Statement of Comprehensive Income
For the year ended March 31, 2013

	Note	Group 2013 $	Group 2012 $	Parent 2013 $	Parent 2012 $
Operating Revenue					
Rental Income		800,279	596,071	278,034	285,460
Less: Direct Expenses	**5**	(631,539)	(773,411)	(182,798)	(281,244)
Gross Profit/(Loss)		168,740	(177,340)	95,236	4,216
Less: Administration and Operating Costs	**6**	3,100,803	3,044,367	2,637,109	1,316,251
Profit/(Loss) from Operations		(2,932,063)	(3,221,707)	(2,541,873)	(1,312,035)
Other Income					
Gain/(Loss) on Investment Properties fair value	**13**	(1,300,673)	(520,673)	(100,000)	(50,000)
Capital Gain/(Loss) on Sale of Investment		(32,453)	350,627	(32,453)	350,627
Income from PNBST Investments Ltd Partnership	**21(c)**	-	-	4,040,156	-
Lease Premium	**21(c)**	4,000,000	-	-	-
Other Income		792,241	1,528,632	61,906	566,021
Loss on Disposal of Fixed Assets		(2,728)	-	-	-
		3,456,387	1,358,586	3,969,609	866,648
Operating Expenditure					
Other Expenses		391,702	566,834	-	-
Increase/(decrease) in provision for impairment		-	-	1061,800	1,940,518
Provision for Doubtful Debt	**11**	600,000	-	600,000	-
		991,702	566,834	1,661,800	1,940,518
Financing Income					
Financial Income		85,605	333,060	83,002	332,051
Financial Expense		(22,366)	(206,364)	(22,366)	(206,364)
Net Financing Income	**7**	63,239	126,696	60,636	125,687
Profit/(Loss) before Income Tax		**(404,139)**	**(2,303,259)**	**(173,428)**	**(2,260,218)**
Income Tax Expense	**9**	-	-	-	-
Profit/(Loss) for the Year		**(404,139)**	**(2,303,259)**	**(173,428)**	**(2,260,218)**
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income		**$(404,139)**	**$(2,303,259)**	**$(173,428)**	**$(2,260,218)**

The accompanying notes on pages 24 to 27 form part of and are to be read in conjunction with these financial statements

Statement of Changes in Trust Capital for the year ended March 31, 2013

	Note	Group 2013	Group 2012	Parent 2013	Parent 2012
		$	$	$	$
Trust Capital at Beginning of Year		23,340,159	25,643,418	22,863,108	25,123,326
Total Comprehensive Income for the Year		(404,139)	(2,303,259)	(173,428)	(2,260,218)
Trust Capital at End of Year		$22,936,020	$23,340,159	$22,689,680	$22,863,108

Statement of Financial Position as at March 31, 2013

	Note	Group 2013	Group 2012	Parent 2013	Parent 2012
		$	$	$	$
Current Assets					
Cash and Cash Equivalents	**10**	2,350,331	375,937	2,633,365	381,980
Trade Debtors and Other Receivables	**11**	349,507	1,095,236	151,689	934,515
Prepayments		126,681	98,096	39,441	16,753
Income Tax Receivable	**9**	4,354	49,619	2,546	48,306
GST Receivable		35,684	52,770	167,033	12,562
Work in Progress		-	83,768	-	83,768
		2,866,557	1,755,426	2,994,074	1,477,884
Non-Current Assets					
Investment Property	**13**	19,562,503	21,112,503	3,347,503	7,497,503
Inter-entity Loans	**17**	-	-	12,497,242	13,769,910
Investments in Related Entities	**21**	1,837,285	800,626	1,837,285	798,453
PNBST Investments Limited Partnership		-	-	4,040,156	-
Property, Plant & Equipment	**15**	267,280	321,610	13,203	6,065
		21,667,068	22,234,739	21,735,389	22,071,931
Total Assets		**$24,533,625**	**$23,990,165**	**$24,729,463**	**$23,549,815**
Current Liabilities					
Trade Creditors and Other Payables	**12**	642,049	650,006	2,039,783	686,707
Loans & Advances	**16**	955,556	-	-	-
		1,597,605	650,006	2,039,783	686,707
Total Liabilities		**1,597,605**	**650,006**	**2,039,783**	**686,707**
Trust Capital					
Retained Earnings		22,936,020	23,340,159	22,689,680	22,863,108
Total Trust Capital		**22,936,020**	**23,340,159**	**22,689,680**	**22,863,108**
Total Trust Capital and Liabilities		**$24,533,625**	**$23,990,165**	**$24,729,463**	**$23,549,815**

On behalf of the Trustees:

Hon Mahara Okeroa, Chairman

Toa Pomare, Deputy Chairman

Date: July 30, 2013

The accompanying notes on pages 24 to 27 form part of and are to be read in conjunction with these financial statements

Notes to the Financial Statements for the year ended March 31, 2013

NOTE 1: REPORTING ENTITY

These financial statements comprise the consolidated financial statements of the Port Nicholson Block Settlement Trust ("the Trust") and Group entities.

Port Nicholson Block Settlement Trust and its subsidiaries (together "the Group") is a group formed and domiciled in New Zealand. The group represents the descendants of Taranaki, Te Atiawa, Ngati Ruanui and 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 the Trust signed a Deed of Settlement in Wellington on August 19, 2008. The Financial Statements presented are for the year ended March 31, 2013 and were authorised for issue by the Trustees on July 30, 2013.

NOTE 2: BASIS OF CONSOLIDATION

The Group financial statements consolidate those of the Parent ("the Trust") and all its subsidiary entities over which the Parent has the power to control the financial reporting and operating policies of the entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

The financial statements of subsidiaries are included in the consolidated financial statements from the date control is obtained, until the date on which control is lost.

The wholly owned subsidiaries of the Trust are:

- Shelly Bay Limited
- The Lodge at Shelly Bay Limited
- Port Nicholson Block Management Limited
- PNBC Limited
- Lowry Bay Section One Limited
- Port Nicholson Block Properties Limited
- Education PNBST Limited
- PNBST Investments Limited Partnership

All subsidiaries have a reporting date of March 31, 2013 and accounting policies applied are consistent with the Parent.

The purchase method is used to prepare the consolidated financial statements, which involves adding together like items of assets, liabilities, equity, income and expenses on a line-by-line basis. All significant inter-group balances are eliminated on consolidation of group results and position.

NOTE 3: BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards as appropriate to profit-orientated entities that qualify for and apply differential reporting concessions. The Trust is a reporting entity for the purposes of the Financial Reporting Act 1993 and its financial statements comply with that Act.

The Trust and Group qualify for differential reporting exemptions as it has no public accountability and there is no separation between members and the governing body. All available reporting exemptions under the Framework for Differential Reporting have been applied.

(b) Basis of measurement

The consolidated financial statements have been prepared on a historical costs basis, except that Investment Properties are stated at fair value.

Accrual accounting is used to recognise revenue and expenses. The consolidated financial statements have been prepared on a going concern basis, on the assumption that the ultimate Parent, the Trust, is committed to ensuring the Group's obligations are met as they fall due.

(c) Presentation currency

The financial statements are presented in New Zealand dollars ($), which is the Parent and Group's functional currency.

(d) Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Areas of significant estimates and judgments for the consolidated financial statements presented include:

- Measurement of impairment of the Parent's investments in subsidiaries; and
- Measurement of Investment Property fair value

Estimates and underlying assumptions are reviewed on an ongoing basis. There have been no other significant areas of estimations and critical judgments in the years reported.

Notes to the Financial Statements for the year ended March 31, 2013

(e) **Changes in accounting policies**

There has been no change in accounting policies.

NOTE 4: SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

(a) **Business combinations**

The Group has applied the acquisition method for all business combinations occurring during the years reported. The Group measures goodwill as the fair value of the consideration transferred, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of acquisition date. When the fair value of net assets acquired is in excess of the fair value of consideration transferred the difference is taken to the Statement of Comprehensive Income.

(b) **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(c) **Trade debtors and other receivables**

Trade debtors and other receivables are measured at cost less impairment losses. A provision for impairment is established where there is objective evidence that the Parent and Group will not be able to collect all amounts due according to the original terms of the receivable. Receivables with a short duration are not discounted.

(d) **Trade creditors and other payables**

Trade creditors and other payables are measured at amortised cost using the effective interest method less any impairment losses.

(e) **Provisions**

A provision is recognised when the Parent and Group have a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligations. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market rates and, where appropriate, the risks specific to the liability. Provisions are not recognised for future operating losses.

A provision for onerous contracts is recognised when the expected benefits from the contract are lower than the unavoidable costs of meeting contract obligations.

(f) **Financial instruments**

Financial instruments are recognised in the Statement of Financial Position initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, financial instruments are measured as described below.

Financial instruments are recognised when the Parent and Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or if the Parent and Group transfers the financial asset to another party without retaining control or substantially all the risks and rewards of the asset.

Financial liabilities are derecognised if the Parent and Group's obligations specified in the contract expire or are discharged or cancelled.

Financial instruments are comprised of trade debtors and other receivables, cash and cash equivalents, trade creditors and other payables and borrowings. The Parent and Group held no derivative financial instruments (i.e. hedging instruments) in the years reported.

<u>Financial assets</u>

The subsequent measurement of financial assets depends on their classification. The Parent and Group currently hold financial assets only in the classification of loans and receivables.

(i) *Loans and receivables*

Financial assets that are non-derivative with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

Financial instruments classified as *loans and receivables* include: trade debtors and other receivable balances and cash and cash equivalents.

<u>Financial liabilities</u>

The Parent and Group's financial liabilities include loans and borrowings and trade and other payables.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognised in profit or loss. The Parent and Group does not currently have any financial liabilities held for trading or designated at fair value through profit or loss.

Notes to the Financial Statements for the year ended March 31, 2013

NOTE 4: SIGNIFICANT ACCOUNTING POLICIES continued

Borrowings are classified as current liabilities unless the Parent and Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. Borrowing costs are expensed as incurred. The Parent and Group have no off-balance sheet financial instruments.

Impairment of financial instruments

All financial assets are subject to review for impairment at least once each reporting date. Accounts receivable are reviewed for impairment when accounts are past due or when other objective evidence is received that a specific counterparty will default. Impairment of trade receivables are presented in the Statement of Comprehensive Income, within expenses.

(g) **Investments in subsidiaries**

All investments in subsidiaries are initially recognised at cost, being the fair value of consideration given. An allowance is made for impairment of investments in subsidiaries when the recoverable value is determined to be below cost.

(h) **Impairment**

The carrying amounts of the Parent and Group assets are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the Statement of Comprehensive Income.

Estimated recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Parent and Group estimate the asset's recoverable amount, to measure the reversal of any previous period impairment charges. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Reversals of impairment are recognised in the Statement of Comprehensive Income.

(i) **Property, plant and equipment**

Property, plant and equipment is measured at cost, less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

(i) *Additions*

The cost of replacing part of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential will flow to the Parent and Group and the cost of the item can be measured reliably.

(ii) *Disposal*

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Statement of Comprehensive Income.

(iii) *Depreciation*

Depreciation is charged on a diminishing value basis on all property, plant and equipment over the estimated useful life of the asset. Depreciation is charged to the Statement of Comprehensive Income. The following depreciation rates have been applied to each class of property, plant and equipment:

Office Equipment	20% - 80.4%
Furniture & Fittings	9.6% - 48%
The Officers Mess—Leasehold Improvements	3%
The Officers Mess Level 1—Fitout Costs	30% - 48%
Corporals Club—Leasehold Improvements	3%
Commanders Residence	12% - 48%
Seminar Facility	3%
Conference Equipment	48%-60%

The residual value of property, plant and equipment is reassessed annually.

(iv) *Valuations*

Investment properties are valued by independent registered public valuers and the valuation movement is recognised in the Settlement of Comprehensive Income.

(j) **Employee entitlements**

Annual leave and other employee entitlements are accounted for on the basis of contractual requirements.

Notes to the Financial Statements for the year ended March 31, 2013

NOTE 4: SIGNIFICANT ACCOUNTING POLICIES continued

(k) **Finance income and expenses**

Finance income comprises interest generated from funds invested in short-term deposits and other interest bearing bank accounts. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses are incurred from interest on borrowed funds. All borrowing costs are expensed and recognised in the Statement of Comprehensive Income when incurred using the effective interest method.

(l) **Revenue**

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Parent and Group and revenue can be reliably measured. Revenue is measured at the fair value of consideration received. The Parent and Group assess its revenue arrangements against specific criteria to determine if it is acting as the principal or agent in a revenue transaction. In an agency relationship only the portion of revenue earned on the Parent and Group's own account is recognised as gross revenue in the Statement of Comprehensive Income.

The following specific recognition criteria must be met before revenue is recognised:

(i) *Crown settlements*

Crown settlement income was recognised when the settlement monies were received. Until this event had been completed no Crown settlement income was recognised.

(ii) *Koha*

Koha is recognised in the Statement of Comprehensive Income when received.

(iii) *Rendering of services*

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract at the reporting date.

(iv) *Interest*

Interest revenue is recognised as the interest accrues (using the effective interest method).

(v) *Rental income*

Income from the rental of property is recognised in the Statement of Comprehensive Income on a straight line basis over the term of the lease.

(vi) *Lease Premium*

Lease premium from the leased property is recognised in the Statement of Comprehensive Income when received.

(vii) *Lease Income*

Lease income from the leased property is recognised in the Statement of Comprehensive Income on a straight line basis over the term of the lease.

(m) **Investment Property**

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production of goods or services or for administrative purposes. Investment property is measured at fair value with any change therein recognised in the Statement of Comprehensive Income.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(n) **Taxation**

Income tax is accounted for using the taxes payable method so that the income tax expense charged to the Statement of Comprehensive Income comprises the current year's provision only, the income tax effects of taxable or deductible temporary differences are not recognised.

(o) **GST**

All amounts are shown exclusive of Goods and Services Tax (GST), except for receivables and payables that are stated inclusive of GST.

(p) **Grants**

All amounts are shown exclusive of Goods and Services Tax (GST), except for receivables and payables that are stated inclusive of GST.

(q) **New NZ IFRS Standards and interpretations issued but not yet adopted**

At the date of authorisation of these financial statements, certain new standards and interpretations to existing standards have been published but not yet effective, and have not been adopted early by the Parent and Group. The new standards that would be applicable to the Group are NZ IFRS 10 and NZ IFRS 13. Management have yet to assess the impact of any of these changes but it is not anticipated that there would have been any material changes to these financials if the Parent and Group had early adopted.

Notes to the Financial Statements for the year ended March 31, 2013

	Group		Parent	
	2013	2012	2013	2012
	$	$	$	$
NOTE 5: DIRECT EXPENSES				
Building WOF	8,618	6,422	2,860	3,014
Cleaning	10,577	8,910	10,320	8,910
Consultancy Fees	125	-	-	-
Electricity	60,166	65,732	6,939	8,562
Fire Monitoring	19,158	17,911	3,450	4,741
General	15,875	26	15,805	26
Grounds Maintenance	41,805	38,545	10,458	17,453
Health & Safety	350	-	-	-
Heating Ventilation & Air Conditioning	4,080	2,434	4,080	2,434
Insurance	110,842	130,445	26,289	65,732
Legal Fees	-	5,720	-	-
Lift Maintenance	5,715	4,875	5,715	4,875
Professional Fees	450	710	450	525
Property Management Fees	78,260	71,852	17,563	17,459
Rates	144,319	164,484	51,028	63,955
Repairs & Maintenance	56,636	172,240	13,642	68,368
Security	16,343	27,823	7,921	8,191
Water Rates	58,220	55,282	6,278	6,999
TOTAL DIRECT EXPENSES	**$631,539**	**$773,411**	**$182,798**	**$281,244**

Notes to the Financial Statements for the year ended March 31, 2013

	Note	Group 2013	Group 2012	Parent 2013	Parent 2012
		$	$	$	$
NOTE 6: ADMIN & OPERATING COSTS					
Accountancy Fees		130,215	115,944	73,913	79,720
Advertising & PR Consulting		42	25,758	-	-
Annual General Meeting		98,441	25,814	98,441	25,814
Audit Fees		37,016	35,989	27,000	23,764
Bank Charges		651	1,646	126	1,501
Bad Debts		10,431	-	-	-
Catering & Meetings		25,824	19,778	20,523	4,345
Computer Expenses		17,328	18,118	1,374	2,456
Consultancy Fees		41,898	84,273	40,347	62,009
Consultancy Fees—Accounting & Tax		146,000	165,026	140,378	165,026
Depreciation	**8**	44,140	66,498	7,012	2,820
Directors Meetings		1,653	1,005	-	-
General Expenses		57,546	79,396	15,650	28,575
Hui Expenses		4,116	586	4,116	-
Insurance		31,313	23,380	26,181	13,341
Koha		3,102	5,135	3,002	4,135
Legal Fees		753,805	282,610	716,310	275,883
Management Fees—PNBML		-	-	1,043,587	-
Motor Vehicle Expenses		10,281	10,969	-	-
Newsletters		25,029	44,381	25,029	44,381
Office Expenses		16,403	16,582	2,223	3,767
Printing & Stationery		48,439	55,003	20,098	15,738
Property Management Fees		1,750	39,921	-	36,535
Rent & Power		164,671	257,405	-	-
Review of Trust Deed		-	71,204	-	71,204
RFR & WRDSP		202,060	250,193	202,060	250,193
Telephone & Tolls		24,077	27,847	353	80
Travel & Accommodation		29,246	45,756	21,036	36,761
Trustees' Fees	**19**	111,083	113,000	111,083	113,000
Trust Office Expenses		1,045,243	1,105,122	18,267	-
Valuation Fees		15,845	34,180	15,845	33,355
Waitangi Day Events		3,155	21,848	3,155	21,848
TOTAL ADMIN & OPERATING COSTS		**$3,100,803**	**$3,044,367**	**$2,637,109**	**$1,316,251**

Notes to the Financial Statements for the year ended March 31, 2013

	Group		Parent	
	2013	2012	2013	2012
	$	$	$	$
NOTE 7. NET FINANCE INCOME/ (EXPENSE)				
Kiwibank—Online Call Account	6,947	5,710	6,446	4,704
Kiwibank—Term Deposits	8,312	229,860	8,312	229,860
Wharewaka o Poneke Charitable Trust	63,882	97,104	63,881	97,103
IRD—Use of Money Interest	407	85	66	83
Interest—Funds Held in Trust	6,058	301	4,297	301
Interest Paid—Kiwibank Loan	-	(206,364)	-	(206,364)
Interest Paid—Other	(22,366)	-	(22,366)	-
TOTAL NET FINANCE INCOME	**$63,240**	**$126,696**	**$60,636**	**$125,687**

	Group 2013	Group 2012	Parent 2013	Parent 2012
NOTE 8: DEPRECIATION				
Office Equipment	21,284	24,732	7,012	2,820
Furniture & Fittings	13,004	21,346	-	-
Motor Vehicles	-	6,861	-	-
The Officers Mess—Leasehold Improvements	3,773	3,545	-	-
The Officers Mess Level 1—Fitout Costs	2,444	4,395	-	-
Corporals Club—Leasehold Improvements	750	773	-	-
Commanders Residence	762	1,141	-	-
Seminar Facility	617	636	-	-
Conference Equipment	1,506	3,069	-	-
TOTAL DEPRECIATION	**$44,140**	**$66,498**	**$7,012**	**$2,820**

Notes to the Financial Statements for the year ended March 31, 2013

	Group		Parent	
	2013	2012	2013	2012
	$	$	$	$
NOTE 9: TAXATION				
Net Surplus Before Taxation	(404,139)	(2,303,259)	(173,428)	(2,260,218)
ADD/(LESS):				
Revaluation on Investment Properties	1,300,673	520,673	100,000	50,000
Provision for Doubtful Debts	600,000	-	600,000	-
Increase in provision for impairment	-	-	1,061,800	1,940,518
Non deductible expenses	595,563	108	594,753	-
LESS:				
Non Assessable Capital Gains/(Losses)	32,453	(350,627)	32,453	(350,627)
Non Assessable Income	(3,333,333)	-	(3,333,333)	-
Tax Losses Brought Forward	(6,920,534)	(4,787,429)	(1,952,361)	(1,332,034)
TAXABLE INCOME/(LOSS)	**$(8,129,317)**	**$(6,920,534)**	**$(3,070,116)**	**$(1,952,361)**
Taxation Expense	-	-	-	-
LESS:				
Opening Tax Balance	49,620	60,323	48,307	59,166
Tax Refunds Received	(48,535)	(59,290)	(48,307)	(59,166)
RWT Paid	3,269	48,587	2,546	48,307
TAXATION REFUND DUE/(PAYABLE)	**$4,354**	**$49,620**	**$2,546**	**$48,307**

Tax losses amounting to $3,070,116 (2012: $1,952,361) are to be carried forward to be offset against future taxable income by the Trust. The Group has $8,129,137 (2012: $6,920,534) of tax losses to be carried forward. These losses are subject to confirmation by Inland Revenue.

NOTE 10: CASH & CASH EQUIVALENTS				
Bank Accounts	300,331	359,518	583,365	365,561
Funds Held in Trust	-	16,419	-	16,419
Kiwibank Term Deposits	2,050,000	-	2,050,000	-
TOTAL CASH & CASH EQUIVALENTS	**$2,350,331**	**$375,937**	**$2,633,365**	**$381,980**

Cash at bank earns interest at floating rates based on daily deposit rates.

The Parent and Group hold a term deposit investment at Kiwibank with a return interest of 4% per annum ($2,050,000 maturing 13 May 2013), (2012: $Nil).

Notes to the Financial Statements for the year ended March 31, 2013

	Group		Parent	
	2013	2012	2013	2012
	$	$	$	$
NOTE 11: TRADE DEBTORS & OTHER RECEIVABLES				
Trade Debtors	315,904	345,373	118,086	184,652
Pipitea Marae Charitable Trust	1,251	873	1,251	873
Accrued Interest—Kiwibank	8,312	-	8,312	-
Accrued Interest—Wharewaka o Poneke Charitable Trust	24,040	(1,010)	24,040	(1,010)
Redwood Group Limited—83 Waterloo Quay	600,000	750,000	600,000	750,000
Less: Provision for Doubtful Debts—Redwood Group Limited	(600,000)	-	(600,000)	-
TOTAL TRADE DEBTORS & OTHER RECEIVABLES	**$349,507**	**$1,095,236**	**$151,689**	**$934,515**

All trade debtors and other receivables are subject to credit risk exposure. There is no concentration of credit risk with respect to receivables outside the entity, as the entity has a large number of customers. The carrying amount of trade debtors and other receivables approximates their fair value. As at March 31, 2013 there are no significant overdue trade debtors. A provision has been made for the debt owing to the Group by Redwood Group Limited ($600,000).

	Group 2013	Group 2012	Parent 2013	Parent 2012
NOTE 12: TRADE CREDITORS & OTHER PAYABLES				
Trade Creditors	581,539	345,278	448,293	104,056
Accrued Expenses	60,510	304,728	29,581	215,784
PNBC Limited	-	-	366,867	366,866
PNBST Investments Limited Partnership	-	-	1,195,042	-
TOTAL TRADE CREDITORS & OTHER PAYABLES	**$642,049**	**$650,006**	**$2,039,783**	**$686,707**

Trade creditors and other payables are non-interest bearing and are normally settled on 30 day terms, therefore the carrying value of trade creditors and other payables approximates their fair value.

Notes to the Financial Statements for the year ended March 31, 2013

	Opening Book Value	Additions/ Disposals at Cost	2013 Valuation	Fair Value Movement
	$	$	$	$
NOTE 13: INVESTMENT PROPERTIES *(at fair value)*				
Reconciliation of fair value 2013				
Parent				
1-3 Thorndon Quay, Wellington	1,750,000	-	1,650,000	(100,000)
81-87 Thorndon Quay, Wellington	2,000,000	(2,000,000)	-	-
Waiwhetu Primary School	2,050,000	(2,050,000)	-	-
Whites Line East, Waiwhetu	410,000	-	410,000	-
Honiana Te Puni Reserve	205,000	-	205,000	-
Point Dorset Recreation Reserve	590,000	-	590,000	-
Wi Tako Ngatata Scenic Reserve	296,000	-	296,000	-
Dendroglyph site	2,000	-	2,000	-
Bed of Lake Kohangapiripiri	37,000	-	37,000	-
Esplanade land of Kohangapiripiri	29,000	-	29,000	-
Bed of Lake Kohangatera	66,000	-	66,000	-
Esplanade land of Kohangatera	62,500	-	62,500	-
Makaro Scientific Reserve	1	-	1	-
Matiu Island	1	-	1	-
Mokopuna Scientific Reserve	1	-	1	-
Total Fair Value Movement for Parent	**7,497,503**	**(4,050,000)**	**3,347,503**	**(100,000)**
Subsidiaries				
Shelly Bay Limited				
Shelly Bay Road	11,060,000	673	10,010,000	(1,050,673)
Lowry Bay Section One Limited				
Wainuiomata College	1,155,000	-	1,155,000	-
Wainuiomata Intermediate	1,400,000	-	1,250,000	(150,000)
PNBST Investments Limited Partnership				
Petone College	-	3,800,000	3,800,000	-
Total Fair Value Movement for Subsidiaries	**13,615,000**	**3,800,673**	**16,215,000**	**(1,200,673)**
Total Fair Value Movement for Group for the Year Ended March 31, 2013	**$21,112,503**	**$(249,327)**	**$19,562,503**	**$(1,300,673)**

Notes to the Financial Statements for the year ended March 31, 2013

	Opening Book Value	Additions at Cost	2012 Valuation	Fair Value Movement
	$	$	$	$
NOTE 13: INVESTMENT PROPERTIES *(at fair value)* continued				
Reconciliation of fair value 2012				
Parent				
1-3 Thorndon Quay, Wellington	1,800,000	-	1,750,000	(50,000)
81-87 Thorndon Quay, Wellington	2,000,000	-	2,000,000	-
Waiwhetu Primary School	2,050,000	-	2,050,000	-
Whites Line East, Waiwhetu	410,000	-	410,000	-
Honiana Te Puni Reserve	205,000	-	205,000	-
Point Dorset Recreation Reserve	590,000	-	590,000	-
Wi Tako Ngatata Scenic Reserve	296,000	-	296,000	-
Dendroglyph site	2,000	-	2,000	-
Bed of Lake Kohangapiripiri	37,000	-	37,000	-
Esplanade land of Kohangapiripiri	29,000	-	29,000	-
Bed of Lake Kohangatera	66,000	-	66,000	-
Esplanade land of Kohangatera	62,500	-	62,500	-
Makaro Scientific Reserve	1	-	1	-
Matiu Island	1	-	1	-
Mokopuna Scientific Reserve	1	-	1	-
Total Fair Value Movement for Parent	**7,547,503**	**-**	**7,497,503**	**(50,000)**
Subsidiaries				
Shelly Bay Limited				
Shelly Bay	11,510,000	673	11,060,000	(450,673)
Lowry Bay Section One Limited				
Wainuiomata College	1,000,000	-	1,155,000	155,000
Wainuiomata Intermediate	1,575,000	-	1,400,000	(175,000)
Total Fair Value Movement for Subsidiaries	**14,085,000**	**673**	**13,615,000**	**(470,673)**
Total Fair Value Movement for Group for the Year Ended March 31, 2012	**$21,632,503**	**$673**	**$21,112,503**	**$(520,673)**

The investment properties have been valued based on a valuation performed by independent registered public valuer, Colliers International (Wellington Valuation) Limited as at March 31, 2013. The valuation basis used was open fair value and was carried out in accordance with the international valuation standards and in accordance with NZ IAS 40. The principal Registered Valuer for Colliers International (Wellington Valuation) Limited is Gwendoline P L Callaghan FPINZ FNZIV.

Islands

As part of the settlement reached with the Crown and enacted with the Port Nicholson Block (Taranaki Whanui ki Te Upoko o Te Ika) Claims Settlement Act 2009, the islands known as Makaro Scientific Reserve, Mokopuna Scientific Reserve, Matiu Scientific Reserve and Matiu Historic Reserve are vested in the Trustees. Colliers International have valued the intrinsic value of these islands as follows:

Notes to the Financial Statements for the year ended March 31, 2013

NOTE 13: INVESTMENT PROPERTIES *(at fair value)* continued

	2013	2012
	$	$
Makaro Scientific Reserve	60,000	60,000
Matiu Historic & Scientific Reserve	398,000	398,000
Matiu Lighthouse	21,000	21,000
Mokopuna Scientific Reserve	35,000	35,000
	$514,000	**$514,000**

NOTE 14: SIGNIFICANT VALUATION ASSUMPTIONS

1-3 Thorndon Quay

The valuation for 1-3 Thorndon Quay property assumes that the building has a structure strength of not less than 67% of New Building Standards ("NBS"). This assumption is based on past advice that the building has had an Initial Evaluation Process ("IEP") assessment for the purpose of the Wellington City Council policy and that is not considered to be potentially earthquake prone. The building is also not listed on the Wellington City Council's list of Earthquake Prone Buildings as at March 31, 2013. An engineering report is being commissioned for 1-3 Thorndon Quay property and is expected to be completed by late July/early August 2013. If this report results in the building having a structural strength of less than 67% of NBS, a value adjustment is probable.

Shelly Bay Defence Land and Wharves

The unencumbered freehold market valuation for Shelly Bay Defence Land and Wharves is subject to the following:

- Retention of the three identified buildings of historical significance with possible relocation of the Submarine Barracks and probable relocation of the Bayview Hospital.
- Resource Consent being granted allowing a residential subdivision or multi-unit residential development.
- Formalisation for a nominal encroachment fee/regularisation to allow for "The Lodge" to legally occupy its current position.
- The valuation assumes demolition of all improvements except The Lodge, garages, Vodafone cell-site, Chocolate Fish and Commanders House.

82 Moohan Street, Wainuiomata

The valuation for 82 Moohan Street, Wainuiomata has been prepared based on the rental negotiations with the tenant as at March 31, 2013.

Notes to the Financial Statements for the year ended March 31, 2013

	Group		Parent	
	2013	2012	2013	2012
	$	$	$	$
NOTE 15: PROPERTY, PLANT & EQUIPMENT				
Description				
Office Equipment	98,434	88,456	6,065	3,389
Additions	11,580	13,245	14,150	5,943
Less Accumulated Depreciation	(79,117)	(63,318)	(7,012)	(3,267)
	30,897	38,383	13,203	6,065
Furniture & Fittings	130,791	130,268	-	-
Additions/(Disposals)	(18,569)	523	-	-
Less Accumulated Depreciation	(50,382)	(44,154)	-	-
	61,840	86,637	-	-
Motor Vehicles	-	30,698	-	-
Additions	-	-	-	-
Less Accumulated Depreciation	-	(18,502)	-	-
	-	12,196	-	-
The Officers Mess—Leasehold Improvements	132,454	113,351	-	-
Additions	-	19,102	-	-
Less Accumulated Depreciation	(10,455)	(6,682)	-	-
	121,999	125,771	-	-
The Officers Mess Level 1—Fitout Costs	19,085	19,085	-	-
Additions	-	-	-	-
Less Accumulated Depreciation	(15,660)	(13,216)	-	-
	3,425	5,869	-	-
Corporals Club—Leasehold Improvements	26,281	26,282	-	-
Additions	-	-	-	-
Less Accumulated Depreciation	(2,041)	(1,291)	-	-
	24,240	24,991	-	-
Commanders Residence	10,225	10,224	-	-
Additions	-	-	-	-
Less Accumulated Depreciation	(6,814)	(6,052)	-	-
	3,411	4,172	-	-
Seminar Facility	21,484	21,484	-	-
Additions	-	-	-	-
Less Accumulated Depreciation	(1,522)	(905)	-	-
	19,962	20,579	-	-

Notes to the Financial Statements for the year ended March 31, 2013

	Group		Parent	
	2013	2012	2013	2012
	$	$	$	$
NOTE 15: PROPERTY, PLANT & EQUIPMENT continued				
Description				
Conference Equipment	11,348	10,098	-	-
Additions	-	1,250	-	-
Less Accumulated Depreciation	(9,842)	(8,336)	-	-
	1,506	3,012	-	-
TOTAL FIXED ASSETS	**$267,280**	**$321,610**	**$13,203**	**$6,065**

NOTE 16. OTHER LOANS

The Group have a long term interest free loan from Ryman Healthcare Limited of $955,556 (2012: $Nil). This loan is to be repaid through lease income recognised over a period of 15 years in accordance with the lease agreement between the Group and Ryman Healthcare Limited.

NOTE 17. INTER-ENTITY LOANS

Inter-entity loans

The Parent has made loans to subsidiaries that, in substance, form part of the net investment in the subsidiary because settlement of loan balances is neither planned nor likely in the foreseeable future.

	Parent	
	2013	2012
The inter-entity loans comprises:	$	$
Shelly Bay Limited	10,081,824	11,153,828
The Lodge at Shelly Bay Limited	147,711	138,846
Port Nicholson Block Management Limited	-	-
Lowry Bay Section One Limited	2,267,707	2,477,040
Port Nicholson Block Properties Limited	-	196
Education PNBST Limited	-	-
	$12,497,242	**$13,769,910**

The Parent recognises an impairment loss on the inter-entity loans for the balance of the negative equity balance in the subsidiary financial statements, up to the carrying value of the Parent investment. The recoverable amount of the Parent investment in each subsidiary is based on an estimate of the investment’s fair value less costs to sell. Given all assets and liabilities of each subsidiary are carried at fair value, the recoverable amount has been estimated to equal the net assets disclosed in the subsidiary financial statements.

Notes to the Financial Statements for the year ended March 31, 2013

NOTE 17. INTER-ENTITY LOANS continued

	Parent	
	2013	**2012**
	$	$
Shelly Bay Limited		
Carrying value at cost		
Opening balance	14,360,333	14,360,083
Other monies advanced/subsidiary expenses paid by Parent	43,800	40,250
Funds repaid/Parent expenses paid by the subsidiary	(1,000)	(40,000)
Closing balance	14,403,133	14,360,333
Impairment provision		
Opening balance	3,206,505	2,732,005
Current year impairment expense	1,114,804	474,500
Closing balance	4,321,309	3,206,505
Carrying value of investment in subsidiary	**$10,081,824**	**$11,153,828**

The balance is payable on demand at the discretion of the Parent and no interest is charged.

	2013	2012
The Lodge at Shelly Bay Limited		
Carrying value at cost		
Opening balance	444,463	343,513
Monies advanced/subsidiary expenses paid by Parent	18,395	100,950
Closing balance	462,858	444,463
Impairment provision		
Opening balance	305,617	178,681
Current year impairment expense	9,530	126,936
Closing balance	315,147	305,617
Carrying value of investment in subsidiary	**$147,711**	**$138,846**

The balance is payable on demand at the discretion of the Parent and no interest is charged.

	2013	2012
Port Nicholson Block Management Limited		
Carrying value at cost		
Opening balance	3,738,975	2,657,940
Monies advanced/subsidiary expenses paid by Parent	(318,580)	1,081,035
Closing balance	3,420,395	3,738,975
Impairment provision		
Opening balance	3,738,975	2,657,940
Current year impairment expense	(318,580)	1,081,035
Closing balance	3,420,395	3,738,975
Carrying value of investment in subsidiary	**$-**	**$-**

The balance is payable on demand at the discretion of the Parent and no interest is charged.

Notes to the Financial Statements for the year ended March 31, 2013

NOTE 17: INTER-ENTITY LOANS continued

	Parent	
	2013	**2012**
	$	$
Lowry Bay Section One Limited		
Carrying value at cost		
Opening balance	2,733,778	-
Monies advanced/subsidiary expenses paid by Parent	33,317	2,733,778
Closing balance	2,767,095	2,733,778
Impairment provision		
Opening balance	256,738	-
Current year impairment expense	242,650	256,738
Closing balance	499,388	256,738
Carrying value of investment in subsidiary	**$2,267,707**	**$2,477,040**

The balance is payable on demand at the discretion of the Parent and no interest is charged.

	2013	2012
Port Nicholson Block Properties Limited		
Carrying value at cost		
Opening balance	1,505	-
Monies advanced/subsidiary expenses paid by Parent	3,781	1,505
Closing balance	5,286	1,505
Impairment provision		
Opening balance	1,309	-
Current year impairment expense	3,977	1,309
Closing balance	5,286	1,309
Carrying value of investment in subsidiary	**$-**	**$196**

The balance is payable on demand at the discretion of the Parent and no interest is charged.

	2013	2012
Education PNBST Limited		
Carrying value at cost		
Opening balance	-	-
Monies advanced/subsidiary expenses paid by Parent	9,419	-
Closing balance	9,419	-
Impairment provision		
Opening balance	-	-
Current year impairment expense	9,419	-
Closing balance	9,419	-
Carrying value of investment in subsidiary	**$-**	**$-**

The balance is payable on demand at the discretion of the Parent and no interest is charged.

Notes to the Financial Statements for the year ended March 31, 2013

NOTE 17: INVESTMENT IN SUBSIDIARIES continued

	Parent	
	2013	**2012**
	$	$
Reconciliation of impairment provision for investment in subsidiaries		
Opening balance	7,509,144	5,568,626
Current year impairment expense	1,061,800	1,940,518
Closing balance	**$8,570,944**	**$7,509,144**

NOTE 18. ACQUISITIONS OF SUBSIDIARIES

Port Nicholson Block Settlement Trust obtained control of the following subsidiaries in 2013:

- PNBST Investments Limited Partnership

No other subsidiaries were acquired in 2013.

NOTE 19. TRUSTEE REMUNERATION

Trustee remuneration paid during the year was as follows:

	2013	**2012**
	$	$
Hon Mahara Okeroa (Chair)	20,500	9,000
Toarangatira Pomare (Deputy Chair)	5,250	-
Neville McClutchie Baker	9,000	9,000
June Te Raumange Jackson	3,750	9,000
Dr Catherine Maarie Amohia Love	9,000	9,000
Peter Maru Love	9,000	9,000
Professor Sir Ralph Heberley Ngatata Love	13,333	32,000
Rebecca Elizabeth Mellish	9,000	9,000
Mark Te One	9,000	9,000
Te Rira Puketapu	9,000	9,000
Hokipera Jean Ruakere	9,000	9,000
Howard Kevin Tamati	5,250	-
	$111,083	**$113,000**

In addition to the above Hon Mahara Okeroa received a $9,000 payment for additional Executive Chairman duties.

Notes to the Financial Statements for the year ended March 31, 2013

NOTE 20. FINANCIAL INSTRUMENTS

Exposure to credit risk, liquidity risks and interest rate risks arises in the normal course of business for the Parent and Group.

Credit Risk

Concentrations of credit risk include the Group's banking arrangements and accounts receivable. Most funds are held with Kiwibank. There are no other concentrations of credit risk. Exposure to credit risk is monitored on an ongoing basis. Management has a credit policy in place under which each new customer is individually analysed for credit worthiness and assigned a purchase limit before the standard payment and delivery terms and conditions are offered.

Liquidity Risk

Liquidity risk represents the ability of the Parent and Group to meet its contractual obligations. Management evaluates liquidity requirements for the Parent and Group on an ongoing basis. In general, sufficient cash flows are generated from operating activities to meet obligations from financial liabilities. In addition, the Parent and Group has credit lines in place to cover potential shortfalls.

Interest Rate Risk

The Parent and Group has exposure to interest rate risk on the Kiwibank borrowings. (2011: $5,035,647 Kiwibank Term Loan).

Fair Value

The fair value of each class of financial assets and liabilities is assessed to be the same as the respective carrying value shown in the financial statements.

Capital Management

The Parent and Group manages its capital through the use of cash flow and corporate forecasting models to determine the future capital requirements.

NOTE 21. RELATED PARTY TRANSACTIONS

(a) **Parent and ultimate controlling party**

The Parent and ultimate controlling party of the Group is Port Nicholson Block Settlement Trust.

		Interest held by Group	
The Parent is related to the following subsidiary entities	**Principal activities**	**2013**	**2012**
Port Nicholson Block Management Limited	Management of Operations	100%	100%
Shelly Bay Limited	Commercial Rental	100%	100%
The Lodge at Shelly Bay Limited	Commercial Rental	100%	100%
PNBC Limited	Treaty Negotiations	100%	100%
Lowry Bay Section One Limited	Commercial Rental	100%	100%
Port Nicholson Block Properties Limited	Commercial Rental	100%	100%
Education PNBST Limited	Project Management	100%	100%
PNBST Investments Limited Partnership	Commercial Rental	100%	-

Notes to the Financial Statements for the year ended March 31, 2013

NOTE 21. RELATED PARTY TRANSACTIONS continued

PNBST Investments Limited was registered on July 27, 2012 and the Trust has held a 100% interest in the entity from this date. The details of the inter-entity loans are detailed in Note 17. All members of the Port Nicholson Block Settlement Trust Group are related parties of 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. Details of transactions between the Parent and subsidiary entities are disclosed in Note 17.

(b) **Other related parties**

In addition to the above, certain administrative transactions were performed between the Parent and its subsidiaries, and the following related parties:

- Palmerston North Maori Reserve Trust Group
- Wellington Tenths Trust Group
- Entrepreneurship New Zealand Trust
- Wharewaka o Poneke Charitable Trust
- Wharewaka o Poneke Enterprises Limited
- Te Wananga o Aotearoa
- Pipitea Marae Charitable Trust
- Te Runanganui o Taranaki Whanui ki Te Upoko o Te Ika a Maui Association Incorporated

(c) Transactions with related parties

	Group		Parent	
	2013	**2012**	**2013**	**2012**
Rents	-	46,500	-	-
Management Fees to Port Nicholson Block Management Limited	1,043,587	64,083	1,043,587	-
	$1,043,587	**$110,583**	**$1,043,587**	**$-**

During the year PNBST Investments Limited Partnership recorded net income from lease premiums and lease rentals of $4,040,156. In terms of the Limited Partnership Deed, this income has been allocated to Port Nicholson Block Settlement Trust (Parent).

Purchase and sale of property and other assets during the year:

- The Parent sold the Petone College property to its subsidiary PNBST Investments Limited Partnership at the market value of $3,800,000. PNBST Investments Limited Partnership entered into a long term lease of the land known as Petone College with Ryman Healthcare Limited and received a $4,000,000 lease premium which is recognised in the year ended March 31, 2013.
- The Parent sold the 81-87 Thorndon Quay property to Wellington Tenths Trust and Palmerston North Maori Reserve Trust after capitalisation of sale costs at the market value of $1,980,123.
- The Group sold office equipment for $4,885 as well as furniture and fittings of $5,000 to Pipitea Marae Charitable Trust

Notes to the Financial Statements for the year ended March 31, 2013

(d) **Related Party Outstanding Debts**

The following related party debts were still outstanding at balance date:

	Group	
	2013	**2012**
	$	$
Wharewaka o Poneke Charitable Trust	837,285	800,626
Palmerston North Maori Reserve	500,000	-
Wellington Tenths Trust	500,000	-
	$1,837,285	**$800,626**

The loan to Wharewaka o Poneke Charitable Trust is interest only with the principal amount to be repaid at the expiry of the initial term of five years, if the term has not been renewed. The dates of draw down were October 19, 2010 ($325,000) and November 19, 2010 ($675,000). The interest rate used is 6% (2012:9.7%).

(e) **Related Party Transactions**

During the year Port Nicholson Block Management Limited paid consultancy fees to Liz Mellish, Business Mentor of $108,281 and $96,600 to Mahara Okeroa and Associates Limited. Both Liz Mellish and Mahara Okeroa are Trustees of Port Nicholson Block Settlement Trust.

All related party transactions have been on an arms length basis.

NOTE 22. CONTINGENT LIABILITIES AND COMMITMENTS

The Port Nicholson Block Settlement Trust has an agreement with Kiwibank to act as guarantor to the $2,860,836 (2012: $3,00,000) loan entered into by the Wharewaka o Poneke Charitable Trust on April 29, 2011. There are no other contingent liabilities or commitments as at March 31, 2013.

NOTE 23. SUBSEQUENT EVENTS

There are no significant events that have occurred subsequent to March 31, 2013.

NOTE 24: LEASE COMMITMENTS	Group		Parent	
	2013	**2012**	**2013**	**2012**
	$	$	$	$
Not later than one year	129,650	25,311	-	-
Later than one year, not later than five years	204,675	-	-	-
	$334,325	**$25,311**	**$-**	**$-**

Grant Thornton

Independent Auditor's Report

Audit

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To the Stakeholders of the Port Nicholson Block Settlement Trust and Group

Report on the financial statements

We have audited the parent and group financial statements of Port Nicholson Block Settlement Trust (the "Parent") and its subsidiaries (the "Group") on pages 21 to 43, which comprise the statement of financial position as at 31 March 2013, and the statement of comprehensive income, statement of changes in trust capital for the year then ended, and a summary of significant accounting policies and other explanatory information.

Trustees' responsibilities

The Trustees' are responsible for the preparation of financial statements in accordance with generally accepted accounting practice in New Zealand and for such internal control as the committee members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

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 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 judgement, 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 present fairly the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Grant Thornton

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the 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 the Parent and Group.

Opinion

In our opinion, the financial statements on pages 21 to 43 present fairly, in all material respects, the financial position of the Parent and Group as at 31 March 2013, and its financial performance, for the year then ended in accordance with generally accepted accounting practice in New Zealand.

Grant Thornton

Grant Thornton New Zealand Audit Partnership
Wellington, New Zealand
30 July 2013