

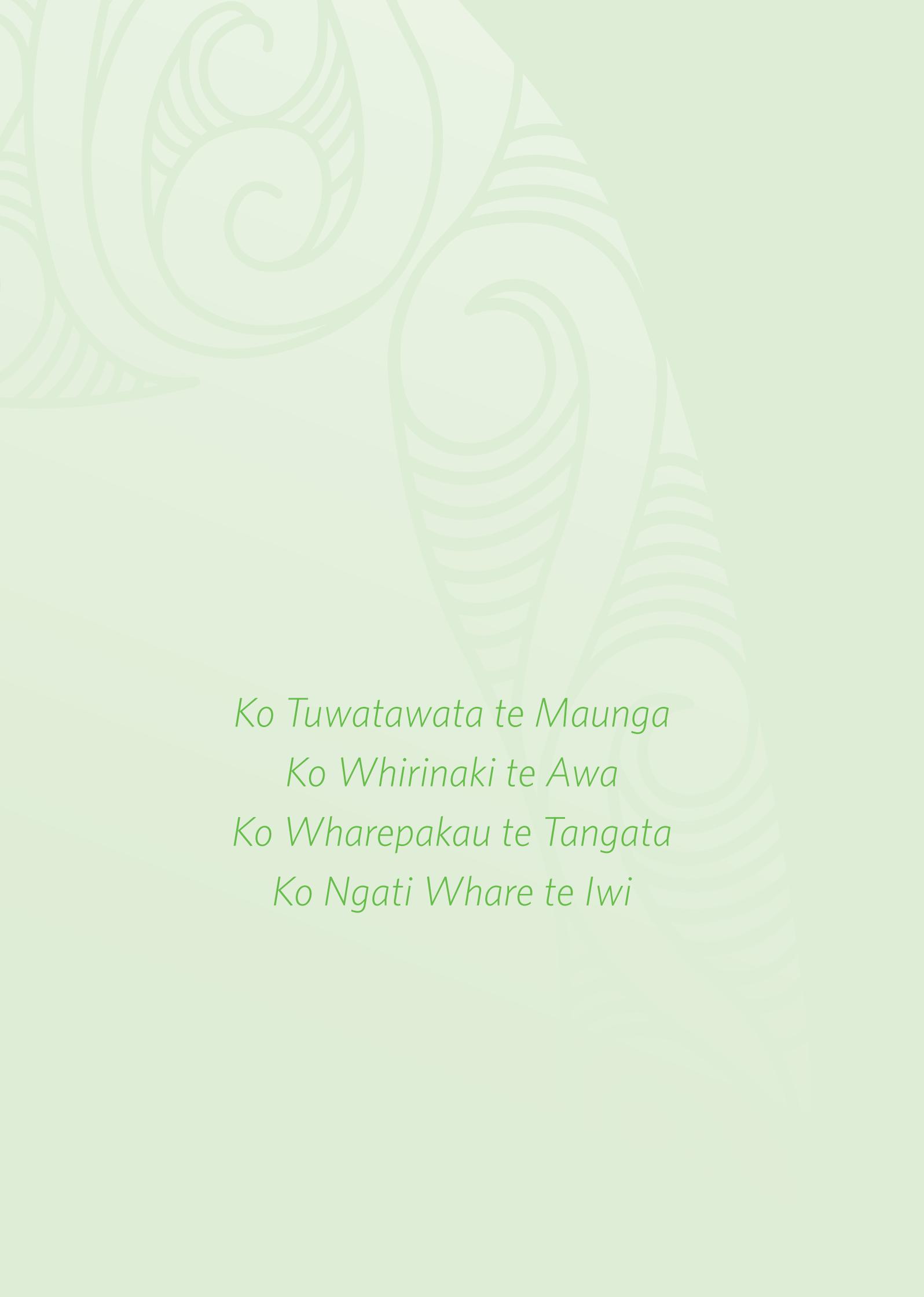


**NGATI WHARE
HOLDINGS**

LIMITED

Annual Report

2017



*Ko Tuwatawata te Maunga
Ko Whirinaki te Awa
Ko Wharepakau te Tangata
Ko Ngati Whare te Iwi*



Agenda of AGM 2017

NOTICE IS HEREBY GIVEN that an Annual General Meeting of the Board of Directors will be held at the office of GHA, Rotorua on Friday 8 December 2017 at 1pm.

1. Karakia/Mihi
2. Apologies
3. Chairman's Report
4. Minutes of Previous Annual General Meeting
5. Audited Annual Financial Reports for the year ended 30 June 2017
6. Appointment of Auditor
7. General Business

Chairman's Report



Tena Koutou Katoa

Ngati Whare Holdings Limited: Directors Annual Report to 30th June 2017

Ngati Whare Holdings Limited is pleased to present the company's Annual Report for the twelve month period ending 30th June 2017.

It has been another successful trading period for Ngati Whare Holdings.

The principal activity for the period was the opening in September 2016 and then the establishment of our indigenous nursery at Minginui.

This has been a massive undertaking and we are extremely grateful to those involved.

The nursery is very much a community project which is delivering on our commitment to bring employment and overall economic prosperity back to the village.

We believe this investment to be the catalyst for other business activities in the region which we are actively pursuing.



The signing of the Conservation Management Plan with DoC is a great piece of work which also creates further business opportunities.

We anticipate the new government's pledge to the forestry industry will be very positive for our nursery and Ngati Whare.

Financial Performance:

Total revenue of \$2,199, 661 for the period was greater than we budgeted but is slightly behind 2016 income due to the one off distribution of the Crown Agreed Portion occurring last year.

This income does however exclude an additional amount of \$2,178,043 representing the increase in the value of the Kakano investment. For accounting purposes this increase is now recorded as other comprehensive income in the Statement of Profit or Loss and Other Comprehensive Income.

Total Comprehensive Income for the year is \$2,513,386.

The Kakano investment continues to perform very well. Not only do we receive very good regular cash income but we have also seen our original \$10 million shareholding grow to almost \$16 million. The outlook for radiata pine continues to be strong.

In 2016 lower prevailing interest rates combining with equity returns saw our investment portfolio performing at lower levels to those previously enjoyed. A similar pattern continued in 2017 although the lower interest rate impact was offset by higher PIE income earnings meaning we ended the year in a similar position as 2016. In addition to counter the impact of foreign political decisions the board decided to cash up the equity investments in NZ Asset Management reducing our international exposure to more comfortable levels.

Total expenses including the cost of sales for the current year were \$1,478,532 compared to \$710,148 in 2016, an increase of \$768,384. This is primarily a result of the first year of operating the nursery which was always budgeted to be cash flow negative for the first few years during the establishment phase. We expect ongoing losses to be less than those incurred in the first year.

As a result the profit after tax for 2017 was \$716,501 compared to the result for 2016 of \$1,765,449.

Dividend:

The profitability of the company resulted in a corresponding dividend payable to the Runanga of \$655,683.

Balance Sheet:

Total assets increased from \$24,811,508 in 2016 to \$27,046,155 in 2017. This value uplift is the result of the greater Kakano shareholding value, as earlier mentioned, plus the capital investment in the Minginui nursery.

Net Assets increased from \$20,309,768 to \$22,282,215 an increase of \$1,972,447

CNI Iwi Holdings

During the financial year we undertook a revaluation of the CNI rental stream and asset, based on the adjudication panel's findings. Whilst these findings are yet to be ratified the valuer determined that the present value of the CNI asset for Ngati Whare will be \$28,299,000. As with previous years, this value has been referred to in the notes to the financial statements. However if this value, is added to the above total assets figure, the value of the holdings company would exceed \$55 million

Investment Opportunities:

It is the view of the board that the holdings company is in a good position to make further direct investments and we continue to analyse potential investments that meet our criteria.

Management:

Our thanks go to Mere George and her team at GHA, for exemplary service.

The board and management continue to work very well together.

Nāku noa,

Rick Braddock

Chairman

Ngati Whare Holdings Limited

Minutes of AGM 2015

Minutes of the Annual General Meeting of Ngati Whare Holdings Ltd held at the GHA Board Room on 17 December 2015 at 11am

Present: Rick Braddock, Ian Hulton, Pene Olsen, Lena Brew, Kohiti Kohi, Daryl Christie.

In Attendance: Mere George (Manager/Accountant) and Sharon Nikora (Kaiwhakahaere a Roopu).

1. OPENING:

1.1. Rick welcomed all to the hui. Kohiti opened the hui with a karakia and mihi.

2. APOLOGIES:

2.1. Lance Taurua, Robert Wiri and Bronco Carson (Late)

3. CHAIRMAN'S REPORT:

3.1. The chairman's report was tabled as read. Rick presented the Ngati Whare Holdings highlights for 2015.

3.2. Rick provided those present with an update on the meeting with Minister Finlayson. Rick advised that the Minister is in support of the project.

3.3. Tourism:

Kohiti highlighted the importance of the marae in the company's tourism plans. Rick updated the board regarding the tourism options with treetop tours, and a partnership with Ngai Tahu.

3.4. Daryl thanked the board for the dividend received. Daryl asked if we were able to confirm what the support from the Minister looks like. Rick confirmed this detail is still to be discussed, but the nursery project cannot wait for the outcome of a third party funder. Ngati Whare Holding's financial position is reasonable.

Resolution 1:

"To adopt the chairman's report"

Moved: Daryl Christie

Second: Kohiti Kohiti

CARRIED

4. MINUTES:

Resolution 2

"That the minutes of the meeting held on 15 August 2014 are true and correct"

Moved: Daryl Christie

Second: Lena Brew

CARRIED

5. AUDITED FINANCIAL REPORTS 30 JUNE 2015:

5.1. Rick highlighted the performance of the Kakano Investment. Rick briefly discussed the changes taking place with management structure of Kaingaroa Timberlands.

5.2. Rick presented possible future investment opportunities and invited the board to bring opportunities to the Ngati Whare Holdings board to investigate.

5.3. The board were informed of Rick's scholarship to two Minginui young people - Cane Moses and Deloris Moses.

5.4. Daryl asked given the nursery losses will the Ngati Whare Holdings have cash to take up Landcorp options. Rick clarified the losses are actually cash flow requirements while the plant stock grows.

5.5. Rick confirmed they can cash flow the nursery and take advantage of any future opportunities. There is negative cash flow while the stocks grow but it is across three to four years which is manageable.

5.6. Discussion ensued regarding falling trees in the Whirinaki and taking advantage of the assets.

New Action Point: *Discuss options regarding fallen trees and asset utilisation of finances*

6. FINANCIAL REPORTS:

6.1. Mere presented the financial reports and answered questions from the board.

Resolution 3:

"To approve the financial reports for the year ended 30 June 2015"

Moved: Daryl Christie

Second: Kohiti Kohiti

CARRIED

7. APPOINTMENT OF AN AUDITOR:

Resolution 4:

"Iles Casey to be reappointed as auditors for the financial year ended 30 June 2016"

Moved: Daryl Christie

Second: Pene Olsen

CARRIED

8. GENERAL BUSINESS:

8A. Minginui Indigenous Nursery

8.1. Mere and Rick presented the nursery presentation.

8.2. Daryl asked if we have analysed exist points should things go pear shaped. Rick and Mere confirmed that they have not done this formerly, but will keep an eye on each milestone and look to mitigate risks.

8.3. Daryl asked if the Minister confirmed that he would pay what we are asking. Rick confirmed the Minister did not as he has no budget to do so but would support this by providing letters of support to other departments to fund the project.

8.4. Discussion ensued regarding other nurseries in the rohe. Ian confirmed that we could share technology. Rick commented that he would hope the others would too.

Resolution 5:

"To approve that Ngati Whare Holdings commit \$900,000 for the establishment of an indigenous nursery in Minginui"

Moved: Daryl Christie

Second: Kohiti Kohiti

CARRIED

8.5. It was noted that there will be further reports and calls for working capital. Ngati Whare Holdings Limited will regularly report on progress at each stage.

8B. Mana Whenua

8.1. Ngati Whare and Ngati Manawa will start discussions about Matea.

8.2. Bronco gave an update on the meeting that was called today.

8.3. Discussion ensued regarding separate titles.

8.4. Tuhoe didn't attend so the hui was more of a general discussion.

9. CLOSURE:

9.1. Meeting was closed at 12.08pm for lunch.

Annual Financial Statements

Ngati Whare Holdings Limited and Subsidiary

For the year ended 30 June 2017

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**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF NGATI WHARE HOLDINGS LIMITED & SUBSIDIARY**

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Ngati Whare Holdings Limited ("the Company") and its subsidiary (together, "the Group"), which comprise the consolidated statement of financial position as at 30 June 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime ("NZ IFRS RDR") issued by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Company or its subsidiary.

Directors' Responsibilities for the Consolidated Financial Statements

The directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS RDR, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these consolidated financial statements.

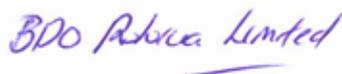
As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Who we Report to

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's 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 Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.



BDO Rotorua Limited
Rotorua
New Zealand
30 November 2017

Entity Information

Ngati Whare Holdings Limited and Subsidiary

As at 30 June 2017

Nature of business

Commercial Iwi Entity

Postal address

PO Box 1712, Rotorua

Registered office

Te Runanga o Ngati Whare

Civic Square

Murupara

Directors

David Carson

Ian Hulton

Richard Braddock

Shareholders

David Carson (director)

Pene Olsen (trustee of Te Runanga o Ngati Whare Trust)

Accountants

GHA Ltd

Chartered Accountants

PO Box 1712, Rotorua

Auditors

BDO Rotorua Limited

Chartered Accountants

1130 Pukaki Street, Rotorua

Solicitors

Kahui Legal

32 Waring Taylor Street

Wellington

Statement of Profit or Loss and Other Comprehensive Income

Ngati Whare Holdings Limited and Subsidiary

For the year ended 30 June 2017

	Note	2017 \$	2016 \$
Revenue			
Contract revenue		131,956	86,751
Other revenue	6	483,340	570,906
Investment income	7	220,131	229,734
Nursery income		25,301	-
Share of equity accounted investee profit	20	418,471	418,108
CNI Distribution		920,461	1,391,566
Total Revenue		2,199,661	2,697,065
<i>Less</i> Cost of sales - Nursery	10	(187,419)	(35,111)
Gross profit		2,012,242	2,661,954
Expenses			
Contract expenses	8	197,111	80,184
Administration expenses	9	445,889	349,941
Interest		155,852	209,682
Nursery expenses	11	401,772	17,576
Other expenses		12,424	13,907
Depreciation of property, plant and equipment	17	78,064	3,747
Total Expenses		1,291,113	675,037
Profit before tax		721,130	1,986,917
Income tax expense	12	4,629	221,468
Profit for the year		716,501	1,765,449
Other comprehensive income, net of income tax			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Share of equity accounted investee other comprehensive income	20	2,178,043	1,180,717
Income tax related to the above	13	(381,158)	(206,626)
Total Other comprehensive income, net of income tax		1,796,885	974,091
Total comprehensive income for the year		2,513,386	2,739,540



This Statement is to be read in conjunction with the Notes to the Financial Statements, and the accompanying Audit Report.

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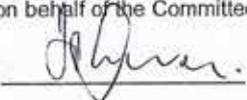
Statement of Financial Position

Ngati Whare Holdings Limited and Subsidiary

As at 30 June 2017

	Note	2017	2016
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	15	1,538,273	1,929,729
Trade and other receivables	16	149,961	30,697
Stock on hand		41,756	-
Goods and services tax		16,025	53,955
Income tax refund due	12	157,898	37,903
Total Current assets		1,903,912	2,052,284
Non-current assets			
Property, plant and equipment	17	997,489	78,280
Available-for-sale financial assets	18	296,423	296,423
Financial assets at fair value through profit or loss	19	5,666,515	5,354,644
Investments in associates	20	15,872,457	14,180,462
Intangible assets	21	2,286,149	2,286,149
Other non-current assets	23	23,210	563,267
Total Non-current assets		25,142,243	22,759,224
Total Assets		27,046,155	24,811,508
Liabilities			
Current liabilities			
Trade and other payables	24	57,308	179,005
Related party advances	27	124,957	124,946
Employee entitlements payable		2,727	-
Total Current liabilities		184,992	303,951
Non-current liabilities			
Borrowings	25	3,332,000	3,332,000
Deferred tax liability	13	1,246,947	865,789
Total Non-current liabilities		4,578,947	4,197,789
Total Liabilities		4,763,939	4,501,740
Net assets		22,282,216	20,309,768
Equity			
Capital		11,500,000	11,500,000
Reserves	26	6,298,583	4,501,698
Retained earnings		4,483,633	4,308,070
Total Equity		22,282,216	20,309,768

For and on behalf of the Committee of Board:

Director: 

Director: 

Date

30/11/17

This Statement is to be read in conjunction with the Notes to the Financial Statements, and the accompanying Audit Report.



Statement of Profit or Loss and Other Comprehensive Income

Ngati Whare Holdings Limited and Subsidiary

For the year ended 30 June 2017

	Note	2017 \$	2016 \$
Revenue			
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This Statement is to be read in conjunction with the Notes to the Financial Statements, and the accompanying Audit Report.

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Statement of Cash Flows

Ngati Whare Holdings Limited and Subsidiary

For the year ended 30 June 2017

	Note	2017	2016
		\$	\$
Cash flows from operating activities			
Receipts from customers and annual catch entitlements		222,832	312,258
Payments to suppliers and employees		(862,077)	(914,978)
Cash generated from operations		(639,245)	(602,720)
Investment income		1,138,023	1,627,487
Income taxes		(124,624)	(283,757)
Net GST		23,016	(33,773)
Total Cash flows from operating activities		397,170	707,237
Cash flows from investing activities			
Payments to acquire property, plant and equipment		(997,273)	(40,061)
Payments to acquire investments		(3,888)	0
Receipts from investments in associates		904,518	630,935
Proceeds from disposal of investments		0	971,718
Total Cash flows from investing activities		(96,643)	1,562,592
Cash flows from financing activities			
Borrowings repaid		0	(1,668,000)
Finance charges paid		(151,045)	(213,354)
Dividends paid		(540,938)	(512,291)
Total Cash flows from financing activities		(691,983)	(2,393,645)
Net Increase/ (Decrease) in Cash and Cash Equivalents		(391,456)	(123,816)
Cash Balances			
Cash and cash equivalents at beginning of the year	15	1,929,729	2,053,545
Cash and cash equivalents at end of the year	15	1,538,273	1,929,729
Net change in cash for the year		(391,456)	(123,816)



This Statement is to be read in conjunction with the Notes to the Financial Statements, and the accompanying Audit Report.

Notes to the Financial Statements

Ngati Whare Holdings Limited and Subsidiary

For the year ended 30 June 2017

1. General information

The financial report includes the financial statements and notes of Ngati Whare Holdings Limited and its subsidiary. Ngati Whare Holdings Limited (the Parent) is a profit-orientated entity incorporated in New Zealand and registered under Companies Act 1993.

The Parent is a wholly-owned subsidiary of Te Runanga o Ngati Whare Trust.

The consolidated financial statements comprise Ngati Whare Holdings Limited and Minginui Nursery Limited Partnership.

These financial statements were approved and authorised for issue by the Board of Directors on 27 November 2017.

2. Statement of compliance and reporting framework

These financial statements are general purpose financial statements that have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable financial reporting standards as appropriate for profit-orientated entities. The Group has elected to report under NZ IFRS – Reduced Disclosure Regime of the External Reporting Board as the Group is a for-profit Tier 2 entity for financial reporting purposes on the basis that it does not have public accountability and is not a large for-profit public sector entity. The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 2013

3. Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year.

4. Summary of accounting policies

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

4.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Incorporation and entities controlled by the Incorporation.

Control is achieved when the Incorporation:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Consolidation of a subsidiary begins when the Incorporation obtains control over the subsidiary and ceases when the Incorporation loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Incorporation gains control until the date when the Incorporation ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Incorporation and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Incorporation.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

4.2 Functional and presentation currency

The financial statements are presented in New Zealand dollars (\$). All numbers presented have been rounded to the nearest dollar.



Notes to the Financial Statements

Ngati Whare Holdings Limited and Subsidiary
For the year ended 30 June 2017

4.3 Revenue

Revenue is measured by reference to the fair value of consideration received or receivable. The Group recognises revenue when it can be reliably measured, it is probable that future economic benefits will flow to the Group.

4.3.1 Interest and dividend income

Interest income is recognised when it is received, with an adjustment at year end to recognise interest due but not received (accrual basis) using the effective interest method. Dividend income is recognised at the time the right to receive payment is established.

4.4 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

4.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.6 Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

4.7 Stock on hand

Stock on hand is stated at the lower of cost and net realisable value. Costs of stock on hand determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for stock on hand less all estimated costs of completion and costs necessary to make the sale.

4.8 Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries and annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.



Notes to the Financial Statements

Ngati Whare Holdings Limited and Subsidiary
For the year ended 30 June 2017

4.9 Taxation

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

4.9.1 Current income tax

Current income tax assets and/or liabilities comprise those obligations to, or claims from, Inland Revenue and relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

4.9.2 Deferred tax

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Group's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

4.10 Financial instruments

4.10.1 Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

4.10.2 Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- Loans and receivables
- Financial assets at Fair Value through Profit or Loss ("FVTPL")
- Available-for-Sale ("AFS") financial assets

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.



Notes to the Financial Statements

Ngati Whare Holdings Limited and Subsidiary
For the year ended 30 June 2017

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less any allowance for credit losses. Discounting is omitted where the effect of discounting is immaterial. The Group's receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Financial assets at FVTPL

Financial assets at FVTPL include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The Group has elected to designate investments in managed portfolio funds as FVTPL.

AFS financial assets

AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Group's AFS financial assets include investment in Aotearoa Fisheries Limited.

All AFS financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the AFS reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income. Interest is calculated using the effective interest method and dividends are recognised in profit or loss within investment income.

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

4.11 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand and deposits held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

4.12 Goods and services tax (GST)

All amounts in these financial statements are shown exclusive of GST, except for receivables and payables that are stated inclusive of GST.

4.13 Property, plant and equipment

Buildings, motor vehicles, office equipment and plant and equipment are initially recognised at acquisition cost, including any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Board of Directors. These assets are subsequently measured using the cost model (cost less subsequent depreciation and impairment losses).



Notes to the Financial Statements

Ngati Whare Holdings Limited and Subsidiary For the year ended 30 June 2017

Depreciation is recognised on a diminishing value basis to write down the cost of the assets over their estimated useful lives. The following rates are applied:

- Buildings: 20yrs SL
- Motor vehicles: 30%
- Plant and equipment: 13% - 40%
- Office equipment: 50%

Material residual value estimates and estimates of useful lives are updated as required, or at least annually.

Gains or losses arising on the disposal of building fit out, furniture and fittings, office equipment and plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

4.14 Investment in associates

Investments in associates are those where the Group has significant influence but not control over an investee. Significant influence arises when the Group holds 20%-50% of the equity and voting interests in an investee and has representation on its governing body.

The Group's investment in Kakano Investment Limited Partnership has been designated as an investment in associates.

Investments in associates are accounted for using the equity method whereby they are recognised initially at cost, and adjusted for share of profit (or loss) and share of changes in Other Comprehensive Income.

5. Critical judgements in applying accounting policies

When preparing the financial statements, the Board of Directors undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

5.1 Estimation uncertainty

Impairment

In assessing impairment, the Board of Directors estimates the recoverable amount of each asset based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to the determination of suitable discount rate. The Group recognised no impairment of assets in 2017 (2016: \$Nil).

Useful lives of depreciable assets

The Board of Directors reviews its estimates of useful lives of depreciable assets at each reporting date, based on the expected utility of assets.



Notes to the Financial Statements

Ngati Whare Holdings Limited and Subsidiary

For the year ended 30 June 2017

	Note	2017	2016
		\$	\$
6 Other revenue			
Aotearoa Fisheries		8,227	6,377
Crayfish Quota		121,178	196,310
Movements in fair value through P&L assets		307,983	330,041
Paua Ace income		40,716	30,178
Settlement quota		3,159	8,000
Sundry income		2,078	-
Total Other revenue		483,340	570,906
7 Investment income			
Interest income		9,427	38,974
Dividends from equity investments		53,875	52,042
PIE income		156,829	138,718
Total Investment income		220,131	229,734
8 Contract expenses			
Contract wages		194,628	69,339
Other contract expenses		2,483	10,845
Total contract expenses		197,111	80,184
9 Administration expenses			
Accountancy fees		34,207	22,956
Audit fees		4,750	4,000
Branding		8,192	-
Conference expenses		970	1,810
Consultancy		42,947	26,241
Chairman's fees	27	20,000	20,000
Directors' fees	27	72,000	72,000
Directors' fees additional meetings	27	26,200	27,880
Directors' professional development		1,613	7,037
Due diligence		33,246	-
Insurance		3,250	2,712
Investment management fees		52,934	61,845
Overhead contribution - Te Runanga o Ngati Whare	27	29,857	17,019
Management services		71,660	58,499
Travel expenses		19,141	15,273
Other administration expenses		24,921	12,669
Total Administration expenses		445,889	349,941
10 Cost of sales - Nursery			
Potting mix		18,570	-
Wages & salaries		210,604	35,111
Stock on hand		(41,756)	-
Total Cost of sales - Nursery		187,419	35,111



Notes to the Financial Statements

Ngati Whare Holdings Limited and Subsidiary

For the year ended 30 June 2017

	Note	2017	2016	
		\$	\$	
11 Nursery expenses				
Accountancy fees		3,106	-	
Consultancy		97,189	-	
Insurance		7,356	-	
Legal expenses		10,119	-	
Management services		85,868	-	
Nursery opening expenses		16,096	-	
Operating expenses		91,234	-	
Project management		62,089	-	
Other nursery expenses		28,715	17,576	
Total Nursery expenses		401,772	17,576	
12 Income tax				
Profit before income tax		721,130	1,986,917	
<i>Plus/(less) adjustments</i>				
Non-taxable income		(536,431)	(622,421)	
Other adjustments		52,316	(20,650)	
Taxable income		237,016	1,343,846	
Income tax using Maori Authority tax rate of 17.5%		41,478	235,173	
Less Imputation credits		(10,547)	(11,922)	
Less Overseas tax credits		(2,245)	(1,782)	
Prior period under/(over) provided		(24,057)	-	
Income tax expense		4,629	221,468	
Plus opening balance		(37,903)	24,386	
Less withholding tax paid		(9,059)	(14,743)	
Less terminal tax refunded		61,960	(24,559)	
Less provisional tax paid		(29,848)	(25,375)	
Less other tax credits		(147,676)	(219,080)	
Total tax to be paid/(refunded)		(157,898)	(37,903)	
13 Deferred tax				
Deferred tax assets/(liabilities)	01 July 2016	Recognised In Profit	Recognised In Equity	30 June 2017
Investment in associate	(865,789)	-	(381,158)	(1,246,947)
	(865,789)	-	(381,158)	(1,246,947)
	01 July 2015	Recognised In Profit	Recognised In Equity	30 June 2016
Investment in associate	(659,163)	-	(206,626)	(865,789)
	(659,163)	-	(206,626)	(865,789)
14 Maori Authority Credit Account				
Opening balance		164,161	(45,188)	
Tax paid/(refunded)		(49,272)	64,994	
RWT credits		8,323	14,384	
Maori authority credits		(114,744)	(101,031)	
Maori authority credits attached to distributions		38,706	231,002	
Closing balance		47,174	164,161	



Notes to the Financial Statements

Ngati Whare Holdings Limited and Subsidiary

For the year ended 30 June 2017

	Note	2017	2016
		\$	\$
15 Cash and cash equivalents			
Cash at bank - NZD		1,046,260	1,786,597
Cash in managed portfolio funds		40,735	143,132
Term deposits		451,278	-
Total Cash and cash equivalents		1,538,273	1,929,729
16 Trade and other receivables			
Trade receivables		16,854	30,697
Bond		640	-
Accrued income		121,178	-
Accrued interest		2,569	-
Prepayments		8,719	-
Total Trade and other receivables		149,961	30,697

No trade and other receivables are more than 90 days overdue (2016: \$Nil). There is no doubtful debt provision (2016: none) and the company is not exposed to any other significant credit risk (2016: none).

17 Property, plant and equipment

	Land Improvements	Buildings	Motor vehicles	Plant & equipment	Office equipment	Total
Cost		\$	\$	\$	\$	\$
Balance at 1 Jul 2015	-	-	2,609	6,822	-	9,431
Additions	-	-	38,663	34,280	1,398	74,341
Balance at 30 Jun 2016	-	-	41,272	41,102	1,398	83,772
Balance at 1 Jul 2016	-	-	41,272	41,102	1,398	83,772
Additions	25,791	807,590	-	161,610	2,282	997,273
Balance at 30 Jun 2017	25,791	807,590	41,272	202,712	3,680	1,081,045
Accumulated depreciation		\$	\$	\$	\$	\$
Balance at 1 Jul 2015	-	-	376	1,369	-	1,745
Depreciation expense	-	-	1,637	1,993	117	3,747
Balance at 30 Jun 2016	-	-	2,013	3,362	117	5,492
Balance at 1 Jul 2016	-	-	2,013	3,362	117	5,492
Depreciation expense	952	34,248	11,777	29,466	1,621	78,064
Balance at 30 Jun 2017	952	34,248	13,790	32,828	1,738	83,556
Net book value at 30 June 2016		-	39,259	37,740	1,281	78,280
Net book value at 30 June 2017	24,839	773,342	27,482	169,884	1,942	997,489



Notes to the Financial Statements

Ngati Whare Holdings Limited and Subsidiary

For the year ended 30 June 2017

	Note	2017	2016
		\$	\$
18 Available-for-sale financial assets			
Aotearoa Fisheries Limited shares		296,423	296,423
Total Available-for-sale financial assets		296,423	296,423

Fair value measurement

The above shares are not traded in an active market but are classified as available-for sale financial assets and stated at cost at the end of each reporting period. The directors have reviewed the value of the above shares and believe it represents the fair value of the shares.

During the 2013 year, Aotearoa Fisheries Limited declared a bonus share issue of \$141,257 to release excess Maori Authority Credits to shareholders. As the bonus shares were issued to existing shareholders on a pro-rata basis for tax purposes, the bonus issue had no impact on the share capital. An additional 103 bonus shares were allocated to the company, resulting in a total shareholding of 206 shares held at 31 March 2014.

19 Financial assets at fair value through profit or loss			
Craigs Investment Partners		2,477,864	1,964,301
Milford Asset Management		3,188,651	2,896,666
NZ Asset Management portfolio		-	493,677
Total Financial assets at FVTPL		5,666,515	5,354,644

20 Investments in associates			
Kakano Investments Limited Partnership			
Opening carrying value		14,180,462	13,212,571
Share of partnership profit		418,471	418,108
Share of partnership other comprehensive income		2,178,043	1,180,717
Distributions received		(417,443)	(419,396)
Capital distributions received		(487,076)	(211,539)
Closing carrying value		15,872,457	14,180,462

Ngati Whare Holdings Ltd holds 15.9% of the shares in Kakano Investments Limited Partnership (2016: 15.9%). Kakano is a forestry investment fund that has a 3% shareholding in Kaingaroa Timberlands. The cost of the investment is \$9,653,716 (2016: \$9,653,716).

21 Intangible assets			
Crayfish quota		1,526,500	1,526,500
Paua quota		635,950	635,950
Fisheries settlement quota		123,699	123,699
Total Intangible assets		2,286,149	2,286,149

Crayfish and Paua quota

There is a clause in the contract between Ngati Whare Holdings Limited and Aotearoa Fisheries that provides Aotearoa Fisheries Limited the right to purchase the quota at fair market value. Aotearoa Fisheries Limited also had an irrecoverable Right of First Refusal over the disposal of this quota.

During the 2011 financial year, Te Runanga o Ngati Whare purchased crayfish and paua quota from Aotearoa Fisheries on behalf of Ngati Whare Holdings Limited. The total value of these purchases was \$1,751,950 excluding GST. In 2014, Ngati Whare Holdings Limited purchased additional paua quota at a cost of \$410,500.

The Directors do not consider these to be impaired.



Notes to the Financial Statements

Ngati Whare Holdings Limited and Subsidiary

For the year ended 30 June 2017

21 Intangible assets - continued

Fisheries settlement quota

On 30 March 2009, a deed of transfer and warranty was signed between Te Runanga o Ngati Whare, as the mandated Iwi organisation (MIO), and Te Ohu Kaimoana, in recognition of the Ngati Whare Iwi Fisheries settlement under the Maori Fisheries Act 2004. On 28 May 2009 Ngati Whare received:

Total cash settlement	617,419
Fisheries settlement quota valued at	123,699
Aotearoa Fisheries Limited shares valued at	296,423
	1,037,541

In accordance with section 16 1 c of the Maori Fisheries Act 2004, Ngati Whare Holdings has received and hold, on behalf of Te Runanga o Ngati Whare as the MIO, all settlement quota and income shares allocated by Te Ohu Kaimoana. The total cash settlement transferred by Te Ohu Kaimoana has been retained by Te Runanga o Ngati Whare.

22 Contingent asset - CNI Iwi Holdings Limited

Ngati Whare Holdings Limited holds 225 unpaid shares in CNI Iwi Holdings Limited. CNI Iwi Holdings Limited was established by the CNI Iwi Collective (comprising eight Iwi within the Central North Island area) for the purpose of settling the historical CNI Forest Land Claims.

CNI Iwi Holdings Limited currently hold the CNI Forests Land on Trust for the CNI Iwi Collective and will facilitate the transfer of future CNI Forest rental income to the Iwi within the collective by way of distribution.

In 2013 Ngati Whare Holdings Limited engaged Esperance Capital Limited to provide a valuation of the CNI Iwi Holdings Limited asset by determining the present value of Ngati Whare Holdings Limited's future Crown forest licence income. Based on the findings of the valuation Esperance considers that the arm's length, current market valuation of this asset was \$28,299,000 as at April 2017. No further valuations have been obtained since this date.

	Note	2017	2016
		\$	\$
23 Other non-current assets			
Minginui Nursery Project		-	540,057
Whirinaki Forest Project		23,210	23,210
Total Other non-current assets		23,210	563,267
24 Trade and other payables			
Trade payables		33,230	160,599
PAYE Payable		7,002	6,137
Accrued expenses		17,076	12,269
Total Trade and other payables		57,308	179,005

Trade payables are unsecured and are usually paid within 30 days of recognition.

25 Borrowings

Secured - at amortised cost

Bank loans	3,332,000	3,332,000
Total Borrowings	3,332,000	3,332,000

The Westpac bank loan was used to purchase shares in Kakano Investments Limited Partnership in 2014. The loan is interest only, with the interest only period expiring on the 27 May 2021. Interest rate at balance date was 4.35% (2016: 4.85%). The maturity date of the loan is the 27 May 2021. A first and exclusive security agreement has been granted by Ngati Whare Holdings Limited. The security is a GSA over assets, undertakings and uncalled capital.



Notes to the Financial Statements

Ngati Whare Holdings Limited and Subsidiary

For the year ended 30 June 2017

	Note	2017	2016
		\$	\$
26 Reserves			
<u>Share of equity accounted investee other comprehensive income</u>			
Balance at beginning of the year		4,081,575	3,107,484
Share of equity accounted investee other comprehensive income	20	2,178,043	1,180,717
Deferred tax	13	(381,158)	(206,626)
Balance at end of the year		5,878,460	4,081,575
<u>AFL Shares</u>			
Balance at beginning of the year		296,423	296,423
Balance at end of the year		296,423	296,423
<u>Fisheries Settlement Quota</u>			
Balance at beginning of the year		123,699	123,699
Balance at end of the year		123,699	123,699
Total Reserves at beginning of the year		4,501,698	3,527,606
Total Reserves at end of the year		6,298,582	4,501,698

27 Related party transactions

	2017		2016	
	Revenue/ (Expense)	Receivables/ (Payables)	Revenue/ (Expense)	Receivables/ (Payables)
<u>(a) Parent</u>				
Te Runanga o Ngati Whare				
Dividend	(540,938)	-	(512,291)	-
Costs on-charged	(5,507)	(2,453)	(2,712)	-
Recovery of overhead contributions	29,857	-	17,019	-
Related party advance	-	(127,957)	-	(124,946)

The loan from Te Runanga o Ngati Whare is interest free and repayable on demand.

(b) Other related parties

Governance - director fees

Richard Braddock	(59,000)	-	(59,000)	-
David Carson	(34,000)	-	(34,000)	-
Ian Hulton	(25,200)	-	(26,880)	-
	(118,200)	-	(119,880)	-

Directors fees also include fees associated with Directorships on CNI Iwi Holdings Limited, CNI Iwi Land Management Limited and Te Kakano Whakatipu Limited.

David Carson and Richard Braddock hold Directors positions in CNI Iwi Holdings Limited, a company which Ngati Whare Holdings Limited currently holds 4.7125% shares. Richard Braddock also holds Directors positions in CNI Iwi Land Management Limited and Te Kakano Whakatipu Limited.



Notes to the Financial Statements

Ngati Whare Holdings Limited and Subsidiary

For the year ended 30 June 2017

27 Related party transactions - continued

	2017		2016	
	Revenue/ (Expense)	Receivables/ (Payables)	Revenue/ (Expense)	Receivables/ (Payables)
<u>(b) Other related parties - continued</u>				
Key management personnel				
GHA Ltd - management services	(71,660)	(5,829)	(58,449)	(15,222)
GHA Ltd - accounting services	(34,207)	(3,306)	(22,956)	(2,461)

GHA Limited are considered a related party as they provide key management functions to Ngati Whare Holdings Ltd.

28 Contingent liabilities

At balance date there were no known contingent liabilities (2016: \$Nil).

29 Commitments

At balance date there were no known capital commitments (2016: Ngati Whare Holdings Limited committed up to \$459,945 towards Minginui Nursery development).

30 Events after the balance date

There have been no events subsequent to balance date that would have material impact on these financial statements.



NOTES

