

INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED
30 SEPTEMBER 2017



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STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 30 SEPTEMBER 2017

	Note	Group		
		Unaudited		Audited
		6 Months 30.09.17 \$'000	6 Months 30.09.16 \$'000	12 Months 31.03.17 \$'000
Operating Income				
Operating Revenue	3	25,997	23,993	45,866
Operating Expenses	4	(18,794)	(18,921)	(35,819)
Financing Costs		(580)	(635)	(1,194)
Total Operating and Financing Costs		(19,374)	(19,556)	(37,013)
Profit before Financial Instruments				
		6,623	4,437	8,853
Fair Value Movement on Derivatives Gain/(Loss)	8	(958)	(3,337)	(3,528)
Profit Before Tax Expense				
		5,665	1,100	5,325
Income Tax Expense	5	(1,587)	(332)	(1,451)
Profit after Tax Expense				
		4,078	768	3,874
Total Comprehensive Income for the Period				
		4,078	768	3,874

All reported Revenues, Expenses and Profit After Tax are attributable to the owners of King Country Energy Ltd.

Earnings per share (Basic and Diluted) from continuing operations attributable to the ordinary equity holders of the company	14	\$0.16	\$0.03	\$0.15
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The above Statement of Comprehensive Income should be read in conjunction with Notes to the Financial Statements on pages 6 to 16.

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 SEPTEMBER 2017

	Note	Group		
		Unaudited		Audited
		30.09.17 \$'000	30.09.16 \$'000	31.03.17 \$'000
Total Equity				
Balance at the Beginning of the Period		128,489	132,222	132,222
Cancellation of Shares Purchased from Minority Holders		-	(708)	(708)
Total Comprehensive Income Attributable to Owners		4,078	768	3,874
Dividends Paid to Shareholders	14	(5,037)	(3,598)	(6,899)
Balance at the End of the Period		127,530	128,684	128,489
Reconciliation of Movements in Equity				
Share Capital				
Balance at the Beginning of the Period		54,598	55,306	55,306
Cancellation of Shares Purchased from Minority Holders		-	(708)	(708)
Balance at the End of the Period		54,598	54,598	54,598
Asset Revaluation Reserve				
Opening and Closing Balance		73,557	73,557	73,557
Retained Earnings				
Balance at the Beginning of the Period		334	3,359	3,359
Profit/(Loss) for the Period		4,078	768	3,874
Ordinary Dividends Paid		(5,037)	(3,598)	(6,899)
Balance at the End of the Period		(625)	529	334
Balance at the End of the Period		127,530	128,684	128,489

The above Statement of Changes in Equity should be read in conjunction with Notes to the Financial Statements on pages 6 to 16.

BALANCE SHEET

FOR THE PERIOD ENDED 30 SEPTEMBER 2017

	Note	Group		
		Unaudited		Audited
		30.09.17 \$'000	30.09.16 \$'000	31.03.17 \$'000
Shareholders' Equity				
Share Capital		54,598	54,598	54,598
Reserves		73,557	73,557	73,557
Retained Earnings		(625)	529	334
Total Equity		127,530	128,684	128,489
Represented by:				
Current Assets:				
Cash & Bank Balances		2,992	404	2,081
Trade & Other Receivables	6	5,897	4,785	3,831
Stock Held for Resale		-	2	3
Income Tax Receivable		-	-	-
Derivative Financial Instruments	8	788	132	1,036
Total Current Assets		9,677	5,323	6,951
Non Current Assets:				
Plant, Property & Equipment	7	171,422	175,745	173,688
Derivative Financial Instruments	8	145	-	206
Intangible Assets	9	1,661	1,673	1,666
Total Non Current Assets:		173,228	177,418	175,560
Total Assets		182,905	182,741	182,511
Current Liabilities:				
Trade & Other Creditors		2,765	1,713	2,441
Customer Credit Balances		526	405	542
Borrowings	10	4,024	11	4,012
Employee Entitlements		436	310	376
Income Tax Payable		1,195	287	705
Derivative Financial Instruments	8	3,045	1,219	2,717
Total Current Liabilities		11,991	3,945	10,793
Non Current Liabilities:				
Borrowings	10	15,000	21,800	15,016
Derivative Financial Instruments	8	1,664	1,538	1,341
Deferred Tax	5	26,720	26,774	26,872
Total Non Current Liabilities		43,384	50,112	43,229
Total Liabilities		55,375	54,057	54,022
Net Assets		127,530	128,684	128,489

The above Balance Sheet should be read in conjunction with Notes to the Financial Statements on pages 6 to 16.

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 30 SEPTEMBER 2017

	Group		
	Unaudited 30.09.17 \$'000	Unaudited 30.09.16 \$'000	Audited 31.03.17 \$'000
Cash Flows from Operating Activities			
Cash was Received from:			
Electricity Receipts from Customers	19,848	21,289	38,060
Interest Received	7	128	8
Other Receipts from Customers	3,760	3,833	7,623
	23,615	25,250	45,691
Cash was Applied to:			
Payment for Electricity	(8,410)	(11,417)	(15,124)
Settlement of Derivatives	-	(1,207)	(2,858)
Payment for Line Charges	(1,670)	(2,423)	(4,894)
Payment to Other Suppliers	(3,928)	(3,028)	(4,765)
Payment to Employees	(1,959)	(2,081)	(4,027)
Income Tax Paid	(1,248)	(727)	(1,327)
Interest on Borrowings	(536)	(604)	(926)
	(17,751)	(21,487)	(33,921)
Net Cash Inflow/(Outflow) from Operating Activities	5,864	3,763	11,770
Cash Flows from Investing Activities			
Cash was Received From:			
Sale of Fixed Assets	-	5	28
	-	5	28
Cash was Applied To:			
Purchase of Fixed Assets	(36)	(435)	(784)
	(36)	(435)	(784)
Net Cash Inflow/(Outflow) from Investing Activities	(36)	(430)	(756)
Cash Flows from Financing Activities			
Cash was received from:			
Borrowings	-	-	28
	-	-	28
Cash was Applied To:			
Purchase of Issued Share Capital	-	(708)	(708)
Borrowings	(4)	(848)	(3,659)
Dividends Paid	(4,913)	(3,598)	(6,819)
	(4,917)	(5,154)	(11,186)
Net Cash Inflow/(Outflow) from Financing Activities	(4,917)	(5,154)	(11,158)
Net Cash Movement for Period	911	(1,821)	(144)
Opening Cash & Bank Balances	2,081	2,225	2,225
Closing Cash & Bank Balances	2,992	404	2,081

RECONCILIATION WITH OPERATING PROFIT

FOR THE PERIOD ENDED 30 SEPTEMBER 2017

	Group		
	Unaudited 30.09.17 \$'000	Unaudited 30.09.16 \$'000	Audited 31.03.17 \$'000
Profit after Tax per Statement of Comprehensive Income	4,078	768	3,874
Non Cash Items			
Loss/(Gain) on Disposal of Fixed Assets	12	6	33
Depreciation & Impairment	2,296	2,296	4,691
Change in Fair Value of Financial Instruments	958	3,337	3,528
Increase / (Decrease) in Deferred Taxation Through Profit and Loss	(151)	(797)	(699)
	3,115	4,842	7,553
Changes in Working Capital			
Increase / (Decrease) in Employee Entitlements	60	57	123
Increase / (Decrease) in Tax Payable	490	287	705
(Increase) / Decrease in Tax Receivable	-	115	115
(Increase) / Decrease in Receivables	(2,066)	(706)	248
Increase / (Decrease) in Payables	184	(1,599)	(848)
(Increase)/Decrease in Stock on Hand	3	(1)	-
	(1,329)	(1,847)	343
Net Cash Inflow / (Outflow) from Operating Activities per Statement of Cash Flows	5,864	3,763	11,770

The above Statement of Cash Flows should be read in conjunction with Notes to the Financial Statements on pages 6 to 16.

All cash and deposits are denominated in New Zealand Dollars.

The Group operates a single bank account in the name of the Parent. The net advances to subsidiaries shown in the cash flow represents the net effect of subsidiary company transactions, passing through the single bank account, operated by the Parent.

Assets acquired through finance leases are included as part of asset purchases. The associated lease obligation is included as part of the movement in borrowings during the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2017

1. Accounting Period

These unaudited Financial Statements are for the six month period ended 30 September 2017. They have been prepared in accordance with New Zealand International Financial Reporting Standards (NZ IFRS) and should be read in conjunction with our Annual Report for the twelve months ended 31 March 2017.

2. Accounting Policies

There have been no changes in accounting policies from those applied in our Annual Report for the twelve months ended 31 March 2017.

3. Revenue

Included in Operating Revenue are the following items:

	Group		Audited 31.03.17 \$'000
	Unaudited 30.09.17 \$'000	30.09.16 \$'000	
Sales of Electricity	25,132	22,959	43,251
Network Charges Recovered	1,886	2,305	4,330
Discount Allowed - Prompt Payment	(1,299)	(1,376)	(2,675)
Derivative Income	-	-	444
Interest Received	8	5	10
Other Income	270	100	506
Total Operating Revenue	25,997	23,993	45,866

4. Expenses

Included in Operating Expenses are the following items:

Purchase of Electricity	9,604	7,981	13,744
Derivative Expense/(Income) on Electricity Purchases	199	946	3,058
Network Charges	2,299	2,651	4,843
Depreciation & Amortisation	2,296	2,296	4,691
Bad Debts Written Off	82	54	146
Increase/(Decrease) in Estimated Doubtful Debts	-	10	10
Audit Fees	9	4	78
Repairs & Maintenance	715	675	1,125
Employee Benefits	1,915	2,166	4,102
Directors Fees & Expenses	136	145	281
Loss on Disposal of Fixed Assets	12	6	33
Insurance	128	476	698
Other Operating Expenses	1,399	1,511	3,010
Total Operating Expenses	18,794	18,921	35,819

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2017

5. Income Tax

Income Tax Expense

The major components of income tax expense are:

Income Statement

Current Income Tax

Current Income Tax Charge
Correction to Prior Period

Deferred Income Tax

Temporary Differences in Current Period
Temporary Differences in Prior Periods

Reported Income Tax Expense

	Group		Audited 31.03.17 \$'000
	Unaudited 30.09.17 \$'000	30.09.16 \$'000	
	1,738	1,129	2,229
	-	-	(79)
	1,738	1,129	2,150
	(151)	(797)	(710)
	-	-	11
	(151)	(797)	(699)
	1,587	332	1,451

Income Tax Attributable To Profit

The amount of Income Tax attributable to the Operating Profit for the financial period differs from the prima facie tax payable on the Operating Profit Before Tax. The difference is reconciled as follows:

Profit before Taxation	5,665	1,100	5,325
Taxation thereon at 28%	1,586	308	1,491
Non Deductible Expenditure	1	24	28
Correction to Prior Period	-	-	(68)
Income Tax Expense	1,587	332	1,451

Deferred Taxation

The major components together with their movements of the deferred tax balances are as follows:

Property Plant and Equipment

Balance at the Beginning of the Period
Current Period Temporary Differences - Through Income
Correction to Prior Period

Balance at the End of the Period

Employee Benefits

Balance at the Beginning of the Period
Current Period Temporary Differences - Through Income
Correction to Prior Period

Balance at the End of the Period

	(27,754)	(27,453)	(27,453)
	(99)	(152)	(295)
	-	-	(6)
	(27,853)	(27,605)	(27,754)
	73	64	64
	(17)	12	15
	-	-	(6)
	56	76	73

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2017

Financial Instruments

Balance at the Beginning of the Period
Current Period Temporary Differences - Through Income

Balance at the End of the Period

Other Provisions

Balance at the Beginning of the Period
Current Period Temporary Differences - Through Income
Correction to Prior Period

Balance at the End of the Period

Total

Opening Balance
Current Period Temporary Differences - Through Income
Correction to Prior Period

Balance at the End of the Period

	Group		
	Unaudited 30.09.17 \$'000	30.09.16 \$'000	Audited 31.03.17 \$'000
Balance at the Beginning of the Period	788	(200)	(200)
Current Period Temporary Differences - Through Income	268	934	988
Balance at the End of the Period	1,056	734	788
Balance at the Beginning of the Period	21	18	18
Current Period Temporary Differences - Through Income	-	3	2
Correction to Prior Period	-	-	1
Balance at the End of the Period	21	21	21
Opening Balance	(26,872)	(27,571)	(27,571)
Current Period Temporary Differences - Through Income	152	797	710
Correction to Prior Period	-	-	(11)
Balance at the End of the Period	(26,720)	(26,774)	(26,872)

All the companies comprising the Group are part of the same Consolidated Income Tax Group. Therefore deferred tax assets and liabilities have been offset within the Balance Sheet.

6. Accounts Receivable

Electricity Receivables
Other Receivables
Prepayments

Balance at the End of the Period

Electricity Receivables	4,079	2,814	1,897
Other Receivables	1,717	1,867	1,675
Prepayments	101	104	259
Balance at the End of the Period	5,897	4,785	3,831

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2017

7. Property, Plant And Equipment

Generation Plant & Equipment

Fair Value
Accumulated Depreciation and Impairment

Net Carrying Amount

Net Carrying Amount Beginning of Period
Additions
Disposals
Depreciation Charge for the Period

Net Carrying Amount End of the Period

Carrying Amount at Historical Cost

Land, and Land Improvements

Fair Value
Accumulated Depreciation and Impairment

Net Carrying Amount

Net Carrying Amount Beginning of Period
Disposals
Depreciation Charge for the Period

Balance at the End of the Period

Carrying Amount at Historical Cost

Buildings

Fair Value
Accumulated Depreciation and Impairment

Net Carrying Amount

Net Carrying Amount Beginning of the Period
Additions
Depreciation Charge for the Period

Net Carrying Amount End of Period

Carrying Amount at Historical Cost

Motor Vehicles

Cost
Accumulated Depreciation and Impairment

Net Carrying Amount

Net Carrying Amount Beginning of the Period
Additions
Disposals
Depreciation Charge for the Period

Net Carrying Amount End of Period

	Group		Audited 31.03.17 \$'000
	Unaudited 30.09.17 \$'000	Unaudited 30.09.16 \$'000	
Generation Plant & Equipment			
Fair Value	161,320	160,049	161,328
Accumulated Depreciation and Impairment	(6,262)	(2,076)	(4,161)
Net Carrying Amount	155,058	157,973	157,167
Net Carrying Amount Beginning of Period	157,167	160,043	160,043
Additions	-	6	1,290
Disposals	(9)	-	(4)
Depreciation Charge for the Period	(2,100)	(2,076)	(4,162)
Net Carrying Amount End of the Period	155,058	157,973	157,167
Carrying Amount at Historical Cost	90,707	91,577	92,246
Land, and Land Improvements			
Fair Value	5,175	5,158	5,175
Accumulated Depreciation and Impairment	(3)	(1)	(2)
Net Carrying Amount	5,172	5,157	5,173
Net Carrying Amount Beginning of Period	5,173	5,165	5,165
Disposals	-	(7)	10
Depreciation Charge for the Period	(1)	(1)	(2)
Balance at the End of the Period	5,172	5,157	5,173
Carrying Amount at Historical Cost	1,870	1,855	1,872
Buildings			
Fair Value	10,230	10,200	10,230
Accumulated Depreciation and Impairment	(421)	(292)	(357)
Net Carrying Amount	9,809	9,908	9,873
Net Carrying Amount Beginning of the Period	9,873	9,964	9,964
Additions	-	9	39
Depreciation Charge for the Period	(64)	(65)	(130)
Net Carrying Amount End of Period	9,809	9,908	9,873
Carrying Amount at Historical Cost	6,454	6,519	6,502
Motor Vehicles			
Cost	714	792	847
Accumulated Depreciation and Impairment	(226)	(250)	(257)
Net Carrying Amount	488	542	590
Net Carrying Amount Beginning of the Period	590	595	595
Additions	8	15	157
Disposals	(65)	(10)	(49)
Depreciation Charge for the Period	(45)	(58)	(113)
Net Carrying Amount End of Period	488	542	590

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2017

	Group		
	Unaudited 30.09.17 \$'000	30.09.16 \$'000	Audited 31.03.17 \$'000
Office Equipment & Furniture			
Cost	1,699	1,693	1,684
Accumulated Depreciation and Impairment	(1,242)	(1,128)	(1,180)
Net Carrying Amount	457	565	504
Net Carrying Amount Beginning of Period	504	358	358
Additions	21	280	291
Disposals	-	(1)	(2)
Depreciation Charge for the Period	(68)	(72)	(143)
Net Carrying Amount End of Period	457	565	504
Leased Office Equipment & Furniture			
Cost	28	104	28
Accumulated Depreciation and Impairment	(5)	(76)	-
Net Carrying Amount	23	28	28
Net Carrying Amount Beginning of Period	28	38	38
Additions	-	-	28
Disposals	-	-	(4)
Impairment Through Profit & Loss	-	-	(15)
Depreciation Charge for the Period	(5)	(10)	(19)
Net Carrying Amount End of Period	23	28	28
Development and Construction Projects			
Development Projects at Cost	415	1,572	353
Net Carrying Amount	415	1,572	353
Net Carrying Amount Beginning of the Period	353	1,444	1,444
Additions	76	427	44
Impairment	-	-	(82)
Transfers	(14)	(299)	(1,053)
Net Carrying Amount End of Period	415	1,572	353
Total			
Fair Value	179,581	179,568	179,645
Accumulated Depreciation and Impairment	(8,159)	(3,823)	(5,957)
Net Carrying Amount	171,422	175,745	173,688

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2017

	Group		
	Unaudited		Audited
	30.09.17 \$'000	30.09.16 \$'000	31.03.17 \$'000
Net Carrying Amount Beginning of the Period	173,688	177,607	177,607
Additions	105	737	1,810
Disposals	(88)	(317)	(1,063)
Depreciation Charge for the Period	(2,283)	(2,282)	(4,666)
Net Carrying Amount End of Period	171,422	175,745	173,688

Land and land improvements, buildings and generation plant, property and equipment owned by the Group was revalued as at 31 March 2016 to fair value for financial reporting purposes. The fair value of land and land improvements and buildings was assessed by reference to market information for the relevant geographic area. The fair value for generation plant property and equipment was assessed using economic value methodology based on the discounted cash flows able to be generated by the relevant plant, property and equipment. A discount rate of 8.5% was applied. Furniture, plant and equipment integral to the operation of generation stations was also included in the valuation. The value of generation plant was determined by independent valuers, Deloitte, Chartered Accountants on 31 March 2016. Non-generation land and buildings were not valued as it is represented by an earthquake prone building deemed to have no commercial value and has been written off in the Group's financial statements. Directors consider the carrying values of fixed assets at 30 September 2017 to be their fair value.

8. Derivative Financial Instruments

Movements in the asset/(liability) value of Derivative Financial Instruments over the period have been:

	Group		
	Unaudited		Audited
	30.09.17 \$'000	30.09.16 \$'000	31.03.17 \$'000
Level Two Derivatives			
Carrying Amount Beginning of the Period	(570)	(923)	(923)
Revaluation of Derivatives	38	(69)	353
	(532)	(992)	(570)
Level Three Derivatives			
Carrying Amount Beginning of the Period	(2,246)	1,634	1,634
Derivatives Acquired at Fair Value	-	-	1,075
Revaluation of Derivatives	(997)	(3,267)	(4,955)
Net Carrying Amount End of Period	(3,243)	(1,633)	(2,246)
Balance at the End of the Period All Levels	(3,775)	(2,625)	(2,816)

Instruments Used by the Group

Derivative financial instruments comprise electricity contracts for difference and interest rate swaps. Contracts for difference are used by the Group in the normal course of business in order to manage exposure to fluctuations in spot market electricity prices. Interest rate swaps are used to fix the Group's exposure to the floating interest rate in its loan facility. All derivatives are held to maturity and are specific to the Group. The Group holds sufficient derivatives to cover its generation shortfall in a dry year and its core debt floating interest rate. The Group does not hold derivative financial instruments for the purposes of trading those instruments for a profit.

At balance date the Group had electricity derivative contracts with commencement and finishing date running to 30 April 2020 (2016: 30 April 2020). The total nominal volume of derivatives is 373.2 GWh (2016 507.8 GWh).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2017

9. Intangible Assets

Goodwill - Opening & Closing Balance

Computer Software

Cost

Accumulated Amortisation and Impairment

Net Carrying Amount

Net Carrying Amount Beginning of Period

Additions

Amortisation Charge for the Period

Net Carrying Amount End of Period

Total Intangible Assets

	Group		
	Unaudited 30.09.17 \$'000	30.09.16 \$'000	Audited 31.03.17 \$'000
Goodwill - Opening & Closing Balance	1,560	1,560	1,560
Computer Software			
Cost	1,313	1,303	1,307
Accumulated Amortisation and Impairment	(1,212)	(1,190)	(1,201)
Net Carrying Amount	101	113	106
Net Carrying Amount Beginning of Period	106	124	124
Additions	7	3	7
Amortisation Charge for the Period	(12)	(14)	(25)
Net Carrying Amount End of Period	101	113	106
Total Intangible Assets	1,661	1,673	1,666

10. Borrowings

Current Borrowings

Capitalised Lease Obligations

Current Portion of Term Borrowing

Non Current Borrowings

Capitalised Lease Obligations

Non Current Portion of Term Borrowing

Capitalised Lease Minimum Lease Payment Obligations

Within One Year

One to Two Years

Two to Five Years

Capitalised Lease Present Value Payment Obligations

Within One Year

Within Two Years

Within Five Years

	Group		
	Unaudited 30.09.17 \$'000	30.09.16 \$'000	Audited 31.03.17 \$'000
Current Borrowings			
Capitalised Lease Obligations	24	11	12
Current Portion of Term Borrowing	4,000	-	4,000
	4,024	11	4,012
Non Current Borrowings			
Capitalised Lease Obligations	-	-	16
Non Current Portion of Term Borrowing	15,000	21,800	15,000
	15,000	21,800	15,016
Capitalised Lease Minimum Lease Payment Obligations			
Within One Year	24	11	14
One to Two Years	-	-	14
Two to Five Years	-	-	13
	24	11	41
Capitalised Lease Present Value Payment Obligations			
Within One Year	24	11	12
Within Two Years	-	-	9
Within Five Years	-	-	7
	24	11	28

The difference between the minimum lease payment obligation and the present value of lease payment obligations for all periods is the interest content of the monthly lease payments.

11. Capital Commitments

There are no capital commitments as at 30 September 2017, or 30 September 2016, or 31 March 2017.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2017

12. Financial Instruments

The group holds the following classes of financial instrument

Financial Assets Held for Trading Through Profit and Loss

Derivative Financial instruments

Loans and Receivables

Cash & Cash Equivalents

Trade Receivables

Financial Liabilities Held for Trading Through Profit and Loss

Derivative Financial instruments

Other Liabilities at Amortised Cost

Trade & Other Creditors

Borrowings

Group		
Unaudited 30.09.17 \$'000	Unaudited 30.09.16 \$'000	Audited 31.03.17 \$'000
933	132	1,242
933	132	1,242
2,992	404	2,081
5,796	4,681	3,572
8,788	5,085	5,653
4,709	2,757	4,058
4,709	2,757	4,058
3,727	2,428	3,359
19,024	21,811	19,000
22,751	24,239	22,359

The tables below show the Group's financial liabilities by relevant maturity, based upon the remaining period to the earliest possible contractual maturity date, as at the relevant balance date. Amounts have not been discounted and where the settlement amount is based upon a future estimated price, the price used is consistent with that used for all other estimates included in these financial statements.

At 30 September 2017

Net Settled Electricity Price Derivatives

Accounts Payable and Accruals

Borrowings

At 30 September 2016

Net Settled Electricity Price Derivatives

Accounts Payable and Accruals

Borrowings

	Less than 1 month \$000	1-6 Months \$000	6-12 Months \$000	Over 1 Year \$000
	206	1,344	793	1,662
	3,727	-	-	-
	1	3	4	19,016
	3,934	1,347	797	20,678
	297	1,302	200	3,768
	2,428	-	-	-
	3	8	-	21,800
	2,728	1,310	200	25,568

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2017

13. Earnings Per Share

Earnings used in calculating basic and diluted earnings per share attributable to equity holders

	Group		
	Unaudited 30.09.17 \$'000	Unaudited 30.09.16 \$'000	Audited 31.03.17 \$'000
Net Profit After Tax	4,078	768	3,874
Net Profit Attributable to Equity Holders of Parent	4,078	768	3,874
Weighted Average Number of Ordinary Shares for Basic and Diluted Earnings Per Share (thousands)	25,164	25,299	25,232

There are no instruments on issue that could potentially dilute basic earnings per share in the future. There have been no share transactions or potential share transactions since balance date.

14. Dividends

In respect of the financial period ending 31 March 2017, the Company paid a final dividend of 19.5 cents per ordinary share (plus imputation credits of 5.2 cents per share) on the 6th of June 2017. During their meeting of 10 November 2017 Directors resolved to pay an interim dividend of 20.0 cents per ordinary share (plus imputation credits of 2.2 cents per share) on the 12th of December 2017 for a total cash distribution of \$5,032,810 (2016: \$3,296,491).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2017

15. Segment Reporting

The Group operates within the electricity generation and retail industry in the central North Island of New Zealand. The retail and generation segments of the business are managed separately but both segments have access to shared corporate services.

Unallocated revenue, expenses, assets and liabilities represent the revenue, expenses assets and liabilities of the parent company. As they provide benefits to all segments they have not been apportioned to the operating segments.

	Retail		Generation		Total	
	30.09.17 \$'000	30.09.16 \$'000	30.09.17 \$'000	30.09.16 \$'000	30.09.17 \$'000	30.09.16 \$'000
Revenue						
Sales to External Customers	14,256	15,922	9,463	6,511	23,719	22,433
Other Revenue from External Customers	66	25	1,758	1,530	1,824	1,555
Inter-segment Sales	-	-	9,198	8,027	9,198	8,027
Total Segment Revenues	14,322	15,947	20,419	16,068	34,741	32,015
Unallocated Revenue	-	-	-	-	8	5
Total Revenue	14,322	15,947	20,419	16,068	34,749	32,020
Results						
Segment Results Before Tax and Financing Costs	1,737	2,057	5,063	454	6,800	2,511
Unallocated Expenses	-	-	-	-	(554)	(776)
Total Profit Before Tax and Financing Costs	1,737	2,057	5,063	454	6,246	1,735
Unallocated Financing Costs	-	-	-	-	(581)	(635)
Total Financing Costs	-	-	-	-	(581)	(635)
Income Tax	(486)	(576)	(1,418)	(127)	(1,904)	(703)
Unallocated Income Tax	-	-	-	-	317	371
Total Income Tax Expense	(486)	(576)	(1,418)	(127)	(1,587)	(332)
Segment Net Operating Profit After Tax	1,251	1,481	3,645	327	4,078	768

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2017

	Retail		Generation		Total	
	30.09.17 \$'000	30.09.16 \$'000	30.09.17 \$'000	30.09.16 \$'000	30.09.17 \$'000	30.09.16 \$'000
Assets and Liabilities						
Segment Assets	5,485	6,316	173,219	175,140	178,704	181,456
Unallocated Assets	-	-	-	-	3,696	1,285
Total Assets	5,485	6,316	173,219	175,140	182,400	182,741
Segment Liabilities	2,570	2,947	36,074	31,256	38,644	34,203
Unallocated Liabilities	-	-	-	-	16,226	19,854
Total Liabilities	2,570	2,947	36,074	31,256	54,870	54,057
Other Segment Information						
Capital Expenditure	57	1	13	426	70	427
Unallocated Capital Expenditure	-	-	-	-	42	49
Total Capital Expenditure	57	1	13	426	112	476
Depreciation and Amortisation	41	41	2,187	2,172	2,228	2,213
Unallocated Depreciation & Amortisation	-	-	-	-	68	83
Total Depreciation and Amortisation	41	41	2,187	2,172	2,296	2,296
Other Non-cash Expenses	93	69	996	3,268	1,089	3,337
Unallocated Other Non-cash Expenses	-	-	-	-	-	70
Total Other Non-cash Expenses	93	69	996	3,268	1,809	3,407
Cash Flow Information						
Net Cash Inflow From Operating Activities	1,121	1,062	8,817	5,114	9,938	6,176
Unallocated Net Cash Outflow From Operating Activities	-	-	-	-	(4,074)	(2,413)
Total Operating Cash Flow	1,121	1,062	8,817	5,114	5,864	3,763
Net Cash Outflow From Investing Activities	(42)	(1,062)	71	(5,114)	29	(6,176)
Unallocated Net Cash Outflow From Investing Activities	-	-	-	-	(65)	5,746
Total Investing Cash Flow	(42)	(1,062)	71	(5,114)	(36)	(430)
Unallocated Net Cash Flow From Financing Activities	-	-	-	-	(4,917)	(5,154)
Total Financing Cash Flow	-	-	-	-	(4,917)	(5,154)

16. Events Subsequent to Balance Date

Subsequent to 30 September 2017, the Board declared a partially imputed cash dividend of 20 cents per ordinary share with imputation credits of 2.2 cents per share. The dividend was paid on 12 December 2017.



King Country Energy

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