750	434
Net Cash Used in Operating Activities	20	**(5,111)**	**21,220**
Cash Flow from Investing Activities			
Payments for property, plant and equipment		(1,031)	-
Net Cash Used in Investing Activities		**(1,031)**	**-**
Cash Flow from Financing Activities			
Contributed equity		-	40,000
Net Cash provided by Financing Activities		**-**	**40,000**
Net (decrease) / increase in cash and cash equivalents		(6,142)	61,220
Cash and cash equivalents at the beginning of the period		61,220	-
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7	**55,078**	**61,220**

*Included in the 2016 total is $18.5 million which relates to the settlement of the 2015 intercompany loan with Power and Water Corporation associated with structural separation. Excluding the $18.5 million settlement, cash flow generated by operating activities would have been $13.3 million.

The above Statement of Cash Flows should be read in conjunction with the notes to the financial statements.

1 CORPORATE INFORMATION

Power Retail Corporation trading as Jacana Energy (the Corporation) is a Government Owned Corporation under the *Power Retail Corporation Act*.

The addresses of its registered office and principal place of business are as follows:

Registered office
Level 3, 24 Mitchell Street
Darwin NT 0800

Principal place of business
Level 3, 24 Mitchell Street
Darwin NT 0800

The principal business activity of the Corporation is the buying and selling of electricity and the provision of energy retail services to the people of the Northern Territory.

The Corporation was incorporated on 29 May 2014.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the *Government Owned Corporations Act*, Australian Accounting Standards and Interpretations, and comply with other requirements of the law.

For the purposes of preparing the financial statements, the Corporation is a for-profit entity.

These financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The financial statements were authorised for issue by the Directors on 27 September 2016.

(b) Basis of preparation

The financial statements have been prepared on the basis of historical cost convention.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, which is the Corporation's functional and presentation currency.

Amounts in the financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

The Corporation has adopted all new and revised accounting Standards issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current reporting period.

Any new, revised or amending accounting standards or intepretations that are not yet mandatory have not been early adopted.

Application of new and revised Accounting Standards

AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'

The standard completes the AASB's project to remove Australian Guidance on materiality from Australian Accounting Standards.

AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'

The standard contains three main parts and makes amendments to a number of standards and interpretations. Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1. Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards. Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 Hedge Accounting into AASB 9 Financial Instruments.

The application of these amendments does not have any material impact on the disclosures in the Corporation's financial statements.

STANDARD/INTERPRETATION	EFFECTIVE FOR ANNUAL REPORTING PERIODS BEGINNING ON OR AFTER	EXPECTED TO BE INITIALLY APPLIED IN THE FINANCIAL YEAR ENDING
AASB 9 'Financial Instruments', and the relevant amending standard AASB 2014-7	1 January 2018	30 June 2019
AASB 15 ' Revenue from Contracts with Customers' and the relevant amending standard AASB 2014-5	1 January 2018	30 June 2019
AASB 2015-2 ' Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016	30 June 2017
AASB 16 'Leases', and the relevant amending standards	1 January 2019	30 June 2020
AASB 1057 Application of Australian Accounting Standards	1 January 2016	30 June 2017
AASB 119 'Employee Benefits'	1 January 2016	30 June 2017

The application of these standards and interpretations would not have any material impact on the disclosures in the Corporation's financial statements.

Standards and Interpretations issued but not yet effective

At the date of authorisation of the financial statements, the Standards and Interpretations that were issued but not yet effective are listed below.

(c) Revenue recognition

Electricity sales and unbilled electricity sales

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Corporation and the revenue can be reliably measured.

Revenue from the sale of electricity to retail customers is recognised at the time of the provision of the electricity to the customer. Income from the sale of retail electricity is the value of electricity units supplied to customers during the year. Included in this income is unbilled electricity. Unbilled electricity sales is an estimate of the value of electricity units supplied to customers between the date of the last meter reading and the year end, and is included in electricity sales.

Community service obligation

Revenue in the form of Community Service Obligations (CSO) is received from the Northern Territory Government where the Corporation is required to carry out activities on a non-commercial basis. CSO revenue is recognised when there is reasonable assurance that the revenue will be received and all attached conditions have been complied with.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Corporation and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(d) Income tax

The Corporation is required to make income tax equivalent payments to the Northern Territory Government based on taxable income.

Income tax equivalent payments are made pursuant to section 33 of the *Government Owned Corporations Act* and are based on rulings set out in the National Tax Equivalent Regime's manual. The manual gives rise to obligations which reflect in all material respects those obligations for taxation which would be imposed by the Income Tax Assessment Acts 1936 and 1997.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the Statement of Profit or Loss and Other Comprehensive Income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Corporation's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

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 asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset 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 that would follow from the manner in which the Corporation expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities and assets 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 Corporation intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, deposits held at call with financial institutions and other short term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash.

(f) Receivables

Trade receivables, which generally have 21 day terms for mass market customers and 14 day terms for contracted customers, are recognised and carried at original invoice amount less an allowance for any impaired receivables.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Corporation will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account.

(g) Renewable energy certificates

Under the *Renewable Energy (Electricity) Act 2000*, parties on grids of more than 100 MW making wholesale acquisitions of electricity (relevant acquisitions) are required to demonstrate that they are supporting the generation of renewable electricity by purchasing renewable energy certificates (RECs). The Act imposes an annual liability, on a calendar year basis, by applying the specified renewable power percentage and small-scale technology percentage to relevant volume sales of electricity. These parties demonstrate compliance by surrendering RECs to the Clean Energy Regulator (CER). Large-scale generation certificates are surrendered annually between 1 January and 14 February for the previous calendar year (compliance year). Small-scale technology certificates are surrendered on a quarterly basis.

RECs purchased are recognised as an asset at their purchase price until they are surrendered.

The RECs liability is extinguished by surrendering an equivalent number of RECs with a penalty applying for any shortfall. The Corporation's liability is based on actual volume sales of electricity for the last calendar year multiplied by the CER specified renewable power percentage for that year.

The REC liability per certificate is reflective of the average cost of REC purchases.

(h) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight line method over their useful lives, and is generally recognised in profit or loss.

The estimated useful lives of property, plant and equipment are as follows:

- Office equipment 2-10 years
- Fixtures and fittings 2-10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Any item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Corporation. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(i) Intangibles

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

Software

Significant costs associated with software are amortised on a straight-line basis over their estimated useful lives. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

(j) Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Corporation reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

(k) Employee benefits

Short-term and employee benefits

Liabilities in respect of wages and salaries, non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities and measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments, discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(l) Provisions

Provisions are recognised when the Corporation has a present obligation (legal or constructive) as a result of a past event, it is probable that the Corporation will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(m) Financial instruments

Financial assets and financial liabilities are recognised when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(n) Dividends

The Northern Territory Government's dividend policy requires the Corporation to declare a dividend, generally at a rate of 50% of net profit after tax.

(o) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

(i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

(ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In applying the Corporation's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Refer below for a discussion of key sources of estimation uncertainty.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Unbilled electricity sales and cost of sales

Unbilled electricity sales is an estimate of the value of electricity units supplied to customers between the date of the last meter reading and the year end, and is included in electricity sales. Therefore, the Corporation estimates the amount of electricity consumed at reporting date that is yet to be billed.

Unbilled cost of sales, specifically, generation, networks and system control is also estimated as these charges are billed monthly in arrears. Therefore, the Corporation estimates the charges at reporting date that are yet to be invoiced.

Provision for doubtful debts

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position

NOTE 4 REVENUE

		2016 $'000	2015 $'000
(a)	**Revenue**		
	Sale of goods	452,268	452,311
	Other revenue	2,722	1,884
		454,990	**454,195**
(b)	**Community Service Obligation**	**59,365**	**57,835**
(c)	**Interest revenue**	**1,750**	**434**
	TOTAL REVENUE	**516,105**	**512,464**

NOTE 5 EXPENSES

		2016 $'000	2015 $'000
(a)	**Energy costs of sales**		
	Generation	(298,449)	(321,830)
	Networks and system control	(168,474)	(144,824)
	Renewable energy certificates	(18,847)	(11,915)
	Energy purchased for resale	(4,335)	(3,348)
	Alternative control charges	(1,097)	-
		(491,202)	**(481,917)**
(b)	**Employee benefits expense**		
	Salary and wages	(4,854)	(2,189)
	Superannuation expense	(316)	(136)
	Fringe benefits expense tax	(23)	(23)
	Payroll tax	(238)	(123)
	Contract labour	(309)	(12)
		(5,740)	**(2,483)**
(c)	**External service agreements**	**(5,623)**	**(6,788)**
(d)	**Structural separation expenses**	**-**	**(406)**
(e)	**Depreciation expense**	**(6)**	**-**
(f)	**Other expenses**		
	Grants and subsidies	(267)	(268)
	Bad and doubtful debts expense	(1,905)	(2,573)
	Auditors' remuneration	(74)	(82)
	Rental expenses	(163)	(69)
	Other expenses	(3,951)	(2,911)
		(6,360)	**(5,903)**

NOTE 6.a INCOME TAX RECOGNISED IN PROFIT OR LOSS

		2016 $'000	2015 $'000
	Current tax		
	In respect of the current year	2,151	6,876
		2,151	**6,876**
	Deferred tax		
	In respect of the current year	2	(2,387)
		2	**(2,387)**
	TOTAL INCOME TAX RECOGNISED IN THE CURRENT YEAR	**2,153**	**4,489**

NOTE 6.b THE INCOME TAX FOR THE YEAR CAN BE RECONCILED TO ACCOUNTING PROFIT

		2016 $'000	2015 $'000
	Profit before tax	7,174	14,967
	Income tax expense calculated at 30%	2,153	4,489
	TOTAL INCOME TAX RECOGNISED IN THE CURRENT YEAR	**2,153**	**4,489**

The tax rate used for the reconciliation above is the corporate tax rate of 30% payable by Government Owned Corporations on taxable profits under the National Tax Equivalent Regime.

NOTE 6.c CURRENT TAX ASSETS AND LIABILITIES

		2016 $'000	2015 $'000
	Current tax liabilities		
	Income tax payable	2,151	6,876
	TOTAL INCOME TAX PAYABLE	**2,151**	**6,876**

NOTE 6.d DEFERRED TAX BALANCES

NOTES		2016 $'000	2015 $'000
	Deferred tax balances are presented in the statement of financial position as follows:		
	Deferred tax assets	3,046	3,053
	Deferred tax liabilities	(26)	(31)
		3,020	**3,022**

2016	OPENING BALANCE $'000	RECOGNISED IN PROFIT OR LOSS $'000	RECOGNISED IN OTHER COMPREHENSIVE INCOME $'000	CONTRIBUTION FROM OWNER $'000	CLOSING BALANCE $'000
Temporary differences					
Employee entitlements	123	63	-	-	186
Doubtful debts	835	(268)	-	-	567
Provisions	2,056	203	-	-	2,259
Accrued revenue	(31)	5	-	-	(26)
Accrued expenses	33	(4)	-	-	29
Other	6	(1)	-	-	5
	3,022	**(2)**	**-**	**-**	**3,020**

2015	OPENING BALANCE $'000	RECOGNISED IN PROFIT OR LOSS $'000	RECOGNISED IN OTHER COMPREHENSIVE INCOME $'000	CONTRIBUTION FROM OWNER $'000	CLOSING BALANCE $'000
Temporary differences					
Employee entitlements	-	123	-	-	123
Doubtful debts	-	620	-	215	835
Provisions	-	1,697	-	358	2,055
Accrued revenue	-	(31)	-	-	(31)
Accrued expenses	-	33	-	-	33
Other	-	(55)	-	62	7
	-	**2,387**	**-**	**635**	**3,022**

NOTE 7 CASH AND CASH EQUIVALENTS

NOTES		2016 $'000	2015 $'000
	Cash at bank	55,078	61,220
	TOTAL CASH AND CASH EQUIVALENTS	**55,078**	**61,220**

NOTE 8 TRADE AND OTHER RECEIVABLES

		2016 $'000	2015 $'000
	Trade receivables	29,059	60,334
	Provision for doubtful debts	(1,890)	(2,065)
		27,169	**58,269**
	Unbilled consumption	38,278	37,060
	Goods and services tax	1,074	1,574
	Related party receivables	3,377	105
	TOTAL TRADE AND OTHER RECEIVABLES	**69,899**	**97,008**

The reduction in trade receivables this year is due to the receipt of Community Service Obligations relating to 2015.

NOTE 8.a AGE OF RECEIVABLES THAT ARE PAST DUE BUT NOT IMPAIRED

		2016 $'000	2015 $'000
	30 - 60 days	1,680	3,168
	60 - 90 days	614	1,181
	Over 90 days	176	279
		2,240	**4,628**

NOTE 8.b MOVEMENT IN THE PROVISION FOR DOUBTFUL DEBTS

		2016 $'000	2015 $'000
	Balance at the beginning of the year	2,065	-
	Recognised at structural separation	-	716
	Impairment losses recognised on receivables	2,688	2,573
	Amounts written off during the year as uncollectible	(2,496)	(1,224)
	Amounts recovered during the year	(367)	-
	BALANCE AT END OF THE YEAR	**1,890**	**2,065**

The amounts written off have increased in the current year, however, are less than the write off and related increase in provision in 2015.

In determining the recoverability of a trade receivable, the Corporation considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

NOTE 9 OTHER CURRENT ASSETS

		2016 $'000	2015 $'000
	Renewable Energy Certificates	14,406	4,848
	TOTAL OTHER CURRENT ASSETS	**14,406**	**4,848**

The increase in value of Renewable Energy Certificates is due to a significant increase in the purchase price of certificates.

NOTE 10 PROPERTY, PLANT AND EQUIPMENT

	2016	PLANT AND EQUIPMENT $'000	CAPITAL WIP $'000	TOTAL $'000
	Balance at the beginning of the year	-	-	-
	Additions	114	917	1,031
	Disposals	-	-	-
	Impairment	-	-	-
		114	**917**	**1,031**
	Accumulated depreciation			
	Balance at the beginning of the year			-
	Depreciation	(6)	-	(6)
	Disposals	-	-	-
		(6)	**-**	**(6)**
	NET BOOK VALUE	**108**	**917**	**1,025**

	2015	PLANT AND EQUIPMENT $'000	CAPITAL WIP $'000	TOTAL $'000
	Balance at the beginning of the year	-	-	-
	Additions	-	-	-
	Disposals	-	-	-
	Impairment	-	-	-
		-	-	-
	Accumulated depreciation			
	Balance at the beginning of the year	-	-	-
	Depreciation	-	-	-
	Disposals	-	-	-
		-	-	-
	NET BOOK VALUE	**-**	**-**	**-**

NOTE 11 TRADE AND OTHER PAYABLES

		2016 $'000	2015 $'000
	Trade payables	2,353	5,813
	Accrued expenses	18,586	21,065
	Unbilled consumption	39,067	39,942
	Related party payables	2,989	21,491
		62,995	**88,311**

The $18.5 million reduction in related party payables relates to the settlement of the 2015 intercompany loan with Power and Water Corporation.

NOTE 12 PAYMENTS RECEIVED IN ADVANCE

		2016 $'000	2015 $'000
	Payments received in advance	6,966	5,503
		6,966	**5,503**

NOTE 13 PROVISIONS

		2016 $'000	2015 $'000
(a)	**Current**		
	Employee benefits	526	364
	Renewable Energy Certificates	7,530	6,852
		8,056	**7,216**
(b)	**Non-Current**		
	Employee benefits	95	48
		95	**48**
		8,151	**7,264**

		2016 $'000	2015 $'000
	Renewable Energy Certificates		
	Balance at the beginning of the year	6,852	-
	Recognised at structural separation	-	1,194
	Provisions made during the year	18,655	5,658
	Provision utilised during the year	(17,977)	-
	BALANCE AT END OF THE YEAR	**7,530**	**6,852**

NOTE 14 CONTRIBUTED EQUITY

		2016 $'000	2016 $'000
	Equity – Issued capital	47,666	47,666
		47,666	**47,666**

The *Government Owned Corporations Act 2001* requires the Corporation to have share capital to be held by one shareholder only, being the Shareholding Minister, who holds the share on behalf of the Northern Territory Government. The Corporation's constitution specifies the share capital to be one share. No value is assigned to the share.

NOTE 15 RETAINED EARNINGS

		2016 $'000	2015 $'000
	Retained earnings		
	Balance at the beginning of the year	10,478	-
	Profit / (loss) for the year	5,021	10,478
	Dividend declared for the year	-	-
	BALANCE AT END OF THE YEAR	**15,499**	**10,478**

NOTE 16 COMMITMENTS FOR EXPENDITURE

Capital Expenditure commitments

Capital expenditure commitments represent contracted capital expenditure with non-public sector entities relating specifically to the implementation of information technology systems. These contracts are expected to require payment as follows:

	2016 $'000	2015 $'000
Within one year	6,913	-
Later than one year but not later than five years	-	-
Later than five years	-	-
	6,913	**-**

Operating lease commitments

Future non-cancellable operating lease commitments comprising office and vehicle leases are payable as follows:

	2016 $'000	2015 $'000
Within one year	393	48
Later than one year but not later than five years	2,344	71
Later than five years	-	-
	2,737	**119**

Other non-cancellable commitments

Other non-cancellable commitments represent the Transitional Services Agreement. From 01 July 2016, this agreement is cancellable with notice.

	2016 $'000	2015 $'000
Within one year	-	3,240
Later than one year but not later than five years	-	-
Later than five years	-	-
	-	**3,240**

The 2015 disclosure for non-cancellable commitments payable within one year has reduced $1.9 million and those later than one but not later than five years, $2.8 million from the balance reported last year to remove the Transitional Services Agreement and executive contracts which are considered cancellable.

NOTE 17 AUDITORS REMUNERATION

		2016 $'000	2015 $'000
	Services		
	Audit of the financial statements	74	82
	Other services	-	-
	AUDITORS REMUNERATION	**74**	**82**

The auditor of the Corporation is the Northern Territory Auditor-General.

NOTE 18 KEY MANAGEMENT PERSONNEL COMPENSATION

Director remuneration

The following table discloses the remuneration details for non-executive Directors during the current and previous financial years:

	NUMBER OF DIRECTORS	DIRECTOR FEES	COMMITTEE FEES	SUPERANNUATION	TOTAL
2016	3	187,922	22,866	25,609	236,397
2015	3	208,723	22,866	24,297	255,886

Director remuneration principles

Non-executive Directors are appointed by the Treasurer and Portfolio Minister in accordance with the Corporation's constitution.
Directors are entitled to reimbursement of reasonable expenses incurred while attending to Board business.

Executive remuneration

The following table discloses the remuneration details for senior executives during the current and previous financial years.

		2016	2015
	Short-term employee benefits	1,284,957	781,744
	Post-employment benefits	-	-
	Other long-term benefits	-	-
	Termination benefits	-	-
	TOTAL COMPENSATION OF KEY MANAGEMENT PERSONNEL	**1,284,957**	**781,744**

Note: Vehicles are included in the base salaries as they are optional and form part of the total employment package.

Executive remuneration principles

The Corporation's approach to executive remuneration is designed to attract, retain and motivate competent and experienced executive management personnel.
In determining the classification of each role and the appropriate salary, a number of factors are considered. These are:
- Knowledge and expertise required to competently perform the role;
- The level and type of judgement required; and
- The type and level of accountability.

Market considerations, competence and performance are also factors in determining salary levels.
The employment terms and conditions of senior executives are contained in individual employment contracts and prescribe total remuneration; superannuation, annual and long service leave and salary sacrifice provisions.

NOTE 19 RELATED PARTY DISCLOSURES

Key management personnel compensation

Details of key management personnel compensation are disclosed in note 18 to the financial statements.

Transactions with key management personnel

All transactions with key management personnel, including the supply of electricity for domestic purposes and to key management personnel related entities, were conducted on an arm's length basis in the normal course of business and on commercial terms and conditions.

Controlling entity

The Northern Territory Government is the ultimate parent entity of Jacana Energy.

The Corporation retails electricity and undertakes certain other transactions with government entities on an arm's length basis in the normal course of business and on commercial terms and conditions.

The Corporation purchased electricity distribution services from Power and Water Corporation.

The Corporation purchased electricity generated by Territory Generation.

All transactions with Power and Water Corporation and Territory Generation are on an arm's length basis in the normal course of business and on commercial terms and conditions.

During the year, the Corporation entered into the following trading transactions with related parties:

RELATED PARTY	SALES TO RELATED PARTIES $'000	PURCHASES FROM RELATED PARTIES $'000	AMOUNTS OWED BY RELATED PARTIES $'000	AMOUNTS OWED TO RELATED PARTIES $'000
2016 Government Owned Corporations	9,812	471,717	4,203	60,088
2015 Government Owned Corporations	8,337	471,347	2,194	78,998

The 2015 disclosure for amounts owed by related parties has decreased $34.8 million to remove unbilled receivables.

NOTE 20 NOTES TO THE STATEMENT OF CASH FLOWS

		2016 $'000	2015 $'000
	Profit for the year	5,021	10,478
	Deferred tax expense recognised in profit or loss	2	(2,387)
	Income tax expense recognised in profit and loss	2,151	6,876
	Impairment loss recognised on trade receivables	1,905	1,224
	Depreciation and amortisation of non-current assets	6	-
	Decrease in trade and other receivables	25,204	(97,008)
	Increase in other assets	(9,558)	(4,848)
	Decrease in trade and other payables	(32,192)	94,118
	Increase in provisions	887	7,264
	Increase in other liabilities	1,463	5,503
	NET CASH USED IN OPERATING ACTIVITIES	**(5,111)**	**21,220**

Included in the 2016 total is $18.5 million which relates to the settlement of the 2015 intercompany loan with Power and Water Corporation associated with structural separation. Excluding the $18.5 million settlement, cash flow generated by operating activities would have been $13.3 million.

NOTE 21 FINANCIAL INSTRUMENTS

Capital risk management

The Corporation manages its capital to ensure that the Corporation will be able to continue as a going concern while maximising the return to its shareholder through the optimisation of the debt and equity balances. The capital structure of the Corporation consists of equity of the Corporation (comprising contributed equity and retained earnings); the Corporation does not currently have any borrowings.

The Corporation is not subject to any externally imposed capital requirements.

	Categories of financial instruments		
		2016 $'000	2015 $'000
	Financial Assets		
	Cash and cash equivalents balances	55,078	61,220
	Loans and receivables:		
	Trade and other receivables	69,899	97,008
		124,977	**158,228**

		2016 $'000	2015 $'000
	Financial Liabilities		
	Amortised cost:		
	Trade and other payables	62,995	88,311
	Provisions	8,151	7,264
	Other current liabilities	6,966	5,503
		78,112	**101,078**

Financial risk management

The Corporations Finance department provides services to the Corporation, coordinates access to financial markets, and manages the financial risks relating to the operations of the Corporation.

The Corporation does not enter into or trade financial instruments, including derivative financial instruments.

Foreign currency risk management

The Corporation does not undertake transactions denominated in foreign currencies; consequently the Corporation is not exposed to exchange rate fluctuations.

Commodity price risk

The Corporation's exposure to price risk is alleviated by contracting with key providers. As the individual agreements are considered commercial-in-confidence, sensitivity on these risks is not able to be presented.

Interest rate risk management

The Corporation does not borrow funds; consequently the Corporation is not exposed to interest rate risk.

Credit risk management

Credit risk represents the loss that would be recognised at the reporting date if counterparties failed to meet their contractual obligations. The credit risk on receivables has been recognised in the Statement of Financial Position and reflects the carrying amount net of any allowance for doubtful debts. The Corporation has a minimal concentration of credit risk as it undertakes transactions with a large number of customers and counterparties. The Corporation is not materially exposed to any individual customer.

Liquidity risk management

The following tables detail the Corporation's remaining contractual maturity for its financial assets and liabilities. The tables have been drawn up based on the undiscounted cash flows based on the earliest date on which the Corporation can be required to pay its financial liabilities and receive its financial assets. The tables include both principal and interest cash flows.

2016	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	LESS THAN 1 MONTH	1-3 MONTHS	3 MONTHS TO 1 YEAR	TOTAL
Financial assets					
Non-interest bearing	0.0%	69,899	-	-	69,899
Variable interest rate	2.0%	55,078	-	-	55,078
		124,977	**-**	**-**	**124,977**
Financial liabilities					
Non-interest bearing	0.0%	78,112	-	-	78,112
Variable interest rate	0.0%	-	-	-	-
		78,112	**-**	**-**	**78,112**

2015	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	LESS THAN 1 MONTH	1-3 MONTHS	3 MONTHS TO 1 YEAR	TOTAL
Financial assets					
Non-interest bearing	0.0%	97,008			97,008
Variable interest rate	2.0%	61,220			61,220
		158,228	**-**	**-**	**158,228**
Financial liabilities					
Non-interest bearing	0.0%	101,078	-	-	101,078
Variable interest rate	0.0%	-	-	-	-
		101,078	**-**	**-**	**101,078**
The 2015 financial liabilities amount in the tables above has increased $5.5 million on last year's balance to incorporate the balance of unearned revenue at year end.					

Fair value of financial instruments

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximate their fair values.

NOTE 22 SUBSEQUENT EVENTS

There has not arisen in the interval between the end of the financial year and the date of this report any other item, transaction or event of a material or unusual nature, that in the opinion of the directors of the Corporation, affects significantly the operations of the Corporation, the results of those operations, or the state of affairs of the Corporation in future financial years.

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