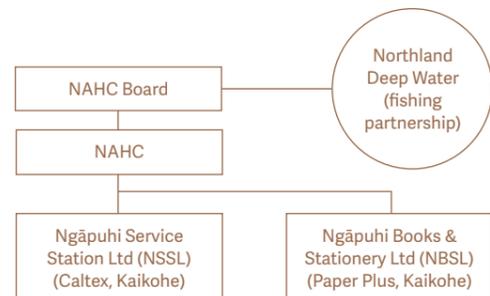


NGĀPUHI ASSET HOLDING COMPANY LIMITED

CHAIR'S REPORT



Leigh Auton
Chair

During the financial year the Board has benefited greatly from the diverse mix of knowledge, experiences, and skills shared amongst its five members.

Kia ora tātou. On behalf of the Board of Directors, I am pleased to report on another very successful year (ended 30 June 2015) for Ngāpuhi Asset Holding Company Limited (NAHC). Our returns are at their highest levels with some divisional records being achieved. Our operating expenses have been carefully managed and reduced in many key areas. This result has been achieved whilst undertaking an extensive review of new business opportunities.

With the diversity of investment opportunities available, we continue to be very selective in “how” and “what” NAHC invests in. Throughout the year we have undertaken due diligence on a number of initiatives, and have made a new profitable investment with our fisheries partners, and we are continuing to evaluate several other opportunities. We will not rush into investment decisions without the proper due diligence. It is important every investment decision aligns with the strategy of the group and is undertaken for the betterment of Ngāpuhi.

The transactions we are exposed to are becoming increasingly sophisticated and larger in size and scale. This has reminded us that we need to ‘stay alert’ and ‘be ahead of the game’. It is particularly pleasing to have the Board and management team leading those conversations.

I also wish to acknowledge the wider work being undertaken with other asset holding companies (AHC) in Te Tai Tokerau, and by the Iwi chairs’ and chief executive (CE) forums. The concurrent release of the Tai Tokerau Northland Regional Growth Study from the Ministry of Business, Innovation and Enterprise and the Ministry of Primary Industries,

and “He Tangata, He Whenua, He Oranga” by the Iwi chairs and CE forums demonstrate the unified commitment to drive economic development and growth in Northland. We will continue to foster these important partnerships and lead conversations that provide opportunities for Ngāpuhi to enhance their investment and reputation.

The health and safety of our employees, customers and suppliers continues to be a high priority for our organisation and we are proud to be awarded ACC workplace safety accreditation across all our operational sites.

DIRECTORSHIPS

During the financial year the Board has benefited greatly from the diverse mix of knowledge, experiences, and skills shared amongst its five members. There is a foundation of strong commercial acumen balanced with an openness and willingness to share, that has solidified the group to achieve the best possible results for Ngāpuhi.

The business has performed admirably throughout the year and there is no intention to rest on our laurels. As a leadership group we have engaged in strategic planning development, protocol sessions and hosted in-house investment seminars with the intention of confidently enabling the organisation through the Treaty settlement process and the preplexities surrounding those discussions.

Through robust discussion and careful planning, the landscape for future operations and priorities will become more evident. However, we remain in a position of strength and fortune, learning from the successes of other treaty settlements to help forge the best path forward for Ngāpuhi.

The Directors remained constant during the year with three independent Directors including Erena Kara, John Rae and myself and Te Rūnanga-Ā-Iwi O Ngāpuhi (the Rūnanga) represented by Raniera (Sonny) Tau and Wane Wharerau. We are also fortunate to have gained the services of Lorraine Toki as an alternate Director, who brings a wealth of experience.

At the end of the reporting period Mrs Kara stepped down from her role as independent Director, to take up a role with the Rūnanga. We are incredibly appreciative of her contribution to our Board and are pleased that the Group has been able to retain her valuable expertise.

We have engaged an independent executive search agency to find a replacement Director, and we are encouraged by the calibre of the candidates that are putting themselves forward.

FISHERIES

2014/15 was a pivotal period for fisheries in New Zealand with the 11-year Iwi fisheries structure review being undertaken, and the Foreign Charter Vessel (FCV) legislation being passed into law. With our long-term partners we continued to lobby for changes to the FCV legislation that would benefit all Iwi, whilst preparing our operations for the eventual outcome. It was disappointing that we did not obtain the outcome that we advocated for however, following meetings with the necessary regulatory partners we believe there is a pathway for Ngāpuhi to continue to catch our deepwater annual catch entitlement (ACE).

The 11-year iwi fisheries structure review was conducted with Te Ohu Kai Moana (TOKM). After a significant amount of stakeholder engagement and involvement from NAHC and the Rūnanga a number of fundamental changes have resulted as to how Iwi fisheries structures are to be managed in the future. The almost unanimous outcomes reached by the mandated iwi organisations show that the AHCs' are becoming more proficient in managing the fisheries resources entrusted to them, and is an acknowledgement that a Māori industry body (e.g. TOKM) is still desired to ensure tikanga is maintained.

NAHC continues to be the largest shareholder in AFL with 12.63%, and has one of the largest quota holdings.

The pertinent results of the iwi fisheries structure review changes for NAHC are that we will have an increased involvement within Aotearoa Fisheries Limited (AFL), as the voting shares are scheduled to be distributed to AHCs. Additional shares in AFL will also be released in the same pro-rata fashion that they were originally settled, solidifying Ngāpuhi's position as the largest shareholder of AFL. And, the restrictive terms in which Maori ACE can be leased are to be relaxed out to 15 years, which should provide confidence for new capital investment within the fishing industry.

The outcomes are favourable. However, the benefits will not be obtained until after the necessary legislation is passed, which we anticipate occurring within the next financial year.

So in what was a year of expectant uncertainty for our fisheries returns, we are pleased to report that NAHC has out-performed budget, and AFL has provided a \$1.3m dividend for the year.

During the year we also expanded our fisheries investments in gaining the largest Iwi share in the Antons Seafoods quota acquisition tendered by TOKM. This collaboration has seen Ngāpuhi partner with AFL, Sealords and a number of other iwi in the profits generated from what is a significant quota parcel. At the time of reporting the return on this Ihu to Mai (profit share) arrangement is 10.84%, with fourth quarter returns still yet to be reported. This is an outstanding result and is the ideal platform to collaborate with our fisheries investments to generate mutually beneficial results.

NAHC continues to be the largest shareholder in AFL with 12.63%, and has one of the largest quota holdings. This illustrates how intricately bound Ngāpuhi is to the sustainability of our fisheries, and the responsible returns that can be generated.

INVESTMENTS

Outside of fisheries we continue to own a sizeable investment portfolio and several commercial properties. The commercial properties are leased to a mix of related entities and third parties. We have seen a change to some of the leases during the period. However, all properties have continued to be fully occupied and the new lease terms negotiated have all been on equivalent or more favourable terms.

For financial reporting purposes we are required to revalue our commercial building investment annually. This year in a flat market we have seen a devaluation in the holding value of the John Butler Centre (JBC) impacting our profitability by \$400k. NAHC has exposure within the JBC through three sizeable units that are currently leased to Top Energy. It is encouraging that Top Energy has extended the lease term for the latest agreement due for expiry, and that other vacant tenancies in the building have recently been filled. Our view is that the devaluation of this investment will only be temporary, and we are already seeing the restoration of values within the market.

NAHC continues to occupy and lease our own premises at Kowhai Court in Kaikohe, which is utilised for the retail operations of Ngāpuhi Books and Stationery Limited (Paper Plus Kaikohe) and Ngāpuhi Service Station Limited (Caltex Kaikohe).

NAHC had \$3m of funds under management invested with the Bank of New Zealand (BNZ). During the year we added a further \$4m with the Rūnanga transferring across their cash portfolio for NAHC to invest. This transfer has mitigated the entities duplicating their cash holding and will enable the funds to be invested more strategically. During the upcoming year we will be undertaking a process to identify the appropriate investments to actively grow this portfolio, and create additional value that should out perform inflation and keep up with the growth of Ngāpuhi members.

Although the funds performed within expectation we believe that a better result can be achieved in the long term, upon reassessing the investment mix and classes. We are pleased with our relationship with the BNZ, and the funds to date have been invested in accordance with the mandate that we have provided them. However, we are undertaking to review the scope within that mandate.

We are now beginning to see the benefits of strategically positioning ourselves towards best practice in terms of governance and internal capabilities.

ADMINISTRATION

The administration of NAHC business has been consistent with a team of four charged with managing the breadth of assets and investments that has been entrusted to NAHC. After an impressive performance Paul Knight has been given the position of Chief Executive Officer of NAHC to reflect the work that he and his team are undertaking.

Administrative expenses have reduced for a second year, and upon completing a comprehensive health and safety programme the group received ACC workplace safety accreditation. As an entity we have continued our commitment to invest in and develop our people within NAHC, and we made further investments in accountancy and leadership during the year.

We are now beginning to see the benefits of strategically positioning ourselves towards best practice in terms of governance and internal capabilities. The openness in which the NAHC Board and the Rūnanga can work alongside NAHC management is indicative of the healthy relationship that exists.

BUSINESS UNITS

Ngāpuhi Service Station Ltd (NSSL) produced another record year with 64% growth over and above the prior year. The Kowhai Court precinct in Kaikohe that includes NSSL, and Ngāpuhi Books and Stationery Ltd (NBSL) is now confidently trading profitably, and the businesses including our tenanted café, are leveraging off the increased customer numbers, and a professional entrance for the town.

NBSL's performance has improved 50% from last year on a comparative basis. The offer within the store has been refreshed and non-profitable services such as the cartridge refill business have been removed. NBSL has seen growth in a number of categories and continues to be monitored as the business is trending in the right direction. This is not an easy process and I acknowledge the staff who are making the necessary adjustments.

Kowhai Court is a strategic investment for Ngāpuhi in Kaikohe that employs 15 staff in our Ngāpuhi owned retail sites alone, and contributes more than \$440k in wages into the local economy. The precinct will continue to trade profitably within Kaikohe and create many employment and business opportunities for the community. Again, I encourage you to support these businesses as the profits are always reinvested or returned for the advancement of Ngāpuhi.

DISTRIBUTIONS

NAHC has given a commitment to continue to pay a transparent dividend to the Rūnanga to provide the Rūnanga with certainty regarding its funding obligations. A dividend of NZ\$1.95m was paid again this year, and the Board is targeting to increase this amount for the upcoming year.

OUTLOOK

The outlook for NAHC and Ngāpuhi is very positive. We have embraced last year's statement that "It is how we position ourselves going forward that will ultimately determine the future success of NAHC".

The business units have all made strides forward, which is giving us confidence that we can increase next year's dividend payment. We are developing best practice and processes at a governance level, and management is being supported into entering the transactions that will strategically advantage Ngāpuhi in the long term. This is often partnering or entering into joint ventures as an entry point so that we can develop our competencies in areas that we see Ngāpuhi investing and occupying in the future. We learn from those who have gone before us to create a pathway upon which Ngāpuhi can grow.

As a Board we are committed to working with the Rūnanga and all our partners in sharing in this exemplary journey.

MANAGEMENT AND STAFF

In a year when a number of divisions have returned record profits, the Board would again like to acknowledge the hard work and commitment shown by all staff and their contribution to another successful year.

Ngā mihi nui

Leigh Auton
Chair



GLOSSARY OF TERMS:

NAHC – Ngāpuhi Asset Holding Company

TOKM – Te Ohu Kaimoana

NBSL – Ngāpuhi Books and Stationery Ltd

NSSL – Ngāpuhi Service Station Ltd

BNZ – Bank of New Zealand

FCV – Foreign Charter Vessel

ACE – Annual Catch Entitlement

AHC – Asset Holding Company

ACC – Accident Compensation Corporation

AFL – Aotearoa Fisheries Ltd

*ke e meatia nei e
mā. tū meatia*



*Mā te māramatanga
o Ihoa o ngā mano
tātou e ārahi ki ngā
huanga ā mua.*

Ngawai Tuson

NGĀPUHI HOKIANGA KI TE RAKI
Trustee

May God's enlightenment guide
Ngāpuhi to a prosperous and
bright future.

Register of Interests

NAME	NAHC POSITION	ENTITY	ENTITY POSITION
Mr Leigh Auton	Chair	Auton & Associates Limited	Director
		Ngāpuhi Service Station Limited	Director
		Ngāpuhi Books & Stationery Limited	Director
		Ngāpuhi Food & Beverages Limited	Director
		Emerge Aotearoa Trust	Trustee
		Emerge Aotearoa Limited	Director
		Emerge Aotearoa Housing Trust	Trustee
		More Than A Roof NZ	Trustee
		Northland Deepwater GP Limited	Chair
		Auckland Philharmonia Orchestra	Trustee
		Papakura Kotuitui Trust	Inaugural Chair
Local Government Commission	Member		
Mr Raniera T Tau	Director	Te Rūnanga-Ā-Iwi O Ngāpuhi	Chair
		Te Ohu Kaimoana	Deputy Chair
		Omapere Taraire E Rangihamama	Chair
		X3A Ahu Whenua Trust	Director
		Kotuku Holdings	Director
		Ngāpuhi Service Station Limited	Director
		Ngāpuhi Books & Stationery Limited	Director
		Ngāpuhi Food & Beverage Limited	Director
		Tūhoronuku IMA	Trustee

NAME	NAHC POSITION	ENTITY	ENTITY POSITION
Mr Wane Wharerau	Director	Te Rūnanga-Ā-Iwi O Ngāpuhi	Trustee
		Ngāpuhi ki Waitemata Charitable Trust	Trustee
		Guardians of the Sea Charitable Trust	Trustee
		Te Waihono A Kupe Collective	Representative
		Ngāpuhi Service Station Limited	Director
		Ngāpuhi Books & Stationery Limited	Director
		Ngāpuhi Food & Beverage Limited	Director
		Northland Deepwater GP Limited	Director
		Hokianga Accord	Chair
		NDW LFR Limited	Director
Mr John Rae	Director	The Lines Company Limited	Director
		Tepu Limited	Chairman
		Eastland Group Limited	Director
		Smart Environment Limited	Chairman
		National Infrastructure Advisory Board	Founding Member
		New Zealand Council for Infrastructure Development	Chairman
		FJ Hawkes & Co Limited	Managing Director & Shareholder
		Playtime Holdings Limited	Director & Shareholder
		Kingyo Foods Limited	Director & Shareholder
		Gobble Limited	Director & Shareholder
		Taku Honey Limited	Director & Shareholder
		Ngāpuhi Service Station Limited	Director
		Ngāpuhi Books & Stationery Limited	Director
		Ngāpuhi Food & Beverage Limited	Director
Cavalier Corporation Limited	Director		
Mrs Lorraine Toki	Alternate Director	Tūhoronuku IMA	Project Manager
		Iwi Chairs – Whānau Ora	Technical Advisor
		Te Rūnanga-Ā-Iwi O Ngāpuhi	Ngati Hine Committee
		Tai Tokerau Māori Trust Board	Trustee
		Ngāpuhi Service Station Limited	Director
		Ngāpuhi Books & Stationery Limited	Director
		Ngāpuhi Food & Beverage Limited	Director
Mr Jason Witehira	Director	Ngāpuhi Service Station Limited	Director
		Ngāpuhi Books & Stationery Limited	Director
		Ngāpuhi Food & Beverage Limited	Director
		JP & KA Witehira 2010 Limited trading as New World Victoria Park	Director/Owner
		New World North Island Committee	Chairman
		New Zealand Food Innovation Auckland Limited	Director

*9 Ko matou ko nga tino Rangatira Apa
te runanga ki Whitunga a te
te wakarite ture. Kia tike te wakarite*

“*Kia tū tika ai te whare tapu
o Ngāpuhi, hei oranga
wairua, hei oranga tangata,
hei oranga tonutanga mō
Ngāpuhi.*”

Brian Joyce

TE TAKIWĀ-O-NGĀPUHI-KI-TE-TONGA-
O-TĀMAKI MAKĀURAU

Trustee

May the sacred house of Ngāpuhi
stand strong, and provide us with
the physical and spiritual strength
to move forward together.



Schedule: Reporting Requirements

Māori Fisheries Act 2004

Kaupapa 7 of Schedule 7 to the Māori Fisheries Act 2004 (MFA) requires the Rūnanga to be accountable for its performance to all members of the iwi. As a result, the Rūnanga must report annually to its members as follows:

OBLIGATION	COMPLIANCE	COMMENT
A Mandated Iwi Organisation (MIO) must hold an annual general meeting for its members providing an opportunity for those members to consider:	Rūnanga	AGM in October 2015.
Annual report for the previous financial year reporting against objectives set out in the annual plan and includes:		
1. Steps taken by MIO to increase number of registered members.	Rūnanga	See Chief Executive's report.
2. Comparison of performance against objectives in annual plan, including changes in shareholder/member value and dividend performance or profit distribution.	Rūnanga	See Chair's report and consolidated statements.
3. Annual audited financial report prepared in accordance with GAAP and accounting separately for settlement cash assets.	Rūnanga	See Audited Financial Statements.
4. Report on sales and exchanges of settlement quota.		
a. Quantity of settlement quota held by the MIO's asset holding company.	Rūnanga/NAHC	456,291,128 quota shares.
b. Value of settlement quota sold or exchanged.	Rūnanga/NAHC	Nil
c. Identity of purchaser or other party to the exchange.	Rūnanga/NAHC	N/A
d. Any transaction with settlement quota that has resulted in a registered interest by way of caveat or mortgage being placed over the quota.	Rūnanga/NAHC	Nil
e. Settlement quota interests that have been registered against the quota shares of the MIO.	Rūnanga/NAHC	Nil
f. The value of income shares sold, exchanged, valued or acquired.	Rūnanga/NAHC	No Income shares were sold or exchanged during the year. The board retained the current value of \$390.06 per share.

OBLIGATION	COMPLIANCE	COMMENT
1. Report on the interactions of the MIO in fisheries matters:		
a. With other entities within the iwi.	Rūnanga/NAHC	A number of ACE parcel transactions with local Iwi members.
b. With other MIOs.	Rūnanga	We continue to facilitate productive conversations with other MIOs to best maximize returns from our fisheries assets.
c. With Te Ohu Kai Moana Trustee Limited.	Rūnanga/NAHC	On the 1st of October 2014 NAHC purchased 30,097,031 quota shares from Charisma Developments Ltd. The ACE derived from these shares has been leased to AFL under an Ihu Tō Mai agreement for a period of 5 years. Also participated in and voted on the 11 year fisheries structure review.
d. Any changes under section 18 of the MFA to the constitutional documents of the MIO, or its asset holding companies or any subsidiaries of the asset holding companies.	Rūnanga/NAHC	Nil
An annual plan for the next financial year which includes:		
1. The objectives of the annual plan.	Rūnanga	NAHC has responded to all requests from the Rūnanga.
2. The policy of the MIO in respect of sales and exchanges of settlement quota.	Rūnanga	No sales or exchanges anticipated.
3. Any changes in that policy from the policy for the previous year.	Rūnanga	Nil
4. Any proposal to change the constitutional documents of any fishing company owned by the MIO.	Rūnanga/NAHC	Nil
In relation to every asset holding company or subsidiary of an asset holding company that received settlement assets:		
1. An annual report on:		
a. The performance of that asset holding company or any of its subsidiaries.	Rūnanga/NAHC	See NAHC Chair's report and consolidated financial statements.
b. The investment of money of that asset holding company or any of its subsidiaries.	Rūnanga/NAHC	See NAHC Chair's report and consolidated financial statements.
c. The matters set out in paragraph (b) of Kaupapa 2.		
2. Any proposal to change the constitutional documents of the asset holding company or any of its subsidiaries.	Rūnanga/NAHC	Nil

OBLIGATION	COMPLIANCE	COMMENT
Every MIO must exercise strategic governance over the process to examine and approve annual plans that set out:		
1. The key strategies for the use and development of iwi fisheries assets.	Rūnanga/NAHC	Encompassed within the budgets and operating plans of NAHC and NDWLP.
2. The expected financial return on the assets.	Rūnanga/NAHC	Annual budgets approved by NAHC Board of directors and Rūnanga.
3. Any programme to:		
a. Manage the sale of annual catch entitlements derived from settlement quota held by asset holding companies or their subsidiaries.	Rūnanga/NAHC	NAHC has the direct responsibility for all ACE transactions on an ongoing basis. Deepwater ACE is utilised by the charter operated by Northland Deepwater Limited Partnership in which Ngāpuhi have 50% ownership. Any ACE not required for the charter is tendered on the open market, as is inshore ACE, after first offering to Iwi. The additional deepwater quota purchased from Charisma Developments has been leased as part of an Ihu Tō Mai arrangement with Sealord Group for a period of 5 years.
b. Reorganise the settlement quota held by asset holding companies or their subsidiaries, as by buying and selling settlement quota in accordance with the MFA.	Rūnanga/NAHC	Governed by legislative and constitutional constraints.



Mā te hakakotahi, ka tū kaha a Ngāpuhi.

Helene Leaf

NGĀ NGARU O HOKIANGA
Trustee

A united Ngāpuhi is a strong and resolute Ngāpuhi.