SUPPLEMENT TO

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EASTERN AND CENTRAL COMMUNITY TRUST INCORPORATED

FINANCIAL STATEMENTS

PURSUANT TO SECTION 13 OF THE
COMMUNITY TRUSTS ACT 1999

EASTERN AND CENTRAL COMMUNITY TRUST INC

ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2009

INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2009

		2009 $	2008 $
REVENUE			
Loss from Investments	*(note 4)*	**(11,065,440)**	**(3,162,919)**
LESS EXPENSES			
Administrative Expenses	*(note 5)*	603,716	532,146
Personnel Expenses	*(note 5)*	613,638	588,923
Net Community Donations	*(note 10)*	5,715,702	5,808,492
TOTAL EXPENSES		**6,933,056**	**6,929,561**
NET DEFICIT BEFORE TRANSFER FROM RESERVES		**(17,998,496)**	**(10,092,480)**
Transfer from Donations Reserve		-	**5,808,492**
NET DEFICIT		**(17,998,496)**	**(4,283,988)**

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2009

		2009 $	2008 $
EQUITY AT START OF PERIOD		133,790,818	143,883,298
Net deficit before transfer from reserves		(17,998,496)	(10,092,480)
Total Recognised Revenue and Expenses		(17,998,496)	(10,092,480)
EQUITY AT THE END OF PERIOD	*(note 6)*	**115,792,322**	**133,790,818**

BALANCE SHEET
AS AT 31 MARCH 2009

		2009 $	2008 $
NON-CURRENT ASSETS			
Financial Assets Held for Trading	*(note 7)*	112,266,126	128,616,670
Property, Plant & Equipment	*(note 8)*	38,663	43,179
TOTAL NON-CURRENT ASSETS		**112,304,789**	**128,659,849**
CURRENT ASSETS			
Accrued Income		47,723	145,217
Cash and Cash Equivalents	*(note 9)*	5,362,386	7,278,079
TOTAL CURRENT ASSETS		**5,410,109**	**7,423,296**
TOTAL ASSETS		**117,714,898**	**136,083,145**
EQUITY			
Trust Capital	*(note 6)*	115,792,322	118,734,668
Donation Reserve	*(note 6)*	-	15,056,150
TOTAL EQUITY		**115,792,322**	**133,790,818**
LIABILITIES			
NON-CURRENT LIABILITIES		-	-
CURRENT LIABILITIES			
Sundry Payables		142,132	207,010
Currency Hedging Contracts		113,891	-
Employee Entitlements		45,803	39,817
Donations Payable	*(note 10)*	1,620,750	2,045,500
TOTAL CURRENT LIABILITIES		**1,922,576**	**2,292,327**
TOTAL EQUITY AND LIABILITIES		**115,792,322**	**133,790,818**

These Financial Statements have been authorised for issue by the Trustees on 29th May 2009.

James Palmer
Chairperson

Claire Matthews
Trustee

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2009

		2009 $	2008 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Investment Income		7,957,165	9,835,603
		7,957,165	9,835,603
Cash was applied to:			
Trustees and Employees		(515,528)	(507,262)
Suppliers of Other Goods & Services		(633,126)	(507,523)
Community Donations		(6,140,452)	(5,108,442)
NET CASH FLOWS FROM OPERATING ACTIVITIES	*(note 11)*	**668,059**	**3,712,376**
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was applied to:			
Net Investment in Managed Funds		(2,574,567)	(3,896,894)
Purchase of Fixed Assets		(9,185)	-
		(2,583,752)	(3,896,894)
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(2,583,752)**	**(3,896,894)**
NET DECREASE IN CASH HELD		**(1,915,693)**	**(184,518)**
Add Cash at 1 April		7,278,079	7,462,597
CASH & CASH EQUIVALENTS AT 31 MARCH	*(note 9)*	**5,362,386**	**7,278,079**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

1. REPORTING ENTITY

The Eastern and Central Community Trust Inc. is a Charitable Trust incorporated in accordance with the provisions of the Community Trusts Act 1999.

The financial statements, for the year ended 31st March 2009, have been prepared in accordance with the Financial Reporting Act 1993. The Eastern and Central Community Trust Inc is primarily involved in the management of the investment of assets and the distribution of donations to the community within a designated lower North Island region of New Zealand. Reliance is placed on the fact that the Trust is a going concern.

2. BASIS OF PREPARATION

a) Statement of compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS"), and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

The financial statements were approved by the Board of Trustees on 29th May 2009.

b) Basis of Measurement

The financial statements have been prepared on the historical cost basis except for financial instruments at fair value through the income statement, which are measured at fair value and disclosed further in note 14.

c) Functional and Presentation Currency

These financial statements are presented in New Zealand dollars ($), which is the Trust's functional currency. All financial information has been rounded to the nearest dollar.

d) Use of Estimates and Judgements

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of the income and expenses during the period. Actual results could differ from these estimates.

Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgement and therefore, can not be determined with precision. Changes in assumptions could significantly affect the estimates.

e) Standards, Amendments and Interpretations to Existing Standards that are not yet effective

There are new or revised Accounting Standards and Interpretations in issue that are not yet effective. These include the following Standards and Interpretations that are applicable to the Society and may have an impact on future financial statements.

Minor Amendments to NZ IFRS

The Minor Amendments to NZ IFRS will be adopted by the Trust for the first time for its financial reporting period ending March 2010. The Minor Amendments to NZ IFRS are not expected to have significant impact on the Trust's accounting policies.

NZ IFRS 7

The amendments to NZ IFRS 7 will be adopted by the Trust for the first time for its financial reporting period ending 31 March 2010. The amendment to NZ IFRS 7 may result in the Trust having to provide additional disclosure in relation to its financial instruments held at the year ended 31 March 2010.

3. SIGNIFICANT ACCOUNTING POLICIES

The following are the particular accounting policies, which have a material affect on the measurement of results and financial position. They have been applied consistently to all periods presented in these financial statements.

a) Foreign Currency Transactions
Foreign currency balances are converted to NZD at the year end rate of exchange unless covered by a forward exchange contract. Where such contracts are in place the contracted rate is adopted. Transactions completed during the year are converted at the rate applying at the date of the transaction. Any foreign exchange gain or loss on monetary items is included within the income statement.

b) Financial Instruments
Financial instruments comprise investments in equity and debt securities, cash and cash equivalents and trade and other payables. Investments in equity and debt securities are initially recognised at fair value, being the fair value of the consideration paid. Subsequent to initial recognition they are measured to fair value through the income statement. For investments that are actively traded in organised financial markets, fair value is determined by reference to exchange quoted market bid prices at the close of business on the balance sheet day. Cash and cash equivalents comprise cash balances, call deposits and short term deposits but do not include cash held by fund managers. Cash flow from operations includes withdrawal of income from managed funds.

A financial instrument is recognised when the Trust becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Trust's contractual right to the cash flows from the financial assets expire or if the Trust transfers the financial assets to another party without retaining control or substantially all risks and rewards of the asset.

The Trust uses financial instruments to reduce exposure to fluctuations in foreign currency denominated assets. Forward exchange contracts are entered into to hedge foreign currency denominated assets. These are converted to the New Zealand dollar rate at balance date with all realised and unrealised gains and losses being recognised in the income statement.

c) Donations
Donations are recognised as a liability of the Trust when they are approved by Trustees and notified to applicants notwithstanding that the applicants may still have to fulfil some conditions.

d) Revenue
Dividends are recognised as income on declaration date, and recorded net of any imputation tax credits. Interest income is recognised on an accruals basis.

e) Cash and Cash Equivalents
Cash and cash equivalents comprise cash on hand and cash in banks. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

f) Property, Plant and Equipment
Items of property, plant and equipment are recorded at cost less accumulated depreciation and impairment losses. The Trust has one class of asset being office furniture and fittings.

g) Depreciation
Depreciation is recognised in the income statement on a straight line basis on all tangible fixed assets at rates calculated to allocate the assets' cost less estimated residual value, over their estimated useful lives. Depreciation methods, useful lives and residual values are reassessed at the reporting date. The estimated life of assets is between 3 and 10 years.

h) Impairment
The Trust's assets are reviewed at each balance date to determine whether there is any objective evidence of impairment. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the income statement.

i) Trade and Other Payables
Trade payables and other accounts payable are recognised at fair value when the Trust becomes obliged to make future payments resulting from the purchase of goods and services. Subsequent to initial recognition, trade payables and other accounts payable are recorded at cost.

j) Employee Benefits
Provision is made for salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably. Provisions in respect of employee entitlements expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Provisions made in respect of employee entitlements not expected to be settled within 12 months are measured at the present value of the estimated cash outflows to be made in respect of services provided up to reporting date.

Liabilities for non accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

k) GST
GST inclusive accounting has been adopted, as the Trust is not registered for GST.

l) Income Tax
The Trust is exempt from income tax under section CW52 of the Income Tax Act 2007.

m) Intangible Assets
Software, when acquired by the Trust, will be measured at cost less accumulated depreciation and impairment losses.

n) Leases
The Trust has no leased assets that are required to be classed as finance leases. Operating leases are not recognised on the balance sheet. Operating lease payments are recognised in the income statement on a straight line basis.

o) Cashflows
The cashflow statement is prepared inclusive of GST, which is consistent with the method used in the income statement. The following are the definitions of the terms used in the cash flow statement:

- Operating activities include all transactions and other events that are not investing or financing activities
- Investing activities include transaction relating to the acquisition, holding or disposal of investments.
- Financing activities are those activities that change the equity of the Trust
- Cash means cash on deposit with banks

p) Comparatives
Some comparative figures have been reclassified for reporting purposes. This does not change the overall result.

4. NET LOSS FROM INVESTMENTS

	2009 $	2008 $
Realised Income (losses)		
Dividend income on held for trading financial assets	2,465,910	1,977,213
Interest income on held for trading financial assets	4,948,298	4,456,378
Loss on forward currency hedging contracts	(61,278)	-
Gain on disposal on held for trading financial assets	506,740	3,414,142
	7,859,670	**9,847,733**
Unrealised Income (losses)		
Foreign exchange gains/(losses)	17,179,220	(7,570,307)
Change in fair value of financial assets held for trading	(36,104,330)	(5,440,345)
	(18,925,110)	**(13,010,652)**
Total Income from Investments	**(11,065,440)**	**(3,162,919)**

5. EXPENSES

	2009 $	2008 $
Administrative Expenses		
Office administration	37,727	32,613
Advertising and promotion	178,824	160,041
Fees paid to the auditors for audit services	12,409	9,264
Fees paid to the auditors for NZ IFRS assistance	1,765	1,687
Depreciation	13,701	19,005
Rent and services	77,337	76,074
Professional expenses	93,634	38,735
Fund managers' fees	166,185	180,445
Donation expenses	6,977	2,807
Other expenses	15,157	11,475
	603,716	**532,146**
Personnel Expenses		
Trustees' remuneration	164,785	152,229
Trustees' meeting expenses	52,878	50,804
Trustees' liability insurance	6,561	5,206
Staff remuneration	347,416	327,397
Increase in staff leave owing	4,251	20,239
Staff training and travel	27,054	24,036
KiwiSaver net contributions	8,525	7,613
ACC levies	2,168	1,399
	613,638	**588,923**
Donation Expenses *(note 10)*	**5,715,702**	**5,808,492**

6. EQUITY

a) Trust Capital

The initial Trust capital was set at $90 million in 1997. The Trust capital has been increased over time as a surrogate for inflation and population growth within the region administered by the Trust. The Trustees periodically review the capital maintenance transfer and this year the Trustees had determined to increase the capital by $3.6 million. However, due to the results funds were not available to be transferred into the capital reserve. Previous transfers have exceeded inflation and population increases.

	2009 $	2008 $
Balance at the beginning of the year	118,734,668	113,934,668
Transfer from/(to) donations reserve	(2,942,346)	4,800,000
Balance at the end of the year	**115,792,322**	**118,734,668**

b) Donations Reserve

The Trustees retain all undistributed income in the donation reserve. The optimum level of the donation reserve is 25% of the capital base so that the annual donation distribution is able to be maintained when investment markets provide negative results. Given the current position of the Trust there are no funds left in the Donations Reserve.

Balance at the beginning of the year	15,056,150	29,948,630
Transfer to/(from) capital reserve	2,942,346	(4,800,000)
Transfer to income statement	-	(5,808,492)
Deficit for the year	(17,998,496)	(4,283,988)
Balance at the end of the year	**-**	**15,056,150**

c) Total Equity

Trust capital	115,792,322	118,734,668
Donations reserve	-	15,056,150
Equity balance at the end of the year	**115,792,322**	**133,790,818**

7. FINANCIAL ASSETS HELD FOR TRADING

All investments in managed funds are classified as fair value through the income statement.

		2009 $	2008 $
Opening balance		128,616,670	137,730,430
Loss before fund manager fees		(11,542,678)	(3,771,608)
Withdrawals to fund donations (net)		(4,807,866)	(5,342,152)
Closing Balance		**112,266,126**	**128,616,670**
Investments comprise:			
Bonds		57,180,191	55,803,015
Equities		55,085,935	72,813,655
Total Managed Funds		**112,266,126**	**128,616,670**
Held in: **New Zealand**	Bonds	57,180,191	55,803,015
	Equities	6,983,416	9,479,262
		64,163,607	**65,282,277**
Off Shore	Equities	48,102,519	63,334,393
		48,102,519	**63,334,393**
		112,266,126	**128,616,670**

The fair value of financial assets at fair value through the income statement is determined by reference to the quoted price at the reporting date.

8. PROPERTY, PLANT & EQUIPMENT

Cost	2009 $	2008 $
Balance at beginning of year	157,108	157,108
Additions	9,185	-
Disposals	-	-
Balance at end of year	**166,293**	**157,108**
Depreciation & Impairment Losses		
Balance at beginning of year	113,929	94,924
Depreciation for the year	13,701	19,005
Impairment	-	-
Disposals	-	-
Balance at end of year	**127,630**	**113,929**
Carrying Amounts		
At beginning of year	43,179	62,184
At end of year	38,663	43,179

9. CASH AND CASH EQUIVALENTS

	2009 $	2008 $
Current accounts	8,690	8,796
Call account	1,353,444	269,268
Petty cash	252	15
Short term deposits	4,000,000	7,000,000
Total cash	**5,362,386**	**7,278,079**

10. DONATIONS

	2009 $	2008 $
Standard donations	1,607,209	1,802,870
Special donations	4,331,500	4,114,300
Total community donations	**5,938,709**	**5,917,170**
Less donations written back	223,007	108,678
Net community donations	**5,715,702**	**5,808,492**

Total of donations payable at year end was $1,620,750 ($2,045,500 – 2008). Included in donations payable was $1,082,200 ($1,572,000 - 2008) of donations, which are subject to the applicants fulfilling certain conditions.

11. RECONCILIATION OF NET SURPLUS WITH OPERATING CASH FLOWS

	2009 $	2008 $
Net deficit for the period	(17,998,496)	(4,283,988)
Community Donations	-	(5,808,492)
Adjust for non-cash items		
Unrealised loss on investments	18,925,110	13,010,653
Depreciation	13,700	19,005
Movements in net current assets		
Accrued income	97,495	(12,130)
Current liabilities excluding donations	55,000	87,278
Donations Payable	(424,750)	700,050
Net operating cash flows	**668,059**	**3,712,376**

12. CONTINGENT LIABILITIES & COMMITMENTS

Commitments

At year end the Trust had entered into an agreement with 10 other Community Trusts to contribute to the cost of new software. It is expected that the Trust will pay approximately $80,000 during the next financial year towards this. There are no other capital commitments (nil – 2008).

Lease commitments

	2009 $	2008 $
Less than 1 year	50,209	47,592
1 – 5 years	200,836	190,368
Over 5 years	112,970	154,674
	364,015	**392,634**

The lease on the present Westerman's premises commenced on 1st July 2004 and expires on 30th June 2016. The rent payable has been reviewed at the conclusion of the second and fourth years and the rental was adjusted in accordance to any increase in the consumer price index. In July 2010 the rent is market assessed but is limited to a 20% increase over the rent set in 2008.

During the year ended 31 March 2009, $49,555 was recognised as an expense in the income statement in respect of operating leases ($47,592 - 2008).

Contingencies
There are no contingent liabilities or contingent assets at balance date (nil -2008).

13. RELATED PARTY TRANSACTIONS

There have been no related party transactions during the year.

Trustees update their personal register of interests at each Trust Meeting. A folder containing each Trustee's register of interests is readily available to members of the public.

In addition, a record of all declarations of interests with any donation application is maintained and is also included in the Trustees' register of interest folder. Trustees abstain from decisions regarding donations to entities in which they have an interest.

Key management personnel include the Trustees and Trust Manager. Remuneration for key management personnel was $296,184 ($276,229 - 2008).

14. FINANCIAL INSTRUMENTS

The Trust has the following financial assets and liabilities:

	2009 $	2008 $
Financial Assets		
Cash at Bank	5,362,386	7,278,079
Accrued Income	47,723	145,217
Financial Assets held for trading consisting of:		
NZ/Australian Equities	6,983,416	9,479,262
NZ Bonds	57,180,191	55,803,015
Off Shore Equities	48,102,519	63,334,393
	117,676,235	**136,039,966**
Financial Liabilities		
Accounts Payable & Employee Entitlements	187,935	246,827
Currency Hedging Contracts	113,891	-
Donations Payable	1,620,750	2,045,500
	1,922,576	**2,292,327**

Risks arising for the Trust's financial assets and liabilities are inherent in the nature of the Trust's activities, and are managed through an ongoing process of identification, measurement and monitoring. The Trust is exposed to credit risk, liquidity risk and market risk (including currency, interest rate and pricing risks).

The Trust's income is generated from its financial assets. Liabilities which arise from its operations are met from cash flows provided by these assets.

Information regarding the fair value of assets and liabilities exposed to risk is regularly reported to the Trust's management, the Trust's Executive sub-Committee and ultimately the Board of Trustees. The Investment Portfolio is rebalanced, as necessary, to ensure that the asset classes remain within the strategic asset allocation ranges as set out in the Trust's Statement of Investment Policy and Objectives (SIPO).The Trustees regularly review the Trust's SIPO.

The SIPO sets out the Trust's primary investment objectives. These can be summarised as to:
- ensure that the investment fund is invested prudently;
- provide inter-generational equity with regard to distribution levels over time;
- ensure money is available for distribution, as required, to meet the needs and distribution policies of the Trust;
- maintain the value of the investment fund's capital base in real terms (CPI);
- maximise the funds available for distribution.

The Investment Portfolio
The Trust manages its Investment Portfolio in terms of its SIPO. The SIPO is monitored and amended on a regular basis by the Board of Trustees. The Portfolio's strategic asset allocation is reviewed annually. The strategic asset allocation was last reviewed in November 2008. MCA NZ Limited assists both management and the Trustees with investment advice and the portfolio management.

Portfolio Characteristics
The Trust has its investments in six different portfolios and the performance of each asset is measured against an appropriate index:

NZ Equities
The NZ Equity portfolio is managed by Forsyth Barr. The Investment mandate allows the Fund Manager to invest up to twenty five percent of the portfolio in companies listed on the NZ Stock Exchange. This portfolio is measured against the NZSX40 (net Dividend) Index.

NZ Listed Property
The NZ Listed Property portfolio is managed by Forsyth Barr. The Investment mandate allows the Fund Manager to invest up to five percent of the portfolio in property companies listed on the NZ Stock Exchange. This portfolio is measured against the NZX Property Sector (net Dividend) Index.

NZ Bonds
The NZ Bond portfolio is managed by Esam Cushing Limited. The Investment mandate allows the Fund Manager to invest up to seventy percent of the portfolio in bonds. The mandate places limits on the underlying investment categories, along with credit and duration restrictions. This portfolio is measured against the NZX Corporate A Grade Index.

Off Shore Equities
The Off Shore portfolio is managed by State Street Global Advisors. The investment is in a pooled fund. The investment mandate allows the Fund Manager to invest up to fifty-five percent of the portfolio in off shore equities. This portfolio is measured against the MSCI Gross ($NZ) Index and the strategic policy is to be fifty percent hedged back to NZ dollars. However, due to high levels of currency volatility over recent years the level of hedging has varied between zero and one hundred percent.

Australian Listed Property
The Australian Listed Property portfolio is managed by State Street Global Advisors. The investment is in a pooled index trust. The investment mandate allows the Fund Manager to invest up to five percent of the portfolio in Australian listed property equities. This portfolio is measured against the S&P/ASX200 Property Accumulation index and the strategic policy is to be fifty percent hedged back to NZ dollars. However, due to high levels of currency volatility over recent years the level of hedging has varied between zero and one hundred percent.

Cash
The Cash Portfolio is managed by the Trust Manager. The mandate places limits on the underlying investment categories, along with credit and duration restrictions. The portfolio is measured against the NZX 90 day bank bill index.

Credit Risk
Credit risk represents the risk that a counterparty to a financial asset fails to discharge an obligation which will cause the Trust to incur a financial loss.

With regard to the credit risk arising for financial assets, the Trust's credit risk arises from any default by a counterparty. The current exposure at balance date is the fair value of those assets as disclosed in the income statement.

Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty or where a number of counterparties are engaged in similar business activities, geographic regions, or similar economic features that would influence their ability to meet their contractual obligations by reason of changes in economic, political or other conditions.

The Trust manages credit concentration risks through;

- a diversified and non-correlated basket of investments
- ensuring compliance with the individual mandate requirements of each investment.

The Trust Manager, Trust's investment advisor and the Trust's Board review the portfolios for compliance against each investment mandate on a regular basis. The Fund Manager's ensure that the funds they manage comply with their mandates as defined in the SIPO.

The credit quality of the Trust's NZ Bond portfolio is managed by the Trust using Standard and Poor's rating categories.

	AAA to AA	**A+ to A-**	**BBB**	**Unrated**	**2009 $**	**2008 $**
Corporate Bonds	28.4%	27.7%	25.0%	5.6%	49,580,516	49,465,099
Cash	13.3%				7,599,675	6,337,916
Total					**57,180,191**	**55,803,015**

Forward Foreign Exchange Contracts

The Trust manages its foreign exchange risk by using forward exchange contracts to cover varying amounts of its foreign currency exposure. Such forward exchange contracts have the economic effect of converting foreign currency denominated balances into NZ dollars. These forward exchange contracts are not treated as hedges for accounting purposes. All contracts are with the Bank of New Zealand which has a Standards and Poor's Rating of AA.

The following table details the three-month forward foreign currency contracts outstanding at reporting date (nil - 2008):

Currencies	**Buy Amount NZ$**	**Deal Rate 12 January 2009**	**Valuation Rate 31 March 2009**	**Gain/(Loss) NZ$**
Australian Dollars	2,500,000	0.8396	0.8256	(42,363)
Euros	4,500,000	0.4338	0.4285	(54,824)
British Pounds	1,000,000	0.3853	0.3968	28,926
Japanese Yen	2,000,000	52.534	55.736	114,756
US Dollars	6,500,000	0.5820	0.5680	(160,386)
TOTAL	**16,500,000**			**(113,891)**

Liquidity Risk

Liquidity risk is the risk that the Trust will encounter difficulties in meeting the obligations associated with its financial liabilities. This risk is managed through the Trust's investment in a diversified portfolio of financial assets.

The Trust's investment portfolio during the year under review consisted of only listed securities which under normal market conditions are readily convertible to cash. In addition the Trust maintains sufficient cash and cash equivalents to meet normal operating requirements.

The Trust's financial liabilities comprise trade and other payables, and committed but unpaid donations.

At balance date all trade and other payables were current, and are normally settled on the 20th of the month following invoice date.

Committed but unpaid donations are held as current liabilities pending the satisfaction of conditions under which the donations were made. At balance date committed but unpaid donations totalled $1,620,750.

These committed and unpaid donations had the following profile:

Financial Year Approved	Number of Grants Outstanding	Value $
2007	4	71,500
2008	8	126,000
2009	106	1,423,250
Total	**118**	**1,620,750**

Committed but unpaid donations at 31 March 2008 had the following profile:

Financial Year Approved	Number of Grants Outstanding	Value $
2006	1	6,000
2007	11	151,000
2008	120	1,888,500
Total	**132**	**2,045,500**

Market Risk
Market risk embodies the potential for both loss and gains and includes currency risk, interest risk and price risk.

The Trust's investment strategy and the management of the investment risk are detailed in the SIPO. The Trust's investments are diversified across a range of assets including New Zealand and Overseas equities, New Zealand bonds, New Zealand and Australian property and cash. Within each asset class there are defined policies and mandates to ensure diversification, to minimise investment risk and to limit exposure to any one investment. Each asset class has a defined target allocation and is managed within a defined allocation range.

In addition, the Trust has a Risk Management Policy which includes a Tactical Asset Allocation Policy. This policy is to identify times when the Trustees should instigate a process to review the short term investment strategy of the Trust.

a) Currency Risk
Currency risk is the risk that the fair value of, or future cash flows from financial assets will fluctuate due to changes in foreign exchange rates. The Trust has exposure to currency risk through its investments in offshore equities. The investment policy requires full hedging of currency risk for overseas bonds, when held, and 50% hedging of currency risk for overseas equities. There was no currency hedging on overseas equities for the first half of the year. From October 2008 hedging was introduced to reduce the risks of the exposure to overseas currencies. Hedging decisions have been constantly reviewed. Currency risk is self managed with the Bank of New Zealand with a range of tolerance.

At balance date the Trust's exposure to currency risk was as follows:

	2009 $	**2008 $**
Foreign Currency denominated assets	48,102,519	63,334,393
Less foreign currency contracts	16,500,000	-
Unhedged currency exposure at 31 March	31,602,519	63,334,393
USA/Canada	12,885,793	13,385,523
UK/Europe	11,299,322	21,838,583
Japan/Asia	13,083,202	16,225,079
Australia	10,834,202	11,885,208
	48,102,519	**63,334,393**

The Australian Listed Property Index Trust is reported in AUD. The remaining offshore equity investments are:

- Managed by State Street Global Advisors (Boston, USA).
- Invested in 24 individual country common trust funds.
- Reported in the fund's base currency of USD.

Exposure to currency risk:

Asset	Australian Dollar at 31 March 2009 $	US Dollar at 31 March 2009 $	Australian Dollar at 31 March 2008 $	US Dollar at 31 March 2008 $
Equities	416,760	47,685,759	929,633	62,404,760

The following NZD exchange rates applied during the year:

Currency	Average monthly Mid-Rate for 2008 - 09	Average monthly Mid-Rate for 2007 - 08
Australian Dollar	0.8216	0.8750
US Dollar	0.6502	0.7598

Sensitivity Analysis for Currency:
A 10 per cent movement of the NZD against the following currencies at 31 March would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. This analysis is performed on the same basis for 2008.

Effect in NZD:

Effect of Movements in NZD	Profit or (Loss) 31 March 2009 $	Profit or (Loss) 31 March 2008 $
10% fall in NZD/AUD	46,306	103,293
10% rise in NZD/AUD	(37,887)	(84,512)
10% fall in NZD/USD	5,298,417	6,933,862
10% rise in NZD/USD	(4,335,069)	(5,673,160)

b) Interest Rate Risk
The Trust's investments in fixed rate securities are subject to interest rate risk. The Trust's SIPO requires a fixed rate security to have a minimum of a BBB rating or equivalent grade. The maximum exposure to each fixed security is controlled by the credit rating so that the higher the credit rating, the higher the allowable exposure. The fixed rate securities mandate ensures that a high percentage of the securities are rated A or higher. Short term deposits are invested for periods up to 365 days taking into account current interest rates.

The Trust's cheque and call accounts are interest bearing. Any movement in interest rates on these accounts is minimal and not considered to be material.

At the reporting date the interest rate profile of the Trust's interest bearing financial instruments was:

	Carrying Amount 2009 $	Carrying Amount 2008 $
Fixed Rate Instruments	49,580,516	55,803,015
Variable Rate Instruments	12,962,062	7,278,079
Total	**62,542,578**	**63,083,094**

Sensitivity Analysis for Fixed Rate Instruments:
A change of 100 basis points (1%) in interest rates would have increased or decreased profit or loss by the amounts shown. The analysis is performed on the same basis for 2008.

Fixed Rate Instruments	**Cash Flow Sensitivity 31 March 2009 $**	**Cash Flow Sensitivity 31 March 2008 $**
100 basis points increase	495,805	558,030
100 basis points decrease	(495,805)	(558,030)

Sensitivity Analysis for Variable Rate Instruments:
A change of 100 basis points (1%) in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. The analysis is performed on the same basis for 2008.

Variable Rate Instruments	**Cash Flow Sensitivity 31 March 2009 $**	**Cash Flow Sensitivity 31 March 2008 $**
100 basis points increase	129,621	72,781
100 basis points decrease	(129,621)	(72,781)

c) Pricing Risk
Pricing risk is the risk that the value of the instrument will fluctuate as a result of changes in market price (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, it's issuers or all factors affecting all instruments traded in the market. As the majority of the funds' financial instruments are carried at fair value with fair value changes recognised in the income statement, all changes in market conditions will directly affect investment income.

Price risk is managed by the Trust by constructing a diversified portfolio of instruments traded on various markets. The SIPO sets down the guidelines for this diversification.

The Trust's financial assets are priced at fair value. The effect on the Trust's income statement and balance sheet as at 31st March 2009, due to a possible change in market factors is represented in the following table:

Financial Asset	**Sensitivity Range (-1 to +1 Standard Deviations)**	**Sensitivity Impact $,000**
NZ/Australian Equities	-10.6% to 27.6%	-1,704 to 4,432
NZ Bonds	2.7% to 12.8%	1,573 to 7,424
NZ Cash	4.4% to 7.1%	255 to 413
Overseas Equities	-8.1% to 26.1%	-3,042 to 9,819
Property	-6.4% to 22.4%	-80 to 280
Total Portfolio	**-2.5% to 18.8%**	**-306 to 7,081**

There is a 68% probability that the return in any one year will be within the range -2.5% to 18.8%.

The effect on the Trust's income statement and balance sheet as at 31st March 2008, due to a possible change in market factors is represented in the following table:

Financial Asset	**Sensitivity Range (-1 to +1 Standard Deviations)**	**Sensitivity Impact $,000**
NZ/Australian Equities	-9.2% to 26.2%	-1,781 to 5,086
NZ Bonds	2.8% to 12.7%	1,568 to 7,081
NZ Cash	4.3% to 7.2%	318 to 535
Overseas Equities	-8.0% to 26.0%	-4,095 to 13,356
Property	-6.4% to 22.4%	-122 to 430
Total Portfolio	**-3.0% to 19.5%**	**-1,019 to 8,360**

There is a 68% probability that the return in any one year will be within the range -3.0% to 19.5%.

These sensitivity analyses are based on the volatility of each asset class and the investment portfolio as a whole, as measured by plus or minus one standard deviation.

The overall effect of the Trust's diversified portfolio of uncorrelated financial assets is to reduce volatility and stabilise investment returns over time.

15. TRUSTEES' ATTENDANCE AND REMUNERATION

Trustees' remuneration for meeting attendance and an annual honorarium is set by the Minister of Finance. Trustees are also reimbursed for travel costs. Details of the Trustees' attendance and remuneration are:

Attendance Record & Fees of Trustees

Trustee	Two Day Trust Meetings attended	Sub-Committee Meetings attended	Fees $
Barbara Cameron	6 of 6	9 of 9	11,860
John Culling	1 of 1	6 of 6	6,373
Beverley Fullerton-Smith	6 of 6	14 of 14	13,330
Ron Garrod	5 of 6	10 of 11	9,880
Pamela Good	5 of 6	5 of 6	10,082
John Gordon	6 of 6	15 of 16	14,260
Shona Jones	6 of 6	10 of 10	11,016
Claire Matthews	6 of 6	14 of 15	14,612
Margaret May	6 of 6	15 of 15	17,077
Kaye McAulay	4 of 5	6 of 6	8,353
Keith Moretta	5 of 6	2 of 3	8,110
James Palmer	6 of 6	19 of 19	25,188
Mere Pohatu	5 of 6	18 of 20	14,643
Total Fees			**164,784**

16. TRUSTEES' INDEMNITY LIABILITY INSURANCE

Trustees' indemnity liability insurance of $6,561 ($5,206 – 2008) has been paid by the Trust as approved by the Trustees under the Community Trusts Act 1999. The increase is mainly due to a full year period compared to a 10 month period for 2008.

SCHEDULE OF COMMUNITY PAYMENTS
FOR THE YEAR ENDED 31 MARCH 2009

DONATIONS BY REGION

	2009 $	**2008** $
Poverty Bay	650,600	606,600
Hawke's Bay	2,330,640	2,377,600
Tararua	344,000	436,300
Wairarapa	723,100	480,550
Manawatu	959,640	1,358,660
Horowhenua	582,379	275,260
Regional	348,350	385,200
TOTAL DONATIONS	**5,938,709**	**5,917,170**

An itemised list of all donations is available at www.ecct.org.nz or free of charge, from the Trust Manager, Eastern & Central Community Trust Inc, PO Box 1058, Hastings.

BDO
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Chartered Accountants & Advisers

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Audit Report

To the Trustees of the Eastern & Central Community Trust Incorporated

We have audited the financial statements. The financial statements provide information about the past financial performance of the Eastern & Central Community Trust (Inc) and its financial position as at 31 March 2009. This information is stated in accordance with the accounting policies set out in notes 1, 2 and 3.

The Trustees Responsibilities

The Trustees are responsible for the preparation of financial statements that give a true and fair view of the financial position of Trust and the results of its operations and cash flows for the year ended 31 March 2009

Auditors' Responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the Trustees and report our opinion to you.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:-

- the significant estimates and judgments made by the Trustees in the preparation of the financial statements;
- whether the accounting policies are appropriate to the Trust's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to 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.

Other than in our capacity as auditors we have no relationship with or interests in the Trust.

Unqualified Opinion

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

In our opinion:-

- proper accounting records have been kept by the Trust as far as appears from our examination of those records;
- the financial statements on:
  - comply with New Zealand generally accepted accounting practice;
  - give a true and fair view of the financial position of the Trust as at 31 March 2009 and the results of its operations and cash flows for the year ended on that date.

Our audit was completed on 29 May 2009 and our unqualified opinion is expressed as at that date.

BDO Spicers Hawkes Bay

Napier

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