

Professional Investment Holdings (NZ) Limited

Consolidated

Financial Statements

30 June 2008

# Professional Investment Holdings (NZ) Limited Consolidated

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# Professional Investment Holdings (NZ) Limited Consolidated Directory

<b>Nature of Business</b>	Investment
<b>Address</b>	Level 14, 7 City Road PO Box 8463 Symonds Street AUCKLAND
<b>Telephone</b>	09 307 1190
<b>Facsimile</b>	09 307 9155
<b>Registered Office</b>	Level 14, 7 City Road PO Box 8463 Symonds Street AUCKLAND
<b>Directors</b>	R J Bennetts S J Murphy G D Evans S C Grey B T Dickins
<b>Shareholders</b>	Chester Grey Chartered Accountants Limited 10000 'A' Shares, 10000 'B' Shares AUSIWI Limited 200,000 'A' Shares, 200,000 'B' Shares Boyd Knight Financial Services Limited 10000 'A' Shares, 10000 'B' Shares TW Futures Limited 10000 "A" Shares, 15834 "B" Shares CSL (No 4) Limited 10000 "A" Shares, 15834 "B" Shares JSP Holdings Limited 10000 "A" Shares, 10000 "B" Shares Corbett Carter Limited 7500 "A" Shares, 7500 "B" Shares RJ Lissington; AW Lissington & J S Thompson JOINTLY as Trustees for the Lissington Family Trust 10000 "A" Shares, 17500 "B" Shares Prosperity Partners (2000) Limited 7500 "A" Shares, 7500 "B" Shares WBB Asset & Risk Management Limited 10000 "A" Shares, 10000 "B" Shares Allott Thompson Francis Limited 6667 "A" Shares Allott NZ Limited 6666 "B" Shares Gary S Hodgson 10000 "A" Shares, 10000 "B" Shares Walton Railton & Co Limited 5000 "A" Shares, 5000 "B" Shares Christine Booth Shane Booth; HB Trustees Ltd JOINTLY 5000 "A" Shares, 5000 "B" Shares DC Fraser; JM Fraser; RGW Austin Jointly as Trustee In Fraser Family Trust 2500 "A" Shares, 2500 "B" Shares AW Badcock; PA Badcock; IR Burgess jointly as Trustees in Tennyson Family Trust 2500 "A" Shares, 2500 "B" Shares LF Grace, MK Grace & KM Retter JOINTLY 10000 "A" Shares 10000 "B" Shares FAH Limited 5000 "A" Shares, 5000 "B" Shares LW Brown; LL Brown; Allott Thompson Francis Trustee Co Ltd jointly as Trustee in Lyall & Linda Brown Family Trust 3333 "A" Shares, 3334 "B" Shares Kelly & Bryant Holdings Limited 12000 "A" Shares 12000 "B" Shares Christine F Braun & Trevor W Braun JOINTLY 3000 "A" Shares, 3000 "B" Shares Alexander Brown Hazzard 10000 "B" Shares The Phillips Family Trust 14167 "B" Shares Strathdee Family Trust 7500 "B" Shares Lindsay John Strathdee 6667 "B" Shares The S & L Booth Business Trust 14166 "B" Shares Financial Wellness Limited 7500 "B" Shares Wealthcare Equities No 1 Limited 15000 "B" Shares

**Shareholders (Continued)**

Gerard M Gill & Mary B Gill JOINTLY 7500 "B" Shares  
 Hetherington Johnsten Limited 3521 "B" Shares  
 John Bruce Mitchell 300 "B" Shares  
 Betty Ann Heskle 300 "B" Shares  
 Denise Kay Roberts 200 "B" Shares  
 David Christopher McHutchon 167 "B" Shares  
 Hema Elaine Broad 97 "B" Shares  
 John Kevin Broad 500 "B" Shares  
 Stephen John Nicholson 500 "B" Shares  
 Susan Allison Curran 200 "B" Shares  
 Katarina Irma Coe 535 "B" Shares  
 Bruce Coe 15565 "B" Shares  
 John A Denton & Diane Denton JOINTLY 611 "B" Shares  
 Maryann Jane Pratt 7500 "B" Shares  
 Maryann Pratt & Benjamin Pratt Trustees of Maryann Spelman Family Trust 2502 "B" Shares  
 BJ Law; CF Selby-Law jointly as Trustee of Selby-Law Family Trust 5000 "B" Shares  
 Brian Law & Associates Limited 830 "B" Shares  
 Douglas Peter McKeown 10000 "B" Shares  
 Rail Lane Limited Trustee of The Hume Trust 1025 "B" Shares  
 Anthony John Walker 7500 "B" Shares  
 DSS HB Limited 12000 "B" Shares  
 Paul Raymond Gardiner 10000 "B" Shares  
 Barry Edward Kloogh 15000 "B" Shares  
 John Jeffrey Moffat 2000 "B" Shares  
 Hua (Carol) Yang 1000 "B" Shares  
 CM Louisson; KE Louisson; Spurdel Bright & Wilde Trustee Co Ltd jointly Louisson Family Trust  
 2000 "B" Shares  
 David Keys 8000 "B" Shares  
 Accumulus Investments Limited 10000 "B" Shares  
 CA Booth; FL Hay & ASH Trustee Co Ltd jointly Trustee in the Hay Booth Trust 5000 "B" Shares  
 Wright Financial Solutions 7500 "B" Shares  
 Beverly Sharlie Elizabeth McKeown 10000 "B" Shares

**Tax Agents**

Chester Grey Chartered Accountants Ltd  
 Chartered Accountants  
 230 Great South Road  
 Papatoetoe, AUCKLAND.

**Auditor**

Hayes Knight Audit  
 Chartered Accountants  
 Parnell House, 470 Parnell Road  
 Auckland

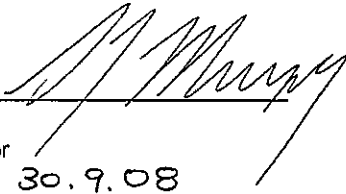
**Bankers**

Westpac New Zealand Limited  
 Palmerston North

Professional Investment Holdings (NZ) Limited Consolidated  
Annual report  
For the year ended 30 June 2008


The board of directors present their annual report including financial statements of the company for the year ended 30<sup>th</sup> June 2008 and the auditors report thereon.

The shareholders of the company have exercised their right under section 211(3) of the Companies Act 1993 and unanimously agreed that this annual report need not comply with any of the paragraphs (a), and (d) to (j) of section 211(3) of the Act.



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Director  
Date: 30.9.08



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Director  
Date: 30.9.08

Professional Investment Holdings (NZ) Limited Consolidated  
 Income statement  
 For the year ended 30 June 2008

	Group		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
Commission revenue	5,062,568	5,159,502	-	-
Commission paid	(3,963,625)	(3,831,732)	-	-
Operating surplus (deficit) before taxation	1,098,943	1,327,770	-	-
Recoveries	9,159	5,639	-	-
Other income	16,604	99,439	-	-
Foreign exchange gain/(loss) – realised	(48,048)	104,178	-	-
Conference - sponsorship	216,177	173,213	-	-
Conference – expenses	(187,374)	(239,322)	-	-
Strategic review	(20,699)	(15,299)	-	-
Audit fees	(30,980)	(25,900)	-	-
Bad debts expense	(127,125)	-	-	-
Depreciation and amortisation expense	(23,898)	(14,260)	-	-
Wages and salaries	(670,659)	(550,977)	-	-
Other associated personnel costs	(37,278)	(17,927)	-	-
Professional fees	(9,467)	(7,669)	-	-
Promotion and marketing	(33,650)	(22,104)	-	-
Property costs	(106,490)	(38,060)	-	-
Travel and entertainment	(124,761)	(109,498)	-	-
Communication costs	(28,242)	(19,504)	-	-
Insurance	(25,429)	(18,118)	-	-
GST non recoverable	(33,058)	-	-	-
Printing, stationery & postage	(42,172)	(28,203)	-	-
Other expenses	(51,957)	(37,068)	(107,957)	334,789
<b>Operating deficit) surplus before taxation</b>	<b>(260,404)</b>	<b>566,330</b>	<b>(107,957)</b>	<b>334,789</b>
Taxation	-	-	-	-
<b>(Loss)/profit after taxation</b>	<b>(260,404)</b>	<b>566,330</b>	<b>(107,957)</b>	<b>334,789</b>
Share of loss – associates equity accounted	(963)	(21,899)	-	-
<b>Net (deficit) surplus</b>	<b>(261,367)</b>	<b>544,431</b>	<b>(107,957)</b>	<b>334,789</b>

This statement has been audited and is to be read in conjunction with the notes to the accounts.



Professional Investment Holdings (NZ) Limited Consolidated  
Statement of changes in equity  
For the year ended 30 June 2008

	<u>Share capital</u>	<u>Retained earnings/ (accumulated loss)</u>	<u>Total</u>
<b>GROUP</b>			
Balance at 1 July 2006	364,750	(889,146)	(524,396)
Net profit/(loss)	-	544,431	544,431
Capital contribution	60,511	-	60,511
Balance at 30 June 2007	425,261	(344,715)	80,546
Net profit/(loss)	-	(261,367)	(261,367)
Capital contribution	45,250	-	45,250
Balance at 30 June 2008	470,511	(606,082)	(135,571)

	<u>Share capital</u>	<u>Retained earnings/ (accumulated loss)</u>	<u>Total</u>
<b>COMPANY</b>			
Balance at 1 July 2006	364,750	(1,154,215)	(789,465)
Net profit/(loss)	-	334,789	334,789
Capital contribution	60,511	-	60,511
Balance at 30 June 2007	425,261	(819,426)	(394,165)
Net profit/(loss)	-	(107,957)	(107,957)
Capital contribution	45,250	-	45,250
Balance at 30 June 2008	470,511	(927,383)	(456,872)

The statement has been audited and is to be read in conjunction with the notes of the accounts.



## Professional Investment Holdings (NZ) Limited Consolidated

## Balance sheet

As at 30 June 2008

	Note	Group		Parent	
		2008 \$	2007 \$	2008 \$	2007 \$
<b>Equity</b>					
Paid in capital	8	470,511	425,261	470,511	425,261
Accumulated surplus/(deficit)		<u>(606,082)</u>	<u>(344,715)</u>	<u>(927,383)</u>	<u>(819,427)</u>
<b>Total equity</b>		<u>(135,571)</u>	<u>80,545</u>	<u>(456,872)</u>	<u>(394,166)</u>
<b>Current liabilities</b>					
Trade payables		768,696	704,104	199	199
Provision for holiday pay		25,084	13,479	-	-
GST & PAYE payable		14,492	1,973	-	-
Intercompany loans	5	<u>456,674</u>	<u>427,215</u>	<u>474,673</u>	<u>411,967</u>
<b>Total liabilities</b>		<u>1,264,946</u>	<u>1,146,771</u>	<u>474,872</u>	<u>412,166</u>
<b>Total equity and liabilities</b>		<u>1,129,375</u>	<u>1,227,316</u>	<u>18,000</u>	<u>18,000</u>



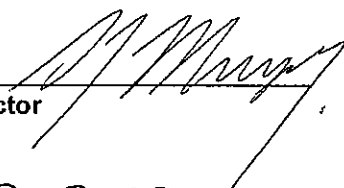
This statement has been audited and is to be read in conjunction with the notes of the accounts.


## Professional Investment Holdings (NZ) Limited Consolidated

## Balance sheet

As at 30 June 2008

	Note	Group		Parent	
		2008	2007	2008	2007
<b>Current assets</b>					
Cash and cash equivalents		149,929	210,496	-	-
Receivables and prepayments		708,880	822,031	-	-
Deposits – rental		48,600	-	-	-
		<u>907,409</u>	<u>1,032,527</u>	<u>-</u>	<u>-</u>
<b>Non-current assets</b>					
Property, plant and equipment	2	69,728	41,456	-	-
Intangible Assets	3	152,238	152,380	-	-
Investment accounted for using equity method		-	953	18,000	18,000
		<u>221,966</u>	<u>194,789</u>	<u>18,000</u>	<u>18,000</u>
<b>Total Assets</b>		<u><b>1,129,375</b></u>	<u><b>1,227,316</b></u>	<u><b>18,000</b></u>	<u><b>18,000</b></u>

  
 Director  
 30.9.08  
 Date

  
 Director  
 30.9.08  
 Date

The statement has been audited and is to be read in conjunction with the notes to the accounts.



# Professional Investment Holdings (NZ) Limited Consolidated Notes to and forming part of the financial statements

## 1. Statement of accounting policies

Professional Investment Holdings (NZ) Limited (the 'Company') is a profit orientated company domiciled in New Zealand. The consolidated financial report of the Company for the financial year ended 30 June 2008 comprises of the company and its subsidiaries (together referred to as the 'consolidated entity') and the consolidated entity's interest in associates.

By virtue of its lack of public accountability and its size, the company is a qualifying entity in terms of the framework for Differential reporting. The company has taken advantage of all differential reporting exemptions available to it.

The financial statements have been prepared in accordance with the requirements of the Companies Act 1993 and the Financial Reporting Act 1993. International Financial Reporting Standards (IFRS) form the basis of the New Zealand Financial Reporting Standards and for the purpose of this report are called New Zealand Equivalents to IFRS. (NZIFRS) to distinguish from previous New Zealand GAAP.

The consolidated financial report is presented in New Zealand dollars and is prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: financial instruments classified as available for sale.

### (a) Investments

Investments are stated at the lower of cost and net realisable value. Dividend income is recognised in the statement of financial performance when received.

Where in the opinion of the directors there has been a permanent diminution in the value of investments this has been recognised in the current period.

### (b) Receivables

Receivables are stated at anticipated realisable value. Where doubtful debts are identified a provision is created for amounts unlikely to be recovered at year end. Bad debts are written off during the period in which they are identified.

### (c) Consolidation

The consolidated financial statements including the parent company and its subsidiaries, accounted for using the purchase method. All significant intercompany transactions are eliminated on consolidation.

Associates are those entities in which the consolidated entity has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the consolidated entity's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the consolidated entity's share of losses exceeds its interest in an associate, the consolidated entity's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the consolidated entity has incurred legal or constructive obligations or made payments on behalf of an associate. In the Company's financial statements, investments in associates are carried at cost.

### (d) Goods and Services Tax (GST)

Professional Investment Holdings (NZ) Limited is not registered for GST. The financial statements have been prepared on a GST inclusive basis.

### (e) Depreciation

Depreciation is calculated using rates permitted under the Income Tax Act 1994.

### (f) Taxation

Taxation expenses charged against the operating surplus for the year is the estimated total tax for the current period in accordance with the taxation return to the Inland Revenue.



# Professional Investment Holdings (NZ) Limited Consolidated Notes to and forming part of the financial statements

## (g) Property, plant and equipment

Fixed assets are recognised at cost less aggregate depreciation based on the estimated useful life of the asset.

The rates used are as follows:-

	Rate
Office equipment	22% DV
Furniture & fittings	11% - 18% DV
Computer software & equipment	40% - 48% DV

## (h) Operating revenue

Sales revenue represents revenue earned from the sale of the entity's products and services, net of returns, trade allowances and duties and taxes paid. This revenue is recognised when the business is written. Other revenue includes interest income on investments and dividends and is recognised when received.

## (i) Intangible assets

### *Patents & trademarks*

Patents, trademarks and licences are amortised over their useful lives which range between 3 and 10 years. The directors assess the carrying value of each intangible asset annually and further amendments are made where it is considered necessary.

	Useful life
Trademark	10 Years

### **Impairment**

The carrying amounts of the consolidated entity's assets and other deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

### *RMS Advisor Network*

RMS advisor network is considered to be an intangible because it consists of distribution rights and client records. This intangible asset is regarded as having an indefinite useful life because there are no legal restrictions on the use of the network for its ongoing usefulness. An impairment test is performed annually where indicators of impairment exist. Testing done at year end showed no impairment to this intangible asset.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

## (k) Change in accounting policies

There have been no changes in Accounting Policies. All policies have been applied on a basis consistent with those used in previous years.



Professional Investment Holdings (NZ) Limited Consolidated  
Notes to and forming part of the financial statements

2. Property plant & equipment

Group	Computer hardware \$	Leasehold improvements \$	Plant and equipment \$	Fixtures and fittings \$	Total \$
<b>Cost</b>					
Balance at 1 July 2006	-	2,498	20,156	15,454	38,108
Acquisitions	18,712	10,275	2,476	7,083	38,546
Disposals	-	-	-	-	-
Balance at 30 June 2007	18,712	12,773	22,632	22,537	76,654
Acquisitions	1,591	17,704	10,340	21,212	50,847
Balance at 30 June 2008	20,303	30,477	32,972	43,749	127,501
<b>Depreciation and impairment losses</b>					
Balance at 1 July 2006	-	1,256	15,311	5,347	21,914
Depreciation charge for the year	3,743	5,144	2,075	2,322	13,284
Disposals	-	-	-	-	-
Balance at 30 June 2007	3,743	6,400	17,386	7,669	35,198
Depreciation charge for the year	3,311	12,038	3,147	4,079	22,575
Balance at 30 June 2008	7,054	18,438	20,533	11,748	57,773
<b>Carrying amounts</b>					
At 1 July 2006	-	1,242	4,845	10,107	16,194
At 30 June 2007	14,969	6,373	5,246	14,868	41,456
At 30 June 2008	13,249	12,039	12,439	32,001	69,728



Professional Investment Holdings (NZ) Limited Consolidated  
Notes to and forming part of the financial statements

3. Non-current assets – intangibles

Group	Adviser network \$	Trademark \$	Software \$	Total \$
<b>Cost</b>				
Balance at 1 July 2006	150,000	2,384	1,227	153,611
Acquisitions	-	-	1,228	1,228
Disposals	-	-	-	-
Balance at 30 June 2007	150,000	2,384	2,453	154,837
Acquisitions	-	-	1,227	1,227
Balance at 30 June 2008	150,000	2,384	3,680	156,064
<b>Amortisation and impairment losses</b>				
Balance at 1 July 2006	-	881	600	1,481
Amortisation charge for the year	-	150	826	976
Impairment charge	-	-	-	-
Reversal of impairment charge	-	-	-	-
Balance at 30 June 2007	-	1,031	1,426	2,457
Amortisation charge for the year	-	135	1,234	1,369
Balance at 30 June 2008	-	1,166	2,660	3,826
<b>Carrying amounts</b>				
At 1 July 2006	150,000	1,503	627	152,130
At 30 June 2007	150,000	1,353	1,027	152,380
At 30 June 2008	150,000	1,218	1,020	152,238



# Professional Investment Holdings (NZ) Limited Consolidated Notes to and forming part of the financial statements

## 4. Taxation

	Group		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
<b>4.1 Income tax</b>				
Net surplus (deficit) subject to add back non-deductible items:	(261,367)	548,330	(107,957)	(334,789)
Trademark amortisation	135	238	-	-
Write down on intercompany receivable	-	-	107,957	334,789
Entertainment	3,890	-	-	-
Deduct: Holiday pay -- non deductible	-	5,498	-	-
Assessable deficit before tax	257,342	561,070	-	-
Tax losses not recognised/brought forward	(257,342)	(561,070)	-	-
Taxation expense	-	-	-	-
<b>Less:</b>				
Resident withholding tax paid	-	-	-	-
Tax (refundable) payable as per balance sheet	-	-	-	-

Losses available to be carried forward (subject to IRD approval) in the parent are, \$ 11,194 (2007:\$334,789). The group has available to utilise by the individual entities within the group of \$ 257,342 (2007: \$336,637). These losses may not be able to be offset between group entities.

	2008	2007	2008	2007
	\$	\$	\$	\$
<b>Tax losses</b>				
Loss approved by IRD	(336,837)	(334,789)	(11,194)	-
Profit/(loss) this year subject to IRD approval	(257,342)	-	-	-
Losses carried forward	(593,979)	(334,789)	(11,194)	-

## 5. Intercompany accounts

	Group		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
AUSIWI Limited	456,674	393,967	456,673	393,967
Professional Investment Services (NZ) Limited	-	-	18,000	18,000
	456,624	393,967	474,673	411,967

These amounts are repayable on demand. No interest is payable on the outstanding balances.

## 6. Related parties

During the year the company transacted with the following related parties;

	2008	2007
	\$	\$
AUSIWI Limited – parent company		
Loan advance	456,673	\$393,967
Professional Investment Services (NZ) Limited – subsidiary company		
Loan advance	831,826	\$789,783

This loan is written down to the parent until the subsidiary returns to an equity surplus position.

Chester Grey Chartered Accountants Ltd – minority shareholder in Professional Investment Holdings (NZ) Ltd  
Provision of taxation advice and other services

41,764	\$67,389
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Professional Investment Holdings Pty Limited – ultimate parent



# Professional Investment Holdings (NZ) Limited Consolidated Notes to and forming part of the financial statements

## 7. Expenses

Operating deficit before tax was arrived at after charging the following expenses:

	Group		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
Depreciation	23,898	14,2691	-	-
Interest	6,060	46,050	-	-
Other Fees Paid to:				
Remuneration of auditors				
- Amounts received or due and receivable by the auditor of the company for auditing the accounts of the group	30,980	25,900	-	-
Accountancy	2,018	7,495	-	-
Rent	-	-	-	-
Writedown on investment	-	-	-	-
Writedown on intercompany receivable	-	-	107,957	334,789
Amortisation of trademark	-	-	-	-

## 8. Share capital

	2008	2007
	\$	\$
350,000 \$0.50c 'A' Class shares fully paid	175,000	175,000
500,521 \$0.50c 'B' Class shares fully paid	295,511	250,261
	<u>470,511</u>	<u>425,261</u>

All ordinary shares have equal voting rights and share equally in dividend. On a winding up the A shares confer on the holder a right to receive 50% of any surplus.

## 9. Subsidiaries and associates

The following subsidiaries existed at balance date

Name	Principal Activity	Ownership Interest	Incorporated In
Professional Investment Services (NZ) Limited	Financial Planners	100%	New Zealand

The following associate existed at balance date:

Professional Lending Services Limited	Financial Services	30%	New Zealand
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The investment in associates is carried at cost and equity accounted.

## 10 Statement of Commitments

Commitments under non-cancellable leases to lease of office space from Kermadec Property Fund Limited (2007: Chester Grey and Wattle Grove Ltd)

	2008	2007
	\$	\$
Not later than 1 year	43,597	52,697
Later than 1 year but not later than 5 years	61,762	105,358
	<u>105,359</u>	<u>158,055</u>



## Professional Investment Holdings (NZ) Limited Consolidated Notes to and forming part of the financial statements

### 11. Statement of contingent liabilities

There were no known contingent liabilities at balance date (2007: Nil).

### 12. Going concern

The financial statements disclose shareholders funds in deficit to the extent of \$456,872 (2007: \$394,166) and in deficit at a group level of \$135,571 (2007 Deficit: \$80,545). The company is therefore technically insolvent. However, the Directors understand that the intercompany loan will not have to be repaid in the foreseeable future and that the Ultimate parent company will provide finance to pay outside liabilities. Should the intercompany loan have to be repaid or should the ultimate parent company not introduce additional funds which may be necessary in the future to enable the company and its subsidiaries to meet their commitments, the going concern basis may be invalid and provision would have to be made for any loss on realisation of the company's assets and for any other liabilities which may arise should the company and its subsidiaries cease trading.



## AUDIT REPORT

### TO THE SHAREHOLDERS OF PROFESSIONAL INVESTMENT HOLDINGS (NZ) LIMITED

We have audited the financial statements on pages 4 to 14. The financial statements provide information about the past financial performance and financial position of Professional Investment Holdings (NZ) Limited and group as at 30 June 2008. This information is stated in accordance with the accounting policies set out on pages 8 and 9.

#### Directors' Responsibilities

The directors are responsible for the preparation of financial statements which give a true and fair view of the financial position and the results of operations of the company and group for the year ended 30 June 2008.

#### Auditor's Responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the directors and report our opinion to you.

#### Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the directors in the preparation of the financial statements, and
- whether the accounting policies are appropriate to the company and group's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand and planned and performed our audit so as to obtain all the information and explanations which we considered necessary. We obtained sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditors we have no relationship with, or interests in, Professional Investment Holdings (NZ) Limited and its subsidiary.

### **Fundamental Uncertainty**

In forming our unqualified opinion we have considered the adequacy of the disclosures made in note 12 to the financial statements concerning the company's and group's ongoing financial support from the ultimate parent company, and the fact that the intercompany loan will not need to be repaid in the foreseeable future.

The validity of the going concern assumption on which the financial statements are prepared depends on this ultimate parent company support. If the entity is unable to continue in operation, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the amounts at which they are currently recorded in the Statement of Financial Position. In addition, further liabilities may have to be provided for and fixed assets reclassified as current assets.

### **Unqualified Opinion**

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by the company as far as appears from our examination of those records; and
- the financial statements on pages 4 to 14
  - comply with generally accepted accounting practice in New Zealand; and
  - give a true and fair view of the financial position of the company and group as at 30 June 2008 and the results of their operations for the year ended on that date.

Our audit was completed on 10 October 2008 our unqualified opinion is expressed as at that date.

*Hayes Knight Audit*

HAYES KNIGHT AUDIT

AUCKLAND, NEW ZEALAND

