

Financial Statements

Omataroa Rangitaiki No 2 Trust
For the year ended 31 December 2017

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Omataroa Rangitaiki No 2 Trust

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INDEPENDENT AUDITOR'S REPORT

To the Trustees & Owners of Omataroa Rangitaiki No. 2 Trust.

Opinion

We have audited the financial statements of Omataroa Rangitaiki No. 2 Trust (the Trust), which comprise the balance sheet as at 31 December 2017, the statement of profit or loss and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Trust for the year ended 31 December 2017 are prepared, in all material respects, in accordance with the special purpose reporting framework as described on page 9 of the financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described below in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Trust in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Other than in our capacity as auditor we have no relationship with, or interests in, the Trust.

Emphasis of Matter – Basis of Accounting

We draw attention to page 9 of the financial statements, which describes the basis of accounting. The financial statements have been prepared for the Trustees & Owners. As a result, the financial statements may not be suitable for any other purpose.

Restriction on Responsibility

This report is made solely to the Trustees & Owners, as a body. Our audit work has been undertaken so that we might state to the Trustees & Owners those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustees & Owners as a body, for our audit work, for this report, or for the opinions we have formed.

Other information

The Trustees are responsible on behalf of the Trust for the other information. The other information comprises the directory but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based, on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Trustees for the Financial Statements

The Trustees are responsible on behalf of the Trust for determining that the special purpose reporting framework adopted is acceptable in the Trust's circumstances, for the preparation of the financial statements and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

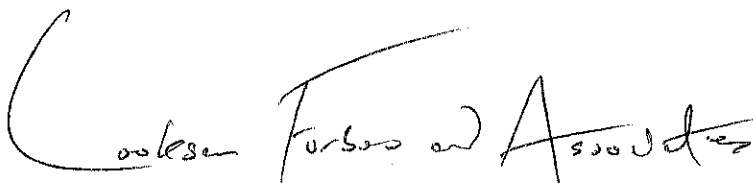
As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trustee's internal control.

Conclude on the appropriateness of the use of the going concern basis of accounting by the Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management. We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Accountants
96 Waioweka Road
OPOTIKI, New Zealand

17 December 2018

Directory

Omataroa Rangitaiki No 2 Trust

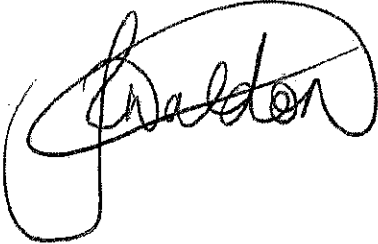
Nature of Business	Landlords, investment, cropping and leases
Date of Formation	14 April 1971 Pursuant to section 438 of the Maori Affairs Act. (now section 215 of the Te Ture Whenua Act 1993)
Responsible Trustees	Charlie Elliott (Chairman) Gina O'Brien Jane Waldon Joseph Mason Waaka Vercoe Whaiora Puutu-Brown
Associate Trustees	Dayle Hunia Miro Araroa Maurice Warbrick
Auditors'	Cookson Forbes & Associates Chartered Accountants 96 Waioweka Road Opotiki
Shareholding	2,322,500
Share Value	\$13.54
Physical Address	4-10 Louvain Street Whakatane 3120
Postal Address	PO Box 227 Whakatane
Telephone	(07) 9295692
Email	info@omataroa.com
Website	www.omataroatrust.com

Approval of Financial Report

Omataroa Rangitaiki No 2 Trust

For the year ended 31 December 2017

The Trustees are pleased to present the approved financial report including the historical financial statements of Omataroa Rangitaiki No 2 Trust for year ended 31 December 2017.



APPROVED

For and on behalf of the Trustees

Jane Waldon

Date 13.12.18



APPROVED

For and behalf of the Trustees

Charlie Elliott

Date 13.12.18

Statement of Profit or Loss

Omataroa Rangitaiki No 2 Trust
For the year ended 31 December 2017

Revenue	Notes	31 Dec 2017	31 Dec 2016
Net Financing Income	1	219,901	172,434
Rental & Property Income	2	1,166,148	1,163,040
Share of Joint Ventures/Partnership Income		91,260	(140,990)
Total Revenue		1,477,309	1,194,484
Expenses			
Administration Expenses	3	319,662	297,119
Property Expenses	4	110,856	184,726
Trustee, Associate Fees & Travel	5	59,708	50,324
Total Expenses		490,226	532,169
Other Movements			
Revaluation of Investment Property		-	1,216,876
Total Other Movements		-	1,216,876
Net Operating Profit/(Loss) Before Taxation		987,083	1,879,191
Taxation and Adjustments			
Income Tax Expense	7	61,583	68,394
Total Taxation and Adjustments		61,583	68,394
Net Profit (Loss) for the Year		925,500	1,810,797

*CF
Audit*

The accompanying notes and audit report form part of and should be read in conjunction with these financial statements.

Statement of Changes in Equity

Omataroa Rangitaiki No 2 Trust

For the year ended 31 December 2017

Trust Capital	Notes	31 Dec 2017	31 Dec 2016
Opening Balance		29,495,658	21,456,743
Increases			
Trustees Income for the Period		925,500	1,810,797
Total Increases		925,500	1,810,797
Decreases			
Payment made to Donee Organisations	7, 24	648,000	378,000
Total Decreases		648,000	378,000
Movement in Reserves			
Increase in New Zealand Emission Unit Revaluation Reserve		1,446,975	6,559,618
Increase in Investment Reserve		218,316	46,500
Total Movement in Reserves		1,665,291	6,606,118
Total Trust Capital		31,438,449	29,495,658

*CF
Audit*

The accompanying notes and audit report form part of and should be read in conjunction with these financial statements.

Balance Sheet

Omataroa Rangitaiki No 2 Trust

As At 31 December 2017

Assets	Notes	31 Dec 2017	31 Dec 2016
Current Assets			
Cash and Short-Term Deposits	6	4,852,949	4,411,000
Trade and Other Receivables		97,633	40,095
GST Receivable		2,781	7,084
Income Tax Receivable	7	149,787	189,746
Investments in listed Companies		32,250	329,047
Other Current Assets		6,597	13,745
Total Current Assets		5,141,997	4,990,717
Non-Current Assets			
Investments in listed Companies	9	1,733,664	1,176,359
Joint Ventures	10	1,042,102	1,243,475
Loan Advances & Mortgages	15	353,675	408,954
Property, Plant and Equipment	17	30,157	29,193
Investment Property	18	18,468,794	18,452,588
Other Non-Current Assets		80,000	80,000
Total Non-Current Assets		21,708,392	21,390,569
Intangible Assets			
Development Costs		154,248	154,248
New Zealand Emission Units		8,006,595	6,559,620
Website		-	5,263
Total Intangible Assets	16	8,160,843	6,719,131
Total Assets		35,011,232	33,100,417
Liabilities			
Current Liabilities			
Trade and Other Payables		29,335	63,279
GST Payable		-	-
Income Received in Advance	19	606,330	569,350
Unclaimed Dividends		2,937,118	2,972,130
Total Current Liabilities		3,572,783	3,604,759
Total Liabilities		3,572,783	3,604,759
Net Assets		31,438,449	29,495,658
Equity			
Trust Capital		6,639,463	6,639,463
Retained Earnings	20	8,388,440	8,110,940
New Zealand Emission Unit Revaluation Reserve		8,006,595	6,559,620
Investment Revaluation Reserve		541,737	323,421
Raahul Reserve		(112,289)	(112,289)
Property Revaluation Reserve		7,974,503	7,974,503
Total Equity		31,438,449	29,495,658

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The accompanying notes and audit report form part of and should be read in conjunction with these financial statements.

Notes to the Financial Statements

Omataroa Rangitaiki No 2 Trust

For the year ended 31 December 2017

Reporting Entity

For the purpose of entity reporting, OMATAROA RANGITAIKI NO 2 TRUST is an Ahu Whenua Trust, as defined under Section 215 of the Te Ture Whenua Maori Act 1993.

Basis of Preparation

These financial statements have been prepared in accordance with the Special Purpose Financial Reporting Framework for use by For-Profit Entities published by the Chartered Accounts Australia and New Zealand.

The financial statements have been specifically prepared for the shareholders of the Trust and for the purposes of meeting the trust's income tax requirements.

Historical Cost

These financial statements have been prepared on a historical cost basis, except for certain assets which have been revalued as identified in specific accounting policies below. The financial statements are presented in New Zealand dollars (NZ\$) and all values are rounded to the nearest NZ\$, except when otherwise indicated.

Changes in Accounting Policies

There have been no changes in accounting policies during the year. All other accounting policies have been applied consistently throughout the entirety and are consistent with those applied in the previous financial year.

Statement of Accounting Policies

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

(a) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amounts. Individual debts that are known to be uncollectible are written off in the period that they are identified.

(b) Biological Assets

Biological Assets or agricultural produce have been recorded at cost. The future economic benefit will flow to the Trust on harvest.

(c) Cash and Short-Term Deposits

Cash and Short-Term Deposits in the Balance Sheet comprises of cash at bank and short term deposits with an original maturity of six months or less. They are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

(d) Finance Leases

Finance lease is a lease that transfers to the lessee substantially the entire risks and rewards incidental to the ownership of the asset. Finance lease payments are apportioned between the finance charge and the reduction of the outstanding loan. The finance charge is allocated to each period during the lease term on an effective interest rate.

(e) Foreign Currencies

Both the functional and presentation currency for the trust is New Zealand dollars. Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction.

Monetary items denominated in foreign currencies are re-translated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

The gain or loss on translation differences on non-monetary item is recognised in equity, whilst other translation differences to monetary items are recognised in the Profit or Loss Statement

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Notes to the Financial Statements

Omataroa Rangitaiki No 2 Trust

For the year ended 31 December 2017

(f) Income Tax

Income tax is accounted for using the taxes payable method. The income tax expense charged to the Profit or Loss Statement is the estimated tax payable in the current year, adjusted for any differences between the estimated and actual tax payable in prior years. No provision has been made for deferred tax.

(g) Investments

The Trust classifies its investments in the following categories:

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

Shares in Investments

Shares in investments in listed companies are stated at their fair value. Initially they are recorded at cost, and are then valued at market bid price at the Balance Sheet date of the subsequent periods. Any gains or losses as a result of revaluation is accounted for through the Investment Revaluation Reserve. Any gains or losses as a result from a sale of an investment is accounted for the Profit or Loss Statement.

Joint Ventures

The Trust has an interest in joint venture operations, where the Trust is entitled to a share of future economic benefits and is exposed to the related risks, for activities jointly controlled by multiple participants. The Trust's share of the assets, liabilities, revenues and expenses of joint ventures are incorporated into the financial statements using the equity method and net book value and no impairment adjustment has been made.

Loan Advances & Mortgages

Loan Advances and Mortgages have fixed interest rates or determinable payments that are not quoted in an active market and arise when the Trustees advance money to shareholders. Loans and mortgages that are due to be repaid within 12 months of balance date and recorded in Other Current Assets and are measured at amortisation cost using the effective interest method.

(h) Intangible Assets

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in Profit or Loss Statement.

(i) Goods and Services Tax

All amounts are stated exclusive of goods and services tax (GST) except for accounts payable and accounts receivable which are stated inclusive of GST.

(j) Property, Plant & Equipment

Property, plant and equipment are stated at historical cost less any accumulated depreciation and impairment losses. Historical cost includes expenditure directly attributable to the acquisition of assets, and includes the cost of replacements that are eligible for capitalisation when these are incurred. 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. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Profit or Loss Statement in the year the asset is derecognised. Upon derecognition, the asset revaluation reserve relating to the asset disposed shall be transferred to retained earnings.

Depreciation

Depreciation has been calculated in accordance with rates permitted under Income Tax Act 2007. This method is considered appropriate to the business.

Land & Buildings	0 to 40 years
Plant & Equipment	5 to 10 years
Office Equipment	5 to 10 years
Furniture & Fittings	5 to 10 years
Computer and Software	5 to 3 years

Depreciation is calculated on the cost price of the asset and not on any revalued basis.

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Notes to the Financial Statements

Omataroa Rangitaiki No 2 Trust

For the year ended 31 December 2017

1	Net Financing Income	31 Dec 2017	31 Dec 2016
	Gain on Sale of Orica Limited Shares	3,623	-
	Dividends Received	72,772	61,307
	Interest Received	143,507	111,127
	Total Net Financing Income	219,902	172,434
2	Rental & Property Income	31 Dec 2017	31 Dec 2016
	Property Income	90,487	150,938
	Residential Rental Income	98,095	106,746
	Forestry Right	960,750	960,750
	Quarry Royalties & Fees	16,816	(55,394)
	Total Rental & Property Income	1,166,148	1,163,040
3	Administration Expenses	31 Dec 2017	31 Dec 2016
	ACC Levies	979	975
	Administration Services	155,026	137,196
	Advertising Expenses	-	3,185
	AGM Expenses	-	14,621
	Amortisation of Intangible Assets	5,263	5,108
	Audit Fees	7,000	7,105
	Bad Debt Written Off	-	3,037
	Bank & Interest Charges	111	277
	Computer Expenses	4,028	10,823
	Consultancy	52,907	13,045
	Depreciation of Property, Plant & Equipment	18,031	18,032
	Foreign Currency Gains or (Losses)	(28)	89
	General Expenses	5,009	7,084
	Insurance	7,079	8,808
	Legal Fees	14,879	21,658
	Office Expenses	15,558	15,293
	Portfolio Management Fees	10,103	1,588
	Professional Development	-	7,200
	Sponsorship	4,580	4,553
	Subscriptions	3,836	2,493
	Telephone, Mobile & Internet Charges	5,487	4,913
	Travel & Accommodation Expenses	-	802
	Trustee Meeting Costs	1,843	1,184
	Vehicle Expenses	5,503	5,660
	Website	2,468	2,390
	Total Administration Expenses	319,662	297,119
4	Property Expenses	31 Dec 2017	31 Dec 2016
	Cropping Expenses	9,864	59,170
	Electricity & Gas	5,914	5,438
	Insurance	14,415	11,786
	Land & Water Rates	46,746	44,370
	Repairs & Maintenance	17,458	63,389
	Other Expenses	16,459	573
	Total Property Expenses	110,856	184,726

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Audit

Notes to the Financial Statements

Omataroa Rangitaiki No 2 Trust

For the year ended 31 December 2017

5	Trustee, Associate Fees & Travel	Notes	31 Dec 2017	31 Dec 2016
	C Elliott		15,652	12,346
	D Hunia		3,154	1,938
	G O'Brien		8,193	6,910
	J Mason		4,400	4,400
	J Waldon		8,675	5,966
	M Araroa		3,955	1,757
	M Warbrick		8,428	7,035
	W Puutu-Brown	22 (c)	1,393	5,108
	W Vercoe		5,858	4,864
	Total Trustee, Associate Fees & Travel		59,708	50,324
6	Cash and Short-Term Deposits		31 Dec 2017	31 Dec 2016
	Bank of New Zealand Limited		6	6
	Craigs Investments Partners Limited		62,557	24,445
	Kiwibank Limited		2,375,783	2,038,549
	Kiwibank Limited Short-Term Deposits		2,414,603	2,348,000
	Total Cash and Bank		4,852,949	4,411,000
7	Income Tax Expense	Notes	31 Dec 2017	31 Dec 2016
	Current Year Earnings		925,500	1,810,797
	Provision for Taxation		61,583	68,394
	Net Profit (Loss) Before Taxation		987,083	1,879,191
	Additions to Taxable Profit			
	Non Deductible Expenses		9,230	10,630
	Total Additions to Taxable Profit		9,230	10,630
	Deductions from Taxable Profit			
	Non-Taxable Income		(3,591)	1,120,997
	Total Deductions from Taxable Profit		(3,591)	1,120,997
	Payments made to Donee Organisations			
	Te Roopu Whare Manaaki		-	30,000
	Omataroa Rangitaiki 2 Charitable Trust Payment	24	648,000	348,000
	Total Payments made to Donee Organisations		648,000	378,000
	Taxable Profit		351,904	390,824
	Tax Payable at 17.5%		61,583	68,394
	Deductions from Tax Payable			
	Prior Period Tax		189,746	78,994
	Dividend Imputation Credits		24,468	24,215
	Dividend Withholding Tax		6,387	5,186
	Resident Withholding Tax		24,652	16,703
	Income Tax Paid		111,846	133,042
	Income Tax Refund		(145,729)	-
	Total Deductions from Tax Payable		211,370	258,140
	Income Tax Payable (Refund Due)		(149,787)	(189,746)

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Audit

Notes to the Financial Statements

Omataroa Rangitaiki No 2 Trust

For the year ended 31 December 2017

8 Maori Authority Credit Account	31 Dec 2017	31 Dec 2016
Opening Balance	2,427,388	2,248,242
Increases		
Dividend Imputation Credits	24,468	24,215
Dividend Withholding Tax	6,387	5,186
Income Tax Paid	111,846	133,042
Resident Withholding Tax	24,652	16,703
Total Increases	167,353	179,146
Decreases		
Income Tax Refund	(145,729)	-
Total Decreases	(145,729)	-
Closing Balance	2,449,012	2,427,388

The closing balance is available to be attached to distributions issued by the Trust.

9 Investments	Notes	31 Dec 2017	31 Dec 2016
Shares held in Australian (ASX) listed Companies			
ANZ Banking Group Limited		41,107	41,121
APA Group Stapled Securities Limited		66,904	65,053
BHP Billiton Limited		28,304	22,670
CSL Limited		74,622	50,116
Pact Group Holdings Limited		44,370	49,834
Ramsay Health Care Limited		50,146	46,163
Sydney Airport Limited		71,749	57,614
Transburn Group Stapled Securities Limited		61,949	48,289
Total Shares held in Australian (ASX) listed Companies		439,151	380,860
Shares held in International listed Companies			
3M Company Limited		23,212	-
Bankers Investment Trust (LSE)		30,154	-
Bunzl PLC		19,119	-
CVS Health Corporation		19,203	-
Ecolab Incorporated		10,397	-
FMC Corporation		22,938	-
Invesco QQQ Nasdaq 100 Index		27,430	-
iShares Global Tech EFT		21,648	-
Johnson & Johnson Incorporated		21,259	-
L'Oreal SA Unsponsored ADR		10,293	-
Reckitt Benckiser PLC		20,273	-
Republic Services Incorporated		21,336	-
Roche Holdings AG ADRs		10,233	-
Unilever PLC		9,811	-
Visa Incorporated Class A		22,489	-
Total Shares held in International Companies		289,795	-
Shares held in New Zealand listed Companies			
Air New Zealand Limited		23,386	63,216
Auckland International Airport Limited		136,728	131,875
Contact Energy Limited		83,356	69,863
Fisher & Paykel Healthcare Limited		36,951	-
Heartland New Zealand Limited		74,281	50,250
Kowhai Private Equity No 1 Limited Partnership Fund	20 (a)	38,800	-
Meridian Energy Limited		90,675	80,600
Pohutukawa Private Equity V Fund	20 (b)	35,000	3,000

Notes to the Financial Statements

Omataroa Rangitaiki No 2 Trust

For the year ended 31 December 2017

Shares held in New Zealand listed Companies

Port of Tauranga Limited	167,219	130,323
Ryman Healthcare Limited	122,844	94,076
Summerset Group Holdings Limited	123,475	105,066
Vector Limited	72,003	67,230
Total Shares held in New Zealand listed Companies	1,004,718	795,499
Total Investments	1,733,664	1,176,359

- 9 (a) Investments that have sold or due to mature in the following year have been reclassified as a Current Asset. Abano Healthcare Group Limited value as at balance date of \$32,250 has been reclassified as an investment in listed Companies recorded in the Current Assets.

The portfolio in listed companies is managed by Craigs Investment Partners (CIP), equities and fixed interest investments within the portfolio are valued using quoted bid market price, the balance of the portfolio is valued at amortised cost using the effective interest method. The fees associated with the management of this portfolio are recognised in the Profit or Loss Statement.

10	Joint Ventures	Notes	31 Dec 2017	31 Dec 2016
	Kaikoura Gold Kiwifruit Development Limited Partnership	11	124,570	156,771
	M5 Holdings Limited	12	13,271	50,023
	Manu Hou Limited Partnership	13	342,934	496,955
	Ngati Awa Farms (Rangitaiki) Joint Venture	14	561,327	539,726
	Total Joint Ventures		1,042,102	1,243,475

11 Kaikoura Gold Kiwifruit Development Limited Partnership

Kaikoura Gold Kiwifruit Development Limited Partnership was registered on 24 August 2011. The investors are Omataroa Rangitaiki No 2 Trust, Eastpack Limited, H & T Callaghan Whanau Trust, Maori Investments, Ngati Ngahere Ira Lands Trust, Otanemutu Lands Trust, Te Arawa Group Holdings Limited and White Island Mussel Limited. The business is to utilise the committed capital to procure establishment of a kiwifruit orchard on a site in Raukokore, Waihou Bay. The balance date is 31 May and the operating result for the year ended 31st May 2017 has been included in the Trust's financial statements using the equity method.

12 M5 Holdings Limited

On August 2011, Trustees signed a Shareholders' Agreement and purchased \$150,000 ordinary shares at \$1.00 each in M5 Holdings Limited which represents a 10% share in the company. The company is a wholesaler of honey and a manufacturer of bottled honey products operating from a site on the outskirts of Whakatane. The balance date of the company is 31 March and the operating result for the year ended 31 March 2017 has been included in the Trust's financial statement using the equity method.

13 Manu Hou Limited Partnership

Manu Hou Limited Partnership was registered on 16 September 2009. The initial investors are Omataroa Rangitaiki No 2 Trust, Ngati Awa Holdings Limited and Putauaki Trust. The business of the limited partnership is to utilise the committed capital to undertake private equity investment through the Direct Capital equity program, Direct Capital IV. As at 30 June 2017 the limited partnership's commitment to Direct Capital is \$2,905,312. The balance date of the company is 30 June and the operating result for the year ended 30 June 2017 has been included in the Trust's financial statements using the equity method.

14 Ngati Awa Farms (Rangitaiki) Joint Venture

The joint venture (JV) investment includes the Trust's share (6.21%) in the ownership of Ngakaurua Dairy Farm located at 675 Western Drain Road, Whakatane. Ngati Awa Farms (Rangitaiki) JV is an unincorporated JV, the main partner is Ngati Awa Farms Limited (50.9%) and the remaining partners are Eastern BOP Maori Trusts. The balance date is 30 June and the operating result for the year ended 30 June 2017 has been included in the Trust's financial statements using the equity method.

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Audit

Notes to the Financial Statements

Omataroa Rangitaiki No 2 Trust

For the year ended 31 December 2017

15 Loan Advances & Mortgages	Notes	31 Dec 2017	31 Dec 2016
Loan Advances			
Te Teko Golf Club (Inc)		22,571	39,180
Total Loan Advances		22,571	39,180
Mortgages			
Helen Sisley		-	11,041
Poroporo Rugby & Sports Club		239,464	253,783
Scobie Te Poono & Andrea Sutton		30,071	35,468
Te Teko Riverside Tavern Limited		61,569	69,482
Total Mortgages		331,104	369,774
Total Loan Advances & Mortgages		353,675	408,954

Loan Advances

Loan advances are considered short-term loans maturing between 1 and 10 years and are secured over the chattels that were purchased by the borrower. The chattels are owned by the Trust until repayment of the advance is made in full together with the interest outstanding to the date of repayment. Interest is payable each calendar month following the date of advance specified in the agreement. No impairment adjustment is required.

Helen Sisley loan of \$6,597 is recorded in Other Current Assets, the loan together with all outstanding interest was repaid in full on 17 January 2018.

Mortgages

Mortgages are considered long term loans maturing between 10 to 30 years and are secured over the land and buildings of the borrower. No impairment adjustment is required.

16 Intangible Assets	Notes	31 Dec 2017	31 Dec 2016
Development Costs			
Cost	16(a)	154,248	154,248
Less: Accumulated Amortisation		-	-
Closing Balance		154,248	154,248
Website			
Cost	Rate	31 Dec 2017	31 Dec 2016
	33% SL	15,480	15,480
Less: Accumulated Amortisation		(15,480)	(10,217)
Closing Balance		-	5,263
New Zealand Emission Units			
Cost or Valuation	16(b)	6,559,620	0
Plus: Movement in Revaluation Reserve		1,446,975	6,559,620
Closing Balance		8,006,595	6,559,620
Total Intangible Assets		8,160,843	6,719,131

16(a) Development Costs

Costs incurred to date relate to assessing the feasibility of a landfill site on the Trust's land at 124 Downward Road, Whakatane. Upon completion of the feasibility process the costs will be capitalised to the cost of the Project. Alternatively, should the project not proceed, these expenses will be written off.

16(b) Emission Trading Scheme NZ Carbon Credits

As at 31st December 2012, the Trust had 147,913 pre 1990 NZ Carbon Credit Units (NZU's) allocated under the New Zealand Emission Trading Scheme. The units had a nil allocation value and have been stated at cost which is also nil. A further 237,947 NZU's were allocated on 11 January 2013 increasing the balance of the NZU's held by the Trust to 385,860. In the 2016 financial year the Trustee resolved to re-value NZU's to market value on an annual basis. As at 31 December 2017 at \$20.75 per unit recognising a revaluation increase of \$1,446,975.

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Omataroa Rangitaiki No 2 Trust

For the year ended 31 December 2017

17 Property, Plant and Equipment	31 Dec 2017	31 Dec 2016
Office Assets		
Computers, Software and Equipment	28,201	20,082
Accumulated depreciation	(16,801)	(12,708)
Total Office Assets	11,400	7,374
Plant & Equipment		
Plant & Equipment	5,706	3,777
Accumulated depreciation	(3,291)	(1,347)
Total Plant & Equipment	2,415	2,430
Vehicles		
Motor Vehicle	29,925	29,925
Accumulated depreciation	(13,583)	(10,536)
Total Vehicles	16,342	19,389
Total Property, Plant and Equipment	30,157	29,193
18 Investment Property		
	31-Dec-17	31-Dec-16
Land at cost		
Agricultural	1,023,321	1,001,646
Forestry	13,050,000	13,050,000
Quarry	500	500
Land revaluation	1,287,435	1,287,435
Accumulated depreciation	(23,124)	(19,881)
Total Land at cost	15,338,132	15,319,700
Commercial Property		
Land & Buildings at cost	775,303	771,825
Land & Buildings revaluation	198,226	198,226
Accumulated depreciation	(11,148)	(10,050)
Total Commercial Property	962,381	960,001
Residential Property		
Land & Buildings at cost	2,267,331	2,267,331
Land & Buildings revaluation	97,570	97,570
Accumulated depreciation	(209,194)	(207,900)
Total Residential Property	2,155,707	2,157,001
Chattels		
Commercial & Residential Chattels	73,935	73,935
Accumulated depreciation	(61,361)	(58,049)
Total Chattels	12,574	15,886
Total Investment Property	18,468,794	18,452,588

Land and buildings (Investment Property) have been valued at the most recently available rating valuation prepared by Quotable Value Limited dated 1st September 2016. The rating valuations are issued every three years and are used to ensure consistency with Section 276(4) (c) of Te Ture Whenua Act 1993. Revaluation gains are recognised in the Statement of Profit or Loss as an Other Movement and posted through to the asset revaluation reserve. If any revaluation reserve has a deficit, that deficit is recognised as an impairment in the Statement of Profit or Loss in the period it arises. Any revaluation surplus that reverses previous impairment in subsequent periods is recognised as revenue in Profit or Loss Statement.

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Omataroa Rangitaiki No 2 Trust

For the year ended 31 December 2017

19	Income Received in Advance	31 Dec 2017	31 Dec 2016
	Property Rentals	606,330	569,350
	Total Income Received in Advance	606,330	569,350
20	Retained Earnings	31 Dec 2017	31 Dec 2016
	Opening Balance	8,110,940	7,895,019
	Current Year Earnings	925,500	593,921
	Less:		
	Payments made to Donee Organisations	(648,000)	(378,000)
	Total Retained Earnings	8,388,440	8,110,940

21 Capital Commitments

21(a) On 19 December 2016, the trust subscribes to purchase 100,000 shares at a nominal value of \$1.00 per share in Pohutukawa Private Equity V Fund. The company is managed by Direct Capital and will invest pro-rata alongside Direct Capitals latest institutional fund, Direct Capital V.

As at the date of this report, the trust had paid \$36,250 which represents the initial subscription of \$.035 per Share (at cost) plus the 1.25% application fee on the committed capital of \$1,250. The remaining \$.065 per share, being the balance of the issue price of \$65,000, is payable in tranches as determined by the Board of Directors.

There are no active market for shares held in Pohutukawa Private Equity V Fund, therefore the valuation principles adopted are in accordance with those set out by the International Private Equity and Venture Capital Valuation Guidelines. Until a valuation is made in accordance with the above principles the value of an asset will be taken to be cost.

Distributions will be made to investors following the receipt of cash flows from individual investments by Pohutukawa Private Equity V Fund which may arise from dividends, interest, repayments of loans or redeemable capital and, if and when, investments made by Pohutukawa V are liquidated over a 10 year time frame.

21(b) On 10 March 2017, the trust subscribes to purchase 400,000 shares at a nominal value of \$1.00 per share in Kowhai Private Equity No 1 Limited Partnership Fund. The company is managed by Craigs Investment Partners (CIP) and will invest as a limited partner in Pioneer Capital Partners III Limited Partnership's Private Equity Fund.

As at the date of this report, the trust had paid \$45,000 which represents the initial subscription of \$.010 per Share (at cost) plus the 1.25% application fee on the committed capital of \$5,000. The remaining \$.090 per share, being the balance of the issue price of \$360,000 is payable in tranches as determined by Pioneer Capital Partners III Limited Partnership.

There are no active market for shares held in Kowhai Private Equity No 1 Limited Partnership Fund, therefore the valuation principles adopted are in accordance with those set out by the International Private Equity and Venture Capital Valuation Guidelines. Until a valuation is made in accordance with the above principles the value of an asset will be taken to be cost.

Distributions will be made to investors following the receipt of cash flows from individual investments by Pioneer Capital Partners III Limited Partnership which may arise from dividends, interest, repayments of loans or redeemable capital and, if and when, investments made by Pioneer Capital Partners III Limited Partnership are liquidated over a 10 year time frame.

22 Contingent Liabilities

At balance date there are known contingent liabilities (2016: \$0). Omataroa Rangitaiki No 2 Trust has not granted any securities in respect of liabilities payable by any other party whatsoever.

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Omataroa Rangitaiki No 2 Trust

For the year ended 31 December 2017

23 Events after Balance Date

23(a) Sale of Wairere Properties

On 15 March 2018, the Trust entered into a Sale and Purchase Agreement with a third party for the disposal of numbers 6, 12 and 14 Wairere Street, Whakatane for a cash consideration of \$942,000 plus GST. The disposal is expected to be completed by 21 May 2018.

23(b) Trustee Resignation

On 27 July 2017, Whaioara Puutu-Brown resigned her position as a responsible trustee of Omataroa Rangitaiki No 2 Trust and Omataroa Rangitaiki No 2 Charitable Trust. The resignation was formally accepted by the Trustees on 4 September 2017.

24 Related parties

Omataroa Rangitaiki No 2 Charitable Trust was formed by the trustees of Omataroa Rangitaiki 2 Trust. The Charitable Trust was established to advance the charitable objects as set out in the Trust Deed. It was founded, 16 November 2011 and is a registered charity providing financial support for education, well being and community initiatives for the benefit of the shareholders and beneficiaries of Omataroa Rangitaiki No 2 Trust. The two trusts have the same board members, share staff and premises as Omataroa Rangitaiki No 2 Charitable Trust does not as yet have any staff of its own. Trustees have established procedures and policies and review these annually to ensure that all funds received by the Charitable Trust are distributed solely for charitable purposes as set out in the Trust Deed.

The Trust paid \$648,000 donation to Omataroa Rangitaiki No 2 Charitable Trust. The increase in this year donation was to include a distribution of a Kaumatua Grant of \$300,000 to beneficiaries and shareholders of the Trust. The distribution policy was approved by shareholders present at the Triennial Meeting of Shareholders held 20 December 2016.

The Trust has the following related parties:

Trustee	M5 Holdings Limited	Ngati Awa Group Holdings Ltd	Ngati Awa Farms (Rangitaiki) JV Ltd	OMR2 Charitable Trust	Manu Hou GP Limited	Kaikoura Gold Kiwifruit Development GP Limited
C Elliott				Trustee	Director	Director
G O'Brien		Director		Trustee		
J Mason		Ex-Officio	Ex-Officio	Trustee		
J Waldon				Trustee		
W Puutu-Brown				Trustee		
W Vercoe	Director	Kaumatua Advisor	Kaumatua Advisor	Trustee		

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