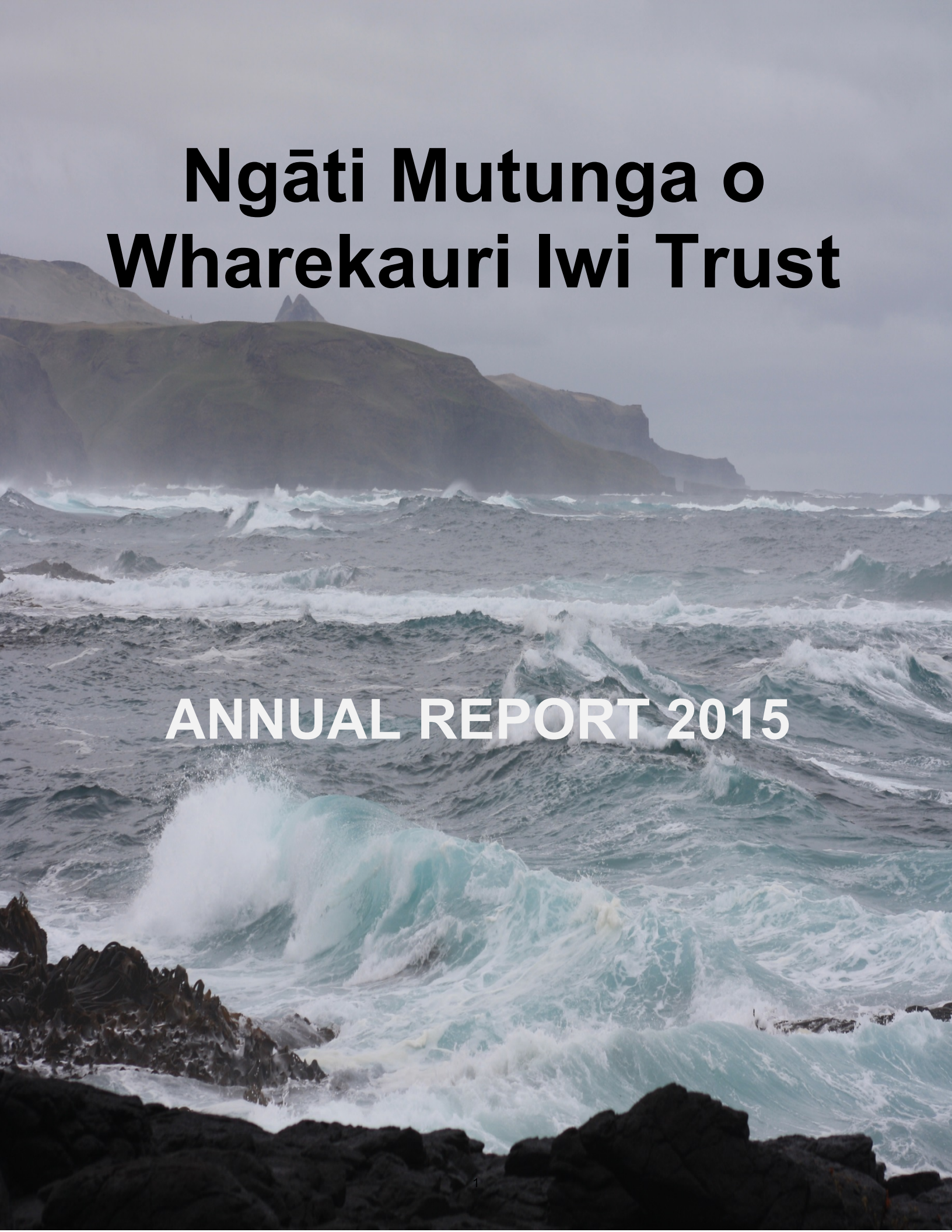


Ngāti Mutunga o Wharekauri Iwi Trust

ANNUAL REPORT 2015



*Wharekauri te moutere
Nonínga remu Taíko e
He pā akeake
Ngana hau au e*

*Puhía ra e te hau
Uaina e te ua e
Ko Matipo, ko Kōpi
Whakamāurutanga e*

*Korihí te Tui korari
Koē te Weka one e
Ngā mihí whakatau
Maioha e*

*Whakatau mai ki Te One
Te iti, te rahi e
Ki te takapou whārikí
Whakamaharatanga e*

| Table of Contents | Page |
|-------------------------------------------------|-------------|
| Na te Kaiwhakahaere | 4 |
| Iwi Trust Report | 9 |
| Overview | 9 |
| Financial Performance | 10 |
| Financial Position | 11 |
| Performance Against Annual Objectives | 12 |
| Compliance Report | 14 |
| Asset Holding Company Report | 16 |
| Executive Summary | 16 |
| Financial Performance | 20 |
| Financial Position | 22 |
| Financial Performance Metrics and Benchmarking | 23 |
| Progress Towards Other Objectives | 24 |
| Statutory Compliance | 26 |
| Consolidated Group Financial Statements | 27 |
| Consolidated Statement of Financial Performance | 28 |
| Consolidated Statement of Movements in Equity | 28 |
| Consolidated Statement of Financial Position | 29 |
| Notes to the Consolidated Statements | 30 |
| Auditors Report | 37 |
| Directory | 39 |

NA TE KAIWHAKAHAERE – ANNUAL REPORT 2014/15

E nga mana, e nga reo, e nga huihuinga o Ngāti Mutunga o Wharekauri. Nei ra te mihi nui, te mihi mahana ki a tātou nei nga uri o nga tūpuna na ratou i hanga te whare ora mo tātou katoa. Tihe mouri ora.

On behalf of my fellow trustees I am pleased to present the 2014 – 2015 Annual Report of Ngāti Mutunga o Wharekauri Iwi Trust.

The year in review has been a rewarding one for the Trust. At the beginning of the year we received an overwhelming endorsement from you to pursue our treaty settlement. Your vote of confidence enabled us to progress discussions which culminated in receiving Mandate recognition from the Crown on 16 March 2015. Now whanau, the mahi begins. We each need to ask ourselves, 'How can I be part of the settlement Kaupapa?'

As a consequence of mandate recognition our Mandate Group has now morphed into the Settlement Governance Group. It still consists of our hard working members:

- Philip Seymour (Chair)
- Andrew Hough
- Nick Cameron
- Paula Page (Chair, NMOW Iwi Trust)
- John Kamo (Deputy Chair, NMOW Iwi Trust)

The Settlement Governance moved quickly to project plan the next phase of settlement negotiations and this will become apparent in the 2015/16 financial year.



Ngati Mutunga O Wharekauri Iwi Trust korero on Sir Maui Pomare day at Owae Marae.

Distribution Activities

The Iwi Trust continued its distributions for iwi based developments and support programmes through 2014-15.

Major distributions to Iwi development were as follows:

| | |
|-----------------------------------------------------------------------|-----------------|
| <i>Cultural Development (support costs for reo and Taiaha tutors)</i> | <i>\$ 4,932</i> |
| <i>Koha</i> | <i>\$ 1,981</i> |
| <i>Mau Rākau</i> | <i>\$24,265</i> |
| <i>Pūtea Whanāungatanga (incl Kaumātua)</i> | <i>\$ 7,450</i> |
| <i>Maui Pomare Day</i> | <i>\$12,569</i> |
| <i>Tautoko Kaumātua</i> | <i>\$ 1,436</i> |
| <i>Website, Pānui and Annual Report</i> | <i>\$ 9,910</i> |

In addition, the Iwi Trust expended the following on distribution activities through its funding arrangements with the Social Housing Unit (MBIE), Ministry of Education and Te Taura Whiri i te Reo Maori:

| | |
|----------------------------|------------------|
| <i>Education Strategy</i> | <i>\$ 46,863</i> |
| <i>Reo Strategy</i> | <i>\$ 94,242</i> |
| <i>Reo Wānanga</i> | <i>\$ 21,938</i> |
| <i>Housing Development</i> | <i>\$107,500</i> |

Draft strategies for Reo and Education have been prepared and these will be presented to the Iwi through a series of wānanga in the 2015/16 financial year.

Housing Development

The Iwi Trust has taken a lead role since late last year in working to devise a strategy to improve housing outcomes on the Islands. After Minister Tariana Turia visited in September 2014, she announced the grant of \$2m to the community for housing purposes, subject to analysis and a business case for the use of the funds. The Crown then contracted the Iwi Trust to undertake this. An extensive report has been completed and presented to a housing stakeholder group and broader community consultation is being prepared.

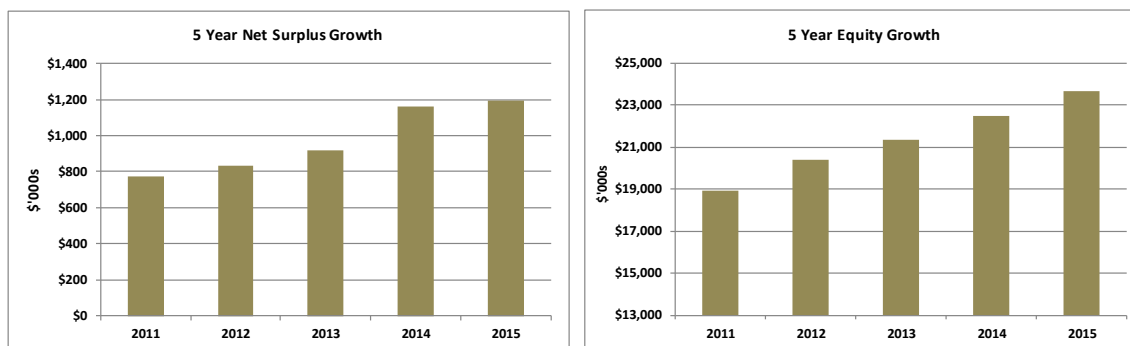
Two options for moving forward have been presented. One involves a consolidated housing entity across the Islands and the other an entity that supports existing on-island capacity. Either one should see a real improvement in housing options, especially in new builds and building rates, on the islands in the coming year.

The Iwi Trust is looking forward to managing a decision from the community as to which one is preferred and then may be retained again (this time by TPK) to drive implementation.

In addition, the Iwi Trust is contracted to manage the \$400k putea provided by the Prime Minister in 2012 on behalf of the community. This fund will be principally applied to the repair and regeneration of the Mitai Tini flats.

Financial Performance

The consolidated Group Net Surplus for the year ended 31 March 2015 was \$1.19m, a marginal increase against last year's \$1.16m. Group Return on Equity remained consistent with 2013-14 at 5.2%. Pleasingly, both our Group Net Surplus and Equity has shown strong growth over the last 5 years, from \$0.77m to \$1.19m and \$18.92m to \$23.66m respectively.



The 2012 Net Surplus is normalised and excludes the one-off \$653k funds received from the liquidation of the old Ngāti Mutunga of Wharekauri Trust

The continuing growth is a direct consequence of the prudent investment policies we have with our Asset Holding Company; the arms-length governance arrangements we oversee; our continued Iwi Trust presence on the Asset Holding Company Board; and the competent performance of the Asset Holding Company managers Koau Capital Partners Limited employed by the AHC board.

Tribal Footprint

We experienced a significant boost to our tribal footprint during the course of the year in review. We attended the Ta Maui Pomare Day celebrations at Waitara, Taranaki, in June 2014. The focus of the hui was on the Wharekauri relationship with Taranaki. Aunty Raana Tuuta led our ope on to Owae marae and we were warmly greeted by our whanau. We were privileged to have that time with our whanau.

The Iwi Trust experienced a significant win during the Environmental Protection Agency (EPA) hearings in the Chatham Rock Phosphate hearings held both on Wharekauri and in Aotearoa. As Chair I led the Iwi Trust response alongside management. We were well supported by our whanau submissions – all of which were in opposition to the application. The decision-making committee of the EPA heard the call of our people and decided against the application to mine.

Our relative size as an Iwi, and as people of Wharekauri, has not prevented us from taking a significant role in the Te Ohu Kaimoana review. Trustee and Asset Holding Company Chair, Joseph Thomas, was appointed to the Committee of Representatives responsible for the appointment and oversight of the review. Joseph was supported to represent the Ngai Tahu/Wharekauri region from our

Moriori and Ngai Tahu whanaunga. This culminated in the appointment of Tim Castle to lead the review, and a report that outlines a structural change that will have far-reaching and positive impacts for Wharekauri. This is reported on further within the Asset Holding Company section of this Annual Report.

The board are proud of the rise in registrations that have occurred in the year in review. Registration numbers weren't as high as in 2014/15 because the previous years' rise occurred as a result of the mandate round of hui and advertising. We hope to replicate the increase in numbers when we begin settlement wānanga rounds with you in 2015/16. That said, we now have a register of 1107.

Summary

The Iwi's decision to maintain the current Trustees after the 2014 Annual General Meeting has enabled the Trust to build on the relationships and understandings forged in the previous financial year. I acknowledge the work of my fellow Trustees in enabling the Ngati Mutunga O Wharekauri Iwi Trust to reach the point it has at the end of the financial year.

I also take the opportunity to mihi to the Asset Holding Company Directors and Management, and equally to Iwi Trust Management team. Our AHC directors and Management have, once again, delivered on the financial and strategic promises outlined in the Statement of Financial Policies and Objectives.

I have no doubt the 2015/16 year will be equally successful and look forward to updating you on progress at the Annual General Meeting on 19 September 2015.

Mā te kotahi o te waihoe ka tae to tātou waka ki uta.



Paula Page
Chair



Hon Minister Tariana Turia and the great granddaughter of Sir Maui Pomare, Miria Pomare, leading the procession to the wreath ceremony.



Paula Page (Chair) laying a wreath with Auntie Raana Tuuta and Eileen Cameron.

IWI TRUST REPORT

1. OVERVIEW

The Iwi Trust made good progress through 2014/15 in achieving the objectives it set for itself at the beginning of the financial year.

In the last Annual Report 2013/14, the Iwi Trust reported on the successful acquisition of a majority vote from the Iwi to endorse mandate to pursue a treaty settlement for the Iwi with the crown. Since then the Iwi Trust has successfully obtained mandate recognition from the Crown. Terms of Negotiation were signed between the Iwi Trust and the Minister of Treaty Negotiations, the Hon Chris Finlayson, and the Minister of Maori Development, the Hon Te Ururoa Flavell, on 19 March 2015.

The Iwi Trust progressed the development of the Reo and Education strategies during the course of the year. A number of consultation hui were held with well over 130 people attending and responding to the drafts. As at 31 March 2015 drafts of the strategy have been presented to the Iwi Trust for consideration. It is expected these will be delivered to the Iwi midway through the 2015/16 financial year.

The Iwi Trust entered into a contract with the Social Housing Unit of the Ministry of Business, Innovation and Employment to deliver feasibility studies on the development of further affordable housing on Wharekauri. The Iwi Trust was approached by MBIE to undertake this mahi on behalf of the other island entities (HMT, CIC, CIET) who are also in the housing market. The Iwi Trust focus was on utilisation of the Prime Minister's fund of \$400,000 (first provided for in 2012) to support the regeneration of the Mitai Tini Kaumātua Flats and, subject to available funding, other Kaumātua homes. The remaining focus was on the provision of additional affordable homes for Chatham Islanders on Wharekauri. The drafts of the feasibility reports have been provided as at 31 March 2015 and will be detailed to whanau in the new financial year.

Consolidation and growth of the Ngāti Mutunga asset base continued through 2014/15. The fruits of the acquisition of a 1/3rd share in Port Nicholson Fisheries are now starting to manifest. The slowdown in returns on paua quota (separately reported by the Asset Holding Company) highlights the critical and strategic advantage the purchase Port Nicholson Fisheries has been. The Iwi Trust has been able to show continued growth in its asset base which provides certainty in the Trust's ability to then deliver on its programme of distributions. The Iwi Trust maintains a close and informed working relationship with its AHC Directors.

2. FINANCIAL PERFORMANCE

Organisational discipline remained a fundamental focus for the Iwi Trust. In the 2013/14 year the Iwi Trust outlined its ongoing commitment to reducing its overheads (which had risen in the 2012/13 operating year). In the 2014/15 year, governance expenses reduced by \$18,358 (2015 \$111,035 compared to \$129,393 in 2014).

Iwi Trust operating expenses did increase in the 2014/15 year as we included all the mandating expenses previously accrued by the organisation. The increase of \$259,928 (2015 \$616,107 compared to \$356,179 in 2014), however was more than offset by the income received of \$310,200, to reimburse this expenditure. This is set out further in the table below.

Iwi Trust, as a result of the above financial management, registered a surplus of \$83,165 for the 2014/15 financial year compared to a surplus of \$15,424 in 2013/14.

The table below sets out the combined results and highlights how the Iwi Trust performed against budget. The combined surplus of \$1,193,848 exceeded budget of \$1,038,263 by \$155,585.

| | 2014-15 \$ | Budget \$ | 2013-14 \$ | 2012-13 \$ | 2011-12 \$ | 2010-11 \$ |
|------------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| AHC Net Income | 1,660,683 | 1,500,854 | 1,638,883 | 1,499,896 | 1,215,325 | 1,135,383 |
| Iwi Trust Project Receipts | 239,986 | 135,386 | 80,077 | - | 652,552 | - |
| Iwi Trust Mandating & Mediation Settlement | 310,000 | - | - | - | - | - |
| Iwi Trust Other Income | 200 | 196 | - | - | - | - |
| Total | 550,186 | 135,582 | 80,077 | - | 652,552 | - |
| Less Iwi Trust Governance & Operating Expenses | 440,175 | 405,520 | 490,204 | 467,088 | 357,803 | 341,341 |
| Less Iwi Trust Distributions & Panui Expenses | 62,544 | 59,347 | 29,147 | 36,308 | 21,480 | 22,889 |
| Less Other Costs - Projects | 269,874 | 133,306 | 40,302 | 81,628 | - | - |
| Less Other Costs - Mandating & Mediation | 244,428 | - | - | - | - | - |
| Total | 1,017,021 | 598,173 | 559,653 | 585,024 | 379,283 | 364,230 |
| Iwi Trust Group Net Surplus | 1,193,848 | 1,038,263 | 1,159,307 | 914,872 | 836,042 | 771,153 |

3. FINANCIAL POSITION

As a result of the surplus described above the Statement of Financial Position of Iwi Trust improved significantly from the 2013/14 year.

Current assets increased by \$228,900 (\$429,953 in 2014/15 compared to \$201,053 in 2013/14). This resulted in total assets also improving by a similar margin to \$438,502.

Current liabilities did increase by \$143,091 however the equity position of the Trust improved to \$101,722 from \$18,557.

In percentage terms of Total assets, Equity is now 23% compared to 8% in 2013/14.



Rangatira o apopo me kaiako Eraia Kiel and Patrick Mohi

4. PERFORMANCE AGAINST ANNUAL OBJECTIVES

Ngāti Mutunga o Wharekauri Kaupapa

Kei te tipu me tiaki te Ahua, Mana, Tino Rangatiratanga, Mutungatanga, me ngā Taonga Tuku Iho, o Ngāti Mutunga o Wharekauri

| Represent the Iwi | Manage the Assets | Distribute Benefits |
|--------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|
| To represent the collective interest of Ngāti Mutunga o Wharekauri | To hold and manage the assets of the Trust as Kaitiaki of Ngāti Mutunga o Wharekauri for the benefit of all members via the Asset Holding Company (AHC) | To distribute benefits directly or indirectly to Ngāti Mutunga o Wharekauri Iwi |

| Key Objective | Achievements |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Treaty Mandate & Settlement: <ul style="list-style-type: none"> ➤ Work with Ngāti Mutunga o Wharekauri whānau to establish a unified and singular voice. | <ul style="list-style-type: none"> ✓ Deed of Mandate submitted to Iwi for consideration ✓ Mandate recognition achieved ✓ Terms of Negotiation signed with Crown ✓ Ongoing hui with TPK and OTS officials to progress settlement ✓ Ongoing hui with Ministers of Treaty Settlements and Maori Development to progress claim |
| Effective Governance: <ul style="list-style-type: none"> ➤ Assist Board to increase capacity by developing and implementing an effective governance programme. | <ul style="list-style-type: none"> ✓ Full induction of new trustees undertaken |
| Identity of Ngāti Mutunga o Wharekauri: <ul style="list-style-type: none"> ➤ Ensure the mana and tikanga of Ngāti Mutunga o Wharekauri is maintained and interwoven into the fabric of Wharekauri life. | <ul style="list-style-type: none"> ✓ Ruia Kākano <ul style="list-style-type: none"> ○ 4x Reo Wānanga ○ 4 x Taiaha wānanga ✓ Hui with Kaunihera Kaumātua ✓ Ngāti Mutunga o Wharekauri ope attends Maui Pomare Day at Waitara ✓ Christmas lunch with schools and Kaumātua ✓ Reo and Education Strategy hui ✓ Whanau / Iwi hui |
| Ngāti Mutunga o Wharekauri Marae <ul style="list-style-type: none"> ➤ Progress action on the development of a suitable wharenuī and marae for Ngāti Mutunga o Wharekauri | <ul style="list-style-type: none"> ✓ Initial discussion have been held with the Chair of the Wharekauri Maori Committee. |
| Effective Communications <ul style="list-style-type: none"> ➤ Continue to improve quality and effectiveness of engagement with Iwi Members | <ul style="list-style-type: none"> ✓ 2 x pānui ✓ 1 x annual report ✓ 1 x Deed of Mandate ✓ Weekly (and at times more frequent) communications via Iwi Trust 'MailChimp' e-mail list ✓ Ongoing communications through Facebook |

| | |
|-------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Representation ➤ Continue to engage local and crown agencies | ✓ Submissions on following: <ul style="list-style-type: none"> ○ Chathams Rock Phosphate – Resource Consent Hearings ○ Te Ohu Kaimoana / Aotearoa Fisheries Limited review ○ CIC Resource Management Document ○ NZ Marine Oil Spill strategy ○ Ture Whēnua Act Review ○ Te One Creek Culvert review |
| Tribal Footprint ➤ Ensure Ngāti Mutunga o Wharekauri Influence as an Iwi is reflected at Crown and Iwi To Iwi level | ✓ The excellent performance of the Port Nicholson Fishery business has continued to enhance the close ties established with our Northern Taranaki Iwi and Tai Rawhiti Iwi Collective partners. ✓ Iwi Trust / AHC presence on Iwi Working Group to progress review of TOKM and AFL ✓ The mandate and settlement process has strengthened connection with Ngāti Mutunga o Wharekauri Iwi |
| Asset Management ➤ Work closely with the Asset Holding Company on growing an on-island economic base | ✓ Feasibility work done on funding for Mitai Tini Flats upgrade ✓ Continued to work with the AHC on identifying on-island investment opportunities. |

In addition to the above annual objectives, the Iwi Trust remained focused on increasing Iwi registrations. The registration process declined from the 2013/14 financial year (figures in brackets). The previous financial year saw an unprecedented increase in registrations as a result of the process of treaty mandate recognition. It is likely the numbers in 2015/16 will see a significant jump again as the settlement process begins in earnest. That said, the total registrations of 1107 against a total Ngāti Mutunga o Wharekauri identified population base of 1,641 (2013 Census) is very pleasing.

The registration process has been streamlined with Iwi members now able to utilise an online form to register as beneficiaries. This can be accessed on www.nmow.iwi.nz/register/form. Total registrations for 2015/16 are detailed in the tables below:

| Total New Registrations to 31 March 2015 | | | |
|------------------------------------------|--------|---------|-----------------|
| TOTAL | Tane | Wahine | Rangatahi (u18) |
| 30 (140) | 7 (35) | 14 (39) | 9 (66) |

| 2015 New Registrations by Wahi | | | |
|--------------------------------|---------------|---------------|----------------|
| Wharekauri | Te Waipounamu | Te Ika-a-Maui | Whēnua Moemoea |
| 2 (8) | 15 (54) | 8 (65) | 5 (11 +2) |

| All Registrations | | | |
|-------------------|-----------|-----------|------------|
| TOTAL Registered | Tane | Wahine | Undeclared |
| 1107 (1086) | 559 (542) | 543 (539) | 5 (5) |

| All Registrations by Wahi | | | | |
|---------------------------|---------------|---------------|----------------|--------|
| Wharekauri | Te Waipounamu | Te Ika-a-Maui | Whēnua Moemoea | Tawahi |
| 271 (278) | 268 (253) | 491 (483) | 74 (69) | 3 (3) |

| Registration Demographics | | |
|---------------------------|------------------------|---------------------|
| Adult | Over 18 not registered | Tamariki (under 18) |
| 667 (659) | 242 (211) | 198 (216) |

5. STATUTORY / CONSTITUTIONAL COMPLIANCE

Constitutional Amendments

No amendments were made in 2014/15.

Proposed Amendments to Constitution for the 2015-2016 Financial Year

No amendments are proposed for the 2015-2016 financial year.

Iwi Trust Group Annual Report

This Annual Report will be available to beneficiaries in August 2015. The annual general meeting is scheduled for September 19, 2015. Accordingly, the provision of this Annual Report is to ensure that the Trust remains accountable and transparent to its beneficiaries.

This Annual Report includes all information required pursuant to Section 13 of the Iwi Trust Deed for both the Iwi Trust and the AHC.

Benefit Distribution Policy

Prior to the start of the 2014/15 financial year the Trust Board considered the Strategic Direction which included:

- priorities for funding;
- policies in respect to the method of distribution of benefits
- policies on how Beneficiaries who live outside Wharekauri may reasonably access to the benefits of the Trust

Iwi Trust Annual Plan

The Annual Plan for the 2015/16 year has been prepared and approved by the Trustees. A copy of this has been published on the website and delivered by e-mail.

Policy Development

The Iwi Trust and its subsidiaries maintained and where required established appropriate and transparent policies and procedures for its Trustees, Directors, Employees, and advisors during its various recruitment, engagement, and appointment processes to support

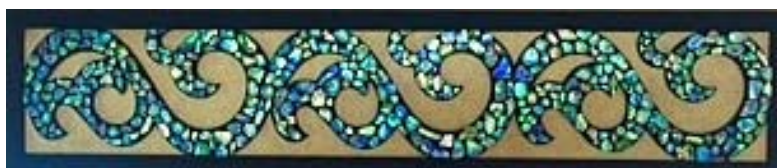
- Management systems
- Administration policies
- Financial accountability
- Reporting systems
- Code of conduct

5 Year Commercial Plan

The Iwi Trust is required to establish a 5-year medium term plan of its commercial activities which shall include:

- Core commercial activities of the Trust, the AHC, and any other Corporate Entities;
- A Dividend policy in respect of the level of distribution or re-investment of income;
- A policy in respect of the acceptable Debt/equity ratios of its investments;
- A policy in respect of restrictions on alienation of assets.

The Trust Deed requires a full review of this 5-year plan every two years. A Statement of Investment Strategy and Policy to support the 3 year Strategic Direction was established in June 2010 for the AHC and to ensure guidelines were in place for the AHC board. The SIPO was subsequently updated for the 2014/15 and for the 2015/16 financial years.



Artwork in paua shell and iron sand gifted to the Ngati Mutunga o Wharekauri Iwi Trust office by Kuia Teresa McDonald

NGATI MUTUNGA O WHAREKAURI ASSET HOLDING COMPANY “AHC” ANNUAL REPORT SECTION – 2014/15

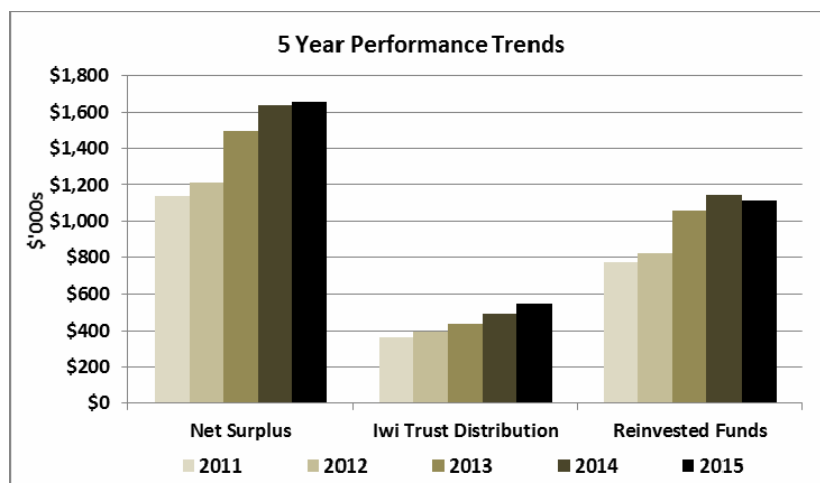
1. SUMMARY OF YEAR IN REVIEW

Financial Summary

The 2014-15 financial year will be remembered for a number of significant events and challenges for AHC, Maoridom and the wider fishing sector. It is pleasing to highlight that a number of NMOW were instrumental in leading and delivering these outcomes, each of which is detailed within this report.

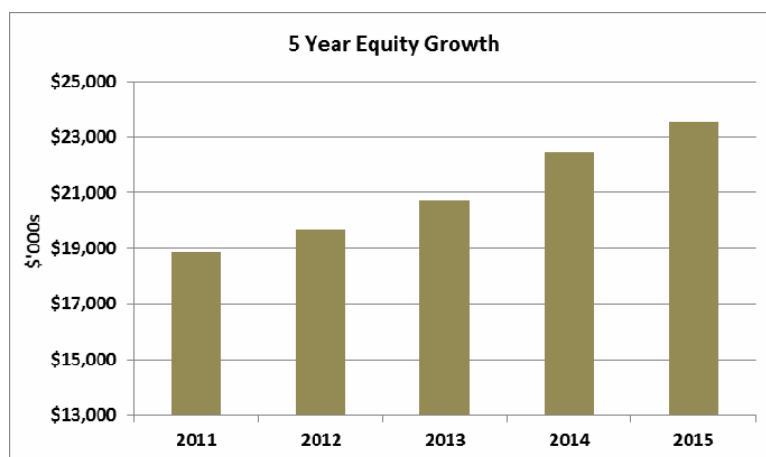
The AHC Board reports an Operating Net Surplus before distributions to NMOW Iwi Trust (NMOWIT) of \$1.66m for the 2014-15 financial year, a small increase against last year's \$1.64m. This resulted in a pre-distribution Return on Equity of 7.2%, marginally down on 7.6% the previous year. After accounting for distributions to NMOWIT of \$550k, AHC's equity increased by \$1.11m (4.9%).

AHC's performance improvement trend over the last five years is illustrated in the tables below, the first showing the growth in AHC Net Surplus, change in Distributions to the Iwi Trust and the residual funds available for reinvestment.



Of note is the nearly 50% growth in AHC's Net Surplus over the last 5 years. Much of this improvement has been driven from the investment in Port Nicholson Fisheries (PNF) made during 2012-13. After distributions to the Iwi Trust, AHC's rate of reinvestment back into its business has attained a consistent \$1.1m level over the last 3 years, up from approximately \$800k in 2010-11 and 2011-12. These metric improvements are pleasing and the result of continued successful implementation of AHC's key strategic initiatives.

The second graph below highlights the strong growth in AHC equity.



AHC continues to generate consistent equity growth. Improved profitability has led to a \$4.7m (25%) increase in AHC's equity over the last 5 years with its net asset base now in excess of \$23m.

Sector Summary

The 2014-15 paua ACE returns fell a very significant \$185k (55%) against 2013-14 driven by a decline in demand from China and, with all suppliers then redirecting product, a subsequent oversupply in the Singapore and other secondary markets. Such a large and unexpected revenue fall over just one year was difficult for AHC to immediately bridge however the fact that its final Net Surplus result exceeded last year on the back of this depressed paua market environment was particularly satisfying.

AHC remain positive about the future of the paua sector. Through its PNF interest, trials of live paua into new emerging markets are being conducted with promising results, albeit on a small scale. Additionally, Aotearoa Fisheries Ltd's (AFL) paua division (whom AHC currently sell its ACE to) are investing time and capital into resurrecting the China market with a potentially changed product form. At a macro level, New Zealand remains one of the last sustainably managed wild caught paua fisheries in the world with most of its competition coming from globally farmed paua. This unique wild paua characteristic, if well marketed by industry leaders, can potentially position it to achieve premium niche market status.

AHC's PNF investment continued to deliver stellar crayfish returns with its share of earnings amounting to \$555k, an 11% increase on last year and in excess of 40% above earnings generated in its first year following acquisition (2012-13). Strong and focused management by PNF's General Manager, Grant Absalom, was a key driver to the continued profit improvement of the PNF business.

AHC generated a total \$1.2m earnings from its crayfish investments when both ACE income and share of PNF earnings are combined, generating an Operating Return on Investment (ROI) of 11.6%. Note, this return is calculated against

the market value of AHC's CRA6 quota of \$10.3m which is nearly triple that of the historic Balance Sheet value held at cost of \$3.7m.

The increase in the number of iwi committing their ACE to PNF over the last 2 years has been impressive. The PNF structure provides iwi the ability to easily take up a partnership interest and enjoy the full value chain returns from their crayfish quota. The three founding entities that acquired PNF in 2012 – Parininihi ki Waitotara Inc (PKW), NMOWAHC and Iwi Collective Partnership (ICP – an entity incorporating 10 North Island iwi) – have now secured ACE from a further 14 iwi. Combining the 10 iwi within ICP, there are now 25 iwi from New Zealand's total of 57 iwi under the PNF umbrella making it a truly collaborative pan-Iwi entity.

One of the most significant transactions for the New Zealand crayfish sector occurred during 2014-15 with AFL committing to take up a partnership interest in PNF from 1 April 2016. This will result in all AFL's ACE, crayfish operating assets and key personnel transferring to, and being managed by, PNF. Two representatives from AFL will join the PNF Board along with the existing two representatives each of PKW, NMOWAHC and ICP giving an equal 25% voting position per entity.

This transaction will move PNF's crayfish volume from its current 250mt in 2015 to between 650-700mt (approximately 22-24% of New Zealand's total crayfish supply) in 2016 placing it as the second largest New Zealand crayfish operator. With AHC's 33% ownership stake of the tangible and intangible assets of the PNF business, this is a significant and pleasing outcome of the wider strategy developed and driven by PNF.

Much of the credit for the successful completion of the PNF-AFL transaction needs to go to Dion Tuuta and Tom McClurg (both NMOW) who were instrumental members from the PNF Board in the negotiating process and ultimately securing agreement from AFL to join PNF.

AHC continued its relationship with Sanford for its deep water trawl ACE parcel and both Waitangi Seafood and Chatham Island Food Company for its longline ACE parcel. Earnings from its deep water and longline ACE were 8% above last year.

There are concerning indications of a potential fall in deep water earnings for 2015-16. A significant quota reduction in OEO4 (oreo dory) of at least 40% is expected coupled with a likely 6% cut in HOK1 (hoki) quota, both of which come in an environment of falling demand from the exit of many foreign chartered vessels creating an increased ACE supply to catch capacity imbalance. AHC is considering options to help mitigate some of the impact from these factors however it is inevitable next year's earnings will reduce.

A total of 26 NMOW fishers were allocated the 4 key Wharekauri inshore ACE fishstocks to catch through 2014-15, being 23mt of crayfish ACE, 35mt of blue

cod ACE, 14mt of paua ACE and 61mt of kina ACE. The market value of the quota from which this ACE is derived is approximately \$16.2m - 72% of AHC's total quota valuation. In addition, AHC secured a further 8mt of crayfish ACE and 14mt of paua ACE from its partnership agreements for NMOW fishers to also catch.

The year ahead for AHC will continue to focus on delivering its investment strategies.

For its fisheries based assets, these involve continuing to develop and implement strategies similar to that of crayfish for other key Wharekauri inshore species, ie – blue cod and paua in particular, both of which have significant value-add potential for all Island interests. Additionally, a draft blue nose management plan was prepared by AHC, Chatham Island Enterprise Trust and Hokotehi Moriori Trust to address the historic quota management area anomaly relative to the blue nose associated longline fish stocks. This management plan has been supported by Aotearoa Fisheries Ltd and is currently under consideration by Te Ohu Kai Moana and Ngai Tahu.

For its non-fishing based sectors, AHC will continue to progress the initial opportunities identified through the agriculture review completed in 2013-14 and re-consider possible opportunities within the tourism sector.

Maori Fisheries Settlement Review

The 2014-15 year was historic for the commercial Iwi fisheries sector with the completion of the statutory required 11 year review of the Maori Fisheries Settlement. Tim Castle completed this review based on legislative requirements and terms of reference developed by a representative group of iwi leaders, which included Joseph Thomas from NMOW. Tim spent four days on Wharekauri (November 2014) as part of his review and found this time and the many meetings and discussions within the community extremely insightful and valuable to his review. The final review report produced by Tim contained a number of wide ranging recommendations with significant implications on how the Maori Fisheries Settlement is to be governed and managed in the future.

Following receipt of Tim's report, Te Ohu Kai Moana (TOKM) established an Iwi Working Group, which included NMOW's Tom McClurg and Jamie Tuuta (as Chair), to analyse and review the report recommendations to fully understand the consequences and implications to Iwi and the wider Maori fisheries sector. The output was a set of resolutions developed by the Iwi Working Group which were presented to and passed unanimously by Iwi at the TOKM Special General Meeting on 4th June this year. A summary of the key resolutions are:

- (i) *The allocation of all voting and income shares in AFL to Iwi, ie – TOKM's 20% of income shares and 100% of voting shares to be allocated to iwi;*

- (ii) *Restructure TOKM to a pan-iwi entity ("TrustCo") that provides leadership and support on policy and fisheries management, facilitate innovation and handle residual allocation work.*
- (iii) *Te Kawai Taumata, the current electoral college structure used to appoint directors to TOKM who in turn appoint directors to AFL, to be disestablished with directors to the restructured "TrustCo" appointed by iwi on a 'one iwi : one vote' basis and directors to AFL appointed by iwi based on each iwi's respective shareholding in AFL.*
- (iv) *Te Putea Whakatipu Trustee Ltd (TPWTL) and Te Wai Maori Trustee Ltd (TWMTL) to be governed by the restructured "TrustCo".*
- (v) *Settlement Quota to remain within the Maori pool however the legislated 75% iwi member approval is removed with each MIO to determine their own decision making criteria and thresholds.*
- (vi) *The current 5 year maximum term for ACE sale commitments to be extended to 15 years.*

A further resolution with specific reference to Wharekauri was also unanimously passed recording that *Aotearoa Fisheries Ltd continue to work with iwi from the Chatham Islands to address key common issues on the Chatham Islands and develop mutually beneficial commercial arrangements.* This is a critically important resolution and paves the way for greater collaboration and value add benefit for all Wharekauri based fisheries interests.

2. FINANCIAL PERFORMANCE

The following table summarises AHC's financial performance for the 2014-15 financial year against the previous four years.

| | 2014-15 \$'000s | 2013-14 \$'000s | 2012-13 \$'000s | 2011-12 \$'000s | 2010-11 \$'000s |
|-------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Seafood Income | \$1,663 | \$1,707 | \$1,601 | \$1,230 | \$1,155 |
| Investment Income | \$171 | \$125 | \$81 | \$187 | \$210 |
| Property Income | \$50 | \$55 | \$33 | \$19 | \$14 |
| AHC Gross Income | \$1,885 | \$1,888 | \$1,714 | \$1,436 | \$1,380 |
| Less AHC Overheads | \$209 | \$234 | \$197 | \$203 | \$225 |
| Less Depreciation | \$14 | \$16 | \$17 | \$18 | \$19 |
| AHC Net Income | \$1,661 | \$1,639 | \$1,500 | \$1,215 | \$1,135 |

The key points in relation to the financial performance are set out in the sections below.

Fisheries Investments

Annual earnings from AHC's seafood/fisheries based investments for 2014-15 were \$1,663k, \$44k (2.5%) down on last year, principally the result of the paua

market decline. When assessed against the last 5 years, earnings have increased by \$508k at an average 9% pa growth rate.

The following highlights the key year on year comparatives:

- Crayfish income increased \$76k (7%) against 2013-14 as a result of continued improvement of the PNF value chain returns.
- Paua ACE returns decreased \$185k (-55%) on last year on the back of the market fall.
- Blue cod and kina ACE continued to be sold to, and caught by, NMOW fishers (in addition to the crayfish and paua) with no material change to the income derived from these species against last year.
- Wetfish ACE returns increased \$33k (9%) on 2013-14, principally the result of improved deep water trawl income – in particular hoki and orange roughy.
- Dividend received from AFL of 12k against a nil dividend in 2013-14.

Cash Investments

Earnings from cash investments increased \$46k (37%) on last year, principally the result of a larger level of funds held on term deposits. AHC's term deposit portfolio balance closed the year at \$4.3m, an increase of \$1.0m over the year.

Property Investments

Earnings from property investments fell slightly to \$50k, or \$5k (9%) on last year. A short term vacancy period with one of the Te One houses contributed to this decrease in rental earnings. All AHC properties are now fully tenanted.

Overheads

AHC's overheads decreased by \$25k (10%) on 2013-14 with the overhead to gross income rate falling from 13% last year to 12% in 2014-15. Over the last 5 years, AHC earnings have grown 35% whilst overhead costs have remained largely unchanged, resulting in the overhead to gross income rate dropping from 18% in 2010-11 to this year's 12%.

| | 2014-15 \$'000s | 2013-14 \$'000s | 2012-13 \$'000s | 2011-12 \$'000s | 2010-11 \$'000s |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Gross Income | \$1,885 | \$1,888 | \$1,714 | \$1,436 | \$1,380 |
| Overheads | \$224 | \$249 | \$214 | \$221 | \$244 |
| Overheads to Gross Income Rate | 12% | 13% | 12% | 15% | 18% |

Financial Performance compared to Budget

The 2014-15 Annual Plan budgeted an AHC pre-distribution Net Surplus for the year of \$1,501k. The final pre-distribution Net Surplus for the year of \$1,663k is therefore a \$162k (11%) improvement on budget. Given the unexpected and substantial drop in paua earnings, this is a pleasing outcome.

3. FINANCIAL POSITION

The following table summarises AHC's financial position as at 31 March 2015 year end.

| | 2014-15 \$'000s | 2013-14 \$'000s | Movement \$'000s |
|----------------------------------------------|--------------------|--------------------|---------------------|
| Working Capital | \$339 | -\$40 | \$379 |
| Seafood Quota | \$15,020 | \$14,745 | \$275 |
| Port Nicholson Fisheries Investment | \$2,052 | \$2,060 | -\$8 |
| AFL Shares | \$414 | \$414 | \$0 |
| Cash Investments | \$4,294 | \$3,261 | \$1,033 |
| Property | \$1,806 | \$1,821 | -\$14 |
| Housing NZ Loan | -\$369 | -\$386 | \$17 |
| Introduced Capital (ex Old Tust Liquidation) | \$0 | \$571 | -\$571 |
| AHC Equity (Net Assets) | \$23,556 | \$22,445 | \$1,111 |

AHC equity increased \$1,111k (4.9%) through the 2014-15 financial year, being the AHC Net Surplus after NMOWIT distributions.

Of the \$23.6m of Net Assets, \$15.0m (64%) are held within Seafood Quota. This quota is held at cost in the financial statements however an independent broker provided a market valuation of \$22.4m as at 31 March 2015, \$7.4m greater than the \$15.0m quota cost and an increase of \$2.1m (10%) against the 2013-14 independent valuation. The historic quota cost is detailed in the table below.

| | Settlement Quota \$'000s | Non-Settlement Quota \$'000s | Total Quota \$'000s |
|--------------|-----------------------------|---------------------------------|------------------------|
| Blue Cod | \$155 | | \$155 |
| Crayfish | \$2,076 | \$1,640 | \$3,716 |
| Kina | \$93 | \$593 | \$686 |
| Paua | \$4,112 | \$275 | \$4,387 |
| Other | \$6,077 | | \$6,077 |
| Total | \$12,513 | \$2,508 | \$15,021 |

4. COMPARATIVE PERFORMANCE METRICS AND BENCHMARKING

Comparative Performance Metrics

The key AHC financial returns are highlighted in the table below with comparisons shown against the last four years:

| | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 |
|-----------------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Seafood/Fisheries Assets Return on Investment | 9.6% | 9.9% | 9.8% | 9.1% | 8.2% |
| Cash Deposits Return on Investment | 4.1% | 3.8% | 4.7% | 4.4% | 4.9% |
| Property Return on Investment | 2.8% | 3.1% | 1.9% | 3.4% | 2.4% |
| Total Return on AHC Equity | 7.2% | 7.6% | 7.4% | 6.3% | 6.2% |
| Increase in AHC Equity | 4.9% | 5.5% | 5.4% | 4.4% | 4.1% |
| Trust Distribution to AHC Net Income | 33.1% | 30.2% | 29.3% | 32.5% | 33.9% |

AHC's strong performance improvement over the last 5 years continued through 2014-15 with particular consistency of returns over the last 3 years.

Benchmarking

(i) Fisheries Investments

The table below compares the income generated from AHC's Fisheries based investments to two industry benchmarks:

- The 'Blue Book' produced by FishServe which provides the average industry ACE trade values for all fishstocks across the applicable fishing year; and
- An independent quota broker's assessed ACE values based on the broker's knowledge of the market and what arms-length buyers were willing to pay for the ACE.

For a variety of reasons (eg – inter-company ACE trades, ACE 'swaps', deemed value drivers, etc), the Blue Book values can be distorted. The broker values are therefore considered to be a more accurate reflection of true market ACE values.

| | AHC Result (\$'000s) | Blue Bk Value (\$'000s) | Broker Value (\$'000s) | Variance AHC to Blue Bk (\$'000s) (%) | | Variance AHC to Broker (\$'000s) (%) | |
|-------------|-------------------------|-------------------------------|------------------------------|------------------------------------------|-------|-----------------------------------------|-------|
| ACE Trading | \$1,793 | \$1,233 | \$1,400 | \$560 | 45.4% | \$393 | 28.1% |

AHC's Fisheries based earnings performance through 2014-15 was 30-45% ahead of market ACE trade comparatives, principally on the back of the PNF investment.

(ii) Cash Investments

The table below compares AHC's Cash Investment performance to the weighted average 6 month Term Deposit rates through the period April 2014 to March 2015 as supplied by the Reserve Bank of New Zealand. Given the average term of AHC's cash investments is around 6 months, the 6 month RBNZ interest rate index is the appropriate benchmark.

| | AHC Result (\$'000s) | RBNZ (\$'000s) | Variance AHC to RBNZ (\$'000s) (%) | |
|------------------|----------------------------|-------------------|------------------------------------------|------|
| Cash Investments | \$171 | \$169 | \$2 | 1.1% |

AHC's Cash Investment performance was marginally ahead of the market benchmark.

(iii) Property

There is almost no relevant information available against which to meaningfully assess the performance of AHC's Wharekauri based property portfolio. The metrics which drive property investment returns are unique and quite different on Wharekauri to that of mainland NZ, eg – initial investment/build cost, demand, alternative supply options, etc and hence it is difficult to draw accurate comparisons.

5. PROGRESS TOWARD OTHER OBJECTIVES

The following table summarises the key objectives for AHC for the 2014-15 financial year and AHC's performance and progress against each of these.

| Annual Objective | Progress Update |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Actively participate as influential leaders on the key Wharekauri based Commercial Stakeholder Organisations. | Progressing Representative on PAUMAC4 and nominations / unsuccessful for CRAMAC6. Actively pursuing solution to BNS3 fishery management area anomaly jointly with CIET and Moriori. |
| Monitor and pursue the development of new commercial fisheries resources around Wharekauri and position NMOW for maximum benefit. | Progressing Glass eel Special Permit applied for together with CIET and Moriori to complete an investigation/research of the resource. |
| Implement long term (3 year) ACE allocation agreements with those current performing NMOW fishers in accordance with the NMOW Fisher ACE Allocation Policy. | Progressing ACE allocations have been rolled over to the same NMOW fishers for the last 2 years. |
| Assess and promote a collaborative blue | Progressing |

| | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| cod initiative with AFL and CIET, positioning AHC to share in the full value chain returns. | A collaborative Chatham Island BCO4 group is being proposed and driven by AFL, CIET, Moriori and AHC. This has been expanded to include longline species as well. |
| Continue to develop and enhance the PNF investment and pursue further CRA6 quota acquisitions and/or ACE partnerships. | Ongoing Strong PNF performance for 2014-15. |
| Investigate further value add options for paua including live export and a longer term value share model with Prepared Foods to access returns further along the value chain through to market. | Progressing On hold while market correction stabilises. To be revisited in the new fishing year. |
| Identify, investigate and pursue the acquisition of other high value Wharekauri based quota subject to the market providing attractive opportunities. | Ongoing PAU4 – 1mt acquired with an additional 1mt in the process of being acquired at year end. CRA6 – 1mt in the process of being acquired at year end. |
| Pursue the recommendations from the Wharekauri agriculture review, in particular, identifying potential investment partners and developing a robust dairying implementation plan. | Progressing NMOW Iwi Trust provided briefing from T McClurg. Sheep dairy being investigated / researched further. |
| Complete an initial scoping document in relation to tourism opportunities on Wharekauri and the relationship with DoC to ensure these opportunities (including concessions) can be accessed and realised. | Not Yet Initiated |
| Pursue Chatham Rock Phosphate should appropriate opportunities present, ideally via an Island collective approach. | Ongoing NMOWIT submitted against the CRP marine permit, hence there are unlikely to be appropriate opportunities presented over the immediate term. |
| Expand networks, resource and reach to ensure AHC builds its position as key investment body and force in Wharekauri | Ongoing |
| With prudent investment opportunities likely to be realised over the next 12-18 months, continue to manage its surplus funds within the term deposit investment strategy ensuring interest rates and the balance between On-Call and 15 Month investment terms are optimised. | Ongoing \$4.3m on short term (3-9 month) term deposits at a weighted average interest rate of 4.4%. |
| Ensure effective property and tenancy management. | Ongoing |
| Continue to work alongside the Iwi Trust Board to develop closer relationships with CIET and CIC with a view to putting collective Wharekauri weight behind infrastructure solution negotiations. | Ongoing Social Housing Unit grant applied for and secured for \$140k to complete an Island wide housing analysis. Wharekauri wide housing strategy document being prepared for consideration by CIET, CIC, Moriori and NMOW. |

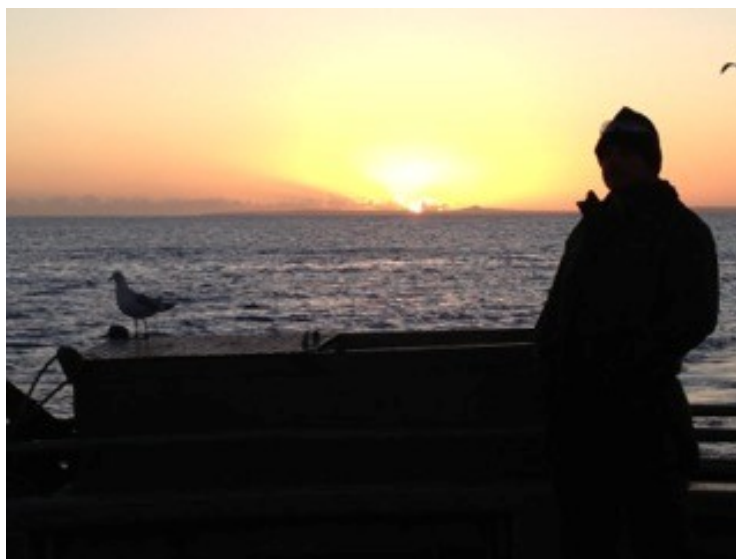
6. STATUTORY COMPLIANCE

There have been no sales or exchanges of quota. Note - no sales or exchanges are allowed under the Maori Fisheries Act 2004 until a period of two years from recognition (28 September 2005) had passed. These restrictions ceased to apply from 29 September 2007.

No Settlement Quota interests have been registered against the quota shares or income shares, nor has there been any registered interest by way of caveat or mortgage raised against the settlement quota shares or income shares.

The Directors have overseen the governance of the fisheries activities of AHC. There have been general discussions with other Mandated Iwi Organisations regarding opportunities to work together in a manner that benefits all parties, a key outcome being the Port Nicholson Fisheries acquisition with other initiatives to be pursued in the future.

The NMOW Fisher ACE Allocation Policy was comprehensively reviewed during 2013-14. As a result a number of amendments were approved by the AHC Board and subsequently considered and formally ratified by the NMOW Iwi Trust. AHC continue to fully comply with the Policy.



Sunset at Waitangi Harbour



Consolidated Group Financial Statements

- **Consolidated Statement of Financial Performance**
- **Consolidated Statement of Movements in Equity**
- **Consolidated Statement of Financial Position**
 - **Notes to the Consolidated Statements**

Ngati Mutunga o Wharekauri Iwi Trust
Consolidated Statement of Financial Performance
For the Year Ended 31 March 2015

| | Note | Group 2015 \$ | Trust 2015 \$ | AHC 2015 \$ | Group 2014 \$ | Trust 2014 \$ | AHC 2014 \$ |
|-------------------------------------|-------|---------------------|---------------------|-------------------|---------------------|---------------------|-------------------|
| Revenue | | | | | | | |
| Revenue from Seafood | 13(a) | 1,815,019 | - | 1,815,019 | 1,866,244 | - | 1,866,244 |
| Less Direct Seafood Expenses | 13(b) | 151,634 | - | 151,634 | 158,880 | - | 158,880 |
| Seafood Earnings | | 1,663,385 | - | 1,663,385 | 1,707,364 | - | 1,707,364 |
| Revenue from Investment | 13(a) | 171,199 | 550,000 | 171,199 | 125,499 | 495,001 | 125,498 |
| Less Investment Fees | | - | - | - | - | - | - |
| Investment Earnings | | 171,199 | 550,000 | 171,199 | 125,499 | 495,001 | 125,498 |
| Other Income | | 300,200 | 310,200 | - | 70,076 | 21,916 | - |
| Project Receipts | 13(c) | 239,986 | 239,986 | - | | 58,160 | |
| Property Earnings | | 42,776 | - | 49,976 | 48,020 | - | 55,220 |
| Earnings from Commercial Activities | | 2,417,546 | 1,100,186 | 1,884,560 | 1,950,958 | 575,077 | 1,888,081 |
| Less Commercial Expenses | 13(b) | 199,399 | - | 209,399 | 223,602 | - | 233,602 |
| Net Income | | 2,218,147 | 1,100,186 | 1,675,161 | 1,727,356 | 575,077 | 1,654,480 |
| Less Iwi Trust Expenses | | | | | | | |
| Iwi Trust Governance Expenses | 13(b) | 111,035 | 111,035 | - | 129,393 | 129,393 | - |
| Iwi Trust Operating Expenses | 13(b) | 608,907 | 616,107 | - | 348,979 | 356,179 | - |
| Iwi Trust Distributions and Panui | | 17,360 | 17,360 | - | 29,147 | 29,147 | - |
| Iwi Trust Project Expenses | 13(c) | 269,874 | 269,874 | - | 40,302 | 40,302 | - |
| Total Iwi Trust Expenses | | 1,007,177 | 1,014,377 | - | 547,821 | 555,021 | - |
| Less Non Cash Items | | | | | | | |
| Depreciation | | 17,122 | 2,645 | 14,478 | 20,228 | 4,632 | 15,597 |
| Total Non Cash Items | | 17,122 | 2,645 | 14,478 | 20,228 | 4,632 | 15,597 |
| Total Expenses | | 1,024,299 | 1,017,021 | 14,478 | 568,049 | 559,653 | 15,597 |
| NET SURPLUS / (DEFICIT) | | 1,193,848 | 83,165 | 1,660,683 | 1,159,307 | 15,424 | 1,638,883 |

Ngati Mutunga o Wharekauri Iwi Trust
Consolidated Statement of Movements in Equity
For the Year Ended 31 March 2015

| | Note | Group 2015 \$ | Trust 2015 \$ | AHC 2015 \$ | Group 2014 \$ | Trust 2014 \$ | AHC 2014 \$ |
|----------------------------------------------|------|---------------------|---------------------|-------------------|---------------------|---------------------|-------------------|
| Opening Equity | | 22,463,983 | 18,557 | 22,445,425 | 21,325,522 | 594,903 | 20,730,618 |
| Net Surplus / (Deficit) for the year | | 1,193,848 | 83,165 | 1,660,683 | 1,159,307 | 15,424 | 1,638,883 |
| Total Recognised Revenue and Expenses | | 23,657,831 | 101,722 | 24,106,108 | 22,484,829 | 610,327 | 22,369,501 |
| Recognition of Capital Reserve | | - | - | - | (20,846) | (591,770) | 570,924 |
| Dividends Paid | | - | - | (550,000) | - | - | (495,000) |
| CLOSING EQUITY | | 23,657,831 | 101,722 | 23,556,108 | 22,463,983 | 18,557 | 22,445,425 |

Ngati Mutunga o Wharekauri Iwi Trust
Consolidated Statement of Financial Position
As at 31 March 2015

| | Note | Group 2015 \$ | Trust 2015 \$ | AHC 2015 \$ | Group 2014 \$ | Trust 2014 \$ | AHC 2014 \$ |
|--------------------------------------|------|---------------------|---------------------|-------------------|---------------------|---------------------|-------------------|
| Current Assets | | | | | | | |
| Cash at Bank and on Hand | | 147,715 | 134,880 | 12,835 | 17,135 | 7,598 | 9,536 |
| Accounts Receivable | | 329,244 | 301,597 | 27,648 | 958,889 | 53,434 | 905,455 |
| GST | | 5,806 | (6,524) | 12,331 | 28,337 | 12,094 | 16,243 |
| Mandating Costs Recoverable | 15 | - | - | - | 127,927 | 127,927 | - |
| Contingent Asset - Liquidation | 8 | - | - | - | - | - | - |
| Investment Accounts | 3 | 4,503,140 | - | 4,503,140 | 3,682,888 | - | 3,682,888 |
| Total Current Assets | | 4,985,905 | 429,953 | 4,555,953 | 4,815,176 | 201,053 | 4,614,123 |
| Non Current Assets | | | | | | | |
| Property, Plant & Equipment | 4 | 541,564 | 8,549 | 533,015 | 558,635 | 11,193 | 547,442 |
| Te One Housing | | 1,273,180 | - | 1,273,180 | 1,273,180 | - | 1,273,180 |
| Port Nicholson Fisheries | | 2,051,958 | - | 2,051,958 | 1,171,013 | - | 1,171,013 |
| Seafood Quota | 5 | 15,020,090 | - | 15,020,090 | 14,745,090 | - | 14,745,090 |
| Shares - AFL | 6 | 414,160 | - | 414,160 | 414,160 | - | 414,160 |
| Total Non Current Assets | | 19,300,952 | 8,549 | 19,292,403 | 18,162,078 | 11,193 | 18,150,885 |
| TOTAL ASSETS | | 24,286,857 | 438,502 | 23,848,356 | 22,977,254 | 212,246 | 22,765,008 |
| Current Liabilities | | | | | | | |
| Accounts Payable | | 212,662 | 171,207 | 41,455 | 109,605 | 54,992 | 54,613 |
| Grants Unspent | | 29,999 | 29,999 | - | - | - | - |
| Housing New Zealand Current Portion | | 17,300 | - | 17,300 | 17,300 | - | 17,300 |
| Group Inter Entity Accounts | | - | 135,574 | (135,574) | - | 138,696 | (138,696) |
| Total Current Liabilities | | 259,961 | 336,780 | (76,819) | 126,905 | 193,689 | (66,784) |
| Non Current Liabilities | | | | | | | |
| Housing New Zealand Loan | | 369,067 | - | 369,067 | 386,367 | - | 386,367 |
| Total Non Current Liabilities | | 369,067 | - | 369,067 | 386,367 | - | 386,367 |
| Equity | | | | | | | |
| Trust Capital | 2 | 14,805,361 | (840,619) | 15,645,980 | 14,805,361 | (840,619) | 15,645,980 |
| Accumulated Surplus | 2 | 8,852,469 | 942,341 | 7,910,128 | 7,658,621 | 859,176 | 6,799,445 |
| Total Equity | | 23,657,831 | 101,722 | 23,556,107 | 22,463,982 | 18,557 | 22,445,425 |
| TOTAL LIABILITIES AND EQUITY | | 24,286,857 | 438,502 | 23,848,355 | 22,977,254 | 212,246 | 22,765,008 |

For and on behalf of the Board who authorised these financial statements for issue on 30 July 2015:



Trustee



Trustee

Ngati Mutunga o Wharekauri Iwi Trust
Notes to the Consolidated Financial Statements
For the Year Ended 31 March 2015

1. STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

The financial statements presented here are for reporting entity Ngati Mutunga o Wharekauri Iwi Trust (the "Trust"). The Trust was established by Deed dated 28 September 2004 for the purpose of receiving and managing fishery and other settlement assets for the benefit of Ngati Mutunga and to relieve poverty or need of Ngati Mutunga.

The financial statements presented represent the results from operations of the Trust and the subsidiary companies that it wholly owns. Trust figures are for the Parent only.

Group figures represent:

- Ngati Mutunga o Wharekauri Iwi Trust
- Ngati Mutunga o Wharekauri Asset Holding Company Limited

Reporting Basis

These financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand and the requirements of the Financial Reporting Act 1993 and the Companies Act 1993.

Measurement Base

The attached financial statements have been prepared in accordance with the general accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis.

Differential Reporting

The Trust is a qualifying entity within the Differential Reporting Framework established by the New Zealand Institute of Chartered Accountants. The Trust is not publicly accountable. The Trust qualifies on the size criteria. The Trust has taken advantage of all differential reporting exemptions except where a note or policy states otherwise.

Property, Plant and Equipment

Property, Plant and Equipment is valued at cost price less accumulated depreciation to date. Rates of depreciation used are set by the Inland Revenue Department and shown in the consolidated Schedule of Property, Plant and Equipment and are applied as below

| | |
|-------------------|-----------------|
| Motor Vehicles | 30% DV |
| Office Equipment | 7.2% - 80.4% DV |
| Buildings | 0% - 30% DV |
| Land | 0% DV |
| Plant & Equipment | 0% - 50% DV |

Taxation

The Trust has been granted Charitable status by the Inland Revenue Department and is therefore exempt from income tax.

Goods and Services Tax

The Statement of Financial Performance has been prepared so that all components are stated exclusive of GST. All items in the Statement of Financial Position are stated net of GST, with the exception of Receivables and Payables, which include GST invoiced.

Accounts Receivable

Accounts Receivable are stated at their expected realisable value.

Basis of Consolidation

The group financial statements have been prepared using the purchase method of consolidation and include the financial statements of the parent and subsidiary companies. All significant intercompany profits, transactions and balances have been eliminated in preparing these financial statements.

Investments

Investments are valued at their cost price less any impairment recognised by the Directors. Advances between members of the group are shown in the parents figures at their estimated amount and eliminated upon consolidation.

Revenue

Sales are recognised as they are invoiced for the goods and services provided. Invoicing is completed on a monthly basis. All other income is recognised as received.

Quota

Quota shares owned are shown in the Statement of Financial Position at cost and are subject to annual impairment reviews.

Changes in Accounting Policy

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

Ngati Mutunga o Wharekauri Iwi Trust
Notes to the Consolidated Financial Statements continued
For the Year Ended 31 March 2015

| | Group 2015 \$ | Trust 2015 \$ | AHC 2015 \$ | Group 2014 \$ | Trust 2014 \$ | AHC 2014 \$ |
|-------------------------------|---------------------|---------------------|-------------------|---------------------|---------------------|-------------------|
| 2. Retained Earnings | | | | | | |
| Accumulated Surplus | | | | | | |
| Opening Balance | 7,658,621 | 859,176 | 6,799,445 | 6,499,314 | 843,752 | 5,655,562 |
| Net Surplus / (Deficit) | 1,193,848 | 83,165 | 1,660,683 | 1,159,307 | 15,424 | 1,638,883 |
| Dividends Paid | - | - | (550,000) | - | - | (495,000) |
| Closing Balance | <u>8,852,469</u> | <u>942,341</u> | <u>7,910,128</u> | <u>7,658,621</u> | <u>859,176</u> | <u>6,799,445</u> |
| Trust Capital | | | | | | |
| Opening Balance | 14,805,361 | (840,619) | 15,645,980 | 14,826,207 | (248,849) | 15,075,056 |
| Capital Reserve | - | - | - | (20,846) | (591,770) | 570,924 |
| Closing Balance | <u>14,805,361</u> | <u>(840,619)</u> | <u>15,645,980</u> | <u>14,805,361</u> | <u>(840,619)</u> | <u>15,645,980</u> |
| 3. Investment Accounts | | | | | | |
| UDC | - | - | - | - | - | - |
| Canterbury Mortgage Trust * | 46,524 | - | 46,524 | 33,680 | - | 33,680 |
| ANZ Term Deposits | 4,247,217 | - | 4,247,217 | 3,260,510 | - | 3,260,510 |
| ANZ - Call | 209,399 | - | 209,399 | 422,378 | - | 422,378 |
| | <u>4,503,140</u> | <u>-</u> | <u>4,503,140</u> | <u>3,716,568</u> | <u>-</u> | <u>3,716,568</u> |

* On the 21st of July 2008 Canterbury Mortgage Trust announced it had frozen all investments until at least March 2009. The trustees wrote the investments down by 15% in 2009 to more accurately reflect the expected carrying value of the capital that may be crystallised. Canterbury Mortgage Trust have now advised an increase in the carrying value of the investment to \$46,524 in the statement for the year ended 31 March 2015.

Ngati Mutunga o Wharekauri Iwi Trust
Notes to the Consolidated Financial Statements continued
For the Year Ended 31 March 2015

4. Property, Plant and Equipment

| | Group 2015 \$ | Trust 2015 \$ | AHC 2015 \$ | Group 2014 \$ | Trust 2014 \$ | AHC 2014 \$ |
|-----------------------------------------------|---------------------|---------------------|-------------------|---------------------|---------------------|-------------------|
| Motor Vehicles | | | | | | |
| Opening Book Value | 1,120 | 1,120 | - | 1,657 | 1,657 | - |
| Depreciation | (336) | (336) | - | (537) | (537) | - |
| Closing Book Value | 784 | 784 | - | 1,120 | 1,120 | - |
| Cost | 13,133 | 13,133 | - | 13,133 | 13,133 | - |
| Accumulated Depreciation | (12,349) | (12,349) | - | (12,013) | (12,013) | - |
| Closing Book Value | 784 | 784 | - | 1,120 | 1,120 | - |
| Office Equipment and Software | | | | | | |
| Opening Book Value | 10,073 | 10,073 | - | 14,168 | 14,168 | - |
| Additions | - | - | - | - | - | - |
| Depreciation | (2,308) | (2,308) | - | (3,584) | (3,584) | - |
| Closing Book Value | 7,765 | 7,765 | - | 10,073 | 10,073 | - |
| Cost | 42,457 | 42,457 | - | 42,457 | 42,457 | - |
| Accumulated Depreciation | (34,692) | (34,692) | - | (32,384) | (32,384) | - |
| Closing Book Value | 7,765 | 7,765 | - | 10,073 | 10,073 | - |
| Buildings | | | | | | |
| Opening Book Value | 370,890 | - | 370,890 | 366,392 | - | 366,392 |
| Additions | - | - | - | 19,952 | - | 19,952 |
| Depreciation | (21,051) | - | (21,051) | (15,454) | - | (15,454) |
| Closing Book Value | 349,839 | - | 349,839 | 370,890 | - | 370,890 |
| Cost | 478,540 | - | 478,540 | 478,490 | - | 478,490 |
| Accumulated Depreciation | (122,006) | - | (122,006) | (107,600) | - | (107,600) |
| Closing Book Value | 356,534 | - | 356,534 | 370,890 | - | 370,890 |
| Land | | | | | | |
| Opening Book Value | 170,377 | - | 170,377 | 170,377 | - | 170,377 |
| Depreciation | - | - | - | - | - | - |
| Closing Book Value | 170,377 | - | 170,377 | 170,377 | - | 170,377 |
| Cost | 170,377 | - | 170,377 | 170,377 | - | 170,377 |
| Accumulated Depreciation | - | - | - | - | - | - |
| Closing Book Value | 170,377 | - | 170,377 | 170,377 | - | 170,377 |
| Plant and Equipment | | | | | | |
| Opening Book Value | 6,174 | - | 6,174 | 6,318 | - | 6,318 |
| Additions | - | - | - | - | - | - |
| Depreciation | (71) | - | (71) | (144) | - | (144) |
| Closing Book Value | 6,103 | - | 6,103 | 6,174 | - | 6,174 |
| Cost | 6,684 | - | 6,684 | 6,684 | - | 6,684 |
| Accumulated Depreciation | (581) | - | (581) | (510) | - | (510) |
| Closing Book Value | 6,103 | - | 6,103 | 6,174 | - | 6,174 |
| Total Property Plant and Equipment | 541,564 | 8,549 | 533,015 | 558,635 | 11,193 | 547,442 |

5. Seafood Quota

The cost value of \$15,020,090 is recorded within these accounts in accordance with the stated accounting policy.

As determined by independent broker valuation the market value of quota as at 31 March 2015 is \$22,371,938 (2014 \$20,298,644). Overall the market value of Ngati Mutunga Quota shares is up by \$2,073,294. The Quota is made up as follows:

| | 2015 | 2014 |
|----------------------|-------------------|-------------------|
| | \$ | \$ |
| Settlement Quota | 19,360,013 | 18,023,613 |
| Non-Settlement Quota | 3,011,925 | 2,275,031 |
| | <u>22,371,938</u> | <u>20,298,644</u> |

6. Asset Impairment

There was no impairment of assets during the year. (2014: Nil)

The Trustees have reviewed the carrying value of AFL shares taking account of the 2009 independent valuation of AFL and believe that no impairment is required. This is consistent with the prior year.

7. Capital Commitments

The Trustees have not entered into any agreements to commit material amounts of Trust capital to any purpose which is not reflected or disclosed in these financial statements (2014: Nil).

8. Contingent Assets or Liabilities

The Trustees have commenced mediation with the Liquidators of the Old Iwi Trust and have received confirmation that a settlement of \$200,000 is forthcoming on 22 May 2015. (2014: \$Nil).

The Trustees are not aware of any contingent liabilities existing as at 31 March 2015 (2014: Nil).

9. Related Party Transactions

During the year, there were a number of related party transactions which are summarised and disclosed below. All related party transactions were transacted on a "best person for the role" and "arm's length" basis and managed in accordance with the Interests Policy of Ngati Mutunga o Wharekauri Iwi Trust and Ngati Mutunga o Wharekauri Asset Holding Company Ltd. Where a transaction involved a Trustee or Director or a company of which a Trustee or Director were an owner or director, these Trustees or Directors declared a conflict of Interest and were not involved in the decision making process.

Ngati Mutunga o Wharekauri Iwi Trust and Ngati Mutunga o Wharekauri Asset Holding Company Ltd paid Trustees and Directors fees and/or wages to beneficiaries of Ngati Mutunga o Wharekauri Iwi Trust. Total trustees remuneration was \$84,912 for the Iwi Trust, and \$33,996 for the Asset Holding Company (2014: \$85,126 and \$21,996 respectively). Funds payable to Directors and Trustees at year end totalled \$1,268. Funds payable to Trustees at year end totalled \$4,741. Payments have also been made to mandate group members for the services they provided assisting with obtaining the mandate.

Ngati Mutunga o Wharekauri Iwi Trust and Ngati Mutunga o Wharekauri Asset Holding Company Ltd entered into transactions with related parties. These transactions were quota sales and grants paid and were completed on the same basis as external party transactions. This is consistent with the prior year. These transactions included:
PJ Fisheries Limited who the company purchased quota from during the year and Flinders Fishing Co Ltd that the company sold quota to during the year. Director Robin Page is related to Stephen Page who owns the company.
Torora Strategy Limited – T McClurg is a Director of both Companies. Payments for services provided totalling \$35,550 (2014: \$62,350) were made during the period. \$2,875 was outstanding at year end (2014: \$2,875)
Koua Capital Partners – A Harrison is a Director of both Companies. Transactions to the value of \$152,226 (2014: \$123,606) were paid to the entity. \$39,104 was outstanding at year end (2014: \$11,604)
Koau Capital Partners' fees relate to its management contract for Ngati Mutunga o Wharekauri Asset Holding Company Ltd and other services. That management contract was approved and in place prior to Andrew Harrison being appointed as Director of Ngati Mutunga o Wharekauri Asset Holding Company Ltd.

Given the size of the Chatham Islands the majority of Trustees are related parties in that fishing quota is sold to relatives and related entities of most Trustees. Importantly, processes have been put in place to ensure that related party transactions are carried out on an arms length basis. The processes in place ensure that market prices are paid for quota sold and that quantum of ACE allocated is fair. This is consistent with the prior year

Ngati Mutunga o Wharekauri Asset Holdings Company Ltd hold a number of investments with which transactions were entered into with during the year. These included:

Ngati Mutunga o Wharekauri Asset Holdings Company Ltd have an investment in Port Nicholson Fisheries and they also sell fishing ACE to them. \$644,602 was received in ACE revenue during the period (2014: \$623,609). Port Nicholson Facilities is an entity in which the Asset Holding Company has an investment. There were distributions from both entities totalling \$572,980 for the 2015 year (2014: Nil). The investment is valued at \$2,050,695 at year end (2014: \$1,171,013).

Aoteroa Fisheries Ltd is a related party to the entity. A dividend totalling \$11,733 was received from this entity and no amounts outstanding at year end (2014: Nil). The Asset Holding Company had a representative on the Committee of Representatives that was established to set the terms of reference & appoint a reviewer to undertake a review of the maori fisheries settlement as set out in the Maori Fisheries Act 2004.

During the year, Ngati Mutunga o Wharekauri Iwi Trust paid grants totaling \$7,450 (2014: \$14,587). These grants were paid from the distribution fund, Te Putea Whanaungatanga. Some relatives and related entities of Trustees benefited from the receipt of these grants. Application and approval of these grants is carried out on an arms length basis.

Ngati Mutunga o Wharekauri Iwi Trust and Ngati Mutunga o Wharekauri Asset Holding Company Ltd operates an Interests Policy and maintains a comprehensive Interests Register of its Directors, Management and Trustees to ensure all interests are declared and the process for dealing with these clearly understood. This includes any Director who has an interest abstaining from that particular decision making.

10. Fishing Operations

The Trust undertook paua fishing operations prior to obtaining Mandated Iwi Organisation (MIO) status with To Ohu Kai Moana. There have been no fishing operations undertaken by the Trust after recognition of MIO status which occurred 28 September 2005.

11. Events Subsequent to Balance Date

The Trustees have commenced mediation with the Liquidators of the Old Iwi Trust and have been advised post balance date that a settlement of \$200,000 is forthcoming on 22 May 2015 and a provision has been made for the amount receivable.

There were no significant events subsequent to balance date which would have a material effect on the financial position or performance reflected in the 2014 financial statements

Ngati Mutunga o Wharekauri Iwi Trust
Notes to the Consolidated Financial Statements continued
For the Year Ended 31 March 2015

| | Group 2015 \$ | Trust 2015 \$ | AHC 2015 \$ | Group 2014 \$ | Trust 2014 \$ | AHC 2014 \$ |
|---------------------------------------|---------------------|---------------------|-------------------|---------------------|---------------------|-------------------|
| 12. Trustee's Remuneration | | | | | | |
| Amaru, Gail | 9,984 | 9,984 | - | 9,485 | 9,485 | - |
| Croon, Monique | 9,984 | 9,984 | - | 9,485 | 9,485 | - |
| Frazer, Mel | 9,984 | 9,984 | - | 9,485 | 9,485 | - |
| Goomes, Deborah | - | - | - | 4,033 | 4,033 | - |
| Gregory-Hunt, Dallan | 9,984 | 9,984 | - | 7,273 | 7,273 | - |
| Kamo, John (Deputy Chairperson) | 12,996 | 12,996 | - | 11,778 | 11,778 | - |
| Page, Paula (Chairperson) | 21,996 | 21,996 | - | 20,129 | 20,129 | - |
| Page, Robin (Director) | 11,495 | - | 11,495 | 11,660 | 1,664 | 9,996 |
| Tuuta, Jamle | - | - | - | 1,664 | 1,664 | - |
| Tuuta, Mark-Shane | - | - | - | 5,233 | 5,233 | - |
| Thomas, Bernice (Registrar) | - | - | - | 737 | 737 | - |
| Thomas, Joseph (Director) | 21,984 | 9,984 | 12,000 | 16,160 | 4,160 | 12,000 |
| Total Trustee's Remuneration | 108,407 | 84,912 | 23,495 | 107,122 | 85,126 | 21,996 |
| 13. Income and Expenses | | | | | | |
| a) Revenue | | | | | | |
| Revenue from Seafood | | | | | | |
| ACE Revenue | 1,803,285 | - | 1,803,285 | 1,866,244 | - | 1,866,244 |
| AFL Dividend | 11,734 | - | 11,734 | - | - | - |
| | 1,815,019 | - | 1,815,019 | 1,866,244 | - | 1,866,244 |
| Revenue from Investment | | | | | | |
| Dividend Received from Group Entities | - | 550,000 | - | - | 495,000 | - |
| Interest Received | 171,199 | - | 171,199 | 125,499 | 1 | 125,498 |
| Other | - | - | - | - | - | - |
| | 171,199 | 550,000 | 171,199 | 125,499 | 495,001 | 125,498 |
| b) Expenses | | | | | | |
| Direct Seafood Expenses | | | | | | |
| Quota Holder Levy | 87,015 | - | 87,015 | 104,103 | - | 104,103 |
| PNF Cray Management Fee | 29,650 | - | 29,650 | 29,100 | - | 29,100 |
| SeaFic Commodity Levy | 20,639 | - | 20,639 | 18,137 | - | 18,137 |
| Other | 14,330 | - | 14,330 | 7,541 | - | 7,541 |
| | 151,634 | - | 151,634 | 158,880 | - | 158,880 |
| Commercial Expenses | | | | | | |
| Administration Expenses | - | - | 10,000 | 9,998 | - | 9,998 |
| Accounting Fees | 14,978 | - | 14,978 | 14,300 | - | 14,300 |
| Audit Fees | 57 | - | 57 | 2,943 | - | 2,943 |
| Bad Debts | 2,500 | - | 2,500 | - | - | - |
| Directors Fees | 33,996 | - | 33,996 | 34,996 | - | 34,996 |
| Asset Management Fees | 121,080 | - | 121,080 | 121,080 | - | 121,080 |
| Legal, Advisory and Project Fees | 3,750 | - | 3,750 | 650 | - | 650 |
| Special Projects | - | - | - | 30,466 | - | 30,466 |
| Travel and Accommodation | 17,196 | - | 17,196 | 24,140 | - | 24,140 |
| Other Commercial Expenses | 5,842 | - | 5,842 | 915 | - | 915 |
| | 199,399 | - | 209,399 | 233,602 | - | 233,602 |
| Iwi Trust Governance Expenses | | | | | | |
| Travel and Accommodation - Trustees | 5,228 | 5,228 | - | 1,000 | 1,000 | - |
| Trustee Fees | 84,912 | 84,912 | - | 85,126 | 85,126 | - |
| Advisory | 5,000 | 5,000 | - | - | - | - |
| Meeting Costs | - | - | - | 4,337 | 4,337 | - |
| Other | 15,896 | 15,896 | - | 38,930 | 38,930 | - |
| | 111,035 | 111,035 | - | 129,393 | 129,393 | - |
| Iwi Trust Operating Expenses | | | | | | |
| Wages and Salaries | 54,068 | 54,068 | - | 49,920 | 49,920 | - |
| Accounting Fees | 27,591 | 27,591 | - | 24,804 | 24,804 | - |
| Audit Fees | 9,000 | 9,000 | - | 12,474 | 12,474 | - |
| Cultural Development | 4,932 | 4,932 | - | 1,516 | 1,516 | - |
| Legal, Advisory and Project Fees | 53,996 | 53,996 | - | 33,258 | 33,258 | - |
| Management Fee | 204,596 | 204,596 | - | 139,800 | 139,800 | - |
| Travel Other | 23,306 | 23,306 | - | 9,654 | 9,654 | - |
| Other | 231,419 | 238,619 | - | 84,754 | 84,754 | - |
| | 608,907 | 616,107 | - | 356,179 | 356,179 | - |

Ngati Mutunga o Wharekauri Iwi Trust
Notes to the Consolidated Financial Statements continued
For the Year Ended 31 March 2015

| | Group 2015 \$ | Trust 2015 \$ | AHC 2015 \$ | Group 2014 \$ | Trust 2014 \$ | AHC 2014 \$ |
|-----------------------------------------------------|---------------------|---------------------|-------------------|---------------------|---------------------|-------------------|
| c) Iwi Trust Project Receipts & Expenses | | | | | | |
| Receipts | | | | | | |
| Registrations Project | - | - | - | 15,000 | 15,000 | - |
| Education Strategy | 30,386 | 30,386 | - | 43,160 | 43,160 | - |
| Housing Project | 105,000 | 105,000 | - | - | - | - |
| Reo Project | 104,600 | 104,600 | - | - | - | - |
| | <u>239,986</u> | <u>239,986</u> | <u>-</u> | <u>58,160</u> | <u>58,160</u> | <u>-</u> |
| Expenses | | | | | | |
| Registrations Project | - | - | - | 596 | 596 | - |
| Education Strategy | 46,863 | 46,863 | - | 17,262 | 17,262 | - |
| Housing Project | 107,500 | 107,500 | - | - | - | - |
| Reo Project | 115,511 | 115,511 | - | - | - | - |
| | <u>269,874</u> | <u>269,874</u> | <u>-</u> | <u>17,858</u> | <u>17,858</u> | <u>-</u> |
| Project Summary - Income less Expenses | | | | | | |
| Registrations Project | - | - | - | 14,404 | 14,404 | - |
| Education Strategy | (16,477) | (16,477) | - | 25,898 | 25,898 | - |
| Housing Project | (2,500) | (2,500) | - | - | - | - |
| Reo Project | (9,136) | (9,136) | - | - | - | - |
| | <u>(28,113)</u> | <u>(28,113)</u> | <u>-</u> | <u>40,302</u> | <u>40,302</u> | <u>-</u> |

14. Dividends Policy

It is the policy of the Trust to rollover any unused dividends received from its subsidiary (budgeted) in a year to future years and that they can be applied to beneficiary distributions at the discretion of the Trustees.

| | Group 2015 \$ | Trust 2015 \$ | AHC 2015 \$ | Group 2014 \$ | Trust 2014 \$ | AHC 2014 \$ |
|--------------------------------------------------------|---------------------|---------------------|-------------------|---------------------|---------------------|-------------------|
| Dividends Budgeted to Fund Operating Expenditure | - | (550,000) | 550,000 | - | (495,000) | 495,000 |
| Less Dividends Paid / (Received) | - | (550,000) | 550,000 | - | (495,000) | 495,000 |
| Surplus as a Result of Unpaid Dividends | - | - | - | - | - | - |
| Opening Beneficiary Distribution Reserve Account | | (173,194) | | | (108,542) | |
| Add Iwi Trust 2015 Net Surplus prior to abnormal items | | <u>(186,709)</u> | | | <u>(64,652)</u> | |
| Closing Beneficiary Distribution Reserve Account | | <u>(359,903)</u> | | | <u>(173,194)</u> | |

15. Mandating Costs Recoverable

On the 16th of March 2015, the Chair of the Iwi Trust received a letter from the Minister of Treaty of Waitangi Negotiations. The letter approved a claimant upper limit of \$1,545,000 as a contribution towards the settlement of the historical Treaty claims. The Iwi Trust has, as at balance date invoiced \$50,000 of this amount (2014: nil).

16. Transition to IPSAS

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this new Accounting Standards Framework, the Trust will be eligible to apply the simple format reporting regime (Tier 3 reporting entity) of the Public Benefit Entity Accounting Standards. The effective date for the new standards is for reporting periods beginning on or after 1 April 2015. Therefore, the Trust will transition to the new standards preparing its 31 March 2016 financial statements.

INDEPENDENT AUDITOR'S REPORT
To the Trustees of Ngati Mutunga o Wharekauri Iwi Trust

Report on the Financial Statements

We have audited the consolidated financial statements of Ngati Mutunga o Wharekauri Iwi Trust and its subsidiaries (together referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 March 2015, and the consolidated statement of movements in equity, and statement of financial performance for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the Trustees, as a body, in accordance with the Trust Deed of Ngati Mutunga o Wharekauri Iwi Trust. Our audit has been undertaken so that we might state to the Trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

Trustees' Responsibility for the Financial Statements

The trustees are responsible for the preparation of these financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditor we have no relationship with, or interests in Ngati Mutunga o Wharekauri Iwi Trust, or any of its subsidiaries.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Group as at 31 March 2015 and its financial performance for the year then ended in accordance with generally accepted accounting practice in New Zealand.

A handwritten signature in black ink, which appears to read 'BDO Christchurch'.

BDO Christchurch
30 July 2015
Christchurch
New Zealand

Ngāti Mutunga o Wharekauri Iwi Trust Directory

For the year end 31 March 2015

Nature of the Business

To provide relief of 'poverty' or 'need' of all Ngāti Mutunga o Wharekauri

Beneficiaries

Persons defined as Ngāti Mutunga o Wharekauri in the Trust Deed

Date Established

28 September 2004

Address

PO Box 50
Waitangi
Wharekauri / Chatham Islands

Trustees (as at 31 March 2015)

Paula Page (Chair)
John Kamo (Deputy Chair)
Gail Amaru
Joseph Thomas
Monique Croon
Melodie Fraser
Dallon Gregory-Hunt

AHC Directors

Joseph Thomas (Chair)
Robin Page
Tom McLurg
Andrew Harrison

Accountant

DJCA
12 St Albans Street

St Albans
Christchurch 8014

Auditor

BDO Spicers
30 Sir William Pickering
Drive
Burnside
Christchurch 8053

Solicitor

Wynn Williams
Unit B, Homebase

195 Marshlands Road
Shirley
Christchurch 8083

Bankers

ANZ
Wharekauri / Chatham Islands