



RAUKAWA IWI DEVELOPMENT *limited*

ANNUAL REPORT 2012





OUR VISION

RAUKAWA IWI DEVELOPMENT LIMITED'S VISION IS TO BE AN OUTSTANDING IWI INVESTMENT COMPANY AND A RESPECTED LEADER WITHIN THE CENTRAL NORTH ISLAND ECONOMY. RIDL AIMS TO GROW WEALTH AND INFLUENCE FOR RAUKAWA THROUGH EXCELLENT MANAGEMENT OF ITS ASSETS IN A MANNER THAT PROVIDES SUSTAINABLE DISTRIBUTIONS FOR ITS SHAREHOLDER, NOW AND IN THE FUTURE.

EXCELLENCE

To be an excellent commercial manager of the assets of Raukawa.

GROWTH

To grow the assets and cash flows at a pace that allows a reliable distribution to meet the ongoing requirements of its shareholder.

INFLUENCE

To exert Raukawa rangatiratanga by being an investor, especially in industries and assets which contribute to the regional economy.

INTEGRITY

To enhance the mana of Raukawa through commercial and financial success and by upholding the values of Raukawa.



OUR INVESTMENT APPROACH

CONSERVATIVE

RIDL will take a long-term commercially disciplined approach to its investment decisions and will only invest where it believes it can generate appropriate risk-adjusted returns on capital.

COMPATIBLE

RIDL's primary focus in the long term will be direct investment into areas in which RIDL enjoys a competitive advantage and access through statutory rights, strong relationships or existing capacity. In situations where direct investment opportunities do not exist or when RIDL does not possess the required capacity, it will utilise passive investment.

BALANCED

RIDL will seek a balanced portfolio that generates the necessary cash flow to sustain distributions but also provides for long-term capital growth.

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FROM THE CHAIR

Vanessa Eparaima

IT GIVES ME GREAT PLEASURE TO SUBMIT THE RAUKAWA IWI DEVELOPMENT ANNUAL REPORT.



This will be my final report as Chair of RIDL, as I stand down from this role at the conclusion of this financial year so that I can focus on chairing the Raukawa Settlement Trust, a position I was elected to in February of this year.

I am proud to have worked with my fellow Trustees to develop a company that is well placed to achieve its commercial potential in the next phase of its development.

It is with some reluctance that I stand down as we enter this exciting phase of our commercial development. However, it is the right decision and it is one I have made to ensure I can focus on the crucial role of chairing our parent entity Raukawa Settlement Trust.

The decision will ensure the chair of RIDL is focused fully on making appropriate decisions and setting the right direction for our commercial company so that it is achieving its potential as a major economic force in our region.

I am proud to hand over to the next Chair in the knowledge that we have laid strong foundations for RIDL. Key decisions and policies have been implemented to ensure a robust enterprise, guided by market best practice moving forward.

Included in this focus of laying solid foundations has been the development of an appropriate iwi structure to nurture and support economic success. A key to iwi commercial success is having clarity of mandate and agreed direction for RIDL. RST and RIDL are in a strong position with clarity regarding RIDL's responsibility for the commercial activities (and receiving the commercial redress of Treaty settlement) and with an agreed investment and distribution strategy (SIPO).

The 2011/2012 financial year marked a period of continued development and improvement for RIDL, in just the second year since the company's

formation. This financial year marks a period of considerable progress as we set about ensuring we have developed the commercial engine that provides the financial fuel to drive the social and cultural aims of our iwi.

I would like to thank former Tainui Group Holdings Chairman and newly appointed independent RIDL director John Spencer for his assistance and support to me as Chair. I also thank our board for the expertise it provided in the early stages of our commercial company's development and acknowledge Barbara Anderson who, as a founding Director, played an integral role in setting up the boards foundations before resigning in October 2011.

The appointment of our first independent director comes as a result of an agreement with RST to allow up to three independents to join our commercial company.

Independent directors provide the scope to appoint high-level commercial experts or specialists, for example in property investment or agribusiness, to ensure we are making informed decisions as we move to more active investment decisions. Independent directors also provide access to extended commercial networks.

The use of independent commercial directors has been a model embraced by the likes of Tainui and Ngai Tahu and it has helped to ensure the success of these iwi commercial companies. It is therefore a pleasure and an honour to welcome John as our first independent director. John's stellar performance as Chairman of Tainui Group Holdings gives us great optimism that he will provide significant momentum for our iwi as we enter the next stage of our commercial development.

I am pleased to also report the approval and implementation of a five-year distribution policy which provides financial certainty for the social and cultural development of Raukawa. RIDL paid an annual dividend of \$1,500,960 (comprised of a donation to RCT and dividend to RST) this year. This

“Key decisions and policies have been implemented to ensure a robust enterprise, guided by market best practice moving forward.”

increases to \$2,150,000 next year, continuing to grow to \$2,600,000 by 2017.

The dividend to the parent company provides some certainty for budgeting decisions; it also sets targets for the commercial company, while allowing for the retention of some profit to be re-invested in the company to ensure its continued growth.

Raukawa, as a result of recent settlements, has returned as a significant economic force within our region. This is a situation we will continue to improve to ensure the best returns for our people.

It is important to remember, however, that the amount we have to invest is relatively small against the many needs and expectations of our 16 marae and more than 20,000 iwi members. There must be due caution and consideration in how we invest to ensure we are protecting and growing our commercial base for this and future generations. The more than \$2 million distribution is significant; however, it must fund a range of activities including governance costs, education, kaumatua and marae grants, and special tribal events.

While our asset base has grown significantly in recent years, there must be a clear understanding that this fund will be invested and grown so that we always have a resource to drive the social and cultural requirements of our iwi. It is through sound consistent growth that we will be able to increase the level of funding for our marae and our people. It is also important for whanau to understand that it will take time and dedication to ensure a long term success. We make no apology for taking time to get our investment strategy right, so that we can ensure the long term sustainability of our commercial company for this and future generations.

The priority for RIDL in its formative years has been passive investment, with a focus on diversifying across a range of sectors. These include New Zealand and international fixed interest investments, global and New Zealand audit equities, and specialist funds.

As is to be expected in what are very volatile national and international economic conditions, there has

been mixed results from our range of investments. Despite this volatility I am pleased to report a net surplus before donations of \$3,597,455 for this financial year.

We are a long-term investor and there will be ups and downs, but over time we will see continued growth and success.. We are focused on increasing operating income and we will not be deterred by market volatility.

This year marked the settlement of the comprehensive Treaty of Waitangi claim for Raukawa. Early in the next financial year, this will see \$32 million in cash transferred to RIDL. This is an amount budgeted for in distribution decisions made for future financial year. The additional funds will further enhance the investment and commercial opportunities available to us.

It has been an honour to serve as Chair of RIDL in its formative stage. We now enter a new and exciting phase of our commercial development.

The challenge before us as an iwi is to continue to grow the capability of our people to ensure the next generation leading and running our commercial affairs are all our own.

I would like to take this time to thank my fellow Directors who have shown a passion and commitment to ensuring RIDL is a company built on a foundation of stone that it may stand the tests of time.

I thank you for the privilege to lead RIDL, and I look forward to sharing alongside all of us, in the on-going growth and success of Raukawa Iwi Development Ltd.



VANESSA EPARAIMA
Chairperson

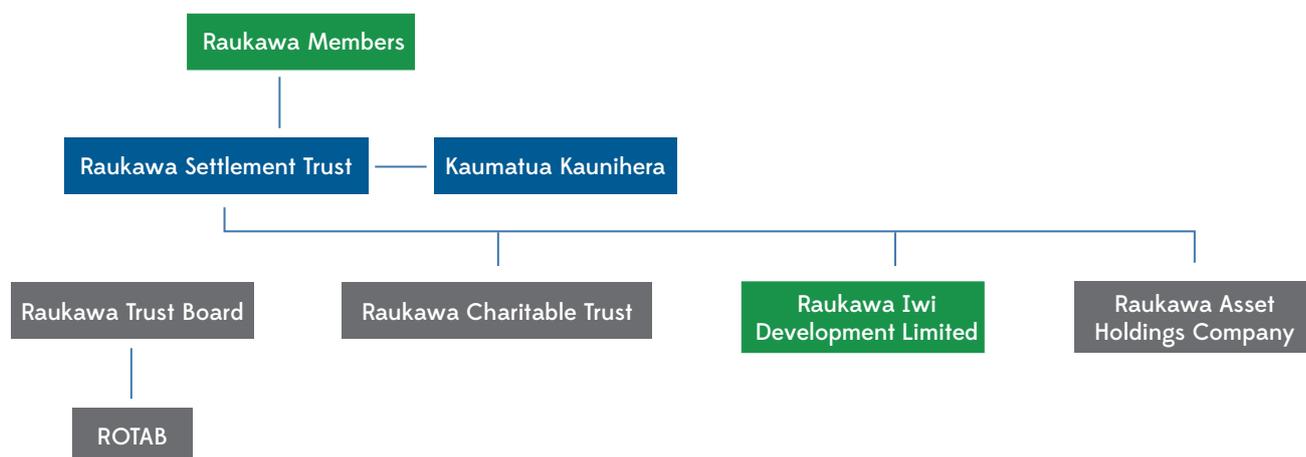
OUR STRUCTURE

THE ULTIMATE SHAREHOLDERS OF RAUKAWA IWI DEVELOPMENT LIMITED (RIDL) ARE THE RAUKAWA DESCENDANTS, WHO AFFILIATE TO 16 MARAE IN THE CENTRAL NORTH ISLAND. THEY ELECT REPRESENTATIVES TO SERVE ON THE RAUKAWA SETTLEMENT TRUST (RST) WHO IN TURN APPOINT DIRECTORS TO RIDL AS WELL AS APPOINTING TRUSTEES TO GOVERN THE RAUKAWA CHARITABLE TRUST.

RIDL is a separate legal entity that operates under the Companies Act 1993 with a board that is responsible and accountable for the company's performance. The RST has a strategic overview of the tribe's social, cultural and economic objectives. RST trustees and RIDL directors have worked closely together to agree on the constitution for RIDL, its investment strategy and future distribution of profits to RST. RIDL provides regular reports to RST and RST approves any major RIDL transactions.

Raukawa Iwi Development Limited is responsible for managing all commercial assets of Raukawa except for fisheries assets, including but not limited to:

- Ensuring appropriate governance processes are in place to protect Raukawa assets for future generations;
- Develop and review RIDL strategic direction and strategic investment policies
- Management of treaty settlement commercial assets received
- Generating, analysing, executing and managing new commercial investment opportunities aligned with RST's investment strategy
- Management of cash flow, treasury functions, and the balance sheet of RIDL and ensure agreed distributions to RST are met
- Overseeing the portfolio of investments including management and monitoring of investment performance
- Communicating with RST and directly with iwi members as appropriate on RIDL matters
- Ensuring compliance with applicable New Zealand laws, Trust Deed and RIDL constitution and appropriate internal risk management practices





YEAR IN REVIEW

OVERVIEW

The priorities for the year ended 30 June 2012 were:

- Continuing to lay the necessary platform for a successful Iwi investment company
- Providing any required commercial assistance to finalise the settlement and readying for the receipt of the commercial assets
- Increasing focus on CNIHL as a strategic investment for RIDL

During the past year John Spencer was appointed as an independent director, a revised SIPO, constitution and shareholders agreement were agreed with RST, accounting services were outsourced, a first annual report was produced and RST responsibility for the commercial aspects of the CNI and Treaty settlements was confirmed.

RST received \$32,193,000.00 from the Comprehensive Treaty Settlement in June and was transferred to RIDL in July post balance date (hence does not show in RIDL financial statements). These monies will be capitalised in RIDL through the issue of class B shares to RST. RIDL expects to retain these monies on term deposit until it has greater clarity regarding capital required for the acquisition of settlement properties and CNI forest replant opportunity.

RIDL has begun putting significant emphasis on understanding and beginning to assess the commercial property opportunities under the

settlement. There are over 30 properties available for election to purchase in five tranches based on time limits:

- Commercial properties, six months from signing of deed
- Forestry, up to six months from settlement date
- Justice and further commercial properties, up to two years from settlement
- Further commercial properties up to three years from settlement
- Ministry of Education properties, up to five years from settlement

The most immediate priority is in relation to commercial properties, for which notice of interest has to be given by the end of calendar 2012.

Timelines have not commenced on the DSP but will likely do so from late 2012 / early 2013, depending on the Crown's legislative schedule. Not all the settlement properties will be appropriate for RIDL to acquire so it is important that RIDL assesses them thoroughly to ensure that any acquired create value.

CNIHL have been progressing negotiations regarding forestry rights to plant trees on the land as the current trees are logged over the next 30-35 years. It is expected that Iwi will have the ability to co-invest alongside the forestry into the trees. RIDL has been working alongside the other CNIHL IWI to ensure this opportunity is structured so that RIDL's right and flexibility to invest is optimised.



FINANCIAL PERFORMANCE

The table below summarises RIDL's financial performance year ended 30 June 2012.

	2012	2011
Income	4,185,486	2,075,844
Expenses	(588,031)	(760,538)
Operating Net Surplus	3,597,455	1,315,306
Gains / Losses on investments	(476,919)	(133,920)
Net Surplus before Distributions and Donations	3,120,536	1,181,386
Less Distributions and Donations to RST and RCT	1,500,961	1,270,683
Less Tax	495,996	145,343
Net Surplus / Retained Earnings	1,123,579	(234,640)

The majority of income for the year was interest or dividends from managed funds and term deposits along with the annual dividend from CNIHL. Overhead costs have continued to be kept to a minimum.

Operating Net Surplus, of \$3,597,455 is the key annual performance indicator as market valuations of funds, especially equities, will fluctuate from year to year. RIDL is comfortable with its level of investment in equities, domestic and international shares, and given this is a long-term investment, it is not concerned with short-term (annual) fluctuations.

While the dividend to RST is shown in Statement of Changes in Equity in the financial statements, is combined with donations in the Summary to show

a clear picture of the total allocated to RST and RCT and of profits invested in RIDL.

Given the high levels of volatility that financial markets have experienced from the ongoing impact of the global financial crisis, natural disasters and European debt crisis, it is not surprising that the loss on RIDL's managed funds is \$476,919 over the financial year, which is largely attributable to international equities. As a long-term investor, RIDL is focused on the performance of these funds over five to 10 years.

There was \$1,500,961 distributed back to RST and RCT to ensure robust governance structures were established and the tribe had adequate funds to conclude the negotiation of its treaty settlement.

“As RIDL is in the formative stage of its development and because the comprehensive treaty settlement is still to be concluded, the directors have taken a conservative and passive investment approach while continuing to build capacity.”





FINANCIAL POSITION

The table below summarises RIDL's financial position for the year ended 30 June 2012.

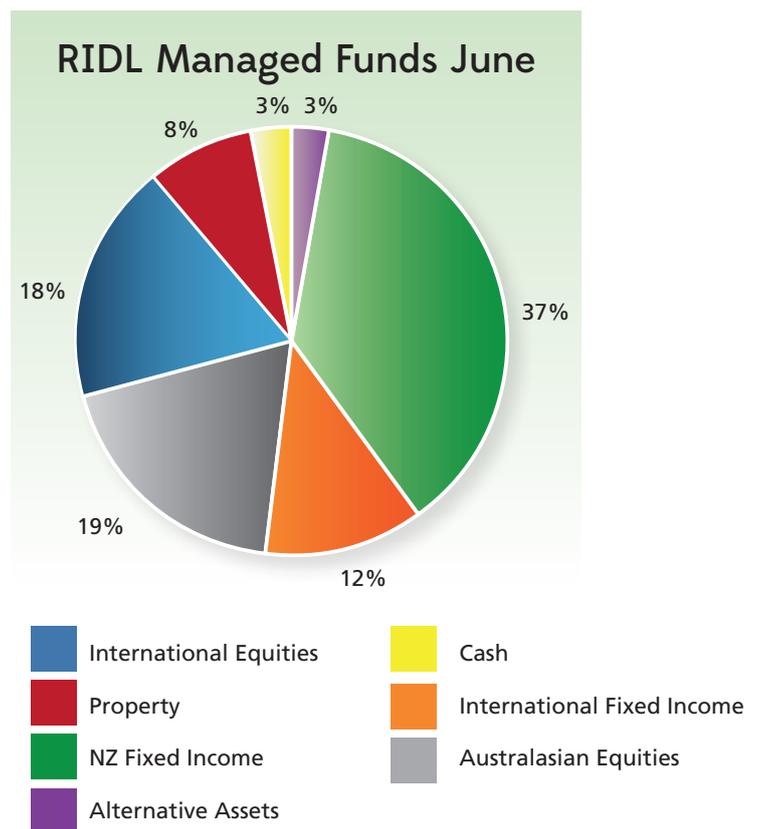
	2012	2011
Cash & Cash Equivalent	1,434,081	1,542,282
Working Capital	1,829,517	(135,551)
Term Deposits	10,492,482	9,569,903
Westpac Managed Fund	14,965,820	15,448,503
FNZC Managed Investments	20,963,026	20,784,477
Other Investments	1,582,032	1,663,765
RIDL Equity / RST Advance	50,996,958	48,873,379

There was continuing and significant volatility in global share markets during the year which started the financial year poorly before rallying towards the end of 2011 and through to early 2012 until dropping again in the last quarter of the financial year. The further volatility in the equity markets over the last quarter has especially impacted the international equities in the Westpac fund, however RIDL's total investments have performed relatively well.

Since balance date \$32m settlement cash has been received from RST and placed on term deposit. These are managed so as to maximise the interest earned by obtaining the best available rates.

Other investments included the land and buildings which the RST Group leases and a range of motor vehicles that are leased to RCT.

The following pie chart breaks down the combined Westpac Managed Fund and First NZ Capital Managed Investments in to more detail.



RIDL is comfortable with the strategic allocation of managed funds and will continually monitor the performance of investment managers to ensure it has the best available. Given the natural volatility of the market, it is important to measure a fund manager's performance over a longer period than just one year.





SHAREHOLDER INTERACTIONS & GOVERNANCE

Given RIDL has been operating for over 18 months and that the comprehensive treaty settlement is pending the RST and RIDL reviewed RIDL's framework documents during the year:

- RIDL constitution
- SIPO
- Shareholders Agreement

These three fundamental documents provide RIDL with the agreed parameters with which to operate and ensure that the best interest of its shareholder, being the RST, is upheld.

The two key changes made to the company constitution were:

- The requirement to obtain RST approval for the establishment of any RIDL subsidiary was removed but instead RIDL must ensure that the establishment of any such subsidiary complies with the RST's constitutional documents.
- Allow for 4-7 (instead of 3-9) Directors and a maximum of 4 Trustee Directors (still requires 51% Trustees) with RIDL responsible for identifying and determining preferred candidates for non-Trustee Directors (independent professional directors) to be approved by RST.

The review of the SIPO focused on the development of a clearly understood distribution policy that provides clarity for both RST and RIDL. The agreed distribution policy allows for annual index adjustments and outlines the following distributions:

Financial Year Ending	Total Distribution (\$000)
30 June 2013	\$2,150
30 June 2014	\$2,250
30 June 2015	\$2,350
30 June 2016	\$2,475
30 June 2017	\$2,600

There has been a general re-write of the Shareholders Agreement to ensure it integrates effectively with the RIDL Constitution and SIPO.

RIDL provided quarterly reports to RST during the financial year updating its performance and activities.



YEAR AHEAD (2012-2013)

OVERVIEW

The focus for 2012/13 is to:

1. Continue to manage RIDL's financial investments, including the recent cash settlement on term deposit until RIDL's short-term investment opportunities are assessed and expected capital requirement better understood
2. Focus on assessing the two direct investment areas where RIDL has immediate and preferred opportunity and executing any attractive opportunities:
 - a. Crown settlement property
 - b. CNI Holdings
3. Continue to establish robust RIDL support structures

These areas of focus are further detail below.

CROWN SETTLEMENT PROPERTY

The treaty settlement provides various mechanisms for RST (RIDL) to acquire designated properties from the Crown. This provides RIDL with preferred access and will be the primary investment focus for RIDL, specifically to undertake due diligence, negotiate and execute acquisition for those properties targeted for the 2012-13 year.

CNI HOLDINGS

The shareholding in CNI Iwi Holdings Ltd and Raukawa 14.2125% beneficial entitlement has been transferred to RIDL. The CNI investment not only provides a potentially secure return on the land but also an avenue for forest replant and other land use investment. CNI is a significant portion of RIDL's portfolio and will be a focus for 2012/13, specifically to monitor performance and to ensure investment avenues via CNIHL are both protected and optimised for RIDL.

FINANCIAL INVESTMENTS

The Westpac and FNZC managed investments combined with the cash held in term deposit make up RIDL's financial investments. During the review of the SIPO RIDL determined to continue the Westpac and FNZC investments largely as they are with a broad 50/50 split between growth and income and to carry out an independent review in 2012/13 year. It was also agreed to hold the treaty settlement cash in cash investments (e.g. term deposits) while the Crown Property mechanisms in the settlement are fully assessed and a review of the RIDL passive investment portfolio is carried out in 2012-13.

PLANNED SHAREHOLDER INTERACTIONS

RIDL will continue to work closely with RST and RCT in the transfer of commercial settlement assets as the settlement legislation is implemented. There are no planned reviews and/or planned changes to the core RIDL foundation documents. RIDL will continue to report to RST on a quarterly basis along with its no surprises policy of immediately updating RST on any material issues.

RAUKAWA IWI DEVELOPMENT LIMITED GROUP
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012

	GROUP		PARENT		
	NOTE	2012 \$	2011 \$	2012 \$	2011 \$
INCOME					
Trading Income		88,794	395,688	-	-
CNI Distribution		1,764,036	-	1,764,036	-
Dividends Received		605,956	204,437	605,956	204,437
Lease Income		218,684	200,021	218,684	200,021
Sundry Income		16,788	613	16,788	613
		<u>2,694,258</u>	<u>800,759</u>	<u>2,605,464</u>	<u>405,071</u>
LESS EXPENSES					
Accountancy Fees		7,400	4,149	6,000	-
Audit Fees		20,600	6,000	20,000	3,000
Administration		124,725	158,192	115,153	116,271
Communications		20,659	24,391	18,345	2,130
Depreciation		109,932	106,185	109,932	71,791
Depreciation Recovered		(34,394)	-	-	-
Loss on sale of assets		2,570	-	-	-
Facilities		19,380	58,835	4,201	6,924
General		5,248	7,081	4,285	2,056
Governance expenses		86,920	93,729	86,920	93,729
Personnel Costs		77,037	197,592	1,287	30,661
Specialist Advice		138,762	91,245	135,508	90,241
Travel		9,192	13,138	9,692	-
Total Expenses		<u>588,031</u>	<u>760,537</u>	<u>511,323</u>	<u>416,803</u>
Finance Income		1,492,154	1,276,159	1,487,617	1,269,978
Finance Expenses		926	1,074	269	(1)
Net Financing Income		<u>1,491,228</u>	<u>1,275,085</u>	<u>1,487,348</u>	<u>1,269,979</u>
Profit Before Donations		<u>3,597,455</u>	<u>1,315,307</u>	<u>3,581,489</u>	<u>1,258,247</u>
Donations		610,000	600,683	610,000	600,683
Loss on disposal of operations		13,396	-	-	-
Profit Before Income Tax		<u>2,974,059</u>	<u>714,624</u>	<u>2,971,489</u>	<u>657,564</u>
Taxation Expense for the Year		495,996	145,343	491,512	128,225
Profit for the Period		<u>2,478,063</u>	<u>569,281</u>	<u>2,479,977</u>	<u>529,339</u>
OTHER COMPREHENSIVE INCOME					
Change in fair value of available for sale assets		(463,523)	(133,920)	(463,523)	(133,920)
Total Comprehensive Income for the Period		<u>2,014,540</u>	<u>435,361</u>	<u>2,016,454</u>	<u>395,419</u>

NOTE: This Statement is to be read in conjunction with the Notes to the Financial Statements, and the Auditor's Report on page 21

RAUKAWA IWI DEVELOPMENT LIMITED GROUP

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2012

NOTE	GROUP		PARENT	
	2012 \$	2011 \$	2012 \$	2011 \$
RETAINED EARNINGS				
Opening balance	(100,719)	-	(140,661)	-
Total Profit for the Period	2,478,063	569,281	2,479,977	529,339
	2,377,344	569,281	2,339,316	529,339
Less Distributions paid	(890,961)	(670,000)	(890,961)	(670,000)
Closing balance	1,486,383	(100,719)	1,448,355	(140,661)
RESERVES				
Opening balance	(133,920)	-	(133,920)	-
Change in fair value of available for sale assets	(463,523)	(133,920)	(463,523)	(133,920)
Closing Balance	(597,443)	(133,920)	(597,443)	(133,920)
SHARE CAPITAL				
Opening balance	100	-	100	-
Capital introduced	50,107,918	100	50,107,918	100
Closing balance	50,108,018	100	50,108,018	100
TOTAL EQUITY				
Opening balance	(234,539)	-	(274,481)	-
Total Comprehensive Income for the Period	2,014,540	435,361	2,016,454	395,419
Capital introduced	50,107,918	100	50,107,918	100
	51,887,919	435,461	51,849,891	395,519
Less Distributions paid	(890,961)	(670,000)	(890,961)	(670,000)
Closing balance	50,996,958	(234,539)	50,958,930	(274,481)

NOTE: This Statement is to be read in conjunction with the Notes to the Financial Statements, and the Auditor's Report on page 21

RAUKAWA IWI DEVELOPMENT LIMITED GROUP

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

	NOTE	GROUP		PARENT	
		2012 \$	2011 \$	2012 \$	2011 \$
CURRENT ASSETS					
Cash & Cash Equivalents	4	1,434,081	1,542,282	1,434,081	1,528,086
GST refund due		34,403	-	33,850	-
Taxation	5	397,393	231,859	418,995	248,977
Accounts Receivable		21,759	260,976	-	146,176
Accrued Interest		109,691	139,637	109,691	139,637
New Dawn 3 Limited Current Assets		-	-	660	-
Stock on Hand		-	31,836	-	-
Inter-company current accounts	10	1,319,447	612,947	1,281,320	785,654
Total Current Assets		3,316,774	2,819,537	3,278,597	2,848,530
NON-CURRENT ASSETS					
Property, plant & equipment	7	1,207,962	1,588,765	1,207,962	1,507,159
INVESTMENTS					
Shares	2	-	102	100	-
Managed Fund - Westpac		14,965,820	15,448,503	14,965,820	15,448,503
Managed Fund - First NZ Capital		20,693,026	20,784,477	20,693,026	20,784,477
Investment Property	8	374,070	-	374,070	-
Term Deposits		10,492,482	9,569,903	10,492,482	9,569,903
		46,525,400	45,802,883	46,525,500	45,802,983
INTANGIBLES					
Goodwill	-	75,000	-	-	-
Total Non-Current Assets		47,733,362	47,466,648	47,733,462	47,310,142
TOTAL ASSETS		51,050,136	50,286,185	51,012,059	50,158,672
CURRENT LIABILITIES					
GST due for payment		-	10,186	-	2,552
Accounts Payable		25,097	690,121	25,047	637,634
Accrued Expenses		28,083	39,524	28,083	12,074
Credit Cards		-	2,975	-	2,975
Raukawa Settlement Trust		-	49,107,918	-	49,107,918
Provision For Dividend		-	670,000	-	670,000
Total Current Liabilities		53,180	50,520,724	53,130	50,433,153
TOTAL LIABILITIES		53,180	50,520,724	53,130	50,433,153
NET ASSETS/(LIABILITIES)		\$50,996,956	(\$234,539)	\$50,958,929	(\$274,481)
EQUITY					
Share capital		50,108,018	100	50,108,018	100
Reserves		(597,443)	(133,920)	(597,443)	(133,920)
Retained Earnings		1,486,383	(100,719)	1,448,355	(140,661)
TOTAL EQUITY		\$50,996,958	(\$234,539)	\$50,958,930	(\$274,481)

For and on behalf of the Board:



Chairperson: Vanessa Eparaima
30 October 2012



Director: John Edmonds
30 October 2012

NOTE: This Statement is to be read in conjunction with the Notes to the Financial Statements, and the Auditor's Report on page 21

RAUKAWA IWI DEVELOPMENT LIMITED GROUP NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

1. STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

These are the financial statements of Raukawa Iwi Development Limited Group ('the company'). Raukawa Iwi Development Limited Group is a company incorporated in New Zealand registered under the Companies Act 1993. Raukawa Iwi Development Limited Group is engaged in the business of Investment.

The financial statements of Raukawa Iwi Development Limited Group have been prepared in accordance with the reporting requirements of Section 11 of the Financial Reporting Act 1993.

Raukawa Iwi Development Limited Group is a subsidiary of Raukawa Settlement Trust Limited. The ultimate parent of the group is Raukawa Settlement Trust.

The financial statements were authorised for issue by the Board of Directors on the 30 October 2012.

Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on a historical cost basis, except for investments which are revalued to fair value. These financial statements of Raukawa Iwi Development Limited Group have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand equivalent to International Financial Reporting Standards as appropriate for an entity that qualifies and applies differential reporting concessions. For this purpose, the Company has designated itself as profit-orientated.

Presentation Currency

The information is presented in New Zealand dollars, rounded to the nearest dollar.

Differential Reporting

Raukawa Iwi Development Limited Group is a qualifying entity in that it qualifies for Differential Reporting as it is not publicly accountable and it is not large as defined in the framework for differential reporting.

All differential reporting exemptions have been applied, except for the exemptions allowed under NZ IAS 18 Revenue.

Basis of Consolidation

(a) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(b) Transactions Eliminated on Consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Changes in Accounting Policies

There have been no changes in accounting policies.

Specific Accounting Policies

In the preparation of these financial statements, the specific accounting policies are as follows:

(c) Property, Plant & Equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Where an item of property, plant or equipment is disposed of, the gain or loss recognised in profit or loss is calculated as the difference between the net sales price and the carrying amount of the asset. Land is not depreciated.

(d) Depreciation

Depreciation is charged at the same rate as is allowable by the Income Tax Act 2007 except for buildings which are depreciated over the estimated useful life. Land is not depreciated. Depreciation is charged to the Statement of Comprehensive Income. The following rates have been used:

Buildings	SL 2%
Motor Vehicles	DV 30%
Office Equipment	DV 50-67%

The residual value, depreciation methods and useful lives of assets is reassessed annually.

(e) Impairment

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

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

NOTE: The Auditor's Report on page 21 forms an integral part of these Statements.

RAUKAWA IWI DEVELOPMENT LIMITED GROUP NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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

Impairment losses are reversed when there is a change in the estimates used to determine the recoverable amount. Impairment losses are reversed through profit or loss.

(f) **Goods & Services Tax**

These financial statements have been prepared on a GST exclusive basis with the exception of accounts receivable and accounts payable which are shown inclusive of GST.

(g) **Taxation**

The income tax expense recognised in the Statement of Comprehensive Income is the estimated income tax payable in the current year, adjusted for any differences between the estimated and actual income tax payable in prior periods.

Raukawa Iwi Development Limited Group is subject to income tax on net taxable income at the rate of 17.5% (2011: 19.5%). Maori Authority tax status was granted as at 1 July 2010.

(h) **Investment Property**

Investment property is valued at cost, and is depreciated over its estimated useful life. Depreciation is charged through the Statement of Comprehensive Income at a rate of 2% Straight Line.

(i) **Leased Assets**

Operating leases are those which all the risks and benefits are substantially retained by the lessor. Operating lease payments are expensed in the periods the amounts are payable.

(j) **Revenue**

Revenue is recognised in the Statement of Comprehensive Income when the significant risks and rewards of ownership has been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods, or where there is continuing management involvement with the goods.

Interest income is recognised as it accrues, using the effective interest method.

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

(k) **Investment Fair Value Reserve**

The fair value reserve includes the cumulative net change in the fair value of shares classified as available-for-sale investments until the investment is sold.

(l) **Non-Derivative Financial Instruments**

Non-derivative financial instruments comprise investments in shares and bonds, trade and other receivables, cash and cash equivalents and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset.

Regular way purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Instruments at fair value through profit and loss

An instrument is classified as at fair value if it is held for trading or designated as such upon initial recognition.

Shares are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value. Shares held for trading are classified as current assets.

Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Available for sale financial assets

The Group's other investments in shares are classified as Available for sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognised directly in equity. When an investment is disposed of, the cumulative gain or loss previously recognised in equity is transferred to profit or loss.

The fair value of the shares is their quoted bid price at the balance sheet date where such a price is available. Where fair value cannot be reliably measured the assets are held at historic cost.

NOTE: The Auditor's Report on page 21 forms an integral part of these Statements.

RAUKAWA IWI DEVELOPMENT LIMITED GROUP NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Other

Subsequent to initial recognition, other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

(m) Accounts Receivable

Receivables are stated at their estimated realisable value and are classified as loans and receivables. Bad debts are written off in the year in which they are identified.

(n) Accounts Payable

Accounts Payable represents liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. Trade and other payables are stated at cost. The amounts are unsecured and are usually paid within 30 days of recognition.

(o) Accrued Revenue

Revenue is recognised as income when received or accrued in respect of the period in which it was earned. Interest revenue has been accrued to balance date.

(p) Provisions

Provisions are recognised when the entity has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(q) Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(r) Cash & Cash Equivalents

Cash and cash equivalents include cash on hand, bank balances, deposits held at call with banks, and other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. The carrying amount of cash and cash equivalents represent fair value. Cash and cash equivalents are classified as loans and receivables or other non-derivative liabilities.

(s) Credit Risk

Cash and Term Deposits are held with Westpac NZ and BNZ and ASB Bank at balance date. Bonds are subordinated and unsecured at balance date.

2. CONTINGENT LIABILITIES

At balance date there are no known contingent liabilities (2011: \$0). Raukawa Iwi Development Limited Group has not granted any securities in respect of liabilities payable by any other party whatsoever.

3. CONTINGENT ASSETS

CNI Forest Assets

As a beneficiary of the CNI Iwi Holdings Trust, Raukawa Iwi Development Limited will be entitled to receive title to specific forests land currently held by the CNI IWI Holdings Trust. The exact land eligible to be transferred will be determined through the Mana Whenua process which is currently underway between the eight Iwi beneficiaries of the CNI Iwi Holdings Trust. Once this due process is completed and there is unanimous agreement by the trustees of the CNI Iwi Holdings Trust, then land may be transferred. Raukawa Iwi Development Limited has the right after 2044 to receive all income directly generated from its forests land and the return of full control of this land to the trust. As Raukawa Iwi Development Limited does not have control or has yet to specifically identify what land will be distributed to the trust, no assets has been recognised in these financial statements.

4. CASH AND CASH EQUIVALENTS

	GROUP		PARENT	
	2012 \$	2011 \$	2012 \$	2011 \$
Westpac - Cheque Account	817,270	1,274,680	817,270	1,260,484
Westpac - Online Saver	196,847	267,602	196,847	267,602
Westpac - Security Fund	131,145	-	131,145	-
Westpac - Liquidity Fund	277,279	-	277,279	-
ASB - Cheque	(10)	-	(10)	-
BNZ - On Call Savings	1,253	-	1,253	-
Westpac - ND3L Cheque Account	9,505	-	9,505	-
Westpac - ND3L Imprest Account	792	-	792	-
	1,434,081	1,542,282	1,434,081	1,528,086

NOTE: The Auditor's Report on page 21 forms an integral part of these Statements.

RAUKAWA IWI DEVELOPMENT LIMITED GROUP NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

5. TAXATION

	GROUP		PARENT	
	2012 \$	2011 \$	2012 \$	2011 \$
Profit before taxation	2,974,059	714,624	2,971,489	657,564
Permanent Differences:				
Less Excluded PIE income	(254,481)	-	(254,481)	-
Add Non-deductible penalties	50	-	-	-
Add Non-deductible Depreciation on Buildings	-	13,055	-	13,055
Add Taxable FIF income	78,578	-	78,578	-
Add Non-deductible loss on sale of business	13,396	-	-	-
Total Taxable Income	2,824,657	714,624	2,808,641	657,564
Income Tax Expense	495,996	145,343	491,512	128,225
Income Tax Expense on Profit	495,996	145,343	491,512	128,225
The Taxation Charge is Represented by				
Current year tax	495,996	145,343	491,512	128,225
	495,996	145,343	491,512	128,225
Tax Payable				
Current year tax	495,996	145,343	491,512	128,225
Less				
RWT credits	209,340	377,202	209,340	377,202
Imputation Credits	126,893	-	126,893	-
Maori Authority Tax Credits	313,143	-	313,143	-
Other Tax Credits	12,154	-	12,154	-
Outstanding from prior years	231,859	-	248,977	-
Total Tax to be Refunded	(397,393)	(231,859)	(418,995)	(248,977)

6. MAORI AUTHORITY CREDIT ACCOUNT

At balance date Maori authority credits available were:

	GROUP		PARENT	
	2012 \$	2011 \$	2012 \$	2011 \$
Opening Balance	211,129	-	211,129	-
Imputation Credits attached to Dividends paid (162,298)	-	(215,239)	(162,298)	(215,239)
Imputation Credits attached to Dividends received	84,996	52,631	84,996	52,631
Maori Authority Credits received	313,143	-	313,143	-
RWT paid	253,891	320,796	253,891	320,796
Closing Balance	647,920	211,129	647,920	211,129

NOTE: The Auditor's Report on page 21 forms an integral part of these Statements.

RAUKAWA IWI DEVELOPMENT LIMITED GROUP NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

7. PROPERTY, PLANT & EQUIPMENT

	GROUP		PARENT	
	2012 \$	2011 \$	2012 \$	2011 \$
Buildings				
At cost	855,000	1,240,000	855,000	1,240,000
Less accumulated depreciation	(15,178)	(13,053)	(15,178)	(13,053)
	839,822	1,226,947	839,822	1,226,947
Current year depreciation	13,055	13,053	13,055	13,053
Motor Vehicles				
At cost	520,387	427,179	520,387	335,582
Less accumulated depreciation	(153,239)	(85,038)	(153,239)	(57,559)
	367,148	342,141	367,148	278,023
Current year depreciation	95,680	85,038	95,680	57,559
Furniture & Fittings				
At cost	-	9,778	-	-
Less accumulated depreciation	-	(2,444)	-	-
	-	7,334	-	-
Current year depreciation	-	2,444	-	-
Office Equipment				
At cost	3,368	8,716	3,368	3,368
Less accumulated depreciation	(2,376)	(3,331)	(2,376)	(1,179)
	992	5,385	992	2,189
Current year depreciation	1,197	3,331	1,197	1,179
Plant & Equipment				
At cost	-	9,277	-	-
Less accumulated depreciation	-	(2,319)	-	-
	-	6,958	-	-
Current year depreciation	-	2,319	-	-
Total Property, Plant & Equipment	\$1,207,962	\$1,588,765	\$1,207,962	\$1,507,159
Total Depreciation for the year	\$109,932	\$106,185	\$109,932	\$71,791

8. INVESTMENT PROPERTIES

	2012 \$	2011 \$	2012 \$	2011 \$
30-34 Commerce Street, Tokoroa				
Cost	385,000	-	385,000	-
Accumulated Depreciation	(10,930)	-	(10,930)	-
	374,070	-	374,070	-

The investment property is leased under an operating lease with the lease income recognised in the profit and loss. Fair value of the investment property has been determined to be \$385,000.

NOTE: The Auditor's Report on page 21 forms an integral part of these Statements.

RAUKAWA IWI DEVELOPMENT LIMITED GROUP NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

9. SHARE CAPITAL

	GROUP		PARENT	
	2012 \$	2011 \$	2012 \$	2011 \$
Opening balance	100	-	100	-
Issue of shares	50,107,918	100	50,107,918	100
Closing balance	50,108,018	100	50,108,018	100

10. RELATED PARTY LOANS

	2012 \$	2011 \$	2012 \$	2011 \$
Raukawa Settlement Trust	187,912	424,882	187,912	454,761
Raukawa Settlement Trust Limited	-	71,012	-	71,012
Raukawa Charitable Trust	1,043,467	28,981	1,043,467	28,981
Raukawa Iwi Development Limited	-	-	(38,128)	230,900
Rotab Investments Limited	88,071	88,071	88,071	-
Raukawa Trust Board	(2)	-	(2)	-
TOTAL	1,319,448	612,946	1,281,320	785,654

During the year Raukawa Iwi Development Limited Group:

- Paid allocated costs to Raukawa Charitable Trust of \$51,040. (2011: \$55,085).
- Received property and vehicle lease income from Raukawa Charitable Trust of \$191,319 (2011: \$190,849).
- Paid donations to Raukawa Charitable Trust of \$610,000 (2011: \$600,683).

As at 30 June 2012, Raukawa Iwi Development Limited Group had:

- Accounts payable to Raukawa Charitable Trust of \$11,415

This amount is included in Accounts Payable.

All transactions were made under normal business conditions on an arms length basis.

11. OPERATING LEASE INCOME

	GROUP		PARENT	
	2012 \$	2011 \$	2012 \$	2011 \$
Leases as Lessor				
Non-cancellable operating leases receivable:				
Less than one year	268,461	112,572	268,461	112,572
Two to five years	103,579	240,008	103,579	240,008
	372,040	352,580	372,040	352,580

12. CAPITAL COMMITMENTS

There are no capital commitments at balance date.

13. SUBSEQUENT EVENTS

There are no significant events subsequent to balance date.

14. TRANSITION TO NZ IFRS

These are the group's first financial statements prepared in accordance with NZ IFRS.

The accounting policies set out in the notes to the financial statements have been applied in preparing financial statements for the year ended 30 June 2012, the comparative information presented for the year ended 30 June 2011 and in the preparation of an opening NZ IFRS Statement of Financial Position at 1 July 2010 (the Group's date of transition).

There are no reconciliation differences on transition from NZ GAAP to NZ IFRS.

NOTE: The Auditor's Report on page 21 forms an integral part of these Statements.



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF RAUKAWA IWI DEVELOPMENT LIMITED GROUP

Report on the company and group financial statements

We have audited the accompanying financial statements of Raukawa Iwi Development Limited and Group ("the company and group"), comprising the company and its subsidiaries, on pages 4 to 16. The Group financial statements comprise the statements of financial position as at 30 June 2012, the statements of comprehensive income and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information, for both the company and the group.

Directors' responsibility for the company and group financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these company and group financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the company and group financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the company and group financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company and group's preparation of the 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 company and group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.

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

Other than in our capacity as auditor we have no relationship with, or interests in, the company and group.

Opinion

In our opinion the financial statements on pages 4 to 16:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the financial position of the company and the group as at 30 June 2012 and of the financial performance of the company and the group for the year then ended.

Other matter

The financial statements of Raukawa Iwi Development Limited and group, for the year ended 30 June 2011, were audited by another auditor who expressed an unmodified opinion on those statements on 13 April 2012.

Report on other legal and regulatory requirements

In accordance with the requirements of sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993, we report that:

- we have obtained all the information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by Raukawa Iwi Development Limited and Group as far as appears from our examination of those records.

30 October 2012
Hamilton

DIRECTORY



NATURE OF BUSINESS

Investment

REGISTERED OFFICE

26 - 32 Campbell Street
Tokoroa

DIRECTORS

John Edmonds
Vanessa Eparaima - Chairperson
Christopher McKenzie
Andrew Paul

AUDITORS

KPMG
P O Box 929
HAMILTON 3240

ACCOUNTANTS

Glenn Hawkins & Associates Ltd
Chartered Accountant
1135 Arawa Street
Rotorua

BANKERS

Westpac
Hamilton

DATE OF FORMATION

17 Jun 2010

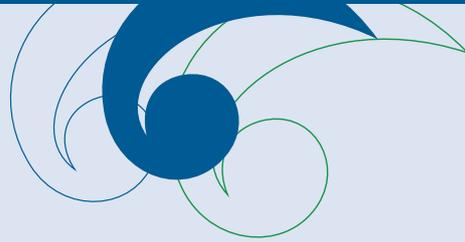
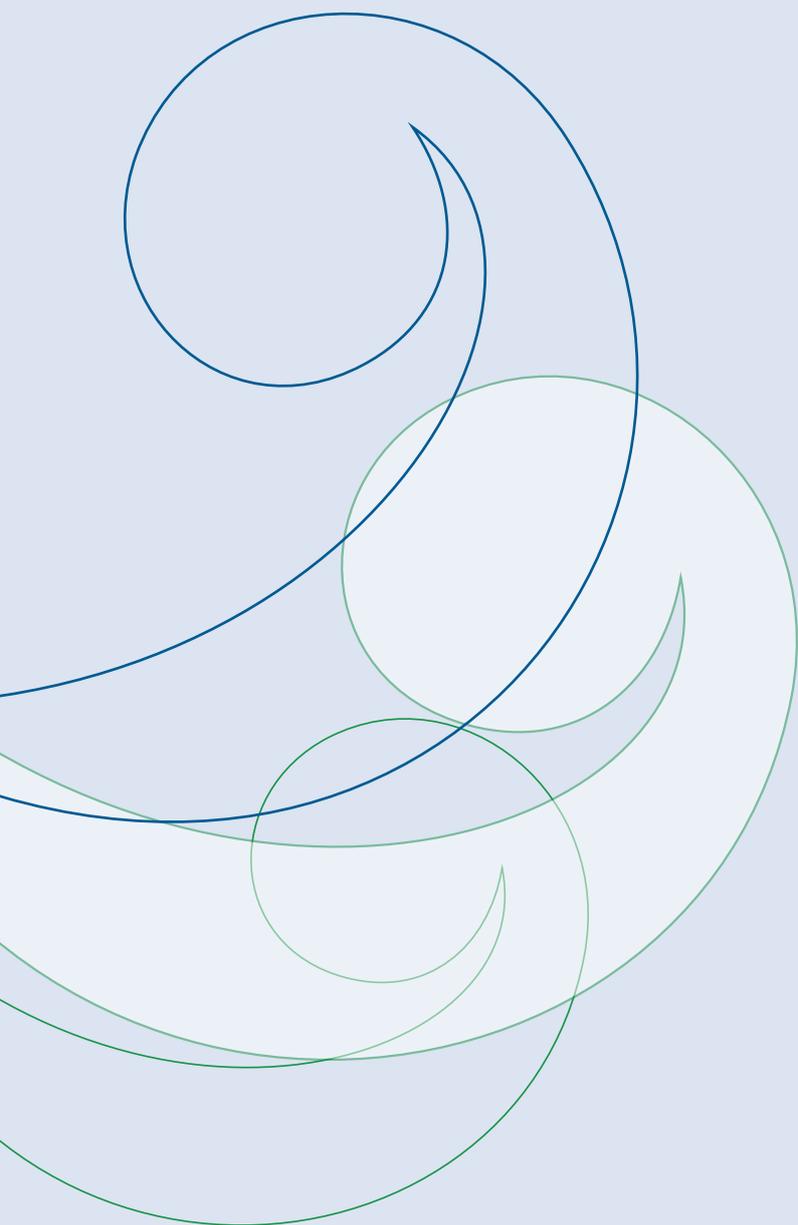
SHAREHOLDERS

Raukawa Settlement Trust Limited	<u>100</u>	Ordinary Shares
	<u>100</u>	

ASSOCIATED ENTITIES

Raukawa Settlement Trust
Raukawa Charitable Trust
Raukawa Trust Board
New Dawn 3 Limited
Raukawa Settlement Trust Limited





**Raukawa Iwi
Development Limited**

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