Raukawa Iwi
Development Limited

2017

Annual Report

Who we are

Raukawa Iwi Development Limited ('RIDL') is the investment arm of Raukawa Settlement Trust ('RST'). RIDL has delegated responsibility for all commercial activity of RST including, but not limited to:

- Management of the settlement pūtea of Raukawa
- Acquisition and management of settlement properties with a commercial application
- Raukawa interests in pan-iwi entities with commercial activities, such as CNI Iwi Holdings Limited
- Management of fisheries settlement assets through management of Raukawa Asset Holding Company Limited

Contents

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

Our Vision

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 to provide sustainable distributions for its shareholder, now and in the future.

Our Objectives

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 Values

Disciplined
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.

Long-term
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, financial 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.

2017 Highlights

Strong income generation, ongoing growth in the value of RIDL.

$9.05m

Record operating revenue

$6.2m

Operating profit (before donations and tax)

$10.4m

Total comprehensive income

$2.7m

Total distributions (donations and dividends)

$124m

Equity up almost $12m from $112m

From the Chair

I am pleased to report on RIDL's operations in 2017.

"2017 saw RIDL continue to grow income and the value of the portfolio."

On behalf of our RIDL board and management, I am pleased to report that in 2017 we set new financial records for the company. RIDL is in a healthy position and we are grateful to RST for their continued support and scrutiny. It has contributed to our success

Financial summary

- Record operating revenue of $9.05m – this included higher than expected payments from CNI Holdings as well as profits we made on selling down some managed funds
- Total comprehensive income for the year of $10.4m – including revaluation gains from Kākano and the dairy farming operation, Ranginui, as well as ongoing value gains in our managed funds. This was close to a record result for RIDL
- Record equity of $124m, up close to $12m on 2016 thanks to growing asset values and retained earnings
- Total distribution (donations and dividends) to RCT and RST of $2.7m

Five year cycle

Five years is a standard investment cycle and assessing performance over a period of time like this aligns with our investment thinking. We aim for growth each year, but we want it to be prudent and sustainable.

Over the last five years we have:

- Grown total comprehensive income (after tax and donations) from $6.1m to $10.4m
- Grown equity by approximately $37m
- Delivered a growing distribution each year and total distributions and donations over five years of $11.5m

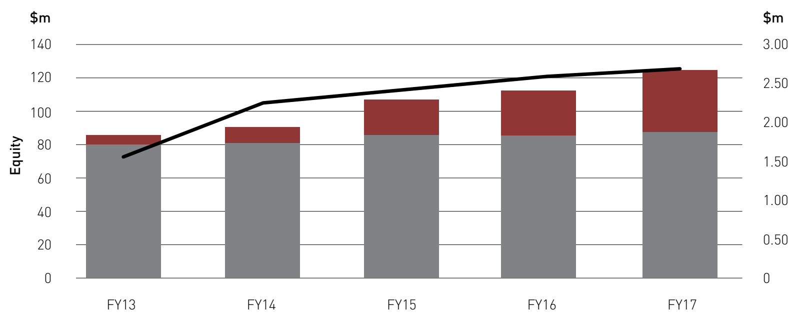
We have achieved these results within a healthy and growing national economy. We are conscious however that such positive economic conditions don't continue forever and so make efforts to structure our portfolio in such a way that security of income to fund RST and RCT is paramount.

Grayburn House

I want to address the Grayburn House project before talking about any of our other assets and projects. This is the redevelopment of a building in Tokoroa to form a headquarters for Raukawa. This project has not gone well. We had problems with the initial contractor, who eventually collapsed which led to major delays and cost increases. RCT and RST have borne the brunt of the delays and we are grateful to them for their time and patience.

Through the year a large amount of management time has been devoted to getting this project completed. It has been a major disappointment that it has taken this length of time, and that we have had cost increases. We apologise sincerely for the delays.

In 2018 we will be devoting time to understanding where and how we can improve on future projects.



Total Distributing RIDL Equity & Distributions

Our portfolio

While equity on our balance sheet is $124m, the total RIDL worth is closer to $152m when you include the value of our interest in CNI Holdings (which is counted as a contingent asset only). This portfolio is made up of two main groupings of assets:

- Financial investments, and
- Direct investments

Our financial assets

Financial investments tend to be externally managed using fund managers (though we manage cash ourselves). They are liquid, easily accessible and can provide a wide range of different industry exposures. Passive investment with high quality managers is the most efficient and cost-effective form of investment management for investment firms like RIDL that are gradually developing towards a direct investment portfolio.

We began as in investor in financial assets only (plus CNI Holdings), but financial assets now account for around half the portfolio and remain split between cash and managed funds.

We normally carry about $15m in cash. At year end 2017 we had $25m. This was for two reasons. First, we wanted higher cash on hand to make a direct investment that was in the planning stages at the end of June. Second, we have been making changes to our suite of fund managers and this has seen us withdrawing and then reallocating funds.

We have remainder of the financial portfolio, a little over $50m, in managed funds. We started the year with three managers and four funds but during the year added two further managers. This change was partly due to our original managers growing their funds and becoming a larger part of the portfolio than we wished and due to a decision to exit an Australian dollar denominated fund and enter a similar New Zealand dollar one.

We have been happy with the performance of all our managers over the last few years and they have been effective in helping to build wealth for Raukawa.

Our direct assets

Our long-term goal has always been to become an owner of a diversified pool of high quality direct assets. We have made good progress towards this. At end of 2017, just over half the portfolio was invested directly. This included:

- Interest in CNI Iwi Holdings, which owns the land under Kaingaroa Forest, valued at c $28m (off balance sheet)
- Kākano Whakatipu LP – co-investment with five other CNI iwi that owns a minority stake in the Kaingaroa Forest, valued at c $31m
- Ranginui Station LP – a c 45% stake in a large dairy farming operation, valued at c $12m
- Multiple smaller property interests including Crown leaseback properties worth in total c $10m

CNI Iwi Holdings had another strong year. Distributions to us were over budget and over historical expectations. CNI Iwi Holdings has put a lot of work into operational efficiency and driving revenue from the assets and owners have benefitted.

Kākano is the vehicle that with five other CNI iwi owns a small stake in the standing trees of the Kaingaroa Forest. Kākano had another strong year benefitting from high demand for logs and consequent high prices. We received distributions from Kākano of almost $1.8m as well as further value uplift of $4.3m as global quality forests such as Kaingaroa proved to be in high demand.

The Kākano investment has been an outstanding performer for RIDL. We made the investment in 2014 and in the c 3.5 years since then it has almost doubled in value as well as producing substantial distribution income. Kākano has been a big part of our growing putea.

2017 was our first full year of ownership of Ranginui. I outlined in these pages last year that our focus would be on optimising production and systems on the farm. We knew there was work to do when we invested and I am pleased to say that we are well on our way.

Production was 938,000kg of milk solids, up around 10% on the year before. This is a farm record. We turned an operating surplus but reinvested into repairs and maintenance to bring infrastructure items like farm races and staff houses up to a higher standard.

We are creating an operation to be proud of and I would like to extend my thanks to the board and management of Ranginui for their work and leadership. Milk prices have also bounced back, and, in consequence, farm values have once again risen. RIDL has enjoyed an uplift of c $2.1m on its carrying value for Ranginui in the past year.

The direct commercial property portfolio represents about 6% of the RIDL portfolio. We have plans to increase this over time. In 2017, our properties – other than Grayburn - operated successfully with stable tenancies.

Our operations and costs

RIDL runs an efficient investment operation, drawing on the services of GHA for accountancy and of Andrew Harrison and Koau Capital Partners for overall investment management. We believe the effectiveness of this structure is evidenced by strong results and generally low operating costs.

Normally operating costs are about $650k p.a., or around 0.4% of equity. This year was no different with ordinary operating costs of $633k (FY16: $683k). We did however take two extraordinary items as expenses.

- $702,000 was expensed as R&M in relation to Grayburn. These are funds we have spent and would otherwise appear as a capital asset on the balance sheet but as a refurbishment project, where works involve like for like replacement, they are counted as repairs and maintenance and hence an operating expense.
- In addition, we have taken a charge relating to the value of a fund we hold in Australian dollars. This is an accounting requirement, relating to the value of the NZD relative to the AUD at 30 June. This is not a cash cost and as of time of writing the NZD has dropped again and we have converted money at a profit relative to 30 June and iwi members will see this come through in the results for 2018.

Raukawa Asset Holding Company Limited

Raukawa Asset Holding Company ('RAHC') is Raukawa's fisheries asset company. It is a wholly owned subsidiary of RST via Raukawa Settlement Trust Ltd (RSTL). RAHC's main assets are quota and shares in Moana (previously AFL), worth together about $1.8m. RAHC invests excess cash with RIDL.

RAHC has its own board but management is contracted from RIDL. RAHC leases out its quota under a range of contracts, generally on three to five-year terms. In FY17 these contracts were all stable and changes will not come until FY19.

Performance was good in 2017, with a surplus of $160k compared to last year's $137k.

Our focus in the coming year will be on the negotiations to renew leasing arrangements that will start late in FY18 and continue into the following year.

Please note RAHC annual accounts are included at the back of this report, separate to those of RIDL. RAHC is audited as part of the RST group audit however we wish to show the standalone accounts in order to have coverage of all Raukawa commercial operations (RIDL and RAHC) in one place.

The year ahead

As I write this report, New Zealand has a brand new and still somewhat unknown government, tension between America and North Korea is escalating, America is also escalating its rhetoric against Iran and no one is entirely sure what Brexit will mean. Overall, the world seems awash with major risks and this is important for an investor like RIDL as global economics are all connected to one another.

I have warned for the last two years that we should expect more volatility in markets in the year to come. This remains our position and our response, too, remains the same: a measured movement into high quality direct assets over which we have more control and whose values are less likely to be swayed by global events.

As is our habit, RIDL is currently assessing 2 - 3 major direct investment opportunities and have already undertaken substantial negotiation. We believe it is likely that we will deploy in the region of $20m - $30m into direct investments in the coming year, which will be the culmination of more than a year's work. We will also be acquiring a small portfolio of schools (land only) for long-term leaseback to the Crown before the end of calendar 2017. We hope to be able to make some positive announcements on all these counts in next year's annual report as we maintain a steady momentum of building a high quality direct investment portfolio.

Conclusion

Overall, we as a board have been delighted with the performance of RIDL this year and over the past six years. Grayburn has been problematic however, and this has been the exception to significant gains and sound investments that have delivered in all other areas and have materially grown the wealth of the iwi. This in turn provides increased funding to support the wonderful work the RCT and RST do for the people of Raukawa.

In conclusion I would like to extend my personal thanks to the rest of the board; Connie Hui, Elthea Pakaru, Jon Stokes and Vanessa Eparaima. We are a strong effective board with complementary skills which ensure efficient and constructive meetings. I would also like to make special mention of Vanessa, and the very effective role she plays as chair of RST and in helping ensure our decisions are guided by the expectations of the RST and the wider iwi.

Finally, I would like to thank Kim Blomfield for her tireless support of RIDL and its directors, GHA and Donelle Leef for the accountancy support and Andrew Harrison, and his team, for his work as investment manager.

Best wishes to all iwi members for the year ahead.

John Spencer CNZM
Chairperson

Our Structure

RIDL is a 100% owned subsidiary of Raukawa Settlement Trust ('RST'), the post settlement governance entity for Raukawa. The shares in RIDL are held via Raukawa Settlement Trust Limited.

RST established RIDL to undertake all commercial and investment activities. The scope and nature of commercial activities is agreed and documented in a shareholder agreement between RST and RIDL.

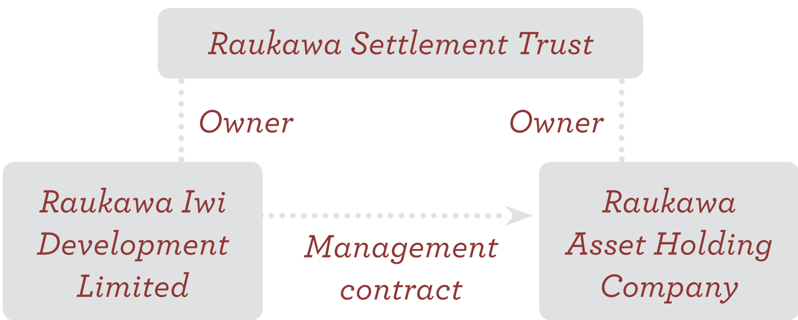
RIDL is a separate legal entity that operates under the Companies Act 1993 and other relevant legislation and is governed by a board of directors. This board is appointed by RST, in conjunction with advice from the sitting board members, and in accordance with the RIDL's constitution, which specifies:

- The Board of Directors of the Company shall consist of a minimum of five (5) Directors and a maximum of six (6) Directors
- A minimum of fifty percent (50%) of the Directors appointed by the Shareholder must be Trustees
- A maximum of three (3) Directors appointed by the Shareholder may be Trustees.
- One of the non-Trustee directors must be a member of the Raukawa iwi

RIDL's board of directors is responsible and accountable for the company's performance including the employment and performance of management.

Commercial fisheries activity is run by Raukawa Asset Holding Company Limited ('RAHC'). RAHC has its own board of three directors, who are also directors of RIDL. RAHC's operations are conducted under contract by RIDL and it reports to RAHC quarterly.

Andrew Harrison of Koau Capital Partners is the investment manager, under contract to RIDL.



"RIDL has delegated responsibility for all commercial activity of RST."

2017 in Review

RIDL sets its goals for each year via the annual planning process. The Annual Plan is prepared by RIDL management, approved and adopted by the RIDL board and then presented to RST for ratification.

Each annual plan covers RIDL's:

- Budget and financial performance
- Portfolio and investment activities
- Operational and non-financial objectives
- Total distributions (dividend and donations) to be made to RST and RCT

We summarise here our performance against key annual plan parameters for 2017.

Financial Performance & Position

Investment revenue was underpinned by another strong year in the New Zealand and international capital markets, albeit interest income on cash deposits remained depressed. There was also strong performance out of CNI, reflecting ongoing performance enhancement and focus on cost efficiencies.

In FY17 RIDL's total operating income was $9.05m. This comprised:

- Dividend and interest income from managed funds and cash of $2.90m
- Income from RIDL's interest in CNI of $2.80m
- Rental income of $0.4m
- Income of $2.17m from selling down some managed funds
- $0.77m of profits from associates, principally from Kākano

Other comprehensive income totalled $6.4m, principally from value uplifts in Kākano, Ranginui and managed funds, partly offset by the $2.17m transferred to realised gains, as discussed above, and by increases to the deferred tax allowance.

These value uplifts reflected a strong year in both forestry and dairy. In dairy the rising milk price heralded a return towards historical norm revenue levels for farmers, after the downturn during which RIDL made its investment.

Ordinary operating expenses at approximately $633k were actually below FY16 level of $683k and remain competitive at around 0.45% of total assets (including CNI).

Total expenses were however materially higher than usual at $2.8m due to two extraordinary items:

- $702k of cost related to Grayburn were expensed. Grayburn is a redevelopment/refurbishment project and this cost reflects like for like replacement that qualifies as R&M for accounting purposes. This was money we spent on the building and if it had not qualified as R&M, would have been capitalised to the balance sheet
- A charge of $1.47m against the value of the single Australian dollar denominated investment fund that we hold. This is repriced at 30 June each year based on the exchange rate between the Australian and New Zealand dollars. At 30 June this

$9.05m

Record operating income in FY17

Financial Performance

For the Year Ended 30 June 2017	2017 ($)	2016 ($)
Total Operating Income	**9,050,989**	7,875,642
Expenses	**(2,805,527)**	(683,435)
Operating Profit	**6,245,462**	7,192,207
Donations	**(2,207,307)**	(2,108,950)
Profit before Income Tax	**4,038,155**	5,083,257
Taxation Expense	**(41,873)**	(596,096)
Net Profit After Tax	**3,996,282**	4,487,161
Other comprehensive income	**6,402,695**	1,965,159
Total Comprehensive Income	**10,398,976**	6,452,320

Financial Position

For the Year Ended 30 June 2017	2017 ($)	2016 ($)
RIDL total assets	**131,655,830**	118,871,917
Total liabilities	**7,223,489**	6,349,580
RIDL net assets	**124,432,341**	112,522,337

"Investment revenue was underpinned by another strong year in the New Zealand and international capital markets and strong commodity prices."

year, the NZD was at record rates against the AUD and it was considered appropriate to take a charge. It does not reflect a change in the value of the fund in AUD and is a paper charge only. Since balance date, it has been unwinding as the NZD has dropped in value.

Retained earnings from operational profits and growing asset values have led to ongoing growth in the book value of RIDL. The putea is being steadily increased year on year to the benefit of RIDL's distribution capability and for future generations of owners.

The table above summarises RIDL's financial performance and position for the year.

Our Investment Activities

RIDL's long-term strategy is to build a portfolio of high quality direct investments that balances risk and income generation. Where possible we will do this by utilising RIDL's natural competitive advantages.

These advantages arise from RIDL's position as an iwi investment company, its relationship with the Crown and rights under the settlement, our long-term investment horizon, our scale and our growing industry and asset specific experience and knowledge.

These advantages should help RIDL deliver premium risk adjusted returns from certain assets but whenever we assess any potential opportunities we look for one or more of:

- Identifiable alignment with RIDL strategy and values
- Priority access channel i.e. not a competitive multi-party process
- Ability to co-invest with aligned, high-quality or highly skilled investment partners
- Opportunity for RIDL to take an equity stake in the range of $5m - $20m for a meaningful role
- Robust governance and ownership structures
- Access to high quality management with demonstrable and verifiable track record and appropriate skills
- Ability to monitor the investment and gauge performance

This year, we acquired some small investment properties from the Crown (less than $1m in total) and also spent time re-aligning our managed funds to reflect our developing view of risk and the relative weights within our portfolio.

We also invested into the Grayburn project during the year. This project has absorbed a lot of management time but has not proceeded successfully, as discussed by the Chair, above. This was a significant disappointment for management however the investment size and financial risks are low relative to RIDL's overall portfolio worth.

Our existing major direct assets – Kākano, Ranginui and CNI – have been performing well and delivering for RIDL. Improvement at Ranginui was a major goal for 2017 and we were pleased to have worked with the Ranginui board and management to deliver an improved farm and a higher value.

We are constantly assessing potential direct opportunities and at time of writing are still actively assessing opportunities in agriculture, commercial property and private equity.

We spent a considerable amount of time pursuing several major direct investment opportunities that we either did not conclude or that were still outstanding at year end. This included property and agriculture related opportunities. We are patient and will only move when we have the right opportunity. We expect to conclude a major investment in FY18 and this is discussed below in 'The Year Ahead'.

Our Performance Against Annual Objectives

RIDL performed well against all Annual Plan objectives for FY17 other than in respect of Grayburn/Raukawa HQ project, as discussed above.

	Target achievement	**Progress over FY16**
Continuing prudent management of RIDL's financial investments	• Ensure product selection and performance remains best in class by keeping a close eye on changing market conditions and manager performance	• Independent quarterly reporting in place • Monthly independent key metrics reporting • Funds realigned to reflect developing portfolio and view of risk • Responsible investment incorporated into investment monitoring
Ongoing assessment and execution of properties available under the settlement arrangements with the Crown	• Complete at least five DSP acquisitions in the coming financial year.	• Settled 3 x DSP properties • 5 x DSP schools acquisitions were in process at year end • Tracking all properties
Raukawa group headquarters	• Determine preferred option and initiate build	• Material delays
Focus on other priority investment areas in line with the SIPO (dairy, private equity, commercial property etc)	• Assess and execute an investment in dairy/ag • Assess other appropriate (as outlined in SIPO) direct investment opportunities via either a preferential channel and/or aligned with high quality partners including iwi	• Ranginui settled and operations and profitability improved • Several other opportunities reviewed and potential direct investment pending at year end

Shareholder Interactions & Governance

RST's responsibility, as single shareholder, for exercising strategic governance over RIDL is recognised through the strong accountability mechanisms encapsulated in the three key foundation documents:

- RIDL constitution
- Statement of Investment Policy and Objectives (SIPO)
- Shareholder's Agreement

RIDL also provides quarterly reports to RST during the financial year updating its performance and activities and will continue so to do, as well as timely reporting on major projects or investments.

The three foundation 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.

Distributions

RIDL provided total distributions to the Raukawa Group of just under $2.7m in FY17, comprised of donations (in the income statement) of $2.2m and dividends of $489k.

RIDL has committed in its Annual Plan for FY17 to a total distribution of $2.90m for the year.

$2.7m

Distribution paid in 2017

Five-year Summary

Key metrics

Operating Profit

2017 ($)	2016 ($)	2015 ($)	2014 ($)	2013 ($)
6,245,461	7,192,206	6,061,255	4,742,263	5,647,247

Total Comprehensive Income After Tax

2017 ($)	2016 ($)	2015 ($)	2014 ($)	2013 ($)
10,398,977	6,452,319	11,413,932	5,050,950	6,110,222

Total Distribution to Raukawa

2017 ($)	2016 ($)	2015 ($)	2014 ($)	2013 ($)
2,696,279	2,584,191	2,405,228	2,255,430	1,563,000

Balance Sheet

Closing Shareholder's Equity

2017 ($)	2016 ($)	2015 ($)	2014 ($)	2013 ($)
124,432,341	112,522,337	106,545,256	90,731,330	85,405,627

Year Ahead

RIDL's focus for FY18 will be on:

"RIDL expects to acquire a portfolio of school properties for lease to the Crown early in 2018, and to conclude at least one major direct investment."

1. **Prudently managing RIDL's financial investments.**

   Ongoing quality oversight of managed funds and cash.

   Conclude the managed funds realignment near start of FY18.

2. **Ongoing assessment and execution of settlement properties.**

   5 x school properties for acquisition in FY18.

3. **Completing Grayburn.**

   Complete the build and assist with move.

4. **Continue steady progress to direct portfolio of high quality direct assets in line with the SIPO.**

   Several opportunities under review at start of FY18 and anticipate at least one major investment ($10m+) in 2018.

5. **Property optimisation and strategy development.**

   Develop overall property strategy and investment targets and continue to optimise property management activities.

6. **Ongoing best practice oversight of existing direct assets.**

   CNI, Kākano and Ranginui with special focus on ongoing Ranginui enhancement.

Raukawa Iwi
Development Limited

Financial Statements

For the Year Ended
30 June 2017

Auditor's Report

KPMG

To the shareholders of Raukawa Iwi Development Limited

Opinion

In our opinion, the accompanying financial statements of Raukawa Iwi Development Limited (the company) on pages 23 to 31:

i. Present fairly in all material respects the company's financial position as at 30 June 2017 and its financial performance and cash flows for the year ended on that date; and

ii. Comply with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime.

We have audited the accompanying financial statements which comprise:

- The statement of financial position as at 30 June 2017;
- The statements of comprehensive income, changes in equity and cash flows for the year then ended; and
- Notes, including a summary of significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the company 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 the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

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

Use of this independent auditor's report

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

Responsibilities of the Directors for the financial statements

The Directors, on behalf of the company, are responsible for:

- The preparation and fair presentation of the financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime);
- Implementing necessary internal control to enable the preparation of a set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- Assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objective is:

- To obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- To issue an independent 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. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of these financial statements is located at the External Reporting Board (XRB) website at:

http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/

This description forms part of our independent auditor's report.

KPMG.

19 October 2017
Hamilton

Statement of Comprehensive Income

For the Year Ended 30 June 2017

	Notes	2017 ($)	2016 ($)
Revenue			
Finance and investment revenue	1	**5,699,844**	7,483,182
Other revenue	2	**2,583,285**	408,940
Share of net profit/(loss) of equity accounted associates	10	**767,860**	(16,480)
Total revenue		**9,050,989**	7,875,642
Expenses			
Administration and operating expenses	3	**2,805,527**	683,435
Donation expense	13	**2,207,307**	2,108,950
Total expenses		**5,012,834**	2,792,385
Net profit before tax		**4,038,154**	5,083,257
Tax expense	4	**(41,873)**	(596,096)
Net profit for the year		**3,996,282**	4,487,161
Other comprehensive income	5	**6,402,695**	1,965,159
Total comprehensive income		**10,398,976**	6,452,320

Statement of Changes in Equity

For the Year Ended 30 June 2017

	Note	Share Capital ($)	Retained Earnings ($)	Revaluation Reserves ($)	Total ($)
Opening balance 1 July 2016		85,756,441	12,179,585	14,586,309	112,522,337
Equity contribution from shareholder		2,000,000	-	-	2,000,000
Net profit for the year		-	3,996,282	-	3,996,282
Other comprehensive income		-	-	6,402,695	6,402,695
Dividends paid to shareholder	13	-	(488,972)	-	(488,972)
Closing balance 30 June 2017		87,756,441	15,686,895	20,989,004	124,432,342
Opening balance 1 July 2015		85,756,441	8,167,664	12,621,150	106,545,255
Equity contribution from shareholder		-	-	-	-
Net profit for the year		-	4,487,161	-	4,487,161
Other comprehensive income		-	-	1,965,159	1,965,159
Dividends paid to shareholder	13	-	(475,240)	-	(475,240)
Closing balance 30 June 2016		85,756,441	12,179,585	14,586,309	112,522,337

NOTE: The Auditor's Report on page 22 forms an integral part of these Statements.

Statement of Financial Position

For the Year Ended 30 June 2017

	Notes	2017 ($)	2016 ($)
Assets			
Current assets			
Cash and cash equivalents	6	**25,746,915**	9,623,394
Trade and other receivables	7	**222,464**	170,593
Income tax refund		**730,255**	162,873
Total current assets		**26,699,634**	9,956,860
Non-current assets			
Property, plant and equipment	8	**4,334,860**	2,477,206
Investment property	9	**4,043,286**	3,140,847
Investments in associates	10	**44,331,940**	38,905,267
Other investments	11	**52,246,110**	64,391,737
Total non-current assets		**104,956,196**	108,915,057
Total assets		**131,655,830**	118,871,917
Liabilities			
Current liabilities			
Trade and other payables	12	**780,848**	398,410
Advances from related parties	13	**3,516,004**	4,216,004
Total current liabilities		**4,296,852**	4,614,414
Non-current liabilities			
Deferred tax liability	4	**2,926,637**	1,735,166
Total non-current liabilities		**2,926,637**	1,735,166
Total liabilities		**7,223,489**	6,349,580
Net assets		**124,432,341**	112,522,337
Equity			
Share capital		**87,756,441**	85,756,441
Retained earnings		**15,686,895**	12,179,585
Revaluation reserves	5	**20,989,004**	14,586,309
Net assets/equity		**124,432,341**	112,522,337

These financial statements are issued for and on behalf of the Board of Directors:

Director ______________ Director ______________ **19 October 2017**

NOTE: The Auditor's Report on page 22 forms an integral part of these Statements.

Statement of Cash Flows

For the Year Ended 30 June 2017

	Notes	2017 ($)	2016 ($)
Cash flows from operating activities			
Receipts from operations		**415,210**	3,585,692
Receipts from interest		**311,385**	526,782
Receipts from dividends		**6,272,619**	4,679,935
Payments to suppliers and employees		**(4,024,488)**	(2,779,682)
Payments of income taxes		**(31,763)**	(762,367)
Total cash flows from operating activities		**2,942,963**	5,250,360
Cash flows from investing activities			
Receipts from sale of property, plant and equipment		**-**	21,982
Receipts from sale of investments in managed funds and other entities		**21,536,598**	1,688,949
Receipts from maturing term deposits		**-**	11,306,046
Purchase of property, plant & equipment		**(1,584,628)**	(1,288,381)
Purchase of term deposits		**(14,748,419)**	-
Purchase of investment properties		**(902,440)**	(800,400)
Purchase of investments in managed funds and other entities		**(6,680,000)**	(16,125,053)
Total cash flows from investing activities		**(2,378,889)**	(5,196,857)
Cash flows from financing activities			
Loans received from related parties		**300,000**	1,162,740
Issue of shares		**1,000,000**	-
Payment of dividends		**(488,974)**	(475,241)
Total cash flows from financing activities		**811,026**	687,499
Net increase/ (decrease) in cash and cash equivalents		**1,375,100**	741,002
Cash balances			
Cash on hand and at bank at beginning of the year	6	**3,530,080**	2,789,078
Cash on hand and at bank at end of the year	6	**4,905,180**	3,530,080
Net change in cash for the year		**1,375,100**	741,002

NOTE: The Auditor's Report on page 22 forms an integral part of these Statements.

Statement of Accounting Policies

For the Year Ended 30 June 2017

1. Reporting entity

The financial statements of Raukawa Iwi Development Limited ("RIDL", "the Company") presented are for the year ended 30 June 2017. RIDL is registered under the Companies Act 1993 and has prepared these financial statements in accordance with the Financial Reporting Act 2013. RIDL is involved primarily in property and equity investment on behalf of its parent Raukawa Settlement Trust.

2. Basis of preparation

(a) Statement of compliance

The financial statements are prepared in accordance with generally accepted accounting practice in New Zealand ("NZ GAAP"). In the case of RIDL, NZ GAAP means New Zealand equivalents to International Financial Reporting Standards as appropriate for Tier 2 entities who elect to apply the Reduced Disclosure Regime ("NZ IFRS RDR"). NZ IFRS RDR standards allow for a reduced disclosure regime to be applied and the RIDL has taken all disclosure concessions available. RIDL is eligible to apply Tier 2 reporting as it is not publicly accountable.

(b) Functional and presentation currency

The presentation currency and functional currency of the Company is the New Zealand Dollar ($). All amounts have been presented in New Zealand Dollars (rounded to the nearest dollar). Transactions and balances reported in foreign currencies are translated to New Zealand Dollars at the rate prevailing on the date of the transaction.

(c) GST

Except for trade receivables and trade payables which are stated inclusive of GST, all amounts have been reported exclusive of GST.

(d) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year. Certain comparative balances have been restated to comply with presentation changes adopted in the current year.

3. Use of judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are disclosed where applicable in the relevant notes to the financial statements.

Judgements made by management in the application of the NZ IFRS RDR that have significant effects on the financial statements are disclosed, where applicable, in the notes to the financial statements.

NOTE: The Auditor's Report on page 22 forms an integral part of these Statements.

Notes to the Financial Statements

For the Year Ended 30 June 2017

1. Finance and investment revenue

	2017 ($)	2016 ($)
Interest	**256,269**	443,300
Dividends	**2,667,543**	2,749,598
CNI Iwi Collective dividend	**2,776,031**	4,290,284
	5,699,844	7,483,182

- Interest income is recognised on the effective interest rate method on a proportion of time method. Dividend income is recognised when the Company's right to receive the dividend is established.

2. Other revenue

	2017 ($)	2016 ($)
Lease and rental income	**414,914**	401,044
Sundry income	**296**	975
Realised gains on sale of investments	**2,168,075**	-
Fair value adjustments recognised in net profit/(loss)	**-**	6,921
	2,583,285	408,940

- Lease and rental income from operating leases accrues on a straight line basis over the term of the lease. Fair value adjustments recognised in net profit/(loss) relate to increases in the fair value movement of investment properties and recoveries of previous impairment losses and revaluation decreases expensed to profit and loss.

3. Administration and operating expenses

	Notes	2017 ($)	2016 ($)
Accountancy fees		**31,999**	32,000
Administration		**32,111**	89,527
Audit fees		**21,000**	20,000
Communication		**10,736**	22,897
Depreciation	8	**56,527**	40,904
Facilities		**749,474**	22,166
Governance		**209,651**	213,358
Unrealised foreign exchange losses from investments		**1,470,831**	-
Loss on revaluation of property, plant and equipment		**-**	25,739
Specialist advice		**215,389**	205,679
Travel		**7,809**	11,166
		2,805,527	683,435

4. Income tax expense

	2017 ($)	2016 ($)
Net profit before income tax	**4,038,154**	5,083,257
Tax expense at 17.5%	**706,677**	889,570
Non-assessable income	**(839,806)**	(202,221)
Non-deductible expenses	**273,916**	1,328
Effect of timing differences	**92,581**	(92,581)
Under/(over) provided in prior periods	**(191,495)**	-
Tax expense	**41,873**	596,096

4. Income tax expense - continued

	1-Jul-16 ($)	Recognised in Profit ($)	Recognised in Equity ($)	30-Jun-17 ($)
Property, plant & equipment	4,504	-	-	4,504
Investments	(34,368)	-	34,368	-
Investments in associates	(1,705,302)	(92,581)	(1,133,258)	(2,931,141)
	(1,735,166)	(92,581)	(1,098,890)	(2,926,637)

	1-Jul-15 ($)	Recognised in Profit ($)	Recognised in Equity ($)	30-Jun-16 ($)
Property, plant & equipment	-	4,504	-	4,504
Investments	(590,238)	-	555,870	(34,368)
Investments in associates	(1,014,011)	92,581	(783,872)	(1,705,302)
	(1,604,249)	97,085	(228,002)	(1,735,166)

- Income tax is recognised in net profit/(loss) except to the extent it relates to items recognised in equity. Current tax is the estimated income tax payable based on current period taxable income adjusted for amounts over or under provided in prior periods.
- Deferred tax relates to the estimated future tax consequences and benefits expected resulting from timing differences between amounts recognised in net profit/(loss) under the financial reporting policies adopted by RIDL and income tax legislation.
- Deferred tax assets are recognised only when there is probability they will be utilised against future taxable income.

5. Other comprehensive income

	Notes	2017 ($)	2016 ($)
Share of movement in reserves of equity accounted associates	10	**6,450,785**	2,676,217
Change in fair value of investments	11	**3,218,875**	(483,056)
Transfer gain on sale of investment to net profit		**(2,168,075)**	-
Deferred tax recognised in equity for the year	4	**(1,098,890)**	(228,002)
		6,402,695	1,965,159
Revaluation reserve balances			
Investments in associates		**16,724,444**	10,273,659
Investments		**7,195,701**	6,144,901
Deferred tax		**(2,931,141)**	(1,832,251)
		20,989,004	14,586,309

6. Cash and cash equivalents

	2017 ($)	2016 ($)
Cash and bank balances	**4,905,180**	3,530,080
Short term deposits	**20,841,735**	6,093,314
	25,746,915	9,623,394

- Cash and bank balances comprise cash and call accounts and other deposits held with financial institutions with maturity dates less than 3 months. Short Term Deposits include all cash investments with maturities between 3 and 12 months. The average interest rate prevailing on cash and cash equivalents at 30 June 2017 was 1.96% (2016: 3.20%).

7. Trade and other receivables

	2017 ($)	2016 ($)
Accounts receivable	**8,187**	17,782
Accrued interest	**19,139**	74,255
GST refund	**163,194**	78,556
Prepayments	**31,942**	-
	222,462	170,593

- No trade and other receivables are more than 90 days overdue (2016: $2,650). There is no doubtful debt provision (2016: none) and RIDL is not exposed to any other significant credit risk (2016: none).

8. Property, Plant and Equipment

	Land ($)	Buildings ($)	Motor Vehicles ($)	Office Equipment ($)	Total ($)
Cost/valuation					
Balance at 1 July 2016	626,616	1,772,932	444,348	3,368	2,847,264
Additions	2,594	1,928,978	-	-	1,931,572
Disposals	-	(17,391)	-	-	(17,391)
Revaluation	-	-	-	-	-
Balance at 30 Jun 2017	629,210	3,684,519	444,348	3,368	4,761,445
Balance at 1 July 2015	475,580	373,778	520,387	3,368	1,373,113
Additions	340,000	1,281,463	-	-	1,621,463
Disposals	-	-	(76,039)	-	(76,039)
Revaluation	(188,964)	117,691	-	-	(71,273)
Balance at 30 Jun 2016	626,616	1,772,932	444,348	3,368	2,847,264
Accumulated depreciation					
Balance at 1 July 2016	-	-	366,743	3,315	370,058
Depreciation expense	-	33,218	23,283	26	56,527
Disposals	-	-	-	-	-
Revaluation	-	-	-	-	-
Balance at 30 Jun 2017	-	33,218	390,026	3,341	426,585
Balance at 30 Jun 2015	-	37,946	394,458	3,261	435,665
Depreciation expense	-	7,588	33,261	54	40,903
Disposals	-	-	(60,976)	-	(60,976)
Revaluation	-	(45,534)	-	-	(45,534)
Balance at 30 Jun 2016	-	-	366,743	3,315	370,058
Carrying value					
At 30 June 2017	629,210	3,651,301	54,322	27	4,334,860
At 30 June 2016	626,616	1,772,932	77,605	53	2,477,206

- At 30 June 2017, land and buildings at cost of $3,550,741 were under construction and were not depreciated (2016: $1,621,463).
- Items of property, plant and equipment are recognised initially at cost and depreciated over their estimated useful lives (except for land) using the following rates:
  - Buildings – 2% of cost
  - Motor vehicles – 13-30% of Carrying Value
  - Other plant and equipment – 10-25% of Carrying Value
- Land and buildings are revalued to fair value when there are indicators of a material change in value. Fair value is determined with reference to comparable property prices by independent professional property valuers Telfer Young Rotorua. The cost of land is $818,174 (2016: $815,580) and buildings $3,599,719 (2016: $1,688,132). Changes in fair value are recognised in other comprehensive income, except where there is a decline below cost when a change in fair value is recognised in net profit/(loss).

9. Investment property

	2017 ($)	2016 ($)
Opening book value	**3,140,847**	2,340,447
Additions	**902,439**	800,400
Changes in fair value	**-**	-
Closing book value	**4,043,286**	3,140,847

- Investment properties are held by the Company to earn rental income and capital appreciation rather than for the Company's own use.
- Investment properties are valued at fair value with changes in fair value recognised in net surplus/(deficit). Fair value is determined annually with reference to comparable property prices by independent professional property valuers Telfer Young Rotorua. The cost of investment properties is $4,503,286 (2016: $3,600,847).

NOTE: The Auditor's Report on page 22 forms an integral part of these Statements.

10. Investments in associates

Kākano Investment Limited Partnership	2017 ($)	2016 ($)
Opening carrying value	**28,093,366**	26,175,842
Additional investment	**-**	90,105
Share of net profit/(loss) for the period	**829,045**	828,333
Share of other comprehensive income	**4,314,991**	2,339,156
Distributions received	**(1,791,972)**	(1,340,070)
Closing carrying value	**31,445,430**	28,093,366

- RIDL holds a 31.5% share in Kākano Investment Limited Partnership (2016: 31.5%). Kākano is a forestry investment fund that has a 3% shareholding in Kaingaroa Timberlands. The cost of the investment is $17,314,510 (2016: $18,141,521).

Ranginui Station Limited Partnership	2017 ($)	2016 ($)
Opening carrying value	**10,811,901**	-
Capital investment	**-**	11,319,653
Share of net profit/(loss) for the period	**(61,185)**	(844,813)
Share of other comprehensive income	**2,135,794**	337,061
Closing carrying value	**12,886,510**	10,811,901

- RIDL acquired a 44.7% share in Ranginui Station Limited Partnership during the year ended 30 June 2016. Ranginui Station Limited Partnership owns and operates dairy farms in the South Waikato. The cost of the investment is $11,319,653 (2016: $11,319,653).
- Investments in associates are those where RIDL has significant influence but not control over an investee. Significant influence arises when the RIDL holds 20%- 50% of the equity and voting interests in an investee and has representation on its governing body. RIDL recognises its proportionate share of the net profit/(loss) of the investee and its proportionate share of other comprehensive income.

11. Other investments

	2017 ($)	2016 ($)
Aspiring Asset Management Ltd	**2,500,000**	-
Harbour Asset Management	**6,176,012**	11,694,036
Milford Asset Management	**19,919,931**	28,668,580
Mint Asset Management	**2,500,000**	-
Schroders Investment Management	**18,673,952**	23,257,881
Waitaha Property Rebuild Fund LP	**2,476,215**	771,240
	52,246,110	64,391,737

- Investments include managed investment funds and shareholdings held by RIDL where less than 20% of the equity and voting interests in an investee are held. These investments are classified as available-for-sale investments and are carried at fair value with changes recognised in other comprehensive income, except in the case of an impairment loss which is expensed to net profit/(loss). Fair value is determined with reference to quoted market prices where available, or a fair valuation technique taking into account the timing and amount of cash flows, share of net assets of the investee, and other returns expected from the investment. Upon sale of an investment, its revaluation reserve is transferred to net profit/(loss).

12. Trade and other payables

	2017 ($)	2016 ($)
Accounts payable	**749,218**	367,780
Accrued expenses	**21,000**	20,000
Income received in advance	**10,630**	10,630
	780,848	398,410

- Trade and other payables are reported at their amortised cost. RIDL has no other unrecognised contingent liabilities.

13. Related parties

	2017 ($) Revenue (expense)	2017 ($) Receivables (payables)	2016 ($) Revenue (expense)	2016 ($) Receivables (payables)
(a) Parent				
Raukawa Settlement Trust				
Dividend	(488,972)	-	(475,241)	-
Related party advance	-	(1,641,679)	-	(2,641,679)
(b) Other entities in the same group				
Raukawa Charitable Trust				
Lease and rental income	207,357	-	220,401	1,712
Corporate services charges	(33,736)	(3,204)	(83,687)	(7,572)
Donation	(2,207,307)	-	(2,108,950)	-
Related party advance	-	(1,574,325)	-	(1,574,325)
Raukawa Asset Holding Company Limited				
Related party advance	-	(300,000)	-	-
(c) Other related parties				
Governance				
Director fees	(206,250)	-	(209,000)	-
Key management personnel				
Koau Capital Partners - investment management	(162,000)	(15,525)	(162,000)	(16,901)
Koau Capital Partners - other services			(169,667)	(3,450)

- Advances made to, and received from, related parties are made interest free and are repayable on demand. No amounts due from related parties are considered past due, or impaired (2016: none).
- Related parties are entities subject to common control, or those entities and individuals (including their close family members) who are able to exert significant control or influence over the entity through decision making over financial and operating policies.
- Koau Capital Partners Limited are considered a related party as they provide key management and governance functions to RIDL. Koau Capital Partners Limited are also the fund manager of investee Waitaha Property Rebuild Fund LP. Other payments relate to success fees for securing investments and investment due diligence carried out for RIDL.

14. Commitments

- RIDL has a further commitment to invest, when called by the fund manager, of $570,000 (2016: $2,250,000) in the Waitaha Property Rebuild Fund Limited Partnership. RIDL had a further commitment of $800,000 (2016: $900,000) of expenditure to complete the development of its new building.

15. Contingent assets

- Raukawa is a beneficiary of the CNI Iwi Collective Settlement Act 2008. Under this Act, the group has the right to receive dividends from the CNI Iwi Holdings Trust as and when declared while it negotiates with other iwi through the Mana Whenua process over ownership of specific land titles. RIDL estimates its entitlement to dividends until 2044 to be $27.9 million (2016: $35.3 million). In 2044, title to any specific land titles the group receives from negotiations will pass to Raukawa and it will be entitled to all future income from these lands. No assets have been recognised from this process given the uncertainty over the timing and amount of any land or future dividends that may be received.
- As part of the acquisition of the investment in Ranginui Station Limited Partnership, RIDL is eligible to receive up to $2,250,000 from the vendor if the limited partnership does not achieve certain earnings levels over the 2017-2019 financial years. At 30 June 2017 no amount has been recognised as receivable by RIDL as the Company cannot reliably estimate any amount that may become due.

16. Subsequent events

- There were no subsequent events that required recognition or disclosure in these financial statements.

Raukawa Asset
Holding Company

Financial Statements

For the Year Ended
30 June 2017

Compilation Report

Scope

On the basis of information provided and in accordance with Service Engagement Standard 2 Compilation of Financial Information, we have compiled the special purpose financial statements of Raukawa Asset Holding Company Limited for the year ended 30 June 2017.

These statements have been prepared in accordance with the accounting policies described in the Notes to these financial statements.

Responsibilities

You are solely responsible for the information contained in the special purpose financial statements and have determined that the financial reporting framework used is appropriate to meet your needs and for the purpose that the special purpose financial statements were prepared.

The financial statements were prepared exclusively for your benefit. Neither we nor any of our employees accept responsibility on any grounds whatsoever, including liability in negligence, for the contents of the special purpose financial statements to any other person.

No Audit or Review Engagement Undertaken

Our procedures use accounting expertise to undertake the compilation of the financial statements from information you provided. A compilation is limited primarily to the collection, classification and summarisation of financial information. Our procedures do not include verification or validation procedures of the information. No audit or review engagement has been performed and accordingly no assurance is expressed.

Disclaimer

As mentioned earlier in our report, we have compiled these financial statements based on information provided which has not been subject to an audit or review engagement. Accordingly, we do not accept any responsibility for the reliability, accuracy or completeness of the compiled financial information contained in the financial statements. Nor do we accept any liability of any kind whatsoever, including liability by reason of negligence, to any person for losses incurred as a result of placing reliance on these financial statements.

MKGeorge

19 October 2017
GHA Ltd Chartered Accountants

Statement of Financial Performance

For the Year Ended 30 June 2017

	Notes	2017 ($)	2016 ($)
Trading income			
ACE Income		**127,663**	131,309
Total trading income		**127,663**	131,309
Other income			
Dividends received		**109,255**	82,535
Interest received		**4,608**	6,677
Total other income		**113,863**	89,211
Expenses			
General expenses		**473**	1,741
Accountancy fees		**5,836**	3,702
Consultancy		**-**	2,000
Corporate services charges		**-**	12,081
Fisheries levies		**28,828**	27,106
Management fees		**12,000**	7,500
Total expenses		**47,137**	54,130
Net profit before tax		**194,389**	166,391
Taxation			
Provision for tax	3	**34,018**	29,118
Total expenses		**34,018**	29,118
Net profit for the year		**160,371**	137,272

Balance Sheet

For the Year Ended 30 June 2017

	Notes	2017 ($)	2016 ($)
Current assets			
Cash and bank			
Westpac call account		**318,172**	63,034
Westpac cheque account		**4,285**	1,050
Total cash and bank		**322,457**	64,085
Term deposits		**-**	400,000
Trade and other receivables		**6,508**	4,103
Gst receivable		**892**	2,495
Income tax receivable	3	**-**	14,740
Related party advances	5	**300,000**	-
Total current assets		**629,856**	485,423
Non-current assets			
Fishing Quota		**950,000**	950,000
Moana Fisheries Ltd Shares		**850,000**	850,000
Total non-current assets		**1,800,000**	1,800,000
Total assets		**2,429,856**	2,285,423
Current liabilities			
Trade and other payables		**6,204**	3,682
Income tax payable	3	**57**	-
Income in advance		**18,516**	18,516
Related party advances	5	**1,875,000**	1,875,000
Total current liabilities		**1,899,777**	1,897,198
Non-current liabilities			
Income in Advance		**-**	18,516
Total non-current liabilities		**-**	18,516
Total liabilities		**1,899,777**	1,915,714
Net assets		**530,080**	369,709
Equity			
Retained earnings		**530,080**	369,709
Total equity		**530,080**	369,709

These financial statements are issued for and on behalf of the Board of Directors:

Director ______________ Director ______________ **19 October 2017**

Statement of Changes in Equity

For the Year Ended 30 June 2017

Equity	Notes	2017 ($)	2016 ($)
Opening balance		**369,709**	232,436
Increases		**-**	-
Profit for the period		**160,371**	137,272
Total increase		**160,371**	137,272
Total equity		**530,080**	369,709

Statement of Accounting Policies

For the Year Ended 30 June 2017

1. Reporting entity

Raukawa Asset Holding Company Limited is a company incorporated under the Companies Act 1993 holds fisheries assets for Ngati Raukawa Iwi.

This special purpose financial report was authorised for issue in accordance with a resolution of directors dated 19 October 2017.

2. Statement of Accounting Policies

(a) Basis of Preparation

These financial statements have been prepared in accordance with the Special Purpose Framework for use by For-Profit Entities (SPFR for FPEs) published by Chartered Accountants Australia and New Zealand.

The financial statements have been prepared for taxation and internal management purposes.

(b) Historical Cost

These financial statements have been prepared on a historical cost basis. The financial statements are presented in New Zealand dollars (NZ$) and all values are rounded to the nearest NZ$, except when otherwise indicated.

(c) Changes in Accounting Policies

There have been no changes in accounting policies. Policies have been applied on a consistent basis with those of the previous reporting period.

(d) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services, excluding goods and services tax rebates and discounts, to the extent it is probable that the economic benefits will flow to the entity and revenue can be reliably measured.

Interest received is recognised as interest accrues, gross of refundable tax credits received.

Dividends received are recognised on receipt, net of non-refundable tax credits.

(e) Accounts Receivable

Accounts receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amounts. Individual debts that are known to be uncollectable are written off in the period that they are identified.

(f) Intangible Assets

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

(g) Impairment of Non-Financial Assets

At each balance date, non-financial assets are classified into four categories: assets measured at fair value; assets currently available that the company intends to use to the end of its useful life; assets intended to be sold prior to the end of their useful life; and assets damaged or idle at balance date.

Assets measured at fair value or assets the company intends to use to the end of its useful life, are not reviewed for impairment at balance date.

Assets intended to be sold prior to the end of their useful life or assets damaged or idle at balance date are reviewed to determine if any indicators of impairment exist. If indicators exist the asset is tested for impairment to ensure that the carrying amount of the asset is recoverable.

If the recoverable amount of an asset is determined to exceed its carrying amount then the resulting difference is recognised as an impairment loss in profit or loss for that period.

(h) Financial Instruments - Financial Assets

At initial recognition the company determines the classification of financial assets as either held at fair value, cost or amortised cost. Financial assets are measured initially at fair value, estimated at the transaction price less any associated transaction costs.

(i) Amortised cost

Includes assets where the company intends to earn contractual cash flows in the nature of principal and interest payments. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, as well as through the amortisation process.

(j) Cost

Equity instruments are classified as held at cost. Assets are stated at cost less any accumulated impairment loss. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired.

(k) Fair Value

Financial assets not held at amortised cost or cost, are held at fair value and include financial derivatives such as forward contracts and interest rate swaps. Assets are subsequently measured at fair value only when the fair value of the instrument can be reliably measured based on a quoted price for an identical asset in an active market. Where no active market price is available the instrument shall be measured at fair value for a prior year less any accumulated impairment loss.

Gains and losses are recognised in profit or loss for movements in the fair value of the assets and when the assets are derecognised.

(l) Financial Instruments - Financial Liabilities

Financial liabilities, including borrowings and bank overdrafts, are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method. Interest expenses are recognised in profit or loss on an effective yield basis.

(m) Income Tax

Income tax is accounted for using the taxes payable method. The income tax expense in profit or loss represents the estimated current obligation payable to Inland Revenue in respect of each reporting period after adjusting for any variances between estimated and actual income tax payable in the prior reporting period.

(n) Goods and Services Tax

All amounts are stated exclusive of goods and services tax (GST) except for accounts payable and accounts receivable which are stated inclusive of GST.

Notes to the Financial Statements

For the Year Ended 30 June 2017

3. Income tax expense

	2017 ($)	2016 ($)
Net profit (loss) before income tax	**194,389**	166,391
Non-assessable income	**194,389**	166,391
Tax payable at 17.5%	**34,018**	29,118
Deductions from tax payable		
Opening balance	**14,740**	(28,978)
Prior period tax paid (refunded)	**(17,958)**	-
Resident withholding tax paid	**2,002**	1,358
Imputation credits on dividends received	**18,633**	14,444
Income tax paid	**16,545**	57,034
Deductions from tax payable	**33,961**	43,858
Income tax payable (refund due)	**57**	(14,740)

4. Maori authority credit account

	2017 ($)	2016 ($)
Opening balance	**46,144**	20,327
Increases		
Income tax paid	**31,758**	10,142
Resident withholding tax paid	**2,002**	1,231
Maori authority tax credits	**18,633**	14,444
Total increases	**52,393**	25,817
Decreases		
Income tax refund	**17,958**	-
Total decreases	**17,958**	-
Total maori authority credit account	**80,579**	46,144

5. Related Parties

	2017 ($)	2016 ($)
Receivables		
Advance - Raukawa Iwi Development Limited	**300,000**	-
Total Receivables	**300,000**	-
Payables		
Advance - Raukawa Charitable Trust	**1,800,000**	1,800,000
Advance - Raukawa settlement Trust	**75,000**	75,000
Total payables	**1,875,000**	1,875,000

- Purchases from, related parties are recorded on normal commercial terms.
- Loans from related parties are interest free and repayable on demand.

6. Parent-Subsidiary Relationships

- The Company is a wholly-owned subsidiary of Raukawa Settlement Trust.

7. Subsequent Events

- No significant events have occurred after reporting date (2016: Nil).

Directory

Raukawa Iwi Development Limited

26-32 Campbell Street
Private Bag 8
Tokoroa 3444

P: 07 885 0260
F: 07 885 0261

Directors

John Spencer (Chair)
Vanessa Eparaima
Jon Stokes
Elthea Pakaru
Connie Hui

Raukawa Asset Holding Company Limited Directors

John Spencer (Chair)
Vanessa Eparaima
Jon Stokes

Staff

Andrew Harrison (Investment Manager)
Kim Blomfield (Executive Assistant)

Accountants

GHA Ltd Chartered Accountants
PO Box 1712
Rotorua 3040

Auditors

KPMG
PO Box 929
Hamilton 3240

Bankers

Westpac
Hamilton

BNZ
Rotorua

RIDL date of Formation

17 June 2010

Shareholders

Raukawa Settlement Trust Limited
85,975,666 Ordinary Shares

Associated Entities

Raukawa Settlement Trust
Raukawa Charitable Trust
Raukawa Settlement Trust Limited