

FINANCIAL OVERVIEW

The continued volatility in the worldwide financial markets has seen a net loss for the month of June of \$613,000. The loss is largely caused by a fall in value in the Trust's equity investments. For the first quarter of the financial year DWC has recorded a loss of \$1.567m.

At 30 June 2011 DWC's total net assets stood at \$114m compared to \$114.7m in May.

DWC is not alone in having its equity affected by the recent volatility with other funds also suffering in the current environment. Income from areas other than equity investments remains on target but given the recent lack of confidence in worldwide markets and fears of a global recession we are not expecting to see improvements in DWC's results for some months.

ANNUAL PUBLIC MEETING AND ROADSHOW



Development West Coast Trustees and staff are welcoming the opportunity to present this year's annual report to Coasters over the next few weeks.

The public is welcome to attend DWC's Annual Public Meeting at 7pm on Wednesday 31 August at the Kingsgate Hotel in Greymouth.

"The Trust will present the annual report for the year ended March 31, 2011," says CEO John Chang.

"It's an opportunity for the public to ask questions about the past financial year. Trustees and staff are keen to talk to as many Coasters as we can," he says.

After the Annual Public Meeting a Development West Coast Roadshow will travel to Franz Josef for a meeting at 6pm on Thursday 1 September in the Fern room at the Mueller Hotel. It will continue to Hokitika for a luncheon at 1pm on Friday 2 September at the Beachfront Hotel, then Westport at 5.30pm on Tuesday 6 September at the Westport Motor Hotel. The public are welcome to attend.

Annual public meeting & roadshow

*Presentation of
2010-11 Annual report*

**Greymouth - Kingsgate Hotel,
7pm Wednesday 31 August**

**Franz Josef - Mueller Hotel,
6pm Thursday 1 September**

**Hokitika - The Beachfront Hotel,
1pm Friday 2 September**

**Westport - Westport Motor Hotel,
5.30pm Tuesday 6 September**

DEVELOPMENT WEST COAST - THE FIRST TEN YEARS

The 2011 annual report celebrates ten years since the West Coast Development Trust, now known as Development West Coast, was established.

The Government provided a \$120 million package to assist the West Coast economy in adjusting to the loss of the indigenous logging industry. DWC received \$92 million of that funding. The remaining \$28 million was divided equally between the three West Coast District Councils and the Regional Council.

The decade since DWC's establishment has included two worldwide recessions and the demise of an unprecedented number of financial institutions. Yet, DWC has not only retained the original \$92 million investment but has substantially grown the fund to \$116 million. It has generated revenue of \$90.1 million and spent \$28.5 million on community projects and grants, some of which has been used to build significant

community assets.

DWC is tasked with helping to promote sustainable economic benefit and employment in the West Coast through strategic investments. It also has the added responsibility of having to grow its capital for the benefit of present and future generations of West Coasters.

Over the last ten years DWC has been investing in the region stimulating the economy and helping create and retain jobs. Over \$50 million has been invested in businesses of which \$30 million has been repaid so far.

A West Coast Tourism Major Regional Initiative (MRI) was launched in 2005 with \$2 million from NZTE and a further \$2.5 million from DWC. The project has helped 16 tourism projects from Karamea to Haast including the upgrading of walking tracks in the Oparara Valley, a redevelopment of Shantytown, the launch of the Denniston Experience and promotion of the West Coast

as a niche birding region.

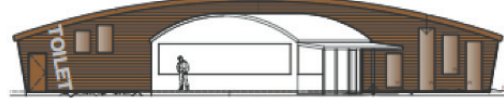
DWC through its Major District Initiative (MDI) programme annually allocates \$1.2 million to the three district councils, subject to DWC's financial performance. If DWC meets its growth targets, each district will ultimately receive \$6.7 million and already this funding has helped build Westport's Solid Energy Centre, Greymouth's Aquatic Centre, and assisted in restoring Hokitika's Regent Theatre among other valuable community assets.

A range of community organisations also received support through grants, donations and the CEO's discretionary fund. These are as diverse as the Kumara Racing Club, St John, Girl Guides, Greymouth Motorcycle Street Race, Ronald McDonald House, Bowls West Coast and Relationship Services.

DWC is justifiably proud of its achievements over the last ten years. It has been an important vehicle to improve the lives of the people and communities of the West Coast.

NEW COMMUNITY HALL FOR HARIHARI

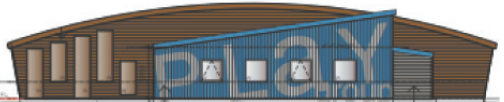
EAST ELEVATION



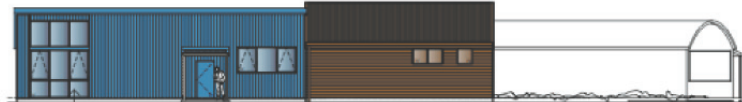
NORTH ELEVATION



WEST ELEVATION



SOUTH ELEVATION



Harihari is to get a new community hall after DWC approved a \$455,000 grant from Major District Initiative funding allocated to Westland District Council.

The one million dollar complex will include a community facility, room for the local playgroup and new public toilets. As well as \$455,000 from DWC the Westland District Council is contributing \$100,000, Lotteries \$240,000 and \$189,000 has been raised through the sale of the former pony club land.

Chair of the Harihari Community Association Lindsay Molloy says the community has been working on a proposal for the new hall since 2006 and is thrilled it will now happen.

"It future proofs Harihari, we needed a community facility and the current toilets were built by voluntary labour 20 years ago, it's about time they were upgraded," he says.

"This wouldn't have happened without the support and funding from DWC and the Council."

DWC's Chair John Sturgeon says the Trust was keen to help out.

"The MDI funding was set up to support community projects like this. By March 2022 DWC will have contributed \$18 million to develop community assets throughout the whole region," he says.

Westland District Council's Geoff Day says tenders for the community hall will go out in November and it is hoped building will start in the new year with the hall finished by winter.

LEADERSHIP AND GOVERNANCE PROGRAMME



Matt Lysaght, Barbara O'Neill and Peter McDonnell hard at work at last month's leadership and governance workshop.

August marks the next phase of the West Coast Governance and Leadership programme which aims to increase the skills of future West Coast leaders.

Earlier this year DWC, in conjunction with the New Zealand Institute of Management and ten local businesses, launched the 18 month programme. Fourteen local business people from a variety of backgrounds have been nominated to take part and it is hoped that raising their professional skill levels will benefit not only individual businesses but also the wider community.

Matt Lysaght from Kea Heritage Tours is taking part after being nominated by Tai Poutini Polytechnic. He is on the board of both TPP and Shantytown.

"I wanted to learn as much as possible about effective leadership and it has been very, very good so far. Tutors have provided great insights into what makes successful leaders and how to deal with issues when things sometimes break down," he says.

Dairy farmer Barbara O'Neill was nominated by Westland Milk Products.

"I wish I had access to this information years ago, it certainly clarifies your

thinking. It's been a real eye opener as to how to deal with different personality types and how to get the best out of people in the best possible way," she says.

West Coast organisations supporting the programme include Buller Electricity, Solid Energy, Electronet Services, CMP Kokiri, DOC, Buller Holdings, Westland Milk Products, Tai Poutini Polytechnic, FT Dooley Ltd and Buller District Council.

"It was identified that there was a lack of sufficient numbers of senior business people with governance experience on the Coast. We need to develop a quality pool of people and give them confidence to put themselves up for leadership roles," says DWC CEO John Chang.

"Many of us on the course are involved in more than one organisation and with 14 participants this course should prove to be a great asset providing quality board members & directors to many West Coast organisations," says Barbara O'Neill.

The programme finishes in May next year and it is hoped it will run again to train another group of future West Coast leaders.

CHAIRMAN'S COMMENT

DWC relies on the investment market for its income and growth. With the fear of a further recession impacting on the investment market in recent months, DWC's operating profit for the year to date has taken a significant knock. Whilst we have been responsibly reducing our overhead costs in the last three years, the continuous decline in the share markets around the world has had real and immediate negative impacts on our ability to make meaningful distributions to the West Coast community.

Trustees are proud of the fact that DWC made a record \$5m distribution to the community during last financial year (to 31 March 2011). This was followed by a further \$6m distribution in recent months to the three district councils (\$2m per council) under an Extraordinary Distribution scheme enabling them to consult with their communities and invest in major community projects and/or assets. In addition to these commitments, Trustees continue to support West Coast communities through its ongoing funding under the MDI (Major District Initiative) funding programme of \$1.2m per annum.

Trustees will continue to work actively with management and external advisors to safeguard and shield DWC's \$100m investment fund from the turbulence in the investment market.

Finally I would like to extend my warmest invitation to all interested parties to join DWC Trustees, management and staff at our Annual Public Meeting to be held 31 August at 7pm at Kingsgate Hotel, Greymouth. At that meeting we will report on DWC's financial results for the year ended 31 March 2011. Selected Trustees and management will also be travelling to Westport, Franz Josef and Hokitika between 1-6 September to meet and greet the locals and report on the year end financials. I hope to see you all at these meetings.

Go the All Blacks!
John Sturgeon

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