Development West Coast

GROUP ANNUAL REPORT

For the Year ended 31 March 2009

HIGHLIGHTS & KEY NUMBERS

$10.7m
Group Operating Revenue

$10.0m
Group Deficit
including unrealised losses of $8.8m

$101.0m
DWC Net Asset

$3.0m
Community Distribution

$18.0m
MDI Funding
subject to conditions

$81.0m
Group Revenue Generated Since 2001

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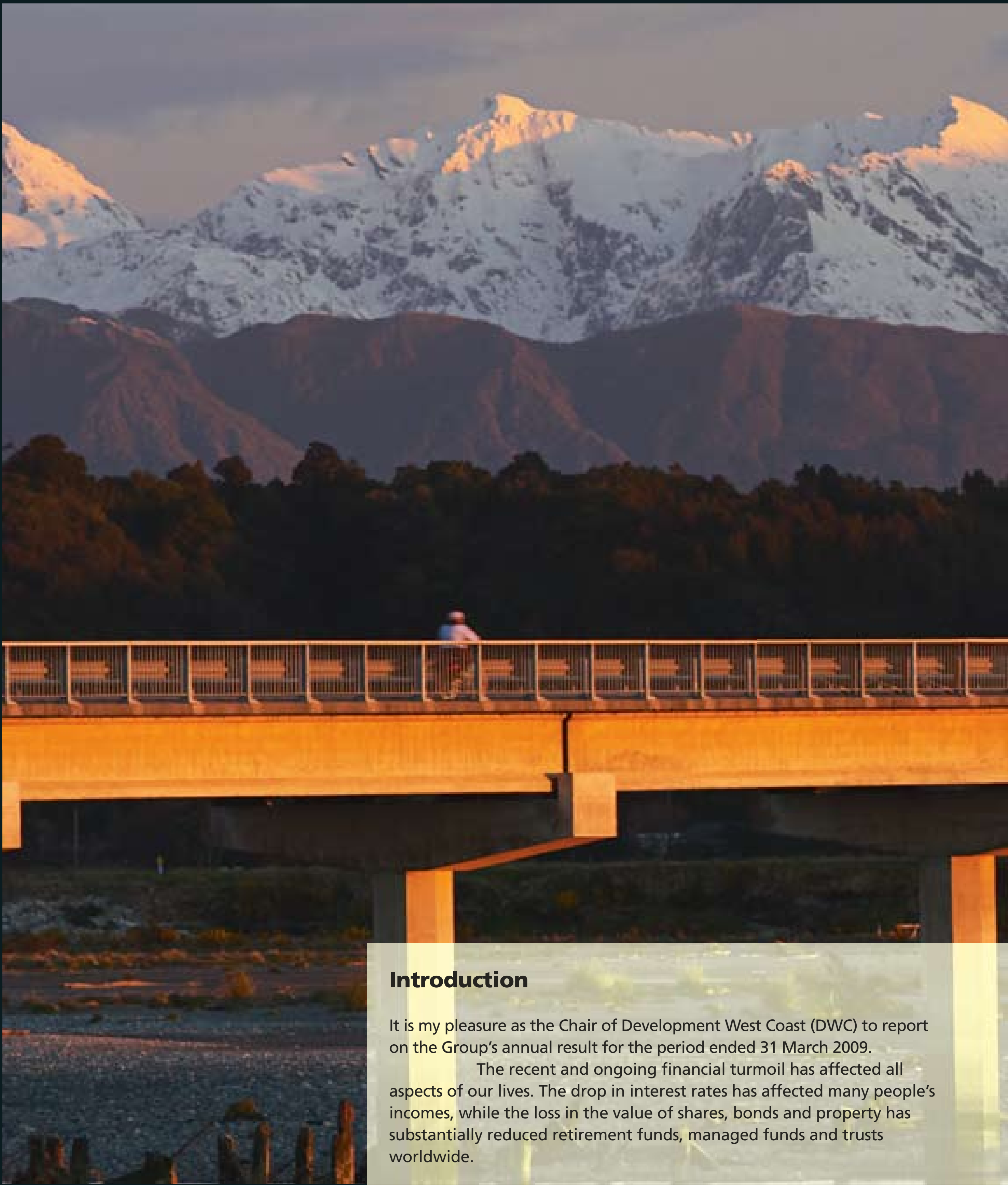
CHAIRMAN'S REPORT



Introduction

It is my pleasure as the Chair of Development West Coast (DWC) to report on the Group's annual result for the period ended 31 March 2009.

The recent and ongoing financial turmoil has affected all aspects of our lives. The drop in interest rates has affected many people's incomes, while the loss in the value of shares, bonds and property has substantially reduced retirement funds, managed funds and trusts worldwide.

At the end of the financial year, the Group's net assets were $101 million

Our Fund has not been immune to the turmoil in the financial markets. However prudent advice from our investment advisors in November 2007 led Trustees to adopt a very conservative approach to its investment strategy moving funds out of equity and into cash. This has been one of the most important decisions made by the Trustees as it helped protect DWC's initial fund of $92 million. Despite the losses suffered by DWC, I am pleased to report that the Group's net assets stood at $101 million at 31 March 2009.

Trustees are completely focused on meeting the objects of the Trust Deed and the needs of the community

Corporate Governance

Trustees are completely focused on meeting the objects of the Trust Deed and the needs of our community during these difficult times.

Key Objects of the Deed:

- ***Promote sustainable employment opportunities in the West Coast Region;***
- ***Promote sustainable economic benefits for the West Coast Region.***

During the year I was pleased to announce the appointment of a new Trustee to the Board and confirm the reappointment of another.

Robert Buchanan was appointed as an Independent Trustee by the New Zealand Law Society. Mr Buchanan is based in Wellington and specialises in public sector governance and risk management. Mr Buchanan is a former director of the Law Commission and was an Assistant Auditor-General for eight years prior to setting up his independent legal practice in 2006. Mr Buchanan's appointment came at the expiry of the term of the Crown appointed Trustee, Mr Brian Roche, in February 2009.

Mark Lockington was reappointed as an Independent Trustee by the New Zealand Institute of Chartered Accountants. Mr Lockington was first appointed as a Trustee to DWC in 2005. Mr Lockington has worked for companies in New Zealand and Australia in management, financial and accounting roles and is currently the Company Secretary at Westland Milk Products.

Trustees continue to develop a clear and achievable strategy to allow DWC to connect with the community and ensure this is communicated to those DWC was established to benefit. As part of improved communication and fulfilling its transparency obligation, DWC has adopted a practice of publishing and circulating a monthly Chairman's Report summarising non confidential business activities to the public via media and other key stakeholders.

New Leadership in Management

At the end of January 2009 Development West Coast appointed respected Chief Executive, Dr John Chang, to head the operations. Dr Chang brings to DWC a strong executive management background with 15 years of leadership roles in publicly listed and private companies and university environments. He also sits on a number of boards including AUT Enterprises Ltd and the New Zealand Institute of Management (Southern).

Dr Chang is extremely motivated and committed to leading DWC through creative teamwork and good management. Dr Chang's experience in managing complex businesses and facilitating the interests of multiple stakeholders is proving invaluable and we look forward to his continued contribution to the organisation.

Our Role in the Community

Trustees and management of DWC have pooled their efforts and worked solidly throughout the year to:

- Review its internal resources and realign them to prioritised projects and objectives;
- Focus on delivering material economic benefits to the West Coast community ; and
- Develop strategies to grow the Trust Fund for the benefit of future generations while mitigating identifiable risks.

I am pleased at the level of key achievements DWC has delivered throughout the year. It is important to highlight and share with the wider West Coast community some of these achievements and deliverables, including but not limited to business lending, direct investments, tourism, education, events, and advocating on behalf of West Coast industry.

DWC has invested over $3.049m into the community to help meet its objective of promoting the West Coast economy. Even in this difficult economic climate, this is only slightly lower than the 2008 figure of $3.474m.

DWC is also pleased to be contributing towards improving the quality of life for West Coast communities and families by agreeing to fund $18m* across the three West Coast Districts over the next 15 years through the Major District Initiative (MDI) programme. Since July 2005, $4.5m has been paid out or accrued to approved MDI projects.

With DWC's MDI funding acting as a cornerstone investment, Trustees are delighted with the significant community assets being developed throughout the region. These include the Solid Energy Centre in Buller, the Aquatic Centre in Grey and the relocation of the community library in Westland. I would like to congratulate the three District Councils for their efforts in improving and uplifting the region's desirability as a destination to live and work. DWC is proud to have played its part in these projects.

The Future is Bright

The coming year will see Trustees continuing to focus on growing the Trust Fund through responsible investment and delivering meaningful economic benefits to the region.

The future is bright for DWC and the West Coast. This "Great Recession" is also an incredible opportunity for DWC. DWC will look to utilise its purchasing power to take strategic advantage of the depressed and undervalued equity and property markets. Our aim is to grow the Trust Fund through smart investment for the benefit of present and future generations of West Coasters.

Acknowledgements

I would like to acknowledge the contribution of my fellow Trustees during the year.

Successfully preserving the Trust Fund from significant losses in times of global financial volatility and responsibly managing impaired distribution assets is a testimony of Trustees' individual and collective commitment and willingness to work together in the best interests of the organisation and the West Coast community. I thank them for their continued cooperation and invaluable contribution to DWC's governance.

I would also like to sincerely thank the members of the Advisory Body and, in particular, the efforts of their Chair, Gill Cox. Mr Cox has been invaluable in the role of Chair of the Advisory Body, and collectively the members provide critical commercial guidance and advice to Trustees and management.

On behalf of Trustees, I would like to note our appreciation to the Chief Executive for his leadership, and to all staff for their efforts in meeting the challenges.

Finally, I would like to thank our key stakeholders and industry partners for their support and belief that this organisation can indeed make a difference to the lives of West Coast people and the future economy of the region.

Tony Williams
Chairman

DWC will fund $18 million* across the three West Coast District Councils through the MDI programme

** $18m assigned to MDI is subject to DWC's annual financial performance and is governed by the terms and conditions of DWC's policies.*

CHIEF EXECUTIVE'S REPORT

Overview

The 2009 financial year was a difficult trading year for Development West Coast (DWC). Like so many financial organisations and businesses in New Zealand, the unprecedented level of volatility in the global market had a negative impact on DWC's financial performance.

Despite the challenges and with the invaluable advice received in late 2007 from our Investment Advisors, Goldman Sachs JBWere Ltd and Bancorp Treasury Services Ltd, our capital fund has been largely preserved.

The Trust Fund is divided into two parts – the "Investment Fund" and the "Distribution Fund". The Investment Fund is managed by DWC in conjunction with independent investment advisors. The income from this fund is used to finance operational costs with the balance transferred to the Distribution Fund to promote the objects of the Trust Deed.

Many people may be surprised to learn that DWC has generated $81m in total revenue since its inception in 2001. Over $40m has been invested in West Coast businesses which includes some $20m

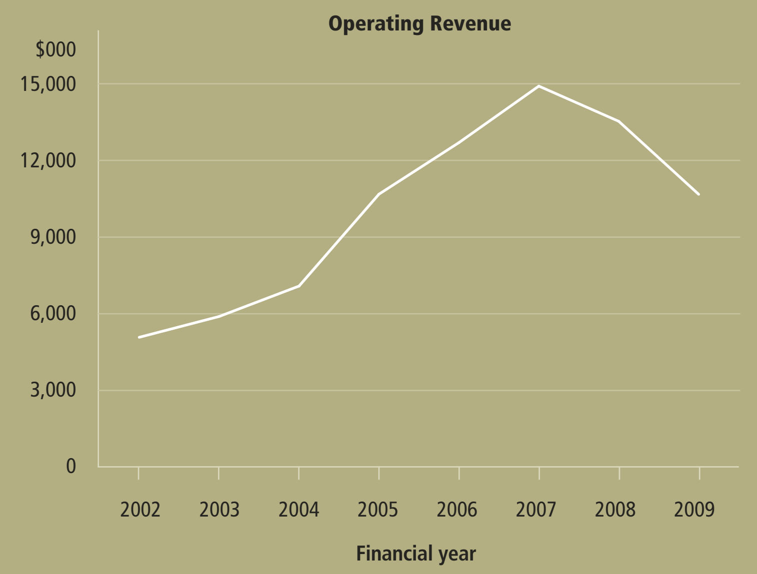
The Trust Fund is divided into two funds: Investment Fund and Distribution Fund

invested in early stage ventures in the region. Approximately $20m of these investments have been repaid. In addition, DWC has invested over $20m into West Coast communities in the form of Community Distributions.

Some of our business loans and investments have not performed to our expectation or delivered the planned commercial outcomes we had hoped to achieve. This is an unfortunate commercial reality and confirmation of the high-risk venture space DWC operates in and which few traditional lending institutions occupy. DWC will benefit from its experiences over the last 8 years and remains committed to mitigating risks whilst capturing and maximising opportunities for the benefit of the West Coast economy.

In the final quarter of the financial year DWC reviewed the organisational structure and business focus. Together the Board and management of DWC have developed an appropriate business and operational strategy that fits with the current challenges and economic climate for the West Coast.

DWC staff are committed to delivering the best possible outcomes for the West Coast communities in the areas of Distribution Lending and Investments; Economic Development; and Community Funding.



Since 2001 DWC has generated over $81 million in total revenue

Financial Results

International Financial Reporting Standards (IFRS)

2009 is the first year DWC has reported under IFRS. The adoption of IFRS has added complexity in preparing the annual accounts, but has not had a material effect on either DWC's or the Group's financial performance. It has however impacted on the cost of producing and auditing the Annual Report. The previous year's results have been restated under IFRS. The full effect of the adoption of IFRS is disclosed in the notes to the accounts.

Operating Revenue

Despite a challenging financial environment DWC's total operating revenue for the year was $10.648m. Group total operating revenue was $10.675m compared to $13.550m in 2008.

Operating Expenses

DWC's operating expenses were maintained at $2.911m, slightly higher than expected and mainly due to the high cost of engaging external professionals and related costs of managing distressed assets and loans. Group operating expenses were significantly lower at $4.480m compared to $5.469m in 2008.

End of Year Result

The end of year result for DWC was a net loss of $9.413m whilst the Group's end of year result was a net loss of $10.023m. This compares with a Group net loss of $7.248m in 2008.

A significant factor in the Group's year end net loss was the provisioning of impaired Distribution investments of $3.866m although this was partially offset by the reversal of asset impairment of $1.13m.

Unrealised Loss

An unrealised loss of $8.767m on DWC's investments in the financial markets also contributed to the deficit. It is important to note that while this is a substantial loss, at this point it is an unrealised accounting loss. We are confident that as the market conditions improve DWC will be well placed to recover most of these unrealised losses and to also take strategic advantage of the investment market with its current strong cash reserves.

Community Distributions

Despite the challenging economic conditions DWC has invested $3.049m in the form of Community Distributions. This is slightly lower than $3.474m in 2008.

Net Assets

As at 31 March 2009, DWC had net assets of $101.790m. Group net assets were $100.991m compared to $105.826m for 2008.

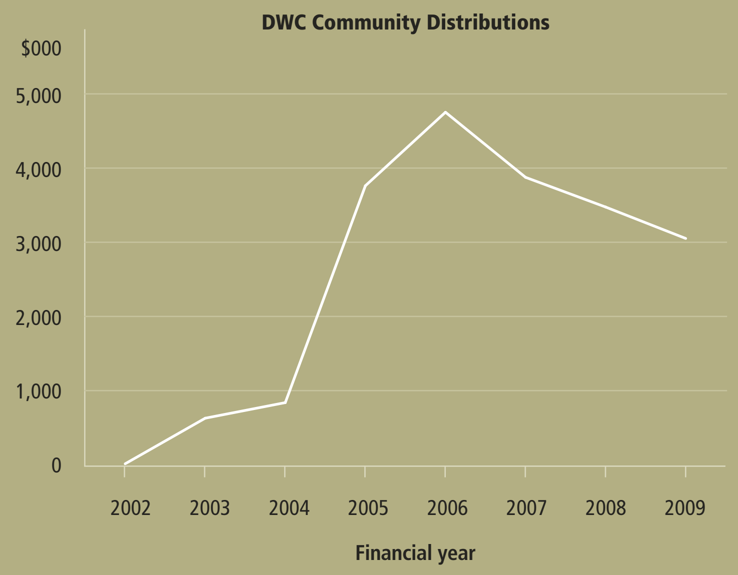
Investment Fund

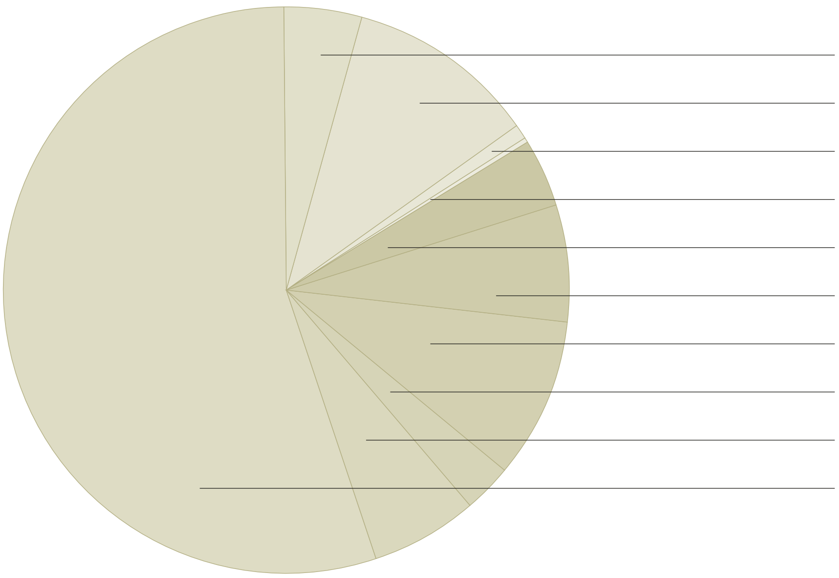
The value of the global equity market fell 47% in 2008 to $32.6 trillion. During the same period the New Zealand market saw the continuing degradation of the capital market with a significant increase in the number of failed finance companies.

In such an unstable market DWC sought safety and security by way of transferring investment capital from equity to cash and fixed interest. From a high of 45% of the fund in October 2007, DWC reweighted its equity investments to less than 30% at March 2009.

This conservative investment approach has benefited DWC, enabling it to preserve the initial capital.

At the end of the financial year the total value of the Investment Fund was $93.009m.





Asset Class	Value (NZD)	Portfolio %
Floating Deposits	$4,023,212	4.33%
Term Deposits	$10,005,045	10.76%
Non Term Deposits	$969,900	1.04%
JBWere Cash Balances	$65,670	0.07%
New Zealand Equity	$3,686,433	3.96%
Australian Equity	$6,147,078	6.61%
International Equity	$8,658,870	9.31%
Australasian Listed Property	$2,617,074	2.81%
Alternative Investments	$5,681,407	6.11%
New Zealand Fixed Interest	$51,154,517	55.0%
Total:	**$93,009,206**	**100.0%**

DWC management will operate in an open and transparent manner with its stakeholders and the wider community of the West Coast

Managing Impaired Assets and Loans

DWC operates in a high-risk environment with its commercial distributions. Investing in the establishment of new industries and ventures at proof-of-concept stages takes conviction and shared vision on what the potential benefits and outcomes are for the West Coast. It is a space that is not usually supported by traditional financial institutions.

Forever Beech Ltd (commercialising Beech timber) is an example of a high-risk investment. If managed well, these investments provide opportunities for both high return and job promotion and therefore contribute to the regional economy. These types of endeavours are consistent with the Trust Deed.

In recent years DWC has learnt many important lessons from investing in and managing its more challenging projects. Management has spent many hours consulting and listening to industry and community leaders, taking on board constructive criticisms and suggestions. Our key stakeholders have told us that DWC is servicing important niche areas of financing and investment that would otherwise not be available to the West Coast business community.

A key focus for management during the last quarter of the financial year was the review of all impaired investments and loans. Management has made significant progress in reaching an outcome on these impaired assets. Although losses may be crystallised, it is necessary to ensure management can focus on growing the Fund for the benefit of the current and future generations of the West Coast.

Making Changes

Critical to the success of DWC is a strong and capable management team and staff that feel valued and are empowered to carryout their assigned tasks. Equally important is having the right person with the relevant skill set and knowledge for each role within DWC. For this reason my initial priorities were to:

- Carry out self and independent evaluations on DWC's structure, business, processes and policies;
- Through discussions and consultation with key industry and business partners, identify areas of improvement in services and resources;
- Determine and communicate DWC's new business focus on economic and business development activities to the wider West Coast community;
- Begin implementing the strategy.

For the purpose of this exercise, DWC management developed a template under the proposed new operational structure. Specific divisional milestones and targeted goals were set to get the basics right (such as the organisational structure, core business services, key relationships, managing distressed investments and assets). There will be a short period of adjustment in implementing this structure.

DWC has reorganised its operational structure, resources and services to meet the needs of the West Coast business communities.

Road Map

DWC's goal is to build a new business platform that will play a significant role in driving the West Coast economy.

Our operational focus is directed at developing internal capabilities and resources with the aim of making "Economic and Business Development" our core function. However, it is important to note that DWC also provides economic benefits to the wider communities of the West Coast.

As we build a solid foundation for DWC, the Board and management will be focusing their efforts on:

- Increasing the number of quality applications;
- Assisting West Coast businesses to stay competitive;
- Adding significant value to the local economy through facilitation and being a catalyst to business activities in the West Coast;
- Building relationships with new investor groups and industry partners.

This realigned and streamlined operation will not change the core risk profile of DWC's business, nor will it shorten the time it takes to realise capital return on investments. Nonetheless, DWC management will do all they can to maximise the commercial return from exploiting new investment opportunities.

Word of Appreciation

I would like to express my gratitude to the Chairman and Trustees for their guidance and continuing support.

I also acknowledge the important role the Advisory Body plays in our business. Thank you for your collective commitment and in the efforts of ensuring the objects of the Deed are met.

I would like to thank staff for their dedication and in sharing the vision that is in front of us all. You have more than met the challenges at hand in times of unprecedented volatility in the financial market. Without your significant contribution our achievements during the year would not have been possible.

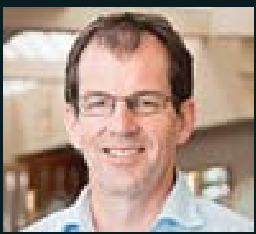
John Chang
Chief Executive

Board Of Trustees

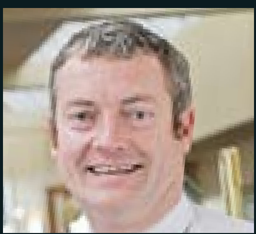
APPOINTED TRUSTEE

Tony Williams – Council Appointee – Chairman
Tony has broad experience in both the private and public sectors. Tony has substantial investments in the West Coast and Canterbury regions. He is involved in property, mining and the tourism industries. Tony is a past Chairman of Tourism West Coast, Chairman of the St John's Greymouth District Fund Raising Committee and formally a director of Solid Energy NZ. He also holds numerous private company directorships.

INDEPENDENT TRUSTEES

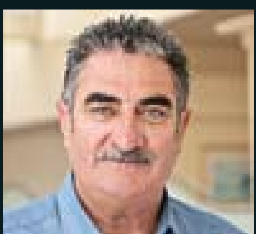


Robert Buchanan – New Zealand Law Society – Deputy Chairman
Christchurch born, Robert specialises in public sector governance and risk management. A former director of the Law Commission, he was an Assistant Auditor-General for eight years until setting up his independent Wellington legal practice in 2006.



Mark Lockington - Institute of Chartered Accountants of NZ
Mark was born in Greymouth and educated in Reefton, Christchurch and Wellington. He has a New Zealand Certificate in Engineering (Civil & Structural), a Bachelor of Commerce, is a qualified Chartered Accountant and is a member of the Institute of Chartered Accountants of New Zealand. He has worked for companies in New Zealand and Australia in management, financial, treasury, accounting and administrative positions. He currently works for Westland Milk Products as Company Secretary.

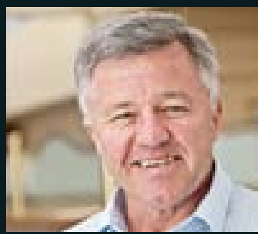
TANGATA WHENUA TRUSTEE



Barry A Wilson JP
Barry was born and educated on the West Coast. A Ngai Tahu descendant, and Justice of the Peace for the past 16 years, he has almost 25 years management experience and 35 years in the tourism industry on the West Coast. Barry is managing director of the Hokitika Glass Studio, Trustee of Coast Care Trust, managing director of Wilson Properties 2008 Ltd, and a former director of Ngai Tahu Finance Ltd.

ELECTED TRUSTEES

John Clayton QSM JP – Grey District
John was one of the four community leaders who negotiated the establishment of the trust fund with central government, and was an interim trustee. John has substantial farming investments and has had numerous agri-business and local government roles over the last 30 years.



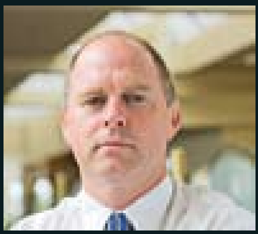
Frank Dooley – Buller District
Frank holds a Bachelor of Commerce from the University of Canterbury and is a member of the New Zealand Institute of Chartered Accountants and the Institute of Directors. He is the current Chairman of Buller Electricity Ltd, a director of Buller Holdings Ltd and its subsidiary companies and a director of various private companies. Past directorships have included: Westland Bank Ltd, Buller Community Development Company Ltd and West Coast Development Holdings Ltd. Frank also has extensive experience as a Trustee having chaired Development West Coast from April 2001 – March 2008. He is a Trustee to a multitude of family Trusts and is actively involved as an advisor to many community organisations.

Bruce Smith – Westland District
Bruce was born in Greymouth and educated at Buller High School. He is an entrepreneur with a number of years of active project investment experience in gold, coal, horticulture, venison recovery and farming, and salmon farming, He has chaired a number of public listed and private companies. He is a former Trustee of The Westland Savings Bank, former director of West Gold Finance, Chairman of Hokitika Airport Ltd and former Chairman of The West Coast Regional Council's Finance Committee. He is currently the CEO of Excavator World International Ltd based in Hokitika, and is married with 3 adult children.

Executives

Chief Executive Officer—
Dr John Chang

Joining DWC in January 2009, John previously led Canterprise Ltd, the University of Canterbury's commercialisation company, from 2004-08 before establishing Jardoo Investments in early 2008. John has a strong executive management background with 15 years of executive leadership roles in: technology start-ups for private and public companies; publicly listed company and university environments. John is also on a number of boards including AUT Enterprises Ltd (AUT University) and New Zealand Institute of Management (Southern).



Chief Financial Officer—
Mark Dawson

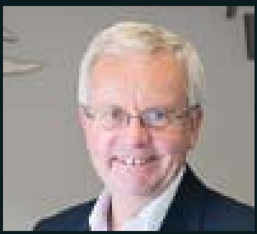
Mark joined Development West Coast in 2004. He is a member of the New Zealand Institute of Chartered Accountants and Institute of Directors, and has over 20 years experience in financial and management roles.

Chief Operating Officer—
Warren Gilbertson

Warren joined Development West Coast in October 2005 as the Regional Development Manager and was appointed to his current role in February 2009. Warren has a strong financial background with roles in banking and finance, both in the private and public sectors. He is a member of the New Zealand Institute of Management and the Institute of Directors.

Advisory Body

The Advisory Body assists Trustees in assessing and making recommendations on distribution investments. Its five members are appointed by the Trustees in accordance with the Deed of Trust.



Gill Cox

Gill is Christchurch based and holds directorships in a number of companies in sectors that include electricity distribution, post graduate business education; infrastructure; venue management; manufacturing and distribution. He is currently Executive Director of Advanced Business Education Ltd; a former partner of Deloitte and a Past President of the New Zealand Institute of Chartered Accountants.

Bruce Gemmell

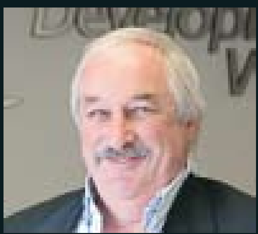
Bruce is a Christchurch financial consultant, chartered accountant and the National Serviceline Leader - Transaction Advisory Services of Ernst & Young.

John Isles

John is a Wellington company director. He is deputy chairman of the Medical Assurance Group, a director of Prime Port Timaru, Inter-Weave Ltd, the Rulings Panel of the Electricity Commission and Woolyarns. He has held/holds a number of public sector appointments such as chair of the NZ Apple and Pear Board and Radio New Zealand and is extensively involved in Maori land and Treaty issues.

David Steele

David is a Wellington based business advisor and company director. David has a commercial background having spent sixteen years in senior roles with Development Finance Corporation including eight years responsible for lending and investment activities in the South Island in the 1980's. More recently he had thirteen years with NZ Dairy Board / Fonterra as Mergers and Acquisitions manager responsible for international company acquisitions. He also has a vineyard in the Wairarapa.



Keith Rushbrook

Keith was a partner in KPMG before retiring to pursue other interests. These have included a number of directorships of various sized companies, managing the Accounting Standards Review Board (an independent Crown Entity), acting CEO of a large charitable organisation and working on a number of creative assignments with various large companies.

DEVELOPMENT ACTIVITIES

Major District Initiatives (MDI)

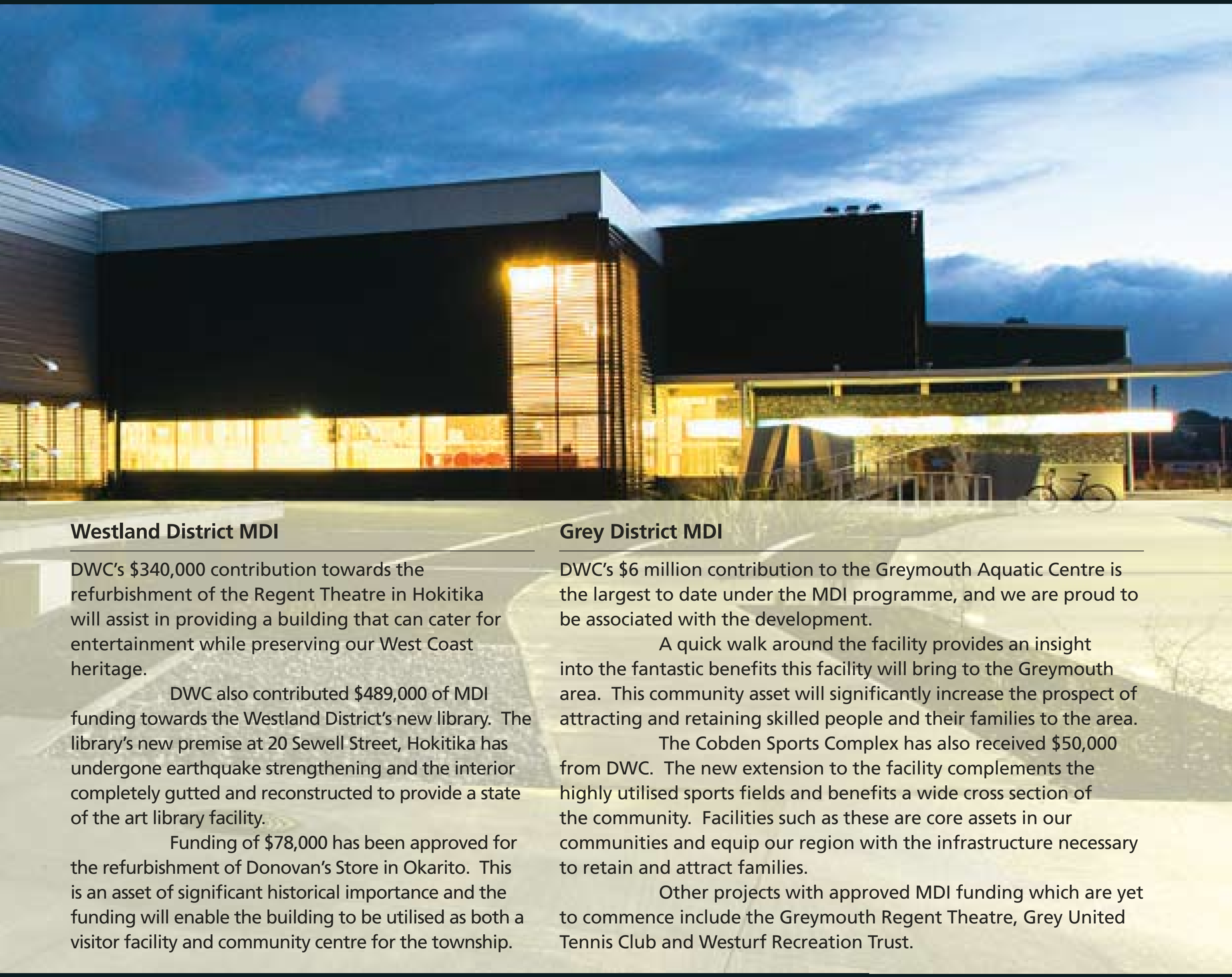
Buller District MDI

Supported by one of DWC's largest MDI distributions, it was great to see the Solid Energy Centre open in Westport in April 2009. The Solid Energy Centre stands against the best in the country and will be an added incentive for people considering Westport and the Buller as a place to live, work and play.

DWC have also approved MDI funding of $700,000 for the conversion of the Westport Community Hall into an Arts and Culture Centre. Funding had initially been allocated to the restoration of the St James Theatre which was demolished in late 2008 due to structural failure.

** $18m assigned to MDI is subject to DWC's annual financial performance and is governed by the terms and conditions of DWC's policies.*

Development West Coast is
the West Coast community through
Coast District Councils



Westland District MDI

DWC's $340,000 contribution towards the refurbishment of the Regent Theatre in Hokitika will assist in providing a building that can cater for entertainment while preserving our West Coast heritage.

DWC also contributed $489,000 of MDI funding towards the Westland District's new library. The library's new premise at 20 Sewell Street, Hokitika has undergone earthquake strengthening and the interior completely gutted and reconstructed to provide a state of the art library facility.

Funding of $78,000 has been approved for the refurbishment of Donovan's Store in Okarito. This is an asset of significant historical importance and the funding will enable the building to be utilised as both a visitor facility and community centre for the township.

Grey District MDI

DWC's $6 million contribution to the Greymouth Aquatic Centre is the largest to date under the MDI programme, and we are proud to be associated with the development.

A quick walk around the facility provides an insight into the fantastic benefits this facility will bring to the Greymouth area. This community asset will significantly increase the prospect of attracting and retaining skilled people and their families to the area.

The Cobden Sports Complex has also received $50,000 from DWC. The new extension to the facility complements the highly utilised sports fields and benefits a wide cross section of the community. Facilities such as these are core assets in our communities and equip our region with the infrastructure necessary to retain and attract families.

Other projects with approved MDI funding which are yet to commence include the Greymouth Regent Theatre, Grey United Tennis Club and Westurf Recreation Trust.

making a significant contribution to funding $18 million* to three West for their Major District Initiatives.

Distributions

Greymouth Golf Range

Greymouth Golf Range has bounced back after being battered by the March 2005 tornado, and is proving to be a popular activity for visitors, locals and a steady bunch of golfing enthusiasts.

In 2004 Development West Coast assisted Wayne and Monny Robbins to establish the facility and came to the party after the tornado caused significant damage just a year after they opened. Since then they have built up a growing list of regular clients at the driving range, increased their range of golfing merchandise and made improvements to their mini-putt course.

Summary of Distributions

	Quantity	Value $000
Trustee Approved and Accepted by Client	6	3,425
Lending	5	2,475
Equity	1	950

Application Summary 2008-09	Quantity	Value $000
Total Applications Received	32	48,126
Advisory Body Recommended	8	4,172
Trustee Approved	10	4,052
Offers under Consideration by Applicants	1	160
Offers Lapsed or Declined by Applicants	1	467
Applications Withdrawn	4	14,400
Applications in Progress	3	3,450

Development West Coast is actively stimulating the local economy and

GT Liddell Contracting Ltd

Graham Liddell, who heads G T Liddell Contracting Ltd, is a born and bred West Coaster and has been in the engineering field all his working life.

Employing in excess of 45 staff, G T Liddell Contracting Ltd operates three divisions comprising general engineering, specialised civil contracting and a commercial furniture division trading as Kotuku Furniture. The Company has "preferred contractor status" with many companies and Government departments across NZ.

Over the last few years DWC has assisted the Company in upgrading their computing systems and workshop facilities. Most recently it enabled the Company to purchase and install a 5 tonne overhead gantry with an 18.5m span, allowing it to streamline manufacturing processes and secure ongoing contracts.

The Grey River Gold Dredge

During 2008 Development West Coast provided funding to assist with the upgrade of the Grey River Gold Dredge and facilitate the relocation of the dredge to the Blackball side of the Grey River.

The Grey River Gold Dredge is the world's largest gold dredge and the last of its type on the West Coast. The total length of the dredge from the front vehicle ramp to the end stacker is 170m and it weighs 3,500 tonnes. The pontoon is 80 metres long, 36m wide and the dredge sits 30m above the water.

The crossing of the Grey River earlier this year by the dredge was one of the most eventful transitions in its long history. Five hydraulic excavators and two bulldozers worked on the 400m long, 50m wide channel. The first attempt in December 2008 was abandoned due to flooding and it eventually set sail in mid January 2009. The move took 7 days amidst further flooding which required the dredge to be held and secured within an island in mid channel for 4 days until the water flow dropped. It finally reached its destination on 24 January 2009.

The dredge is now operating two shifts per day in the vicinity of Ford and Blackball Creeks. Over 1,000 hours of work have been completed and the mechanical and electrical systems that were reconditioned have settled in and are working reliably.

lending and investing in your region keeping our businesses competitive.

About the Major Regional Initiative (MRI)

In December 2005, New Zealand Trade & Enterprise (NZTE) approved funding of $2 million to The West Coast Development Trust (now Development West Coast) for the Implementation of the Regional Tourism Strategy – West Coast Tourism Major Regional Initiative (MRI). DWC complemented this funding with a further $2.5 million.

The MRI application comprised a portfolio of 20 region-wide staged tourism projects ranging from developing tourism facilities & products, tourism workforce development (in partnership with the Enterprise Training programme), tourism destination marketing and strategic planning. The overall goal of the project was to build a sustainable

The Oparara

The MRI, Buller District Council, Department of Conservation and a Government grant have supported the small but enthusiastic local community in developing much improved access to the Oparara Arch, and in constructing a high quality track down the Oparara Valley. The project was opened by the Patron of the Oparara Valley Project Trust, Sir David Bellamy, on 8 November 2008.

Initial reports are positive and indicate visitor numbers are up considerably and local businesses are benefiting.

DWC approved funding of $2.5 million for the West Coast

and competitive world class tourism industry on the West Coast. Desired outcomes included increased visitor numbers & yield, improved profitability, SME start-up & investment, visitor growth at emerging destinations and improved destination management at iconic destinations.

A Funding Agreement was signed between NZTE and DWC in 2006, and a Steering Group established to provide strategic governance and leadership to the project comprising representatives of Department of Conservation (Mike Slater), Te Rūnanga o Ngāi Tahu (Anake Goodall), Tourism West Coast (Rachel Teen) and DWC Trustees and staff representatives.

Progress is reported regularly to DWC Trustees with comprehensive quarterly reporting to NZTE. A formal annual review is also conducted by NZTE.

After three years, many of the MRI projects came to a close in June 2009. The support and contributions from tourism operators and local communities up and down the Coast has been greatly appreciated and was critical in achieving many of the results to date.

DWC would like to acknowledge the significant contribution made by the Department of Conservation and, in particular, West Coast Conservator, Mr Mike Slater and his dedicated team. Without their partnership and contribution, both financial and in-kind, it would not have been possible to get the level of outcomes achieved

The MRI team and DWC would also like to sincerely thank Mr Anake Goodall, CEO of Te Rūnanga o Ngāi Tahu, for his guidance and valuable advice received through his involvement as a member of the MRI Steering Committee.

Tourism Major Regional Initiative.

MRI Project Overview

Buller Marketing Strategy
This strategy provides marketing guidelines for the Buller district.

Buller Promotion Association
This has allowed the Association to progress the implementation of the Buller Visitor Strategy.

Cape Foulwind
Several business opportunities have been identified, and issues restricting development noted.

Denniston
Development of the "Denniston Experience", including the underground mine experience.

Ecotourism-Ornithology
A cluster of birding operators have been supported to enable the provision of marketing advice and establishment of a regional birding website.

Glaciers
Local tourism industry consultation resulted in an Issues & Options Report and a Destination Management Plan. Local operators have collectively agreed to a set of recommendations to address the identified issues.

Heaphy
This report provided marketing direction for Karamea and also identified commercial track-related business opportunities.

Moana
This report focused on local tourism operational issues and reinforced the process established by the Grey District Council to address these issues.

Mountain Bike Project "Old Ghost Road"
Feasibility work has been completed on the proposed track with the required work identified to progress the track.

Mountain Bike Project - Franz Josef
This project has allowed the Glacier Country Mountain Bike Club to complete their initial track development.

Oparara Valley Project
The provision of two additional walking opportunities in Karamea to attract and retain visitors.

Punakaiki
Local tourism industry consultation has resulted in an Issues & Options Report and a Destination Management Plan. Local operators have collectively agreed to a set of recommendations to address the identified issues.

Ross Goldfields
Improved product quality and capacity to help support a sustainable community tourism attraction.

Regional Visitor / DOC Centres
A course of action endorsed by stakeholders has been confirmed to establish a regional network of 7 i-Sites . This will result in a greater level of service to West Coast tourism businesses and provide additional revenue for the Centres.

Regional Visitor / DOC Centres Stage 2
This project is yet to commence and the Steering Committee have agreed to give this priority for any uncommitted resources.

Shantytown
Assisting with Shantytown's major re-development. This project will significantly rejuvenate the Grey District's largest tourist attraction.

Southern South Westland World Heritage Area
Local tourism industry consultation has resulted in an Issues & Options Report and a Tourism Development Strategy. Local operators have collectively agreed to a set of recommendations to address the identified issues.

Tracks
Existing track opportunities were identified in association with potential commercial opportunities.

Water Activities
Some tourism opportunities were identified.

Signage Project
A draft signage strategy has been prepared and discussed with local Council and NZTA representatives. Further work is required.

Education & Training – Tomorrow's Leaders

Education For Enterprise

The Education for Enterprise (E4E) Regional Cluster Initiative is a New Zealand Trade and Enterprise (NZTE), Ministry of Education (MOE) and DWC partnership.

More than 1,500 enterprising West Coast students have been applying their learning to real life experiences through dozens of practical projects from Harihari to Karamea. E4E aims to develop the competencies, understandings and attributes that will equip young children to be innovative and entrepreneurial. A strong focus of E4E is community partnership, and the following are some examples of these partnerships and projects.

Information for Migrant Children
West Coast Migrant Services engaged Blaketown Primary School students to write and produce five borrowing books. These books are written by children for children to help them settle more easily into life on the West Coast.

Buller Street Flags
As part of Buller District Council's Street Scape project, the Council enlisted the creative flair of Buller High Graphics students to design six street flags which adorned Westport's main street.

Textiles Technology
Textile students at Westland High School utilised their innovative and problem solving abilities to design and create drama costumes for new entrants at Kaniere Primary School. The requests included costumes for lions, dragons and a unicorn. In return, the new entrants donned their costumes and performed for their designers.

Stepping Outside the Square
A series of West Coast wide meetings were organised to look at ways the community, business and education sectors could work together to give an authentic context to student learning. Ideas generated from these meetings included creating a DVD for recruiting new graduate nurses and completing a river mapping exercise for the Department of Conservation.

Enterprise Training Programme Delivery – 1 July 2008 to 30 June 2009

Total Contract Value		$220,000
Topics Presented	**No Delivered**	**Attendee Numbers**
Advanced Marketing and Sales	3	`44
Managing Yourself	2	24
Product Development and Trends	3	44
Leadership Style and Effect on Productivity	2	30
Marketing Alliance and Packaging	3	36
Interviewing and Staff selection	2	19
Advanced Product Distribution	3	27
Training your Staff to Work Effectively	2	26
Advanced Internet and Web site Marketing	3	32
Managing the Performance of your Team	2	14
Strategies for Making Profits	1	15
Making the Most of Your Marketing Dollars	1	15
Lean Business	2	14
Surviving these Challenging Times	2	45
Websites that Work	3	31
Introduction to Sustainability	2	26
Make your Business Something Worth Selling	1	16
Business Planning	3	30
Total	**40**	**488**

Other Education Initiatives

The West Coast Way
DWC, in partnership with the MOE, continues to support West Coast Principals and teachers in developing "The West Coast Way". This model is designed to sustain the gains made in the West Coast Literacy Project to enhance teaching skills and lift student achievement.

The $80,000 investment over a two year period aims to secure future funding for sustainability, data collection, analysis, professional development opportunities for teachers, and to build regional capability and sustainability in literacy methods.

The West Coast ICT Facilitator
The Education West Coast ICT Strategy identified the need to provide ICT (information communication technology) support to the education sector on the West Coast. Funding from the MOE's Collaborative Innovations Fund and a $135,000 grant from DWC has enabled the establishment of a 3 year contract for a facilitator to identify and deliver professional development training needs. This project currently supports 3 area schools, 4 secondary schools and 23 primary schools.

The Enterprise Training Programme (ETP)

The ETP is a national initiative developed by NZTE to provide specialist training for small and medium sized businesses at a regional level. The programme aims to provide new skills, strengthen business networks and provide individual follow up coaching specific to individual businesses needs. Fully funded training workshops are 3 hours in duration and presented throughout local centres.

DWC has presented 40 ETP workshops Coastwide over the past year attracting on average 12 attendees. Workshop content was varied and included topics such as business planning, advanced marketing and advanced management.

Business Information Zone (Biz)

The BIZ service has assisted over 250 individuals to find organisations, training and resources to help start and grow their business. BIZ helps build business capability by providing contacts, referrals and information about relevant government and private sector services and programmes.

AUDITOR'S OPINION

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

AUDIT REPORT

TO THE READERS OF DEVELOPMENT WEST COAST AND GROUP'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

The Auditor-General is the auditor of Development West Coast and group. The Auditor-General has appointed me, Ian Lothian, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of Development West Coast and group, on his behalf, for the year ended 31 March 2009.

Unqualified opinion

In our opinion:

- The financial statements of Development West Coast and group on pages 27 to 52:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflects:
    - Development West Coast and group's financial position as at 31 March 2009; and
    - the results of their operations and cash flows for the year ended on that date.

The audit was completed on 18 August 2009, 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 our opinion.

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

Audit procedures generally include:

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

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements.

We evaluated the overall adequacy of the presentation of information in the financial statements. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Trustees and the Auditor

The Trustees are responsible for preparing the financial statements in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of Development West Coast and group as at 31 March 2009 and the results of their 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

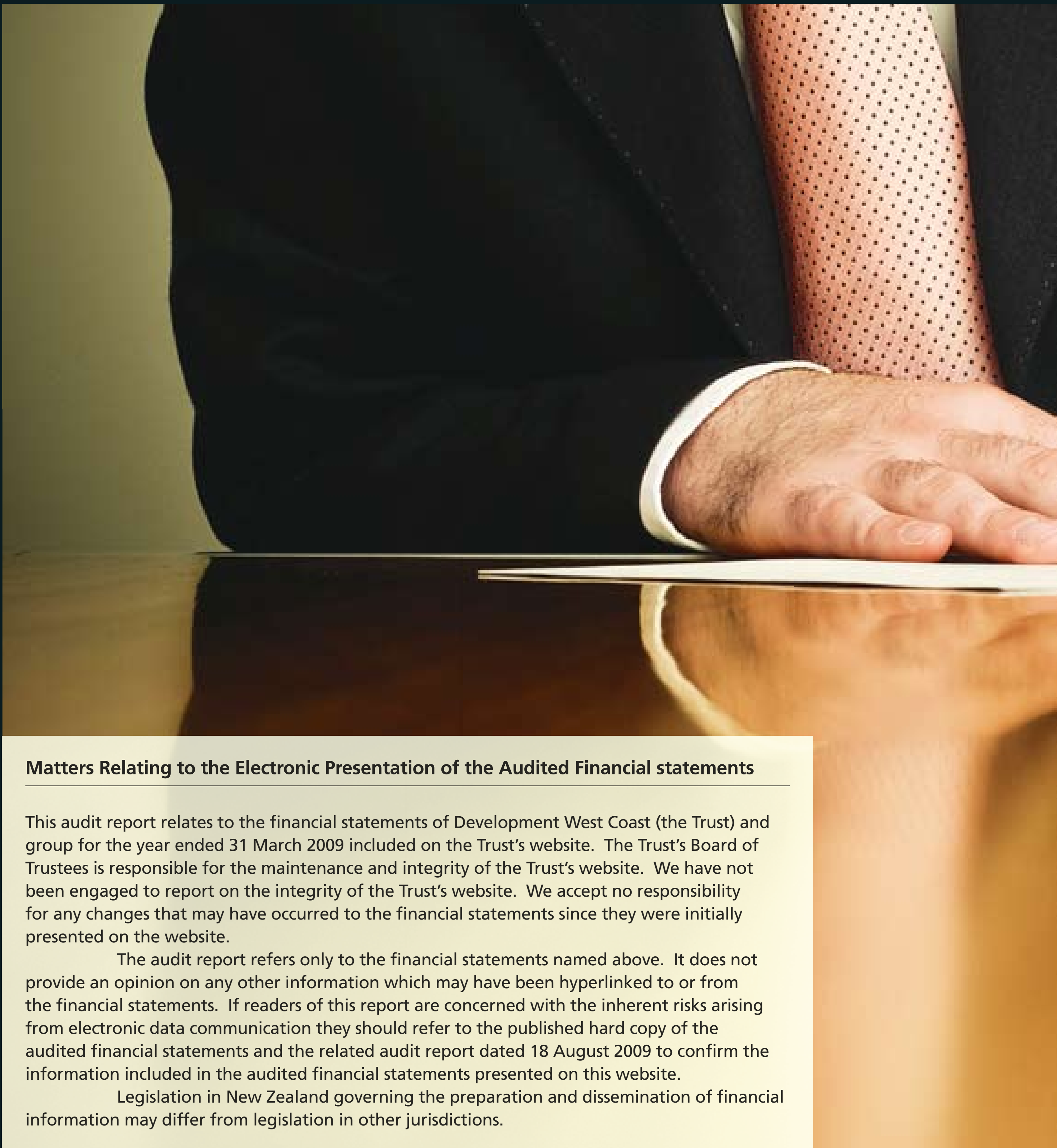
When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

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

Ian Lothian

Ian Lothian
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

STATEMENT OF RESPONSIBILITY



Matters Relating to the Electronic Presentation of the Audited Financial statements

This audit report relates to the financial statements of Development West Coast (the Trust) and group for the year ended 31 March 2009 included on the Trust's website. The Trust's Board of Trustees is responsible for the maintenance and integrity of the Trust's website. We have not been engaged to report on the integrity of the Trust's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and the related audit report dated 18 August 2009 to confirm the information included in the audited financial statements presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

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

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.

We are of the opinion that these Financial Statements fairly reflect the financial position and operations of Development West Coast and Group for the year ended 31 March 2009.

Signed for and on behalf of the Trustees and Management.

Tony Williams
Chairman

18 August 2009

Dr John Chang
Chief Executive

18 August 2009

Statement of Consolidated Income for the Year Ended 31 March 2009

	Note	Consolidated		Parent	
		2009 $000	2008 $000	2009 $000	2008 $000
Finance Income	4	9,403	11,222	9,828	11,400
Trading Sales		448	721	0	0
Other Operating Income		824	1,607	820	1,591
Total Income		10,675	13,550	10,648	12,991
Operating Expenses	5	4,480	5,469	2,911	3,302
Surplus before Community Distributions & Projects		6,195	8,081	7,737	9,689
Community Distributions & Projects	6	3,049	3,474	3,049	3,474
Surplus before Impairment of Assets		3,146	4,607	4,688	6,215
Impairment of Distribution Assets		3,866	2,230	3,668	6,159
Impairment of Other Assets	7	(1,130)	2,260	0	4
Impairment of Available for Sale Investments		1,666	3,133	1,666	3,133
Investment Mark-to-Market Loss		8,767	4,232	8,767	4,232
Deficit for the Year before Tax		(10,023)	(7,248)	(9,413)	(7,313)
Taxation	8	0	0	0	0
Deficit for the Year		**(10,023)**	**(7,248)**	**(9,413)**	**(7,313)**
Attributable to:					
Minority Interest		(254)	(228)		
Parent		(9,769)	(7,020)		
Total Comprehensive Income for the Year		**(10,023)**	**(7,248)**		

Statement of Comprehensive Income for the Year Ended 31 March 2009

	Note	Consolidated		Parent	
		2009 $000	2008 $000	2009 $000	2008 $000
Surplus/(Deficit) for the Year		(10,023)	(7,248)	(9,413)	(7,313)
Other Comprehensive Income:					
Available for Sale Investments	20	4,840	(4,441)	4,840	(4,441)
Cash Flow Hedges	20	348	(13)	348	(13)
Other Comprehensive Income for the Year		5,188	(4,454)	5,188	(4,454)
Total Comprehensive Income for the Year		**(4,835)**	**(11,702)**	**(4,225)**	**(11,767)**
Attributable to:					
Minority Interest	20	(254)	(228)		
Parent		(4,581)	(11,474)		
Total Comprehensive Income for the Year		**(4,835)**	**(11,702)**		

Statement of Changes in Equity for the Year Ended 31 March 2009

	Note	Consolidated		Parent	
		2009 $000	2008 $000	2009 $000	2008 $000
Balance at 1 April		105,826	117,528	106,015	117,782
Surplus/(Deficit) for the Year		(10,023)	(7,248)	(9,413)	(7,313)
Other Comprehensive Income for the Year		5,188	(4,454)	5,188	(4,454)
Total Comprehensive Income for the Year		(4,835)	(11,702)	(4,225)	(11,767)
Balance at 31 March		**100,991**	**105,826**	**101,790**	**106,015**

The accompanying notes should be read in conjunction with these financial statements

Balance Sheet as at 31 March 2009

	Note	Consolidated		Parent	
		2009 $000	2008 $000	2009 $000	2008 $000
ASSETS					
Current Assets					
Cash and Cash Equivalents	9	1,027	183	989	91
Current Tax Receivable		8	8	0	0
Trade and Other Receivables	10	318	711	372	1,035
Inventories		100	0	0	0
Biological Assets		28	31	0	0
Investments	11	48,099	60,568	51,594	60,566
Distribution Assets	12	4,126	3,262	6,381	4,219
		53,706	64,763	59,336	65,911
Non-Current Assets Classified as Held for Sale	13	215	183	0	0
Total Current Assets		53,921	64,946	59,336	65,911
Non-Current Assets					
Distribution Assets	12	4,866	6,250	4,866	6,370
Investments	11	47,096	40,850	44,095	40,850
Property, Plant and Equipment	13	2,707	1,413	1,230	280
Intangible Assets and Goodwill	14	358	8	6	6
Total Non-Current Assets		55,027	48,521	50,197	47,506
TOTAL ASSETS		108,948	113,467	109,533	113,417
LIABILITIES					
Current Liabilities					
Trade and Other Payables	16	3,884	4,332	3,670	4,093
Provisions	17	2,872	3,101	2,872	3,101
Derivative Financial Instruments	15	474	48	474	48
Total Current Liabilities		7,230	7,481	7,016	7,242
Non-Current Liabilities					
Trade and Other Payables	16	0	127	0	127
Derivative Financial Instruments	15	727	33	727	33
Total Non-Current Liabilities		727	160	727	160
TOTAL LIABILITIES		7,957	7,641	7,743	7,402
NET ASSETS		**100,991**	**105,826**	**101,790**	**106,015**
EQUITY					
Equity Attributable to Owners of the Parent					
Restricted Capital	19	79,325	79,325	79,325	79,325
Minority Interest	20	(726)	(472)	0	0
Reserves	20	22,392	26,973	22,465	26,690
TOTAL EQUITY		**100,991**	**105,826**	**101,790**	**106,015**

The accompanying notes should be read in conjunction with these financial statements

Cash Flow Statement for the Year Ended 31 March 2009

	Note	Consolidated		Parent	
		2009 $000	2008 $000	2009 $000	2008 $000
Cash Flows from Operating Activities					
Receipts from Customers		824	721	0	0
Finance Income		8,005	10,518	8,066	10,059
Other Income		841	1,601	1,483	1,591
Payments to Suppliers, Trustees and Employees		(5,182)	(5,253)	(3,637)	(3,191)
Interest Paid		0	(15)	0	0
Community Distributions and Projects		(3,792)	(3,039)	(3,792)	(3,039)
Net Cash Flows from/(used in) Operating Activities	18	696	4,533	2,120	5,420
Cash Flows from Investing Activities					
Proceeds from Sale of Property, Plant and Equipment		427	83	45	626
Proceeds on Disposal of Investments		58,883	56,327	58,883	56,328
Distribution Asset Repayments		2,003	2,646	2,069	4,040
Purchase of Property, Plant and Equipment		(368)	(468)	(243)	(312)
Purchase of Investments		(56,368)	(59,896)	(56,864)	(59,894)
Distribution Asset Lending		(4,429)	(3,518)	(5,112)	(6,293)
Net Cash Flows from/(used in) Investing Activities		148	(4,826)	(1,222)	(5,505)
Cash Flows from Financing Activities					
Repayment of Borrowings		0	200	0	0
Net Cash Flows from/(used in) Financing Activities		0	(200)	0	0
Net Increase/(Decrease) in Cash and Cash Equivalents		844	(493)	898	(85)
Net Foreign Exchange Differences					
Cash and Cash Equivalents at Beginning of Period		183	676	91	176
Cash and Cash Equivalents at end of Period	9	**1,027**	**183**	**989**	**91**

The accompanying notes should be read in conjunction with these financial statements

Notes to the Financial Statements

1. Objects

Development West Coast is a Trust for charitable purposes for the benefit of the community of the present and future inhabitants of the West Coast region. 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. Reporting Entity

Development West Coast (the parent) was established by Deed on 18 April 2001. The Group comprises Development West Coast, 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 Limited, The West Coast Development Trust No.1 Limited, West Coast Snowflake Limited and Cranberries New Zealand Limited.

The financial statements of Development West Coast for the year ended 31 March 2009 were authorised for issue by the Finance and Audit Committee on 18 August 2009 in accordance with a resolution of Trustees on 12 August 2009.

3. Summary of Significant Accounting Policies

3.1. Basis of Preparation

The financial statements are General Purpose Financial Statements prepared in accordance with our Deed of Trust and generally accepted accounting practice in New Zealand. The financial statements have also been prepared on a historical cost basis, except for derivative financial instruments, held for trading investments and available-for-sale investments, which have been measured at fair value.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($000) unless otherwise stated.

a) ***Differential Reporting***

The Parent and Group qualify for differential reporting as they are not publicly accountable and meet the criteria to be defined as small under the framework for differential reporting. Development West Coast and the Group have taken advantage of all differential reporting exemptions, except for:

- The exemption available in NZ IAS 21 The Effects of Changes in Foreign Exchange Rates that permits qualifying entities to translate foreign currency transactions at the settlement rate; and
- The exemption available in NZ IAS 7 Cash Flow Statements that permits qualifying entities not to disclose a cash flow statement.

3.2. Statement of Compliance

The financial statements have been prepared in accordance with NZ GAAP. They comply with New Zealand equivalents to International Financial Reporting Standards and other applicable Financial Reporting Standards as appropriate for public benefit entities that qualify for and apply differential reporting concessions.

This is the first set of financial statements prepared under NZ IFRS and comparatives for the year ended 31 March 2008 have been restated accordingly. Reconciliations of equity at 1 April 2007 and 31 March 2008, and of profit for the year ended 31 March 2008, as reported in the 31 March 2008 financial statements, are detailed on Note 27.

3.3. New Accounting Standards and Interpretations

a) ***Adoption of New Accounting Standard***

The Parent and Group have early adopted NZ IAS 1R *Presentation of Financial Statements*. The adoption of this standard has only affected the disclosure in these financial statements. There has been no affect on profit and loss or the financial position of the entity.

3.4. Basis of Consolidation

The consolidated financial statements comprise the financial statements of Development West Coast and its subsidiaries (the Group) as at 31 March each year.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances & transactions, income & expenses and profit & losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained and cease to be consolidated from the date on which control is transferred out.

Investments in subsidiaries held by Development West Coast are accounted for at cost less an allowance for impairment in the separate financial statements of the parent entity.

Minority interests not held are allocated their share of net profit (or loss) after tax in the income statement and are presented within equity in the consolidated balance sheet, separately from parent shareholders' equity.

3.5. Business Combinations

The purchase method of accounting is used to account for all business combinations. Cost is measured as the fair value of the assets given or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the combination.

Except for non-current assets or disposal groups classified as held for sale (which are measured at fair value less costs to sell), all identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. The excess of the cost of the business combination over the net fair value of shares of the identifiable net assets acquired is recognised as goodwill.

3.6. Foreign Currency Translation

a) ***Functional and Presentation Currency***

Both the functional and presentation currency of Development West Coast and its New Zealand subsidiaries is New Zealand dollars ($).

b) ***Transactions & Balances***

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

3.7. Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand.

3.8. Trade and other Receivables

Trade receivables, which generally have 30 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the receivable is not able to be collected. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

3.9. Inventories

Inventories are valued at the lower of cost, determined on a first in first out basis, and net realisable value.

Costs incurred in bringing each product to its present location and condition are included in the cost of inventories.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3.10. Biological Assets - Cranberry Vines

Cranberry vines are measured at their cost less any accumulated depreciation and any accumulated impairment losses.

Impairment losses are recognised in the income statement in the year they arise.

Cranberries are initially measured at their cost.

3.11. Derivative Financial Instruments

The Parent and Group uses derivative financial instruments (including forward currency contracts and interest rate swaps) to hedge its risks associated with foreign currency and interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value.

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives, except for those that qualify as cash flow hedges, are taken directly to profit or loss for the year.

The fair values of forward currency contracts are calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair values of interest rate swaps are determined by reference to market values for similar instruments. For the purposes of hedge accounting, hedges are classified as cash flow hedges when they hedge the exposure to variability in cash flows that are attributable either to a particular risk associated with a recognised asset or liability or to a forecast transaction.

3.12. Non-Current Assets and Disposal Groups held for Sale

Non-current assets and disposal groups are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction. They are not depreciated or amortised. For an asset or disposal group to be classified as held for sale, it must be available for immediate sale in its present condition and its sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell off an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

3.13. Investments and Other Financial Assets

Investments and financial assets in the scope of NZ IAS 39 Financial Instruments: Recognition and Measurement are categorised as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Designation is re-evaluated at each financial year end, but there are restrictions on reclassifying to other categories.

Financial assets include bank accounts, investments, distribution assets and receivables.

When financial assets are recognised initially, they are measured at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

a) ***Recognition and Derecognition***

All purchases and sales of financial assets are recognised on the trade date (ie, the date that the Parent and Group commit to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or been transferred.

i) *Financial Assets at Fair Value through Profit or Loss*

Financial assets classified as held for trading are included in the category "financial assets at fair value through profit or loss". Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term with the intention of making a profit. Equity investments made through the financial markets are classified as held for trading (ie, Australasian and International Equities). Held for trading financial assets are part of a portfolio managed in accordance with Development West Coast's Trust Deed and investment policies. Gains or losses on financial assets held for trading are recognised in profit or loss and the related assets are classified as current assets in the balance sheet.

ii) *Loans and Receivables*

Loans and receivables, including cash, accounts receivable, term deposits and distribution assets, are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired. These are included in current assets except for those with maturities greater than 12 months after balance date, which are classified as non-current.

iii) *Available-for-Sale Securities*

Available-for-sale investments are those non-derivative financial assets, principally private equity and term bonds that are designated as available-for-sale or are not classified as any of the two preceding categories. After initial recognition, available-for sale securities are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

3.14. Distribution Assets

A distribution asset is an advance or equity investment made by Development West Coast in meeting the objects of its Trust Deed. These investments are made in West Coast Enterprises as defined in the Deed. Distribution assets are classified as loans and receivables and are carried at amortised cost using the effective interest method, less an allowance for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired. These are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current.

a) ***Quality of Distribution Assets***

The underlying sustainable development theme of our Trust Deed requires Development West Coast to look at projects with higher risk profiles. While Development West Coast, 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.

b) ***Securities and Non-Performing Assets***

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

c) ***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.

3.15. Impairment of Financial Assets

The carrying amounts of any assets are reviewed at each balance sheet date to determine whether there is any objective evidence of impairment. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the income statement.

Equity instruments are deemed to be impaired wherever there is a significant or prolonged decline in fair value below the original purchase price. Any subsequent recovery of an impairment loss of an investment in an equity instrument classified as available for sale is not reversed through profit or loss.

The recoverable amount of loan and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate. Impairment losses are evaluated on an individual basis.

3.16. Property, Plant and Equipment

Items of property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation on property, plant and equipment is calculated on a straight-line basis over the estimated useful life. Depreciation rates are as follows:

Office equipment	5 – 12.5 years
Computer hardware	4 years
Furniture and fittings	5 – 12.5 years
Plant and equipment	2 – 10 years
Leasehold improvements	6.5 years
Motor vehicles	5 years
Land is not depreciated	

a) ***Derecognition***

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

3.17. Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

a) ***As a Lessee***

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

b) ***As a Lessor***

Leases in which all the risks and benefits of ownership of the leased asset are substantially retained by the lessor are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as rental income.

3.18. Impairment of Non-Financial Assets other than Goodwill

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Development West Coast conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

3.19. Goodwill and Intangibles

a) ***Intangibles***

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. With the exception of the cutting rights held by Forever Holdings Limited Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

A summary of the policies applied to the Group's intangible assets is as follows:

- The costs of cutting rights acquired and held by Forever Beech Limited's subsidiary, Forever Holdings Limited, are amortised based on volume extracted relative to the total aggregate yield covered by those rights. The amount per cubic metre amortised is included in inventory as a direct cost of production. The rights are finite life assets that expire between 2011 and 2022.
- Computer software is a finite life intangible amortised over a period of four years on a straight line basis.
- Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

3.20. Trade and Other Payables

Trade and other payables are carried at amortised cost and, due to their short term nature, are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

3.21. Provisions and Employee Benefits

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date using a discounted cash flow methodology. The risks specific to the provision are factored into the cash flows and as such a risk-free Government bond rate relative to the expected life of the provision is used as a discount rate. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

a) ***Major District Initiative***

Development West Coast has undertaken, subject to certain criteria, to fund each West Coast District Council $400,000 p.a. for approved Major District Initiatives (MDI). Certain capital projects are eligible for consideration as MDI projects, including sports and recreational facilities, theatres, museums and art galleries. Until an application is approved and funds committed for a particular project, the funding is provisioned on an annual basis.

b) ***Major Regional Initiative***

Development West Coast allocated funding of $2,500,000 to the Major Regional Initiative (MRI) in 2006 and the allocation was provisioned at that time. As individual projects within the MRI have funds committed to them the initial provision is reversed and a trade payable established until payment is made.

c) ***Employee Benefits***

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

3.22. Revenue Recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

a) ***Sale of Goods***

Revenue from the sale of goods is recognised when there is persuasive evidence, usually in the form of an executed sales agreement at the time of delivery of the goods to customer indicating that there has been a transfer of risks and rewards to the customer, no further work or processing is required, the quantity and quality of the goods has been determined, the price is fixed and generally title has passed. The risks and rewards are recognised when the goods are despatched.

b) ***Rendering of Services***

Revenue from rendering services is recognised by reference to the stage of completion of a contract or contracts in progress at balance date or at the time of completion of the contract and billing to the customer.

c) ***Interest Revenue***

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

d) ***Dividends***

Revenue is recognised when the Group's right to receive the payment is established.

e) ***Rental Revenue***

Rental revenue is accounted for on a straight-line basis over the lease term.

3.23. Income Tax and Other Taxes

Development West Coast is registered with the Charities Commission as a Charitable Trust and is therefore exempt from income tax.

In respect of subsidiary companies, income tax is accounted for using the taxes payable method. The income tax expense recorded in the income statement for the period represents the income tax payable for the period.

a) ***Other Taxes***

Development West Coast is a "registered person" in terms of the Goods and Services Act 1985. Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

3.24. Government Grants

Government grants received in advance for a project are recognised in the balance sheet as a liability when the grant is received. It is recognised as income over the periods necessary to match the costs that it is intended to compensate in the project.

Grants received in payment of expenses already incurred by Development West Coast are recognised as income at the time of invoicing.

4. Finance Income

	Note	Consolidated		Parent	
		2009 $000	2008 $000	2009 $000	2008 $000
Interest on Distribution Assets		1,195	1,129	1,561	1,362
Interest on Term Deposits		660	829	651	810
Interest on Available for Sale Investments		4,870	4,411	5,182	4,651
Interest Concessions		61	114	61	114
Dividends on Available for Sale Investments		8	101	8	101
Dividends on Held for Trading Investments		1,145	1,182	901	906
Fee Income		11	2	11	2
Net Realised Gains/(Losses) on Available for Sale Investments		652	1,920	652	1,920
Net Realised Gains/(Losses) on Held for Trading Derivatives		101	753	101	753
Net Realised Gains/(Losses) on Held for Trading Investments		700	781	700	781
		9,403	**11,222**	**9,828**	**11,400**

5. Operating Expenses

	Note	Consolidated		Parent	
		2009 $000	2008 $000	2009 $000	2008 $000
Administration Expenses		606	934	266	410
Advisory Body Fees		138	121	138	121
Advisory Body Expenses		25	17	25	17
Auditors' Remuneration	27	209	88	153	44
Bad and Doubtful Debts		12	153	(1)	149
Client Services & Application Assessment Costs		762	1,058	762	1,058
Cost of Sales		769	1,050	0	0
Depreciation	13	209	259	77	104
Directors' Fees		90	118	0	0
Election Costs		0	18	0	18
Equipment Lease Payments		16	13	16	13
External Consultancy Expenses		381	228	377	130
Farm Expenses		109	97	0	0
Finance Costs		5	2	3	1
Information & Communication Technology		23	40	23	40
Insurance & Risk Management		34	33	34	33
Investment Advisory Expenses		283	240	283	240
Legal Fees		181	465	173	433
Loss/(Gain) on Sale of Assets		28	12	14	6
Marketing & Promotion		150	186	150	186
Occupancy		86	66	86	66
Recruitment Costs		122	59	122	59
Sales, Marketing & Despatch		32	38	0	0
Trustees' Remuneration		173	125	173	125
Trustees' Expenses		37	49	37	49
Total Operating Expenses		**4,480**	**5,469**	**2,911**	**3,302**

6. Community Distributions and Projects

	Note	Consolidated 2009 $000	Consolidated 2008 $000	Parent 2009 $000	Parent 2008 $000
Interest Concessions		60	114	60	114
Community Grants	6.1	400	419	400	419
Enterprise Training		161	157	161	157
Education 4 Enterprise		215	179	215	179
Regional Development Unit		618	894	618	894
Major Regional Initiative		395	511	395	511
Provision for Major District Initiative		1,200	1,200	1,200	1,200
Total Community Distributions & Projects		**3,049**	**3,474**	**3,049**	**3,474**

6.1. Community Grants Analysis

	2009 $
Economic Development	
Greymouth Motorcycle Street Race	20,000
Minerals West Coast	50,000
Challenge Events Ltd – Around Brunner	20,000
CEO Distribution	27,444
Westport Early Learning Centre	20,000
Westport Returned Services Assn	20,000
Nelson Events – Wild Coaster	8,000
Source to Sea Ltd – 2008 Event	15,000
Blue Dog Events – Mountain Bike	8,889
Film South (NZ) Limited	15,890
Tourism West Coast	83,200
Industry Support	106,572
	394,995

	2009 $
Cultural and Heritage Grants	
Art in the Park	8,000
St Mary's Parish Church – Hokitika	20,000
Westland DC – Librarians' Conference	4,444
	32,444
Education Initiatives	
Hokitika Primary School – ICT	15,000
Literacy and Numeracy Project	2,608
Advanced Business Training	978
	18,586
Reversal Prior Year Grants Unspent	(46,489)
Total Community Distributions	**399,536**

7. Impairment of Other Assets

	Consolidated 2009 $000	Consolidated 2008 $000	Parent 2009 $000	Parent 2008 $000
Impairment of Inventory	(305)	505	0	0
Impairment of Loans and Receivables	(50)	50	0	0
Impairment of Property, Plant & Equipment	(425)	848	0	0
Impairment of Intangible Assets	(350)	857	0	4
	(1,130)	**2,260**	**0**	**4**

At 31 March 2008, impairment assessments were made based on information available at that time. Subsequent realisations were greater than that estimated in the prior year and part of the impairment has been reversed in the year ended 31 March 2009.

8. Income Tax

8.1. Income Tax Expense

	Consolidated	
	2009 $000	2008 $000
Income Statement	0	0
Current Income Tax	0	0
Income Tax Expense Reported in the Income Statement	**0**	**0**

8.2. Reconciliation of Effective Tax Rate

	Consolidated	
	2009 $000	2008 $000
Accounting Loss Before Tax	(10,023)	(7,248)
At the Statutory Income Tax Rate of 30% (2008: 33%)	(3,007)	(2,392)
Adjustments in Respect of Parent Losses not Taxable	2,522	1,502
Adjustments in Respect of Temporary Differences	(1)	(19)
Adjustments in Respect of Permanent Differences	199	840
Tax Losses not Recognised	**(287)**	**(69)**

8.3. Tax Losses

No asset has been recognised in respect of the taxation losses held by the Group. At 31 March 2009 these totalled $6,387,000 (2008: $5,721,000).

9. Cash and Cash Equivalents

	Consolidated		Parent	
	2009 $000	2008 $000	2009 $000	2008 $000
Cash at Bank and In Hand	1,027	183	989	91
Total Cash and Cash Equivalents	**1,027**	**183**	**989**	**91**

As at 31 March 2009, Development West Coast had $14,094,000 (2008 $15,266,000) on short term deposit at registered banks. These deposits are classified as investments in the annual accounts.

10. Trade and Other Receivables

	Consolidated		Parent	
	2009 $000	2008 $000	2009 $000	2008 $000
Trade Receivables	219	611	191	695
Allowance for Impairment	0	(50)	0	0
	219	561	191	695
Prepayments	0	2	0	0
GST Refund Receivable	88	85	84	67
Related Party Receivables	0	0	93	269
Sundry Receivables	11	63	4	4
Carrying Amount of Trade and Other Receivables	**318**	**711**	**372**	**1,035**

10.1. Related Party Receivables

For terms and conditions of related party receivables refer to note 21.

11. Investments

	Consolidated		Parent	
	2009 $000	2008 $000	2009 $000	2008 $000
Available for Sale Investments	59,837	60,541	60,331	60,539
Held for Trading Investments	21,264	25,611	21,264	25,611
Term Deposits	14,094	15,266	14,094	15,266
Total Investments	**95,195**	**101,418**	**95,689**	**101,416**
Current Assets	48,099	60,568	51,594	60,566
Non Current Assets	47,096	40,850	44,095	40,850
Total Assets	**95,195**	**101,418**	**95,689**	**101,416**

Available-for-sale investments consist of investments in private equity and fixed term bonds.

Held for trading investments consist of investments in ordinary shares and listed property, and therefore have no maturity date or coupon rate.

Financial assets that are classified as loans and receivables are shown as follows:

	Consolidated		Parent	
	2009 $000	2008 $000	2009 $000	2008 $000
Cash and Cash Equivalents	1,027	183	989	91
Trade and Other Receivables	318	711	372	1,036
Term Deposits	14,094	15,266	14,094	15,266
Distribution Assets	16,367	13,021	21,514	17,188
Total Loans and Receivables	**31,806**	**29,181**	**36,969**	**33,581**

12. Distribution Assets

The distribution assets can be further analysed as follows:

	Consolidated		Parent	
	2009 $000	2008 $000	2009 $000	2008 $000
Class				
Current Distributions	10,372	5,656	20,742	12,172
Less Provision for Impairment	6,246	2,394	14,361	7,953
Net Current Distributions	4,126	3,262	6,381	4,219
Non-Current Distributions	5,995	7,365	5,995	10,239
Less Provision for Impairment	1,129	1,115	1,129	3,869
Net Non Current Distributions	4,866	6,250	4,866	6,370
Net Distributions	**8,992**	**9,512**	**11,247**	**10,589**
Investment in Subsidiaries			5,222	5,222
Loans to Subsidiaries			5,148	4,167
Loans to Other Parties			16,367	13,022
			26,737	22,411
Less Provision for Impairment			15,490	11,822
Total			**11,247**	**10,589**

12.1. Related Party Distribution Assets

$10,369,000 of distribution assets were invested in subsidiaries of Development West Coast at 31 March 2009 (2008: $9,389,000) and there was a $8,075,000 provision for impairment relating to these balances (2008: $8,313,000). There were no write offs of amounts of distribution assets outstanding from subsidiaries of Development West Coast during the year ending 31 March 2009 (2008: $15,000).

For terms and conditions of related party receivables refer to note 21.

13. Property, Plant and Equipment

Consolidated	Motor Vehicles $000	Plant & Machinery $000	Furniture & Fittings $000	Office Equipment $000	Leasehold Improve-ments $000	Computer Hardware $000	Land & Buildings $000	Art Collection $000	Total $000
At Cost									
Balance at 1 April 2007	350	1,263	86	52	66	170	933	7	2,927
Additions	51	860	7	11	0	8	96	0	1,033
Disposals	(71)	(666)	0	(5)	0	0	0	0	(742)
Balance at 31 March 2008	330	1,457	93	58	66	178	1,029	7	3,218
Balance at 1 April 2008	330	1,457	93	58	66	178	1,029	7	3,218
Additions	100	1	17	5	2	15	1,071	0	1,211
Disposals	(88)	(3)	0	0	0	(21)	0	0	(112)
Balance at 31 March 2009	342	1,455	110	63	68	172	2,100	7	4,317
Depreciation and Impairment Losses									
Balance at 1 April 2007	125	165	16	37	43	124	86	0	596
Depreciation Charge for the Year	70	107	7	10	9	22	34	0	259
Impairment Losses	0	759	0	6	0	0	39	0	804
Disposals	(24)	(9)	0	(4)	0	0	0	0	(37)
Balance at 31 March 2008	171	1,022	23	49	52	146	159	0	1,622
Balance at 1 April 2008	171	1,022	23	49	52	146	159	0	1,622
Depreciation Charge for the Year	46	85	8	7	5	17	41	0	209
Impairment Losses	0	(470)	0	(4)	0	0	86	0	(388)
Disposals	(30)	(1)	0	0	0	(17)	0	0	(48)
Balance at 31 March 2009	187	636	31	52	57	146	286	0	1,395
Net Carrying Amount									
At 1 April 2007	225	1,098	70	15	23	46	847	7	2,331
At 31 March 2008	159	435	70	9	14	32	870	7	1,596
At 31 March 2009	155	819	79	11	11	26	1,814	7	2,922

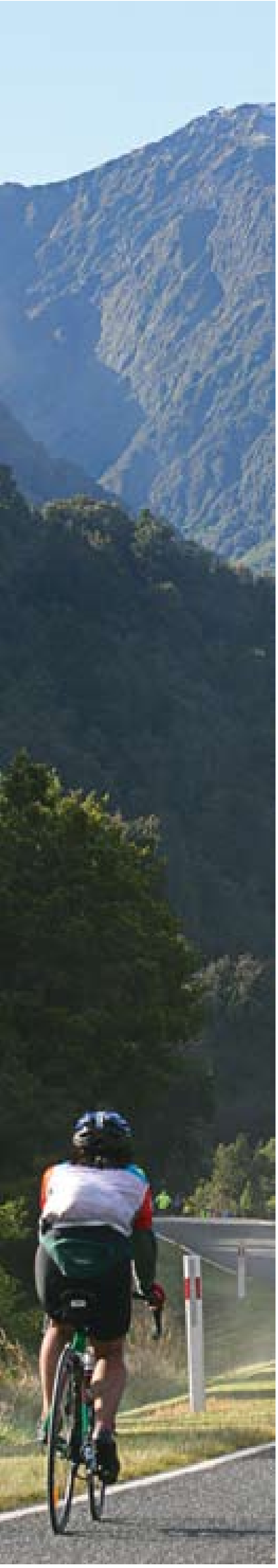
Classified as	2009 $000	2008 $000
Property, Plant and Equipment Held for Sale	215	183
Non Current Property Plant and Equipment	2,707	1,413
Total Property, Plant and Equipment	**2,922**	**1,596**

Parent	Motor Vehicles $000	Plant & Machinery $000	Furniture & Fittings $000	Office Equipment $000	Leasehold Improve-ments $000	Computer Hardware $000	Land & Buildings $000	Art Collection $000	Total $000
At Cost									
Balance at 1 April 2007	291	364	86	33	66	170	0	7	1,017
Additions	50	242	7	4	0	8	0	0	311
Disposals	(34)	(606)	0	0	0	0	0	0	(640)
Balance at 31 March 2008	307	0	93	37	66	178	0	7	688
Balance at 1 April 2008	307	0	93	37	66	178	0	7	688
Additions	100	0	17	4	2	15	950	0	1,088
Disposals	(88)	0	0	0	0	(21)	0	0	(109)
Balance at 31 March 2009	319	0	110	41	68	172	950	7	1,667
Depreciation and Impairment Losses									
Balance at 1 April 2007	98	5	16	26	43	124	0	0	312
Depreciation Charge for the Year	62	0	7	4	9	22	0	0	104
Impairment Losses	0	0	0	0	0	0	0	0	0
Disposals	(3)	(5)	0	0	0	0	0	0	(8)
Balance at 31 March 2008	157	0	23	30	52	146	0	0	408
Balance at 1 April 2008	157	0	23	30	52	146	0	0	408
Depreciation Charge for the Year	44	0	8	3	5	17	0	0	77
Impairment Losses	0	0	0	0	0	0	0	0	0
Disposals	(31)	0	0	0	0	(17)	0	0	(48)
Balance at 31 March 2009	170	0	31	33	57	146	0	0	437
Net Carrying Amount									
At 1 April 2007	193	359	70	7	23	46	0	7	705
At 31 March 2008	150	0	70	7	14	32	0	7	280
At 31 March 2009	149	0	79	8	11	26	950	7	1,230

14. Intangible Assets and Goodwill

Consolidated	Cutting Rights $000	Computer Software $000	Other Intangible Assets $000	Total $000
At 31 March 2009				
Cost (Gross Carrying Amount)	1,016	22	2	1,040
Accumulated Amortisation and Impairment	(666)	(16)	0	(682)
Net Carrying Amount	**350**	**6**	**2**	**358**
At 31 March 2008				
Cost (Gross Carrying Amount)	1,016	22	2	1,040
Accumulated Amortisation and Impairment	(1,016)	(16)	0	(1,032)
Net Carrying Amount	**0**	**6**	**2**	**8**

Parent	Computer Software $000	Total $000
At 31 March 2009		
Cost (Gross Carrying Amount)	22	22
Accumulated Amortisation and Impairment	(16)	(16)
Net Carrying Amount	**6**	**6**
At 31 March 2008		
Cost (Gross Carrying Amount)	22	22
Accumulated Amortisation and Impairment	(16)	(16)
Net Carrying Amount	**6**	**6**



15. Derivative Financial Instruments

	Consolidated 2009 $000	Consolidated 2008 $000	Parent 2009 $000	Parent 2008 $000
Current Liabilities				
Currency Option Contract – Held for Trading	474	24	474	24
Interest Rate Swap Contract – Cash Flow Hedge	0	24	0	24
	474	**48**	**474**	**48**
Non Current Liabilities				
Currency Option Contract – Held for Trading	1,018	0	1,018	0
Interest Rate Swap Contract – Cash Flow Hedge	(291)	33	(291)	33
	727	**33**	**727**	**33**

Derivatives are classified as fair value through profit and loss.

15.1. Instruments used by the Group

a) ***Currency Option Contracts – Held for Trading***
Development West Coast has entered into currency option contracts which are economic hedges but do not satisfy the requirements for hedge accounting.
These contracts are fair valued using the Bloomberg option pricing model which is generally accepted as a global financial market standard valuation model. All movements in fair value are recognised in the profit or loss in the period they occur. The net fair value losses for the Group and Parent were $1,468,000 (2008 $17,000).

b) ***Interest Rate Swap Contracts – Cash Flow Hedges***
Development West Coast has entered into an interest rate swap contract under which it has the right to receive interest at a fixed rate and to pay interest at variable rates. The contract entered into does satisfy the requirements for hedge accounting.
The swap in place for $3 million allows Development West Coast to receive a fixed rate of 7.79% and pay a variable rate based on a margin of 0.25% above the BKBM bill rate, which at balance date was 4.59%.

16. Trade and Other Payables

	Consolidated 2009 $000	Consolidated 2008 $000	Parent 2009 $000	Parent 2008 $000
Trade Payables	702	762	571	614
Employee Entitlements	90	39	60	0
Sundry Creditors	3,092	2,878	3,039	2,826
Financial Guarantees (a)	0	780	0	780
Carrying Amount of Trade and Other Payables	**3,884**	**4,459**	**3,670**	**4,220**
Current Liabilities	3,884	4,332	3,670	4,093
Non Current Liabilities	0	127	0	127
Carrying Amount of Trade and Other Payables	**3,884**	**4,459**	**3,670**	**4,220**

Trade and other payables are classified as financial liabilities at amortised cost. For terms and conditions relating to related party payables refer to note 21.

17. Provisions

	Consolidated 2009 $000	Consolidated 2008 $000	Parent 2009 $000	Parent 2008 $000
Current				
Provision for Major Regional Initiative	62	120	62	120
Provision for Major District Initiative	2,810	2,981	2,810	2,981
	2,872	**3,101**	**2,872**	**3,101**

17.1. Unused Amounts Reversed

No unused amounts were reversed during 2008 or 2009 in respect of the Group. No unused amounts were reversed in the Parent in 2008 or 2009.

18. Cash Flow Statement Reconciliation

	Consolidated		Parent	
Reconciliation of Net Profit after Tax to Net Cash Flows from Operations	**2009 $000**	**2008 $000**	**2009 $000**	**2008 $000**
Net profit	(10,023)	(7,248)	(9,413)	(7,313)
Adjustments for				
Depreciation	209	259	77	104
Amortisation/(Write Back) of Intangibles	(350)	857	0	4
Debt Forgiveness	0	15	0	15
Impairment/(Write Back) of Non-Current Assets	(780)	848	0	0
Impairment and Write–Off of Distribution Assets	3,866	2,230	3,668	6,159
Capitalised Distribution Asset Interest	(919)	(528)	(1,283)	(987)
Accrued Interest	(418)	(76)	(418)	(76)
Net (Profit)/Loss on Disposal of Property, Plant and Equipment	28	12	14	6
Net (Gain)/Loss on Disposal of Available-for-Sale Investments	1,666	3,133	1,666	3,133
Net Fair Value Change on Financial Instruments Valued at Fair Value	8,767	4,232	8,767	4,232
Total Adjustments	12,069	10,982	12,491	12,590
Changes in Assets and Liabilities				
(Increase)/Decrease in Inventories	(100)	610	0	0
(Increase)/Decrease in Trade and Other Receivables	393	(2)	663	(178)
(Decrease)/Increase in Trade and Other Payables	(1,414)	90	(1,392)	220
(Decrease)/Increase in Provisions	(229)	101	(229)	101
	(1,350)	799	(958)	143
Net Cash from Operating Activities	**696**	**4,533**	**2,120**	**5,420**

19. Restricted Capital

	Consolidated		Parent	
	2009 $000	**2008 $000**	**2009 $000**	**2008 $000**
Restricted Capital	**79,325**	**79,325**	**79,325**	**79,325**

19.1. Nature of Restricted Capital

Restricted capital is classified as equity. It is comprised of the initial capital ($92m) and is reduced from time to time in accordance with clause 11 of the Trust Deed as follows:

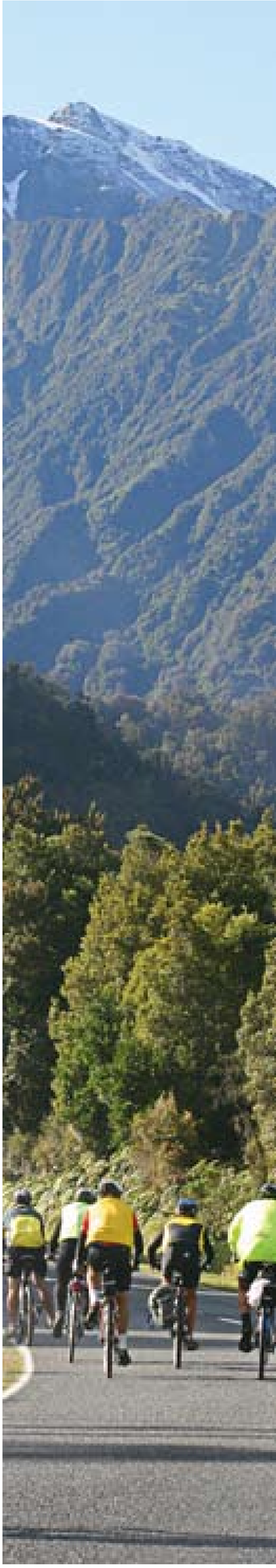
a) The Trustees may distribute up to 5% of the initial capital in any financial year to recommended recipients provided that the income has been fully distributed or set aside for distribution to recommended recipients;

b) Subject to clause 11.3, no further applications of the restricted capital can be made under clause 11.1, once the restricted capital is reduced to $50million; and

c) The Trustees may only pay or apply further amounts under clause 11 with the written approval of the Settlor.

Movement in Restricted Capital	**$000**
At 1 April 2007	79,325
Transfers to Distribution Fund	0
At 1 April 2008	79,325
Transfers to Distribution Fund	0
At 31 March 2009	79,325

The Parent and Group are not subject to any other externally imposed capital requirements.



20. Reserves

20.1. Movements in Reserves - Consolidated

Consolidated	Distribution Fund $000	Net Unrealised Gains Reserve $000	Cash Flow Hedge Reserve $000	Investment Fluctuation Reserve $000	Total Reserves $000	Minority Interest $000	Total $000
At 1 April 2007	**29,536**	**(1,045)**	**(44)**	**10,000**	**38,447**	**(244)**	**38,203**
Net Gains/(Losses) on Available-for-Sale Investments		(4,441)			**(4,441)**		**(4,441)**
Net Surplus/(Loss) for the Year Attributable to the Parent	(7,020)				**(7,020)**		**(7,020)**
Minority Interest						(228)	**(228)**
Net Gains/(Losses) on Cash Flow Hedges			(13)		**(13)**		**(13)**
At 31 March 2008	**22,516**	**(5,486)**	**(57)**	**10,000**	**26,973**	**(472)**	**26,501**
Net Gains on Available-for-Sale Investments		4,840			**4,840**		**4,840**
Net Surplus/(Loss) for the Year Attributable to the Parent	(9,769)				**(9,769)**		**(9,769)**
Minority Interest						(254)	**(254)**
Net Gains on Cash Flow Hedges			348		**348**		**348**
At 31 March 2009	**12,747**	**(646)**	**291**	**10,000**	**22,392**	**(726)**	**21,666**

20.2. Movements in Reserves - Parent

Parent	Distribution Fund $000	Net Unrealised Gains Reserve $000	Cash flow Hedge Reserve $000	Investment Fluctuation Reserve $000	Total $000
At 1 April 2007	**29,546**	**(1,045)**	**(44)**	**10,000**	**38,457**
Net Gains/(Losses) on Available-for-Sale Investments		(4,441)			**(4,441)**
Net Surplus/(Loss) for the Year	(7,313)				**(7,313)**
Net Gains on Cash Flow Hedges			(13)		**(13)**
At 31 March 2008	**22,233**	**(5,486)**	**(57)**	**10,000**	**26,690**
Net Gains/(Losses) on Available-for-Sale Investments		4,840			**4,840**
Net Surplus/(Loss) for the Year	(9,413)				**(9,413)**
Net Gains on Cash Flow Hedges			348		**348**
At 31 March 2009	**12,820**	**(646)**	**291**	**10,000**	**22,465**

20.3. Nature and Purpose of Reserves

a) ***Net Unrealised Gains Reserve***
This reserve records movements in the fair value of available-for-sale financial assets.

b) ***Cash Flow Hedge Reserve***
This reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

c) ***Distribution Fund Reserve***
This reserve is the income and the amount of Restricted Capital available for distribution, in accordance with Clause 11 of the Trust Deed.

d) ***Investment Fluctuation Reserve***
This reserve has been established by Trustees out of the Initial Capital. The Reserve can be accessed to smooth income volatility intra-year although no more than $5 million can be transferred to the Distribution Fund in any one year

21. Capital Management

Development West Coast's capital is its equity, which comprises the Restricted Capital and Reserves. These are described in notes 19 and 20 in this report. Equity is represented by net assets and is referred to in the Trust Deed as Trust Funds.

The Trust Deed details the Board of Trustees' duties in managing the Trust Funds which shall be managed in a manner which provides adequate and reasonable protection of the funds to ensure that both present development opportunities are taken and that current and future generations will benefit from the establishment of the Trust Fund.

Development West Coast's initial investment fund was comprised of the restricted capital and is to be managed by the Trustees with the assistance of Investment Advisors. The investment fund must be invested in accordance with the Statement of Investment Policies and Objectives.

Income from the investment fund, together with transfers from the restricted capital as allowed by the Trust Deed make up the distribution fund.

22. Related Party Disclosure

22.1. Subsidiaries

The consolidated financial statements include the financial statements of Development West Coast and the subsidiaries listed in the following table.

Name	Country of Incorporation	% Equity Interest 2009	% Equity Interest 2008
Forever Beech Limited	New Zealand	100	100
Forever Holdings Limited	New Zealand	100	100
West Coast Development Holdings Limited	New Zealand	100	100
West Coast Development Trust Land Company Limited	New Zealand	100	100
West Coast Development Trust Research and Development Limited	New Zealand	100	100
West Coast Development No.1 Limited	New Zealand	100	100
West Coast Snowflake Limited	New Zealand	100	100
Cranberries New Zealand Limited	New Zealand	50	50

22.2. Ultimate Parent

Development West Coast is the ultimate parent entity.

22.3. Transactions with Related Parties

a) During the year, Development West Coast was repaid $1,223,770 (net of advances) by its subsidiary West Coast Development Holdings Limited (2008 $4,150,000 advance). As at 31 March 2009 $7,766,353 (2008 $7,964,428) was owing to Development West Coast. Interest is payable on this amount at the rate of 8% p.a. Development West Coast is the parent of West Coast Development Holdings Ltd.

b) During the year, Development West Coast advanced $275,000 to its subsidiary Forever Beech Limited. As at March 2009, Development West Coast had invested equity of $3,700,000 (2008 3,700,000) and, including capitalised interest, had advanced $2,148,223 (2008 $1,686,211). Interest is charged on the advance at 10%.

c) At 31 March 2009, Development West Coast was owed $57,223 (2008 $41,047) by West Coast Development Trust Land Co Ltd, $18,335 (2008 $18,441) by Development Trust Research and Development Ltd and $17,422 (2008 $44,598) by West Coast Snowflake Limited, for expenses paid by Development West Coast on these companies' behalf. West Coast Development Trust Land Co Ltd, West Coast Development Trust Research and Development Ltd and West Coast Snowflake Limited are all subsidiaries of West Coast Development Holdings Limited. Development West Coast is the parent of West Coast Development Holdings Limited.

d) Development West Coast provides accounting and other services to Forever Beech Limited, West Coast Development Trust Land Co. Limited, West Coast Development Trust Research and Development Limited, West Coast Snowflake Limited and West Coast Development Holdings Limited. No management fees are currently charged for these services. No debts owing to Development West Coast by a subsidiary were forgiven during the year.

e) During the year Development West Coast purchased on normal commercial terms goods and services totalling $1,921 (2008 $4,681) from The Ashley Hotel. Mr Tony Williams, Chair of Development West Coast, is the owner of The Ashley Hotel. At balance date Development West Coast owed $nil (2008 $106) to The Ashley Hotel.

f) During the year Development West Coast was repaid the sum of $28,500 (2008 $189,000 advance) by West Coast Snowflake Limited. As at 31 March 2009, $250,500 (2008 $279,000) was owing to Development West Coast by West Coast Snowflake Limited. No interest is charged on this advance.

23. Commitments

23.1. Leasing Commitments

Operating Lease Commitments – as Lessee

Future minimum rentals payable under non-cancellable operating leases as at 31 March 2009 are as follows:

	Consolidated		Parent	
	2009 $000	2008 $000	2009 $000	2008 $000
Within one year	55	45	55	45
After one year but not more than five years	112	32	112	32
Total Minimum Lease Payments	**167**	**77**	**167**	**77**

During the year ended 31 March 2009 $121,000 for the group and $65,000 for the parent were recognised as an operating lease expense in the Income Statement (Group 2008: $102,000, Parent 2008: $52,000).

23.2. Property, Plant and Equipment Commitments

Development West Coast and the Group had no contractual obligations to purchase plant and equipment at balance date (Company 2008: nil; Group 2008: nil). However, prior to balance date Development West Coast entered into an agreement to purchase land and buildings at Punakaiki for $950,000. This agreement became unconditional before 31 March meaning Development West Coast had a commitment to complete the purchase. Subsequent to balance date the transaction was completed.

23.3. Future Distributions

At balance date, $930,000 (2008 $835,339) of the total funding approved by Trustees was either under consideration or was undrawn against the accepted facilities.

23.4. Alternative Assets

At balance date Development West Coast had commitments to capital contributions for investments in Private Equity Funds. If fully called the commitment totals $4,615,000.

24. Contingencies

At 31 March 2009 (and 2008) Development West Coast had a contingent liability for Major District Initiative funding of $1.2million per annum subject to its financial performance and receipt of suitable applications. The Group had no other contingent assets or liabilities at 31 March 2009.

25. Enquiries and Applications

For the financial year ending 31 March 2009, Development West Coast received 82 client enquiries. The following table lists the quantum of applications received, and applications approved or under consideration at balance date.

Application Summary 2008-09	**Quantity**	**Value $000**
Total Applications Received	32	48,126
Advisory Body Recommended	8	4,172
Trustee Approved	10	4,052
Offers under Consideration by Applicants	1	160
Offers Lapsed or Declined by Applicants	1	467
Applications Withdrawn	4	14,400
Applications in Progress	3	3,450
Trustee Approved and Accepted by Client	**6**	**3,425**
Berlins Café & Bar	Loan	20
Birchfield Minerals Ltd	Loan	2,200
Development West Coast (Punakaiki Craft Society Land & Buildings))	Equity	950
Forever Beech Ltd	Loan	75
National Kiwi Centre	Loan	55
New Zealand Auto Knitter Ltd	Loan	125

26. Events after Balance Date

Subsequent to balance date Forever Beech Limited, part of the Group, entered into a sale and purchase agreement with a third party to sell all its operating assets (being plant, inventory and shares in its subsidiary Forever Holdings Limited). The transaction settled in July 2009. Forever Holdings Limited ceased to be a subsidiary of Forever Beech Limited from this date. As part of this transaction, Coastpine Limited, a debtor of Development West Coast Limited, sold its assets to the third party. The financial effect of these transactions is estimated to be a decrease in Group revenue of $450,000 with effect from the 2010 financial reporting period. In addition there will be a reduction in the reported gross cost of investments and provisions against distribution assets and investments in subsidiaries, but this is expected to have no effect on 2010 reported results.

27. Auditors' Remuneration

The auditor of Development West Coast is Audit New Zealand, on behalf of the Auditor-General.

	Consolidated		Parent	
	2009 $000	2008 $000	2009 $000	2008 $000
Amounts received or due and receivable by Audit New Zealand for:				
Audit of the Financial Statements 2009	103,800	0	65,000	0
Audit of the Financial Statements 2008	69,968	83,000	53,361	41,500
Audit of the Financial Statements 2007	0	4,617	0	2,569
Audit of the Transition to NZ IFRS	35,000	0	35,000	0
	208,768	**87,617**	**153,361**	**44,069**

28. Impact of adoption of NZ IFRS

28.1. Transition to NZ IFRS

As stated in note 3.2, these are the Group's first financial statements prepared in accordance with NZ IFRS. The accounting policies set out have been applied in preparing the financial statements for the year ended 31 March 2009, the comparative information for the year ended 31 March 2008 and in the preparation of an opening NZ IFRS balance sheet at 1 April 2007 (the Group's date of transition).

In preparing its opening NZ IFRS balance sheet, the Group has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (previous GAAP). An explanation of how the transition from previous GAAP to NZ IFRS has affected the Group's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

28.2. Reconciliation of Equity

The following tables show the changes in equity, resulting from the transition from previous NZ GAAP to NZ IFRS as at 1 April 2007 and 31 March 2008:

Consolidated	Note 28.3	Previous NZ GAAP 1-Apr-07 $000	Effect on Transition to NZ IFRS 1-Apr-07 $000	NZ IFRS 1-Apr-07 $000	Previous NZ GAAP 31-Mar-08 $000	Effect on Transition to NZ IFRS 31-Mar-08 $000	NZ IFRS 31-Mar-08 $000
ASSETS							
Current Assets							
Cash and Cash Equivalents		676	0	676	183	0	183
Current Tax Receivable		4	0	4	8	0	8
Trade and Other Receivables	c	604	105	709	711	0	711
Inventories	a	641	(14)	627	31	(31)	0
Biological Assets	a	0	14	14	0	31	31
Investments	f,g	111,266	(49,605)	61,661	107,376	(46,808)	60,568
Distribution Assets		2,217	0	2,217	3,262	0	3,262
		115,408	(49,500)	65,908	111,571	(46,808)	64,763
Non-Current Assets Classified as Held for Sale		0	0	0	183	0	183
Total Current Assets		115,408	(49,500)	65,908	111,754	(46,808)	64,946
Non-Current Assets							
Distribution Assets		7,361	0	7,361	6,250	0	6,250
Investments	f,g	0	47,901	47,901	0	40,850	40,850
Property, Plant and Equipment	b	2,341	(10)	2,331	1,419	(6)	1,413
Intangible Assets and Goodwill	b,c,e	1,190	(326)	864	195	(187)	8
Total Non-Current Assets		10,892	47,565	58,457	7,864	40,657	48,521
TOTAL ASSETS		126,300	(1,935)	124,365	119,618	(6,151)	113,467
LIABILITIES							
Current Liabilities							
Trade and Other Payables		2,843	0	2,843	4,332	0	4,332
Provisions		3,000	0	3,000	3,101	0	3,101
Interest-Bearing Loans and Borrowings		200	0	200	0	0	0
Derivative Financial Instruments	d	0	7	7	0	48	48
Total Current Liabilities		6,043	7	6,050	7,433	48	7,481
Non-Current Liabilities							
Trade and Other Payables		743	0	743	127	0	127
Derivative Financial Instruments	d	0	44	44	0	33	33
Total Non-Current Liabilities		743	44	787	127	33	160
TOTAL LIABILITIES		6,786	51	6,837	7,560	81	7,641
NET ASSETS		**119,514**	**(1,986)**	**117,528**	**112,058**	**(6,232)**	**105,826**
Restricted Capital		79,325	0	79,325	79,325	0	79,325
Distribution Fund	d,e, g,h	30,433	(897)	29,536	23,205	(689)	22,516
Cash flow Hedge Reserve	d	0	(44)	(44)	0	(57)	(57)
Available for Sale Reserve	g,h,	0	(1,045)	(1,045)	0	(5,486)	(5,486)
Investment Fluctuation Reserve		10,000	0	10,000	10,000	0	10,000
Minority Interest in Subsidiary		(244)	0	(244)	(472)	0	(472)
TOTAL EQUITY		**119,514**	**(1,986)**	**117,528**	**112,058**	**(6,232)**	**105,826**

Parent	Note 28.3	Previous NZ GAAP 1-Apr-07 $000	Effect on Transition to NZ IFRS 1-Apr-07 $000	NZ IFRS 1-Apr-07 $000	Previous NZ GAAP 31-Mar-08 $000	Effect on Transition to NZ IFRS 31-Mar-08 $000	NZ IFRS 31-Mar-08 $000
ASSETS							
Current Assets							
Cash and Cash Equivalents		176	0	176	91	0	91
Trade and Other Receivables	c	752	105	857	1,035	0	1,035
Investments	f,g	111,266	(47,591)	63,675	107,375	(46,809)	60,566
Distribution Assets		5,383	0	5,383	4,219	0	4,219
Total Current Assets		117,577	(47,486)	70,091	112,720	(46,809)	65,911
Non-Current Assets							
Distribution Assets		7,359	0	7,359	6,370	0	6,370
Investments	f,g	0	45,887	45,887		40,850	40,850
Property, Plant and Equipment	b	715	(10)	705	286	(6)	280
Intangible Assets and Goodwill	b,c,e	105	(95)	10	0	6	6
Total Non-Current Assets		8,179	45,782	53,961	6,656	40,850	47,506
TOTAL ASSETS		125,756	(1,704)	124,052	119,376	(5,959)	113,417
LIABILITIES							
Current Liabilities							
Trade and Other Payables		2,477	0	2,477	4,093	0	4,093
Provisions		3,000	0	3,000	3,101	0	3,101
Derivative Financial Instruments	d	0	7	7	0	48	48
Total Current Liabilities		5,477	7	5,484	7,194	48	7,242
Non-Current Liabilities							
Trade and Other Payables		742	0	742	127	0	127
Derivative Financial Instruments	d	0	44	44	0	33	33
Total Non-Current Liabilities		742	44	786	127	33	160
TOTAL LIABILITIES		6,219	51	6,270	7,321	81	7,402
NET ASSETS		**119,537**	**(1,755)**	**117,782**	**112,055**	**(6,040)**	**106,015**
Restricted Capital		79,325	0	79,325	79,325	0	79,325
Distribution Fund	d,e,g,h	30,212	(666)	29,546	22,730	(497)	22,233
Cash Flow Hedge Reserve	d	0	(44)	(44)	0	(57)	(57)
Available for Sale Reserve	g,h	0	(1,045)	(1,045)	0	(5,486)	(5,486)
Investment Fluctuation Reserve		10,000	0	10,000	10,000	0	10,000
TOTAL EQUITY		**119,537**	**(1,755)**	**117,782**	**112,055**	**(6,040)**	**106,015**

28.3. Explanatory Notes – Reconciliation of Equity

a) ***Cranberry Plant Classification***

In accordance with NZ IFRS, biological assets such as cranberry plants must be disclosed separately. The impact is to reclassify a balance of $14,000 at 1 April 2007 and a balance of $31,000 at 31 March 2008 from inventories to biological assets.

b) ***Software Classification***

In accordance with NZ IFRS, software is classified as an intangible asset and must be disclosed separately. The impact is to reclassify a balance of $10,000 at 1 April 2007 and a balance of $6,000 at 31 March 2008 from property, plant and equipment to intangible assets.

c) ***Intangible asset classification***

In accordance with NZ IFRS, project 421 is classified as a prepayment. The impact is to reclassify a balance of $105,000 at 1 April 2007 from intangible assets to prepayments.

d) ***Derivatives***

In accordance with NZ IFRS, the Group and parent have recognised derivatives on the balance sheet at fair value with the corresponding entry being recognised in the hedging reserve to the extent that the hedging relationship is effective.

The impact is outlined in the following table:

	1-Apr-07 $000	31-Mar-08 $000
Current Liabilities	(7)	(48)
Non-Current Liabilities	(44)	(33)
Gross Impact Represented in Total Comprehensive Income	**(51)**	**(81)**

e) ***Goodwill Amortisation***

The Group has written off goodwill on consolidation at 31 March 2007 following an impairment review by the Trust. The impact is to increase net surplus in the year ending 31 March 2008 by $38,000 in the Group's financial statements, and decreases intangibles and the Distribution Fund by $230,566 at 31 March 2008.

f) ***Current/Non-Current Classification***

In accordance with NZ IAS 1, the Group and parent has revalued investments classified as available for sale to fair value and put all impairment losses through net surplus. The impact is to decrease equity and investments at 1 April 2007 and a balance of $44,462,000 at 31 March 2008 from current investments to non-current investments.

g) ***Valuation of Investments***

In accordance with NZ IFRS, the Group and parent has revalued investments classified as available for sale to fair value and put all impairment losses through net surplus. The impact is to decrease equity and investments at 1 April 2007 by $1,704,000 and decrease investments at 31 March 2008 by $5,959,000, decrease available for sale reserve at 31 March 2008 by $5,625,000 and increase net deficit for the year ending 31 March 2008 by $334,000.

h) ***Reclassification of Gains/Losses Available for Sale Reserve***

In accordance with NZ IFRS, the Group and parent has reclassified the cumulative gain on available for sale investments from distribution fund to the available for sale reserve. The impact is to decrease the distribution fund and increase the available for sale reserve at 31 March 2008 by $139,000.

28.4. Reconciliation of Total Comprehensive Income

The following table shows the changes in comprehensive income, resulting from the transition from previous NZ GAAP to NZ IFRS for the year ending 31 March 2008.

Consolidated	Note 28.5	Previous NZ GAAP 31-Mar-08	Group Effect on Transition to NZ IFRS 31-Mar-08	NZ IFRS 31-Mar-08
Finance Income		11,222	0	11,222
Trading Sales		721	0	721
Other Operating Income		1,607	0	1,607
Total Income		13,550	0	13,550
Operating Expenses	a,b,e	5,407	62	5,469
Surplus before Community Distributions & Projects		8,143	(62)	8,081
Community Distributions & Projects		3,474	0	3,474
Surplus before Asset Impairment and Investment Mark-to-Market		4,669	(62)	4,607
Impairment of Distribution Assets		2,230	0	2,230
Impairment of Other Assets	e	2,360	100	2,260
Impairment of Available for Sale Investments		3,133	0	3,133
Investment Mark-to-Market Loss	c,d	4,401	169	4,232
Surplus before Minority Interest		(7,455)	207	(7,248)
Minority Interests' Share of Loss in Subsidiary		(228)	0	(228)
Surplus before Income Tax		(7,227)	207	(7,020)
Income Tax Expense		0	0	0
Surplus for the Year		(7,227)	207	(7,020)
Other Comprehensive Income				
Available for Sale Investments		0	(4,441)	(4,441)
Cash Flow Hedges	a	0	(13)	(13)
Other Comprehensive Income for the Year		0	(4,454)	(4,454)
Total Comprehensive Income for the Year		**(7,227)**	**(4,247)**	**(11,474)**

Parent	Note 28.5	Previous NZ GAAP 31-Mar-08	Group Effect on Transition to NZ IFRS 31-Mar-08	NZ IFRS 31-Mar-08
Finance Income		11,399	0	11,399
Other Operating Income		1,592	0	1,592
Total Income		12,991	0	12,991
Operating Expenses	e	3,202	100	3,302
Surplus before Community Distributions & Projects		9,789	(100)	9,689
Community Distributions & Projects		3,474	0	3,474
Surplus before Asset Impairment and Investment Mark-to-Market		6,315	0	6,215
Impairment of Distribution Assets		6,159	0	6,159
Impairment of Other Assets	e	104	100	4
Impairment of Available for Sale Investments		3,133	0	3,133
Investment Mark-to-Market Loss	c,d	4,401	169	4,232
Surplus before Income Tax		(7,482)	169	(7,313)
Income Tax Expense		0	0	0
Surplus for the Year		(7,482)	169	(7,313)
Other Comprehensive Income				
Available for Sale Investments		0	(4,441)	(4,441)
Cash Flow Hedges	a	0	(13)	(13)
Other Comprehensive Income for the Year		0	(4,454)	(4,454)
Total Comprehensive Income for the Year		**(7,482)**	**(4,285)**	**(11,767)**

28.5. Explanatory Notes – Reconciliation of Total Comprehensive Income

a) ***Derivatives***

In accordance with NZ IFRS, derivatives have been recognised on the balance sheet at fair value with the corresponding entry being recognised in the hedging reserve to the extent that the hedging relationship is effective.

The impact is outlined in the following table:

	1-Apr-07 $000	31-Mar-08 $000	Movement $000
Current Liabilities - Cash Flow Hedges	0	(24)	(24)
Current Liabilities - Held for Trading	(7)	(24)	(17)
Non-Current Liabilities - Cash Flow Hedges	(44)	(33)	11
Gross Impact Represented in Total Comprehensive Income	**(51)**	**(81)**	**(30)**

b) ***Goodwill Amortisation***

In accordance with NZ IFRS, the Group has not amortised goodwill. The impact is to increase net surplus in the year ending 31 March 2008 and increase intangible assets at 31 March 2008 by $38,000 in the Group's financial statements.

c) ***Valuation of Investments***

In accordance with NZ IFRS, the Group and parent has revalued investments classified as available for sale to fair value and put all impairment losses to net surplus. The impact is to decrease available for sale reserve at 31 March 2008 by $3,921,000, decrease investments at 31 March 2008 by $3,921,000 and decrease net deficit for the year ending 31 March 2008 by $334,000.

d) ***Reclassification of Gains/Losses on Available for Sale Reserve***

In accordance with NZ IFRS, the Group and parent has reclassified the 2008 loss on available for sale investments from net surplus to the available for sale reserve. The impact is to decrease net deficit and decrease available for sale reserve at 31 March 2008 by $520,000.

e) ***Intangible Asset Classification***

In accordance with NZ IFRS, project 421 is classified as a prepayment. The impact is to reclassify expenses of $100,000 from impairment of intangible assets to operating expenses and has no net effect on the deficit.

Major sponsor of the *Around Brunner* Cycle Event

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