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Heartland PIE Fund Limited
Annual Report
Section 209 Companies Act 1993

The Directors are pleased to present the Annual Report for Heartland PIE Fund Limited (the "Company") for the year ended 30 June 2017.

With the agreement of the Shareholder, the Company has agreed to apply the reporting concessions included in section 211 of the Companies Act 1993. Accordingly, there is no information to be provided in this Annual Report other than the financial statements for the year ended 30 June 2017 and the audit report on those financial statements.

For and on behalf of the Board



Director



Director

Directors' Responsibility Statement

For the year ended 30 June 2017

The Directors are responsible for presenting financial statements that give a true and fair view of the financial position of Heartland PIE Fund Limited (the "Company") as at 30 June 2017 and the financial performance for the year ended on that date.

The Directors consider that the financial statements of the Company have been prepared using appropriate accounting policies consistently applied and supported by reasonable judgements and estimates and that all the relevant financial reporting and accounting standards have been followed.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and facilitate compliance of the financial statements with the Financial Reporting Act 2013.

The Directors consider that they have taken adequate steps to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors authorised the financial statements set out on pages 4 to 8 for issue on 14 August 2017.



Director



Director

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2017

	2017	2016
	\$	\$
Operating revenue		
Total operating revenue	-	-
Less Expenses		
Operating expenses	-	-
Total Expenses	-	-
Net operating profit	-	-
Profit before tax	-	-
Income tax expense	-	-
Profit for the period	-	-
Other comprehensive income	-	-
Total comprehensive income for the period	-	-

All comprehensive income for the period is attributable to the owner of the Company.

The notes on pages 6 to 7 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2017

	Share Capital	Retained Earnings	Total Equity
	\$	\$	\$
Balance at 1 July 2016	100	-	100
Total comprehensive income for the year			
Profit for the year	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	-	-
Balance at 30 June 2017	100	-	100
Balance at 1 July 2015	100	-	100
Total comprehensive income for the period			
Profit for the period	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	-	-
Balance at 30 June 2016	100	-	100

STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Note	2017 \$	2016 \$
Assets			
Due from related parties	6	100	100
Total assets		100	100
Liabilities			
Due to related parties		-	-
Total liabilities		-	-
Equity			
Share capital	5	100	100
Retained earnings and reserves		-	-
Total equity		100	100
Total equity and liabilities		100	100

The notes on pages 6 to 7 are an integral part of these financial statements.

1 Reporting entity

The financial statements presented here are for the legal entity Heartland PIE Fund Limited (the "Company").

The principal activity of the Company is to act as manager of the Heartland Cash and Term PIE Fund (the "Fund").

The Company operates and is domiciled in New Zealand. The registered office address is:
35 Teed Street, Newmarket, Auckland 1023, New Zealand.

2 Basis of preparation

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand and the requirements of the Financial Reporting Act 2013. They comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable financial reporting standards for profit-oriented entities. The Company is a profit-oriented entity.

These financial statements are presented in New Zealand dollars which is the Company's functional currency.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise.

Financial assets and liabilities

The Company initially recognises financial assets and liabilities on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are classified in the following accounting categories:

<u>Financial Assets/Liabilities</u>	<u>Accounting Category</u>
Due from related parties	Loans and Receivables

Estimates and judgements

The preparation of financial statements requires the use of management judgement, estimates and assumptions that affect reported amounts. Actual results may differ from these judgements.

Statement of cash flows

As the Company does not hold any cash or cash equivalents, no statement of cash flows is presented.

3 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

4 Tax

Income tax expense for the year comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in other comprehensive income.

5 Share capital

	2017	2016
	Number of shares	Number of shares
Issued shares	100	100

The shares have equal voting rights, rights to dividends and distributions and do not have a par value.

6 Related party transactions

The Company is a fully owned subsidiary of Heartland Bank Limited (the "Bank"). The Bank has been appointed as Registrar in respect of the Fund in accordance with the Registry Management Agreement dated 26 November 2012. The Registrar provides all services to, or for, the Company. Fees and expenses, including audit fees are paid on behalf of the Company by the Bank, in its capacity as the Registrar of the Fund.

The Bank has paid the following on behalf of the Company without reimbursement:

- \$3,606 for the audit of the financial statements of the Company (2016: \$3,570).
- \$21,102 for the Company FMA levy and annual confirmation fee (2016: \$20,061).

As such, no income or expenditure is recognised in the Company's Statement of Comprehensive Income.

As at 30 June 2017, the Company had an intercompany receivable balance with the Bank of \$100 (2016: \$100). No other related party transactions took place during the period.

7 Fair Value

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

Due from related parties

The fair value of amounts due from related parties are considered equivalent to their carrying value due to their short term nature (Level 3 in the fair value hierarchy).

8 Credit risk

Financial instruments which potentially subject the Company to credit risk principally consist of related party receivables from the Bank. The Company has 100% concentration with the Bank. The amount that best represents the maximum credit risk exposure is the carrying value of the related party receivable.

9 Contingent liabilities and commitments

The Company had no material contingent liabilities or commitments as at 30 June 2017 (2016: nil).

10 New standards and interpretations not yet adopted

There are no new standards or interpretations that have been issued but are not yet effective, which are expected to have a material impact on the reported performance or position of the Company.

11 Events after the reporting date

There have been no material events subsequent to the reporting date that would affect the interpretation of the financial statements or the performance of the Company.



Independent Auditor's Report

To the shareholder of Heartland PIE Fund Limited

Report on the financial statements

Opinion

In our opinion, the accompanying financial statements of Heartland PIE Fund Limited (the "company") on pages 4 to 7:

- i. present fairly in all material respects the company's financial position as at 30 June 2017 and its financial performance for the year ended on that date; and
- ii. comply with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

We have audited the accompanying financial statements which comprise:

- the statement of financial position as at 30 June 2017;
- the statements of comprehensive income and changes in equity for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.



Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the company in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report.

Other than in our capacity as auditor we have no relationship with, or interests in, the company.



Use of this Independent Auditor's Report

This report is made solely to the shareholder as a body. Our audit work has been undertaken so that we might state to the shareholder those matters we are required to state to them in the Independent Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholder for our audit work, this report, or any of the opinions we have formed.



Responsibilities of the Directors for the financial statements

The Directors, on behalf of the company, are responsible for:

- the preparation and fair presentation of the financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards;
- implementing necessary internal control to enable the preparation of a set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.



Auditor's Responsibilities for the Audit of the financial statements

Our objective is:

- to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an Independent Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of these financial statements is located at the External Reporting Board (XRB) website at:

https://www.xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page6.aspx

This description forms part of our Independent Auditor's Report.



Jamie Munro

For and on behalf of

KPMG
Auckland

14 August 2017