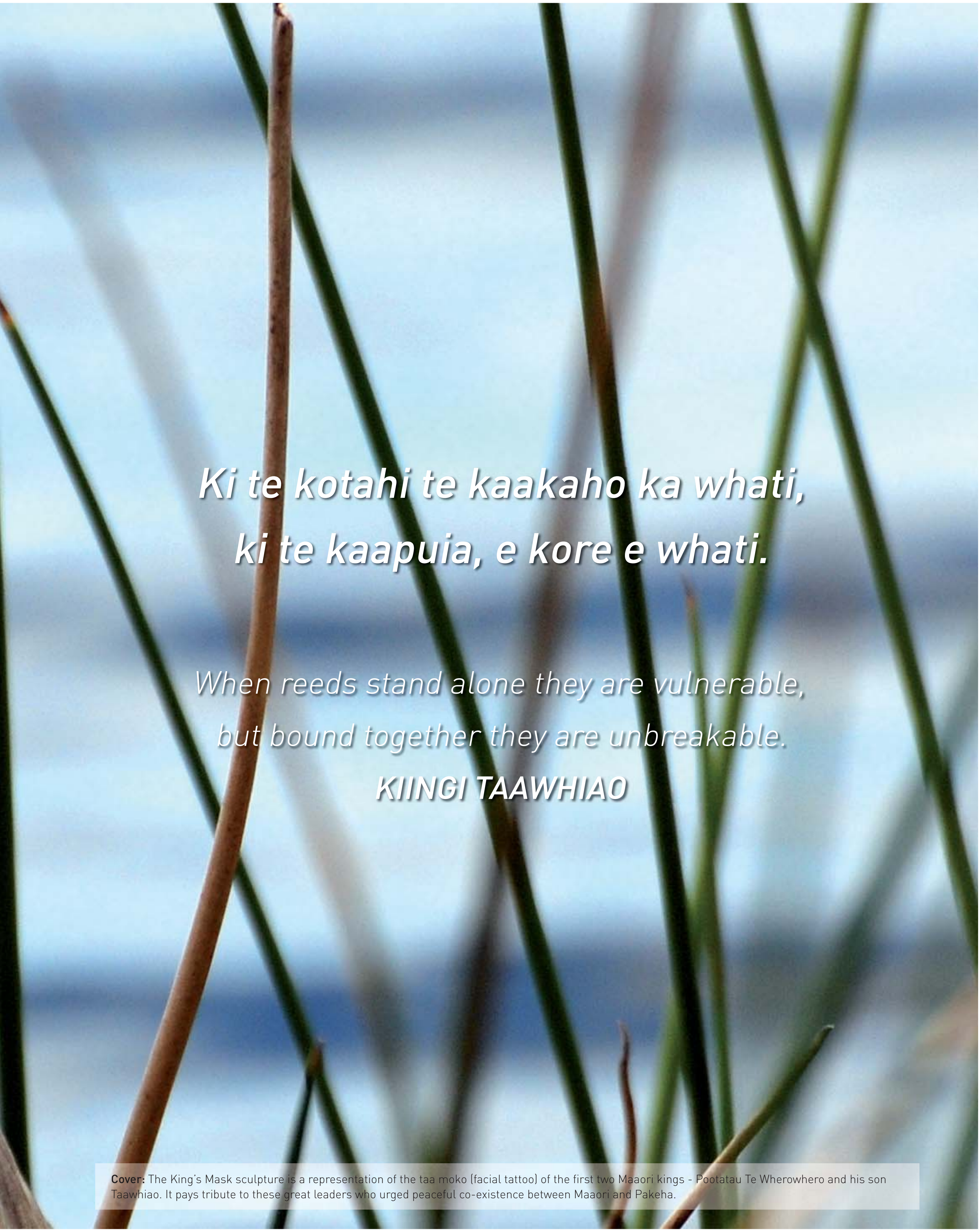
Ki te kotahi te kaakaho ka whati
Ki te kaapuia, e kore e whati

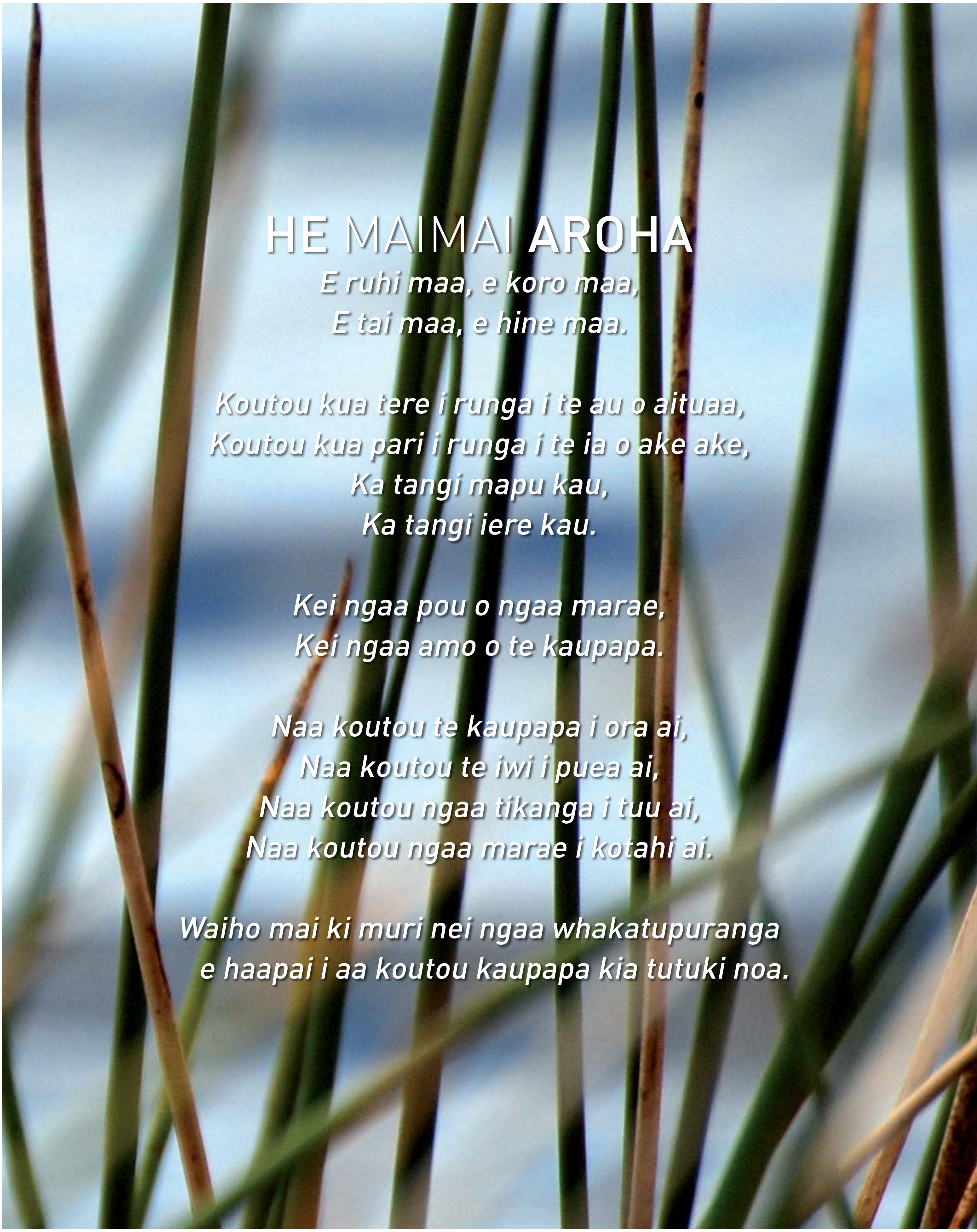
2013
WAIKATO-TAINUI ANNUAL REPORT



Ki te kotahi te kaakaho ka whati,
ki te kaapuia, e kore e whati.

When reeds stand alone they are vulnerable,
but bound together they are unbreakable.
KIINGI TAAWHIAO

Cover: The King's Mask sculpture is a representation of the taa moko (facial tattoo) of the first two Maaori kings - Pootatau Te Wherowhero and his son Taawhiao. It pays tribute to these great leaders who urged peaceful co-existence between Maaori and Pakeha.



HE MAIMAI AROHA

E ruhi maa, e koro maa,
E tai maa, e hine maa.

Koutou kua tere i runga i te au o aituaa,
Koutou kua pari i runga i te ia o ake ake,
Ka tangi mapu kau,
Ka tangi iere kau.

Kei ngaa pou o ngaa marae,
Kei ngaa amo o te kaupapa.

Naa koutou te kaupapa i ora ai,
Naa koutou te iwi i puea ai,
Naa koutou ngaa tikanga i tuu ai,
Naa koutou ngaa marae i kotahi ai.

Waiho mai ki muri nei ngaa whakatupuranga
e haapai i aa koutou kaupapa kia tutuki noa.

RAARANGI UPOKO

PAANUI A TE KIINGI

For the first time we have an Annual Report that includes results from the Waikato Raupatu Lands Trust, the Waikato Raupatu River Trust and Tainui Group Holdings all in the one document. It is a symbolic gesture intended to convey 'one team, one direction', one whare. I support that message and applaud the intent. It is a step in the right direction. But it is in our deeds, not words that the real proof will be found.

When Kiingi Taawhiao said he would build his house from the lesser known trees he foresaw a strong whare whose inhabitants would be nourished on the humble foods of the forest. The message behind his whakatauki is the virtue of humility. Taawhiao's house would not be a grand monument and nor would the foods be rich, but they would be sufficient to shelter and sustain, always remembering that it is the welfare of the people that is the most important thing.

That whare is the Kiingitanga and we, as a tribe, have been entrusted with kaitiaki responsibility for it. Can we truly say that we are fulfilling that responsibility?

My tohu provides some guidance for those seeking a safe path. At its centre is the Manawa – 'Kia manawa nui ki te tangata'. The two hands of the manawa are holding his forked tongue – reminding us of the potential for good and evil in the words we speak, and cautioning us all to be mindful of the offence those words may cause.

The steps I have taken over the past year have been aimed at bringing this tribe back under one roof, the Kiingitanga, and one house representing King, iwi and people – united by a common vision and driven by a shared sense of purpose.

In the year under review, that strength of resolve and purpose was more than demonstrated in the hui-aa-motu I called over the issue of Maaori rights in freshwater. That hui attracted iwi from around the motu and presented the Crown with a simple and effective demonstration of the willingness of Maaori to unite under one banner for a single purpose. I recall similar events 20 or so years ago when we united to secure rights to a share of fishing quota. And again, when we gathered together to stop Electricorp and Coalcorp in their tracks. They were incredible times that brought us together in order to secure lasting legacies for our people.

The keys to these successes were effective leadership and one kaupapa. An unmistakable message was sent to Parliament about our commitment to protecting our treaty rights. And while some iwi have since elected to pursue separate paths in the pursuit of that objective, it does not detract from the fact that we can unite under the korowai of the Kiingitanga when the kaupapa is right. Our leadership stance on this take was subsequently vindicated when the Supreme Court confirmed our inalienable rights over freshwater.

In February of this year, I again felt I had to act in an effort to put an end to deep and ongoing division and dissent within the tribal structures. These divisions detract people from what I believe is our primary responsibility: the welfare of our people. My appointment of the various heads of our tribal entities to lead and facilitate the Governance and Representation Review was deliberate. Up until now these people in the main operated within their own spheres, or silos. Now they are talking under one roof, and with one kaupapa: Finding a structure that enables us to serve the people better.

What these events also show us is that we are very good at coming together in times of crisis. But without that crisis – real or imagined – we are not so good. And what all this boils down to is the strength of our relationships. The bonds of our whanaunga are unbreakable – like the reeds referred to throughout this Annual Report. Those bonds are between each other as whaanau, between whaanau and hapu as iwi and, equally important, the traditional bonds between iwi. We often refer to ourselves as a 'river people'. We speak of the mauri of our tupuna awa and how we are indivisible from it. But the awa is also our link to other iwi – Tuwharetoa for example. That is why, when Tuwharetoa recently experienced their own crisis, I led a delegation to support them in their time of need. The 'one whare' concept is just as relevant to the relationships with Te Arawa, with Taranaki, united under the Kiingitanga. We cannot survive alone. We will need to look to these traditional relationships in the new environment we are creating.

In closing, I will leave you with these thoughts. We must always strive to do better for our people. Monuments to wealth and success are all very good, but what good is wealth if you don't use it for the betterment of the people? The ariki and rangatira of old knew this all too well. Their mana was enhanced not by what they got, but what they gave back.

I would also make this point: Business is not always about strong balance sheets. The 'bottom line' is not just financial. It can also be measured by the strength of our traditional relationships, in our observance of manaakitanga, of kaitiakitanga and the central place of tikanga.

I commend our tribal staff in their dedication to the mahi. I thank my office staff for their support and dedication over the past year. We have all come a long way, and we have much to be grateful for. Love one another, hold fast to faith and be true to yourself.

Paimaarire

KO TAATOU, NGAA UARA

Our vision is inspired
by Kiingi Taawhiao:

Maaku anoo e hanga toku nei whare
Ko ngaa pou oo roto he mahoe, he patatee
Ko te taahuuhuu he hiinau
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 patatee, and the ridge pole of hiinau.

My people will be nourished by the rengarenga and strengthened by the kawariki.

We are defined by our land, our river, our history and the Kiingitanga.

We are a proud people, each of us descended from the intrepid voyagers who crossed the ocean to land the Tainui waka on the shores of Kawhia in the 13th century.

Led by Hoturoa, these tupuna left Rangiaatea to discover a new land rich in fertile soils and abundant wildlife, bordered by a plentiful supply of kaimoana.

Ko Mookau ki runga
Ko Taamaki ki raro
Ko Mangatoatoa ki waenganui.
Pare Hauraki, Pare Waikato
Te Kaokaoroa-o-Paatetere.

Mookau is above
Taamaki is below
Mangatoatoa is between.
The boundaries of Hauraki,
The boundaries of Waikato
To the place called 'the long armpit of Paatetere'.

We are our river, our river is us. The Waikato River represents the mana and mauri of Waikato-Tainui and is a living entity, a mauri that is an inseparable part of our whakapapa and identity. The return of our tupuna awa in 2008 guaranteed its restoration and the protection of its health and wellbeing for future generations.

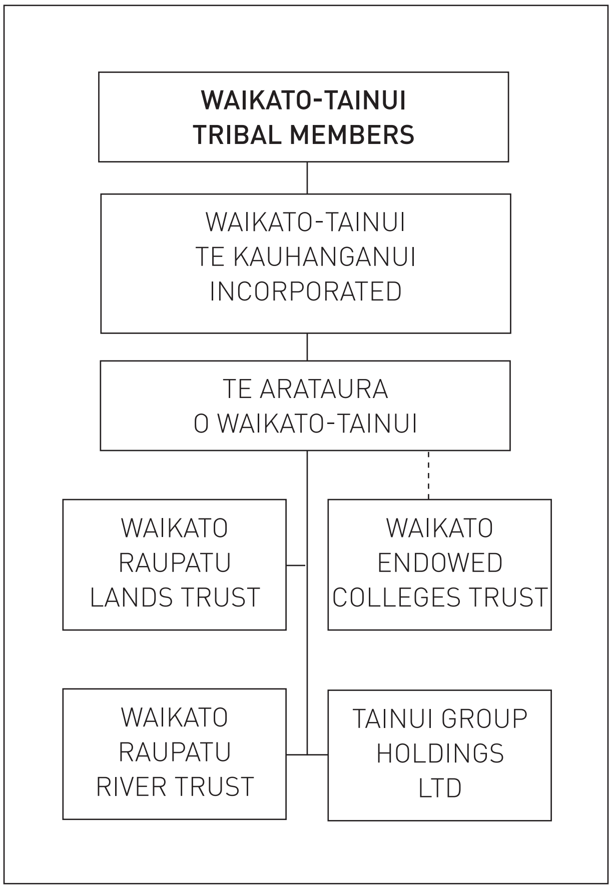
We are the Kiingitanga, a responsibility undertaken more than 150 years ago on behalf of the iwi of Aotearoa to uphold mana motuhake, empower all Maaori and promote unity amongst all people.

Today Waikato-Tainui has a membership of more than 64,000 descendants. Our iwi is young with almost two-thirds of our members aged under-40 years. And we are mobile. While the majority of our members live within the tribal boundary, many are located throughout Aotearoa and across the world.

Te Iti Kahurangi - Manukura Wahine Winner, Tiare Teinakore

NGAA TIKANGA (VALUES)

- WHAKAITI (HUMILITY)
- MAHITAHI (COLLABORATION)
- KOTAHITANGA (UNITY)
- MANAAKITANGA (CARING)
- RANGIMARIE (PEACE & CALM)
- AROHA (LOVE & RESPECT)
- WHAKAPONO (TRUST & FAITH)



MISSION

Our mission is captured in the words of Princess Te Puea:

Kia tupu, kia hua, kia puawai
To grow, to prosper, to sustain.

ORGANISATION PROFILE

The Waikato Raupatu Lands Trust was created by the Raupatu Claims Settlement Act to manage tribal affairs and distributions for the collective benefit of registered tribal members. Established for charitable purposes, the Lands Trust implements the tribe's development strategy and makes distributions for education, health and wellbeing, marae, social and cultural development.

The Lands Trust is governed by Waikato-Tainui Te Kauhanganui Incorporated (WTTKI), which is the tribal authority of Waikato-Tainui. WTTKI is a 199-member governance entity which is comprised of three representatives from each Waikato-Tainui marae and one representative who is appointed by the head of the Kahui Ariki, Kiingi Tuheitia.

Te Arataura o Waikato-Tainui is the executive committee of WTTKI. Ten members of WTTKI are elected to Te Arataura, with a further trustee appointed by Kiingi Tuheitia. Te Arataura oversees Lands Trust operations and the Waikato Raupatu River Trust.

Waikato Raupatu River Trust was established to oversee and implement the river treaty settlement with the Crown and related statutory and regulatory reform. It also leads and monitors our outstanding treaty settlement claims.

Tainui Group Holdings (TGH) is the commercial entity of Waikato-Tainui. A property investment and development company, TGH operates a diversified investment portfolio including retail, residential, commercial, industrial and rural properties. TGH directors also govern Waikato-Tainui Fisheries Ltd, which holds shares in Aotearoa Fisheries Ltd.

The Waikato Endowed College Trust, trading as the Waikato-Tainui College for Research and Development has been established as a place for higher learning. It is an international centre of excellence that aims to provide quality postgraduate study and research to strengthen iwi development, produce future leaders and support indigenous development.

RIIPOATA: TUMUAKI, KAIWHAKAHAERE MATUA

Chairman, Tom Roa and CEO, Parekawhia McLean.

This Annual Report represents the first full year of governance oversight for the current Te Arataura o Waikato-Tainui. It has been a year of planning, achievements, challenges and growth, and we have seen satisfying progress made across a range of strategic tribal initiatives.

As the executive committee and management team we have worked closely to build the capacity of our iwi. Unity of purpose and a shared vision are essential to achieving results and this joint report is representative of our one team, one direction approach.

On behalf of Te Arataura o Waikato-Tainui and the management and staff of the Waikato Raupatu Lands Trust we are pleased to present the Annual Report for 2013.

BUILDING CAPACITY

Developing the potential of Waikato-Tainui is the cornerstone of our long-term tribal strategy – Whakatupuranga 2050 – and this potential is the purpose that drives all our efforts.

Building capacity requires that we take a long-term view and our commercial strategy is central to enabling that development. We can be pleased with the performance of Tainui Group Holdings Limited (TGH) in growing our asset base. TGH has returned a satisfactory result for 2013 and we commend the team for its efforts. It is crucial that we continue to build the success of our commercial entity.

The annual dividend provided by TGH and Waikato-Tainui Fisheries Limted is the primary resource from which we fund tribal activities. With it we need to ensure our people are positioned to achieve prosperity. Our commitment is to provide training, education and employment opportunities, support access to basic social and health services and promote healthy lifestyles. We want to support our marae and offer all our members the opportunity to be confident in their cultural identity. And we need to find and grow our future leaders.

These are the goals that the Waikato Raupatu Lands Trust together with the Waikato Raupatu River Trust and the Waikato Endowed Colleges Trust are tasked to deliver. In this Annual Report you will read examples of that work.

FIVE YEARS OF WHAKATUPURANGA 2050

In 2012 we passed the five-year implementation mark of Whakatupuranga 2050. Progress against the strategic objectives includes several initiatives that have a major impact on overall tribal development. Among these are the settlement of the Waikato River claim, establishment of the Waikato Raupatu River Trust, re-dedication of the College and launch of its MBA and Taahuhu Maatauranga Maaori programmes, launch of Te Ope Koiora o Waikato-Tainui, completion of Te AWA mall at The Base, opening of the Novotel Auckland Airport Hotel, and launch of the marae clusters concept.

During this 5-year period $7.5m in education grants and scholarships was distributed, along with $10m in annual marae and facilities grants.

More details of progress are outlined later in this report, however there is much more to be done before the aspirations of Whakatupuranga 2050 are realised.

PLANNING FOR PROSPERITY

The priority for Te Arataura and management has been to ensure that a strong strategic approach and robust planning drives our operational activities. As a new executive we did not take a 'business as usual' approach but rather took the opportunity to review progress, reflect on the advances made, and undertake a programme of strategic planning to set the pathway for the next three years.

Four strategic planning hui were held over the course of 2012-2013, two of these included the TGH senior management team. The result is an operational strategy that underpins Whakatupuranga 2050. Strategic priorities have been identified and, within these, the outcomes that we expect to achieve by 2016. This has led, in turn, to the identification of key strategic initiatives for 2014.

This plan, which can be viewed on page 17, is a clear and concise framework of the objectives to which we are accountable and will deliver.

KEY HIGHLIGHTS 2013

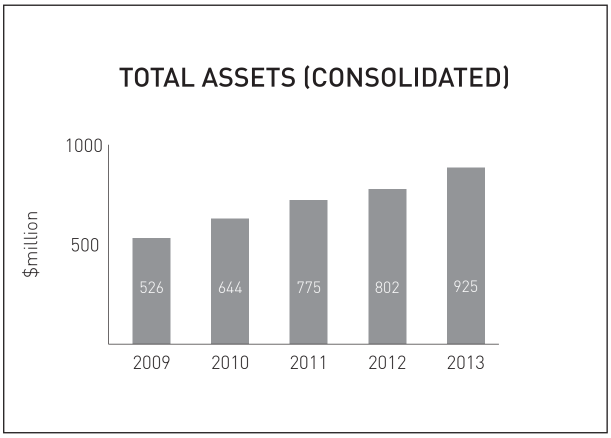
2013 was not a year of major announcements and significant new developments. This year has been a period of consolidation to progress a wide range of social, economic, cultural and environmental programmes. That said, 2013 has seen solid progress made in a number of key areas:

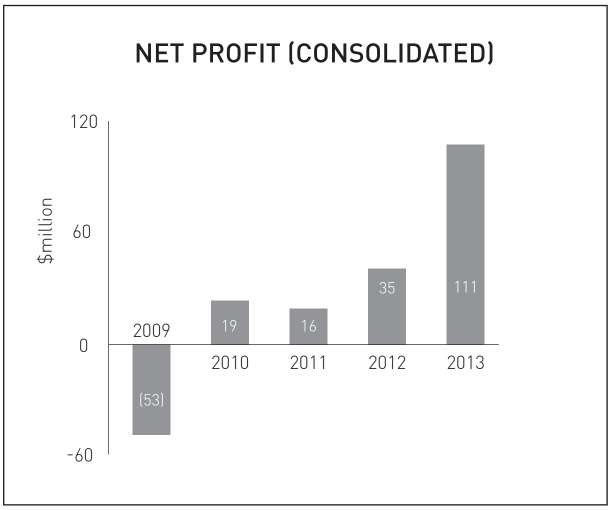
Financial

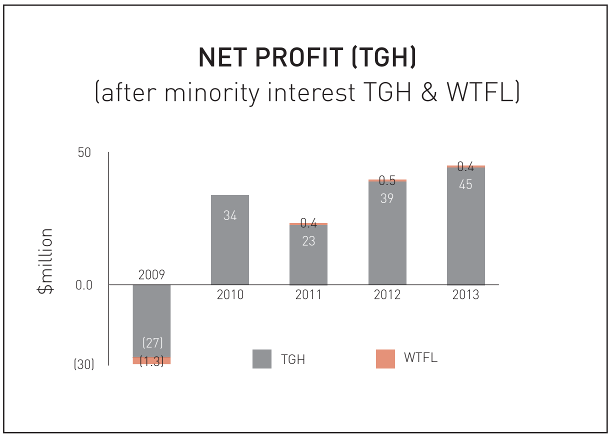
TGH has returned a net profit of $45.1m and has reported a growth in asset value of $44m to $738m.

This performance has driven a strong consolidated result. Revenue is up $7m to $64m, with operating profit up $3m to $17m. Consolidated net profit, which incorporates the $70m relativity payment, is $111m. Tribal assets are now valued at $925m, an increase of $123m on 2012.

TGH is now operating under the chairmanship of Sir Henry van der Heyden who joined the board in July 2012. Sir Henry brings vast business and governance expertise to TGH and is already making a strong contribution to growing the company's success. Sir Henry replaces John Spencer, our founding chairman who was at the forefront of TGH's success and whom we acknowledge for his outstanding contribution.

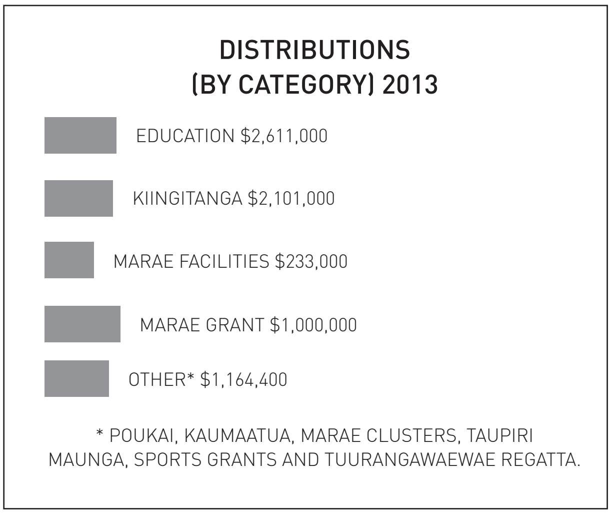


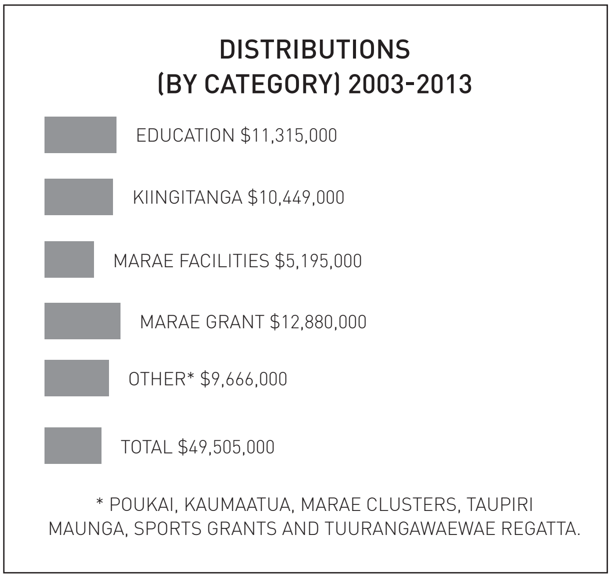




Relativity
The foresight of Sir Robert Mahuta came to fruition in December 2012 with the confirmation of a $70m relativity payment to the tribe.

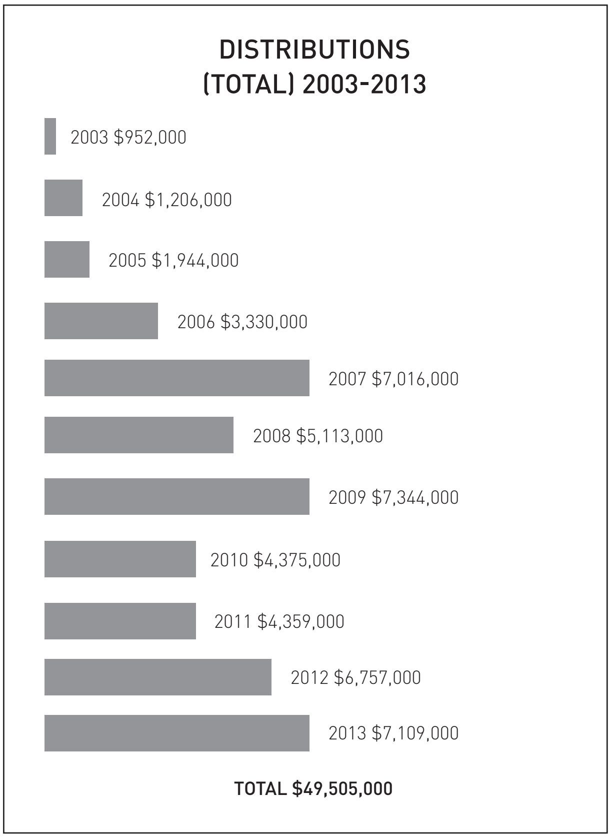
This payment, which was triggered when raupatu settlements nationwide reached the $1b cap, is a significant boon that will advance tribal development. However, while the payment is welcomed, the level of financial redress owed is under dispute and a process to address this with the Crown is underway.





Distributions
2013 has seen the distribution of $7.10m in funding. This includes $2.6m to support education (including $1.4m to the college comprising non-cash and cash grants and monies transferred through the Deed of Funding agreement), $1.2m in annual marae and facilities grants, $1.2m for poukai, kaumaatua, community and marae cluster funding, and $2.1m to the Kiingitanga.

Since 2003 distributions have totalled $49.5m. This includes $18m to marae, $11.3m for education, $10.5m to the Kiingitanga, and $9.7m for poukai, kaumaatua, community and cluster funding.



Marae Clusters
The commencement of two of the six clusters as pilot projects is an initiative that aims to create sustainable economic prosperity for marae. The cluster concept to pool resources by grouping marae into one representative entity to pursue economic development has the potential to be very successful. Both Whai Manawa and Te Riu o Waikato clusters are now operational.

Social Development
Our Tribal Development Unit operates an extensive portfolio of social development initiatives. This year new alliances have been formed with organisations including Careers NZ, Genesis Energy, ESITO, New Zealand Police, Westpac and ANZ. Initiatives include a secondment with NZ Police to develop a Waikato-Tainui plan to reduce offending and victimisation, a range of job creation programmes, financial literacy education, and feasibility studies for social housing, a business incubation unit, and an iwi savings scheme.

We are also working closely with Child, Youth and Family on the issue of Waikato-Tainui tamariki in statutory care.

As a Whanau Ora provider collective, Te Ope Koiora o Waikato-Tainui has completed its first full financial year, consolidating operations and finalising a kawenata with Te Arataura to now be fully operational.

Leadership
The decision by Kiingi Tuheitia to initiate a review of governance and representation structures has our full support. Te Arataura is united in its view that as an iwi we have evolved and outgrown the current governance arrangement and require one that will clarify roles and responsibilities, foster decision-making and encourage growth. We urge our tribal members to participate fully in the review to ensure that all perspectives are heard.

Tribal Identity
Promoting knowledge acquisition, fostering cultural pride and encouraging members to connect will strengthen our bonds as a people and protect the future of our iwi. The inaugural Waikato River Symposium, launch of the Taawhaki seminar series at the College, and inaugural Waikato-Tainui/ Mighty River Power TriMaaori Festival are among the kaupapa that have been supported to promote tribal identity.

THE FUTURE
The review of governance and representation structures and the development of our strategic plan are definitive indicators that change and action lay ahead. We can expect that the review will be comprehensive and dominate discussion until well beyond its completion. We believe that its outcome will be positive for all.

Implementation of our strategic plan is our priority. The required outcomes are clear and this provides a pou to which we can continually align our activities and assess progress. Te Arataura is committed to the additional resource required, including an increase in staff capacity.

Negotiating settlement of our relativity claim requires leadership and this, along with progressing existing settlement claims, is of vital importance. We will provide and support leadership to achieve the best outcome for our iwi.

Building the capacity of our people to grow the prosperity of whaanau and reach our potential as an iwi is dependent upon critical thinking, effective governance, and successful management.

We acknowledge the guidance and contribution of Kiingi Tuheitia, the members of Te Kauhanganui Inc, members of Te Arataura, the board of Tainui Group Holdings Limited and trustees of the Waikato-Tainui College for Research and Development. We also acknowledge the dedication, commitment and hard work of the management and staff of our tribal entities.

And, finally, we acknowledge our tribal members – tamariki, rangatahi, pakeke and kaumaatua – for whom we strive.

Paimarire.

Tom Roa
Chairman
Te Arataura o Waikato-Tainui

Parekawhia McLean
Chief Executive Officer
Waikato Raupatu Lands Trust

MAHERE RAUTAKI

The framework below outlines the strategic approach that we are taking to achieve the high level goals and aspirations of Whakatupuranga 2050:

WHAKATUPURANGA 2050

KIINGITANGA	TRIBAL IDENTITY	TRIBAL SUCCESS	SOCIAL & ECONOMIC WELLBEING

TE ARATAURA STRATEGIC PRIORITIES 2013-2016

EMPOWERING OUR PEOPLE	STRENGTHENING RELATIONSHIPS	TRIBAL PRIDE

TE ARATAURA OUTCOMES

One Team, One Direction

HEALTH & WELLBEING Tribal members are healthy and active. The health and wellbeing of our Tuupuna Awa is restored.	EDUCATION & TRAINING Tribal members are well educated, qualified and prepared to engage at all levels of society.	EMPLOYMENT Tribal members are benefitting from the development of targeted employment opportunities.

CULTURE Tribal reo, tikanga and heritage is preserved for future generations.	TRANSFORMING OUR WHARE Governance structures and constitutional arrangements support tribal development.

STRATEGIC INITIATIVES FY2014

TRIBAL REGISTER DATABASE REDEVELOPED.	IWI SAVINGS/HOME OWNERSHIP INITIATIVE LAUNCHED.	COMMUNICATIONS STRATEGY IMPLEMENTED.
PAIMARIRE RESOURCE DEVELOPED; MATARIKI CELEBRATIONS & WAIKATO-TAINUI GAMES HELD.	TAI TUMU, TAI PARI, TAI AO, WAIKATO-TAINUI ENVIRONMENTAL PLAN LAUNCHED.	REVIEW OF GOVERNANCE STRUCTURES AND TRIBAL CONSTITUTION COMMENCED.
GRADUATION OF INAUGURAL MBA AND TAAHUHU MAATAURANGA MAAORI STUDENTS.	COMMISSIONER TRAINING, NATIVE NURSEY DEVELOPED.	RELATIVITY AND OUTSTANDING CLAIMS PROGRESSED.

"I am committed to Kiingitanga, fluent in te reo Maaori, strong in my tikanga, healthy, well-educated and financially secure."

The Waikato Raupatu Lands Trust is governed by Te Arataura o Waikato-Tainui. As the tribe's executive committee, Te Arataura is responsible for tribal policy development, negotiation of outstanding treaty claims, overseeing operations including the Waikato Raupatu River Trust, and financial management.

TE ARATAURA O WAIKATO-TAINUI

TOM ROA (Chairman)
Puurekireki Marae
Tom has represented Puurekireki Marae in Te Kauhanganui since its inception. He is a past member of Te Arataura, having served on the executive from 2000–2005, before returning in 2011. Tom is also a former chairman of Te Kauhanganui and served in that role from 2006-2010. He is a Justice of the Peace and a lecturer at the University of Waikato.

TIPA MAHUTA
Waahi Paa
Tipa is in her third term as a member of Te Kauhanganui. Her background is in education, policy and research and she has held a number of governance roles for a range of entities including the Waikato Conservation Board, past director of TGH and Te Reo Irirangi o Tainui. Tipa is a passionate advocate for rangatahi-centred development and provides mentoring and coaching to support this kaupapa.

TUKOROIRANGI MORGAN
Tukoroirangi is the Kaahui Ariki representative on Te Kauhanganui and Te Arataura. Between 2006-2012 he was chair of Te Arataura and co-negotiator on the historical Waikato River Claim. He is one of the inaugural co-chairs of the Waikato River Authority and has been a journalist, broadcaster, member of Parliament and Crown advisor on treaty settlements.

RAHUI PAPA
Poohara Marae
Rahui has represented Poohara Marae in Te Kauhanganui since its inception. He has a background in education and is chairman of both the Tainui Teachers Association and the National Secondary Schools Kapa Haka board. Rahui is currently a co-chair of the Ngaati Korokii Kahukura Trust and a former director of TGH.

KINGI PORIMA JP
Waipapa Marae
Kingi is a past chairman of Te Arataura and former director of TGH, and has been a member of Te Kauhanganui since 2000. He has a background in forestry and is a past advisor to Te Ruunanga o te Ika Whenua River Claim. Kingi is the tribe's representative on the Tainui Waka Alliance.

HEMI RAU (Deputy Chairman)
Te Kotahitanga Marae
Hemi was elected to the inaugural Te Kauhanganui in 1999. He served as deputy chairman of Te Kaumaarua (now Te Arataura) from 2000-2002 and was re-elected to the executive in 2011. Hemi is a former chief executive officer of the Waikato Raupatu Lands Trust, having filled that role from 2002-2009. Hemi is also a director of TGH.

PAKI RAWIRI
Te Awamaarahi Marae
Paki has previously worked within the tribe's fishing interests and was appointed general manager of the tribe's two commercial fishing entities in 1999. He has worked with Te Ohu Kaimoana in Wellington and, since 2008, has worked as a consultant in the area of iwi and Maaori development. Paki continues to work with iwi organisations and holds directorships on a number of commercial iwi-owned companies. Paki is also a director of TGH.

RUKUMOANA SCHAAFHAUSEN
Rukumoana Marae
Rukumoana is in her fourth term as a member of both Te Kauhanganui and Te Arataura. She has a background in commercial and corporate law, and is a past director of TGH and a current director of Genesis Energy Ltd and Regional Facilities, Auckland.

MARAE TUKERE
Tuurangawaewae Marae
Marae is a first term member of Te Kauhanganui and Te Arataura. Her professional career includes 20 years at the Maaori Land Court. Between 2006-2011 she was manager of the Waikato-Tainui Tribal Development Unit before accepting a position as Iwi and Community Partnerships Manager, Waikato District Council, with a focus on implementing the Joint Management Agreement with Waikato-Tainui.

SONNY WILSON
Hukanui Marae
Sonny is in his fourth term as a member of Te Arataura. His background includes management experience in both the public and private sectors within the area of social services. Sonny is chairman of the Waikato-Tainui Games, the Tainui Sports Awards and Tainui Touch and former director of TGH.

GREGORY MILLER
Kaahui Ariki representative
Gregory was appointed by Kiingi Tuheitia in September 2010 and was reappointed in 2011. He is of Ngaapuhi, Rongowhakaata and Ngaiterangi descent and is currently the General Manager of Toll New Zealand Ltd. Greg was farewelled in December 2012 and is replaced by Tukoroirangi Morgan.

Te Arataura (L-R): Sonny Wilson, Paki Rawiri, Marae Tukere, Hemi Rau, Tom Roa, Rukumoana Schaafhausen, Tipa Mahuta, Rahui Papa, Kingi Porima and Tukoroirangi Morgan

AROTAKENGA O TE TAU

Projects relating to the development of our people and the return to health of our awa, as envisioned in Whakatupuranga 2050, have dominated the 2013 year.

In this section we report on progress as we continue to implement the vision of our 50-year blueprint for development.

WHAKATUPURANGA 2050 – FIVE YEARS ON

Whakatupuranga 2050 has been in operation since 2007. Progress over the first five years of the strategy has been steady and highlights include:

Settlement Claims:

- Waikato River raupatu settlement achieved
- Waikato Raupatu River Trust established
- Restoration and protection of the river commenced through establishment of the Waikato River Authority, a statutory body formed under the Waikato-Tainui Raupatu Claims (Waikato River) Settlement Act 2010.

Education:

- Re-dedication and renaming of College to the Waikato-Tainui College for Research and Development
- MBA programme launched
- Taahuhu Maatauranga Maaori programme launched
- Taawhaki seminars initiated
- Research projects commenced (whaanau ora, oral health, and educational leadership)
- Education grants and scholarships worth $7.5m distributed since 2008

Health & Wellbeing:

- Waikato-Tainui selected as a Whaanau Ora provider
- Te Ope Koiora – the name given to our Whaanau Ora programme - launched
- Kaumaatua medical grants initiated
- Whaanau hardship grants initiated

Economic:

- Te AWA mall at The Base completed
- Novotel Auckland Airport Hotel completed
- Initial development stages of Ruakura inland port commenced
- Marae clusters concept launched with two clusters being piloted
- Apprenticeships launched in conjunction with Crown entities and corporate partners (Westpac, Mighty River Power, Contact Energy, ACCOR, Ministry of Social Development, Careers NZ, BECCA, NIWA)
- Jobs created through Waikato-Tainui employment and training programmes

Tribal Identity:

- Restoration of Tuurongo and Maahinaarangi at Tuurangawaewae Marae
- Biennial Tainui Games festival launched
- Kaahui Kaumaatua established
- Annual marae grants and marae facilities grants worth $10m distributed since 2008

TAINUI GROUP HOLDINGS

Mike Pohio (CEO of TGH) and Sir Henry van der Heyden (Chairman of TGH)

Financial results

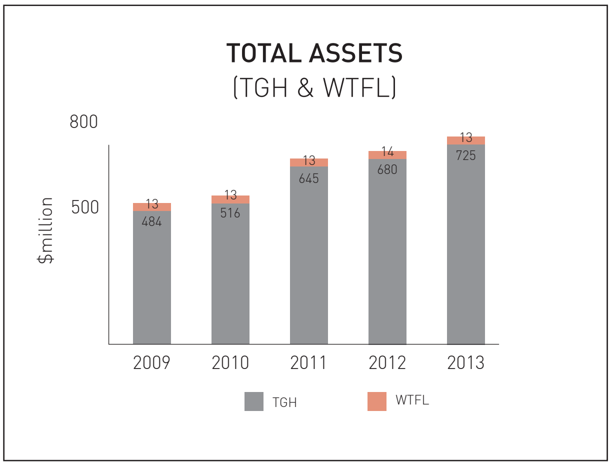
Tainui Group Holdings Limited (TGH) and Waikato-Tainui Fisheries Limited (WTFL) have reported another solid year.

The combined net operating profit was $20.8m This is a slight increase from 2012.

TGH and WTFL paid a dividend of just over half of this – $11.5m. It was an increase of $500,000 on last year's distribution. The difference between the dividend and the net operating profit was re-invested in the business.

The company's net profit was $45.1m. This figure includes net operating profit plus unrealised gains in asset revaluations. In 2012 the net profit was $39.9m.

TGH's total assets are now valued at $738m, up $44m on last year.



Its bank debt, excluding Tainui Auckland Airport Hotel, is $161m. The company policy is that total debt cannot exceed 30% of total assets, and that figure currently stands at 25%.

Return on shareholder funds

In 2013, TGH made a 9.2 % return on its shareholder's funds.

This return is comparable with what other companies who are also focused on property investments earned in 2013.

It also greatly exceeds what the money would have earned if it had been put in the bank instead of into TGH. That would have given a return of only 4-6% for the year.

Investment commentary

The Base

During the year 15 new tenants came on board at The Base, taking the total to 190. Over 600 car parks were constructed, bringing capacity to just under 3,500.

CBD

TGH's new head office, including Joe's Garage Cafe, a new cafe operator to the city, was completed at 6 Bryce Street, Hamilton. This re-development will form a boutique office precinct which will help enhance the CBD and reinforce TGH's commitment to the central city.

TGH's previous office at 4 Bryce Street has been refurbished and is now temporarily occupied by the Waikato Raupatu Lands Trust team.

Residential

The Callum Brae Tainui joint venture development at Huntington is nearing completion with only 11 of its 655 sections remaining for sale.

Planning is now underway for a 700 section residential development of 44 hectares at Rotokauri, along with a further seven hectares purchased there during the year.

Novotel Auckland Airport

Photo (L-R): Parekawhia McLean (WRLT CEO), Matthew Kenny and Ian Blair (Westpac GM Retail Banking)

MATTHEW KENNY, WESTPAC BANK CADET

When Matthew Kenny was awarded the inaugural Westpac Bank cadetship just over a year ago he went from being a fulltime student to an ambassador for both his iwi and one of New Zealand's biggest corporate companies.

The 24-year-old describes winning the cadetship, which offers him the opportunity to take his career as far as he chooses, as "massive". His enthusiasm is evident, as is his gratitude for the opportunities and benefits that he's already receiving.

Matthew (Ngaati Whaawhaakia) is employed in a full-time permanent position on a personalised development programme that includes both Westpac and Waikato-Tainui management support to help Matthew achieve his career goals. It also includes provision of a mentor in the form of Aubrey Te Kanawa, Facilities Manager at The Base, who himself began his career as a cadet and whose professional experiences provide a valuable source of guidance and perspective.

Matthew is based at the Te AWA branch of Westpac at The Base and has commenced his cadetship in retail, specifically in Lending. He has two papers remaining of his Business Studies degree and is completing those part-time.

He takes his responsibility as a liaison between both Westpac and Waikato-Tainui seriously, working hard to ensure he properly represents both partners. And he's urging other rangatahi to grab with both hands any opportunity they have to be part of a cadetship like this one.

"This has been really big for me, a really huge opportunity and I want to say to other rangatahi, if you get an opportunity like this jump on it straight away."

Matthew has recently been selected by Westpac to attend the One Young World Summit in Johannesburg, South Africa, in October 2013.

Hotels

TGH has a 70% controlling interest in the joint venture company which owns the Novotel Auckland Airport. The 2013 results exceeded expectations and this trend is expected to continue.

TGH owns 41% of the Novotel Tainui and Ibis Tainui hotels. Their performance during the year was flat as occupancy suffered. Looking ahead, average performance is expected given the subdued market.

Fishing

TGH has an alliance with Ngaati Raukawa and Ngaati Maniapoto. The three iwi have now aligned with Aotearoa Fisheries Limited (AFL) in a multi-year quota lease arrangement. TGH has also entered into an agreement with Sealord Group Limited to jointly manage its deep-sea quota. It is hoped that returns from fishing will start to improve in 2014.

Farms

TGH operates one drystock station and has sharemilker arrangements on two dairy farms. It is reviewing the portfolio to try and improve returns. This might include a more active management approach as part of a wider farming system.

Ruakura

TGH needs to have a much bigger asset base to increase dividends to higher levels in the longer term. So getting Ruakura underway and earning a return is vital.

Getting the development through local authority planning processes was a major focus during the year. The first key milestone is the Waikato Regional Council's Regional Policy Statement. It includes Ruakura and is expected to be finalised in 2014.

In 2012, TGH and its partner Chedworth Properties submitted a 'Private Plan Change' to Hamilton City Council. It was designed to remove some rules stopping the development from going ahead while HCC's new District Plan took time to become operative. However the Councillors decided not to allow the plan change to proceed to a hearing. Subsequent to balance date, TGH notified its intent to appeal that decision.

If it gets over the planning hurdles, Ruakura will be the biggest and most important single development in the Waikato for decades to come.

Future investment strategy
Over recent years TGH has invested heavily, mainly in the Waikato. The company's investment has largely been focused on property in the retail and hospitality sectors, but the capital spend is now gradually reducing as major projects finish, falling this year to $21 m.

From now on TGH will be diversifying its capital allocation in order to increase its returns.

It will first look for property development opportunities on non-TGH land, possibly selling some investments rather than retaining them for the long term.

It will also look to invest in private businesses where the owner(s) are looking for new capital investment, and where TGH is able to receive good cash flows. TGH intends to create a new position of Chief Investment Officer to handle this work.

The new strategy has been carefully evaluated. TGH has strong reliable earnings and also room to take on a modest increase in risk to achieve the higher returns.

The alternative is to remain solely in investment property. The drawback there is the length of time it takes to earn money from such developments. The Base, for example, is now only providing returns 15 years after it was first planned. So staying solely in investment property could affect TGH's ability to pay higher dividends to the shareholder therefore enabling more distribution to Waikato-Tainui iwi members and kaupapa.

Outlook
TGH is expecting steady returns in the next financial year. Its main focus will be on completing the regulatory processes for Ruakura and identifying the potential to grow its investment portfolio in new areas.

RELATIVITY WILL BOOST DEVELOPMENT

The payment of $70 m, and potentially more, in relativity redress presents us with a unique challenge: how is it best invested?

While the final amount owed to Waikato-Tainui by the Crown is still to be confirmed, consultation and planning has begun to determine how and where the payment received to date and those to follow are to be invested.

TIARE TEINAKORE
Nei raa a Tiare Teinakore, he maamaa, he kaiako, he kaitaataki moo te roopu kapa haka o Te Iti Kahurangi. I Te Matatini ki Te Arawa i whakaingoatia ko ia te toa whakaihuwaka moo te manukura wahine moo te tau 2013.

Naa toona whakapono ki te kaupapa me te kaha tautoko o toona whaanau me oona kaihaka i aahei a Tiare (Ngaati Haua) ki te eke ki toona iti kahurangi. "He hoonore teenei ki a maatou katoa, kapa mai, whaanau mai. He tohu e whakamaanawa ana i too raatou whakapono mai ki au me taku whakapono ki too maatou kaupapa. Ehara taku toa i te toa takitahi, he toa takitini."

E whitu marama te roa e whakareri ana te roopu oo Te Iti Kahurangi moo Te Matatini, aa, i taua waa tonu i whakaoti a Tiare i toona tohu paerua ki Te Whare Waananga o Waikato. Tiro ana toona rangahau ki Te Kauwhanganui o Taawhiao. "Pokea rawatia ahau i ngaa mahi aa-whaanau, aa-kapa, aa-mahi i roto i taku whakarite moo Te Matatini, heoi, noo te kaha tautoko mai o tooku whaanau i taea e au te whakaea i aku mahi."

Inaiaanei, e anga whakamua ana aa Tiare me toona hiahia ki te tiimata i toona tohu kairangi a teeraa tau. "Ko te manako kia ruumakina ko maatou ko ooku hoa i roto i a maatou tohu kairangi i te waa oorite. Kia taea e maatou te tiimori me te whakapaataritari i teeraa atu." Eke panuku, eke Tangaroa!

LAWRENCE NIKAU AND TE RANGIMARIE BIDDLE. The Matahuru marae farm apprenticeship is a cluster-initiated venture that is an example of the type of economic development opportunities clusters can create.

Launched in February this year, the scheme utilises the expertise of farmers who are leasing Maaori-owned land to create what is hoped will be a long-term job training and revenue generating dairying enterprise.

The marae, in association with the Nikau Whaanau Trust, has set up an apprenticeship scheme with a neighbouring farmer who leases 200ha of Trust land which forms part of his much larger dairy farm. The three-year apprenticeship involves practical on-farm skills development and AgITO studies which will ultimately see participants fully qualified in dairying and agriculture. Costs are being subsidised by the Ministry of Social Development, Te Puni Kookiri and the whaanau trust.

Long-term the trust hopes to purchase the dairy farm and manage it using apprenticeship graduates who, in turn, will train new recruits. Its first two apprentices, Lawrence Nikau and Te Rangimarie Biddle, have been selected for their potential to one day independently manage the dairy operation.

Tawera Nikau, spokesperson for the Trust, recommends the scheme as a model for other Maaori landowners looking to commercialise their whenua and create employment opportunities.

Earlier this year a series of roadshow presentations were made at marae to update tribal members on the status of relativity and to obtain views on priority areas for use of the funds. Workshops with kaumaatua, marae and rangatahi representatives were held and a clear and consistent preference emerged for further investment in tangible social outcomes such as education, health, housing, employment and training, and marae development. The results of this consultation process will be seen in increased targeted activity to deliver more benefits to our people.

While planning for investment of the relativity payment is underway, our Claims Team and legal counsel continue negotiations with the Crown. Our partnership in this issue with Te Runanga o Ngaai Tahu, which also contests its pay-out level, adds considerable strength to our dispute claim.

PROTECTING OUR FRESHWATER RIGHTS AND INTERESTS

Initiated by Kiingi Tuheitia, Waikato-Tainui took a leadership position on the issue of freshwater rights and interests by hosting a national summit aimed at encouraging a collective response to the partial sale of Mighty River Power.

The summit, held in September 2012, brought iwi leaders from far and wide to Tuurangawaewae Marae for a day of robust discussion and debate. Concerns centred on the proposed sale, the affect a sale might have on treaty negotiations in respect of Maaori interests in water, and where authority over freshwater lies.

Our King's action in calling for the summit emphasised our cultural relationship to freshwater. It is a taonga with its own mauri. Waikato river is a resource from which we derive part of our identity and for which we have kaitiaki obligations.

At the tribal level, we are actively involved in ensuring that the cultural and economic rights of Maaori to freshwater are recognised. The Freshwater Iwi Leaders Group, of which we are a member, continues to advance Maaori interests through direct engagement with the Crown, while our work with the Land and Water Forum has focused on developing a national framework and strategies for water management.

Sustaining the physical and metaphysical health and wellbeing of waterways, acknowledgement of our cultural values, reducing environmental impact and protecting access have been priority areas. The delivery to the Government in November 2012 of a third and final report on water management has now seen the forum fulfil its mandate.

WAIKATO RAUPATU RIVER TRUST

The Waikato Raupatu River Trust (WRRT) was established in 2008 following the signing of the Deed of Settlement in relation to the Waikato River.

Key responsibilities of WRRT, include the implementation and management of our Waikato River co-management agreements, ministerial accords, settlement funding and environmental imperatives. WRRT also advocates the elevation of resource management thresholds through policy development at a national and regional level. A key driver of the Trust is to support the relationship of the tribe with te tuupuna awa through education and training initiatives, research opportunities and support from strategic partnerships.

HIGHLIGHTS OF THE WRRT YEAR

Accord Implementation Plans
Plans completed with NZ Historic Places Trust, Ministry for Business, Innovation and Employment, Land Information NZ, Te Puni Kookiri

Crown Submissions
State-Owned Asset Sales, Mixed Ownership Model, Mineral, Oil & Gas Exploration, Resource Management Reforms, Freshwater Reforms,

Regional Planning Participation
Hamilton City District Plan, Waipa District Council Plan, Waikato State of the Environment Plan, Waikato Regional Plan – Water Quality, Waikato District Plan, Waikato Conservation Management Strategy

Joint Management Agreement
Waikato Regional Council Technical Advice, Iwi Leaders Group for Freshwater and Resource Management, Land and Water Forum

Employment and Training
17 fisheries kaitiaki appointed
14 iwi commissioners appointed to hearings
DOC Project Co-ordinator appointment
MPI Fisheries Co-ordinator appointment
6 Resource Management & Engineering scholarships awarded
Management of 5 Waikato-Tainui-NZTA Working Groups

Special Projects
Wetlands Restoration Project, Whitebait Habitat Restoration and Mapping, Maurea and Te Takapuu o Waikato River Island restoration, Taupiri Maunga restoration, Lake Waahi restoration, Waikato-Tainui native plants nursery, Koi Carp investment analysis.

Tribal Events
Waikato River Symposium, Kiingitanga Accord Annual Relationship Forum, Te Tira Hoe o Waikato 2013.

Claims
Relativity, Taamaki, Ngaati Korokii-Kahukura, Hauraki Aquaculture Agreement.

Development of the Waikato-Tainui Environmental Plan has led WRRT's priorities. The plan recognises our unique relationship with the environment, empowers our participation in the management of natural resources, and provides policy setting direction. The first draft was completed recently following extensive consultation and input from tribal members. The Environmental Plan will be launched at Koroneihana 2013.

The provision of strategic and technical advice is a key function of the Trust, which engages with the Historic Places Trust, Department of Conservation, Ministry for Primary Industries, Te Puni Kookiri, Ministry for Business, Innovation and Employment, Land Information NZ, the Land and Water Forum and local authorities on a wide range of planning and operational initiatives. The team has also led our response to national policy proposals by preparing formal submissions to resource management reforms, freshwater reforms, the sale of state-owned assets, the mixed ownership model, mineral, oil and gas exploration; and right of first refusal policy.

At the regional level a Joint Management Agreement with Waikato Regional Council has been completed, adding to those already in place with Waikato District Council and Hamilton City Council. These Agreements provide for early engagement and decision-making in the following key areas:

- policy development;
- consent application processes;
- monitoring and enforcement; and
- tribal customary activities.

WRRT is also actively involved in restoration projects to protect and enhance natural habitats and has created scholarships, research, employment and training opportunities to support these.

The management of excluded claims also sits with WRRT. WRRT is working collaboratively with Ngaai Tahu to progress the contribution from

Frank Solomon

EDUCATION AND TRAINING ACADEMY
A unique partnership between Solomon Group Education and Training Academy and ANZ has seen the development of a literacy programme to support whaanau to improve their financial situation.

Solomon Group is one of eight Te Ope Koiora service providers and is a specialist in the delivery of literacy education and employment. In September 2012 Solomon Group, led by Frank Solomon, and ANZ launched a pilot programme offering budgeting and money management skills development.

The resounding success of the pilot has resulted in the programme now being offered indefinitely and this year 300 students are expected to complete the course with a further 25 facilitators being trained to add to the current 15.

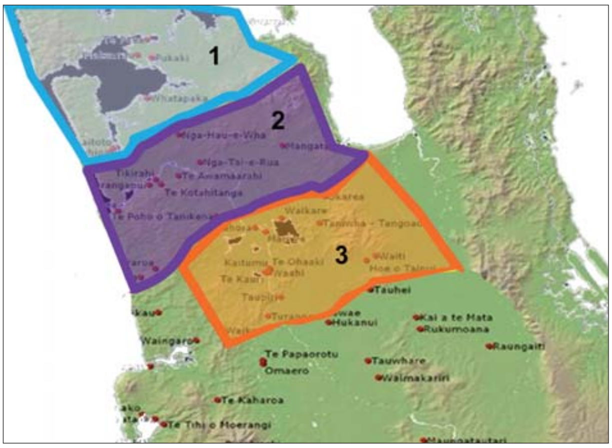
The programme is called Money Minded New Zealand and is an adaptation of ANZ's Money Minded Australia to cater for the particular needs of the 410,000 Aucklanders, many of whom live within the Waikato-Tainui boundary, who have low levels of literacy and numeracy.

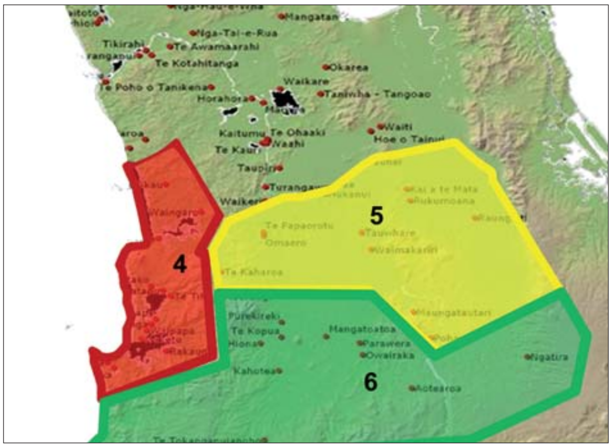
The programme was adapted because none of the existing courses catered for this part of the adult sector.

Through the programme the students are encouraged to develop financial goals and understand how to make their money work more effectively. While many are beneficiaries, the skills they are learning now will transfer across to their changed situations when they do eventually enter the workforce.

the Crown. WRRT continues to support Waikato-Tainui hapuu settlements whilst progressing various workstreams pertaining to the West Coast Harbours, land blocks and the Right of First Refusal.

MARAE CLUSTER CONCEPT UNDERWAY





The launch of the marae clusters concept in 2010 posed many questions: What is it about? How will it work? What will it achieve? Three years down the track and with two pilot schemes underway the benefits and opportunities are beginning to present themselves.

Marae clusters involve the grouping together of marae within specific areas to collaborate and pool resources and expertise to collectively advance their development aspirations. Funded by tribal resources, clusters are able to determine their own development and devise their own economic, social and cultural strategies to benefit whaanau, hapuu and marae. Clusters are, in effect, Whakatupuranga 2050 at work at the local level.

The concept has commenced with two clusters – Te Riu o Waikato and Whai Manawa. Both are acting as pilots to inform establishment of the remaining four clusters. This year has seen both clusters focused on establishing organisational infrastructure and mechanisms, registration as legal entities, and development of constitutions. Strategic plans have also been developed and these are in the formative stages of implementation. While the strategic direction of each cluster differs, both have a common theme of building capacity, creating employment opportunities and economic development.

Whai Manawa has established a sound, solid platform that will sustain its development over the long term. Consultation and reporting to its member marae is continuous to ensure its key stakeholders have a thorough understanding of the cluster concept and the potential benefits to be derived from it. Its board has received director training with the Institute of Directors, it has developed processes to ensure communication between its board and marae is effective, and it has developed a strategic framework from which to properly assess business opportunities.

Te Riu o Waikato has appointed a General Manager and is exploring a range of business opportunities including joint ventures, exports to China, retail investments, and local works infrastructure partnerships. It is also providing training to support members to purchase first homes and is looking at how it can utilise existing tribal resources to support career development. The launch of the Matahuru farm apprentice scheme in February this year is its first major development initiative.

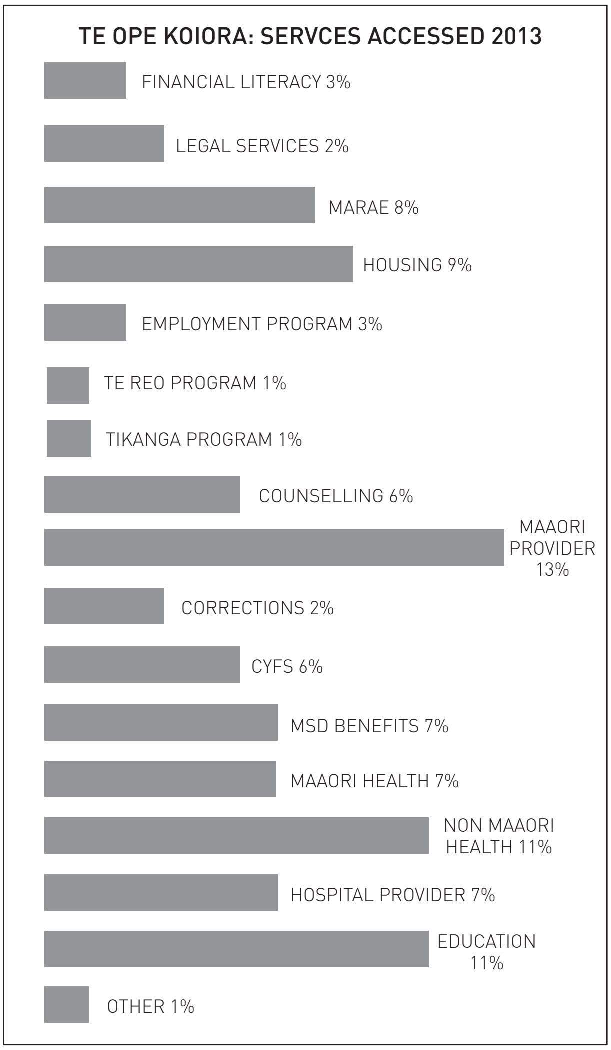
MAKING A DIFFERENCE FOR WHAANAU ORA

The first year of our initial two-year Programme of Action for Te Ope Koiora o Waikato-Tainui has been completed with a kawenata (covenant), a team of navigators, and client data to guide implementation.

The signing of the kawenata between Te Arataura and Te Ope Koiora is a key development milestone that specifies principles of operation and the high level strategic approach. As a document it formalises the unique partnership between each of the eight Te Ope Koiora providers and the tribe.

Te Ope Koiora took an important step forward during the year with the appointment of practitioners, known as navigators, to work directly with whaanau to develop plans to address their needs and broker access to the services they require. Six navigators are now actively supporting whaanau throughout the rohe, working alongside them to ensure that services are accessible. In this first year of operation the lives of many kaumaatua, parents and children have been significantly improved through the liaison and co-ordination role that Te Ope Koiora provides.

Some examples of the support accessed include:



- Whaanau in sub-standard and overcrowded living conditions moved into better housing.
- Whaanau connected with a mortgage broker and taking first steps towards first home purchase.
- Counselling/therapy provided for whaanau in distress.
- Tamariki immunised.
- Pre-schoolers enrolled in early childhood education.
- School-age tamariki enrolled and attending school.
- Tamariki in domestic violence situations now in a safe environment.
- Whaanau connected with parenting programmes such as Plunket.
- One whaanau discharged from CYF status due to progress made and on-going support in place.

MARRIN HAGGIE MSc (Sport & Exercise Science)
In March this year Marrin Haggie created history by being the first Maaori to graduate with a Master's of Science degree from the WINTEC School of Sport and Exercise Science. And to underscore that achievement he graduated with distinction.

Fluent in Te Reo Maaori with a sound knowledge and understanding of tikanga Maaori and a demonstrated commitment to the Kiingitanga, Marrin (Waikato, Ati Haunui A Paparangi), who is a Tumate Mahuta Memorial Scholarship recipient, epitomises the model tribal descendant envisioned as an outcome of our tribal development strategy.

He is well-educated, articulate, grounded in his identity, a community leader and an advocate for development of our people – particularly in the field of sports high performance.

"Our people are naturally talented and many have the capability to perform at the highest levels. But natural talent can only get you so far. My vision is for the development of a high performance sports unit which applies science to training and supporting Waikato-Tainui athletes to reach the elite levels."

But for now his vision is on hold. Marrin's priority is to take the next step in his education and complete a PhD which he hopes to achieve as soon as possible.

Whaanau are utlilising the services of Te Ope Koiora and are gaining access to a range of services. The graphic below shows the breadth of services sought with medical, education and housing being particular areas of need. There is a preference for services to be obtained via a Maaori provider.
While Te Ope Koiora is available to all whaanau living within the tribal boundary, 97 percent of those who have accessed the service in its first year identify as Maaori.

EDUCATION THE KEY TO PROSPERITY

Whakatupuranga 2050 defines tribal success as building capacity in all our endeavours at all levels. Supporting access to education for our members is a long-term strategy to achieve this success.

Education grants and scholarships have been a priority provision for many years as a means to drive up the qualifications and skill levels of our iwi. This has resulted in an estimated 6000 tribal members receiving financial support for studies ranging from Certificate and Diploma level through to masters and doctorates over the past 10 years.

A total of $11.3m has been invested in education grants and scholarships for tribal members since 2003. In this year alone 653 applications valued at $950,833 have been approved. While the majority of the 2013 applicants are studying at undergraduate degree level, 46 are doing masters degrees and 12 are completing doctoral studies.

As the number of members undertaking higher education has grown and developed so too has the direction of our education strategy, which has been refined to ensure it is supporting the development of required skills. Gaps in the employment market have been identified, as have the future needs of growth industries and sectors. As a result, priority study areas have been determined and these receive precedence for funding and support.

The strategy will undergo further review in 2014 to assess the potential to provide funding at secondary school level to improve non-completion rates.

LEADERSHIP DEVELOPMENT A COLLEGE PRIORITY

The Waikato-Tainui College for Research and Development recently celebrated the third anniversary of its rededication and progress to establish it as an academic centre of excellence has been pleasing.

John Heremia – Chairperson of WECT and Dr. Sarah-Jane Tiakiwai – Academic Director

The emphasis for College governance and staff has been on consolidating inaugural study programmes and research projects, along with establishing a range of supportive and influential local, national and international connections. These relationships are beneficial in enriching the quality of the programmes the College provides by offering new perspectives, incorporating external knowledge and expertise, and widening network influence.
Among the key priorities for the College is the need to grow leadership capability. As tribal and commercial opportunities develop, so too does the need to ensure that skilled leadership is in place to lead those entities forward. It is imperative that we identify and equip our leaders of the future and the College is implementing two specific programmes to achieve this.

The Waikato Masters of Business Administration (MBA) is a signature programme for the College. It is delivered in conjunction with Waikato University but has been re-designed to incorporate a tikanga Maaori context and Maaori world view. During the year the College enrolled a second cohort and completed year two of the first cohort. Included among the highlights for its second-year students was a study tour to Canada to investigate the experiences of First Nation tribes engaged in business. The tour was undertaken in partnership with the Ch'nook Indigenous Business programme at the University of British Columbia in Vancouver.

While the MBA provides development opportunities for those at a senior level, rangatahi with leadership potential have also been targeted. A 10-week summer internship gave 10 Waikato-Tainui graduate and post-graduate students an opportunity to test their skills and grow their work experience. The students worked on a range of projects including a review of the MBA programme, cultural connection and wellbeing, whaanau ora, and Waikato river research.

While producing future leaders might be a logical development pathway for the College, commitment to it stems from the vision of Sir Robert Mahuta who dreamed that the institution would generate 'a cadre of high quality leaders'. That dream also specified that those leaders would have a strong sense of traditional values and cultural insight.
The Taahuhu Maatauranga Maaori programme aims to instil those cultural perspectives. Delivered in partnership with Te Waananga o Raukawa, the programme completed its first year and featured high calibre guest speakers including Pakake Winiata, Hoturoa Kerr, Rovina Maniapoto-Anderson and Rahui Papa.

Waikato Research and Development College, Hopuhopu

Taawhaki carving

Also during the year the College launched the Te Taarere aa Taawhaki seminar series. Over the years the tribe has supported a number of PhD students and this series provides an opportunity for those students to present their studies back to the iwi. This is a valuable knowledge-sharing initiative that will continue as a regular annual event.

On the research side, the College continued to progress current rangahau projects including its international oral health study and Whaanau Ora support and analysis

EMPLOYMENT AND TRAINING

Leveraging partnerships to create opportunities has resulted in a range of employment and training initiatives. This year projects undertaken have included:

- Launching the Matahuru apprenticeship scheme.
- Hosting five-day taster courses, in association with ESITO (Electrical Supply Industry Training Organisation), for secondary school students.
- Launching the Westpac Iwi Cadetship which saw inaugural recipient Matthew Kenny commence a permanent role as Customer Banking Consultant.
- Agreement with Mighty River Power/Contact Energy to foster the inclusion of tribal members on its Electrical Supply Apprenticeship Programme.
- Overseeing the Maaori Trade Training partnership with WINTEC and Te Waananga o Aoteaora, including the potential to deliver the Level 4 Building Certificate course based at Hopuhopu.

In September 2011 we were fortunate to welcome Tui Kaa, a secondee from the Ministry of Social Development, as Employment and Training Co-ordinator. Tui has brought her wealth of industry partnership knowledge to support our career development and job placement objectives. Tui has recently been appointed to a new permanent role as Marae Development Advisor.

OUR PEOPLE

The support we provide for our people goes beyond direct funding and general assistance and into the wider community via a range of cultural and social initiatives.

Te Matara o te Haerenga – Te Puea and Te Pou o Mangatawhiri

We are proud to support Te Matara o Te Haerenga, an exhibition that tells the inspirational story of Te Puea Herangi and her campaign to realise a dream – the building of Tuurangawaewae Marae.

The exhibition at Waikato Museum chronicles the significant challenge that Te Puea undertook when she left Mangatawhiri in 1920 accompanied by the survivors of a hapuu depleted by an influenza epidemic. With no money and little prospect of finding work, Te Puea created Te Pou o Mangatawhiri, the legendary concert party with the sole purpose of raising the thousands of pounds needed to build what would become the official home of the Kiingitanga.

What unfolded is a story of severe hardship, determination and perseverance, and the legacy that is TPM. The exhibition marked the 60th anniversary of her passing.

Te Matatini 2013

Waikato-Tainui returned to the winner's podium at Te Matatini this year when hard work, self-belief and faith in their tupuna saw Te Iti Kahurangi win a raft of awards and place third equal overall.
2013 represented the fifth appearance at Te

Matatini for Te Iti Kahurangi and their first time qualifying for the final. Despite being a relatively youthful group – they formed less than 10 years ago – the team made us all proud with the quality of their compositions, reo and performance skill. And it was a level of quality that didn't escape the judges' attention with the group taking out the following individual awards:

1st - Te Reo
1st – Whakaeke
1st – Mooteatea
1st – Waiata-a-Ringa
1st – Te Manukura Wahine
2nd – Waiata-aa-Tira
3rd – Te Manukura Tane

Ngaa Pou o Roto

Te Pou o Mangatawhiri

Waikato-Tainui was well represented at Te Matatini in Rotorua with three groups in total at the competition. Joining Te Iti Kahurangi were Te Pou o Mangatawhiri, which also qualified for the final to bring home two firsts and a third, and Ngaa Pou o Roto.

Each of the roopu received financial assistance for travel and competition expenses in recognition of the role we have to play in supporting the traditions of Maaori performing arts so that they are fostered and preserved for future generations.

Buddy Day

Child abuse is a serious issue for New Zealand and it's one that needs to be urgently addressed. Buddy Day is an initiative that raises awareness of child abuse at the community level. As a supporter of Buddy Day our aim is to encourage our communities to elevate the issue by engaging in conversation highlighting the need for solutions and a zero-tolerance approach. It is by talking about the issue that we are reminded of the role we all have in keeping our tamariki safe.

Buddy Day is a nationwide kaupapa that has community and particularly tamariki wellbeing at heart.

Pink Walk

The Ngaaruawaahia Cancer Support group was formed in 2008 to support whaanau dealing with cancer and each year holds a number of fundraising events.

In 2012 we were pleased to support the Pink Walk, a community event which attracted the support of many locals decked out in pink to raise funds to support the whaanau of cancer patients. Our sponsorship also included support for a fundraising dinner. Funds generated were targeted specifically to provide much needed food and petrol vouchers for whaanau living with the spectre of cancer.

TriMaaori Festival

There's a new sporting craze in the rohe and it's called TriMaaori.

Launched in 2012 the TriMaaori Festival is a triathlon event that is designed to encourage individuals and whaanau to get active in an environment that focuses on the fun factor.

The inaugural event last year included triathlon and run/walk distances to suit all levels, including kaumaatua, and was so successful that similar

events are being organised for other rohe across the nation. Other spinoffs being held within Waikato include sprint versions of TriMaaori, a riverside walk/run, planting, and a women's event.

TriMaaori is all about whaanau health and wellbeing, promoting awareness and understanding of our environment, and supporting the development of communities. It's an initiative we are pleased to support.

Waikato District Sports Awards

Sport plays an important part in the lives of our people. Not only is it a health-giving pastime but we're also quite good at it.

Each year, Sport Waikato recognises the efforts of local successful athletes and supporters through annual sports awards. We acknowledge the immense value that sport plays and the opportunities that it can generate, and are proud to sponsor the Waikato District Sports Awards.

As a sponsor we are particularly proud of the high calibre of nominees, the emergence of traditional sports like waka ama, and the recognition of the many volunteers without whom clubs could not survive.

Waikato Raupatu Lands Trust

PUURONGO PUTEA

for the year ended 31 March 2013

RAARANGI UPOKO

Waikato Raupatu Lands Trust
DIRECTORY
For the year ended 31 March 2013

Date of establishment	10 November 1995
Trustee	Waikato-Tainui Te Kauhanganui Incorporated
Auditor	PricewaterhouseCoopers Private Bag 92162, Auckland 1142
Banks	Bank of New Zealand Westpac Banking Corporation
Postal Address	P O Box 648, Hamilton 3240
Telephone	+64 7 858 0430
Facsimile	+64 7 858 0431
Website	www.waikatotainui.com

Waikato Raupatu Lands Trust
STATEMENTS OF COMPREHENSIVE INCOME
For the year ended 31 March 2013

		Consolidated		Parent	
		2013	2012	2013	2012
	Notes	$'000	$'000	$'000	$'000
Revenue	4	63,990	56,911	13,533	3,958
Expenses	5	(37,319)	(33,023)	(6,665)	(9,515)
Finance costs - bank loans		(13,628)	(13,233)	(52)	(17)
Finance income - short term deposits		4,089	3,342	1,013	186
Share of net profit of associates	6	316	541	-	-
Net operating profit/(loss) for the year		**17,448**	**14,538**	**7,829**	**(5,388)**
Other gains net	8	30,383	26,771	3,563	4,900
Relativity settlement	28	70,039	-	70,039	-
Grant expense	9	(7,109)	(6,757)	(5,968)	(6,674)
Net profit/(loss) for the year		**110,761**	**34,552**	**75,463**	**(7,162)**
Other comprehensive income for the year					
(Loss)/gain on revaluation of farm and other properties	10	(698)	2,872	-	-
Total comprehensive income for the year, net of tax		**110,063**	**37,424**	**75,463**	**(7,162)**
Profit is attributable to:					
Equity holders of Waikato Raupatu Lands Trust		110,047	34,571		
Non-controlling interest		714	(19)		
		110,761	**34,552**		
Total comprehensive income for the year is attributable to:					
Equity holders of Waikato Raupatu Lands Trust		109,349	37,443		
Non-controlling interest		714	(19)		
		110,063	**37,424**		

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

Waikato Raupatu Lands Trust
STATEMENTS OF FINANCIAL POSITION
As at 31 March 2013

		Consolidated		Parent	
		2013	2012	2013	2012
	Notes	$'000	$'000	$'000	$'000
EQUITY					
Retained earnings	10	678,337	568,290	260,968	185,505
Revaluation reserves	10	17,675	18,373	-	-
		696,012	586,663	260,968	185,505
Non-controlling interest		8,675	8,921	-	-
Total equity		**704,687**	**595,584**	**260,968**	**185,505**
ASSETS					
Current assets					
Cash and cash equivalents		156,858	83,146	76,512	4,730
Trade and other receivables	11	7,591	5,494	466	840
Inventories	12	3,949	4,210	8	8
Biological assets - livestock	13	835	1,082	-	-
Advances - subsidiaries	14	-	-	-	74,027
Total current assets		169,233	93,932	76,986	79,605
Non-current assets					
Other receivables	15	18,283	16,504	19	21
Other financial assets	16	22,940	18,320	-	-
Investments in associates	6	13,594	13,485	-	-
Investments in subsidiaries		-	-	140,253	70,253
Intangible assets	17	20,690	20,859	251	371
Biological assets - trees	13	4,467	3,191	-	-
Property, plant and equipment	18	90,361	94,901	8,614	9,162
Investment properties	19	545,288	504,437	4,177	4,305
Te Wherowhero title properties	20	40,262	36,572	40,262	36,572
Total non-current assets		755,885	708,269	193,576	120,684
Total assets		925,118	802,201	270,562	200,289
LIABILITIES					
Current liabilities					
Trade and other payables	21	19,715	15,215	3,589	4,060
Interest bearing liabilities	23	30,342	30,233	6	5
Advances - subsidiaries	14	-	-	5,993	10,707
Other financial liabilities	24	162	-	-	-
Total current liabilities		50,219	45,448	9,588	14,772
Non-current liabilities					
Other payables	22	1,131	-	-	-
Interest bearing liabilities	23	156,341	149,406	6	12
Other financial liabilities	24	12,740	11,763	-	-
Total non-current liabilities		170,212	161,169	6	12
Total liabilities		220,431	206,617	9,594	14,784
Total net assets		**704,687**	**595,584**	**260,968**	**185,505**

Tom Roa
Chairman
18 June 2013

Hemi Rau
Deputy Chairman
18 June 2013

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

Waikato Raupatu Lands Trust
STATEMENTS OF CHANGES IN EQUITY
For the year ended 31 March 2013

Consolidated	Notes	Attributable to equity holders of the Parent: Revaluation reserves $'000	Retained earnings $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
Balance as at 1 April 2011		15,986	533,234	549,220	9,300	558,520
Transfer from reserves to retained earnings		(485)	485	-	-	-
Comprehensive income						
Net profit/(loss) for the year		-	34,571	34,571	(19)	34,552
Other comprehensive income						
Gain on revaluation of farm and other properties	10	2,872	-	2,872	-	2,872
Total other comprehensive income		2,872	-	2,872	-	2,872
Total comprehensive income		2,872	34,571	37,443	(19)	37,424
Partnership refund		-	-	-	(360)	(360)
Balance as at 31 March 2012		**18,373**	**568,290**	**586,663**	**8,921**	**595,584**
Balance as at 1 April 2012		18,373	568,290	586,663	8,921	595,584
Comprehensive income						
Net profit for the year		-	110,047	110,047	714	110,761
Other comprehensive income						
Loss on revaluation of farm and other properties	10	(698)	-	(698)	-	(698)
Total other comprehensive income		(698)	-	(698)	-	(698)
Total comprehensive income		(698)	110,047	109,349	714	110,063
Partnership refund		-	-	-	(960)	(960)
Balance as at 31 March 2013		17,675	678,337	696,012	8,675	704,687
Parent						
Balance as at 1 April 2011		-	192,667	192,667	-	192,667
Comprehensive income						
Net loss for the year		-	(7,162)	(7,162)	-	(7,162)
Total comprehensive income		-	(7,162)	(7,162)	-	(7,162)
Balance as at 31 March 2012		**-**	**185,505**	**185,505**	**-**	**185,505**
Balance as at 1 April 2012		-	185,505	185,505	-	185,505
Comprehensive income						
Net profit for the year		-	75,463	75,463	-	75,463
Total comprehensive income		-	75,463	75,463	-	75,463
Balance as at 31 March 2013		**-**	**260,968**	**260,968**	**-**	**260,968**

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

Waikato Raupatu Lands Trust
STATEMENTS OF CASH FLOWS
For the year ended 31 March 2013

	Notes	Consolidated 2013 $'000	Consolidated 2012 $'000	Parent 2013 $'000	Parent 2012 $'000
Cash flows from operating activities					
Receipts from customers		62,806	62,147	2,909	4,356
Relativity settlement	28	70,039	-	70,039	-
Payments to suppliers and employees		(27,783)	(37,261)	(5,976)	(8,990)
Payments to grant recipients		(7,335)	(6,302)	(6,194)	(6,219)
Interest received		4,089	3,342	1,013	186
Dividends received		646	1,624	11,000	2,700
Interest paid		(13,628)	(13,233)	(52)	(17)
Net cash generated from/(used in) operating activities	25	88,834	10,317	72,739	(7,984)
Cash flows from investing activities					
Receipts from sale of investments in listed companies		-	57,375	-	-
Payments for investments in unlisted companies		(2,372)	(683)	-	-
Receipts for investments in unlisted companies		8	-	-	-
Amounts (paid to)/received from related parties		(960)	-	(687)	8,519
Payments for property, plant and equipment		(4,495)	(8,430)	(108)	(42)
Proceeds from sale of property, plant and equipment		-	27	-	14
Payments for intangible assets		(268)	(36)	(157)	-
Payments for investment properties		(16,785)	(48,420)	-	-
Proceeds from sale of investment properties		2,755	-	-	-
Net cash generated from/(used in) investing activities		(22,117)	(167)	(952)	8,491
Cash flows from financing activities					
Proceeds from borrowings		8,800	-	-	-
Repayment of borrowings		(1,805)	(6,504)	(5)	(6)
Net cash generated from/(used in) financing activities		6,995	(6,504)	(5)	(6)
Net increase in cash and cash equivalents		73,712	3,646	71,782	501
Cash and cash equivalents at the beginning of the year		83,146	79,500	4,730	4,229
Cash and cash equivalents at end of the year		**156,858**	**83,146**	**76,512**	**4,730**

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

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;
- agriculture;
- hotels;
- fishing; and
- investments.

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 (the 'Board') on the TBC of June 2013.

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 $170m. 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 $2.6m;

(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.

As part of the Deed of Settlement, a relativity clause is provided, which allows for further settlement redress. The payment of further settlement from the Crown is triggered once all Treaty settlements between 1994 and 2044 exceed $1 billion. No settlement is payable after 2044.

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:

(a) 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;

(b) 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

(c) 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.

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. $21m was paid with an annuity payable to the Waikato River Authority of $7m per year for 27 years.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 (PBEs).

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 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

(a) Changes in accounting policies

During the year the Group changed the accounting policy for depreciation on property, plant and equipment from diminishing value to straight line. There has been no material impact to the financial statements as a result of the change in accounting policy.

During the year the Group adopted an accounting policy to reflect the recognition of the relativity settlement (see notes 2.10 and 28).

(b) Accounting standards framework

The Minister of Commerce has approved a new Accounting Standards Framework developed by the External Reporting Board (XRB). The Group is in the process of working through the impact of this to the Group financial statements, along with a number of new standards, amendments to standards and interpretations that become effective for annual periods beginning on or after 1 April 2013.

(c) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 April 2012 and not early adopted

The following standard was published and is for accounting periods beginning on or after 1 January 2015. The Group has not early adopted this standard:

- **NZ IFRS 9 'Financial Instruments':** NZ IFRS 9 'Financial Instruments' (effective from 1 January 2015) replaces part of NZ IAS 39 and establishes two primary measurement categories for financial assets: amortised cost and fair value, with classification depending on an entity's business model and the contractual cash flow characteristics of the financial asset. The Group is currently in the process of evaluating the potential effect of this standard on its financial assets. There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated as at fair value through profit or loss and the Group does not have any such liabilities.

- **Comparatives:** Where necessary, certain comparative information has been reclassified in order to conform to changes in presentation in the current year

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(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 (note 18), investment properties (note 19) and Te Wherowhero title properties (note 20) have been valued by independent valuers as at 31 March 2013 and 31 March 2012 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 24) 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

(a) 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.

(b) 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.

(c) 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 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 the Group's share of post-acquisition revaluation in property, plant and equipment is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised as a reduction in 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.

(d) Joint ventures

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

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 Functional and presentation currency

Items included in the financial statements of each of the subsidiaries' operations are measured using the currency of the primary economic environment in which it operates ('the functional currency'). The consolidated financial statements are presented in New Zealand dollars, which is the Parent's functional currency and the Group's presentation currency.

2.6 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:

(a) Hotel income

Revenue from hotels comprises amounts earned in respect to services, facilities and goods supplied. Any revenue not recognised, but received by the reporting date, is treated as deposits in advance, and shown as a liability in the statement of financial position.

(b) Rental income

Rental income is recognised on a straight line basis over the lease term. Lease incentives which are offered to tenants as an inducement to enter into non-cancellable operating leases are recognised as current prepayment and non-current lease fitout contribution and are subsequently amortised over the term of the lease as a reduction of rental income.

(c) 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.

(d) Quota lease income

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(e) Dairy income

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

(f) 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.

(g) Dividend income

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

(h) Emission Trading Scheme Allocation

Emission Trading Scheme allocation is the 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. The fair value of units received is recognised in the statement of comprehensive income on allocation by the Government to the Group.

2.7 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.

2.8 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.

2.9 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 rate associated with project related borrowings or the weighted average interest rate applicable to the Group's outstanding borrowings during the year.

2.10 Relativity settlement

Initial receipts derived from the relativity settlement have been recognised on a cash-basis. Subsequent relativity income will be recognised at the amount recorded in the annual Government statements on an accruals basis when the amounts receivable are able to be reliably measured, as this will be the lowest amount receivable from the Government to the Trust (see note 28).

2.11 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.

2.12 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.

2.13 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.

2.14 Biological assets-livestock and trees

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. The valuation of Redwood trees is based on the current replacement cost method used for young trees.

2.15 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 recorded at fair value through the profit and loss are designated at initial recognition.

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 de-recognised, 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 NZ IFRS 9 'Financial Instruments' 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

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 are classified as financial liabilities measured at fair value through profit or loss. Derivative financial instruments are classified as either financial assets or financial liabilities measured at fair value through profit or loss.

2.16 Investments in subsidiaries

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

2.17 Intangible assets

(a) 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.

(b) 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.

(c) 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.

The carbon 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.

Carbon credits are not consumed in the production and are therefore not amortised. The NZU are not amortised but are tested for impairment on an annual basis or when indicators of impairment exist.

2.18 Property, plant and equipment

Farm and other properties are comprised of land, buildings and plant held on the farms as well as buildings occupied by Tainui Group Holdings Limited, a Group subsidiary, and are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation. 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, development properties, trust and other properties, 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 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 straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives.

Estimated useful lives are as follows:

Computers	2 - 6 years
Farm buildings	50 years
Hotels (other assets)	3 - 33 years
Office equipment, furniture and fittings	1 - 17 years
Other buildings	100 years
Plant and equipment	1 - 14 years
Vehicles	2 - 11 years

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.

2.19 Investment properties

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.

2.20 Te Wherowhero properties

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 2013 (and 31 March 2012), 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.

2.21 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 exceed 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

2.22 Trade and other payables

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. The amounts are unsecured and are usually paid within 30 days of recognition. Non-current other payables are usually paid between one and two years. 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.

2.23 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.

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

2.25 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.

2.26 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 divison	Ownership and voting interest 2013	2012	Balance date
Boat Harbour Ventures 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
Ruakura Fee Simple Limited	No	Property	100%	100%	31 Mar
Ruakura Limited	No	Property	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	No	Investment	100%	100%	31 Mar
Waikato-Tainui Fisheries Limited	No	Fisheries	100%	100%	31 Mar
Waikato-Tainui Koiora Collective LP	No	Investment	100%	100%	31 Mar
Waikato-Tainui Koiora Limited	No	Investment	100%	100%	31 Mar
Waikato-Tainui Te Kauhanganui Incorporated	Yes	Investment	100%	100%	31 Mar
Waikato-Tainui Tribal Authority LP	No	Investment	100%	100%	31 Mar
Waikato Raupatu River Trust	No	Investment	100%	100%	31 Mar

Associates:	Charitable status	Operating divison	Interest held 2013	2012	Balance date
Hamilton Riverview Hotel Limited	No	Investment	41%	41%	31 Dec

Unincorporated Joint Ventures:	Charitable status	Operating divison	Ownership and 2013	2012	Balance date
Callum Brae Tainui	No	Property	50%	50%	31 Mar
Rotokauri Development Limited	No	Property	70%	-	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 results and balances as at 31 March and not the results and balances at their respective reporting dates. Hamilton Riverview Hotel Limited has a balance date of 31 December to align with its other shareholders operations.

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

During the financial year, 40 hectares of land at Rotokauri, Hamilton, was sold from Tainui Development Limited to Rotokauri Development Limited joint venture for the purposes of residential sub-division. The sale transaction resulted in a total gain on sale of $7m. In the year ended 31 March 2013, $2m or 30% of the $7m gain on sale is recognised, representing the external joint ventures partners proportion of the gain. The balance of $5m of the gain on sale will be recognised in future financial years when the land is sub-divided and sold to external parties and will be based on the proportional share of the land (see notes 11 and 14).

NOTES TO THE FINANCIAL STATEMENT continued

3 CONSOLIDATION continued

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

	Consolidated 2013 $'000	Consolidated 2012 $'000
Statement of financial position		
Current assets	1,638	2,442
Non-current assets	5,908	210
Total assets	**7,546**	**2,652**
Less current liabilities	1,885	245
Net assets	**5,661**	**2,407**
Statement of comprehensive income		
Revenues	1,407	2,413
Expenses	(1,111)	(1,252)
Profit before income tax	**296**	**1,161**

4 REVENUE

	Notes	Consolidated 2013 $'000	Consolidated 2012 $'000	Parent 2013 $'000	Parent 2012 $'000
Rental income		33,845	31,448	5	7
Amortisation of capitalised lease incentives		(167)	(28)	-	-
Hotel income		19,237	14,397	-	-
Sale of sections		3,781	2,409	-	-
Quota leasing income		1,708	1,745	-	-
Dairy income		840	1,056	-	-
Dividends from listed investments		-	918	-	-
Dividends from unlisted investments		439	499	-	-
Dividends from subsidiary	14	-	-	11,000	-
Revenue from the rendering of services		218	336	369	490
Other operating gains	13	119	693	-	-
Other income		3,970	3,438	2,159	3,461
		63,990	**56,911**	**13,533**	**3,958**

5 EXPENSES

	Notes	Consolidated 2013 $'000	Consolidated 2012 $'000	Parent 2013 $'000	Parent 2012 $'000
Audit fees paid to Parent and Group auditors		117	128	34	39
Audit related fees		72	26	4	-
Other fees paid to the auditors		9	16	-	-
Bad debt written off		85	19	2	5
Consultancy fees		1,989	2,140	302	933
Cost of sales		9,205	6,973	65	80
Depreciation, amortisation and impairment		3,727	3,131	856	558
Direct costs from rental income		2,917	1,467	-	-
Direct costs from investment properties (non-income generating)		180	425	-	-
Director and trustee fees	14	1,159	1,358	854	1,078
Doubtful debts and movement in provision		159	28	-	16
Employee benefits		11,978	10,963	1,997	2,750
Operating lease expenses		119	99	33	47
Other expenses		5,603	6,250	2,518	4,009
		37,319	**33,023**	**6,665**	**9,515**

Other fees paid to the auditor consist of treasury and consultancy services for the Group.

	Notes	Consolidated 2013 $'000	Consolidated 2012 $'000	Parent 2013 $'000	Parent 2012 $'000
Depreciation, amortisation and impairment					
Amortisation and impairment of intangibles	17	410	220	277	-
Depreciation and impairment of:					
Computer, office equipment, furniture and fittings	18	424	407	77	98
Farm and other properties	18	107	167	-	-
Hotel	18	2,241	1,847	-	-
Motor vehicles	18	120	67	89	43
Plant and equipment	18	82	34	79	36
Trust and other properties	18	343	389	334	381
Total depreciation, amortisation and impairment		**3,727**	**3,131**	**856**	**558**

6 INVESTMENTS IN ASSOCIATES

	Consolidated 2013 $'000	Consolidated 2012 $'000	Parent 2013 $'000	Parent 2012 $'000
Shares in associates	**13,594**	**13,485**	**-**	**-**
Carrying value of associates				
Carrying value at beginning of year	13,485	13,151	-	-
Share of net profit of associates	316	541	-	-
Dividend received	(207)	(207)	-	-
Balance at 31 March	**13,594**	**13,485**	**-**	**-**

The group's share of the results of its principal associates, all of which are unlisted and its aggregated assets (including goodwill) and liabilities, are as follow:

	Assets $'000	Liabilities $'000	Revenues $'000	Profit $'000	Interest held %
2013					
Hamilton Riverview Hotel Limited	43,908	11,056	14,342	760	41
2012					
Hamilton Riverview Hotel Limited	46,272	13,688	15,227	1,302	41

7 INCOME TAX

	Consolidated 2013 $'000	Consolidated 2012 $'000	Parent 2013 $'000	Parent 2012 $'000
Unrecognised deferred tax balances				
Unused tax losses	2,076	2,135	-	-
Unrecognised deferred tax balances	**2,076**	**2,135**	**-**	**-**

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.

Waikato-Tainui Fisheries Limited currently has $1.9m in its Maori Authority Credit Account, which are the tax credits available to pass onto its shareholder, Waikato-Tainui Te Kauhanganui Incorporated (2012: $0.2m). These future amounts are recoverable and unrecognised at 31 March 2013 (2012: nil) (see note 16).

As at reporting date there is no current tax expense, tax payable or tax receivable (2012: nil).

8 OTHER GAINS NET

		Consolidated		Parent	
		2013	2012	2013	2012
	Notes	$'000	$'000	$'000	$'000
Biological assets					
- fair value gains unrealised	13	1,276	497	-	-
Other debtors					
- gain on fair value measurement	15	2,452	2,768	-	-
Intangible asset allocation	17	-	371	-	371
Property, plant & equipment					
- impairment of land at cost	18	-	(1,400)	-	-
Investment properties					
- fair value gains unrealised	19	21,828	19,460	(128)	149
Gain on revaluation of Te Wherowhero					
title properties	20	3,690	4,369	3,690	4,369
Interest rate swaps					
- fair value losses unrealised		(1,140)	(3,973)	-	-
Investment properties					
- realised gain on sale		28	-	-	-
Shares in listed companies					
- fair value gains realised		-	4,050	-	-
Shares in listed companies					
-fair value gains unrealised		964	-	-	-
Shares in unlisted companies					
- fair value gains/(losses) realised		8	(55)	-	-
Shares in unlisted companies					
- fair value gains unrealised		1,276	673	-	-
Property, plant and equipment					
- gain/(loss) on disposal		1	11	1	11
		30,383	26,771	3,563	4,900

9 GRANT EXPENSE

	Consolidated		Parent	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Grant expenses during the year comprise of the following:				
Kiingitanga				
- Ururangi Trust	1,321	1,289	1,321	1,289
- Mahinarangi and Turongo house	680	2,047	680	2,047
- Koroneihana	100	158	100	158
Education	1,212	885	1,207	840
Waikato Endowed Colleges Trust	1,399	-	567	-
Marae	1,000	1,000	1,000	1,000
Marae facilities	233	638	233	638
Other	1,164	740	860	702
	7,109	6,757	5,968	6,674

10 RESERVES AND RETAINED EARNINGS

	Consolidated		Parent	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
(a) Reserves				
Revaluation reserves (farm and other properties)	10,453	11,151	-	-
Revaluation reserves (associates)	7,222	7,222	-	-
	17,675	18,373	-	-

	Notes	Consolidated 2013 $'000	Consolidated 2012 $'000	Parent 2013 $'000	Parent 2012 $'000
Revaluation reserve (farm and other properties)					
Balance at beginning of year		11,151	8,279	-	-
Revaluation gain/(loss) during the year	18	(698)	2,872	-	-
Balance at end of year		**10,453**	**11,151**	**-**	**-**
Revaluation reserve (trust and other properties)					
Balance at beginning of year		-	485	-	-
Transfer to retained earnings		-	(485)	-	-
Balance at end of year		**-**	**-**	**-**	**-**
Revaluation reserve (associates)					
Balance at beginning of year		7,222	7,222	-	-
Balance at end of year		**7,222**	**7,222**	**-**	**-**

Nature and purpose of reserves

Farm and other properties recognises the change in fair value of properties held in this category. Associates reserves comprises of the Group's share of revaluation of property, plant and equipment in associate entity, Hamilton Riverview Hotel.

(b) Retained earnings

Movements in retained earnings were as follows:

	Consolidated 2013 $'000	Consolidated 2012 $'000	Parent 2013 $'000	Parent 2012 $'000
Balance at beginning of year	568,290	533,234	185,505	192,667
Net profit/(loss) for the year	110,047	34,571	75,463	(7,162)
Transfer from reserves	-	485	-	-
Balance at end of year	**678,337**	**568,290**	**260,968**	**185,505**

11 TRADE AND OTHER RECEIVABLES

	Notes	Consolidated 2013 $'000	Consolidated 2012 $'000	Parent 2013 $'000	Parent 2012 $'000
Trade receivables		2,086	2,428	191	819
Property settlements	14	2,219	562	-	-
Less provision for impairment		(211)	(75)	(5)	(7)
Trade receivables from related parties	14	389	-	158	-
Prepayments		944	575	16	28
Other receivables		2,164	2,004	106	-
		7,591	**5,494**	**466**	**840**

Property settlements include $1.2m owing by the joint venture partners of Rotokauri Development Limited (see note 14).

	Consolidated 2013 $'000	Consolidated 2012 $'000	Parent 2013 $'000	Parent 2012 $'000
Balance at beginning of the year	75	83	7	26
Additional provisions	183	74	-	24
Provision reversals	(47)	(82)	(2)	(43)
	211	**75**	**5**	**7**

12 INVENTORIES

	Consolidated		Parent	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Land - sections for sale	3,905	4,159	-	-
Other inventories at cost	44	51	8	8
	3,949	4,210	8	8

The Bank of New Zealand currently holds a registered first mortgage over property situated at Huntington/Gordonton Road, Hamilton. This property is part of the Callum Brae Tainui joint venture.

13 BIOLOGICAL ASSETS

		Consolidated		Parent	
		2013	2012	2013	2012
	Notes	$'000	$'000	$'000	$'000
Livestock					
Balance at beginning of year		1,082	843	-	-
Additions		200	160	-	-
Decreases due to sales		(566)	(614)	-	-
Changes in fair value	4	119	693	-	-
Balance at end of year		**835**	**1,082**	**-**	**-**
Trees					
Balance at beginning of year		3,191	2,694	-	-
Changes in fair value	8	1,276	497	-	-
Balance at end of year		**4,467**	**3,191**	**-**	**-**

The livestock consists of mixed age sheep, cattle and cows, which are held for dairy and dry stock farming. M Gaustad from PGG Wrightson determined the fair value of sheep, cattle and cows at 31 March 2013 (2012: C Heggie from PGG Wrightson). Both valuers provided valuations based on reference to market evidence of current market prices less point of sale costs. At balance date there were 2,486 sheep, 471 cattle and 197 cows (2012: 2,864 sheep, 428 cattle and 161 cows).

The trees are comprised of a 374 hectare Pinus Radiata (2012: 374 hectares) forest planted from 1996 to 1997, 150 hectares Pinus Radiata (2012: 150 hectares) forest planted from 2001 to 2002 and 270 hectares of Californian Coast Redwoods (2012: 270 hectares) planted from 2005 to 2007. It is expected that the rotation age for the Pinus Radiata crop will be 27 years and 30 years for the Californian Coast Redwoods, at which time the crop will be harvested. The 374 hectares and 150 hectares of Pinus Radiata was valued using the Crop Expectation Value method at a 7.0% post-tax discount rate to determine fair value, less point-of-sale costs. The 270 hectares of Californian Coast Redwoods was valued using current replacement cost method used for young trees at a 7.0% compounded rate. The non-current biological assets are held for investment. All non-current biological assets were valued by P Silcock from NZ Forestry Limited (2012: R H Webster from NZ Forestry Limited valued 374 and 270 hectares and Alan Bell valued 150 hectares).

All valuers are independent registered valuers not related to the Trust or Group. 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	
		2013	2012	2013	2012
	Notes	$'000	$'000	$'000	$'000
Advances owing by related parties:					
Tainui Group Holdings Limited					
and subsidiaries		-	-	-	74,027
		-	**-**	**-**	**74,027**
Advances owing to related parties:					
Tainui Group Holdings Limited					
and subsidiaries		-	-	4,377	8,400
Waikato Raupatu River Trust		-	-	1	682
Waikato-Tainui Distributions Limited		-	-	1,200	1,244
Waikato-Tainui Koiora Limited Collective LP		-	-	415	381
		-	**-**	**5,993**	**10,707**
Trade and other receivables owing by related parties:					
Tainui Group Holdings Limited	11	389	-	158	-
Rotokauri Development Limited	11	1,185	-	-	-
		1,574	**-**	**158**	**-**
Trade and other payables owing to related parties:					
Tainui Group Holdings Limited					
and subsidiaries	21	389	-	125	150
Waikato-Tainui Distributions Limited	21	16	-	16	-
Waikato Raupatu Lands Trust	21	26	-	26	-
		431	**-**	**167**	**150**

Transactions between related entities include loans and advances to and from the Parent, 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. The amount owing by Tainui Group Holdings Limited and subsidiaries to the Parent is subordinated to the Westpac and BNZ bank loans (see note 23).

Tainui Group Holdings Limited charged the Trust and Waikato Raupatu River Trust $0.5m and $0.3m respectively (2012: the Trust and Waikato Raupatu River Trust $0.7m and $0.3m respectively) for administration services and financial charges, which is classified as other income (see note 4). There were no purchases of goods or services from the Group's subsidiaries.

Tainui Group Holdings Limited and Waikato-Tainui Fisheries Limited declared a dividend of $10.01m and $0.9m respectively during the year for the year ended 31 March 2013 to Waikato-Tainui Te Kauhanganui Incorporated (2012: nil). A dividend of $11.1m from Tainui Group Holdings Limited and $0.4m from Waikato-Tainui Fisheries Limited was declared on the 18th of June 2013 in relation to the year ended 31 March 2013 (see note 30).

On 21 February 2013, Tainui Group Holdings Limited issued 70,000,000 shares at $1 per share to the Trust. No cash was paid for the shares, however payment of the shares were offset by the advance that Tainui Group Holdings Limited owed the Trust.

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.

During the financial year, Tainui Development Limited sold 42 hectares of land at Rotokauri to the joint venture partnership, Rotokauri Development Limited for residential sub division. As at 31 March 2013, $1.2m is outstanding and has since been paid (see note 11).

NOTES TO THE FINANCIAL STATEMENT continued

14 RELATED PARTY TRANSACTIONS continued

(b) Key management and personnel compensation

Key management personnel compensation for the years ended 31 March 2013 and 31 March 2012 is as follows:

	Consolidated		Parent	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Short term employee benefits	1,894	1,629	256	234
	1,894	1,629	256	234

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

(c) Directors and trustees fees

	Consolidated		Parent	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Tainui Group Holdings Limited:				
M Allen	55	40	-	-
M Cockram	40	40	-	-
R Papa	3	40	-	-
J Perry (Board advisor)	40	-	-	-
H W Rau	37	-	-	-
P Rawiri	37	-	-	-
R Schaafhausen	3	40	-	-
J Spencer (Chairman to 30 July 2012)	20	80	-	-
Sir H van der Heyden (Chairman from 1 July 2012)	60	-	-	-
Hon. K Wetere	10	40	-	-
Waikato-Tainui Te Kauhanganui Inc.:				
A Capper	30	-	30	-
V Hapi	-	2	-	2
C Joe	-	44	-	44
T T A S Mahuta	40	-	40	-
T Maipi	-	52	-	52
T Martin	60	158	60	158
G Miller	31	50	31	50
M Moana-Tuwhangai	-	64	-	64
T B Morgan	14	159	14	159
R Papa	40	44	40	44
K M Porima	40	51	40	51
H W Rau	55	-	55	-
P Rawiri	40	-	40	-
T Roa (chairman and interim negotiator)	107	1	107	1
R Schaafhausen	40	45	40	45
B Takerei	20	-	20	-
P Te Ao	-	48	-	48
T P T M Tukere	40	-	40	-
R Tukiri	-	59	-	59
J Wilson	40	44	40	44
Waikato-Tainui Te Kauhanganui Inc representatives	257	257	257	257
	1,159	1,358	854	1,078

15 TRADE AND OTHER RECEIVABLES (NON-CURRENT)

	Consolidated 2013 $'000	Consolidated 2012 $'000	Parent 2013 $'000	Parent 2012 $'000
Co-Management Settlement receivable	16,647	15,196	-	-
Other receivables	458	466	-	-
Unsecured loan	469	471	469	471
Provision for doubtful receivable	(450)	(450)	(450)	(450)
Lease fitout contribution	1,159	821	-	-
	18,283	**16,504**	**19**	**21**

Other receivables is comprised of the Waikato Raupatu River Trust co-management settlement receivable. 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 March 2019. The coupon rate applicable is 3.16% as at 31 March 2013 (2012: 3.85%).

16 OTHER FINANCIAL ASSETS

	Consolidated 2013 $'000	Consolidated 2012 $'000	Parent 2013 $'000	Parent 2012 $'000
At fair value through profit or loss:				
Listed companies	2,426	-	-	-
Unlisted companies	7,579	5,385	-	-
Unlisted company AFL income shares	12,935	12,935	-	-
	22,940	**18,320**	**-**	**-**

(a) Listed companies

The fair value of shares in listed companies is the investment in Fonterra Co operative Group Limited.

(b) Unlisted companies

The fair value of shares in unlisted companies is represented by the investment in Pioneer Capital Partners LP (2012: Pioneer Capital Partners LP and Fonterra Co operative Group Limited).

(c) Unlisted companies - Aotearoa Fisheries Limited (AFL) income shares

The fair value of the AFL income shares is based on a calculation of the equity value of AFL as determined at 31 March 2013. The calculation of equity value considers the average EBIT over a three year period using a market multiple to determine the enterprise value and deducting net debt to derive the equity value of each income share held at 31 March. During the year ended 31 March 2013, AFL distributed a special taxable 1:1 bonus issue. The bonus issue had no impact on the investment valuation (see note 7).

17 INTANGIBLE ASSETS

Consolidated	Software $'000	Quota $'000	NZ Units ETS $'000	Total $'000
Year ended 31 March 2012				
Opening balance	227	20,340	105	20,672
Additions	36	-	371	407
Amortisation and impairment	(146)	-	(74)	(220)
Closing balance	**117**	**20,340**	**402**	**20,859**
At 31 March 2012				
Cost	448	20,340	476	21,264
Accumulated amortisation and impairment	(331)	-	(74)	(405)
Net book value	**117**	**20,340**	**402**	**20,859**

NOTES TO THE FINANCIAL STATEMENT continued

17 INTANGIBLE ASSETS continued

Consolidated	Software $'000	Quota $'000	NZ Units ETS $'000	Total $'000
Year ended 31 March 2013				
Opening balance	117	20,340	402	20,859
Additions	268	-	-	268
Disposals	(27)	-	-	(27)
Amortisation and impairment	(110)	-	(300)	(410)
Closing balance	**248**	**20,340**	**102**	**20,690**
At 31 March 2013				
Cost	615	20,340	476	21,431
Accumulated amortisation and impairment	(367)	-	(374)	(741)
Net book value	**248**	**20,340**	**102**	**20,690**

	Software $'000	NZ Units ETS $'000	Total $'000
Parent			
Year ended 31 March 2012			
Opening balance	-	-	-
Additions	-	371	371
Closing balance	**-**	**371**	**371**
At 31 March 2012			
Cost	-	371	371
Net book value	**-**	**371**	**371**
Year ended 31 March 2013			
Opening balance	-	371	371
Additions	157	-	157
Amortisation and impairment	-	(277)	(277)
Closing value	**157**	**94**	**251**
At 31 March 2013			
Cost	157	371	528
Impairment	-	(277)	(277)
Net book value	**157**	**94**	**251**

Tainui Group Holdings Limited is deemed a participant in the New Zealand Emission Trading Scheme (ETS) as it is an owner of fishing quota. NZUs relate to 4,191 units that were allocated to Tainui Group Holdings Limited by the Ministry for the Environment as part of the fisheries allocation for quota owned. The units were valued at $1.90 per unit (2012: $7.50) resulting in an impairment charge of $23,470 (2012: $73,342).

The Parent is deemed a participant in the ETS as it is an owner of forestry land. NZUs relate to 49,511 units that were allocated to the Parent by the Ministry for the Environment as part of the forestry allocation for land owned. The units were valued at $1.90 per unit (2012: $7.50) resulting in an impairment charge to the Parent of $277,262 (2012: nil).

Quota Management Systems Limited were contracted as an independent valuer to perform an impairment assessment of the quota assets. 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.

Quota benefits are expected to be received in perpetuity, therefore the useful life has been assessed as indefinite.

18 PROPERTY, PLANT AND EQUIPMENT

Consolidated	Notes	Farm & other proper-ties $'000	Develop ment proper-ties $'000	Land at cost $'000	Trust & other proper-ties $'000	Plant & equip-ment $'000	Motor vehicles $'000	Computer, equip-ment, furnit-ure & fittings $'000	Hotel $'000	Total $'000
Year ended 31 March 2012										
Opening net book value		18,878	51,996	4,640	9,509	478	276	1,149	-	86,926
Additions		205	7,436	-	2	3	19	442	-	8,107
Disposals		(1)	-	-	-	-	(5)	(47)	-	(53)
Net revaluation	10	2,872	-	-	-	-	-	-	-	2,872
Impairment of land at cost	8	-	-	(1,400)	-	-	-	-	-	(1,400)
Depreciation	5	(167)	-	-	(389)	(34)	(67)	(407)	(1,847)	(2,911)
Reclassification		-	(59,170)	-	-	-	-	-	59,170	-
Transfer from investment properties	19	-	1,360	-	-	-	-	-	-	1,360
Closing net book value		**21,787**	**1,622**	**3,240**	**9,122**	**447**	**223**	**1,137**	**57,323**	**94,901**
At 31 March 2012										
Cost		41	1,622	3,240	18,033	915	922	2,352	59,170	86,295
Valuation		22,952	-	-	-	-	-	-	-	22,952
Accumulated depreciation		(1,206)	-	-	(8,911)	(468)	(699)	(1,215)	(1,847)	(14,346)
Closing net book value		**21,787**	**1,622**	**3,240**	**9,122**	**447**	**223**	**1,137**	**57,323**	**94,901**

	Notes	Farm & other proper-ties $'000	Develop ment proper-ties $'000	Land at cost $'000	Trust & other proper-ties $'000	Plant & equip-ment $'000	Motor vehicles $'000	Comp-uter, equip-ment, furnit-ure & fittings $'000	Hotel $'000	Total $'000
Year ended 31 March 2013										
Opening net book value		21,787	1,622	3,240	9,122	447	223	1,137	57,323	94,901
Additions		3,000	-	-	-	34	123	923	415	4,495
Disposals		(43)	-	-	(36)	(3)	(5)	(71)	-	(158)
Net revaluation	10	(698)	-	-	-	-	-	-	-	(698)
Reclassification		1,536	(1,622)	-	-	4	44	38	-	-
Transfer to investment properties	19	(1,622)	-	(3,240)	-	-	-	-	-	(4,862)
Depreciation	5	(107)	-	-	(343)	(82)	(120)	(424)	(2,241)	(3,317)
Closing net book value		**23,853**	**-**	**-**	**8,743**	**400**	**265**	**1,603**	**55,497**	**90,361**
At 31 March 2013										
Cost		27	-	-	15,986	956	1,117	3,121	59,585	80,792
Valuation		23,849	-	-	-	-	-	-	-	23,849
Accumulated depreciation		(23)	-	-	(7,243)	(556)	(852)	(1,518)	(4,088)	(14,280)
Closing net book value		**23,853**	**-**	**-**	**8,743**	**400**	**265**	**1,603**	**55,497**	**90,361**

NOTES TO THE FINANCIAL STATEMENT continued

18 PROPERTY, PLANT AND EQUIPMENT continued

Parent	Notes	Trust & other proper-ties $'000	Plant & equipment $'000	Motor vehicles $'000	Computer office equip-ment, furniture & fittings $'000	Total $'000
Year ended 31 March 2012						
Opening net book value		8,748	478	185	271	9,682
Additions		-	5	-	37	42
Disposals		(1)	-	(3)	-	(4)
Depreciation charge	5	(381)	(36)	(43)	(98)	(558)
Closing net book value		**8,366**	**447**	**139**	**210**	**9,162**
At 31 March 2012						
Cost		15,732	915	684	729	18,060
Accumulated depreciation		(7,366)	(468)	(545)	(519)	(8,898)
Closing net book value		**8,366**	**447**	**139**	**210**	**9,162**

	Notes	Trust & other proper-ties $'000	Plant & equipment $'000	Motor vehicles $'000	Computer office equip-ment, furniture & fittings $'000	Total $'0
Year ended 31 March 2013						
Opening net book value		8,366	447	139	210	9,162
Additions		-	34	-	74	108
Disposals		(35)	(6)	-	(36)	(77)
Depreciation charge	5	(334)	(79)	(89)	(77)	(579)
Closing net book value		**7,997**	**396**	**50**	**171**	**8,614**
At 31 March 2013						
Cost		15,121	939	684	753	17,497
Accumulated depreciation		(7,124)	(543)	(634)	(582)	(8,883)
Closing net book value		**7,997**	**396**	**50**	**171**	**8,614**

Development properties

In 2012, development properties relating to the development of the Novotel Auckland Airport hotel, which was completed in May 2011, were transferred to a separate hotel category within property, plant and equipment (see also note 23 for ASB Bank security agreement over the hotel assets).

In 2013, Tainui Group Holdings Limited developed new offices which has been reclassified from development to farm and other properties. The prior office property occupied by Tainui Group Holdings Limited has been transferred to investment properties.

Land at cost includes two properties owned by Tainui Group Holdings Limited which were to be developed but are now considered investment properties. The properties are located in Taupo and Ruakiwi Road, Hamilton.

Valuation 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 2013 is $19.3m (2012: $20.1m). The carrying amount that would have been reported for farm properties under the historical cost method is $9.3m (2012: $9.2m).

The total value of other properties by Curnow Tizard Limited at 31 March 2013 is $4.6m (2012: $1.7m). The carrying amount that would have been reported for other properties under the historical cost method is $4.5m (2012: $0.9m).

All valuers are independent registered valuers not related to the Parent or Group. 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

		Consolidated		Parent	
		2013	2012	2013	2012
	Notes	$'000	$'000	$'000	$'000
Balance at beginning of year		504,437	437,917	4,305	4,156
Development		16,785	48,420	-	-
Net gain from fair value adjustment	8	21,828	19,460	(128)	149
Transfer from/(to) property, plant and equipment	18	4,862	(1,360)	-	-
Disposals		(2,624)	-	-	-
Balance at end of year		**545,288**	**504,437**	**4,177**	**4,305**

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 $69m and Parent $0.9m on 31 March 2013 (31 March 2012: $123m and Parent: $0.9m) 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 $286m on 31 March 2013 (31 March 2012: $261m) using a mixture of market evidence of transaction prices for similar properties, capitalisation and discounted cash flow approaches.

K Sweetman from Colliers International NZ Limited valued properties at fair value of $75m on 31 March 2013 (31 March 2012: nil) using a mixture of market evidence of transaction prices for similar properties, direct comparison, capitalisation and discounted cash flows approaches.

M. J. Snelgrove from Curnow Tizard Limited valued properties at fair value of $112m and Parent $3.3m on 31 March 2013 (31 March 2012: $110m and Parent: $3.4m) 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 nil on 31 March 2013 (31 March 2012: $2m) 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 nil on 31 March 2013 (31 March 2012: $2m) using a mixture of market evidence of transaction prices for similar properties and the direct comparison approaches.

All valuers are independent registered valuers not related to the Parent or Group. All valuers hold recognised and relevant professional qualifications and have recent experience in the locations and categories of the investment property they have valued.

Tainui Group Holdings Limited also incurred work in progress, which is held at cost, as at 31 March 2013 of $3m (2012: $6m) in relation to the property located at The Base.

20 TE WHEROWHERO TITLE PROPERTIES

		Consolidated		Parent	
		2013	2012	2013	2012
	Notes	$'000	$'000	$'000	$'000
Investment Properties					
Balance at beginning of the year		34,856	30,487	34,856	30,487
Net gain from fair value adjustments	8	3,690	4,369	3,690	4,369
		38,546	**34,856**	**38,546**	**34,856**
Other land					
At cost		1,716	1,716	1,716	1,716
Closing balance		**40,262**	**36,572**	**40,262**	**36,572**

For Te Wherowhero title properties held at fair value amounting to $39m (2012: $35m), valuations were completed as follows:

T. Arnott from CB Richard Ellis Limited valued properties at fair value of $24m (Parent: $24m) as at 31 March 2013 (31 March 2012: $20m and Parent $20m) 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 $9m (Parent: $9m) as at 31 March 2013 (31 March 2012: $8m and Parent $8m) 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) as at 31 March 2013 (31 March 2012: $7m and Parent $7m) 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. All valuers hold recognised and relevant professional qualifications and have recent experience in the locations and categories of the investment property they have valued.

Te Wherowhero land title is subject to an operating lease with Tainui Group Holdings Limited. The sub lessor interest is held within investment properties (see note 19).

21 TRADE AND OTHER PAYABLES

		Consolidated		Parent	
		2013	2012	2013	2012
	Notes	$'000	$'000	$'000	$'000
Trade payables		1,170	2,556	87	131
Grants payable		2,520	2,746	2,520	2,746
Trade payables to related parties	14	431	-	167	150
Income received in advance		1,590	1,094	-	-
Accrued expenses		12,155	7,634	550	560
Employee entitlements		799	896	257	428
Other payables		404	244	-	-
GST		646	45	8	45
		19,715	**15,215**	**3,589**	**4,060**

22 TRADE AND OTHER PAYABLES (NON-CURRENT)

	Consolidated		Parent	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Income received in advance	1,131	-	-	-
	1,131	**-**	**-**	**-**

23 INTEREST BEARING LIABILITIES

	Consolidated		Parent	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Secured				
Bank loans	30,336	30,228	-	-
Housing Corporation of New Zealand	6	5	6	5
Total current interest bearing borrowings	**30,342**	**30,233**	**6**	**5**
Bank loans	156,335	149,394	-	-
Housing Corporation of New Zealand	6	12	6	12
Total non-current interest bearing liabilities	**156,341**	**149,406**	**6**	**12**
Total interest bearing liabilities	**186,683**	**179,639**	**12**	**17**

Total interest bearing liabilities for the Group is net of prepaid borrowing costs of $0.5m (2012: $0.5m).

Tainui Group Holdings Limited holds a multi option credit line facility agreement with Westpac New Zealand Limited for $50m (2012: $50m) which matures on 15 March 2014. Borrowings of $30m of the available facility had been drawn at balance date (2012: $26m).

Tainui Group Holdings Limited holds a multi option credit line facility agreement with Westpac New Zealand Limited for $25m (2012: $25m) which matures on 16 June 2015. No borrowings had been drawn at balance date (2012: nil).

Tainui Group Holdings Limited holds a Wholesale Term Loan Facility with Westpac New Zealand Limited for $50m (2012: $50m) which matures on 27 July 2015. Borrowings of $50m had been drawn at balance date (2012: $50m).

Tainui Group Holdings Limited holds a Committed Cash Advances Facility Tranche A Agreement with the Bank of New Zealand for $75m (2012: $75m) which matures on 31 July 2016. Borrowings of $48m of this facility had been drawn at balance date (2012: $46m).

Tainui Group Holdings Limited holds a Committed Cash Advances Facility Tranche B Agreement with the Bank of New Zealand for $50m (2012: $50m) which matures on 30 November 2017. Borrowings of $32m of the available facility had been drawn at balance date (2012: $30m).

Tainui Auckland Airport Hotel holds a Committed Cash Advance Facility with ASB Bank Limited for $33m (2012: $33m) which matures 27 May 2014. Borrowings of $26m of the available facility had been drawn at balance date (2012: $28m). The ASB Bank has a first and exclusive security agreement over the assets and undertakings of Tainui Auckland Airport Hotel LP and Tainui Auckland Airport Hotel GP Limited.

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.

The following borrowing costs were capitalised as components of investment properties:

	Consolidated		Parent	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Investment properties	722	1,649	-	-
Weighted average capitalisation rates on funds borrowed generally	8.20%	8.22%	-	-

24 OTHER FINANCIAL LIABILITIES

	Consolidated		Parent	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
At fair value through profit or loss				
Interest rate swaps	162	-	-	-
Total current other financial liabilities	162	-	-	-
Interest rate swaps	12,740	11,763	-	-
Total non current other financial liabilities	12,740	11,763	-	-
	12,902	**11,763**	**-**	**-**

The notional amount of interest rate swaps is $150m with maturity dates that range from 1-9 years (2012: $150m, maturing between 1-9 years).

25 RECONCILIATION OF PROFIT/(LOSS) FOR THE YEAR TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

		Consolidated		Parent	
		2013	2012	2013	2012
	Notes	$'000	$'000	$'000	$'000
Net profit/(loss) for the year		110,761	34,552	75,463	(7,162)
Non cash items:					
Depreciation, amortisation and impairment	5	3,727	3,131	856	558
Bad debts written off	5	85	19	2	5
Movement in doubtful debt provision	5	159	28	-	16
Gain on sale of investment properties	8	28	-	-	-
Gain on revaluation of biological assets	4, 13	(1,395)	(1,190)	-	-
Gain on fair value measurement of other receivables	8	(2,452)	(2,768)	-	-
Allocation of intangible assets	17	-	(371)	-	(371)
Gain on shares in listed companies	8	(964)	(4,050)	-	-
Gain on shares in unlisted companies - unrealised	8	(1,276)	(673)	-	-
Loss on interest rate swaps	8	1,140	3,973	-	-
Share of total profits of associates	6	(316)	(541)	-	-
(Gain)/loss on revaluation of investment properties	8, 19	(21,828)	(19,460)	128	(149)
Impairment of land at cost	8	-	1,400	-	-
Gain on revaluation of Te Wherowhero title properties	8	(3,690)	(4,369)	(3,690)	(4,369)
Other non-cash items in relation to investing and financing activities		(185)	8	76	(20)
Gain on disposal of property, plant and equipment	8	(1)	(11)	(1)	(11)
(Increase)/decrease in current assets:					
Trade and other receivables		(3,876)	3,936	376	3,108
Trade and other receivables - non-cash fair value gain		2,452	2,768	-	-
Inventories		261	415	-	-
Biological assets		247	(239)	-	-
Biological assets - non-cash fair value gain		119	693	-	-
Increase/(decrease) in current liabilities:					
Trade and other payables		5,631	(7,141)	(471)	411
Other					
Dividend received from associate	6	207	207	-	-
Net cash inflow/(outflow) from operating activities		**88,834**	**10,317**	**72,739**	**(7,984)**

26 FINANCIAL RISK MANAGEMENT

26.1 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). 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 2013 (2012: 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 2013, 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 $594,149 (2012: $256,996) higher or lower (parent nil for 2013 and 2012). 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 2013 due to the increased level of short term deposit investments and higher interest rates.

(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 2013 and 2012: 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% (2012: nil) with all other variables held constant and all the Group's equity instruments move according to the historical correlation with the index.

26 FINANCIAL RISK MANAGEMENT continued

Consolidated	Impact on profit		Impact on equity	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
+10%				
Financial assets at fair value through profit or loss	243	-	243	-
-10%				
Financial assets at fair value through profit or loss	(243)	-	(243)	-

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 movement in the enterprise value of 1% would result in a gain/(loss) in the Groups equity interest in AFL income shares of $0.1m (2012: $0.2m) and a movement in the multiple of 1.0 would result in a gain/(loss) in the Groups equity interest in AFL income shares of $1.7m (2012: $2.1m).

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.

The Group utilises the skills of appropriately qualified and experienced forestry consultants and forestry contractors to mitigate the financial risk relating to forestry 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.

Consolidated - At 31 March 2013	Notes	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total Contractual cash flows $'000	Carrying amount liabilities $'000
Non derivatives							
Trade and other payables	21	16,680	-	-	-	16,680	16,680
Borrowings	23	37,823	31,519	137,984	-	207,326	187,163
Total non derivatives		**54,503**	**31,519**	**137,984**	**-**	**224,006**	**203,843**
Derivatives							
Derivative financial instrument (outflows)		3,106	2,712	5,340	1,744	12,902	12,902
Total derivatives	24	**3,106**	**2,712**	**5,340**	**1,744**	**12,902**	**12,902**
Consolidated - At 31 March 2012							
Non-derivatives							
Trade and other payables	21	13,180	-	-	-	13,180	13,180
Borrowings	23	30,305	38,860	132,012	-	201,177	180,169
Total non-derivatives		**43,485**	**38,860**	**132,012**	**-**	**214,357**	**193,349**
Derivatives							
Derivative financial instrument (outflows)		2,430	2,334	4,821	2,178	11,763	11,763
Total derivatives	24	**2,430**	**2,334**	**4,821**	**2,178**	**11,763**	**11,763**
Parent - At 31 March 2013							
Non-derivatives							
Trade and other payables	21	3,324	-	-	-	3,324	3,324
Borrowings	23	6	7	-	-	13	12
Advances		5,993	-	-	-	5,993	5,993
Total non-derivatives		**9,323**	**7**	**-**	**-**	**9,330**	**9,329**
Parent - At 31 March 2012							
Non-derivatives							
Trade and other payables	21	3,587	-	-	-	3,587	3,587
Borrowings	23	6	7	7	-	20	17
Advances		10,707	-	-	-	10,707	10,707
Total non-derivatives		**14,300**	**7**	**7**	**-**	**14,314**	**14,311**

(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.

Disclosure of fair value measurements is made by the 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).

26 FINANCIAL RISK MANAGEMENT continued

Consolidated - as at 31 March 2013	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total balance $'000
Assets				
Financial assets at fair value through profit or loss				
– Investments in listed companies	2,426	-	-	2,426
– Investments in unlisted companies	-	7,579	-	7,579
– Investments in unlisted company (AFL income shares)	-	-	12,935	12,935
Total assets	**2,426**	**7,579**	**12,935**	**22,940**
Liabilities				
Financial liabilities at fair value through profit or loss				
– Interest rate swaps	-	12,902	-	12,902
Total liabilities	**-**	**12,902**	**-**	**12,902**

Consolidated - as at 31 March 2012	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total balance $'000
Assets				
Financial assets at fair value through profit or loss				
– Investments in unlisted companies	-	5,385	-	5,385
– Investments in unlisted company (AFL income shares)	-	-	12,935	12,935
Total assets	**-**	**5,385**	**12,935**	**18,320**
Liabilities				
Financial liabilities at fair value through profit or loss				
– Interest rate swaps	-	11,763	-	11,763
Total liabilities	**-**	**11,763**	**-**	**11,763**

(f) 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
Consolidated			
At 31 March 2013			
Other financial assets	22,940	-	22,940
Trade and other receivables	-	23,771	23,771
Cash and cash equivalents	-	156,858	156,858
	22,940	**180,629**	**203,569**
At 31 March 2012			
Other financial assets	18,320	-	18,320
Trade and other receivables	-	20,602	20,602
Cash and cash equivalents	-	83,146	83,146
	18,320	**103,748**	**122,068**

	Assets at fair value through profit or loss $'000	Assets at amortised cost $'000	Total $'000
Parent			
At 31 March 2013			
Trade and other receivables	-	469	469
Cash and cash equivalents	-	76,512	76,512
	-	**76,981**	**76,981**
At 31 March 2012			
Advances to subsidiaries	74,027	-	74,027
Trade and other receivables	-	833	833
Cash and cash equivalents	-	4,730	4,730
	74,027	5,563	79,590

Financial liabilities as per statement of financial position	Liabilities at fair value through profit or loss $'000	Liabilities at amortised cost $'000	Total $'000
Consolidated			
At 31 March 2013			
Borrowings	-	187,163	187,163
Derivative financial instruments	12,902	-	12,902
Trade and other payables	-	16,680	16,680
	12,902	**203,843**	**216,745**
At 31 March 2012			
Borrowings	-	180,169	180,169
Derivative financial instruments	11,763	-	11,763
Trade and other payables	-	13,180	13,180
	11,763	**193,349**	**205,112**
Parent			
At 31 March 2013			
Borrowings	-	12	12
Trade and other payables	-	3,324	3,324
Advances from subsidiaries	-	5,993	5,993
	-	**9,329**	**9,329**
At 31 March 2012			
Borrowings	-	17	17
Trade and other payables	-	3,587	3,587
Advances from subsidiaries	-	10,707	10,707
	-	**14,311**	**14,311**

26.2 Capital risk management

The Group's capital is its equity plus debt, which is comprised of 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 Parent 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 23) (2012: no breach). There are no externally imposed capital requirements at balance date (2012: nil).

26 FINANCIAL RISK MANAGEMENT continued

	Notes	Consolidated 2013 $'000	Consolidated 2012 $'000
Total borrowings	23	186,683	179,639
Less: cash and cash equivalents		(156,858)	(83,146)
Net debt		29,825	96,493
Total equity		704,687	595,584
Total capital		**734,512**	**692,077**
Gearing ratio		**4%**	**14%**

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 2013 $'000	Consolidated 2012 $'000	Parent 2013 $'000	Parent 2012 $'000
Within one year	179	141	37	35
Later than one year but not later than five years	365	321	55	35
Later than five years	210	225	-	9
Commitments not recognised in the financial statements	**754**	**687**	**92**	**79**

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

The operating leases that exist between the Parent and Tainui Group Holdings Limited for land owned by the Parent at The Base and University of Waikato are rent free until the first rent review date which is in 2019 and 2022 respectively.

(b) Group and Parent as lessor

The lease payments receivable from leasees are as follows:

	Consolidated 2013 $'000	Consolidated 2012 $'000	Parent 2013 $'000	Parent 2012 $'000
Within one year	2,820	31,518	-	-
Later than one year and not later than five years	96,984	104,238	-	-
Later than five years	117,269	139,239	32,010	28,280
	247,073	**274,995**	**32,010**	**28,280**

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 Contingencies

(a) Contingent assets

The Trust and Group had contingent assets at 31 March 2013 in respect of:

There is a contingent asset at balance date in respect of the Crown Treaty settlement which allows for a special 'top up' mechanism if the value of all Treaty settlements between 1996 and 2044 ends up being more than $1 billion. During the financial year ended 31 March 2013, the Crown confirmed that the all Treaty settlements had exceeded $1 billion and as a result, the Trust received a $70m settlement.

No further claim shall be paid until 2017 and five yearly thereafter. Whilst the claims are paid on a five yearly basis, all future relativity settlement amounts will be recognised based on the annual confirmation from the Government of the claim amount. No claim shall be made after 2044.

There are no other contingent assets at 31 March 2013 (2012: nil).

(b) Contingent liabilities

The Trust and Group had contingent liabilities at 31 March 2013 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 23).

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

29 CAPITAL COMMITMENTS

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

	Consolidated		Parent	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Property, plant and equipment	-	2,157	-	-
Other financial assets	583	1,440	-	-
	583	**3,597**	**-**	**-**
Investment property	-	2,298	-	-
	-	**2,298**	**-**	**-**

30 EVENTS SUBSEQUENT TO THE REPORTING PERIOD

On 20 May 2013, Raukura Moana Seafoods Limited entered into a joint venture agreement with Sealord Group Limited to manage the fishing activities. The agreement is subject to Overseas Investment Office approval which is yet to be issued.

On the 18th of June 2013 Tainui Group Holdings Limited declared a dividend of $11.1m and Waikato-Tainui Fisheries Limited declared a dividend of $0.4m in relation to the year ended 31 March 2013 (2012: Tainui Group Holdings Limited $10.1m and Waikato-Tainui Fisheries Limited $0.9m).

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 38 to 73, which comprise the statements of financial position as at 31 March 2013, the statements of comprehensive income and statements of changes in equity and statements of cash flows for the year then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information.

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 the 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 the 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, tax advisor and providers of other assurance services we have no relationship with, or interests in, Waikato Raupatu Lands Trust or any of its subsidiaries. These services have not impaired our independence as auditors of the Trust and the Group.

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Independent Auditors' Report

Waikato Raupatu Lands Trust

Opinion

In our opinion, the financial statements on pages 38 to 73:

(i) comply with generally accepted accounting practice in New Zealand; and

(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 2013, 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 2013:

(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 and the Group 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 Auckland
18 June 2013


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