



PORT NICHOLSON BLOCK
SETTLEMENT TRUST

Annual Report

March 31, 2009

Tohu



PORT NICHOLSON BLOCK SETTLEMENT TRUST

The Maunga is on the left hand side representing the link to the whenua.
The waves represent the Wellington Harbour and the culmination of these
two elements in the tohu symbolize the spiritual journey from Taranaki to Wellington
and the link between the two areas.

The above Tohu was designed for the Port Nicholson Block Settlement Trust and gifted to the Trust by Charmaine Love—with whose approval we have applied to the Intellectual Property Office for the tohu to be registered as a trademark.

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Notice of Annual General Meeting

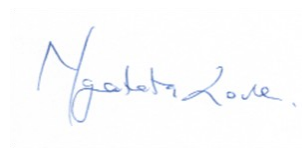
Notice is hereby given that the Annual General Meeting of the Port Nicholson Block Settlement Trust will be held on **Saturday, September 26, 2009.**

The AGM will be held at Pipitea Marae, Thorndon Quay, Wellington with a start time of 1.30pm.

Registration desks will be open from 12 noon and lunch will also be available from this time.

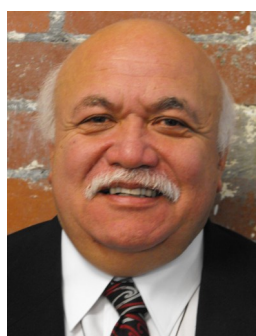
Preliminary Agenda

1. Apologies
2. Chairman's Report
3. Financial Report
4. Appointment of Auditor
5. Presentation of Annual Plan
6. Trustee Remuneration
7. Election of Trustees
8. General Business



Sir Ngatata Love
Chairman

Initial Trustees



Trustees Pictured Above:

Top Row (left to right): Sir Ngatata Love (Chairman), Sir Paul Reeves (Deputy Chairman), Neville Baker

Middle Row (left to right): Liz Mellish, Dawn McConnell, June Jackson, Dr Catherine Love

Bottom Row (left to right): Mark Te One, Spencer Carr, Kevin Amohia

Chairman's Report

Ki te whakahou, whakapakari me te whakanikoniko i te ahurea papori, rangatiratanga o Taranaki Whanui ki Te Upoko o Te Ika

Te restore, revitalise,
strengthen and enhance the
cultural, social and economic
well-being of
Taranaki Whanui ki Te
Upoko o Te Ika

Brief History

Today we give thanks to the individuals and whanau who over the last quarter of a century committed so much of their lives to having the wrongs of the past acknowledged by the government and the nation.

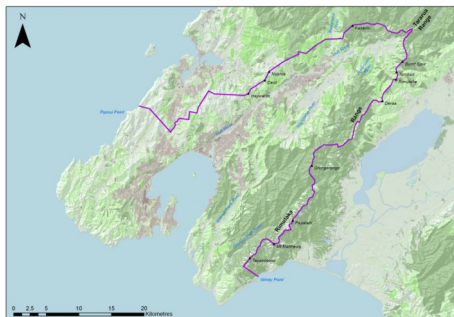
The first claim relating to the Port Nicholson Block rohe was lodged on behalf of nga iwi o Taranaki in December 1987 by Sir Makere Rangiatea Ralph Love. This historical claim was registered with the Waitangi Tribunal as Wai 54. Later the Port Nicholson section of the claim was changed by the Tribunal to Wai 145.

Subsequent claims were lodged that pertained to the Port Nicholson Block area. These were:

- Wai 105 Hutt Section 19
- Wai 183 Korokoro Urupa
- Wai 377 Kaiwharawhara & Hutt
- Wai 442 Waiwhetu Pa land
- Wai 562 Pipitea pa & street properties
- Wai 571 Section 1, Pipitea Street
- Wai 660 Hutt Section 19 (part of)
- Wai 734 Whanganui a Tara (Mutunga)
- Wai 735 Whanganui a Tara (Tama)

The Port Nicholson Block area covers the greater Wellington area

but not including Tawa north. A map of the boundary is shown below. The boundary opens to the waters of Raukawakawa.



Between 1987 and 1991 negotiations with the Crown were strident and uncompromising. Extensive research was undertaken to counter the ill founded claims of the Crown and its officials.

Negotiations with officials and the Crown became impossible and it was only when the Waitangi Tribunal hearings commenced in 1991 and continued to the final hearing in 1999 that the true history could be assessed by the Waitangi Tribunal.

The report by the Waitangi Tribunal took four years to complete. The report *Te Whanganui a Tara me Ona Takiwa* was released at a ceremony at Pipitea Marae in May 2003.

The report in essence validated the claimants view on the Crown's actions. The Tribunal was prevented from dealing with some issues such as the role of the Native Trustee and later the Maori Trustee and the role of local government. Such matters will be taken up through direct negotiations with the Crown and the organisations concerned.

“Negotiations with the Crown were strident and uncompromising”

“The Tribunal was prevented from dealing with some issues”

Chairman's Report

“Mandated representatives elected by the claimant community undertook intense and formal negotiations with the Crown”

In August 2003 a team of proposed mandate representatives held 12 hui around the country to seek approval of the claimant community to pursue the negotiations with the Crown. That team, which was ratified by the claimant community was: Professor Ngatata Love (Chair), Sir Paul Reeves (Deputy Chair), Kara Puketapu, Neville Baker, June Jackson, Liz Mellish, Dawn McConnell, Mark Te One, Catherine Love, Spencer Carr and Kevin Amohia.

Between January 2004 and December 2007 the mandated representatives elected by the claimant community undertook intense and formal negotiations with the Crown. Meetings were held on a regular basis with the claimant community who were kept up to date through hui around the motu (and in Australia) and the newsletter and website of the claim.

Timeline from 1987 to Act of Parliament 2009

1987	First claim lodged with Waitangi Tribunal
1991-1999	Waitangi Tribunal hearings held
2003 (May)	Waitangi Tribunal Report released
2004 (July)	Terms of Negotiation signed
2007 (Dec)	Agreement in Principle signed
2008 (June)	Deed of Settlement initialled
2008 (Aug)	Deed of Settlement signed
2008 (Sept)	Legislation Introduced to Parliament
2009 (10 June)	Maori Affairs Select Committee report back to Parliament
2009 (30 July)	Third and Final Reading of Port Nicholson Block (Taranaki Whanui ki Te Upoko o Te Ika) Claims Settlement Bill
2009 (4 Aug)	Royal Assent given to Port Nicholson Block (Taranaki Whanui ki Te Upoko o Te Ika) Claims Settlement Act
2009 (5 Aug)	Act of Parliament came into force
2009 (2 Sept)	Settlement transfers to Port Nicholson Block Settlement Trust

“Many people who started this journey are no longer with us”

The result of the negotiations with the Crown has seen a Treaty settlement package agreed which will provide long-term benefits to the claimant community of Taranaki Whanui ki Te Upoko o Te Ika.

Many people who started this journey are no longer with us. Acknowledgement of their contributions is integral to who and what we are.

As Hon Christopher Finlayson, Minister for Treaty Settlements said in moving the Bill's Third Reading:

“I acknowledge the many kuia and kaumatua who are no longer with us and who provided leadership and inspiration to all negotiators. I am sure the whanau of those kuia and kaumatua are immensely proud of their actions and that their descendants will benefit from this settlement. I am pleased that many of them are here today to witness their Treaty settlement now passing into law.”

Chairman's Report

It is important that we record the contribution of the individuals and whanau and we invite the details and stories to be contributed for our records.

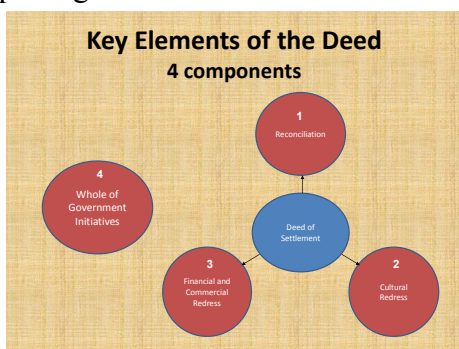
The Wellington Tenth Trust and Palmerston North Maori Reserve successive Trustees deserve recognition for financially supporting the pursuit of the Treaty claim. Without their support and the sacrifices of the beneficial owners of the trusts, the claim would not have been effectively heard. The financial cost of \$4,859,000 has been repaid by the Crown. This payment does not cover all costs and further avenues for recovery are being reviewed.

Special mention must be made of Phillip Green, Barrister.

Underpinning every aspect of the claim, hearings and debates with Crown advocates we had Phillip Green fighting our cause against the might of the Crown.

The Settlement Package

The main components of the package are:



Reconciliation

The reconciliation package is made up of:

- An agreed historical account
- Crown acknowledgements
- Crown Apology

- Taranaki Whanui ki Te Upoko o Te Ika Statement of Forgiveness

The Crown Apology and Statement of Forgiveness were publicly delivered at a small ceremony held at Parliament Buildings on Thursday July 30, 2009 following the Third Reading of the legislation. The Crown Apology was delivered by Hon John Key, Prime Minister with Sir Paul Reeves delivering the Statement of Forgiveness.

The Statement of Forgiveness has been acknowledged by all sectors of the community as an important precedent in Treaty claims. It acknowledges the commitment of our communities to move forward together. The full transcript of these two statements are available in the Deed of Settlement which can be viewed on the OTS website: www.ots.govt.nz.



Sir Ngatata Love and Hon John Key signing the Crown Apology and Taranaki Whanui Statement of Forgiveness.



Sir Paul Reeves delivering the Taranaki Whanui ki Te Upoko o Te Ika Statement of Forgiveness.

“Without their support and the sacrifices of the beneficial owners of the trusts, the claim would not have been effectively heard”

“The Statement of Forgiveness has been acknowledged by all sectors of the community”

Chairman’s Report

As Minister Finlayson said in the Final Reading:

“I particularly want to acknowledge the leadership and generosity of spirit that Sir Paul Reeves has shown, both initiating and indeed penning the statement of forgiveness.

“Another initiative in this settlement is the formation of a whole of Government relationship between the Crown and the Taranaki Whanui community. The focus of the relationship is on supporting the desire of the Port Nicholson Block Settlement Trust to provide for the enhanced well-being, revitalisation and protection of its members.

“In conclusion I acknowledge the role of the trust in drawing together a range of iwi with interests in the Port Nicholson Block. This is a testament to the efforts of Professor Ngatata Love in working across iwi for a collective benefit.”

During the Final Reading, former Minister Hon Parekura Horomia said

“I find it incredible that the Taranaki people have the decency to accept the apology today. I respect that. It makes me very proud, as a Maori, that Maori are strong enough to do that. The Crown has struggled for a long, long time to etch, scribe or develop an apology to those people. Today that apology has happened.”

Financial and Commercial Redress

This is the **cash settlement + interest payable** by the Crown

from December 2007 through to settlement date The amount to be transferred on September 2, 2009 is **\$25,492,687.70**.

In addition to the cash settlement amount, the Crown has paid \$4,859,000. This is reimbursement of the historical costs incurred in pursuing the claim process by the Wellington Tenth Trust and Palmerston North Maori Reserve on behalf of all Taranaki Whanui ki Te Upoko o Te Ika.

In addition to the cash payments, several mechanisms are included whereby Taranaki Whanui ki Te Upoko o Te Ika has the opportunity to purchase several Crown owned properties throughout the rohe of Port Nicholson. In summary the mechanisms are:

Deferred Selection – two year right to select for purchase a portfolio of properties including:

Property
Petone College
Petone Fire Station
Kelburn Properties (5)
Wellington Railway Station
Railway Social Hall
Part Korokoro School
Woodhatton School
Kaumatua flats, Wainui
Kaumatua flats, Lower Hutt
Former CYFS House
11 Ventnor St
13 Parliament St
9 Central Terrace

“Another initiative in this settlement is the formation of a Whole of Government relationship”

“I find it incredible that the Taranaki people have the decency to accept the apology”

Chairman's Report

Sale and Leaseback – ten year right to select for purchase the land only of several Crown owned properties and then lease them back to the government agency concerned. Properties include:

Property
Wellington Girls College
Wellington High Court
Wellington District Court
National Archives
National Library
Ontrack properties (3)
Police Electronics Workshop
Petone CPC
Eastbourne Police Station
Wainuiomata Police Station
Hutt Valley High School
Northland School
Te Aro School

Right of First Refusal – 100 year right on a portfolio of over 2,000 Crown owned properties including:

Properties
Te Papa Tongarewa
Victoria University properties
Massey University properties
Wellington Institute of Technology properties
Transit New Zealand properties
Capital & Coast District Health Board properties
Housing New Zealand Corporation properties

Shelly Bay
 As readers will be aware the Port Nicholson Block Settlement Trust exercised an early right to purchase the much sought after former NZ Defence Force and Corrections properties at Shelly Bay. This purchase took place in February 2009 and was marked with a handover ceremony on the site. The event was attended by NZ Defence Force personnel, Taranaki Whanui ki Te Upoko o Te Ika, Wellington City Council representatives, representatives from Greater Wellington and others.



“The Trust exercised an early right to purchase the much sought after former NZ Defence Force and Corrections properties”

Cultural Redress
 Under this mechanism the Port Nicholson Block Settlement Trust has received rights and properties. These rights and properties have been transferred at no cost to the Trust.

“These rights and properties have been transferred at no cost to the Trust”

Speaking in Parliament former Minister Horomia acknowledged the sensitivity of the settlement trust. He said:

“This is a proud day and the local authorities should be thankful. I say to the whole nation, given that there is this nonsense of scaremongering about what Maori may or may not do, thank goodness we have the Taranaki Maori in Wellington! If we are serious about being united, and if we

Chairman's Report

are serious about common goals, then thank goodness we have these Maori here!"

"A number of properties have major development potential"

Rights received include Protocol Agreements with the Department of Conservation, Ministry of Fisheries, Ministry of Arts, Culture & Heritage, statutory acknowledgements over 13 sites throughout the area, Deed of recognition over three sites in the block, place name changes and letters of engagement.

Properties that vest in fee simple ownership to the Port Nicholson Block Settlement Trust are:

- Pipitea Marae
- Three harbour islands
- Two Parangarahu lakes, esplanade lands, dendroglyph sites
- Two commercial properties in Thorndon Quay
- Former Wainuiomata College and Intermediate sites
- Waiwhetu Primary School
- Whites Line East section
- An urupa site at Makara
- Three reserves – Point Dorset, Wi Tako and Korokoro Gateway

Pipitea Marae

An agreement has been reached between the Port Nicholson Block Settlement Trust and the Ngati Poneke Maori Association whereby the land, improvements and a Crown ex-gratia payment (\$1,738,000) vests in Pipitea Marae Charitable Trust – a new entity established for the future governance and management of the marae. There are six Trustees on the Pipitea Marae Charitable Trust with three representing the Port Nicholson Block Settlement Trust and three representing the Ngati Poneke Maori Association.

"Pipitea Marae Charitable Trust established"

The Other Cultural Properties

Two of these properties are commercially leased and arrangements have been put in place for the management of these.

A number of properties have major development potential and with proper planning and management they will be significant economic assets for the Trust.

Properties which have reserve status attached to them will be administered in accordance with cultural and management agreed processes.

Whole of Government

This component – unique to the Taranaki Whanui ki Te Upoko o Te Ika settlement will provide the platform for the cultural and social development of our people. In developing our people we will also be making a difference for the wider community.

Initiatives under the Whole of Government will see the Port Nicholson Block Settlement Trust work with government and other agencies to provide programmes and projects that will enhance, revitalise and protect our people. The Crown will support this by:

- Facilitating access to government programmes and services that relate to social, economic and cultural development
- An appropriate Minister of the Crown chairing an annual hui between relevant Ministers and Taranaki Whanui ki Te Upoko o Te Ika
- The purpose of the annual hui will be to review progress with the implementation of social, economic and cultural aspirations and to identify and progress meaningful

Chairman's Report

opportunities for Taranaki Whanui ki Te Upoko o Te Ika to play a more direct role in the provision of social, economic and cultural outcomes for its members.

The whole of Government philosophy was highlighted by National MP, Hekia Parata in her contribution to the Final Reading debate. She opined:

“Treaty settlements do not mark the end of a relationship, they simply signal a milestone that has been achieved in a relationship that has stuttered and faltered and now must begin again, stronger for all those challenges, wiser for all those challenges, and with some small support, because we all know that Treaty settlements can never recompense people for all that was taken from them and for the lost opportunity of the things that were taken from them. But it is a beginning, a new beginning.”

“This Treaty settlement is not about restoring Taranaki Whanui's rangatiratanga, because no one can take that away from them, or from us. We all carry with us our everyday rangatiratanga, but what Treaty settlements allow us to do is to get on and execute tino rangatiratanga practically, rather than talking about it, singing about it, and waving flags about it – actually practicing it.”

Financial Summary

The Trust was only established on August 11, 2008. Therefore the financial period being reported on is the seven months operation to

March 31, 2009.

The most significant event in the period has been the purchase of the Shelly Bay properties. This required an interim loan from the Crown of \$15,267,375 – being the agreed market value for the purchase of the properties. This loan is repayable on settlement date. Interest is payable on this loan of \$55,841 to March 31, 2009 – being the Official Cash Rate.

With the revaluation of the properties required for audit purposes we have seen a write-down of \$1,638,526 which reflects the current market conditions being experienced by the majority of property owning entities throughout the country.

Total assets of the Trust are \$14,665,038 and after liabilities the Net Assets are \$(1,589,763).

Settlement with the Crown had not taken place at March 31, 2009 (balance date). At September 2, 2009 (settlement date) and after repaying the loan for the Shelly Bay properties the Trust Capital is projected to be \$20,864,518.

Conclusion

The opportunities for this, and all generations to come are now in our hands. They are significant and the stage is set.

Prudent governance and management now, will reap the benefits for Taranaki Whanui ki Te Upoko o Te Ika well into the future.

The economic, cultural and social enhancement of our people is totally dependent on the strategic direction set.

“This Treaty settlement is not about restoring Taranaki Whanui ki Te Upoko o Te Ika rangatiratanga because no-one can take that away from them”

“At settlement date, after repaying the loan for Shelly Bay, Trust capital is projected to be \$20,864,518”

Chairman's Report

The Vision Statement that was agreed earlier this year is one that encapsulates the views, hopes, aspirations and dreams of not only the current Trustees, but those who have gone before us and those who will come after us.

"Vision Statement"

**Ki te whakahou, whakapakari
me te whakanikoniko i te ahurea
pāpori, rangatiratanga o
Taranaki Whānui ki Te Upoko o
Te Ika**

Te restore, revitalise, strengthen
and enhance the cultural, social
and economic well-being of
Taranaki Whānui ki Te Upoko o
Te Ika

Sir Ngatata Love
Chairman

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

	Note	Group		Port Nicholson Block Settlement Trust	
		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

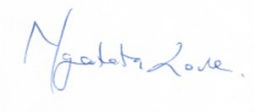
	Note	Group		Port Nicholson Block Settlement Trust	
		2009	2008	2009	2008
TRUST CAPITAL		\$ (1,589,763)	\$ -	\$ 498,806	\$ -
<i>Represented By</i>					
CURRENT ASSETS					
Accounts Receivable		67,137	-	22,699	-
Crown—Accrued Interest on Settlement	5	793,031	-	793,031	-
Shelly Bay Limited—Crown Loan		-	-	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

	Group	Port Nicholson Block Settlement Trust		
Note	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 Opinion



Audit Report

Grant Thornton

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The Stakeholders of the Port Nicholson Block Settlement Trust Group

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

Contact Details



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PORT NICHOLSON BLOCK
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