

PROSPECTUS OF

AUCKLAND DISTRICT MANCHESTER UNITY C



10052346110

This Prospectus is dated 31 December 2006

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NB The above clause references relate to the Second Schedule of the Securities Regulations 1983.

Credit unions have been granted an exemption by the Securities Commission from compliance with:

- (a) Section 37A(1)(d) of the Securities Act 1978 and clauses 1(3) and 11 of the Second Schedule to the Securities Regulations 1983 ("the second schedule").
- (b) Sections 51, 52 and 54 of the Securities Act 1978.
- (c) Regulation 24 of the Securities Regulations 1983 ("the Regulations"), in so far as that regulation deems clauses 1(2) and 3 of the Fifth Schedule of the Regulations to be contained in the trust deed relating to the debt securities.

Other Statutory Information

- (a) The prospectus delivered to the Registrar of Companies was accompanied by the Auditors' Report together with their consent to the Report appearing in this prospectus.
- (b) Attached as Appendix 2 are the audited financial statements for the Credit Union for the 12 month period ended 30 September 2006 which comply with the Financial Reporting Act 1993.
- (c) Application will not be made to the Stock Exchange for listing of any securities under this prospectus.

The exemptions are by virtue of the Securities Act (Credit Unions) Exemption Notice 2005 ("the exemption notice").

1. MAIN TERMS OF OFFER

1.1 Name and Address of Issuer

Name of Credit Union: **Auckland District Manchester Unity Credit Union** referred to as "the Credit Union".

Registered Office: **5 Campbell Road, Royal Oak, Auckland.**

Office and Service Location:

**5 Campbell Road, Royal Oak
AUCKLAND 1061**

Telephone: 09-624-1474 Auckland

Facsimile: 09-624-1475 Auckland

Mailing Address:

PO Box 24318

Royal Oak

AUCKLAND 1345

1.2 A Brief Description of the Securities Being Offered

The securities offered in this prospectus are shares in the Credit Union. The holding of shares constitutes membership of the Credit Union.

To be a member a person must hold a minimum of \$1.00 in fully paid-up share(s). A member cannot have or claim any interest in shares of the Credit Union exceeding **\$250,000** of fully paid shares. The Board of Directors of the Credit Union may vary the maximum amount at any time, up to any maximum amount determined by the provisions of the Friendly Societies and Credit Unions Act 1982, Sections 106(2) & (3)).

The price to be paid is \$1.00 per share. All shares are unsecured and are of one class ranking equally. Shares cannot be allotted to a member until fully paid-up in cash.

Payments for shares not in whole dollar amounts are credited to the member's account and are deemed to be an advance payment of subscription for shares. Subject to the Friendly Societies and Credit Unions Act members can redeem shares from their share account, in a similar manner to a savings account. The Credit Union can require a 60 day notice period for withdrawals, but shares are usually available for withdrawal on call.

The Credit Union is a non profit financial co-operative registered as a credit union under the Friendly Societies and Credit Unions Act 1982. The objects of the Credit Union are essentially the promotion of thrift amongst its members by the accumulation of their savings; the use and control of the members' savings for their mutual benefit and the training and education of the members in the wise use of money and in the management of their financial affairs.

The Credit Union makes loans from the share capital of the Credit Union to members. The availability of loans to members is dependant on the availability of funds to the Credit Union from the Credit Union's share capital at any particular time. The Credit Union reserves the right to decline any application for a loan without giving any reason.

2. NAME AND ADDRESS OF OFFEROR

The Issuer is the offeror of the securities.

3. DETAILS OF INCORPORATION OF ISSUER

The Credit Union was previously a branch of the Manchester Unity Credit Union (which was first registered on 3 May 1943, Registration No. 425, as a "specially authorised Society" under the provision of the Friendly Society Act 1909). When the Friendly Societies and Credit Unions Act 1982 came into force, the Manchester Unity Credit Union was required to register its branches as separate legal entities.

The Credit Union is now deemed by Section 160(2) to be registered under Part III of this latter Act. The Credit Union was registered on **26 July 1985** with Registration No. **66/800**.

- 3.1 Public File of the Credit Union for Inspection
 The public file of the Credit Union may be accessed on the Companies Office website www.companies.govt.nz under "Search Other Registers". The file reference number is "1802878". Copies of the publicly-filed documents may also be obtained by telephoning the Companies Office Contact Centre at 0508-266-726.

4. GUARANTORS

There are no guaranteeing subsidiaries in respect of the securities. Neither the trustees of the Credit Union, the Statutory Trustee of the securities appointed under the Securities Act 1978 nor any other party guarantees the repayment of the shares withdrawn or the payment of a dividend (if any) on shares held in the Credit Union.

5. BOARD OF DIRECTORS AND ADVISORS

5.1 Officers

<u>Full Name and Address</u>	<u>Title</u>
Mark Steven WILSON East Coast Rd, Redvale North Shore City, Auckland 0630	Chairman
Rex Mervyn OLIVER 43 O'Connor Dr, Pukekohe Auckland 2120	Deputy Chairman/Treasurer
John Edward FITZGERALD 2-99 Hebron Rd, Waiake North Shore City, Auckland 0630 LL.B	Trustee
Philip Dynevor PLATT 126B St. Andrews Road, Epsom Auckland 1023 A.N.Z.I.V., A.R.E.I.N.Z, DIP.V.F.M.	Trustee
Alexander Francis ROBINSON 15 Jacaranda Court, Pukekohe Auckland 2120 B.A., Dip.Bus.Stud (Dispute Res), Dip. NZ Pol	Trustee/Acting Secretary/Manager

All the above named are officers or trustees of the Auckland District Manchester Unity Credit Union and can be contacted at **5 Campbell Road, Royal Oak, Auckland**. Officer means a member of the Board of Directors of the Credit Union.

The officers of the Credit Union serve voluntarily and are required to be members of the Credit Union. The officers (with the exception of the Secretary) are appointed or elected in accordance with the Rules of the Credit Union.

The three trustees serve a three year term and one trustee retires each year and is eligible for re-election in accordance with the Rules of the Credit Union.

The Secretary is a paid official of the Credit Union. The Treasurer serves a one year term and is eligible for re-election.

No officers have been adjudged bankrupt in the 5 years preceding this prospectus.

5.2 Auditors

**O'Halloran HMT
PO Box 6004
Wellesley Street
AUCKLAND 1141**

5.3 Solicitors

**Greg Dunning & Associates
PO Box 31-264, Milford
North Shore City, Auckland 0741**

5.4 Securities Registrar

The Acting Secretary of the Credit Union, **Alexander Francis Robinson**, is also the Securities Registrar. The Credit Union is exempt from the requirements of Section 51 of the Securities Act 1978 to keep a register of securities but is required to maintain a register in accordance with Section 130 of the Friendly Societies and Credit Unions Act 1982.

5.5 Securities Act Trustee of the securities

**Perpetual Trust Limited
111-115 Customhouse Quay
Wellington 6011 ("the Statutory Trustee")**

5A. RESTRICTION ON BOARD OF DIRECTORS POWERS

Not applicable.

6. DESCRIPTION OF ACTIVITIES OF ISSUER

Over the 5 years preceding the date of delivery of this prospectus for registration the Issuer has promoted savings amongst its members and has trained and educated its members in the wise use of money and in the management of their financial affairs. To assist its members in purchasing homes the Issuer has, subject to liquidity requirements, also made loans to its members secured by way of mortgages. Loans for other purposes with alternative security have also been made to a lesser extent.

7. SUMMARY OF FINANCIAL STATEMENTS

The reports required by Clause 7 of the Second Schedule of the Securities Regulations 1983 are set out below.

AUCKLAND DISTRICT MANCHESTER UNITY CREDIT UNION

FIVE YEAR SUMMARY OF FINANCIAL STATEMENTS

	30.09.06 (12 mths)	30/09/05 (9 mths)	31/12/04 (9 mths)	31/03/04 (12 mths)	31/03/03 (12 mths)	31/03/02 (12 mths)
Income						
Loans Interest	439,480	360,416	392,248	541,191	418,056	377,516
Investment Interest	210,574	151,546	113,904	151,022	239,130	239,645
Other Income	20,810	12,616	15,770	18,831	18,797	1,359
Unrealised gain/(loss) on Invmnts	-	-	-	-	-	(8,438)
Maturity gain/loss on Invmnts	9,086	-	-	-	-	(16,147)
Total Income	679,950	524,578	521,922	711,044	675,983	593,935
Less Expenditure						
Administration	212,540	178,315	239,975	255,511	232,284	155,959
Audit Fees	5,254	5,119	3,462	4,838	4,981	5,850
Fees paid to Auditor for Acc.svs	5,000	-	973	2,617	2,519	-
Life Savings & D/Prot. Insurance	16,043	13,298	13,841	19,207	14,740	18,038
Loans Written Off	0	22,371	5,684	-	-	-
Dividend Credited	435,214	284,497	284,927	388,187	376,138	398,892
Total Expenditure	674,051	503,600	548,862	670,360	630,662	578,739
Net Surplus/(Deficit) Before Appropriation	5,899	20,978	(26,940)	40,684	45,321	15,196
T/Fer to(from) P&L Approp.Acc	5,899	20,978	(26,940)	40,684	45,321	15,196
Rate of Dividend (Cents p/share)	5.75 & 6.25	4.50 & 5.00	4.25 & 4.75	4.25 & 4.75	4.0 & 4.5	4.75 & 5.25
<u>Statement of Financial Position</u>	30/09/06	30/09/05	31/12/04	31/03/04	31/03/03	31/03/02
Total Assets	8,087,327	8,560,005	9,259,253	9,394,886	9,605,349	9,874,212
Total Tangible Assets	8,087,327	8,560,005	9,259,253	9,394,886	9,605,349	9,874,212
Liabilities	7,408,858	7,887,435	8,607,661	8,716,355	8,967,502	9,281,686
Total Equity	678,469	672,570	651,592	678,531	637,847	592,526

- **Notes to Five Year Summary of Financial Statements**

- (i) The amounts stated have been taken from audited financial accounts.
- (ii) There are no abnormal items that derive from the ordinary activities of the Credit Union.

- (iii) There are no extraordinary items that derive from events outside the ordinary activities of the Credit Union.
- (iv) No amounts have been provided for or credited by way of taxation as the Credit Union income is exempt under Section CW 37 of the Income Tax Act 2004.
- (v) The amount of dividends on ordinary shares is credited to members share accounts as at balance date and is available for withdrawal by members at any time in the same manner as any share subscription paid by the member.
- (vi) The equity method of accounting has not been used.
- (vii) No commission is payable in respect of this issue of the Credit Union's shares.
- (viii) There are no securities that are secured by a mortgage or charge over any assets of the Credit Union and rank equally with or ahead of the securities offered.
- (ix) In April 2005 the Credit Union changed its balance date from 31 December to 30 September.

8. ACQUISITION OF BUSINESS OR SUBSIDIARY

The Credit Union has not acquired a business at any time in the 2 years preceding delivery of this prospectus for registration. The Credit Union has no subsidiaries.

9. MATERIAL CONTRACTS

The Credit Union has not entered into any material contract in the years preceding the date this prospectus was delivered to the Registrar of Companies for registration.

10. PENDING PROCEEDINGS

There are no legal proceedings or arbitration pending at the date this prospectus was delivered to the Registrar of Companies for registration.

11. ISSUE EXPENSES

Not applicable.

12. RANKING OF SECURITIES

The securities offered in this prospectus are not secured by a mortgage or charge over any of the assets of the Credit Union. As at the date of this prospectus the Credit Union has not created any mortgage or charge over any of its assets that ranks in point of security equally with or ahead of the securities being offered.

13. PROVISIONS OF TRUST DEED AND RESTRICTIONS ON THE ISSUER

The Trust Deed relating to the securities between the Credit Union and Perpetual Trust Limited is dated **3 May 2001** and was amended by a Deed of Variation dated **23 February 2004**.

There is no mortgage or charge in the Trust Deed that secures the shares being offered. There are no terms of the Trust Deed that impose direct limitations on the ratio of liabilities, or of any class of liabilities, to assets, or to any class of assets, of the Issuer Credit Union.

However, the Trust Deed does contain terms that prescribe limitations relating to the ratio of reserves to assets of the Credit Union. These have substantially the same effect as a limitation on liabilities. The Credit Union is required to maintain reserves comprising not less than **6.0%** of its total assets.

In addition the Trust Deed requires the Credit Union to ensure that the aggregate of Share Moneys is not at any time less than **90%** of Total Liabilities and cash is not at any time less than **10%** of Total Assets.

The Credit Union is required to operate its business in accordance with its lending policy, which details the nature, terms and procedures adopted for lending by the Credit Union.

The Statutory Trustee has a duty to members to exercise reasonable diligence to ascertain whether or not any breach of the Securities Act 1978, the terms of the Trust Deed or (to the extent that they relate to the terms of the offer of the shares) the rules of the Credit Union has occurred, and except where it is satisfied that the breach will not materially prejudice interests of members, to do all such things as it is empowered by the Trust Deed to do, or cause any breach of those terms to be remedied. The Statutory Trustee also has a duty to exercise reasonable diligence to ascertain whether or not the assets of the Credit Union that are or may be available are sufficient or likely to be sufficient for the Credit Union to meet its obligations to members in accordance with the rules of the Credit Union and the terms of the issue of the shares.

In the performance of those duties the Statutory Trustee may rely on the financial information, certificates and reports it receives from the Credit Union under the Trust Deed and has complete discretion in the exercise of any of its powers. Those powers include the ability to give directions to the Credit Union regarding its management and to refer matters to the Registrar of Friendly Societies and Credit Unions ("the Registrar") for his or her consideration. The Statutory Trustee may also seek and act on directions of the members but is not bound to act on any such direction unless it is first indemnified to its satisfaction in respect of any liability it may incur.

In addition to its specific powers under the Trust Deed the Statutory Trustee also has all powers conferred by law whether relating to trustee powers or otherwise.

The Trust Deed requires the Credit Union to comply with the Friendly Societies and Credit Unions Act 1982 (the Act). Under section 109 of the Act there are several restrictions on the ability of the Credit Union to borrow. These are as follows:

- Except as provided for in the Act, and notwithstanding anything to the contrary in the rules of the Credit Union, the Credit Union is not entitled to borrow money and no person is entitled to lend it money.
- The Credit Union may receive accommodation by way of overdraft in aid of any account established with that Bank by the Credit Union. The account may be overdrawn for a term not exceeding 6 months at any one time, unless a longer term or an extension of an existing term is authorised in writing by the Registrar.

- The Credit Union may borrow money from another credit union or credit unions or an Association of credit unions or, where the common bond for membership of the Credit Union is membership of a registered friendly society, that friendly society if its rules so provide, for any continuous period not exceeding one year at any one time unless a longer term or an extension of an existing term is authorised in writing by the Registrar.

The above is a summary only of the provisions of the Trust Deed and specific queries about matters relating to the Trust Deed should be dealt with by reference to the Trust Deed itself.

STATEMENT BY THE STATUTORY TRUSTEE OF THE SECURITIES (Appendix 1)

The Statutory Trustees statement is attached as Appendix 1.



Perpetual Trust

31 December 2006

The Officers and Members
Auckland District Manchester Unity Credit Union
5 Campbell Road
Royal Oak
AUCKLAND

Level 5
Perpetual Trust House
111-115 Customhouse Quay
PO Box 3845, Wellington
T: 04 470 9600
F: 04 472 3190
0800 PERPETUAL (0800 737 738)
www.perpetual.co.nz

Dear Sirs,

TRUSTEE STATEMENT

As required by Clause 13(3) of the Second Schedule of the Securities Regulations 1983, we confirm that the offer of shares ("the Securities") set out in the Prospectus complies with any relevant provisions of the Trust Deed dated 3 May 2001 between Auckland District Manchester Unity Credit Union ("the Credit Union") and Perpetual Trust Limited. These provisions are those which:

- (i) Entitle the Credit Union to constitute and issue under the Trust Deed the Securities offered in the Prospectus.
- (ii) Impose restrictions on the right of the Credit Union to offer the Securities;

and are described in the summary of the Trust Deed in the Prospectus.

The Auditors have reported on the financial information set out in the Prospectus and our statement does not refer to that information or to any other material in the Prospectus which does not relate to the Trust Deed. Subject to the duties imposed by the Fifth Schedule of the Securities Regulations 1983, Perpetual Trust Limited relies on the information supplied to it by the Credit Union pursuant to the Trust Deed and does not carry out an independent check of that information.

Perpetual Trust Limited does not guarantee the repayment of the Securities or the payment of interest thereon.

Yours faithfully,

Stephanie McGreevy
REGIONAL MANAGER – CORPORATE TRUST

14. OTHER TERMS OF OFFER AND SECURITIES

There are no other terms of the offer not elsewhere set out in this prospectus, other than those:

- (a) implied by law; or
- (b) set out in a document that:
 - (i) is registered with a public official; and
 - (ii) is available for public inspection; and
 - (iii) is referred to in the registered prospectus.

15. - 32. REQUIREMENTS IN RESPECT OF FINANCIAL STATEMENTS

15. APPLICATION

The latest audited financial statements for the Credit Union covering the 9 month period ending 30 September 2005 comply with the Financial Reporting Act 1993 and have been registered with the Registrar of Companies.

Attached as Appendix 2 are the audited financial statements for the Credit Union covering the period 01 October 2005 to 30 September 2006 which comply with the Financial Reporting Act 1993.

Clauses 16. - 32.

Not applicable

33. PLACES OF INSPECTION OF DOCUMENTS

The Credit Union operates under rules registered with the Registrar of Friendly Societies and Credit Unions. Copies of the rules of the Credit Union, the latest financial statements and any material contract disclosed pursuant to paragraph 9 of this prospectus, may be inspected during normal business hours without fee by any person who so requests, at the registered office of the Credit Union, **5 Campbell Road, Royal Oak, Auckland.**

These documents may also be accessed on the Companies Office website – page 3 refers

33.1 Register of Members

A register of the members of the Credit Union is kept at the registered office of the Credit Union detailed above. The register is open to inspection during ordinary office hours by any member of the Credit Union.

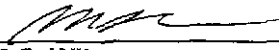
34. OTHER MATERIAL MATTERS

The previous prospectus dated 1 August 2006 expires on 31 December 2006.

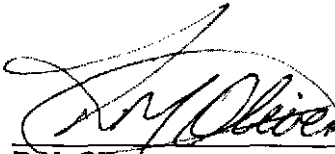
There are no other material matters relating to this offer of securities (all such matters are elsewhere set out in this registered prospectus or in the financial statements referred to in this registered prospectus, and contracts entered into in the ordinary course of business of the Credit Union).

35. BOARD OF DIRECTORS STATEMENT

The officers of the Credit Union having made due inquiry in relation to the period between the date of the latest statement of financial position referred to in section 15 and the date this prospectus was delivered to the Registrar of Companies for registration are of the opinion that no circumstances have arisen that materially adversely affect the trading or profitability of the Credit Union; or the value of its assets; or the ability of the Credit Union to pay its liabilities due within the next twelve (12) months.



M.S. Wilson



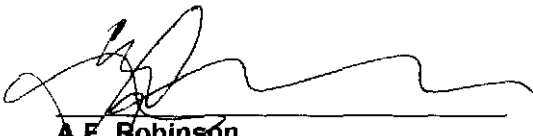
R.M. Oliver



J.E. Fitzgerald



P.D. Platt



A.F. Robinson

36. AUDITOR'S REPORT

The Auditors' Report is attached.

**O'Halloran HMT
Chartered Accountants
and Business Advisors**

P O Box 6004, Wellesley Street
Level 8, 203 Queen Street
Auckland, New Zealand
Telephone 09 366 5000
Facsimile 09 366 5001
team@ohalloran.co.nz
www.ohalloran.co.nz

31 December 2006

The Board of Directors
Auckland District Manchester Unity Credit Union
P O Box 24318
Royal Oak
Auckland

Dear Directors

As auditors of Auckland District Manchester Unity Credit Union (the 'Credit Union' and 'Borrowing Entity') we have prepared this report pursuant to clause 36 of the Second Schedule of the Securities Regulations 1983 for inclusion in a prospectus to be dated 31 December 2006 for the issue of debt securities.

We reported as auditor of the Credit Union to the members of the Credit Union on the financial statements prepared and registered under the Financial Reporting Act 1993 for the year ended 30 September 2006. Our report was dated 21 November 2006 and we issued an unqualified opinion.

We report on the summary of financial statements of the Credit Union set out on pages 5 and 6. The summary of financial statements has been taken from audited financial statements for the year ended 30 September 2006, for the nine months ended 30 September 2005, for the nine months ended 31 December 2004, for the year ended 31 March 2004, for the year ended 31 March 2003 and for the year ended 31 March 2002.

We report on the information provided in respect of the ranking of securities of the Credit Union as at 30 September 2006. The amounts in respect of the ranking of securities have been taken from the audited financial statements of the Credit Union for the year ended 30 September 2006.

The Board of Directors Responsibilities

The board of directors are responsible for the preparation and presentation of:

- a) financial statements as required by clauses 16 to 31 of the Second Schedule to the Securities Regulations 1983, that comply with the Securities Regulations 1983 and subject to those regulations, comply with generally accepted accounting practice in New Zealand, and give a true and fair view of the state of affairs of the Credit Union as at 30 September 2006 and the results of its operations and cash flows for the year ended on that date;
- b) the summary of financial statements of the Credit Union for the nine months ended 30 September 2005, for the nine months ended 31 December 2004, for the year ended 31 March 2004, for the year ended 31 March 2003 and for the year ended 31 March 2002 as required by clauses 7(2) and 7(3) of the Second Schedule to the Securities Regulations 1983; and
- c) amounts relating to the ranking of securities of the Credit Union as at 30 September 2006 as required by clause 12 of the Second Schedule to the Securities Regulations 1983.

Auditors' Responsibilities

We are responsible for:

- a) expressing an independent opinion on the financial statements of the Credit Union as at 30 September 2006 and for the year ended on that date, prepared and presented by the board of directors and reporting our opinion in accordance with clause 36(1) of the Second Schedule to the Securities Regulations 1983; and
- b) reporting, in accordance with clause 36(1)(g) of the Second Schedule to the Securities Regulations 1983 on the amounts:
 - i) included in the summary of financial statements of the Credit Union for the year ended 30 September 2006, the nine months ended 30 September 2005, the nine months ended 31 December 2004, the year ended 31 March 2004, the year ended 31 March 2003 and the year ended 31 March 2002; and
 - ii) relating to the ranking of securities of the Credit Union as at 30 September 2006.

This report has been prepared for inclusion in the Prospectus for the purpose of meeting the requirements of clause 36 of the Second Schedule to the Securities Regulations 1983. We disclaim any assumption of responsibility for reliance on this report or the amounts included in the financial statements, the summary financial statements and the ranking of securities for any other purpose other than that for which they were prepared. In addition, we take no responsibility for, nor do we report on, any part of the Prospectus not mentioned in this report.

Other than in our capacity as auditor, and the provision of accounting advice, we have no relationship with, or interest in, the Credit Union.

Basis of Opinion on the Financial Statements and the Summary of the Financial Statements

Our audit of the financial statements for the year ended 30 September 2006 included examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also included assessing:

- a) the significant estimates and judgements made by the board of directors in the preparation of the financial statements; and
- b) whether the accounting policies are appropriate to the circumstances of the Credit Union, consistently applied and adequately disclosed.

We have conducted our audit in accordance with New Zealand Auditing standards. 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 the information in the financial statements.

We have undertaken procedures to provide reasonable assurance that the amounts set out in the summary of financial statements on pages 5 and 6, pursuant to clauses 7(2) and 7(3) of the Second Schedule to the Securities Regulations 1983 have been correctly taken from audited financial statements for the year ended 30 September 2006, the nine months ended 30 September 2005, the nine months ended 31 December 2004, the year ended 31 March 2004, the year ended 31 March 2003 and the year ended 31 March 2002.

Basis of Opinion on the Ranking of Securities

We have undertaken procedures to provide reasonable assurance that the amounts set out relating to the ranking of securities on page 7, pursuant to clause 12 of the Second Schedule of the Securities Regulations 1983, have been correctly taken from audited financial statements as at 30 September 2006.

Unqualified Opinion on the Financial Statements and the Summary of Financial Statements

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

In our opinion:

- a) proper accounting records have been kept by the Credit Union as far as appears from our examination of those records;
- b) 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:
 - i) comply with the Securities Regulations 1983; and
 - ii) subject to those regulations, comply with generally accepted accounting practice in New Zealand; and
 - iii) give a true and fair view of the financial position of the Credit Union as at 30 September 2006 and its financial performance and cash flows for the twelve months ended on that date.
- c) the amounts set out in the summary of financial statements, on pages 5 and 6, pursuant to clauses 7(2) and 7(3) of the Second Schedule to the Securities Regulations 1983, have been correctly taken from audited financial statements of the Credit Union for the year ended 30 September 2006, for the nine months ended 30 September 2005, for the nine months ended 31 December 2004, for the year ended 31 March 2004, for the year ended 31 March 2003 and for the year ended 31 March 2002, from which they were extracted.

Unqualified Opinion on the Ranking of Securities

In our opinion the amounts relating to the ranking of securities on page 7, pursuant to clause 12 of the Second Schedule to the Securities Regulations 1983, have been correctly taken from audited financial statements of the Credit Union as at 30 September 2006.

In terms of Regulations 7(1)(b)(ii) of the Securities Regulations 1983 we hereby give our consent to the inclusion in the above mentioned prospectus of this report in the form in which it is included. We also confirm that we have not, before delivery of this prospectus for registration, withdrawn our consent to the issue thereof.

Yours faithfully



O'Halloran HMT
Chartered Accountants
Auckland, New Zealand

AUCKLAND DISTRICT MANCHESTER UNITY CREDIT UNION

FINANCIAL STATEMENTS

FOR THE TWELVE MONTHS ENDED 30 SEPTEMBER 2006

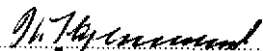

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AUCKLAND DISTRICT MANCHESTER UNITY CREDIT UNION

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	482,975
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

Secretary

30/11/06 Date
 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)		\$ 5,899	\$ 20,978

STATEMENT OF MOVEMENT IN RESERVES

For the twelve months ended 30 September 2006

	30 September 2006	30 September 2005
Opening Reserves	672,570	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.

	Maturity Profile 30 September 2006				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

	Maturity Profile 30 September 2005				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	6,087,327
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)	\$ 678,469

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**

CERTIFICATE OF REGISTRATION OF PROSPECTUS

(Under Section 42(5) of the Securities Act 1978)

AUCKLAND DISTRICT MANCHESTER UNITY CREDIT UNION

1802878

This is to certify that a Prospectus, for AUCKLAND DISTRICT MANCHESTER UNITY CREDIT UNION, dated the 31st day of December 2006 was registered on the 3rd day of January 2007.



Neville Harris
Registrar of Credit Unions and Friendly Societies
Dated this 5th day of January 2007

