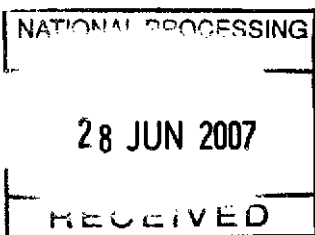


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CREDIT UNION HEALTH

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2007



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DIRECTORY

Registered Office

C/o Tauranga Public Hospital
Cameron Road
TAURANGA

Directors

Emma Ngawhare (Chairperson)
Kathleen Robb (Treasurer)
Sherida Couldwell (Secretary)
Judy Eckhard
Jeannie Bruning
Bernice Tyrrell
Maxine Griffiths

Accountant

Rodewald Hart Brown Ltd
TAURANGA

Bankers

NZACU
AUCKLAND

Westpac
TAURANGA

Solicitors

Annan & Co
TAURANGA

In respect of the Prospectus:
Lane Neave
CHRISTCHURCH

Auditors

KPMG
TAURANGA

Affiliations

New Zealand Association of Credit Unions (NZACU)
World Council of Credit Unions



Audit report

To the members of Credit Union Health

We have audited the financial statements on pages 4 to 17. The financial statements provide information about the past financial performance of the Credit Union and its financial position as at 31 March 2007. This information is stated in accordance with the accounting policies set out on pages 7 and 8.

Directors' responsibilities

The Directors are responsible for the preparation of financial statements which give a true and fair view of the financial position of the Credit Union as at 31 March 2007 and the results of its operations and cash flows for the year ended on that date.

Auditors' 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 judgments made by the Directors in the preparation of the financial statements;
- whether the accounting policies are appropriate to the Credit Union's circumstances, consistently applied and adequately disclosed.

We 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 obtain 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 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 4 to 17:
 - comply with New Zealand generally accepted accounting practice;
 - give a true and fair view of the financial position of the Credit Union as at 31 March 2007 and the results of its operations and cash flows for the year ended on that date.

Our audit was completed on 30 May 2007 and our unqualified opinion is expressed as at that date.

Tauranga

CREDIT UNION HEALTH
Statement of Financial Performance
For the Year Ended 31 March 2007

Income From:	Note	2007	2006
Interest - Loans		641,175	607,693
Investments & Interest Income		146,421	89,184
Bad Loans Recovered		3,114	4,563
Other Income	2	123,739	143,844
		<u>914,449</u>	<u>845,284</u>
Less Operating Expenditure			
Audit Fees	14	14,412	12,968
Depreciation - Fixtures and Fittings	11	15,449	18,855
Depreciation - Motor Vehicles	11	2,106	1,403
Directors Expenses		11,220	754
Loans - Provision Doubtful	9	(24,540)	20,182
- Written Off		7,845	2,040
NZACU Affiliation		28,851	24,480
Trust Deed		11,312	11,250
Wages, Travel & Education Expenses		244,103	214,449
Other Expenses		259,542	236,841
Total Expenses		<u>570,300</u>	<u>543,222</u>
Surplus before Member Benefits		344,149	302,062
Less Member Benefits			
Loan Insurance		1,007	1,908
Dividends - Ordinary Shares	3	77,861	83,318
Dividends - Term Shares	3	117,211	78,928
		<u>196,079</u>	<u>164,154</u>
NET SURPLUS		<u><u>148,070</u></u>	<u><u>137,908</u></u>

Statement of Movements in Equity
For the Year Ended 31 March 2007

	2007	2006
Net surplus for the year	<u>148,070</u>	<u>137,908</u>
Total recognised income and expense for the year	148,070	137,908
Members Equity at beginning of the year	<u>1,180,485</u>	<u>1,042,577</u>
Members Equity at the end of the year	<u><u>1,328,555</u></u>	<u><u>1,180,485</u></u>



The notes form part of, and are to be read in conjunction with, these Financial Statements.

CREDIT UNION HEALTH

Statement of Financial Position

As at 31 March 2007

	Note	2007	2006
Members Reserves:			
Retained Earnings	4	988,555	890,485
General Reserve	5	340,000	290,000
Total Reserves		1,328,555	1,180,485
 Liabilities			
Current Liabilities:			
Members Shares:			
Ordinary Shares	6	2,884,601	2,811,431
Term Shares	6	2,037,519	1,321,862
Accounts Payable	7	177,925	131,688
Total Liabilities		5,100,045	4,264,981
 Total Reserves and Liabilities		6,428,600	5,445,466
 Assets			
Current Assets:			
Cash & Bank	8	94,735	102,925
Investments	8	1,498,000	843,000
Accounts Receivable		48,391	47,603
Loans to Members	9	1,068,980	994,676
Prepayments		27,383	20,343
Total Current Assets		2,737,489	2,008,547
 Term Assets:			
Loans to Members	9	3,498,126	3,257,918
Capital Notes	10	153,530	136,362
Total Term Assets		3,651,656	3,394,280
 Fixed Assets:			
Fixtures & Fittings and Motor Vehicles	11	39,455	42,639
 Total Assets		6,428,600	5,445,466

"Certified as true and correct on behalf of the Board"



E. Ngawhare
Chairperson
Director
Date:

E. Ngawhare
30/5/07

K Robb
Treasurer
Director
Date:

K Robb
30/5/07

The notes form part of, and are to be read in conjunction with, these Financial Statements.

CREDIT UNION HEALTH

Statement of Cash Flows For the Year Ended 31 March 2007

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash was Provided from / (Applied to):		
Interest on Loans to Members	637,816	606,163
Income on Investments & Current Accounts	143,627	96,338
Bad Debts Recovered	3,114	4,563
Sundry Income	129,104	143,826
Administration Expenses	(534,547)	(544,422)
Dividends Paid to Members	(191,775)	(162,328)
Net Operating Cash Flows	187,339	144,141
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash was Provided from / (Applied to):		
Investments (Made) / Matured	(672,168)	(52,000)
Member Loan Repayments	1,991,569	1,430,267
Member Loan Advances	(2,289,387)	(1,619,704)
Purchase of Fixed Assets	(14,370)	(16,297)
Net Investing Cash Flows	(984,356)	(257,734)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash was Provided from / (Applied to):		
Member Share Deposits	22,417,439	20,062,506
Member Share Withdrawals	(21,628,612)	(20,046,255)
Net Financing Cash Flows	788,827	16,251
Net (Decrease)/Increase in Cash	(8,190)	(97,343)
Add Cash at beginning of Year	102,925	200,267
Ending Cash Carried Forward	94,735	102,925
Reconciliation of Operating Surplus:		
Net Surplus for the Year	148,070	137,908
Non-Cash Items:		
Depreciation & Assets Written Off	17,555	20,258
Loans Written Off	7,845	2,040
Provision for Doubtful Loans	(24,540)	20,182
Movement in Accounts Receivable	(788)	(8,067)
Movement in Prepayments	(7,040)	(11,922)
Movement in Accounts Payable	46,237	(16,258)
Cash Flows From Operating Activities	187,339	144,141



The notes form part of, and are to be read in conjunction with, these Financial Statements.

CREDIT UNION HEALTH
Notes to the Financial Statements
For the Year Ended 31 March 2007

Note 1 – Statement of Accounting Policies

Reporting Entity

These are the Financial Statements of Credit Union Health which is registered under the Friendly Societies and Credit Union Act 1982.

Credit Union Health is a reporting entity for the purposes of the Financial Reporting Act 1993.

Basis of Reporting

The Credit Union is an issuer for the purposes of the Financial Reporting Act 1993. The Financial Statements have been prepared in accordance with the Financial Reporting Act 1993 and the Friendly Societies and Credit Unions Act 1982, Securities Regulation 1983 and New Zealand Generally Accepted Accounting Practices.

Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis are followed. Where appropriate all amounts are inclusive of Goods and Services Tax (GST) as the Credit Union is treated as an end user for GST purposes on its financial services operations.

Nature of Business

The Credit Union's primary activity has been to provide a co-operative saving facility for members to form a loan fund.

The Credit Union is restricted in its borrowing and members contribute to the Credit Union by way of share subscriptions. Shares in the Credit Union are not transferable except where a member has nominated in writing that a person is to receive the member's shareholding in the Credit Union on the member's death, or any monies payable by the Credit Union to the member, at that time. However, any such nomination can only provide that a person receive that part of the member's shareholding, or monies payable by the Credit Union, up to a maximum of \$2,000. Furthermore, to be legally enforceable, any such nomination must be signed by the member and delivered or sent to the registered office of the Credit Union, or made in the register of members kept at the Credit Union's registered office.

Members are able to withdraw their funds subject to certain conditions. The Credit Union makes loans to members or invests funds on the members' behalf. Interest and other income is received by the Credit Union and interest paid to depositing members in the form of a dividend on shares.

Trust Deed

A Trust Deed was entered into on 14th May 2001 between Trustees Executors Limited an Agency Company of New Zealand and Credit Union Health. Trustees Executors Limited is the Prudential Supervisor and acts in the interests of the members of the Credit Union by monitoring the compliance by the Credit Union of its obligations, its Rules, the Trust Deed and the Friendly Societies and Credit Unions Act 1982. Also the Prudential Supervisor is under duty to exercise reasonable diligence to ascertain whether or not the Credit Union has;

- (a) committed any breach of the Trust Deed or any of the conditions of issue of the shares; and
- (b) sufficient assets to meet its obligations to members, as they fall due.

Other than the security entered into under the Trust Deed there are no securities that are secured by mortgage or charge over any assets of the Credit Union.

Deed Poll

Pursuant to the Trust Deed the Credit Union agreed to assign, set over and transfer to Trustees Executors Limited all its secured property, being the whole of the Credit Union's present and future undertaking, property, assets and revenue, including the proceeds of all Specified Securities and uncalled capital. In order to perfect the security over book debts the Credit Union executed a Deed Poll dated 31 May 2001 in favour of Trustees Executors Limited whereby the book debts of the Credit Union were assigned to Trustees Executors Limited as security for their prudential supervision as provided for under the Trust Deed.

Members Shares

Members shares in the Credit Union have characteristics of both debt and equity instruments. For the purposes of Financial reporting, members shares have been treated substantially as debt instruments.



CREDIT UNION HEALTH
Notes to the Financial Statements
For the Year Ended 31 March 2007

Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of Financial Performance and the Financial Position have been applied:

- a. **Recognition of Revenue:** Income is recorded on an accrual basis. An allowance has been made for a potential reduced collection of interest on doubtful loans. Data processing fees include ATM and Eftpos transaction recoveries and are recognised at the date of the transactions.
- b. **Loans to Members:** Loans to members (financial assets) are recorded in the financial statements at the original loan value less repayments and write offs to date.
 At each balance sheet date, the Credit Union assesses whether there is objective evidence that financial assets are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows on the asset that can be estimated reliably.
 The Credit Union considers evidence of impairment at both a specific assets and collective level. All individually significant financial assets are assessed for specific impairment. All significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are then collectively assessed for impairment by grouping together financial assets with similar risk characteristics. Objective evidence that financial assets are impaired can include default or delinquency by a borrower or adverse changes in the payment status of a borrower.
- c. **Investments:** Investments are stated at cost. Where income earned has been credited to the investment value the recorded cost has been increased to reflect the value movement.
- d. **Receivables:** Receivables are valued at their expected realisable value.
- e. **Fixed Assets:** Fixed Assets are recorded at cost less accumulated depreciation. When a fixed asset is disposed of, any given loss or gain is recognised in the Statement of Financial Performance and is calculated as the difference between the sale price and the carrying value of the fixed asset.
- f. **Depreciation:** Depreciation is provided on a straight line basis at rates calculated to write off the assets over their expected useful lives. Depreciation rate applied in the current financial year is 20%.
- g. **Income Tax:** There has been no provision made for Income Tax as the Credit Union's income from members is exempt under section CW 37 of the Income Tax Act 2004. Income derived other than from members does not produce a taxable surplus.

Comparatives:

Minor changes have been made to comparative information to conform to current year presentation. The changes are not material.

Changes in Accounting Policies

There have been no other changes in accounting policies during the year. All policies have been applied on bases consistent with prior years.

Note 2 – Other Income

Other income includes:

	<u>31.3.07</u>	<u>31.3.06</u>
Commissions	17,963	39,477
Data Processing Fees	103,989	102,348
Membership Joining Fees	1,156	1,110
Other Member Fees & Sundry Income	631	909
	<u>123,739</u>	<u>143,844</u>



CREDIT UNION HEALTH
Notes to the Financial Statements
For the Year Ended 31 March 2007

Note 3 – Dividends Paid

Interest is paid to depositing members in the form of a dividend and relates to the Credit Union's ability to pay the dividend. At times during the year the Credit Union may offer depositors special accounts which have a pre-set dividend rate. Dividend rates applied to members' deposits were:

	<u>31.3.07</u>	<u>31.3.06</u>
Ordinary Shares	0-4%	0-3%
Co-operative Shares	1-4.25%	1-3.75%
Christmas Club Shares	1-6%	1-5%
Money Maker Savings Shares	2-6%	2-6%
Student Savings Shares	3-5%	1-4%
Harvest Account	5%	5%
Fixed Term Shares	3.4-8%	3.2-7.3%

Where dividends were not credited by balance date the dividend rates directors expect to apply are used to accrue dividends payable. With the exception of Term Shares and the 'Money Maker' savings account, dividends are calculated on the minimum monthly share balance.

Note 4 – Retained Earnings

Reserve arising from retained profits accumulated from operations.

	<u>31.3.07</u>	<u>31.3.06</u>
Balance brought forward	890,485	776,577
Transfer from Trading	148,070	137,908
Transfer to General Reserve (Note 5)	(50,000)	(24,000)
Balance carried forward	<u>988,555</u>	<u>890,485</u>

Retained Earnings represents 15.37 % to Total Assets (March 2006-16.35%).

Note 5 – General Reserve

A General Reserve has been established in accordance with S119 of The Friendly Societies and Credit Unions Act 1982. The reserve may not be distributed until the Credit Union is being wound up or dissolved, but may be applied for the following purposes:

- (a) To offset realised losses made by the Credit Union to members, and
- (b) To such persons of such amounts in such special circumstances as the Registrar, on application, may approve.

	<u>31.3.07</u>	<u>31.3.06</u>
Balance brought forward	290,000	266,000
Transfer for the year (Note 4)	50,000	24,000
Balance carried forward	<u>340,000</u>	<u>290,000</u>

The Reserve represents 5.29% of Total Assets (March 2006 - 5.33%)

The transfer to reserves meets the minimum required under the Act.

Note 6 – Member Shares

	<u>31.3.07</u>	<u>31.3.06</u>
Ordinary Shares:		
Primary Shares	1,399,111	1,348,580
Loan Provider	1,448,584	1,426,741
Christmas	36,906	36,110
Total Ordinary Shares	<u>2,884,601</u>	<u>2,811,431</u>



CREDIT UNION HEALTH
Notes to the Financial Statements
For the Year Ended 31 March 2007

Note 6 – Member Shares (continued)

	<u>31.3.07</u>	<u>31.3.06</u>
Term Shares:		
Maturity profile is as follows:		
0-3 months	783,769	656,174
3-6 months	284,082	188,617
6-12 months	969,668	457,956
12-24 Months	-	19,106
Total Term Shares	<u>2,037,519</u>	<u>1,321,862</u>
Total Ordinary and Term Shares	<u>4,922,120</u>	<u>4,133,293</u>

Note 7 – Accounts Payable

	<u>31.3.07</u>	<u>31.3.06</u>
Trade Creditors	127,735	85,060
Dividends Accrued	33,693	30,396
Resident Withholding Tax	16,497	16,232
	<u>177,925</u>	<u>131,688</u>

Note 8 – Cash & Bank and Short Term Deposits

	Current Interest Rates	<u>31.3.07</u>	<u>31.3.06</u>
Cash & Bank	0.00 to 2.50%	94,735	102,925
NZ Association of Credit Unions Deposits	7.31 to 7.77%	1,498,000	843,000
		<u>1,592,735</u>	<u>945,925</u>

The effective interest rates for NZACU deposits are the original contracted values. In accordance with the Credit Union's accounting policy of recording investments at cost, movements in market rates are not reflected in the recorded value of investments.

Note 9 – Loans to Members

Loans are made in accordance with the lending policy of the Credit Union. A provision for doubtful loans has been made at balance date.

	<u>31.3.07</u>	<u>31.3.06</u>	<u>Doubtful Movement</u>
Total Loans	4,621,612	4,331,640	
Provision for doubtful loans	(54,506)	(79,046)	(24,540)
Net	<u>4,567,106</u>	<u>4,252,594</u>	
Less Current Portion	(1,068,980)	(994,676)	
Term Portion	3,498,126	3,257,918	



CREDIT UNION HEALTH
Notes to the Financial Statements
For the Year Ended 31 March 2007

Note 9 – Loans to Members (continued)

In accordance with the Financial Reporting Standard No. 33 (FRS33), the following analysis of loans to members is provided.

As at 31 March 2007	Gross Amount	Prov'n for Loss	Net Amount	Movement in Prov
Non Accrual Assets	32,333	16,717	15,616	16,717
Restructured Assets	2,727	0	2,727	0
Enforced Security Assets	0	0	0	0
Real Estate Assets	0	0	0	0
Past Due Assets	39,021	21,684	17,337	(4,228)
Other Loan Assets with Interest				
Accrued	<u>4,547,531</u>	<u>16,105</u>	<u>4,531,426</u>	<u>(37,029)</u>
Total Loans	<u>4,621,612</u>	<u>54,506</u>	<u>4,567,106</u>	<u>(24,540)</u>

As at 31 March 2006				
Non Accrual Assets	0	0	0	0
Restructured Asset	0	0	0	0
Enforced Security Assets	0	0	0	0
Real Estate Assets	0	0	0	0
Past Due Assets	57,506	25,912	31,594	13,208
Other Loan Assets with Interest				
Accrued	<u>4,274,134</u>	<u>53,134</u>	<u>4,221,000</u>	<u>6,974</u>
Total Loans	<u>4,331,640</u>	<u>79,046</u>	<u>4,252,594</u>	<u>20,182</u>

Non accrual assets are those loans to members for which the Credit Union may not be able to collect all amounts owing in accordance with the terms of the contract with those members.

Restructured Assets. The Credit Union occasionally restructures loan terms, however, amended terms are generally comparable with the new loans criteria, however there are instances when a members changing financial circumstances mainly due to the economic climate dictate that loan repayments be extended over a greater period of time than would normally be the case.

Real Estate and enforced security assets are assets acquired through the enforcement of a security.

Past Due Assets are any loans that have not been operated by the member (within the terms of the loan contract) for at least 90 days.

Method for calculation of the Doubtful Debt Provision.

Provision has been made to reflect the expectation that some recorded loans will not be recovered in full in the future. The main components of this provision are a specific loss component that relates to individually significant exposures, and, if required, a collective provision established for groups of loans to members in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.



CREDIT UNION HEALTH
Notes to the Financial Statements
For the Year Ended 31 March 2007

Note 10 – Capital Notes

	2007	2006
Capital Notes		
Opening Balance	136,362	136,362
Bonus Dividend	17,168	0
Closing Balance	<u>153,530</u>	<u>136,362</u>

NZ Association of Credit Unions (NZACU) Business Services Division Trust Base Capital Notes represent monies invested with the NZACU Business Services Division Trust for an open ended term. The Base Capital Notes constitute unsecured obligations of the NZACU Business Services Division and rank equally and without priority or preference among themselves. The Base Capital Notes rank after creditors in the event of the winding up of the NZACU Business Services Division. Base Capital Notes may only be sold or transferred to another Credit Union that is a member of the NZACU Business Services Division and with the consent of the Business Services Board of Directors. The investment is recorded at cost. There is no active market for these securities which have no guaranteed interest rate return.

Effective 1st July 2006 the NZACU credited the Credit Union with a \$17,168 bonus dividend paid by credit to the Capital Notes. From 1 July 2000 there is no forecast return on this investment, the Business Trust now providing a rebate of profits every 6 months. Income has been accrued at 15% for 3 months to balance date.

Note 11 – Fixed Assets

	<u>31.3.07</u>	<u>31.3.06</u>
Fixtures and Fittings		
Cost	146,868	132,498
Less accumulated depreciation	<u>114,432</u>	<u>98,984</u>
Book Value	<u>32,436</u>	<u>33,514</u>
Motor Vehicles		
Cost	10,528	10,528
Less accumulated depreciation	<u>3,509</u>	<u>1,403</u>
Book Value	<u>7,019</u>	<u>9,125</u>
Total Book Value	<u><u>39,455</u></u>	<u><u>42,639</u></u>

Fixed Assets comprise Furniture and Fittings and Motor Vehicles used in the day to day operations of the Credit Union.

Note 12 – Financial Instruments

The Credit Union is a party to financial instruments as part of its day to day operations.

Risk Management Policies

a. Maximum Credit Risk

Financial instruments which potentially subject the Credit Union to credit risk principally consist of bank balances, Cash Investments, NZACU Base Capital Notes, Accounts Receivable and Loans to members. The maximum credit risk is therefore the total balances outstanding on the aforementioned items as reported in the Statement of Financial Position - \$6,380,255 (March 2005 - \$5,382,484). The Credit Union has no "off balance sheet" financial instruments.

Loans to Members

Loans can only be made to Credit Union members. The Credit Union Rules state that: Admission to membership of the Credit Union shall be limited to individuals who reside within the boundaries of Bay of Plenty Health Board, including any such person aged 16 years or younger. Loan interest rates range from 8.65% to 19% pa with delinquent loans possibly incurring an additional penalty rate of 5% pa.



CREDIT UNION HEALTH
Notes to the Financial Statements
For the Year Ended 31 March 2007

Note 12 – Financial Instruments (continued)

Loans to Members (continued)

The Credit Union has a lending policy which requires security for loans and a portion of loans are secured over the borrowing members shares. The Friendly Societies and Credit Unions Act 1982 limits the risk of any one member and provides, along with the loan agreement that any and all shares might be used to offset an individual's loan to the limit of their liability. Under section 110 of the Act, the maximum indebtedness and repayment terms of a member, without prior consent of the Registrar, shall not exceed the following limits:

Unsecured Loan	5%	of the value of the assets of the Credit Union and 7 years (or 9 years for partially secured loans)
Secured Loan	10%	of the value of the assets of the Credit Union and 25 years

Accounts Receivable

Accounts receivable comprises interest on loans and investments plus minor amounts payable for services provided and there is no perceived credit risk associated with this asset. Receivables are recorded at expected realisable value.

Cash Investments

The Credit Union's management policies comply with the Friendly Societies and Credit Unions Act 1982, S49 and S117 in regard to investments made by Trustees. Details of cash investments are outlined in Notes 8 and 10. The composite total of both cash investments and NZACU Capital Notes is not considered by the Directors to be high risk investment. No collateral securities are held on the bank balances and investments.

Collateral

Current management policy generally requires collateral to be in place prior to a loan being made. Collateral securities include mortgage over real property and instruments by way of security over assets – predominantly motor vehicles and chattels. Loans can only be made to members and Credit Union shares are thus available for security.

b. Liquidity Risk

Investments

Liquidity risk is minimised with the short term nature of the majority of Credit Union's cash investments. With the exception of the NZACU Base Capital Notes, investments are either on call or can be converted into cash within 5 working days.

Loans to Members

Loans are for varying terms but the standard loan contract includes an "on demand" clause.

The monthly repayments on loans for the past year represent an average loan of:

31.3.07	31.03.06
27.52 months	35.68 months

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

0.30 %	1.35%
--------	-------

Other than loans to members, identified in Note 11, there are no monetary assets in arrears.

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

23.93 %	22.71%
---------	--------

Short term deposits held with the NZACU are the only monetary asset receivable which exceeds the individual value of the 6 largest loans to members.

Member Shares

Member share deposits may be withdrawn at any time but the Credit Union has the right to require members to give 60 days notice of their intention to withdraw the whole or part of the shares deposited.



CREDIT UNION HEALTH
Notes to the Financial Statements
For the Year Ended 31 March 2007

Note 12 – Financial Instruments (continued)

b. Liquidity Risk (continued)

Transactional Banking Facility (TBF)

On 21 May 2003 the Credit Union entered into a contract with the NZACU Business Services Division to provide transactional banking services. The contract required either a settlement bond or undrawn overdraft facility to secure any obligations the Credit Union may incur from using the service. The Credit Union has satisfied the contractual obligations with a \$200,000 overdraft facility with the NZACU.

c. Concentration of Credit Risk

Financial instruments which potentially subject the Credit Union to concentrations of credit risk principally consist of cash, loans to members, short term investments and trade receivables.

The Credit Union places its cash and short term investments with high quality financial institutions and sovereign bodies and limits the amount of credit exposure to any one financial institution.

Concentration of credit risk with respect to loans to members is limited due to the large number of members included in the Credit Union's loan portfolio. The Credit Union membership is concentrated in Mount Maunganui and Tauranga and the Credit Union is exposed to the risk of a regional natural disaster. The directors do not consider the risk to exceed normal business risk.

d. Large Counterparties

The Credit Union has exposure to counterparties as follows:

	2007		2006	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
Greater than 100% of equity	-	-	-	-
Between 40% and 100% of equity	1 NZACU	-	1 NZACU	-
Between 30% and 40% of equity	-	-	-	-
Between 20% and 30% of equity	-	-	-	-
Between 10% and 20% of equity	4 Members	2 Members	4 Members	3 Members

In relation to loans to members, where a member has shares as security, or deemed security, the security has not been taken into account when calculating the percentage of exposure.

e. Concentration of Funding

The Credit Union's source of funding is members' deposits. Accordingly the funding is concentrated in and limited to the area of the "common bond" and as a consequence the Credit Union funding is almost exclusively from individuals residing within the Western Bay of Plenty environs. This funding from members is recorded as Members Shares in the Statement of Financial Position.

f. Currency Risk

The Credit Union has no currency risk given the financial instrument it deals with are in New Zealand dollars.

g. Interest Rate Risk

Loans to Members

The Credit Union standard loan agreements have a fixed interest rate, however it provides for adjustments to the interest rate on existing loans upon written notice to members at any time during the life of the loan. Loans vary from 1 month to 20 years with the majority of loans for less than 3 years. Loan Agreements include a clause allowing the Credit Union to demand repayment of the loan at any time.



CREDIT UNION HEALTH
Notes to the Financial Statements
For the Year Ended 31 March 2007

Note 12 – Financial Instruments (continued)

g. Interest Rate Risk (continued)

Shares

Dividend rates payable on members' shares are set by the Board of Directors. On ordinary shares, rates are set annually, but these rates and their effect on the Credit Union's overall return are kept under constant review. Predominantly Term Shares are limited to terms under 12 months to allow for repricing. See also note 3.

Investments

The policy requiring that all investments except for NZACU capital notes be able to be converted into cash in 5 working days limits the interest rate risk on investments due to market fluctuations. See also note 8.

h. Fair Values

Financial Assets

Loans to Members

As detailed in the accounting policies, loans are carried at estimated realisable value after providing for doubtful loans. The directors believe this reflects the fair value.

Cash and Bank

The reported amount is equal to fair value.

Receivables

The reported amount takes into account the likelihood of collecting the amounts owed. The Directors believe these amounts reflect their fair value.

Investments

Investments are disclosed on the basis of the value at the time of purchase. Any variance between market value and cost price is not material.

Financial Liabilities

Shares

Members' shares are accepted on the basis of a fixed value of \$1 per share. Deposits not in whole dollars are deemed to be advance subscriptions for shares. Dividends not paid in cash are deemed to be subscriptions for shares and add to the members' share balance in the Credit Union. The Directors believe the reported values reflect fair value.

Other Liabilities

Accounts Payable are carried at fair value.

Note 13 – Financial Instrument Maturities and Repricing

The following table shows the stated contractual re-pricing or expected maturity period of financial assets and liabilities, whichever periods are earlier. It assumes that the ability of the Credit Union to change interest rates or maturity dates of loans is not exercised.

As at 31 March 2007	Total	0 – 6 months	7 – 12 months	1 – 2 years	2 – 5 years	> 5 years
<u>Financial Assets</u>						
Cash & Bank	94,735	94,735	0	0	0	0
Receivables	48,391	48,391	0	0	0	0
Investments	1,651,530	1,498,000	0	0	0	153,530
Loans	4,567,106	591,735	477,245	833,058	1,343,027	1,322,041
TOTAL	6,361,762	2,232,861	477,245	833,058	1,343,027	1,475,571
<u>Financial Liabilities</u>						
Payables	177,925	177,925	0	0	0	0
Ordinary Members Shares	2,884,601	2,884,601	0	0	0	0
Term Members Shares	2,037,519	1,067,851	969,668	0	0	0
TOTAL	5,100,045	4,130,377	969,668	0	0	0



CREDIT UNION HEALTH
Notes to the Financial Statements
For the Year Ended 31 March 2007

Note 13 – Financial Instrument Maturities and Repricing

As at 31 March 2006	Total	0 – 6 months	7 – 12 months	1 – 2 years	2 – 5 years	> 5 years
Financial Assets						
Cash & Bank	102,925	102,925	0	0	0	0
Receivables	47,603	47,603	0	0	0	0
Investments	979,362	979,362	0	0	0	0
Loans	4,252,594	564,667	430,009	804,019	1,522,012	931,887
TOTAL	5,382,484	1,694,557	430,009	804,019	1,522,012	931,887
Financial Liabilities						
Payables	131,688	131,688	0	0	0	0
Ordinary Members Shares	2,811,431	2,811,431	0	0	0	0
Term Members Shares	1,321,862	844,791	457,965	19,106	0	0
TOTAL	4,264,981	3,787,910	457,965	19,106	0	0

Loans issued do not include a specific contractual repricing period. The lending policy allows that, from time to time, the Credit Union may change the interest rates charged on loans. In the table above, loans are therefore shown at their expected maturity period.

Ordinary shares also do not include a specific contractual repricing period. Rates are set annually but are kept under constant review.

Term Shares are limited to terms under 12 months to allow for repricing.

Note 14 – Audit Fees

The Audit Fees expense included in Administration Expenses refer to fees paid to both the Internal and External Auditors.

External Auditors:	31.3.07	31.03.06
KPMG	12,612	10,868
Internal Auditor:		
KPW Harland	1,800	2,100

Note 15 – Lease Commitments

There are no lease commitments at balance date (March 2006 - Nil). The Credit Union operates from an office at Tauranga Public Hospital. Currently, no lease has been entered into by the Credit Union and no rental expenses are paid in respect of the premises.

Note 16 – Related Parties

The Credit Union deals with Staff, Directors and Trustees on the same terms and conditions applied to all members with the exception that loans incur interest at a fixed 12.00 - 16.55% pa unless the standard loan rate is less.

Balance owing to/from Directors and Staff at balance date are:

	31.3.07	31.3.06
Owing to Directors (Shares)	65,204	53,780
Owing from Directors (Loans)	128,809	121,728
Owing to Staff (Shares)	18,770	17,412
Owing from Staff (Loans)	232,642	235,290

All of the above loans are repayable on demand.

The NZACU provides the Credit Union with banking and investment facilities (See notes 8 and 10). Interest income is earned on short term deposits held with the NZACU. NZACU is responsible for providing transactional banking facilities to the Credit Union. The Credit Union pays data processing fees to NZACU on behalf of its members.

CREDIT UNION HEALTH
Notes to the Financial Statements
For the Year Ended 31 March 2007

Note 17 – Commodity Instruments

Commodity Instruments are defined by FRS 33 to include contracts that provide for settlement only by receipt or delivery of a physical asset. The Credit Union has no commodity instruments at balance date.

Note 18 – Segment Reporting

The Credit Union operates in the New Zealand financial services industry with a concentration of members and activity in Tauranga and the Western Bay of Plenty.

Note 19 – Events Subsequent to Balance Date

There are no known events subsequent to balance date which have a measurable material effect on the state of affairs of the Credit Union.

Note 20 – Capital Commitments

At balance date there were two capital commitments. One was to the NZACU in relation to the purchase of an ATM machine value of \$27,040.50, the other in relation to the office refit of \$122,300 plus GST.

Note 21 – Adoption of New Zealand Equivalents to International Financial Reporting Standards

New Zealand reporting entities are required to comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) for financial years commencing on or after 1 January 2007.

The transition to NZ IFRS is being managed by the directors, in consultation with staff of New Zealand Association of Credit Unions, the NZACU NZ IFRS advisors and with our auditors, assessing the significance of these changes and preparing for their implementation. It is planned to adopt these standards for the first time for the year ending 31 March 2008 with comparative information being restated to conform to the requirements of the new standards.

To date, key differences between existing accounting policies and those that are expected to arise from adopting NZ IFRS's have not yet been determined and consequently, the impact of the changes on the financial statements cannot be quantified.





HEALTH

ANNUAL REPORT



Credit Union HEALTH

Notice of Annual General Meeting

Notice is hereby given of the 31st Annual General Meeting of the members of Credit Union HEALTH to be held at:

**Silver Birch House Meeting Room
Tauranga Hospital**

**on Thursday 28 June 2007
at 5.15 p.m.**

AGENDA

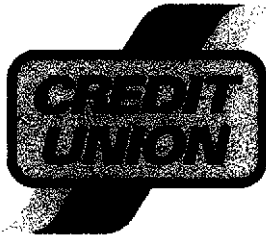
1. Welcome to visitors and apologies
2. Minutes of the 30th Annual General Meeting and confirmation
3. Reports: Chairperson
 Treasurer
 Credit Committee
4. General Business:

 Full Amendment to Rules
 Office upgrade
5. Election of Directors

AGM programme:

There will be no AGM Dinner and drinks this year owing to the office refit but after the meeting has closed there will be two prize draws of \$100 cash and two prize draws of \$50 cash.

**Sherida Couldwell
Secretary**



HEALTH

CHAIRPERSON:	Emma Ngawhare
VICE CHAIRPERSON:	Maxine Griffiths
SECRETARY:	Sherida Couldwell
TREASURER:	Kathy Robb
CREDIT COMMITTEE:	Judy Eckhard Jeannie Bruning Bernice Tyrrell
OFFICE STAFF:	Gillian Wynne (General Manager) Jocelyn Cashman (Admin./Loans Manager) Kelly Mohlmann (Team Leader) Jude McQueen (Accounts Manager) Marilynn Olsson (Customer Service Officer) Tracey Fletcher (Customer Service Officer)
ACCOUNTANTS:	Rodewald Hart Brown, Chartered Accountants
INTERNAL AUDITOR:	Ken Harland B.Com., C.A.
EXTERNAL AUDITORS:	KPMG, Tauranga
SOLICITORS:	Annan & Co, Tauranga Lane Neave, Christchurch
MEMBER:	New Zealand Association of Credit Unions World Council of Credit Unions
SUPPLIERS:	Credit Union Insurance Law Mooney Williamson Insurance Brokers Travelex Australasia Group Pioneer Insurance Health Service Welfare Society (HSWS)

Chairpersons Report

Kia ora koutou katoa

On behalf of the Board of Directors of Credit Union HEALTH it gives me great pleasure to present our 31st Annual Report to this Annual General Meeting.

The combined effort of the Board, Management and staff of Credit Union HEALTH has seen our asset base increase by 18.05% from balance date last year. (2006 \$5,445,466 – 2007 \$6,428,600) There is always competition for people to conduct their banking with other institutions and we really appreciate the level of trust and goodwill that you show in Credit Union HEALTH.

The new financial year will be a challenge for all members of the CUH Team. We are re-branding and all that entails, (very detailed) and at the same time organising a major refit of our office. We are grateful to BOPDHB Management for their understanding and recognition that Credit Union HEALTH is an integral part of the Tauranga Hospital campus as we move into our 31st year on site.

The ATM machine which is presently located in our Credit Union office will be moved nearer to the front entrance of Tauranga Hospital after we return from temporary accommodation on the 3rd Floor, to our upgraded office. The new location will serve all our customers, Hospital staff as well as visitors to the Hospital.

At this time most people will have read about the new KiwiSaver scheme – saving for your retirement. Please speak to our CUH staff about joining up – they are very willing to help. While there has been an increase in services technologically e.g. telephone, internet and text banking staff are still very happy to deal face to face with members. Growth of school banking has been significant where one staff member is now dedicated to spending one day weekly during the school term travelling to our various schools and Kohanga Reo collecting the children's banking. Next month, CUH are sponsoring a Math-a-thon at Tauranga Primary - just one of the schools' where a number of children whose parents work at Tauranga Hospital attend. Dr Sarah Beable, who is employed by Tauranga Hospital, will be helping to hand out the prizes to the winning children.

CUH will be helping to sponsor Dr Sarah Beable as she starts her build up to the World Ironman Championships at Kona, Hawaii. Sarah will be representing New Zealand in the 18-24 age group. The Board were duly impressed with this young woman as she takes on this challenge in October. Her training programme is rigorous and time consuming but Sarah will be at our various functions over the next few months so members will be able to talk with her. We wish Sarah all the very best with this huge challenge.

Our Directors are dedicated to the Good Governance of CUH, and to this end are all members of the Credit Union Institute of New Zealand – a professional body that sets the standards for Credit Union governance. The CUH staff undertakes continuing education on an individual and group level as with the Management and Directors who have to complete as a minimum, 21 hours of Continuing Development of structured and non-structured hours per year.

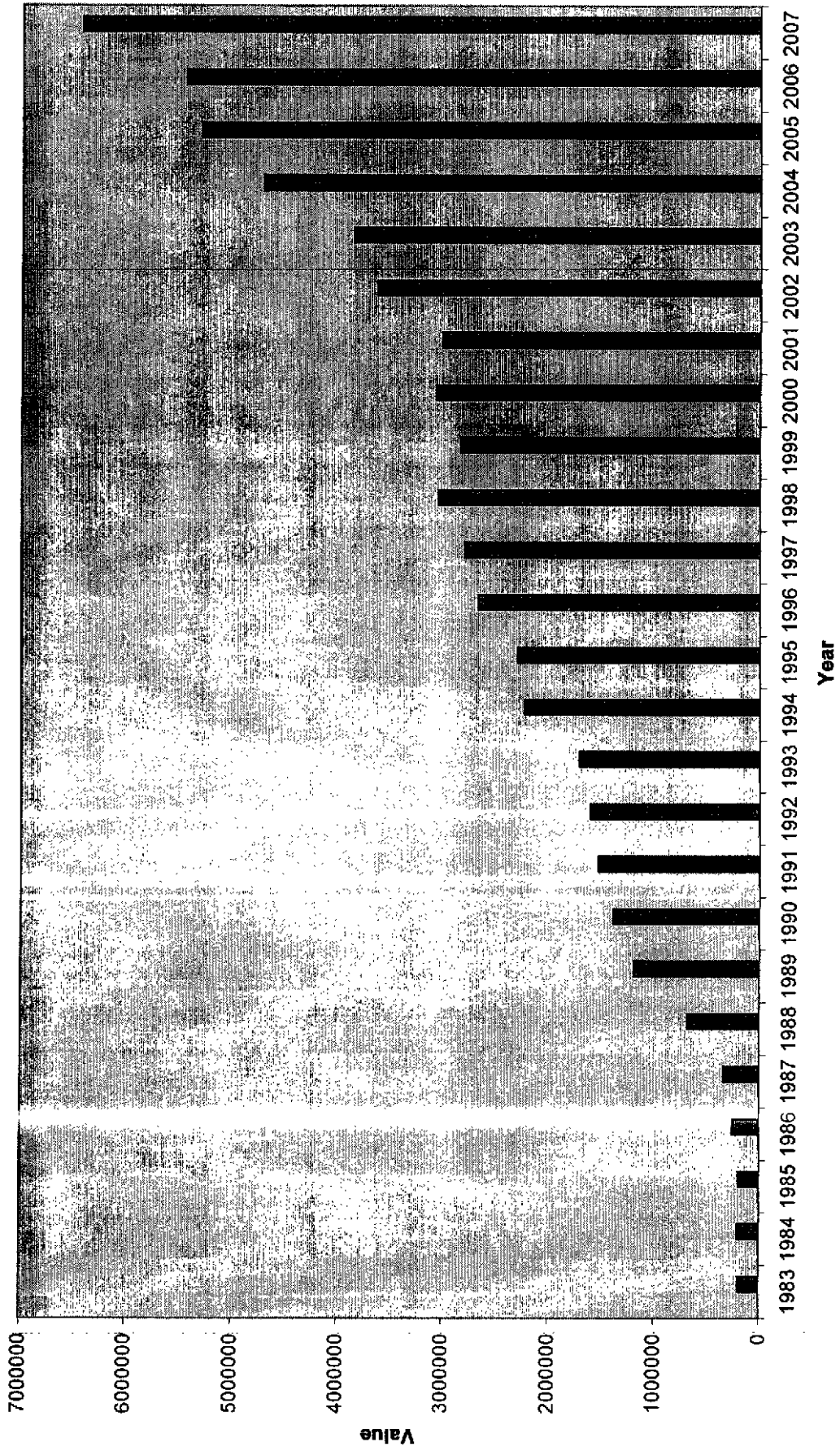
Many thanks go to our management and staff that manage the challenges of CUH daily business as well as cope with the fast changing environment around them.

Also to our Board of Directors who work tirelessly to meet the demands of board compliance as well as manage their own respective work roles – many thanks to you all.

Finally to you our membership for your ongoing patronage and support – thank you - this is your Credit Union and we are proud to serve you.

Emma Ngawhare
(Chair)

Total Assets 2006/2007





Audit report

To the members of Credit Union Health

We have audited the financial statements on pages 4 to 17. The financial statements provide information about the past financial performance of the Credit Union and its financial position as at 31 March 2007. This information is stated in accordance with the accounting policies set out on pages 7 and 8.

Directors' responsibilities

The Directors are responsible for the preparation of financial statements which give a true and fair view of the financial position of the Credit Union as at 31 March 2007 and the results of its operations and cash flows for the year ended on that date.

Auditors' 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 judgments made by the Directors in the preparation of the financial statements;
- whether the accounting policies are appropriate to the Credit Union's circumstances, consistently applied and adequately disclosed.

We 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 obtain 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 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 4 to 17:
 - comply with New Zealand generally accepted accounting practice;
 - give a true and fair view of the financial position of the Credit Union as at 31 March 2007 and the results of its operations and cash flows for the year ended on that date.

Our audit was completed on 30 May 2007 and our unqualified opinion is expressed as at that date.

Tauranga

CREDIT UNION HEALTH
Statement of Financial Performance
For the Year Ended 31 March 2007

Income From:	Note	2007	2006
Interest - Loans		641,175	607,693
Investments & Interest Income		146,421	89,184
Bad Loans Recovered		3,114	4,563
Other Income	2	123,739	143,844
		<u>914,449</u>	<u>845,284</u>
Less Operating Expenditure			
Audit Fees	14	14,412	12,968
Depreciation - Fixtures and Fittings	11	15,449	18,855
Depreciation - Motor Vehicles	11	2,106	1,403
Directors Expenses		11,220	754
Loans - Provision Doubtful	9	(24,540)	20,182
- Written Off		7,845	2,040
NZACU Affiliation		28,851	24,480
Trust Deed		11,312	11,250
Wages, Travel & Education Expenses		244,103	214,449
Other Expenses		259,542	236,841
Total Expenses		<u>570,300</u>	<u>543,222</u>
Surplus before Member Benefits		344,149	302,062
Less Member Benefits			
Loan Insurance		1,007	1,908
Dividends - Ordinary Shares	3	77,861	83,318
Dividends - Term Shares	3	117,211	78,928
		<u>196,079</u>	<u>164,154</u>
NET SURPLUS		<u>148,070</u>	<u>137,908</u>

Statement of Movements in Equity
For the Year Ended 31 March 2007

	2007	2006
Net surplus for the year	<u>148,070</u>	<u>137,908</u>
Total recognised income and expense for the year	148,070	137,908
Members Equity at beginning of the year	<u>1,180,485</u>	<u>1,042,577</u>
Members Equity at the end of the year	<u>1,328,555</u>	<u>1,180,485</u>



The notes form part of, and are to be read in conjunction with, these Financial Statements.

CREDIT UNION HEALTH

Statement of Financial Position

As at 31 March 2007

	Note	2007	2006
Members Reserves:			
Retained Earnings	4	988,555	890,485
General Reserve	5	340,000	290,000
Total Reserves		1,328,555	1,180,485
Liabilities			
Current Liabilities:			
Members Shares:			
Ordinary Shares	6	2,884,601	2,811,431
Term Shares	6	2,037,519	1,321,862
Accounts Payable	7	177,925	131,688
Total Liabilities		5,100,045	4,264,981
Total Reserves and Liabilities		6,428,600	5,445,466
Assets			
Current Assets:			
Cash & Bank	8	94,735	102,925
Investments	8	1,498,000	843,000
Accounts Receivable		48,391	47,603
Loans to Members	9	1,068,980	994,676
Prepayments		27,383	20,343
Total Current Assets		2,737,489	2,008,547
Term Assets:			
Loans to Members	9	3,498,126	3,257,918
Capital Notes	10	153,530	136,362
Total Term Assets		3,651,656	3,394,280
Fixed Assets:			
Fixtures & Fittings and Motor Vehicles	11	39,455	42,639
Total Assets		6,428,600	5,445,466

"Certified as true and correct on behalf of the Board"



E. Ngawhare
Chairperson
Director
 Date: 30/5/07

E. Ngawhare

K Robb
Treasurer
Director
 Date: 30/5/07

K Robb

The notes form part of, and are to be read in conjunction with, these Financial Statements.

CREDIT UNION HEALTH

Statement of Cash Flows For the Year Ended 31 March 2007

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash was Provided from / (Applied to):		
Interest on Loans to Members	637,816	606,163
Income on Investments & Current Accounts	143,627	96,338
Bad Debts Recovered	3,114	4,563
Sundry Income	129,104	143,826
Administration Expenses	(534,547)	(544,422)
Dividends Paid to Members	(191,775)	(162,328)
Net Operating Cash Flows	187,339	144,141
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash was Provided from / (Applied to):		
Investments (Made) / Matured	(672,168)	(52,000)
Member Loan Repayments	1,991,569	1,430,267
Member Loan Advances	(2,289,387)	(1,619,704)
Purchase of Fixed Assets	(14,370)	(16,297)
Net Investing Cash Flows	(984,356)	(257,734)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash was Provided from / (Applied to):		
Member Share Deposits	22,417,439	20,062,506
Member Share Withdrawals	(21,628,612)	(20,046,255)
Net Financing Cash Flows	788,827	16,251
Net (Decrease)/Increase in Cash	(8,190)	(97,343)
Add Cash at beginning of Year	102,925	200,267
Ending Cash Carried Forward	94,735	102,925
Reconciliation of Operating Surplus:		
Net Surplus for the Year	148,070	137,908
Non-Cash Items:		
Depreciation & Assets Written Off	17,555	20,258
Loans Written Off	7,845	2,040
Provision for Doubtful Loans	(24,540)	20,182
Movement in Accounts Receivable	(788)	(8,067)
Movement in Prepayments	(7,040)	(11,922)
Movement in Accounts Payable	46,237	(16,258)
Cash Flows From Operating Activities	187,339	144,141



The notes form part of, and are to be read in conjunction with, these Financial Statements.

CREDIT UNION HEALTH
Notes to the Financial Statements
For the Year Ended 31 March 2007

Note 1 – Statement of Accounting Policies

Reporting Entity

These are the Financial Statements of Credit Union Health which is registered under the Friendly Societies and Credit Union Act 1982.

Credit Union Health is a reporting entity for the purposes of the Financial Reporting Act 1993.

Basis of Reporting

The Credit Union is an issuer for the purposes of the Financial Reporting Act 1993. The Financial Statements have been prepared in accordance with the Financial Reporting Act 1993 and the Friendly Societies and Credit Unions Act 1982, Securities Regulation 1983 and New Zealand Generally Accepted Accounting Practices.

Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis are followed. Where appropriate all amounts are inclusive of Goods and Services Tax (GST) as the Credit Union is treated as an end user for GST purposes on its financial services operations.

Nature of Business

The Credit Union's primary activity has been to provide a co-operative saving facility for members to form a loan fund.

The Credit Union is restricted in its borrowing and members contribute to the Credit Union by way of share subscriptions. Shares in the Credit Union are not transferable except where a member has nominated in writing that a person is to receive the member's shareholding in the Credit Union on the member's death, or any monies payable by the Credit Union to the member, at that time. However, any such nomination can only provide that a person receive that part of the member's shareholding, or monies payable by the Credit Union, up to a maximum of \$2,000. Furthermore, to be legally enforceable, any such nomination must be signed by the member and delivered or sent to the registered office of the Credit Union, or made in the register of members kept at the Credit Union's registered office.

Members are able to withdraw their funds subject to certain conditions. The Credit Union makes loans to members or invests funds on the members' behalf. Interest and other income is received by the Credit Union and interest paid to depositing members in the form of a dividend on shares.

Trust Deed

A Trust Deed was entered into on 14th May 2001 between Trustees Executors Limited an Agency Company of New Zealand and Credit Union Health. Trustees Executors Limited is the Prudential Supervisor and acts in the interests of the members of the Credit Union by monitoring the compliance by the Credit Union of its obligations, its Rules, the Trust Deed and the Friendly Societies and Credit Unions Act 1982. Also the Prudential Supervisor is under duty to exercise reasonable diligence to ascertain whether or not the Credit Union has;

- (a) committed any breach of the Trust Deed or any of the conditions of issue of the shares; and
- (b) sufficient assets to meet its obligations to members, as they fall due.

Other than the security entered into under the Trust Deed there are no securities that are secured by mortgage or charge over any assets of the Credit Union.

Deed Poll

Pursuant to the Trust Deed the Credit Union agreed to assign, set over and transfer to Trustees Executors Limited all its secured property, being the whole of the Credit Union's present and future undertaking, property, assets and revenue, including the proceeds of all Specified Securities and uncalled capital. In order to perfect the security over book debts the Credit Union executed a Deed Poll dated 31 May 2001 in favour of Trustees Executors Limited whereby the book debts of the Credit Union were assigned to Trustees Executors Limited as security for their prudential supervision as provided for under the Trust Deed.

Members Shares

Members shares in the Credit Union have characteristics of both debt and equity instruments. For the purposes of Financial reporting, members shares have been treated substantially as debt instruments.



CREDIT UNION HEALTH
Notes to the Financial Statements
For the Year Ended 31 March 2007

Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of Financial Performance and the Financial Position have been applied:

- a. **Recognition of Revenue:** Income is recorded on an accrual basis. An allowance has been made for a potential reduced collection of interest on doubtful loans. Data processing fees include ATM and Eftpos transaction recoveries and are recognised at the date of the transactions.
- b. **Loans to Members:** Loans to members (financial assets) are recorded in the financial statements at the original loan value less repayments and write offs to date.
 At each balance sheet date, the Credit Union assesses whether there is objective evidence that financial assets are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows on the asset that can be estimated reliably.
 The Credit Union considers evidence of impairment at both a specific assets and collective level. All individually significant financial assets are assessed for specific impairment. All significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are then collectively assessed for impairment by grouping together financial assets with similar risk characteristics. Objective evidence that financial assets are impaired can include default or delinquency by a borrower or adverse changes in the payment status of a borrower.
- c. **Investments:** Investments are stated at cost. Where income earned has been credited to the investment value the recorded cost has been increased to reflect the value movement.
- d. **Receivables:** Receivables are valued at their expected realisable value.
- e. **Fixed Assets:** Fixed Assets are recorded at cost less accumulated depreciation. When a fixed asset is disposed of, any given loss or gain is recognised in the Statement of Financial Performance and is calculated as the difference between the sale price and the carrying value of the fixed asset.
- f. **Depreciation:** Depreciation is provided on a straight line basis at rates calculated to write off the assets over their expected useful lives. Depreciation rate applied in the current financial year is 20%.
- g. **Income Tax:** There has been no provision made for Income Tax as the Credit Union's income from members is exempt under section CW 37 of the Income Tax Act 2004. Income derived other than from members does not produce a taxable surplus.

Comparatives:

Minor changes have been made to comparative information to conform to current year presentation. The changes are not material.

Changes in Accounting Policies

There have been no other changes in accounting policies during the year. All policies have been applied on bases consistent with prior years.

Note 2 – Other Income

Other income includes:

	<u>31.3.07</u>	<u>31.3.06</u>
Commissions	17,963	39,477
Data Processing Fees	103,989	102,348
Membership Joining Fees	1,156	1,110
Other Member Fees & Sundry Income	<u>631</u>	<u>909</u>
	<u>123,739</u>	<u>143,844</u>



CREDIT UNION HEALTH
Notes to the Financial Statements
For the Year Ended 31 March 2007

Note 3 – Dividends Paid

Interest is paid to depositing members in the form of a dividend and relates to the Credit Union's ability to pay the dividend. At times during the year the Credit Union may offer depositors special accounts which have a pre-set dividend rate. Dividend rates applied to members' deposits were:

	<u>31.3.07</u>	<u>31.3.06</u>
Ordinary Shares	0-4%	0-3%
Co-operative Shares	1-4.25%	1-3.75%
Christmas Club Shares	1-6%	1-5%
Money Maker Savings Shares	2-6%	2-6%
Student Savings Shares	3-5%	1-4%
Harvest Account	5%	5%
Fixed Term Shares	3.4-8%	3.2-7.3%

Where dividends were not credited by balance date the dividend rates directors expect to apply are used to accrue dividends payable. With the exception of Term Shares and the 'Money Maker' savings account, dividends are calculated on the minimum monthly share balance.

Note 4 – Retained Earnings

Reserve arising from retained profits accumulated from operations.

	<u>31.3.07</u>	<u>31.3.06</u>
Balance brought forward	890,485	776,577
Transfer from Trading	148,070	137,908
Transfer to General Reserve (Note 5)	(50,000)	(24,000)
Balance carried forward	<u>988,555</u>	<u>890,485</u>

Retained Earnings represents 15.37 % to Total Assets (March 2006-16.35%).

Note 5 – General Reserve

A General Reserve has been established in accordance with S119 of The Friendly Societies and Credit Unions Act 1982. The reserve may not be distributed until the Credit Union is being wound up or dissolved, but may be applied for the following purposes:

- (a) To offset realised losses made by the Credit Union to members, and
- (b) To such persons of such amounts in such special circumstances as the Registrar, on application, may approve.

	<u>31.3.07</u>	<u>31.3.06</u>
Balance brought forward	290,000	266,000
Transfer for the year (Note 4)	50,000	24,000
Balance carried forward	<u>340,000</u>	<u>290,000</u>

The Reserve represents 5.29% of Total Assets (March 2006 - 5.33%)

The transfer to reserves meets the minimum required under the Act.

Note 6 – Member Shares

	<u>31.3.07</u>	<u>31.3.06</u>
Ordinary Shares:		
Primary Shares	1,399,111	1,348,580
Loan Provider	1,448,584	1,426,741
Christmas	36,906	36,110
Total Ordinary Shares	<u>2,884,601</u>	<u>2,811,431</u>



CREDIT UNION HEALTH
Notes to the Financial Statements
For the Year Ended 31 March 2007

Note 6 – Member Shares (continued)

	<u>31.3.07</u>	<u>31.3.06</u>
Term Shares:		
Maturity profile is as follows:		
0-3 months	783,769	656,174
3-6 months	284,082	188,617
6-12 months	969,668	457,956
12-24 Months	-	19,106
Total Term Shares	<u>2,037,519</u>	<u>1,321,862</u>
Total Ordinary and Term Shares	<u>4,922,120</u>	<u>4,133,293</u>

Note 7 – Accounts Payable

	<u>31.3.07</u>	<u>31.3.06</u>
Trade Creditors	127,735	85,060
Dividends Accrued	33,693	30,396
Resident Withholding Tax	16,497	16,232
	<u>177,925</u>	<u>131,688</u>

Note 8 – Cash & Bank and Short Term Deposits

	Current Interest Rates	<u>31.3.07</u>	<u>31.3.06</u>
Cash & Bank	0.00 to 2.50%	94,735	102,925
NZ Association of Credit Unions Deposits	7.31 to 7.77%	1,498,000	843,000
		<u>1,592,735</u>	<u>945,925</u>

The effective interest rates for NZACU deposits are the original contracted values. In accordance with the Credit Union's accounting policy of recording investments at cost, movements in market rates are not reflected in the recorded value of investments.

Note 9 – Loans to Members

Loans are made in accordance with the lending policy of the Credit Union. A provision for doubtful loans has been made at balance date.

	<u>31.3.07</u>	<u>31.3.06</u>	Doubtful Movement
Total Loans	4,621,612	4,331,640	
Provision for doubtful loans	(54,506)	(79,046)	(24,540)
Net	<u>4,567,106</u>	<u>4,252,594</u>	
Less Current Portion	(1,068,980)	(994,676)	
Term Portion	3,498,126	3,257,918	



CREDIT UNION HEALTH
Notes to the Financial Statements
For the Year Ended 31 March 2007

Note 9 – Loans to Members (continued)

In accordance with the Financial Reporting Standard No. 33 (FRS33), the following analysis of loans to members is provided.

As at 31 March 2007	<u>Gross Amount</u>	<u>Prov'n for Loss</u>	<u>Net Amount</u>	<u>Movement in Prov</u>
Non Accrual Assets	32,333	16,717	15,616	16,717
Restructured Assets	2,727	0	2,727	0
Enforced Security Assets	0	0	0	0
Real Estate Assets	0	0	0	0
Past Due Assets	39,021	21,684	17,337	(4,228)
Other Loan Assets with Interest				
Accrued	<u>4,547,531</u>	<u>16,105</u>	<u>4,531,426</u>	<u>(37,029)</u>
Total Loans	<u>4,621,612</u>	<u>54,506</u>	<u>4,567,106</u>	<u>(24,540)</u>

As at 31 March 2006				
Non Accrual Assets	0	0	0	0
Restructured Asset	0	0	0	0
Enforced Security Assets	0	0	0	0
Real Estate Assets	0	0	0	0
Past Due Assets	57,506	25,912	31,594	13,208
Other Loan Assets with Interest				
Accrued	<u>4,274,134</u>	<u>53,134</u>	<u>4,221,000</u>	<u>6,974</u>
Total Loans	<u>4,331,640</u>	<u>79,046</u>	<u>4,252,594</u>	<u>20,182</u>

Non accrual assets are those loans to members for which the Credit Union may not be able to collect all amounts owing in accordance with the terms of the contract with those members.

Restructured Assets. The Credit Union occasionally restructures loan terms, however, amended terms are generally comparable with the new loans criteria, however there are instances when a members changing financial circumstances mainly due to the economic climate dictate that loan repayments be extended over a greater period of time than would normally be the case.

Real Estate and enforced security assets are assets acquired through the enforcement of a security.

Past Due Assets are any loans that have not been operated by the member (within the terms of the loan contract) for at least 90 days.

Method for calculation of the Doubtful Debt Provision.

Provision has been made to reflect the expectation that some recorded loans will not be recovered in full in the future. The main components of this provision are a specific loss component that relates to individually significant exposures, and, if required, a collective provision established for groups of loans to members in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.



CREDIT UNION HEALTH
Notes to the Financial Statements
For the Year Ended 31 March 2007

Note 10 – Capital Notes

	2007	2006
Capital Notes		
Opening Balance	136,362	136,362
Bonus Dividend	17,168	0
Closing Balance	<u>153,530</u>	<u>136,362</u>

NZ Association of Credit Unions (NZACU) Business Services Division Trust Base Capital Notes represent monies invested with the NZACU Business Services Division Trust for an open ended term. The Base Capital Notes constitute unsecured obligations of the NZACU Business Services Division and rank equally and without priority or preference among themselves. The Base Capital Notes rank after creditors in the event of the winding up of the NZACU Business Services Division. Base Capital Notes may only be sold or transferred to another Credit Union that is a member of the NZACU Business Services Division and with the consent of the Business Services Board of Directors. The investment is recorded at cost. There is no active market for these securities which have no guaranteed interest rate return.

Effective 1st July 2006 the NZACU credited the Credit Union with a \$17,168 bonus dividend paid by credit to the Capital Notes. From 1 July 2000 there is no forecast return on this investment, the Business Trust now providing a rebate of profits every 6 months. Income has been accrued at 15% for 3 months to balance date.

Note 11 – Fixed Assets

	<u>31.3.07</u>	<u>31.3.06</u>
Fixtures and Fittings		
Cost	146,868	132,498
Less accumulated depreciation	<u>114,432</u>	<u>98,984</u>
Book Value	<u>32,436</u>	<u>33,514</u>
Motor Vehicles		
Cost	10,528	10,528
Less accumulated depreciation	<u>3,509</u>	<u>1,403</u>
Book Value	<u>7,019</u>	<u>9,125</u>
Total Book Value	<u>39,455</u>	<u>42,639</u>

Fixed Assets comprise Furniture and Fittings and Motor Vehicles used in the day to day operations of the Credit Union.

Note 12 – Financial Instruments

The Credit Union is a party to financial instruments as part of its day to day operations.

Risk Management Policies

a. Maximum Credit Risk

Financial instruments which potentially subject the Credit Union to credit risk principally consist of bank balances, Cash Investments, NZACU Base Capital Notes, Accounts Receivable and Loans to members. The maximum credit risk is therefore the total balances outstanding on the aforementioned items as reported in the Statement of Financial Position - \$6,380,255 (March 2005 - \$5,382,484). The Credit Union has no "off balance sheet" financial instruments.

Loans to Members

Loans can only be made to Credit Union members. The Credit Union Rules state that: Admission to membership of the Credit Union shall be limited to individuals who reside within the boundaries of Bay of Plenty Health Board, including any such person aged 16 years or younger. Loan interest rates range from 8.65% to 19% pa with delinquent loans possibly incurring an additional penalty rate of 5% pa.

CREDIT UNION HEALTH
Notes to the Financial Statements
For the Year Ended 31 March 2007

Note 12 – Financial Instruments (continued)

Loans to Members (continued)

The Credit Union has a lending policy which requires security for loans and a portion of loans are secured over the borrowing members shares. The Friendly Societies and Credit Unions Act 1982 limits the risk of any one member and provides, along with the loan agreement that any and all shares might be used to offset an individual's loan to the limit of their liability. Under section 110 of the Act, the maximum indebtedness and repayment terms of a member, without prior consent of the Registrar, shall not exceed the following limits:

Unsecured Loan	5%	of the value of the assets of the Credit Union and 7 years (or 9 years for partially secured loans)
Secured Loan	10%	of the value of the assets of the Credit Union and 25 years

Accounts Receivable

Accounts receivable comprises interest on loans and investments plus minor amounts payable for services provided and there is no perceived credit risk associated with this asset. Receivables are recorded at expected realisable value.

Cash Investments

The Credit Union's management policies comply with the Friendly Societies and Credit Unions Act 1982, S49 and S117 in regard to investments made by Trustees. Details of cash investments are outlined in Notes 8 and 10. The composite total of both cash investments and NZACU Capital Notes is not considered by the Directors to be high risk investment. No collateral securities are held on the bank balances and investments.

Collateral

Current management policy generally requires collateral to be in place prior to a loan being made. Collateral securities include mortgage over real property and instruments by way of security over assets – predominantly motor vehicles and chattels. Loans can only be made to members and Credit Union shares are thus available for security.

b. Liquidity Risk

Investments

Liquidity risk is minimised with the short term nature of the majority of Credit Union's cash investments. With the exception of the NZACU Base Capital Notes, investments are either on call or can be converted into cash within 5 working days.

Loans to Members

Loans are for varying terms but the standard loan contract includes an "on demand" clause.

The monthly repayments on loans for the past year represent an average loan of:

31.3.07	31.03.06
27 52 months	35.68 months

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

0.30 %	1.35%
--------	-------

Other than loans to members, identified in Note 11, there are no monetary assets in arrears.

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

23.93 %	22.71%
---------	--------

Short term deposits held with the NZACU are the only monetary asset receivable which exceeds the individual value of the 6 largest loans to members.

Member Shares

Member share deposits may be withdrawn at any time but the Credit Union has the right to require members to give 60 days notice of their intention to withdraw the whole or part of the shares deposited.



CREDIT UNION HEALTH
Notes to the Financial Statements
For the Year Ended 31 March 2007

Note 12 – Financial Instruments (continued)

b. Liquidity Risk (continued)

Transactional Banking Facility (TBF)

On 21 May 2003 the Credit Union entered into a contract with the NZACU Business Services Division to provide transactional banking services. The contract required either a settlement bond or undrawn overdraft facility to secure any obligations the Credit Union may incur from using the service. The Credit Union has satisfied the contractual obligations with a \$200,000 overdraft facility with the NZACU.

c. Concentration of Credit Risk

Financial instruments which potentially subject the Credit Union to concentrations of credit risk principally consist of cash, loans to members, short term investments and trade receivables.

The Credit Union places its cash and short term investments with high quality financial institutions and sovereign bodies and limits the amount of credit exposure to any one financial institution.

Concentration of credit risk with respect to loans to members is limited due to the large number of members included in the Credit Union's loan portfolio. The Credit Union membership is concentrated in Mount Maunganui and Tauranga and the Credit Union is exposed to the risk of a regional natural disaster. The directors do not consider the risk to exceed normal business risk.

d. Large Counterparties

The Credit Union has exposure to counterparties as follows:

	2007		2006	
	Assets	Liabilities	Assets	Liabilities
Greater than 100% of equity	-	-	-	-
Between 40% and 100% of equity	1 NZACU	-	1 NZACU	-
Between 30% and 40% of equity	-	-	-	-
Between 20% and 30% of equity	-	-	-	-
Between 10% and 20% of equity	4 Members	2 Members	4 Members	3 Members

In relation to loans to members, where a member has shares as security, or deemed security, the security has not been taken into account when calculating the percentage of exposure.

e. Concentration of Funding

The Credit Union's source of funding is members' deposits. Accordingly the funding is concentrated in and limited to the area of the "common bond" and as a consequence the Credit Union funding is almost exclusively from individuals residing within the Western Bay of Plenty environs. This funding from members is recorded as Members Shares in the Statement of Financial Position.

f. Currency Risk

The Credit Union has no currency risk given the financial instrument it deals with are in New Zealand dollars.

g. Interest Rate Risk

Loans to Members

The Credit Union standard loan agreements have a fixed interest rate, however it provides for adjustments to the interest rate on existing loans upon written notice to members at any time during the life of the loan. Loans vary from 1 month to 20 years with the majority of loans for less than 3 years. Loan Agreements include a clause allowing the Credit Union to demand repayment of the loan at any time.



CREDIT UNION HEALTH
Notes to the Financial Statements
For the Year Ended 31 March 2007

Note 12 – Financial Instruments (continued)

g. Interest Rate Risk (continued)

Shares

Dividend rates payable on members' shares are set by the Board of Directors. On ordinary shares, rates are set annually, but these rates and their effect on the Credit Union's overall return are kept under constant review. Predominantly Term Shares are limited to terms under 12 months to allow for repricing. See also note 3.

Investments

The policy requiring that all investments except for NZACU capital notes be able to be converted into cash in 5 working days limits the interest rate risk on investments due to market fluctuations. See also note 8.

h. Fair Values

Financial Assets

Loans to Members

As detailed in the accounting policies, loans are carried at estimated realisable value after providing for doubtful loans. The directors believe this reflects the fair value.

Cash and Bank

The reported amount is equal to fair value.

Receivables

The reported amount takes into account the likelihood of collecting the amounts owed. The Directors believe these amounts reflect their fair value.

Investments

Investments are disclosed on the basis of the value at the time of purchase. Any variance between market value and cost price is not material.

Financial Liabilities

Shares

Members' shares are accepted on the basis of a fixed value of \$1 per share. Deposits not in whole dollars are deemed to be advance subscriptions for shares. Dividends not paid in cash are deemed to be subscriptions for shares and add to the members' share balance in the Credit Union. The Directors believe the reported values reflect fair value.

Other Liabilities

Accounts Payable are carried at fair value.

Note 13 – Financial Instrument Maturities and Repricing

The following table shows the stated contractual re-pricing or expected maturity period of financial assets and liabilities, whichever periods are earlier. It assumes that the ability of the Credit Union to change interest rates or maturity dates of loans is not exercised.

As at 31 March 2007	Total	0 – 6 months	7 – 12 months	1 – 2 years	2 – 5 years	> 5 years
Financial Assets						
Cash & Bank	94,735	94,735	0	0	0	0
Receivables	48,391	48,391	0	0	0	0
Investments	1,651,530	1,498,000	0	0	0	153,530
Loans	4,567,106	591,735	477,245	833,058	1,343,027	1,322,041
TOTAL	6,361,762	2,232,861	477,245	833,058	1,343,027	1,475,571
Financial Liabilities						
Payables	177,925	177,925	0	0	0	0
Ordinary Members Shares	2,884,601	2,884,601	0	0	0	0
Term Members Shares	2,037,519	1,067,851	969,668	0	0	0
TOTAL	5,100,045	4,130,377	969,668	0	0	0



CREDIT UNION HEALTH
Notes to the Financial Statements
For the Year Ended 31 March 2007

Note 13 – Financial Instrument Maturities and Repricing

As at 31 March 2006	Total	0 – 6 months	7 – 12 months	1 – 2 years	2 – 5 years	> 5 years
Financial Assets						
Cash & Bank	102,925	102,925	0	0	0	0
Receivables	47,603	47,603	0	0	0	0
Investments	979,362	979,362	0	0	0	0
Loans	4,252,594	564,667	430,009	804,019	1,522,012	931,887
TOTAL	5,382,484	1,694,557	430,009	804,019	1,522,012	931,887
Financial Liabilities						
Payables	131,688	131,688	0	0	0	0
Ordinary Members Shares	2,811,431	2,811,431	0	0	0	0
Term Members Shares	1,321,862	844,791	457,965	19,106	0	0
TOTAL	4,264,981	3,787,910	457,965	19,106	0	0

Loans issued do not include a specific contractual repricing period. The lending policy allows that, from time to time, the Credit Union may change the interest rates charged on loans. In the table above, loans are therefore shown at their expected maturity period.

Ordinary shares also do not include a specific contractual repricing period. Rates are set annually but are kept under constant review.

Term Shares are limited to terms under 12 months to allow for repricing.

Note 14 – Audit Fees

The Audit Fees expense included in Administration Expenses refer to fees paid to both the Internal and External Auditors.

External Auditors:	31.3.07	31.03.06
KPMG	12,612	10,868
Internal Auditor:		
KPW Harland	1,800	2,100

Note 15 – Lease Commitments

There are no lease commitments at balance date (March 2006 - Nil). The Credit Union operates from an office at Tauranga Public Hospital. Currently, no lease has been entered into by the Credit Union and no rental expenses are paid in respect of the premises.

Note 16 – Related Parties

The Credit Union deals with Staff, Directors and Trustees on the same terms and conditions applied to all members with the exception that loans incur interest at a fixed 12.00 - 16.55% pa unless the standard loan rate is less.

Balance owing to/from Directors and Staff at balance date are:

	31.3.07	31.3.06
Owing to Directors (Shares)	65,204	53,780
Owing from Directors (Loans)	128,809	121,728
Owing to Staff (Shares)	18,770	17,412
Owing from Staff (Loans)	232,642	235,290

All of the above loans are repayable on demand.

The NZACU provides the Credit Union with banking and investment facilities (See notes 8 and 10). Interest income is earned on short term deposits held with the NZACU. NZACU is responsible for providing transactional banking facilities to the Credit Union. The Credit Union pays data processing fees to NZACU on behalf of its members.

CREDIT UNION HEALTH
Notes to the Financial Statements
For the Year Ended 31 March 2007

Note 17 – Commodity Instruments

Commodity Instruments are defined by FRS 33 to include contracts that provide for settlement only by receipt or delivery of a physical asset. The Credit Union has no commodity instruments at balance date.

Note 18 – Segment Reporting

The Credit Union operates in the New Zealand financial services industry with a concentration of members and activity in Tauranga and the Western Bay of Plenty.

Note 19 – Events Subsequent to Balance Date

There are no known events subsequent to balance date which have a measurable material effect on the state of affairs of the Credit Union.

Note 20 – Capital Commitments

At balance date there were two capital commitments. One was to the NZACU in relation to the purchase of an ATM machine value of \$27,040.50, the other in relation to the office refit of \$122,300 plus GST.

Note 21 – Adoption of New Zealand Equivalents to International Financial Reporting Standards

New Zealand reporting entities are required to comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) for financial years commencing on or after 1 January 2007.

The transition to NZ IFRS is being managed by the directors, in consultation with staff of New Zealand Association of Credit Unions, the NZACU NZ IFRS advisors and with our auditors, assessing the significance of these changes and preparing for their implementation. It is planned to adopt these standards for the first time for the year ending 31 March 2008 with comparative information being restated to conform to the requirements of the new standards.

To date, key differences between existing accounting policies and those that are expected to arise from adopting NZ IFRS's have not yet been determined and consequently, the impact of the changes on the financial statements cannot be quantified.



ANNUAL REPORT OF THE CREDIT UNION HEALTH CREDIT COMMITTEE (TRUSTEES) 2006/2007

The last financial year 538 loans were disbursed to the value of \$2,289,386 and ACCESSCREDIT cards to the value of \$128,750; funds drawn as at 31 March 2007 of \$92,279.

The graphs show which areas your Credit Union has advanced loans to members. The number one advancement of funds was Land/Property followed by the purchase of motor vehicles and Account Consolidation.

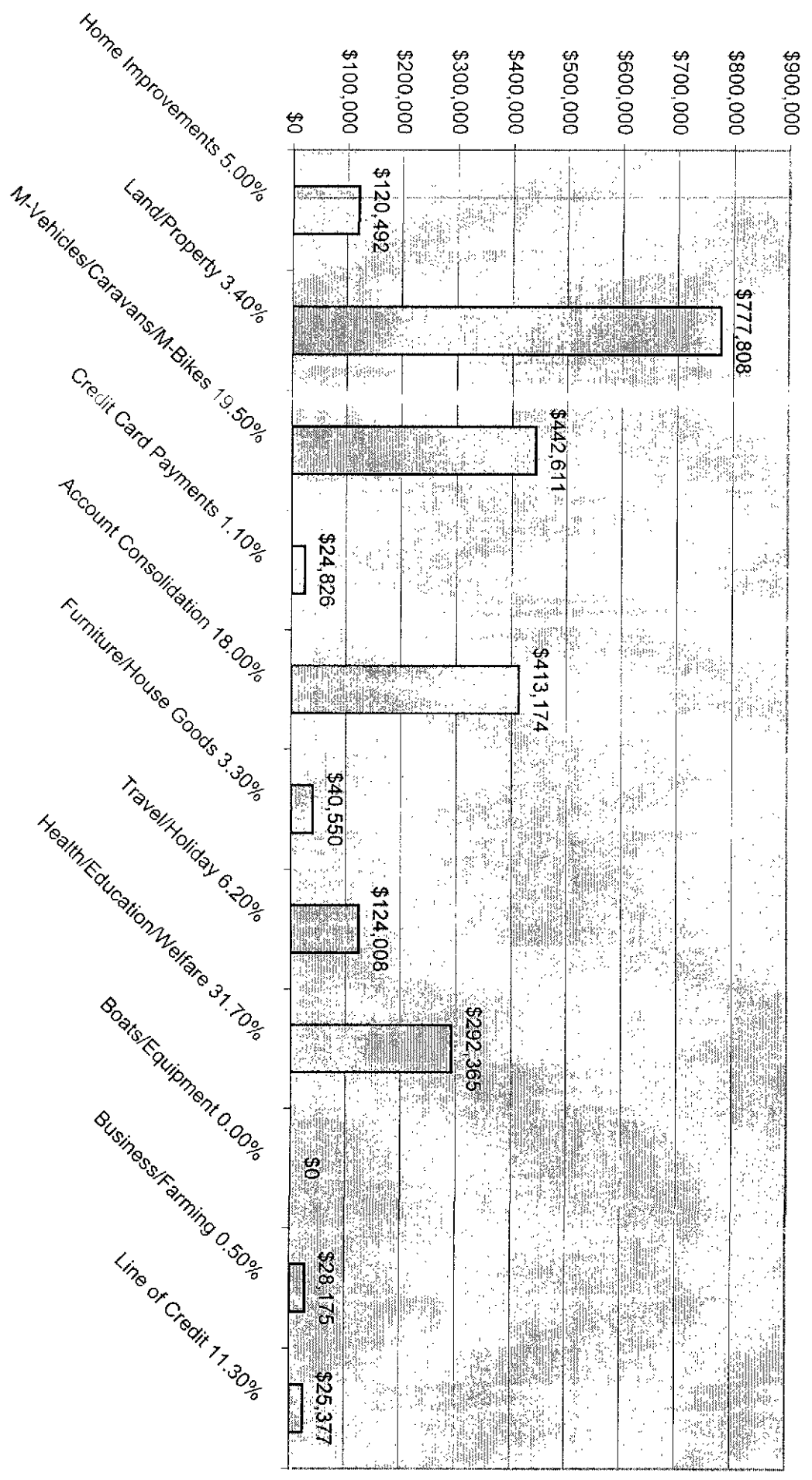
We still see horrendous personal loans where the interest rate on the loan may be anything from 2 to 10 base points above the CUH lending rate; but what is even more frightening is the add ons that increase the final amount that has to be repaid. Beware of in-house lending from some car dealers and their fees and charges. Also they try to sign up the unsuspecting car purchaser with numerous insurances including long term warranty insurance which can increase the loan considerably. If dealers start to apply pressure ask to take away the contract so you can read it thoroughly and if need be we can help explain to you exacting what you are signing.

WE HAVE FUNDS to lend so if you would like a small, medium or large personal loan or would like to investigate a Mortgage with CUH please talk (in confidence) to our Loans Manager Jocelyn Cashman.

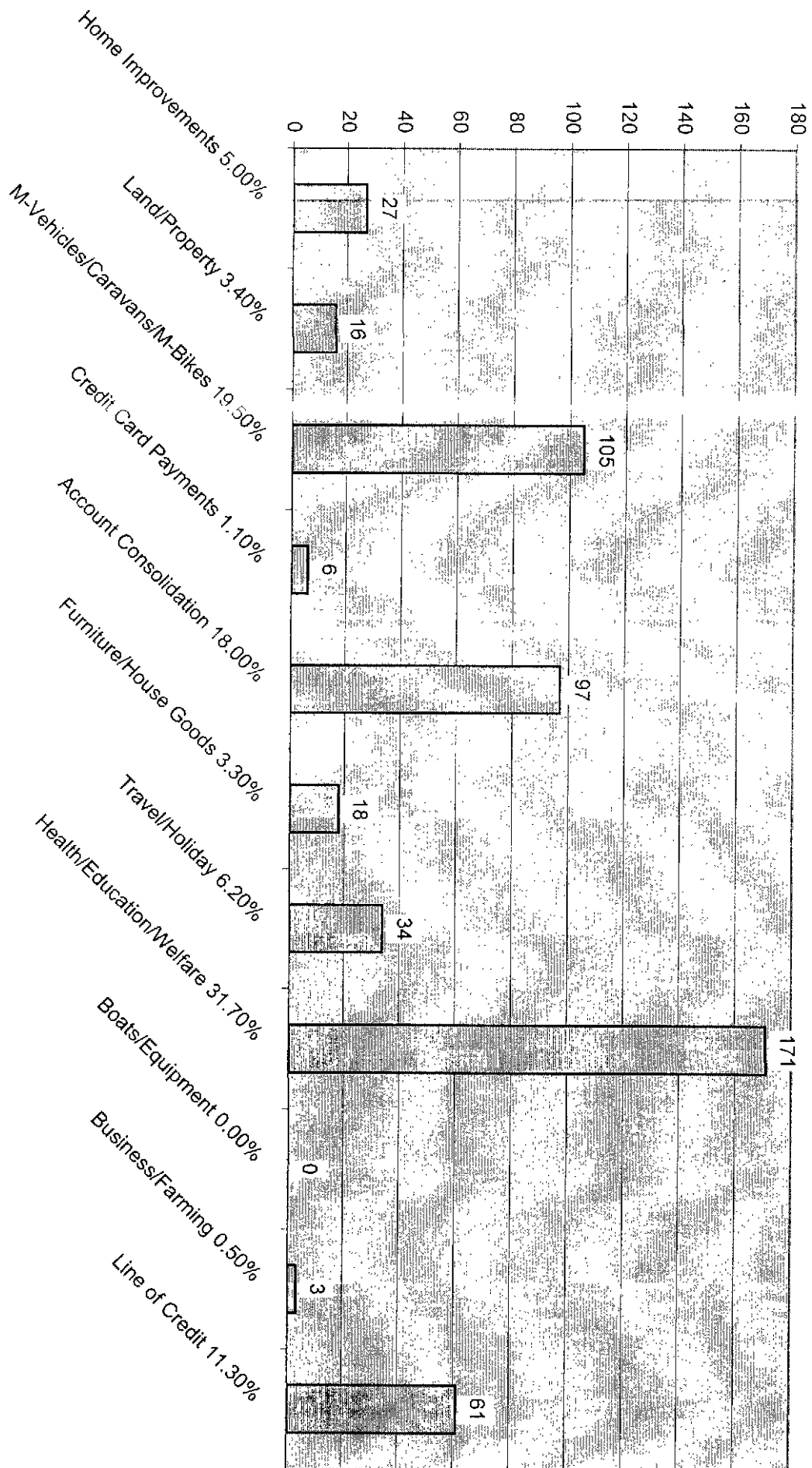
Lastly this report is completed on behalf of the all three Trustees – Jeannie Bruning, Bernice Tyrrell and me,

Judy Eckhard - Trustee
Credit Committee
CU HEALTH

Credit Union Health - Loans Disbursed to value of \$2,289,386 - 01 April 2006 to 31 March 2007



Credit Union Health - 538 Loans Disbursed - 01 April 2006 to 31 March 2007



NOMINATING COMMITTEE REPORT – 2007

The rules of the Credit Union require the Chairperson to appoint a Nominating Committee which is to ensure that one member is available and nominated for each vacancy to be filled.

There are three Directors who still have one year to serve. They are Kathleen Robb, Bernice Tyrrell and Sherida Couldwell

In submitting the following nominations, the Committee does so with confidence that they will form a team representative of the membership whom have clearly demonstrated their interest, capabilities and willingness to act. The Committee has much pleasure in nominating four Directors (who are available and eligible for re-election).

The Nominations are:

(for a two year term) Emma Ngawhare
Jeannie Bruning
Maxine Griffiths
Judith Eckhard

(for a one year term) Kathleen Robb
Bernice Tyrrell
Sherida Couldwell

The Trustees: (three required)

The Committee Nominates:

Jeannie Bruning
Judith Eckhard
Bernice Tyrrell

Members should attend the Annual Meeting confident that any vacancy in the Directorship has been satisfactorily attended to. The members retain the right however, to make nominations from the floor, and at the Annual Meeting the Chairperson will call for further nominations when members who wish to make nominations can do so.

Judy Eckhard
Nominating Committee
CU HEALTH

Credit Union

KiwiSaver

Scheme

NATIONAL PROCESSING COMMENCES 01 July 2007
28 JUN 2007