

Financial Summary

The year to 31 March 2009 was a year most of us have never seen and which we would like to forget. Worldwide markets melted down in a manner not seen since the Great Depression of the 1930s.

As an investor directly in equities and indirectly in commodities, Widespread Portfolios was severely impacted. Our major investment, Asian Mineral Resources (AMR) plunged in value from CAD 1.51 in June 2008 to a low of 3 cents in November 2008. Its share price has subsequently recovered to 13 cents at the time of writing. Our two other major investments, King Solomon Mines and Golden Phoenix Resources were both similarly affected by the anarchic conditions in equities markets and commodity prices.

As a result, our shareholders' funds (as recorded in our formal, New Zealand International Financial Reporting Standards ("NZIFRS") dictated) financial statements reduced from NZD 17.562 million in March 2008 to NZD 4.290 million a year later. In our view the inflexibility of NZIFRS has created a distortion in the reported carrying value of AMR, our major investment. This is discussed in further detail later in this report.

Operating Result for the year

The after tax operating result, including unrealised losses on the share-trading portfolio and other non-cash provisions, was a loss of NZD 6,659,000 (2008, loss of NZD 751,000). An analysis of the trading result is provided in the table below

	Year to 31 March 09 (\$,000)	Year to 31 March 08 (\$,000)
Gains on the sale of shares		955
Other income	216	225
Total Income	216	1,180
Loss on the sale of shares	(200)	-
Unrealised gains (losses) on trading stock ¹¹		(1,051)
Operating expenses	(600)	(611)
Impairment on investments	(6,008)	-
Warrant expense		(288)
Share of Widespread Energy loss	(193)	-
Net profit before income tax	(6,774)	(770)
Income tax	115	19
Net profit (loss) after tax	(6,659)	(751)

Disregarding unrealised losses and non-cash provisions, the operating outcome for the year was a pre-tax loss of NZD 776,000 (2008 profit of NZD 569,000)

Major Investments

Despite these set backs, Widespread still holds a diverse set of mining sector investments, both in terms of geographical spread and by commodity

Our major investments are detailed in the table below on the basis of their market values (excluding Asian Minerals) as at the date of this report.

	Activity	% portfolio today	Cents per WID share today
Asian Minerals	Nickel, Vietnam	62.4	22.3
King Solomon	Molybdenum, gold, China	13.2	4.7
Widespread Energy	Oil & gas, rock phosphate, NZ	6.9	2.5
Golden Phoenix	Gold, China	4.8	1.7
Other long term holdings	Gold, NZ Uranium, USA	4.6	1.6
Cash		6.0	2.2
Trading portfolio		2.1	0.8
Total		100.0	35.8

Asian Minerals is included at directors' valuation based on a share of net assets. This valuation approach takes into account various independent project valuations and related sensitivity analyses undertaken by Malaysian Smelting, AMR management, and two of the "big four" auditing firms.

Carrying value of our major investment – Asian Minerals

Our significant shareholding in Asian Minerals has created somewhat of a valuation dilemma for our auditors, certainly in terms of our formal reporting requirements.

These are dictated by the New Zealand version of IFRS.

IFRS dictate that "fair value" for our Asian Minerals holding is determined by the TSX.V (Canada stock exchange) market price. Our auditors have determined that the most relevant market price is the last 20 day VWAP (volume weighted average price) prior to 20 May. This represents "fair value" as far as these regulations permit.

The May 2009 20-day VWAP is CAD 18.5 cents which values Asian Minerals at CAD 18.5 million (AMR has approximately 100 million shares on issue).

The two principal weaknesses in this approach are that a) it assumes an efficient market exists for AMR shares and b) that the market value of small parcels of AMR shares is the same as that for large holdings. Neither assumption is correct in respect of Asian Minerals shares and therefore "fair value" is not even a distant cousin of the market price.

As 98.7% of the shares in Asian Minerals are held by the top 20 shareholders (predominantly major, mining sector focussed institutional investors who are long term holders) only 1.3% of the issued capital is effectively free to trade.

Due to this lack of liquidity share turnover figures are usually very low and only small share parcels are being traded sporadically, presumably by Canadian mum and dad investors.

The AMR market is so thin that none of the major holders would contemplate selling or buying on-market because either action would certainly result in severe price distortion.

The Asian Minerals share register is dominated by large strategic stakes. Widespread, with 6.93%, holds the third largest shareholding, is represented on the Asian Minerals board, and forms part of the shareholding bloc that dominates the share register.

Malaysian Smelting Corporation, a Malaysian listed mining conglomerate also represented on the board, holds the second largest shareholding. Its recent annual report records that its 18.2% Asian Minerals shareholding is valued at CAD 26.4 million, effectively valuing the company at CAD 145 million. This audited carrying value is based on a robust project valuation of the Ban Phuc Nickel Mine forecast cash flows. This project valuation obviously matches or exceeds CAD 145 million.

The recently published Asian Minerals annual report records net assets of CAD 48 million. This figure is based primarily on construction costs capitalised since the mining license was granted in December 2007. This carrying value has been sustained, in discussion with the AMR auditors, again based on project valuations that obviously match or exceed CAD 48 million (as if they hadn't an impairment write-down would have been necessary).

The point of all of this is that AMR's directors and one of its major shareholders, a sophisticated and very substantial (total assets NZD 489 million) mining sector investor consider the value of Asian Minerals to lie somewhere in the range of CAD 48 million to CAD 145 million. Both carrying valuations have been subject to the intense scrutiny of the respective auditors concerned. Both valuations are lower than the market value of Asian Minerals in mid 2007 before the mining license was granted.

In contrast Widespread Portfolios is obliged in its formal financial statements to record a carrying value for its share-holding which implies a value for 100% of Asian Minerals of CAD 18.5 million.

Clearly, for the reasons already outlined, neither Widespread Portfolios nor the other major shareholders consider the present Asian Minerals market value has any relevance to the price at which they would consider selling their holdings. And even if the listed market price were significantly higher an additional control premium would normally be payable for these shareholdings.

We believe that the best way to deal with this anomaly is to outline our company's financial position and particularly the net assets per share, based on four possible approaches to valuing the Asian Minerals shareholding.

- Malaysian Smelting Corporation audited project valuation
- Share of Asian Minerals audited net assets (our preferred approach)
- 20 day May 2009 VWAP on TSX.V (per NZIFRS dictate)
- Current AMR spot price on TSX.V

The table below demonstrates the huge impact that the varying Asian Minerals valuations have on the value of Widespread shares.

	Implied AMR 6.9% Shareholding Valuation	Widespread Portfolios Net Assets	Widespread Net Assets per share
	(NZD m)	(NZD m)	(NZD cents)
AMR Valuation approach*			
Malaysian Smelting (DCF)	14.506	17.384	81.1
AMR Share of Net Assets	4.776	7.654	35.7
AMR Market (May 2009 20 day VWAP)	1.834	4.712	22.0
AMR Spot Market	1.294	4.172	19.5

* based on exchange rate of NZD1.00 = CAD 69.7 cents

We prefer the bricks and mortar based net assets figure of CAD 48 million, partially because this would be the floor price if it were decided by Asian Minerals to sell the project together with the mining license, exploration programme data, and other intellectual property in the company. Approximately CAD 75 million has been invested in the project since 1989.

The comparative valuation data in the table above, updated for daily currency and market price movements will regularly be posted on the home page of www.widespread.co.nz and advised to NZX every Friday. Given the transparency of this information, our shareholders can then decide for themselves what they consider to be the value of our shares.

Trading since Balance Date

The year to 31 March 2010 has opened on a very quiet note. The pre-tax operating profit for the first two months, including fee income and one realised share-trading gain, is a small loss. There has been an improvement in the market value of both AMR and King Solomon Mines as well as our Canadian trading stocks.

Objectives for 2009/2010

The milestones we would like to achieve in the next 12 months include:

- Continued support from the Vietnamese Government including further initiatives that will enable completion and commissioning of AMR's nickel mine in north-western Vietnam
- A successful AMR exploration programme
- Exploration success for King Solomon Mines in Inner Mongolia
- Advances in the Widespread Energy work programmes in respect to the Green Gate, offshore West Coast and Kotuku oil and gas prospects
- Granting of the Chatham Rise mineral exploration permit followed by an active work programme
- Building value in our other strategic holdings

- An increase of at least 50% in the Widespread net asset backing per share
- A positive pre-tax trading profit for the year (in other words excluding non realised gains and losses)

We have the cash or near resources to sustain the company well into 2011 by which time we expect market conditions to have improved and/or one or more of our major investments will have achieved success.

Annual Meeting

The Annual General Meeting of shareholders will be held at 5pm, 26 July at The Wellesley, 2-8 Maginnity Street, Wellington.

Auditors, Dividend & Directors

WHK Sherwin Chan & Walshe have confirmed their willingness to continue in office as Auditors to the Company.

The directors do not propose to recommend a dividend in respect of the period under review. This is in accordance with the Company's stated core philosophy concerning dividends. In accordance with the Constitution, Linda Sanders and Keith Hindle retire by rotation and being eligible offer themselves for re-election to the board.

Non-executive director Denis Kelly was appointed as a director by the Board of the Company on 12 January 2009. In accordance with the Constitution of the Company his appointment is required to be confirmed by shareholders at the next shareholder meeting. Being eligible, he offers himself for re-election.

For and on behalf of the Board,
Linda J Sanders Chris D Castle
Chairman Director
Takaka, 27 May 2009

Appendix 1 – NZX Format Financial Summary

Widespread Portfolios Limited

Year ended 31 March 2009

This report has been prepared in a manner which complies with generally accepted accounting practice and gives a true and fair view of the matters to which the report relates and is based on audited accounts.

CONSOLIDATED OPERATING STATEMENT

NZ\$'000: Current Year; Previous corresponding Year

Total operating revenue: 161; 183

OPERATING SURPLUS (DEFICIT) BEFORE UNUSUAL ITEMS AND TAX: (6,774); (770)

Unusual items for separate disclosure: Nil

OPERATING SURPLUS (DEFICIT) BEFORE TAX: (6,774); (770)

Less tax on operating profit: (115); (19)

OPERATING SURPLUS (DEFICIT) AFTER TAX BUT BEFORE MINORITY INTERESTS: (6,659); (751)

Less minority interests: Nil

Equity earnings: Nil OPERATING SURPLUS (DEFICIT) AFTER TAX ATTRIBUTABLE TO MEMBERS OF LISTED ISSUER: (6,659); (751)

Extraordinary items after tax attributable to Members of the Listed Issuer: Nil

OPERATING SURPLUS (DEFICIT) AND EXTRAORDINARY ITEMS AFTER TAX ATTRIBUTABLE TO MEMBERS OF THE LISTED ISSUER: (6,659); (751)

Earnings per share: (0.0224); (0.0008)

Interim/Final/Special Dividend: Nil

Record Date: n/a. Date Payable: n/a

Imputation tax credit on latest dividend: n/a

This announcement is in relation to the year ended 31 March 2009.

Widespread Portfolios Limited will lodge with the NZX and send to holders its Annual Report once completed.