

KING COUNTRY ELECTRIC POWER TRUST

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KING COUNTRY ELECTRIC POWER TRUST
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2005

	Note	31 March 2005	31 March 2004
Income	1	412,966	348,847
Expenses	2	75,389	80,428
		-----	-----
Operating Surplus Before Taxation		337,577	268,419
Income tax		NIL	NIL
		-----	-----
Operating Surplus After Taxation	5	337,577	268,419
Plus			
25 % Share of Net surplus, after dividend and taxation of The Lines Co Ltd	10	361,717	255,280
		-----	-----
Consolidated Surplus (Deficit) after taxation		\$ 699,294	\$523,699
		=====	=====

KING COUNTRY ELECTRIC POWER TRUST

STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH 2005

	Note	31 March 2005	31 March 2004
Trust Equity :			
Total Equity (Refer Statement of Movements in Equity)		\$28,113,599	\$22,234,586
		=====	=====
Represented By :			
Current Assets			
Bank Balance & Short Term Deposit		825,854	478,712
Receivables	8	12,470	38,838
		-----	-----
Total Current Assets		838,324	517,550
Investments			
Shares in King Country Energy Limited	3	6,375,000	4,968,750
Shares in The Lines Company Ltd	3	20,900,585	16,765,399
		-----	-----
Total Investments		27,275,585	21,734,149
Fixed and Long Term Assets			
Assets at cost less Accumulated Depreciaiton	4	3,269	257
		-----	-----
Total Fixed and Long Term Assets		3,269	257
		-----	-----
Total Assets		28,117,178	22,251,956
Less			
Current Liabilities			
Trade Creditors	9	3,579	17,370
Income Tax Payable	6, 7	-	-
		-----	-----
Total Current Liabilities		3,579	17,370
		=====	=====
Net Assets		\$28,113,599	\$22,234,586
		=====	=====

Trustee

Trustee

KING COUNTRY ELECTRIC POWER TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2005

	Note	31 March 2005	31 March 2004
Cash Flows from Operating Activities			
Cash was received from:			
Interest received		31,427	10,953
Dividends Received		407,908	332,909
Taxation Refund		0	370
Investments Sold	3	0	36,898
		-----	-----
		439,335	381,130
Cash was applied to:			
Suppliers and Employees		92,193	65,576
Net Cash In Flow (Out Flow) from Operating Activities	5	----- \$347,142	----- \$315,554
		=====	=====
Total Net Cash Movement		347,142	315,554
Plus Opening Balance		478,712	163,158
		-----	-----
Closing Balance		825,854	478,712
Represented By:			
Cash at Bank		2,394	379
Short Term Investments		823,460	478,333
		-----	-----
		\$825,854	\$478,712
		=====	=====

KING COUNTRY ELECTRIC POWER TRUST
STATEMENT OF MOVEMENTS IN EQUITY
FOR THE YEAR ENDED 31ST MARCH 2005

	Note	31 March 2005	31 March 2004
Trust Equity 1st April 2004 - Net Capital of Trust		22,234,586	20,006,801
<u>Plus increase in Reserves</u>			
Share Revaluation Reserve			
- King Country Energy Ltd		1,406,250	1,331,250
		-----	-----
Total Increase in Reserves		1,406,250	1,331,250
<u>Associate Company Revaluation - The Lines Co Ltd</u>			
<u>Plus</u>			
25 % share of surplus after tax for year ended 31 March 2005 net of dividend receivable	10	361,717	222,372
25% share of asset revaluation as at 31st March 2005	11	3,773,469	405,096
		-----	-----
		4,135,186	627,468
<u>Plus Retained Earnings</u>			
for current year		337,577	268,419
Capital gain - sale of King Country Energy Shares			648
		-----	-----
Total Trust Equity as at 31st March 2005		\$28,113,599	\$22,234,586
		=====	=====

KING COUNTRY ELECTRIC POWER TRUST
NOTES TO ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2005

STATEMENT OF ACCOUNTING POLICIES

The following particular accounting policies that materially affect the measurement of profit and the financial position have been applied.

REPORTING ENTITY

The King Country Electric Power Trust is an Energy Power Trust as defined in the Energy Companies Act 1992 and prepares general purpose financial statements in accordance with generally accepted accounting practice and the requirements of the Electricity Amendment Act 2001.

The principal activity of the Trust is the holding of 10 % of the shares in King Country Energy Ltd, and 25 % of the shares in The Lines Co Ltd, on behalf of consumers, and to exercise the rights attached to the ownership of the shares in those companies for the benefit of consumers, in accordance with the terms of the Trust Deed

MEASUREMENT BASE

The generally accepted accounting policies recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis are followed, except where revaluation of assets are incorporated, and other items disclosed in the accounting policies listed below.

Reliance is placed on the fact that the Trust is a going concern.

CHANGES IN ACCOUNTING POLICY

No changes have been made in accounting policy

All policies have been applied on a basis consistent with previous years.

ACCOUNTING PERIOD

These financial statements cover transactions for the year ended 31 March 2005.

The Balance Date of the Trust is set out in the Definitions of the Trust Deed and is the 31st day of March each year.

PARTICULAR ACCOUNTING POLICIES

The following particular accounting policies which materially affect the measurement of profit and financial position are applied:

Operating Results

The Statement of Financial Performance shows the results of operating revenue less expenses.

KING COUNTRY ELECTRIC POWER TRUST
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

PARTICULAR ACCOUNTING POLICIES (Continued)

Distinction Between Capital and Revenue Expenditure

Capital Expenditure is all expenditure on the purchase of a new assets and any expenditure which results in a significant improvement of the original function of an existing asset. Revenue Expenditure is expenditure which restores an asset to its original condition and all expenditure in maintaining and operating the business of the Trust.

Accounts Receivable

Accounts Receivable are stated at expected net realisable value.

Investment in The Companies

The investments in the Companies are shown at the unlisted market value for King Country Energy Ltd, and as a 25 % share of the equity value for The Lines Co Ltd.

Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation.

Depreciation

Fixed Assets have been depreciated on the following basis:
Computer Equipment 48% DV.
Filing Cabinet 14.4% DV.

Income and Expenditure - Goods and Services Tax

The Trust is not registered for Goods and Services Tax.
Items of income and expenditure are stated inclusive of Goods and Services Tax.

Contingent Liabilities

There are no contingent liabilities at the end of the year.

Post Balance Date Items of Significance

There were no post balance date items of significance

Particular Effect of the Change in Accounting Policy

Value of Investments (Refer Note 3)

The value of the shareholding in King Country Energy Ltd has increased from \$4,968,750 to \$6,375,000.

The value of the shareholding in The Lines Co Ltd has increased from \$16,765,399 to \$20,900,585.

KING COUNTRY ELECTRIC POWER TRUST
NOTES TO THE ACCOUNTS

	31 March 2005	31 March 2004
1 <u>INCOME</u>		
Interest Received	37,966	15,938
Dividends Received	375,000	332,909
	-----	-----
	\$412,966	\$348,847
	=====	=====
2 <u>EXPENSES</u>		
Operating Expenses	47,974	54,845
Depreciation	332	83
Trustees Honorarium and Fees	27,083	25,500
	-----	-----
	\$75,389	\$80,428
	=====	=====

3 SHARE INVESTMENTS

The Trust, at balance date, held the following share investments:

	2005	2004
	\$	\$
1,875,000 shares in King Country Energy Ltd at \$3.40	6,375,000	4,968,750
3,290,780 shares in The Lines Co Ltd **	20,900,585	16,765,399
	-----	-----
	\$27,275,585	\$21,734,149
	=====	=====

* As valued on the Unlisted Exchange on Balance Date.

** Refer to Disclosure Statement.

No investments were sold during the year.

	2005	2004
	\$	\$
4 FIXED ASSETS		
- Cost	3,693	3,310
- Less Accumulated Depreciation	424	3,053
	-----	-----
	\$3,269	\$257
	=====	=====

KING COUNTRY ELECTRIC POWER TRUST

5 RECONCILIATION OF CASH FLOWS WITH REPORTED OPERATING RESULTS

	Note	31 March 2005	31 March 2004
		\$	\$
Reported Operating Surplus after Income Tax		337,577	268,419
Assets purchased		(3,345)	0
Depreciation Provided		332	83
Increase (Decrease)in Creditors		(13,790)	14,770
(Increase) Decrease in Receivables		26,368	(4,985)
Sale of shares held in King Country Energy Ltd	3		36,897
		-----	-----
Net Cash inflow from Operating Activities		\$347,142	\$315,184

6 INCOME TAX

		2005	2004
		\$	\$
Operating Surplus as Accounts		337,577	268,419
Less Dividend Received May 2004 not taxable income until following year			32,908
		-----	-----
		337,577	235,511
Plus Dividend received May 2004		32,908	32,907
		-----	-----
		370,485	268,418
PLUS Imputation Credits for Year		200,909	16,207
		-----	-----
TAXABLE INCOME FOR YEAR		571,394	284,625
LESS Taxable Losses from Previous Years		54,844	290,356
		-----	-----
NET TAXABLE INCOME FOR YEAR		<u>\$516,550</u>	<u>(5,731)</u>
TAX at 33c in \$		170,461	NIL
Less Imputation credits		<u>200,909</u>	<u>16,207</u>
IMPUTATION CREDITS NOT UTILISED		30,448	16,207
Tax Credit from Imputation Credits Converted to taxable Loss		92,264	49,112
		-----	-----
TAXABLE LOSSES CARRIED FORWARD		<u>\$ 92,264</u>	<u>\$54,843</u>

7 CERTIFICATE OF EXEMPTION

Inland Revenue has granted a Certificate of Exemption from Resident Withholding Tax. Dividends and Interest do not have Resident withholding Tax deducted. Imputation credits are attached to dividends received.

KING COUNTRY ELECTRIC POWER TRUST

- 8** Receivables are interest accrued to balance date on cash deposits, but not credited until maturity of the deposits in the next financial year.
- 9** Trade creditors are the total of expenses incurred prior to balance date, but not paid until the next financial year.
- 10** It is a requirement of Financial Reporting Standard 38 that the Trust's 25 % share of the net surplus of its Associate Company, The Lines Co Ltd, is included in the consolidated surplus.
- 11** It is a requirement of Financial Reporting Standard 38 that the Trust's 25 % share of The Lines Co Ltd asset revaluation is declared in the Statement of Movements in Equity.

KING COUNTRY ELECTRIC POWER TRUST

SCHEDULE OF FIXED ASSETS AND DEPRECIATION FOR THE

YEAR ENDED 31 MARCH 2005

	RATE & TYPE	COST PRICE	OPENING VALUE	PURCHASE DATE	DEPN	ACCUM DEPN	CLOSING WDV
Plant & Equipment							
Scanner Kits for PC's	48.0D	2961	53	28/02/1998	53	2961	Nil
Discarded- unserviceable		(2,961)				(2961)	
Filing Cabinet	14.4D	349	204	27/10/2000	29	174	175
Sirocco Computer	48.0D	2,915	2,915	2/02/2005	233	233	2682
Brother Printer	48.0D	430	430	9/03/2005	17	17	413
TOTAL FIXED ASSETS		\$3694	\$3602		\$332	\$424	\$3269

KING COUNTRY ELECTRIC POWER TRUST

DIRECTORY

AS AT 31ST MARCH 2005

TRUSTEES

Brian J GURNEY	Omori	(Chairman)
Neville SANDERS	Taumarunui	
Michael F TURNER	Owhango	
Graeme S COSFORD	Taumarunui	
Douglas N.SANDERS	Ohakune	

SECRETARY

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AUDITOR

Sewell & Wilson
Ohakune & Wanganui