KATHMANDU

MILFORD GROUP HOLDINGS LIMITED

Financial Report
for the 13 months ended
31 July 2007

Contents

Directory

DIRECTORS

C A Perkins
Company Director (appointed 1 May 2006)

C A Hadley
Company Director (appointed 1 May 2006)

P T Halkett
Company Director (appointed 27 November 2006)

M G Wilson
Alternate Company Director (appointed 27 November 2006)

G E Penklis
Alternate Company Director (appointed 27 November 2006)

REGISTERED OFFICE

Chapman Tripp
23-29 Albert Street
Auckland

BANKERS

Royal Bank of Scotland

AUDITORS

PricewaterhouseCoopers

SOLICITORS

Chapman Tripp

Directors' Report

For the 13 months ending 31 July 2007

In respect of the financial period ending 31 July 2007 the Directors of Milford Group Holdings Limited submit the following report:

Principal Activities of the Company

Milford Group Holdings Limited through its wholly owned subsidiaries Kathmandu Limited, Kathmandu Pty Limited and Kathmandu (U.K.) Limited develops and sells outdoor clothing and equipment throughout Australasia and the United Kingdom.

The Kathmandu group of companies have an established brand, high performance products and a reputation for quality and value. The Company is committed to excellence and is focused on maintaining its presence as one of the leaders in the Australasian outdoor market.

Results for the 13 months ending 31 July 2007

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Operating Surplus before Income Tax	11,436,587
Income Tax	6,350,974
Net Surplus for the Period	5,085,613

Dividends

There were no dividends paid out during the financial period.

Appropriations

The following net transfers have been made to retained earnings:

To Retained Earnings	5,085,613

Financial Statements

The audited financial statements for the 13 months ending 31 July 2007 are attached to this report.

Directors' Interest in Contracts

No material contracts involving Directors' interests were entered into during the thirteen months ending 31 July 2007 or existed at the end of this period.

Directors' Benefits

No Director of Milford Group Holdings Limited has received or become entitled to receive a benefit (other than a benefit included in the total remuneration received or due and receivable by the Directors as disclosed in the financial statements).
There were no notices from Directors of the Company requesting to use company information received in their capacity as Directors, which would not otherwise have been available to them.

Directors' Resolution

The shareholders of the company have exercised their rights under Section 211(3) of the Companies Act 1993 and agreed that the Annual Report need not comply with any of the paragraphs (e) to (h) of Section 211 of the Act.

Events Subsequent to Balance Date

The Directors are not aware of any matters or circumstances since the end of the financial period not otherwise dealt with in this report or the financial statements that has significantly, or may significantly, affect the operation of Milford Group Holdings Limited, the results of those operations or the state of affairs of the Company.

C A Perkins
Director

18 December 2007

P T Halkett
Director

18 December 2007

Directors Approval of Financial Statements
For the 13 months ending 31 July 2007

AUTHORISATION FOR ISSUE

The Board of Directors authorised the issue of these Financial Statements on 18 December 2007.

APPROVAL BY DIRECTORS

The Directors are pleased to present the Financial Statements of Milford Group Holdings Limited for the period ending 31 July 2007 on pages 7 to 20.

Director   Date 18/12/07

Director   Date 18/12/07

For and on Behalf of the Board of Directors

18 December 2007

Statements Of Financial Performance
For the 13 months ending 31 July 2007

	Note	13 Months Ended 31 July 2007		2 Months Ended 30 June 2006	
		Group	Company	Group	Company
		$	$	$	$
Revenue	2	164,168,679	-	23,259,674	994,957
Expenses	3	152,732,092	247,029	26,797,842	-
Operating (deficit)/surplus before Income Tax		11,436,587	(247,029)	(3,538,168)	994,957
Income Tax	4	6,350,974	(65,917)	(914,164)	328,336
Net (deficit)/surplus for the Period after Income Tax		5,085,613	(181,112)	(2,624,004)	666,621

Statements of Movements in Equity

For the 13 months ending 31 July 2007

	Note	13 Months Ended 31 July 2007		2 Months Ended 30 June 2006	
		Group	Company	Group	Company
		$	$	$	$
Equity at the Beginning of the Period		85,453,263	88,866,621	-	-
Net (Deficit)/Surplus for the Period		5,085,613	(181,112)	(2,624,004)	666,621
Recognised Revenues and Expenses		5,085,613	(181,112)	(2,624,004)	666,621
Other Movements					
Movement in foreign currency Translation Reserve	6	(1,904,647)	-	(122,733)	-
Issue of Share Capital	5	5,000,000	5,000,000	88,200,000	88,200,000
Equity at the End of the Period		93,634,229	93,685,509	85,453,263	88,866,621

Statements Of Financial Position
As at 31 July 2007

	Note	31 July 2007 Group $	31 July 2007 Company $	30 June 2006 Group $	30 June 2006 Company $
Shareholders' Funds and Advances					
Share Capital	5	93,200,000	93,200,000	88,200,000	88,200,000
Reserves	6	(2,027,380)	-	(122,733)	-
Retained Earnings	7	2,461,609	485,509	(2,624,004)	666,621
TOTAL EQUITY AND ADVANCES		93,634,229	93,685,509	85,453,263	88,866,621
Represented by					
Current Assests					
Cash and Bank Balances	8	4,328,819	-	4,462,560	-
Short Term Deposits	8	21,844,445	-	9,756,098	-
Accounts Receivable	9	369,175	-	338,541	-
Inventories	10	23,145,414	-	28,864,346	-
Prepayments		1,667,532	3,657	872,479	-
Receivable from Subsidiary Company		-	95,001,290	-	89,194,956
Total Current Assets		51,355,385	95,004,947	44,294,024	89,194,956
Non-Current Assets					
Fixed Assets	11	12,425,201	-	6,854,913	-
Investment in Subsidiaries	12	-	1	-	1
Intangible Asset	13	220,369,202	-	235,487,294	-
Deferred Tax	14	6,881,914	11,969	5,637,422	-
Total Non-Current Assets		239,676,317	11,970	247,979,629	1
Total Assets		291,031,702	95,016,917	292,273,653	89,194,957

Statement Of Financial Position (Cont)
As at 31 July 2007

	Note	31 July 2007 Group $	31 July 2007 Company $	30 June 2006 Group $	30 June 2006 Company $
Total Assets		291,031,702	95,016,917	292,273,653	89,194,957
Current Liabilities					
Accounts Payable	15	13,668,868	48,769	9,278,556	-
Provision for Taxation		3,205,228	274,388	2,417,681	328,336
Payable to Subsidiary Company		-	1,008,251	-	-
Current Portion of Term Debt	16	6,250,000	-	5,000,000	-
Total Current Liabilities		23,124,096	1,331,408	16,696,237	328,336
Non-Current Liabilities					
Term Debt	16	174,273,377	-	190,124,153	-
Total Non-Current Liabilities		174,273,377	-	190,124,153	-
Total Liabilities		197,397,473	1,331,408	206,820,390	328,336
NET ASSETS		93,634,229	93,685,509	85,453,263	88,866,621

Notes to the Financial Statements
For the 13 months ending 31 July 2007

1. STATEMENT OF ACCOUNTING POLICIES

The financial statements presented here are for the reporting entity Milford Group Holdings Limited and the consolidated financial statements comprising of Milford Equities Limited, Kathmandu Group Limited and its subsidiaries.

The financial statements have been prepared in accordance with the requirements of the Companies Act 1993 and the Financial Reporting Act 1993.

A General Accounting Policies

The general accounting policies recognised as appropriate for the measurement and reporting of financial performance and financial position under the historical cost method have been followed in the preparation of these financial statements.

B Specific Accounting Policies

The following specific accounting policies, which significantly affect the measurement of financial performance and financial position have been applied.

(i) Group Financial Statements

The Group financial statements consolidate the financial statements of subsidiaries, using the purchase method. Subsidiaries are entities that are controlled directly by the Parent. All material transactions between subsidiaries or between the Parent and subsidiaries are eliminated on consolidation.

The Group Consists of:

Milford Holdings Limited	Parent Company
Milford Equities Limited	100% owned by Milford Group Holdings Limited
Kathmandu Group Limited	100% owned by Milford Equities Limited
Kathmandu Limited	100% owned by Kathmandu Group Limited
Kathmandu Pty Limited	100% owned by Kathmandu Group Limited
Kathmandu (U.K.) Limited	100% owned by Kathmandu Group Limited

All have balance dates of 31 July.

(ii) Fixed Assets

Fixed assets are recorded at cost less accumulated depreciation.

Depreciation of fixed assets is calculated on the maximum rates as allowed by the Inland Revenue Department.

Gains and losses on disposal of fixed assets are taken into account in determining the operating result for the period.

(iii) Accounts Receivable

Accounts receivable are valued at anticipated realisable value. An estimate is made of doubtful debts based on a specific review of all outstanding amounts at period end. Bad debts are written off during the period in which they are identified.

(iv) Inventories

Inventories held for resale or as consumables are stated at the lower of cost or net realisable value.

(v) Income Tax

The income tax expense recognised in the statement of financial performance includes both the current period expense and the income tax effects of timing differences calculated using the liability method.

Tax effect accounting has been applied on the comprehensive basis to all timing differences. A deferred tax asset arising from timing differences or income tax benefits is only recognised if there is virtual certainty of realisation.

(vi) Employee Entitlements

Employee entitlements to salaries and wages, annual leave, long service leave and other benefits are recognised when they accrue to employees. This includes the estimated liability for salaries and wages, annual leave and long service leave as a result of services rendered by employees up to balance date.

Notes to the Financial Statements - Continued
For the 13 months ending 31 July 2007

(vii) Goods and Services Tax (GST)

The statement of financial performance has been prepared so that all components are stated exclusive of GST. All items in the statement of financial position are stated net of GST, with the exception of receivables and payables which include GST.

(viii) Foreign Currencies

Transactions denominated in foreign currencies are converted at the New Zealand rate of exchange ruling at the date of the transaction. Exchange gains or losses arising on translation are included in the statement of financial performance. The assets and liabilities of Kathmandu Pty Ltd and Kathmandu (U.K.) Limited, being independent foreign operations, are translated at the rates of exchange ruling at balance date. The revenues and expenditures of the entities are translated at an average exchange rate for the period. Exchange differences arising on translation are taken directly to equity.

(ix) Financial Instruments

Financial instruments which potentially subject the Group to credit risk consist principally of bank accounts, accounts receivable and loans. The Group has policies in place to manage these risks.

Interest Rate Risk

Bank accounts and loans are subject to fluctuations in market interest rates in the normal course of business. The company sources external financing from its bankers at floating rates. The company has hedged 79% of the bank loans in order to mitigate any fluctuations in the market. Term Deposit interest is received at the prevailing market rate.

Credit Risk

Credit risk is limited to the cash holdings held with the company bankers.

Exchange Rate Risk

The Group enters into foreign currency forward exchange contracts to hedge foreign currency transactions. Gains and losses are recognised as a component of the related transaction in the period in which the transaction is completed.

(x) Differential Reporting

The company is a qualifying entity for differential reporting as it does not have public accountability and all Shareholders are represented on the Board of Directors.

The company and group has taken advantage of all differential reporting concessions except for SSAP12 Accounting for Income Tax and FRS19 Accounting for Goods and Services Tax with which it has complied.

C Changes in Accounting Policies

There have been no changes in accounting policies.

Notes to the Financial Statements - Continued
For the 13 months ending 31 July 2007

	13 Months Ended 31 July 2007		2 Months Ended 30 June 2006	
	Group	Company	Group	Company
	$	$	$	$

2. OPERATING REVENUE

	Group	Company	Group	Company
Operating Revenue	163,828,362	-	23,160,255	-
Interest Revenue	340,317	-	99,419	994,957
	164,168,679	-	23,259,674	994,957

3. OPERATING EXPENSES

Included in the Operating Expenses of the Group are the following items : -

	Group	Company	Group	Company
Auditors Remuneration				
- For Audit	68,215	1,000	12,382	-
- For Other Services	8,707	8,707	48,100	-
Depreciation				
- Leasehold Improvements	686,567	-	101,039	-
- Office, Plant & Equipment	107,703	-	31,704	-
- Furniture & Fittings	849,697	-	19,437	-
- Computer Equipment	528,129	-	88,614	-
- Motor Vehicles	59,638	-	7,019	-
	2,231,733	-	247,813	-
Amortisation of Intangibles	8,258,689	-	1,350,502	-
Interest	18,695,568	-	4,008,061	-
Loss on Sale of Assets	79,936	-	4,530	-
Net loss on Foreign Currency Transactions	3,439,810	-	94,378	-
Rental Expense on Operating Leases	12,409,957	-	1,547,916	-
Directors Fees	108,333	108,333	-	-

Notes to the Financial Statements - Continued
For the 13 months ending 31 July 2007

	13 Months Ended 31 July 2007		2 Months Ended 30 June 2006	
	Group	Company	Group	Company
	$	$	$	$
4. INCOME TAX				
Operating Surplus before Income Tax	11,436,587	(247,029)	(3,538,168)	994,957
Prima Facie Taxation at 33%	3,774,074	(81,520)	(1,167,595)	328,336
Adjustment for Tax Rate in different Jurisdiction	(256,258)	-	2,290	-
	3,517,816	(81,520)	(1,165,305)	328,336
Plus/(Less) the Tax Effect of Permanent Differences				
Expenditure Not Deductible for Tax	(346,610)	15,603	(168,146)	-
Losses Not Recognised	612,308	-	-	-
Prior Year Adjustment	(377,863)	-	-	-
Tax Rate Change	219,956	-	-	-
Amortisation of Goodwill	2,725,367	-	419,287	-
Tax Effect of Permanent Differences	2,833,158	15,603	251,141	-
Income tax expense	6,350,974	(65,917)	(914,164)	328,336
Represented by				
Current Taxation	7,973,329	53,948	3,822,988	328,336
Prior Year Under/(Over) provision	(377,863)		-	-
Movement in Deferred Tax Provision	(1,244,492)	11,969	(4,737,152)	-
	6,350,974	65,917	(914,164)	328,336

5. SHARE CAPITAL

	Group	Company	Group	Company
Issued and Paid Up Capital	93,200,000	93,200,000	88,200,000	88,200,000
Made up of:				
Ordinary Shares each fully paid				
Balance at beginning of period	10,000	10,000	-	-
Shares issued during the period	5,000,000	5,000,000	10,000	10,000
Balance at end of period	5,010,000	5,010,000	10,000	10,000

There are 1,000,000 ordinary shares issued. In October 2006, 4900 ordinary shares were cancelled at a buy back price of $1,385.08 per share. In October 2006, 4900 ordinary shares were issued at a price of $2,405.49 per share.
In June 2007, each of the 10,000 ordinary shares on issue were subdivided into 100 shares of the same class.

	Group	Company	Group	Company
Redeemable Preference Shares each fully paid				
Balance at beginning of period	88,190,000	88,190,000	-	-
Shares issued during the period	-	-	88,190,000	88,190,000
Balance at end of period	88,190,000	88,190,000	88,190,000	88,190,000

In June 2007, each of the 88,190,000 redeemable preference shares on issue were subdivided into 100 shares of the same class. The redeemable preference shares are redeemable at the discretion of the company.

Notes to the Financial Statements - Continued
For the 13 months ending 31 July 2007

	13 Months Ended 31 July 2007		2 Months Ended 30 June 2006	
	Group	Company	Group	Company
	$	$	$	$

6. RESERVES

	Group $ (2007)	Company $ (2007)	Group $ (2006)	Company $ (2006)
Foreign Currency Translation Reserve				
Balance at Beginning of the Period	(122,733)	-	-	-
Movement for Period	(1,904,647)	-	(122,733)	-
Balance at the End of the Period	(2,027,380)	-	(122,733)	-

7. RETAINED EARNINGS

	Group $ (2007)	Company $ (2007)	Group $ (2006)	Company $ (2006)
Balance at the Beginning of the Period	(2,624,004)	666,621	-	-
Net (Deficit)/Surplus for the Period	5,085,613	(181,112)	(2,624,004)	666,621
Balance at the End of the Period	2,461,609	485,509	(2,624,004)	666,621

8. CASH AND SHORT TERM DEPOSITS

Included in the balance at the end of the year are on call and term bank account balances in foreign currencies that are not hedged as follows:

Australian dollars $16,597,900

United States dollars $174,165

Euro €495

Great British Pounds £302,347

9. ACCOUNTS RECEIVABLE

	Group $ (2007)	Company $ (2007)	Group $ (2006)	Company $ (2006)
Trade Receivables	92,529	-	105,296	-
Other Current Receivables	276,646	-	233,245	-
	369,175	-	338,541	-

10. INVENTORIES

	Group $ (2007)	Company $ (2007)	Group $ (2006)	Company $ (2006)
Finished Goods (at cost)	19,202,284	-	25,332,771	-
Goods in Transit	3,943,130	-	3,531,575	-
	23,145,414	-	28,864,346	-

Some of the inventory is subject to retention of title clauses.

Notes to the Financial Statements - Continued

For the 13 months ending 31 July 2007

	13 Months Ended 31 July 2007		2 Months Ended 30 June 2006	
	Group	Company	Group	Company
	$	$	$	$
11. FIXED ASSETS				
Office, Plant and Equipment				
At Cost	937,809	-	835,614	-
Less Accumulated Depreciation	(495,635)	-	(387,932)	-
	442,174	-	447,682	-
Motor Vehicles				
At Cost	363,477	-	278,426	-
Less Accumulated Depreciation	(145,995)	-	(132,064)	-
	217,482	-	146,362	-
Furniture and Fittings				
At Cost	5,818,069	-	4,310,163	-
Less Accumulated Depreciation	(2,267,374)	-	(1,635,934)	-
	3,550,695	-	2,674,229	-
Computer Equipment				
At Cost	5,406,735	-	3,592,872	-
Less Accumulated Depreciation	(3,173,030)	-	(2,759,793)	-
	2,233,705	-	833,079	-
Leasehold Improvements				
At Cost	8,657,110	-	4,972,759	-
Less Accumulated Depreciation	(2,675,965)	-	(2,219,198)	-
	5,981,145	-	2,753,561	-
Total Fixed Assets	12,425,201	-	6,854,913	-

Depreciation rates are as follows (all on a diminishing value basis):
Plant, equipment, furniture and fittings 10% to 48%
Motor vehicles 20%
Leasehold improvements 10% to 25%

Notes to the Financial Statements - Continued
For the 13 months ending 31 July 2007

	13 Months Ended 31 July 2007		2 Months Ended 30 June 2006	
	Group	Company	Group	Company
	$	$	$	$
12. INVESTMENT IN SUBSIDIARIES				
Shares in Milford Equities Limited (100% owned)				
At Cost	-	1	-	1
Total Investment in Subsidiaries	-	1	-	1

The balance date of Milford Equities is 31 July.

13. INTANGIBLE ASSET

	Group	Company	Group	Company
Brand Value				
Opening Balance	160,523,810	-	-	-
Movement During the Period	(7,301,588)	-	160,523,810	-
Balance at the End of the Period	153,222,222	-	160,523,810	-

The Kathmandu brand name in Australia was purchased by Kathmandu Pty Limited on 1 May 2006 for $109.5 million. The acquisition price was based upon an independent valuation from KPMG Sydney dated 5 May 2006. As the independent valuation was completed immediately prior to the previous period end there is no impairment. Using a similar valuation method the Directors have ascribed a value in the Kathmandu brand in New Zealand of $51 million.

	Group	Company	Group	Company
Goodwill on Consolidation				
Opening Balance	74,963,484	-	-	-
Goodwill arising on Acquisition of Subsidiary	442,185	-	76,234,052	-
Current Period Amortisation	(8,258,689)	-	(1,270,568)	-
Balance at the End of the Period	67,146,980	-	74,963,484	-
Total Intangible Assets	220,369,202	-	235,487,294	-

	13 Months Ended 31 July 2007		2 Months Ended 30 June 2006	
	Group	Company	Group	Company
	$	$	$	$

14. DEFERRED TAXATION

Balance at Beginning of the Period	5,637,422	-	-	-
Deferred Tax Acquired	-	-	900,270	-
Current Period Timing Differences	1,244,492	11,969	4,737,152	-
Balance at the End of the Period	6,881,914	11,969	5,637,422	-

15. ACCOUNTS PAYABLE

Trade Payables	2,713,257	-	3,201,946	-
Employee Entitlements	1,157,423	-	1,105,386	-
Other Current Payables	9,798,188	48,769	4,971,224	-
	13,668,868	48,769	9,278,556	-

16. TERM DEBT

Current Portion - Bank Loan	6,250,000	-	5,000,000	-
Total Current Term Debt	6,250,000	-	5,000,000	-
Non-Current Vendor Loan	-	-	30,000,000	-
Non-Current Portion of Bank Loan	174,273,377	-	160,124,153	-
Total Non-Current Term Debt	174,273,377	-	190,124,153	-
Total Term Debt	180,523,377	-	195,124,153	-
Portion held in AUD	87,809,289	-	84,104,289	-
Portion held in NZD	82,957,500	-	95,000,000	-

This Bank Loan is borrowed as part of a syndicated facility agreement with Royal Bank of Scotland as facility agent. The term loan is repayable on fixed repayment dates with the termination date of the facility being the 2nd of November 2011. Interest is payable based on the BKBM rate (New Zealand) or BBSY rate (Australia) plus 2.5% margin. Security is held as per the Security Trust Deed.

The vendor loan owing to J Cameron was repaid.

Notes to the Financial Statements - Continued
For the 13 months ending 31 July 2007

	13 Months Ended 31 July 2007		2 Months Ended 30 June 2006	
	Group	Company	Group	Company
	$	$	$	$
17. CAPITAL COMMITMENTS				
Capital Expenditure Contracted for at Balance Date but not provided for in the Financial Statements	395,454	-	705,060	-
18. LEASE COMMITMENTS				
Non-cancellable Operating Lease Commitments				
Payable within one year	11,642,465	-	7,057,137	-
Payable later than one year	48,899,078	-	26,848,707	-
	60,541,543	-	33,905,844	-

Some of the existing lease agreements have right of renewal options for varying terms.

19. RELATED PARTIES

On 1 May 2006 the company purchased a 100% shareholding in Milford Equities Limited who in turn purchased a 100% shareholding in Kathmandu Group Limited. Kathmandu Group Limited owns 100% of the shares of Kathmandu Limited, Kathmandu Pty Limited and Kathmandu (U.K.) Limited. These companies operate retail shops in New Zealand, Australia and United Kingdom respectively. Milford Group Holdings Limited is an investment company.

Goods sold between the group are invoiced at a price equivalent to the price charged to Kathmandu shops. Payment for purchases are on normal customer terms of trade.

20. ACQUISITION OF SUBSIDIARIES

All group assets and liabilities at 31 July 2007 are as a result of the purchase by Milford Group Holdings Limited of the shares of Milford Equities Limited on 1 May 2006 and their purchase on the same date of shares in Kathmandu Group Limited. The net assets of this group of companies at date of purchase are set out below.

Summary of the Effect of Acquisition of Subsidiary		
Net Assets Acquired:		
Bank balances	3,173,748	-
Inventory	32,005,124	-
Other assets	2,271,822	-
Property, plant and equipment	5,427,289	-
Intercompany loan - Kathmandu (U.K.) Limited	4,997,347	-
Net current liabilities	(8,060,119)	-
Brand	160,523,810	-
Goodwill on consolidation	76,234,052	-
Consideration paid	276,573,073	-

Notes to the Financial Statements - Continued

For the 13 months ending 31 July 2007

	13 Months Ended		2 Months Ended	
	31 July 2007		2 Months Ended	
	Group	Company	Group	Company
	$	$	$	$
21. DIRECTORS' AND EMPLOYEES REMUNERATION				
Directors' Remuneration				
C A Hadley	54,167	54,167	-	-
C A Perkins	54,167	54,167	-	-

No other Director received any fees in their capacity as a Director.

Employee Remuneration				
$100,000 to $109,999	1	-	-	-
$110,000 to $119,999	1	-	-	-
$120,000 to $129,999	3	-	-	-
$150,000 to $159,999	1	-	-	-
$170,000 to $179,999	1	-	-	-
$220,000 to $229,999	1	-	-	-
$240,000 to $249,999	1	-	-	-
$330,000 to $339,999	1	-	-	-
$400,000 to $409,999	1	-	-	-

22. EVENTS SUBSQUENT TO BALANCE DATE

There has been no events subsequent to balance date that would affect the financial statements.

PRICEWATERHOUSECOOPERS

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Auditors' Report
to the shareholders of Milford Group Holdings Limited

We have audited the financial statements on pages 7 to 20. The financial statements provide information about the past financial performance of the Company and Group for the 13 month period ended 31 July 2007 and their financial position as at that date. This information is stated in accordance with the accounting policies set out on pages 11 and 12.

Directors' Responsibilities

The Company's Directors are responsible for the preparation and presentation of the financial statements which give a true and fair view of the financial position of the Company and Group as at 31 July 2007 and their financial performance for the 13 month period ended on that date.

Auditors' Responsibilities

We are responsible for expressing an independent opinion on the financial statements presented by the Directors and reporting 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:

(a) the significant estimates and judgements made by the Directors in the preparation of the financial statements; and

(b) whether the accounting policies are appropriate to the circumstances of the Company and Group, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

We have no relationship with or interests in the Company or any of its subsidiaries other than in our capacity as auditors.

Unqualified Opinion

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

In our opinion:

(a) proper accounting records have been kept by the Company as far as appears from our examination of those records; and

(b) the financial statements on pages 7 to 20:
   (i) comply with generally accepted accounting practice in New Zealand; and
   (ii) give a true and fair view of the financial position of the Company and Group as at 31 July 2007 and their financial performance for the 13 month period ended on that date.

Our audit was completed on 18 December 2007 and our unqualified opinion is expressed as at that date.

PricewaterhouseCoopers

Chartered Accountants

Christchurch