



navigating  
**our future**

**Waikato Raupatu Lands Trust**  
Annual Report for the year ended 31 March 2011

## trust profile

\$15.9m  
net profit

\$40.6m  
revenue

\$558.5m  
equity

\$775.1m  
total assets

\$4.4m  
amount of  
distributions

15.5%  
revenue growth

Waikato-Tainui Te Kauhanganui Incorporated (WTTKI) is the tribal authority of Waikato-Tainui. WTTKI is represented by a 199 member Parliament which consists of three representatives from each Waikato marae and one representative for the head of the Kauhui Ariki – Kiingi Tuheitia.

From that Parliament, ten members are elected onto its executive body Te Arataura, and one is appointed by Kiingi Tuheitia. Te Arataura oversees tribal operations based at Hopuhopu and at the Waikato Raupatu River Trust in Hamilton.

The Waikato Raupatu Lands Trust was created by the Waikato Raupatu Claims Settlement Act 1995, and manages distributions for the collective benefit of over 61,000 registered tribal members.

Established for charitable purposes, income is distributed in the areas of tribal administration, education, health and wellbeing, Marae, social and cultural development.

The Waikato Raupatu Lands Trust is the parent entity of the Waikato-Tainui Tribal Group.

# table of contents

He maimai Aroha	4
Our Vision	4
Our Strategic Direction	5
Performance Highlights	6
Waikato River Settlement	
Waikato-Tainui College of Research and Development	
Iwi and Stakeholder Relationships	
Taurahere Consultation	
Whanau Ora	
Te Awa	
Outstanding Claims	
Christchurch Earthquake Support	
From the Chairman of Te Arataura - Tukoroirangi Morgan	8
Te Arataura Profiles	11
Tukoroirangi Morgan - Chair	
Paitence Te Ao - Deputy Chair	
Charles Joe - Secretary	
Greg Miller - Kaahui Ariki Representative	
Rukumoana Schaaflhausen - Board Member	
Taitumu Maipi - Board Member	
Rahui Papa - Board Member	
Robert Tukiri - Board Member	
Kingi Porima - Board Member	
Sonny Wilson - Board Member	
Maxine Moana-Tuwhangai - Board Member	
From the Chief Executive - Parakawhia McLean	
Waikato Rauapatu Lands Trust	
Financial Statements for the year ended 31 March 2011	17
Directory	19
Statement of comprehensive income	20
Statement of financial position	21
Statements of changes in equity	22
Statements of cash flows	23
Notes to the financial statements	25
Auditors Report	65

## he maimai aroha

### TIHONGA HAUNUI 3 NOEMA 1939 -14 TIHEMA 2010

E te kaakaa wahanui o te Kiingitanga.  
E te amokura manutaki o te Iwi.  
Teenei ano iwi kua mahue tangi mai ki ngaa marae kainga.  
Noou te kanoahi i kitea nuitia i runga i ngaa marae o te Motu.  
Noou te reo tiioriori i paaoho i ngaa paepae korero.  
Noou te kaha kia tau tika tonu ngaa tikanga i ngaa tini huihuinga taangata.

Noou ngaa pokohiwi i haapai ngaa whakahaere o te iwi.  
Noou te mana i whakanuia ai e Kuini Irihaapeti inaatata nei.  
Nei te iwi e whakatakune ana i te rawaka o te puni Kaahui Ariki.

Haere raa e te tau whakaipoipo, haere e te kuru tongarerewaa.  
Haere ki a nunui maa, ki a roroa maa i te maakohakoha o te poo.

Whaaia raatou kua kauria kee te au o ake ake, e kau raa.  
Tukuna kia poiipoia koe e te tai o mutunga kore, e pari raa.  
Rehurehu ana te tihi ki Taupiri, he maimoa noa, he tangi rurutu noa.

Nei te tautoko i a Hera me te whaanau kua takaia te parekawakawa.

Ko te iwi nui tonu ka rawakore i te ngaromanga toikura nei.  
Huia ko te poo, te poo i oti atu ai e.

### PAI MAARIRE

## our vision

### OUR VISION

Maaku anoo e hanga toku nei whare  
Ko ngaa whare pou oo roto he maahoe  
He patatee  
Ko te tachuhuu he hinau  
Me whakatupu ki te hua o te rengarenga  
Me whakapakari ki te hua o te kawariki

I shall build my house from the lesser known trees of the forest.  
The support posts shall be maahoe and patete, and the ridge pole of hinau.  
My people will be nourished by the rengarenga and strengthened by the kawariki.

### Kiingi Taawhiao

Whakatupuranga 2050 is the blueprint for the cultural, social and economic advancement for our iwi. It is a fifty year long development approach to building the capacity of our whaanau, hapuu, and Marae communities. Whakatupuranga 2050 is our legacy to those who come after us.

## KIINGITANGA: WHAIA KO TE MANA MOTUHAKE

The King Movement acts as a unifying korowai encompassing all tribes throughout Aotearoa. Kiingitanga was first set up in May 1858 to unite Maaori under the leadership of Pootatau Te Wherowhero.

Its primary goals were to halt the sale of land to Paakeha settlers, stop inter-tribal warfare and provide a springboard for the preservation of Maaori culture in the face of Paakeha colonisation.

Today the role of Kiingitanga remains a vibrant symbol of unification of Maaori under the banner of the seventh monarch, Kiingi Tuheitia.

## TRIBAL IDENTITY AND INTEGRITY

Ko Tainui te waka, ko Taupiri te maunga, ko Waikato te awa, ko Pootatau te tangata. Waikato Taniwharau, he piko he taniwha, he piko taniwha.

Our strategic direction charts a course of significant developments to protect our tribal identity and integrity.

The development of a core strategy designed to provide maximum support for our kaumaatua, the caretakers of our maatauranga, and experts of our reo and tikanga, is a key priority. Our whenua, river, lakes and other waterways are living embodiments of our tribal identity.

The necessity to forge an enduring and meaningful relationship with the Crown is vital to the protection of Te Taiao, our environment.

## TRIBAL SUCCESS

Ki te moemoea ahau ko ahau anake.  
Ki te moemoea taatou ka taea e taatou.

Priorities in this context are focused on building capacity in all our endeavours at all levels. Coupled with research as a key priority designed to keep the tribe abreast of all local and global shifts and developments, generations hereafter will be well-equipped to enjoy success in all sectors of society.

There is recognition however, that success is short-term without succession, so growing leaders through succession planning and mentoring programmes are key priorities.

## TRIBAL SOCIAL AND ECONOMIC WELLBEING

Kia niwha te ngaakau ki te whakauu, ki te atawhai i te Iwi.

Social and economic wellbeing is dependent on a number of pathways, beginning with efforts to effect our Treaty Partnership with the Crown and robust monitoring of their Article Three responsibilities as Government agencies.

We will develop effective long-term solutions for our people through strategic coordination of sustainable social and economic initiatives.

Other priorities include utilising our Marae as the catalyst to advancing tribal development, building strong inter-tribal and stakeholder relationships, and establishing strategic alliances at local, national and international levels to ensure tribal socio-economic gains.

#### FINANCIAL PERFORMANCE

The Group booked/made an operating profit of \$9.5million (2010 - \$11m) and a net profit of \$15.9million (2010 - \$18.6m) in the financial year to 31 March 2011. While down on last year's results, the financial performance of the group remains positive.

The dividend to the Waikato Raupatu Lands Trust from Tainui Group Holdings Limited was \$10.5million, a \$0.5million increase on last year.

The Group's total asset base increased from \$644million in 2010 to \$775million in 2011.

#### WAIKATO RIVER SETTLEMENT

Progress continues to be made on the implementation of the Waikato River settlement. Working in partnership with the Crown is a critical component of the settlement. Over the past year, highlights include:

- Annual relationship forum involving the Prime Minister, senior Cabinet Ministers and Te Arataura members, held at Hopuhopu;
- Established in November 2010, the Waikato River Authority held its first meeting in December 2010 with Tukoroirangi Morgan appointed Co-Chair of the Authority alongside Hon John Luxton;
- Four Joint Management Agreements with local authorities have been progressed and meetings held between Councillors and Te Arataura members;
- Draft fisheries regulations for the management of customary fisheries within the Waikato-Tanui rohe were distributed for consultation;
- The completion of portfolio-specific Accords with the minister's of Conservation, Fisheries, Land Information, Environment, Arts, Culture and Heritage, Local Government, Agriculture, Biosecurity, Energy, Māori Affairs, and Forestry.
- The transfer of wahi tapu and specific sites of cultural significance to Waikato-Tainui.

#### WAIKATO-TAINUI COLLEGE OF RESEARCH AND DEVELOPMENT

In May 2010, the College appointed Dr Sarah-Jane Tiakiwai as its Academic Director and also held a re-dedication ceremony to mark a new era in its development.

The College entered into a milestone arrangement with Waikato University via the Waikato Management School's Centre for Corporate and Executive Education to deliver an MBA programme in 2011. Together, the College and Waikato University carry a wealth of iwi/indigenous, academic and corporate expertise.

The College also secured contracts alongside Raukura Hauora o Tainui with Otago University for oral health research and through Te Puni Kōkiri as the Whaanau Ora action research organisation for the Te Ope Kōiora o Waikato-Tainui.

#### IWI AND STAKEHOLDER RELATIONSHIPS

The tribe hosted a successful Iwi Leaders Forum at Hopuhopu in August. Representatives from 52 Iwi along with the Prime Minister and senior Cabinet Ministers attended the Forum and a dinner to mark the fourth anniversary of Kiingi Tuheitia.

Te Arataura also hosted a dinner for corporate, government, community and civic leaders at the Tainui Novotel in Hamilton to present tribal plans for the future.

#### TAURAHERE CONSULTATION

The Chair of Te Arataura and staff visited Australia. The trip to Brisbane, Sydney, Melbourne, and Perth provided an important opportunity to share information with tribal members about where the Iwi is heading, what has been achieved, and future plans.

## WHAANAU ORA

The establishment of Te Ope Koiora o Waikato-Tainui an iwi led whanau ora collective will provide health, social services, education, employment, and training services within the Waikato-Tainui rohe is an important achievement during this period. The organisations within the collective are:

- JTP Consultants Ltd, Te Kotahitanga Training;
- Nga Miro Health Centre;
- Hauora Waikato Maaori Mental Health Services Trust;
- Raukura Hauora o Tainui;
- Raukura Waikato Social Services;
- Solomon Group Education and Training Academy;
- Waahi Whaanui Trust;
- Te Hauora o Ngaati Hauaa; and
- Ideal Success Charitable Trust.

In October 2010, the Waikato-Tainui Koiora collective was selected by the Government as one of 25 entities to develop a detailed Programme of Action for implementation over the coming year.

Discussions also began with the Counties-Manukau District Health Board and Te Arataura to establish a Whaanau Ora Centre in Manukau with a bankable business case, to be completed in November 2011.

Similarly, work is underway to secure the necessary resource consents for a Whaanau Ora Centre to be built at The Base, Te Rapa.

## TE AWA

The completion and opening of the Te Awa retail complex at The Base at Te Rapa. Te Awa provides a unique shopping experience with distinctive Waikato-Tainui design features and bilingual signage.

## OUTSTANDING CLAIMS

Assistance is being provided to Ngaati Korokii-Kahukura for the resolution of their claims and with the implementation of co-management arrangements over the Waikato River through to Arapuni.

In March 2011, Te Kauhanganui resolved to support Waikato-Tainui hapuu of Ngaati Tamaoho, Ngai Tai, Te Akitai and Ngaati Te Ata in their engagement with the Crown in relation to their respective claims within Taamaki Makaurau. There remain wider Waikato-Tainui Iwi interests which continue to be pursued by the Principal Negotiator, Tukoroirangi Morgan.

The Principal Negotiator who began with the Crown discussions with the Prime Minister and Senior Cabinet Ministers in relation to the relativity clause.

## CHRISTCHURCH EARTHQUAKE SUPPORT

Following the devastating earthquake in February, the tribe established a base camp at Lincoln University for a two-week period. During this time, engagement with, and support for tribal members commenced and food, health, and social services were deployed across Christchurch.

from the chairman of te arataura



*Whakataka te hau ki te uru  
Whakatau te hau ki te tonga  
Kia makinakina ki uta  
Kia mataratara ki tai  
Kia hi ake ana te atakura  
He tio, he huka, he hauhunga  
He paki o hewa*

E wehi ana ki te Atua i te waahi ngaro, maana nei taatou e manaaki, e tiaki i ngaa waa katoa. E whakahoonore ana i a Kiingi Tuheitia, te pou herenga o ngaa waka o ngaa iwi ki te ao turoa.

He maimai aroha ki te hunga ka ngaro haere nei i te poo.

E Rangi maa, e koro e kui maa, koutou te iti me te rahi kua ngaro ki ngaa marae maha, haere koutou, moe mai raa.

E ngaa mana, e ngaa reo, e ngaa karangatanga maha  
Teena koutou, teena koutou, teena koutou katoa.

The 2011 Annual Report is marked by a year that has unfortunately been overtaken by an unprecedented series of events that have sought to undermine the integrity and performance of Te Arataura – the executive of Te Kauhanganui, and the public reputation of Waikato-Tainui and Kiingitanga.

Disappointingly, the attacks have come from within our tribe and at a time when significant progress is being made to restore the health and wellbeing of our tupuna awa, advance Whaanau Ora for our people, create long term employment and training opportunities and drive Marae cluster developments.

Unlike the land wars of 148 years ago where the enemy was 'at the gate'.

Today our enemy is from within. The seemingly unbreakable bonds that threaded our whaanau, hapuu and lwi together under the Korowai of Kiingitanga is being frayed by a small group of people.

In my view, Tania Martin's false and baseless allegations against Te Arataura of financial mismanagement have caused serious reputational damage not only to Te Arataura but to Te Kauhanganui Incorporated, Waikato Tainui and Kiingitanga.

Te Arataura had no choice but to seek High Court intervention in an effort to protect the integrity of our lwi, its constitution and processes. Based on the experience of the past year, Tania Martin's agenda is to gain control of our tribal parliament and Te Arataura in a blatant grab for power and influence.

If anything the past few months have reaffirmed the need for an extensive review of our structures, constitution, processes and the manner in which we carry out our business. This exercise must be run independently by respected and credible people, which could include people like former Chief Judge of the Maori Land Court Sir Eddie Durie, Denese Henare and Hon Georgina Te Heuheu. Our Marae must be involved in the review, and the final decision be made by all.

As the Chair of Te Arataura, my primary job is to position our lwi in the gateways of opportunity. Along with my colleagues on Te Arataura, we have worked tirelessly to secure these opportunities through our extensive network of relationships with other lwi, Crown Ministers, civic and community leaders, and corporate entities. Te Arataura is united and of one view: That we work together for the betterment of our lwi. We must never lose sight of what, and who, we are working for.

Te Arataura was elected from Te Kauhanganui to deliver on Whakatapuranga 2050, the blue print for the social and economic transformation of this tribe. The key element of this strategy is to nurture and encourage success in all tribal endeavours.

A representative list of recent achievements of Te Arataura include:

- A net profit of \$15.9million for the year ended 31 March 2011;
- The completion of Te Awa at The Base along with unprecedented customer support;
- Hosting 52 lwi Chairs, the greatest number of lwi leaders seen in one place in years, at the lwi Leaders Forum at Hopuhopu, as part of Koroneihana celebrations. We continue to be involved in lwi Leaders working parties on Water, Climate Change and Whanau Ora;
- The appointment of Parekawhia McLean as our Chief Executive, and Dr Sarah-Jane Tiakiwai as Academic Director of the College. Both possess the skills and attributes to deliver on our tribal, social and cultural objectives;
- Distributing \$4.4 million in grants to individuals, Marae, and other Waikato-Tainui organisations;
- Discussions with the Prime Minister and senior Cabinet Ministers have started in earnest in relation to the Relativity Clause;
- The Hopuhopu redevelopment and business plan have been completed;

- The Waikato-Tainui College for Research and Development has launched its first joint MBA course with the Waikato-Management School of the University of Waikato,
- Led the establishment of the new Waikato River Authority and the launch of the \$6 million Clean up fund;
- High level Joint Partnership agreements with Government Ministries: Conservation, Environment, Agriculture, TPK, Land, Energy, Economic development, Commissioner of Crown lands, Arts, Culture and Heritage, Fisheries and Local Government;
- Joint Management Agreements with Environment Waikato, Hamilton City, Waikato District and Waipa District Councils;
- Led the negotiations to establish 2 Iwi seats on Waikato Regional Council;
- Special relationship agreements with Mighty River Power and Genesis Energy
- Securing a Whaanau Ora contract which will be the springboard for the social transformation of our people,
- Finalising joint venture with Counties Manukau DHB to establish a Whanau Ora Centre in Manukau City;
- Supported Ngai Tahu after the February earthquake. A relief team from Te Puaha o Waikato Marae stayed on the ground for 2 weeks and provided more than 1000 meals and distributed Kai packages.

In closing I want to stress that success is our birthright. However, success requires effort and the plain fact is that people will never succeed while they are more concerned with what someone else is getting. Our tribe needs to start living what it professes to believe: that we value our people. The tribe must stop turning on its own. We will only truly thrive and prosper by building on our communal and co-operative strengths.

There is a great future ahead. Let us look within ourselves. Let us reflect on our tikanga, and the kaupapa of our institutions. Let us reflect on our successes, and be thankful. We believe that Waikato-Tainui is at the dawning of a golden period of prosperity.

Looking forward, Te Arataura remains committed to delivering outcomes that will improve the health and wellbeing of our people, our awa, our environment, our Marae communities, our hapuu, our whaanau, and to providing enduring support to our King. There is much to be done, but we must work together for the betterment of our tribe.

Finally, I want to convey my deepest appreciation to my colleagues on Te Arataura, our tribal staff, the Board and staff of Tainui Group Holdings Limited, and Te Kauhanganui for your ongoing support and commitment.

Paimaariire



Tukoroirangi Morgan  
Chair, Te Arataura Waikato-Tainui



**TUKOROIRANGI MORGAN**

**Chair - Te Hoe-o-Tainui Marae**

Tuku is also the Principal Negotiator for outstanding Waikato-Tainui claims as well as a Director of Waikato-Tainui Koiora Ltd and an ex-officio member on all tribal committees.

He holds several executive positions including:

- Co-chair of the Waikato River Authority
- Director, Auckland Council Property Limited
- Chair, Iwi Leaders Whaanau Ora Forum
- Member of the Climate Change, Water and Fisheries Iwi Leaders Forum



**PATIENCE TE AO**

**Deputy Chair - Tauranganui Marae**

Patience is currently in her third term as a member of the executive.

She is also the Deputy Chair of the Auckland Super City Maaori Statutory Board and an ex-officio member on all tribal committees.



**CHARLES JOE**

**Secretary - Ngaa Hau E Wha Marae**

Charles has an extensive background in education and currently manages a Forensic Psychiatric Kaupapa Maaori Service for the Waitemata DHB. Appointed Secretary of Te Arataura and Te Kauhanganui, he has been involved with various community projects and organisations, and is a founding trustee of a West Auckland Marae.

A Justice of the Peace for 19 years, Charles is a member of the Audit and Risk Committee and a Director of the Waikato-Tainui Distributions Limited.



**GREGORY MILLER,**  
Kaahui Ariki Representative - Te Manukanuka-o-Hoturoa Marae

Greg is the Chairman of Ururangi Limited; Te Tari o Te Kiingi Maori ' on behalf of Kiingi Tuheitia.

Greg leads the New Zealand division of Toll Holdings a publicly listed 'Global Transport Network' founded in Australia in 1888. He possesses a strong skill set in global networks and trade, having worked extensively across the globe in a number of logistics operations as a Senior Executive, Managing Director, CEO and Director.

Greg's governance position includes:

- Chair Ururangi Trust
- Chair Te Manukanuka o Hoturoa Marae
- Chair Hika Group
- Director Visfleet NZ Limited
- Director GSM Pacific.
- Fellow of the 'Chartered Institute of Transport and Logistics'



**RUKUMOANA SCHAAFHAUSEN**  
Rukumoana Marae

Rukumoana is in her third term as a member of Te Arataura. She has a background in commercial and corporate law and chairs the Group Audit and Risk Committee.

Rukumoana also holds the following governance positions:

- Director, Waikato-Tainui Koiora Limited
- Director, Tainui Group Holdings Limited
- Director, Genesis Energy Limited
- Director, Regional Facilities Auckland Limited
- Trustee, NZ Centre for Social Innovation



**TAITIMU MAIPI**  
**Te Ohaaki Marae**

Taitimu is the Chair of Whakatapuranga 2050 Committee and the Koroneihana Celebrations Committee, Director of the Waikato Endowed Colleges Trust and the Waikato-Tainui Koiora Ltd.

Taitimu holds several community positions within Waikato-Tainui including:

- Chair, Te Wharekura o Rakaumangamanga
- Chair, Raukura Hauora o Tainui
- Chair, Waahi Whaanui Trust
- Chair, North Waikato PHO
- Member, Iwi Council of Waikato DHB



**RAHUI PAPA**  
**Poohara Marae**

Rahui has a background in education, a Kiingitanga spokesperson, linguist and historian.

He is the Chair of the Tainui Teachers Association and the National Secondary Schools Kapa Haka Board.

Rahui is a Director of Tainui Group Holdings Limited and a member of the Human Resources and Remuneration Committee.



**ROBERT TUKIRI**  
**Waikare Marae**

This is Robert's first term as a member of Te Arataura. He is the Chair of the Human Resources and Remuneration Committee, Deputy Chair of Whakatapuranga 2050, a member of the Tainui Games Committee, Director of Waikato-Tainui Distributions Limited and represents Te Arataura on the Tainui Waka Alliance.

Robert is an active anti-violence campaigner and holds several community positions within Waikato-Tainui including:

- Chair, External Maaori Advisory Committee to Police NZ
- Chair, Waikare Marae Trustees
- Chair of the Board of Trustees for Huntly West Primary School
- Member, District Police Commander Maaori Forum



**KINGI PORIMA**  
Waipapa Marae

Kingi has a background in forestry and is a past Murupara Borough councillor and advisor to Te Ruunanga o Te Ika Whenua River Claim. Kingi has served on Te Kauhanganui since 2000 and has held in the past the Chairmanship positions for Te Kauhanganui, Te Kaumaarua, Te Arataura and Waikato Raupatu Trustee Company Limited.

Kingi is currently:

- Chair, AgResearch Maaori Advisory Board
- Chair Waipapa Marae Trustees
- Chair Te Runanganui O Ngati Hikairo
- Member, Tainui Waka Alliance.



**SONNY WILSON**  
Hukanui Marae

Sonny is in his third term as a member of Te Arataura and Te Kauhanganui. With management experience in both the public and private sectors, Sonny has an extensive background in social services and sports administration.

A former Director of Tainui Group Holdings Limited, Sonny is the Chair of the Waikato-Tainui Games, a Director of the Waikato-Tainui Sports Limited and is currently the Commissioner at Taupiri Primary School.



**MAXINE MOANA-TUWHANGAI**  
Mookaikainga Marae

Maxine is in her first term as a member of Te Kauhanganui and Te Arataura. She has a background in accountancy and is currently a member of the Audit and Risk Committee and the Human Resources and Remuneration Committee. She is a Chartered Accountant, an Accredited Environmental Commissioner and a member of the Institute of Directors (NZ).

Maxine holds the following governance positions:

- Deputy Chairman, The Proprietors of Taharoa C Block Incorporated
- Chair, The Northern Health School.



***E te iwi o Waikato-Tainui  
E taku Kiingi ootira te whare o Te Kaahui Ariki  
Nei raa te mihi atu ki a tatou katoa***

I am honored to present the 2011 Annual Report of the Waikato Raupatu Lands Trust.

Firstly, I want to add my own thoughts and prayers to those whaanau who have lost loved ones over the past year. We at the Lands Trust have felt deeply the loss of Hone Haunui. His wisdom, loyalty, and service to the Kiingitanga and to Waikato-Tainui will always be remembered by his colleagues. Hone follows in the footsteps of many others who have committed themselves to the inspirational vision of Kiingi Taawhiao "to build our own whare." That challenge continues and it is up to our generation and those yet to come to add to this legacy.

The year gone has also seen some 'testing' moments for the organisation. As I have reflected on these challenges I can only note the importance of being transparent and communicating more openly to our tribal members. This is an aspect that we have to improve upon over the coming year.

But we must also continue to move forward and there has been progress over this past year. And that is largely due to the ongoing commitment of our staff and the support of Te Arataura and many others we work with. Without this support, much of the work we undertake would either not be possible or take much longer to achieve. Working in partnership with others to deliver better social and economic outcomes is a priority for us.

So, I thank all who have contributed to achieving the highlights contained in the Chair's report.

Looking forward, the challenge is clear and that is to continue to deliver on the strategic objectives in Whakatupuranga 2050 and the opportunities arising from settlement of our historical Treaty settlements.

As an organisation, we must be proactive, results driven and responsive to the needs of our tribal members now and into the future. We must create and facilitate opportunities that will deliver social and economic independence to our people.

Ensuring we have the right skills, experience, and robust processes is also critical. Ultimately, working smarter and with others to harness the collective potential of our organisation is the only way forward and will be a key focus for our senior leadership team in 2012.

In terms of tribal initiatives, we look forward to delivering:

- through the Waikato-Tainui Koirora collective a comprehensive Whaanau Ora Programme of Action;
- Marae-led initiatives for two of our cluster regions;
- ongoing support to progress and settle outstanding claims;
- post-settlement implementation projects that contribute to restoring the health and wellbeing of our awa;
- an innovative Waikato-Tainui College for Research and Development that continues to grow its offerings; and

Next year, I look forward to reporting on these initiatives and others that we have contributed to.

#### ACKNOWLEDGEMENTS

Finally, the year gone has been marked by the departure of some key staff including Marae Tukere who established and ran the Tribal Development Unit for five years, and Joyce Paekau who for much of this period was the Acting Chief Executive and much more, before taking up a position with The Office of the King. Joyce has been a loyal and committed leader who started many years ago with the Tainui Maaori Trust Board and then continued working diligently into this post-settlement era.

I want to acknowledge the contribution of both of these "wahine toa" for their commitment, professionalism and dedicated service to our organisation, and our people.

To Te Kauhanganui, Te Arataura, tribal staff and our colleagues at Tainui Group Holdings Limited, thank you for your ongoing commitment, support and dedication.

I look forward to the year ahead.

Kia hora te marino  
Kia whakapapa pounamu te moana  
Kia tere te karohirohi  
I mua i tou huarahi

Paimaarire

Parekawhia McLean  
Chief Executive

An abstract graphic composed of multiple overlapping, concentric wireframe spheres or shells, rendered in a light green color. The spheres are positioned on the right side of the page, creating a sense of depth and movement. The lines are thin and spaced out, giving it a delicate, architectural appearance.

**Waikato Raupatu Lands Trust  
Financial Statements for the year ended  
31 MARCH 2011**

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# contents

Directory	19
Statement of comprehensive income	20
Statement of financial position	21
Statements of changes in equity	22
Statements of cash flows	23
Notes to the financial statements	25
Auditors Report	65

**waikato raupatu lands trust directory**  
for the year ended 31 March 2011

**DATE OF ESTABLISHMENT**

10 November 1995

**FUNCTION**

To administer the Trust's assets for the general benefit of its beneficiaries as defined in the Waikato Raupatu Lands Trust Deed, the Waikato Raupatu Claims Settlement Act 1995, and the Waikato Raupatu River Trust Deed.

**TRUSTEE**

Waikato-Tainui Te Kauhanganui Incorporated

**AUDITOR**

PricewaterhouseCoopers  
Private Bag 92162,  
Auckland 1142

**SOLICITOR**

Chapman Tripp  
PO Box 2206,  
Auckland 1140

**BANK**

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Waikato Raupatu Lands Trust  
**Statements of Comprehensive Income**  
 for the year ended 31 March 2011

		CONSOLIDATED		PARENT	
		2011	2010	2011	2010
		\$'000	\$'000	\$'000	\$'000
Revenue	(4)	37,160	33,159	13,727	11,588
Expenses	(5)	(22,880)	(19,425)	(9,861)	(8,381)
Finance costs - bank loans		(8,228)	(4,711)	(60)	(1)
Finance income - short term deposits		3,291	1,522	174	182
Share of profit of associates	6	139	475	-	-
<b>Net operating profit for the year</b>		<b>9,482</b>	<b>11,020</b>	<b>3,980</b>	<b>3,388</b>
Other gains/(losses)	8	10,757	11,932	2,604	(6,240)
Grants	9	(4,359)	(4,375)	(4,324)	(4,154)
<b>Net profit/(loss) for the year</b>		<b>15,880</b>	<b>18,577</b>	<b>2,260</b>	<b>(7,006)</b>
<b>Other Comprehensive Income for the year</b>					
(Loss) on revaluation of farm and other properties		(2,689)	(2,172)	-	-
Transfer of net assets of subsidiaries (9)		-	85,785	-	-
<b>Total comprehensive income for the year</b>		<b>102,190</b>	<b>(53,326)</b>	<b>2,260</b>	<b>(7,006)</b>

Please note that while the financial statements reproduced in this Guide are the same as those in the Waikato Raupatu Lands Trust 2010 Annual Report, they do not replace the formal audited financial statements on pages 38 to 77 of that Annual Report.

**Profit is attributable to:**

Equity holders of Waikato Raupatu Lands Trust	15,880	18,577
Non-controlling Interest	-	-
	<u>15,880</u>	<u>18,577</u>

**Total comprehensive income**

for the year is attributable to:

Equity holders of Waikato Raupatu Lands Trust	13,191	102,190
Non-controlling Interest	-	-
	<u>13,191</u>	<u>102,190</u>

These financial statements should be read in conjunction with the accompanying notes to the financial statements.

**Waikato Raupatu Lands Trust**  
**Statements of Financial Position**  
**for the year ended 31 March 2011**

	Notes	CONSOLIDATED		PARENT	
		2011	2010	2011	2010
		\$'000	\$'000	\$'000	\$'000
<b>EQUITY</b>					
Retained earnings	10	533,234	517,354	192,667	190,407
Reserves	10	15,986	18,675	-	-
		549,220	536,029	192,667	190,407
Non-controlling interest		9,300	1,539	-	-
<b>Total equity</b>		<b>558,520</b>	<b>537,568</b>	<b>192,667</b>	<b>190,407</b>
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents		79,500	34,687	4,229	2,200
Trade and other receivables	11	11,771	50,654	3,948	4,026
Inventories	12	4,625	3,508	8	-
Biological assets	13	843	615	-	-
Advances-subsiaries	14	-	-	74,027	74,027
<b>Total Current Assets</b>		<b>96,739</b>	<b>89,464</b>	<b>82,212</b>	<b>80,253</b>
<b>NON-CURRENT ASSETS</b>					
Other receivables	15	14,449	13,898	21	479
Other financial assets	16	70,344	63,048	-	-
Investments in associates	6	13,151	13,012	-	-
Investments in subsidiaries		-	-	70,253	70,253
Intangible assets	17	20,672	20,619	-	-
Biological assets	13	2,694	1,905	-	-
Property, plant and equipment	18	86,926	45,141	9,682	10,336
Investment properties	19	437,917	367,779	4,156	4,105
Te Wherowhero title properties	20	32,203	29,626	32,203	29,626
		678,356	555,028	116,315	114,799
<b>Total assets</b>		<b>775,095</b>	<b>644,492</b>	<b>198,527</b>	<b>195,052</b>
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Trade and other payables	21	22,112	15,548	3,649	3,269
Interest bearing liabilities	22	72,005	18,470	5	3
Advances-subsiaries	14	-	-	2,188	1,350
<b>Total current liabilities</b>		<b>94,117</b>	<b>34,018</b>	<b>5,842</b>	<b>4,622</b>
<b>Non-current liabilities</b>					
Interest bearing liabilities	22	114,668	69,256	18	23
Other financial liabilities	23	7,790	3,650	-	-
<b>Total non-current liabilities</b>		<b>122,458</b>	<b>72,906</b>	<b>18</b>	<b>23</b>
<b>Total liabilities</b>		<b>216,575</b>	<b>106,924</b>	<b>5,860</b>	<b>4,645</b>
<b>Total net assets</b>		<b>558,520</b>	<b>537,568</b>	<b>192,667</b>	<b>190,407</b>



Tukoroirangi Morgan - Executive Member  
 Waikato Tainui Te Kauhanganui Incorporated  
 26 August 2011



Patience Te Ao - Executive Member  
 Waikato Tainui Te Kauhanganui Incorporated  
 26 August 2011

**Waikato Raupatu Lands Trust**  
**Statements of Changes of Equity**  
**for the year ended 31 March 2011**

Consolidated	ATTRIBUTABLE TO OWNER OF THE PARENT			Non-controlling interest \$'000	Total equity \$'000
	Revaluation reserves \$'000	Retained earnings \$'000	Total \$'000		
Balance as at 1 April 2009	20,847	412,992	433,839	-	433,839
<b>Comprehensive income</b>					
Net profit for the year	-	18,577	18,577	-	18,577
<b>Other comprehensive income</b>					
Transfer of net assets of subsidiaries	-	85,785	85,785	-	85,785
(Loss) on revaluation of farm and other properties	(2,172)	-	(2,172)	-	(2,172)
Total other comprehensive income	(2,172)	85,785	83,613	-	83,613
<b>Total comprehensive income</b>	<b>(2,172)</b>	<b>104,362</b>	<b>102,190</b>	<b>-</b>	<b>102,190</b>
Non controlling interest	-	-	-	1,539	1,539
Balance as at 31 March 2010	18,675	517,354	536,029	1,539	537,568
Balance as at 1 April 2010	18,675	517,354	536,029	1,539	537,568
<b>Comprehensive income</b>					
Net profit for the year	-	15,880	15,880	-	15,880
<b>Other comprehensive income</b>					
(Loss) on revaluation of farm and other properties	(2,689)	-	(2,689)	-	(2,689)
Total other comprehensive income, net of tax	(2,689)	-	(2,689)	-	(2,689)
Total comprehensive income	(2,689)	15,880	13,191	-	13,191
Non-controlling interest	-	-	-	7,761	7,761
Balance as at 31 March 2011	15,986	533,234	549,220	9,300	558,520
<b>Parent</b>					
Balance as at 1 April 2009	-	197,413	197,413	-	197,413
<b>Comprehensive income</b>					
Net (loss) for the year (7,006)	-	(7,006)	(7,006)	-	(7,006)
Total comprehensive income	-	(7,006)	(7,006)	-	(7,006)
Balance as at 31 March 2010	-	190,407	190,407	-	190,407
Balance as at 1 April 2010	-	190,407	190,407	-	190,407
<b>Comprehensive income</b>					
Net profit for the year	-	2,260	2,260	-	2,260
Total comprehensive income	-	2,260	2,260	-	2,260
Balance as at 31 March 2011	-	192,667	192,667	-	192,667

These financial statements should be read in conjunction with the accompanying notes to the financial statements.

**Waikato Raupatu Lands Trust**  
**Statements of Cash Flows**  
**for the year ended 31 March 2011**

	Notes	CONSOLIDATED 2011 \$'000	2010 \$'000	PARENT 2011 \$'000	2010 \$'000
<b>Cash flows from operating activities</b>					
Receipts from customers		32,308	29,129	3,318	981
Payments to suppliers and employees		(15,904)	(13,843)	(8,991)	(8,107)
Payments to grant recipients		(3,816)	(6,088)	(3,781)	(5,867)
Interest received		3,291	1,522	174	181
Dividends received		2,000	1,272	10,500	10,000
Interest paid		(8,228)	(4,710)	(60)	-
<b>Net cash generated from / (used in) operating activities</b>	<b>24</b>	<b>9,651</b>	<b>7,282</b>	<b>1,160</b>	<b>(2,812)</b>
<b>Cash flows from investing activities</b>					
Proceeds on sale of managed funds		-	16,832	-	-
Payments for investments in unlisted companies		(546)	(494)	-	-
Amounts received from / (paid to) related parties		-	-	838	(250)
Payments for property, plant and equipment		(38,925)	(6,579)	(205)	(95)
Proceeds from sale of property, plant and equipment		222	11	239	11
Payments for intangible assets		(49)	(245)	-	-
Payments for investment properties		(67,844)	(38,097)	-	-
Transfer from subsidiaries	26,a	-	30,135	-	-
Settlement received		40,000	-	-	-
Proceeds from sale of investment properties		3,357	1,228	-	-
Payments for unsecured loan		-	-	-	(480)
<b>Net cash generated from / (used in) investing activities</b>		<b>(63,785)</b>	<b>2,791</b>	<b>872</b>	<b>(814)</b>
<b>Cash flows from financing activities</b>					
Proceeds from borrowings		98,947	12,850	-	-
Repayment of borrowings		-	(3)	(3)	(8)
<b>Net cash generated from / (used in) financing activities</b>		<b>98,947</b>	<b>12,847</b>	<b>(3)</b>	<b>(8)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>					
		<b>44,813</b>	<b>22,920</b>	<b>2,029</b>	<b>(3,634)</b>
Cash and cash equivalents at the beginning of the year		34,687	11,767	2,200	5,834
<b>Cash and cash equivalents at end of year</b>		<b>79,500</b>	<b>34,687</b>	<b>4,229</b>	<b>2,200</b>

## 1 GENERAL INFORMATION

The Waikato Raupatu Lands Trust ('Trust' or 'Parent') and its subsidiaries (together referred to as the 'Group') have the following principal activities in New Zealand:

- grant distribution
- property investment;
- property development;
- hotels;
- fishing; and
- investments.

These consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'). They comply with the New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS'), International Financial Reporting Standards ('IFRS') and other applicable financial reporting standards as appropriate for public benefit entities.

The Parent is a trust incorporated and domiciled in New Zealand.

These consolidated financial statements have been approved for issue by the Board of Trustees on the 26th of August 2011.

The Group's Trustees do not have the power to amend the financial statements once they have been issued.

### Waikato Raupatu Land Settlement

On 22 May 1995, Waikato Tainui signed the Deed of Settlement with the Crown's representatives for a full and final settlement of its Raupatu claim to be made to the Waikato Raupatu Lands Trust. This agreement formed the basis for the Waikato Raupatu Claims Settlement Act 1995.

The settlement, being the redress value, is specified as \$170 million. The settlement was realised as follows:

- (a) Te Rapa Airforce Base transferred to Waikato Tainui in 1993 as an advance on the Settlement (at agreed 1993 market value);
- (b) Crown reimbursement of negotiation and research costs incurred by Tainui Maaori Trust Board being amounts paid from 21 September 1992 totalling \$2.6 million;
- (c) Lands situated in the Waikato Tainui claim area which were owned by the Crown and selected by Waikato Tainui (the process is outlined in the Deed of Settlement) at values agreed between the parties using the valuation methodology stated in the Deed of Settlement; and
- (d) Any balance remaining was paid in cash to the Waikato Land Acquisition Trust which transferred the cash to the Waikato Raupatu Lands Trust as and when required to fund the purchase of other lands.

The Lands referred to in (c) above were identified, transfer dates agreed upon and transfer values determined by both parties by 30 November 1996. These Lands were to be returned over a 5 year period from 22 May 1995. In addition, interest was paid by the Crown on the outstanding balance of the redress value.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 Basis of preparation

The financial statements include separate financial statements for the Waikato Raupatu Lands

Trust as an individual entity and the consolidated Group consisting of the Waikato Raupatu Lands Trust and its subsidiaries. The Waikato Tainui Te Kauhanganui Incorporated is the ultimate controlling party of the Group.

#### Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of farm, trust and other properties, investment properties, Te Wherowhero investment properties, biological assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss which are carried at fair value.

## 2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

### (i) New and amended standards adopted by the Group

The Group adopted, during the year ended 31 March 2010, the following new and amended accounting standards.

#### NZ IFRS 9 'Financial instruments'

NZ IFRS 9, 'Financial instruments: Classification and measurement', effective 1 January 2013. NZ IFRS 9 was issued in November 2009. It replaces the parts of NZ IAS 39 that relate to the classification and measurement of financial assets. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. Adoption of NZ IFRS 9 is mandatory from 1 January 2013; earlier adoption is permitted.

The Group has adopted NZ IFRS 9 from 1 April 2009, as well as the related consequential amendments to other IFRS's, because this new accounting policy provides reliable and more relevant information for users to assess the amounts, timing and uncertainty of future cash flows. In accordance with the transition provisions of the standard, comparative figures have not been restated.

The Group's management has assessed the financial assets held by the Group at the date of initial application of IFRS 9 (1 April 2009). As a result, the Group has restated all equity instruments previously held as available for sale to assets at fair value through profit or loss. This has resulted in an unrealised gain of \$14.9m being recognised as other gains/(losses) in the statement of comprehensive income for the year ended 31 March 2010, an additional \$1.4m loss recognised in the statement of comprehensive income, being the loss previously recognised in equity as at 31 March 2009, and a transfer of \$1.8m from the revaluation reserve to opening retained earnings as at 1 April 2008.

There were no new accounting standards adopted during the year ended 31 March 2011.

### (ii) New and amended standards and interpretations that are not mandatory for the 31 March 2011 reporting period

The following standards and interpretations have been published and are not mandatory for the Group's accounting periods beginning on or after 1 April 2010:

- **IFRS 13 Fair value measurement** (effective 1 January 2013) – On 12 May 2011 the IASB issued IFRS 13 Fair Value Measurement. IFRS 13, which is effective from 1 January 2013, defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 does not determine when an asset, a liability or an entity's own equity instrument is measured at fair value. Rather, the measurement and disclosure requirements of IFRS 13 apply when another IFRS requires or permits the item to be measured at fair value (with limited exceptions).

# Waikato Raupatu Lands Trust notes to the financial statements for the year ended 31 March 2011

- **IFRS 10, 'Consolidated financial statements'** (effective 1 January 2013) builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. This new standard might impact the entities that a Group consolidates as its subsidiaries.
- **IFRS 11, 'Joint arrangements'** (effective 1 January 2013) provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.
- **IFRS 12, 'Disclosure of Interests in Other entities'** (effective 1 January 2013) is a new standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.
- **IAS 27, 'Separate financial statements'** (effective 1 January 2013), includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.
- **IAS 28, 'Investments in associates and joint ventures'** (effective 1 January 2013), now includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.
- **Disclosures on Transfers of Financial Assets (Amendment to NZ IFRS 7)** (effective for annual reporting periods beginning on or after 1 July 2011) – In November 2010, the IASB made amendments to IFRS 7 Financial Instruments: Disclosures which introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect particularly entities that sell, factor, securities, lend or otherwise transfer financial assets to other parties. They are not expected to have any significant impact on the Group's disclosures.
- **Deferred Tax: Recovery of Underlying Assets (Amendment to NZ IAS 12)** (effective from 1 January 2012) – In December 2010, the IASB amended IAS 12 Income Taxes to provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model. IAS 12 requires the measurement of deferred tax assets or liabilities to reflect the tax consequences that would follow from the way management expects to recover or settle the carrying of the relevant assets or liabilities, that is through use or through sale. The amendment introduces a rebuttable presumption that investment property which is measured at fair value is recovered entirely by sale. The standard will have no impact on the Group.
- **Revised IAS 19 Employee Benefits** (effective 1 January 2013) – In June 2011, the IASB released a revised standard on accounting for employee benefits. The ASRB is expected to issue an equivalent revised NZ IAS 19 Employee Benefits shortly. The revised standard requires the recognition of all remeasurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so called 'corridor' method) and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset. This replaces the expected return on plan assets that is currently included in profit or loss. The standard also introduces a number of additional disclosures for defined benefit liabilities/assets and could affect the timing of the recognition of termination benefits. The amendments will have to be implemented retrospectively. The standard will not have a significant impact on the Group.
- **Revised IAS 1 Presentation of Financial Statements** (effective 1 July 2012) – In June 2011, the IASB made an amendment to IAS 1 Presentation of Financial Statements. The ASRB is

expected to make equivalent changes to NZ IAS 1 shortly. The amendment requires entities to separate items presented in other comprehensive income into two groups, based on whether they may be recycled to profit or loss in the future. It will not affect the measurement of any of the items recognised in the balance sheet or the profit or loss in the current period.

- **NZ IFRIC 19 Extinguishing financial liabilities with equity instruments** (effective 1 July 2010)  
NZ IFRIC 19 clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditor (debt for equity swap). It requires a gain or loss to be recognised in profit or loss which is measured as the difference between the carrying value of the financial liability and the fair value of the equity instruments issued. It is not expected to have any impact on the Group or the Parent entity's financial statements since it is only retrospectively applied from the beginning of the earliest period presented (1 July 2009) and the Group has not entered into any debt for equity swaps since that date.
- **NZ IFRIC 14 Prepayments of a Minimum Funding Requirement (amendment)** (effective 1 January 2011) – In December 2009, the IASB made an amendment to IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. The amendment removes an unintended consequence of the interpretation related to voluntary prepayments when there is a minimum funding requirement in regard to the entity's defined benefit scheme. It permits entities to recognise an asset for a prepayment of contributions made to cover minimum funding requirements. The Group does not make any such prepayments. The amendment is therefore not expected to have any impact on the Group's financial statements.
- **Harmonisation Amendments** sets out amendments to NZ IFRSs as a result of proposals that were contained in Exposure Draft 121 Proposals to Harmonise Australian and New Zealand Standards in Relation to Entities Applying IFRSs as Adopted in Australia and New Zealand (ED 121) published in July 2010. It should be read in conjunction with FRS 44 New Zealand Additional Disclosures (FRS 44) which sets out the New Zealand „All Entity“ disclosure requirements that are in addition to requirements in IFRSs which have been relocated to the separate disclosure standard. The effective date of the amendments is reporting periods beginning on or after 1 July 2011. Amendments to a specific standard may be individually adopted early. If an entity were to elect to early adopt any of these amendments, the entity will need to disclose that fact and will also need to early adopt any related items in FRS 44.

### 2.3 CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The estimates and judgements are reviewed by management on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised. The following are the critical estimates and judgements management has made in the process of applying the Group's accounting policies and that have the most significant impact on the amounts recognised in the financial statements.

#### (a) Fair value of assets and liabilities

The Group records certain assets and liabilities at fair value in the statement of financial position as follows:

Other receivables (note 15) are valued using discounted cash flow techniques to determine fair value.

Farm and other properties, trust and other properties (note 18), investment properties (note 19) and Te Wherowhero title properties (note 20) have been valued by independent valuers as at 31 March 2011 and 31 March 2010 using a mixture of market evidence of transactional prices for similar properties, direct comparison, capitalisation and discounted cash flow approaches.

Biological assets (note 13) comprise livestock and forests. Both are valued by independent valuers using current market prices less point of sale costs (livestock) and expectation value method less point of sale costs (forests).

Other financial assets at fair value through profit or loss (note 16) include shares in unlisted companies held at fair value. The fair value of these shares, in the absence of quoted prices, has been determined using valuation techniques.

Interest rate swaps (note 23) are valued using discounted cash flow techniques.

The determination of fair value for each of the assets and liabilities above requires significant estimation and judgement which have a material impact on the statement of comprehensive income and statement of financial position.

#### (b) Impairment testing

Intangible assets with indefinite useful lives being quota (note 17) are required to be tested for impairment at least annually. This requires an estimation of the recoverable amount of the quota based on the higher of value in use or fair value less costs to sell. The determination of the recoverable amount of the quota requires significant estimation and judgement.

## 2.4 PRINCIPLES OF CONSOLIDATION

### (i) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition by acquisition basis, the Group recognises any non controlling interest in the acquiree either at fair value or at the non controlling interest's proportionate share of the acquiree's net assets.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The excess of the consideration transferred, the amount of any non controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Inter company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

### (ii) Transactions with non controlling interests

The Group treats transactions with non controlling interests as transactions with equity owners of the Group. For purchases from non controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the

subsidiary is recorded in equity. Gains or losses on disposals to non controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is re measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

### (iii) Associates

Associates are all entities over which the Group has significant influence but not control, generally evidenced by holding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the consolidated financial statements as available for sale financial assets using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (refer to note 6).

The Group's share of its associates' post acquisition profits or losses is recognised in the statement of comprehensive income, and its share of post acquisition movements in reserves is recognised in reserves. The cumulative post acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the consolidated statement of comprehensive income and they reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

### (iv) Joint ventures

The proportionate interests in income of a jointly controlled operation have been incorporated in the financial statements under the appropriate headings.

The Group's interests in jointly controlled entities are accounted for by proportionate consolidation. The Group combines its share of joint ventures' individual income and expenses, assets and liabilities on a line by line basis with similar items in the Group's financial statements.

The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other venturers. The Group does not recognise its share of the profits or losses from the joint venture that result from the Group's purchase of assets from the joint venture until it sells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

Joint ventures' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

## 2.5 REVENUE RECOGNITION

Revenue comprises the fair value of the sale of goods and services, net of Goods and Services Tax (GST), rebates and discounts and after eliminating sales within the Group. Revenue is recognised as follows:

### (i) Rental income

Rental income is recognised on a straight line basis over the lease term.

### (ii) Sales of goods

Sales of goods are recognised when the Group has transferred the significant risks and rewards of ownership of the goods sold. For sections, recognition is on the sale contract becoming unconditional and the title passing. The recorded revenue is the gross amount of the sale.

### (iii) Quota lease income

Quota lease income is recognised when the Group has receipted income from the quota lessee. Quota is recognised on a monthly accruals basis.

### (iv) Dairy income

Dairy income is recognised when the Group has transferred the significant risks and rewards of ownership of the goods sold.

### (v) Interest income

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

### (vi) Dividend income

Dividend income is recognised when the right to receive payment is established.

### (vii) Government Grants

Government grants are assistance provided by the Government in the form of transfers of resources to the Group in return for past or future compliance with certain conditions relating to operating activities of the Group. The Group was eligible for and has received units under the New Zealand Emission Trading Scheme as part of the fisheries allocation for quota owned.

## 2.6 EMPLOYEE BENEFITS

Liabilities are recognised for benefits accruing to employees in respect of wages and salaries, annual leave, and sick leave where it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities in respect of employee benefits which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration the achievements of agreed key performance indicators, including the achievement of financial budget targets. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

## 2.7 LEASES

Leases in which a significant portion of the risks and rewards of ownership are retained by the

lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

Property interests held by a lessee under an operating lease are recognised as part of the carrying amount of the investment property with a corresponding liability at fair value through profit or loss being recorded.

## 2.8 BORROWING COSTS

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's outstanding borrowings during the year.

## 2.9 CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

## 2.10 TRADE AND OTHER RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of comprehensive income within expenses.

When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

## 2.11 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost of inventory is comprised of section costs and other direct costs using the weighted average cost basis. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

## 2.12 BIOLOGICAL ASSETS

Biological assets are measured at fair value less estimated point of sale costs. The fair value of livestock is determined based on market prices of livestock of similar age, breed and genetic merit. The fair value of trees is determined annually by independent valuers by calculating the crop expectation and future value discounted back to the present value, based on the rotation age of the crop and the current market prices of the logs.

## 2.13 FINANCIAL ASSETS AND LIABILITIES

### Recognition and measurement

A financial asset or liability is recognised if the Group becomes party to the contractual provisions of the instrument. Regular purchases and sales of financial assets and liabilities are recognised on the trade date, the date on which the Group commits to purchase or sell the

asset or liability. A financial asset or liability is recognised initially at its fair value and in the case of a financial asset or liability measured at amortised cost includes transaction costs that are directly attributable to the acquisition or issue of the instrument.

#### Financial assets and liabilities measured at amortised cost

Financial assets and liabilities measured at amortised cost are non derivative financial assets and liabilities which meet the following criteria:

- a) held within a business model whose objective is to hold an instrument in order to collect contractual cash flows; and
- b) the contractual terms of the instrument gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A gain or loss on a financial asset and liability that is measured at amortised cost and is not part of a hedging relationship is recognised in profit and loss when the instrument is derecognised, impaired or reclassified and through the amortisation process.

Trade and other receivables are classified as financial assets measured at amortised cost. Trade and other payables and debt instruments are classified as financial liabilities measured at amortised cost.

#### Financial assets and liabilities measured at fair value through profit or loss

Financial assets and liabilities are measured at fair value unless measured at amortised cost. At initial recognition, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument within the scope of this NZ IFRS that is not held for trading. If the Group makes this election, it shall recognise in profit or loss dividends from that investment when the Group's right to receive payment of the dividend is established in accordance with NZ IAS 18 'Revenue'. The Group may also at initial recognition, designate an instrument as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring the instruments or recognising gains and losses on them on different bases.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transaction pricing models refined to reflect the Group's specific circumstances.

A gain or loss on a financial asset or liability that is measured at fair value and is not part of a hedging relationship shall be recognised in profit and loss unless the financial asset is an investment in an equity instrument and the Group has made an irrevocable election to present gains and losses on that investment in other comprehensive income.

Financial assets are de recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are de recognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Investment property liabilities and derivative financial instruments are classified as financial liabilities measured at fair value through profit or loss. Derivative financial instruments are classified as financial liabilities measured at fair value through profit or loss.

#### 2.14 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are valued at cost less impairment in the Parent.

#### 2.15 INTANGIBLE ASSETS

##### (i) Computer software

Separately acquired computer software and licenses at a cost greater than \$10,000 are capitalised on the basis of the costs incurred to acquire and bring to use the specific asset.

These costs are amortised on a straight line basis over their estimated useful lives of two years.

Costs under \$10,000 associated with maintaining computer software programmes are recognised as an expense as incurred.

#### (ii) Quota

Separately acquired fishing quota has an indefinite useful life and will generate economic benefits beyond one year. Fishing quota is tested annually for impairment and is carried at cost less accumulated impairment. The useful life is assessed annually to determine whether the indefinite useful life assessment continues to be supportable.

#### (iii) Carbon credits

Intangible assets include carbon credits acquired by way of a Government grant and are initially recognised at fair value at the date of acquisition. Following initial recognition, these intangible assets are carried at cost less any accumulated impairment losses.

Carbon credits are not consumed in the production and are therefore not amortised. They are tested for impairment annually and whenever there is an indication that impairment exists.

### 2.16 PROPERTY, PLANT AND EQUIPMENT

Farm and other properties are comprised of land, buildings and plant and are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. Land at cost, hotels under construction, vehicles, equipment, fixtures and fittings are stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Increases in the carrying amounts arising on revaluation of farm and other properties are credited to the revaluation reserve in shareholders' equity. To the extent that the increase reverses a revaluation decrease previously recognised in the statement of comprehensive income, the increase is first recognised in statements of comprehensive income. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the statement of comprehensive income.

Development property and land is not depreciated. Depreciation on other assets is calculated using the diminishing value method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Farm and other properties	2.0%	-	11.4%
Trust buildings	2.0%	-	21.6%
Buildings	2.0%	-	11.4%
Farm plant and equipment	4.8%	-	48.0%
Vehicles	12.0%	-	31.2%
Computer, office equipment, furniture and fittings	9.5%	-	50.0%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income. When revalued assets are sold, it is Group policy to transfer the amounts included in revaluation reserves in respect of those assets to retained earnings.

#### 2.17 INVESTMENT PROPERTY

Investment properties include properties held to earn rental income, and/or for capital appreciation as well as investment properties under construction. A property is also classified as an investment property if it does not have an operating lease in place, but is held with the intention of attaining an operating lease.

Investment properties are initially recognised at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at fair value, representing open market value determined annually by external valuers. Changes in fair value are recorded in the statement of comprehensive income.

Where a property sub lessors interest is held under an operating lease, it is recognised as investment property with a corresponding liability at fair value through profit or loss.

#### 2.18 TE WHEROWHERO PROPERTY

Te Wherowhero title is the mechanism set up to protect the title of lands in the tribal estate. The benefits and the land in Te Wherowhero title are for all Waikato-Tainui and the land cannot be succeeded to, sold, alienated, mortgaged or gifted without adherence to a process to obtain the mandate of the voting beneficiaries or their representatives and unanimous consent of the Custodial Trustees.

Custodians of Te Wherowhero title are the Head of the Kaahui Ariki and two elected successors to the late Sir Robert Te Kotahi Mahuta and the late Tumate Mahuta.

As at 31 March 2011 (and 31 March 2010), the title is protected by the Custodial Trustee Kiingi Tuheitia. Lands under this title are separately disclosed in note 20.

Te Wherowhero investment property is carried at fair value, representing open market value determined by external valuers. Changes in fair value are recorded in the statements of comprehensive income.

Te Wherowhero property that is not investment land is not leased and is recorded at historical cost.

#### 2.19 IMPAIRMENT OF NON FINANCIAL ASSETS

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised when the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Impairment losses are recognised first against the revaluation reserves in respect of the impaired asset, and second as an expense in the statements of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash generating unit) in prior years. A reversal of an impairment loss is recognised in the statement of comprehensive income immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non financial assets that suffered impairment, with the exception of fishing quota, are reviewed for possible reversal of the impairment at each reporting date.

## 2.20 TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Trade payables and other accounts payable are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services. Trade and other accounts payable are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest method.

## 2.21 INTEREST BEARING LIABILITIES

Interest bearing liabilities are initially recognised at fair value, net of transaction costs incurred. Interest bearing liabilities are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

## 2.22 CURRENT AND DEFERRED INCOME TAX

The Inland Revenue Department approved the Trust as charitable for the purposes of the Income Tax Act 1994. Accordingly, no income tax is payable.

However some subsidiary and associate entities are taxable. In the instances where an entity is taxable, current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

The Group is not liable for tax on profits or losses from joint ventures as all entities within the Group that are partners of a joint venture through a joint venture agreement have charitable tax status.

Deferred tax is accounted for using the liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to

recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised as an expense or income in the statements of comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax or current tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

See note 3 for details of entities that have charitable status.

#### 2.23 STATEMENT OF CASH FLOWS

The statement of cash flows are prepared exclusive of GST. For the purposes of the statement of cash flows, cash and cash equivalents include cash in banks and investments in money market instruments, net of outstanding bank overdrafts.

Operating activities include all transactions and other events that are not investing or financing activities.

Investing activities are those activities relating to the acquisition and disposal of current and non current investments and any other non current assets.

Financing activities are those activities relating to changes in the equity and debt capital structure of the Trust and Group and those activities relating to the cost of servicing the Trust's and Group's equity capital.

#### 2.24 GOODS AND SERVICES TAX (GST)

The profit and loss component of the statement of comprehensive income has been prepared so that all components are stated exclusive of GST. All items in the statement of financial position are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

### 3 CONSOLIDATION

#### Subsidiaries:

	Charitable Status	Operating division 2011	Ownership & voting interest 2010		Balance date
			2010	2010	
Maori Development Corporation Limited	No	Investment	100%	100%	31 Mar
MDC Finance Limited	No	Investment	100%	100%	31 Mar
MDC Funds Management Limited	No	Investment	100%	100%	31 Mar
MDC Nominees Limited	No	Investment	100%	100%	31 Mar
Raukura Moana Seafoods Limited	Yes	Fisheries	100%	100%	31 Mar
Raukura Whare Limited	Yes	Investment	100%	100%	31 Mar
Tainui Auckland Airport Hotel LP	No	Investment	70%	70%	31 Mar
Tainui Auckland Airport Hotel GP Limited	No	Investment	70%	70%	31 Mar
Tainui Corporation Limited	Yes	Property	100%	100%	31 Mar
Tainui Development Limited	Yes	Property	100%	100%	31 Mar
Tainui Group Holdings Limited	Yes	Investment	100%	100%	31 Mar
TDL No. 1 Limited	Yes	Investment	100%	100%	31 Mar
Te Rapa 2002 Limited	Yes	Property	100%	100%	31 Mar
TGH No. 1 Limited	No	Investment	100%	100%	31 Mar
The Base Limited	Yes	Property	100%	100%	31 Mar
Waikato Raupatu Trustee Company Limited	Yes	Investment	100%	100%	31 Mar
Waikato Tainui Distributions Limited (formerly Tainui Sports Limited)	No	Investment	100%	100%	31 Mar
Waikato Tainui Fisheries Limited	No	Fisheries	100%	100%	31 Mar
Waikato Tainui Koiora Collective LP	No	Investment	100%	-	31 Mar
Waikato Tainui Koiora Limited	No	Investment	100%	-	31 Mar
Waikato Tainui Te Kauhanganui Incorporated	Yes	Investment	100%	100%	31 Mar
Waikato Tainui Tribal Authority LP	No	Investment	100%	-	31 Mar
Waikato Raupatu River Trust	No	Investment	100%	100%	31 Mar

#### Associates:

	Charitable status	Operating division	Interest held		Balance date
			2011	2010	
Hamilton Riverview Hotel Limited	No	Investment	41%	41%	31 Dec

#### Unincorporated Joint Ventures:

	Charitable Status	Operating division 2011	Ownership & voting interest 2010		Balance date
			2010	2010	
Boat Harbour Ventures	No	Property	100%	63%	31 Mar
Callum Brae Tainui	No	Property	50%	50%	31 Mar
TAG Forestry Joint Venture	No	Property	50%	50%	31 Mar

The subsidiaries, interest in associates and joint ventures with reporting dates other than 31 March have been included based on their actual balances at 31 March 2011 and not the balances at their respective reporting dates. Hamilton Riverview Hotel Limited has a balance date of 31 December to align with its other shareholders operations.

On 1 April 2009 it was approved that the Waikato Raupatu Trustee Company Limited, be removed as Trustee of the Waikato Raupatu Lands Trust and Shareholder of Tainui Group Holdings Limited and be replaced by Waikato Tainui Te Kauhanganui Incorporated, Trustee of the Waikato Raupatu River Trust. As a result of this change in Trustee it was determined that the Waikato Raupatu Lands Trust controls the Waikato Raupatu River Trust and a transfer was recorded on this date. The impact on the Group's statement of financial position is provided in note 26.

The country of incorporation for all subsidiaries, associates and joint ventures is New Zealand.

The Group's interest in the joint ventures had the following effect on the financial statements:

	CONSOLIDATED	
	2011	2010
	\$'000	\$'000
<b>Statement of financial position</b>		
Current assets	3,599	4,220
Non current assets	4,195	5,145
<b>Total assets</b>	<b>7,794</b>	<b>9,365</b>
Current liabilities	567	79
<b>Net assets</b>	<b>7,227</b>	<b>9,286</b>
<b>Statement of comprehensive income</b>		
Revenues	3,550	4,062
Expenses	(2,005)	(2,329)
<b>Profit before income tax</b>	<b>1,545</b>	<b>1,733</b>

#### 4 REVENUE

	CONSOLIDATED		PARENT	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Rental income	24,666	20,949	110	227
Sale of sections	3,522	4,014	-	-
Quota leasing income	1,814	1,833	-	-
Dairy income	1,048	922	-	-
Dividends - subsidiary	-	-	10,500	10,000
Dividends from listed and unlisted investments	2,000	1,272	-	-
Revenue from the rendering of services	226	163	376	367
Other operating gains	728	300	-	-
Other income	3,156	3,706	2,741	994
	<b>37,160</b>	<b>33,159</b>	<b>13,727</b>	<b>11,588</b>

#### 5 EXPENSES

	CONSOLIDATED		PARENT	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Audit services	146	113	59	40
PricewaterhouseCoopers				
Bad debt written off	-	63	-	3
Consultancy fees	1,882	2,295	601	667
Cost of sales	2,223	2,362	68	85
Depreciation and amortisation expense	1,117	1,112	644	718
Direct costs from investment properties (income generating)	3,654	1,955	-	-
Direct costs from investment properties (non-income generating)	51	232	-	-
Directors fees	1,301	1,506	1,073	936
Doubtful debts and movement in provision	456	(85)	434	(2)
Employee benefits	5,934	5,178	2,763	2,838
Operating lease expenses	97	77	36	9
Other expenses	6,019	4,617	4,183	3,087
	<b>22,880</b>	<b>19,425</b>	<b>9,861</b>	<b>8,381</b>

## 5 EXPENSES CONT.

	Notes	CONSOLIDATED		PARENT	
		2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
<b>Depreciation and amortisation</b>					
Trust properties and other buildings	18	397	466	389	457
Farm and other properties	18	197	231	-	-
Plant and equipment	18	46	59	46	59
Motor vehicles	18	106	172	77	134
Computer, office equipment, furniture and fittings	18	270	177	132	68
Amortisation of intangibles	17	101	7	-	-
Total depreciation and amortisation		<u>1,117</u>	<u>1,112</u>	<u>644</u>	<u>718</u>

## 6 INVESTMENTS IN ASSOCIATES

	CONSOLIDATED		PARENT	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Investments in associates	<u>13,151</u>	<u>13,012</u>	-	-
<b>Carrying value of associates</b>				
Carrying value at beginning of year	13,012	13,178	-	-
Share of total recognised income and expense	139	475	-	-
Dividend received	-	(641)	-	-
Carrying value at end of year	<u>13,151</u>	<u>13,012</u>	-	-
<b>The carrying value is comprised of:</b>				
Cost	6,000	6,000	-	-
Share of associate revaluation reserves	7,222	7,222	-	-
Share of associate post acquisition retained earnings	(71)	(210)	-	-
	<u>13,151</u>	<u>13,012</u>	-	-

In the year ended 31 March 2010, the Group disposed of its associate investment in Raukura Moana Fisheries Limited.

The results, assets and liabilities of associates are as follows:

	Assets \$'000	Liabilities \$'000	Revenues \$'000	Profit \$'000	Interest held %
<b>2011</b>					
Hamilton Riverview Hotel Limited	<u>48,308</u>	<u>16,527</u>	<u>14,868</u>	<u>336</u>	<u>41</u>
<b>2010</b>					
Hamilton Riverview Hotel Limited	<u>50,338</u>	<u>18,921</u>	<u>13,898</u>	<u>1,042</u>	<u>41</u>

7 INCOME TAX	CONSOLIDATED		PARENT	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Unrecognised deferred tax balances				
Unused tax losses	2,186	2,186	-	-
	<u>2,186</u>	<u>2,186</u>	<u>-</u>	<u>-</u>

The taxable members of the Group have sufficient losses to carry forward to meet any potential income tax liability. The taxable losses are not recorded in the financial statements due to the lack of probability that the losses will be recovered.

As at reporting date there is no current tax expense, tax payable or tax receivable (2010: nil).

#### 8 OTHER GAINS/(LOSSES) - NET

	Notes	CONSOLIDATED		PARENT	
		2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Biological assets- fair value gains unrealised	13	789	139	-	-
Shares in listed companies- fair value gains unrealised		6,750	14,850	-	-
Shares in unlisted companies- fair value (losses) unrealised		(1)	(510)	-	-
Investments in managed funds- de-recognition gains		-	696	-	-
Interest rate swaps fair value gains- /(losses) unrealised		(4,140)	599	-	-
Intangible asset settlement	17	105	2,055	-	166
Property, plant & equipment- impairment of development properties	18	(950)	-	-	-
Investment properties- fair value gains unrealised	19	6,044	685	51	74
Gain/(loss) on revaluation of Te Wherowhero title properties	20	2,577	(6,444)	2,577	(6,444)
(Loss)/profit on sale of investment properties		(393)	(98)	-	-
Loss on disposal of property, plant and equipment		(24)	(40)	(24)	(36)
		<u>10,757</u>	<u>11,932</u>	<u>2,604</u>	<u>(6,240)</u>

#### 9 GRANTS

	CONSOLIDATED		PARENT	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Grant expenses during the year comprise of the following:				
Education	786	1,132	786	1,132
Kiingitanga	1,327	1,432	1,327	1,432
Marae	950	1,000	950	1,000
Marae facilities	590	464	590	464
Other	706	1,297	671	1,076
Less reversal of prior years Marae facilities provision	-	(950)	-	(950)
	<u>4,359</u>	<u>4,375</u>	<u>4,324</u>	<u>4,154</u>

## 10 RESERVES AND RETAINED EARNINGS

	Notes	CONSOLIDATED		PARENT	
		2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
<b>(a) Reserves</b>					
Revaluation reserves (farm and other properties)		8,764	11,453	-	-
Revaluation reserves (associates)		7,222	7,222	-	-
		<u>15,986</u>	<u>18,675</u>	-	-
<b>Revaluation reserve (farm and other properties)</b>					
Balance at beginning of year		11,453	13,625	-	-
Revaluation (loss) during the year	18	(2,689)	(2,172)	-	-
Balance at end of year		<u>8,764</u>	<u>11,453</u>	-	-
<b>Revaluation reserve (associates)</b>					
Balance at beginning of year		7,222	7,222	-	-
Balance at end of year		<u>7,222</u>	<u>7,222</u>	-	-

### (i) Revaluation reserve (farm and other properties)

The revaluation reserve is the Group's share of revaluation in property, plant and equipment and arises on the revaluation of farm and other properties. Where revalued farm and other properties are sold, that portion of the asset revaluation reserve which relates to that asset, and is effectively realised, is transferred directly to retained earnings.

### (ii) Revaluation reserve (associates)

The revaluation reserve is the Group's share of revaluation in property, plant and equipment in the associate entity.

### (b) Retained earnings

Movements in retained earnings were as follows:

	Notes	CONSOLIDATED		PARENT	
		2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Balance at beginning of year		517,354	412,992	190,407	197,413
Net profit/(loss) for the year		15,880	18,577	2,260	(7,006)
Transfer of subsidiaries		-	85,785	-	-
Balance at end of year		<u>533,234</u>	<u>517,354</u>	<u>192,667</u>	<u>190,407</u>

## 11 TRADE AND OTHER RECEIVABLES

	Notes	CONSOLIDATED		PARENT	
		2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Trade receivables		3,300	7,504	1,150	1,186
Property settlements		2,781	1,742	-	-
Settlement receivable	26(b)	-	40,000	-	-
Less provision for impairment		(83)	(38)	(26)	(4)
Trade receivables from related parties	14	-	-	2,722	2,800
Prepayments		1,062	350	27	44
GST		4,048	693	75	-
Other receivables		663	403	-	-
		<u>11,771</u>	<u>50,654</u>	<u>3,948</u>	<u>4,026</u>

## 11 TRADE AND OTHER RECEIVABLES CONT.

Settlement receivable is comprised of the Waikato Raupatu River Trust river initiative fund receivable of which \$10m was paid in 2010 and \$40m paid in 2011 (see also note 26(b)(iii)).

Movements in the provision for impairment of receivables are as follows:

	CONSOLIDATED		PARENT	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of the year	38	123	4	6
Additional provisions	48	32	25	10
Provision reversals	(3)	(117)	(3)	(12)
	<u>83</u>	<u>38</u>	<u>26</u>	<u>4</u>

## 12 INVENTORIES

	Notes	CONSOLIDATED		PARENT	
		2011	2010	2011	2010
		\$'000	\$'000	\$'000	\$'000
Land sections for sale		4,617	2,150	-	-
Transfer from property, plant and equipment	18	-	1,358	-	-
Other inventories at cost		8	-	8	-
		<u>4,625</u>	<u>3,508</u>	<u>8</u>	<u>-</u>

The Bank of New Zealand currently holds a registered first mortgage over property situated at Huntington/Gordonton Road, Hamilton (see note 28). The transfer of inventory from Property, Plant and Equipment includes sections at Rotokauri (\$0.9m). Development at Rotokauri will commence in 2013. Inventories that are expected to be realised in more than 12 months amount to \$2.6m.

## 13 BIOLOGICAL ASSETS

	Notes	CONSOLIDATED		PARENT	
		2011	2010	2011	2010
		\$'000	\$'000	\$'000	\$'000
<b>Current</b>					
Balance at beginning of year		615	814	-	-
Additions		114	134	-	-
Changes in fair value	4	728	300	-	-
Decreases due to sales		(614)	(633)	-	-
<b>Balance at end of year</b>		<u>843</u>	<u>615</u>	<u>-</u>	<u>-</u>
<b>Non-current</b>					
Balance at beginning of year		1,905	1,766	-	-
Changes in fair value	8	789	139	-	-
<b>Balance at end of year</b>		<u>2,694</u>	<u>1,905</u>	<u>-</u>	<u>-</u>

The current biological assets represent livestock consisting of mixed age sheep, cattle and cows, which are held for dairy and dry stock farming. N Lyons and C Heggie from PGG Wrightson determined the fair value of sheep, cattle and cows at 31 March 2011 (2010: B Bougen and C Heggie from Waikato Farmers Limited). Both valuers provided valuations based on reference to market evidence of current market prices less point of sale costs. At balance date there were 2,729 sheep, 407 cattle and 99 cows (2010: 3,301 sheep, 390 cattle and 101 cows).

The non-current biological assets are comprised of a 374 hectare Pinus Radiata forest planted in 1996 and 1997 and 151 hectares Pinus Radiata forest planted in 2001 and 2002. It is expected that the rotation age for the forest crop will be 27 to 28 years, at which time the crop will be harvested. R H Webster NZIF Registered Valuer valued 374 hectares of the forest crop as at 31 March 2011 (2010: 374 hectares) using the Crop Expectation Value method at a 7.0% (2010:

7%) discount rate to determine fair value, less point of sale costs. Alan Bell NZIF Registered Valuer valued 151 hectares of the forest crop as at 31 March 2011 (2010: 151 hectares) using the discounted future value method at a 10% (2010: 10%) discount rate to determine fair value, less point of sale costs. The non-current biological assets are held for investment.

All valuers are independent registered valuers not related to the Trust or Group (other than as disclosed in note 14). All valuers hold recognised and relevant professional qualifications and have recent experience in the categories of biological assets they have valued.

## 14 RELATED PARTY TRANSACTIONS

### (a) Parent entity

The Waikato Raupatu Lands Trust is the Parent entity of the Group. Waikato-Tainui Te Kauhanganui Incorporated is the ultimate controlling party. All members of the Group are considered to be related parties of the Trust.

Amounts outstanding between the Parent and the Group are:

		CONSOLIDATED		PARENT	
	Note	2011	2010	2011	2010
		\$'000	\$'000	\$'000	\$'000
Advances owing by subsidiaries:					
Tainui Group Holdings Limited and subsidiaries	-	-	-	74,027	74,027
		-	-	74,027	74,027
Advances owing to subsidiaries:					
Waikato-Tainui Distributions Limited	-	-	-	1,300	1,350
Waikato Raupatu River Trust	-	-	-	888	-
		-	-	2,188	1,350
Trade and other receivables owing by subsidiaries					
Tainui Group Holdings Limited	11	-	-	2,722	2,800
		-	-	2,722	2,800
Trade and other payables owing to subsidiaries					
Tainui Group Holdings Limited and subsidiaries	21	-	-	-	40
		-	-	-	40

Transactions between related entities include loans and advances to and from the Shareholder, certain subsidiaries and associates.

All amounts owing by and to the Trust and Group are repayable on demand and are interest free, other than the advance owing by the Trust to Waikato-Tainui Distributions Limited for which interest is charged daily based on the 90 day bank bill rate. There is no impairment of any related party balances.

Tainui Group Holdings Limited charged the Trust \$0.7m (2010: \$0.5m) for administration services and financial charges. There were no purchases of goods or services from the Group's subsidiaries.

Tainui Group Holdings Limited declared a dividend for the year ended 31 March 2011 of \$10.5m (2010: \$10m), \$0.175 per share (2010: \$0.1667 per share) to Waikato-Tainui Te Kauhanganui Incorporated.

There are operating leases in place between the Trust and Tainui Group Holdings Limited for land owned by the Trust where the Tainui Group Holdings Limited has developed and leased properties at The Base and the University of Waikato respectively.

The Chairman of the Tainui Group Holdings Limited, John Spencer, was the Chairman of Telfer Young Limited until 31 December 2010. Telfer Young (Waikato) Limited valued investment, farm properties and Te Wherowhero title property for the Group (see note 18, 19 and 20). The valuation was conducted independently and at an arms length basis.

(b) Key management and personnel compensation

Key management personnel compensation for the years ended 31 March 2011 and 31 March 2010 is set out below.

	CONSOLIDATED		PARENT	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Short term employee benefits	1,222	1,161	217	216
	<u>1,222</u>	<u>1,161</u>	<u>217</u>	<u>216</u>

There are no post employment, other long term employment, termination or share based payment benefits.

Director and/or Trustee	Entity	CONSOLIDATED		PARENT	
		2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
M Allen	Tainui Group Holdings Limited	41	46	-	-
J Eriksen	Tainui Group Holdings Limited	27	35	-	-
V Hapi	Waikato Tainui Te Kauhanganui Inc.	5	3	5	3
C Joe	Waikato Tainui Te Kauhanganui Inc.	50	39	50	39
R Mahuta *	Waikato Tainui Te Kauhanganui Inc.	8	285	8	113
T Maipi	Waikato Tainui Te Kauhanganui Inc.	66	56	66	56
T Martin	Waikato Tainui Te Kauhanganui Inc.	25	-	25	-
G Miller	Waikato Tainui Te Kauhanganui Inc.	26	-	26	-
M Moana-Tuwhangai	Waikato Tainui Te Kauhanganui Inc.	61	52	61	52
T Morgan *	Waikato Tainui Te Kauhanganui Inc.	245	364	245	192
R Papa	Waikato Tainui Te Kauhanganui Inc. and Tainui Group Holdings Limited	61	47	50	47
K Porima	Waikato Tainui Te Kauhanganui Inc.	52	48	52	48
T Roa	Waikato Tainui Te Kauhanganui Inc.	2	2	2	2
R Schaafhausen	Waikato Tainui Te Kauhanganui Inc. and Tainui Group Holdings Limited	83	77	51	53
J Spencer	Tainui Group Holdings Limited	65	65	-	-
P Te Ao	Waikato Tainui Te Kauhanganui Inc.	55	64	55	64
R Tukiri	Waikato Tainui Te Kauhanganui Inc.	66	59	66	59
K Wetere	Tainui Group Holdings Limited	33	32	-	-
J Wilson	Waikato Tainui Te Kauhanganui Inc. and Tainui Group Holdings Limited	64	69	45	45
Waikato Tainui Te Kauhanganui representatives		266	163	266	163
		<u>1,301</u>	<u>1,506</u>	<u>1,073</u>	<u>936</u>

\* Consolidated Trustee fees for R Mahuta and T Morgan includes a one off payment in 2010 of \$165,837 being co negotiators fees for the negotiation of the Waikato River claim.

## 15 OTHER RECEIVABLES

	Notes	CONSOLIDATED		PARENT	
		2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Other receivables	26(b)	14,428	13,419	-	-
Unsecured loan		455	479	455	479
Provision for doubtful receivable		(434)	-	(434)	-
		<u>14,449</u>	<u>13,898</u>	<u>21</u>	<u>479</u>

Other receivables is comprised of the Waikato Raupatu River Trust co management debtor receivable (note 26(b)(iii)). Unsecured loan is comprised of a loan to Horahora Marae. Interest is charged on the loan at 5% and the term of the loan is for a period of 10 years. Due to the uncertainty of the collection of this debt, the loan has been recognised as doubtful.

## 16 OTHER FINANCIAL ASSETS

	CONSOLIDATED		PARENT	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
At fair value through profit or loss:				
Listed companies	53,325	46,575	-	-
Unlisted companies	4,084	3,538	-	-
Unlisted company FL income shares	12,935	12,935	-	-
	<u>70,344</u>	<u>63,048</u>	<u>-</u>	<u>-</u>

### (a) Unlisted companies

The fair value on shares in unlisted companies are largely represented by Fonterra Co-operative Group Limited shares.

### (b) Unlisted companies - Aotearoa Fisheries Limited (AFL) income shares

The fair value of AFL income shares is based on cash flows calculated on an annual basis from 2011 to 2017 and a terminal value, based on cash flows in 2017 with an assumed growth factor of 2.6% per annum (2010 - 2.6%) and a post tax discount rate of 9.5% (2010 - 9.5%). A 20% (2010 - 20%) liquidity and minority interest discount has been taken into account in determining the fair value (see note 25(b)(iii)).

## 17 INTANGIBLE ASSETS

	Software \$'000	Quota \$'000	NZ Units ETS \$'000	Total \$'000
<b>CONSOLIDATED</b>				
Balance at 31 March 2009				
Opening net book value	41	18,451	-	18,492
Additions	245	1,889	-	2,134
Amortisation	(7)	-	-	(7)
<b>Balance at 31 March 2010</b>	<u>279</u>	<u>20,340</u>	<u>-</u>	<u>20,619</u>
Total intangible assets at 31 March 2010				
Cost	364	20,340	-	20,704
Accumulated amortisation and impairment	(85)	-	-	(85)
<b>Net book value</b>	<u>279</u>	<u>20,340</u>	<u>-</u>	<u>20,619</u>
Balance 31 March 2010	279	20,340	-	20,619
Additions	49	-	105	154
Amortisation	(101)	-	-	(101)
<b>Balance 31 March 2011</b>	<u>227</u>	<u>20,340</u>	<u>105</u>	<u>20,672</u>

## 17 INTANGIBLE ASSETS CONT.

	Consolidated Software	Quota	NZ Units ETS	Total
	\$'000	\$'000	\$'000	\$'000
Total intangible assets balance at 31 March 2011				
Cost	413	20,340	105	20,858
Accumulated amortisation and impairment	(186)	-	-	(186)
Net book value	<u>227</u>	<u>20,340</u>	<u>105</u>	<u>20,672</u>

Tainui Group Holdings Limited is deemed a participant in the New Zealand Emission Trading Scheme (ETS) as it is an owner of fishing quota. The carbon credits are not consumed in the production and the Group is able to either hold the New Zealand Units (NZU) within the carbon register or alternatively trade the NZU's in domestic and international carbon markets. The NZU's are not amortised but are tested for impairment on an annual basis or when indications of impairment exist. NZUs relate to 4,191 units that were allocated to the Group by the Ministry for the Environment as part of the fisheries allocation for quota owned. The units were recognised at \$25 per unit.

Quota Management Systems Limited was contracted as an independent valuer to perform an impairment assessment. Fair value has been assessed with reference to individual fish stock, the valuers knowledge of the market and the Ministry of Fisheries Quota Monitoring System reports.

18 PROPERTY, PLANT AND EQUIPMENT

Consolidated	Notes	Farm and other properties \$'000	Development properties \$'000	Land at cost \$'000
<b>Year ended 31 March 2010</b>				
Opening net book value		22,414	23,908	-
Additions		64	6,313	-
Disposals		-	-	-
Net revaluation (decrements)	10	(2,172)	-	-
Transfer from/(to) investment property	19	1,620	(16,960)	-
Transfer to inventory	12	-	(1,358)	-
Depreciation charge	5	(231)	-	-
Reclassification		-	(5,590)	5,590
<b>Closing net book value</b>		<b>21,695</b>	<b>6,313</b>	<b>5,590</b>
<b>At 31 March 2010</b>				
Cost		22,534	6,313	5,590
Accumulated depreciation		(839)	-	-
<b>Closing net book value</b>		<b>21,695</b>	<b>6,313</b>	<b>5,590</b>
<b>Year ended 31 March 2011</b>				
Opening net book value		21,695	6,313	5,590
Additions		69	45,683	-
Disposals		-	-	-
Net revaluation (decrements)	10	(2,689)	-	-
Depreciation charge	5	(197)	-	-
Impairment of development properties	8	-	-	(950)
<b>Closing net book value</b>		<b>18,878</b>	<b>51,996</b>	<b>4,640</b>
<b>At 31 March 2011</b>				
Cost		19,917	51,996	4,640
Accumulated depreciation		(1,039)	-	-
<b>Closing net book value</b>		<b>18,878</b>	<b>51,996</b>	<b>4,640</b>

Trust and other properties \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Computer, office equipment, furniture & fittings \$'000	Total \$'000
10,822	576	650	512	58,882
-	22	14	319	6,732
(1)	-	(15)	(36)	(52)
-	-	-	-	(2,172)
(446)	-	-	-	(15,786)
-	-	-	-	(1,358)
(466)	(59)	(172)	(177)	(1,105)
-	-	-	-	-
<b>9,909</b>	<b>539</b>	<b>477</b>	<b>618</b>	<b>45,141</b>
18,032	1,099	1,170	1,164	55,902
(8,123)	(560)	(693)	(546)	(10,761)
<b>9,909</b>	<b>539</b>	<b>477</b>	<b>618</b>	<b>45,141</b>
9,909	539	477	618	45,141
-	1	-	933	46,686
(3)	(16)	(95)	(132)	(246)
-	-	-	-	(2,689)
(397)	(46)	(106)	(270)	(1,016)
-	-	-	-	(950)
<b>9,509</b>	<b>478</b>	<b>276</b>	<b>1,149</b>	<b>86,926</b>
18,031	912	960	2,030	98,486
(8,522)	(434)	(684)	(881)	(11,560)
<b>9,509</b>	<b>478</b>	<b>276</b>	<b>1,149</b>	<b>86,926</b>

Parent	Notes	Trust and other properties \$'000	Plant and equipment \$'000	Motor vehicles \$'000
<b>Year ended 31 March 2010</b>				
Opening net book value		10,042	576	502
Additions		-	22	-
Disposals		(1)	-	(11)
Transfer to investment property	19	(446)	-	-
Depreciation charge	5	(457)	(59)	(134)
<b>Closing net book value</b>		<b>9,138</b>	<b>539</b>	<b>357</b>
<b>At 31 March 2010</b>				
Cost		15,739	1,099	947
Accumulated depreciation		(6,601)	(560)	(590)
<b>Closing net book value</b>		<b>9,138</b>	<b>539</b>	<b>357</b>
<b>Year ended 31 March 2011</b>				
Opening net book value		9,138	539	357
Additions		-	1	-
Disposals		(1)	(16)	(95)
Depreciation charge	5	(389)	(46)	(77)
<b>Closing net book value</b>		<b>8,748</b>	<b>478</b>	<b>185</b>
<b>At 31 March 2011</b>				
Cost		15,733	912	734
Accumulated depreciation		(6,985)	(434)	(549)
<b>Closing net book value</b>		<b>8,748</b>	<b>478</b>	<b>185</b>

#### Development properties

Development properties relate to the development of a hotel at Auckland Airport. Construction was completed in May 2011.

#### Valuations of farm and other properties

Telfer Young (Waikato) Limited and Curnow Tizard were contracted as independent valuers to value farm and other properties. Fair value has been assessed as the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in an arms length transaction.

The significant methods and assumptions applied in estimating the fair value were:

- the direct comparison approach (based on analysis of sales of vacant property. This analysis includes determination of land value, other improvements and residual value for principal improvements);

- the traditional capitalisation approach (focusing on the net maintainable income and the level of investment return);

- the discounted cash flow approach (based on establishing a cash flow budget for the property having particular regard to the length of lease term and nature of the leasehold interest and the following factors; discount rate, land inflation and rental rates); and

- comparing market evidence of transaction prices for similar properties.

The total value of farm properties valued by Telfer Young (Waikato) Limited at 31 March 2011 is \$17.3m (2010: \$20.1m). The carrying amount that would have been reported for farm properties under the historical cost method is \$9.0m (2010: \$9.5m).

The total value of other properties by Curnow Tizard Limited at 31 March 2011 is \$1.6m (2010:

Computer, office equipment, furniture & fittings \$'000	Total \$'000
181	11,301
224	246
(35)	(47)
-	(446)
(68)	(718)
<b>302</b>	<b>10,336</b>

523	18,308
(221)	(7,972)
<b>302</b>	<b>10,336</b>

302	10,336
228	229
(127)	(239)
(132)	(644)
<b>271</b>	<b>9,682</b>

692	18,071
(421)	(8,389)
<b>271</b>	<b>9,682</b>

\$1.6m). The carrying amount that would have been reported for other properties under the historical cost method is \$1.2m (2010: \$1.3m).

All valuers are independent registered valuers not related to the Parent or Group (other than as disclosed in note 14). All valuers hold recognised and relevant professional qualifications and have recent experience in the locations and categories of farm and other properties they have valued.

## 19 INVESTMENT PROPERTIES

	Notes	CONSOLIDATED		PARENT	
		2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Balance at beginning of year		367,779	313,016	4,105	3,586
Development		67,844	39,618	-	-
Net gain/(loss) from fair value adjustment	8	6,044	685	51	74
Transfer from property, plant and equipment	18	-	15,786	-	446
Disposals		(3,750)	(1,326)	-	(1)
<b>Balance at end of year</b>		<b>437,917</b>	<b>367,779</b>	<b>4,156</b>	<b>4,105</b>

### Valuation basis of investment properties

Investment property valuations were completed as follows:

D.J. Saunders from Telfer Young (Waikato) Limited valued properties at fair value of \$116m and parent \$0.9m on 31 March 2011 (31 March 2010: \$120m and parent: \$1m) using a mixture of market evidence of transaction prices for similar properties, direct comparison, capitalisation and discounted cash flow approaches.

T. Arnott from CB Richard Ellis Limited valued properties at fair value of \$98m on 31 March 2011 (31 March 2010: \$88m) using a mixture of market evidence of transaction prices for similar properties, capitalisation and discounted cash flow approaches.

M. J. Snelgrove from Curnow Tizard Limited valued properties at fair value of \$108m and parent \$3.2m on 31 March 2011 (31 March 2010: \$106m and parent: \$3.2m) using a mixture of market evidence of transaction prices for similar properties, direct comparison, capitalisation and discounted cash flow approaches.

R. H. Martin from Property Valuations Limited valued properties at fair value of \$2m on 31 March 2011 (31 March 2010: \$5m) using a mixture of market evidence of transaction prices for similar properties and the direct comparison approaches.

R. Peters from Seagar & Partners valued properties at fair value of \$2m on 31 March 2011 (31 March 2010: \$2m) using a mixture of market evidence of transaction prices for similar properties and the direct comparison approaches.

Property under construction valuations were completed as follows:

T. Arnott from CB Richard Ellis Limited valued properties at fair value of \$112m on 31 March 2011 (2010: \$47m) using a mixture of market evidence of transaction prices for similar properties, capitalisation and discounted cash flow approaches. The carrying amount that would have been reported for properties under construction under the historical cost method is \$112m (2010: \$46.6m).

M. J. Snelgrove from Curnow Tizard Limited valued properties at fair value of nil on 31 March 2011 (31 March 2010: \$2.5m) using a mixture of market evidence of transaction prices for similar properties, direct comparison, capitalisation and discounted cash flow approaches. The carrying amount that would have been reported for properties under the historical cost method is nil (2010: \$3.1m).

All valuers are independent registered valuers not related to the Parent or Group (other than as disclosed in note 14). All valuers hold recognised and relevant professional qualifications and have recent experience in the locations and categories of the investment property they have valued.

#### 20 TE WHEREWHERE TITLE PROPERTIES

	CONSOLIDATED		PARENT	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Investment Property				
Balance at beginning of the year	27,590	34,034	27,590	34,034
Net gain/(loss) from fair value adjustments	2,577	(6,444)	2,577	(6,444)
Other land				
At cost	2,036	2,036	2,036	2,036
<b>Balance at end of year</b>	<b>32,203</b>	<b>29,626</b>	<b>32,203</b>	<b>29,626</b>

For Te Wherewhere title properties held at fair value amounting to \$30m (2010: \$28m), valuations were completed as follows:

T. Arnott from CB Richard Ellis Limited valued properties at fair value of \$17m (Parent \$17m) on 31 March 2011 (31 March 2010 \$14m and Parent \$14m) using a mixture of market evidence of transaction prices for similar properties, capitalisation and discounted cash flow approaches.

D.J. Saunders from Telfer Young (Waikato) Limited valued properties at fair value of \$7m (Parent \$7m) on 31 March 2011 (31 March 2010 \$7m and Parent \$7m) using a mixture of market evidence of transaction prices for similar properties, direct comparison, capitalisation and discounted cash flow approaches.

M. J. Snelgrove from Curnow Tizard Limited valued properties at fair value of \$6m (Parent \$6m) on 31 March 2011 (31 March 2010 \$6m and Parent \$6m) using a mixture of market evidence of

transaction prices for similar properties, direct comparison, capitalisation and discounted cash flow approaches.

All valuers are independent registered valuers not related to the Group other than that disclosed in note 14. All valuers hold recognised and relevant professional qualifications and have recent experience in the locations and categories of the investment property they have valued.

## 21 TRADE AND OTHER PAYABLES

	CONSOLIDATED		PARENT	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Trade payables	6,871	1,256	164	110
Grants payable	2,291	1,748	2,291	1,748
Trade payables to related parties	-	40	-	40
Accrued expenses	12,263	11,889	760	999
Employee entitlements	628	615	375	358
GST	59	-	59	14
	<u>22,112</u>	<u>15,548</u>	<u>3,649</u>	<u>3,269</u>

## 22 INTEREST BEARING LIABILITIES

	CONSOLIDATED		PARENT	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
<b>Secured</b>				
Bank loans	72,000	18,467	-	-
Housing Corporation of New Zealand	5	3	5	3
<b>Total current interest bearing borrowings</b>	<u>72,005</u>	<u>18,470</u>	<u>5</u>	<u>3</u>
<b>Secured</b>				
Bank loans	114,650	69,233	-	-
Housing Corporation of New Zealand	18	23	18	23
<b>Total non current interest bearing borrowings</b>	<u>114,668</u>	<u>69,256</u>	<u>18</u>	<u>23</u>

Tainui Group Holdings Limited holds a multi option credit line facility agreement with Westpac New Zealand Limited for \$50m (2010: \$38m) which matures on 15 March 2014. Borrowings of \$22.7m of the available facility had been drawn at balance date (2010: \$18.5m).

Tainui Group Holdings Limited holds a Wholesale Term Loan Facility with Westpac New Zealand Limited for \$22m (2010: \$22m) which matures on 2 December 2011. Borrowings of \$22m had been drawn at balance date (2010: nil). In accordance with the facility variation agreement dated 15 March 2011, \$12m of the borrowed funds will be re financed through the multi option credit line facility at the next interest rate roll over. This will leave the Wholesale Term Loan Facility with a limit of \$10m and fully drawn.

Tainui Group Holdings Limited holds a term loan with Westpac New Zealand Limited for \$40m (2010: \$40m) which matures on 26 July 2012 and is fully drawn at balance date (2010: \$40m).

Tainui Group Holdings Limited holds a Committed Cash Advances Facility Tranche A Agreement with the Bank of New Zealand for \$50m (2010: \$50m) which matures on 9 April 2011. This facility had been fully drawn at balance date (2010: \$29.2m). Subsequent to balance date, the facility underwent a restructure as part of an additional funding request, with its new maturity yet to be decided.

Tainui Group Holdings Limited holds a Committed Cash Advances Facility Tranche B Agreement with the Bank of New Zealand for \$50m (2010: nil) which matures on 17 November 2012. Borrowings of \$34.7m of the available facility had been drawn at balance date (2010: nil).

Tainui Group Holdings Limited and guaranteeing subsidiaries (Tainui Corporation Limited, Tainui

Development Limited, TGH No.1 Limited, Raukura Moana Seafoods Limited, The Base Limited and Te Rapa 2002 Limited) have granted to Westpac New Zealand Limited and Bank of New Zealand a charge in and over all present and future assets and present and future rights and interest in any asset as security for the finance facilities.

Tainui Auckland Airport Hotel holds a Committed Cash Advance Facility with ASB Bank Limited for \$32.5m (2010: \$32.5m) which matures 22 January 2013. Borrowings of \$17.3m of the available facility had been drawn at balance date (2010: nil).

#### Borrowing costs capitalised

	CONSOLIDATED		PARENT	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Investment properties	2,184	2,024	-	-
Weighted average capitalisation rate on funds borrowed generally	7.67%	7.80%	-	-

#### 23 OTHER FINANCIAL LIABILITIES

	CONSOLIDATED		PARENT	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
At fair value through profit or loss				
Interest rate swaps	7,790	3,650	-	-
	<u>7,790</u>	<u>3,650</u>	<u>-</u>	<u>-</u>

#### 24 RECONCILIATION OF PROFIT FOR THE YEAR TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Notes	CONSOLIDATED		PARENT	
		2011	2010	2011	2010
		\$'000	\$'000	\$'000	\$'000
<b>Non cash items:</b>					
Net profit/(loss) for the year		15,880	18,577	2,260	(7,006)
Depreciation and amortisation	5	1,117	1,112	644	718
Bad debts written off	5	-	63	-	3
Movement in doubtful debt provision	5	456	85	434	2
Loss on disposal of investment properties	8	393	98	-	-
(Gain) on revaluation of biological assets	13	(1,517)	(439)	-	-
(Gain) on shares in listed companies	8	(6,750)	(14,850)	-	-
Loss on shares in unlisted companies	8	-	510	-	-
Transfer of subsidiaries		-	55,649	-	-
(Gain)/loss on interest rate swaps	8	4,140	(599)	-	-
Share of total profits of associates	6	(139)	(475)	-	-
(Gain) on revaluation of investment properties	8, 19	(6,044)	(685)	(51)	(74)
Impairment of development properties	8	950	-	-	-
(Gain)/loss on revaluation of Te Wherowhero title properties	8	(2,577)	6,444	(2,577)	6,444
Other non cash items in relation to investing and financing activities		167	(1,019)	(24)	(153)
Loss on disposal of property, plant and equipment		24	40	24	36
<b>(Increase)/decrease in current assets:</b>					
Trade and other receivables		38,332	(58,936)	78	(771)
Inventories		(1,117)	(1,262)	(8)	-
Biological assets		(228)	199	-	-

	Note	CONSOLIDATED		PARENT	
		2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
<b>Increase/(decrease) in current liabilities:</b>					
Trade and other payables		6,564	2,770	380	(2,011)
<b>Reclassification to investing cash flows</b>					
Settlement received		(40,000)	-	-	-
<b>Net cash generated from/(used in) operating activities</b>		<b>9,651</b>	<b>7,282</b>	<b>1,160</b>	<b>(2,812)</b>

## 25 FINANCIAL RISK MANAGEMENT

### 25.1 Financial risk factors

Exposure to credit, liquidity and market (currency, interest and price) risks arise in the normal course of the Group's business. The Group has various financial instruments with off balance sheet risk.

Senior management are required to identify and report major risks affecting the business and develop strategies to mitigate these risks. The board reviews and approves overall risk management strategies covering specific areas.

#### (a) Credit risk

Credit risk is the risk that a third party will default on its obligations to the Trust or Group, causing the Trust or Group to incur a loss. The Trust and Group do not have any significant concentrations of credit risk, other than the Co Management debtor expected from the Crown (see also notes 15 and 26(b)(iii)). The maximum exposure to credit risk at reporting date is the carrying amount of the financial assets as shown in the statement of financial position. The Trust and Group do not require any collateral or security to support financial instruments as it only deposits with, or lends to, banks and other financial institutions with high credit ratings except for funds lent to a related party and an external entity for which the Trust and Group have appropriate security and guarantees. The Trust and Group further minimise credit exposure by limiting the amount of surplus funds placed with any one financial institution. The Trust and Group do not expect non performance of any obligations at balance date. There are no material financial assets held by the Trust and Group at balance date which are past due but not impaired.

#### (b) Market risk

##### (i) Currency

The Group has no exposure to currency risk at balance date.

There are no notional principal or forward foreign exchange contracts at 31 March 2011 (2010: nil).

##### (ii) Interest rate risk

The Group's interest rate risk arises from long term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rate expose the Group to fair value interest rate risk.

The Group adopts a policy of ensuring that between 25 and 90 per cent of its exposure to changes in interest rates on borrowings is on a fixed rate basis.

The Group manages its cash flow interest rate risk by using floating to fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates.

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed contract and floating rate interest amounts calculated by reference to the agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued

variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows at reporting date and the credit risk inherent in the contract, and are disclosed below. The average interest rate is based on the outstanding balances at the start of the financial year.

#### Sensitivity analysis

As at 31 March 2011, if the 90 day bank bill rate had been 50 basis points higher or lower, with all other variables held constant, the Group's profit/(loss) for the year and the equity would have been \$160,121 (2010: \$89,800) higher or lower (parent nil for 2011 and 2010). This movement is attributable to an increase or decrease in the interest expense on floating rate loans and in the interest income from deposits. The sensitivity is higher in 2011 due to the increased level of debt and short term deposit investments.

#### (iii) Price risk

The Group is exposed to equity securities price risk. This arises from investments held by the Group that are classified at fair value through profit or loss. Neither the Group nor the Parent are exposed to commodity price risk.

#### Sensitivity analysis

The table below summarises the impact of increases/(decreases) of the New Zealand equity index on the Group (Parent for 2011 and 2010: nil) and the Group's profit and equity for the year. The analysis is based on the assumption that should the equity indexes increase/(decrease) by 10% (2010: 10%) with all other variables held constant and all the Group's equity instruments move according to the historical correlation with the index.

Consolidated	Impact on profit		Impact on equity	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
+ 10%				
Financial assets at fair value through profit or loss	5,333	4,658	5,333	4,658
- 10%				
Financial assets at fair value through profit or loss	(5,333)	(4,658)	(5,333)	(4,658)

Profit for the year would increase/(decrease) as a result of gains/(losses) on shares in listed companies classified as at fair value through profit or loss. Equity would further increase/(decrease) as a result of gains/(losses) on shares in listed companies classified as at fair value through profit or loss.

#### Price risk in relation to Aotearoa Fisheries Limited (AFL) income shares

(a) Increasing the weighted average cost of capital (WACC) by 1 percentage point decreases the estimated total value of the AFL shares by approximately 22%. Decreasing the WACC 1 percentage point increases the estimated value of the AFL shares by approximately 29%;

(b) Varying exchange rate assumption by 10% changes the total valuation of AFL shares by approximately 15% (with a lower NZD increasing the value of AFL);

(c) Varying the projected national Hoki quota by 10% (13,000 tonnes per annum by 2014) results in a 9% change in the total valuation of AFL shares; and

(d) An increase of 1% in average seafood prices in real terms over the period 2011 to 2018 and remaining at that level thereafter would result in the value of AFL shares increasing by 50%. Conversely if average seafood prices reduced by 1% the value of AFL shares would decrease by 50%.

The price risk for other unlisted securities is immaterial in terms of the possible impact on profit or loss or total equity. It has therefore not been included in the sensitivity analysis.

### (c) Financial risk management strategies relating to agricultural activities

The Group undertakes agricultural activities through its farm operations and forestry land. These operations are exposed to business risks, including the volatility of revenue and valuation of its assets.

The Group utilises the skills of appropriately qualified and experienced farm consultants, farm managers and sharemilkers to mitigate the financial risk relating to farming activities.

### (d) Liquidity risk

Liquidity risk is the risk that the Trust and Group will encounter difficulty raising liquid funds to meet commitments as they fall due. The Trust and Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below analyses the Trust and Group's financial liabilities that will be settled based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

#### Maturities of financial liabilities

The tables below analyse the Group and Parent financial liabilities, net settled derivative financial instruments into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

#### Consolidated at 31 March 2011

	Notes	Less than 2 yrs \$'000	Between 2 and 5 yrs \$'000	Over 5 yrs \$'000	Total contractual cash flows \$'000	Carrying Amount liabilities \$'000
<b>Non-derivatives</b>						
Creditors and other payables	21	22,112	-	-	22,112	22,112
Borrowings	22	172,718	23,634	-	196,352	186,673
<b>Total non-derivatives</b>		<b>194,830</b>	<b>23,634</b>	<b>-</b>	<b>218,464</b>	<b>208,785</b>
<b>Derivatives</b>						
Derivative financial instrument (outflows)	23	3,923	2,904	963	7,790	7,790
<b>Total derivatives</b>		<b>3,923</b>	<b>2,904</b>	<b>963</b>	<b>7,790</b>	<b>7,790</b>

#### Consolidated at 31 March 2010

	Notes	Less than 2 yrs \$'000	Between 2 and 5 yrs \$'000	Over 5 yrs \$'000	Total contractual cash flows \$'000	Carrying Amount liabilities \$'000
<b>Non-derivatives</b>						
Creditors and other payables	21	15,548	-	-	15,548	15,548
Borrowings	22	22,846	69,697	-	92,543	87,726
<b>Total non-derivatives</b>		<b>38,394</b>	<b>69,697</b>	<b>-</b>	<b>108,091</b>	<b>103,274</b>
<b>Derivatives</b>						
Derivative financial instrument outflows	23	1,746	1,606	298	3,650	3,650
<b>Total derivatives</b>		<b>1,746</b>	<b>1,606</b>	<b>298</b>	<b>3,650</b>	<b>3,650</b>

Parent at 31 March 2011

	Notes	Less than 2 yrs \$'000	Between 2 and 5 yrs \$'000	Over 5 yrs \$'000	Total contractual cash flows \$'000	Carrying Amount liabilities \$'000
<b>Non-derivatives</b>						
Creditors and other payables	21	3,649	-	-	3,649	3,649
Borrowings	22	5	5	16	26	23
<b>Total non-derivatives</b>		<b>3,654</b>	<b>5</b>	<b>16</b>	<b>3,675</b>	<b>3,672</b>

Parent at 31 March 2010

	Notes	Less than 2 yrs \$'000	Between 2 and 5 yrs \$'000	Over 5 yrs \$'000	Total contractual cash flows \$'000	Carrying Amount liabilities \$'000
Creditors and other payables	21	3,269	-	-	3,269	3,269
Borrowings	22	13	19	-	32	26
<b>Total non-derivatives</b>		<b>3,282</b>	<b>19</b>	<b>-</b>	<b>3,301</b>	<b>3,295</b>

(e) Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at balance date. The quoted market price used for financial assets held by the Group is the current bid price, with the exception of investment in subsidiaries, joint ventures and associates.

Investment in subsidiaries, joint ventures and associates do not have a quoted market price in an active market and the fair value cannot be reliably measured.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

There are no financial liabilities with a carrying value different to their fair value.

(f) Fair value hierarchy

Effective 1 January 2009, the group adopted the amendment to IFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

	Level 1	Level 2	Level 3	Total balance
Consolidated as at 31 March 2011	\$'000	\$'000	\$'000	\$'000
<b>Assets</b>				
Financial assets at fair value through profit or loss				
– Investments in listed companies	53,325	-	-	53,325
– Investments in unlisted companies	-	-	4,084	4,084
– Investments in unlisted company	-	12,935	-	12,935
<b>Total assets</b>	<b>53,325</b>	<b>12,935</b>	<b>4,084</b>	<b>70,344</b>

#### Liabilities

Financial liabilities at fair value through profit or loss				
– Interest rate swaps	-	7,790	-	7,790
<b>Total liabilities</b>	<b>-</b>	<b>7,790</b>	<b>-</b>	<b>7,790</b>

Consolidated as at 31 March 2010

#### Assets

Financial assets at fair value through profit or loss				
– Investments in listed companies	46,575	-	-	46,575
– Investments in unlisted companies	-	-	3,538	3,538
– Investments in unlisted company (AFL income shares)	-	12,935	-	12,935
<b>Total assets</b>	<b>46,575</b>	<b>12,935</b>	<b>3,538</b>	<b>63,048</b>

#### Liabilities

Financial liabilities at fair value through profit or loss				
– Interest rate swaps	-	3,650	-	3,650
<b>Total liabilities</b>	<b>-</b>	<b>3,650</b>	<b>-</b>	<b>3,650</b>

The following tables present the changes in level 3 instruments for the year ended 31 March 2011 and 31 March 2010.

	Trading securities at fair value through profit or loss	Total balance
As at 31 March 2011	\$'000	\$'000
Opening balance	3,538	3,538
Gains/(losses) recognised in profit or loss	(1)	(1)
Purchases	547	547
<b>Closing balance</b>	<b>4,084</b>	<b>4,084</b>

Total gains/(losses) for the period included in profit or loss for assets held at the end of the reporting period

(1)	(1)
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**Waikato Raupatu Lands Trust notes to the financial statements for the year ended 31 March 2011**

As at 31 March 2010

Opening balance	3,713
Gains/(losses) recognised in profit or loss	(510)
Purchases	335
Closing balance	3,538
Total gains/(losses) for the period included in profit or loss for assets held at the end of the reporting period	(510)

Trading securities at fair value through profit or loss	Total balance
\$'000	\$'000
3,713	3,713
(510)	(510)
335	335
3,538	3,538
(510)	(510)

(g) Financial instruments by category

Financial assets as per statement of financial position

	Assets at fair value through profit or loss \$'000	Assets at amortised cost \$'000	Total \$'000
<b>Consolidated at 31 March 2011</b>			
Financial assets	70,344	-	70,344
Trade and other receivables	-	21,110	21,110
Cash and cash equivalents	-	79,499	79,499
	<u>70,344</u>	<u>100,609</u>	<u>170,953</u>
<b>At 31 March 2010</b>			
Financial assets	63,048	-	63,048
Trade and other receivables	-	63,509	63,509
Cash and cash equivalents	-	34,687	34,687
	<u>63,048</u>	<u>98,196</u>	<u>161,244</u>
<b>Parent at 31 March 2011</b>			
Advances	74,027	-	74,027
Trade and other receivables	-	3,867	3,867
Cash and cash equivalents	-	4,229	4,229
	<u>74,027</u>	<u>8,096</u>	<u>82,123</u>
<b>At 31 March 2010</b>			
Advances	74,027	-	74,027
Trade and other receivables	-	4,461	4,461
Cash and cash equivalents	-	2,200	2,200
	<u>74,027</u>	<u>6,661</u>	<u>80,688</u>

Financial liabilities as per statement of financial position

	Liabilities at fair value through profit or loss \$'000	Assets at amortised cost \$'000	Total \$'000
<b>Consolidated at 31 March 2011</b>			
Borrowings	-	186,673	186,673
Financial liabilities	7,790	-	7,790
Trade and other payables	-	22,053	22,053
	<u>7,790</u>	<u>208,726</u>	<u>216,516</u>

	Liabilities at fair value through profit or loss \$'000	Liabilities at amortised cost \$'000	Total \$'000
At 31 March 2010			
Borrowings	-	87,726	87,726
Financial liabilities	3,650	-	3,650
Trade and other payables	-	15,548	15,548
	<u>3,650</u>	<u>103,274</u>	<u>106,924</u>
Parent at 31 March 2011			
Borrowings	-	23	23
Trade and other payables	-	5,778	5,778
	<u>-</u>	<u>5,801</u>	<u>5,801</u>
At 31 March 2010			
Borrowings	-	26	26
Trade and other payables	-	4,605	4,605
	<u>-</u>	<u>4,631</u>	<u>4,631</u>

## 25.2 CAPITAL RISK MANAGEMENT

The Group's capital is its equity, which is comprised of contributed capital, retained earnings and other reserves. Equity is represented by net assets. The Trust is subject to the financial management and accountability provisions of the Charities Act 2005, Waikato Raupatu Claims Settlement Act 1995 and the Waikato Tainui Raupatu Claims (Waikato River) Settlement Act 2010. The Group manages its revenues, expenses, assets, liabilities, investments and general financial dealings prudently. The Group's equity is largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments and general financial dealings. The objective of managing the Group's equity is to ensure the Group effectively achieves its objectives and purpose, whilst remaining a going concern in order to provide returns for the Shareholder and to maintain an optimal capital structure to reduce the cost of capital. The Group has not breached any bank covenants as required by the Bank of New Zealand and Westpac New Zealand Limited during the reporting period (see note 22) (2010: no breach). There are no externally imposed capital requirements at balance date (2010: nil).

	Notes	Consolidated 2011 \$'000	2010 \$'000
Total borrowings	22	186,673	87,726
Less: cash and cash equivalents		(79,499)	(34,686)
Net debt		107,174	53,040
Total equity		558,519	537,568
Total capital		<u>665,693</u>	<u>590,608</u>
Gearing ratio		16%	9%

## 26 TRANSFER OF WAIKATO RAUPATU RIVER TRUST AND WAIKATO TAINUI TE KAUHANGANUI INCORPORATED

### (a) Summary of acquisition

On 1 April 2009 it was approved that the Waikato Raupatu Trustee Company Limited, be removed as Trustee of the Waikato Raupatu Lands Trust and Shareholder of Tainui Group Holdings Limited and be replaced by Waikato Tainui Te Kauhanganui Incorporated, Trustee of the Waikato Raupatu River Trust. As a result of this change in Trustee it was determined that the Waikato Raupatu Lands Trust controls the Waikato Raupatu River Trust and a transfer was recorded on this date. The impact on the Groups Statement of Financial Position as at 31 March 2010 is set out below:

	Consolidated 2010 \$'000
Current assets	
Cash and cash equivalents	30,135
Trade and other receivables (current)	41,024
Income tax	50
Non current assets	
Trade and other receivables (non current)	14,584
Total assets	85,793
Current liabilities	
Trade and other payables	(8)
Net assets transferred/gain on transfer	85,785

#### (b) Waikato Raupatu River Settlement

On 17 December 2009, a Deed of Settlement (the "Settlement") was made between the Crown and Waikato Tainui to settle the claim by Waikato Tainui for the Waikato River.

The Settlement, being the redress value, is specified as \$70m plus \$30m over a period of 28 years. The Settlement is to be realised as follows:

- (i) The Sir Robert Mahuta Endowment (\$20m) is to be applied to support the vision of Sir Robert Mahuta for the Waikato Endowed College at Hopuhopu as an educational centre providing leadership, innovation, research and scholarship in indigenous development and practices and support research management practices on improving the health and well being of the Waikato River and Waikato Tainui's tribal histories associated with the Waikato River;
- (ii) The River Initiatives fund (\$50m) is to be applied for the purposes of cultural and environment development projects related to the Waikato River, enhancing the restoration and protection of the relationship of Waikato-Tainui with the Waikato River and protecting and enhancing sites of significance, fisheries, flora and fauna; and
- (iii) Co-Management Fund shall be received for the purpose of assisting Waikato-Tainui engage in new co management arrangements under the Settlement. The Co Management funding of \$3m shall be received on settlement date with an annuity of \$1m per year for 27 years. The Co-Management funding has been valued based on a discounted cash flow method using the NZ Government Bond coupon rate for bonds maturing in December 2017. The coupon rate applicable is 5.14% as at 31 March 2011 (5.68%: 2010). Co-management funding receivable is \$14.4m (2010: \$13.4m) (see also note 15).

Included in the Waikato Raupatu River Settlement, but excluded from these financial statements is the settlement funding for the Waikato River clean up. The Waikato River Clean Up Trust was established with the Waikato River Authority being the Trustee. The Waikato River Clean Up Trust's objective is the restoration and protection of the health and wellbeing of the Waikato River. Settlement of \$21m will be paid on settlement with an annuity of \$7m per year for 27 years.

#### 27 LEASES

Commitments for minimum lease payments/receipts in relation to non cancellable operating leases are payable/receivable as follows:

(a) Group and Parent as lessee

	Consolidated		Parent	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Within one year	154	49	43	9
Later than one year but not later than five years	381	78	78	9
Later than five years	11	-	-	-
	<u>546</u>	<u>127</u>	<u>121</u>	<u>18</u>

There are no options to purchase attached to any lease agreements.

(b) Group and Parent as lessor

	Consolidated		Parent	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Within one year	30,204	22,067	-	-
Later than one year and not later than five years	108,306	87,135	-	-
Later than five years	149,847	151,127	23,967	21,395
	<u>288,357</u>	<u>260,329</u>	<u>23,967</u>	<u>21,395</u>

Operating leases (with Parent and Group as lessor) relate to the investment properties owned by the Parent and Group with a range of lease terms from less than one year through to ninety nine years. Some of the longer term leases have perpetual rights of renewal. All operating lease contracts contain market review clauses and the lessee will usually have an option to renew. The lessees do not have any options to purchase the properties at the expiry of their lease period.

## 28 CONTINGENT LIABILITIES AND GAINS

The Trust and Group had contingent liabilities at 31 March 2011 in respect of:

Raukura Whare Limited has agreed to underwrite certain Housing Corporation of New Zealand mortgages. Raukura Whare Limited is liable for any mortgages which default if total claims exceed \$23.3m. The life of the loan is 20 years. The Trustees believe that the expectation of defaulting mortgages exceeding \$23.3m is remote.

Tainui Group Holdings Limited and guaranteeing subsidiaries (Tainui Corporation Limited, Tainui Development Limited, TGH No.1 Limited, Raukura Moana Seafoods Limited, The Base Limited and Te Rapa 2002 Limited) have granted to Westpac New Zealand Limited and the Bank of New Zealand a charge in and over all present and future assets and present and future rights and interest in any asset as security for the finance facilities (see note 22).

The Trust has first priority security of \$15m over the present and future undertakings, property, assets, revenues and capital of Raukura Moana Seafoods Limited, Tainui Corporation Limited, Tainui Development Limited and Tainui Group Holdings Limited. Each company jointly and severally, unconditionally and irrevocably guarantees to the Trust all secured monies.

The Bank of New Zealand currently holds a registered first mortgage amounting to \$1.3m as at 31 March 2011, over property situated at Huntington/Gordonton Road, Hamilton. This property is part of the joint venture Callum Brae Tainui (see note 12).

The ASB Bank has a first and exclusive security agreement over the assets and undertakings of Tainui Auckland Airport LP and Tainui Auckland Airport Hotel GP Limited.

The Trustees believe that the expectation of a liability arising due to the guarantees and mortgages in place is remote.

Fitout contributions have been included in the leases for the tenants of The Base Limited, whereby Tainui Group Holdings Limited provides a financial contribution to the cost of the fitout. Tenants are required to fulfil certain obligations before fitout contributions are paid to the tenant. The payment of fitout contributions to tenants is dependent on if and when tenant obligations are fulfilled. If the obligations are not fully completed, then the fitout contribution may reduce accordingly.

### 29 CAPITAL COMMITMENTS

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	Consolidated		Parent	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment	4,496	61,070	-	-
Proportionate interest in joint venture commitments	588	264	-	-
Share of associates' commitments	497	-	-	-
Other financial assets commitments	2,104	2,886	-	-
	<u>7,685</u>	<u>64,220</u>	-	-
Investment property	35,550	20,547	-	-
	<u>35,550</u>	<u>20,547</u>	-	-

### 30 EVENTS SUBSEQUENT TO THE REPORTING PERIOD

On 13 July 2011, Tainui Group Holdings Limited sold its 22.5m shares in Ryman Healthcare at \$2.58 per share. The proceeds received from the sale, amounting to \$58.05m, were used to repay bank debt. As at 31 March 2011, these shares were valued in the financial statements at \$53.3m.

An abstract graphic composed of multiple overlapping, concentric wireframe spheres or shells, rendered in a light green color. The lines are thin and create a complex, grid-like pattern that curves and flows across the right side of the page. The overall effect is one of depth and movement, resembling a stylized, multi-layered structure.

# Auditors Report



## ***Independent Auditors' Report*** to the Trustees of Waikato Raupatu Lands Trust

### **Report on the Financial Statements**

We have audited the financial statements of Waikato Raupatu Lands Trust ("the Trust") on pages 6 to 45, which comprise the statements of financial position as at 31 March 2011, the statements of comprehensive income and statements of changes in equity and cash flow statements for the year then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information for both the Trust and the Group. The Group comprises the Trust and the entities it controlled at 31 March 2011 or from time to time during the financial year.

### ***Trustees' Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing. These standards require that we comply with relevant 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 auditors' 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 auditors consider the internal controls relevant to the Trust and Group's preparation of financial statements that give a true and fair view of the matters to which they relate, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust and Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

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

Other than in our capacity as auditors we have no relationship with, or interests in, Waikato Raupatu Lands Trust or any of its subsidiaries.



## ***Independent Auditors' Report***

Waikato Raupatu Lands Trust

### ***Opinion***

In our opinion, the financial statements on pages 6 to 45:

- (i) comply with generally accepted accounting practice in New Zealand;
- (ii) comply with International Financial Reporting Standards; and
- (iii) give a true and fair view of the financial position of the Trust and the Group as at 31 March 2011, and their financial performance and cash flows for the year then ended.

### ***Report on Other Legal and Regulatory Requirements***

We also report in accordance with Sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993. In relation to our audit of the financial statements for the year ended 31 March 2011:

- (i) we have obtained all the information and explanations that we have required; and
- (ii) in our opinion, proper accounting records have been kept by the Trust as far as appears from an examination of those records.

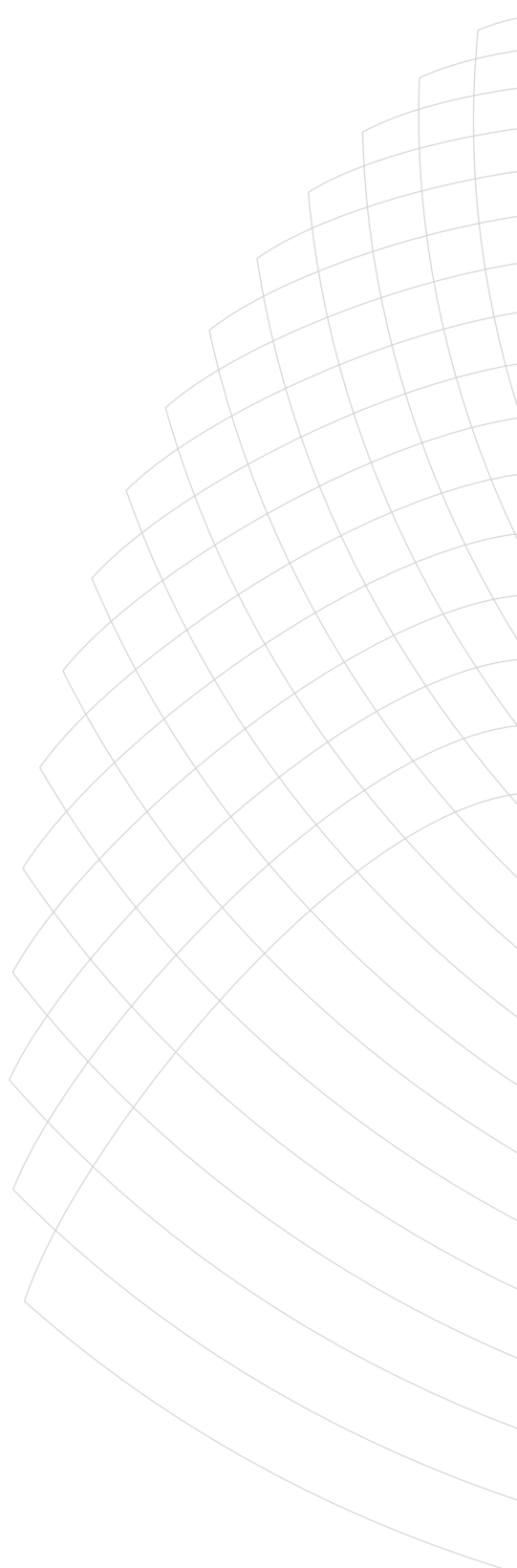
### ***Restriction on Distribution or Use***

This report is made solely to the Trustees, as a body, in accordance with Section 205(1) of the Companies Act 1993. Our audit work has been undertaken so that we might state to the Trustee those matters which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trustee, as a body, for our audit work, for this report or for the opinions we have formed.

*PricewaterhouseCoopers.*

Chartered Accountants  
26 August 2011

Auckland



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