



Extract from
2010 Financial Statements

Eastern Bay Energy Trust

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Eastern Bay Energy Trust

Directory

As at 31 March 2010

Nature of Business	Investment
Address	5 Richardson Street PO Box 567 Whakatane
Date the Trust was formed	1 August, 1994
Trustees	D Bulley (Chairman) K Hennessy (Deputy Chairman) B Ponting P Patterson D Smit Wade Brown (elected 1 Oct 2009) R Wilson (retired 1 Oct 2009)
Settlor	Horizon Energy Distribution Limited (formerly called Bay of Plenty Electricity Limited)
Beneficiaries	Consumers as defined in the Trust Deed
Accountants	Focus Chartered Accountants Limited Whakatane
Bankers	ASB Bank
IRD Number	066-765-893

Eastern Bay Energy Trust

Statement of Comprehensive Income

For the Year ended 31 March 2010

	Note	2010 \$	2009 \$
Income			
Dividends Received		2,414,516	4,152,968
Interest Received		151,363	165,784
		2,565,879	4,318,752
Less Expenses			
ACC Levies		499	575
Annual Report & Meeting Costs		6,517	6,203
Advertising - CFO Role		5,300	-
Communications		11,165	26,500
Audit Costs		32,651	52,557
Bank Fees		617	667
Conference & Meeting Fees		970	719
Election & Referendum Expenses		27,813	-
ETNZ Levy & Meetings		2,269	5,396
Fringe Benefit Tax		2,321	1,316
General Expenses		9,355	11,676
Insurance		13,601	17,448
Legal Fees - Other		685	13,689
Loan Application Fees		22,000	-
Office Rental		13,994	8,706
Office Support		-	4,768
Motor Vehicle Expenses		3,670	2,971
Postage, Printing & Stationery		7,369	9,295
Research & Development		389,817	226,527
Subscriptions		1,539	783
Telephone & Tolls		4,603	6,152
Training		547	2,804
Travelling & Accommodation		3,871	6,762
Treasurers Fees		44,809	37,811
Trustee Expenses		7,368	8,376
Trustee Fees		119,260	100,735
Wages		117,147	102,820
Wages - Holiday Pay Accrual		3,219	-
Contract CFO Costs		60,990	-
		913,966	655,256

The accompanying notes form part of these financial statements.

Eastern Bay Energy Trust

Statement of Comprehensive Income (continued)

For the Year ended 31 March 2010

	Note	2010	2009
		\$	\$
Non Cash Expenses			
Depreciation		6,388	5,233
Total Expenses		920,354	660,489
Profit before Income Tax		1,645,525	3,658,263
Income Tax Expense		-	(80)
Profit after Income Tax		1,645,525	3,658,183
Other items recorded in the statement of comprehensive income			
Impairment of subsidiaries		(2,925,978)	(1,250,000)
Net Profit for the Year		(1,280,453)	2,408,183
Other comprehensive income net of tax			
Unrealised Increase in Horizon Energy Distribution Limited Share Value	3	6,181,161	193,161
Total comprehensive income for the year		4,900,708	2,601,344

The accompanying notes form part of these financial statements.

Eastern Bay Energy Trust

Statement of Changes in Trust Funds

For the Year ended 31 March 2010

	Note	Trust Capital	Retained Earnings	Reserves	Total Equity
		\$	\$	\$	\$
Balance As At 1 April 2008		26,637,168	16,613,748	25,963,839	69,214,755
<i>Total comprehensive income for the year</i>					
Profit for the year		-	2,408,183	-	2,408,183
Unrealised Increase in Horizon Energy	3	-	-	193,161	193,161
Total comprehensive income for the year		-	2,408,183	193,161	2,601,344
<i>Transactions with owners, recorded directly in equity</i>					
Grants Paid and Proposed		-	(1,429,003)	-	(1,429,003)
Balance As At 31 March 2009		26,637,168	17,592,928	26,157,000	70,387,096
Balance As At 1 April 2009		26,637,168	17,592,928	26,157,000	70,387,096
<i>Total comprehensive income for the year</i>					
Profit for the year		-	(1,280,453)	-	(1,280,453)
Unrealised Increase in Horizon Energy	3	-	-	6,181,161	6,181,161
Total comprehensive income for the year		-	(1,280,453)	6,181,161	4,900,708
<i>Transactions with owners, recorded directly in equity</i>					
Grants Paid and Proposed		-	(1,390,953)	-	(1,390,953)
Balance As At 31 March 2010		26,637,168	14,921,522	32,338,161	73,896,851

The accompanying notes form part of these financial statements.

Eastern Bay Energy Trust

Statement of Financial Position

As at 31 March 2010

	Note	2010 \$	2009 \$
Current Assets			
Petty Cash		100	100
Term Deposits (short term)		497,895	1,358,088
ASB Bank - 50 Account		45,027	156,196
ASB Bank - 02 Account		87,759	68,179
ASB Bank - 00 Account		6,607	65,823
Other Receivables		26,070	8,051
Total Current Assets		663,458	1,656,437
Non Current Assets			
Property, Plant & Equipment	2	14,851	21,239
Shares - Horizon Energy Distribution Ltd	3	66,254,326	60,073,164
Shares - Other Subsidiaries	3	4,507,028	6,415,006
Term Deposits (long term)	3	2,000,000	213,000
Loans - Other Entities	3	17,251	27,851
Loans - Subsidiaries	3	1,740,930	2,864,546
Total Non Current Assets		74,534,386	69,614,806
Total Assets		75,197,844	71,271,243
Current Liabilities			
Sundry Creditors		203,953	48,615
Grant Payments Owing		1,089,647	835,532
Staff Entitlements		7,392	-
Total Liabilities		1,300,993	884,147
Net Assets		73,896,851	70,387,096
Trust Funds			
Trust Capital Account		26,637,168	26,637,168
Retained Earnings		14,921,522	17,592,928
Reserves		32,338,161	26,157,000
Total Trust Funds		73,896,851	70,387,096

The accompanying notes form part of these financial statements.

For the Year ended 31 March 2010

1 Statement of Accounting Policies

Reporting Entity

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

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

Statement of Compliance and Basis of Preparation

The accounting principles recognised as appropriate for the measurement and reporting of the financial performance and financial position on an historical cost basis are followed by the trust. The information is presented in New Zealand dollars.

Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of the Financial Performance and Financial Position have been applied:

(a) Revenue

Revenue is recognised at the time of supply.

(b) Expenses

Expenses have been classified on their business function.

(c) Trade Receivables

Trade Receivables are recognised at estimated realisable value.

(d) Property, Plant and Equipment

Property, Plant and Equipment are recognised at cost less aggregate depreciation. Depreciation has been calculated using the maximum rates permitted by the Income Tax Act 2007. Gains and losses on disposal of fixed assets are taken into account in determining the operating result for the year.

(e) Income Tax

No income tax expense is recognised in the Financial Statements as the Trust is registered charity and no income tax is payable on the profit of the Trust.

(f) Investments

The Trust's investment in Horizon Energy Distribution Limited shares have been revalued to market value as at balance date. All other investments are initially recorded at cost price and tested for impairment. DEL shares have been impaired during this year see note (2009:nil).

(g) Goods and Services Taxation (GST)

The Trust was GST registered from October 2009. From this date the financial information in these accounts is recorded exclusive of GST with the exception of receivables and payables, which include GST. GST payable or receivable at balance date is included in the appropriate category in the Statement of Financial Position.

(h) Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on a basis consistent with those from previous financial statements. The presentation of certain comparative balances has been amended to ensure consistency with current year disclosures.

For the Year ended 31 March 2010

1 Statement of Accounting Policies (continued)

(i) Entity Ownership and Abbreviations

The Trust and the subsidiaries of the Trust are as follows:

- Eastern Bay Energy Trust (EBET)
- Development Enterprises Limited (DEL) - 100% owned by EBET
- Energy Options Limited (EOL) - 100% owned by EBET
- DEL Property Investments Limited (DPIL) - 100% owned by DEL
- DEL Investments Limited (DIL) - 100% owned by DEL (formerly Parkwood Investments Limited)
- Eco Finance Limited (EFL) - 100% owned by DEL
- Energy Options Charitable Company Limited - 100% owned by EBET
- Horizon Energy Distribution Limited (HEDL) – 77.29% owned by EBET

2 Property, Plant & Equipment

	Cost	Depreciation Charged	Accumulated Depreciation	Closing Book Value
Property, Plant & Equipment 2010	\$	\$	\$	\$
Plant & Equipment	16,104	1,470	12,729	3,375
Motor Vehicles	19,171	4,918	7,695	11,476
Total Property, Plant & Equipment	35,275	6,388	20,424	14,851

	Cost	Depreciation Charged	Accumulated Depreciation	Closing Book Value
Property, Plant & Equipment 2009	\$	\$	\$	\$
Plant & Equipment	16,104	2,456	11,259	4,845
Motor Vehicles	19,171	2,777	2,777	16,394
Total Property, Plant & Equipment	35,275	5,233	14,036	21,239

Eastern Bay Energy Trust

Notes to and forming part of the Financial Statements (continued)

For the Year ended 31 March 2010

3 Investments	Qty	2010	2009
		\$	\$
Shares - Horizon Energy Distribution Ltd	19,316,130	66,254,326	60,073,164
Shares - Other Subsidiaries			
Shares - Development Enterprises Limited	1,200	201,238	370,000
Shares - DEL Redeemable Shares	6,045,006	3,287,790	6,045,006
Shares - Energy Options Limited	24,000	1,018,000	-
Total		4,507,028	6,415,006
Loans - Other Entities			
Loan - Eastbay REAP	-	-	3,951
Loan - Kawerau Cosmopolitan Club	-	17,251	23,900
Total		17,251	27,851
Loans - Subsidiaries			
Loan - Development Enterprises (CT Scanner)	-	396,223	476,514
Loan - Eco Finance Limited	-	25,000	50,000
Loan - Development Enterprises Limited	-	1,114,707	2,133,032
Loan - Energy Options Ltd	-	205,000	205,000
Total		1,740,930	2,864,546
Term Deposits (ASB Bank)	-	2,000,000	213,000
Total Investments		74,519,535	69,593,567

The Trust owns 77.29% of Horizon Energy Distribution Limited (holding 19,316,130 of total shares issued). The market value of these shares as at 31 March 2010 was \$66,254,325 or \$3.43 per share (2009: \$60,073,164 or \$3.11 per share)

The Trustees have recognised an impairment of the investment in shares of DEL in 2010. The recognised impairment of \$2,925,978 represents the difference in the net assets of DEL and the cost price of the shares paid by the Trust. No allowance has been made for the future tax benefit of the losses that DEL and its subsidiaries currently hold. Recognition of the impairment was made apparent once the shareholding that DEL had in EOL was valued and sold to the Parent. The impairment has been recognised in the statement of comprehensive income.

Up until 11 March 2009, 100% of the shares in Energy Options Limited were owned by Development Enterprises Limited. On 11 March 2010 the EBET purchased 100% of the EOL shares from DEL for a value of \$1,018,000. The value was assessed by an independent accountant.

For the Year ended 31 March 2010

4 Investment in Associated Entities

Balances used in the preparation of these financial statements include the following investments in subsidiaries(\$000's):

	DEL	EOL	EOCCL	EFL	DPIL	DIL	TOTAL
Advances from EBET*	1,511	205	-	25	-	-	1,741
Shareholding by EBET**	6,415	1,018	-	-	-	-	7,433
Total direct investment	7,926	1,223	-	25	-	-	9,174

Net assets of the subsidiary(excluding advances from EBET)	5,567	1,494	686	53	322	73	8,195
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Unrecognised deferred tax assets (at 30% tax rate)	156	-	-	12	-	690	858
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*A \$1,250,000 loan advanced to DIL by EBET was impaired in 2009 and written off. Therefore this amount is not included in the above table.

** Shown at cost, prior to any impairment recognition.

5 Name Change

During 2009 Parkwod Investments Limited changed its name to DEL Investments Limited.

6 Contingent Liabilities

The Trust has no contingent liabilities as at 31 March 2010, (2009 Nil).

7 Capital Commitments

The Trust has no capital commitments as at 31 March 2010, (2009 Nil).

8 Relationship to Full Financial Statements

The enclosed financial statements have been prepared using the identical information used to prepare the full financial statements. The full financial statements have been approved by the Trustees on the 30th July 2010. The audit report was issued on the 30th July 2009.

The full financial statements have been prepared in accordance with NZ GAAP. The Trust is a public benefit entity and the full financial statements have been prepared on this basis. The Trust has made a statement of compliance with IFRSs in its full financial statements.

The enclosed financial statements are not expected to provide a complete understanding as provided by the full financial statements. The full financial statements are available at the Trust office.