Canterbury Mortgage Trust

Annual Report 2009

Canterbury Mortgage Trust Group Investment Fund

Audited Financial Statements For The Twelve Months Ended 31 March 2009 With Audited Comparatives For The Year Ended 31 March 2008

Contents

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Canterbury Mortgage Trust

Chairman's Report for the 12 months to 31 March 2009

The Directors of Fund Managers Canterbury Limited ("the Manager") present the tenth annual report of the Canterbury Mortgage Trust Group Investment Fund ("the Fund") for the year ended 31 March 2009.

Introduction

This is the first annual report since the Manager resolved in February 2009 (with the approval of the Trustee) to wind up the Fund and repay investors. This was after a large number of investors had previously asked for the return of their money after concerns about the future of the Fund. In common with other non-bank deposit takers and mortgage trusts (secured by first mortgages), the Fund did not hold sufficient cash (or liquidity) to meet the extraordinary level of withdrawal requests. Had a suspension on withdrawals not been imposed in July 2008 and been followed by the winding-up decision in February 2009, only some investors would have been repaid in full.

Capital repayments

Since February 2009, the Fund's repayments to investors (up to 1 October 2009) have totalled 60%, and it is the Manager's intention to repay a further 5% on or about 21 December 2009. The December payout will bring the total repayment of capital to investors to 65%.

Repayments of loans are likely to slow in 2010 and we expect to reduce the capital repayment frequency to six-monthly. We are still hopeful that full repayment of capital can be made, but this is essentially dependant on the level of recovery from the impaired loans which are the basis for the impairment loss provision. (see below).

Other payments

The Fund is still receiving mortgage interest income ($21.42 million in the year to 31 March 2009), and this is expected to continue in 2010, although at a lower rate. This income will form part of future distributions.

Taxation benefits to investors

The PIE taxation legislation has become the focus of attention for some PIE funds because of the taxation benefits available for investors when there is a loss. An individual investor in a PIE usually pays no further tax on income from the PIE, as tax has already been paid at the individual's marginal rate. When the legislation was put in place, the ensuing catastrophic fall in property values was never really contemplated, but nevertheless the PIE legislation does provide for a tax benefit in the event of a loss.

The following table shows the expected tax benefit available on the basis of $10,000 invested in the Canterbury Mortgage Trust Fund as at 31 March 2009.

Investor Tax Rate	PIE tax Refund Due	Share of Loss Due
0%	$Nil	$1,503
19.5%	$293	$Nil
30%	$451	$Nil

Each investor will shortly receive a statement setting out their tax position for the Inland Revenue Department.

The audited financial statements

Because the Fund is an entity being wound up, it is no longer a going concern and the financial statements for the year to 31 March 2009 have been prepared on that basis.

The Manager had earlier indicated the audited accounts for the twelve months to 31 March 2009 would be available in June 2009. However, finalising the accounts was delayed by a decision to independently review each of the Fund's 160 loans to ensure an accurate loss provision figure. At a time of unprecedented volatility and uncertainty in property markets, this process took longer than was envisaged. The Manager, (with approval from the Trustee) took a very conservative approach towards assessing these loans, and if the early signs of recovery recently evident in the non-residential property market carry on, then it is expected loss recoveries will be higher than estimated.

Fund Assets

At 31 March 2009, investors' total assets were $261 million (compared with $273.87 million as at 31 March 2008). This was made up of $118.04 million in cash ($15.60 million as at 31 March 2008) and $142.96 million in loans ($258.27 million as at 31 March 2008). By 30 September 2009, repayments of capital to investors had reduced the Fund's asset figure to $132 million, of which $30 million comprised cash and $102 million was in loans.

Provision for loan losses

In common with other financial institutions, the Fund is required to assess a possible provision for losses on impaired loans. Even though this figure is a non-cash item, it is deducted from the Fund's pre-tax income as an expense.

To ensure accuracy, external independent credit consultants were engaged and the loan impairment assessment was set at $46.78 million (2008 - $1.67 million) which appears in the income statement.

This, (together with losses of $1.2 million) (nil as at 31 March 2008), resulted in a net after-tax loss of $26.99 million for the Fund ($28.48 million profit as at 31 March 2008). We emphasise that the criteria for calculating the loan loss provisions were conservative based on a projected asset realisation period of only two to three years. When the loss provisions as at 31 March 2009 are taken into account, at this stage of the winding up the value of a $1 investment in the fund is calculated at 88c. This is a sum fixed as at 31 March 2009, and should not be taken as the total capital repayment that may be achieved.

By September 2009, some evidence of an improving property market was emerging, including asset realisations at figures producing a better result than disclosed by the loss provision figure. The Manager is therefore cautiously confident that if the improvement in the property market is sustained into 2010 and 2011, then actual recoveries by the Fund will reduce the impairment figure and the Fund's net after-tax loss, resulting in some recovery in the unit value.

The reason for expressing such cautious confidence is that as a first mortgage lender, the Fund always stands in the best position to recover money lent to a borrower. In addition, as we explained in the May 2009 newsletter, in 2007 the average loan to value ratio (a measure known as LVR in the financial industry) was 52% and in 2008 it was 53%. These lending limits meant the value of the security properties would have needed to fall by 25% for residential, 33% for commercial and 50% for rural and bare land before they became at risk of a loss. We now know one of the effects of the global financial crisis was to erode security values far more than anyone expected. First mortgage trusts are not alone in experiencing significant erosion in security values, with the majority of NZ's banks also making large loss provisions in their loan books as a result of significant reductions in the value of their securities.

Loan management

Where borrowers have continued to meet their interest commitments the Manager has decided to extend these loans in the interim, rather than risking a loss by forcing borrowers to seek alternative finance in a difficult credit market. The income from these loans has also helped to mitigate losses.

Loans to borrowers in arrears or in default are being managed on a day-to-day basis by the experienced credit manager and recovery expert engaged for this task, and asset sales are conducted where appropriate. Legal action is taken when needed to secure the Fund's position.

At 31 March 2009, the total value of loans in the Fund's portfolio was $142.97 million of which $39.6 million has since been repaid.

Management fee

As already advised to investors, the Manager's fee of 1.5% of funds under management has been reduced by one-third to take effect from 1 April 2009. This, together with the ongoing reduction in the size of the Fund has markedly reduced the amount being paid to the Manager. The amount of the management fee will be reviewed from time to time to ensure that sufficient income is available to enable the Manager to carry out its role. As shown in the income statement, the management fee actually paid by the fund in 2009 ($3.83 million) was 22% less than in 2008 ($4.93 million). In 2008 it should be noted (as in the income statement) that the Manager refunded $1.35 million of the management fee to the Fund to meet an unexpected shortfall in the financial statements that emerged when loan loss provisions were finally calculated for the year.

Outlook

The Directors are very much aware of the uncertainty and real inconvenience the suspension of withdrawals, and the subsequent decision to wind up the Fund, has caused investors. That many other financial institutions have also been affected by the global financial crisis is of little consolation. The Manager continues to work closely with the Trustee in the realisation process during the wind up of the Fund to secure the maximum return to investors.

A D McBeath
Chairman

Chairmans Report

Canterbury Mortgage Trust

Approval by Directors

For the Twelve Months Ended 31 March 2009

Authorisation for Issue

The Directors of Fund Managers Canterbury Limited (as manager) and the Directors of Trustees Executors Limited (as trustee) authorised the issue of these financial statements on 28 September 2009.

Approval by Trustees and Manager

The Directors of Fund Managers Canterbury Limited and the Directors of Trustees Executors Limited are pleased to present the financial statements of Canterbury Mortgage Trust Group Investment Fund for the 12 months ended 31 March 2009.

Signed for and on behalf of the Manager,
Fund Managers Canterbury Limited

Director
Fund Managers Canterbury Limited

Director
Fund Managers Canterbury Limited

Signed for and on behalf of the Trustee,
Trustees Executors Limited

Director
Trustees Executors Limited

Director
Trustees Executors Limited

Income Statement

For the Twelve Months Ended 31 March 2009

	Notes	31 March 2009 (12 months)	31 March 2008 (13 months)
Revenue			
Mortgage interest income		21,421,839	32,914,243
Interest income from bank accounts		3,955,207	1,428,082
Other income		-	7,269
Total Revenue from financial assets at amortised cost.		25,377,046	34,349,594
Expenses			
Management fees		3,838,460	4,938,157
Less FMCL Underwrite		-	(1,353,933)
Management fees	9	3,838,460	3,584,224
Trustees fees	9	240,765	296,399
Accountancy		21,804	18,309
Administration		120,593	148,801
Audit fees		137,186	50,256
Increase in Provision for Impairment	6	46,786,673	1,679,079
Bad Debt write off		1,219,443	-
Bank charges		5,701	9,456
Interest		-	60
Total Expenses		52,370,625	5,786,584
Net (Loss)/Profit Before Taxation		(26,993,579)	28,563,010
Taxation	3	-	76,780
Net (Loss)/Profit After Taxation		$(26,993,579)	$28,486,230

These statements are to be read in conjunction with the accounting notes and policies on page 10-23

Statement of Changes in Unitholders Funds

Statement of Changes in Unitholders Funds
For the Twelve Months Ended 31 March 2009

	Notes	31 March 2009 (12 months)	31 March 2008 (13 months)
Unitholders' Funds at Start of Period		266,217,653	303,806,402
Net (Loss)/Profit After Taxation		(26,993,579)	28,486,230
Total Recognised Income and Expenses for the Period		(26,993,579)	28,486,230
Net (Redemptions) / Contributions by Unitholders	5	(14,847,827)	(37,553,408)
PIE tax effect on allocated losses	7	7,495,585	-
Distributions to Unitholders	7	(10,788,688)	(28,521,571)
Net (Distribution) / Loss to Unitholders		(3,293,103)	(28,521,571)
Unitholders' Funds at End of Period	4	$221,083,144	$266,217,653

Balance Sheet

Balance Sheet
As At 31 March 2009

	Notes	31 March 2009	31 March 2008
Trust Equity	4	$221,083,144	$266,217,653
Represented by:			
Assets			
Cash and Cash Equivalents		118,042,804	15,603,188
Trade and other receivables	9	-	316,797
Advances	2	142,969,670	258,274,375
Provision for impairment	6	(44,446,000)	(2,559,327)
Net Advances		98,523,670	255,715,048
Deferred Taxation	3	170,842	767,798
Distribution Taxation Refundable		5,407,606	-
Total Assets		222,144,922	272,402,831
Liabilities			
Distribution payable		-	2,815,219
Trade and other payables		1,050,667	117,832
GST		11,111	-
Income Taxation payable		-	441,841
Distribution Taxation payable		-	2,810,286
Total Liabilities		1,061,778	6,185,178
Net Assets		$221,083,144	$266,217,653

These statements are to be read in conjunction with the accounting notes and policies on page 10-23

Statement of Cash Flows

Statement of Cash Flows
For the Twelve Months Ended 31 March 2009

	Notes	31 March 2009 (12 months)	31 March 2008 (13 months)
Cashflows from Operating Activities			
Cash was provided from:			
Interest received		22,511,024	37,999,870
Other income		638	7,269
		22,511,662	38,007,139
Cash was applied to:			
Interest paid		-	-
Payments to suppliers		(3,104,407)	(5,517,793)
Taxation Paid		112,255	(114,144)
		(2,992,152)	(5,631,937)
Net Cash Inflow from Operating Activities before changes in operating assets		19,519,510	32,375,202
Cash was provided from:			
Repayment of mortgages		120,191,903	158,265,260
		120,191,903	158,265,260
Cash was applied to:			
Mortgage advances made		(8,140,616)	(127,220,002)
		(8,140,616)	(127,220,002)
Net Cash Inflow / (Outflow) from Operating Activities	8	131,570,797	63,420,460
Cash Flows from Investing Activities		-	-
Cash Flows from Financing Activities			
Cash was provided from:			
Receipts from Issue of Units		3,043,835	67,010,759
		3,043,835	67,010,759
Cash was applied to:			
Distributions Paid		(11,249,142)	(17,231,443)
Payments for Redemptions of Units		(20,925,874)	(114,055,537)
		(32,175,016)	(131,286,980)
Net Cash (Outflow) / Inflow from Financing Activities		(29,131,181)	(64,276,221)
Net (Decrease) / Increase in Cash held		102,439,616	(855,761)
Add Opening cash brought forward		15,603,188	16,458,949
Ending cash carried forward		$118,042,804	$15,603,188
Represented by:			
Cash		118,042,804	5,603,188
Short Term Deposits		-	10,000,000
		$118,042,804	$15,603,188

These statements are to be read in conjunction with the accounting notes and policies on page 10-23

1. STATEMENT OF ACCOUNTING POLICIES

Statement of Compliance

These financial statements have been prepared for Canterbury Mortgage Trust Group Investment Fund (the Fund) by Fund Managers Canterbury Limited (the Manager), on behalf of Trustees Executors Limited (the Trustee), in accordance with the Trustee Companies Act 1967, the Financial Reporting Act 1993 and the provisions of the Trust Deed.

The Fund is domiciled in New Zealand and was established as a Group Investment Fund in accordance with the provisions of its Trust Deed dated 26 June 2001.

These financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand. They comply with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) as appropriate for profit-oriented entities. For this purpose the Fund has designated itself as profit-orientated.

The financial statements comply with International Financial Reporting Standards (IFRS).

Principal Activities

The Fund's principal activities were:

- Receiving deposits for investments from unitholders; and
- Making advances generally on first mortgage security, general security agreements or specific security agreements.

On 11 February 2009 the Manager resolved that the Fund should be wound-up and the assets realised to permit the pro-rata repayment of capital to unitholders. This resolution followed from the 22 July 2008 announcement by the Manager suspending all withdrawals from the Fund, effectively freezing all unitholdings as at 22 July 2008. Pro-rata repayments of capital commenced subsequent to balance date with the first payment being made as at 1 April 2009 and the second on 1 July 2009.

Basis of Preparation

As noted above, on 11 February 2009 the Manager of the Fund resolved to wind-up the Fund and realise the assets of the Fund. Accordingly, the going concern assumption is no longer appropriate. These financial statements have been prepared on a realisation basis. Performing loans continue to be held at amortised cost which approximates realisation value. Non-performing loans are held at realisation value after consideration of impairment losses and costs of debt recovery as detailed in the loan loss provisioning policy below.

The reporting currency is New Zealand dollars. The accounting policies used in these financial statements are the same as adopted for the 13 months ended 31 March 2008 except in respect of non-performing loans as outlined above.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring the substance of the underlying transactions or other events is reported.

Use of Estimates and Judgement

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

Note 6 - Provision for Impairment

Note 10 - Financial Instruments

Note 12 - Asset Quality

Estimates and judgements have been applied where advances are outstanding beyond normal contractual terms, the likelihood of the recovery of these advances is assessed by the Manager. Any impairment loss is estimated with reference to the probability and timing of recovery, the cost of possible enforcement through security and related costs and sale proceeds.

1. STATEMENT OF ACCOUNTING POLICIES (continued)

SPECIFIC ACCOUNTING POLICIES

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

Revenue Recognition

Interest revenue is recognised using the effective interest method. This method allocates interest over the relevant period by applying the effective interest rate to the carrying amount of the financial asset.

Distributions

In accordance with the Fund's Trust Deed, the Fund fully distributes its distributable income to unitholders by way of cash or reinvestment into the Fund. Distributable income equals all income after deduction of fees, expenses, taxes and any amount the Manager considers prudent to withhold to meet possible loan losses.

Distributions to unitholders comprise the income of the Fund to which the unitholders are presently entitled. The distributions are payable on a quarterly basis at the end of June, September, December and March.

The distributions are recognised in the Statement of Changes in Unitholders Funds.

Application and redemptions

Applications received for units in the Fund are recorded net of any entry fees payable to the Fund's manager. Redemptions from the Fund are recorded gross of any exit fees payable to the Fund's manager.

The application and redemptions prices are determined as the net asset value of the Fund adjusted for the estimated transaction costs, divided by the number of units on issue on the date of the application or redemption.

Redemptions from the Fund have been suspended since 22 July 2008.

Financial Assets

Financial assets are classified into the following specified categories: "fair value through profit & loss", "available for sale", "held to maturity" and "loans and receivables". The classification depends on the nature and purpose of the financial assets as determined at the time of initial recognition.

Financial assets carried on the balance sheet include cash and cash equivalents, trade and other receivables and advances. Financial assets are initially recognised at their fair value plus transaction costs. Fair value is determined by a market valuation based on market interest rates.

Advances, trade and other receivables and other financial assets are classified as "loans and receivables".

Advances are recorded at amortised cost using the effective interest rate method less any impairment except where the advance is no longer being operated within the loan terms. Non-performing advances are recorded at their estimated realisation value after consideration of impairment losses and costs of debt recovery as detailed in the impairment of assets policy below.

Trade and other receivables and other financial assets are recorded at amortised cost using the effective interest rate method less any impairment.

Financial Liabilities

Financial liabilities carried on the balance sheet include trade and other payables, and are measured at amortised cost using the effective interest rate method.

Trust Equity

In accordance with the February 2008 Amendments to NZ IAS 32 and IAS 1 Puttable Financial Instruments and Obligations Arising on Liquidation, unitholders funds are defined as "puttable instruments" and classified as Equity. These amendments apply to annual periods beginning on or after 1 January 2009. However, the Fund early adopted these amendments during the period ended 31 March 2008.

1. STATEMENT OF ACCOUNTING POLICIES (continued)

Derivative Financial Instruments

The Fund has not entered into any derivative financial instruments.

Impairment of Assets

At each reporting date, the Fund reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Impairment losses directly reduce the carrying amount of assets and are recognised in the income statement.

Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the asset have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current interest rate as all advances are at floating rates.

Impairment losses on an individual basis are determined by an evaluation of the exposures on an advance by advance basis. A specific provision for impaired advances is created when recovery of principal and/or interest is not considered fully collectable in accordance with the terms of the loan contract. The collective impairment provision has been determined by the Manager after assessing the remaining advances according to their credit risk characteristics and considering objective evidence of impairment events. The provision is used to reduce the carrying amount of advances when the actual loss is realised. In undertaking this assessment advances are assessed as follows:

a. Past Due Assets

Advances where interest and/or principal are in arrears and they have not been operated by the borrower within their key terms, which are not impaired assets.

b. Impaired assets

Impaired assets are any assets where there is significant doubt about the collectability of the amounts owing.

c. Restructured assets

Restructured assets are those where the original terms have been changed due to the borrowers' difficulty in complying.

The loans are to be repaid over a longer period of time than specified in the original agreement.

Income Tax

Under tax laws applicable for periods ending on or before 30 September 2007 the Fund did not pay income tax on unitholders' income, where the income was distributed to unitholders during the financial year in which the investment income was derived by the Trustee of the Fund, or within six months of the end of the financial year.

From 1 October 2007 the Fund elected to be taxed as a Portfolio Investment Entity (PIE). As a PIE, the Fund allocates income or losses on a daily basis to each investor and deducts tax from that allocated income at the prescribed investor rate for each investor. The tax that is paid to the Inland Revenue is not shown as income tax in the income statement, rather it is part of the distribution to unitholders.

Current Tax

Under the Portfolio Investment Entity regime the Fund is no longer liable for current tax. Current Tax is now payable by or receivable to the unitholder based on the taxable income or loss attributed to that unitholder. This is taxed at their prescribed investor rate using tax rates and tax laws that have been enacted or substantively enacted by reporting date.

1. STATEMENT OF ACCOUNTING POLICIES (continued)

Deferred Tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

Deferred tax is calculated by reference to the total amount of income tax recoverable in respect of the Formation Losses of the Fund. This represents a tax credit receivable by the unitholders upon realisation of those Formation Losses. The Formation Losses relate to the Provision for Impairment at the date of transition to a Portfolio Investment Entity. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date.

Goods and Services Tax

The Fund is registered for GST for the purpose of returning GST in relation to income received while in possession of properties or where a property is sold by way of a mortgagee sale on behalf of GST registered mortgagors.

All other transactions have been recorded inclusive of GST.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments or other short term highly liquid investments, net of outstanding bank overdrafts.

Statement of Cash Flows

The Statement of Cash Flows has been prepared using the direct method.

Operating activities: are the principal revenue producing activities of the Fund and other activities that are not investing or financing activities.

Investing activities: are the acquisition and disposal of long term assets.

Financing activities: are activities that result in changes in the size and composition of the contributed equity of the Fund.

Comparatives

The Fund elected to become a Portfolio Investment Entity (PIE) effective 1 October 2007. This required the Fund to change its Balance Date from 28 February to 31 March. Consequently, comparatives are the for the 13 months to 31 March 2008

STANDARDS AND INTERPRETATIONS ON ISSUE NOT YET ADOPTED

At the date of authorisation of the financial statements, a number of Standards and Interpretations were on issue but not yet effective.

Initial application of the following Standards will not affect any of the amounts recognised in the financial statements, but will change the disclosures presently made in relation to the Fund's financial statements:

Standard	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
NZ IFRS-7 'Financial Instruments: Disclosures' - Amendment	1-Jan-09	31-Mar-10
NZ IFRS-8 'Operating Segments'	1-Jan-09	31-Mar-10
NZ IAS-1 'Presentation of Financial Statements' - Revised Standard	1-Jan-09	31-Mar-10
NZ IFRS Improvements 2008	1-Jan-09	31-Mar-10

Other standards, interpretations and amendments on issue but not yet effective are not expected to impact on the Fund.

2. ADVANCES

	31 March 2009	31 March 2008
Mortgage advances by loan type:		
- Commercial	57,696,553	100,464,920
- Home - owner occupied	7,789,407	19,192,025
- Residential Investment Properties	64,616,215	118,106,651
- Rural	12,867,495	20,510,779
Closing balance	$142,969,670	$258,274,375
Mortgage advances by geographical region:		
Canterbury Region	62,417,874	131,906,180
Other South Island Regions	44,965,852	59,575,017
North Island Regions	35,585,944	66,793,178
Closing balance	$142,969,670	$258,274,375

Mortgage advances by nature of underlying security:

COMMERCIAL	Bare Land	-	3,772,431
	Development	-	2,155,166
	Investment	45,931,748	78,826,033
	Owner Occupied	11,764,805	15,711,290
RURAL	Crop/Horticulture	452,601	2,595,759
	Other	204,748	4,057,013
	Sheep	1,944,458	4,269,551
	Viticulture	10,013,735	9,588,456
	Bare Land	251,953	-
HOUSING - Owner Occupied	Apartments	-	154,403
	Cross Lease	159,771	577,726
	Standard Homes	7,053,645	17,884,183
	Subdivision	575,991	575,713
RESIDENTIAL	Apartments	25,763,227	26,356,395
	Bare Land	19,711,152	17,543,879
	Development	12,557,625	56,177,700
	Standard Homes	6,584,211	18,028,677
		$142,969,670	$258,274,375

3. TAXATION

a) TAXATION EXPENSE

	31 March 2009 (12 months)	**31 March** 2008 (13 months)
(Loss)/Profit Before Income Taxation	(26,993,579)	28,563,010
Distributable to Unitholders	26,993,579	(28,563,010)
	-	-
Deferred Taxation expense relating to change in tax rate	-	76,780
Taxation Expense	-	$76,780
Taxation Expenses comprises:		
Current Taxation Expense	(554,096)	554,096
Deferred Taxation benefit of impairment provision	554,096	(554,096)
Deferred Taxation expense relating to changes in tax rates	-	76,780
	-	$76,780

3. TAXATION (continued)

b) DEFERRED TAX

	31 March 2009	31 March 2008
Opening balance	767,798	290,482
Movements Through Statement of Unitholder Funds	(42,860)	-
Movements Through the Income Statement	(554,096)	477,316
Deferred Taxation Movements	(596,956)	477,316
Closing balance	$170,842	$767,798

Deferred Tax relates solely to the tax benefit of the Formation Losses of the Fund. This represents a tax credit receivable by the unitholders upon realisation of those Formation Losses. The Formation Losses relate to the Provision for Impairment at date of transition to a Portfolio Investment Entity. The date of transition was 1 October 2007 and the Provision for Impairment at that date amounted to $880,248, the balance at 31 March 2009 after utilisation of losses during the year is $703,277.

4. TRUST EQUITY

	31 March 2009	31 March 2008
Unitholders Funds (Note 5)	221,083,197	266,217,709
Accumulated (Overdistributed) / Undistributed Income (Note 7)	(53)	(56)
	$221,083,144	$266,217,653

5. UNITHOLDERS FUNDS

	31 March 2009	31 March 2008
Applications from Unitholders	3,043,835	67,010,759
Redemptions to Unitholders	(20,925,874)	(114,055,537)
Distributions reinvested	3,034,212	9,491,370
	(14,847,827)	(37,553,408)
Distributions(losses) applied to investors	(30,286,685)	-
Opening balance	266,217,709	303,771,117
Closing balance	$221,083,197	$266,217,709

Units were issued at $1 per unit. Unitholders funds are for no fixed term. As described in Note 1 redemptions were suspended from 22 July 2008. The Manager resolved on 11 February 2009 to wind up the fund. All units have equal rights in any surplus on winding up. Subsequent to balance date the Fund commenced pro rata repayment of unitholder funds.

Notes to the Financial Statements
For the Twelve Months Ended 31 March 2009

6. PROVISION FOR IMPAIRMENT

	31 March 2009 Collective	31 March 2009 Specific	31 March 2009 Total	31 March 2008 Collective	31 March 2008 Specific	31 March 2008 Total
Opening balance	559,327	2,000,000	2,559,327	880,248	-	880,248
Increase in impairment	4,440,673	42,346,000	46,786,673	(320,921)	2,000,000	1,679,079
	5,000,000	44,346,000	49,346,000	559,327	2,000,000	2,559,327
Provision utilised	-	(4,900,000)	(4,900,000)	-	-	-
Closing balance	$5,000,000	$39,446,000	$44,446,000	$559,327	$2,000,000	$2,559,327

The Manager has determined the specific provision with reference to known impaired advances as at balance date and the present value of the likely recoverable amount. In completing this assessment independent external credit consultants were engaged to complete a loan-by-loan review of the entire advances portfolio. The review was approached on the basis of a finite term recognizing that this will create a slightly greater risk of loss than would otherwise be the case if the Fund had been continuing in business. This therefore required an assessment of the likelihood and extent to which the value of assets such as development land and other non-income generating properties will increase over the next 2-3 years. This assessment was completed with reference to the current value of a security using their local knowledge, recent events (such as comparative sales) and industry practice (capitalisation of known income generated). The uncertainty that exists in the current credit and property market, together with the complexity of some of the advances and security arrangements makes an accurate assessment of the timing of realisation difficult to predict with any certainty. The potential delay in realisation was therefore implicitly considered in the level of recommended specific provision.

The collective impairment provision has been determined by the Manager, with input from independent external credit consultants after assessing the remaining advances according to their credit risk characteristics and considering objective evidence of impairment events.

7. ACCUMULATED UNDISTRIBUTED/(OVER DISTRIBUTED INCOME

	31 March 2009	31 March 2008
(Loss) Profit Attributable to Unitholders	(26,993,579)	28,486,230
Distributions to Unitholders	(10,788,688)	(28,521,571)
Increase/(Decrease) in Undistributed Income	(37,782,267)	(35,341)
PIE loss applied to Unitholders	37,782,270	-
Opening balance	(56)	35,285
Total Accumulated (Over Distributed) / Undistributed Income	$(53)	$(56)

PIE tax effect allocated losses	7,495,585	

The PIE tax effect has been calculated at the individual unitholder's PIR (Prescribed Investor Rate).

8. RECONCILIATION OF NET (LOSS)/PROFIT WITH NET CASH FLOW FROM OPERATIONS

	31 March 2009	31 March 2008
Net (Loss)/Profit after tax	(26,993,579)	28,486,230
Plus		
Increase from net repayment of Mortgages	113,680,465	31,045,258
Net Increase in provision for impairment	41,886,673	1,679,079
	128,573,559	61,210,567
Increases/(decreases) in Working Capital Items:		
Interest accrued	1,624,244	3,634,506
Trade and other receivables	316,797	(293,759)
Trade, other payables and GST	943,942	(1,093,490)
Taxation payable	(441,841)	439,952
Deferred Taxation	596,956	(477,316)
Net Movements in Working Capital	3,040,098	2,209,893
Deferred Tax Movement through Statement of Unitholders Funds	(42,860)	-
Net cash flow from operating activities	$131,570,797	$63,420,460

Movement in Accrued Interest

Accrued Interest is included in the advances on the balance sheet.

9. RELATED PARTIES AND KEY MANAGEMENT PERSONNEL

a. Related Parties

The related parties are Trustees Executors Limited, who provide trustee services to the Fund and Fund Managers Canterbury Limited, who provide management services to the Fund.

Trustees and Management fees are paid in accordance with the Prospectus at the following rates:

- Trustee Fees are 0.1% on Investments up to $50 million and 0.08% on Investments exceeding $50 million.
- Management Fees are 1.5% of unitholders funds, reducing to 1% in May 2009.

The following transactions occurred during the period under review in regard to parties directly related to the Fund.

	31 March 2009 (12 months)	31 March 2008 (13 months)
Trustees Fees - Trustees Executors Limited	$240,765	$296,399
Management Fees - Fund Managers Canterbury Ltd	3,838,460	4,938,157
Less Management Fee forgiven by way of underwrite contribution	-	1,353,933
Management Fees - Fund Managers Canterbury Limited	$3,838,460	$ 3,584,224

In the 2008 year the shareholders of Fund Managers Canterbury Limited resolved to provide an underwrite contribution of $1,353,933. This represented the additional provision made in the financial statements to cover expected losses on impaired advances, which was paid to the Fund during 2009.

Software service charge - Fund Managers Canterbury Limited	$12,500	$13,542
Amounts payable to related parties at period end:		
Fund Managers Canterbury Limited	$959,138	$13,481
Trustees Executors Limited	$56,936	$62,480

Amounts payable are unsecured and repayable at normal trade terms.

Amounts receivable by related parties at period end:		
Fund Managers Canterbury Limited	$ -	$316,797

The personal client services division of Trustees Executors Limited invests in the Trust on behalf of its retail trust clients and as at 31 March 2009 held $8,239,362 units in the Trust (31 March 2008 $8,520,253).

9. RELATED PARTIES AND KEY MANAGEMENT PERSONNEL (continued)

b. Key Management Personnel

Compensation paid to Directors and executives, being the key management personnel of Fund Managers Canterbury Limited in respect of their responsibilities to the Fund were:

	31 March 2009 (12 months)	31 March 2008 (13 months)
Short-term Benefits	$312,030	$349,764
Post Employment Benefits	-	-
Other Long Term Benefits	-	-
Termination Benefits	-	-

The following directors or key management personnel and their related parties beneficially owned units in the Fund:

	31 March 2009	31 March 2008
G C Main	$110,039	$110,000
G C Main & V L Eilken-Main	$55,929	$62,019
V L Eilken-Main	$51,346	$49,610
H J Thomas	$82,158	$80,052
Latheron Trust	$118,933	118,932
V F Young	$110,000	110,000
Winsome & Allen Barrow Trust	$34,988	33,966

10. FINANCIAL INSTRUMENTS

a. Financial Risk Management Policies

Interest Rate Risk

It is the policy of the Fund to ensure that interest rate exposure is maintained on a floating rate basis.

All advances are made at floating rates.

Credit Risk

Credit risk is the risk that a counterparty will default on its obligation resulting in a financial loss to the Fund. All prospective mortgagors are subject to lending criteria established by the Manager. These include maximum loan security value ratios, a demonstrated debt servicing ability and all advances are secured by first mortgage and/or general security agreement or specific security agreement. Approvals are by Management, or by the Board of Directors of the Manager.

In the normal course of business the Fund has a credit risk on Advances. The Fund has a credit policy, which is used to manage this credit risk. As part of this policy, the Trustee has provided guidelines that the maximum exposure to any one borrower is to be no greater than 5% of the value of the Fund and that the maximum exposure to any six borrowers is to be no greater than 20% of the value of the Fund. The Trustee has also approved policies limiting exposure to any one market segment.

The Trustee has approved lending criteria limiting loans to maximum levels of the mortgage security obtained and to the customer's serviceability of that loan. Other approved policies are also in place and are subject to annual review.

Liquidity Risk

Liquidity risk is the risk that the Fund may encounter difficulty in raising funds at short notice to meet its commitments and arises from the mismatch of the maturity of monetary assets and liabilities, and unitholder funds.

Management monitors the risk as follows:

- maintaining liquidity at a minimum of 5% of total assets,
- the Trust Deed permits the Manager to arrange repayment of unitholders' funds over, or at the end of a period of, up to 90 business days and to suspend redemptions in certain circumstances (refer note 15).
- all mortgages are advanced on an 'on demand' basis. An analysis of the contractual repayment profile of the mortgage advances is outlined in note 11.

10. FINANCIAL INSTRUMENTS (continued)

The Fund's liquidity position is set out in note 11. The Fund monitors its liquidity position on an ongoing basis and maintains a mix of call and short term deposits, which together with funds received from mortgage repayments enable the Fund to meet all commitments as they fall due.

To meet both expected and unexpected fluctuations in operating cash flows, the Fund maintains a stock of liquid investments. Taking into account analysis of historical cash flows, forecast cash flows and the current composition of the balance sheet it considers these to be inadequate. As a result the Manager suspended redemptions of the Fund and subsequently resolved to wind up the fund (refer note 15).

Capital Management

The Fund has no externally-imposed capital requirements other than those set out in the Trust Deed and Investment guidelines as described above. Any Undistributed Income forms part of the Trust's equity or capital. There have been no changes in the Fund's management of capital during the period. The Fund is a limited life entity and under the provisions of the Trust Deed dated 26 June 2001, the term is 80 years (less 2 days) from that date.

b. Quantitative Risk Exposure Disclosures

Concentration of Funding	31 March 2009	31 March 2008
Canterbury Region	150,626,621	185,213,010
Other South Island Regions	33,618,455	39,389,392
North Island Regions	35,043,316	39,521,804
Offshore	1,794,805	2,093,503
	221,083,197	266,217,709

Funding is primarily from unitholders in the Canterbury region of New Zealand.

Credit Risk

At balance date $118,042,804 (31 March 2008 $15,603,188) or 46.57% (31 March 2008 5.86%) of the Fund was invested with the ANZ National Bank of New Zealand Limited. One group of closely related counterparties to which the fund has a credit exposure exceeded 5% of unitholders funds at 31 March 2009 and this exposure was 5.75% (31 March 2008 5.46%).

At balance date the 6 largest borrower exposures amounted to 25.51% of unitholder funds (31 March 2008 22.08%). This exceeds the credit risk exposure guideline of 20%. This guideline was breached due to the reduction in size of unitholders funds and the on going realisation of the loan book, with the Manager monitoring this situation, but unable to reduce this exposure and therefore, remedy the situation.

The maximum credit exposure of the Fund is $221,974,080 (31 March 2008 $277,953,033). Collateral held in respect of advances of $142,969,670 (31 March 2008 $258,274,375) is by way of registered first mortgage with the exception of two loans equalling $11,619,465 (31 March 2008 one loan equalling $2,134,196). One loan is registered as a second charge and the solicitor has certified that a first mortgage security was provided and hence, legal action may be necessary to determine this issue. The second loan was incorrectly registered over a neighbouring property and proceedings have been commenced against the acting solicitor with further legal remedies being explored. The average loan to valuation ratio (LVR) on mortgage advances as at the time of lending was 57.56% (31 March 2008 51.06%). The deterioration in the property market (refer note 15) has had a significant adverse impact on the LVR as at balance date. Asset Quality is further discussed in Note 12.

Liquidity Risk

Canterbury Mortgage Trust's Trust Deed prescribes that liquid assets (as defined in the Trust Deed as including cash, bank deposits and securities) are to be maintained at a minimum of 5% of Total Tangible assets less reserves. During the period liquidity was breached at two month ends. All breaches of this requirement were reported to the Trustee within 10 days.

NOTES TO THE FINANCIAL STATEMENTS
For the Twelve Months Ended 31 March 2009

Notes

10. FINANCIAL INSTRUMENTS (continued)

Sensitivity Analysis

The sensitivity of profit for the period and Net Assets attributable to unitholders to movements in market risk are as follows:'

Interest Revenue

Canterbury Mortgage Trust as an entity accumulates income from mortgage loans which, after deduction of expenses is then paid out to unitholders as a quarterly return in terms of the Trust Deed.

All loans are on a "floating" basis, and as such the interest rates fluctuate in line with market rates, as determined by the Official Cash Rate and as adjusted by the application of a lending risk margin. In turn, the fluctuations result in corresponding reductions or increases in the quarterly returns paid to the unitholders.

Accordingly in terms of the net income available to disburse to unitholders, interest rate fluctuations caused by decreases in the Official Cash Rate during the current period, resulted in the following:

Continued top of next page

Date	Official Cash Rate	Average Lending Rate	Net Return Paid to Unitholders
31-Mar-08	8.25%	11.17%	9.30%
30-Jun-08	8.25%	11.22%	9.00%
30-Sep-08	7.50%	11.52%	4.00%
31-Dec-08	5.00%	10.54%	4.00%
31-Mar-09	3.15%	7.73%	-12.05%

During the 2009 financial year returns have not moved in line with interest rates due to the impact of the increased impairment provisions.

The carrying value of the Balance Sheet items is, in the opinion of the directors of the Manager, equivalent to their fair value as the Manager has the right to increase or decrease the interest rate charged on mortgage advances by giving 14 days notice to borrowers. The return paid to unitholders is determined by the profit or loss generated by the Fund and there is no guaranteed rate of return.

11. LIQUIDITY PROFILE

The following tables detail the Fund's remaining contractual maturity for its financial assets and liabilities. The tables have been drawn up based on undiscounted cash flows based on the earliest date on which the Fund is entitled to receive the financial asset or required to pay for the financial liability. The table includes both interest and principal cash flows

31 MARCH 2009	On Demand	0-6 Months	6-12 Months	1-2 Years	2-5 Years	Over 5 Years	Total
Financial Assets:							
Cash and Cash Equivalents	118,042,804	-	-	-	-	-	118,042,804
Trade and Other Receivables	-	-		-	-	-	-
Advances	56,495,234	37,623,354	25,687,279	26,932,601	1,872,060	2,092,129	150,702,657
Distribution Taxation Receivable	-	5,407,606	-	-	-	-	5,407,606
	$174,538,038	$43,030,960	$25,687,279	$26,932,601	$1,872,060	$2,092,129	$274,153,067
Financial Liabilities:							
Trade and Other Payables	-	1,050,667	-	-	-	-	1,050,667
Distribution Payable	-	-	-	-	-	-	-
Distribution Taxation Payable	-	-	-	-	-	-	-
	$ -	$1,050,667	$ -	$ -	$ -	$ -	$ 1,050,667

31 MARCH 2008	On Demand	0-6 Months	6-12 Months	1-2 Years	2-5 Years	Over 5 Years	Total
Financial Assets:							
Cash and Cash Equivalents	15,603,188	-	-	-	-	-	15,603,188
Trade and Other Receivables	-	316,797	-	-	-	-	316,797
Advances	54,708,350	71,308,769	35,539,299	85,893,689	35,065,722	4,548,403	287,064,232
Advances not yet drawn (refer note 13)	-	6,318,000	-	-	-	-	6,318,000
	$70,311,538	$77,943,566	$35,539,299	$85,893,689	$35,065,722	$4,548,403	$309,302,217
Financial Liabilities:							
Trade and Other Payables	-	117,832	-	-	-	-	117,832
Distribution Payable	-	2,815,219	-	-	-	-	2,815,219
Distribution Taxation Payable	-	2,810,286	-	-	-	-	2,810,286
Advances not yet paid out (refer note 13)	-	6,318,000	-	-	-	-	6,318,000
	$ -	$12,061,337	$ -	$ -	$ -	$ -	$12,061,337

Advances include all contractual cash flows for the period defined. The interest rate applied to these contractual cash flows is the floating rate applicable to these advances at Balance Date. Whilst mortgages are advanced on an on demand basis, it is not expected that these will be repaid on that basis. Due to the Fund being wound up it is not possible to predict with any certainty when the remaining mortgage advances will be repaid (Refer to Note 15).

As from 22 July 2008 the Fund has been in suspension and from 11 February 2009 the Manager formally resolved to wind up the fund. As at 31 August 2009 $125,676,769 had been repaid to unitholders, representing 50 cents in the dollar of units held at 31 March 2009.

The weighted average interest rate on advances is 7.73% (March 2008 11.17%). Interest rates on all advances are floating with 14 days notice of a change. Therefore all advances reprice in 14 days. Interest rates on bank call and term deposit accounts are within the range of 3.15% to 7.50%. Interest rates can be reset daily for call accounts or on maturity of the term deposit.

Repayment of mortgage advances is spread over the term of the advance. Although the Fund has the right to call up advances at any time no such demands have been made. No estimate of the amount likely to be received from an early repayment of advances has been included in these financial statements.

While all financial assets/liabilities are at call the ability to liquidate a financial asset to repay unitholders is ultimately constrained by the timeliness to realise the asset (refer also to note 15).

12. ASSET QUALITY

a. Past due assets

The past due assets include the total amounts owing by the borrowers who are in arrears, not just the past due portion. As at 31 March 2009 the past due portion was $829,179 (31 March 2008 $1,655,200). Past due assets exclude impaired assets as noted in (b) below.

The past due assets are secured by first mortgages over properties in New Zealand with an average LVR of 40.97%, based on valuation at the time of lending. Due to the uncertainty in the property markets (Refer Note 15) the Manager considers it impracticable to estimate the fair value of the collateral held as security as at balance date.

The age analysis of the Past due assets and the Past due portion is:

31 MARCH 2009	**0-3 Months**	**3-6 Months**	**6-12 Months**	**12 Months +**	**Total**
Past due assets	6,565,632	3,991,524	7,665,178	157,316	18,379,650
Past due portion	166,135	105,891	529,451	27,702	829,179
31 MARCH 2008	**0-3 Months**	**3-6 Months**	**6-12 Months**	**12 Months +**	**Total**
Past due assets	36,557,993	14,430,615	2,862,241	-	53,850,849
Past due portion	949,860	550,585	154,755	-	1,655,200

	31 March 2009	31 March 2009
b) Impaired Assets		
Opening Impaired assets	7,334,808	-
New Impaired assets	74,387,134	7,334,809
Paid Impaired assets	(1,968,027)	-
Closing Impaired assets	$79,753,915	$7,334,809

The impaired assets include the total amounts owing by the borrowers who are in arrears, not just the past due portion.

Interest Income on Impaired Financial Assets for the period was $7,349,753 (31 March 2008 $600,857).

The impaired assets are secured by first mortgages over properties in New Zealand with an average LVR at the time of lending of 65.60%, with the exception of two loans equalling $11,619,465 (31 March 2008 one loan equalling $2,134,196). One loan is registered as a second charge and the solicitor has certified that a first mortgage security was provided and hence, legal action may be necessary to determine this issue. The second loan was incorrectly registered over a neighbouring property. Due to changes in the property market these assets have a current estimated fair market value of $40,307,916. A specific impairment provision of $39,446,000 (31 March 2008 $2,000,000) has been made in respect of these advances.

The age analysis of the Impaired assets and the Past due portion is:

31 MARCH 2009	**0-6 Months**	**6-12 Months**	**12 Months+**	**Total**
Impaired assets	22,326,510	35,233,406	22,194,000	79,753,916
Past due portion	1,185,114	2,266,181	2,570,387	6,021,682
31 MARCH 2008	**0-6 Months**	**6-12 Months**	**12 Months+**	**Total**
Impaired assets	3,338,496	3,996,313	-	7,334,809
Past due portion	-	247,788	-	247,788

c) Restructured Assets.

As at Balance Date, no loans (31 March 2008 - 2) with interest totalling $Nil (March 2008 $232,359) was capitalised onto the principal balance of the loans. In all cases, these loans continued to meet the loan security value ratios and do not form part of the past due assets.

13. COMMITMENTS

Commitments in respect of mortgage advances approved but not yet paid out at 31 March 2009 totalled $Nil (March 2008 $6,318,000) as included in Note 11.

14. SEGMENT REPORTING

Canterbury Mortgage Trust Group Investment Fund operates in one industry, the financing industry, receiving deposits for investments from unitholders (funding) and making advances secured by mortgages and other forms of security (lending).

All operations are carried out in New Zealand, and there is a concentration of both funding and lending in the Canterbury region. Therefore there is a geographical concentration of risk regarding lending, with approximately 43.7% of the loan portfolio lent in Canterbury.

15. WIND-UP OF THE FUND AND MORTGAGE ADVANCES ARREARS

On 22 July 2008 the Manager of Canterbury Mortgage Trust Group Investment Fund advised its investors that all withdrawals from the Fund had been suspended for 90 days and would then be followed by the 90 business day redemption period making the effective date for the payment of redemptions March 2009. This action was taken to secure and protect the Fund from an unprecedented level of withdrawal requests from investors. On 11 February 2009 the Manager resolved that the Fund should be wound-up and the assets realised to permit the pro-rata repayment of capital to unitholders.

As evident in Note 12, mortgage arrears in aggregate have increased significantly since the 31 March 2008 balance date. This is also reflected in the impairment provision which has increased to $44m (Refer Note 6). The increased impairment provisioning has been across the entire advances portfolio with the most significant provisions being in respect of loans secured over commercial property, apartments and development property. The slowing New Zealand economy, the demise of a number of finance companies and the softening property market have resulted in very limited options for mortgage holders to refinance, making it increasingly difficult for many to repay their loans. The property market continues to be characterised by depressed prices and a slowdown in sales volumes. These conditions result in uncertainty regarding the value and the ability to realise the underlying security on mortgage advances on a timely basis. Any significant delay of expected repayment of mortgage advances will have the effect of reducing in real terms the amount estimated to be recoverable on these advances.

These inherent uncertainties in the property market may lead to further impairment or delay of expected repayment of mortgage advances made by the Fund.

16. EVENTS SUBSEQUENT TO BALANCE DATE

As noted earlier, on 11 February 2009, the Manager formally resolved to wind up the Fund. The impact of this decision was that all unitholdings were frozen as at that date. Unitholders will be paid on a pro-rata basis as the Fund is wound up and mortgages are repaid, refinanced or sold.

It is the Trustee's intention that the Fund's investments be realised and distributed to unitholders as soon as possible. However, this will not be done at the expense of unitholder funds. Sufficient time will be taken to obtain fair value for all securities thereby maximising returns to unitholders as much as possible in the prevailing market conditions. However, any future deterioration in the property market may impact the Fund's ability to immediately realise its mortgage portfolio.

On 1 April 2009 the Fund made it's first pro-rata capital repayment to all unitholders. This amounted to $100.5m or 40 cents per unit.

On 1 July 2009 the Fund made a further pro-rata payment to all unit holders of $25.1m or 10 cents per unit.

The Manager proposes to make a further pro-rata payment of 10 cents per unit to all unitholders on 1 October 2009, taking the total repaid from the date of the resolution to wind up to 60 cents per $1 unit.

TO THE UNITHOLDERS OF THE CANTERBURY MORTGAGE TRUST GROUP INVESTMENT FUND

Deloitte.

We have audited the financial statements on pages 7 to 23. The financial statements provide information about the past financial performance of the Canterbury Mortgage Trust Group Investment Fund (the Fund) and its financial position as at 31 March 2009. This information is stated in accordance with the accounting policies set out in pages 10 to 13.

This report is made solely to the Fund's Unitholders. Our audit has been undertaken so that we might state to the Fund's Unitholders those matters we are required to state to them in an 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 Fund's Unitholders as a body, for our audit work. for this report, or for the opinions we have formed.

Manager's Responsibilities

The Manager is responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice, of financial statements which give a true and fair view of the financial position of the Canterbury Mortgage Trust Group Investment Fund as at 31 March 2009 and the results of operations and cash flows for the year ended on that date.

Auditors' Responsibilities

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

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 judgements made by the Manager in the preparation of the financial statements, and
- whether the accounting policies are appropriate to the Fund's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. 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 obtain 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 auditor we have no relationship with or interests in the Canterbury Mortgage Trust Group Investment Fund.

Basis of Preparation

The financial statements for the year ended 31 March 2009 have been prepared on the realisation basis. As disclosed in the Fund's accounting policies and Note 15 to the financial statements the Manager announced on 22 July 2008 that all withdrawals from the Fund had been suspended for 90 days to secure and protect the Fund from an unprecedented level of withdrawal requests from investors. This suspension was extended after the initial 90 days and on 11 February 2009 the Manager resolved to wind-up and realise the assets of the Fund. These actions had the effect of freezing all unitholdings as at 22 July 2008.

Fundamental Uncertainty

In forming our unqualified opinion, we have considered the adequacy of the disclosures in Note 15 of the financial statements regarding the impairment of advances and the potential impact of current market conditions on the carrying value of advances. These market conditions impact on both the realisation value and the expected timing of receipt of repayment of advances.

Consistent with the wind-up instructions of the Trustee the provisioning in respect of the potential impairment of advances outstanding at balance date has been determined based on an orderly realisation of the advances.

The financial statements do not include any adjustment to the carrying value of the advances that may result from further deterioration in property prices on which advances are secured beyond the date of approval of these financial statements, nor the effect of any delays in liquidating the property securities through a sale process.

Unqualified Opinion

We have obtained all [he information and explanations we have required.

In our opinion:

- proper accounting records have been kept by the Canterbury Mortgage Trust Group Investment Fund as far as appears from our examination of those records; and
- the financial statements on pages 7 to 23:
    - comply with generally accepted accounting practice in New Zealand;
    - comply with International Financial Reporting Standards; and
    - give a true and fair view of the financial position of the Canterbury Mortgage Trust Group Investment Fund 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 28 September 2009 and our unqualified opinion is expressed as at that date.

Deloitte

Chartered Accountants
Christchurch, New Zealand

Canterbury Mortgage Trust

Canterbury Mortgage Trust Group Investment Fund

Registered office of the Manager Fund Managers Canterbury Limited

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