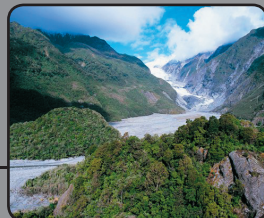
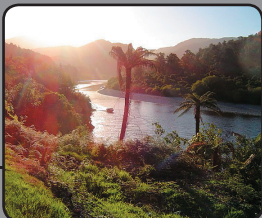




THE WEST COAST
DEVELOPMENT TRUST



GROUP ANNUAL REPORT
for the year ended 31st March 2006



TRUST HIGHLIGHTS 2006

1. Summary Statement of Trust Financial Performance for the Year Ended 31 March 2006

	Trust 2006	Trust 2005
	\$millions	\$millions
Operating Revenue	12.0	10.0
Less Operating Expenses	1.8	2.0
Less Provisions in Subsidiaries	1.2	1.8
Operating Surplus for the Year	9.0	6.2
Community Distributions and Projects	4.8	3.8
Net Surplus for the Year	\$4.2	\$2.4

2. Summary Statement of Trust Financial Position for the Year Ended 31 March 2006

	Trust 2006	Trust 2005
	\$millions	\$millions
Total Assets	119.8	113.6
Less Total Liabilities	5.4	3.4
Equity	\$114.4	\$110.2

3. Client Services

Enquiries and Applications	2006		Cumulative 2001-2006	
	Number	Value \$M	Number	Value \$M
Number of enquires for the year	142	-	599	-
Business				
Business applications received	18	7.3	111	111.2

The Trust estimates a range of \$12 - \$15 million will be available to distribute into the region on a commercial basis for 2007. The Trust will apply these funds to assist with business start-ups, developments and expansions. A range of facility options are available, including loans, equity and guarantees.

Community				
Community applications received	63	-	161	-
Community applications approved	25	0.8	116	3.5
Trust facilitated projects		0.6		3.0
Major Regional Initiative (MRI)		4.5		4.5
Major District Initiative (MDI)		0.9		0.9
Total Community Contribution		\$6.8		\$11.9
Less External Funding		2.0		2.0
Total Trust Contribution		\$4.8		\$9.9

4. Education and Training

- The Literacy Project has been a catalyst for significant improvements in reading, writing and comprehension. Our primary students' achievements are now at or above national levels in all these areas.
 - 33 participating schools
 - 1,800 participating pupils
- Enterprise Training has 700 clients and held 54 workshops in Westport, Reefton, Greymouth, Hokitika, Franz Josef, Haast and Karamea.
- E2B programme implemented within five secondary schools and four primary schools – over 150 students participated in a range of business start-ups and prototypes, getting valuable real world business experience.

5. Regional Development Projects

- Regional Tourism Strategy completed with Tourism West Coast.
- The Trust approved \$2.5 million for the tourism Major Regional Initiative, and secured a further \$2 million from Central Government.
- Adventure World Racing Championships held in Westport attracting 33 international teams, 13 national teams and over 276 participants and supporters. The event was estimated to have contributed in excess of \$1 million to the West Coast economy.
- Oparara Valley Project approved receiving \$600,000 from the Trust and over \$2.4 million of other external funds.
- Initial phases of the Shantytown Redevelopment Project supported and a \$1.77 million contribution budgeted from the MRI project.
- \$1.2 million per annum Major District Initiative funding launched.
- Supported the EECA Healthy Homes Project which insulated 238 homes throughout the region improving health outcomes.
- 2,500 Regional Profiles widely distributed, nationally and internationally.
- Implementation of Project Probe - Broadband enhancement/expansion in partnership with Telecom and Central Government.

6. Five Year Rolling Regional Spend on Community Distributions (Including MRI Provisions)

District	Number of Applications Approved	Geographic Spread of Funds	Amount of Distributions
Buller	21	14.5%	\$1,732,513
Grey	25	25.1%	\$2,997,943
Westland	18	13.0%	\$1,558,692
Regional	52	47.4%	\$5,675,047
Total	116	100%	\$11,964,195

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Vision

The Trust will play an ongoing valuable role in promoting the West Coast as a wealthy, growing, sustainable, vibrant and socially inclusive region.

The Trust will foster a positive attitude to life and learning.

The Trust's role will be to assist and encourage the successful use of the West Coast's unique physical, cultural, environmental, and heritage endowments as competitive advantages and catalysts in developing a modern, diversified small region economy.

Mission

The Trust will help create an environment for sustainable investment, development and employment to which people are attracted.

Values

The Trust will incorporate these values in its policies, processes, investments, operations and decision making.

- Exhibit long term planning and good judgement to promote its intergenerational responsibility
- Have a broad perspective, understanding and interaction with the region
- Undertake effective dialogue, debate and communication
- Be proactive by showing leadership and vision
- Take sufficient risks to generate sustainable innovation in a supportive environment

Directory

Trustees

Dooley, Mr FT (Chairman)
Coll, Mrs J C (Deputy Chair)
Copeland, Mr M
Carruthers, Mr D L
Fraser, Mrs S J
Kokshoorn, Mr A F
Lockington, Mr M
Shahadat, Mr M
White, Mrs C P
Wilkinson, Mr B T
Williams, Mrs G A
Wilson, Mr B A

Chief Executive Officer

Trousselot, Mr M C

Senior Executives

Dawson, Mr M S, Chief Financial Officer
Gilbertson, Mr W, Regional Development Unit Manager
Thomas, Mr B, Senior Relationship Manager

Registered Office

1st Floor
112 Mackay Street
P O Box 451
Greymouth

Advisory Body

Cox, Mr G (Chairman)
Gemmell, Mr B
Isles, Mr J
Mills, Mr W

Legal Advisors

Hannan & Seddon
P O Box 8
Greymouth

Buddle Findlay
P O Box 322
Christchurch

Bankers

Westpac
Mackay Street
Greymouth

Investment Advisors

Bancorp Treasury Services Ltd
P O Box 4270
Auckland

Goldman Sachs JBWere (NZ) Ltd
P O Box 887
Auckland

Tax Advisors

KPMG
P O Box 274
Christchurch

Auditors

Audit New Zealand
P O Box 2
Christchurch
On behalf of the Auditor-General

Chairman's Report

This year has been yet another record year for the Trust. Income of \$12 million, operating surplus (before distributions) of \$9 million, and community distributions of \$4.8 million have been the financial outcomes of a very successful year.

The community and local economy has been the beneficiary of this strong performance with a wide range of district and regional projects being supported.

The two most significant projects launched were the Major Regional Initiative and the Major District Initiative.

Major Regional Initiative

The Trust attracted a \$2 million Major Regional Initiative (MRI) Government grant and also committed to put a further \$2.5 million of its own funds into the MRI projects. Other West Coast organisations, including the Department of Conservation and Buller and Grey District Councils have also contributed to individual projects.

The MRI comprises 19 tourism projects spread throughout the West Coast which range from developing tourism facilities and products through to developing the tourism workforce and assisting with tourism marketing and strategic planning.

The MRI will support the tourism industry in attracting more tourists to the West Coast and will encourage a wider distribution of tourists throughout the region.

The benefits to the West Coast are anticipated to include promotion of 600 new jobs and up to \$100 million of additional economic impact in the tourism sector over the next three years.

We believe this is achievable as the sector already supports the equivalent of 4,800 employees, has sales of almost half a billion dollars per annum and has a projected growth of 27% by 2010.

The MRI project will be a catalyst to support more significant private investment and redevelopment in iconic tourism areas and will also encourage new development in the emerging destinations throughout the Region.

We also anticipate further direct involvement in a series of business development and investment opportunities which will come to the Trust by the private sector over the next five years. A good recent example is the Trust's significant investment of \$4.2 million into the Franz Josef Ice Centre start up.

How you engage with the Trust and MRI based Funding Programmes

Community and individual investors do need to realise the development and approval of significant tourism operations and projects, such as the Oparara Valley walking tracks, Shantytown redevelopment and Franz Josef Ice Centre, all take significant planning, discussion and investment. Projects need to be spearheaded by either the community or investors, who need to undertake significant work prior to coming to the Trust. For instance, both Oparara and Shantytown undertook several years of planning and consultation prior to seeking the Trust's support. We then assisted them to go to detailed planning and fund raising stages. From that stage, you can then assess and present your projects in a commercially sustainable way to the Trust or other investors.

So our message to aspiring applicants is, do your planning, do your homework, do some hard yards, consult with your community, Council and other investors and then come to us with a well developed concept and plan. It will greatly increase your chance for future project approvals.

Major District Initiative

Our other significant new initiative was the introduction of the Major District Initiative fund (MDI). The driving strategy behind the Trust initiating the MDI funding programme was quite simple. If we are to move the wider West Coast economy forward, then our districts need good community facilities. The program currently allocates \$400,000 on an annual basis to be applied to projects approved in each district. Communities in our Region struggle to find the capital to initiate significant community facility development and hence the Trust has decided to commit a large proportion of its future profits to support such initiatives.

But we must be realistic. There is still a limited amount of money that can be provided. Districts and Councils must prioritise projects and accept that low priority projects will not get funding. The MDI fund will be the sole avenue for funding major projects. If you miss out, you will not be eligible for other significant Trust support.

We plan to use the District Councils as our assessing and prioritising bodies, as they can correlate MDI priorities with LTCCP priorities and they will often be critical to the ongoing sustainability of projects through rate support and service charges for amenities.

The Trust is firmly of the view that the Region's economy and business community progress relies not only on commercial acumen but also on the social and community facilities available, the quality and level of Government services provided (such as health and education) and on the management of the environment and infrastructure we all operate within.

Our view is that Government and Councils are steadily rebuilding the necessary core infrastructure. The Department of Conservation and the Regional Council are actively improving processes for resource consents, licences and concessions to enable business to operate within reasonable environmental guidelines.

There is a recognition emerging for the need for a balance between preservation and development. Both of these trends are positive.

However, we continue to consistently receive feedback that the education and health services require more sustained enhancement in order to increase the attractiveness of the Region, which enables us to retain existing populations and attract prospective immigrants. The main role for the Trust here is to actively monitor performance and advocate for improvement, and better health and education outcomes.

The funding we are committing into regional and community projects is over 50% of our surplus in this year's accounts. This emphasises our commitment to a "quadruple bottom line" approach to the Region's overall success.

The availability of MDI funding each year will be subject to the Trust receiving returns in excess of its minimum growth targets. Projects will be subject to the usual Advisory Body and Trust approval processes.

Industry

This year Trustees have set up an Industry Advisory Group which they believe will provide recommendations on industry related matters and assist the Trust in setting priorities as to how to help and support industry, industry groups and industry projects on the West Coast.

Minerals West Coast is an example of our support into industry.

The Trust supports this industry through providing support to Minerals West Coast for a coordinator. The minerals industry is a huge part of the West Coast economy providing 75% of GDP and 850 jobs (estimated to increase to 1,050 in the next year). The industry currently has a series of major development opportunities under consideration. These include:

- Holcim - cement plant evaluation for its next 50 years of operation

- Solid Energy – consideration of the future expansion and production of its mines in Buller and Greymouth
- Pike River - proceeding to development and production of its coalmine in Greymouth
- Oceana Gold moving to production at its Reefton mines
- a raft of smaller mining operators having a range of development plans

I must warn the Region cannot take for granted that all these investments and developments will take place without your wide support. All these companies need the support of the community, of central and local government services, and of licensing, consenting and permitting organisations. They also need infrastructure support, particularly for transport options to their export markets.

Mining has always been of critical importance to our Region. As the Region's mining businesses have done the hard yards and invested so much to get so many opportunities on the starting blocks, we believe it is important communities and central and local government form a balanced view of the mining industry and give these projects every opportunity to succeed.

The Trust is supportive of each of the major mining developments currently underway, not only because of the economic and business impact, but also because each of these organisations have shown an exemplary record of cooperation in environmental practices.

Communications

In the early years of the Trust there was some criticism around lack of transparency. Over the last two years we have steadily increased our communication to the Region through media reports, advertising, roadshows, radio reports, conferences, speeches, etc. We are pleased to say our market research indicates there is

now a wider understanding of many of the key objectives and projects of the Trust.

Ngai Tahu

The Trust has developed a very good working relationship with Ngai Tahu at governance, operational and hapu level. We appreciate our contact and their input at all levels of our organisation

Governance

The governance processes of the Trust continue to be streamlined, including meeting processes, separation of governance and executive roles and increased delegated authority. These improvements were important. The Trust's growth and involvement in an increasing number of organisations and projects has meant it is a complex entity requiring a professional approach to governance and management.

All Trustees are members of the Institute of Directors.

Trustee meetings and governance processes have increased in efficiency over the year. This is due to incoming Trustees having developed a good working knowledge of our activities and policies, and also to ongoing training and development of Trustees.

Once again I thank my fellow Trustees, Advisory Body Members, Investment Advisors, Subsidiary Company Directors for what has been another very satisfactory year.

My thanks to Mike Trousselot, the Trust's Chief Executive Officer, and his dedicated staff who all have very important role in the ongoing success of the Trust.



FT Dooley

Chief Executive Officer's Report

Financial Performance

Current Year

The Trust's 10.9% average return on net assets has exceeded its target return on investment and fund growth by around 4%, and has maintained the inflation adjusted value of our initial capital

It is unlikely that such out-performance can be maintained in the longterm, but ongoing returns are estimated to achieve target levels of CPI plus 3%, ie 7-8%.

I am pleased to report our record revenues and profits has enabled us to launch a number of significant local projects and investments, referred to by both the Chairman and Regional Development Manager.

The community distribution total of \$4.8 million is over 50% of our operating surplus and represents a strong dividend to the community.

Even after these record community distributions, the net surplus of \$4.2 million was up \$1.8 million on 2005, and \$3 million on budget.

Last Five Years

We have summarised the last five years' financial results and distributions in the charts below.

Chart 1 - Income and Outgoings

There has been a healthy trend of ongoing revenue growth, flattening of operating expenditure and increase in surplus.

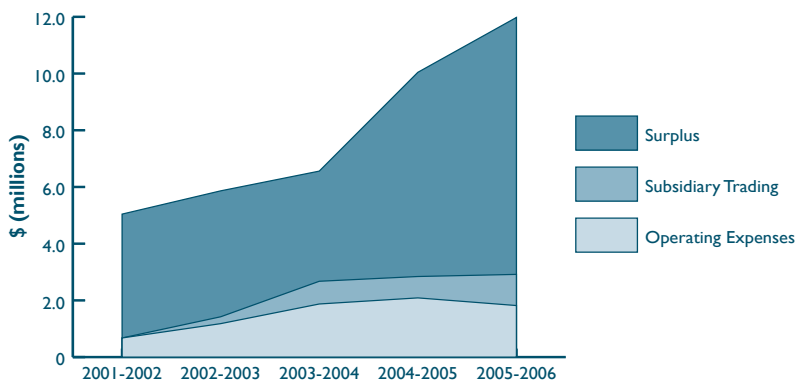
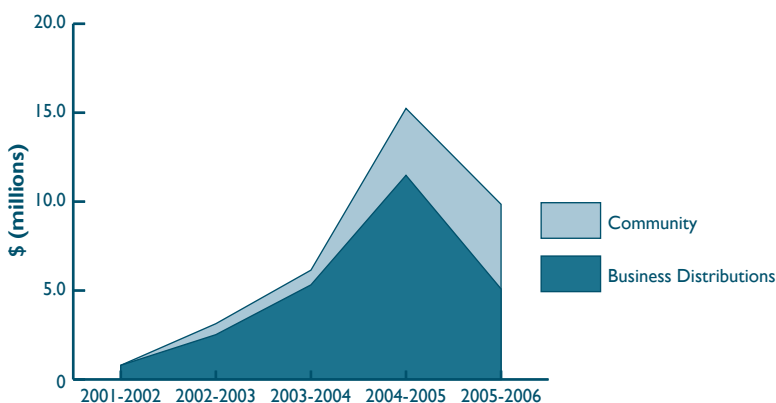


Chart 2 - Community and Business Distributions

There has been an increase in community distributions but a levelling of business distributions.



It is worth noting that even after allocating around \$10 million into community projects in the last five years, total assets have still increased to \$120 million.

A five year anniversary supplementary report has been produced reviewing the Trust's performance.

Key Projects Update

Information and Communication Technology

The Trust has invested in technical and project management services to promote the expansion of broadband, mobile telephone and digital services into our region. We have been able to leverage significant extensions in fibre optic and communication technologies, in partnership with Government and Telecom, to increase access for West Coasters into broadband and telecommunications. We will continue to support this area as it is a critical factor in the future our Region's economic and business development.

Working closely with Government through Project Probe, all schools on the West Coast and 21 additional exchanges have been broadband enabled. We have also supported a satellite extension project into South Westland and a fibre optic cable being extended up the Coast Road to Punakaiki.

Education Initiatives

E2B Project

The Trust once again supported and ran the Education to Business Project in West Coast Secondary Schools. This was very popular and had many successful outcomes. Five schools have E2B projects underway within their existing curriculum. These are bringing to life authentic learning opportunities about starting and running a business for participating students. Our program has been recognised as a leading project in New Zealand and much of the content has been adopted at a wider national level

for introduction to school curricula throughout New Zealand.

There has been a significant increase in the number of West Coast schools involved in E2B during 2006, including four primary schools.

Literacy Project

Our largest education programme continues to be our Literacy Project run by the Woolf Fisher Research Centre which is producing very good results throughout the region. The outcomes reflect creditably on both the primary school teachers and our children, and show that they are achieving at a level of performance at or above national standards. This bodes well for our children's future education and their engagement in secondary and tertiary education.

Enterprise Training

The Enterprise Training Lead Provider contract was tendered by New Zealand Trade and Enterprise and was awarded to The West Coast Development Trust.

During the year, the Trust facilitated 54 workshops in Westport, Reefton, Greymouth, Hokitika, Franz Josef, Haast & Karamea.

Maori Trustee Training Modules were delivered in Arahura, Westland & Bruce Bay, and 132 hours of coaching and mentoring were provided last year.

Further work is being undertaken with Tai Poutini Polytechnic and the Canterbury Chamber of Commerce to provide a wider scope of relevant business programmes, as well as provide a pathway into tertiary education.

Audits and Reviews

Under the terms of the Deed of Trust, the Trust is required to undergo an operational review with the Settlor in its first 5 years of operation. The Office of the Auditor-General undertook a comprehensive review last year, in conjunction with the operational review. Overall, The Trust

received a very positive Report with a small number of recommended improvements which have either been agreed and are under implementation or are under consideration.

In his report, the Auditor-General stated that, "The West Coast region has made much progress in improving its economic wellbeing in recent years", and "Overall, I found that the Trust has good systems to manage the investments of its funds".

The Auditor-General also acknowledged the depth of expertise offered by our Advisory Body and the positive relationship between the Advisory Body, the Trust and its Executive.

It was also pleasing to see the Audit Office's recognition of the importance the Trust has placed on maintaining confidentiality and in managing potential conflicts of interest. This has also been recognised by the community through our benchmark market research.

The Trust regards this report, which builds on our internal and external audit programmes, as further external recognition that Trustees and Executive have performed effectively in developing strategy and policy objectives and in carrying out their investment and governance role.

The Trustees have considered revisions they would like to make to the Deed of Trust to allow the Trust to operate in a more effective manner for the community and business. These will be negotiated over the next few months with the Settlor and in consultation with key stakeholders.

Communications

We have supported and spoken at many conferences, both on and off the West Coast.

The Trust has also established active relationships with Government agencies either through committee membership or as funding partners, including:

- Department of Conservation
- Ministry of Economic Development
- New Zealand Trade and Enterprise
- Ministry of Social Development/ Work & Income New Zealand

The Trust has had periodic meetings with West Coast Council, Mayors, Chief Executive Officers, Members of Parliament, Ngai Tahu and local Runanga. It has established an Industry Advisory Group which represents a range of key stakeholders, and has also contributed to Tourism West Coast, Minerals West Coast and Education West Coast.

The Trust has become more proactive in its communication with the community, including regular newspaper bulletins, media releases, radio spots, conferences and speeches.

The Trust has also updated its website to make it more user friendly and current.

We are working with Councils towards establishing a regional events calendar and/or website.

The Regional Profile document which was launched at the last annual public meeting has been a remarkable success, and has been distributed widely, both nationally and internationally. It has been used by almost every conceivable sector, including real estate, health, police, education, councils and individual businesses.

We are undertaking a project this year to build an industry profile and have chosen to commence with a mining sector profile document to complement the Regional Profile.

Benchmark Survey

The Trust has undertaken a benchmark survey on an annual basis over the past three years. Latest survey results show the Trust is continuing to build an overall positive position in the community year by year, and that

the positive perception of the Trust continues to grow.

Results also showed the actual knowledge of current services had been boosted and, when questioned, “what else should the Trust be investing in”, there was general agreement that the Trust should be able to do anything to help promote employment.

Close to 75% of those surveyed also believed the Trust could take more risks in investment, and that it was acceptable that some failures may occur through such distribution investments.

The reality is that we have taken significant risk in many local investments, particularly where we wish to establish a new industry or support a sector in difficulty. It is inevitable that not all will succeed. However we do provision realistically

for any impairment in value, and this is reflected in our Group results.

Staff

It was with regret we accepted the resignations of Jo Hart, Mark Jurisich and Jane Harmon, all of whom made a significant contribution to the Trust.

We were pleased to welcome new staff members, Warren Gilbertson (Regional Development Manager) and Nicky Roberts (Education Projects Coordinator).

I wish to sincerely thank Trustees and staff for their ongoing contributions to our success, and to the Region’s ongoing development. The Trust is only as good as the people leading and delivering our organisation’s services. I am fortunate to have strong support from my Chairman, Senior Management team and our Advisors.

In Appendix 1, there is an extract from the 31 KPI’s used by Trustees to monitor performance of both the Trust and the regional economy. The table shows our desired outcomes, the measures we use and the current status of a number of our externally focused key performance indicators. It makes interesting reading and highlights the achievement of many of our objectives.



M C TROUSSELOT
Chief Executive Officer

Regional Economic Development Report

In 2006, the Trust took over responsibility for a range of regional economic development contracts from New Zealand Trade and Enterprise and, with it, many of the previous responsibilities of Venture West Coast. In addition, the Trust continued to build on its own extensive range of regional development projects.

During the year, Councils disestablished a number of their

economic development functions and positions, recognising the Trust was undertaking much of this at both district and regional levels.

The Trust has taken these additional regional development responsibilities seriously and has established a Regional Development Unit which manages all the contracts and projects.

An Industry Advisory Group has also

been established providing industry and stakeholder input to the Trust from industry.

We are pleased to report on the Trust's overall economic performance in meeting its high level goals in Table 1, on the districts' economic performance in Tables 2 and 3 and, finally, on the Region's high level economic development goals in Tables 4 to 6.

The Trust's High Level Goals and Outcomes

Table 1 - High Level Strategic Goals

Goal	To support and promote sustainable regional economic and employment growth.
Outcomes	<ul style="list-style-type: none"> • Fishing Industry - The Trust has undertaken two Fishing Industry review meetings and presented reports from Peter Dawson and Tony King to the industry. It is also working with industry and the Buller and Grey District Council to redevelop port infrastructure. • Forestry Industry – Review completed. The sector has had an extremely difficult year with low commodity prices, high dollar, shipping difficulties and supply difficulties. • Gold Mining – Trust has worked actively with Oceana Gold Ltd • Coal Mining – the Trust's investment into Roa Mining Ltd was fully repaid. The Trust also supported Solid Energy in the Environment Court for Cypress Mine and is supporting Pike River. • Minerals West Coast – The Trust supported the Minerals West Coast Coordinator role, and has also had ongoing meetings with Holcim to encourage reinvestment into their Westport operation. • The Trust completed the development of a Tourism Strategy in conjunction with Tourism West Coast. • Obtained a major regional initiative funding approval of \$2 million towards 19 tourism projects, and the Trust approved a further \$2.5 million to complement that funding. • Invested in a significant tourism development, with the Franz Josef Ice Centre • Supported Film South in promoting the West Coast through a number of channels, including directly in Los Angeles. • Sponsored in-flight advertising for international arrivals into Christchurch. • Sponsored elements of TRENZ. • Sponsored a series of events, such as the Adventure World Racing Championships. • Supported a number of conferences, including <ul style="list-style-type: none"> • NZ Young Farmers Competition • Connecting Coasters Conference • Ngai Tahu Summit • @Home NZ Conference • Creating West Coast Young Entrepreneurs' Conference, and • West Coast Young Entrepreneurs' Awards 2005. • Active relationship with key Government agencies and private investors. • Industry Advisory Committee - connect with key industry leaders and issues •

Regional Economic Development Report (cont)

Goal	To ensure the West Coast becomes a lifelong learning region.
Outcomes	<ul style="list-style-type: none"> Implemented a Literacy Project. Data collected at the beginning of the 2005 school year was compared with that collected at the end of the school year. It clearly showed ongoing progress, including <ul style="list-style-type: none"> An increase in reading comprehension for students in Years 5-8 (10-13 yr olds) An increase in the reading and writing abilities of Year 1 students (6 yr olds) Provision and support of enterprise programmes i.e. Education to Business, Enterprise Training programme, Youth Enterprise Scheme, Young Designers Award, Gateway Provision of teacher professional development Partnering with Tai Poutini Polytechnic i.e. trades apprenticeships Supported Careers Expo, Apprenticeship support and professional development for staff and Trustees. Maintained involvement with Education West Coast, REAP, Tai Poutini Polytechnic and New Zealand Trade and Enterprise, and Ministry of Education. Providers of the BIZ information network.
Goal	Provide Social and Community Support
Outcomes	<ul style="list-style-type: none"> Approved Major District Initiative funding for each District through their Council. The Trust produced the Regional Profile. Concluded contracts with New Zealand Trade and Enterprise for the MRI, E2B, Enterprise Training programme, Strategy and Capability development. Taken over agreed functions of Venture West Coast. Supported the DARE programme. Invested over \$4.7 million into community projects this year per Note 3.
Goal	To promote environmental sustainability and use and access to land resources.
Outcomes	<ul style="list-style-type: none"> Active partnerships with the DOC, Ngai Tahu and local Runanga, West Coast Regional Council and local District Councils. Supported the Energy Efficiency Conservation Authority Health Homes project which insulated 238 homes throughout the region, improving health outcomes. Worked with Department of Conservation and Buller District Council on the Oparara Valley Project.
Goal	To promote positive attitudes in the Coast and positive perceptions about our region.
Outcomes	<ul style="list-style-type: none"> Wide promotion and distribution of the Regional Profile. Supported a number of community and sporting events. Implementing a regional events calendar. Specified and received regular economic indicator reports from BERL. Monitored National Bank surveys and statistics. Undertook a wide range of media and marketing promotion. Assessed and supported a wide range of community applications in the Cultural and Heritage area.
Goal	To support infrastructure and identify infrastructure needs as permitted by the Deed of Trust.
	<ul style="list-style-type: none"> Provided advocacy, capability building and financial commitment to a number of projects i.e. Water, Land Transport, Ports, Power, Energy, Telecommunications, ICT, Social Services. Supported projects for the enhancement of Broadband and expansion of ICT services, fibre optic cable, mobile phones, cell towers, etc. Leveraged significant Government and Telecom funds into the Region. Supported a technical and project management role in the ICT area. Indicated support for the development of the modified Dobson Dam project. Involved in a wide range of transport discussions through the Regional Land Transport Committee and Port Authorities.

District Economic Performance - Latest as at 30 June 2006

Table 2 shows that, on pure economic factors, Westland district was the best performer within the region last year – performing better than the New Zealand average for a number of indicators (GDP, GDP per capita, productivity and business size growth).

The Buller district performed better than the New Zealand average on all of the indicators and better than the Westland District on employment growth and business unit growth.

Table 2 - Economic Performance by District

Indicator	Economic Performance (% change 2004 to 2005)				
	BDC	GDC	WDC	West Coast	New Zealand
Real Value Added GDP	6.5	2.8	7.7	5.1	3.8
GDP per Capita	7.3	2.4	8.1	5.2	2.8
Employment	5.0	0.9	2.5	2.4	3.6
Productivity (GDP per FTE employed)	1.5	1.9	5.1	2.6	0.2
Business Units	3.5	3.2	0.8	2.5	2.7
Business Size (FTE's per Business Unit)	1.4	-2.2	1.7	-0.1	0.8

Berl Regional Database, Statistics NZ

Table 3 positively reflects on the performance of aggregated businesses and organisations within the West Coast. The Region has moved from 57th ranking overall to 28th overall in three years, with Buller going to 17th, Grey 29th and Westland 39th.

Table 3 - West Coast rankings out of all New Zealand Territorial Authorities (1st - 71st)

Growth Area as at December 2005	Ranking			
	BDC	GDC	WDC	West Coast Average
Population	60	33	52	48
Employment	12	43	29	28
Gross Domestic Product	10	37	6	18
Number of Businesses	12	20	13	15
Overall Rank - 2005	17	29	39	28
Overall Rank – 2004	45	43	24	37
Overall Rank – 2003	71	39	60	57

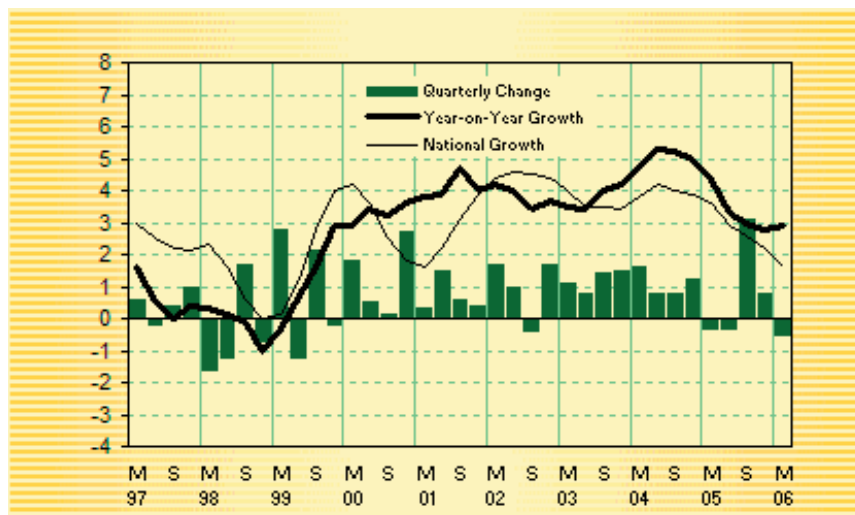
Berl Report, 2005

Regional Economic Development Report 2006 (cont)

Regional Economic Performance - 5 Years

Table 4 illustrates the West Coast has had mostly positive quarterly growth for six years, and has stayed above national growth rates since mid 2003.

Table 4 - West Coast Quarterly Regional Economic Growth



National Bank of New Zealand, Regional Trends, May 2006

Table 5 shows the West Coast has performed above the New Zealand average in almost all key economic indicators in 2005, apart from business units (similar growth) and employment growth which has been restricted by our already full employment.

Table 5 - West Coast Economic Performance 2001 to 2005

Year-on-Year Change (%)	2001	2002	2003	2004	2005	2005 NZ Average
Real Value Added GDP	-2.35	0.05	2.01	3.19	5.10	3.78
GDP per Capita	2.84	-0.46	7.05	2.99	5.22	2.83
Employment (FTE's)	-0.41	1.70	2.51	4.16	2.37	3.59
Productivity per FTE	-1.94	-1.62	-0.49	-0.93	2.62	0.18
Business Units	-1.36	1.75	1.95	8.19	2.47	2.36
NBNZ Index Regional Economic Performance Index	3.90	4.00	3.40	5.40	4.20	3.58

Berl (2005) and National Bank of New Zealand

Table 6 illustrates market, economic, unemployment and income data by industry sector and shows we have:

- regional sales of over \$3.8 billion
- regional value added of over \$1.3 billion
- Over 13,500 full time equivalent jobs in the region
- Many sectors have a high annual income for full time equivalent jobs with mining averaging \$65,000, farming \$41,000, manufacturing & processing \$61,000 and services \$44,000.

Table 6 - Industry Sector Breakdown

Industry	Sales (\$m)	Value Added (\$m)	FTE's	Gross Salary per FTE \$
All Primary Production	927.1	460.0		47,545
Total Farming, including	328.1	170.6	1,560	41,053
• Dairy	241.4	131.2	1,025	47,136
Forestry	125.1	59.7	791	42,023
Fishing	48.2	19.7	97	54,197
Total Mining, including	425.7	210.0	807	64,696
• Coal Mining	298.2	145.0	484	72,993
• Other Mining	118.6	58.8	283	48,965
All Manufacturing/Processing	652.7	143.4	1,438	60,919
Food Processing	388.5	56.6	460	62,391
Textile Production	3.5	1.1	23	39,130
Wood Production	106.2	29.7	402	55,697
Paper, Printing, Publishing	21.8	10.4	99	52,828
Chemicals, Rubber, Plastics	14.2	3.6	30	70,333
Non Metallic Minerals	64.3	22.5	140	88,643
Fabricated Metals	54.2	19.5	284	54,085
All Services	1,252.0	568.3	8,889	43,894
Public Utility Services	44.7	15.5	34	77,353
Retail Trade	161.9	80.1	1,736	34,475
Wholesaling / Retailing	259.6	119.8	2,124	40,885
Accommodation	62.1	27.5	822	20,629
Hospitality Services	102.0	40.6	1,355	19,904
Transport Services	180.5	74.1	638	59,608
Cult Rec Personel Services	43.1	20.0	474	34,620
Education	45.8	34.3	703	43,385
Construction Services	217.6	64.6	958	54,802
Business Services	183.6	101.1	977	57,451
Central Government	35.2	15.8	281	47,941
Local Government	34.7	14.1	244	36,007
Public Administration	80.7	38.4	657	45,495
Health/Welfare Services	94.4	60.0	969	51,878
Tourism (estimated)	470	200	4,800	
All Sectors	2,831.8	1,171.6	13,582	46,547
West Coast Region Total	3,788.0	1,314.0	13,560	

University of Waikato, March 2006

Auditor-General's Report



AUDIT REPORT

TO THE READERS OF THE WEST COAST DEVELOPMENT TRUST AND GROUP'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006

The Auditor-General is the auditor of The West Coast Development Trust (the Trust) and group. The Auditor-General has appointed me, K J Boddy, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Trust and group, on his behalf, for the year ended 31 March 2006.

Unqualified opinion

In our opinion the financial statements of the Trust and group on pages 19 to 40:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
 - the Trust and group's financial position as at 31 March 2006; and
 - the results of its operations and cash flows for the year ended on that date.

The audit was completed on 25 July 2006, and is the date at which our opinion is expressed.

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

Basis of opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit 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 had found material misstatements that were not corrected, we would have referred to them in the opinion.

Our 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;
- reviewing significant estimates and judgements made by the Trustees;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all 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 the opinion above.

Responsibilities of the Trustees and the Auditor

The Trustees are responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the Trust and group as at 31 March 2006. They must also fairly reflect the results of operations and cash flows for the year ended on that date.

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit, we have no relationship with or interests in the Trust or its subsidiaries.



K J Boddy
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

Statement of Investment Policy & Objectives

The West Coast Development Trust is a Trust for charitable purposes, established for the benefit of the community of the present and future inhabitants of the West Coast Region.

The Investment Fund of the Trust is expected to produce a rate of return from its investments which is, after investment management expenses, at least 3% per annum in excess of the inflation rate over any 3 year period.

The Statement of Investment Policy and Objectives was initially adopted in October 2001.

In April 2003, the Trustees developed and implemented a Treasury Policy to operationalise the Statement of Investment Policy and Objectives.

The Statement of Investment Policy and Objectives and Treasury Policy are reviewed on an annual basis.

The Investment Fund assets are managed directly by Goldman Sachs JB Were for Australasian Equities, uses fund managers for International Equities, and utilise investment advisors, Bancorp Treasury Services Ltd, to recommend fixed interest investments and foreign exchange hedging.

The Trustees' optimum asset allocation strategy for the reported and ensuing financial years are as follows:

Class	2006-07	2005-06
Australasian Equities	12%	5%
Australasian Listed Property	5%	5%
International Equities	17%	10%
Active Trading Fund	0%	5%
Alternative Investments	6%	5%
NZ Fixed Interest	50%	60%
Cash	10%	10%
Total	100%	100%

The Trustees continuously monitor, with the assistance of the Investment Advisors, the appropriateness of the adopted asset allocation strategy, performance of the appointed Fund Managers, and other investment returns.

Statement of Responsibility

- 1. The Trustees and management of The West Coast Development Trust accept responsibility for the preparation of these Financial Statements and the judgements used in them.

- 2. We have been responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting.

- 3. We are of the opinion that these Financial Statements fairly reflect the financial position and operations of The West Coast Development Trust and Group for the year ended 31 March 2006

SIGNED FOR AND ON BEHALF OF THE TRUSTEES AND MANAGEMENT.



FT DOOLEY

Chairman

25 July 2006



M C TROUSSELOT

Chief Executive Officer

25 July 2006

THE WEST COAST DEVELOPMENT TRUST

Statement of Financial Performance

For the Year Ended 31 March 2006

	Notes	2006 \$	2005 \$
Revenue			
Interest Received		6,388,861	5,972,612
Realised Gains in Investments		4,373,199	3,154,881
Dividends Received		816,502	683,233
Other Income		398,958	232,024
Total Income		11,977,520	10,042,750
Expenses			
Administration		183,082	129,600
Advisory Body Fees		72,000	81,000
Advisory Body Expenses		22,633	19,895
Audit Fees		40,336	23,560
Bad and Doubtful Debts		-	43,712
Client Services & Application Assessment Costs		770,163	623,010
Depreciation		99,760	71,112
Election Costs		(4,756)	47,847
Equipment Lease Payments		17,403	18,793
External Consultancy Expenses		27,195	62,435
Financial Expenses		546	1,001
Information & Communication Technology		48,829	19,175
Insurance & Risk Management		36,795	33,326
Intangible Asset Amortisation		100,000	100,000
Investment Advisory Expenses		225,375	225,375
Legal Fees		64,258	54,218
Marketing & Promotion		83,209	114,620
Occupancy		67,470	28,358
Provision for Distribution Asset Bad Debts		(252,996)	159,509
Provision for Write Off Investments in Subsidiaries		1,193,258	1,797,343
Recruitment Costs		23,643	29,070
Trustees' Remuneration		143,643	131,476
Trustees' Expenses		48,925	70,714
Total Operating Expenses		3,010,771	3,885,149
Surplus before Community Distributions & Projects		8,966,749	6,157,601
Less Community Distributions & Projects			
Interest Concessions		186,935	83,642
Economic Development Grants		512,952	668,769
Cultural, Community & Heritage Grants		100,337	282,056
Employment Initiatives		65,000	182,474
Education Initiatives		382,202	2,123,505
Tourism Initiatives		710,012	421,127
Provision for Major Regional Initiative		1,900,000	-
Provision for Major District Initiative		900,000	-
Total Community Distributions & Projects	3	4,757,438	3,761,573
Net Surplus for the Year		4,209,311	\$2,396,028

THE WEST COAST DEVELOPMENT TRUST

Statement of Movements in Equity

For the Year Ended 31 March 2006

	2006	2005
	\$	\$
Equity as at 1 April 2005	110,166,200	107,770,172
Net Surplus for Year and Total Recognised Revenues and Expenses	4,209,311	2,396,028
Equity as at 31 March 2006	114,375,511	\$110,166,200

THE WEST COAST DEVELOPMENT TRUST

Statement of Financial Position

as at 31 March 2006

	Notes	2006 \$	2005 \$
Equity			
Restricted Capital	21	79,324,973	79,324,973
Distribution Fund	21	25,050,538	20,841,227
Investment Fluctuation Reserve	21	10,000,000	10,000,000
Total Equity		114,375,511	\$110,166,200
Represented by			
Current Assets			
Cash at Bank at Call		3,294,286	2,036,667
Investments	4	19,919,882	19,724,486
Distribution Assets	7	7,981,088	1,219,430
Less Provision for Distribution Asset Write-Offs	8	(2,990,601)	-
GST Refund Due		134,123	50,855
Sundry Debtors		260,038	107,080
Total Current Assets		28,598,816	23,138,518
Non-Current Assets			
Distribution Assets	7	5,808,651	9,939,435
Less Provision for Distribution Asset Write-Offs	8	(169,004)	(2,219,343)
Investments	4	85,080,956	82,216,606
Intangible Asset	11	204,728	304,729
Fixed Assets	10	317,546	198,102
Total Non Current Assets		91,242,877	90,439,529
Total Assets		119,841,693	113,578,047
Current Liabilities			
Trade Creditors		302,055	264,654
Provision for Major Regional Initiative		1,900,000	-
Provision for Major District Initiative		900,000	-
Sundry Creditors	12	1,642,350	1,925,247
Total Current Liabilities		4,744,405	2,189,901
Non-Current Liabilities			
Sundry Creditors	12	721,777	1,221,946
Total Liabilities		5,466,182	3,411,847
Net Assets		\$114,375,511	\$110,166,200

THE WEST COAST DEVELOPMENT TRUST

Statement of Cashflows

for the Year Ended 31 March 2006

	Notes	2006 \$	2005 \$
Cashflows from Operating Activities			
Cash was provided from -			
Interest Received		6,117,842	5,941,127
Dividends Received		816,502	683,233
Other Income		233,412	232,025
Realised Gains/Losses on Investments		376,980	-
		7,544,736	6,856,385
Cash was applied to -			
Payments to Suppliers, Trustees & Employees		1,916,615	1,642,856
Community Distributions & Projects		2,556,370	1,575,939
		4,472,985	3,218,795
Net Cashflows from Operating Activities	15	3,071,751	3,637,590
Cashflows from Investing Activities			
Cash was provided from -			
Distribution Asset Repayments		2,467,354	7,451,033
Investments		78,110,778	55,777,134
Term Deposits		-	3,680,906
		80,578,132	66,909,073
Cash was applied to -			
Fixed Asset Purchases		219,204	45,811
Distribution Assets		5,091,039	11,478,654
Investments		77,082,021	63,456,933
		82,392,264	74,981,398
Net Cashflows from Investing Activities		(1,814,132)	(8,072,325)
Net Increase/(Decrease) in Cash Held for Year		1,257,619	(4,434,735)
Add Opening Cash Brought Forward		2,036,667	6,471,402
Closing Cash Balance		\$3,294,286	\$2,036,667

THE WEST COAST DEVELOPMENT TRUST

Group Statement of Financial Performance

for the Year Ended 31 March 2006

	Notes	2006 \$	2005 \$
Revenue			
Interest Received		6,358,333	5,972,653
Realised Gains on Investments		4,373,199	3,154,881
Dividends Received		816,502	683,233
Other Income		400,228	232,025
Trading Sales		761,943	638,538
Total Income		12,710,205	10,681,330
Expenses			
Administration Expenses		477,269	376,678
Advisory Body Fees		72,000	81,000
Advisory Body Expenses		22,633	19,895
Audit Fees		62,067	36,060
Bad & Doubtful Debts		-	43,712
Client Services & Application Assessment Costs		770,163	623,010
Cost of Sales		947,990	774,745
Depreciation		175,710	88,743
Directors' Fees		151,125	42,333
Election Costs		(4,756)	47,847
Equipment Lease Payments		17,403	18,793
External Consultancy Expenses		88,137	62,435
Financial Expenses		50,546	1,001
Information & Communication Technology		48,829	19,175
Insurance & Risk Management		36,795	33,326
Intangible Asset Amortisation		100,000	100,000
Interest & Finance Charges		20,587	3,024
Investment Advisory Expenses		225,375	225,375
Legal Fees		83,456	54,436
Loss on Sale of Assets		1,878	4,950
Marketing & Promotion		83,209	114,620
Occupancy		100,913	28,358
Provision for Distribution Asset Bad Debts		(252,996)	159,509
Provision for Investment Impairment		-	192,700
Recruitment Costs		23,643	29,071
Sales, Marketing & Despatch		253,854	136,834
Trustees' Remuneration		143,643	131,476
Trustees' Expenses		48,925	70,714
Amortisation of Goodwill on Consolidation		38,428	-
Total Operating Expenses		3,786,826	3,519,820
Surplus before Community Distributions & Projects		\$8,923,379	\$7,161,510

THE WEST COAST DEVELOPMENT TRUST

Group Statement of Financial Performance (cont)

for the Year Ended 31 March 2006

	Notes	2006 \$	2005 \$
Less Community Distributions & Projects	3		
Interest Concessions		186,935	83,642
Economic Development Grants		512,952	668,769
Cultural, Community & Heritage Grants		100,337	282,056
Employment Initiatives		65,000	182,474
Education Initiatives		382,202	2,123,505
Tourism Initiatives		710,012	421,127
Provision for Major Regional Initiative		1,900,000	-
Provision for Major District Initiative		900,000	-
Total Community Distributions & Projects		4,757,438	3,761,573
Net Surplus before Minority Interest		4,165,941	3,399,937
Minority Interests' Share of Loss in Subsidiary		137,970	39,672
Net Surplus for the Year		\$4,303,911	\$3,439,609

THE WEST COAST DEVELOPMENT TRUST

Group Statement of Movements in Equity

for the Year Ended 31 March 2006

	Notes	2006 \$	2005 \$
Equity as at 1 April 2005		110,171,602	106,771,665
Net Surplus for Year and Total Recognised Revenues and Expenses		4,303,911	3,439,609
Minority Interests' Share of Loss in Subsidiary at Acquisition		(306,422)	-
Minority Interests' Share of Loss in Subsidiary for the year		(137,970)	(39,672)
Total Recognised Revenues & Expenses		3,859,519	3,399,937
Equity as at 31 March 2006		\$114,031,121	\$110,171,602

THE WEST COAST DEVELOPMENT TRUST

Group Statement of Financial Position

as at 31 March 2006

	Notes	2006 \$	2005 \$
Equity			
Restricted Capital	21	79,324,973	79,324,973
Distribution Fund	21	25,150,540	20,841,226
Investment Fluctuation Reserve	21	10,000,000	10,000,000
Minority Interest in Subsidiary	21	(444,392)	5,403
Total Equity		\$114,031,121	\$110,171,602
Represented by			
Current Assets			
Cash at Bank		3,561,607	2,035,830
GST Refund Due		145,645	51,806
Tax Refund Due		976	3
Trade Receivables		119,791	141,775
Sundry Receivables		178,499	107,861
Stock on Hand		700,659	495,827
Investments	4	19,919,882	19,724,486
Distribution Assets	7	4,616,029	1,219,430
Prepayments		1,056	1,281
Total Current Assets		29,244,144	23,778,299
Non-Current Assets			
Investments	4	85,081,827	82,216,606
Distribution Assets	7	3,083,651	6,939,435
Less Provision for Distribution Asset Write-Offs	8	(169,004)	(422,000)
Intangible Assets	11	1,328,088	1,117,312
Fixed Assets	10	1,991,312	332,987
Total Non Current Assets		91,315,874	90,184,340
Total Assets		120,560,018	113,962,639
Current Liabilities			
Accounts Payable		465,203	400,833
Advances		360,615	-
Loan - Westland District Council	20	200,000	200,000
Provision for Major Regional Initiative		1,900,000	-
Provision for Major District Initiative		900,000	-
Sundry Creditors	12	1,709,119	1,968,258
Total Current Liabilities		5,534,937	2,569,091
Non-Current Liabilities			
Advances		272,183	-
Sundry Creditors	12	721,777	1,221,946
Total Non-Current Liabilities		993,960	1,221,946
Total Liabilities		6,528,897	3,791,037
Net Assets		\$114,031,121	\$110,171,602

THE WEST COAST DEVELOPMENT TRUST

Group Statement of Cashflows

for the Year Ended 31 March 2006

	Notes	Group 2006 \$	Group 2005 \$
Cashflows from Operating Activities			
Cash was provided from -			
Receipts from Customers		770,953	613,398
Interest Received		6,094,501	5,941,168
Dividends Received		816,502	683,233
Realised Gains/Losses on Investments		376,980	-
Other Income		233,412	232,025
Net GST Movement		-	2,574
		8,292,348	7,472,398
Cash was applied to -			
Payments to Suppliers, Trustees & Employees		3,910,850	2,588,390
Interest Paid		20,587	3,024
Community Distributions & Projects		2,556,369	1,575,939
Income Tax Paid		-	3
		6,487,806	4,167,356
Net Cashflows from Operating Activities	15	1,804,542	3,305,042
Cashflows from Investing Activities			
Cash was provided from -			
Sale of Fixed Assets		-	78,739
Investments		78,110,778	55,777,134
Distribution Asset Repayments		2,253,391	7,451,033
Term Deposits		-	3,680,906
		80,364,169	66,987,812
Cash was applied to -			
Fixed Asset Purchases		1,544,359	115,203
Investments		77,133,392	63,456,933
Distribution Assets		1,944,596	11,178,654
		80,622,347	74,750,790
Net Cashflows from Investing Activities		(258,178)	(7,762,978)
Cashflows from Financing Activities			
Cash was applied to -			
Repayment of Shareholder Advance		33,600	-
Net Cashflows from Financing Activities		(33,600)	
Net Increase/(Decrease) in Cash Held for Year		1,512,764	(4,457,936)
Add Opening Cash Brought Forward		2,035,830	6,493,766
Add Cash from purchase of Subsidiary		13,013	-
Closing Cash Balance		\$3,561,607	\$2,035,830

THE WEST COAST DEVELOPMENT TRUST

Trust & Group Notes to the Financial Statements

for the Year Ended 31 March 2006

1. Objects

The West Coast Development Trust is a Trust for charitable purposes for the benefit of the community of the present and future inhabitants of the West Coast region and the Trust Fund may be applied and used exclusively by the Trustees for the following general purposes within New Zealand, namely :

- a) to promote sustainable employment opportunities in the West Coast region; and
- b) to generate sustainable economic benefits for the West Coast region; and
- c) to support projects which are not the ordinary day-to-day running, maintenance and upgrade of the infrastructure that is normally the responsibility of the local authorities or central government, provided such projects meet paragraphs (a) and (b);

provided that any private benefit conferred to any person (other than a charity) is incidental to these overriding objects.

2. Statement of Accounting Policies

2.1 Reporting Entity

The West Coast Development Trust was established by Deed on 18 April 2001 and these Financial Statements are General Purpose Financial Statements prepared in accordance with our Deed of Trust and generally accepted accounting principles. The Group comprises The West Coast Development Trust, its subsidiary, Forever Beech Limited, and that company's subsidiary Forever Holdings Limited, West Coast Development Holdings Limited and its subsidiaries, West Coast Development Trust Land Company Limited, West Coast Development Trust Research and Development Company Limited, West Coast Snowflake Limited and Cranberries New Zealand Limited.

Basis of Consolidation

Subsidiaries are those entities controlled directly or indirectly by the Trust. The financial statements of subsidiaries are included in the Trust's Group financial statements by separate line-by-line aggregations of like items of assets, liabilities, equity, revenues, expenses and cashflows that are recognised in the financial statements of all entities in the consolidated Group.

Measurement Base

The Financial Statements have been prepared on the basis of historical cost.

2.2 Particular Accounting Policies

The following particular accounting policies which materially affect the measurement of financial performance and financial position have been applied.

a) Reporting Period

The period covered by these Financial Statements is from 1 April 2005 until 31 March 2006.

b) Recognition of Revenue and Expenses

Interest revenue and all expenses are recognised on a daily accrual basis.

Dividend revenue is accrued in the accounts when the Trust is advised a dividend is payable by a company in which the Trust holds equity.

c) Fixed Assets and Depreciation

All fixed assets are recorded at cost less accumulated depreciation to date.

Depreciation is provided on all fixed assets on a straight line basis at rates calculated to allocate the asset cost over the estimated useful life as follows:

THE WEST COAST DEVELOPMENT TRUST

Trust & Group Notes to the Financial Statements (cont)

for the Year Ended 31 March 2006

• Office Equipment	5 – 12.5 years
• Motor Vehicles	5 years
• Computer Hardware	4 years
• Computer Software	4 years
• Furniture and Fittings	5 – 12.5 years
• Leasehold Improvements	6.5 years
• Plant and equipment	2 – 10 years

d) Income Tax

The West Coast Development Trust is registered with the Inland Revenue Department as a Charitable Trust and is therefore exempt from income tax.

In respect of subsidiary companies, taxation expense (if any) is charged in the statement of financial performance in respect of current year's earnings after allowing for permanent differences. Deferred taxation is determined on a comprehensive basis using the liability method. Deferred tax assets attributable to timing differences or tax losses are only recognised where there is virtual certainty of realisation.

e) Goods & Services Tax (GST)

The West Coast Development Trust is a "registered person" in terms of the Goods and Services Act 1985. Where GST has been able to be claimed or charged the amounts reported are GST exclusive, otherwise the Financial Statements have been prepared inclusive of goods and services tax.

The Trust's subsidiaries are registered for GST purposes and profit and loss figures expressed in these financial statements relating to the subsidiaries are stated exclusive of GST.

f) Financial Instruments

The Group is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, investments, debtors, creditors and distribution assets.

A financial asset or financial liability is recognised in the Statement of Financial Position if it is probable that any future economic benefit or service potential associated with the item will flow to or from the Trust and the item has a cost or value that can be measured with reliability. Except for those items covered by a separate accounting policy, all financial instruments are shown at their estimated fair value.

Unrecognised financial instruments are from time to time used to hedge underlying financial asset/liability exposures, commitments and anticipated transactions. They can include forward rate agreements and interest rate swap agreements.

g) Inventories

Inventories are stated at lower of cost, determined on a first-in first-out basis, and net realisable value after due allowance for damaged or obsolete stock.

h) Distribution Assets

Distribution Assets are carried at the lower of cost or net realisable value and are net of any Specific or General Provisions made against Distribution Assets.

Where the approved distribution terms and conditions allow, some Distribution Assets at balance date may be below the maximum exposure available to the recipient.

i) *Classes of Distribution Assets*

The Trust uses the following classes and definitions in reporting its Distribution Assets:

	Definition
Class 1	Distributions on non discounted terms and conditions.
Class 2	Distributions on discounted terms and conditions (interest or repayment concessions).
Class 3	Distributions with Suspensory conditions.
Class 4	Distributions in the form of equity and/or loans with conversion to equity terms.
Class 5	Distributions in the form of guarantees or sureties.
Class 6	Non performing distribution assets.

THE WEST COAST DEVELOPMENT TRUST

Trust & Group Notes to the Financial Statements (cont)

for the Year Ended 31 March 2006

ii) *Value of Distribution Assets*

The Trust uses the following methods in valuing different classes of Distribution Assets:

- Class 1, 2 & 5** Distributions are valued at the maximum exposure outstanding at balance date.
- Class 3** Distributions are valued at their original value less any approved suspensory write downs.
- Class 4** Distributions are valued at their original cost.
- Class 6** Distributions are valued at the maximum exposure less any provisions raised against specific Distributions.

iii) *Quality of Distribution Assets*

The underlying sustainable development theme of our Trust Deed requires the Trust to look at projects with higher risk profiles.

While the Trust in assessing applications looks to reduce the overall risk profile where possible, this higher risk is reflected in the overall quality of the Distribution Assets.

i) Reporting On Policy Issues Relating to Distribution Assets

i) *Securities*

As part of assessing any application for funding, the Trust looks to achieve the greatest possible security cover. However in line with the development nature of the Trust we can accept security positions less than the value of a Distribution Asset, and lower in priority rankings.

ii) *Non Performing Assets*

Non performing Distribution Assets are those where repayments are overdue three months or more or where a specific potential for loss has been identified. There are no Distributions in this category as at 31 March 2006.

j) Credit Risk on Distribution Assets

i) *Level of Credit Risk*

The level of Credit Risk assumed by the Trust reflects the underlying objects of the Trust Deed.

In recognising Credit Risk the Trust Deed requires any applicant for a Distribution to have a minimum equity of 10%.

In addition, the Trust uses the experience and skills of the Advisory Body in assessing any applications to reduce, where possible, any potential risks.

Distribution Assets are generally secured to further reduce Credit Risk.

ii) *Concentrations of Credit Risks*

In line with the objective of our Trust Deed, there is a geographical concentration of Credit Risk on the West Coast.

At balance date the Distributions made were spread across various industry sectors.

Investment Funds are invested in line with the Statement of Investment Policy and Objectives and Treasury Policy which incorporates maximum exposures to institution. These maximum exposures are monitored at all times.

k) Distribution Asset Provisioning and Bad Debts

The Trust has resolved to provide for the write-off of Suspensory Loans over the period of those loans.

The Trust has resolved to raise a Specific Provision where it considers a quantifiable loss will occur against a specific Distribution Asset.

l) Interest Rate Risks

Interest rate concessions are a feature of many of our Distribution Assets.

The loss of interest income from these loans is recognised as Interest Concessions, and is reported within the Statement of Financial Performance.

Most Distributions have been approved on a fixed interest rate.

Investment Funds are subject to interest rate risks. The Trust has established a Statement of Investment Policies and Objectives and Treasury Policy which incorporate the requirement to spread investment and interest rate risk.

Financial market risk management products are utilised to minimise risk.

All Investment Funds are invested in line with the Statement of Investment Policy and Objectives and Treasury Policy.

m) **Currency Risk**

All Distributions are made in New Zealand Dollars and therefore not subject to currency risk.

Unless specifically agreed by the Trustees, no fixed interest and cash investments can create a foreign currency exposure. As at Balance Date, all Fixed Interest Investments were in New Zealand Dollars and therefore were not subject to currency risk.

Equity investments that create a currency exposure can be hedged 100% or remain unhedged at the discretion of the Investment Sub Committee. Other than AUD, International Equity currency exposures, are hedged through the NZD/USD and NZD/GBP crosses as proxies for the overall exposures.

n) **Liquidity Risk**

Liquidity Risk is governed by our Trust Deed, Statement of Investment Policy and Objectives and Treasury Policy.

o) **Fair Value**

All Equity Investments are valued at the lower of cost or net realisable value.

Fixed Interest Bonds are valued at cost with any premium or discount on purchase amortised over the period of the Bonds life. Any change in the market value of a Bond is not recognised as it is intended these investments will be held until maturity.

Interest Rate contracts and Hedge contracts are not recognised in the financial statements therefore no carrying amount is shown.

p) **Statement of Investment Policy & Objectives and Treasury Policy**

The West Coast Development Trust Investment Fund is managed in accordance with its approved Statement of Investment Policy and Objectives and Treasury Policy.

q) **Intangible Assets**

Intangible Assets will ordinarily be amortised over the life of the asset.

However, the cost of cutting rights acquired and held by the Forever Beech Limited's subsidiary, Forever Holdings Limited, are amortised based on volume extracted relative to the total aggregate yield covered by those rights. In accordance with FRS-4 - Accounting For Inventories, the amount per cubic metre amortised is included in inventory as a direct cost of production.

At 31 March each year, the Directors of Forever Holdings Limited review the carrying value of these cutting rights. Where any cutting rights have been forfeited or there has been an impairment to their carrying value they are written off or written down to their recoverable amount respectively and the associated expense recognised in the Statement of Financial Performance for the period ending on that date.

q) **Goodwill**

Goodwill arising from the acquisition of a subsidiary or associate represents the excess of the purchase consideration over the fair value of the identifiable net assets acquired. Goodwill is amortised in the Statement of Financial Performance on a straight line basis over the period during which benefits are expected to be derived (does not exceed 20 years).

THE WEST COAST DEVELOPMENT TRUST

Trust & Group Notes to the Financial Statements (cont) *for the Year Ended 31 March 2006*

2.3 Changes in Accounting Policies

There have been no changes in accounting policies covered by these financial statements as all accounting policies have been applied on a basis consistent with the previous period.

3. Community Distributions and Projects Analysis

	Total \$		Total \$
Economic Development		Employment Initiatives	
Arahura Bridge Coalition	5,000	Westland REAP Careers Expo	5,000
Buller West Coast Racing	52,000	Westland Medical Centre Community Trust	60,000
EECA Energy Project	55,000		65,000
Film South	1,422		
Greymouth Motorcycle Street Race	37,500	Education Initiatives	
Harihari Multi Predator Control	(50,000)	Education to Business	208,501
Industry Support	22,394	Enterprise Training	173,701
Ironman Productions Ltd (Coast to Coast)	36,200		382,202
Muritai Training Centre	(2,773)	Tourism Initiatives	
Regional Development Unit Costs	201,159	Adventure Racing World Championship	60,000
Regional Indicators Project	5,000	Air NZ Inflight Advertising	13,500
Regional Profile	22,513	Greymouth Golf Club	21,000
Sponsorship and Promotion	37,537	Guy Menzies Centennial	5,000
West Coast Focus Farm	90,000	Hokitika Golf Club	5,334
	512,952	Oparara Valley Project Trust	600,000
Cultural and Heritage Grants		Regional Television Advert Project	52,974
Charleston Waitakere Community	30,600	Tourism Project Committee	(17,198)
Girl Guides Westland	10,000	TRENZ 2005	(41,009)
Karamea Volunteer Fire Brigade	2,000	West Coast Historical & Mechanical Society	4,411
Young Farmers Competition	25,000	Westport Golf Club	6,000
Westland Industrial Heritage Park	15,000	Provision for MRI	1,900,000
West Coast Rugby Football League	8,000		2,610,012
West Coast Speedway	9,737		
Major District Initiative	900,000	Interest Concessions	186,935
	1,000,337		
		Total Community Distributions	\$4,757,438

4. Investments

During the period the Trust has made investments according to the terms of the Statement of Investment Policy and Objectives (SIPO). As at balance date the funds were invested as follows;

	Trust 2006	% of Portfolio	SIPO Range Minimum / Maximum %	Trust 2005
	\$			\$
Cash in short term money markets	19,640,754	18.7	10-100	16,369,182
Fixed Interest	57,811,598	55.1	0-90	57,993,243
Total Cash & Fixed Interest	77,452,352	73.8	60-100	74,362,425
Australasian Equity	10,991,819	10.5	0-15	11,147,884
Australasian Listed Property	3,268,452	3.1	0-5	3,579,901
International Equity	9,781,237	9.3	0-17	8,152,513
Active Trading Fund	279,128	0.2	0	3,355,304
Alternative Investments	3,227,850	3.1	0-6	1,343,065
Total Equity	27,548,486	26.2	0-40	27,578,667
Total Investments	\$105,000,838	100.0		\$101,941,092
Current Investments	19,919,882			19,724,486
Non Current Investments	85,080,956			82,216,606
Total Investments	\$105,000,838			\$101,941,092

In addition to the Trust Investments, the Group has additional investments of \$871.

All investments were within the asset allocation range allowable by the SIPO.

Cash, short term deposits, and the Active Trading Fund are classed as a current asset. All other investments are expected to be held for a period of time and are classed as non current assets.

5. Investment Advisors

The Trust has appointed two investment advisors to assist in the management of the Trust's funds. Goldman Sachs JB Were New Zealand Limited advise on investment in equity. Bancorp Treasury Services Limited advise on fixed interest, cash and foreign exchange portions of the portfolio.

6. Fair Value of Financial Instruments

As at 31 March 2006, the fair value of the financial instruments recorded at cost in the Statements were

	Fair Value 2006	Fair Value 2005
	\$	\$
Australasian Equity	11,881,131	11,920,482
Australasian Listed Property	3,652,188	4,016,981
International Equity	12,371,855	8,888,694
Active Trading Fund	97,754	3,315,305
Alternative Investments	3,977,600	1,371,021
Fixed Interest	57,816,275	57,136,459
Cash in short term money markets	19,421,825	16,369,182
Total Fair Value of Financial Instruments	\$109,218,628	\$103,018,124

The fair value of financial instruments not recognised in these Financial Statements is \$15,714 (Interest Swap and Foreign Exchange Option Contracts in a net payable position).

THE WEST COAST DEVELOPMENT TRUST

Trust & Group Notes to the Financial Statements (cont)

for the Year Ended 31 March 2006

7. Distribution Assets by Class

Class	Group		Trust	
	2006 \$	2005 \$	2006 \$	2005 \$
Class 1	4,251,381	5,038,111	5,736,440	5,038,111
Class 2	1,745,962	1,120,754	3,625,962	2,220,754
Class 3	-	-	-	-
Class 4	1,533,333	2,000,000	4,258,333	3,900,000
Class 6	169,004	-	169,004	-
Total Per Accounts	7,699,680	8,158,865	13,789,739	11,158,865
Class 5		26,052		26,052
Total	\$7,699,680	\$8,184,917	\$13,789,739	\$11,184,917
Current Distributions	4,616,029	1,219,430	7,981,088	1,219,430
Non Current Distributions	3,083,651	6,939,435	5,808,651	9,939,435
Total	\$7,699,680	\$8,158,865	\$13,789,739	\$11,158,865

8. Distribution Asset Provisioning and Bad Debts

The Class 6 distribution has been specifically provided to the full amount due of \$169,004.

An additional specific provision of \$1,193,258 has been raised against the Trust's investments in its subsidiaries.

Previously, the Trust has applied a 5% general provision against distribution assets. The general provision of \$302,000 has been reversed in 2006 in accordance with generally accepted accounting principles.

	Specific Provision \$	General Provision \$	Total Trust \$	Total Group \$
Provisions 1 April 2005	1,917,343	302,000	2,219,343	422,000
Plus Provisions Applied	1,242,262	-	1,242,262	49,004
Less Provision Reversed	-	(302,000)	(302,000)	(302,000)
Provision as at 31/3/06	\$3,159,605	0	\$3,159,605	\$169,004

9. Subsidiary Investments

Subsidiary	Ownership Interest		Balance Date	Principal Activity
	2006 %	2005 %		
Forever Beech Limited	100	95	31 March	Harvesting, Milling, Processing & Marketing of Beech Timber
Forever Holdings Limited	100	95	31 March	Holder of Forestry Rights
West Coast Development Holding Company Limited	100	100	31 March	Ownership Company
West Coast Development Trust Land Company Limited	100	100	31 March	Property Ownership Company
West Coast Development Trust Research & Development Company Limited	100	100	31 March	Research & Development
West Coast Snowflake Limited	100	0	31 March	Manufacturer of Ice Cream
Cranberries New Zealand Limited	50	0	31 March	Horticulture, principally cranberry growing and marketing

West Coast Snowflake was established on 8 September 2005 to purchase the business assets of Westland Snowflake Limited.

The Group's share in Cranberries New Zealand Limited was purchased on 1 April 2005. Goodwill of \$307,422 arising from the acquisition of Cranberries New Zealand Limited will be written off on a straight line basis over an 8 year period.

10. Fixed Assets

Asset	Cost	Accumulated Depreciation	Book Value 2006	Book Value 2005
	\$	\$	\$	\$
Trust				
Motor Vehicles	243,480	96,150	147,330	66,322
Computer Hardware	153,933	98,221	55,712	53,877
Computer Software	19,366	6,438	12,928	6,679
Office Equipment	29,899	19,058	10,841	15,871
Furniture & Fittings	80,253	9,524	70,729	32,110
Leasehold Improvements	50,862	30,856	20,006	23,243
Trust Total	577,793	260,247	317,546	198,102
Subsidiaries				
Plant & Equipment	613,244	96,768	516,476	129,344
Land & Buildings	1,165,208	60,764	1,104,444	2,601
Office Equipment	19,057	7,874	11,183	2,940
Motor Vehicles	59,087	17,424	41,663	-
Group Total	\$2,434,389	\$443,077	\$1,991,312	\$332,987

11. Intangible Assets

	2006	2005	Estimated Total Life of Asset
	\$	\$	
Forever Beech - Forestry Rights	803,015	812,583	20 years
Parent - Intellectual Property			
Project 421	204,729	304,729	4 years
Goodwill on Consolidation	268,994	-	8 years
Brands and Logos	51,350	-	to be determined
Total	\$1,328,088	\$1,117,312	

THE WEST COAST DEVELOPMENT TRUST

Trust & Group Notes to the Financial Statements (cont) for the Year Ended 31 March 2006

12. Sundry Creditors

The payment of community grants may be subject to meeting certain criteria and/or may not be made for a period of time following Trustee approval. However, given it is likely that grants approved will be paid the Trust accrues community grants upon resolution approving a grant.

	Group		Trust	
	2006 \$	2005 \$	2006 \$	2005 \$
Audit Fees	54,516	33,820	32,784	21,320
Employee Entitlements	98,594	64,918	60,684	34,407
Community Grants Committed	2,233,619	3,044,228	2,233,619	3,044,228
Election Costs	-	47,238	-	47,238
Other	44,167	-	37,040	-
Total	\$2,430,896	\$3,190,204	\$2,364,127	\$3,147,193
Current Creditors	1,709,119	1,968,258	1,642,350	1,925,247
Non current Creditors	721,777	1,221,946	721,777	1,221,946
Total	\$2,430,896	\$3,190,204	\$2,364,127	\$3,147,193

13. Contingent Assets & Contingent Liabilities

There were no known contingent assets at balance date (2005 \$Nil).

At Balance Date the Trust has a contingent liability until 2020 for Major District Initiative funding of \$1.2m per annum subject to the Trust's financial performance and receipt of suitable applications.

14. Commitments

14.1 Future Distributions

At balance date, \$7,767,514 (2005 \$6,712,000) had been approved by Trustees but was either under consideration by the client or was undrawn against the accepted facilities.

14.2 Lease Commitments

As at 31 March 2006, the value of the residual portion of lease commitments of the Trust was \$123,157, classified into the following periods:

	2006 \$	2005 \$
0-12 Months	49,144	40,886
12-24 Months	43,844	33,466
24-60 Months	33,268	48,805
> 60 Months	-	-
Total	\$126,256	\$123,157

In addition, Forever Beech Limited had the following lease commitment:

Vessa Holdings

Commencement Date 1st April 2006
 Term Monthly
 Monthly Rental \$3,767 plus GST
 Further Terms Reviewed 1st of each month

The lease payments of the company during the period under review were:

Lessor	2006	2005
	\$	\$
Shannons Ltd	3,520	4,160
Vessa Holdings Ltd	40,067	38,400
Total Lease Expense	\$43,587	\$42,560

15. Reconciliation of Net Surplus with Cashflows from Operating Activities

	Group		Trust	
	2006	2005	2006	2005
	\$	\$	\$	\$
Net Surplus for the Year	4,303,911	3,439,609	4,209,311	2,396,028
Minority Interests' share of loss in Subsidiary	(137,970)	(39,672)	-	-
Add/(Deduct) Non-Cash Items Included in Statement of Financial Performance				
Depreciation/Asset Write-off	175,710	88,743	99,760	71,112
Write down of Intangible Asset	100,000	100,000	100,000	100,000
Investment Write Down	9,568	198,031	-	-
Loss on Sale of Asset	1,877	4,950	-	-
Amortisation of Goodwill on Consolidation	38,428	-	-	-
Capitalised Distribution Interest	-	(13,932)	(7,189)	(13,932)
	4,491,524	3,777,729	4,401,882	2,553,208
Other				
Gain included in Investing Activities	(3,996,219)	(3,154,881)	(3,996,219)	(3,154,881)
Movements in Working Capital				
Increase (Decrease) in Provisions	2,547,003	159,509	3,740,260	1,956,852
Increase (Decrease) in Accounts Payable	(719,558)	2,392,129	(745,664)	2,374,006
(Increase)/Decrease in Inventory	(192,906)	243,945	-	-
(Increase)/Decrease in Receivables	(159,806)	(81,295)	(165,546)	(56,470)
(Increase)/Decrease in Taxation Asset	(976)	458	-	-
(Increase)/Decrease in GST Asset	(84,825)	(48,282)	(83,268)	(50,855)
(Increase)/Decrease in Accrued Interest	(79,695)	15,730	(79,694)	15,730
	1,309,237	2,682,194	2,666,088	4,239,263
Net Cashflows from Operating Activities	\$1,804,542	\$3,305,042	\$3,071,751	\$3,637,590

THE WEST COAST DEVELOPMENT TRUST

Trust & Group Notes to the Financial Statements (cont) *for the Year Ended 31 March 2006*

16. Enquiries and Applications

For the financial year ending 31 March 2006, The West Coast Development Trust received 142 client enquiries. The following table lists the quantum of applications received, and applications approved or under consideration at balance date.

Application Summary 2005–06	Quantity	Value \$
Total Applications Received	18	7,312,558
Advisory Body Recommended	19	7,536,800
Trustee Approved	19	7,536,800
Offers under Consideration by Applicants	1	4,012,300
Offers Lapsed or Declined by Applicants	1	20,000
Trustee Approved and Accepted by Client		
Coastpine Ltd		750,000
P & F Currie		200,000
Forever Beech Ltd		720,000
Greymouth Golf Club		52,500
Hokitika Golf Club		15,000
Jordan Contracting		86,000
Poutini Press		54,000
Roa Mining Company Ltd		500,000
Scenicland Laundry		300,000
West Coast Rugby Football League		19,000
Westland Industrial Heritage Park		10,000
West Coast Snowflake Ltd		1,125,000
Westport Golf Club		15,000
		3,846,500

Note: As at 31 March 2006, 4 applications of \$4,470,000 (2005 \$800,000) were still being progressed by the Executive.

17. Subsequent Events

Subsequent to Balance Date the Trust's advances to its subsidiary, Forever Beech Limited, have been converted to equity.

18. Related Party Transactions

- 18.1 During the year, The West Coast Development Trust advanced the sum of \$2,310,121 to its subsidiary West Coast Development Holdings Limited. Interest is payable on this amount at the rate of 8% p.a. As at 31 March 2006 \$2,310,059 was owing to The West Coast Development Trust. The West Coast Development Trust is the parent of West Coast Development Holdings Ltd.
- 18.2 During the year, The West Coast Development Trust advanced the sum of \$780,000 to its subsidiary Forever Beech Limited. As at 31 March 2006 \$1,880,000 was owing to The West Coast Development Trust by Forever Beech Limited. Interest is not currently charged on the advances.
- 18.3 At 31 March 2006, the West Coast Development Holdings Ltd owed The West Coast Development Trust \$27,860 for expenses paid by the Trust on the Company's behalf. The West Coast Development Trust is the parent of West Coast Development Holdings Limited.
- 18.4 During the period under review, Forever Beech Limited has conducted normal business transactions with Westimber Limited, whose director is Mr M J Donaldson, a director of Forever Beech Limited. Westimber Limited has purchased \$4,251.03 (excl. GST) of timber from Forever Beech Limited during the period (2005 \$4,817.64), and Forever Beech Limited has incurred expenses from Westimber Limited of \$3,118.03 (excl. GST) during the period (2005 \$9,725.49).

- 18.5 Forever Beech Limited has conducted normal business transactions with Beechwood Products Limited, whose director is Mr M J Donaldson, a director of Forever Beech Limited. Beechwood Products Limited has purchased \$106,691.46 (excl. GST) of timber from Forever Beech Limited during the period (2005 \$73,810.80), and Forever Beech Limited has incurred expenses from Beechwood Products Limited of \$1,052.09 (excl. GST) during the period (2005 \$1,630.62).
- 18.6 During the period under review, the Company has conducted normal business transactions with director, Mr J Birchfield, who has made purchases of \$10,283.23 (excl. GST) from Forever Beech Ltd during the period (2005 Nil).
- 18.7 Included in Trade Receivables is an amount of \$10,313.93 (incl. GST) which is owed by Beechwood Products Limited to Forever Beech Limited.
- 18.8 At 31 March 2006 the The West Coast Development Trust was owed \$18,247 by the West Coast Development Trust Land Co. Ltd, \$17,465 by the West Coast Development Trust Research and Development Ltd and \$36,209 by West Coast Snowflake Limited, for expenses paid by the Trust on these Companies' behalf. The West Coast Development Trust Land Co. Ltd, the West Coast Development Trust Research and Development Ltd and West Coast Snowflake Limited are all subsidiaries of West Coast Development Holdings Limited. The West Coast Development Trust is the parent of West Coast Development Holdings Limited.
- 18.9 The West Coast Development Trust provides accounting and other services to Forever Beech Limited, West Coast Development Trust Land Co. Ltd, West Coast Development Trust Research and Development Ltd, West Coast Snowflake Limited and West Coast Development Holdings Limited. No management fees are currently charged for these services.

19. Taxation

Taxation in respect of the trading operations is as follows:

	2006 \$	2005 \$
Net Surplus/(Deficit) before Taxation	(1,236,629)	(793,434)
Prima Facie Taxation at 33%	(408,088)	(261,833)
Add Prima Facie Taxation – costs not deductible	17,682	
Less Prima Facie Taxation - reversal of investment impairment		63,591
Tax Loss Not Recognised	390,406	198,242
Taxation Payments	976	3
Taxation Refund Due	976	\$3
Comprising:		
Current Taxation Asset	976	3
Deferred Taxation	0	0

Unrecognised tax losses available for set off against future assessable income:

Tax Losses	2,882,290	1,699,332
Tax Saving Thereon @ 33%	951,156	560,780

The ability to utilise these tax losses depends on the generation of sufficient assessable income in the respective tax jurisdictions.

Imputation Credit Account

Opening Balance	3	461
Tax refunds received	(3)	(461)
RWT Credits on Interest Income	976	3
Closing Balance	\$976	\$3

THE WEST COAST DEVELOPMENT TRUST

Trust & Group Notes to the Financial Statements (cont) for the Year Ended 31 March 2006

20. Loan - Westland District Council

This loan is secured over the assets of Forever Beech Limited and ranked pari passu with the interests of The West Coast Development Trust. This loan is currently subject to an interest rate of 6% per annum.

21. Equity

	Group 2006 \$	Group 2005 \$	Trust 2006 \$	Trust 2005 \$
i) Restricted Capital <i>The Initial Capital, as reduced from time to time by Distributions made under Clause 11.1 of the Trust Deed</i>				
Balance at 1 April 2005	79,324,973	79,324,973	79,324,973	79,324,973
Movements in Current Year	-	-	-	-
Balance as at 31 March 2006	\$79,324,973	\$79,324,973	\$79,324,973	\$79,324,973
ii) Distribution Fund <i>The Income and the amount of Restricted Capital available for distribution, in accordance with Clause 11 of the Trust Deed.</i>				
Balance at 1 April 2005	20,841,226	17,401,617	20,841,227	18,445,199
Net Surplus for Year	4,165,941	3,399,937	4,209,311	2,396,028
Minority Interest Adjustment FBL	5,403	-	-	-
Add Minority Interest Share of Loss	137,970	39,672	-	-
Balance as at 31 March 2006	\$25,150,540	\$20,841,226	\$25,050,538	\$20,841,227
(iii) Investment Fluctuation Reserve				
Balance as at 31 March 2006	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
Minority Interest	(444,392)	5,403		
Total Equity	\$114,031,121	\$110,171,602	\$114,375,511	\$110,166,200

	Trust 2006 \$	Trust 2005 \$
i) Investment Fund <i>The Property that is from time to time held by Trustees on the trusts of this Deed, except for Distribution Assets</i>		
Balance as at 31 March 2006	\$100,585,772	\$99,007,335
ii) Distribution Assets <i>The Property that is from time to time held by the Trustees on the trusts of this Deed where that Property is the result of the Trustees making a Distribution to a Recommended Recipient in the form of subscribing for shares or by way of loan, surety or guarantee.</i>		
Balance as at 31 March 2006	\$13,789,739	\$11,158,865
Total Equity	\$114,375,511	\$110,166,200

Appendix 1

Benchmarks and KPI's Progress of Trust and Region

Status Report on Key External Performance Indicators 2006

Desired Outcome	Measure	Status																					
Trust meets desired ROI	Growth rate, fund value, meet or exceed measure.	Gross income as a percentage of equity was 10.9%. This outperforms the ROI by 4%.																					
Key relationships/partnerships in place	Demonstrable relationships with key stakeholders.	The Trust has established active relationships with Councils, Mayors, Chief Executive Officers, Members of Parliament, Government Agencies, Ngai Tahu and local Runanga. It has established an Industry Advisory Group which represents a range of key stakeholders, and has also contributed to Tourism West Coast, Minerals West Coast and Education West Coast.																					
Acting as the catalyst (co-ordination, research, lobbying etc) for Trust identified opportunities	Proactive work undertaken	Commenced active development programs and projects. Significant proactive work undertaken, up to and including due diligence on a number of projects. Programmes include: <ul style="list-style-type: none"> • Major Regional Initiative • Major District Initiative • Literacy Project • Education to Business • Enterprise Training • Business Investigation Investments • Industry Projects • Digital strategy - expansion and up-take of Broadband 																					
To create and advocate a sustainable West Coast brand	Brand built, used, and positive recognition	The brand has been developed i.e. The West Coast of the Southern Alps. The Regional Profile has been completed and distributed and has been very positively received. Website redevelopment has been completed..																					
Number of new jobs promoted	1000 new jobs over 10 years in region	<p>The Region's job growth is excellent. We have initiated and participated in investments and projects which should promote over 500 jobs in the next 3 years alone.</p> <p>The region is now limited by workforce and skill shortages, not by lack of employment opportunity. Hence, we will struggle to achieve further job growth without population growth or inwards migration.</p> <p>Table 2 – Actual Regional Employment Growth</p> <table border="1"> <thead> <tr> <th>% Growth</th> <th>2001</th> <th>2002</th> <th>2003</th> <th>2004</th> <th>2005</th> <th>2005 NZ Avg</th> </tr> </thead> <tbody> <tr> <td>Employment (FTE's)</td> <td>-0.41</td> <td>1.70</td> <td>2.51</td> <td>4.16</td> <td>2.37</td> <td>3.59</td> </tr> <tr> <td>Employee Count</td> <td>2.84</td> <td>-0.46</td> <td>7.05</td> <td>2.99</td> <td>5.79</td> <td>5.18</td> </tr> </tbody> </table> <p style="text-align: right;"><i>Berl 2005</i></p>	% Growth	2001	2002	2003	2004	2005	2005 NZ Avg	Employment (FTE's)	-0.41	1.70	2.51	4.16	2.37	3.59	Employee Count	2.84	-0.46	7.05	2.99	5.79	5.18
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To communicate information of relevance to the local economy	Develop indicators and communication systems	<p>The Trust has initiated a regular performance indicators project measuring important statistics concerning the local economy. It has engaged BERL to prepare this report regularly. We have also published regular updates on the Trusts projects and activities, improved our web site and maintained its content this and also issued 19 media releases this year.</p> <p>A benchmark survey was undertaken which involved assessing overall perception of the Trust, measured on a ten point chart covering topics:</p> <ul style="list-style-type: none"> • Decision making process • Approachability • Personnel experience • Confidence in personnel • Good communication • Reputation • Publication of projects • Utilisation of sound business advisors • Achievement of the Trust's goals • Risk profile 																					

Desired Outcome	Measure	Status
Intervention alongside industry and local government	Number and Industry sector	The Trust has set up an Industry Advisory Group it has liaised with central and local government over a number of issues. Industries that received particular focus last year included: <ul style="list-style-type: none"> • Fishing industry • Mineral industry • Tourism industry
Encourage the development/ improvement of key infrastructure – water, sewerage, power etc. Information bandwidth;	Infrastructure improvements	The Trust has participated in a range of forums and has focused on working with central and local government on transport infrastructure including roads, ports, rail, and also on ICT infrastructure.
West Coast accessing Government support for economic development and employment initiatives above percentage average	Quantum per annum meets budget	The Trust has taken over the previous roles of Venture West Coast and has secured a wide range of contracted funding sources from government and, in particular, NZTE. These include the MRI funding, Enterprise Training, Regional Capability funding, Regional Economic Development Strategy funding, Education to Business part funding, The quantum secured in the last year is over \$2.4 million, which greatly exceeded budget.
More business start ups using pre-entry skills training	% increase year on year. Total throughout numbers	The Trust has received the contract to deliver Enterprise Training, it has delivered 46 workshops, 132 hours of coaching and 700 local businesses registered.

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