



FINANCIAL STATEMENTS

FOR THE TWELVE MONTHS ENDED 30 SEPTEMBER 2006

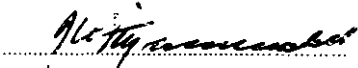
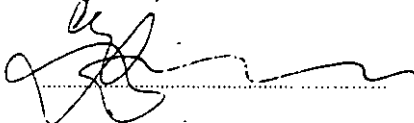
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AUCKLAND DISTRICT MANCHESTER UNITY CREDIT UNION

STATEMENT OF FINANCIAL POSITION
as at 30 September 2006

	Notes	30 September 2006	30 September 2005
Reserves			
Undistributed Reserve	2	40,622	34,723
General Reserve	3	637,847	637,847
Total Reserves		678,469	672,570
Current Liabilities			
Sundry Creditors		14,011	12,544
Provision for Holiday Pay		14,330	10,757
Resident Withholding Tax Payable		85,983	56,103
Members' Shares - Unsecured		7,294,534	7,808,031
Total Current Liabilities		7,408,858	7,887,435
TOTAL RESERVES AND LIABILITIES		\$ 8,087,327	\$ 8,560,005
Current Assets			
Cash at Bank		484,036	2,252,455
Bank Term Deposits		2,100,000	-
Sundry Debtors & Prepayments		20,466	27,996
Loans to Members	7	454,355	462,975
Total Current Assets		3,058,857	2,763,426
Non Current Assets			
Loans to Members	7	4,589,675	5,165,634
Provision for Doubtful Debts	7	(30,000)	(30,000)
Investments	4	456,000	644,000
Property, Plant & Equipment	5	12,795	16,945
Total Non Current Assets		5,028,470	5,796,579
TOTAL ASSETS		\$ 8,087,327	\$ 8,560,005

For and on behalf of the Board of Directors:


 _____ Trustee 30/11/06 _____ Date

 _____ Secretary 21/11/06 _____ Date

The accompanying notes form part of these Financial Statements

AUCKLAND DISTRICT MANCHESTER UNITY CREDIT UNION

STATEMENT OF FINANCIAL PERFORMANCE
For the twelve months ended 30 September 2006

	Notes	30 September 2006	30 September 2005
Income			
Interest - Loans to Members		439,480	360,416
Interest - Bank Term Deposits		146,245	94,661
Interest - Bank		13,667	11,937
Interest - Investments		50,662	44,948
Gain on Redemption of Investments - Fonterra		9,086	-
Bad Debts Recovered		1,598	463
Administration Fees & Other Income		19,212	12,153
Total Income		679,950	524,578
Expenses			
Audit Fees		5,254	5,119
Other Fees Paid to Auditor		5,000	-
Bad Debts		-	22,371
Doubtful Debts		-	-
Depreciation		4,150	4,795
Legal Expenses		-	2,002
Life Savings & Debt Protection Insurance		16,043	13,298
Office Administration & General		43,347	48,781
Salaries		139,800	104,254
Rent		25,243	18,483
Dividend Paid on Members' Shares		435,214	284,497
Total Operating Expenses		674,051	503,600
NET SURPLUS/(LOSS)		\$ 6,899	\$ 20,978

STATEMENT OF MOVEMENT IN RESERVES
For the twelve months ended 30 September 2006

	30 September 2006	30 September 2005
Opening Reserves	872,570	651,592
Net Surplus/(Loss)	5,899	20,978
TOTAL RESERVES	\$ 678,469	\$ 672,570

The accompanying notes form part of these Financial Statements

AUCKLAND DISTRICT MANCHESTER UNITY CREDIT UNION

STATEMENT OF CASH FLOWS

For the twelve months ended 30 September 2006

	Notes	30 September 2006	30 September 2005
Cash Flow from Operating Activities			
<u>Cash was Provided from:</u>			
Interest Received - Loans to Members		439,480	360,416
Interest Received - Bank Term Deposits		145,382	94,661
Interest Received - Bank		13,667	11,937
Interest Received - Investments		65,374	43,059
Bad Debts Recovered		1,598	463
Sundry Income & Administration Fees		19,211	12,153
Total Cash Provided		684,712	522,689
<u>Cash was Applied to:</u>			
Payment to Suppliers & Employees		235,967	221,454
Withholding Tax Paid to IRD		(29,879)	54,266
Total Cash Applied		206,088	275,720
NET CASH FLOW FROM OPERATING ACTIVITIES	6	\$ 478,624	\$ 246,969
<hr/>			
Cash Flow from Investing Activities			
<u>Cash was Provided from:</u>			
Net Decrease in Loans		604,581	703,555
Bank Term Deposits Returned		-	1,650,000
Fonterra Capital		197,086	-
Watercare Services		-	200,000
Powerco Ltd		-	-
Total Cash Provided		801,667	2,553,555
<u>Cash was Applied to:</u>			
Net Increase in Loans		-	-
Bank Term Deposits Invested		2,100,000	-
Purchase Fixed Assets		-	604
Fletcher Challenge		-	-
Fernz Corporation		-	-
Watercare Services		-	-
Tower Finance		-	-
Total Cash Applied		2,100,000	604
NET CASHFLOW FROM / (USED IN) INVESTING ACTIVITIES		\$ (1,298,333)	\$ 2,552,951
<hr/>			
Cash Flow from Financing Activities			
<u>Cash was Provided from:</u>			
Net Increase in Members' Shares		2,105,410	2,029,814
Total Cash Provided		2,105,410	2,029,814
<u>Cash was Applied to:</u>			
Net Decrease in Members' Shares		3,054,120	2,984,472
Total Cash Applied		3,054,120	2,984,472
NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES		\$ (948,710)	\$ (954,658)
<hr/>			
Cash Summary			
Opening Cash		2,252,455	407,193
Net Increase / (Decrease) in Cash Held		(1,768,419)	1,845,262
CASH CARRIED FORWARD		\$ 484,036	\$ 2,252,455

The accompanying notes form part of these Financial Statements

AUCKLAND DISTRICT MANCHESTER UNITY CREDIT UNION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the twelve months ended 30 September 2006

1. STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

The Auckland District Manchester Unity Credit Union is registered under the Friendly Societies and Credit Unions Act 1982. The Credit Union is an issuer for the purposes of the Financial Reporting Act 1993. The financial statements of the Credit Union have been prepared in accordance with the Securities Regulations 1983 (as amended) as if they were required to be contained or referred to in a registered prospectus.

Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on a historical cost basis are followed by the Credit Union.

Specific Accounting Policies

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

Sundry Debtors

Sundry Debtors are stated at estimated realisable value.

Property, Plant & Equipment

All assets are recorded at cost, less accumulated depreciation.

Depreciation

Depreciation is provided on a Straight Line basis for Electronic & Office Equipment, and on a Diminishing Value basis for Office Furniture. All Property, Plant & Equipment are calculated at rates that allocate the asset's cost or valuation less estimated residual value, over their estimated useful lives.

Depreciation Rates:

Electronic and Office Equipment	15.5% - 48%	(Straight Line Depreciation)
Office Furniture	7.5% - 22%	(Diminishing Value Depreciation)

Income Tax

No amounts have been provided for or credited by way of taxation as the Credit Union is exempt under Section CB 4 (1) (a) of the Income Tax Act 1994.

Dividend on Members' Shares

The amount provided for dividend on members' shares is credited to members' share accounts as at 30 September and is available for withdrawal by the members at any time in the same manner as any share subscription.

Commission

No commission is payable in respect of the Credit Union's shares.

Investments

Investments are recorded at the expected redemption value on maturity.

Deposits

Deposits are stated at the lower of cost or net realisable value.

General Reserve

A general reserve is maintained to cover the risk of non recovery inherent in the loan portfolio. This reserve is set at the greater of the amount required by the Friendly Societies and Credit Unions Act 1982, or an amount decided upon by the Statutory Trustee based on the size of the portfolio, their assessment of the risk of loss, and past loss experience.

Loans

Loans are stated at the lower of cost and net realisable value. A provision is made against individual loans where recovery is considered to be in doubt. Individual debts are written off each year when recovery is considered to be no longer cost effective and there is no reasonable expectation of recovery.

Members' Shares

Members' shares represent amounts deposited by members with the Credit Union, and are stated at the nominal value of the amounts deposited by members.

Interest Revenue and Expense

Interest revenues and expenses are recognised on an accrual basis.

Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in previous years.

Comparative Figures

The comparative figures are for the nine month period to 30 September 2005.

AUCKLAND DISTRICT MANCHESTER UNITY CREDIT UNION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the twelve months ended 30 September 2006

	30 September 2006	30 September 2005
Reserves		
2. UNDISTRIBUTED RESERVE		
Opening Balance	34,723	13,745
Net Surplus/(Loss) for Period	5,899	20,978
Transfer to General Reserve	-	-
Total Undistributed Funds	\$ 40,622	\$ 34,723
3. GENERAL RESERVE		
Opening Balance	637,847	637,847
Transfer from Undistributed Funds	-	-
Total General Reserve	\$ 637,847	\$ 637,847
TOTAL RESERVES	\$ 678,469	\$ 672,570
4. INVESTMENTS		
Fletcher Building	44,000	44,000
Fernz Corporation	200,000	200,000
Watercare Services	-	-
Tower Finance	200,000	200,000
Fonterra	12,000	200,000
Total Investments	\$ 456,000	\$ 644,000

5. PROPERTY, PLANT & EQUIPMENT

For the twelve months ended 30 September 2006

	Cost	Accumulated Depreciation	Book Value
Computer and Office Equipment	15,215	14,702	513
Office Furniture	20,012	7,730	12,282
Total Depreciable Assets	\$ 35,227	\$ 22,432	\$ 12,795

For the nine months ended 30 September 2005

	Cost	Accumulated Depreciation	Book Value
Computer and Office Equipment	15,955	13,144	2,811
Office Furniture	20,012	5,878	14,134
Total Depreciable Assets	\$ 35,967	\$ 19,022	\$ 16,945

6. RECONCILIATION OF NET SURPLUS/(LOSS) WITH CASH FLOWS FROM OPERATING ACTIVITIES

	30 September 2006	30 September 2005
Reported Surplus/(Loss)	5,899	20,978
Add / (Less) Non-Cash Items		
Depreciation	4,150	4,792
Holiday Pay Provision	3,573	202
Dividend Credited to Members' Accounts	435,213	223,412
Add / (Less) Items Classified as Investing Activities		
Gain on Redemption of Investment - Fonterra	(9,086)	-
Add / (Less) Movements in Working Capital Items		
Sundry Debtors & Prepayments	7,531	(13,234)
Sundry Creditors & Resident Withholding Tax	31,344	10,819
NET CASH INFLOW FROM OPERATING ACTIVITIES	\$ 478,624	\$ 246,969

Certain cash flows in the statement of cash flows have been netted in order to provide more meaningful disclosure as many of the cashflows are received from and disbursed to members and reflect the activities of the members rather than the entity. These include loans to members and members' shares.

AUCKLAND DISTRICT MANCHESTER UNITY CREDIT UNION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the twelve months ended 30 September 2006

7. FINANCE RECEIVABLES

	30 September 2006	30 September 2005
Balance at Beginning of Year	5,648,609	6,322,164
Value of New Finance Receivable Contracts Written	1,286,027	1,300,735
Receipts from Borrowers	1,892,204	1,952,383
Less Bad Debts Written Off - Net of Recoveries	(1,598)	21,907
Finance Receivables Due	5,044,030	5,648,609
Less:		
Unearned Interest	-	-
Specific Provision for Doubtful Debts	-	-
General Provision for Doubtful Debts	-	-
Balance at End of Year	\$ 5,044,030	\$ 5,648,609
Due for Receipt		
Within 1 Year	454,354	482,975
Over 1 Year	4,589,676	5,165,634
Total Finance Receivables Due	\$ 5,044,030	\$ 5,648,609
Provision for Doubtful Debts		
Balance at Beginning of Year	30,000	30,000
Specific Doubtful Debts during year	-	-
General Doubtful Debts during year	-	-
Balance at End of Year	\$ 30,000	\$ 30,000

The provision for doubtful debts consists of a general provision of \$30,000. Any specific provisions are based on a line by line assessment of advances for which repayments are in default. In view of the uncertainty surrounding the amount which can be collected from the overdue loans and from realisation of the related securities, the Directors have also created a general provision. The general provision represents 0.59% (30 September 2005 0.53%) of the net advances on which the specific provision has not been calculated on.

8. PAST DUE ASSETS

Past due assets are defined as those assets where instalments are 3 months or more overdue.

	30 September 2006	30 September 2005
Balance at Beginning of Year	15,652	37,128
Additions to Past Due Assets	-	988
Deletions to Past Due Assets	(11,927)	22,464
Balance at End of Year	\$ 3,725	\$ 15,652

The company has none of the following on hand at balance date:

- (a) Non-Accrual assets;
- (b) Restructured assets;
- (c) Real estate assets acquired through the enforcement of security;
- (d) Other assets acquired through the enforcement of security.

AUCKLAND DISTRICT MANCHESTER UNITY CREDIT UNION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the twelve months ended 30 September 2006

9. FINANCIAL INSTRUMENTS LIQUIDITY RISK

The basis of the following schedule is the liquidity profile.

Liquidity Risk is the risk that the Credit Union will encounter difficulty in raising funds at short notice to meet commitments associated with financial instruments. The Credit Union maintains sufficient funds to meet its commitments based on historical and forecasted cash flow requirements. Liquidity Risk and exposure is reviewed on an ongoing basis.

	<u>Maturity Profile 30 September 2006</u>				Total
	0-6 Mths	6-12 Mths	12-24 Mths	24-60 Mths	
Assets					
Cash at Bank	484,036	-	-	-	484,036
Funds on Deposit	2,100,000	-	-	-	2,100,000
Sundry Debtors & Prepayments	20,466	-	-	-	20,466
Investments Held to Maturity	-	-	244,000	212,000	456,000
Loans less Provision for Doubtful Debts	267,842	186,512	544,953	4,014,723	5,014,030
Property, Plant & Equipment	-	-	-	12,795	12,795
Total Financial Assets	2,872,344	186,512	788,953	4,239,518	8,087,327
Liabilities					
Bank Overdraft	-	-	-	-	-
Sundry Creditors, RWT & Holiday Pay	114,324	-	-	-	114,324
Members' Shares	7,294,534	-	-	-	7,294,534
Total Financial Liabilities	7,408,858	-	-	-	7,408,858
NET FINANCIAL ASSETS	\$ (4,536,514)	\$ 186,512	\$ 788,953	\$ 4,239,518	\$ 678,469

Available facilities and support arrangements:

Overdraft facility \$Nil

	<u>Maturity Profile 30 September 2005</u>				Total
	0-6 Mths	6-12 Mths	12-24 Mths	24-60 Mths	
Assets					
Cash at Bank	2,252,455	-	-	-	2,252,455
Funds on Deposit	-	-	-	-	-
Sundry Debtors & Prepayments	27,996	-	-	-	27,996
Investments Held to Maturity	-	-	244,000	400,000	644,000
Loans less Provision for Doubtful Debts	222,554	260,421	605,045	4,530,589	5,618,609
Property, Plant & Equipment	-	-	-	16,945	16,945
Total Financial Assets	2,503,005	260,421	849,045	4,947,534	8,560,005
Liabilities					
Bank Overdraft	-	-	-	-	-
Sundry Creditors, RWT & Holiday Pay	79,404	-	-	-	79,404
Members' Shares	7,808,031	-	-	-	7,808,031
Total Financial Liabilities	7,887,435	-	-	-	7,887,435
NET FINANCIAL ASSETS	\$ (5,384,430)	\$ 260,421	\$ 849,045	\$ 4,947,534	\$ 672,570

Available facilities and support arrangements:

Overdraft facility \$Nil

AUCKLAND DISTRICT MANCHESTER UNITY CREDIT UNION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the twelve months ended 30 September 2006

9. FINANCIAL INSTRUMENTS LIQUIDITY RISK - continued

Interest Rate Risk

The basis of the following schedule is Interest/Dividend Rate Risk.

Interest Rate Risk is the risk of loss to the Credit Union arising from adverse fluctuations in interest rates. The Credit Union is exposed to interest rate risk in respect of the following activities: borrowing from and lending to members, trading and investing in money market instruments such as government stock.

Exposure to Interest Rate Risk is measured primarily through monthly review of interest rates offered by banks in comparison to interest rates on loans to members and yearly review of dividend rates on members' shares. Interest rates on loans are adjusted during the year when considered necessary to compare with other financial institutions. Changes in interest rates apply to new loans and on the anniversary date of mortgage loans.

<u>Repricing/Maturity Profile 30 September 2006</u>							
	Weighted Average Int Rate %	0-6 Mths	6-12 Mths	12-24 Mths	24-60 Mths	Non-Interest	Total Bearing
Assets							
Cash at Bank	4.50	484,036	-	-	-	-	484,036
Funds on Deposit	7.33	2,100,000	-	-	-	-	2,100,000
Sundry Debtors & Prepayments	-	-	-	-	-	20,466	20,466
Investments Held for Maturity	8.60	-	-	244,000	212,000	-	456,000
Loans less Provision for Doubtful Debts	8.42	267,843	186,512	544,953	4,014,722	-	5,014,030
Property, Plant & Equipment	-	-	-	-	-	12,795	12,795
Total Financial Assets		2,851,879	186,512	788,953	4,226,722	33,261	8,087,327
Liabilities							
Bank Overdraft	-	-	-	-	-	-	-
Sundry Creditors, RWT & Holiday Pay	-	-	-	-	-	114,324	114,324
Members' Shares	6.00	7,294,534	-	-	-	-	7,294,534
Total Financial Liabilities		7,294,534	-	-	-	114,324	7,408,858
NET FINANCIAL ASSETS		\$ (4,442,655)	\$ 186,512	\$ 788,953	\$ 4,226,722	\$ (81,063)	\$ 678,489

Available facilities and support arrangements:

Overdraft facility \$Nil

<u>Repricing/Maturity Profile 30 September 2005</u>							
	Weighted Average Int Rate %	0-6 Mths	6-12 Mths	12-24 Mths	24-60 Mths	Non-Interest	Total Bearing
Assets							
Cash at Bank	4.50	2,252,455	-	-	-	-	2,252,455
Funds on Deposit	0.00	-	-	-	-	-	-
Sundry Debtors & Prepayments	-	-	-	-	-	27,996	27,996
Investments Held for Maturity	8.34	-	-	244,000	400,000	-	644,000
Loans less Provision for Doubtful Debts	8.13	222,554	260,421	605,045	4,530,589	-	5,618,609
Property, Plant & Equipment	-	-	-	-	-	16,945	16,945
Total Financial Assets		2,475,009	260,421	849,045	4,930,589	44,941	8,560,005
Liabilities							
Bank Overdraft	-	-	-	-	-	-	-
Sundry Creditors, RWT & Holiday Pay	-	-	-	-	-	79,404	79,404
Members' Shares	4.75	7,808,031	-	-	-	-	7,808,031
Total Financial Liabilities		7,808,031	-	-	-	79,404	7,887,435
NET FINANCIAL ASSETS		\$ (5,333,022)	\$ 260,421	\$ 849,045	\$ 4,930,589	\$ (34,463)	\$ 672,570

Available facilities and support arrangements:

Overdraft facility \$Nil

Credit Risk

Credit risk is the risk of loss arising from the counterparty to a contract failing to discharge its obligations under that contract. Credit risk arises when funds are extended, committed, invested or otherwise exposed through contractual agreements, and encompasses both on and off statement of financial position instruments.

Recognised financial assets which potentially subject the credit union to credit risk principally consist of: cash at bank; funds on deposit; investments held to maturity; sundry debtors; and loans. The maximum possible credit loss on these recognised financial assets is their carrying value as shown on the statement of financial position.

Members and Geographical Industry Concentrations

The majority of Auckland District Manchester Unity Credit Union's members are employed in the Northern North Island of New Zealand. There are no specific concentrations.

AUCKLAND DISTRICT MANCHESTER UNITY CREDIT UNION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the twelve months ended 30 September 2006

9. FINANCIAL INSTRUMENTS LIQUIDITY RISK - continued

Credit Risk Management Policies

Credit risk is controlled through a combination of approvals, limits, reviews and monitoring procedures which are carried out on a regular basis, the frequency of which is dependent on the level of risk. The Directors are fully aware that the six largest debtors owe 24.45% of funds currently on loan, and these funds are all secured by first mortgages over properties (30 September 2005 24.25%).

The Credit Union takes collateral on most loans. The Credit Union performs credit evaluations on all members requiring credit. The collateral taken varies, but includes mortgages and financial covenants. Residential properties are taken as collateral security for the Credit Union's mortgage lending.

Concentrations of Exposure to Individual Counterparties

Number of individual counterparties or groups of closely related counterparties as at:

Percentage of Members' Equity	30 Sep 2006	30 Sep 2005
10 - 19	17	16
20 - 29	9	10
30 - 39	3	5
40 - 49	0	0

Concentrations of Funding

Auckland District Manchester Unity Credit Union's funding is sourced solely from members' shares. Members mainly reside in the Northern North Island of New Zealand. There are no specific industry concentrations.

Other Information

The proportion of loans with repayments in arrears in excess of three months:

	30 Sep 2006	30 Sep 2005
	0.00%	0.28%

The proportion of loans owed in aggregate by the debtors who owe the six largest amounts:

	30 Sep 2006	30 Sep 2005
	24.45%	24.25%

Fair Values

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

Cash, Funds on Deposit, Sundry Debtors, Sundry Creditors, Loans, Members' Shares.

The carrying amount is the fair value for each of these classes of financial instrument.

Investments Held to Maturity

The fair value of these classes of financial instrument is based on their maturity value. The fair value is the same as the carrying value.

10. TRANSACTIONS WITH RELATED PARTIES

The Credit Union charged a Management Fee of \$12,000 (30 September 2005 \$9,000) for administration services provided to the Auckland District Manchester Unity Friendly Society.

The value of related party debts written off or forgiven as at 30 September 2006 amounted to \$0 (30 September 2005 \$0).

Shares held by the Board of Directors or their dependents as at 30 September 2006 amounted to \$104,824 (30 September 2005 \$114,571).

Loans to the Board of Directors or their dependents as at 30 September 2006 amounted to \$41,015 (30 September 2005 \$29,368).

Interest rates and repayment terms on loans for related parties are the same as those for all other members.

11. SEGMENT INFORMATION

The Credit Union operates in the financial services industry, with all operations carried out solely within New Zealand.

12. CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

There were no capital commitments or contingent liabilities at 30 September 2006 (30 September 2005 \$0).

13. OPERATING LEASE COMMITMENTS

The Credit Union renewed the lease agreement for premises in Royal Oak, Auckland in March 2006. The lease is for one year with a right of renewal for one year.

Expected lease commitments under the non-cancelable operating lease are:

	30 Sep 2006	30 Sep 2005
Payable next twelve months	\$ 10,518	\$ 12,035
Payable after twelve months	\$ -	\$ -
	<u>\$ 10,518</u>	<u>\$ 12,035</u>

14. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Credit Union has started a project to assess the key differences in accounting policies between NZ IFRS (International Financial Reporting Standards) and current NZ GAAP (Generally Accepted Accounting Practice) with a view to determining the impacts on the financial statements that are expected to arise on transition. As an analysis of the differences between existing NZ GAAP and NZ IFRS has yet to be completed, the Directors are unable to reliably estimate the key differences in accounting policies or quantify the impacts to the financial statements that are expected to arise on transition to IFRS.

The Credit Union will provide further information on the impacts of the transition in the financial statements for the year ended 30 September 2007.

AUDIT REPORT
TO THE MEMBERS OF
AUCKLAND DISTRICT MANCHESTER UNITY CREDIT UNION

We are appointed in accordance with section 122 of the Friendly Societies and Credit Unions Act 1982 to act as auditor of the Auckland District Manchester Unity Credit Union. We are qualified in accordance with section 123 of that Act to act as auditor.

We have audited the financial statements on pages 2 to 10. The financial statements provide information about the past financial performance of the Credit Union and its financial position as at 30 September 2006. This information is stated in accordance with the accounting policies set out on page 5.

Director's Responsibilities

The Board of Directors is responsible for the preparation of financial statements which comply with generally accepted accounting practice in New Zealand and give a true and fair view of the financial position of the Credit Union as at 30 September 2006 and of its financial performance and cash flows for the twelve months ended on that date.

Auditors' Responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the Board of 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 Credit Union's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with 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.

In addition to our capacity as auditor, we have performed two consulting engagements during the year. Beyond this we have no relationship with, or interest in, the Credit Union.

Unqualified Opinion

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

In our opinion:

- proper accounting records have been kept by the Credit Union as far as appears from our examination of those records;
- the financial statements on pages 2 to 10 that are required by clauses 16 to 31 of the Second Schedule to the Securities Regulations 1983, and that are required to be audited:
 - comply with the Securities Regulations 1983; and
 - subject to the regulations, comply with generally accepted accounting practice in New Zealand; and
 - give a true and fair view of the financial position of the Credit Union as at 30 September 2005 and its financial performance and cash flows for the twelve months ended on that date.

Our audit was completed on 21 November 2006 and our unqualified opinion is expressed as at that date.

O'Halloran HMT

**CHARTERED ACCOUNTANTS
AUCKLAND, NEW ZEALAND**