
**EVERGREEN RETIREMENT TRUST
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

Including the following Funds:

Absolute Growth Fund (GBP) - Pounds sterling denominated

Income Plus Fund (GBP) - Pounds sterling denominated

Absolute Growth Fund (NZD) - NZD denominated

Income Plus Fund (NZD) - NZD denominated

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EVERGREEN RETIREMENT TRUST MANAGER'S REPORT FOR THE YEAR ENDED 31 MARCH 2016

Dear Member

The Directors present their report on the Scheme including updating members on the fund performance and the future of the Scheme.

Fund Performance

Fund	Investment Performance for the year ended 31 March 2016	Unit price as at 31 March 2016	Investment Performance for the period ended 31 March 2015	Unit price as at 31 March 2015
Absolute Growth (GBP)	-3.32%	0.9541	0.57%	0.9869
Income Plus (GBP)	-1.83%	1.0436	0.24%	1.063

Establishment costs are recognised as an expense immediately in the financial statements of the Scheme, but are amortised over five years for unit price calculation purposes.

Absolute Growth Funds

The Absolute Growth Fund (GBP) is a diversified portfolio that holds seven underlying funds allocated across commodities, equities and cash.

During the course of the year the Absolute Growth Fund returned -3.32% (2015: 0.57%). While a number of underlying funds generated good returns for the financial year this performance was offset by poorly performing funds and the funds operating costs.

Over the last financial year the Absolute Growth Fund contained investments that provided downside cover in the event of financial markets deteriorating. This cover has proven costly and recognising the cost we have subsequently reduced our allocation to such strategies.

Additionally, the exposure to commodities remains an area where the funds have not seen strong performance over the last financial year. Perhaps our worst performing sector has been the US Oil and Gas sector. Following a review we are now looking to reduce this exposure over time.

Income Plus Funds

The Income Plus Fund (GBP) is a diversified portfolio that holds four underlying funds allocated to bonds, structured credit, convertible debt and cash.

The Income Plus Fund (GBP) had taken a position that there would be a bounce back in credit spreads. While this has eventuated it was not within the period of these financial reports. So the timing has cost us returns in this financial period. Again the Income Plus Fund (GBP) was hurt by the funds exposure to investments in the US Oil and Gas sector.

We have completed further liquidation of underlying fund investments with some impact on performance. We are currently looking to allocate the redemption proceeds however the disrupted market fundamentals, rallies in fundamentally poor stocks, worries about liquidity, negative bond yields and uncertainty about the direction of inflation leads us to believe that holding some cash is a prudent strategy at present.

Throughout the last two years we have held cash reserves anticipating a significant market correction. Through the first quarter of this year there has been something of a correction but nothing on the scale we anticipate. We still consider that a significant market correction is likely given current market turmoil surrounding Brexit and other geopolitical events. At present we believe we have positioned the fund appropriately.

Subsequent to year end the Investment Manager redeemed the funds holding in the Spectrum Sterling Income Fund and revalued the funds holding in GDI No 36 Perth CBD Office Trust. The transactions are considered adjusting events for the Financial Statements at 31 March 2016 but not for unit pricing. The unit price has incorporated the transactions in the month the transaction occurred.

Audit Opinion

The Scheme's auditors, EY, have issued an unqualified audit opinion with an emphasis of matter regarding the realisation basis of preparation of the Scheme's financial statements.

EVERGREEN RETIREMENT TRUST MANAGER'S REPORT FOR THE YEAR ENDED 31 MARCH 2016

QROPS Suspension

The Scheme was removed from the HMRC Qualifying Recognised Overseas Pension Scheme (QROPS) List in November 2012 as a result of concerns raised by HMRC with the administration of the Scheme. The Manager considers the Scheme is compliant as a QROPS and the Manager has not received notification from the UK HMRC that the Scheme has been excluded from being a QROPS. The result of the Scheme's removal from the HMRC QROPS List is that no new pension transfers from the United Kingdom have come into the Scheme from the November 2012 date of removal. The Scheme has therefore needed to manage liquidity on a monthly basis by redeeming some underlying positions to generate cash to meet Scheme expenses and member payments. This has had a subsequent impact on the decisions of the Investment Committee for the Income Plus and Absolute Growth funds. The Manager has received no recent communication from HMRC and the matter remains with the HMRC for determination.

Summary

Overall as Manager, we recognise that the development of the Scheme has been hampered by the QROPS suspension.

The service contracts entered into by Evergreen Retirement Trust ("ERT") for the provision of administration, trustee and other services have minimum fixed fees. Due to the lower levels of funds under management in ERT than was initially anticipated the absolute fee levels are high when compared with level of returns generated from the funds under management. The cost base means that net returns to ERT members have been impacted.

The Manager closed the NZD funds in April 2016 following the redemption of all the members of the NZD funds as the funds were too small to support themselves and to comply with the PIE tax requirements.

The Trustee of the Scheme approached the New Zealand Financial Markets Authority ("FMA") to request an Order in Council designation for the Scheme as a restricted legacy scheme. That would allow the Scheme to transition to the Financial Markets Conduct Act 2013 as a restricted legacy superannuation scheme. A restricted legacy scheme will be closed to new members. On 27 June 2016 the FMA confirmed it will include the Scheme on an Order in Council with a registered legacy designation.

The Manager and the Trustee are considering the options to achieve the best outcome for the Scheme members. No decision has been reached on the best course of action as at the date of signing the Annual Report.



Simon Swallow
Director
Evergreen Capital Partners
5 September 2016



James Murray
Director
Evergreen Capital Partners
5 September 2016

**EVERGREEN RETIREMENT TRUST
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED 31 MARCH 2016**

	Note	Absolute Growth Fund (GBP)		Income Plus Fund (GBP)		Scheme (NZD)	
		2016 £	2015 £	2016 £	2015 £	2016 \$	2015* \$
Revenue							
Interest income		389	150	610	765	2,218	3,252
Dividend income		28,990	16,761	37,083	112,942	146,696	263,239
Benefit payment fee		7,635	11,333	26,840	35,140	76,542	92,643
Manager rebate to cover wind-up costs of NZD funds		-	-	-	-	-	8,140
Net (losses)/gains on financial instruments at fair value through profit or loss	5	(3,341)	70,878	(418,082)	150,899	(935,649)	480,549
Foreign exchange gains on cash at bank and outstanding settlements		267	34,388	6,270	2,487	14,514	74,964
Total Revenue		33,940	133,510	(347,279)	302,233	(695,679)	922,787
Expenses							
Investment management fees		50,745	51,675	123,546	110,126	386,963	332,383
Administration expenses	4, 11	43,663	40,293	64,632	79,983	240,438	184,374
Transaction costs		2,111	3,401	1,856	4,669	8,808	17,974
Brokerage fees		2,958	-	-	228	6,567	460
Performance fees	11	-	-	1,404	4,909	3,117	9,786
Audit fees		6,629	8,251	15,422	20,741	48,958	77,214
Total Expenses		106,106	103,620	206,860	220,656	694,851	622,191
Net (Loss)/gain before Membership Activities and Transfer to Reserve		(72,166)	29,890	(554,139)	81,577	(1,390,530)	300,596
Other comprehensive income - Movement in foreign currency translation reserve		-	-	-	-	1,240,384	804,437
Net (Loss)/gain before Membership Activities and after Transfer to Reserves		(72,166)	29,890	(554,139)	81,577	(150,146)	1,105,033
Contributions							
Member contributions		-	232	880	47,403	1,954	95,082
Withdrawals							
Member attributed taxation		-	(116)	10,740	(5,414)	23,845	(13,446)
Member withdrawals		95,434	510,097	398,168	1,309,114	1,095,902	4,296,682
Scheme management fees	11	53,653	57,774	136,858	154,347	422,975	432,959
		149,087	567,755	545,766	1,458,047	1,542,722	4,716,195
Net Membership Activities		(149,087)	(567,523)	(544,886)	(1,410,644)	(1,540,768)	(4,621,113)
Movements in members' accounts		(221,253)	(537,633)	(1,099,025)	(1,329,067)	(1,690,914)	(3,516,080)
Members' accounts at the start of the year		2,741,903	3,279,536	8,765,608	10,094,675	22,778,131	26,294,211
Members' accounts at the end of the year		2,520,650	2,741,903	7,666,583	8,765,608	21,087,217	22,778,131

* Note: The NZD Fund comparatives are not presented and the 2015 Absolute Growth Fund (GBP) and Income Plus Fund (GBP) do not add to the Scheme total for 2015.

The notes to the financial statements set out on pages 8 to 20 should be read in conjunction with this statement of changes in net assets available for benefits.

**EVERGREEN RETIREMENT TRUST
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
AS AT 31 MARCH 2016**

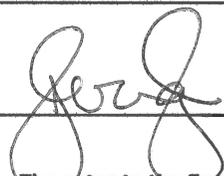
	Note	Absolute Growth Fund (GBP)		Income Plus Fund (GBP)		Scheme (NZD)	
		2016 £	2015 £	2016 £	2015 £	2016 \$	2015* \$
Members' Funds		2,520,650	2,741,903	7,666,583	8,765,608	19,165,173	22,096,471
Foreign currency translation reserve		-	-	-	-	1,922,044	681,660
		2,520,650	2,741,903	7,666,583	8,765,608	21,087,217	22,778,131
Assets							
Cash and cash equivalents	6	2,024	123,519	13,368	80,820	31,861	519,878
Trade and other receivables	8	564,790	833,915	4,534,014	4,769,560	10,554,345	11,745,238
Trade and other receivable from related parties	8, 11	-	-	-	1,990	-	12,117
Financial assets at fair value through profit or loss	7	2,132,842	2,136,935	3,260,600	4,371,538	11,164,236	12,907,555
Unit holder attributed taxation receivable	15	427	543	-	5,771	885	14,921
Total Assets		2,700,083	3,094,912	7,807,982	9,229,679	21,751,327	25,199,709
Liabilities							
Trade and other payables	9	19,347	269,605	58,180	352,289	160,478	2,022,665
Trade and other payables to related parties	9, 11	6,327	6,858	3,583	1,142	20,513	16,991
Financial liabilities at fair value through profit or loss	7	153,759	76,546	69,282	110,640	461,687	381,922
Unit holder attributed taxation payable	15	-	-	10,354	-	21,432	-
Total Liabilities		179,433	353,009	141,399	464,071	664,110	2,421,578
Net Assets Attributable to Members		2,520,650	2,741,903	7,666,583	8,765,608	21,087,217	22,778,131

* Note: The NZD Fund comparatives are not presented and the 2015 Absolute Growth Fund (GBP) and Income Plus Fund (GBP) do not add to the Scheme total for 2015.

These financial statements were authorised for issue by the Trustee, Covenant Trustee Services Limited.

Director 

Date 5/9/16

Director 

Date 5/9/16

The notes to the financial statements set out on pages 8 to 20 should be read in conjunction with this statement of net assets available for benefits.

**EVERGREEN RETIREMENT TRUST
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2016**

	Note	Absolute Growth Fund (GBP) 2016 £	Income Plus Fund (GBP) 2016 £	Absolute Growth Fund (NZD) 2016 \$	Income Plus Fund (NZD) 2016 \$	Scheme (NZD) 2016 \$
Cash Flows from Operating Activities						
Cash was provided from:						
Interest income		387	900	-	4	2,861
Dividend income		28,990	30,795	-	-	132,735
Sale of investments		446,025	2,203,581	404,464	220,390	6,507,545
Other (expense)/income		(3,823)	23,962	-	-	44,713
Cash was applied to:						
Payment of expenses		(99,674)	(201,460)	(11,550)	(3,415)	(683,547)
Purchase of investments		(284,467)	(1,359,788)	(37,134)	(52,730)	(3,740,461)
Net cash from operating activities	10	87,438	697,990	355,780	164,249	2,263,846
Cash Flows used in Financing Activities						
Cash was provided from:						
Contributions from members		-	880	-	-	1,954
Member attributed taxation		116	5,385	1,181	1,241	14,635
Cash was applied to:						
Withdrawals by members		(209,059)	(774,653)	(468,606)	(185,169)	(2,837,825)
Net cash used in financing activities		(208,943)	(768,388)	(467,425)	(183,928)	(2,821,236)
Net decrease in Cash and Cash Equivalents		(121,505)	(70,398)	(111,645)	(19,679)	(557,390)
Cash and cash equivalents at the beginning of the year		123,519	80,820	102,842	12,562	519,878
Effect of exchange rate fluctuations		10	2,946	8,803	7,117	69,373
Cash and cash equivalents at the end of the year	6	2,024	13,368	-	-	31,861

The notes to the financial statements set out on pages 8 to 20 should be read in conjunction with this statement of cash flows.

**EVERGREEN RETIREMENT TRUST
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2016**

	Note	Absolute Growth Fund (GBP) 2015 £	Income Plus Fund (GBP) 2015 £	Absolute Growth Fund (NZD) 2015 \$	Income Plus Fund (NZD) 2015 \$	Scheme (NZD) 2015 \$
Cash Flows from Operating Activities						
Cash was provided from:						
Interest income		158	661	1,262	6,991	9,886
Dividend income		16,761	116,859	2,207	4,109	272,685
Sale of investments		1,598,533	5,969,685	204,965	142,057	15,434,143
Other income		26,437	50,129	5,254	1,330	159,217
Cash was applied to:						
Payment of expenses		(100,888)	(258,033)	(20,778)	(16,609)	(752,890)
Purchase of investments		(1,130,886)	(4,744,131)	(147,585)	(121,735)	(11,981,072)
Net cash used in operating activities	10	410,115	1,135,170	45,325	16,143	3,141,969
Cash Flows from Financing Activities						
Cash was provided from:						
Contributions from members		232	47,403	-	122	95,082
Member attributed taxation		(4,290)	(1,824)	-	-	(12,188)
Cash was applied to:						
Withdrawals by members		(525,534)	(1,292,978)	5,176	(17,453)	(3,637,451)
Member attributed taxation		-	-	(1,654)	(1,365)	(3,019)
Net cash from financing activities		(529,592)	(1,247,399)	3,522	(18,696)	(3,557,576)
Net (decrease)/increase in Cash and Cash Equivalents		(119,477)	(112,229)	48,847	(2,553)	(415,607)
Cash and cash equivalents at the beginning of the year						
Effect of exchange rate fluctuations		243,048	196,113	55,334	15,186	914,250
		(52)	(3,064)	(1,339)	(71)	21,235
Cash and cash equivalents at the end of the year	6	123,519	80,820	102,842	12,562	519,878

The notes to the financial statements set out on pages 8 to 20 should be read in conjunction with this statement of cash flows.

**EVERGREEN RETIREMENT TRUST
NOTES TO THE AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

1. General Information

The reporting entity is the Evergreen Retirement Trust ("the Scheme"). The Scheme is made up of the following funds ("the Funds") as detailed below. Notwithstanding the division of the Scheme into Funds, the Scheme comprises a single trust with the value of the Members' interest in the Scheme determined by reference to the value of the units they hold in the Funds.

The Funds as at 31 March 2016 were as follows:

- Absolute Growth Fund - Pounds sterling denominated
- Income Plus Fund - Pounds sterling denominated

The Absolute Growth Fund (NZD) and the Income Plus Fund (NZD) were wound up on 31 March 2015. Comparative information for the Scheme includes the two NZ dollar denominated funds for 31 March 2015. The NZD Fund comparatives are only presented for the Statement of Cash Flows and Note 10 and the 31 March 2015 Absolute Growth Fund (GBP) and Income Plus Fund (GBP) do not add to the Scheme total.

From 1 April 2014, the new Financial Reporting Act 2013 ("FRA 2013") has come into force replacing the Financial Reporting Act 1993, effective for all for-profit entities with reporting periods beginning on or after 1 April 2014. In accordance with the transitional provisions under Section 55 of the Financial Reporting Act 2013 and Schedule 4, Clause (18)(1)(a) of the Financial Markets Conduct ("FMC") Act 2013 ("FMC Act 2013"), the financial statements of the Scheme continue to comply with the Financial Reporting Act 1993 for the year ended 31 March 2016.

The change in legislation will have no material impact on the Scheme's obligation to prepare general purpose financial statements.

The Trustee of the Scheme approached the New Zealand Financial Markets Authority ("FMA") to request an Order in Council designation for the Scheme as a restricted legacy scheme. That would allow the Scheme to transition to the FMC Act 2013 as a restricted legacy superannuation scheme. A restricted legacy scheme will be closed to new members. On 27 June 2016 the FMA confirmed it will include the Scheme on an Order in Council with a registered legacy designation.

The Manager and the Trustee are considering the options to achieve the best outcome for the Scheme members, which may include (a) continuing to operate as a restricted legacy superannuation scheme, (b) realising the Scheme assets in an orderly manner and redeeming the member investments in the manner prescribed by the Trust Deed and applicable law, or (c) transferring all members and all Scheme assets and liabilities into an alternative qualifying scheme acceptable under the Trust Deed and applicable law.

The Scheme was established by Trust Deed dated 1 December 2011 (as amended). The Scheme was registered with the Financial Markets Authority as a registered superannuation scheme and accepted by United Kingdom's Her Majesty Revenue and Customs (UK HMRC) as a Qualifying Recognised Overseas Pension Scheme (QROPS) on 24 January 2012. The Scheme is an issuer as defined by the Financial Reporting Act 1993.

The Scheme was removed from the HMRC QROPS List in November 2012 as a result of concerns raised by HMRC with the administration of the Scheme. The Manager considers the Scheme is compliant as a Qualifying Overseas Pension Scheme (QROPS) and the Manager has not received notification from the UK HMRC that the Scheme has been excluded from being a QROPS. The result of the Scheme's removal from the HMRC QROPS List is that no new pension transfers from the United Kingdom have come into the Scheme from the November 2012 date of removal. The Scheme has therefore needed to manage liquidity on a monthly basis by redeeming some underlying positions to generate cash to meet Scheme expenses and member payments. This has had a subsequent impact on the decisions of the Investment Committee for the Income Plus and Absolute Growth Funds. Evergreen Capital Partners has worked with legal counsel both in New Zealand (DLA Piper) and in the UK (DLA Piper) to resolve the issues with HMRC. The matter remains with the HMRC for determination.

The Manager of the Scheme is Evergreen Capital Partners Limited ("the Manager") and the Trustee of the Scheme is Covenant Trustee Services Limited. The Scheme's registered office is DLA Piper New Zealand, 50 Customhouse Quay, Wellington.

The Scheme is a defined contribution scheme which means that members contribute to the Scheme over time and benefits payable depend on the amount of contributions made and any returns on contributions received.

The Trustee operates each Fund on a unitised basis, with the beneficial interest in each Fund being divided into units with each conferring an interest in that Fund.

The Funds are managed on an absolute return basis using multi-manager fund of funds approach. The assets of the Absolute Growth Fund are invested into underlying funds that invest into higher risk growth assets and the assets of the Income Plus Fund are invested into underlying funds that invest into lower risk income assets.

2. Summary of Accounting Policies

i Statutory Base

The financial statements have been prepared in accordance with the requirements of the Trust Deed, the Financial Reporting Act 2013 and the Superannuation Schemes Act 1989.

ii Basis of Preparation

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards, as appropriate for profit oriented entities. The financial statements comply with International Financial Reporting Standards ("IFRS").

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of financial assets at fair value through profit and loss. The methods used to measure fair values are discussed further below. The accrual basis of accounting has been applied.

No decision has been reached on the best course of action as at the date of signing the financial statements. Although the Scheme is likely to continue its operation for the foreseeable future, the basis of accounting has been changed from the going concern basis to the realisation basis of accounting.

Since no decision has been reached on the Scheme future, and there is no set date for a potential decision on the Scheme's future:

- Operating expenses are recognised in the period they relate to; and
- No liquidity adjustments have been made to the fair value of the Scheme assets that have a longer redemption period and may be realised at a material discount if the assets were to be redeemed early as the Manager and the Trustee expect the Scheme assets will be realised in the ordinary course of business. See Note 12(i) for unit price risk and investment liquidity disclosure.

The Scheme has adopted the following new standard in preparing the financial statements for the year ended 31 March 2016:

NZ IAS 26: Accounting and Reporting by Retirement Benefit Plans is effective for annual reporting periods beginning on or after 1 January 2015. This standard requires additional New Zealand specific disclosures about applying the fair value hierarchy to retirement benefit plan investments measured at fair value in accordance with *NZ IAS 26*. The adoption of this amended standard has not had a material impact on the Scheme's reported result or financial position as disclosures from the previous year were already compliant with the new requirements.

2. Summary of Accounting Policies (continued)

ii Basis of Preparation (continued)

The following new standard is relevant to the Scheme is not yet effective and has not yet been applied in preparing the financial statements:

NZ IFRS 9: Financial Instruments is applicable to annual reporting periods beginning on or after 1 January 2018. The Scheme plans to adopt this standard for the financial year ending 31 March 2019. This standard will replace the existing standard *NZ IAS 39: Financial Instruments Recognition and Measurement*. The requirements regarding the classification and measurement of financial liabilities at fair value through profit or loss have been retained as well as the requirements for determining when financial liabilities are derecognised. Under the new standard, changes in fair value of financial liabilities through profit or loss due to changes in credit risk will be recognised directly in the Statement of Changes in Net Assets Available for Benefits. The standard also establishes two primary measurement categories for financial assets: amortised cost and fair value, with classification depending on an entity's business model and the contractual cash flow characteristics of the financial asset. The adoption of this standard may result in additional or amended disclosures and is not expected to have an effect on the Scheme's reported result or financial position.

iii Functional and Presentation Currency

Items included in the Scheme's financial statements are measured using the currency in which applications and redemptions to and from Members are denominated. That is pounds sterling for the Absolute Growth Fund (GBP) and Income Plus Fund (GBP) and New Zealand dollars for the Absolute Growth Fund (NZD) and Income Plus Fund (NZD). The Manager considers that GBP and NZD respectively are the currencies that most faithfully represent the effects of the underlying events and conditions. This is the Funds' functional and presentation currency. The financial statements for the Scheme are shown in New Zealand dollars as this is the currency of the country the Scheme is regulated in. All financial information presented has been rounded to the nearest pounds sterling or dollar.

iv Financial Instruments at Fair Value Through Profit or Loss

Designated financial assets at fair value through profit or loss

The Scheme classifies its investments in unitised funds as designated financial assets at fair value through profit or loss upon initial recognition. The financial assets can be classified as such, as the Scheme manages its investments and make purchase and sale decisions based on their fair value and in accordance with the investment strategy. Purchases and sales of investments are recognised on the trade date, the date on which the Scheme commits to purchase or sell the investment. Transaction costs on financial assets at initial recognition are charged to the Statement of Changes in Net Assets Available for Benefits.

Financial assets at fair value through profit or loss are initially recognised at fair value. Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the "Financial Assets at fair value through profit or loss" category are presented in the Statement of Changes in Net Assets Available for Benefits.

Financial assets are derecognised upon maturity or disposal of the asset. Any gain or loss arising on derecognition of the asset is included in the Statement of Changes in Net Assets Available for Benefits in the period the item is derecognised. Gains or losses are calculated as the difference between the disposal proceeds and the carrying amount of the item.

The fair value of financial assets does not include dividends after the record date.

Held for trading financial instruments at fair value through profit or loss

Held for trading financial instruments at fair value through profit or loss comprise foreign exchange contracts. The use of these contracts by the Scheme is limited to the risk management of their investments.

Foreign exchange contracts are used as economic hedges for equity investments. Therefore, they are accounted for on the same basis as those investments and are recognised at their fair value. Foreign exchange contracts are measured at fair value both upon initial recognition and subsequently. Gains and losses arising from changes in the fair value are recognised in the Statement of Changes in Net Assets Available for Benefits when they arise.

v Fair Value Estimation

Fair value measurements for financial instruments at fair value through profit or loss can be categorised into a three level hierarchy based on their source:

Level one - fair value in an active market

The fair value of financial assets traded in active markets for the same instruments based on their quoted market prices at balance date without any deduction for estimated future selling costs. Financial assets are priced at last sale prices.

Level two - fair value in an inactive or unquoted market using valuation techniques and observable market data

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques for which all significant inputs are based on observable market data.

Level three - fair value in an inactive or unquoted market using valuation techniques without observable market data

The fair value of financial assets that are not traded in an active market is determined using valuation techniques for which any significant input is not based on observable market data.

vi Revenue Recognition

- (a) Interest income is recognised as the interest accrues using the effective interest rate method. Interest income is earned on short term deposits.
- (b) Dividend income is recognised in the Statement of Changes in Net Assets Available for Benefits when the Funds' right to receive payment is established.
- (c) Gains or losses of financial instruments at fair value through profit or loss are recognised in the Statement of Changes in Net Assets Available for Benefits as disclosed in note 2(iv) above.
- (d) Foreign exchange gains and losses on cash and outstanding settlements are recognised in the Statement of Changes in Net Assets Available for Benefits as they arise. Foreign exchange gains and losses on financial instruments at fair value through profit or loss are recognised in the Statement of Changes in Net Assets Available for Benefits as disclosed in note 2(iv) above.
- (e) Dividend and interest income is disclosed net of any resident withholding taxes deducted at source, as these tax credits are allocated to members under the PIE regime.

2. Summary of Accounting Policies (continued)

vii Expenses

Expenses comprise performance fees, management fees, investment management fees, ad hoc trustee fees, professional fees, establishment fees, brokerage fees, transaction costs, bank fees, and other sundry expenses. Management fees, investment management fees and performance fees (if applicable), are calculated and paid monthly. All other fees are recognised when incurred.

viii Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short term deposits and are measured initially at fair value. Subsequent to initial recognition, all cash and cash equivalents are measured at amortised cost. Future margin accounts held with FX brokers are not included in cash and cash equivalents on the basis that FX brokers are not registered banks and have no external credit rating. Future margin accounts are included in 'trade and other receivables'

ix Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after balance date. These are classified as non-current assets. The Scheme's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the Statement of Net Assets Available for Benefits. Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. These assets are all held with high quality counterparties and are regularly reviewed for indication of impairment. Sales of securities and investments which are unsettled at balance date are included in receivables.

x Taxation

The Scheme is a Foreign Investment Zero-Rate Portfolio Investment Entity ("PIE"). Under the PIE regime income from a PIE is effectively taxed in the hands of the members and therefore the Scheme has no tax expense. Accordingly, no tax expense is shown on the Statement of Changes in Net Assets Available for Benefits.

Under the PIE regime, the Manager attributes the taxable income of the Scheme to members in accordance with the proportion of their interest in the overall Scheme. The income attributed to each member is taxed at the member's notified investor rate which is currently capped at 28%. The Manager accounts for tax on behalf of natural persons and certain trust members and undertakes any necessary adjustments to the members' interests in the Scheme to reflect that the Scheme pays tax at varying rates on behalf of members.

Members' funds have been adjusted to reflect the impact of tax on the value of unit holdings.

The tax attributable to members is calculated on the basis of the tax laws enacted or substantively enacted at balance date. The Manager periodically evaluates positions taken in attributing taxable income to members with respect to situations in which applicable tax regulations are subject to interpretation.

xi Goods and Services Tax (GST)

The Scheme is not registered for GST and consequently all components of the financial statements are stated inclusive of GST where applicable.

xii Foreign Currencies

(a) Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Realised and unrealised exchange gains and losses during the financial period are recognised in the Statement of Changes in Net Assets Available for Benefits.

(b) Translation of GBP denominated funds functional currency to presentation currency

The results of the GBP denominated funds are translated into New Zealand Dollars (presentation currency) as at the date of each transaction. Assets and liabilities are translated at exchange rates prevailing at reporting date. Exchange variations resulting from the translation are recognised in the foreign currency translation reserve. On aggregation of the Funds' results, exchange differences arising from the translation of the net assets available for benefits in GBP denominated funds are taken to the foreign currency translation reserve.

xiii Trade and Other Payables

Trade and other payables include liabilities and accrued expenses owed by the Scheme that are unpaid at balance date. Trades are recorded on trade date, and normally settled within three business days. Purchases of securities and investments that are unsettled at reporting date are included in trade and other payables. Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost using the effective interest method.

xiv Statement of Cash Flows

Definitions of the terms used in the statement of cash flows are:

(a) Operating activities include all transactions and other events that are not financing activities.

(b) Financing activities are those activities that result in changes in the size and composition of members' funds. This includes elements of members' funds not falling within the definition of cash. Distributions paid in relation to members' funds are included in financing activities.

xv Distributions

In accordance with the Scheme's Trust Deed, the Manager has full discretion as to whether to distribute any net income of the Funds. Income that is not distributed is invested as part of the assets of the Funds or may also be used to make later distributions to members.

xvi Contributions and Withdrawals

The contribution and withdrawal prices are determined as the net asset value of the Funds divided by the number of units on issue on the date of application or redemption. The Manager may, in certain circumstances, suspend the redemption of units if the Manager believes it is not practical or would be materially prejudicial to the interests of the members for units to be redeemed.

2. Summary of Accounting Policies (continued)

xvii Net Assets available for Benefits

The liability for promised retirement benefits is the Scheme's present obligation to pay benefits to members and beneficiaries and has been calculated as the difference between the fair value of the assets and the fair value of the liabilities as at balance date.

Net assets attributable to members meets the definition of an equity instrument as: (i) it entitles the member to a pro rata share of the Scheme's net assets in the event of the Scheme's liquidation, (ii) apart from the contractual obligation of the issuer to redeem units for cash or another financial asset, the units do not include contractual obligations to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under potentially unfavourable conditions to the Scheme and (iii) the total expected cash flows attributable to the instrument over its life is based substantially on the income and expenditure and changes in the recognised net assets or the change in fair value of the recognised and unrecognised net assets of the Scheme over the life of the instrument.

Members can redeem their investments in the Scheme for cash equal to a proportionate share of the Scheme's net asset value, once the specific conditions of the Trust Deed have been met.

xviii Vested benefits

Vested benefits are the benefits to which members are entitled to. There are no amounts which belong to the Scheme and are not allocated to members. As at balance date the value of vested benefits matched the value of the total members' accounts as all benefits surrendered are allocated to continuing member accounts and there are no other benefits which are not so allocated.

xix Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the Statement of Net Assets Available for Benefits when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

xx Impairment of Assets

The carrying amounts of the Scheme's assets, other than financial assets at fair value through profit or loss, are reviewed at each balance date to determine whether there is any objective evidence of impairment for example, when the payments or debts are more than 60 days overdue. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the Statement of Changes in Net Assets Available for Benefits.

Assets that are considered for impairment are cash and cash equivalents and trade and other receivables. The risk of impairment is considered minimal due to the quality of counterparties dealt with. A previously recognised impairment loss is reversed when in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was initially recognised.

xxi Changes in Accounting Policies

There have been no changes in accounting policies during the period.

3. Accounting Estimates and Judgements

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires the Manager to exercise its judgement in the process of applying the Scheme's accounting policies. The Manager has applied its judgement in selecting the accounting policy to designate financial assets at fair value through profit or loss at inception. This policy has a significant impact on the amounts disclosed in the financial statements. It is possible to determine the fair value of all financial assets as quoted market prices are readily available and in the case of derivatives observable market inputs are readily available. Therefore there are no material assumptions or major sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities at year end. However as with all investments, their value is subject to variation due to market fluctuations.

The Manager has also used judgement in the categorisation of its financial assets and liabilities at fair value through profit or loss in accordance with the fair value hierarchy under NZ IFRS 13 (amended).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value in its entirety. The significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. (Refer to note 7 for further details).

The Scheme owns approximately 75% of the units in Spectrum Sterling Income Fund as at 31 March 2016 (31 March 2015: 75%). The Scheme is an investment entity as defined by NZ IFRS 10: Consolidated Financial Statements and therefore does not consolidate Spectrum Sterling Income Fund and measures its investment in fair value through profit and loss. Spectrum Sterling Income Fund's principal place of business is level 6, 2 Barrack Street, Sydney, NSW 2000, Australia. There are no significant restrictions on the ability of Spectrum Sterling Income Fund to transfer funds to the Scheme. The Scheme has no current commitments or intentions to provide financial or other support to Spectrum Sterling Income Fund.

The criteria which define an investment entity are, as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both;
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Scheme's prospectus details its objective of retirement benefits to those individuals who have joined the Scheme. The Absolute Growth Funds of the Scheme invest into other investment funds or segregated accounts that invest a majority of their assets into higher risk "growth assets" such as shares, currencies, commodities, derivatives, futures contracts and options. The Income Plus Funds invest into underlying funds that invest a majority of their assets into lower risk "fixed income assets" such as notes, bonds and related derivatives. The date of the last registered prospectus is 20 March 2014

The Scheme reports to its investors via annual investor information, and to its management, via internal management reports, on a fair value basis. All investments are reported at fair value to the extent allowed by NZ IFRS in the Scheme's annual reports. The Manager has also concluded that the Scheme meets the additional characteristics of an investment entity, in that it has more than one investment; the investments are predominantly in the form of equities and similar securities; it has more than one investor and its investors are not related parties.

The Manager has concluded that the Scheme meets the definition of an investment entity. These conclusions will be reassessed on an annual basis, if any of these criteria or characteristics change.

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	Absolute Growth Fund (GBP)		Income Plus Fund (GBP)		Scheme (NZD)	
	2016	2015	2016	2015	2016	2015*
	£	£	£	£	\$	\$
4. Administration Expenses						
Professional fees	13,465	19,801	41,217	61,918	121,406	167,425
Investment accounting fees	17,441	19,751	15,212	17,218	72,497	11,670
Trail commissions	12,414	-	7,641	-	44,526	-
Other expenses	343	741	562	847	2,009	5,279
Total administration expenses	43,663	40,293	64,632	79,983	240,438	184,374
5. Net (Losses)/gains on Financial Instruments at Fair Value through Profit or Loss						
<i>Fair value through profit or loss - Designated</i>						
International equity unitised funds	66,480	151,968	(70,659)	231,054	(9,278)	820,212
International fixed interest unitised funds	-	-	(409,227)	58,527	(908,572)	119,093
International property trusts	-	-	79,263	(32,549)	175,981	(62,616)
<i>Fair value through profit or loss - Held for trading</i>						
Foreign exchange contracts	(69,821)	(81,090)	(17,459)	(106,133)	(193,780)	(396,140)
Net (Losses)/gains on financial Instruments at fair value through profit or loss	(3,341)	70,878	(418,082)	150,899	(935,649)	480,549
6. Cash and Cash Equivalents						
Cash - Pounds sterling	1,383	123,389	2,527	70,751	8,094	437,527
Cash - New Zealand dollar	641	130	917	730	3,225	63,512
Cash - Australian dollar	-	-	9,924	9,339	20,542	18,839
Total cash and cash equivalents	2,024	123,519	13,368	80,820	31,861	519,878
Cash and cash equivalents include cash balances and are classified as loans and receivables under NZ IAS 39 and their carrying values approximate fair value.						
7. Financial Instruments at Fair Value Through Profit or Loss						
<i>Financial assets at fair value through profit or loss - Designated</i>						
International equity unitised funds	2,132,842	2,109,279	661,390	1,407,831	5,783,962	6,961,817
International fixed interest unitised funds	-	-	2,108,211	2,517,438	4,363,923	4,983,052
International property trusts	-	-	490,999	411,735	1,016,351	814,994
<i>Financial assets at fair value through profit or loss - Held for trading</i>						
Forward foreign exchange contracts	-	27,656	-	34,534	-	147,692
Financial assets at fair value through profit or loss	2,132,842	2,136,935	3,260,600	4,371,538	11,164,236	12,907,555
<i>Financial liabilities at fair value through profit or loss - Held for trading</i>						
Forward foreign exchange contracts	(153,759)	(76,546)	(69,282)	(110,640)	(461,687)	(381,922)
Financial liabilities at fair value through profit or loss	(153,759)	(76,546)	(69,282)	(110,640)	(461,687)	(381,922)
As at 31 March the notional value of the forward foreign exchange contracts were:	(1,528,123)	(1,526,496)	(714,752)	(2,276,898)	(4,642,671)	(8,141,426)

The Scheme maintains an active hedging policy designed to hedge returns of the underlying funds back to the currency in which the Fund is denominated. Hedge accounting has not been used in the preparation of these financial statements. The Scheme uses OMF Financial Limited ("OMF") to execute margin foreign exchange contracts and deliverable foreign exchange contracts. For margin foreign exchange contracts OMF can unilaterally reduce the size of the margin foreign exchange contract if the Scheme's balance falls below an agreed minimum amount. To date, OMF has not established a minimum amount for the Scheme and OMF have not exercised that right. No assets of the Scheme were pledged as collateral or security against the margin account.

Cash receipts from OMF and payments to OMF were reported on a net basis in the Statement of Cash Flows because the turnover is quick, the amounts are large and the maturities are short.

* Note: The NZD Fund comparatives are not presented and the 2015 Absolute Growth Fund (GBP) and Income Plus Fund (GBP) do not add to the Scheme total for 2015.

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7. Financial Instruments at Fair Value Through Profit or Loss (continued)

(i) Valuation

Fair value measurements can be categorised into a three level hierarchy based on their pricing source:

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' data requires significant judgement by the Scheme. The Scheme considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

Assets designated as fair value through profit or loss comprising of international equity, international fixed interest and international property unitised funds have been valued using redemption prices, which are based on the valuation of the underlying investments, as supplied by the Managers of the underlying funds and are included in level two of the fair value hierarchy, except Spectrum Stirling Income Fund and GDI No 36 Perth CBD Office Trust which were included in level three as noted below. Fair values for assets and liabilities that are held for trading comprising of forward foreign exchange contracts have been determined using valuation techniques using market observable inputs which are included in level two of the fair value hierarchy. The fair values have been calculated from spot exchange rates and forward points supplied by WM/Reuters.

In 2015, management revised the classification of the Spectrum Sterling Income Fund held by the Income Plus Fund (GBP) which had historically been disclosed as level 2 to level 3. This investment has been valued using unit prices provided by the respective fund managers. In 2016, Spectrum Sterling Income Fund was reclassified from a level 3 investment to a level 2 investment due to a market transaction subsequent to year end. GDI No 36 is an illiquid fund that invests in commercial property in Perth.

The Manager based the value of GDI No 36 Perth CBD Office Trust on the unit price provided by the manager of GDI No 36 Perth CBD Office Trust.

The following table shows a reconciliation from the opening balance to the closing balance for the fair value measurements in level 3 of the fair value hierarchy:

	Absolute Growth Fund (GBP)		Income Plus Fund (GBP)		Scheme (NZD)	
	2016	2015	2016	2015	2016	2015*
	£	£	£	£	\$	\$
Opening balance	-	-	2,929,173	-	5,798,047	-
Transfers from level 2	-	-	-	2,849,885	-	5,641,103
Transfers to level 2	-	-	(2,517,437)	-	(4,983,050)	-
Gains recognised in profit or loss	-	-	79,263	79,288	175,981	156,944
Movement in foreign currency translation reserve	-	-	-	-	25,373	-
Closing balance	-	-	490,999	2,929,173	1,016,351	5,798,047
Change in unrealised gains for the year included in profit or loss for financial assets and liabilities held at balance date	-	-	79,263	79,288	175,981	156,944

Financial assets at fair value through profit or loss exceeding 5% of the net assets available for benefits of each Fund at 31 March is detailed below.

Bennelong Long Short Equity Fund	16.29%	11.77%	-	-	4.03%	2.80%
CF Odey UK Absolute Return Fund	10.97%	9.41%	-	-	2.72%	2.24%
GMO Systematic Global Macro Trust	14.03%	13.02%	-	-	3.47%	3.10%
Permal Select Opportunities II	12.35%	12.46%	2.90%	2.78%	5.24%	5.09%
Alphagen Relative Value Agriculture Fund	13.07%	11.56%	-	-	3.24%	2.76%
Rockhampton Fund	12.00%	10.96%	-	-	2.97%	2.61%
CQS Diversified Fund	-	-	5.73%	5.21%	4.31%	3.97%
Pine River Fund Limited	-	-	-	8.07%	-	6.15%
Spectrum Sterling Income Fund	-	-	27.50%	28.72%	20.70%	21.88%
GDI No 36 Perth CBD Office Trust	-	-	6.40%	4.70%	4.82%	3.58%
Whitehaven Correlation Fund	5.89%	-	-	-	-	-

* Note: The NZD Fund comparatives are not presented and the 2015 Absolute Growth Fund (GBP) and Income Plus Fund (GBP) do not add to the Scheme total for 2015.

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	Absolute Growth Fund (GBP)		Income Plus Fund (GBP)		Scheme (NZD)	
	2016	2015	2016	2015	2016	2015*
	£	£	£	£	\$	\$
8. Trade and Other Receivables						
Accrued interest	2	-	-	241	4	481
Receivable benefit payment penalties	-	-	-	-	-	20,048
Futures margin accounts	564,788	642,669	4,534,014	3,908,163	10,554,341	9,218,773
Unsettled investment sales	-	191,246	-	861,156	-	2,505,936
Total Trade and Other Receivables	564,790	833,915	4,534,014	4,769,560	10,554,345	11,745,238
Trade and Other Receivable from Related Parties						
Investment management fees receivable (refer note 11)	-	-	-	1,990	-	3,977
Receivable from manager to cover wind-up costs	-	-	-	-	-	8,140
	-	-	-	1,990	-	12,117

Interest on futures margin accounts is 0%. Futures margin accounts are available on call. All future margin accounts are held with OMF. See also Note 12(iii).

All trade and other receivable balances are current assets and carrying values approximate fair value. Trade and other receivables are classified as loans and receivables under NZ IAS 39.

9. Trade and Other Payables						
Audit fees payable	7,465	6,499	17,342	15,079	51,350	52,466
Interest payable	-	-	50	-	103	-
Other administration fees payable	974	935	3,081	3,006	8,394	8,015
Withdrawals payable	7,798	67,770	21,844	261,471	61,358	1,325,527
Futures margin accounts	-	38,763	13,179	33,983	27,280	239,862
Investment accounting fees payable	3,110	4,786	2,684	4,054	11,993	29,518
Unsettled investment purchases	-	150,852	-	34,696	-	367,277
Total Trade and Other Payables	19,347	269,605	58,180	352,289	160,478	2,022,665
Trade and Other Payables to Related Parties						
Investment management fees payable (refer note 11)	6,327	6,858	3,583	-	20,513	14,731
Performance fee payable	-	-	-	1,142	-	2,260
Total Trade and Other Payables to Related Parties	6,327	6,858	3,583	1,142	20,513	16,991

All trade and other payables are current liabilities and carrying values approximate fair value. Trade and other payables are classified as financial liabilities at amortised cost under NZ IAS 39.

	Absolute Growth Fund (GBP)		Income Plus Fund (GBP)		Absolute Growth Fund (NZD)		Income Plus Fund (NZD)		Scheme (NZD)	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	£	£	£	£	\$	\$	\$	\$	\$	\$
10. Reconciliation of net (loss)/profit before membership activities to net cash flows from operating activities										
Net (loss)/gain before membership activities and transfers to reserves:	(72,166)	29,890	(554,139)	81,577	-	45,830	-	32,558	(1,390,530)	300,596
Add Non Cash Items										
Unrealised changes in fair value of financial assets	(7,922)	230,385	519,486	277,494	-	49,785	-	17,102	1,135,780	1,079,336
Unrealised foreign exchange losses/(gains) on cash at bank	(10)	52	(2,946)	3,064	718	1,339	(3,449)	71	(9,294)	7,622
Movements in Working Capital Items										
Decrease/(increase) in trade and other receivables	269,125	(579,367)	235,546	(4,540,954)	418,240	(395,628)	235,401	(161,588)	1,774,118	(10,764,494)
(Decrease)/increase in trade and other payables	(250,258)	(137,095)	(294,109)	4,580	(531,940)	464,105	(259,738)	164,050	(2,000,289)	363,988
Increase/(decrease) in receivables from related parties	-	-	1,990	(1,990)	1,312	(1,312)	6,866	(6,866)	12,596	(12,145)
(Decrease)/increase in payables to related parties	(531)	(1,250)	2,441	(16,300)	(1,156)	(25,690)	-	(21,689)	3,085	(82,365)
Decrease in cost of investments	89,228	909,837	550,094	5,498,182	-	389,381	-	177,955	1,419,431	13,341,619
Less Items Classified as Financing Activities										
Movements in payables attributable to financing activities	59,972	(42,337)	239,627	(170,483)	468,606	(482,485)	185,169	(185,450)	1,318,949	(1,092,188)
Net cash flows from operating activities	87,438	410,115	697,990	1,135,170	355,780	45,325	164,249	16,143	2,263,846	3,141,969

* Note: The NZD Fund comparatives are not presented and the 2015 Absolute Growth Fund (GBP) and Income Plus Fund (GBP) do not add to the Scheme total for 2015.

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11. Related Parties

Manager, Investment Manager and Trustee

The Manager of the Scheme is Evergreen Capital Partners Limited. The Manager is entitled to scheme management fees of 1.5% per annum (plus GST) of the value of the Member's Account. This fee is charged to each member by way of a unit redemption. This is accounted for as a withdrawal and is not included in the net gain/(loss) before membership activities.

Clearwater Capital LP, which is a related party of Evergreen Capital Partners, is the Investment Manager of the Scheme. The Investment Manager is entitled to management fees of 1.5% per annum (plus GST if any) of the net asset value of the Absolute Growth Funds and 1.0% (plus GST if any) of the Income Plus Funds.

The Investment Manager is also entitled to be paid a performance fee of 15% (plus GST if any) of the increase in net asset value per unit paid monthly for the Absolute Growth Funds and 10% for the Income Plus Funds. This is subject to a High Water Mark. The High Water Mark is the highest fund unit price on which any previous performance was paid. Performance fees are calculated and paid monthly in arrears.

Trustee fees for the day-to-day functions of acting as Trustee of the Scheme are currently paid by the Manager. Other ad hoc Trustee fees are charged to the Scheme.

The Manager's, Investment Manager's and Trustee's fees are provided for in accordance with the Trust Deed.

Fees paid or payable to related parties for the year were as follows:

	Absolute Growth Fund (GBP)		Income Plus Fund (GBP)		Scheme (NZD)	
	2016	2015	2016	2015	2016	2015*
	£	£	£	£	\$	\$
Evergreen Capital Partners Limited:						
Scheme management fee expense	53,653	57,774	136,858	154,347	422,975	432,959
Scheme management fee payable	3,429	4,764	11,085	11,708	30,044	33,462
Clearwater Capital LP:						
Investment management fee expense	39,948	46,592	89,205	93,510	286,747	288,179
Investment management fee payable/(receivable)	6,327	6,858	3,583	(1,990)	20,513	10,754
Performance fees expense	-	-	1,404	4,909	3,117	9,786
Performance fees payable	-	-	-	1,142	-	2,260

Other related parties

In the previous year the Scheme invested in funds which were managed by Penrich Capital Group. Penrich's Chief Investment Officer is also on the investment committee of the Investment Manager, Clearwater Capital LP. The Absolute Growth Fund (GBP) and Income Plus Fund (GBP) sold their holdings in the Penrich funds in the previous year and there were no investments in the Penrich funds at 31 March 2016.

	Absolute Growth Fund (GBP)		Income Plus Fund (GBP)		Scheme (NZD)	
	2016	2015	2016	2015	2016	2015*
The Scheme held units in Penrich funds as follows:						
Penrich Global Macro Fund Fixed Income						
Holding: at fair value	-	-	-	-	-	-
Sales: proceeds	£	-	-	2,843,759	-	5,668,987
	\$	-	-	-	-	12,745
Penrich Global Macro Fund						
Holding: at fair value	-	-	-	-	-	-
Sales: proceeds	£	429,642	-	-	-	856,484
	\$	-	-	-	-	49,264

The underlying fund managers use separate classes of units to manage equalisation. A class is rolled into the master class when the value of the unit in the class exceed the value of the units in the master class on the day of investment. The rollover generally occurs at a quarter end, half yearly or annually.

* Note: The NZD Fund comparatives are not presented and the 2015 Absolute Growth Fund (GBP) and Income Plus Fund (GBP) do not add to the Scheme total for 2015.

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12. Financial Risk Management

The Scheme is subject to a number of financial risks which are as a result of its activities, including: market risk, credit risk and liquidity risk. The Scheme's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Funds' financial performance.

Market Risk

The Scheme is exposed directly to unit price risk and currency risk through its holding of cash and cash equivalents, unitised fund investments and foreign exchange contracts. The maximum market risk resulting from financial instruments is determined by their fair value. The Scheme is indirectly exposed to interest rate risk through fair value changes in its investments into managed funds that in turn invest in fixed interest assets.

(I) Unit Price Risk

Unit price risk is the risk that the fair value or future cash flows of non-monetary financial instruments will fluctuate because of changes in market prices, whether those changes are caused by factors specific to an issuer or factors affecting all similar financial instruments traded in the market.

All investments in unitised funds present a risk of loss of capital often due to factors beyond the unitised funds manager's control such as competition, regulatory changes, commodity price changes and changes in general economic climate domestically and internationally. The managers of the underlying unitised funds moderate this risk through careful stock selection and diversification of unitised fund investments, daily monitoring of the unitised funds' market position and adherence to the unitised funds' investment policies.

Where non-monetary financial instruments, for example, unitised funds are denominated in currencies other than the Fund's functional currency, the price initially expressed in foreign currency and then converted into the Fund's functional currency will also fluctuate because of changes in foreign exchange rates (see note 12(ii) Currency Risk below). The foreign exposure relating to these assets and liabilities is considered to be a price risk component of market and not currency risk.

The Funds' investment policies as at 31 March 2016 state the following:

Absolute Growth Funds

- No more than 20% of the Fund can be allocated to any one underlying fund at any time.
- No more than 30% of the Fund may be invested with any one underlying manager.
- The Funds may not employ leverage to enhance returns.

Income Plus Funds

- There must be a minimum of two underlying funds selected across the two major strategies - fixed income and property related securities.
- No more than 50% of the Fund may be invested with any one underlying manager.
- The Funds may not take on leverage to enhance returns.

The removal of the Scheme from the QROP's list contributed to the Funds receiving no new member contributions. Member contributions are the most effective way to rebalance the portfolio, however, Clearwater Capital LP were forced to rebalance via redemptions. As some funds are more illiquid than others and with funds having minimum redemption amounts, compliant weightings were not maintained. Rebalancing naturally takes longer to effect due to the lag between placing redemption orders, receiving the cash back and reinvesting into new funds. Rebalancing also has dealing costs associated with its implementation, presenting a trade off between materiality of the breach and the reduction in performance from excessive dealing to rebalance small amounts. Finally given that there are minimum withdrawal and contribution amounts it is not always possible to make small adjustments to the fund allocations.

Sensitivity Analysis

A variable of 10% was selected for unit price risk as this is a reasonably expected movement based on historic trends.

The following table shows the sensitivity of profit for the period and sensitivity of members' funds to reasonably possible changes in unit prices at 31 March with all other variables held constant:

	Absolute Growth Fund (GBP)		Income Plus Fund (GBP)		Scheme (NZD)	
	2016	2015	2016	2015	2016	2015*
	£	£	£	£	\$	\$
Financial assets at fair value through profit or loss	2,132,842	2,109,279	3,260,600	4,337,004	11,164,236	12,759,863
Impact of a -10% change in unit prices	(213,284)	(210,928)	(326,060)	(433,700)	(1,116,424)	(1,275,986)
Impact of a +10% change in unit prices	213,284	210,928	326,060	433,700	1,116,424	1,275,986

Members' funds would be impacted by the same amount less the impact of PIE tax adjustments that would be attributed to members.

* Note: The NZD Fund comparatives are not presented and the 2015 Absolute Growth Fund (GBP) and Income Plus Fund (GBP) do not add to the Scheme total for 2015.

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12. Financial Risk Management (continued)

Market Risk (continued)

(i) Unit Price Risk (continued)

The Absolute Growth Funds exposure to risk, through their investment in underlying funds, is detailed in the table below:

Fund Name	Base Currency	Liquidity	Risk
Bennelong Long Short Equity Fund	AUD	Quarterly	Systemic Market Risk
GMO Systematic Global Macro Trust	AUD	Daily	Margin Risk
Permal Select Opportunities II	USD	9 Months	Systemic Market Risk
CF Odey UK Absolute Return Fund	GBP	Daily	Systemic Market Risk
Whitehaven SPC Correlation Fund	USD	Monthly	Margin Risk
Rockhampton Fund	USD	Daily	Systemic Market Risk
Alphagen Relative Value Agriculture Fund	GBP	Monthly	Margin Risk

The IncomePlus Funds exposure to risk, through their investment in underlying funds, is detailed in the table below:

Fund Name	Base Currency	Liquidity	Risk
CQS Diversified Fund	GBP	4 Months	Credit Risk and Systemic Market Risk
GDI No. 36 Perth CBD Office Trust	AUD	3 Years	Real Estate Risk
Spectrum Sterling Income Fund	GBP	Monthly	Credit Risk and Systemic Market Risk
Permal Select Opportunities II	USD	9 Months	Systemic Market Risk

(ii) Currency Risk

Currency risk is the risk that the fair value or future cash flows of a monetary financial instrument will fluctuate because of changes in foreign exchange rates. The Scheme is exposed to currency risk through holding foreign currency dollar cash and cash equivalents, foreign currency trade and other receivables and payables, and foreign exchange contracts. As the two NZ dollar denominated funds were wound up and units in the Funds were fully redeemed at 31 March 2015 the members of those NZD denominated funds were not subject to any currency risk as the Manager will pick up any residual risk. Currency risk is managed in line with the investment guidelines of the Scheme. The Scheme is also exposed to currency risk through its investments in the underlying funds denominated in foreign currencies as detailed in Note 12(i).

Sensitivity Analysis

The following table shows the sensitivity of profit for the period and sensitivity of members' funds to reasonably possible changes in foreign exchange (FX) rates as at 31 March with all other variables held constant:

	Absolute Growth Fund (GBP)		Income Plus Fund (GBP)		Scheme (NZD)	
	2016	2015	2016	2015	2016	2015*
	£	£	£	£	\$	\$
Trade and other receivables						
Carrying amount	67,954	191,246	3,658	1,040,318	148,234	2,437,776
Impact of a +/- 10% change in FX rates:						
NZD - 10% Profit and members' funds	7,550	-	-	27	15,628	53
NZD + 10% Profit and members' funds	(6,177)	-	-	(22)	(12,786)	(43)
AUD - 10% Profit and members' funds	-	-	406	76,214	841	150,859
AUD + 10% Profit and members' funds	-	-	(333)	(62,357)	(688)	(123,430)
USD - 10% Profit and members' funds	-	21,250	-	39,350	-	119,953
USD + 10% Profit and members' funds	-	(17,386)	-	(32,196)	-	(98,143)

* Note: The NZD Fund comparatives are not presented and the 2015 Absolute Growth Fund (GBP) and Income Plus Fund (GBP) do not add to the Scheme total for 2015.

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12. Financial Instruments (continued) Market Risk (continued)		Absolute Growth Fund (GBP)		Income Plus Fund (GBP)		Scheme (NZD)	
		2016	2015	2016	2015	2016	2015*
		£	£	£	£	\$	\$
(II) Currency Risk (continued)							
Financial assets at fair value through profit or loss							
Investments in foreign currency denominated funds							
	Carrying amount of funds denominated in AUD	762,385	679,558	493,045	411,731	2,598,695	2,160,112
	Carrying amount of funds denominated in USD	762,324	771,536	222,199	951,155	2,037,928	3,409,920
	Carrying amount of funds denominated in EUR	-	83,177	-	-	-	164,643
Impact of a +/- 10% change in FX rates:							
AUD - 10%	Profit and members' funds	84,709	75,506	54,783	45,748	288,744	240,012
AUD + 10%	Profit and members' funds	(69,308)	(61,778)	(44,822)	(37,430)	(236,246)	(196,374)
USD - 10%	Profit and members' funds	84,703	85,726	24,689	105,684	226,436	378,880
USD + 10%	Profit and members' funds	(69,302)	(70,140)	(20,200)	(86,469)	(185,266)	(309,993)
EUR - 10%	Profit and members' funds	-	9,242	-	-	-	18,294
EUR + 10%	Profit and members' funds	-	(7,562)	-	-	-	(14,968)
Forward foreign exchange contracts							
	Carrying amount	(153,759)	(48,890)	(69,282)	(76,106)	(461,687)	(247,419)
	Contract value	(1,528,123)	(1,526,496)	(714,752)	(2,276,898)	(4,642,671)	(7,528,492)
Impact of a +/- 10% change in FX rates:							
AUD - 10%	Profit and members' funds	(80,525)	(65,219)	(46,184)	(113,984)	(262,283)	(354,716)
AUD + 10%	Profit and members' funds	65,884	53,361	37,787	93,260	214,595	290,222
USD - 10%	Profit and members' funds	(89,266)	(95,917)	(33,233)	(139,005)	(253,570)	(465,008)
USD + 10%	Profit and members' funds	73,036	78,478	27,191	113,731	207,466	380,461
EUR - 10%	Profit and members' funds	-	(8,475)	-	-	-	(16,776)
EUR + 10%	Profit and members' funds	-	6,934	-	-	-	13,725
Trade and other payables							
	Carrying amount	(11,549)	(173,385)	(36,336)	(70,930)	(99,120)	(483,601)
Impact of a +/- 10% change in FX rates:							
NZD - 10%	Profit and members' funds	(1,283)	(2,398)	(4,037)	(6,236)	(11,013)	(17,089)
NZD + 10%	Profit and members' funds	1,050	1,962	3,303	5,102	9,011	13,982
AUD - 10%	Profit and members' funds	-	(7,706)	-	(681)	-	(16,601)
AUD + 10%	Profit and members' funds	-	6,305	-	557	-	13,583
USD - 10%	Profit and members' funds	-	(8,488)	-	(964)	-	(18,710)
USD + 10%	Profit and members' funds	-	6,945	-	789	-	15,308
EUR - 10%	Profit and members' funds	-	(674)	-	-	-	(1,334)
EUR + 10%	Profit and members' funds	-	551	-	-	-	1,091
Trade and other payables related parties							
	Carrying amount	(6,327)	(6,858)	(3,583)	848	(20,513)	(11,897)
Impact of a +/- 10% change in FX rates:							
NZD - 10%	Profit and members' funds	(703)	(762)	(398)	94	(2,279)	(1,322)
NZD + 10%	Profit and members' funds	575	623	326	(77)	1,865	1,082

Members' funds would be impacted by the same amount less the PIE tax adjustment that would be attributed to Members.

* Note: The NZD Fund comparatives are not presented and the 2015 Absolute Growth Fund (GBP) and Income Plus Fund (GBP) do not add to the Scheme total for 2015.

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12. Financial Instruments (continued)

(iii) Credit Risk

Credit risk is the potential risk of financial loss resulting from the failure of counterparties to honour the terms and conditions of a contract with the Scheme. Financial instruments that subject the Scheme to credit risk are cash and cash equivalents and trade and other receivables.

The maximum credit risk of financial instruments is considered to be the carrying amount of cash and cash equivalents and trade and other receivables on the Statement of Net Assets Available for Benefits. The risk is managed by investing in diversified funds that in themselves invest in a diversified portfolio of investments. The Scheme does not require collateral or other security to support financial instruments with credit risk. The Scheme invests cash with banks registered in New Zealand which carry a minimum Standard and Poor's short term credit rating of A-1+.

Future margin accounts with OMF (disclosed in Note 8 and Note 9) are held by OMF on trust in one of OMF's client bank accounts where OMF acts as a bare trustee. OMF is subject to regulatory oversight from the FMA. OMF has no external credit rating.

As at 31 March 2016 there were no financial assets past due or impaired (31 March 2015: Nil).

(iv) Offsetting

Financial assets and liabilities are offset and the net amount reported in the Statement of Net Assets Available for Benefits where the Funds currently have a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. In the normal course of business, the Funds enter into various master netting agreements or other similar arrangements that do not meet the criteria for offsetting in the Statement of Net Assets Available for Benefits but still allow for the related amounts to be offset in certain circumstances such as the termination of the contracts.

The following table presents the recognised financial assets and liabilities that are subject to offsetting, or subject to enforceable master netting arrangements or other similar agreements but not offset, as at 31 March. The 'Net amount' total shows what the net position for each derivative type would be if all offset rights were exercised.

In normal circumstances, under the terms of the master netting arrangements, the Funds and their counterparties may elect that a net amount, being the termination value, will be determined and this single net amount is due or payable in settlement of all the outstanding transactions. In certain circumstances, for example when a credit event such as a default occurs, each party's obligation to make payment will be automatically satisfied and discharged and all outstanding transactions under the agreement will be terminated.

	Absolute Growth Fund (GBP)		Income Plus Fund (GBP)		Scheme (NZD)	
	2016	2015	2016	2015	2016	2015*
	£	£	£	£	\$	\$
Forward foreign exchange contracts						
Financial Assets						
Amounts subject to offsetting: Gross assets	-	136,723	-	173,401	-	654,209
Gross liabilities offset	-	(109,067)	-	(138,867)	-	(506,517)
Net amounts presented	-	27,656	-	34,534	-	147,692
Financial Liabilities						
Amounts subject to offsetting: Gross liabilities	(153,759)	(185,613)	(69,282)	(249,507)	(461,687)	(888,439)
Gross assets offset	-	109,067	-	138,867	-	506,517
Net amounts presented	(153,759)	(76,546)	(69,282)	(110,640)	(461,687)	(381,922)

(v) Liquidity Risk

Liquidity risk is the risk that the Scheme will experience difficulty in either realising assets or otherwise raising sufficient funds to satisfy commitments associated with financial instruments. Liquidity risk is managed by holding some liquid investments to enable the Scheme to meet normal redemptions and commitments. The Manager has invested the Scheme into mid and long term liquidity investments to reflect the longer term pension liabilities of the Scheme.

The liquidity terms of the Scheme's investments are summarised in the risk table included in Note 12(i) Unit Price Risk.

Monies received from members' applications may be used to offset redemptions and the Manager may in certain circumstances suspend redemptions.

The Scheme's financial liabilities consist of trade and other payables and foreign exchange contracts which are short term in nature and classified as a current liability at balance date. Maturities are not expected to exceed 90 days.

* Note: The NZD Fund comparatives are not presented and the 2015 Absolute Growth Fund (GBP) and Income Plus Fund (GBP) do not add to the Scheme total for 2015.

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13. Capital Management

The Scheme manages its members' funds as capital. All units in the Scheme carry the same rights and preferences and restrictions. There are restrictions on benefit payments as set out in the Trust Deed of the Scheme. The Trustee may defer giving effect to a permitted benefit payment or any transfer out of the Scheme if the Trustee determines that having regard to the realisation of assets required in order to make the benefit payment or transfer or the occurrence or existence of any other circumstance or event relating to the Scheme or generally, earlier payment or transfer would be imprudent or is impracticable.

The Manager has discretion as to whether to distribute any net income of the Scheme. Income that is not distributed is invested as part of the assets of the Scheme or may also be used to make later distributions to members.

As at balance date the Scheme classified the following as members' funds:

Members' Funds	Absolute Growth Fund (GBP)		Income Plus Fund (GBP)		Scheme (NZD)	
	2016	2015	2016	2015	2016	2015*
	£	£	£	£	\$	\$
	2,520,650	2,741,903	7,666,583	8,765,608	21,087,217	22,778,131
Units	Number	Number	Number	Number	Number	Number
	2,653,233	2,815,559	7,805,104	8,317,134	10,458,337	11,132,693

14. Units on Issue

Units on issue at the start of the year	2,815,559	3,385,703	8,317,134	9,640,224	11,132,693	13,678,107
Total contributions for the year	-	242	5,359	44,649	5,359	44,891
Total withdrawals for the year	(162,326)	(570,386)	(517,389)	(1,367,739)	(679,715)	(2,590,305)
Units on issue at the end of the year	2,653,233	2,815,559	7,805,104	8,317,134	10,458,337	11,132,693

15. Tax Attributable to Members

Members' tax payments and refunds are settled with the Inland Revenue ("IR") via the cancellation and issue of units in the Scheme. Tax deducted at source on behalf of members is used to reduce members' tax liabilities.

	Absolute Growth Fund (GBP)		Income Plus Fund (GBP)		Scheme (NZD)	
	2016	2015	2016	2015	2016	2015*
	£	£	£	£	\$	\$
Accrued members' attributed tax at balance date	427	543	(10,354)	5,771	(20,547)	14,921
Members' attributed tax (refunded)/paid during the year	(427)	(427)	(386)	(357)	(1,683)	(1,563)
Foreign currency translation	-	-	-	-	(1,615)	88
Members' attributed tax for the year	-	116	(10,740)	5,414	(23,845)	13,446

16. Contingent Liabilities

There were no contingent liabilities as at 31 March 2016 (31 March 2015: Nil).

17. Capital Commitments

There were no capital commitments as at 31 March 2016 (31 March 2015: Nil).

18. Events After Balance Date

The Income Plus Fund (GBP) fully redeemed its holding in the Spectrum Sterling Income Fund on 31 May 2016 at the value attributed to the holding at balance date.

On 27 June 2016 the FMA confirmed it will include the Scheme on an Order in Council with a restricted legacy designation.

There were no other material subsequent events which require adjustment to or disclosure in these financial statements.

* Note: The NZD Fund comparatives are not presented and the 2015 Absolute Growth Fund (GBP) and Income Plus Fund (GBP) do not add to the Scheme total for 2015.

Independent Auditor's Report

To the Members of Evergreen Retirement Trust

Report on the Financial Statements

We have audited the financial statements of Evergreen Retirement Trust (the "Scheme") on pages 4 to 20, which comprise the statement of net assets available for benefits of the Scheme as at 31 March 2016, the statement of changes in net assets available for benefits and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Scheme Manager's Responsibility for the Financial Statements

The Scheme Manager is responsible for the preparation of the financial statements, in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards and that give a true and fair view of the matters to which they relate, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). These auditing standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we have considered the internal control relevant to the entity's preparation of the financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Other than in our capacity as auditor, we provide assurance services to the Scheme on summary financial statements extracted from the Scheme financial statements. We also report to Trustee of the Scheme as required by the Scheme's Trust Deed. We have no other relationship with, or interest in, the Scheme.

Opinion

In our opinion, the financial statements on pages 4 to 20:

- ▶ comply with New Zealand Equivalents to International Financial Reporting Standards;
- ▶ comply with International Financial Reporting Standards; and
- ▶ give a true and fair view of the financial position of the Scheme as at 31 March 2016 and its financial performance and cash flows for the year then ended.

Emphasis of matter – Basis of Preparation of the Financial Statements

The financial statements have been prepared on a realisation basis as described in Note 2(ii). This basis differs from the normal convention in that financial statements are usually prepared on the basis that the company will carry on business as a going concern. Under the realisation basis, the financial statements include adjustments to the net book value of assets, reducing them to the amounts expected to be realised, together with additional provisions and liabilities which will arise as a result of the company ceasing to trade.

No decision has been reached on the Scheme wind-down date by the Manager and the Trustee. As explained in Note 2(ii), no liquidity adjustments were made to the fair value of the Scheme assets that have a lengthy redemption period and may be realised at a material discount if the assets were to be redeemed early as the Manager and the Trustee expect the Scheme assets will be realised in the ordinary course of business.

Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

In accordance with the Financial Reporting Act 2013, we report that:

- ▶ We have obtained all the information and explanations that we have required.
- ▶ In our opinion proper accounting records have been kept by the Scheme as far as appears from our examination of those records.

Ernst & Young

5 September 2016
Christchurch