



PACIFIC BUSINESS TRUST
PACIFIC INITIATIVE | PACIFIC SUCCESS



Annual Report
2007 - 2008



www.pacificbusiness.co.nz



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PACIFIC BUSINESS TRUST BACKGROUND

The Pacific Business Trust has served Pacific communities in New Zealand for two decades. Established in 1985, the Trust was originally known as the Pacific Island Employment Development Scheme. The original focus was to provide equal employment opportunities and improve the overall economic prosperity of Pacific peoples.

In 1992, the organisation changed its name to the Pacific Island Business Development Trust to emphasize its new business development focus. Today the Trust delivers services nationwide with offices in Otahuhu, Waitakere Porirua, and Christchurch.

The Trust's main function is to provide proactive assistance to New Zealanders of Pacific descent who are either starting a business or expanding an existing one. The Trust has a team of well-qualified and experienced business advisors who offer business support which includes business mentoring/coaching, financial management, practical business advice, seminars and training workshops. More recently the Trust has included Pacific Island students at High School level in business challenges to encourage enterprise and entrepreneurship.

PACIFIC BUSINESS TRUST VISION AND MISSION

Overall, the vision of the Pacific Business Trust is aimed at ensuring that Pacific peoples are recognised for their positive contribution to New Zealand's economy.

To achieve the vision of thriving, passionate, proud and prosperous Pacific communities, the mission of the Pacific Business Trust is to:

Assist New Zealanders of Pacific Island descent to start, develop and grow successful businesses

This mission statement reflects the Trust's leadership role as an economic development organisation to fulfill the business aspirations of the Pacific community and contribute to the overall economic success of New Zealand.

OUR SERVICES

BUSINESS ADVISORY SERVICES

The Pacific Business Trust has an experienced team of qualified business advisors who provide business advice, planning and coaching. The Business Advisor team is based in four locations nationally being Otahuhu, Waitakere, Porirua and Christchurch. The Pacific Business Trust also collaborates with Business Mentors NZ who on a national basis have over 1500 diverse individuals with practical business experience and expertise that is available to existing businesses that have been trading for six months or more.

PACIFIC BUSINESS AWARDS

The Pacific Business Awards are held bi-annually with the aim to showcase excellence by Pacific business leaders and to provide inspiration for aspiring entrepreneurs. These awards cover five categories –

- Pacific Business of the Year
- Pacific Enterprise Award
- Pacific Business Leader of the Year
- Pacific Business Person of the Year
- Pacific Community Enterprise Award

In addition to those listed there were also award categories for the 06/07 awards which were sponsored by ACC for Health and Safety. There is continued interest from other organizations who have expressed interest in sponsoring award categories in the future.

imPAC TRAINING

The Pacific Business Trust in conjunction with New Zealand Trade and Enterprise runs free business training workshops nationally with plans to extend delivery of the workshops outside the main centres in late 2008 and early 2009. The imPAC training workshops provide the basics of starting and establishing a business followed by one-on-one coaching sessions that provides further assistance and value to the participants through increasing their business knowledge and skills. Topics covered in the workshops for example include – the Vision, the Mission, Business Planning, Marketing, Financials and Compliance.

GROWING YOUNG PACIFIC ENTREPRENEURS

This programme is designed to assist and support the development of aspiring young Pacific entrepreneurs – the next potential generation of Pacific business leaders. This is an exciting programme that challenges teams of Pasifika secondary school students to present their most innovative business idea and showcase their flair for business. Thanks to the collaboration and generosity of AUT, MIT and Unitec Business School all participants receive a certificate and the opportunity to win a tertiary scholarship. Due to the success of the event the numbers of students and schools participating continues to increase.

HIGHLIGHTS 2007/2008

PLANTATION BUSINESS CHALLENGE

The Plantation Business Challenge is an exciting programme aimed at encouraging business entrepreneurship amongst our Pacific people in Manukau City. It is an opportunity for our young people to develop their business ideas and be guided by professional and practical advice. With \$25,000 worth of tertiary scholarships and prizes who would want to miss out on the Pacific Business Challenge 2007/08?

In its third year the challenge is a week long programme involving top students from various South Auckland schools. The students are mentored by sponsoring organisations including the Pacific Business Trust, Auckland Institute of Technology and the Manukau Institute of Technology.

The winning idea was called Glowo - a transparent sheet of paper that glows in the dark. It was designed with school students in mind but also targeted at outdoor campers and travellers. An energy efficient product, it's aim was to reduce electricity bills while encouraging students to read.

Other prizes awarded to students who achieved the programme requirements included a Compaq Notebook, Westfield Shopping Mall vouchers, Movie passes and all day passes to a local theme park.

AUT Marketing and Advertising Leader Russel Harry who was on the judging panel said "the Plantation Business Challenge is an entree for high school students to think of business as study so it gives them ideas and a taste of what is involved in business. These kids are very creative. The future of Plantation will be huge if more of the business community got behind and supported it. Imagine if the top 3 teams got scholarships to go further on with their studies. I really enjoyed being involved because of the enthusiasm and energy of the students. It's hugely rewarding to see that"

Competing schools included: Manurewa High School, Mangere College, McCaughly Girls School, Edgewater College, Papatoetoe High School and Sir Edmund Hillary Collegiate.



Students who participated in the 2007 Plantation Business Challenge

HIGHLIGHTS 2007/2008

PASIFIKA BUSINESS FONO

In 2007 the Pasifika Business Fono successfully completed its first year. The secondary schools business challenge is a two day collaborative partnership with Unitec designed to inspire senior students to consider business and entrepreneurship as a viable career option. The challenge involved business presentations from six teams made up of 22 students from seven secondary schools from the Waitakere and Central Auckland regions. The winning team was from Marist Sisters College in Mt Albert with Auckland Girls Grammar finishing runners up. Unitec scholarships were awarded to members of the winning team. The event was delivered in partnership with Unitec Business School, Pacific Business Trust, and Pacific Media Network.



Students who participated in the 2007 Pasifika Business Fono

TAMAKI COLLEGE BUSINESS CHALLENGE

For the first time a business challenge was launched in March 2008 that included both teachers and Pacific Business Trust staff with 22 students participating.

CHAIR REPORT



This year has been a year of significant change for the Pacific Business Trust. The previous Chair Pauline Winter retired from the Board of Directors and I would like to thank her for the many years of dedication and commitment to the development and ongoing building up of the work of the Pacific Business Trust over the last 7 years. We were pleased that Pauline was recognized in the New Years Honours' List for her many contributions to New Zealand Society and Pacific Business. I would also like to acknowledge the contribution of Ikipa Tongatule towards the work of the Trust as along with Pauline he retired from the Board after his two-year tenure. At this time, I welcome the new Board member Dr Fotu Fisi'iahi who joined the board in May 2008. We look forward to his work with the board.

As part of the changes indicated earlier we welcomed in January 2008 a New Chief Executive, Richard Reid. Richard brings a range of skills, knowledge, experience, and networks from the commercial sector with him and already his first 5 months have provided good guidance and leadership in reshaping the direction of Pacific Business Trust Services. I would like to acknowledge the work of Business Development Manager, Essendon Tuitupou, for his work and role as

the Acting Interim Manager during the transition period between the Chief Executive's which assisted in keeping the services of Pacific Business Trust focused and continued the delivery of services with the support of all the staff.

In 2008, Pacific Business Trust continues to play a major role in the delivery of milestones in the Pacific Economic Action Plan and the Pacific Women's Economic Development Plan. As part of the 25 government-appointed agencies the Pacific Business Trust is involved with implementing these two major plans. To this end for the first time Pacific Business Trust has assisted 59 Business Start Up's surpassing our own goal of 40 business start up's each year. Secondly, we have also continued to have strong participation in the ImPAC Business Training workshops and receiving ongoing coaching to assist Pacific people into starting up a business. Some of the significant changes we have seen in these results is the number of Pacific women participating in our imPAC workshops and coaching which has increased by 65% since 2004.

Pacific Business Trust continues with its work and services in Business Networking meetings, together with encouraging more participation in Entrepreneurships for Young Pasifika people through courses such as the "Plantation Business Challenge" which is run in partnership with Auckland University of Technology and Manukau Institute of Technology. The number of schools (6) and student participants continues to grow each year.

The financial performance of Pacific Business Trust was a deficit of \$135,276 for the year, while an improvement from last year's deficit of \$310,786 this is still greater than the break even budget set by the board for the year. This can be attributed in part to the changes in the new international accounting standards and criteria for NZFIRS Standards implemented this year, whereby the Loan portfolio required a higher level of performance and criteria of Loans. This resulted in a further write down of \$265,524 off the Loan's portfolio which had been reduced by our own provision for Doubtful Debt. Despite this Pacific Business Trust is still financially sound and the current board has forecasted effecting another break even budget for the year ahead as well as looking at alternative sources of Income to increase the services delivered by the Pacific Business Trust for ongoing sustainability.

While this has been a year of transition and change in the leadership of the Trust, the challenges and the vision still remain fundamentally the same, in providing assistance for Pacific People to start, develop and sustain successful businesses. At the time of writing, we faced an additional challenge for all of us due to the change in global and domestic economic markets, that can move up and then down significantly. We need to understand the context of the business world in which we navigate and we need to start, develop and sustain Pasifika businesses with a long term view.

Pacific Business Trust still plays an essential and significant role in assisting New Zealanders of Pacific descent in their journey to raise the economic potential of Pacific people through key areas of development. These include education, workforce and business development, creative, emerging and growth industries and creating an entrepreneurial culture and leadership

The Board and the new Chief Executive Richard Reid are confident that the focus will remain on the successful delivery of business services to New Zealanders of Pacific descent, whilst working collaboratively with strategic partners to assist in this journey wherever possible.

In conclusion I would like to take the opportunity to thank all our Key Stakeholders and all those people who have supported our work over the many years, Thank You. To Richard Reid and all members of the Pacific Business Trust staff thank you for your hard work and contributions during a year of transition this is much appreciated by the Board, alongside the many people you serve. Thank You.

Kia Manuia,



Hamish A Crooks
Chair



CHIEF EXECUTIVE REPORT



The 2007/2008 year for the Pacific Business Trust has certainly been a period of change and transition including my own recent appointment as Chief Executive, however thanks to the efforts of the dedicated staff and board members, both past and present, the overall outcome for the year has been very positive in terms of the increased demand from Pacific peoples for the services that we deliver. Encouraged by the board and key stakeholders further progress was made towards positioning the Pacific Business Trust as a more relevant, dynamic and informative central business resource for Pacific Peoples on a national basis and increasing our engagement with Pasifika students at high school level to encourage enterprise and entrepreneurship.

Establishing both new collaborations and revitalising existing ones with key organisations has been critical to this plan especially to avoid any duplication in the range of services that we currently deliver but to also to bring together those likeminded organisations who have the same passion for increasing the economic prosperity for Pacific peoples through effective economic development.

New strategies, plans and goals were put in place to ultimately provide the framework to increase the number of Pacific people in successful business ownership and to also encourage and develop entrepreneurship and business enterprise at secondary school level and further positive progress was made this year which is reflected in the increased participation in all of the key services that we deliver. Progress was made to extend the delivery of our services outside the current main centres with workshops planned later in 2008/2009 to assist Pacific peoples where sufficient demand has been identified and the upgrade of our website will also potentially provide Pacific peoples with greater access to our services nationally including on-line business tools. As an outcome of the new strategic plans a decision was made to discontinue providing loans for small business however the Pacific Business Trust is planning to offer a referral service to registered mainstream banks for clients seeking business funding to either start-up or grow their businesses

The board and senior management of Pacific Business Trust continued to review the effectiveness in the use of the resources available and also effectiveness of the services delivered to meet the changing requirements from both clients and stakeholders with a focus on ensuring transparency and tangible results which included increased communications to key stakeholders to increase their awareness of our activities. Progress was made on the planned upgrades of our website, Newsletter and our CRM Database that enabled generic data only to be used for example, to provide a profile of Pacific peoples participation in business which was very encouraging given the wide range of successful businesses owned by Pacific peoples in New Zealand and this is certainly reflected in the name of our new Seminar series to be launched later in 2008 called "Pasifika Unlimited" which will be targeting existing Pasifika businesses and aspiring business owners.

Thanks to the annual funding that we receive from the Ministry of Pacific Island Affairs and also NZTE we were able to assist a record 59 new Pasifika business start-ups in a wide range of industries which was also the result of the increased participation of Pacific peoples in our imPAC business workshops and coaching. Since 2004 the participation by Pasifika in our imPAC workshops / coaching has increased on average by 17% per annum and for woman in particular we have seen a 65% increase in participation since 2004. The outcome has been a 50% increase in the number of business start-ups assisted by the Pacific Business Trust in 2007/2008 compared to the previous year and as a result of the increased interest in business ownership by Pacific peoples. I am certainly very proud of the excellent work carried out by the Pacific Business Trust team and in particular the staff who actively assisted or delivered the business workshops and the one on one business coaching in Auckland, Wellington, Christchurch especially as many of our services are delivered outside normal business hours.

CHIEF EXECUTIVE REPORT

In terms of encouraging young Pacific Entrepreneurs and enterprise the “Plantation Business Challenge” in partnership with AUT/MIT and the “Pasifika Business Fono” in partnership with Unitec continued to see an increased number of schools and students participating and certainly the positive outcomes for the students not only included the generous scholarships from AUT/MIT and Unitec but more importantly the increasing support of their family and friends. These business challenges have moved from what was originally a student/stakeholder event to more of a community celebration of Pasifika initiative and success. I have found these events to be both inspirational and also very moving at times because you can see that for the participants and the students who are ultimately awarded the scholarships the outcomes are very positive and potentially life changing for some.

Overall the outcomes have been very positive especially in terms of the services delivered in 2007/2008 and although a deficit has been recorded for the year the financial performance is an improvement on the previous year and we remain confident of achieving a break even result for the 2008/2009 year. A range of strategic and operational plans combined with actions already taken have been designed to increase the focus on the delivery and quality of all of our services either directly or in collaboration with other key organisations while ensuring the relevance of our services to Pasifika to both increase and communicate the positive contribution that is being made by Pacific peoples to the New Zealand’s economy.

I would like to take this opportunity to thank the board members and in particular Pauline Winter our former Chair and Hamish Crooks our new Chair and all of the team of the Pacific Business Trust for their contribution to the positive results achieved which of course would not have been possible without the support of the Ministry of Pacific island Affairs, New Zealand Trade and Enterprise and our many stakeholders and friends whose assistance is deeply appreciated.

We have another exciting year ahead and as Hamish Crooks our Chair has indicated the Pacific Business Trust remains in a very strong position and we are planning to grow and extend the level of our services where gaps have been identified and I look forward to working more closely with the board, the PBT team and all of our stakeholders and friends to ensure that in our key role as an economic development agency for Pacific peoples that we deliver relevant services as a result of our shared vision for “Pacific Initiative” and “Pacific Success”



Richard Reid

Chief Executive

MANAGEMENT

BUSINESS DEVELOPMENT

2007 / 2008 has been a very challenging and productive time for the Business Development team. Our team of advisors across the regions (South Auckland, Waitakere, Wellington and Christchurch), have been busy delivering on the Trust's passion of assisting Pacific people in NZ to be passionate, proud and prosperous.

This commitment has seen the team involved in setting up more new start-up businesses than any previous year, and to deliver more workshops and coaching to more participants than previously.

The team has also made significant strides in enhancing key regional stakeholder relationships as well as developing projects with regional and national opportunities for Pacific entrepreneurship. These include the growth of the Plantation Business Challenge (a youth entrepreneurship programme run in conjunction with AUT and MIT) and for the first time the introduction of the Pasifika Business Fono (a youth entrepreneurship programme for West Auckland secondary schools run in conjunction with Unitec).

The appointment of Richard Reid as the Trust's new Chief Executive this year continues the Pacific Business Trust's vision to ensure that New Zealanders of Pacific descent are supported in their journey to successful business ownership.

The Business Development team's successes reflect the Trust's continued commitment to this vision as well as the objectives of the Pacific Economic Action Plan and the Pacific Women's Economic Development Plan.

Despite the many formidable economic challenges in the year ahead, we look forward to continuing to assisting and celebrating with our passionate, proud and prosperous Pacific community.

Essendon Tuitupou

Business Development Manager

COMMERCIAL

The Pacific Business Trust continues to move forward in leaps and bounds with the completion of the IT Upgrade project. The Trust now has an IT system well equipped to handle future growth and ensure quality services to end users. The Trust upgraded its ACT database and a new format was designed to better capture the profile of Pacific owned businesses. This has been a big step forward as the Trust now has the platform to expand its existing knowledge base in regards to the contribution by Pasifika to the New Zealand economy.

The Trust has made significant strategic shifts in reassessing the performance of its asset base and is developing a more commercial approach to improving returns. The Trust is excited with the business opportunities going forward however, in difficult economic conditions the Trust continued to apply a conservative approach to investment decisions.

The Trust would like to thank Penisoni Usumaki for his assistance to the Fiji Auckland community through the Ministry of Immigrations 'Internship Initiative'. Mr. Usumaki (Business Analyst) spent 6 months working as a coordinator developing programs to build a sustainable economic base for the group. This project was completed in June 2008.

The past year has been an interesting and challenging period for the Trust. It is without doubt a period of transition as the Trust moves in a new direction in building an organisation that offers a more relevant proactive economic development services for Pacific peoples.

Ron Viviani

Commercial Manager

MANAGEMENT

BUSINESS LENDING

In July 2007, after reviewing program objectives and identifying a general downturn within the finance industry, the Trust made the decision to place all lending activities on hold. This has been timely given recent events as the economic environment within the last 12 months has deteriorated further due to the global financial crisis. The Trust continued to manage existing accounts in the interim, however in early 2008 the decision was made to no longer provide funding for business loans.

The Trust refocused its efforts on assisting clients to connect with and access funding from mainstream registered banks on a non preferential basis. In this respect we are excited in the change of direction and the potential value that this service will add to the Pacific Business community.

Ron Viviani



IMPAC PACIFIC BUSINESS TRAINING AND COACHING SERVICES

In 2007/08 the Trust successfully completed its fourth year delivering the imPAC Pacific Business Programme to Pacific communities nationwide in partnership with New Zealand Trade and Enterprise. We are proud of the diverse numbers of Pacific people that have undertaken the challenge of entrepreneurship and business ownership in 2007/08. Over 800 people of Pacific Island descent participated in the programme.

In 2008/09 we look forward to enhancing quality engagement with the Pacific community and effective delivery of our training programmes around New Zealand.

Growth and expansion

In 2007/08 the Trust delivered a higher number of training workshops completing a total of 85 workshops. The imPAC programme expanded this year to offer a new series of workshops called “imPAC Grow” designed to focus on growing existing Pacific owned businesses. The number of participants attending each workshop remains strong with over 800 attendees in total with 480 coaching hours completed.

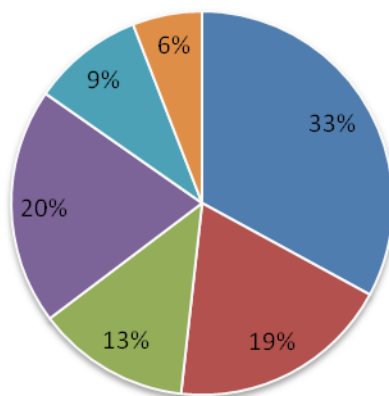
SUMMARY imPAC TRAINING PERFORMANCE

| | # Workshops | # Participants | Average Participation | Total Coaching |
|-------------|-------------|----------------|-----------------------|----------------|
| 2005 - 2006 | 59 | 721 | 12 | 474 |
| 2006 - 2007 | 80 | 878 | 11 | 515 |
| 2007 - 2008 | 85 | 818 | 10 | 480 |

Source: NZTE Attendance Report 2007 – 2008

TOTAL DELIVERY OF WORKSHOPS BY REGION

■ South Auckland ■ West Auckland ■ Central Auckland ■ Wellington ■ Christchurch ■ Waikato



The training and coaching services continue to be delivered nationwide with a stronger focus on the main centres where a majority of the Pacific population resides, primarily Auckland, Waikato, Wellington and Canterbury regions.

Programme Development

A key strategic objective of the programme continues to be a focus on developing and transforming the training and coaching services to be competitive on a domestic and global stage. Key steps towards this goal has included the

1. development and implementation of more robust systems and procedures
2. development of training content, workshop materials and business tools for coaching
3. effective mobilization of the business advisory team
4. more efficient use of existing resources
5. effective collaboration and partnerships with other business development agencies

Raymond Tuala

Training Manager

REGIONAL OFFICES

AUCKLAND

Centered in the heart of the largest Polynesian city in the world, the Pacific Business Trust's Auckland office is always an exciting and rewarding place to be.

Along with the significant proportion of the delivery of the imPAC training programme and successful new start-up businesses, the 2007 / 2008 year has seen the Auckland office run the largest and most successful Plantation Business Challenge to date, the establishment of the Pasifika Business Fono in conjunction with Unitec, and the conducting of several research projects including the Pacific Business Mentoring project.

With an eye to the future, the Pacific Business Trust continues to work with the local economic development agencies and the major tertiary institutions around Auckland to provide high-quality services to the Pacific community, and to also develop projects which we will be implementing in the next financial year.

The 2008/2009 focus will continue to be about improving the services we deliver, increasing the numbers of Pacific people accessing that service and developing the key relationships that will enable our Pacific business people to thrive.

With these relationships and others, the Trust is hoping to support Auckland's Pacific community to, not only face the global and domestic economic challenges ahead, but to overcome these difficulties in a truly Pacific way – collectively.

WAITAKERE

Welcoming the 2007-2008 year with a lot of challenges has provided a firm platform for the Pacific Business Trust's West Auckland Office to expand its influence and has made this year a successful one as well.

The West Auckland Office continues to make a significant contribution towards the Trust's objectives, particularly with the establishment of new business start-ups. It also continues to collaborate with Government departments and agencies, regional organisations such as the Waitakere Pacific Board (Inc), Enterprise Waitakere, UNITEC and communities at large to form the important relationships that are needed to deliver an effective service.

In collaboration with UNITEC, the Pacific Business Fono was run for the very first time. A programme aimed at encouraging West and Central Auckland's Pacific secondary school students into tertiary business studies, the programme proved a real hit and there are some big ambitions for the future of this programme and the students who participate in it.

The Trust has also been busy building its relationship with Enterprise Waitakere and this is a relationship we expect to deliver substantial benefits to Waitakere City's Pacific entrepreneurs in the near future.

The West Auckland Office is looking forward to another challenging year ahead and to continue delivering quality and effective business development services to the Pacific community.

WELLINGTON

The 2007/2008 financial year was a busy and rewarding one for the 'two women' team of the Wellington Regional Office.

The imPAC Workshops have been very successful with a significant increase in Pacific peoples attending (particularly Pacific women). This has been further reflected in the increase of new business start ups and coaching sessions with the Trust's clients in the region.

REGIONAL OFFICES

The energetic team has been working collaboratively with many agencies to deliver high-quality services to the region's Pacific community. These include developing a close relationship with Work and Income's Regional office, the Hutt Valley Intersectoral Pacific Steering Group (HIPS GROUP) to connect with the Hutt Valley Pacific communities, as well as the economic development agencies such as Grow Wellington and Business Porirua.

Local events organized by the team have included the monthly Business Networking Evenings at the Peppermill as well as the Launch of Activate Porirua in conjunction with Creative HQ and Grow Wellington.

Plans for 2008/09 include a 'Meet and Greet' evening with all Board members and imPAC clients. The Wellington Business Advisors look further on to the next financial year with much anticipation in – Assisting peoples of Pacific descent in Aotearoa to start grow and sustain successful businesses!

CHRISTCHURCH

The Christchurch Office continues to effectively engage with the Pacific Community in assisting potential business clients to fulfill their business dreams and working closely with the existing businesses to grow and expand.

Close collaborations with local stakeholders have also been maintained during the year including stakeholder meetings with the Samoan, Tongan and Fijian Community Leaders.

For the 12 months ending June 30th 2008, a number of imPAC Business Training programmes have been conducted in Christchurch and these 8 training workshops were well received. Several participants have gone on to establish new start-up businesses.

As well as our work with the community and clients, Pacific Business Trust has been actively engaged with other agencies to deliver our message to a wider audience. These agencies have included the Ministry of Economic Development and the Canterbury Development Corporation.

ANNEXURE 3 - NZ IFRS FINANCIAL STATEMENTS

PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Consolidated Financial Statements For The Year Ended 30 June 2008

STATEMENT OF RESPONSIBILITY

The Board and Management are responsible for the preparation of the annual financial statements and the judgements used therein.

The Board and Management are responsible for establishing and maintaining a system of internal control designed to provide reasonable assurances as to the integrity and reliability of the financial reporting.

In the opinion of the Board and Management, the annual financial statements for the year ended 30 June 2008 fairly reflect the financial position and operations of the Trust.



Chair

Date: 31 Oct, 2008



Chief Executive Officer

Date: 31 Oct, 2008

AUDIT REPORT

TO THE READERS OF PIBDT OWNERSHIP LIMITED'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

The Auditor-General is the auditor of PIBDT Ownership Limited (the company). The Auditor-General has appointed me, F Caetano, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the company, on his behalf, for the year ended 30 June 2008.

Unqualified Opinion

In our Opinion:

- The financial statements of the company on pages 2 to 8:
 - ▶ comply with generally accepted accounting practice in New Zealand;
 - ▶ comply with International Financial Reporting Standards; and
 - ▶ give a true and fair view of:
 - the company's financial position as at 30 June 2008; and
 - the result of its operations and cash flows for the year ended on that date.
- Based on our examination the company kept proper accounting records.

The audit was completed on 31 October 2008, and is the date at which our opinion is expressed.

The basis of the opinion is explained below. In addition, we outline the responsibilities of the Board of Directors 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;

AUDIT REPORT (CONTINUED)

- reviewing significant estimates and judgements made by the Board of Directors;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement disclosures are adequate.

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

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

Responsibilities of the Board of Directors and the Auditor

The Board of Directors is responsible for preparing the financial statements in accordance with generally accepted accounting practice in New Zealand. The financial statements must give a true and fair view of the financial position of the company as at 30 June 2008 and the results of its operations and cash flows for the year ended on that date. The Board of Directors' responsibilities arise from the Financial Reporting Act 1993 and the Public Finance Act 1989.

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 and the Public Finance Act 1989.

Independence

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

Other than the audit, we have no relationship with or interests in the company.



F Caetano

Audit New Zealand

On behalf of the Auditor-General

Auckland, New Zealand

PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

STATEMENT OF FINANCIAL PERFORMANCE

For The Year Ended 30 June 2008

| | Note | CONSOLIDATED | | | PARENT | |
|-------------------------------------|------|------------------|------------------|------------------|------------------|------------------|
| | | Budget | Actual | | Actual | |
| | | 2008 | 2008 | 2007 | 2008 | 2007 |
| | | \$ | \$ | \$ | \$ | \$ |
| REVENUE | | | | | | |
| Government Contracts | | 1,245,333 | 1,253,333 | 1,245,335 | 1,253,333 | 1,245,335 |
| NZTE | | 300,090 | 261,808 | 266,369 | 261,808 | 266,369 |
| Business Centre Rent | | 167,029 | 137,009 | 126,909 | 137,009 | 126,909 |
| Loan fees and Interest | | 81,668 | 35,291 | 53,112 | 35,291 | 53,112 |
| Investment Income | | 152,000 | 178,776 | 152,971 | 178,776 | 152,971 |
| Other Revenue | | 30,000 | 38,972 | 104,733 | 38,972 | 104,733 |
| | | 1,976,120 | 1,905,190 | 1,949,428 | 1,905,190 | 1,949,428 |
| EXPENSES | | | | | | |
| Leadership | | 36,000 | 37,483 | 384,070 | 37,483 | 384,070 |
| NZTE | | 32,796 | 29,054 | 47,694 | 29,054 | 47,694 |
| Personnel | | 893,600 | 963,797 | 821,806 | 963,797 | 821,806 |
| Communication and Awareness | | 404,642 | 338,669 | 441,022 | 338,669 | 441,022 |
| Building Operating | | 164,642 | 155,560 | 168,217 | 155,560 | 168,217 |
| Administration | | 292,850 | 247,890 | 251,490 | 247,890 | 251,490 |
| Finance | | 32,525 | 154,291 | 17,807 | 154,291 | 17,807 |
| Depreciation | 7 | 11,240 | 113,721 | 128,108 | 113,271 | 128,108 |
| | | 1,976,120 | 2,040,466 | 2,260,214 | 2,040,466 | 2,260,214 |
| (DEFICIT) SURPLUS BEFORE TAX | 3 | - | (135,276) | (310,786) | (135,276) | (310,786) |
| Tax Expense | 4 | - | - | - | - | - |
| NET (DEFICIT) SURPLUS | | - | (135,276) | (310,786) | (135,276) | (310,786) |

The notes on pages 6 to 23 form part of and should be read in conjunction with the Financial Statements.

PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

STATEMENT OF FINANCIAL POSITION

As at 30 June 2008

| | Note | CONSOLIDATED | | PARENT | |
|--------------------------------|------|------------------|------------------|------------------|------------------|
| | | 2008 | 2007 | 2008 | 2007 |
| | | \$ | \$ | \$ | \$ |
| CURRENT ASSETS | | | | | |
| Cash and Cash Equivalents | 5 | 2,201,078 | 1,982,418 | 2,201,078 | 1,982,418 |
| Loans | 8 | - | - | - | - |
| Trade and Other Receivables | 6 | 92,114 | | | |
| | | 2,293,192 | 2,093,730 | 2,293,192 | 2,093,730 |
| NON CURRENT ASSETS | | | | | |
| Property, Plant and Equipment | 7 | 2,555,702 | 2,661,515 | 2,555,702 | 2,661,515 |
| Loans | 8 | 293,931 | 541,595 | 293,931 | 541,595 |
| Shares in Subsidiary companies | 9 | - | - | 284,890 | 284,890 |
| | | 2,849,633 | 3,203,110 | 3,134,523 | 3,488,000 |
| TOTAL ASSETS | | 5,142,825 | 5,296,840 | 5,427,715 | 5,581,730 |
| CURRENT LIABILITIES | | | | | |
| Inter Group Current Account | 9 | - | - | 284,931 | 284,931 |
| Trade and Other Payables | 10 | 74,884 | 87,995 | 74,068 | 87,995 |
| Employee Entitlements | 11 | 65,664 | 70,456 | 65,644 | 70,456 |
| | | 140,528 | 159,267 | 424,643 | 443,382 |
| TOTAL LIABILITIES | | 140,528 | 159,267 | 424,643 | 443,382 |
| NET ASSETS | | 5,002,297 | 5,137,573 | 5,003,072 | 5,138,348 |
| EQUITY | | | | | |
| Accumulated Funds | | 5,002,297 | 5,137,573 | 5,003,072 | 5,138,348 |
| TOTAL EQUITY | | 5,002,297 | 5,137,573 | 5,003,072 | 5,138,348 |



Chair

Date: 31 Oct 2008



Chief Executive Officer

The notes on pages 6 to 23 form part of and should be read in conjunction with the Financial Statements.

PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

STATEMENT OF CASH FLOWS

For The Year Ended 30 June 2008

| | CONSOLIDATED | | PARENT | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 2008 | 2007 | 2008 | 2007 |
| | \$ | \$ | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Cash was received from: | | | | |
| Government Contract | 1,284,981 | 1,237,352 | 1,284,981 | 1,237,352 |
| Other Contract Grants | 261,808 | 266,369 | 261,808 | 266,369 |
| Rental Income | 111,608 | 141,994 | 111,608 | 141,994 |
| GST Received (net) | 18,361 | 7,987 | 18,361 | 7,987 |
| Interest | 210,896 | 214,110 | 210,896 | 214,110 |
| Other Revenue | 38,972 | 85,438 | 38,972 | 85,438 |
| | 1,926,626 | 1,953,250 | 1,926,626 | 1,953,250 |
| Cash was applied to: | | | | |
| Payments to Suppliers | (912,512) | (1,249,604) | (921,512) | (1,249,604) |
| Payments to Employees | (862,787) | (911,558) | (862,787) | (911,558) |
| GST Paid (net) | - | - | - | - |
| | (1,784,299) | (2,161,161) | (1,784,299) | (2,161,161) |
| | 142,327 | (207,911) | 142,327 | (207,911) |
| NET CASH OUTFLOW FROM OPERATING ACTIVITIES (Note 12) | | | | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Cash was received from: | | | | |
| Repayments of loan principal | 140,091 | 301,040 | 140,091 | 301,040 |
| | 140,091 | 301,040 | 140,091 | 301,040 |
| Cash was applied to: | | | | |
| Loan Advances/(Repayments from) Businesses | (55,850) | (150,033) | 55,850 | (150,033) |
| Property, Plant & Equipment Purchased | (7,908) | (30,749) | (7,908) | (30,749) |
| | (63,758) | (180,782) | (63,758) | (180,782) |
| | 76,333 | 120,258 | 76,333 | 120,258 |
| NET CASH INFLOW FROM INVESTING ACTIVITIES | | | | |
| | 218,660 | (87,654) | 218,660 | (87,654) |
| NET (DECREASE) INCREASE IN CASH HELD | | | | |
| Add opening cash and cash equivalents | 1,982,418 | 2,070,072 | 1,982,418 | 2,070,072 |
| | 2,201,078 | 1,982,418 | 2,201,078 | 1,982,418 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 5) | | | | |

PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

The GST (net) component of operating activities reflects the net GST paid and received with The Inland Revenue Department. The operating cash flow is presented on a net of GST basis.

The notes on pages 6 to 23 form part of and should be read in conjunction with the Financial Statements

STATEMENT OF CHANGES IN EQUITY

For The Year Ended 30 June 2008

| | CONSOLIDATED | | PARENT | |
|---|------------------|------------------|------------------|------------------|
| | 2008 | 2007 | 2008 | 2007 |
| | \$ | \$ | \$ | \$ |
| Equity at start of the year | 5,137,573 | 5,448,359 | 5,138,348 | 5,449,134 |
| Net Deficit for the year | (135,276) | (310,786) | (135,276) | (310,786) |
| Total recognized income/(expense) For the year | (135,276) | (310,786) | (135,276) | (310,786) |
| Equity at end of the year | 5,002,297 | 5,137,573 | 5,003,072 | 5,138,348 |

The notes on pages 6 to 23 form part of and should be read in conjunction with the Financial Statements.

PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Consolidated Financial Statements

For The Year Ended 30 June 2008

NOTES TO THE FINANCIAL STATEMENTS

Note 1: Statement of Significant Accounting Policies

Reporting Entity

The Pacific Island Business Development Trust (the "Trust") is a Charitable Trust incorporated in New Zealand under the Charitable Trusts Act 1957 and is domiciled in New Zealand. The Trust is listed in Schedule 4 of the Public Finance Act 1989 which means it is treated for certain financial reporting requirements as if it was a crown entity under the Crown Entities Act 2004. The Trust is also recognised by the Inland Revenue Department as a charitable trust and as such is exempt from income tax.

The primary objective of the Trust is to develop a strong economic base for Pacific Island people in New Zealand, rather than making a financial return. Accordingly, the Trust has designated itself as a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS").

The Trust owns three companies:

- PIBDT Ownership Limited whose function is to own, on behalf of the Trust, significant assets on a long term basis. There were no trading activities during the year.
- Manukau Pacific Markets Limited which was set up to develop, construct and operate market facilities with a strong Pacific ambience, to create business opportunities for Pacific Island businesses. The company's operations have been wound down and it is now a shelf company.
- Southmarket Limited is a shelf company established for the protection of the trade name.

The financial statements of the Trust and the group are for the year ended 30 June 2008. The financial statements were authorised for issue by the Board of Trustees on the 31st of October 2008.

Basis of Preparation and Statement of Compliance

The financial statements of the Trust have been prepared in accordance with the requirements of clause 23 of the Trust's constitution and rules, and also the Public Finance Act 1989, which include the requirement to comply with New Zealand generally accepted accounting practice ("NZ GAAP").

These financial statements have been prepared in accordance with NZ GAAP. They comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

The Trust qualifies for differential reporting exemptions as it has no public accountability and the entity is not large. However it has elected not to apply the available reporting exemptions under the Framework for Differential Reporting.

This is the first set of financial statements prepared using NZ IFRS and comparatives for the year ended 30 June 2007 have been restated to NZ IFRS accordingly. Reconciliations of equity and surplus/ (deficit) for the year ended 30 June 2007 under NZ IFRS to the balances reported in the 30 June 2007 financial statements are detailed in note 2.

PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Consolidated Financial Statements

For The Year Ended 30 June 2008

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing an opening NZ IFRS statement of financial position as at 1 July 2006 for the purposes of the transition to NZ IFRS.

The financial statements have been prepared on a historical cost basis, or deemed cost in the case of land and buildings.

The financial statements are presented in New Zealand dollars with values rounded to the nearest dollar. The functional currency of the Trust is New Zealand dollars.

Standards and interpretations issued but not yet effective

Any standards, interpretations, and amendments applicable to the Trust that have been issued, but are not yet effective, have been adopted in preparing the financial statements.

Standards, amendments and interpretations issued that are not yet effective and have not been early adopted

Standards, amendments and interpretations issued that are not yet effective and have not been early adopted, and which are relevant to the entity include:

- NZ IAS 1 Presentation of Financial Statements (revised 2007) replaces NZ IAS 1 Presentation of Financial Statements (issued 2004) and is effective for reporting periods beginning on or after 1 January 2009. The revised standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. The statement of comprehensive income will enable readers to analyse changes in equity resulting from non-owner changes separately from transactions with the Crown in its capacity as "owner". The revised standard gives the entity the option of presenting items of income and expense and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income). The entity intends to adopt this standard for the year ending 30 June 2010, and is yet to decide whether it will prepare a single statement of comprehensive income or a separate income statement followed by a statement of comprehensive income.
- NZ IAS 23 Borrowing Costs (revised 2007) replaces NZ IAS 23 Borrowing Costs (issued 2004) and is effective for reporting periods commencing on or after 1 January 2009. The revised standard requires all borrowing costs to be capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. The entity intends to adopt this standard for the year ending 30 June 2010 and has not yet determined the potential impact of the new standard.

Subsidiaries and Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Trust has the ability to control 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 are considered when assessing whether the Trust has such power over another entity.

In the Trust's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the calculation of the surplus or deficit.

PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Consolidated Financial Statements

For The Year Ended 30 June 2008

(ii) Basis of consolidation

Subsidiaries are consolidated from the date of acquisition, being the date on which the Trust obtains control, and continue to be consolidated until the date such control ceases. In preparing the consolidated financial statements, intra-group balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Revenue

Revenue is measured at the fair value of the consideration received or receivable.

Grants

Grants received from the Crown are the primary source of funding to the Trust and are restricted for the purposes of the Trust meeting its objectives as specified in the trust deed and the outputs specified in the purchase agreement. The Trust also receives funds through the delivery of a training contract.

Government grants are recognised as revenue when they become receivable unless there is an obligation to return the funds if conditions of the grant are not met. If there is such an obligation the grants are initially recorded as grants received in advance, and are recognised as revenue when conditions of the grant are satisfied.

Other revenue

Where a physical asset is donated or vested in the Trust for nil or nominal consideration, the fair value of the asset received is recognised as revenue. Assets vested in the Trust are recognised when control over the asset is obtained.

Interest income is accrued on a time basis and is recognised using the effective interest method.

Income Tax

The Trust has been granted Charitable Status by the Inland Revenue Department, and therefore is exempt from income tax. However, the Group may incur a liability for income tax in the future should the currently dormant subsidiaries commence trading.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings as a current liability in the statement of financial position.

PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Consolidated Financial Statements

For The Year Ended 30 June 2008

Trade and other receivables, including interest earned but not received, are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

A provision for impairment of receivables is established when there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the preset value of estimated future cash flows, discounted using the effective interest method.

Loans

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when the loans are derecognised or impaired, as well as through the amortisation process.

Investments

Investments in bank deposits are initially measured at fair value plus transaction costs. After initial recognition investments in bank deposits are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the statement of financial performance.

Investments in subsidiaries are recognised at cost less impairment losses.

At each balance date the Trust assesses whether there is any objective evidence that an investment is impaired. Any impairment losses are recognised in the statement of financial performance.

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Operating lease income from an operating lease is recognised in income on a straight line basis over the lease term even if the receipts are not on such a basis.

Goods and Services Tax ("GST")

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department ("IRD") is included as part of receivables or payables in the statement of financial position.

Property, Plant and Equipment

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

PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Consolidated Financial Statements

For The Year Ended 30 June 2008

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Trust and the cost of the item can be measured reliably.

Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control over the asset is obtained.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the statement of financial performance.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Trust and the cost of the item can be reliably measured.

Depreciation

Depreciation is provided on a straight line basis on all property, plant and equipment (except land which is not depreciated) at rates that will write off the cost of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

| | |
|---------------------------------|--|
| Office Equipment | 24 - 25% |
| Furniture & Fittings | 10 - 20% |
| Computer Hardware | 25 - 30% |
| Computer Software | 25 - 30% |
| Website | 25% |
| Leasehold improvements | unexpired lease period plus right of renewal |
| Artworks & Taongas | 10 - 20% |
| Building fit out | 15% |
| Building services | 10% |
| Building structure & site devpt | 2% |

Computer software is included under property, plant and equipment when it is integral to the operation of the related equipment.

At each balance date, the residual value and useful life of an asset is reviewed.

Impairment of Assets

Assets with a finite useful life are reviewed for impairment whenever events or changes in economic circumstances indicate that the carrying amount of such assets may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Consolidated Financial Statements

For The Year Ended 30 June 2008

Where the future economic benefits of an asset are not primarily dependent on an ability to generate cash inflows, value in use is determined as the depreciated replacement cost of the asset.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. The total impairment losses are recognised in the statement of financial performance.

Employee benefits

Employee benefits that the Trust expects to be settled within 12 months of balance date are measured based on actual entitlement at the current rates of remuneration. These include salaries and wages accrued up to balance date and annual leave earned to, but not yet taken, at balance date.

Budget figures

The budget figures are those approved by the Board at the beginning of the year. The budget figures have been prepared in accordance with NZ IFRS, using accounting policies that are consistent with those adopted by the Trust for the preparation of the financial statements.

Critical accounting estimates and assumptions

In preparing these financial statements the Trust has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Property, plant and equipment useful lives and residual values

At each balance date the Trust reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires the Trust to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by the Trust, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact on the depreciable amount of an asset, therefore impacting on the depreciation expense recognised in the statement of financial performance, and carrying amount of the asset in the statement of financial position.

The Trust minimises the risk of this estimation uncertainty by:

- physical inspection of assets;
- asset replacement programs;
- review of second hand market prices for similar assets; and
- analysis of prior asset sales.

The Trust has not made significant changes to past assumptions concerning useful lives and residual values. The carrying amounts of property, plant and equipment are disclosed in note 7.

Provision for Impairment of Loans

At each balance date the Trust makes an assessment of the recoverability of each of its loans in order to determine the appropriate level of any impairment provision necessary.

PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Consolidated Financial Statements

For The Year Ended 30 June 2008

An incorrect estimate of the impairment provision required will impact on the impairment expense recognised in the statement of financial performance, and carrying amount of the asset in the statement of financial position. The Trust minimises the risk of this estimation uncertainty by:

- regular monitoring of the loan portfolio;
- consideration of repayment history and known current financial capability of each loan debtor;
- a line-by-line assessment of the recoverability of each loan at year end.

The carrying amounts of loans are disclosed in note 8.

Critical judgements in applying the Trust's accounting policies

The Trustees must exercise their judgement when recognising grant income to determine if conditions of the grant contract have been satisfied. This judgement will be based on the facts and circumstances that are evident for each grant contract.

Changes in Accounting Policies

There have been no changes in accounting policies since the previous year and all policies have been applied on a consistent basis throughout the year.

Note 2: Explanation fo Transition to NZ IFRS

Transition to NZ IFRS

The Trust's financial statements for the year ended 30 June 2008 are the first financial statements that comply with NZ IFRS. The Trust has applied NZ IFRS 1 in preparing these financial statements. The Trust's transition date is 1 July 2006 and tge opening NZ IFRS balance sheet has been prepared at that date. The Trust's NZ IFRS adoption date is 1 July 2007.

In preparing these financial statements in accordance with NZ IFRS 1, the Trust has applied the mandatory exceptions and certain optional exemptions from full retrospective application of NZ IFRS.

Reconciliation of Trust Equity

The Trust has assessed the impacts of adopting NZ IFRS, and any necessary changes to existing accounting policies. As a result, there were no significant changes in Trust Equity or other items in the Statement of Financial Position requiring adjustment resulting from the transition from previous NZ GAAP to NZ IFRS as at 1 July 2006 and 30 June 2007.

Note 3: (Deficit) / Surplus Before Tax

CONSOLIDATED AND PARENT

| (Deficit) / Surplus bfore tax is stated after crediting: | 2008 | 2007 |
|--|---------|---------|
| | \$ | \$ |
| Interest received - Bank and Investments | 178,776 | 152,971 |
| Interest received - Lending | 35,291 | 53,112 |
| Bad Debts recovered | 14,765 | 10,072 |

Continue Next Page...

PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Consolidated Financial Statements

For The Year Ended 30 June 2008

| | | |
|---|-------------|-------------|
| And after charging: | 2008 | 2007 |
| | \$ | \$ |
| Audit fee - audit of financial statements | 38,250 | 35,250 |
| Impairment provision for loan receivables | 155,325 | 13,999 |
| Board allowances and expenses | 165,433 | 106,272 |

Note 4: Income Tax Expense

| | | |
|--------------------------------|-----------------|------------------|
| CONSOLIDATED AND PARENT | 2008 | 2007 |
| | \$ | \$ |
| Net deficit before taxation | (135,276) | (310,786) |
| Prima facie taxation at 33% | 44,641 | 102,559 |
| Permanent difference | (44,641) | (102,559) |

The Trust has charitable tax status and therefore does not pay income tax.

Unrecognised tax losses in Manukau Pacific Markets Ltd of \$2,189,583 (2007: \$2,320,112), tax effect of \$722,562 (2007: \$765,637), are available to be carried forward, should the Group make taxable profits in the future.

Note 5: Cash and Cash Equivalents

| | | |
|--------------------------------|------------------|------------------|
| CONSOLIDATED AND PARENT | 2008 | 2007 |
| | \$ | \$ |
| Cash at bank | 154,380 | 45,161 |
| Short term deposits | 2,046,698 | 1,937,257 |
| Total | 2,201,078 | 1,982,418 |

The carrying value of short term deposits with maturity dates of three months or less approximates their fair values. Short term deposited are invested at market interest rates with the Trust's banker. The Board does not consider that there is any significant interest risk exposure on its investments.

Note 6: Trade and Other Receivables

| | | |
|--------------------------------|---------------|----------------|
| CONSOLIDATED AND PARENT | 2008 | 2007 |
| | \$ | \$ |
| Trade Receivables | 43,216 | 57,255 |
| Interest Receivable (Note 8) | 10,649 | 3,625 |
| Other Receivables | 38,249 | 50,432 |
| Total | 92,114 | 111,312 |

All receivables have been assessed for impairment and no allowance is deemed necessary or been made for estimated irrecoverable amounts from trade and other receivables (2007: nil), as none of the amounts are past their due date and there is no specific liquidity or credit risks associated with these balances.

The carrying value of receivable approximates their fair value.

PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Consolidated Financial Statements

For The Year Ended 30 June 2008

Note 7: Property, Plant and Equipment

CONSOLIDATED AND PARENT

| COST | Cost at 1 July 2006 | Additions | Disposals | Cost at 30 June 2007 |
|---------------------------------------|--------------------------------|------------------|------------------|---------------------------------|
| | \$ | \$ | \$ | \$ |
| Office Equipment | 87,593 | 15,355 | - | 102,948 |
| Furniture & Fittings | 133,149 | - | - | 133,149 |
| Computer Equipment | 253,712 | 15,394 | - | 269,106 |
| Website | 18,182 | - | - | 18,182 |
| Grounds Tools & Equipment | 1,862 | - | - | 1,862 |
| Leasehold Improvements | 13,647 | - | - | 13,647 |
| Taongas | 32,451 | - | - | 32,451 |
| Artworks | 16,748 | - | - | 16,748 |
| Building Fit-out | 195,000 | - | - | 195,000 |
| Building Services | 101,947 | - | - | 101,947 |
| Building Structure & Site Development | 1,209,000 | - | - | 1,209,000 |
| Land | 1,166,000 | - | - | 1,166,000 |
| Total | 3,229,291 | 30,749 | - | 3,260,040 |

| COST | Cost at 1 July 2006 | Additions | Disposals | Cost at 30 June 2007 |
|---------------------------------------|--------------------------------|------------------|------------------|---------------------------------|
| | \$ | \$ | \$ | \$ |
| Office Equipment | 102,948 | - | - | 102,948 |
| Furniture & Fittings | 133,149 | 512 | - | 133,661 |
| Computer Equipment | 269,106 | 7,396 | - | 276,502 |
| Website | 18,182 | - | - | 18,182 |
| Grounds Tools & Equipment | 1,862 | - | - | 1,862 |
| Leasehold Improvements | 13,647 | - | - | 13,647 |
| Taongas | 32,451 | - | - | 32,451 |
| Artworks | 16,748 | - | - | 16,748 |
| Building Fit-out | 195,000 | - | - | 195,000 |
| Building Services | 101,947 | - | - | 101,947 |
| Building Structure & Site Development | 1,209,000 | - | - | 1,209,000 |
| Land | 1,166,000 | - | - | 1,166,000 |
| Total | 3,260,040 | 7,908 | - | 3,267,948 |

PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Consolidated Financial Statements

For The Year Ended 30 June 2008

Note 7: Property, Plant and Equipment (Cont)

| ACCUM DEPN AND IMPAIRMENT LOSSES | Balance at 1 July 2006 | Depn | Disposals | Balance at 30 June 2007 |
|---------------------------------------|---------------------------|----------------|-----------|----------------------------|
| | \$ | \$ | \$ | \$ |
| Office Equipment | 73,105 | 7,218 | - | 80,323 |
| Furniture & Fittings | 107,285 | 10,812 | - | 118,097 |
| Computer Equipment | 185,604 | 35,061 | - | 220,665 |
| Website | 11,962 | 4,546 | - | 16,508 |
| Grounds Tools & Equipment | 1,862 | - | - | 1,862 |
| Leasehold Improvements | 1,145 | 547 | - | 1,691 |
| Taongas | 23,446 | 3,699 | - | 27,145 |
| Artworks | 5,848 | 2,600 | - | 8,448 |
| Building Fit-out | 25,785 | 29,250 | - | 55,035 |
| Building Services | 10,195 | 10,195 | - | 20,391 |
| Building Structure & Site Development | 24,180 | 24,180 | - | 48,360 |
| Land | - | - | - | - |
| Total | 470,417 | 128,108 | - | 598,525 |

Assets are tested for impairment annually. There were no impairment losses in the 2007 financial year.

| ACCUM DEPN AND IMPAIRMENT LOSSES | Balance at 1 July 2007 | Depn | Disposals | Balance at 30 June 2008 |
|---------------------------------------|---------------------------|----------------|-----------|----------------------------|
| | \$ | \$ | \$ | \$ |
| Office Equipment | 80,323 | 6,798 | - | 87,121 |
| Furniture & Fittings | 118,097 | 7,706 | - | 125,803 |
| Computer Equipment | 220,665 | 27,114 | - | 247,779 |
| Website | 16,508 | 1,634 | - | 18,142 |
| Grounds Tools & Equipment | 1,862 | - | - | 1,862 |
| Leasehold Improvements | 1,691 | 546 | - | 2,237 |
| Taongas | 27,145 | 3,699 | - | 30,845 |
| Artworks | 8,448 | 2,600 | - | 11,048 |
| Building Fit-out | 55,035 | 29,250 | - | 84,285 |
| Building Services | 20,391 | 10,195 | - | 30,584 |
| Building Structure & Site Development | 48,360 | 24,180 | - | 72,540 |
| Land | - | - | - | - |
| Total | 598,525 | 113,722 | - | 712,246 |

Assets are tested for impairment annually. There were no impairment losses in the 2008 financial year.

PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Consolidated Financial Statements

For The Year Ended 30 June 2008

Note 7: Property, Plant and Equipment (Cont)

| NET BOOK VALUE | As at 1 July 2006 \$ | As at 30 June 2007 \$ | As at 30 June 2008 \$ |
|---------------------------------------|----------------------------|-----------------------------|-----------------------------|
| Office Equipment | 14,488 | 22,625 | 15,827 |
| Furniture & Fittings | 25,864 | 15,052 | 7,858 |
| Computer Equipment | 68,108 | 48,441 | 28,723 |
| Website | 6,220 | 1,674 | 40 |
| Grounds Tools & Equipment | - | - | - |
| Leasehold Improvements | 12,502 | 11,956 | 11,410 |
| Taongas | 9,005 | 5,306 | 1,606 |
| Artworks | 10,900 | 8,300 | 5,700 |
| Building Fit-out | 169,215 | 139,965 | 110,715 |
| Building Services | 91,752 | 81,556 | 71,362 |
| Building Structure & Site Development | 1,184,820 | 1,160,640 | 1,136,460 |
| Land | 1,166,000 | 1,166,000 | 1,166,000 |
| Total | 2,758,874 | 2,661,515 | 2,555,701 |

Note 8: Loans

| CONSOLIDATED AND PARENT | 2008 \$ | 2007 \$ |
|---|----------------|----------------|
| Principal | 293,932 | 642,193 |
| Less Provision for impairment | - | (100,598) |
| Net Loans | 293,932 | 541,595 |
| Interest | 10,649 | 15,006 |
| Less Provision for impairment | - | (11,381) |
| Net Interest | 10,649 | 3,625 |
| Total Net Loans and Interest | 304,581 | 545,220 |
| Classified as: | | |
| Current (included in Other Receivables) | 10,649 | 3,625 |
| Non-current | 293,932 | 541,595 |
| Total | 304,581 | 545,220 |

The carrying value of loan receivable approximates their fair value.

The carrying amount of receivable that are past due, but not impaired, is \$39,345 (2007 \$97,238).

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Note 8: Loans (Cont)

As at 30 June 2008 and 2007, all overdue loans have been assessed for impairment and appropriate provisions applied, as detailed below:

| 2008 | Gross \$ | Impairment \$ | Net \$ |
|---------------------|----------------|------------------|----------------|
| Not past due | 258,953 | - | 258,953 |
| Past due 0-30 days | 8,688 | - | 8,688 |
| Past due 31-60 days | 8,126 | - | 8,126 |
| Past due 61-90 days | 6,726 | - | 6,726 |
| Past due >91 days | 22,088 | - | 22,088 |
| Total | 304,581 | - | 304,581 |

| 2007 | Gross \$ | Impairment \$ | Net \$ |
|---------------------|----------------|------------------|----------------|
| Not past due | 540,866 | - | 540,866 |
| Past due 0-30 days | 10,653 | (6,299) | 4,354 |
| Past due 31-60 days | 7,660 | (7,660) | - |
| Past due 61-90 days | 6,572 | (6,572) | - |
| Past due >91 days | 91,448 | (91,448) | - |
| Total | 657,199 | (111,979) | 545,220 |

The provision for impairment has been calculated based on expected losses for the Trust's pool of loan debtors. Expected losses have been determined based on an analysis of the Trust's losses in previous periods, and review of specific debtors.

Those specific debtors that are insolvent have been fully written off.

Movements in the provision for impairment of loan receivable are as follows:

| | 2008 \$ | 2007 \$ |
|--|------------|----------------|
| Balance at 1 July | 111,979 | 97,980 |
| Additional provisions made during year | 152,325 | 13,999 |
| Receivable written off during year | (264,304) | - |
| Balance at 30 June | - | 111,979 |

Note: The Board made a decision to write off debtors considered impaired at 30 June 2008, hence there is no remaining provision for impairment at 30 June 2008.

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Note 9: Shares in Subsidiary companies

Name of Entity: Manukau Pacific Markets Ltd
Principal Activity: Shelf company
Ownership: Pacific Island Business Development Trust 50% (2007: 50%)
PIBDT Ownership Ltd 50% (2007: 50%)
Balance Date: 30 June 2008

Name of Entity: PIBDT Ownership Ltd
Principal Activity: Asset owning company
Ownership: Pacific Business Trust 100% (2007: 100%)
Balance Date: 30 June 2008

Name of Entity: South Market Ltd
Principal Activity: Shelf company
Ownership: Manukau Pacific Markets Ltd 100% (2007: 100%)
Balance Date: 30 June 2008

At 30 June 2008, Manukau Pacific Markets Limited's negative net asset value was \$249,546 (2007: \$249,546).

CONSOLIDATED AND PARENT

| | 2008 | 2007 |
|---------------------------------------|----------------|----------------|
| | \$ | \$ |
| Net Equity in Manukau Pacific Markets | - | - |
| Net Equity in PIBDT Ownership Limited | 284,890 | 284,890 |
| Total | 284,890 | 284,890 |

Inter group current account is made up of Unpaid Share Capital \$284,890 and an amount owned to PIBDT Ownership Ltd of \$41.

PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Consolidated Financial Statements

For The Year Ended 30 June 2008

Note 10: Trade and Other Payables

| | Consolidated 2008 \$ | Consolidated 2007 \$ | Parent 2008 \$ | Parent 2007 \$ |
|----------------|----------------------------|----------------------------|----------------------|----------------------|
| Trade Payables | 51,468 | 51,336 | 51,468 | 51,336 |
| Other Payables | 23,416 | 36,659 | 23,416 | 36,659 |
| Total | 74,884 | 87,995 | 74,884 | 87,995 |

Trade and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payables approximates their fair value.

Note 11: Employee Entitlements

| Current employee entitlements are represented by: | Consolidated 2008 \$ | Consolidated 2007 \$ | Parent 2008 \$ | Parent 2007 \$ |
|--|----------------------------|----------------------------|----------------------|----------------------|
| Accrued salaries and wages | 11,230 | 21,015 | 11,230 | 21,015 |
| Annual Leave | 54,414 | 49,441 | 54,414 | 49,441 |
| Total | 65,644 | 70,456 | 65,644 | 70,456 |

Employee benefit liabilities comprise annual leave of \$54,414 (2007: \$49,441) and accrued salaries and wages of \$11,230 (2007: \$21,015). All employee benefit liabilities are current liabilities.

Note 12: Reconciliation of Net Surplus/(Deficit) with Net Cash Outflow from Operating Activities

| CONSOLIDATED AND PARENT | 2008 \$ | 2007 \$ |
|---|----------------|----------------|
| Net Surplus / (Deficit) | (135,276) | (310,786) |
| (Less) / Add depreciation | 113,721 | 128,108 |
| Write down of loans | 152,042 | - |
| (Less) / Add provisions | (4,812) | 3,929 |
| (Less) / Add changes in interest receivable | 1,461 | 16,299 |
| (Less) / Add changes in Trade and Other Receivables | 29,118 | (26,467) |
| (Less) / Add changes in Trade and Other Payables | (13,927) | (18,994) |
| Net Cash outflow from Operating Activities | 142,327 | 207,911 |

PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Consolidated Financial Statements

For The Year Ended 30 June 2008

Note 13: Employee Remuneration

No one employee received remuneration in excess of \$100,000 during the current financial (2007: one employee in the \$130,000 - \$140,000 bracket).

Note 14: Capital Commitments

There were no capital commitments at 30 June 2008. (2007: Nil)

Note 15: Operating Leases

Minimum lease payments paid under operating leases recognised as an expense in the year were \$64,460.

At the balance date, the Trust had outstanding commitments under non-cancellable operating leases, which are due as follows:

| CONSOLIDATED AND PARENT | 2008 | 2007 |
|---|----------------|---------------|
| | \$ | \$ |
| Less than one year | 80,498 | 68,242 |
| Between one and five years | 30,710 | 27,773 |
| More than five years | - | - |
| Total non-cancellable operating leases | 111,208 | 96,015 |

A significant portion of the total non-cancellable operating lease amount relates to the lease of office premises in Wellington, Christchurch and West Auckland. The Wellington and Christchurch lease expires in June 2009, and the West Auckland lease expires in August 2008, with an option of renewal. The Trust does not have the option to purchase the asset at the end of the lease term. There are no restrictions placed on the Trust by any of its leasing arrangements.

Note 16: Contingencies

There were no contingent liabilities or assets at 30 June 2008. (2007: Nil)

PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

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For The Year Ended 30 June 2008

Note 17: Related Parties Transactions

There were no related party transactions during the year (2007: Nil)

| Key Management Personnel Compensation | 2008 | 2007 |
|--|----------------|----------------|
| | \$ | \$ |
| Salaries and other short-term benefits | 144,462 | 220,637 |
| Post-employment benefits | - | - |
| Other long-term benefits | - | - |
| Total | 144,462 | 220,637 |

Key management personnel includes all Trustees and the Chief Executive Officer.

* Chief Executive Officer's salary is for 5 months.

| Board Member Remuneration | 2008 | 2007 |
|----------------------------------|---------------|---------------|
| | \$ | \$ |
| Pauline Winters | 14,000 | 22,750 |
| Hamish Crooks | 12,375 | 10,292 |
| Ikipa Tongatule | 7,125 | 10,292 |
| Inosi Colavanua | - | 4,750 |
| Sara Lunam | - | 8,708 |
| Liz Tanielu | - | 9,500 |
| Manu Sione | - | 9,500 |
| Shirley Sisepi Fraser | 9,500 | 792 |
| Siti Mavoava | 9,500 | 792 |
| Fatu Fuatavai | 9,500 | 792 |
| Caren Rangī | 9,500 | 792 |
| Selma Scott | 9,500 | 792 |
| Tony Fakahau | - | 4,750 |
| Total | 81,000 | 84,502 |

PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Consolidated Financial Statements

For The Year Ended 30 June 2008

Note 18: Categories of Financial Assets and Liabilities

The Carrying amounts of financial assets and liabilities in each of the NZ IAS 39 categories are as follows:

| | 2008 | 2007 |
|---|------------------|------------------|
| Loans and Receivables | \$ | \$ |
| Cash and Cash Equivalents (note 5) | 2,201,078 | 1,982,418 |
| Trade and Other receivables (note 6) | 81,464 | 107,687 |
| Loans (note 8) | 304,581 | 545,220 |
| Total Loans and Receivables | 2,587,123 | 2,635,325 |
| Financial Liabilities measured at amortised cost | | |
| Trade and Other Payables (note 10) | 74,884 | 87,995 |
| Employee Entitlements (note 11) | 65,644 | 70,456 |
| Total Financial Liabilities measured at amortised cost | 140,528 | 158,451 |

Note 19: Financial Instrument Risks

The Trust has policies to manage the risks associated with financial instruments. The Trust is risk averse and seeks to minimise exposure from its treasury activities. The Trust has established Borrowing and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

The Lending programme was placed on hold from May 2007 with no new loans approved and at current there are no plans for Pacific Business Trust to provide any further funding for business loans in the future.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Trust's exposure to fair value interest rate risk is limited to its loans and short-term bank deposits.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose the Trust to cash flow interest rate risk.

The Trust's investment policy requires a spread of investment maturity dates to limit exposure to short-term interest rate movements.

The Trust currently has no variable interest rate debt or investments.

PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Trust is not exposed to currency risk, as it does not enter into foreign currency transactions.

Credit risk

Credit risk is the risk that a third party will default on its obligation to the Trust, causing the Trust to incur a loss.

Due to the timing of its cash inflows and outflows, the Trust invests surplus cash with registered banks. The Trust's Investment policy limits the amount of credit exposure to any one institution.

No new loans have been issued in the 2008 financial year except for those given as part of a business award. The Board took action in 2007 placing the loans facility on hold and as a result of further strategic discussions in early 2008 the decision was made for PBT to no longer provide funding for small business loans and a recommendation that PBT refers clients with business loan inquiries to registered mainstream Banks or Government agencies that can provide limited funding for start-up business expansion subject to their specific criteria being met.

The Trust's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash equivalents (note 5), loans (note 8) and trade receivables (note 6). There is no collateral held as security against these financial instruments with the exception of the majority of the remaining loans portfolio, including those instruments that are overdue or impaired.

The Trust has no significant concentrations of credit risk, as it has a large number of loan debtors and only invests funds with registered banks with specified credit ratings.

Liquidity risk

Liquidity risk is the risk that the Trust will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Trust aims to maintain flexibility in funding by keeping committed credit lines available.

In meeting its liquidity requirements, the Trust maintains a target level of investments that must mature within specified timeframes.

Note 20: Capital Management

The Trust's capital is its equity, which comprises retained surpluses. Equity is represented by net assets.

The Trust deed requires the Board of Trustees to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently. The Trust's equity is largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

Note 21: Subsequent Events

There were no significant events after the balance date.

PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Consolidated Financial Statements

For The Year Ended 30 June 2008

Note 22: Explanation of Material Variances to Budget

The Trust did not complete a budgeted Statement of Financial Position or Statement of Cash Flows for the 2008 financial year. The major variances to budget in the Statement of Financial Performance for 2008 are explained as follows:

INCOME

| | |
|------------------------|---|
| NZTE | The budget incorrectly includes the GST amount |
| Business Centre Rent | One tenant left during the year with the vacancy not filled until July 2008. |
| Loan fees and Interest | The lending programme on hold since May 07 with no new loans approved affected income from loans. |
| Investment Income | Higher interest rates provided increased income above budget. |
| Other Revenue | Bad debt loan recovery |

EXPENSES

Leadership

| | |
|-------------------------------|--|
| Business Seminar | Business Seminar programmes rolled into the next financial year |
| Business Support (Incl Conf) | Includes some Plantation expenses and other items not included in the initial budget |
| Plantation Business Programme | Refer to the above |

NZTE

| | |
|---------------------------------|--|
| Workshop Advertising and Promo | Extra promotional activities included that were not budgeted for |
| Workshop Catering | Additional workshops |
| Workshop Facilitator | In-house facilitators used |
| Workshop Travel & Accommodation | Regional workshops required less central support than expected, with regional offices facilitating the workshops rather than relying on Auckland staff |
| Workshop Venue & Equip Hire | Most workshop held on-site |

Personnel Expenses

| | |
|--------------------------------|---|
| ACC Levies | Less staff on payroll |
| Salaries and Wages | Less staff on payroll |
| Staff Training and Recruitment | Recruitment of new CEO |
| Staff Benefits | Staff insurance scheme included but not planned |

PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Consolidated Financial Statements

For The Year Ended 30 June 2008

Note 22: Explanation of Material Variances to Budget (Cont.)

Communication and Awareness

| | |
|------------------------------|---|
| Computers and Technology | Upgrade of computer hardware and servers |
| Comm Contract and Services | Cancel in the use of Porter Novelli |
| Database | Database upgrade costing less than expected |
| Newsletter | Newsletter |
| Phone, data cards etc | More control and scrutiny of phone records ensuring business use only |
| Postage, Courier and Freight | Mail out volume less than expected as the number of events were not as high as expected |
| Stationery and Printing | Printing for workshops |
| Travel and Accommodation | BA travel higher than expected |
| Website | Little work done on the website |

Building Operating Expenses

| | |
|-------------------------|---|
| Cleaning and Rubbish | Cleaning contract revised |
| Insurance | Premiums reduced based on actual cover required |
| Rates and Rent | A slight reduction in rates across the board |
| Security and Monitoring | More call-outs than expected |
| Recovery from Tenants | This item was included to capture an 'on charge' for building overheads to tenants. This was not actioned as rentals was inclusive of these charges |

Administration Expenses

| | |
|-------------------------------|---|
| Accounting Fees | With the departure of the financial manager mid way through the year, most of the accounting functions were transferred to the contractor |
| Audit Fees | Fees higher than expected |
| Board Allowances & Expenses | Includes with holding tax for the previous year |
| Consultants Fees | A hold was placed on using consultants mid way through the year |
| Legal Fees | More work required on recovering bad debt |
| General Expenses and Sundries | One off purchases - subscriptions, membership fees, gifts, software. |

Finance Expenses

| | |
|-----------|-------------------------------------|
| Bad debts | Not included in the original budget |
|-----------|-------------------------------------|

SERVICE PERFORMANCE DELIVERED THROUGH PURCHASE AGREEMENT WITH THE MINISTRY OF PACIFIC ISLAND AFFAIRS

1. LEADERSHIP

1.1 Pasifika Seminar Series

| Key Indicators | Result | Performance standard | Result |
|---|---|--|--|
| Phase one (2007 / 2008) – development of a detailed 18 month programme outlining speakers, series objectives and specific project KPIs including: | Programme plan developed and completed. | Each seminar to be attended by 60 – 80 participants with target ratio of 3:7 Pacific entrepreneurs to aspiring entrepreneur's ratio. | Seminars to commence in September 2008. Not achieved due to seminars are not due to commence until September 2008 |

1.2 Growing Young Pacific Entrepreneurs

| Key Indicators | Result | Performance standard | Result |
|---|---|--|---|
| Number of Pacific participants and participating secondary schools involved. Percentage progressing to tertiary business / commerce studies. Programme assistance provided and level of engagement. | <p>Plantation Business Challenge (Sept 07) - 7 schools (South Akl) - 26 students</p> <p>Pacific Business Fono (Sept 07) - 6 schools (West Akl) - 21 students</p> <p>Tamaki College Business Challenge (Mar 08) - 1 school (East Akl) - 22 students</p> | 60 – 80 participants with minimum of 50% progressing through to business tertiary studies. | <p>69 students participated:</p> <p>Plantation Business Challenge - 21 students in tertiary business studies</p> <p>Pacific Business Fono: - 11 students in tertiary studies and 3 more in non-business tertiary studies</p> <p>Tamaki College: - Challenge conducted in 2008 so all students still at secondary school.</p> <p>Achieved</p> |

1.3 Pacific / Iwi Collaborations

| Key Indicators | Result | Performance standard | Result |
|--|---|--|--|
| Engagement with MPIA in: <ul style="list-style-type: none"> Developing strategy for programme development and; Develop performance objectives for programme in 2008 / 2009 | <p>Awaiting MPIA movement on discussions with TPK and Iwi organisations.</p> <p>Developmental project commenced regarding Maori and Pacific business incubator project.</p> | Performance objectives and PBT activities to be pursued in the 2008 / 2009 financial year. | <p>Performance plan for 2008 / 2009 year currently in development.</p> <p>Achieved</p> |

SERVICE PERFORMANCE DELIVERED THROUGH PURCHASE AGREEMENT WITH THE MINISTRY OF PACIFIC ISLAND AFFAIRS

2. AWARENESS

2.1 Pacific Business Stocktake

| Key Indicators | Result | Performance standard | Result |
|--|---|--|---|
| Statistical database to contain information on: <ul style="list-style-type: none"> the number of businesses, broken down into gender and ethnicity business sizes the economic sector survival rates business structure | Stocktake undertaken of Pacific businesses on PBT database broken down into demographic data and business data. | Provision of the statistical data outlined under key indicators. Provision of information from PBT database contributing to information on the Pacific business sector. | Data project implemented and data is currently being utilised for further projects including providing a profile of Pasifika business stakeholders before the end of 2008 Achieved |

2.2 Business Pasifika Newsletter

| Key Indicators | Result | Performance standard | Result |
|--|---|---|--|
| <ul style="list-style-type: none"> Readership figures Content aligned with PEAP and PWEDP (as detailed in communications plan) <p>PEAP = Pacific Economic Action Plan</p> <p>PWEDP = Pacific Women Economic Development Plan</p> | 40% of articles on business people were of successful Pacific business women. | Readership numbers to increase by 10 – 20% by 2008 (last year's figures in red) | 4 quarterly newsletters issued with circulation of: <ul style="list-style-type: none"> Aug 2007 – 5396 (4745) Nov 2007 – 5296 (5048) Mar 2008 – 5345 (5159) June 2008 – 5436 (5340) <p>2008 Percentage Change -5.5%</p> <p>Not achieved, however, planned changes in the format and content going forward is expected to see improvements in circulation</p> |

SERVICE PERFORMANCE DELIVERED THROUGH PURCHASE AGREEMENT WITH THE MINISTRY OF PACIFIC ISLAND AFFAIRS

2.3 Business Website

| Key Indicators | Result | Performance standard | Result |
|---|--|---|---|
| <p>On-line visitor numbers to website.</p> <p>Content aligned with PEAP and PWEDP (as detailed in communications plan).</p> | <p>Website to be upgraded as part of the overall review for the Trust's communications plan.</p> | <p>Website hits to increase by 10 – 20% by 2008 (last years figure\ s in red).</p> <p>Figures for last year are greater due to Pacific Business Awards held last year (promoted via website).</p> | <p>For the year ending June 30 2008, there were 17,108 (20,286) a -15.7% change in visitors with 38,802 (54,469) or a -28.8% change page hits.</p> <p>The monthly average of hits is 3,814 (4,539).</p> <p>Not achieved, however, an upgrade of the website is currently in progress and is expected to reverse this trend due to positioning the website as a more relevant, dynamic and informative business resource for Pacific people.</p> |

2.4 Communications Strategy

| Key Indicators | Result | Performance standard | Result |
|--|--|--|--|
| <p>Frequency of contact with Pacific business sector, quality and accuracy of information provided and 'market' reach of communication. Objectives of plan in alignment with PEAP and PWEDP.</p> | <p>Trust has undertaken a marketing and communications review.</p> <p>Changes to PBT's website, communications / marketing partners, and 2008 / 09 project developments.</p> | <p>Plan developed by PBT and approved by MPIA.</p> | <p>Working closely with MPIA in relation to developing current and future projects in line with shared communication objectives e.g. Pasifika Seminar series, GYPE project etc.</p> <p>To be completed in the 2008/09 Year</p> <p>Achieved</p> |

SERVICE PERFORMANCE DELIVERED THROUGH PURCHASE AGREEMENT WITH THE MINISTRY OF PACIFIC ISLAND AFFAIRS

3. PROACTIVE BUSINESS DEVELOPMENT

3.1 Business Mentoring Service

| Performance standard | Result |
|---|--|
| Research and planning towards Pacific business mentoring service. | Research completed and report finalised. These plans include building mentoring capability internally, enlisting successful Pacific business people who are prepared to provide mentoring on a voluntary basis and strong collaborations with Business Mentors NZ Ltd to ensure that Pacific people un business can access a wider range of expertise, knowledge and skills. Recommendations made with implementation ready for 2008 / 2009 year. Achieved |

3.2 Business Start-Ups

| Performance standard | Result |
|--|--|
| 80% of businesses established during the year operate for a period exceeding 12 months (compared with last year's figures included). | Of the 59 new businesses established in 2007 / 08 with the assistance of PBT, 2 were confirmed as being no longer in business by July 2008 i.e. 96% still in business. Compared with 39 new businesses in 2006 / 2007 with 82% survival rate in 2006 / 2007 the result was very positive. Achieved |

3.3 Business Development

| Performance standard | Result |
|---|--|
| Where PBT provide assistance to existing businesses, 80% will demonstrate improvement of business performance. Where Quantel Q100 is implemented, 80% will produce a business action plan and 50% will demonstrate success in implementation | PBT's assistance to existing business resulted in demonstrably improved performance in 100% of clients recorded under monthly Business Development Manager Reports. In the 2007 / 08 year, 39 Quantel assessments were conducted with 32 (82%) resultant business action plans and the remaining 7 action plans still in the process of being finalised. Of the 32 action plans produced, 16 (50%) were implemented successfully by the relevant businesses with a further 8 businesses in the process of implementation. Remaining 8 businesses with business action plans provided have either declined to implement it ('too busy', 'not ready to implement' etc) or are still considering whether to implement action plan.] Achieved |

PACIFIC BUSINESS TRUST DIRECTORY

DIRECTORS / TRUSTEES:

Hamish Crooks (Chair)
Sitiveni Mavoava (Deputy Chair)
Selma Scott
Shirley Sisepi-Fraser
Caren Rangi
Tauiliili Fatu Fuatavai
Dr Fotu Fisi'iahi
Pauline Winter (Former Chair)
Ikipa Tongatule (Former Board Member)

STAFF

Management Team

Richard Reid (Chief Executive)
Ron Viviani (Commercial Manager)
Essendon Tuitupou (Business Development Manager)
Raymond Tuala (Training Manager)

Business Advisors

Faavaoa Kerr
Maureen Tukaroa-Betham
Maliepo Moeaki Toma
Filimone Matoto
Angelina Weir

Administration

Maureen Nepia (PA to the CE and Board Secretariat)
Penisoni Usumaki (Business/Policy Analyst)
Region Salanoa-Moelasi (Communications Liaison / Accounts Assistant)
Patricia Latu-Kau (Administrator)
Kala Boyes (Receptionist)
Patrick Passi (Analyst)

Auditor

Audit NZ

Solicitors

Gaze Burt, Auckland

Bank

Westpac Banking Corporation / BNZ

Design, Layout and Printing

Future Print & Design Ltd