



10049545311

AUCKLAND DISTRICT MANCHESTER UNITY CREDIT UNION

DIRECTORS' CERTIFICATE DATED 30 SEPTEMBER 2005

(This Directors certificate is pursuant to clause 37A(1A) of the Securities Act 1978)

In the opinion of each of all Auckland District Manchester Unity Credit Union directors, after due enquiry by them:

- (i) The financial position shown in the statement of financial position dated 31 December 2004 referred to in the Auckland District Manchester Unity Credit Union registered prospectus dated 8 August 2005 has not materially and adversely changed during the period from the date of the statement of financial position to the date of this certificate; and
- (ii) The registered prospectus is not, at the date of this certificate, false or misleading in a material particular by reason of failing to refer, or give proper emphasis, to adverse circumstances; and
- (iii) Attached to this certificate are financial statements for the 6 month period from the date of the financial position contained in the registered prospectus. These financial statements have been prepared in accordance with the Securities Regulations 1983 as if they were required to be contained or referred to in a registered prospectus for those securities. These financial statements are not audited.

A.F. Robinson
Secretary/Director

J.E. Fitzgerald
Trustee/Director

AUCKLAND DISTRICT MANCHESTER UNITY CREDIT UNION

UNAUDITED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 June 2005

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AUCKLAND DISTRICT MANCHESTER UNITY CREDIT UNION

STATEMENT OF FINANCIAL POSITION

As at 30 June 2005

| | Notes | 30 June 2005 (6 mths) | 31 December 2004 (9 mths) | 31 March 2004 (12 mths) |
|---------------------------------------|-------|--------------------------|------------------------------|----------------------------|
| Reserves | | | | |
| Undistributed Reserve | 2 | 215,223 | 13,745 | 40,684 |
| General Reserve | 3 | 637,847 | 637,847 | 637,847 |
| Total Reserves | | 853,070 | 651,592 | 678,531 |
| Current Liabilities | | | | |
| Sundry Creditors | | 1,397 | 2,272 | 29,812 |
| Provision for Holiday Pay | | 10,555 | 10,555 | - |
| Resident Withholding Tax Payable | | 485 | 55,558 | 75,465 |
| Members' Shares - Unsecured | | 7,892,027 | 8,539,276 | 8,611,078 |
| Total Current Liabilities | | 7,904,463 | 8,607,661 | 8,716,355 |
| TOTAL RESERVES AND LIABILITIES | | \$ 8,757,533 | \$ 9,259,253 | \$ 9,394,886 |
| Current Assets | | | | |
| Cash at Bank | | 246,722 | 407,193 | 573,331 |
| Bank Term Deposits | | 2,000,000 | 1,650,000 | 1,000,000 |
| Sundry Debtors | | 22,141 | 14,763 | 26,723 |
| Loans to Members | | 472,715 | 533,106 | 2,368,546 |
| Total Current Assets | | 2,741,578 | 2,605,062 | 3,968,600 |
| Non Current Assets | | | | |
| Loans to Members | | 5,383,765 | 5,819,057 | 4,371,736 |
| Provision for Doubtful Debts | | (30,000) | (30,000) | (15,000) |
| Investments | 4 | 644,000 | 844,000 | 1,044,000 |
| Property, Plant & Equipment | 5 | 18,190 | 21,134 | 25,550 |
| Total Current Assets | | 6,015,955 | 6,654,191 | 5,426,286 |
| TOTAL ASSETS | | \$ 8,757,533 | \$ 9,259,253 | \$ 9,394,886 |

For and on behalf of the Board of Directors:

..... Trustee Date

..... Secretary Date

The accompanying notes form part of these Financial Statements

AUCKLAND DISTRICT MANCHESTER UNITY CREDIT UNION

STATEMENT OF FINANCIAL PERFORMANCE

For the six months ended 30 June 2005

| | Notes | 30 June 2005 (6 mths) | 31 December 2004 (9 mths) | 31 March 2004 (12 mths) |
|--|-------|--------------------------|------------------------------|----------------------------|
| Income | | | | |
| Interest - Loans to Members | | 244,100 | 392,248 | 541,191 |
| Interest - Bank Term Deposits | | 60,394 | 53,330 | 58,283 |
| Interest - Bank | | 7,686 | 3,210 | - |
| Interest - Investments | | 30,382 | 60,574 | 92,739 |
| Bad Debts Recovered | | 362 | 338 | 1,337 |
| Administration Fees & Other Income | | 7,928 | 12,222 | 17,494 |
| Total Operating Income | | 350,852 | 521,922 | 711,044 |
| Expenses | | | | |
| Audit Fees | | (459) | 3,462 | 4,838 |
| Accounting | | - | 973 | 2,617 |
| Depreciation | | 3,243 | 4,967 | 5,176 |
| Legal Expenses | | 2,002 | 2,964 | 410 |
| Life Savings & Debt Protection Insurance | | 21,982 | 13,841 | 19,207 |
| Office Administration & General | | 41,417 | 96,733 | 83,095 |
| Salaries | | 66,622 | 124,084 | 144,280 |
| Rent | | 12,172 | 16,911 | 22,548 |
| Dividend Paid on Members' Shares | | 2,394 | 284,927 | 388,189 |
| Total Operating Expenses | | 149,374 | 548,862 | 670,360 |
| NET SURPLUS/(LOSS) | | \$ 201,478 | \$ (26,940) | \$ 40,684 |

STATEMENT OF MOVEMENT IN RESERVES

For the six months ended 30 June 2005

| | 30 June 2005 (6 mths) | 31 December 2004 (9 mths) | 31 March 2004 (12mths) |
|-----------------------|--------------------------|------------------------------|---------------------------|
| Opening Reserves | 651,592 | 678,532 | 637,847 |
| Net Surplus/(Loss) | 201,478 | (26,940) | 40,684 |
| TOTAL RESERVES | \$ 853,070 | \$ 651,592 | \$ 678,532 |

The accompanying notes form part of these Financial Statements

AUCKLAND DISTRICT MANCHESTER UNITY CREDIT UNION

STATEMENT OF CASH FLOWS

For the six months ended 30 June 2005

| | Notes | 30 June 2005 (6 mths) | 31 December 2004 (9 mths) | 31 March 2004 (12 mths) |
|--|-------|--------------------------|------------------------------|----------------------------|
| Cash Flow from Operating Activities | | | | |
| <u>Cash was Provided from:</u> | | | | |
| Interest Received - Loans to Members | | 244,100 | 392,248 | 573,670 |
| Interest Received - Bank Term Deposits | | 55,949 | 53,330 | 27,127 |
| Interest Received - Bank | | 7,686 | 3,210 | - |
| Interest Received - Investments | | 27,449 | 72,535 | 97,173 |
| Bad Debts Recovered | | 362 | 338 | 1,337 |
| Sundry Income & Administration Fees | | 7,928 | 12,222 | 22,038 |
| Total Cash Provided | | 343,473 | 533,883 | 721,345 |
| <u>Cash was Applied to:</u> | | | | |
| Payment to Suppliers & Employees | | 147,006 | 265,680 | 269,669 |
| Withholding Tax Paid to IRD | | 55,074 | 74,914 | 77,200 |
| Total Cash Applied | | 202,080 | 340,594 | 346,869 |
| NET CASH FLOW FROM OPERATING ACTIVITIES | 6 | \$ 141,393 | \$ 193,289 | \$ 374,476 |

| | | 30 June 2005 (6 mths) | 31 December 2004 (9 mths) | 31 March 2004 (12 mths) |
|---|--|--------------------------|------------------------------|----------------------------|
| Cash Flow from Investing Activities | | | | |
| <u>Cash was Provided from:</u> | | | | |
| Net Decrease in Loans | | 495,684 | 388,118 | - |
| Bank Term Deposits Returned | | - | - | 850,000 |
| Brierley Finance Notes | | - | - | 100,000 |
| Powerco Ltd | | - | 200,000 | - |
| Total Cash Provided | | 495,684 | 588,118 | 950,000 |
| <u>Cash was Applied to:</u> | | | | |
| Net Increase in Loans | | - | - | 184,362 |
| Bank Term Deposits Invested | | 350,000 | 650,000 | 350,000 |
| Purchase Fixed Assets | | 299 | 550 | 15,963 |
| Fletcher Building | | - | - | - |
| Fernz Corporation | | - | - | - |
| Watercare Services | | (200,000) | - | - |
| Powerco Ltd | | - | - | - |
| Tower Finance | | - | - | - |
| Fonterra Capital | | - | - | - |
| Total Cash Applied | | 150,299 | 650,550 | 550,325 |
| NET CASHFLOW FROM / (USED IN) INVESTING ACTIVITIES | | \$ 345,385 | \$ (62,432) | \$ 399,675 |

| | | 30 June 2005 (6 mths) | 31 December 2004 (9 mths) | 31 March 2004 (12 mths) |
|--|--|--------------------------|------------------------------|----------------------------|
| Cash Flow from Financing Activities | | | | |
| <u>Cash was Provided from:</u> | | | | |
| Net Increase in Members' Shares | | 1,412,938 | 3,001,796 | 3,504,272 |
| Total Cash Provided | | 1,412,938 | 3,001,796 | 3,504,272 |
| <u>Cash was Applied to:</u> | | | | |
| Net Decrease in Members' Shares | | 2,060,187 | 3,298,791 | 4,078,278 |
| Total Cash Applied | | 2,060,187 | 3,298,791 | 4,078,278 |
| NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES | | \$ (647,249) | \$ (296,995) | \$ (574,006) |

| | | 30 June 2005 (6 mths) | 31 December 2004 (9 mths) | 31 March 2004 (12 mths) |
|--|--|--------------------------|------------------------------|----------------------------|
| Cash Summary | | | | |
| Opening Cash | | 407,193 | 573,331 | 373,186 |
| Net Increase / (Decrease) in Cash Held | | (160,471) | (166,138) | 200,145 |
| CASH CARRIED FORWARD | | \$ 246,722 | \$ 407,193 | \$ 573,331 |

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 six months ended 30 June 2005

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 fixed assets 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 and net realisable value.

Where in the opinion of the Board of Directors there has been a permanent diminution in value of deposits, this is recognised in the current period.

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.

AUCKLAND DISTRICT MANCHESTER UNITY CREDIT UNION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the six months ended 30 June 2005

| | 30 June 2005 (6 mths) | 31 December 2004 (9 mths) | 31 March 2004 (12 mths) |
|-----------------------------------|--------------------------|------------------------------|----------------------------|
| Reserves | | | |
| 2. UNDISTRIBUTED RESERVE | | | |
| Opening Balance | 13,745 | 40,685 | - |
| Net Surplus/(Loss) for Period | 201,478 | (26,940) | 40,685 |
| Transfer to General Reserve | - | - | - |
| Total Undistributed Funds | \$ 215,223 | \$ 13,745 | \$ 40,685 |
| 3. GENERAL RESERVE | | | |
| Opening Balance | 637,847 | 637,847 | 637,847 |
| Transfer from Undistributed Funds | - | - | - |
| Total General Reserve | \$ 637,847 | \$ 637,847 | \$ 637,847 |
| TOTAL RESERVES | \$ 853,070 | \$ 651,592 | \$ 678,531 |
| 4. INVESTMENTS | | | |
| Fletcher Building | 44,000 | 44,000 | 44,000 |
| Fernz Corporation | 200,000 | 200,000 | 200,000 |
| Watercare Services | - | 200,000 | 200,000 |
| Powerco Ltd | - | - | 200,000 |
| Tower Finance | 200,000 | 200,000 | 200,000 |
| Fonterra | 200,000 | 200,000 | 200,000 |
| Total Investments | \$ 644,000 | \$ 844,000 | \$ 1,044,000 |

5. PROPERTY, PLANT & EQUIPMENT

| | Cost | Accumulated Depreciation | Book Value |
|--|------------------|-----------------------------|------------------|
| For the six months ended 30 June 2005 | | | |
| Computer and Office Equipment | 15,675 | 12,149 | 3,526 |
| Office Furniture | 19,713 | 5,348 | 14,364 |
| Total Depreciable Assets | \$ 35,388 | \$ 17,497 | \$ 17,890 |

| | Cost | Accumulated Depreciation | Book Value |
|---|------------------|-----------------------------|------------------|
| Year End 31 December 2004 (9 months) | | | |
| Computer and Office Equipment | 15,675 | 9,909 | 5,766 |
| Office Furniture | 19,713 | 4,342 | 15,370 |
| Total Depreciable Assets | \$ 35,388 | \$ 14,251 | \$ 21,137 |

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

| | 30 June 2005 (6 mths) | 31 December 2004 (9 mths) | 31 March 2004 (12 mths) |
|--|--------------------------|------------------------------|----------------------------|
| Reported Surplus/(Loss) | 201,478 | (26,940) | 40,685 |
| Add / (Less) Non-Cash Items | | | |
| Depreciation | 3,243 | 4,967 | 5,176 |
| Mortgage Loss Provision | - | 15,000 | - |
| Holiday Pay Provision | - | (2,636) | - |
| Loss on Revaluation of Investments to Maturity Value | - | - | - |
| Dividend Credited to Members' Accounts | - | 225,194 | 298,363 |
| Add / (Less) Items Classified as Financing Activities | | | |
| Add / (Less) Movements in Working Capital Items | | | |
| Sundry Debtors | (7,378) | 11,961 | 5,756 |
| Sundry Creditors & Resident Withholding Tax | (55,950) | (34,257) | 24,497 |
| NET CASH INFLOW FROM OPERATING ACTIVITIES | \$ 141,393 | \$ 193,289 | \$ 374,477 |

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 six months ended 30 June 2005

7. 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 June 2005 | | | | Total |
|-------------------------------------|--------------------------------------|-------------------|-------------------|-------------------|------------------|
| | 0-6 Mths | 6-12 Mths | 12-24 Mths | 24-60 Mths | |
| Assets | | | | | |
| Cash at Bank | 246,722 | - | - | - | 246,722 |
| Funds on Deposit | 2,000,000 | - | - | - | 2,000,000 |
| Sundry Debtors / Prepayments | 22,141 | - | - | - | 22,141 |
| Investments Held to Maturity | - | - | - | 644,000 | 644,000 |
| Loans | 237,621 | 235,094 | 433,262 | 4,950,503 | 5,856,480 |
| Property, Plant & Equipment | - | - | - | 18,190 | 18,190 |
| Total Financial Assets | 2,506,484 | 235,094 | 433,262 | 5,612,692 | 8,787,533 |
| Liabilities | | | | | |
| Bank Overdraft | - | - | - | - | - |
| Sundry Creditors, RWT & Holiday Pay | #REF! | - | - | - | #REF! |
| Members' Shares | 7,892,027 | - | - | - | 7,892,027 |
| Total Financial Liabilities | #REF! | - | - | - | #REF! |
| NET FINANCIAL ASSETS | #REF! \$ | 235,094 \$ | 433,262 \$ | 5,612,692 | #REF! |

Available facilities and support arrangements:

Overdraft facility \$Nil

| | Maturity Profile 31 December 2004 | | | | Total |
|-------------------------------------|--|-------------------|-------------------|---------------------|-------------------|
| | 0-6 Mths | 6-12 Mths | 12-24 Mths | 24-60 Mths | |
| Assets | | | | | |
| Cash at Bank | 407,193 | - | - | - | 407,193 |
| Funds on Deposit | 1,650,000 | - | - | - | 1,650,000 |
| Sundry Debtors / Prepayments | 14,763 | - | - | - | 14,763 |
| Investments Held to Maturity | - | 200,000 | - | 644,000 | 844,000 |
| Loans | 285,186 | 247,920 | 473,550 | 5,345,507 | 6,352,164 |
| Property, Plant & Equipment | - | - | - | 21,133 | 21,133 |
| Total Financial Assets | 2,357,142 | 447,920 | 473,550 | 6,010,641 | 9,289,253 |
| Liabilities | | | | | |
| Bank Overdraft | - | - | - | - | - |
| Sundry Creditors, RWT & Holiday Pay | 68,385 | - | - | - | 68,385 |
| Members' Shares | 8,539,276 | - | - | - | 8,539,276 |
| Total Financial Liabilities | 8,607,661 | - | - | - | 8,607,661 |
| NET FINANCIAL ASSETS | \$ (6,250,519) | \$ 447,920 | \$ 473,550 | \$ 6,010,641 | \$ 681,592 |

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 six months ended 30 June 2005

7. 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.

| Repricing/Maturity Profile 30 June 2005 | | | | | | | |
|--|--|-----------------------|-------------------|-------------------|---------------------|---------------------|----------------------|
| | Weighted Average Int Rate % | 0-6 Mths | 6-12 Mths | 12-24 Mths | 24-60 Mths | Non-Interest | Total Bearing |
| Assets | | | | | | | |
| Cash at Bank | 4.25 | 246,722 | - | - | - | - | 246,722 |
| Funds on Deposit | 5.36 | 2,000,000 | - | - | - | - | 2,000,000 |
| Sundry Debtors | - | - | - | - | - | 22,141 | 22,141 |
| Investments Held for Maturity | 10.83 | - | - | - | 644,000 | - | 644,000 |
| Loans | 8.13 | 237,621 | 235,094 | 433,262 | 4,950,503 | - | 5,856,480 |
| Property, Plant & Equipment | - | - | - | - | - | 18,190 | 18,190 |
| Total Financial Assets | | 2,484,343 | 235,094 | 433,262 | 5,594,503 | 40,331 | 8,787,533 |
| Liabilities | | | | | | | |
| Bank Overdraft | - | - | - | - | - | - | - |
| Sundry Creditors, RWT & Holiday Pay | - | - | - | - | - | #REF! | #REF! |
| Members' Shares | 4.50 | 7,892,027 | - | - | - | - | 7,892,027 |
| Total Financial Liabilities | | 7,892,027 | - | - | - | #REF! | #REF! |
| NET FINANCIAL ASSETS | | \$ (5,407,684) | \$ 235,094 | \$ 433,262 | \$ 5,594,503 | #REF! | #REF! |

Available facilities and support arrangements: Overdraft facility \$Nil

| Repricing/Maturity Profile 31 December 2004 | | | | | | | |
|--|--|-----------------------|-------------------|-------------------|---------------------|---------------------|----------------------|
| | Weighted Average Int Rate % | 0-6 Mths | 6-12 Mths | 12-24 Mths | 24-60 Mths | Non-Interest | Total Bearing |
| Assets | | | | | | | |
| Cash at Bank | 4.25 | 407,193 | - | - | - | - | 407,193 |
| Funds on Deposit | 6.49 | 1,650,000 | - | - | - | - | 1,650,000 |
| Sundry Debtors | - | - | - | - | - | 14,762 | 14,762 |
| Investments Held for Maturity | 8.26 | - | 200,000 | - | 644,000 | - | 844,000 |
| Loans | 8.13 | 285,186 | 247,920 | 473,550 | 5,345,507 | - | 6,352,164 |
| Property, Plant & Equipment | - | - | - | - | - | 21,133 | 21,133 |
| Total Financial Assets | | 2,342,379 | 447,920 | 473,550 | 5,989,507 | 35,896 | 9,289,253 |
| Liabilities | | | | | | | |
| Bank Overdraft | - | - | - | - | - | - | - |
| Sundry Creditors, RWT & Holiday Pay | - | - | - | - | - | 68,385 | 68,385 |
| Members' Shares | 4.50 | 8,539,276 | - | - | - | - | 8,539,276 |
| Total Financial Liabilities | | 8,539,276 | - | - | - | 68,385 | 8,607,661 |
| NET FINANCIAL ASSETS | | \$ (6,196,897) | \$ 447,920 | \$ 473,550 | \$ 5,989,507 | \$ (32,489) | \$ 881,592 |

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.

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 23.49% of funds currently on loan, and these funds are all secured by first mortgages over properties (31 December 2004 23.20%).

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 Jun 2005 | 31 Dec 2004 |
|-------------------------------|-------------|-------------|
| 10 – 19 | 24 | 21 |
| 20 – 29 | 6 | 8 |
| 30 – 39 | 0 | 0 |
| 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 Jun 2005 | 31 Dec 2004 |
|--|-------------|-------------|
| | 0.47% | 0.59% |

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

| | 30 Jun 2005 | 31 Dec 2004 |
|--|-------------|-------------|
| | 23.49% | 23.20% |

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.

8. TRANSACTIONS WITH RELATED PARTIES

The Credit Union charged a Management Fee of \$ 6,000 (31 December 2004 \$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 June 2005 amounted to \$0 (31 December 2004 \$0).

Shares held by the Board of Directors or their dependents as at 30 June 2005 amounted to \$103,517 (31 December 2004 \$113,801).

Loans to the Board of Directors or their dependents as at 30 June 2005 amounted to \$29,551 (31 December 2004 \$254,266).

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

9. SEGMENT INFORMATION

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

10. CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

There were no capital commitments or contingent liabilities at 30 June 2005 (31 December 2004 \$0).

11. OPERATING LEASE COMMITMENTS

The Credit Union executed a lease agreement for premises in Royal Oak, Auckland in March 2005.

The lease negotiated is for 12 months with two rights of renewal of 12 months each.

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

| | 30 Jun 2005 | | 31 Dec 2004 | |
|-----------------------------|-------------|--------|-------------|-------|
| Payable next twelve months | \$ | 25,276 | \$ | 5,637 |
| Payable after twelve months | \$ | 25,276 | \$ | - |
| | \$ | 50,551 | \$ | 5,637 |

AUCKLAND DISTRICT MANCHESTER UNITY CREDIT UNION

UNAUDITED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 June 2005

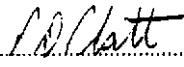
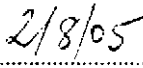
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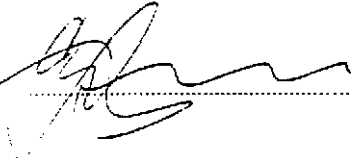
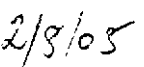
AUCKLAND DISTRICT MANCHESTER UNITY CREDIT UNION

STATEMENT OF FINANCIAL POSITION
As at 30 June 2005

| | Notes | 30 June 2005 (6 mths) | 31 December 2004 (9 mths) | 31 March 2004 (12 mths) |
|---------------------------------------|-------|--------------------------|------------------------------|----------------------------|
| Reserves | | | | |
| Uncistributed Reserve | 2 | 215,223 | 13,745 | 40,684 |
| General Reserve | 3 | 637,347 | 637,847 | 637,847 |
| Total Reserves | | 853,070 | 651,592 | 678,531 |
| Current Liabilities | | | | |
| Sundry Creditors | | 1,397 | 2,272 | 29,812 |
| Provision for Holiday Pay | | 10,555 | 10,555 | - |
| Resident Withholding Tax Payable | | 485 | 55,558 | 75,465 |
| Members' Shares - Unsecured | | 7,892,027 | 8,539,276 | 8,611,078 |
| Total Current Liabilities | | 7,904,463 | 8,607,661 | 8,716,355 |
| TOTAL RESERVES AND LIABILITIES | | \$ 8,757,533 | \$ 9,259,253 | \$ 9,394,886 |
| Current Assets | | | | |
| Cash at Bank | | 246,722 | 407,193 | 573,331 |
| Bank Term Deposits | | 2,000,000 | 1,650,000 | 1,000,000 |
| Sundry Debtors | | 22,141 | 14,763 | 28,723 |
| Loans to Members | | 472,715 | 533,106 | 2,368,546 |
| Total Current Assets | | 2,741,578 | 2,605,062 | 3,968,600 |
| Non Current Assets | | | | |
| Loans to Members | | 5,383,765 | 5,819,057 | 4,371,736 |
| Provision for Doubtful Debts | | (30,000) | (30,000) | (15,000) |
| Investments | 4 | 844,000 | 844,000 | 1,044,000 |
| Property, Plant & Equipment | 5 | 18,190 | 21,134 | 25,550 |
| Total Current Assets | | 6,015,965 | 6,654,191 | 5,426,286 |
| TOTAL ASSETS | | \$ 8,757,533 | \$ 9,259,253 | \$ 9,394,886 |

For and on behalf of the Board of Directors:


 Trustee  Date


 Secretary  Date

The accompanying notes form part of these Financial Statements

AUCKLAND DISTRICT MANCHESTER UNITY CREDIT UNION

STATEMENT OF FINANCIAL PERFORMANCE

For the six months ended 30 June 2005

| Notes | 30 June 2005 (6 mths) | 31 December 2004 (9 mths) | 31 March 2004 (12 mths) |
|--|--------------------------|------------------------------|----------------------------|
| Income | | | |
| Interest - Loans to Members | 244,100 | 392,248 | 541,191 |
| Interest - Bank Term Deposits | 60,394 | 53,330 | 58,283 |
| Interest - Bank | 7,686 | 3,210 | - |
| Interest - Investments | 30,382 | 60,574 | 92,739 |
| Bad Debts Recovered | 362 | 338 | 1,337 |
| Administration Fees & Other Income | 7,928 | 12,222 | 17,494 |
| Total Operating Income | 350,852 | 521,922 | 711,044 |
| Expenses | | | |
| Audit Fees | (459) | 3,462 | 4,838 |
| Accounting | - | 973 | 2,617 |
| Depreciation | 3,243 | 4,967 | 5,176 |
| Legal Expenses | 2,002 | 2,964 | 410 |
| Life Savings & Debt Protection Insurance | 21,982 | 13,841 | 19,207 |
| Office Administration & General | 41,417 | 96,733 | 83,095 |
| Salaries | 66,622 | 124,084 | 144,280 |
| Rent | 12,172 | 16,911 | 22,548 |
| Dividend Paid on Members' Shares | 2,394 | 284,927 | 388,189 |
| Total Operating Expenses | 149,374 | 548,862 | 670,360 |
| NET SURPLUS/(LOSS) | \$ 201,478 | \$ (26,940) | \$ 40,684 |

STATEMENT OF MOVEMENT IN RESERVES

For the six months ended 30 June 2005

| | 30 June 2005 (6 mths) | 31 December 2004 (9 mths) | 31 March 2004 (12mths) |
|-----------------------|--------------------------|------------------------------|---------------------------|
| Opening Reserves | 651,592 | 678,532 | 637,847 |
| Net Surplus/(Loss) | 201,478 | (26,940) | 40,684 |
| TOTAL RESERVES | \$ 853,070 | \$ 651,592 | \$ 678,532 |

The accompanying notes form part of these Financial Statements

AUCKLAND DISTRICT MANCHESTER UNITY CREDIT UNION

STATEMENT OF CASH FLOWS
For the six months ended 30 June 2005

| Notes | 30 June 2005 (6 mths) | 31 December 2004 (9 mths) | 31 March 2004 (12 mths) |
|--|--------------------------|------------------------------|----------------------------|
| Cash Flow from Operating Activities | | | |
| <u>Cash was Provided from:</u> | | | |
| Interest Received - Loans to Members | 244,100 | 392,248 | 573,670 |
| Interest Received - Bank Term Deposits | 55,949 | 53,330 | 27,127 |
| Interest Received - Bank | 7,686 | 3,210 | - |
| Interest Received - Investments | 27,449 | 72,535 | 97,173 |
| Bad Debts Recovered | 362 | 338 | 1,337 |
| Sundry Income & Administration Fees | 7,928 | 12,222 | 22,038 |
| Total Cash Provided | 343,473 | 533,883 | 721,345 |
| <u>Cash was Applied to:</u> | | | |
| Payment to Suppliers & Employees | 147,006 | 265,680 | 269,669 |
| Withholding Tax Paid to IRD | 55,074 | 74,914 | 77,200 |
| Total Cash Applied | 202,080 | 340,594 | 346,869 |
| NET CASH FLOW FROM OPERATING ACTIVITIES | \$ 141,393 | \$ 193,289 | \$ 374,476 |

| | 30 June 2005 (6 mths) | 31 December 2004 (9 mths) | 31 March 2004 (12 mths) |
|---|--------------------------|------------------------------|----------------------------|
| Cash Flow from Investing Activities | | | |
| <u>Cash was Provided from:</u> | | | |
| Net Decrease in Loans | 495,684 | 388,118 | - |
| Bank Term Deposits Returned | - | - | 850,000 |
| Brierley Finance Notes | - | - | 100,000 |
| Powerco Ltd | - | 200,000 | - |
| Total Cash Provided | 495,684 | 588,118 | 950,000 |
| <u>Cash was Applied to:</u> | | | |
| Net Increase in Loans | - | - | 184,362 |
| Bank Term Deposits Invested | 350,000 | 650,000 | 350,000 |
| Purchase Fixed Assets | 299 | 550 | 15,963 |
| Fletcher Building | - | - | - |
| Fernz Corporation | - | - | - |
| Watercare Services | (200,000) | - | - |
| Powerco Ltd | - | - | - |
| Tower Finance | - | - | - |
| Fonterra Capital | - | - | - |
| Total Cash Applied | 150,299 | 650,550 | 550,325 |
| NET CASHFLOW FROM / (USED IN) INVESTING ACTIVITIES | \$ 345,385 | \$ (62,432) | \$ 399,675 |

| | 30 June 2005 (6 mths) | 31 December 2004 (9 mths) | 31 March 2004 (12 mths) |
|--|--------------------------|------------------------------|----------------------------|
| Cash Flow from Financing Activities | | | |
| <u>Cash was Provided from:</u> | | | |
| Net Increase in Members' Shares | 1,412,938 | 3,001,796 | 3,504,272 |
| Total Cash Provided | 1,412,938 | 3,001,796 | 3,504,272 |
| <u>Cash was Applied to:</u> | | | |
| Net Decrease in Members' Shares | 2,060,187 | 3,298,791 | 4,078,278 |
| Total Cash Applied | 2,060,187 | 3,298,791 | 4,078,278 |
| NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES | \$ (647,249) | \$ (296,995) | \$ (574,006) |

| | 30 June 2005 (6 mths) | 31 December 2004 (9 mths) | 31 March 2004 (12 mths) |
|--|--------------------------|------------------------------|----------------------------|
| Cash Summary | | | |
| Opening Cash | 407,193 | 573,331 | 373,186 |
| Net Increase / (Decrease) in Cash Held | (160,471) | (166,138) | 200,145 |
| CASH CARRIED FORWARD | \$ 246,722 | \$ 407,193 | \$ 573,331 |

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 six months ended 30 June 2005

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 fixed assets 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 and net realisable value.

Where in the opinion of the Board of Directors there has been a permanent diminution in value of deposits, this is recognised in the current period.

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.

AUCKLAND DISTRICT MANCHESTER UNITY CREDIT UNION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the six months ended 30 June 2005

Reserves

2. **UNDISTRIBUTED RESERVE**

| | 30 June 2005 (6 mths) | 31 December 2004 (9 mths) | 31 March 2004 (12 mths) |
|----------------------------------|--------------------------|------------------------------|----------------------------|
| Opening Balance | 13,745 | 40,685 | - |
| Net Surplus/(Loss) for Period | 201,473 | (26,940) | 40,685 |
| Transfer to General Reserve | - | - | - |
| Total Undistributed Funds | \$ 215,223 | \$ 13,745 | \$ 40,685 |

3. **GENERAL RESERVE**

| | | | |
|-----------------------------------|-------------------|-------------------|-------------------|
| Opening Balance | 637,847 | 637,847 | 637,847 |
| Transfer from Undistributed Funds | - | - | - |
| Total General Reserve | \$ 637,847 | \$ 637,847 | \$ 637,847 |

TOTAL RESERVES

| | | |
|-------------------|-------------------|-------------------|
| \$ 853,070 | \$ 651,592 | \$ 678,531 |
|-------------------|-------------------|-------------------|

4. **INVESTMENTS**

| | | | |
|--------------------------|-------------------|-------------------|---------------------|
| Fletcher Building | 44,000 | 44,000 | 44,000 |
| Fernz Corporation | 200,000 | 200,000 | 200,000 |
| Watercare Services | - | 200,000 | 200,000 |
| Powerco Ltd | - | - | 200,000 |
| Tower Finance | 200,000 | 200,000 | 200,000 |
| Fonterra | 200,000 | 200,000 | 200,000 |
| Total Investments | \$ 644,000 | \$ 844,000 | \$ 1,044,000 |

5. **PROPERTY, PLANT & EQUIPMENT**

For the six months ended 30 June 2005

| | Cost | Accumulated Depreciation | Book Value |
|---------------------------------|------------------|-----------------------------|------------------|
| Computer and Office Equipment | 15,675 | 12,149 | 3,526 |
| Office Furniture | 19,713 | 5,348 | 14,364 |
| Total Depreciable Assets | \$ 35,388 | \$ 17,497 | \$ 17,890 |

Year End 31 December 2004 (9 months)

| | Cost | Accumulated Depreciation | Book Value |
|---------------------------------|------------------|-----------------------------|------------------|
| Computer and Office Equipment | 15,675 | 9,909 | 5,766 |
| Office Furniture | 19,713 | 4,342 | 15,370 |
| Total Depreciable Assets | \$ 35,388 | \$ 14,251 | \$ 21,137 |

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

| | 30 June 2005 (6 mths) | 31 December 2004 (9 mths) | 31 March 2004 (12 mths) |
|--|--------------------------|------------------------------|----------------------------|
| Reported Surplus/(Loss) | 201,473 | (26,940) | 40,685 |
| Add / (Less) Non-Cash Items | | | |
| Depreciation | 3,243 | 4,967 | 5,176 |
| Mortgage Loss Provision | - | 15,000 | - |
| Holiday Pay Provision | - | (2,636) | - |
| Loss on Revaluation of Investments to Maturity Value | - | - | - |
| Dividend Credited to Members' Accounts | - | 225,194 | 298,363 |
| Add / (Less) Items Classified as Financing Activities | | | |
| Add / (Less) Movements in Working Capital Items | | | |
| Sundry Debtors | (7,378) | 11,961 | 5,756 |
| Sundry Creditors & Resident Withholding Tax | (55,950) | (34,257) | 24,497 |
| NET CASH INFLOW FROM OPERATING ACTIVITIES | \$ 141,393 | \$ 193,289 | \$ 374,477 |

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 six months ended 30 June 2005

7. 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 June 2005 | | | | Total |
|-------------------------------------|--------------------------------------|-------------------|-------------------|---------------------|-------------------|
| | 0-6 Mths | 6-12 Mths | 12-24 Mths | 24-60 Mths | |
| Assets | | | | | |
| Cash at Bank | 246,722 | - | - | - | 246,722 |
| Funds on Deposit | 2,300,000 | - | - | - | 2,000,000 |
| Sundry Debtors / Prepayments | 22,141 | - | - | - | 22,141 |
| Investments Held to Maturity | - | - | - | 644,000 | 644,000 |
| Loans | 237,621 | 235,094 | 433,262 | 4,950,503 | 5,856,480 |
| Property, Plant & Equipment | - | - | - | 18,190 | 18,190 |
| Total Financial Assets | 2,506,484 | 235,094 | 433,262 | 5,612,692 | 8,787,533 |
| Liabilities | | | | | |
| Bank Overdraft | - | - | - | - | - |
| Sundry Creditors, RWT & Holiday Pay | 12,436 | - | - | - | 12,436 |
| Members' Shares | 7,992,027 | - | - | - | 7,992,027 |
| Total Financial Liabilities | 7,994,463 | - | - | - | 7,994,463 |
| NET FINANCIAL ASSETS | \$ (5,397,979) | \$ 235,094 | \$ 433,262 | \$ 5,612,692 | \$ 883,070 |

Available facilities and support arrangements:

Overdraft facility SNII

| | Maturity Profile 31 December 2004 | | | | Total |
|-------------------------------------|--|-------------------|-------------------|---------------------|-------------------|
| | 0-6 Mths | 6-12 Mths | 12-24 Mths | 24-60 Mths | |
| Assets | | | | | |
| Cash at Bank | 407,193 | - | - | - | 407,193 |
| Funds on Deposit | 1,650,000 | - | - | - | 1,650,000 |
| Sundry Debtors / Prepayments | 14,763 | - | - | - | 14,763 |
| Investments Held to Maturity | - | 200,000 | - | 644,000 | 844,000 |
| Loans | 285,186 | 247,920 | 473,550 | 5,345,507 | 6,352,164 |
| Property, Plant & Equipment | - | - | - | 21,133 | 21,133 |
| Total Financial Assets | 2,357,142 | 447,920 | 473,550 | 6,010,641 | 9,289,253 |
| Liabilities | | | | | |
| Bank Overdraft | - | - | - | - | - |
| Sundry Creditors, RWT & Holiday Pay | 58,385 | - | - | - | 58,385 |
| Members' Shares | 3,539,276 | - | - | - | 3,539,276 |
| Total Financial Liabilities | 3,607,661 | - | - | - | 3,607,661 |
| NET FINANCIAL ASSETS | \$ (6,250,519) | \$ 447,920 | \$ 473,550 | \$ 6,010,641 | \$ 681,592 |

Available facilities and support arrangements:

Overdraft facility SNII

AUCKLAND DISTRICT MANCHESTER UNITY CREDIT UNION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the six months ended 30 June 2005

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.

Repricing/Maturity Profile 30 June 2005

| | Weighted Average Int Rate % | 0-6 Mths | 6-12 Mths | 12-24 Mths | 24-60 Mths | Non-Interest | Total Bearing |
|-------------------------------------|-----------------------------------|---------------------|-------------------|-------------------|---------------------|------------------|-------------------|
| Assets | | | | | | | |
| Cash at Bank | 4.25 | 246,722 | - | - | - | - | 246,722 |
| Funds on Deposit | 5.36 | 2,000,000 | - | - | - | - | 2,000,000 |
| Sundry Debtors | - | - | - | - | - | 22,141 | 22,141 |
| Investments Held for Maturity | 10.83 | - | - | - | 644,000 | - | 644,000 |
| Loans | 8.13 | 237,521 | 235,094 | 433,262 | 4,950,503 | - | 5,856,480 |
| Property, Plant & Equipment | - | - | - | - | - | 18,190 | 18,190 |
| Total Financial Assets | | 2,484,343 | 235,094 | 433,262 | 5,594,503 | 40,331 | 8,787,533 |
| Liabilities | | | | | | | |
| Bank Overdraft | - | - | - | - | - | - | - |
| Sundry Creditors, RWT & Holiday Pay | - | - | - | - | - | 12,436 | 12,436 |
| Members Shares | 4.50 | 7,892,027 | - | - | - | - | 7,892,027 |
| Total Financial Liabilities | | 7,892,027 | - | - | - | 12,436 | 7,904,463 |
| NET FINANCIAL ASSETS | | \$ (407,684) | \$ 235,094 | \$ 433,262 | \$ 5,594,503 | \$ 27,895 | \$ 883,070 |

Available facilities and support arrangements:

Overdraft facility \$Nil

Repricing/Maturity Profile 31 December 2004

| | Weighted Average Int Rate % | 0-6 Mths | 6-12 Mths | 12-24 Mths | 24-60 Mths | Non-Interest | Total Bearing |
|-------------------------------------|-----------------------------------|---------------------|-------------------|-------------------|---------------------|--------------------|-------------------|
| Assets | | | | | | | |
| Cash at Bank | 4.25 | 407,193 | - | - | - | - | 407,193 |
| Funds on Deposit | 6.49 | 1,650,000 | - | - | - | - | 1,650,000 |
| Sundry Debtors | - | - | - | - | - | 14,782 | 14,782 |
| Investments Held for Maturity | 8.25 | - | 200,000 | - | 644,000 | - | 844,000 |
| Loans | 8.13 | 285,186 | 247,920 | 473,550 | 5,345,507 | - | 6,352,164 |
| Property, Plant & Equipment | - | - | - | - | - | 21,133 | 21,133 |
| Total Financial Assets | | 2,342,379 | 447,920 | 473,550 | 5,989,507 | 35,896 | 9,289,253 |
| Liabilities | | | | | | | |
| Bank Overdraft | - | - | - | - | - | - | - |
| Sundry Creditors, RWT & Holiday Pay | - | - | - | - | - | 68,385 | 68,385 |
| Members Shares | 4.50 | 3,539,276 | - | - | - | - | 3,539,276 |
| Total Financial Liabilities | | 3,539,276 | - | - | - | 68,385 | 3,607,661 |
| NET FINANCIAL ASSETS | | \$ (196,897) | \$ 447,920 | \$ 473,550 | \$ 5,989,507 | \$ (32,489) | \$ 881,592 |

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.

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 23.49% of funds currently on loan, and these funds are all secured by first mortgages over properties (31 December 2004: 23.20%).

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 Jun 2005 | 31 Dec 2004 |
|-------------------------------|-------------|-------------|
| 10 - 19 | 24 | 21 |
| 20 - 29 | 5 | 3 |
| 30 - 39 | 3 | 3 |
| 40 - 49 | 3 | 3 |

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 Jun 2005 | 31 Dec 2004 |
|-------------|-------------|
| 0.47% | 0.59% |

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

| 30 Jun 2005 | 31 Dec 2004 |
|-------------|-------------|
| 23.49% | 23.20% |

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.

TRANSACTIONS WITH RELATED PARTIES

The Credit Union charged a Management Fee of \$ 6,000 (31 December 2004 \$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 June 2005 amounted to \$0 (31 December 2004 \$0).

Shares held by the Board of Directors or their dependents as at 30 June 2005 amounted to \$103,517 (31 December 2004 \$113,801).

Loans to the Board of Directors or their dependents as at 30 June 2005 amounted to \$29,551 (31 December 2004 \$254,266).

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

SEGMENT INFORMATION

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

CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

There were no capital commitments or contingent liabilities at 30 June 2005 (31 December 2004 \$0).

OPERATING LEASE COMMITMENTS

The Credit Union executed a lease agreement for premises in Royal Oak, Auckland in March 2005.

The lease negotiated is for 12 months with two rights of renewal of 12 months each.

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

| | 30 Jun 2005 | 31 Dec 2004 |
|-----------------------------|------------------|-----------------|
| Payable next twelve months | \$ 25,276 | \$ 5,637 |
| Payable after twelve months | \$ 25,276 | \$ - |
| | <u>\$ 50,551</u> | <u>\$ 5,637</u> |