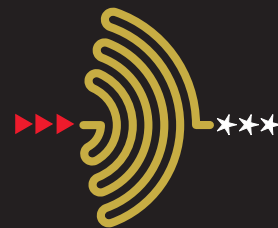


ANNUAL REPORT 2004

TE HUARAHI TIKA TRUST TE RĪPOATA



TE HUARAHI TIKA
TRUST

To Matou Matakite

- Ki te whakapakari 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 huarahi te Māori ki ngā pukenga mō te whakamahi i ngā ahurewa whakapapatanga hou, ngā pūnaha parongo 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 Maori to successfully participate in the knowledge economy and in particular in the information and telecommunications technology sectors.
- For Maori 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

He mihi tuatahi ki te matua I te rangi.

He mihi tuarua nga mate kua wehe I te po, haere ki tau Tipuna.

He mihi tuatoru ki te Iwi Maori o Aotearoa.

Tena koutou, tena koutou, tena tatou katoa.

It is with a sense of frustration and yet great pride that I present this the fourth annual report for Te Huarahi Tika Trust on behalf of my fellow trustees.

Frustration because the journey we embarked on in 2000 initially held great promise and potential for the people of Aotearoa New Zealand. In particular, for us as the indigenous people, it promised a toehold into the future industries and technologies of telecommunications.

Frustration, because as a people we are continually embroiled in the area of restorative justice and allocative justice. Te Huarahi Tika Trust continues to be a pawn in this debate.

Frustration, because the world does not stand still. The speed of change is of break-neck pace. And frustration, because the globalisation of the planet ensures the ripples of greater continents produces tsumani effects here in our piece of paradise.

But despite all of that, there is huge pride because we continue to 'punch above our weight' in a hostile environment. We remain on the radar contrary to the opinions of commentators who follow this sector and our activities, and our competitors who diligently await our demise.

We continue to engage in business with business partners who have a keen sense of pride and ethics, both of which are becoming a memory rather than an everyday best practice. And a sense of pride because as Trustees we have remained committed to the original kaupapa of elevating our people into a new dimension, against increasing odds.

We recognise that four years has passed and still there is little evidence of progress towards the delivery of the purposes of the Trust as dictated by our Trust Deed. We make no apology for that, but we do wish to make comment. Progress to date has predominantly been around the infrastructure of a newly competitive sector:

- We have strenuously lobbied for the new post of a Telecommunications Commissioner. Now achieved.
- We have searched for a joint venture partner willing to engage with a Government created pan-Maori Trust. Now achieved.
- There has been robust activity to ensure a competitive environment with roaming and unbundling opportunities. Partially achieved.
- We have searched for significant investment capital to enable a successful commercial mobile network. Partially achieved.

None of the above is insignificant in regards to time, energy, nous and resources required for achievement.

Needless to say, the Trustees are keenly aware of the reality of the task and have no illusions about the high risk profile of this project.

To this end the Directors of Hautaki Ltd continue to work diligently to bring to fruition the commercial activity required to ensure Te Huarahi Tika Trust can deliver on the charitable purposes of the Trust Deed. The commitment is there, but the obstacles are considerable.

We recognise that there may come a point when the obstacles are insurmountable. Although this is not yet the case, we do have a back up strategy that ensures there is a satisfactory outcome if this is the only option open to us.

We continue to liaise regularly with our stakeholder Minister to ensure as much as possible we are operating in an environment of no surprises.

Our Trust Deed requires us to include an assessment of performance against achievement of the purposes of the Trust. In relation to this and in line with our business plan, delivery of the Trust purposes will only be achieved on the success of the commercial operation. Therefore the ability of the Trust to deliver on the stated purposes has been limited to the matters referred to in this report.

On behalf of the Trustees, I extend to the staff and Directors of Hautaki Ltd and Econet Wireless New Zealand Limited, our appreciation for the complexity of your efforts.

Finally, to my fellow Trustees, thank you for your efforts and commitment, your expertise and mana, your patience.

No reira rangatira ma

Tena koutou, tena koutou, tena tatou katoa

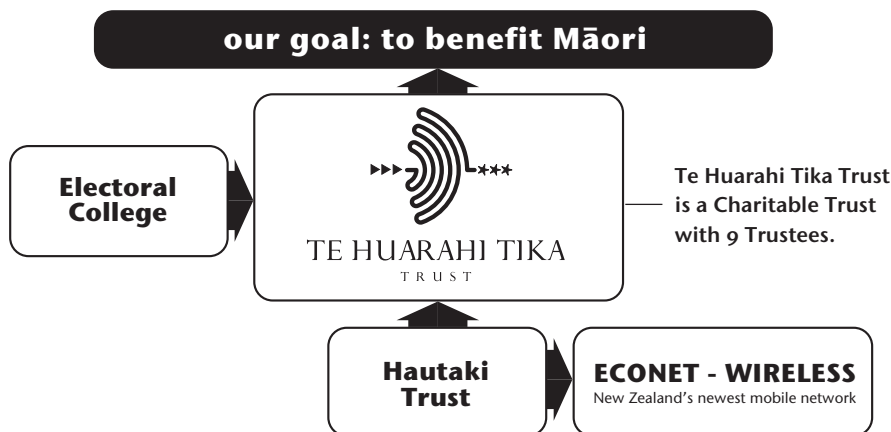


Mavis Mullins
Chair
Te Huarahi Tika Trust

Our Trustees

- **Mavis Mullins, NZOM**
Chair
- **Neville Baker**
- **Sir Graham Latimer**
- **Paul Majurey**
- **Rob McLeod (resigned July 2004)**
- **Taari Nicholas**
- **Tainui Stephens**
- **Jacqui Te Kani, CNZM**
- **Derek Kotuku Wooster**

Te Huarahi Tika Trust Structure



Our Logo

Te Huarahi Tika Trust's logo was designed by Darcy Nicholas, a leading contemporary Maori artist.

He explains the symbolism behind the Te Huarahi Tika Trust logo: "The logo is contemporary and slightly minimalist. It is made up of in-depth Māori concepts that reach out into the future. I have picked three major symbols."



The black star

A symbol of absolute power to authority as in black holes in space and as vessels of absolute knowledge.



A golden pathway

As in a new direction or era.



Three triangular shapes

These symbolise the three baskets of knowledge. I picked the triangle because it can also be placed one above the other and this is a sign of a journey or travel.

Te Huarahi Tika Trust

Annual General Meeting

24 November 2004

Te Huarahi Tika Trust Annual General Meeting will be held at the Kingsgate Hotel, 355 Willis Street, Wellington on Wednesday 24th of November 2004 from 1pm to 3pm.

Agenda

1. Karakia
2. Introduction of Trustees
3. Chair's Report
4. Presentation of Accounts
5. Open Discussion
6. Meeting Closes

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Te Huarahi Tika Trust

Trustees' Report

The Trustees present the Financial Statements for the year ended 31 March 2004.

Principal Activities

The Trust is a Charitable Trust. The Trust has been established with a view to increase Maori 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.

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>
	\$	
<i>Mavis Mullins – Chair</i>	4,000	<i>Current</i>
<i>Neville Baker</i>	2,400	<i>Current</i>
<i>Sir Graham Latimer</i>	1,600	<i>Current</i>
<i>Paul Majurey</i>	800	<i>Current</i>
<i>Rob McLeod</i>	-	<i>Current</i>
<i>Taari Nicholas</i>	800	<i>Current</i>
<i>Taimi Stephens</i>	900	<i>Current</i>
<i>Jacqui Te Kani</i>	2,400	<i>Current</i>
<i>Derek Wooster</i>	2,400	<i>Current</i>
	\$ 15,300	

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Te Huarahi Tika Trust

Trustees' Report Continued

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 Member or date resigned</i>
	\$	
<i>Kitty Bennett</i>	450	<i>Current</i>
<i>Piripi Walker</i>	390	<i>Current</i>
<i>James Nicholls</i>	300	<i>Current</i>
<i>Archie Tairoa</i>	150	<i>Current</i>
<i>Iritana Tawhiwhirangi</i>	300	<i>Current</i>
<i>Makere Edwards</i>	150	<i>Current</i>
	\$ 1,740	

Auditors

The Trust paid the following remuneration to the auditors, Pareārau Chartered Accountants, during the year.

Audit fee **\$4,500**

For and on behalf of the Board:



 Trustee



 Trustee

1 Nov 2004

 Date

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**Te Huarahi Tika Trust
Statement of Financial Performance
For the year ended 31 March 2004**

	Note	2004 \$	2003 \$
Total operating revenue	2	<u>200,335</u>	<u>50,016</u>
Operating surplus/(deficit) before income tax	3	103,556	(122,344)
Income tax		-	-
Net surplus/(deficit) for the year		<u>\$ 103,556</u>	<u>\$ (122,344)</u>

**Te Huarahi Tika Trust
Statement of Movements in Equity
For the year ended 31 March 2004**


	2004 \$	2003 \$
Net surplus/(deficit) for the year	103,556	(122,344)
Other recognised revenue and expenses	-	-
Total recognised revenues and expenses	<u>103,556</u>	<u>(122,344)</u>
Distribution to beneficiaries	-	-
Movements in equity for the year	<u>103,556</u>	<u>(122,344)</u>
Equity at beginning of year	4,374,399	4,496,743
Equity at end of year	<u>\$ 4,477,955</u>	<u>\$ 4,374,399</u>

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**Te Huarahi Tika Trust
Statement of Financial Position
As at 31 March 2004**

	Note	2004 \$	2003 \$
Total trust equity		<u>\$ 4,477,955</u>	<u>\$ 4,374,399</u>
Current assets			
Bank balances, deposits and cash	Page 5	27,983	116,521
Interest receivable		33	-
Prepayments		3,740	3,740
Taxation refund		26	1,483
Total current assets		<u>31,782</u>	<u>121,744</u>
Non-current assets			
Loan to related party	5 & 6	4,463,690	4,266,954
Total non-current assets		<u>4,463,690</u>	<u>4,266,954</u>
Total assets		<u>4,495,472</u>	<u>4,388,698</u>
Current liabilities			
Trade creditors	10	17,517	14,299
Total current liabilities		<u>17,517</u>	<u>14,299</u>
Total liabilities		<u>17,517</u>	<u>14,299</u>
Net assets		<u>\$ 4,477,955</u>	<u>\$ 4,374,399</u>

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



 Trustee
 Date Nov 2004



 Trustee

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

FINANCIALS

Te Huarahi Tika Trust
Statement of Cash Flows
For the year ended 31 March 2004

	Note	2004 \$	2003 \$
Cash Flows From Operating Activities			
Cash was provided from:			
Beneficiary distribution received		-	46,142
Other income		1,456	-
Interest income		3,566	2,390
		<u>5,022</u>	<u>48,532</u>
Cash was disbursed to:			
Accounting fees		24,862	24,654
Audit fees		4,500	3,972
Bank charges		118	133
Insurance		6,413	6,413
Consulting fees		14,807	51,578
Legal fees - legal matters		19,000	26,860
Secretariat		690	2,034
Trustee fees		15,450	28,450
Trustee expenses		3,140	21,384
Electoral College fees		1,513	1,600
Electoral College expenses		3,067	-
		<u>93,560</u>	<u>165,478</u>
Net cash flows from operating activities	9	<u>(88,538)</u>	<u>(116,946)</u>
Cash Flows From Financing Activities			
Cash was applied to:			
Loan to related party	5 & 6	-	233,427
Net cash flows used in financing activities		<u>-</u>	<u>233,427</u>
Net (decrease) increase in cash held		(88,538)	116,481
Cash at beginning of year		116,521	40
Cash at end of year		<u>\$ 27,983</u>	<u>\$ 116,521</u>

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Te Huarahi Tika Trust
Notes to and Forming Part of the Financial Statements
For the year ended 31 March 2004

1. Statement of Accounting Policies

Statutory Base

The reporting entity is Te Huarahi Tika Trust. These financial statements have been prepared under the requirements of the Trust Deed, The Charitable Trusts Act 1957 and the Financial Reporting Act 1993.

Measurement System

The financial statements comply with generally accepted accounting practice recognised by the accounting profession in New Zealand as appropriate for financial reporting in this sector. The measurement base applied is historical cost.

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

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 after making provision for doubtful debts.

b) Components of Cash

Cash includes current and non-current accounts with trading banks and cash held on-call at financial institutions.

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 section CB 4 (1) (e) of the Income Tax Act 1994. This is conditional on the Trust complying with the provisions of that subsection each year.

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.

Te Huarahi Tika Trust
Notes to and Forming Part of the Financial Statements (continued)
For the year ended 31 March 2004

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) Changes in Accounting Policies

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

2. Operating Revenue

	2004	2003
	\$	\$
<i>Continuing activities</i>		
Interest income	3,599	3,874
Beneficiary distribution received	196,736	46,142
Total revenue	\$ 200,335	\$ 50,016

3. Operating Surplus/(Deficit) before Income Tax

	2004	2003
	\$	\$
After Deducting:		
Accounting fees	22,455	30,038
Auditors' remuneration	4,500	4,537
Bank fees	119	133
Consultancy fees (note 12)	14,807	51,578
Insurance	6,412	10,331
Legal fees - legal matters	17,399	27,275
Secretariat	1,581	2,034
Trustees' fees	15,300	23,550
Trustees' expenses	8,505	19,906
Electoral College fees	1,740	2,650
Electoral College expenses	3,960	326

Te Huarahi Tika Trust
Notes to and Forming Part of the Financial Statements (continued)
For the year ended 31 March 2004

4. Equity		2004	2003
		\$	\$
Trust corpus		10	10
Retained earnings		4,477,945	4,374,389
		\$ 4,477,955	\$ 4,374,399

5. Loan to Related Party		2004	2003
		\$	\$
Hautaki Trust		4,463,690	4,266,954
		\$ 4,463,690	\$ 4,266,954

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.

The movement in the loan account for the year relates to a beneficiary distribution of \$196,736 from Hautaki Trust that was unpaid at balance date.

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 transactions</i>	2004	2003
			\$	\$
The Hautaki Trust	100% shareholder Hautaki Limited trustee of The Hautaki Trust.	Loan	\$ 4,463,690	\$ 4,266,954

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

7. Contingencies

There were no contingencies at balance date (2003: Nil).

8. Commitments

There was no capital expenditure contracted for, or other commitments at balance date (2003: Nil).

Te Huarahi Tika Trust
Notes to and Forming Part of the Financial Statements (continued)
For the year ended 31 March 2004

9. Reconciliation of Cash Flows with Reported Net Surplus

	2004	2003
	\$	\$
Net surplus/(deficit) for the year	103,556	(122,344)
<i>Adjustments to reconcile Net Surplus to Cash flows from Operating Activities:</i>		
Prepayments	-	3,919
Receivables	(196,769)	-
Creditors	3,218	2,962
Taxes	1,457	(1,483)
Net cash flow (used in) operating activities	<u>\$ (88,538)</u>	<u>\$ (116,946)</u>

10. Trade Creditors

	2004	2003
	\$	\$
Accounting fees	2,977	5,384
Audit fees	4,500	4,500
Legal fees	2,328	3,039
Trustee expenses	6,592	-
Electoral College expenses	893	326
Electoral College fees	227	1,050
	<u>\$ 17,517</u>	<u>\$ 14,299</u>

11. Financial Instruments

The carrying amount of cash, short-term investments and 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 and Forming Part of the Financial Statements (continued)
For the year ended 31 March 2004

12. Consulting Fees

	2004	2003
	\$	\$
Relating to:		
Public meeting communications	11,021	43,169
Web site design	-	7,807
Annual report design and production	3,786	602
	\$ 14,807	\$ 51,578

13. Significant Events After Balance Date

There were no significant events after balance date.



Pareārau
CHARTERED ACCOUNTANTS

AUDITOR'S REPORT

**TO THE READERS OF THE FINANCIAL STATEMENTS OF
TE HUARAHI TIKA TRUST
FOR THE PERIOD ENDED 31 MARCH 2004**

We have audited the financial statements on pages 10 to 17. The financial statements provide information about the past financial performance and financial position of Te Huarahi Tika Trust as at 31 March 2004. This information is stated in accordance with the accounting policies set out on pages 13 and 14.

Responsibilities of the Board

The Board are responsible for the preparation of financial statements which comply with generally accepted accounting practice which fairly reflect the financial position of Te Huarahi Tika Trust as at 31 March 2004, the results of its operations and cash flows for the year ended 31 March 2004.

Auditor's Responsibilities

It is our responsibility to express an independent opinion on the financial statements and report our opinion to you.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Trust in the preparation of the financial statements; and
- whether the accounting policies are appropriate to Te Huarahi Tika Trust's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

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



Pareārau
 CHARTERED ACCOUNTANTS

AUDITOR'S REPORT (continued)

**TO THE READERS OF THE FINANCIAL STATEMENTS OF
 TE HUARAHI TIKA TRUST
 FOR THE PERIOD ENDED 31 MARCH 2003**

Unqualified Opinion

We have obtained all the information and explanation that we have required;

In our opinion:

- proper accounting records have been kept as far as appears from the examination of those records; and
- the financial reports on pages 10 to 17:
 - complies with generally accepted accounting practice; and
 - fairly reflect:
 - the financial position as at 31 March 2004 *and*
 - the results of its operations and cash flows for the year ended on that date.

Our audit was completed on 1 November 2004 and our unqualified opinion is expressed as at that date.

Pareārau

**PAREARAU
 CHARTERED ACCOUNTANTS**

WELLINGTON

