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GMI SUPERANNUATION SCHEME

**ANNUAL REPORT & SUMMARY
FINANCIAL STATEMENTS**

For the year ended 31 March 2013

AN OVERVIEW OF 2012–2013

We are a global investor, so let's take a look at what happened in global financial markets over the year.

Calmer waters after a stormy start

The economic climate ended up being much more settled than in recent years – not off the charts, just steady as she goes.

2012

April: Dark clouds hovered. Markets had to deal with the threat of Greece crashing out of the eurozone, concerns about Spanish banks staying afloat, weaker economic data in the US, and genuine fear of the Chinese economy suffering from a hard landing. None of this did much for global share markets, which rapidly went into reverse.

May – August: A few difficult months for markets as politicians scrambled to resolve the eurozone debt crisis. June was the low point for shares over the year.

September: A breakthrough for markets followed the decision by the European Central Bank to provide a backstop to governments in the eurozone. Global economies were once again beginning to show signs of acceleration, most notably the US and China.

October – December: The 'fiscal cliff' drama in the US put a dampener on things as we headed into the end of 2012. This was resolved at the very last moment, averting a sudden stop in the US federal budget which would have plunged the US over the cliff and possibly into recession in 2013. The US share market responded positively.

2013

January: The world's largest economy, the US, continued to build momentum and China gradually emerged from its slow patch. Healing in the eurozone continued.

February – March: A good environment for share markets, which found their sweet spots thanks to the triple whammy of ongoing monetary easing, growth continuing its steady plod, and no real threat of inflation. In this climate not even the Cyprus 'deposit-grab' debacle and other European woes could dampen markets.

The year wrapped up with Europe in mild recession but China and the US still growing. It ended up being a good year for bonds and shares, but it was far from plain sailing getting there. It was central banks' actions that proved to be the turning point. More about this on the next page.

Investment returns

Here are the investment returns for our investment portfolios for the year ended 31 March 2013 and the previous financial year. Members can see returns for the investment portfolios by logging in to their account at www.gmisuper.co.nz.

The benchmarks in the table are the comparable market returns for each investment portfolio. Our goal is to beat benchmark returns. We won't achieve that every year, but that's what we strive for. There's a page on our website dedicated to explaining our benchmarks at www.gmisuper.co.nz/benchmarks.

The returns are shown after all taxes, fees, and charges like brokerage have been deducted, so they reflect what you'd get in your hand. Figures have been rounded to one decimal place.

We use the highest Prescribed Investor Rate (PIR) in calculating investment returns, which currently is 28%. The PIR is the rate at which your scheme investment income is taxed. If your PIR is lower than 28%, your actual returns will usually be higher.

	Year ended	
	31 March 2013	31 March 2012
Conservative investment portfolio	5.2%	3.7%
Benchmark	3.4%	2.4%
Better/worse than benchmark	1.8% better	1.3% better
Balanced investment portfolio	8.2%	1.1%
Benchmark	6.8%	0.0%
Better/worse than benchmark	1.4% better	1.1% better
Growth investment portfolio	9.5%	-1.8%
Benchmark	9.2%	-2.2%
Better/worse than benchmark	0.3% better	0.4% better

Back in black

The year had more than its fair share of thrills and spills, with the game-changer for markets coming from actions of the central banks. The environment of low interest rates, modest economic growth, and the effective removal of risks relating to a eurozone blow-up meant it ended up being a pretty decent year for shares. You can see that reflected most in the returns of our Growth investment portfolio, at **+9.5%** for the year.

It's not just shares that thrived in this environment.

By driving down interest rates, the central banks boosted capital gains on fixed interest assets, such as bonds.

So it also ended up being a good year for our Conservative investment portfolio, which holds the largest amount of fixed interest assets, with returns at **+5.2%** for the year.

With a more even mix between shares and fixed interest assets, returns for our Balanced investment portfolio sit between the two at **+8.2%** for the year.

Always remember that past performance is no guide to future performance.

GMI Superannuation Scheme

Trustee Report to Members

For the year ended 31 March 2013

In accordance with section 14 and Schedule 2 of the Superannuation Schemes Act 1989, Public Trust (the “Trustee”) reports as follows:

The numerical changes in the membership of the GMI Superannuation Scheme (the “Scheme”) for the year ended 31 March 2013 are:

	Total Scheme Membership	
	Year ended 31 Mar 2013	Year ended 31 Mar 2012
Opening	105	72
New Entrants	20	38
Withdrawals	(2)	(5)
Closing	123	105

The summary financial statements of the Scheme for the year ended 31 March 2013 are on pages 7 to 10.

The auditors’ report on the summary financial statements of the Scheme is on page 11.

The trust deed of the Scheme was amended on 4 April 2012 to allow for benefits relating to UK pension transfers received from 6 April 2012 to be locked-in and paid to those members, when eligible, as an income for life in accordance with HM Revenue and Customs’ requirement, and to allow for certain related party transactions.

Scheme management information as at 31 March 2013:

Public Trust is the trustee.

Gareth Morgan Investments Limited Partnership is the administration manager, investment manager and manager (the “Manager”).

VERO Liability Insurance Limited and DUAL New Zealand Limited are the insurers.

DLA Phillips Fox is the solicitor.

KPMG is the auditor.

PricewaterhouseCoopers was appointed as auditor of the Scheme in place of KPMG on 21 May 2013 and performed the audit for the year ended 31 March 2013.

All correspondence from members to the Trustee should be sent to:

General Manager
Corporate Trustee Services
Public Trust
Level 10, 141 Willis Street
PO Box 5067
Wellington 6145

The board members of Public Trust are:

Board members as at date of this annual report:

Sarah Mary Roberts (chair)

Susan Mary Anna McCormack

Rodger John Finlay

Fiona Ann Oliver

Dilkhush Harry

Changes to board members since the last annual report:

- Hinerangi Ada Raumati completed her term as a board member effective 31 October 2012
- Robin Gilmer Hill completed his term as a board member effective 30 April 2013
- Trevor David Janes completed his term as board member and chair of Public Trust effective 30 June 2013
- Sarah Mary Roberts was appointed as chair of the board effective 1 July 2013

There were no other changes to the board members of Public Trust since the last annual report.

The most recent prospectus of the Scheme was registered on 14 September 2012.

The performance of each of the Scheme's three portfolios for each of the years ended 31 March 2013 and 31 March 2012 is shown below and gives an indication of the crediting rates used. The crediting rates used for members' withdrawals from the Scheme are determined by the performance of investment markets at the time of the relevant member's withdrawal. It is important to note that past performance is not necessarily indicative of future performance.

The returns of each of the Scheme's investment portfolios for the financial years ended 31 March 2013 and 31 March 2012:

Scheme Investment Portfolios	Year ended			
	31 Mar 2013		31 Mar 2012	
	17.5% PIR	28% PIR	17.5% PIR	28% PIR
Conservative	6.3%	5.2%	4.3%	3.7%
Balanced	8.7%	8.2%	2.0%	1.1%
Growth	10.0%	9.5%	-0.6%	-1.8%

The above table shows the rates of return of each investment portfolio, after fees and taxes for the top two Prescribed Investor Rates of 17.5% and 28%. They have also been rounded to one decimal place.

Other Disclosures

Withdrawals:

	Total Scheme 2013		Total Scheme 2012	
	Number of Members	\$	Number of Members	\$
Members' withdrawals	6	265,512	10	217,638
Scheme transfers out	0	0	1	475
Total Withdrawals	6	265,512	11	218,113

Breakdown of members' withdrawals:

	Total Scheme 2013		Total Scheme 2012	
	Number of Members	\$	Number of Members	\$
Retirement	4	249,758	4	196,070
Other withdrawals	2	15,754	2	21,568
<i>Hardship withdrawals</i>	<i>1</i>	<i>3,508</i>	<i>1</i>	<i>1,500</i>
<i>Redundancy withdrawals</i>	<i>1</i>	<i>12,246</i>	<i>1</i>	<i>20,068</i>

Trustee's certificate

To the Members of the GMI Superannuation Scheme (the "Scheme") for the year ended 31 March 2013

As required by Schedule 2 of the Superannuation Schemes Act 1989, Public Trust as trustee (the "Trustee") confirms that all contributions required to be made to the Scheme during the financial year in accordance with the terms of the trust deed of the Scheme (the "Trust Deed") have been made.

Further, the Trustee hereby certifies that:

All the benefits required to be paid from the Scheme in accordance with the terms of the Trust Deed have been paid.

The market value of the assets of the Scheme at the close of the financial year equalled the total value of the benefits that would have been payable had all members of the Scheme ceased to be members at that date and had provision been made for the continued payment of all benefits being paid to members and other beneficiaries as at the close of the financial year.

There was no fee increase from the Trustee or Gareth Morgan Investments Partnership Limited as administration manager, investment manager, manager and promoter for the year ended 31 March 2013. The fee charged to members for the management and administration of the Scheme is currently up to 1.5% per annum of each member's account balance (subject to any minimum the Trustee may set). This fee covers, among other things, charges for trustee services, administration services and investment management services. The fee does not cover third party costs incurred in the buying, selling or holding of investments in a portfolio (such as brokerage or any third party charges related to the Scheme investing in other managed funds) or amounts reimbursed to the Trustee pursuant to clause 17.6 of the Trust Deed.

Dennis Church

General Manager
Corporate Trustee Services
Public Trust



Date: 9 August 2013

GMI Superannuation Scheme

Summary Financial Statements

For the year ended 31 March 2013

GMI Superannuation Scheme

Statement of Changes in Net Assets

	Year ended	
	31 Mar 2013	31 Mar 2012
	\$	\$
<i>Investment activities</i>		
Investment income		
Dividend and distribution income	140,460	106,583
Interest income	198,887	156,295
Net changes in fair value of financial assets and liabilities through profit or loss	758,470	110,339
Foreign exchange losses	(10,593)	(25,912)
Net investment income	1,087,224	347,305
Expenses		
Management and administration fees	128,233	97,943
Transaction fees and expenses	20,170	24,160
Total expenses	148,403	122,103
Net increase in net assets before membership activities	938,821	225,202
Net assets attributable to members at beginning of the year	9,320,771	6,607,848
<i>Membership activities</i>		
Employer contributions	340,800	315,339
Employee contributions	494,210	1,037,624
Transfers from other schemes	1,829,309	1,470,904
Other contributions	-	125
Transfers to other schemes	-	(475)
Withdrawals	(265,512)	(217,638)
PIE tax paid and payable	(135,007)	(118,158)
Net membership activities	2,263,800	2,487,721
Benefits accrued to members' accounts	3,202,621	2,712,923
Members' funds at end of the year	12,523,392	9,320,771

GMI Superannuation Scheme

Statement of Net Assets

As at 31 March 2013

	As at	
	31 Mar 2013	31 Mar 2012
	\$	\$ Restated
Current assets		
Cash and cash equivalents	2,085,939	1,419,219
Receivables	48,065	43,359
Financial assets held at fair value through profit and loss	10,482,324	7,946,153
Total assets	12,616,328	9,408,731
Less current liabilities		
Management and administration fees payable	(12,239)	(9,765)
Financial liabilities held at fair value through profit and loss	-	(12,979)
Payables for securities purchased	(21,475)	-
PIE tax payable	(59,222)	(65,216)
Total liabilities	(92,936)	(87,960)
Net assets attributable to members	12,523,392	9,320,771
<i>Represented by:</i>		
Member funds	12,523,392	9,320,771

Statement of Cash Flows

For the year ended 31 March 2013

	Year ended	
	31 Mar 13	31 Mar 12
	\$	\$ Restated
Net cash flows from operating activities	(1,580,493)	(2,795,147)
Net cash flows from financing activities	2,257,805	2,557,656
Add opening cash and cash equivalents	1,419,219	1,682,622
Effect of exchange rate fluctuations	(10,592)	(25,912)
Closing cash and cash equivalents	2,085,939	1,419,219

On behalf of the board members of Public Trust who authorised these summary financial statements for issue on 9 August 2013:

Board member



Date: 9 August 2013

Notes to the Summary Financial Statements

A summary of the audited financial statements of the GMI Superannuation Scheme (the "Scheme") for the year ended 31 March 2013 which were authorised for issue by Public Trust (the "Trustee") on 9 August 2013 is shown on pages 7 to 10. The Scheme is registered under the Superannuation Schemes Act 1989, registration number AS/1758. The summary financial statements have been extracted from the full audited financial statements dated 31 March 2013 which were authorised for issue by the Trustee on 9 August 2013. The summary financial statements have been prepared in accordance with FRS-43: Summary Financial Statements.

The full financial statements have been prepared in accordance with generally accepted accounting practice and they comply with New Zealand equivalents to International Financial Reporting Standards. The Scheme has made an explicit and unreserved statement of compliance with International Financial Reporting Standards in note 2 of its full financial statements.

The financial statements are presented in New Zealand dollars because that is the currency of the primary economic environment in which the Scheme operates. All financial information has been rounded to the nearest dollar.

The Scheme is a profit oriented entity.

The auditor has examined the summary financial statements for consistency with the full audited financial statements and has issued an unmodified opinion on both the summary financial statements and the full financial statements.

Comparative information

During the year ended 31 March 2013, the Scheme's policy in relation to the treatment of amounts of brokerage and foreign exchange losses, the classification of unlisted unit trusts and preference shares, and the use of exchange rates for calculating forward foreign currency contract amounts changed and comparative information for the year ended 31 March 2012 was revised accordingly. The impact of these treatment changes had no effect on either of the net assets of the Scheme or the value of each member's member account. Further details on the effects of the changes can be found in the full financial statements for the year ended 31 March 2013.

Voluntary changes in accounting policies

During the year ended 31 March 2013, the Scheme's policy in relation to the treatment of amounts of cash and cash equivalents deemed by the Manager as investment cash and cash equivalents has changed from (i) accounting for the relevant amounts as part of the investments amount in the statement of net assets to accounting for them as part of the amount shown for cash and cash equivalents and (ii) excluding such deemed investment cash and cash equivalents amounts from the cash flows from operating activities amounts in the statement of cash flows to accounting for those amounts as part of the cash flows from operating activities. Additionally, the definition of cash and cash equivalents has been changed to include financial instruments with original maturities of 90 days or less. Together, these changes in accounting policies enable the reporting of the financial statements to better align with industry practice and more clearly report the assets and cash flows of the Scheme.

The impact of the changes on the summary statement of net assets and the summary statement of cash flows is shown in the following tables. As a result of the changes, the summary statement of net assets and the summary statement of cash flows for the year ended 31 March 2012 have been restated. Further details on the effects of the changes can be found in the full financial statements for the year ended 31 March 2013.

Statement of Net Assets

	Cash and cash equivalents	Financial assets held at fair value through profit and loss (previously classified as "Investments")
31 Mar 2012	\$	\$
Balance previously reported	403,385	8,961,988
Effect of change in accounting policies	1,015,834	(1,015,835)
Restated balance for year ended 31 March 2012	1,419,219	7,946,153

Statement of Cash Flows

	Cash and cash equivalents
31 Mar 2011	\$
Balance previously reported	1,227,383
Effect of change in accounting policies	455,239
Restated balance for year ended 31 March 2011	1,682,622

Statement of Cash Flows

	Net cash flows from operating activities	Net cash flows from investing activities	Effect of exchange rate fluctuations
31 Mar 2012	\$	\$	\$
Balance previously reported	(87,265)	(3,294,389)	-
Effect of change in accounting policies	(2,707,882)	3,294,389	(25,912)
Restated balance for year ended 31 March 2012	(2,795,147)	-	(25,912)

The summary financial statements cannot be expected to provide as complete an understanding as is provided by the full audited financial statements of the Scheme. You can obtain a copy of the full financial statements, at no charge, from Gareth Morgan Investments Limited Partnership via its website www.gmisuper.co.nz or freephone 0800 427 384.



Independent Auditors' Report on the Summary Financial Statements

To the Members of GMI Superannuation Scheme

We have audited the accompanying summary financial statements which comprise the summary statement of net assets as at 31 March 2013, the summary statement of changes in net assets and the summary statement of cash flows for the year then ended, and related notes, which are derived from the audited financial statements of the GMI Superannuation Scheme (the "Scheme") for the year ended 31 March 2013.

The summary financial statements do not contain all the disclosures required for full financial statements under generally accepted accounting practice in New Zealand. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of the Scheme.

This report is made solely to the Scheme's members, as a body. Our work has been undertaken so that we might state those matters we are required to state to them in a report from the auditor and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's members, as a body, for this report, or for the opinions we have formed. In addition, we take no responsibility for, nor do we report on, any part of the annual report not specifically mentioned in our report.

Trustee's Responsibility for the Summary Financial Statements

The Trustee is responsible for the preparation of the summary financial statements in accordance with FRS-43: Summary Financial Statements.

Auditors' Responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) 810: *Engagements to Report on Summary Financial Statements*. These standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance that, in all material respects, the amounts set out in the summary financial statements have been correctly taken from the audited financial statements of the Scheme.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditors we have no relationships with, or interests in the Scheme.

Opinion on the Financial Statements

Our audit of the financial statements for the year ended 31 March 2013 was completed on 9 August 2013 and our unmodified opinion was issued on that date. We have not undertaken any additional audit procedures from the date of the completion of our audit.

Opinion

In our opinion, the summary financial statements on pages 7 to 10 derived from the audited financial statements of the Scheme for the year ended 31 March 2013:

- are consistent, in all material respects, with those audited financial statements; and
- have been correctly taken from the audited financial statements of the Scheme for the year ended 31 March 2013 from which they were extracted in accordance with FRS-43.

Restriction on Distribution or Use

This report has been prepared for inclusion in the annual report. We disclaim any responsibility for reliance on this report or the amounts included in the summary financial statements, for any purpose other than that for which they were prepared.

Chartered Accountants

Pricewaterhousecoopers

9 August 2013 Wellington

DIRECTORY

Administration Manager | Investment Manager | Manager

Gareth Morgan Investments Limited Partnership
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Wellington 6143
Tel: **0800 427 384**
Email: questions@gmisuper.co.nz

Scheme Trustee

Public Trust
Level 10, 141 Willis Street
PO Box 5067
Wellington 6145

Auditor

Up to 20 May 2013:
KPMG
10 Customhouse Quay
PO Box 996
Wellington 6140

From 21 May 2013:
PricewaterhouseCoopers
113–119 The Terrace
PO Box 243
Wellington 3140

Solicitor

DLA Phillips Fox
Tower Building
50–64 Customhouse Quay
Wellington 6011

Gareth Morgan Investments Limited Partnership is a related entity of Kiwibank Limited. Investments made in the GMI Superannuation Scheme (the "Scheme") do not represent bank deposits or other liabilities of Kiwibank Limited, New Zealand Post Limited or any other member of the New Zealand Post Group. They are subject to investment and other risks, including possible delays in payment of withdrawal amounts and loss of investment value. No person, including Kiwibank Limited, New Zealand Post Limited or any other member of the New Zealand Post Group, GMI General Partner Limited, Gareth Morgan Investments Limited Partnership, Public Trust as the trustee of the Scheme or any of their respective directors or board members, or the New Zealand Government, guarantees the payment of members' interests in the Scheme or the payment of any earnings or returns on investment in the Scheme. The investment statement for the Scheme is available at www.gmisuper.co.nz or by calling **0800 427 384**.