

Statement of Financial Performance for the period ended March 31, 2009

		Group		Port Nicholson Block Settlement Trust	
	Note	2009	2008	2009	2008
Net Operating Income					
Commercial Property Rent	2	5,556	-	-	-
		5,556	-	-	-
Less Property Expenses					
Interest Expense	3	55,841	-	-	-
Rental Costs	4	49,687	-	-	-
		105,528	-	-	-
Net Property Income		(99,972)	-	-	-
Other Income					
Project Management Fees		39,000	-	-	-
Interest Received	5	793,491	-	849,175	-
Other Income	6	10,000	-	10,000	-
		842,491	-	859,175	-
Total Income		742,519	-	859,175	-
Less Expenses					
Administration & Operating Costs	7	692,923	-	304,528	-
Interest Expense		-	-	55,841	-
Depreciation	8	833	-	-	-
		693,756	-	360,369	-
NET OPERATING SURPLUS BEFORE TAXATION		48,763	-	498,806	-
Less Tax Expense	9	-	-	-	-
NET SURPLUS AFTER TAXATION		48,763	-	498,806	-
Unrealised Gain/(Loss) on Revaluation of Investment Property		(1,638,526)	-	-	-
NET SURPLUS/(DEFICIT) AFTER TAXATION AND UNREALISED GAINS		\$ (1,589,763)	\$ -	\$ 498,806	\$ -

This statement should be read in conjunction with the Notes to the Financial Statements

Statement of Movements in Trust Capital for the period ended March 31, 2009

		Group		Port Nicholson Block Settlement Trust	
	Note	2009	2008	2009	2008
Trust Capital at Beginning of Year		-	-	-	-
Net Surplus/(Deficit) for the Year		(1,589,763)	-	498,806	-
Distribution to Owners		-	-	-	-
TRUST CAPITAL AT END OF YEAR		\$ (1,589,763)	\$ -	\$ 498,806	\$ -

This statement should be read in conjunction with the Notes to the Financial Statements

Statement of Financial Position as at March 31, 2009

		Group	Port Nicholson Block Settlement Trust		
	Note	2009	2008	2009	2008
TRUST CAPITAL		\$ (1,589,763)	\$ -	\$ 498,806	\$ -
<i>Represented By</i>					
CURRENT ASSETS					
Accounts Receivable		67,137	-	22,699	-
Crown—Accrued Interest on Settlement	5	793,031	-	793,031	-
Shelly Bay Limited—Crown Loan		-	-	15,267,375	-
Shelly Bay Limited—Interest	3	-	-	55,841	-
Shelly Bay Limited—Cost Paid		-	-	171,206	-
Port Nicholson Block Management Ltd		-	-	36,042	-
Goods and Services Tax Refund	10	1,722,954	-	-	-
TOTAL CURRENT ASSETS		2,583,122	-	16,346,194	-
NON-CURRENT ASSETS					
INVESTMENTS					
Investment Property	14	12,077,000	-	-	-
TOTAL INVESTMENTS		12,077,000	-	-	-
PROPERTY PLANT & EQUIPMENT					
Office Furniture	11	4,914	-	-	-
TOTAL PROPERTY PLANT & EQUIPMENT		4,914	-	-	-
TOTAL ASSETS		\$ 14,665,036	\$ -	\$ 16,346,194	\$ -

This statement should be read in conjunction with the Notes to the Financial Statements

Statement of Financial Position as at March 31, 2009

		Group		Port Nicholson Block Settlement Trust	
	Note	2009	2008	2009	2008
<i>Less</i>					
CURRENT LIABILITIES					
Westpac Cheque Accounts		31,750	-	22,934	-
Accounts Payable		139,041	-	70,042	-
Accrued Expenses		13,677	-	-	-
Wellington Tenths Trust		30,846	-	30,846	-
PNBC Limited	13	666,269	-	391,100	-
Palmerston North Reserve		50,000	-	-	-
New Zealand Crown Loan	15	15,267,375	-	15,267,375	-
Crown Loan—Accrued Interest	3	55,841	-	55,841	-
Goods and Services Tax Payable		-	-	9,250	-
TOTAL CURRENT LIABILITIES		16,254,799	-	15,847,388	-
TOTAL LIABILITIES		16,254,799	-	15,847,388	-
NET ASSETS/(LIABILITIES)		\$ (1,589,763)	\$ -	\$ 498,806	\$ -

Signed by the Trustees:



Professor Sir Ngatata Love
Chairman



Sir Paul Reeves
Deputy Chairman

26 August 2009

Statement of Cash Flow for the period ended March 31, 2009

	Note	Group		Port Nicholson Block Settlement Trust	
		2009	2008	2009	2008
Cash Flows from Operating Activities					
<i>Cash was provided from:</i>					
Receipts from Tenants		5,057	-	-	-
Interest Received		793,491	-	849,175	-
Other Income		10,000	-	10,000	-
Goods and Services Tax Refund (Net)		-	-	10,365	-
		808,548	-	869,540	-
<i>Cash was applied to:</i>					
Payments to suppliers and employees		624,452	-	258,300	-
Goods and Services Tax Refund (Net)		1,716,031	-	-	-
Interest Paid		55,841	-	55,841	-
		2,396,324	-	314,141	-
Net cash flows from/(used in) Operating Activities		(1,587,776)	-	555,399	-
Cash Flows from Investing Activities					
<i>Cash was provided from:</i>					
Sale of Investment Properties		-	-	-	-
Sale of Fixed Assets		-	-	-	-
		-	-	-	-
<i>Cash was applied to:</i>					
Accrued Interest		793,031	-	793,031	-
Purchase of Investment Properties		13,715,526	-	-	-
Purchase of Fixed Assets		5,748	-	-	-
		14,514,305	-	793,031	-
Net cash flows from/(used in) Investing Activities		(14,514,305)	-	(793,031)	-
Cash Flows from Financing Activities					
<i>Cash was provided from:</i>					
Loans received		16,070,331	-	(15,530,464)	-
		16,070,331	-	(15,530,464)	-
<i>Cash was applied to:</i>					
Loans paid		-	-	(15,745,162)	-
		-	-	(15,745,162)	-
Net cash flows from/(used in) Financing Activities		\$ 16,070,331	\$ -	\$ 214,698	\$ -

This statement should be read in conjunction with the Notes to the Financial Statements

Statement of Cash Flow for the period ended March 31, 2009

	Note	Group		Port Nicholson Block Settlement Trust	
		2009	2008	2009	2008
Net Increase/(Decrease) in Cash Held		(31,750)	-	(22,934)	-
Cash Brought Forward		-	-	-	-
Ending Cash Carried Forward		\$ (31,750)	\$ -	\$ (22,934)	\$ -
Bank Consists of:					
Westpac Banking Corporation		\$ (31,750)	\$ -	\$ (22,934)	\$ -
Reconciliation of Net Surplus After Tax with Net Cash Flows from Operating Activities					
Net Surplus After Tax		48,763	-	498,806	-
<i>Add/(Deduct) Non Cash Items</i>					
Depreciation		833	-	-	-
		833	-	-	-
<i>Add/(Deduct) Movement in Working Capital Items</i>					
Receivables		(67,136)	-	(22,699)	-
Income Received in Advance		13,677	-	-	-
Payables		139,041	-	70,042	-
Goods and Services Tax		(1,722,954)	-	9,250	-
		(1,637,372)	-	56,593	-
		\$ (1,587,776)	\$ -	\$ 555,399	\$ -

This statement should be read in conjunction with the Notes to the Financial Statements

Notes to the Financial Statements for the period ended March 31, 2009

NOTE 1: STATEMENT OF ACCOUNTING POLICIES

Basis of Preparation

Port Nicholson Block Settlement Trust represents descendants of Taranaki, Te Atiawa, Ngati Ruanui, Ngati Tama whose tupuna were resident in Wellington in 1840, collectively known as Taranaki Whanui ki Te Upoko o Te Ika. The Trust established by the Port Nicholson Block Settlement Trust Deed, dated August 11, 2008, is the Trust to receive the settlement package relating to historical Treaty of Waitangi claims. The Crown and Port Nicholson Block Settlement Trust signed a Deed of Settlement in Wellington on August 19, 2008. These Financial Statements have been prepared in accordance with the Financial Reporting Act 1993.

General Accounting Policies

The measurement base adopted is that of historical cost, except that investment properties are stated at valuation. All amounts are presented in New Zealand dollars (\$).

Particular Accounting Policies

Consolidation of Subsidiaries and Associates—The Group Financial Statement incorporate the Financial Statements of the Trust and its subsidiaries.

Subsidiaries—Subsidiaries are those entities controlled directly or indirectly by the Group. The Financial Statements of the subsidiaries are included in the consolidated Financial Statements using the purchase method of consolidation.

Accounts Receivable—Accounts receivable are valued at expected realisable value, after providing against debts where collection is doubtful. Bad debts are written off during the period in which they are identified.

Fixed Assets—Fixed assets are recorded at cost less accumulated depreciation to date.

Depreciation—Business fixed assets, excluding investment properties are depreciated on a diminishing value basis using the minimum rates allowed by the Inland Revenue Department.

Investments—Except where noted otherwise, investments are recorded at cost. Investment income, is recognized on an accruals basis where appropriate.

Investment Properties—Investment properties are recorded at open market value as determined by independent registered valuers, Colliers International Limited. No depreciation has been allowed in respect of the investment properties. Investment properties are revalued annually in compliance with *SSAP 17: Accounting for Investment Properties*. Unrealised gains or losses on the value of investment properties have been included in the Statement of Financial Performance.

Goods and Services Tax—Income which forms part of a GST activity is stated exclusive of GST. Expenditure is stated exclusive of GST to the extent that GST has been claimed back. Accounts receivable and accounts payable are stated inclusive of GST in the Statement of Financial Position. All other assets and liabilities are stated exclusive of GST to the extent that GST has been claimed back.

Taxation—The “taxes payable” method of accounting for taxation has been followed. Provision has been made for taxation after taking full advantage of all deductions and concessions permitted. No deferred tax liability is recognised in respect of tax depreciation, as it is intended that ownership of the investment property portfolio will be long term. Accordingly, timing differences are not expected to reverse in the foreseeable future.

Statement of Cash Flows—The following are definitions of the terms used in the Statement of Cash Flows:

Operating activities are those activities relating to the trading and management of the Trust’s business and include all transactions and other events that are not investing or financing activities.

Notes to the Financial Statements for the period ended March 31, 2009

Investing activities are those activities relating to the acquisition, holding and disposal of fixed assets, investments and investment properties.

Financing activities are those activities that result in changes in the size and composition of the capital structure of the Group.

Cash comprises cash held on deposit at banks and bank overdraft balances.

Differential Reporting—This entities qualifies for differential reporting under the New Zealand Institute of Chartered Accountants reporting framework. The entity is not publicly accountable and is not classified as large as the entity does not exceed two of the three size criteria of total revenue of \$20 million, total assets of \$10 million, or over 50 employees. The entity has taken advantage of all concessions available except that a cash flow has been prepared in accordance with FRS 10.

Changes in Accounting Policies

There have been no changes in accounting policy during the period since the Trust was formed on August 11, 2008.

Comparative Figures

There are no comparative figures provided as this is the first trading period for the Group and Trust.

		Group		Port Nicholson Block Settlement Trust	
	Note	2009	2008	2009	2008
NOTE 2: Rental Income					
<u>Commercial Properties</u>					
Rent Received		5,556	-	-	-
TOTAL RENTAL INCOME		\$ 5,556	\$ -	\$ -	\$ -

Rental income relates to rent received from date of purchase, February 19, 2009 to March 31, 2009.

NOTE 3: Interest Expense

Interest—Crown Loan		55,841	-	-	-
TOTAL INTEREST EXPENSES		\$ 55,841	\$ -	\$ -	\$ -

On February 19, 2009 the Trust entered into a loan with the Crown for \$15,267,375 to settle the purchase of the Shelly Bay Road property. This loan is repayable on receipt of Crown Settlement (refer note 15).

Notes to the Financial Statements for the period ended March 31, 2009

	Note	Group		Port Nicholson Block Settlement Trust	
		2009	2008	2009	2008
NOTE 4: Rental Costs					
Consultancy Fees		16,712	-	-	-
Electricity		200	-	-	-
Grounds Maintenance		2,577	-	-	-
Insurance		5,433	-	-	-
Property Management Fees		11,969	-	-	-
Rates		7,657	-	-	-
Repairs & Maintenance		1,215	-	-	-
Security		3,924	-	-	-
TOTAL RENTAL COSTS		\$ 49,687	\$ -	\$ -	\$ -

NOTE 5: Interest Received

Crown Settlement Interest Accrual (Note 15)		793,031	-	793,031	-
Crown Loan—Shelly Bay Interest Received		-	-	55,841	-
IRD—Use of Money Interest		460	-	303	-
TOTAL INTEREST		\$ 793,491	\$ -	\$ 849,175	\$ -

The Port Nicholson Block Settlement Trust entered into a Deed of Settlement dated August 19, 2008 to receive a settlement for historical Treaty of Waitangi claims. The settlement consists of cultural, financial and commercial redress. In terms of the Deed of Settlement, interest is payable by the Crown on an amount of \$23,138,000 from August 19, 2008. The interest due from the Crown to Port Nicholson Block Settlement Trust is calculated from the Deed of Settlement (August 19, 2008) to March 31, 2009. This amount is non-taxable and has been calculated at the relevant Official Cash Rates during this period.

NOTE 6: Sundry Income

Other Income		10,000	-	10,000	-
TOTAL SUNDRY INCOME		\$ 10,000	\$ -	\$ 10,000	\$ -

Notes to the Financial Statements for the period ended March 31, 2009

	Group	Port Nicholson Block Settlement Trust		
Note	2009	2008	2009	2008
NOTE 7: Administration & Operating Expenses				
Accountancy Fees	58,726	-	35,690	-
Audit Fees	25,000	-	20,000	-
Bank Charges	89	-	-	-
Catering	9,017	-	6,216	-
Cleaning	5,603	-	-	-
Computer Expenses	1,793	-	-	-
Consultancy Fees	4,444	-	-	-
Directors Meetings	169	-	-	-
Equipment Rental	3,403	-	-	-
General Expenses	17,190	-	8,770	-
Legal Fees	3,523	-	2,040	-
Newsletters	36,905	-	16,905	-
Office Expenses	246	-	-	-
PR Consultant	26,109	-	-	-
Parking	5,280	-	-	-
Plant Hire	3,288	-	-	-
Postage	794	-	-	-
Printing & Stationery	18,023	-	-	-
Project Management Team	170,553	-	-	-
Rent and Power	83,887	-	-	-
Shelly Bay Event	28,027	-	28,027	-
Telephone & Tolls	2,828	-	-	-
Travel & Accommodation	30,525	-	29,379	-
Trustees' Expenses	1,951	-	1,951	-
Trustees' Fees	48,333	-	48,333	-
Valuation Fees	107,217	-	107,217	-
TOTAL ADMINISTRATION & OPERATING EXPENSES	\$ 692,923	\$ -	\$ 304,528	\$ -

Notes to the Financial Statements for the period ended March 31, 2009

	Group	Port Nicholson Block Settlement Trust		
Note	2009	2008	2009	2008
NOTE 8: Depreciation				
Office Equipment	833	-	-	-
TOTAL DEPRECIATION	\$ 833	\$ -	\$ -	\$ -
Depreciation rates used varied between 40% to 50%.				
NOTE 9: Taxation				
Net Surplus Before Taxation	48,763	-	498,806	-
ADD/(LESS)				
Interest on Crown Loan	(793,031)	-	(793,031)	-
TAXABLE INCOME/(LOSS)	\$ (744,268)	\$ -	\$ (294,225)	\$ -
Taxation Expense (30%)	-	-	-	-
LESS				
Provisional Tax Paid	-	-	-	-
Prior Year Taxation Refund Due	-	-	-	-
TAXATION PAYABLE/(REFUND DUE)	\$ -	\$ -	\$ -	\$ -
NOTE 10: GST Refund				
The GST refund relates to the property purchase by Port Nicholson Block Settlement Trust's subsidiary, Shelly Bay Limited. This amount was refunded on June 5, 2009.				
NOTE 11: Fixed Assets				
<i>Description</i>				
Office Equipment	5,747	-	-	-
Less Accumulated Depreciation	(833)	-	-	-
TOTAL FIXED ASSETS	\$ 4,914	\$ -	\$ -	\$ -

Notes to the Financial Statements for the period ended March 31, 2009

	Note	Group		Port Nicholson Block Settlement Trust	
		2009	2008	2009	2008
NOTE 12: Investment in Subsidiaries					
<i>Name of Entity</i>		<i>Principal Activities</i>	<i>Interest Held by Group</i>		
Port Nicholson Block Management Limited		Management of Operations	100%	0%	
Shelly Bay Limited		Commercial Rental	100%	0%	

All of the subsidiaries have a March 31 balance date. Port Nicholson Block Management Limited has been incorporated since September 22, 2008 and Shelly Bay Limited has been incorporated since February 11, 2009.

NOTE 13: PNBC Limited

During the period ending March 31, 2009 the Port Nicholson Block Settlement Trust received advances from PNBC Limited. PNBC Limited was the entity charged with negotiating the settlement on behalf of the claimants and this amount will be repaid on receipt of the settlement from the Crown. The mandated representatives for the Port Nicholson Block Claim were charged with responsibility of negotiating a settlement with the Crown of historical Treaty of Waitangi claims relating to Taranaki Whanui ki Te Upoko o Te Ika. Those representatives formed a limited liability company, PNBC Limited, as the management and operational entity from 2003 to August 11, 2008. The advances received will be repaid on receipt of the settlement package from the Crown. PNBC Limited is not part of Port Nicholson Block Settlement Trust or the Consolidated Group.

NOTE 14: Investment Properties (at valuation)

Commercial Properties

Cost of Shelly Bay Road	13,715,526	-	-	-
Unrealised loss on revaluation as at March 31, 2009	(1,638,526)	-	-	-
Total Commercial Properties	12,077,000	-	-	-
TOTAL INVESTMENT PROPERTIES	\$ 12,077,000	\$ -	\$ -	\$ -

The investment properties located at Shelly Bay Road, Shelly Bay, Miramar are owned by the Port Nicholson Block Settlement Trust's subsidiary, Shelly Bay Limited and has been valued based on a valuation by independent registered valuer, Colliers International Limited as at March 31, 2009. The valuation basis used was open market value.

NOTE 15: Crown Loan

On February 19, 2009 the Port Nicholson Block Settlement Trust entered into a loan to enable the Settlement Trust's subsidiary, Shelly Bay Limited to purchase the investment properties at Shelly Bay Road, Shelly Bay, Wellington. The loan is repayable immediately on settlement date from the Crown of the monies owing to the Trust in terms of the Deed of Settlement dated August 19, 2008. Interest is payable at the Official Cash Rate. Settlement date is 20 business days following Royal Assent being given to the Port Nicholson Block (Taranaki Whanui ki Te Upoko o Te Ika) Claims Settlement Bill. The settlement package consists of cash, land, buildings and other Mana Whenua rights associated with historical Treaty claims.

Notes to the Financial Statements for the period ended March 31, 2009

NOTE 16: Contingent Asset & Commitments

As detailed in Note 15, the Crown has entered into a Deed of Settlement with the Port Nicholson Block Settlement Trust dated August 19, 2008.

NOTE 17: Related Party Transactions

All members of the Port Nicholson Block Settlement Trust group are related parties to the Trust. During the year, the Trust has advanced loans to support its subsidiaries as required and received loan repayments from its subsidiaries in the normal course of business.

NOTE 18: Trustee Remuneration

Trustee remuneration during the year was as follows:

Dr Ralph Heberley Ngatata Love (Chairman)	13,333
Sir Paul Alfred Reeves (Deputy Chairman)	5,000
Kevin Hikaia Amohia	3,750
Neville McClutchie Baker	3,750
Spencer Waemura Carr	3,750
June Te Raumange Jackson	3,750
Dr Catherine Maarie Amohia Love	3,750
Hinekehu Ngaki Dawn McConnell	3,750
Rebecca Elizabeth Mellish	3,750
Mark Te One	3,750
Dr Ihakara Porutu Puketapu (resigned during the year)	-
	\$ 48,333

NOTE 19: Subsequent Event

The Port Nicholson Block (Taranaki Whanui ki Te Upoko o Te Ika) Claims Settlement Bill was passed on July 30, 2009 and received the Royal Assent on August 5, 2009. As a consequence of this the Crown will provide the Cultural, Financial and Commercial redress as set out in the Port Nicholson Block (Taranaki Whanui ki Te Upoko o Te Ika) Claims Settlement Act 2009 and the Deed of Settlement signed on August 19, 2008.



Audit Report

The Stakeholders of the Port Nicholson Block Settlement Trust Group

Grant Thornton

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We have audited the financial report on pages 17 to 29. The financial report provides information about the past financial performance of the Port Nicholson Block Settlement Trust and Group and its financial position as at 31 March 2009. This information is stated in accordance with the accounting policies set out on pages 23 and 24.

Trustees Responsibilities

The Trustees are responsible for the preparation of a financial report which fairly reflects the financial position of the Port Nicholson Block Settlement Trust and Group as at 31 March 2009 and the results of operations and cashflows for the period ended on that date.

Auditor's Responsibilities

It is our responsibility to express to you an independent opinion on the financial report presented by the Trustees.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial report. It also includes assessing:

- the significant estimates and judgements made by the Trustees in the preparation of the financial report, and
- whether the accounting policies are appropriate to the Port Nicholson Block Settlement Trust and Group's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial report is free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial report.

Other than in our capacity as auditors we have no relationship with, or interests in, the Port Nicholson Block Settlement Trust and Group.

Unqualified Opinion

We have obtained all the information and explanations we have required.

In our opinion the financial report on pages 17 to 29 fairly reflects the financial position of Port Nicholson Block Settlement Trust and Group as at 31 March 2009 and the results of its operations and cashflows for the period ended on that date.

Our audit was completed on 26 August 2009 and our unqualified opinion is expressed as at that date.

A handwritten signature in blue ink that reads "Grant Thornton".

Grant Thornton
Wellington
26 August 2009

Business Advisers & Chartered Accountants

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