



Annual Report 2014-2015



Cover image, Te Hihi Pā



Notice is given of the Annual General Meeting of Ōtakanini Tōpū Incorporation

Saturday 5 December 2015 at Kākānui
Āwhina Centre, 2261 Kaipara Coast Highway,
commencing 10.00 am

Business

1. Confirm minutes of the 2014 AGM
2. Confirm audited financial accounts for 2014 – 15
3. To adopt the auditor's report
4. To appoint an auditor
5. Update of share register
6. To authorise by resolution a dividend to shareholders
7. To elect persons to fill TWO vacancies on the Committee of Management.
8. To consider other matters, if considered appropriate by the Chair, under general business

Committee of Management (Malcolm Paterson - Chair,
Pearl Hill - Secretary (non Committee), Hemi Rau, Awa Hudson,
Brenda Christiansen, Lisa Reweti, Mei Hill, Glenn Wilcox),
and Farm Operations Manager - Ray Monk

TE PEPEHA O ŌTAKANINI

Ko te pā o te aitanga a Tiki

Ko te pā o te taitaia

Ko te pā o te tunga o te tōtara

Ko te ringaheketohunui o Tangaroa

Ko te whare o te mānuka

Ko te pokopoko o Rotu

Te aute, te āhea!

Hoinei te aroha

Ngā roimatamaringiringi o Kaipara ki a rātou kua oiaia atutia ki te Pūtahitanga o Rehua. Ka kopangia rātou e Te Atua ki roto i ōna ringatotoro, okioki ai.

E kore tātou e hīkoi ana i te mata o te Ōtakanini Tōpū e wareware i a rātou.

Ki a tātou, ngā kanohi ora ō rātou mā

Hoinei te mihi maioha ki a tātou

Kia ora mai tātou katoa

Nā ka horahia te whenua neki o te Ōtakanini Tōpū e Te Atua ki ngā mātua tūpuna hei ōhākītanga mō tātou me ngā whakaturanga e heke mai.

Kia tūtonu tātou, e pupuri tonu ana i tō rātou ake rangātiratanga, i tō rātou mana hoki ki tēnei ao awhiowhio.

Nō reira, ahakoa ka piki, ka heke te ahua ki waenga o tatou, kamau tonu tātou i wō rātou wawata, ā, i wō rātou moemoeā mō te whenua kia whakakikokikoi ēnā, tutuki ai.

Huri noa

Toitū te whenua

Toitū te mana ā, toitū te tangata.

Tihei mauri ora!

KO TE WHAKAMARAMA O TE PEPEHA NĀ GLENN WILCOX

I putaina e Haami Tawaewae te pepeha hei runga mō Ōtakanini Pa.

Ko te korerō i whakamarama, kia whakaahuatia te kaha me te mana ō te pā, ngā tāngata hoki ō reira.

Ko te korerō tuatahi, ka hua, ka tini te iwi ō te pā rā, kia mōhio ai ngā iwi kē, te tokomaha ō ngā toa ō Takanini.

Ko te tuarua, ahakoa ka timu ka pari te tai e tūtu tonu ana te iwi rā, he iwi niwha, he iwi pūtohe ki te whakatau i ngā take e hurihuri haere ana ki reira.

Ko te tuatoru, hei runga i te pā ngā orotōtara, hei tohu mō te rangātiratanga o te pā.

Ko te tuawhā, ko te kaha o Tangaroa e whakakaha ana i ngā tāngata nō roto i te pā.

Ko te tuarima, kei roto i te pā ngā taputapuwhawhai. He rongonui Ōtakanini mō ngā rākau ā Tūmatauenga.

Ko te tuaono, ko te tino tūpuna o te pā rā, ko Rotu, e heke mai ana tātou ō Ngāti Whātua Tūturu i te tupuna rā.

Ko te mutunga, e whakaahua ana te tū o ngā rangātira me ngā toa, ngā ope taua hoki ō reira.

Haami Tawaewae gave this description of the pā at Ōtakanini from which the Tōpū gets its name as part of the Ōtakanini Block.

It describes the strength of the people of Ōtakanini and their resolve to see projects to their conclusion using the tools at hand.

Ōtakanini Pā was the fighting pā of Ngāti Awa which was taken in battle as part of the utu demanded by Ngāti Whātua for the death of Haumoewarangi.

He was killed at Manunutahi after he had raided the kūmara gardens of Ngāti Awa here and further north of the “Korowai o te Tonga” (South Head Peninsula).

It was because of his death and the seeking of retribution for it, that Ngāti Whātua were to become the dominant iwi in the area.

The “kotikoti whenua” (cutting up the land) that followed included the land that is now the Ōtakanini Tōpū!



Contents

Chair's Report	2
Farm Operations Manager's Report	4
Taiao - Environmental Initiatives	11
Financial Reports	14
Directory	14
Cashflow Statement	15
Statement of Financial Performance	16
Calf Rearing Account	19
Beef Cattle Account	20
Sheep Account	21
Farm Expenses Account	22
Trend Statement	25
Statement of Financial Position	26
Statement of Movements in Equity	27
Taxation Depreciation Schedule	28
2015 Taxation Summary	34
Notes to the Accounts	35
Audit Report	38
Ōtakanini Tōpū Incorporation AGM Minutes 2014	39



Chair's Report

E te whānau, kia ora mai tātou katoa.

This annual report focuses on the period from 1 July 2014 to 30 June 2015 (although comments on the share register update are current).

Key things to note from the 2014-15 financials are the ongoing injection of capital into the home farm (eg. on infrastructure directly related to stock management and performance, such as fencing) and the land block at Makarau (along with operational expenditure to continue developing the calf-rearing enterprise there). This investment is deliberate and is being undertaken in the belief that it will lead to better stock outcomes on the home farm and new income from Makarau. We expect a return on investment that will see an increase in our profit. This confidence is reflected in the commitment to still offer a dividend to shareholders this year despite it being one where the Tōpū's profit was modest because of the investment back into our existing and expanding business(es).

The Makarau block was taken on primarily for the benefit it could offer the home farm in terms of 'overflow' grazing in time of relative feed shortage at Ōtakanini (eg. in the summer / autumn drought), allowing us to maintain stock numbers and control our timing of sales – rather than being at the whim of the market. The argument for this seems to be being strengthened as summer droughts have become the new norm over recent years. Ongoing business case analysis continues to support the understanding that the Makarau block will turn a profit itself over the ten year life of the lease. We are actively considering alternative activities on the block (eg. cropping) to increase the income it produces.

A modest but welcome cash injection was received through allowing access to Ōtakanini by a film company, and this is an activity that we will look to encourage for additional cash flow so long as it does not disrupt our core business.

We have looked at, and will continue to look at, other land blocks in Kaipara and make decisions on whether to buy or lease them based on business case and farming analyses.

Our initiatives under our sustainable farm plan continue and we held several planting days in the second half of 2014 that saw us add about 2000 native plants to the margin of the Kaituna Creek to help improve its water quality (and hence the condition of the water making its way into the harbour). Filtration of water there by vegetation is also important for farming operations as it is where the water that supplies Ōtakanini's troughs is sourced – and it is an ongoing financial and staff-time cost to deal with the break-downs of the pump associated with the ingress of sand.

The plantings were organised with great support from Auckland Council and the trees were provided by the Integrated Kaipara Harbour Management Group. Planting muscle was



largely provided by whānau from Haranui under a system by which a '\$1 / seedling planted' contribution was made back to the Marae by the Tōpū – a win-win for both parties. Periodic detention workers on a programme associated with Haranui also assisted.

We have developed and begun implementing a management plan for one of the urupā on the Tōpū, Rangimatai (alternatively referred to by some as Auahine). In the first instance this has seen it fenced off from grazing to prevent stock exacerbating erosion and disturbing burials. Management plans and conservation interventions will be developed for other wāhi tūpuna across Ōtakanini over the years to come.

Through the establishment of a memorandum of understanding with the Land Based Training (LBT) programme, we have benefited from access to additional skilled labour – while they and their students (some of whom are Ngāti Whātua and / or from Kaipara) have gained access to quality working farming enterprises to learn from.

This year we have pushed to complete the review of the share register that has taken so long. We finally have a register that is as accurate as possible according to all of the documents that we have managed to assemble from our own records, those of shareholders and previous Committee members / secretaries, and the Māori Land Court. We have requested to meet with the Court to seek their endorsement of the new register and confirm the process by which those who have an issue with it can seek resolution.

We have also given considerable attention to improving our own governance / administrative functions – putting in place a raft of policies and record keeping measures that ensure we meet legislative requirements, that mean that for the first time new Committee members can receive a quality induction, and that have seen the creation of an accessible, ordered system of documentary archiving that will allow future Committees to readily refer to decisions made by this one and you, the shareholders of Ōtakanini.

Mauri ora

Malcolm Paterson

Chair, Committee of Management, Ōtakanini Tōpū



Farm Operations Manager's Report

Background

- The Farm Managers farming duties have now been restructured integrating new Operational Responsibilities for Otakanini Topu, Makarau Calf rearing Unit, Otakanini Forestry, Environmental and Cultural Heritage of the Incorporation
- This is now an Operation Managers role
- A Business Group formed with expert individuals from the Agribusiness, Animal Performance, Agronomists, Nutrient Management, Veterinarian, Account Managers and COM profession have been working directly with the Management in setting and discussing draft farming policy and planning future directions
- The 2014/15 season has been a mixed bag with a number of wins, integrating the Makarau unit has enabled us to put more weight gain on stock much earlier, although a dry season, this was not seen to the same drought extremes as in previous years
- This seasons integrated farm programme has allowed us to not drastically change our stock finishing programme that we have had to in previous years, due to climatic conditions
- We have finished slaughter lambs earlier
- We have finished more trade cattle earlier
- This has enabled us to get down to our wintering numbers sooner
- Wool Farming is now being more structured around added value to the condition of our ewe component, rather than farming to a devaluing wool schedule
- Capital development into fencing and water continue but not to the extent of 2013/14 year
- Cropping is becoming an integral part of our farming operation utilising the new science of pastures and cultivars to best match climatic conditions
- Individual Employment Agreement signed with Teri Tapurau for full time employment
- All permanent staff housed on farm
- Increased responsibilities for senior staff (Connie, Witai) Stock programme, Stock Monitoring, Chemical applications, Cropping programmes, Water programmes
- External financial streams for Otakanini through Film Productions, Orienteering, Horse Events,
- Environmental programmes
- Casual employment of skilled locals on Otakanini Topu and Makarau unit
- Agriculture Training of youth on Makarau and Otakanini through qualified ag provider

General

LABOUR AND MANAGEMENT

- Connie, Witai, Teri - Otakanini Staff
- Ellie Monk, Chelsea Hemana, Raniera Dawson – Makarau Staff
- Casual staff employed when seasonal demands dictate



- We engaged Hazardco to Prepare and revise Health and Safety Policy/programs annually
- Hazardco involved in two staff training days annually
- Agronomist meeting with staff to discuss the latest Rye grass and cultivars that we are using and the reasoning behind its use
- Staff attend animal health seminars in Helensville to be informed of latest developments
- Senior Staff to Palmerston North as part of the Northland Maori Agribusiness group funded by MPI visiting successful agribusiness operations
- Staff 6-8 weekly animal health meetings with local vet
- Vet students from Massey University in Palmerston north on work experience during holidays
- Taratahi have been replaced by Land Based Training (LBT) as Ag Training provider
- Local whanau, Marae, LBT Students, Land care, Corrections have been involved in environmental work on the Topu planting around wetlands and water sources

CROPPING / PASTURES / FERTILISERS / INFRASTRUCTURE

- 29tn wet Oats silage/ha = 6.5tn DM/ha
- 1600tn Oats silage harvested for pit silage
- 11ha Oats break feed to cattle during winter as supplement feed to cattle
- Discussions with agronomists regarding best recommendations moving forward into autumn on cropping programme to best match feed demand and stock wintered
- 60ha Chicory sown in G2 Block,
- 25ha Pasja sown in Flats1,2,3,4 and Rush's,
- Staff Rolling and Harrowing crop ground after sowing
- Silage fed out to finishing stock over summer dry period
- Crop mix and nitrogen fertilizers applied to crop ground
- 230 tonne fertilizer applied to finishing, Middle good, Middle poor and pdk 10
- Finishing, Feeder Good, Feeder Poor country and Pdk 10 have a maintenance dressing of K (potassium) and S (sulphur), with Feeder Poor country and Pdk 10 having capital P (phosphate) applied
- 5.2 km, refencing of forty year +, old, non-functioning conventional post and wire fencing
- 2.6km of capital works new water system completed on G2
- Roding/track/drainage maintenance
- Upgrade of one quad



Farm Operations Manager's Report *continued*

Stock

SHEEP

- Total sheep breeding progeny have steadily increased over the last few years
- Older mixed aged ewe numbers have decreased and two year ewes (2th ewes) have increased
- In lamb ewe rate increased on last season, an indication of the more favourable season
- Total younger capital ewe numbers increased in line with confidants within the sheep meat industry
- lambs sold finished at an average carcass weight of 16.7kg
- Lambs are drafted monthly for the works from weaning in December through to June
- Focus on improved growth weights on younger stock
- Continued monitoring programme of sheep through Stock Care
- Stock Performance and pasture monitoring is in its fourth year of the stockcare programme
- Shearing programme is reviewed annually to maximise returns
- Sheep death rate remains at around the industry average of 7-8%

CATTLE

- Breeding cow numbers have decreased in line with the farming policy whereby as farm infrastructure increases (water & fencing) we will start to prioritise the most economically efficient stock class to farm
- Rising 2yr bulls were sold to slaughter over the winter period at an average carcass weight of 292kg
- 71 R2yr Angus Dairy sire bulls were sold to the Dairy industry at an average carcass weight of 240kg
- Rising 2yr heifers were sold to slaughter over the winter period at an average carcass weight of 211kg
- Integration of the new Calf rearing unit at Makarau into the core stock finishing operation of Otakanini
- Focusing more attention on cattle finishing rather than store sales as upgraded infrastructure allows (fencing, water, pastures, yards)
- The supply of herd sire bulls to the Dairy market, utilising the good Angus genetics we have
- More focus is being centred around improved growth weights on younger cattle

CULTURAL & ENVIRONMENTAL

- Fencing contractor has completed new post, batons and wire fence around Rangimatai as part of our cultural plan, this area will no longer be grazed



- Local Marae, Whanau and correction workers, under supervision, have been involved in site preparation of sand trap (Otak water source) for planting
- Approximately 1800 native trees have been planted at our main water source to help stabilise the sandy hill side, the programme was completed by the Marae, Whanau and correction workers over three weekends
- Conservation Volunteers arrived for one week to release approx. 300 trees on the western side of the wetlands, 700 plants on the eastern side of the wetlands, 1800 tree's around our main water source at the sand trap area, as well as sand bagging our dam at the sand trap, cutting, pasting wholly nightshade.
- Spraying out of pdk 10 wetlands as part of our environmental programme in preparation of planting in July
- Fencing contractor has refenced and stock proofed the next phase of tree plantings in our wetlands, as part of our environmental plan

Future Direction

LOOKING AHEAD

- Continued progression of farm development
- Continued progression of staff development
- Continued bench marking of our performance against top producing properties, while still enhancing Cultural and Environmental aspects within our operation
- Expanding the farming operation
- Utilising Otakanini Topu facilities to enhance and grow young minds
- To sustain dividend payments
- To ensure the farm operation is fully maintained every year
- Ahuwhenua farming competition

Summary

The last twelve months have seen the rapid development of all staff, with more emphasis on the expansion of Otakanini Topu and its activities has meant more time is being required for planning and initiating of programmes for Otakanini Topu, Makarau Calf rearing unit, Otakanini Forestry and Cultural & Heritage projects, while the expansion has increased the permanent staff levels have not and this is a credit to the staff that have raised their skill level and taken on this responsibility

As the increased farm structure development takes place, this will require increased knowledge and skill to successfully farm for the future, I believe we have the staff to do this



Farm Operations Manager's Report *continued*

Makarau Calf rearing unit

BACKGROUND

- This calf rearing operation is a large project, initial reports suggest we develop this programme over a three year period, we have developed a system and plans in a fifteen month period since the lease was entered into on the 1st Feb 2014, a lot of work has had to be done to get us to this level, new inexperienced staff have had the use of consultants and vets to ensure what is being done is in fact the correct way, this has been a huge learning experience for all concerned
- Bas Shouten (calf rearing consultant) had timely visits to unit to assess calf operations and to give recommendations
- Organised health and safety programme with permanent and casual workers as to what requirements Hazardco (our health & safety provider) are introducing, are followed
- Source the numbers of calves we were looking to rear, up to 1000 calves, this involves individual selection of calves to get the required quality of stock and then have a system in place to transport to the dairy unit.
- Taratahi contributed \$5000 towards infrastructure (lunch shed, toilet, metal)
- Land Based Training Officials (from Wanganui) attended an open day on farm to show potential students what LBT has to offer on Makarau
- Meeting with James Stowers (LBT Regional Manager) to discuss the proposed 44 week agriculture course they intend to run at Makarau

LABOUR, MANAGEMENT, INFRASTRUCTURE

- Employment of the right staff willing to learn the calf rearing operation, two staff required to feed 220 calves in calf shed twice a day, milk, meal, water, clean all pens regularly, and look after the animal health of the calves
- Two staff to muster in milking cows, milk, clean dairy unit, cows on programmed rotation, check springer cows, transport whole milk to the calf rearing unit, mix CMR, transport CMR to feed calves that have been moved from inside the calf shed to paddocks for feeding.
- Staff roster for this seven day a week calf rearing operation involves four permanent casuals working on a "six days on" "three days off" system and then having available part time casuals to fill in on the staff rostered days off
- Mark Anderson (Helensville vets) is out regularly to inspect calving operation from an animal health perspective
- Autumn Born calves reared from April – June
- Spring Born calves reared from July – October
- Repairs and Maintenance of fencing and water are the main focus for development



STOCK

- 215 calves reared for Otakanini
- 345 calves sold on open marked
- 52 R2yr Heifers transferred to Makarau for Grazing off Otak

Summary

The Makarau unit is being farmed as was predicted, to work in with the core operation of Otakanini Topu in the sense that the Makarau unit has run 52 Finishing heifers and 215 Autumn born calves for a period of time that has enabled the home farm to concentrate on allocating quality pasture(that would normally have been required for these stock on Makarau) to prioritised finishing classes of stock enabling Otak to sell increased numbers of finished stock to the works sooner prior to the expected summer dry, we are only in our first year of full operation, Enormous lessons have been learnt and we have improved because of this.

We are operating in a particularly run down farm, enormous time and money have been injected to get the Makarau unit into an operational standard, through this time agriculture training students through both Taratahi and Land based training have gained unit standards through practical, hands on experiences to help further there career.

90% of training students have links to Haranui, Puatahi, Kakanui, and Arapareira.

Taratahi Agriculture training Provider has stopped all Ag courses in the Rodney area.

Land Based Training (LBT) have picked up the student Agriculture training providers for this area.

Forestry unit

Topuni Timber Ltd continue to be our contracted harvester for the stage one production thinning of the Otakanini Topu Forestry.

Working with Darren Collet from Woodbank to monitor the quality of workmanship and product being delivered by Topuni Timber.

Regenerating pine trees have been an issue for the contractor and has slowed the daily production rate, to this extend the contractor employed his own forestry crew to remove remaining regeneration pines at his cost.

Stage two of the Production thinning programme had to factor in the removal of regeneration pines prior to being tendered out, this has been done at Otakanini Topu expense.



Farm Operations Manager's Report *continued*

Theft of contractors equipment become an issue, access was being gained from the beach, trees had to be used to stop beach access until a security gate was put in.

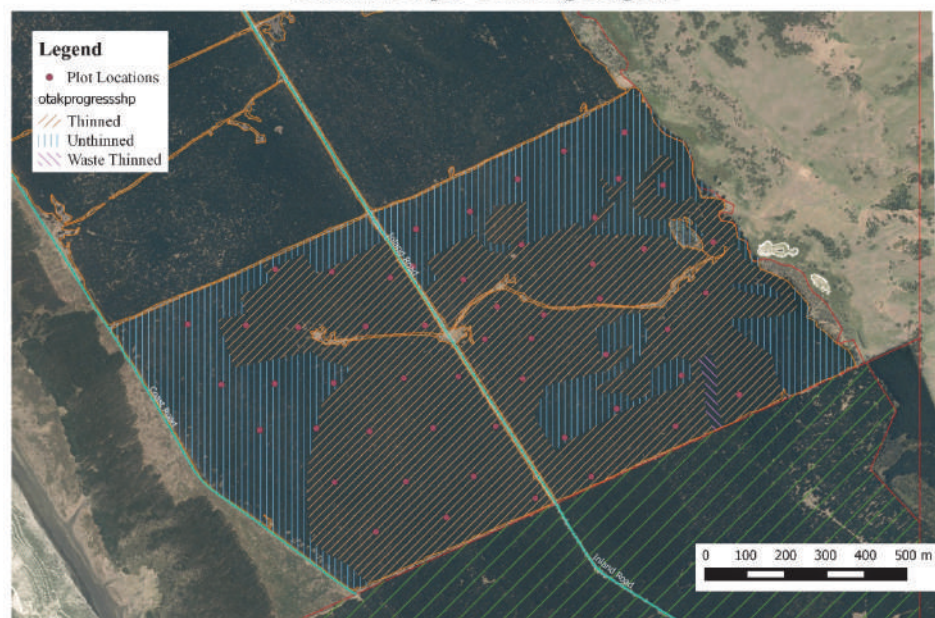
Forestry Contractors were forced to stop activities prior to Christmas because of the increasing fire risk, harvesting resumed in February 2015.

Health & Safety Meeting with the forestry contracting crew and supervisors prior to the re commencement of stage one of the contracted production thinning programme by Topuni timber.

The production target for the remainder of stage one will be a minimum 2000 m³ per month although will endeavour to build on this through either double shifting or bringing in a second harvester.

It is anticipated the remaining area of stage one could take 18 months to complete being a completion date of July / August 2016.

Otakanini Topu - Thinning Progress



Naku noa na

Ray Monk



Taiao - Environmental Initiatives

“Ko te oranga taiao, he oranga tangata. The wellness of the environment ensures the wellness of people.”

Due to a lack of requests for project funding by local whanau, schools, marae and sports groups, the Committee of Management has decided to re-assign the \$5000 set aside for Community Funds to now be available for supporting environmental initiatives within the Otakanini Topu main farm.

For example, during the tree planting season, groups who wish to fundraise can plant trees on the Topu in return for a donation for their mahi.

2014 - 2015

In 2014 and 2015, a series of tree planting sessions took place resulting in 3500 native trees being planted at the Topu main farm. Recently, Haranui Marae received a \$2000 fundraising donation where local whanau, community, periodic detention crews, Auckland Council, Land Based Training and Landcare Nurseries joined forces to plant 1500 native trees at Te Hihi wetland and included harakeke - a much valued resource for our weavers.

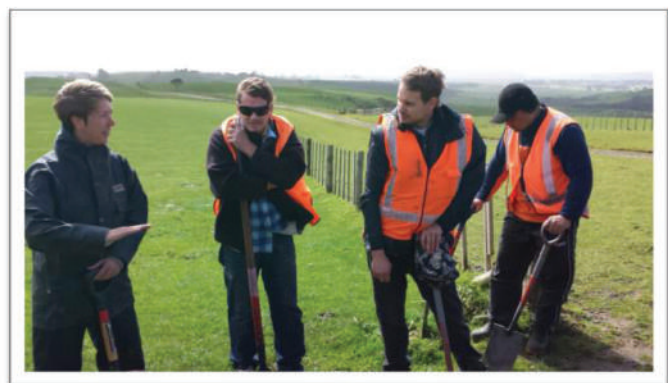
“A key aspiration is to plant one million trees in one hundred years”





Taiao - Environmental Initiatives continued

Native tree planting days over the past 12 months have been well supported by whanau and local community groups.





Harakeke - Phorium Tenax



Harakeke is unique to New Zealand and is one of our oldest plant species. There are two identified species of harakeke in New Zealand. Harakeke or common flax (Phormium Tenax) is found throughout the country. It grows up to three metres high and its flower stalks can reach up to four metres. It has seedpods that stand upright from the stems. The other type is wharariki or mountain flax and is found both at altitude and along exposed coastlines.

2016 - Bee hives back on the Topu...

In 2016, the Committee of Management has again approved beehives to be located on both farms. In an agreement with SJA, a family owned and operated beekeeping business, they will manage the bees at no financial cost to the farms.

There will be an exchange of honey only in return for their bees pollinating clover and food sources for the stock.

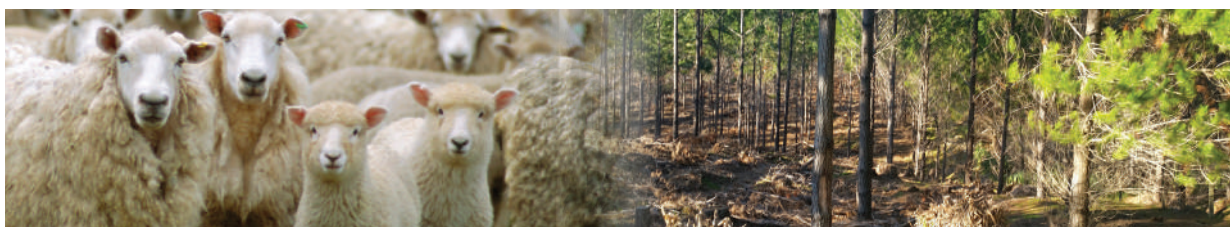




Financial Reports

Directory

NATURE OF BUSINESS:	Sheep & Cattle Farming
LOCATION OF PROPERTY:	Southhead, Helensville
COMMITTEE OF MANAGEMENT:	Malcolm Paterson (Chairperson) Awa Hudson Hemi Rau Brenda Christiansen Glenn Wilcox Lisa Reweti Mei Hill
SECRETARY:	Pearl Hill (Not Committee)
ACCOUNTANTS:	Withers & Co Ltd, Warkworth
AUDITOR:	G S Blackboum C A
BANKERS:	Bank of New Zealand ASB Bank
IRD NUMBER:	10-602-335



FOR THE YEAR ENDED 30TH JUNE 2015

Cashflow Statement

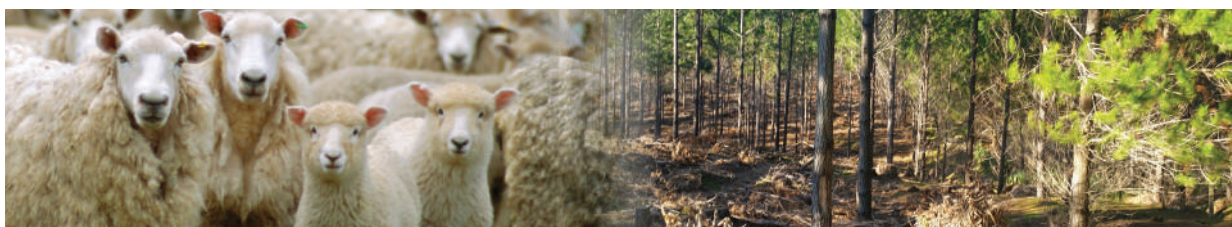
Last Year \$		This Year \$	\$
	CASH RECEIPTS FROM		
744205	Cattle Sales	1246806	
594543	Sheep Sales	486976	
135933	Wool Sales	131946	
55692	Rent - Houses	63182	
1404	Sundry	18550	
11563	Rebates	40845	
50993	Sale of Timber	25388	
1594333			2013693
	PRODUCED BY EXPENDITURE ON		
120470	Cattle Purchases	179415	
49540	Sheep Purchases	10500	
1308426	Farm Working Expenses	1665496	
1478436			1855411
115897	CASH SURPLUS FROM FARMING, FORESTRY PLUS OTHER CASH RECEIVED		158282
	Interest, Dividends Received	60950	
	GST	65583	
	Taxation Refund, RWT Paid	62568	
			189101
	MAKING TOTAL CASH AVAILABLE		347383
	Capital Purchases & Repayments, Dividends Paid		
	Dividends Paid - Current & Prior		
	Years	39665	
	Asset Purchases	81400	
	Shares	3435	
	ASb Savings	9	
			124509
	CASH SURPLUS		222874
	REPRESENTED BY: WORKING CAPITAL CHANGES		
	Bank Increase	196520	
	Current Assets - Debtors Increase	1569	
	Current Liabilities Creditors		
	Decrease	24785	
			222874



FOR THE YEAR ENDED 30TH JUNE 2015

Statement of Financial Performance

Last Year \$		This Year \$	\$
SOUTHHEAD			
REVENUE WAS RECEIVED FROM			
582624	Beef Cattle	750413	
587731	Sheep Account	549449	
135933	Wool Sales 36045 kilos	131946	
<u>1306288</u>			<u>1431808</u>
78	Royalty on Firewood	-	
1326	Land Access	18550	
50993	Sale of Timber	25388	
24300	Rent of Employee Houses	27070	
31392	Rent Received - Farm House	24932	
11563	Rebates & Sundry Income	40845	
<u>119652</u>			<u>136785</u>
1425940	TOTAL REVENUE		1568593
LESS FARM EXPENSES			
791138	Working Expenses	914213	
94809	Repairs and Maintenance	60392	
71523	Vehicle Running	89246	
108153	Administration	110803	
69589	Standing Charges	76396	
<u>1135212</u>	TOTAL CASH EXPENSES		<u>1251050</u>
388739	DEPRECIATION - as scheduled	106705	
<u>1523951</u>	TOTAL EXPENSES		<u>1357755</u>
<u>(98011)</u>	NET SOUTHHEAD LOSS		<u>210838</u>



FOR THE YEAR ENDED 30TH JUNE 2015

Statement of Financial Performance continued

Last Year \$		\$	This Year \$	\$
MAKARAU				
REVENUE WAS RECEIVED FROM				
53450	Calf Rearing	178436		
53450			178436	
-	Rent Received	11180		
-			11180	
53450	TOTAL REVENUE			189616
LESS FARM EXPENSES				
103669	Working Expenses	316892		
24637	Repairs and Maintenance	33170		
707	Vehicle Running	7091		
23382	Administration	6336		
20378	Standing Charges	50817		
172773	TOTAL CASH EXPENSES		414306	
23949	DEPRECIATION - as scheduled		10401	
196722	TOTAL EXPENSES			424707
143272	NET MAKARAU LOSS			235091
REVENUE WAS RECEIVED FROM				
(98011)	Southhead	210838		
(143272)	Makarau	(235091)		
(241283)				(24253)
PLUS OTHER INCOME				
	Dividends - Ballance			
1146	Agri-Nutrients Ltd	1145		
29858	Interest - Bank of New Zealand	59795		
47316	Interest - ASB Bank	10		
858	Interest - IRD	-		
79178				60950
(162105)	TOTAL INCOME			36697



FOR THE YEAR ENDED 30TH JUNE 2015

Statement of Financial Performance continued

Last Year		\$	\$	\$	\$
(162105)	TOTAL INCOME		36697		
(350)	Taxation Adjustment		(3420)		
441	Non deductible Entertainment		140		
(162196)	TAX PAID PROFIT			39977	
60966	Dividends Accrued			47088	
42129	Dividends Paid			32235	
321	Imputation Credits			321	
1472	Haranui Marae Expenses			-	
267084	Tax Paid Loss				39667
2405702	CREDIT BALANCE BROUGHT FORWARD				2138618
2138618	CREDIT BALANCE CARRIED FORWARD				2098951



FOR THE YEAR ENDED 30TH JUNE 2015

Calf Rearing Account

Last Year \$	Qty		Av.Pr.	\$	This Year \$	\$
SALES						
-	26	Cows	822.35	21381		
-	123	Feeder Calves	423.86	52135		
-	411	Weaner Calves	488.50	200775		
-	560				274291	
LESS PURCHASES						
49950	16	Cows	990.00	15840		
37920	617	Feeder Calves	92.42	57025		
87870	633				72865	
87870	73	CASH SURPLUS				201426
OPENING STOCK ON HAND						
-	61	(HS) Cows	1171.00	71431		
-	249	(NSC) Calves	326.00	81174		
-	310				152605	
CLOSING STOCK ON HAND						
60146	47	(HS) Cows	1171.00	55037		
81174	212	(NSC) Calves	266.35	56466		
-	68	(NSC) Weaner Calves	266.35	18112		
141320	327				129615	
141320	17	STOCK DECREASE				22990
	57	NATURAL INCREASE				
	113	DEATHS				
53450		TAXABLE PROFIT				178436



FOR THE YEAR ENDED 30TH JUNE 2015

Beef Cattle Account

Last Year \$	Qty		Av.Pr.	\$	This Year \$	\$
SALES						
93082	99	Cows	803.55	79551		
238986	332	Heifers	1029.59	341823		
32546	-	R2yr Steers	-	-		
372541	349	R2yr Bulls	1561.76	545055		
7050	3	Bulls	2028.67	6086		
<u>744205</u>	<u>783</u>					972515
LESS PURCHASES						
-	215	R1yr Bulls	495.58	106550		
17600	-	R2yr Bulls	-	-		
15000	-	Bulls	-	-		
<u>32600</u>	<u>215</u>					106550
711605	568	CASH SURPLUS				865965
OPENING STOCK ON HAND						
482154	409	(HS) MACows	1171.00	478939		
95081	119	(HS) R2yr Heifers	940.00	111860		
165247	270	(NSC) R2yr Heifers	582.66	157318		
18704	-	(NSC) R2yr Steers	-	-		
132738	265	(NSC) R1yr Bulls	369.70	97970		
127453	255	(NSC) R1yr Heifers	369.70	94273		
169964	377	(NSC) R2yr Bulls	601.14	226630		
38589	13	(HS) Breeding Bulls	2293.00	29809		
<u>1229930</u>	<u>1708</u>					1196799
CLOSING STOCK ON HAND						
403274	345	(HS) MACows	1171.00	403995		
-	59	(HS) R3yr Heifers	1171.00	69089		
95081	236	(HS) R2yr Heifers	940.00	221840		
157318	-	(NSC) R2yr Heifers	-	-		
97970	389	(NSC) R1yr Bulls	420.18	163450		
94273	178	(NSC) R1yr Heifers	329.10	58580		
226630	239	(NSC) R2yr Bulls	553.10	132191		
26403	14	(HS) Breeding Bulls	2293.00	32102		
<u>1100949</u>	<u>1460</u>					1081247
128981	248	STOCK DECREASE				115552
	376	NATURAL INCREASE				
	56	DEATHS				
<u>582624</u>		TAXABLE PROFIT				<u>750413</u>



FOR THE YEAR ENDED 30TH JUNE 2015

Sheep Account

Last Year \$	Qty		Av.Pr.	\$	This Year \$	\$
SALES						
111915	573	Ewes	69.96	40085		
-	426	Ewe Hoggets	90.08	38373		
455635	2874	Lambs	96.98	278727		
26993	1314	Wether Lambs	89.81	118004		
-	113	Ram/Wether Hoggets	104.31	11787		
<u>594543</u>	<u>5300</u>					486976
LESS PURCHASES						
42540	-	Ewes	-	-		
7000	21	Rams	500.00	10500		
<u>49540</u>	<u>21</u>					10500
545003	5279	CASH SURPLUS				476476
OPENING STOCK ON HAND						
355419	1860	(HS) Ewes - 5 & 6 yr	90.00	167400		
63484	1857	(HS) Ewes - 3 & 4yr	113.00	209841		
167156	1698	(HS) 2th Ewes	126.00	213948		
14331	129	(NSC) Wether Lambs	37.70	4863		
61835	1833	(NSC) Ewe Lambs	37.70	69104		
2138	32	(NSC) MA Wethers	59.41	1901		
18504	79	(HS) Breeding Rams	253.00	19987		
<u>682867</u>	<u>7488</u>					687044
CLOSING STOCK ON HAND						
187860	1720	(HS) 5 & 6yr Ewes	90.00	154800		
219126	2600	(HS) Ewes - 3 & 4yr	113.00	293800		
222438	1726	(HS) 2th Ewes	126.00	217476		
4863	216	(NSC) Wether Lambs	30.80	6653		
69104	1961	(NSC) Ewe Lambs	30.80	60399		
1901	116	(NSC) MA Wethers	59.50	6902		
20303	79	(HS) Breeding Rams	253.00	19987		
<u>725595</u>	<u>8418</u>					760017
42728	930	STOCK DECREASE				72973
	6989	NATURAL INCREASE				
	780	DEATHS & MISSING				
<u>587731</u>		TAXABLE PROFIT				<u>549449</u>



FOR THE YEAR ENDED 30TH JUNE 2015

Farm Expenses Account

Last Year		This Year	
\$		\$	\$
	SOUTHHEAD		
	Working Expenses		
258936	Wages	346012	
5211	Wages - Casual	-	
12700	Wages - Other	22500	
4578	Employee Allowances	4578	
-	Contractors	684	
7294	Rations	3322	
55411	Veterinary	53029	
6726	Dips & Sprays	6522	
1523	Eartags	4348	
3348	Pregnancy Tests	3600	
-	Tree Planting	2384	
15238	Forestry Preparation	130725	
15087	Electricity	16429	
24650	Haymaking & Silage	32301	
315	Stock Food	31	
5431	Freight	4860	
11112	Dog Costs	11144	
183485	Fertilizer - 225 tonnes	111427	
7947	Freight Fertilizer	8161	
21328	Spreading - Trucks	22682	
2560	Nitrogen Fertilizer- 5 tonnes	15293	
-	Lime	905	
2686	Soil Test	1499	
21353	Fertilizer - Crop Mix	29810	
25612	Regrassing	57	
28411	Crops, Cultivation & Sowing	16454	
40609	Contract Shearing	42534	
1920	Shearing Expenses	3798	
263	Shelter	-	
27404	Weed & Pest Control	19124	
791138		914213	
	Repairs and Maintenance		
10105	Houses - Workers	1734	
775	House - Rental	1354	
6023	Buildings	3142	
36789	Fences & Gates	29167	
2040	Roads, Yards & Gateways	-	
16682	Water Supply	10793	
-	Drains & Dams	2413	
17406	Plant & Machinery	8445	
3879	Tools & Hardware	864	
1110	Protective Clothing	2480	
94809		60392	



FOR THE YEAR ENDED 30TH JUNE 2015

Farm Expenses Account continued

Last Year \$		\$	This Year \$	\$
Vehicle Running				
49321	Fuel & Oil	46675		
2502	Tractors	2722		
7069	Utility	7697		
9444	Motor Bikes	28321		
3187	Excavator	3831		
71523			89246	
Administration				
12293	Travelling & Accommodation	10069		
3000	Community Grant	-		
440	Entertainment 50%	140		
1400	Koha	-		
1871	Catering	2469		
9672	AGM Expenses	7770		
2389	Property Management Fee	2546		
-	Conservation Contribution	1500		
-	Share Register Audit	16141		
1054	Subscriptions	1072		
14082	Farm Advisory	11263		
66	Headage - Stock Sales	-		
500	Stock Audit	500		
1894	Mini Storage Costs	1899		
1186	Computer Support & Repairs	1875		
14094	Secretarial	15158		
12277	Accountancy	10398		
721	Advertising	-		
473	General, Bank Charges	199		
-	Legal Fees	108		
461	Stationery & Postages	568		
11200	Management Committee Costs	9200		
7392	Audit Fees	8118		
11688	Telephone & Tolls	9810		
108153			110803	
Standing Charges				
15461	Insurance	22213		
7235	ACC Levies	8644		
45143	Rates	43789		
1750	Grazing Lease (Moki-Tawaewae)	1750		
69589			76396	
1135212			1251050	
1135212	TOTAL CASH EXPENSES		1251050	



FOR THE YEAR ENDED 30TH JUNE 2015

Farm Expenses Account continued

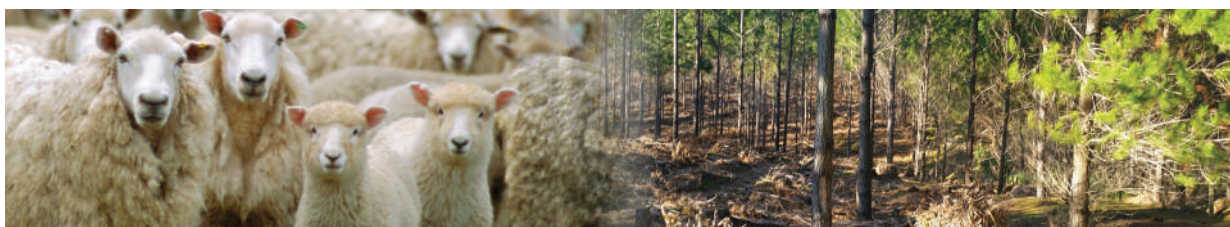
Last Year \$	Code		This Year \$	\$
		MAKARAU		
		Working Expenses		
33534	28101	Wages	127924	
-	28601	Contractors	1150	
596	28701	Rations	208	
12698	29201	Veterinary	22436	
435	29401	Eartags	1489	
229	29901	Electricity	7273	
52777	30201	Stock Food	154145	
2982	30701	Freight	2212	
32	30801	Dog Costs	-	
386	32701	Weed & Pest Control	55	
<u>103669</u>				<u>316892</u>
		Repairs and Maintenance		
1064	38001	Houses - Workers		
2511	38401	Buildings	7042	
5317	38601	Fences & Gates	5351	
1984	38701	Roads, Yards & Gateways	2412	
6820	38801	Water Supply	4641	
-	38901	Drains & Dams	580	
4405	39001	Plant & Machinery	7042	
1202	39201	Low Value Assets	-	
973	39301	Tools and Hardware	6041	
361	39501	Protective Clothing	61	
<u>24637</u>				<u>33170</u>
		Vehicle Running		
264	40001	Fuel & Oil	1367	
443	40601	Tractors	5724	
<u>707</u>				<u>7091</u>
		Administration		
-	34701	Property Management Fee	426	
12515	35201	Farm Advisory	5910	
3542	42101	Accountancy	-	
7325	42401	Legal Fees	-	
<u>23382</u>				<u>6336</u>
		Standing Charges		
665	43501	Insurance	3642	
2213	43701	Rates	5175	
17500	43801	Rent - H & L Investments	42000	
<u>20378</u>				<u>50817</u>
<u>172773</u>				<u>414306</u>
<u>172773</u>		TOTAL CASH EXPENSES		<u>414306</u>



FOR THE YEAR ENDED 30TH JUNE 2015

Trend Statement

	2015 \$	2014 \$	2013 \$	2012 \$
SALES				
Beef Cattle - Southhead	972515	744205	339414	647726
Beef Cattle - Makarau	274291	-	-	-
Sheep	486976	594543	482971	862911
Wool	131946	135933	89688	161017
Sundries	147965	119652	139116	128884
Gross Cash Income	2013693	1594333	1051189	1800538
FARM EXPENSES				
Stock Purchases - Southhead	106550	32600	96835	154159
Stock Purchases - Makarau	72865	87870	-	-
Stock Purchases - Sheep	10500	49540	7000	186533
Farm Running Costs	1665356	1307985	1003975	1180638
Depreciation	117106	412688	66231	20723
Net Farming Income/(Loss)	(24253)	(241283)	174677	369689
Interest, Dividends Received	60950	79178	94706	75148
Dividends Paid - Current Year	32235	42129	58451	63224
STATISTICS				
Livestock Owned - Cattle	1787	2018	1923	1601
Livestock Owned - Sheep	8418	7488	7642	6915
Livestock Units - Southhead	15162	15564	17169	14375
Livestock Units - Makarau	1402	1362	-	-
Natural Increase - Beef	410	545	558	500
Natural Increase - Sheep	6989	6619	7471	7277
Wool Sold- Kilos	36045	34348	34994	41027
AVERAGE PRICE - SALES				
Per Kg Wool	3.66	3.96	2.56	3.92
Lambs	96.98	97.67	83.42	124.99
Ewe Lambs	90.08	-	-	-
Wethers Lambs	89.81	90.28	85.77	-
Wether Hoggets	104.31	-	-	141.10
R2yr Steers	-	856.47	-	-
Heifers	1029.59	955.94	976.18	1004.18
R2yr Bulls	1561.76	1241.80	1239.92	1280.15
Bulls	2028.67	1762.50	1691.00	1445.00



FOR THE YEAR ENDED 30TH JUNE 2015

Statement of Financial Position

Last Year		This Year	
\$		\$	\$
	CURRENT ASSETS		
381125	Bank of New Zealand	577645	
3160	Sundry Debtors	10994	
16757	Sheep Proceeds Due	-	
-	Cattle Proceeds Due	5750	
19664	Wool Proceeds Due	24406	
69993	Taxation Refund Due	10524	
65133	Goods & Services Tax	-	
<u>555832</u>		<u>629319</u>	
	LIVESTOCK		
1100949	Beef Cattle - Southhead 1460	1081247	
141320	Beef Cattle - Makarau 327	129615	
725595	Sheep 418	760017	
<u>1967864</u>		<u>1970879</u>	
	INVESTMENT		
432	ASB Savings	441	
1200000	Deposits - Bank NZ	1200000	
335	Shares - Silver Fern Farms Ltd (335)	335	
61874	Shares - Ballance Fertilizer (8250)	66825	
9867	Share Capital - Ravensdown (9867)	9867	
2821	Shares - Farmlands Trading Society Ltd(6256)	6256	
<u>1275329</u>		<u>1283724</u>	
	FIXED ASSETS		
220556	Vehicles	200084	
105892	Plant & Machinery	96414	
124553	Development	122653	
3326	Furniture & Fittings	2978	
160520	Buildings	157012	
13616193	Land	13616193	
<u>14231040</u>		<u>14195334</u>	
<u>18030065</u>	TOTAL ASSETS	<u>18079256</u>	
	CURRENT LIABILITIES		
172314	Sundry Creditors	147529	
<u>172314</u>	Goods & Services Tax	450	
<u>172314</u>		<u>147979</u>	
<u>172314</u>	TOTAL LIABILITIES	<u>147979</u>	
<u>17857751</u>	EXCESS ASSETS OVER LIABILITIES	<u>17931277</u>	
<u>17857751</u>	REPRESENTED BY	<u>17931277</u>	
<u>17857751</u>	Total Equity	<u>17931277</u>	



FOR THE YEAR ENDED 30TH JUNE 2015

Statement of Movements in Equity

Last Year		\$	\$	\$	\$
190507	Issued Capital - 96126 Shares		190507		
13400000	Land Revaluation		13400000		
122358	Capital Reserves		127309		
66894	Unpresented Dividend Payments (Note 5)		-		
249474	Undrawn Dividends (Note 4)		356026		
2138618	Revenue Reserves		2098951		
16167851			16172793		
1689900	Livestock Revaluation Reserve (Tax Free)		1758484		
17857751			17931277		
CAPITAL RESERVES					
	Opening Balance as at 01/07/2014		122358		
PLUS					
	Revaluation of Ballance Shares		4951		
			4951		
	Closing Balance as at 30/06/2015			127309	



Taxation Depreciation Schedule

FOR THE YEAR ENDED 30TH JUNE 2015

	Private Use %	Date	Orig Cost	Open W.D.V	Add'ns (Sales)	Profit (Loss) on Sale	Dep Method	YTD Dep	Accum Depn	Close W.D.V
Vehicles - Makarau										
Tractor - McCormick CX95		30/06/2015	35000	33483	(2174)	(3226)	13.00 D	4353	5870	29130
Quad - Honda 420			6000	5400			30.00 D			
			41000	38883	(2174)	(3226)		4353	5870	29130
Vehicles - Southhead										
John Deere 1020			6350	4			20.00 D	1	6347	3
Tractor - New Holland T6070			128460	85645			13.00 D	11134	53949	74511
Nuffield Tractor			1750				20.00 D		1750	
Excavator Hyundai			137533	38619				4775	103689	33844
Utility - Toyota Hilux 3.0			30778	2079			21.60 D	449	29148	1630
Toyota Hilux FKY956			45603	14494			20.00 D	2899	34008	11595
Quad - 2011 Can Am Outlander 500		25/08/2014	14695	5221	(4348)	(873)	30.00 D			
Quad - Yamaha YX R700 2012										
Quad - Can Am Outlander 500 XT 2012			15184	7440			30.00 D	2232	9976	5208
Quad - Can Am Outlander 500XT 2013			13400	6566			30.00 D	1970	8804	4596
2014 Can Am Outlander SOOEFI		25/08/2014	14609	10226			30.00 D	3068	7451	7158
2015 Can Am Outlander 500		30/06/2015	13739		13739		30.00 D	3778	3778	9961
Front End Loader MXT12			12870		12870		30.00 D	322	322	12548
			16460	11379			13.00 D	1479	6560	9900
			451431	181673	22261	(873)		32107	265782	170964
Plant and Machinery - Makarau										
Calif Feeder			1739	1646			16.00 D	263	356	1383
Trailer			4208	4026			13.00 D	523	705	3503
Calif Feeders			998	958			16.00 D	153	193	80S
Colostrium Tank		20/08/2014	1518		1518		13.00 D	181	181	1337
Sewerage System		17/09/2014	4000		4000		5.00 D	200	200	3800
			12463	6630	5518			1320	1635	10828



Taxation Depreciation Schedule continued

FOR THE YEAR ENDED 30TH JUNE 2015

	Private Use %	Date	Orig Cost	Open W.D.V	Add'ns (Sales)	Profit (Loss) on Sale	Dep Method	YTD Dep	Accum Depn	Close W.D.V
Plant and Machinery - Southhead										
Discs			609		3		10.00 D	1	607	2
Weather Station			2802		2226		13.00 D	289	865	1937
Calif Puller			600		477		13.00 D	62	185	415
Hing Hit Post Driver			16355		12272		16.00 D	1964	6047	10308
Fertilizer Spreader			2767		2293		16.00 D	367	841	1926
Fence Stapler			1140		149		14.40 D	21	1012	128
B/500 Solar Fence Unit			976		82		10.00 D	8	902	74
Solar Electric Fence System			1425		103		10.00 D	10	1332	93
Compressor Trailblazer			1500		196		14.40 D	28	1332	168
Computer & Monitor			2114		143		50.00 D	72	2043	71
Fuel Tanks			1280		36		10.00 D	4	1248	32
Croplands I OOL Sprayer			15964		9762		16.00 D	1562	7764	8200
Digger Spade Bucket			783		561		13.00 D	73	295	488
Water Tank			2848		1929		16.00 D	309	1228	1620
Fridge • Shearers Quarters			356		46		12.00 D	6	316	40
Fire Extinguishers			867		66		10.00 D	7	808	59
Waste Not Feeder			872		369		15.60 D	58	561	311
Waste Not Feeder			872		369		15.60 D	58	561	311
Grass Trimmer			427		36		10.00 D	4	395	32
Slasher Vagal 3000			7991		887		18.00 D	160	7264	727
Sheep Weigher			1511		190		14.40 D	27	1348	163
13 Hp/Motor			995		276		15.60 D	43	762	233
Pump			2549		94		10.00 D	9	2464	85
Homelite Pump, Hoses			1188		116		18.00 D	21	1093	95
Silage Wagon - Uni Side Feed			29000		9801		15.60 D	1529	20728	8272
Anderson 605 Pump and Motor			13665		3898		15.60 D	608	10375	3290
Pwmp&Motor			1767		191		14.40 D	28	1604	163
Cattle Weigh Platform			667		84		14.40 D	12	595	72
Bike Trailer			2176		277		14.40 D	40	1939	237
Autodraft Cattel Scales			23750		17586		13.00 D	2286	8450	15300
Loadbars 3000 Kg HDIOIO			1735		1299		13.00 D	169	605	1130
Shearing Gear			8345		246		10.00 D	25	8124	221
Mobile Sheep Yards, Prattley			9268		392		10.00 D	39	8915	353
Prattley Sheep Race			814		47		10.00 D	5	772	42
Spray Tank & Boom			13472		1246		18.00 D	224	12450	1022
Quick Hitch, Foam Markers			3382		312		18.00 D	56	3126	256
500 L Mounted Spray Tank			685		58		10.00 D	6	633	52
Scales			1149		106		10.00 D	11	1054	95



Taxation Depreciation Schedule continued

FOR THE YEAR ENDED 30TH JUNE 2015

	Private Use %	Date	Orig Cost	Open W.D.V	Add'ns (Sales)	Profit (Loss) on Sale	Dep Method	YTD Dep	Accum Depn	Close W.D.V
Plant and Machinery - Southhead continued										
Rotowiper			2200		5		25,00 D	1	2196	4
Post Hole Borer			1021		87		21,60 D	19	953	68
Grader Blade			1500		262		12,00 D	31	1269	231
Cell Phones (3)		11/10/2014	1016			1016	67,00 D	624	624	392
Weigh Scale Indicator		20/08/2014	1735			1735	13,00 D	207	207	1528
Harrow			3712		499		14,00 D	70	3283	429
Silage Wagon Giltrap			8000		562		14,40 D	81	7519	481
Cambridge Roller			1500		313		12,00 D	38	1225	275
Sprayer			3758		526		14,40 D	76	3308	450
Scales & Load Bars			3387		1696		15,60 D	265	1956	1431
Prattley 3 Way Crate			9355		4685		15,60 D	731	5401	3954
Hay Feeder			9055		1217		14,40 D	175	8013	1042
EID Panel Reader			1995		1494		13,00 D	194	695	1300
Big Bale Grab			2140		139		10,00 D	14	2015	125
3 Sets Harrows			4122		600		14,40 D	86	3608	514
Site Shed			350		38		10,00 D	4	316	34
EID Stick Reader			1056		829		13,00 D	108	335	721
Slasher			8250		402		18,00 D	72	7920	330
Bandsaw			675		56		10,00 D	6	625	50
Water Blaster			3300		199		14,40 D	29	3130	170
2 Spray Units, Boom			6490		611		18,00 D	110	5989	501
Quick Hitch frame for Spray Boom			3473		333		18,00 D	60	3200	273
Cordless Ori II			259		15		10,00 D	2	246	13
Stove			1067		94		10,00 D	9	982	85
Anvil			350		26		10,00 D	3	327	23
MX BR200 DOS Bucket			2540		1715		13,00 D	223	1048	1492
I Pearson Silage Grab			2885		170		14,40 D	24	2739	146
Trailer			1423		103		14,40 D	15	1335	88
Computer			1739		1304		50,00 D	652	1087	652
Computer - PBH Intel			1931		37		60,00 D	22	1916	15
GarminGPS			661		46		48,00 D	22	637	24
Trailer Crate			999		2		20,00 D	1	998	1
IOT Trailer			14300		3486		14,40 D	502	11316	2984
Grease Gun Trolley Kit			1046		454		15,60 D	71	663	383
Compressor			1017		868		16,00 D	139	288	729
Grundfos Pump			4609		4194		18,00 D	755	1170	3439
Brother MFC Printer			521		456		50,00 D	228	293	228
Trailer Cages (2)			822		813		13,00 D	106	115	707



Taxation Depreciation Schedule continued

FOR THE YEAR ENDED 30TH JUNE 2015

	Private Use %	Date	Orig Cost	Open W.D.V	Add'ns (Sales)	Profit (Loss) on Sale	Dep Method	YTD Dep	Accum Depn	Close W.D.V
Plant and Machinery - Southhead continued										
Water Tank 30000 Ltr			3229		2248		16.00 D	360	1341	1888
Stove- Workers Dwelling			1000		452		20.00 D	90	638	362
Photocopier			537		2		40.00 D	1	536	1
			297691		99262	2751		16427	212105	85586
Development - Southhead										
Silage Pit			11528	1262			12.50 D	158	10424	1104
Water Bore			16693	7019			6.00 D	421	10095	6598
Power Supply			918	142			12.50 D	18	794	124
Water Tank			2000	143			18.00 D	26	1883	117
Water Tank			3300	286			18.00 D	51	3065	235
Devan Tank			2217	220			18.00 D	40	2037	180
Water Supply			29948	24874			6.00 D	1492	6566	23382
Water Supply			8810	7784			6.00 D	467	1493	7317
Fencing			322859				100.00 D		322859	
Water Supply			36718	34882			5.00 D	1744	3580	33138
Fencing		20/03/2015	47197		47197		100.00 D	47197	47197	
Water Supply		20/03/2015	5847		5847		5.00 D	292	292	5555
Water Supply			59683	46598			6.00 D	2796	15881	43802
			547718	123210	53044			54702	426166	121552
Development - Makarau										
Pump System			1638	1343			18.00 D	242	537	1101
Fencing			3794				100.00 D		3794	
Water Supply/Drains			8365				100.00 D		8365	
Contractors			6590				100.00 D		6590	
Sundry			2275				100.00 D		2275	
			22662	1343				242	21561	1101



Taxation Depreciation Schedule continued

FOR THE YEAR ENDED 30TH JUNE 2015

	Private Use %	Date	Orig Cost	Open W.D.V	Add'ns (Sales)	Profit (Loss) on Sale	Dep Method	YTD Dep	Accum Depn	Close W.D.V
Furniture & Fittings										
Furniture - Shearers Quarters			1932				20.00 D		1932	
Carpet		21	2458				20.00 D	4	2441	17
Carpet		7	3786				26.00 D	2	3781	5
Carpet		8	1489				39.60 D	3	1484	5
Stove & Range Hood		9	399				22.00 D	2	392	7
Carpet		1	2568				39.60 D	1	2568	
Curtains		13	1166				26.40 D	3	1156	10
Stove		23	756				22.00 D	5	738	18
Stove		27	711				22.00 D	6	690	21
Fire Place - Managers House		3217	4005				10.00 D	322	1110	2895
			19270	3326				348	16292	2978
Buildings - Makarau										
Portacom			13913	13727			8.00 P	1113	1299	12614
Container			2100	2088			7.00 P	147	159	1941
			16013	15815				1260	1458	14555
Buildings - Southhead										
House No 1			30552	4528			P		26024	4528
House No 2			5970				P		5970	
House No 3			11373				P		11373	
House No 4			108352	69340			P		39012	69340
Plus Additions			22669	22669						22669
HaybarnNo2			3391				P		3391	
HaybarnNo3			6324	2287			2.50 P	188	4195	2129
HaybarnNo 1			8355	2015			2.50 P	209	6549	1806
Woolshed			62915	18827			P		44088	18827
Workshop			30359	15935			2.50 P	759	15183	15176
Shearers Quarters			18625	4413			2.50 P	466	14678	3947
Garage & Implement Shed			9353				2.50 P		9353	
Storage Shed			17468	3592			2.50 P	437	14313	3155
Fertilizer Bin			5582	542			2.50 P	140	5180	402
Killing House			3161	557			2.50 P	79	2683	478
			344449	144705				2248	201992	142457



Taxation Depreciation Schedule continued

FOR THE YEAR ENDED 30TH JUNE 2015

	Private Use %	Date	Orig Cost	Open W.D.V	Add'ns (Sales)	Profit (Loss) on Sale	Dep Method	YTD Dep	Accum Depn	Close W.D.V
Land										
Land (2745.3409 Ha GV \$13,266,000)			3551293	3551293			P			3551293
Plus Revaluation			10000000	10000000			P			10000000
Pine Trees			64900	64900			P			64900
			13616193	13616193						13616193
Less disposals			20695							
			15348195	14231040	81400	(4099)		113007	1152861	14195334



FOR THE YEAR ENDED 30TH JUNE 2015

2015 Taxation Summary

INCOME	
Farming (Loss)	(24253.00)
Interest, Dividends	60950.00
NET TAXABLE INCOME 2015	<u>36697.00</u>
LESS: Loss Carried Forward from 2014	(163938.31)
Maori Authority Credits converted to Losses	(1833.31)
LOSS TO CARRY FORWARD	<u>(129074.62)</u>
2015 Tax Payable	Nil
RWT Paid	10523.56
2015 TERMINAL TAX REFUND DUE	<u><u>\$10523.56</u></u>



FOR THE YEAR ENDED 30TH JUNE 2015

Notes to the Accounts

1. STATEMENT OF ACCOUNTING POLICIES

A. GENERAL ACCOUNTING POLICIES:

1. Measurement Basis

The measurement base adopted is historical cost except for the revaluation of certain fixed assets.

2. Reporting Entity

The entity is a Māori Incorporation as defined under the Te Ture Whenua Māori Act. The Incorporation is a Sheep & Beef Farmer.

3. Basis of Preparation

These financial statements have been prepared in accordance with "A Special Purpose Framework for use by For-Profit Entities (SPFR for FPEs)" published by the New Zealand Institute of Chartered Accountants.

The financial statements have been prepared for the entities owners, Inland Revenue Department and the entities financiers.

B. SPECIFIC ACCOUNTING POLICIES:

Those policies, adopted in these accounts which have a material effect on the financial position and results are:

1. Depreciation

Buildings, plant and equipment have been depreciated at those rates permitted under the Income Tax Act 2007.

2. Fixed Assets

(a) Land and Buildings

Legal Description:

Ōtakanini G2 GLK Blk 9 Kaipara SD Pt Ōtakanini Tōpū Blk 6 Waioneke SD-2064.5585 ha

\$11,162,000

Lots 1, 2 DP 60842 BLK 6 Waioneke SD Blks 8, 12 Kaipara SD 680.7824 ha
\$2,104,000

Government Valuation: \$13,266,000

(b) Other fixed assets are recorded at original cost or valuation less depreciation.

3. Taxation

The statement of financial performance is prepared on principles contained in current taxation legislation and includes only those items assessable or deductible as determined by the Income Tax Act 2007. Income tax is accounted for using the taxes payable method, at the special rate of 17.5c.



FOR THE YEAR ENDED 30TH JUNE 2015

4. Livestock on Hand

The abbreviations in the livestock accounts indicate the valuation method used. These are: HS =Herd Scheme, NSC =National Standard Cost.

5. Investments

Investments are recorded at cost. Income from investments is accounted for on a cash basis.

6. Goods and Services Tax

- (a) These financial statements have been prepared on a GST exclusive basis.
- (b) Sundry debtors and creditors are **inclusive** of GST.

C. CHANGES IN ACCOUNTING POLICIES

There have been no significant changes in Accounting Policies from the previous year.

2. CONTINGENT LIABILITIES

Unclaimed Dividends

As defined in the Te Ture Whenua Māori Act 1993 Sec 267 (1) unclaimed dividends means “dividends in the hands of the incorporation that have been held by it or by a preceding incorporation or body corporate (including the Māori Trustee) for at least 10 years without payment to the shareholder or other person entitled”.

In accordance with Section 267 (2) of the Act, the Incorporation is required, within 12 months of the dividends becoming unclaimed to compile a list of the shareholders to whom those dividends are payable, setting out the amount of unclaimed dividends held for each shareholder and shall transmit the list to the Registrar of the Māori Land Court. The Incorporation is currently undertaking a review of the Share Register to determine the amount of unclaimed dividends to be provided to the Māori Land Court.

The Incorporation carried out a review of Dividends paid from 1998 to 2002 to identify all unrepresented cheques, which have been written off. The total value of unrepresented cheques identified was \$41362 but the review could result in amendment to this amount. A further \$22770.73 unrepresented dividend cheques were written off on January 2015.

3. SECURITIES AND GUARANTEES

Bank of New Zealand have a registered security over all livestock.



Notes to the Accounts continued

4. UNDRAWN DIVIDENDS

This represents dividends accrued for the years listed to those shareholders who cannot be located due to changed addresses or uncompleted succession.

		Number		
December 2005	\$1.00	32734	32734	
December 2006	\$1.00	38331	38331	
March 2010	\$1.00	33741	33741	
December 2011	\$1.30	36772	39438	(Net of MAC)
December 2012	\$1.30	41272	44264	(Net of MAC)
December 2013	\$1.30	56845	60966	(Net of MAC)
December 2014	\$1.00	57053	47088	(Net of MAC)
Unpresented Cheques Written Off (Now Undrawn)			59464	(Net of MAC)
			<u>59464</u>	
			\$356026	

5. UNPRESENTED DIVIDEND PAYMENTS

Unpresented Dividend Cheques (2003- 2014)

This amount of \$59464 representing dividend cheques drawn but never presented has been added to Undrawn Dividends as above.

6. FUTURE CAPITAL COMMITMENTS

There are no future capital commitments (2014: \$Nil).

7. MĀORI AUTHORITY TAX CREDIT ACCOUNT

	This Year	Last Year
Balance as at 1 July 2014	101957.23 Cr	78314.06 Cr
CREDITS		
Imputation Credits on Dividend Received	320.83	320.83
RWT on Interest Received	10523.56	18530.71
Income Tax Paid	-	13728.00
Imputation Credits Cancelled Cheques	5757.05	-
	<u>118558.67</u>	<u>110893.60</u>
DEBITS		
Māori Authority Credits on Dividend Paid	8413.88	8936.37
Income Tax Refunded	69992.39	-
Closing Balance as at 30 June 2015	<u>\$40152.40 Cr</u>	<u>\$101957.23 Cr</u>



AUDIT REPORT **To the Shareholders of Otakanini Topu Incorporation**

Authority and Scope of Audit

I hereby report in terms of Section 277 of Te Ture Whenua Maori Act 1993 that I have examined the financial accounts on pages 15 to 37. The financial accounts provide information about the past financial performance of the Incorporation and its financial position as at 30 June 2015. This is stated in accordance with the accounting policies set out on pages 35 to 37.

The Committee of Management's Responsibilities

The Committee of Management is responsible for the preparation of financial accounts which give a true and fair view of the financial position of the Incorporation as at 30 June 2015 and of the results of operations and cash flows for the year ended 30 June 2015.

Auditor's Responsibilities

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

- the significant estimates and judgements made by the Committee of Management in the preparation of the financial accounts; and
- whether the accounting policies are appropriate to the Incorporation's circumstances, consistently applied and adequately disclosed.

I conducted my audit in accordance with generally accepted auditing standards in New Zealand. I planned and performed my audit so as to obtain all the information and explanations that I considered necessary. I obtained sufficient evidence to give reasonable assurance that the financial accounts are free from material misstatements, whether caused by fraud or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial accounts.

Other than in my capacity as auditor I have no relationship with or interest in the Incorporation.

Qualified Opinion

The share register and index of shareholders required to be kept by S263 of Te Ture Whenua Maori Act 1993 are currently undergoing a review and are not currently up to date.

In this respect alone I have not obtained all the information and explanations that I have required.

In my opinion, except for any adjustments that might have been found necessary had the share register and index of shareholders been up to date:

- proper books of account have been kept by the Incorporation as far as appears from my examination of those books; and
- the financial statements on pages 15 to 37 including the Statements of Financial Position and Financial Performance are properly drawn up and give a true and fair view as the state of the Incorporation's affairs as at 30 June 2015 and the results of the business of the Incorporation for the year ended 30 June 2015.

My audit was completed on 28 October 2015 and my qualified opinion is expressed as at that date.

G S Blackburn CA
Auditor



Ōtakanini Tōpū Incorporation AGM Minutes 2014

Meeting held at the Haranui Marae on Saturday 06 December 2014

Timatanga: 10.00 am

Karakia/Mihimihi: Glenn Wilcox and Rawson Wright/Malcolm Paterson

1. Introduction

Malcolm Paterson greets the assembly and outlines the format of the Agenda for the day. Informing of Hemi Rau, although having stepped down as the Chairman is still a member of the committee of management. Although not the Chair initially during the period this Annual Report focuses on, but has come on since June 2014 of this year as the Chairman.

Chair calls for apologies to be received;

Hemi Rau, Frank and Titiata Bowater, Daniel Clay, Phillip Whanau from Taumaranui, Inutai Greenwood, Ngaio Kemp, Inutai Runsmann, Mereana Pomare.

Really encouraging people to register for the day, having worked with the Secretary we sent out 272 of the Annual Reports, and we have only had about 1 dozen bounce back but despite that just talking with Shareholders they have not received one so there is two possible answers to that, one is that we do not have the correct address, ironically myself my address recorded had 43 instead of 45. Hopefully today give me your email, phone number, addresses. Another thing you can provide today which has been spoken about in recent years but to remind you we have moved away from a system which issues cheques and took the approach by providing your bank account and IRD number.

Key Items for today;

Opportunity for general business

It is an annual meeting, It is a Report from July 2013 to the end of June 2014 that is the time period we are really focusing on and we wish Shareholders to go away feeling any questions they have, have been answered for that period of time.

If there is general business to do with the Topu we can considerate too but we are hoping that it is relevant to all of us, so for example if you have an individual query just about your share holdings this is probably not the right time or place to sort that out, come and see us of the committee and especially through our Secretary and we can sort out those individual matters but today is really about those things that affect us all as Shareholders of the Topu.

The last thing we would like to offer today is that after lunch to go to the Block that we are leasing at Makarau which we are using as an overflow grazing block, milk feeding operation



for calves please come with use today and we can show you this property that is now being used as runoff for the main block and for rearing some of our calves.

Are there any items that anyone would like to add to the Agenda

1. RESOLUTION: That the Minutes of 7 December 2013 are received and confirmed as a true and accurate record.

Moved: Rawson Wright Seconded: Te Kahui-iti Morehu CARRIED

Minutes of 2013 AGM are duly passed.

Matters Arising:

Pamera Warner – Reference Pg 54 Ngati Rango is the Hapu where you are going to lease the farm, it is right next to Pareparea – do not confuse it with Ngati Whatua. I heke mai te whenua no nga uri of Ngati Rango, Nga uri o Maki. Ngati Whatua is not Ngati Rango so we do not have the confusion of entities of the tribe. In the records you find Kaipara mate Komene spoke to the land, our grandmother, Paraniamauriri te pito o kemara. The other point with consultation with land in that area, I would like you to go to the Trustees of the Marae. I had approached them to include the Kakanui Marae land 4 acres, Pareparea 89 acres and the Kakanui School approximately 5 acres under the one Trusteeship. I am working on that at present, and it is very difficult. There were families that were there are in the past who are no longer there; they are the Reweti/Makoare/Ruarangi whanau and a few others.

Secondly, what is going on with the Registration of the Shareholders on the Otakanini Tōpū?

Whaea Gloria Timoti: Sometimes out there we have Ngati Rongo, and Ngati Rango. No way can Rango mix in with Ngati Whatua Tuuturi. That is what these people call themselves, Ngati Whatua Tuuturu. We are not out there, we are separate.

Malcolm: That Share Register will be reported in my Chairs Report.

Page 2 Chairman's Report

This committee want to recognise the years that Hemi has put in as the Chair and the work that he did for the Topu so that some of the initiatives that we will discuss today are from that year are ones that he had a big hand in driving and for some years to come the fruits of some of those initiatives will be reflected in the Report that you see here, but also he is staying on as an active member of the committee so he will have a hand in driving those forward. To note, you have had a stable committee for some years now, last time we had elections there were no new people putting up their hands so the members stayed on, understand the farm operations, know our staff have been involved in all the decisions that are made, we have a good knowledgeable committee with respect to Otakanini, but



Ōtakanini Tōpū Incorporation AGM Minutes 2014 continued

new blood is always important too, in next year and years to come after that there will be places on the Committee coming up for Election so think about who you would like to see representing you on this Committee of Management.

The key things you will see from the financial report is that we spent money in that 2013-2014 year, that was a year of spending money rather than overall making money. So in accounting speaks we made a paper loss for that year which was not an accident, which was not a surprise but a deliberate strategy by us and it is consistent in what we have done over recent years. We have spent \$100,000 in recent year on upgrading the infrastructure of the Otakanini Topu, getting really good water supply, good fencing, changing the sizes and the location of the paddocks to get really good maximization of stock management and most recently in this year we have taken on the lease of this new Block at Makarau and invested money into developing that Block so it can be used for over-flow grazing and also as a calf rearing operation. So we have spent money in the belief that we are investing in and it will make us money in the years to come, and that has been on the advice of our Farm expert Ray but it has also been tested by a business case analysis from outside experts. So we have developed business cases, done the number crunching and we believe the investment we have made with your money is prudent and you will see in years to come that reflected in the profits that the Topu make.

Ray and Lisa will talk in more detail the rationale in taking it on and what we have done with that Block, after lunch if you would like to come out and see with your own eye and feel with your own feet that Block at Makarau.

We will continue to look at land Blocks that come up in Kaipara, especially those that are near and accessible to the Topu and on a case by case basis depending on what the Topu needs and if we can see an advantage to our farming operations from taking on even the purchase or the lease of another block and if a business case analysis if the numbers stack up we will consider buying other land or leasing other land. It means at the end of the day, the profits back to you as Shareholders will be increased. There is no other piece at the moment, which we are actively looking at however.

Mei will speak about the Community Grants that were offered again this year, an expression of the Topu commitment to not just our shareholders community but also to the wider community that the whenua is located within. She will also talk about how we are continuing to enhance our efforts to be a sustainable farming and forestry operations and care for our whenua tuku iho.

Ray can speak in more detail about the increasing relationships we are establishing with Tertiary Education Providers like Taratahi, for their benefit having access to a well-run, reputable farming operation and to our benefit having access to enthusiastic, more skilled than just off the street labour that we can put to good work on the infrastructure and operations on our farm.



Maori Land Court picked up that we had some issues with our Reporting back to them around things ie AGM Minutes. We have had a meeting with the Maori Land Court and changed the way we are doing things to ensure that we are compliant with the Maori Land Courts expectations and they have confirmed they are now happy with how the Topu is reporting as it must under Te Ture Whenua Act to the Maori Land Court.

The other on-going concern big piece of work is the Share Register which has been going on for years. The history of that is that it became very obvious that the Share Register we had in 2008 is the last one we had that we had any confidence in referring to was still quite inaccurate, for example I am on there but on the Maori Land Court records I have not formally succeeded to my mums shares, I am a living example of how our most current share register is out of date and has poor documentation associated with it.

So we embarked on this effort to get a really up-to-date Share Register; we started off with a man called Richard Waewae and his wife who did some initial work for us and they especially went through all the Maori Land Court records they could access looking for evidence starting with the original Shareholders back in 1959 and working their way forward, checking all the successions and Transfers they could find. They got to a certain point; we then employed Christine Winikerei who carried that work on and she got us to another point. Over the last year we have been meeting with the MLC talking about how updating that Share Register is going, how we have been processing in getting the documentation to have confidence that the Share Register is as accurate and up-to-date as it can be. The last meeting we had with the MLC was last month, they are very supportive of our efforts, they are helping us, and they are putting some requirements on us to ensure that we are doing it correctly according to their needs as well. The point we are at now is that we think that we have all the information that we are really going to get; we have worked with the MLC to get all of their records, some of their records were missing they had a fire in the 1960's in Whangarei that destroyed some of their records for example. So there are holes in their documentation. We know that for over 50 years the Topu has been in existence that records were not impeccable kept every step of the way so the Topu itself does not have complete records of all its Share Transfers and successions. We have panui out as recently as this year through mail notices, and email and Committee have stood at recent AGM asking you for any information. Whanau do you have anything sitting in your boxes in the Garage, under Granny's bed, in the attic do you have evidence of Transfers or Successions Orders that would help us to update the Share Register and make sure it is accurate. Especially any of those of you who say to us, 'I don't understand and/or 'why I don't appear on the Share Register' or 'I appear but my Share numbers are wrong', or I have not received a dividend in 20 years. If you have anything that could assist us to update our Share Register, now is the time to get it to our Secretary Pearl. We are working with the Maori Land Court and we are committed to up-dating the Share Register so by next year it is as good as it will ever be. Once we get it to that point the onus is going to be back on us – Like me, there has been an error that I found, I did not succeed to my mother's Shares, I am having to go and take mum's Will and whatever other documentation I may have, to the MLC and



Ōtakanini Tōpū Incorporation AGM Minutes 2014 *continued*

inform them that I believe I should have succeeded to mum's Shares, here is my evidence. That will be the path that all of you will have to go through, unless we have documentation ourselves right in front of us that we can verify then we can do Transfers post 1994 – if there is a succession, it has to go through the MLC. So that will be the path that is open to me and open to all of you. That is where we are at; so if you have any information, not necessarily about your but any documentation that casts light about; you, brothers. Sister or cousins as a whole it's in all of our interests to get the share register to as accurate as we can.

Gloria Timoti: Malcolm, I had Shares in the 13 acre Block and that disappeared without me even knowing, who was the Secretary before that land came back to us, the land on the Peninsula, I had shares on the 13 acre Block.

Shareholder: Some swapped shares in the Topu for this and they did not know it.

Malcolm: So many people have a story just like yours Aunt. The trick is getting the documentation, because without the documentation the Topu is unable to file information, and the Maori Land Court will not sought anything we file, if we do not get any documentation that answers any of these questions then the onus is for whanau to go to the Maori Land Court and pursue it that way and that is why it is so important for us to get the Register and the story as clear and as accurate as we can because after that it is up to all of us who have a story a taake who have araruru to go to the Maori Land Court and you know the first thing they will ask you is do you have any evidence/documentation to support what you are saying.

Pamera Warner: Isn't it the responsibility with the MLC, when that is the first point of contact for any of us where we succeed to the Shares. Why are we being told to look in our sheds, old bags etc., when the responsibility is the Maori Land Court and should we be dealing with that? I do know that we did look at some of the records of Tauhia Hill whenua some years ago and there was a page missing, we made inquiries about this and we did not get very satisfactory answers, we wrote to the Minister about it and he said he would refer it back to the Maori Land Court. I don't think the total responsibility sits with you at this stage when they should be tidying up at that end. Shouldn't that be the places, and even if the Otakanini Topu is engaging a consultant or even a lawyer, perhaps there is nothing much you can do if the records are not available? While we are walking around in a maze the MLC is failing to meet one of its basic jobs.

Malcolm: That is the point we are really getting to, we have had hearings with the MLC where they have asked what are the processes we are putting in place to update the Register, they have been collaborative and trying to help us they have not been oppositional but at the end of the day the legal decision maker about for example successions, is the MLC so all I am suggesting it is in our interest as Shareholders and using myself as an example, if I turn up to the MLC with no documentation, and they say, well that's interesting Malcolm, but your cousin said your mum gave her the Shares. So that would mean there could be a hearing and me against my cousin, whereas if I have mums will and I show that



to the MLC, my right to succeed is looking very good. That is the point that I am making to all of us, is the end of the pathway leads to the MLC and if you have got documentation it is in your favour.

We know that our record keeping over the 50 years has been poor, we cannot lay the blame totally with the MLC; the record keeping of the Otakanini Topu record keeping since 1959 has been patchy and inaccurate at times. The MLC won't accept that responsibility that it owes us something; they are expecting us to tidy this up as the best as we can. We cannot make them do it for us they won't accept that responsibility.

Tuata Cruickshank: I appreciate the way you have explained things, I am just raising that those ones who work in the Maori Affairs have great power, you have some young one with all of these papers, and so forth, and it is very arduous, very hard and if you think about it you are totally dependent on the MLC also for these records and the people who have worked in the MLC before have also great power, what they do is how they can do things, I just wanted to raise that because it is very important; it is very clear what you have said, if you have succession to these Shares to go to the MLC it is really not the issue of this committee here, and every year Shareholders are pouring onto the committee when the answer is to really go to the MLC so they can give you information and confirm if you are, I think it is very good the way you are say it, you cannot be throwing bullets at a mountain and all these others because it is true as you say Pam it is with the MLC, the process is out there.

Malcolm: Before I conclude my Chairman's report we know it is a really important item about the Share Register so we have tried to give a clearer as up-date and help you to understand what will be happening over the next year are there any other questions about the Share Register and what we are doing about it?

As, there are no further questions in conclusion to my Chairs Report, as recorded in my Chair Report to say that the Committee continues to have great confidence in our staff, we have wonderful staff on the Farm led by Ray with Witai and Connie there supporting Ray; and Claude Fill moved on in the last year and Tereata Tapurau has come on as a young man very keen on learning the farming trade and we have been very lucky with our young people because Claude and Tereata have been guys that our staff see lots of potential in and they are whanau of ours, so there it is growing our own potential and our skill base into the future.

Chair Report

Chairs Report concluded, Ray invited to present his Farm Report.

Farm Report present by Farm Manger Ray Monk

Every year produces different challenges, one of the challenges we always get every year is the dry weather. Most of our Farm practices are designed around our dry conditions; stock



Ōtakanini Tōpū Incorporation AGM Minutes 2014 *continued*

movement, finishing etc all revolve around that dry summer period. In the background we had a lot happening with the acquisition of the lease block in Maakarau.

When we originally did the independent Reports on it as a stand-alone enterprise as a runoff for the Otakanini Topu, it worked as a break even enterprise with the inclusion of the calf rearing, that just increased its value to us, not just financially but because of the run-off effect we can have when we get dry at Otakanini we don't have to look at the Market to destock and sell we simply shift stock over to Maakarau.

On the back of Fonterra's decreasing pay-out which is good for us, as our sheep and beef prices have raised so the returns we have budgeted on are going to be better than what we had thought. I don't know how long this is going to last, at the moment we work on schedules where we have the required grass to get them, our cattle, up to the required weight. We work on schedules if the price is right then we sell them and if not we hold and we can only do that with the pasture management and the infrastructure we have on the Farm. All the returns are still the same; I don't believe they are going to get any better. They still pay the costs like 1/3rd of our wool cheque, pays the Shearers. The development programme was huge this year, a lot of money was spent on it, bearing in mind we have taken a couple of years to get to this point, build up a surplus produced from the Farm and use that to offset the costs when they show a loss to the Share. You will see the improvement in the stock weight over the next 5 years; we have put in nearly 30 kilometres of new fencing, 7 kilometres of water piping, still not there yet but what we have done makes the grazing management a lot easier. The Taratahi student have worked out really well, especially at Maakarau, we have two students over there working now, they have performed that well we have taken them on as casual labour T Hemana and B Mohi, I am confident now that they can milk the cows, feed the calves - they do not need any supervision from me. In general our staff has finished their respective Agri ITO courses, we have gone as far as we can with Agri ITO- Now their skill base is better that ITO can offer them, now it is technical side to build on. We still do a lot of the water works ourselves; Witai has control of that. I have stepped back from the development, or hand-on on Otakanini to allow staff to take control of infrastructure; water, fencing, cropping programmes. Connie runs the livestock part of it; finishing, weighting, monitoring with help from Teddy and I will check in between. The Draft issues have pretty much worked as brought up to the coppering programme that we have got. Last years I mentioned how we had been monitoring the pastures; and from the amount of stock we run in winter we do not grow enough grass and the grass we do grow is of poor quality. So now we know that is to put back into cropping to get the returns back for the stock that we have. The stock policy has changed a bit, mainly because of the infrastructure. With the sub-division we have been involved in that means we can now start specializing in finishing stock as the poor infrastructure never let us do that, we had to find the right stock for the programmes we either run on now the improved fences, the water we have cut back on the cow numbers and increased on the finishing numbers the main reason because the efficiency of cows is probably the poorest of all the animals. Because we did to have the infrastructure they were the best at the time, we have



made more money from finishing cattle than breeding stock. I think the future direction is still the same, we are still progressing the Farm development.

Gloria Timoti: Haahi Walker and Galla and I are Trustees of Pareparea, it is a very tapu-tapu area, it has nothing to do with the Otakanini Topu.

Rawson Wright: Question in regards to Health & Safety, we know in regards to farming that there is going to be a lot of pressure; OSH is coming around and checking farms. I just want to know what sort of strategies you have in place going forward.

Ray Monk: Health and Safety is a huge area, I have been through the literature and it kept changing all the time so it was better to get in HAZCO who do initial training with all the staff; informing of what we can and cannot do and what we will be fined for if we do. We get updated every couple of months HAZCO, we have monthly health and safety meetings. Anything that needs maintenance is done straight away, especially quads, machinery, yards. I think that we have been proactive and reactive in regards to Health and Safety issues. We have five houses, of which four are occupied by staff at present with the four being occupied by a staff member in the near future.

Ray Monk: With the Makarau Block the iron content of water is huge, they did have a filter system in there for the dairy system but that broke down, previous owners did not fix it. The water is drinkable for stock. The house and smoke room run off the roof.

Anna Pairama: Did you purchase in calf cows. How is the milking going?

Ray Monk: Yes, they were supposed to be, out of 60 purchased; 50 were in calf. We will be weaning in another 2 weeks, so we will not need any more bull for calves because we have them all.

Anna Pairama: Is that going to be more viable for you to buy in calf cows than have your own cows in calves as opposed to buying new wieners in?

Ray Monk: The Makarau Unit was originally looked at as a release for the home farm, we are already stocked up over there, and we have been right through from the start, at the end of the day we get paid on per kilo of product that is meant for at the gate, to do that you need to have to keep your pastures even and not racked then all the money you were putting into first is actually going into the beef and not getting wasted. We really pushed the numbers on our stock numbers, with the drought it makes it really hard. Apart from the silage, we do not have any other relief. We do not want to sell in the drought market, which is Northland wide, everyone is selling, once everyone starts destocking the price goes down and the rain comes everyone has to buy back in again we do not want to be caught in that Market.

Anna Pairama: I think the concept is great, but do you find the fact that it's a few kilometres away in reach?



Ōtakanini Tōpū Incorporation AGM Minutes 2014 continued

Ray Monk: Yes, it is 20 minutes to get there, one of the underlying factors is as a calf unit it is profitable, as a run off for us, we cannot do without it. If we calculated the amount of stock we take across because of the dry spell from Otakanini Topu, the amount of feed that we would have to buy in over here as a result of the dry come out at about \$36,000.00 for a three month period, so these are all intangibles that you do not see over there. It is still in the development stages and it still needs a lot of work. The infrastructure is not right, and we are trying to get the water and the fencing to a manageable state but not spend any money on it to release it. With the use of Taratahi, they have done an incredible job over there just with calf rearing itself. We supply all of the materials they have the Tutors, they put the pens up they do the fencing. They undertake operational training. From February to June we reared 250 wieners, of which 200 of would come over to the home Farm, we purchase in every year in January. The only reason we have to purchase in January is the wieners come up for sale with the drought otherwise we cannot buy them at all; it is just a small market. So these calves that were reared in February half of them came over to the home farm because we thought we had enough grass over there, the rest were to follow. But we didn't because obviously we didn't have enough grass to feed them so these are the options that we have. So the other 100 are still over at Maakarau and they are grazing over there. When there is sufficient grass over here, obviously bring them over. We are getting away from the market of buying and selling on the market, so we dictate rather than the other way around.

Rawson Wright: Ray, I noticed the biggest expenditure on the Farm is working expenses, I know it is financial, but you probably will be able to answer it better than anyone else could. Is fertilizer is \$180,000 as opposed to 176,000 so I assume there is a rationale of what you are trying to achieve with our future investment.

Ray Monk: Our fertilizer programme has pretty much stayed the same; the timing of the financial year has put those figures out.

Tuaata Cruikshank: Who do you use as farming advisory, local?

Ray Monk: We have a Farm Business Team we get in 3-4 times a year, made up of; Accountant, Agrimonies (grain person), Fertilizer Agent, Chairman. I have spent a lot of time with consultants.

Forestry this year was put into 2 stages, mainly because of the height of the trees, needing to be trimmed; 1 option was tinder waste, which required cutting and leaving on the ground, and the other which has a cost to it which was estimated at \$250,000.

Second option was production thinning, and the trees were at a growth rate which made it viable for production thinning, Topuni Timber Limited won the contract, stage one has just been completed - instead of incurring cost we are getting an income back. It does get monitored regularly. If we don't do anything with the forestry and leave it, when it matures and it is time to be harvested it could be worth \$4/5 million by doing what we are doing now by thinning it out, in 15 years' time it would be worth \$10/12 million.



Mamao Edwards: Raised Tangihanga access to meat off the Farm, moved to General Business.

Rawson Wright: You mentioned the Trees are being thinned and pruned, which Port are they going to? Why I ask that question, I am Chairman of a forestry company that has 5000 hectares and the distance from the Port changes what the economic price and return are and a lot of our forests North of, say Ngati Hine are not viable to actually have them thinned and pruned, so that is why I am asking the question. I can help you, by having a look at your analysis and then be able to add some value if that is possible.

Ray Monk: It is profitable for us; we are not going it as a break-even. The guy that has the contract has purchased the logs; it is a win-win agreement. The job at the end of their thinning gets audited.

Rawson Wright: What I am suggesting is that the investment you put in now, carries an interest cost that needs to be factored to the end as well, and sometimes that will change.

Malcolm: I understand what you are saying, that a dollar today is difference to a dollar in 2020/2030; we did do a business case analysis of whether it was worth-while for doing this production thinning or not and we believed we had taken everything and all factor into account. You raised a good point, of which there are two things to note; one is distance to Port, if we are not having to transport them, but if someone else is purchasing them and we know the purchase price then we don't need to worry about that bit but whether or not we have done some of that NPV (Net Present Value) is \$10 in 2020 the same as today, I would like to think that we are smart enough to do that, but why don't we commit to double checking that and make sure we factor that into our analysis.

Eru Hawke: I know the economic value for the Shareholders has its weight but here are also environmental, Cultural, health and well-being values there as well which should have equal weighting with economic weighting of values for Shareholders. I know that past practises of farming and cultural degradation of our rivers, environment I am just wondering are there any initiative for environmentally sustainable practices in the set-up of what you are doing at Makarau and Otakanini Topu.

Malcolm: There is actually a section on that which Mei is going to talk to.

Te Kahuiti-Morehu: About the water, there was an awangawanga of the use of water by a neighbour, did that get sorted? So is there any money coming back from that neighbour who has used the water for years and years without paying. You say it is very expensive to fix the machine that filters that water; I don't see any sense in us leasing a property when you cannot access your own water when someone else has been illicitly using it for years knowing that this did not belong to him.

The other awangawanga is in regards to Whaea Gloria that the boundaries be properly surveyed because we do know that Pareparea on the side of the property. Who owns the Makarau Property?



Ōtakanini Tōpū Incorporation AGM Minutes 2014 *continued*

Malcolm: We have a legal Lease Agreement; the name of the owner of the leased property at Makarau is Brother HOO. The neighbour who was tapping into the water on that Block, Ray has terminated his connection. It was said. committed to that we would survey the Block.

Sally-Ann Povey: I just wanted to agree with what Ray mentioned, many years ago, Frank Bowater and my sister use to own the Farm. Then they sold it and recently went back to have a look at it. They were shocked with the state of it and how it had gone backwards.

Malcolm: Can I ask those Shareholders who know that Block and have spoken about it today, that the piece that we own, that is on that Northern West side of the Makarau River, might contain Pareparea or on the South Western side of the river?

Gloria Timoti: Well, it could be because it has never been surveyed. It didn't need to be because everything was out there, it span both sides of the river.

Malcolm: If there are no further questions for Ray, just to acknowledge Ray and his wife Ellie who does a lot in the background and often does not get recognised. She certainly is part of the Team for our Farm.

Following Rays Report a presentation from Lisa on the Makarau Block showing us what we inherited and where we have taken it to. (Power-point presentation of before and now)

Lisa Reweti: In July management committee went to have a look at the Block. Shocked with condition of the Farm, Ray affirmed he could see past its present condition, he had a vision and we went with that. Last week we went out; shed can hold up to 200 calves when they are brand new and then they slowly go up into the paddock. As mentioned, Matua Waata Richards welcomed the Taratahi and North Tech Students prior to going up on the Land Block. The work the students have done with our staff is really remarkable. The machinery from the Topu has made a huge impact to what you see today. It would be much appreciated by the Committee and the Staff if Shareholders could make an effort to come to the Maakarau Farm visit this afternoon. To see the efforts that have been made and what our future holds for us, I am sure the profits will be very good for us in the future although we have spent some money there, we are heading in the right direction. We know that each year the weather is getting dryer and dryer and Ray is thinking ahead, aware that we need to find grass somewhere else, we are confident that we are growing a lot more grass over there and the rain likes it over there.

Rawson Wight: What is the length of the lease, because of the assets we are putting in there are able to strip those out when our lease ends?

Ray Monk: The Lease is for 10 years, and everything we put in there, we can unbolt it and take it home.

Environmental Initiatives: Presented by Mei Hill



Acknowledge recent loss of Whaea Eileen and mihi to Hemi for contribution over 4 Terms and what he has been able to lead in that time.

As part of sustainable management plan which Malcolm articulated a few years ago, and the Topu ran with a couple of initiative last year. One was the Tree Planting session which we had midway through this year with volunteers, St Peters College from New Market, plus the rotary club. It is part of stopping erosion and protecting part of the Topu we need to protect.

Ref Page 9: The Topu is committed to not putting paru back into our waterways, and also the Kaipara of which we are a part of the Kaipara Management Plan.

Acknowledge Pricilla and Ellie for their support in providing kai after he kaupapa.

Ref Page 10: Following on from last year the Topu had a trial period of approximately 14 Beehives on the Topu for the first time and they yielded approximately 400 Kgs of honey, of which we have for kai hakari. The key reason the Hives were there was to support the pollination of clover to feed our stock and also provide kai for the Bees. All going well, we will be able to do that again this year and for the Maakarau Block.

Community Grant: Parakai School was the sole recipient this year which supported their Camp.

Financial Report: Presented by Malcolm

Usually we have Simon Whither and Co are our Accountants, they are also a separate unit in their Business which has also audited our Accounts to which we did raise as a question this year whether that was appropriate of having the same firm do both your accounts and audit them so we sought some third party advise from other accountant specialists and we also spoke to Whither & Co themselves. There is nothing inappropriate or illegal about doing that, both companies need to declare their separation between their accounting functions and their auditing functions so we are recommending that Whithers and Co be our Accountants and Auditors for 2014/2015 Financial Year.

There is a time in a couple of years where we will need to find another accounting Firm as they are starting to get out of that game.

From Page 13 all the Reports are there, the key message as that we spent \$700,000 on infrastructure which we have a loss on paper this year, but it was intended, it was planned and part of the strategy and we have done that in the firm belief that investment will get us greater profits in the future years to come.

Simon cannot be here to speak to the financial but he has written a Report. Malcolm reads the Report out.



Ōtakanini Tōpū Incorporation AGM Minutes 2014 *continued*

Rawson Wright: I am happy to move the Financials although I have a question about how you are, especially the two entities, when you move stock across to Makarau are you charging to the Topu, is it done on a per week basis or a per kilo of grass basis, because all you are doing is taking value and bringing it back here, you are not actually seeing the entity as one, certainly you are identifying and have the assets and the expenditure is there but you actually do not show the revenues.

Ray Monk: One of the consultants said, we should set this up over a period of time, we did not want to do that because we still had to spend same amount of money on infrastructure. We have done a lot of development and we are getting to that, there stand-alone entities, at a cost, have only been in this for eight months, they will be separate of expenditure and revenue.

Malcolm Paterson: As we have gone through this we have worked with our Accountancy Team, the ideal for us is to have accounts that accurately reflect what's happening in the; Forestry, Maakarau, Otakanini Topu and what our off Farm expenses as Committee are. So that is what this system we have charged our accounting person to help us get that right. I don't think we are a 100% there, just last month at our Committee meeting what we did was actually got figures from Ray clearly splitting up what the value of that grass was for example, and the feed they are having at Makarau as compared to the home farm. What you are asking is where we are getting to.

Rawson Wright: I am happy to recognise that you do actually have a strategy.

Brenda Christiansen: In reference to the figures given, at last month's meeting, the Topu saving was so far in \$38,000 in feed that we would have had to buy in because there was not enough grass, and that is what we are offsetting against the Lease of the Farm. So far there is a cost savings of \$38,000 to the Topu.

Malcolm: Inquiry was in regarding to an account process which we are trying to get to the same point you are advocating for.

2. RESOLUTION: That the audited financial accounts for 2013 – 2014 be confirmed as received and accepted.

Moved: Rawson Wright **Seconded:** Sally-Ann Povey CARRIED

Chair asks for a show of hands and if there are any further questions arising from the Financial Reports.

Ref page 36 The Audit Report – we have a qualified opinion; he did noted that there are inconsistencies not in relation to the financial dollar figures, but around the Share Register, that we do not have a verified Share Register at this point in time which we have spoken about to you today. What we do have is a Share Register dating back to 2008, we know there are errors with it, we know that it is not entirely accurate document and we are working



to get that fixed, until the point in time it is fixed the Auditor knows that we do not have a 100 % Share Register so his opinion of our financial is going to be qualified rather than unqualified. I trust that when we meet in a years' time we will have a qualified.

3. RESOLUTION: To adopt the Auditors Report.

Moved: Hapai Reweti **Seconded:** Aroha Christiansen CARRIED

4. RESOLUTION: That Whithers and Co Ltd is appointed as Auditor for 2014 – 2015 Financial Year.

Moved: Malcolm Paterson **Seconded:** Te Kahui-iti Morehu CARRIED

Chairman invites Glenn Wilcox to present the resolution for the dividend for 2014.

Under the Ture Whenua Act we cannot make a dividend when we make a loss, however the money that we hold in the bank are actually from accumulated profit so therefore we can issue a dividend. So in light of that view the Committee would like to recommend that this year that a dividend be drawn from accrued profits and reserves of \$1 per share.

5. RESOLUTION: That a dividend be drawn from accrued profits and reserves of \$1 per share gross.

Moved: Waratah Hill **Seconded:** Aroha Christiansen CARRIED

Malcolm Paterson: This reflects our confidence that although we have suffered a paper loss but we are in a strong financial position of reserves as informed by our Auditor.

Reminder to you all, anyone who would like to, please come to the Makarau Block today to see that Farm and to give us a chance to have further korero on the ground, seeing that land itself and if there are further issues we want to raise like needing to survey any part of the Block.

General Business:

Malcolm informs the Shareholders;

1. Tender/Contract Process –

This is not yet a formal policy that you can see on the Website, which has had its issues, but we are determined that it is kept more up to date and that we drive it more so that you can find useful information on it for example we did get the proxy form and the Annual Financial Report up on the Website.

Although this is not yet a policy we are committed to whenever there is a Tender or a Contract required on the Topu for work needing to be done of less than \$10,000 we are asking Ray to organise in the most efficient and most cost effective way. Whenever there



Ōtakanini Tōpū Incorporation AGM Minutes 2014 continued

is a Tender required for work on the 'Topu needing to be done of more than \$10,000 he will advertise that at least on our website so people can keep Tabs on our website that are coming up for work. Whanau are always welcome to put them self forward for that work whatever those Contracts may be ie Silage, shearing.

Your Application to do that work would be considered alongside with others we may receive from third parties. If all else is equal a Shareholder would be preferred, but a Shareholder would not be preferred just because they are a Shareholder. Ray would need to be convinced that, that are capable of completing the work to the high standard that we are demanding. They need to be competitive on price, and only if those things were in place would a Shareholder have an advantage, if they we less able, more expensive then we are not go to them.

That will be available to see on our website as a Policy early next year, so please feel encouraged applying for any tenders/contracts required on the Topu.

1. RESOLUTION: That a dividend be drawn from accrued profits and reserves of \$1 per share gross.

Moved: Waratah Hill **Seconded:** Aroha Christiansen **CARRIED**

2. Tangihanga Policy -

Glenn Wilcox: Beginning of this year became difficulties of identifying not only Shareholders but also the Kaupapa concerning the Marae here, and Tangi that we were incurring. On top of that we had incidents, where whanau had indicated who indicated they wanted sheep but had not come and collected them. Other times the sheep have just been drenched so you cannot eat the meat. On other occasion the sheep have been right at the back blocks which have posed issues, so there was a whole kaupapa going on in regards to the sheep. The committee of management at that stage early in the year informed that they would give \$200 to deceased Shareholder for their Tangi.

We realize that some whanau would prefer meat. For whanau that were close they could pick up \$200 worth of meat at the Butcher in Helensville on the Account of the Otakanini Topu. After that, we had a number of Tangi in Haranui, because of our association with this Marae, as Aunty Gloria said, this is the Marae for Otakanini Topu, the Committee agreed that any Tangi happening on Haranui Marae will qualify for \$100 worth of meat at the Butchers in Helensville on the Account of the Otakanini Topu Shareholder or not. If you brought your Tangi or kawē mate back to Haranui, you would be eligible to receive \$100 worth of meat.

We have informed the Marae Trustees that is available to any Tangi or Kawē mate that occurs on Haranui Marae.



- 2. RESOLUTION: That an amount of \$200 (either in money or meat) to go for deceased Shareholder Tangihanga, and \$100 towards Tangihanga or Kawe mate of non-shareholders whanau held on Haranui Marae.**

Moved: Mamao Waata-Edwards **Seconded:** Glendith Samson CARRIED

Chair calls for any other items of General Business relevant to the 2013-2014 Financial year that will be of general interest to all rather than a very general personal taake that can be brought to the committee in another forum now is an opportunity for general business.

No further general business received.

Karakia Whakamutunga: Glenn Wilcox 11.30 am



Ōtakanini Tōpū Incorporation
PO Box 183, Helensville 0840, New Zealand
Email: admin@otakaninitopu.co.nz

www.otakaninitopu.co.nz