

NGĀI TAHU HOLDINGS GROUP QUARTERLY & HALF YEAR RESULT UPDATE TO PAPATIPU RŪNANGA & NGĀI TAHU WHĀNUI

Nau mai, tahuti mai, haere mai

The 3rd Quarter of the Financial Year has been a mixed bag for Ngāi Tahu Holdings Group, with some companies having strong results and others feeling the pinch as a result of the general economic climate. However, overall the group remains on target to exceed its budgeted year end result at 30 June 2008 by quite some margin.

In a general sense businesses in New Zealand are inevitably starting to feel the impact of the global economic environment. The recession in the United States and its impact on wider economic markets is starting to impact on us all. We'll all have noticed the higher petrol prices, mortgage interest rates and food prices. Increases such as these soon start to impact on consumer spending and already we're starting to see consumer spending curbed as we all tighten our belts. The flow on for business is that as we spend less, the business community starts to feel the pinch.

Internationally this is no different and one of the realities of today's world is that as part of a global economy, recessions on the other side of the world do impact on us whether we like it or not.

As a group of companies operating in both domestic and international markets NTHG's companies start to feel those impacts in different ways.

For example, the usually peak summer months proved to be not quite so busy for Ngāi Tahu Tourism and the tourism sector in general. The number of international visitors arriving in New Zealand has been softening in the last few months falling short of previous year's figures for the period. The decline started in November and has continued through the January – March quarter. As Ngāi Tahu Tourism's clients are largely drawn from international visitors the lower visitor numbers have naturally had an impact on the tourist business's passenger numbers meaning that Ngāi Tahu Tourism fell just short of its forecast for the quarter.

A quietening property market also impacted on Ngāi Tahu Property's result for the quarter. Nervousness around market conditions resulted in the conditional sale of a key property falling over, the result being that Ngāi Tahu Property's Operating EBIT result for the quarter was short of forecast.

Ngāi Tahu Seafood on the otherhand had an outstanding quarter achieving over double its forecast Operating EBIT for the quarter on the back of strong lease deals for Annual Catch

Entitlement and a continued strong kōura/lobster market.

The upshot of these ups and down is that NTHG's year-to-date result remains on target with the Net Surplus result being \$0.5m ahead of budget at 31 March 2008.

Other key events during the quarter include our first co-investment with Tainui Group Holdings. We are pleased to announce that Tainui Group Holdings joined us an investor in Ryman Healthcare in January, when we put together a deal that saw us and Tainui Group Holdings buy back a 6% shareholding in Ryman Healthcare, paying approximately 20% less for the shares than we sold them for in February last year.

Ngāi Tahu Tourism has been busy in Franz Josef with work on the Hot Pools complex progressing well and the first pools anticipated were installed during April. In addition, Ngāi Tahu Tourism entered into a contract to manage the Hukawai Centre, one of Franz Josef's newest attractions offering an indoor interactive glacier experience and indoor ice climbing wall.

The Bluff Oyster season got off to a difficult start largely due to bad weather. Days lost in the early part of the season meant that the high demand traditionally experienced with the start of the season was unable to be met as we all waited for the weather to clear. Ngāi Tahu Seafood is hopeful that demand will remain strong for the rest of the season.

Ngāi Tahu Property has been focused on a number of key projects. The detailed design planning on the new Christchurch Civic Building (Christchurch City Council Offices) is progressing with construction work anticipated to start mid-year. Also the first stage of the Linden Grove residential subdivision is nearing completion with titles due to be issued before the end of the financial year.

At NTHG Board level, the next quarter will see us working with Te Rūnanga o Ngāi Tahu to agree the Statement of Strategic Intent (Five year Strategy and Annual Plan). I look forward to bringing you our year end result and Annual Report in the coming months.

Nāku noa, nā

Wally Stone



ALSO IN THIS UPDATE

- Key Activities in Ngāi Tahu Holdings Group this Quarter
- The China Free-Trade Agreement – A brief look at what it means for New Zealand and NTHG
- Ngāi Tahu Tourism – Developments in Franz Josef
- Ngāi Tahu in Business – Greg Whitau, Team Logistics
- What's happening the Commercial World – The Free Trade Agreement with China
- Ngāi Tahu – a history of Commerce

KEY ACTIVITIES IN NGĀI TAHU HOLDINGS GROUP THIS QUARTER

- Ngāi Tahu Holdings has completed strategic reviews of Ngāi Tahu Property Ngāi Tahu Seafood and Ngāi Tahu Tourism as part of its governance assurance. The recommendations of those strategic reviews are being incorporated into the Annual Plans for the subsidiary companies and will be included in NTHG's Statement of Strategic Intent for approval by Te Rūnanga o Ngāi Tahu.
- Discussions between Murihiku Fishers and Ngāi Tahu Seafood continue to seek to enhance commercial agreements in a 'win-win' manner. Ngāi Tahu Holdings Group has been working to understand its carbon footprint across the group and has almost completed its initial benchmark project. Next steps are to identify a range of initiatives to reduce emissions across the group.
- Ngāi Tahu Capital facilitated a deal that saw it and Tainui Group Holdings jointly acquire the 6% shareholding (1.5% to Ngāi Tahu Capital and 4.5% to Tainui Group Holdings) in Ryman Healthcare sold to Babcock & Brown early in 2007. The deal is the first co-investment between the two iwi Holding companies pursuant to the Co-investment Agreement executed late in 2008 and sees Ngāi Tahu Capital's shareholding in Ryman Healthcare go to 8%.
- Ngāi Tahu Property has been progressing the design and feasibility of a number of development projects including the Christchurch Civic Building, the final building in the Post Office Precinct Development in Queenstown, the Lincoln Residential Development (Joint Venture with Lincoln University) and the Beach Road residential development at Akaroa.
- Ngāi Tahu Seafood's focus has been on concluding favourable deepwater ACE sales and on preparing for the start of the 2008 kōura/lobster season (start date 1 April)
- The summer season is understandably a busy period for Ngāi Tahu Tourism companies and focus during the quarter has been on maintaining a high level of service delivery, while integrating new acquisitions/additions into existing tourism cluster infrastructures (i.e. the Abel Tasman and on the West Coast).



He Aitua



Thei maurimate! Kua hika atu rā te totara nui i te wao tapū nui a Tane. Ki a koe Tony, e te rakatira, moe mai ra, e kore koe e warewaretia. Ka tukuna hoki tō tātou aroha ki tōna whānau e noho nei i raro i te kapua o te pouri.

The great totara of Tane's forest has fallen! To you Tony, we pay tribute as a friend and respected leader, rest now for you shall never be forgotten. We also send our love to the family berieved with such great sadness at this time.

Ngāi Tahu Tourism and Ngāi Tahu Holdings Group would like to acknowledge the tragic passing of Tony Warwick after a brief battle with cancer over the last few weeks. Our thoughts are with his wife Lauren and children Ellie and Dean and daughter in law Kim.

Tony's contribution to Ngāi Tahu Tourism and the tourism industry in Queenstown has been substantial lasting over 30 years. Tony joined Shotover jet in the 1970's as a jet boat driver and worked his way up through the company, playing a key role in growing Shotover Jet into the leading tourist attraction that it is today. During his career Tony went on to chair Destination Queenstown, the regional tourism organisation for the area. At the time of his death Tony was Ngāi Tahu Tourism's Southern Region General Manager.

Ngāi Tahu Tourism and Ngāi Tahu Holdings Group wish to acknowledge Tony's considerable contribution to the Group. He will be sorely missed by all who knew and worked with him.



FINANCIAL PERFORMANCE SNAPSHOT 9 MONTHS ENDING 31 MARCH 2008

TOTAL NET SURPLUS (000'S)

\$30,952

Annual Plan - 3rd Quarter **\$30,300**
Comparison with previous year **\$6,198**

OPERATING NET SURPLUS (000'S)

\$29,265

Annual Plan - 3rd Quarter **\$2,9442**
Comparison with previous year **\$6,198**

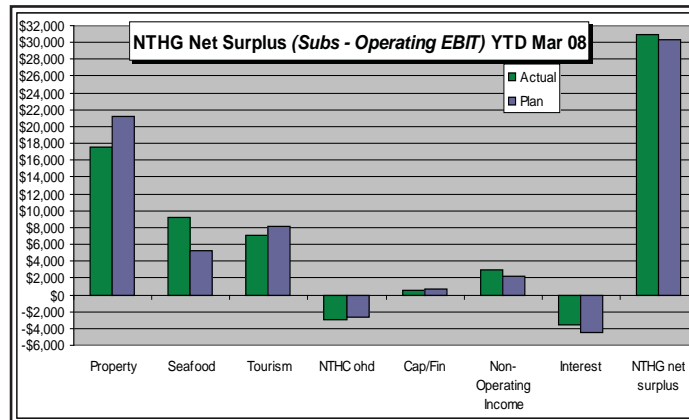
ANNUAL FORECAST OPERATING SURPLUS (000'S)

over \$40,000

Annual Plan - 3rd Quarter **\$35,012**
Comparison with previous year **\$21,234**

DISTRIBUTION TO SHAREHOLDER (000'S)

\$15,450



Financial Performance Summary

- The 3rd Quarter Operating Net Surplus result for NTHG is down on budget by \$1.06m. This is due to the non-confirmation of the sale on the Rakanui property (\$4.8m),
- Ngāi Tahu Seafood has achieved EBIT of over \$9.7m for the year to date as a result of strong ACE trading and continued lōura/lobster prices.
- Ngai Tahu Toursim fell slightly behind budget due to lower than anticipated passenger numbers.
- NTHG now expects an Annual Operating Surplus result of over \$40m for the year. The extent to which we are over this figure will be dependent on whether a couple of property development sales are completed this financial year or early next.



WHAT'S HAPPENING IN THE COMMERCIAL WORLD?

The China – New Zealand Free Trade Agreement

Introduction

On April 7 2008, New Zealand's Minister of Trade, Phil Goff, and his Chinese counterpart, Minister Chen Deming, signed the Free Trade Agreement (FTA) formalising trade arrangements between China and New Zealand. The FTA is the first such agreement that China has entered into with a 'developed' country, and was the culmination of nearly four years of negotiations between the two countries. The FTA is intended to facilitate trade between the two countries, and provides a framework for New Zealand businesses to explore enhanced opportunities to develop enduring trading relationships with a burgeoning Chinese economy.

A 'Snapshot' of the FTA

The FTA will come into force on October 1 2008, and is the result of 15 rounds of negotiation dating back to November 2004. It aims to provide a "predictable, consistent, transparent" system that facilitates trade, and encourages greater co-operation between New Zealand and China. The FTA framework includes a number of mechanisms that will facilitate investment and economic development, while enhancing political, cultural, and social engagement between the two countries.

The freeing up of trade is expected to add significant value to the New Zealand economy with the removal, over time, of tariffs on 96% of traded goods, which will equate to an annual duty saving of NZ\$115.5 million, based on current trade figures. In summary this means that;

- From October 1, tariffs on over NZ\$200 million worth of New Zealand's exports will be eliminated;
- Over the first 5 years, China's tariffs on current exports of NZ\$621 million will be eliminated including tariffs on infant milk formula, casein, frozen fish fillets, methanol, animal fats and oils, apples and wine;
- Over the first 9 years, China's tariffs on current exports of NZ\$77 million will be eliminated, including beef and sheep meat, edible offals, sheepskins, and kiwifruit;
- Creation of a country-specific tariff quota for New Zealand wool will provide initial duty free entry for approximately 75 % of average annual exports in the

- 2004-2006 period; and
- By the end of the tariff phase-out period (i.e. by 2019), tariffs on all but \$80 million of current trade will have been eliminated.

Other benefits include:

- The ability for New Zealand business people to move around more freely within China
- All goods entering China under the FTA are to be released within 48 hours of arrival.

The FTA also retains New Zealand's rights under the World Trade Organisation to take actions against unfairly traded imports from China and creates legally binding agreements to enhance communication and cooperation in respect to labour rights and the protection of the natural environment. Māori exporters will also be encouraged by the FTA, particularly as the agreement recognises the Treaty of Waitangi, and a commitment by the New Zealand Government to adopt measures to accord more favourable treatment to Māori.

So what does this mean for Ngāi Tahu Holdings Group?

We believe the FTA will provide opportunities that will result in direct benefit to our financial performance and grow our operations. For example, Ngāi Tahu Seafood presently exports live kōura/lobster to China via distributors in Hong Kong. To date this process has often been problematic, particularly due to local bureaucracy. The FTA paves the way for Ngāi Tahu Seafood to build up live lobster exports direct into China resulting in more efficient channels to market and reduced cost. In addition, the Chinese tariffs on New Zealand lobster exports will be completely phased out over 5 years. Ngāi Tahu Seafood, therefore, are well positioned to take advantage of the FTA and the growing demand from the Chinese consumer for high quality products. The FTA is also likely to benefit Ngāi Tahu Tourism as it paves the way for increasing numbers of Chinese tourists visiting New Zealand. China has been one of the fastest growing tourist markets in recent years. The FTA has set the stage for continued growth and Ngāi Tahu Tourism is positioning itself to provide a range of tourism attractions to meet this market.



NGĀI TAHU TOURISM

Developments in Franz Josef



"Early Māori called this place Kā Roimata o Hinehukatere - The Tears of the Avalanche Girl (Hinehukatere).

Hinehukatere loved climbing in the mountains and persuaded her lover, Tawe, to climb with her. Tawe fell from the peaks to his death. Hinehukatere was broken hearted and her many, many tears froze to form the glacier"

Ngāi Tahu Tourism (NTT) is putting into action plans to increase its presence on the West Coast with two exciting new developments. During the first quarter of 2008, NTT entered into an agreement to take over operation of the Hukawai Glacier Centre in Franz Josef. The \$6.5 million Glacier Centre opened in March 2007 and is home to a state-of-the-art interactive audio-visual Glacier Experience, incorporating Ngāi Tahu traditions and the Southern Hemisphere's only indoor ice climbing wall for those who wish to experience the thrill of ice climbing in the safe environment of the centre.

Under the agreement the founding directors of the Hukawai Centre will retain ownership, while NTT will take over the day-to-day operations, utilising its existing management expertise in Franz Josef. "Assuming management of the Hukawai Glacier Centre is an exciting development for Ngāi Tahu Tourism. It's a reflection of our commitment to offering visitors even more reason to come and stay with us on the West Coast and our passion for growing tourism in the region," said John Thorburn, General Manager, Ngāi Tahu Tourism.

The management agreement further consolidates NTT's activities in Franz Joseph and creates opportunities to grow both businesses in a mutually beneficial arrangement.

The second development is the new Glacier Hot Pools currently under development. Construction on the hot pools started last year with the Hot Pools expected to open in spring this year.

"Progress on the Hot Pools is going well" said Thorburn, "We're very excited about the development and it's great to see this reflected in the region and the wider tourism industry. It's going to add a new dimension to what Franz Josef and the Coast has to offer" he said.



The Glacier Hot Pools is Ngāi Tahu Tourism's first start-up project of this scale in many years and part of the strategy to grow our investment in the tourism sector by developing unique attractions and growing our existing tourism clusters. These two new tourism operations will complement Ngāi Tahu Tourism's existing Franz Josef Glacier Guides operations. Ngāi Tahu Tourism is working with Te Rūnanga o Makaawhio to provide assistance with the presentation of local traditions.



NGĀI TAHU IN BUSINESS

In continuing our focus on showcasing successful Ngāi Tahu in business, in this update we profile Gregory Whitau of TEAM Logistics.

If you have driven to the Christchurch Airport then you probably have noticed a large warehouse named Pā Whakaara with its bi-lingual signage catching your eye. TEAM Logistics is a privately owned, Canterbury based international freight forwarding company founded in 1997 by Gregory (Greg) Whitau (Te Rūnanga o Moeraki, Ngāi Tūāhuriri). Greg has been in freight forwarding since leaving Burnside High School. Starting at the bottom, Greg left his Auckland employer to return to Te Waipounamu when the Auckland company he was working for was bought out by an American corporate. Greg decided the organisational culture wasn't for him and set up his own business based on living and breathing "team". So central is "team" to his philosophy, he named the company, TEAM Logistics.

Walking around the warehouse with Greg, it is clear he walks the talk. The warehouse has a relaxed but efficient team feel. Key to Greg's leadership style is the adage, ka tika a muri, ka tika a mua. "Everybody who works here knows that I do the same job they do", says Greg, "There isn't a job here that I haven't done before or will do if I'm needed".

Keeping a local flavour has also helped the company target niche areas that are difficult or too hard for the bigger players to be effective in. "We can't go head to head with major multi-national players", says Greg, "We understand our local market and identify with small to medium sized businesses in the South Island. Being local and making decisions locally makes a difference. Some people want to deal with a multi-national but in the South Island, in general the businesses are too small to fit with multi-nationals that are set up to handle businesses of a certain scale. We want to work with small to medium sized local businesses who understand the importance of getting their goods to market on time and will pay to achieve it".

This strategy seems to be working as under Greg's leadership the business has gone from a turnover of \$1m when he set out 11 years ago to \$18m last year. With this growth in turnover, the team has grown from 2 to 28 staff. The TEAM send weekly freight runs to Sydney, Melbourne, Singapore, Philadelphia, fortnightly to Freemantle and are starting to break into managing large scale New Zealand freight projects, previously the domain of Australian or Singaporean companies.

When quizzed on whether being a visibly Māori business has been an advantage or disadvantage, Greg says "Being visibly Māori has made no difference commercially for us, it hasn't meant that we have got Māori business as in our industry the needs are the same, you need to get your product to market on time at the right price and it doesn't matter if you are Māori, Chinese or whatever. People assume that because we have Pā Whakaara on the side of our building that we are owned by Ngāi Tahu but the reality is that we are just proud of our heritage and when you own the business you can put whatever you want on the side of the building, so we do. We also call ourselves the 'greatest freight forwarder on the planet' with Christchurch our 'worldwide headquarters' which winds people up a bit but it gives a bit of a clue as to the culture of our operation".

Looking forward, Greg is keen to help create opportunities for Ngāi Tahu in business, "There is huge opportunity in this industry and we would love to do something involving cadetships and help create opportunities for Ngāi Tahu to get into this business because the possibilities are quite exciting."

Greg also has his eye on spotting opportunities to develop a tribal economy. "Just think of the potential if you combined all the Māori businesses that are exporters and channelled that freight into one organisation, you would probably be the largest freight forwarder in New Zealand and that would create immense opportunities for employment and business."



NGĀI TAHU IN BUSINESS

When Greg first started he focussed on gaining Ngāi Tahu business but was told the business wasn't big enough, hadn't been round long enough and wasn't close enough which was one of the reasons he shifted his operations to his new site. Although then the timing wasn't right, it is clear that with Greg's vision of a tribal economy utilising the strengths of both culture and commerce is coming much closer to fruition.

About TEAM Logistics

- Freight forwarding company assisting businesses with the complexities of international trade
- Core business is international logistics, both import and export, and including third party logistics
- Contact details - TEAM Logistics, Pā Whakaara, 5 Robin Mann Place, Christchurch Airport, New Zealand, Phone: + 64 3 3585100, web: www.teamlogistics.co.nz



TEAM *logistics*

The Greatest Freight Forwarder on the planet



NGĀI TAHU – A HISTORY OF COMMERCE

He Mahi Kai Hoaka, He Mahi Kai Takata

With the recent media coverage relating to Ngāi Tahu's ownership of pounamu we thought it might be interesting to reflect on some of the stories and commercial history relating to this taoka.

Internationally, jade is significant to many cultures due to its toughness and metal-like qualities. New Zealand jade, which we know as pounamu, has had significance to Ngāi Tahu not only due to its usefulness for creating tools, weapons and art but also because of our ancestral connections, a whakapapa that goes all the way back to creation, linking us to the treasured pounamu.

Ngāi Tahu History of Pounamu

Pounamu, a descendant of Tangaroa, originates from a classical tale of love, loss and legend, establishing our cultural connections, practices and even the geography associated with our most precious taoka, pounamu.

In Ngāi Tahu oral traditions, Poutini who cruised our oceans long ago is the kaitiaki or guardian of pounamu. During his travels he was captivated by a beautiful young woman named Waitaiki and stole her away, fleeing back to Te Waipounamu with her. This enraged her husband, Tamaahua, who gave chase in his canoe accompanied by his slave, Tumuaki.

Knowing Tamaahua was in pursuit and determined not to lose Waitaiki, Poutini turned her into the stone pounamu. Tamaahua, using his magic tekateka (dart) to lead him to Waitaiki, eventually found her at her eternal resting place high up the Arahura River. Tamaahua grieved for his wife before naming three maunga, Tūhua from whence Waitaiki came, Tamaahua after himself, and Tumuaki after his slave who broke tapu preparing his food and was turned into a mountain. Poutini was destined to remain in the surrounding coastal waters as the kaitiaki of the whenua and the precious taoka pounamu.

History of Trading

The value of pounamu transcended its practical uses as the taoka was considered to have great mana and to be tapu. In particular, mere pounamu were symbols of a chief's mana and were often named and passed down as family heirlooms or used to seal a peace-making agreement with the concept of a tatau pounamu (greenstone door) symbolising a passageway to peace between warring elements. Pounamu trade and pounamu trails in many ways shaped Ngāi Tahu culture and most certainly our pre-contact economy as pounamu was heavily traded with North Island iwi.

Kaiapoi pā acted as a major centre for pounamu manufacture and trading, eventually attracting the attentions of Ngāti Toa. The conflict began when Te Rauparaha's generals visited the pā to trade pounamu for muskets but fighting ensued after the chief Te Pēhi gave insult during negotiations for a piece of pounamu he wanted and was killed by Takatahara. The deaths of Te Rauparaha's general at Kaiapoi led to a period of conflict that exacted a terrible price of revenge resulting in the ransacking of Kaiapoi pā.

During the 1860s a new pounamu industry was established reproducing artifacts such as mere and hei tiki in Dunedin. In the early 20th century much pounamu was exported to Germany before being returned to New Zealand as hei tiki. The pounamu trade underwent a revival in the 1960s with the introduction of helicopters that made it possible to gather large boulders from remote inaccessible areas. Early on most pounamu was mass-produced for souvenirs but the revival of the pounamu trade also saw a number of pounamu carving courses introduced at the Te Taipoutini Polytechnic contributing to raising the skills of professional carvers who started to produce high-quality carvings.



NGĀI TAHU – A HISTORY OF COMMERCE

Pounamu today

The pounamu trade may have ancient origins but today it is a significant contributor to the West Coast economy and has achieved prominence as both a symbol of Ngāi Tahu mana and as a marker of New Zealand identity to the world worn as unofficial New Zealand dog tag by the many young kiwis travelling around the globe.

Since pounamu has been returned to Ngāi Tahu hands a pounamu management plan has been developed to both preserve this most precious natural resource and manage its contribution towards the Ngāi Tahu tribal economy, cultural practices and as a marker of both Ngāi Tahu and wider New Zealand identity. Kia toitū tōku kuru pounamu mō ake tonu atu nei.

Ka kino tō pounamu; he kino pounamu onamata
Your pounamu is magnificent and its quality descends from ancient times



