

Eastern Bay Energy Trust

FINANCIAL STATEMENTS

For the Year Ended 31 March 2006

EASTERN BAY ENERGY TRUST

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006

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EASTERN BAY ENERGY TRUST

TRUST DIRECTORY AS AT 31 MARCH 2006

<i>Settlement:</i>	1 August 1994
<i>Settlor:</i>	Bay of Plenty Electricity Limited
<i>IRD Number:</i>	66-765-893
<i>Nature of Business:</i>	Investment
<i>Type of Trust:</i>	Qualifying
<i>Bankers:</i>	The National Bank Whakatane
<i>Accountants:</i>	Focus Chartered Accountants Limited P O Box 302 Whakatane

EASTERN BAY ENERGY TRUST

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2006

	<i>This Year</i>	<i>Last Year</i>
INCOME		
Dividends Received	5,315,424	4,449,768
Interest Received	453,155	291,368
Total Revenue	5,768,579	4,741,136
EXPENSES		
Working Expenses		
Wages	8,809	-
Advertising & Public Relations	21,203	19,375
Conference & Meeting Fees	4,233	5,244
ETNZ Levy & Meetings	4,397	2,552
Grants Database	-	1,644
Election & Referendum Expenses	45,334	-
Research & Development	72,227	35,191
Travelling & Accommodation	14,935	6,104
Managers Contract	49,154	60,435
	220,292	130,545
Motor Vehicle Expenses		
Vehicle Expenses - Fuel & Oil	587	-
Administration Expenses		
Annual Report & Meeting Costs	7,358	-
Audit Fees	11,222	10,594
Treasurers Fees	25,186	20,685
Consultancy Expenses	61,233	-
General Expenses	4,305	5,059
Trust Deed Expenses	20,052	-
Insurance	23,374	23,280
Legal Expenses - Trust Deed	344,643	32,417
Legal Fees - Election Expenses	5,363	-
Legal Fees - Other	6,620	-
Office Rental	6,665	11,456
Office Support	20,953	-
Printing & Stationery	11,783	5,070
Trustee Fees	91,085	100,278
Telephone & Tolls	3,811	2,515
	643,653	211,354

The accompanying notes form part of these financial statements.

Focus Chartered Accountants Limited

The above information has been prepared without performance of audit or review engagement procedures and must be read subject to the statement of disclaimer.

EASTERN BAY ENERGY TRUST

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2006

	<i>This Year</i>	<i>Last Year</i>
Standing Charges		
Bank Fees	11,667	10,787
Non Deductible Expenses		
Office Development - Non Deductible	45,000	-
Total Expenses	<u>921,199</u>	<u>352,686</u>
CASH OPERATING PROFIT (DEFICIT)	4,847,380	4,388,450
Depreciation	1,878	3,118
Loss on Disposal	-	1,896
NET SURPLUS	<u><u>\$4,845,502</u></u>	<u><u>\$4,383,436</u></u>

The accompanying notes form part of these financial statements.

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EASTERN BAY ENERGY TRUST

STATEMENT OF MOVEMENTS IN EQUITY FOR THE YEAR ENDED 31 MARCH 2006

	<i>This Year</i>	<i>Last Year</i>
NET SURPLUS	4,845,502	4,383,436
Less		
Imputation Credits on Taxable Income	(2,237,488)	(1,807,644)
Taxation on Trustees Income	2,127,102	1,443,451
Imputation Credit Adjustment	110,386	364,403
	<u>-</u>	<u>210</u>
Less Distributed as Beneficiaries Income During the Year		
Distribution to Beneficiaries	2,661,091	2,779,690
	<u>2,661,091</u>	<u>2,779,690</u>
Balance Retained as Trustees Income added to Equity	2,184,411	1,603,536
Equity at Start of Year	38,576,339	36,972,803
	<u>38,576,339</u>	<u>36,972,803</u>
	<u>\$40,760,750</u>	<u>\$38,576,339</u>

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Focus Chartered Accountants Limited

EASTERN BAY ENERGY TRUST

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2006

	<i>This Year</i>	<i>Last Year</i>
CURRENT ASSETS		
National Bank - Administration Account	25,248	240,429
National Bank - Grants Account	25,686	158,404
ASB Bank - 00 Account	1,081,160	-
ASB Bank - 02 Account	72,277	-
Petty Cash Imprest	100	100
Accounts Receivable	849	-
Taxation Refund Due	20,877	312,464
	<u>1,226,197</u>	<u>711,397</u>
NON CURRENT ASSETS		
Property, Plant and Equipment		
Office Furniture (at Book Value)	4,889	5,829
Investments		
Other Entity Related Investments (as per schedule)	34,285,325	34,035,325
Other Investments (as per schedule)	6,857,093	5,380,299
	<u>41,142,418</u>	<u>39,415,624</u>
TOTAL ASSETS	<u>\$42,373,504</u>	<u>\$40,132,850</u>
CURRENT LIABILITIES		
Accounts Payable	258,100	38,834
Grant Payments Owing	1,354,654	1,517,677
	<u>1,612,754</u>	<u>1,556,511</u>
TRUST EQUITY	<u>40,760,750</u>	<u>38,576,339</u>
TOTAL EQUITY & LIABILITIES	<u>\$42,373,504</u>	<u>\$40,132,850</u>

The accompanying notes form part of these financial statements.

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Focus Chartered Accountants Limited

EASTERN BAY ENERGY TRUST

SCHEDULE OF INVESTMENTS AS AT 31 MARCH 2006

	Value	No	This Year	No	Last Year
Other Entity Related Investments					
Shares - Horizon Energy Distribution L	1.76	19,316,130	33,915,325	19,316,130	33,915,325
Shares - Development Enterprises Lim	3.08	120,000	370,000	120,000	120,000
			<u>34,285,325</u>		<u>34,035,325</u>
Other Investments					
Accrued Interest	-	-	6,387	-	-
Investment Portfolio - Special Events	-	-	712,726	-	-
Investment Portfolio - Grants	-	-	250,000	-	1,150,000
Investment Portfolio - General	-	-	3,239,736	-	3,234,442
National Bank - Portfolio Account	-	-	2,088,244	-	830,857
Loan - Energy Options Ltd	-	-	60,000	-	60,000
Loan - Opotiki District Council	-	-	-	-	5,000
Loan - Development Enterprises Limited	-	-	100,000	-	100,000
Loan - Parkwood Biomass Solution Partnership	-	-	150,000	-	-
Loan - Development Enterprises	-	-	250,000	-	-
			<u>6,857,093</u>		<u>5,380,299</u>
			<u>\$41,142,418</u>		<u>\$39,415,624</u>

The accompanying notes form part of these financial statements.

Focus Chartered Accountants Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006

1 STATEMENT OF ACCOUNTING POLICIES

These are the financial statements of Eastern Bay Energy Trust. Eastern Bay Energy Trust is a trust established by a trust deed dated 1 August 1994.

The financial statements have been prepared in accordance with generally accepted accounting principles.

The trust qualifies for differential reporting based on the following criteria:

- . It is not publicly accountable and
- . The trust is 'not large' as defined by the Institute of Chartered Accountants of New Zealand.

The trust has adopted all available differential reporting exemptions.

Measurement System

The measurement system adopted is that of historical cost.

Particular Accounting Policies

The following is a summary of the significant accounting policies adopted by the trust in the preparation of these financial statements.

Property, Plant, Equipment and Depreciation

Property, plant and equipment are included at cost less aggregate depreciation provided at the maximum rates allowed by the Inland Revenue Department. Property, plant and equipment that are leased under a specified lease for the purposes of the Income Tax Legislation are capitalised and depreciated. The depreciation rates used are shown in the Schedule of Property, Plant and Equipment.

Taxation

Taxation charged against profits is based on estimated tax payable for the current year. Deferred tax accounting has not been adopted by the trust.

Accounts Receivable

Accounts receivable are stated at their estimated realisable value.

Investments

Investments are valued at cost.

Goods and Services Tax

The financial statements have been prepared on a GST inclusive basis.

Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in previous years.

2 ANALYSIS OF EQUITY

The Trust Deed makes distinction between trust capital and accumulated trustees income. The Equity of the Trust consists of the following:

	<i>This Year</i>	<i>Last Year</i>
Capital		
Imputation Credits on Taxable Income	2,237,488	1,807,644
Taxation on Trustees Income	(2,127,102)	(1,443,451)
Imputation Credit Adjustment	(110,386)	(364,403)
	<u>-</u>	<u>(210)</u>
Accumulated Trustees Income	40,760,750	38,576,549
	<u>\$40,760,750</u>	<u>\$38,576,339</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006**

3 PROPERTY, PLANT AND EQUIPMENT SUMMARY

	<i>Cost</i>	<i>Accum Depn</i>	<i>Book Value</i>
<i>This Year</i>			
Plant & Equipment	<u>11,925</u>	<u>7,036</u>	<u>4,889</u>
<i>Last Year</i>			
Plant & Equipment	<u>10,987</u>	<u>5,158</u>	<u>5,829</u>

4 CONTINGENT LIABILITIES

There are no contingent liabilities at year end (31 March 2005: \$Nil).

5 CAPITAL COMMITMENTS

	<i>This Year</i>	<i>Last Year</i>
Current	<u>400,000</u>	<u>400,000</u>
	<u>\$400,000</u>	<u>\$400,000</u>

The Trust has entered into a commitment for flood relief assistance to a maximum of this amount.

6 RELATED PARTIES

Other than the transactions shown in the beneficiaries' current accounts, there were no material related party transactions.

7 TAXABLE PROFIT

	<i>This Year</i>	<i>Last Year</i>
Net Surplus per Accounts	4,845,502	4,383,436
Plus		
Office Development - Non Deductil	45,000	-
Less		
Taxable Surplus	<u>\$4,890,502</u>	<u>\$4,383,436</u>

EASTERN BAY ENERGY TRUST

ACCOUNTANTS REPORT DISCLAIMER OF LIABILITY

We have compiled the financial statements of Eastern Bay Energy Trust for the year ended 31 March 2006.

A compilation is limited primarily to the collection, classification, and summarisation of financial information supplied by our client. A compilation does not involve the verification of that information. We have not carried out an audit or a review assignment on the financial statements and therefore neither we nor any of our employees accept any responsibility for the accuracy of the materials from which the financial statements have been prepared.

Further, the financial statements have been prepared at the request of and for the purpose of our client only and neither we nor any of our employees accept any responsibility on any ground whatsoever, including liability in negligence, to any other person.

Focus Chartered Accountants Limited
Chartered Accountants
Whakatane

4 July 2006