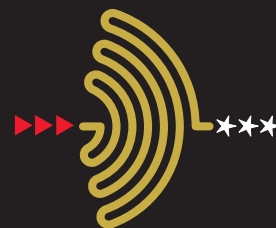


ANNUAL REPORT 20 07

TE HUARAHĪ TĪKA TRUST TE RĪPOATA



TE HUARAHĪ TĪKA
TRUST

Tō Mātou Matakite

- Ki te whakapākari i te rōrahi o te Māori ki te whakauru pai ki roto i te ao ohanga mātauranga, ake ki ngā rangai hangarau o te pārongo me te torotoro waea.
- Kia whiwhi huārahi te Māori ki ngā pukenga mō te whakamahi i ngā ahurewa whakapapatanga hou, ngā pūnaha pārongo o te ao me ngā wā haumi a te rāngai torotoro waea, ahakoa kei hea rātou e noho ana, e mahi ana rānei ki Aotearoa.
- Ki te whakarite i tētahi haumi mō te Māori i roto i ngā torotoro waea.

Our Vision

- To develop capacity within Māori to successfully participate in the knowledge economy and in particular in the information and telecommunications technology sectors.
- For Māori to have access to and the skills to use modern communications platforms, global information systems and telecommunication sector investment opportunities, no matter where they choose to live and work in New Zealand.
- To provide an investment stake for Maori in the telecommunications sector.

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Chair's Report

Kia ora koutou,

This is the eighth annual report presented by the initial trustees of Te Huarahi Tika Trust, and finally we can report with an air of optimism and quiet excitement.

The Environment

The telecommunications sector in Aotearoa New Zealand is undergoing a transformation, and for the general population it is a long overdue advance. This shift will bring more competitive pricing for mobile phone rates and greater access to the benefits that sit within a healthy competitive sector.

As for Te Huarahi Tika Trust and Hautaki Trust, we have progressed from being a naive, unproven, potential entrant to become an innovative, smart and tenacious unit that refuses to give up and continues to surprise even the most ardent critic. The past seven years have been used well in building an exciting business case, mobilising scant resources and acquiring significant capital.

Although Te Huarahi Tika Trust is not at the business end of activity, we have regular updates from the Hautaki directors. Our role has been to support and encourage a competitive environment to enable Māori to increase their participation in the information and telecommunications sector. We have also assisted by providing access to relevant Māori networks.

NZ Communications Limited

A key milestone has been the investment by global telecommunication investors General Enterprise Management Services (Hong Kong) and Communications Venture Partners (London) to re-capitalise Econet Wireless New Zealand Limited, which has since been renamed NZ Communications Limited. Their investment saw the original 30 percent shareholding of Hautaki diluted down to 12.7 percent.

Following the re-capitalisation, Hautaki was given the opportunity to place shares in NZ Communications with other Māori investors as a way of increasing Māori participation in the telecommunications sector, consistent with the purposes of Te Huarahi Tika and Hautaki Trusts. Hautaki embarked on a placement exercise amongst Māori and was successful in raising the amount required to restore Māori investment in NZ Communications Ltd to 20 percent.

Hautaki welcomes Tuaropaki Incorporation and Wairarapa Moana Incorporated as shareholders in NZ Communications Limited. History will identify them as visionary leaders, entrepreneurs and catalysts.

We are pleased to report that Econet Wireless also remains a shareholder in NZ Communications Limited.

Hautaki appointees to the NZ Communications Limited board are Bill Osborne and Brian Leighs. Bill Osborne chairs the NZ Communications Limited board and Brian Leighs chairs Hautaki Limited, the trustee of Hautaki Trust.

Delivery of Purposes

Our Charitable Trust Deed requires us to report on how we have performed in furthering the purposes of the Trust. We outline in this report the limited matters which we have been able to engage in.

The increased possibility of a successful commercial enterprise with associated cashflow allows Te Huarahi Tika Trust to now more realistically begin to investigate and plan delivery to Māori of the purposes as outlined in our Trust Deed.

Our purposes focus on increasing the participation of Māori in the knowledge economy, in particular the information and telecommunication sectors. The Trustees have waited a long time for this opportunity and will not be in a position to advance the purposes fully until funds begin to be available from NZ Communications. Realistically, any significant distributions are still some time away.

To support our purpose, we have made two submissions to the Ministry of Economic Development this year in regard to spectrum auction and spectrum ownership. Our stance has been consistent and in line with the precedent which saw the establishment of Te Huarahi Tika Trust and Hautaki Trust. We believe every auction should include a portion of spectrum for Māori to take an option on. We are pleased that a number of our Electoral College stakeholders made similar submissions. We await with interest the Ministry's final decision.

New Trustees

The Electoral College has recently appointed three new trustees. We warmly welcome Antony Royal, Maui Solomon and Tina Wehipeihana-Wilson, who will bring their skills and energy to Te Huarahi Tika Trust.

Our People

It is difficult to present this report without giving credit to the trustees and the directors of Hautaki and NZ Communications Limited and their staff. Please read the impressive profiles of the trustees of Te Huarahi Tika Trust. It has been a privilege to work alongside these people. Our gratitude goes also to the directors of Hautaki, who have committed much time and effort to their work.

To the staff in the Auckland offices of NZ Communications Limited, we express our appreciation and total support as you roll out New Zealand's third mobile network.

As we start to move forward, we will not forget those who were pivotal in the formation of Te Huarahi Tika Trust, either directly or indirectly. Those Ministers of the Labour Government and members of the Māori Caucus who provided the glimmer of opportunity, we commend you. To the original Māori claimants who forced the issue, our efforts continue to be an acknowledgment of your vision.

Looking to the future, we hope the success of this hikoi will provide Te Ao Māori with significant opportunities to increase their participation in the knowledge economy. We look forward to being in a position (following the success of NZ Communications Limited) to further advance this purpose.

Tēnā koutou, tēnā koutou, tēnā koutou katoa.



Mavis Mullins

CHAIR

TE HUARAHI TIKA

Our Trustees

Mavis Mullins

(Rangitāne ki Tamaki nui a Rua, Te Atihaunui ā-Paparangi)

Dannevirke-based Mavis Mullins' personal and professional interests focus strongly on the areas of economic development and governance, particularly for Māori.

With a Masters in Business Administration from Massey University, Mavis is a director of Paewai Mullins Shearing Limited and Paewai Mullins Systems. She has extensive interests in agribusiness.

Current directorships and appointments include:

- Massey University Council
- New Zealand Landcare Trust
- Landcorp Farming Limited
- Aohanga Incorporation
- Poutama Māori Business Trust.

Neville Baker

(Te Atiawa)

Wellington-based Neville Baker has spent much of his career in the public service, working for Māori advancement.

He held the position of Deputy Secretary of Māori Affairs from 1985 to 1987 and Māori trustee from 1987 to 1990.

He is currently a trustee of the Wellington Tenth Trust and chair of a number of rūnanga and marae organisations.

Other previous or current positions held:

- Māori advisor, Housing New Zealand
- Acting Director, Waitangi Tribunal
- Chair, Parkway College Board of Trustees 1985-1990
- Chair Aotearoa Festival, Kapa Haka, Wellington 1998
- Former trustee, Poutama Trust
- Former Director, Māori Development Corporation
- Chair, Te Atiawa Nui Tonu
- Trustee, Matiu-Somes Island Trust.

Sir Graham Latimer

Sir Graham is widely regarded as one of the elder statesmen of the Māori renaissance. He led the New Zealand Māori Council in its most controversial period - the 1980s - when it took on the Labour Government over the sale of state-owned assets and won. This led to the establishment of the Crown Forestry Rental Trust (CFRT) and other landmark decisions including the granting of Māori spectrum to Te Huarahi Tika Trust.

Sir Graham Latimer is currently the Chairman of the Crown Forestry Rental Trust and successive governments for the last 30 years have called upon his counsel on Māori issues.

Taari Nicholas

(Ngāti Ranginui, Ngāpuhi, Ngāti Ruanui, Te Atiawa, Ngāti Haua)

Taari Nicholas is a professional company director with extensive experience at senior levels in funds management and investment banking.

He has been a member of the New Zealand Computer Society for 20 years. Taari has a particular interest and involvement in hapū and iwi development. He is chairman of the investment company of Ngāti Ranginui and a director of Ngāti Awa Group Holdings Limited and Lake Taupo Forest Holdings Limited. In addition, he is a trustee for the Eastern Bay of Plenty Economic Development Agency.

Taari is also a director of Transmission Holdings Limited, Ngāti Ruanui Holdings Limited, and Aegis Portfolio Managers Pte Limited (a Singapore-based investment bank). He is also an Earthquake Commissioner and a member of the Investment Committee managing the \$5.5 billion National Disaster Fund. He is chairman of the audit committees of the Earthquake Commission and Transmission Holdings Limited. He is a trustee of the TVNZ Millennium Staff Superannuation Fund.

Antony Turoa Royal

(Ngāti Raukawa, Ngāti Tamaterā, Ngāpuhi)

Antony is one of the newly appointed trustees of Te Huarahi Tika Trust.

Antony has held senior management consulting and project management positions within the ICT sector since the early 1990s. He holds an engineering degree (electrical and electronic).

Antony has been a kaiāwhina (tutor) with Te Wānanga o Raukawa since 1989 and has developed new approaches in the ICT field as well as developing long-term strategies for the Wānanga.

He is currently the Chairperson of the advisory group for the SPEEKS project, advising the Tertiary Education Commission on eLearning Practice in the Tertiary Sector. He is also a past Chairperson of the Māori Information and Technology and Telecommunications Council, providing policy advice to the government sector.

Antony has his own consulting practice, as well as owning several businesses, and teaches sales and marketing.

Maui Solomon (Moriōri, Ngāi Tahu)

Maui Solomon is one of the newly-appointed trustees of Te Huarahi Tika Trust.

He is a barrister with 20 years' legal experience specialising in commercial law, resource management, intellectual property, indigenous rights and Treaty of Waitangi issues. He is counsel for four of the WAI 262's six claimants. Maui has also been a key advocate and spokesperson for his own Moriōri people over the past 20 years and is currently leading negotiations with the Crown regarding settlement of their Treaty claim.

He has also been involved in indigenous fisheries issues for more than 15 years and was a board member of the Treaty of Waitangi Fisheries Commission from 2000 to 2005.

Tainui Stephens (Te Rarawa)

Tainui Stephens is an independent producer, director, executive producer, writer and sometime presenter. He started

his broadcasting career with Television New Zealand's *Koha* in 1984. Since then, some of his favourite work has included *Waka Huia*, *Marae*, *Māori Battalion March to Victory*, *When the Haka Became Boogie*, *Icon in B Minor*, *The New Zealand Wars*, *Mai Time*, *He Whare Kōrero*, *Anzac Day – Nā Rātou Mō Tātou* and *Bub & Nen*. Tainui's first short film, *The Hill*, was selected for the Sundance and Berlin festivals. He was a producer for the Vincent Ward feature film *River Queen* and for *The Rain of the Children*. He is the Māori advisor/Te Kaiurungi to New Zealand On Air, and a board member of the New Zealand Film Commission. His company, Pito One Productions is based in Ngāruawahia. Current projects include a feature documentary called *Let My Whakapapa Speak*, a television documentary series, a Māori language game show pilot, and drama script development.

Jacqui Te Kani

Jacqui Te Kani is the past President and current General Manager of the Māori Women's Welfare League. She is also the acting Chairperson for the Māori Broadcasting Funding Agency, Te Māngai Paho. Jacqui has comprehensive expertise in a governance context with extensive experience in government and Māori organisations.

Tina Wehipeihana-Wilson

(Ngāti Raukawa, Ngāti Tukorehe)

Tina Wehipeihana-Wilson is one of the newly appointed trustees of Te Huarahi Tika Trust.

Tina has experience in auditing, tax and business services and management consultancy, as well as in business development and financial management training.

Tina is currently the Managing Director of Tem Corp Ltd, which provides accounting and business management services to small and medium-sized Māori organisations. She is the in-house contract accountant for LTF Limited (Lake Taupo Funds Limited).

Tina is also a board member of Career Services Rapuara and the Funding Information Service (FIS), and a director of Patumakuku Limited and Te Iwi o Ngāti Tukorehe Limited.

She believes her financial and management experience will assist Te Huarahi Tika Trust in maintaining excellent governance practices.

Derek Kotuku Totorewa Wooster

(Ngāti Maniapoto, Te Atiawa, Tūwharetoa, Ngāti Maru, English)

Derek has been a television producer and director with Television New Zealand (TVNZ) since 1979.

He is currently the deputy head of TVNZ's Māori Programmes Department and specialises in both Māori and entertainment programming.

Derek holds directorships with a number of Ngāti Maniapoto authorities.

Hautaki Directors

Bill Osborne

(Te Atihaunui ā-Paparangi)

Bill Osborne has been involved with the trusteeship and commercial development of Māori spectrum rights since the establishment of Te Huarahi Tika Trust. He was the inaugural chairperson before stepping down to take on the Chairperson's role of Hautaki in December 2001. He is also the Chairperson of NZ Communications Limited.

Perhaps best known as a former All Black centre (1975-1982), he is also a highly respected businessman with a passion for, understanding of, the IT sector, the corporate world and Māori economic development.

Since 1998 he has been the Chief Executive of Quotable Value New Zealand. Prior to this appointment, he held several senior roles in NZ Post including Group International Manager and the CEO's position from 1994 to 1997. He held senior positions in sales and marketing for Wrightson Ltd from 1981 to 1988.

He was a Māori Economic Development Commissioner for three years advising the government on Māori economic development. He has served on several boards including Sports and Recreation New Zealand (SPARC), the Hillary Commission, the New Zealand Māori Rugby Board and the Positively Wellington Business Board.

Brian Leighs

Brian Leighs has also been on Hautaki Limited since its inception in December 2001. He is also a director of NZ Communications Limited.

Brian Leighs is an independent business consultant and a director of a number of companies. He is a chartered accountant and has held senior management roles in the telecommunications, energy and information technology sectors.

From 1995 to 1998 he was a key member of the Victorian Government energy reform team, project managing the privatisation of electricity generation and distribution businesses and acting as Establishment CEO of state-owned gas distribution and retail businesses during their transition to a competitive market and ultimately to privatisation.

In 1999 he was responsible for the establishment of Genesis Power and the preparation of viability and environmental reports to government that preceded the formal split up of ECNZ.

More recently he has been consulting to the electricity and venture capital markets and serves on the board of Energy Intellect Limited, Hautaki Limited and NZ Communications Limited.

The following Directors of Hautaki Limited have recently been appointed.

They are all current Trustees of Te Huarahi Tika Trust. See pages 5 and 7 of this Annual Report for their profiles.

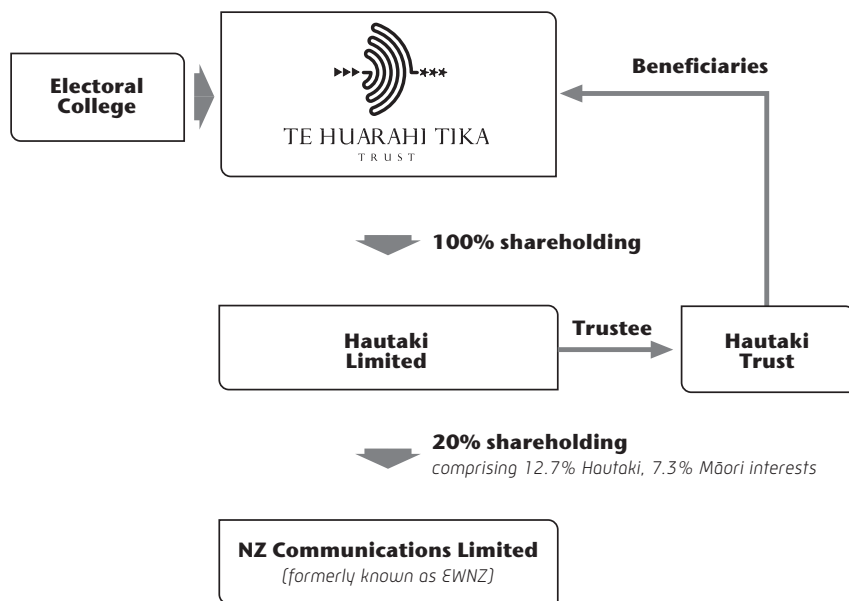
Neville Baker

Mavis Mullins

Derek Kotuku Totorewa Wooster

Te Huarahi Tika Trust Structure

Our goal: to benefit Māori



Te Huarahi Tika Trust

Annual General Meeting

Agenda

- 1 Karakia
- 2 Introduction of Trustees
- 3 Chair's Report
- 4 Presentation of Accounts
- 5 Hautaki Report
- 6 Kōrero
- 7 Meeting closes

Te Huarahi Tika Trust

Trustees' Report

For the year ended 31 March 2007

The Trustees present the Financial Statements for the year ended 31 March 2007.

Principal Activities

The Trust is a Charitable Trust. The Trust has been established with a view to increase Māori participation in the information and telecommunication sector in New Zealand, through promotion of educational and training opportunities, scholarships and grants.

Accounting Policies

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in previous years.

Trustees

Remuneration of Trustees

The following people held office as Trustee during the year and received the following remuneration during the year:

<i>Name</i>	<i>Remuneration</i>	<i>Current Trustee or Date Resigned</i>
	\$	
Mavis Mullins – Chair	3,200	Current
Neville Baker	800	Current
Sir Graham Latimer	-	Current
Taari Nicholas	1,600	Current
Tainui Stephens	900	Current
Jacqui Te Kani	-	Current
Derek Wooster	1,600	Current
	<hr/>	
	\$ 8,100	
	<hr/>	

Te Huarahi Tika Trust

Trustees' Report

For the year ended 31 March 2007

Electoral College

Appointments

An Electoral College in accordance with the Trust's Deed appoints the Trustees.

Remuneration of Electoral College Members

The following people were members of the Electoral College during the year and received the following remuneration during the year:

<i>Name</i>	<i>Remuneration</i>	<i>Current Trustee or Date Resigned</i>
	\$	
<i>Te Tauihu o ngā Wānanga</i> Piripi Walker	800	Current
<i>New Zealand Māori Council</i> James Nicholls	-	Current
<i>Te Kōhanga Reo National Trust</i> Ned Ihaka	-	Current
<i>Te Rūnanga o ngā Kura Kaupapa Māori</i> Arapine Walker	-	Current
<i>Māori Women's Welfare League</i> Linda Grennell	-	Current
<i>National Māori Congress</i> Te Atawhai Taiaroa	-	Current
	<hr/> \$ 800 <hr/>	

Auditors

The Trust paid the following remuneration to the auditors, Parearau Chartered Accountants, during the year:

Audit fee \$ 4,669

For and on behalf of the Board:



Trustee



Trustee

2 November 2007

Date

Te Huarahi Tika Trust

Statement of Financial Performance

For the year ended 31 March 2007

	Note	2007	2006
Total operating revenue	2	<u>\$ 14,786</u>	<u>\$ 22,662</u>
Operating surplus/(deficit) before income tax	3	(40,688)	(31,857)
Income tax		-	-
Net surplus/(deficit) for the year		<u>\$ (40,688)</u>	<u>\$ (31,857)</u>

Statement of Movements in Equity

For the year ended 31 March 2007

	2007	2006
Net surplus/(deficit) for the year	<u>(40,688)</u>	<u>(31,857)</u>
Total recognised revenues and expenses	(40,688)	(31,857)
Distribution	-	-
Movements in equity for the year	(40,688)	(31,857)
Equity at beginning of year	<u>4,609,868</u>	<u>4,641,725</u>
Equity at end of year	<u>\$ 4,569,180</u>	<u>\$ 4,609,868</u>

The accompanying notes form an integral part of these financial statements

Te Huarahi Tika Trust**Statement of Financial Position**

As at 31 March 2007

	Note	2007	2006
Total Trust Equity	4	\$ 4,569,180	\$ 4,609,868
Current Assets			
Bank balances and deposits	Page 16	246,349	267,766
Interest receivable		428	187
Prepayments		-	9,352
Total Current Assets		<u>246,777</u>	<u>277,305</u>
Non-Current Assets			
Loan to related party	5 & 6	4,340,656	4,340,656
Total Non-Current Assets		<u>4,340,656</u>	<u>4,340,656</u>
Total Assets		4,587,433	4,617,961
Current Liabilities			
Trade creditors	10	18,253	8,093
Total Current Liabilities		<u>18,253</u>	<u>8,093</u>
Total Liabilities		18,253	8,093
Net Assets		\$ 4,569,180	\$ 4,609,868

These financial statements were approved for issue for and on behalf of the Board:



Trustee

2 November 2007

Date



Trustee

The accompanying notes form an integral part of these financial statements

Te Huarahi Tika Trust

Statement of Cash Flows

For the year ended 31 March 2007

	Note	2007	2006
Cash Flows From Operating Activities			
Cash was provided from:			
Interest income		14,546	12,475
Distribution from Hautaki Trust		-	10,000
		<u>14,546</u>	<u>22,475</u>
Cash was disbursed to:			
Accounting fees		6,332	8,238
Audit fees		4,669	4,613
Bank charges		262	211
Insurance		-	22,444
Consulting fees		3,880	17,771
Legal fees – legal matters		9,735	6,649
Secretarial		245	641
Electoral College fees and expenses		1,056	-
Trustees expenses		2,250	12,269
Trustees fees		8,100	5,600
		<u>36,529</u>	<u>78,436</u>
Net cash flows from operating activities	9	<u>(21,983)</u>	<u>(55,961)</u>
Cash Flows From Financing Activities			
Cash was provided from:			
Repayment of loan from related party	5 & 6	-	300,000
Trustee Advance		566	-
		<u>566</u>	<u>300,000</u>
Net cash flows from financing activities		<u>566</u>	<u>300,000</u>
Net increase (decrease) in cash held		(21,417)	244,039
Cash at beginning of year		<u>267,766</u>	<u>23,727</u>
Cash at end of year		<u>\$ 246,349</u>	<u>\$ 267,766</u>

The accompanying notes form an integral part of these financial statements

Te Huarahi Tika Trust

Notes to the Financial Statements

For the year ended 31 March 2007

1. Statement of Accounting Policies

Reporting Entity

The reporting entity is Te Huarahi Tika Trust. These financial statements have been prepared under the requirements of the Trust Deed and the Charitable Trusts Act 1957.

The financial statements are special purpose and depart from FRS-37 as the results of and the financial position of Hautaki Trust have not been consolidated as noted below in policy (h).

Measurement Base

The financial statements comply with the specific accounting policies stated below. The measurement base applied is historical cost.

The accrual basis of accounting has been used throughout the financial statements.

Specific Accounting Policies

The following specific accounting policies have been applied in the preparation of the financial statements:

a) Accounts Receivable

Accounts receivable have been valued at estimated realisable value.

b) Components of Cash

Cash includes current and non-current accounts with trading banks.

c) Goods and Services Tax

The Trust is not registered for GST and the Statement of Financial Performance and Position along with the Statement of Cash Flows have been prepared so that all components are stated inclusive of GST.

d) Income Tax

The Trust has been established as a Charitable Trust for tax purposes and is exempt from income tax on business income derived for charitable purposes in accordance with sections CW34 and CW35 of the Income Tax Act 2004. This is conditional on the Trust complying with the provisions of that subsection each year.

Te Huarahi Tika Trust

Notes to the Financial Statements

For the year ended 31 March 2007

1. Statement of Accounting Policies (continued)

Specific Accounting Policies (continued)

e) Statement of Cash Flows

The following are definitions of the terms used in the Statement of Cash Flows:

- i. Cash is considered to be cash on hand and current accounts in banks.
- ii. Investing activities are those activities relating to the acquisition, holding and disposal of fixed assets and of investments. Investments can include securities not falling within the definition of cash.
- iii. Financing activities are those activities, which result in changes in the size and composition of the capital structure. Dividends paid in relation to the capital structure are included in financing activities.
- iv. Operating activities include all transactions and other events that are not investment or financing activities.

f) Distinction Between Capital and Revenue Expenditure

Capital expenditure is defined as all expenditure on the creation of a fixed asset, and any expenditure, which results in a significant improvement to the original formation of a fixed asset.

Revenue expenditure is defined as expenditure, which restores an asset to its original condition, and all expenditure incurred on maintaining and operating the Trust.

g) Revenue

Revenue comprises the amounts received by the Trust for goods, services and grants in the ordinary course of trust activities.

h) Consolidation

Consolidated financial statements have not been prepared on the basis that Hautaki Limited is the trustee company of Hautaki Trust and as such has never traded, therefore has no assets or liabilities.

In addition Te Huarahi Tika Trust controls Hautaki Trust. Hautaki Trust has not been consolidated into these accounts. These financial statements should be read in conjunction with the financial statements of Hautaki Trust.

Te Huarahi Tika Trust**Notes to the Financial Statements**

For the year ended 31 March 2007

1. Statement of Accounting Policies (continued)**Changes in Accounting Policies**

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in previous years.

	2007	2006
2. Operating Revenue		
Continuing Activities:		
Interest income	14,786	12,662
Beneficiary distribution received	-	10,000
	<hr/>	<hr/>
Total revenue	\$14,786	\$22,662
	<hr/>	<hr/>
3. Operating Surplus before Income Tax		
After Deducting:		
Accounting fees	6,285	7,889
Auditors' remuneration	4,669	4,613
Bank fees	262	210
Consultancy fees (note 12)	9,884	12,006
Insurance	9,352	10,420
Legal fees – legal matters	8,637	9,443
Secretariat	245	641
Trustees' expenses	6,985	3,697
Electoral College expenses	256	-
Electoral College fees	800	-
Trustees fees	8,100	5,600
4. Equity		
Trust corpus	10	10
Retained earnings	4,569,170	4,609,858
	<hr/>	<hr/>
Total equity	\$ 4,569,180	\$ 4,609,868
	<hr/>	<hr/>

Te Huarahi Tika Trust

Notes to the Financial Statements

For the year ended 31 March 2007

5. Loan to Related Party

Hautaki Trust	\$ 4,340,656	\$ 4,340,656
---------------	---------------------	---------------------

Interest is payable on demand only if the lender makes a demand for interest on or before 31 March each year.

The loan is repayable at any time without penalty by the borrower.

There has been no movement in the loan account during 2007 (2006: \$ 300,000).

6. Related Parties

During the year the Trust transacted with the following related parties:

<i>Name of Related Party</i>	<i>Nature of Relationship</i>	<i>Type of Transaction</i>	2007	2006
Hautaki Trust	100 percent shareholder Hautaki Limited trustee of Hautaki Trust	Loan	\$ 4,340,656	\$ 4,340,656

No related party debts have been written off or forgiven during the year.

7. Contingencies

There were no contingencies at balance date (2006: Nil).

8. Commitments

There was no capital expenditure contracted for, or other commitments, at balance date (2006: Nil).

Te Huarahi Tika Trust

Notes to the Financial Statements

For the year ended 31 March 2007

9. Reconciliation of Cash Flows with Reported Net Surplus

	2007	2006
Net deficit for the year	(40,688)	(31,857)
<i>Adjustments to reconcile Net Surplus to Cash Flows from Operating Activities:</i>		
Prepayments	9,352	(9,352)
Receivables	(241)	(187)
Creditors	9,594	(14,565)
Net cash flow from operating activities	\$ (21,983)	\$ (55,961)

	2007	2006
10. Trade Creditors		
Accounting fees	150	198
Audit fees	4,500	4,500
Consultancy fees	6,005	-
Legal fees	2,297	3,395
Trustees advance	566	-
Trustees expenses	4,735	-
	\$ 18,253	\$ 8,093

11. Financial Instruments

The carrying amount of cash, short term investments, trade receivables and payables approximates fair value due to the short maturity of these instruments. Adequate provisions are held in respect of trade receivables.

Credit Risk: Financial instruments, which potentially subject the Trust to credit risk, consist primarily of cash, short term investments and trade receivables. There is no concentration of credit risk.

The Trust places cash and short term investments with high credit quality financial institutions.

Currency and Interest Rate Risk: The Trust assets have no significant exposure to interest rate risk in respect of their financial instruments.

The Trust assets do not include any holdings of foreign currency.

Te Huarahi Tika Trust

Notes to the Financial Statements

For the year ended 31 March 2007

12. Consulting Fees

	2007	2006
<i>Relating to:</i>		
Public meeting communications	3,211	7,494
Web site hosting, creation and design	725	1,687
Annual report design and production	5,948	2,825
	<u>\$ 9,884</u>	<u>\$ 12,006</u>

13. Significant Events After Balance Date

There were no significant events after balance date.



PAREĀRAU

CHARTERED ACCOUNTANTS

AUDIT REPORT

**TO THE READERS OF THE FINANCIAL STATEMENTS OF
TE HUARAHI TIKA TRUST
FOR THE YEAR ENDED 31 MARCH 2007**

Unqualified Opinion

In our opinion:

- The financial statements of the Trust on pages 13 to 22:
 - comply with generally accepted accounting practice in New Zealand; and
 - give a true and fair view of:
 - the Trust's financial position as at 31 March 2007; and
 - the results of operations and the cash flows for the year ended on that date.
- Based on our examination the Trust kept proper accounting records.

The audit was completed on 2 November 2007 and is the date at which our opinion is expressed.

The basis of the opinion is explained below. In addition, we outline the responsibilities of the Board and the Auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed the audit so as to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements. If we found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;



PAREĀRAU

CHARTERED ACCOUNTANTS

AUDIT REPORT

**TO THE READERS OF THE FINANCIAL STATEMENTS OF
TE HUARAHI TIKA TRUST (continued)
FOR THE YEAR ENDED 31 MARCH 2007**

- reviewing significant estimates and judgements made by the Board;
- confirming year end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether financial statement disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements. We evaluated the overall adequacy of the presentation of information in the financial statements. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Board and the Auditor

The Board are responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. These financial statements must give a true and fair view of the financial position of Trust as at 31 March 2007. They must also give a true and fair view of the results of operations for the year ended on that date. The Board responsibilities arise from the Trust Deed and the Charitable Trusts Act 1957.

We are responsible for expressing an independent opinion on the financial statements and report that opinion to you.

Independence

When carrying out the audit we followed the independence requirements of the Institute of Chartered Accountants New Zealand.

Other than in our capacity as auditor we have no relationship with, or financial interest in, the Trust.

A handwritten signature in black ink that reads "Fiona Parewai Wilson". The signature is written in a cursive, flowing style.

Fiona Parewai Wilson

PAREĀRAU
CHARTERED ACCOUNTANTS
WELLINGTON

