

2018 ANNUAL REPORT

TAUHARA MOANA TRUST





He Maimai Aroha

Pūpuke ngā ngaru ki tai

Tokia atu e te waka wairua

Kia tae pai ki te mata o Hawaiki-Tawhiti

Ki te Hononga-Wairua

*Kei te mau mahararoa te hunga mōrehu mo ngā mahi i
whakaoti i a Toby (Topia) Rameka.*

*Mai i te timatatanga o ngā mahi i runga i te whenua, te
mahi pāmu, te mahi ahi tāmou, i tū kaha, i tū hūmārie ia,
hei rangatira mo te whenua, mo ngā whānau kātoa.*

*No reira haere ē koro, kua marino te moana ki mua i a koe.
Haere, kia tere pai to waka ki te wāhi okioki.*

Moe mai e koro, moe mai.

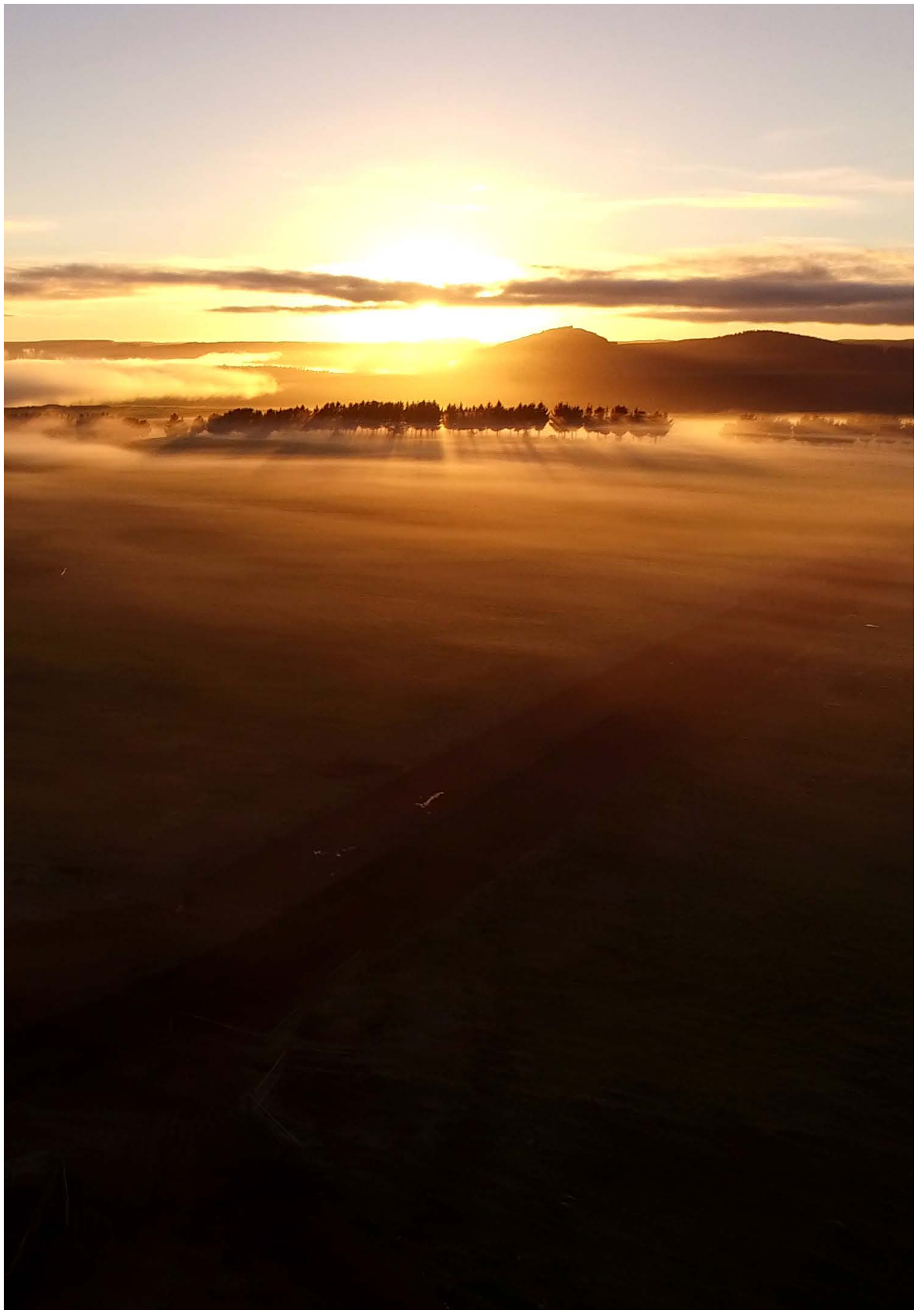






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2017 AGM MINUTES

WEDNESDAY 31ST MAY 2017,
SUNCOURT HOTEL & CONFERENCE CENTRE,
14 NORTHCROFT STREET, TAUPO

Present:

Trustees - Topia Rameka (Chairman), Topia Rameka Snr, Metiria Rameka, Danny Loughlin

Advisory Trustees - Skay Rangī, Heemi Biddle

Farm Advisors - Mark Johnston (Farm Supervisor), Clinton Hemana (Director - TFLP)

He Akina - Kathryn Moffat (Minute Taker), Rokamaye Hemara, Miria Stephens (Registrations)

In Attendance:

Please refer to Attendance Register.

Meeting Opened: 6.33pm

Karakia: Topia Rameka

1.0 MEETING ADMINISTRATION

- Topia Rameka introduced the trustees, farm staff and He Akina staff to the Tauhara Moana Trust owners and gave an overview of the meeting.
- Topia Rameka also acknowledged Hinemoa Henderson for her contribution and service to the trust.

1.2 Apologies

As per the Apologies Register.

RESOLUTION

That the apologies be accepted.

Moved: Matiu Heperi Northcroft
Second: Hinemoa Henderson
CARRIED UNANIMOUSLY

2.0 PREVIOUS AGM MINUTES

- Previous minutes were received and read as per the AGM booklet.
- No matters arising from previous AGM minutes.

RESOLUTION

That the minutes of the last AGM held on the 19th March 2016 be confirmed as a true and accurate record of that meeting.

Moved: Kata Rameka
Second: Hinemoa Henderson
CARRIED UNANIMOUSLY

3.0 CHAIRMAN'S REPORT

Topia Rameka presented the Chairman's Report as per AGM booklet.

- Key activities in the Chairman's Report:
 - \$86,484 paid in Kaumātua Grants.
 - Miraka A shares were sold and money from the sale went towards debt reduction.
 - Drilling for irrigation water ceased and losses were subsequently written off.
 - Conversion of the fire station into a house.
 - Acknowledgement for the hard work done by Clinton Hemana, Danny Loughlin (Directors of TFLP) and Mark Johnston. The Tauhara Moana Farm staff and He Akina were also acknowledged for their work and contribution to the overall success of the Trust.

RESOLUTION

That the Chairman's Report be received.

Moved: Topia Rameka

Second: Jody Tonga

CARRIED UNANIMOUSLY

4.0 OPERATIONS REPORT

Clinton Hemana and Mark Johnston presented the Operations Report to the Tauhara Moana Trust owners.

- Video presentation giving a visual overview of the two dairy farms.
- Clinton Hemana gave an overview of the structure of the Tauhara Farms Limited Partnership, highlighting the following:
 - Tauhara Moana whenua consists of 660 hectares split into two dairy units: 360 hectares – Tauhara dairy unit (601) & 300 hectares – Moana dairy unit (602). Lease 123 hectares from Tauhara North No.2. Lease 1000 hectare from Contact Energy to run all replacement stock.

- Emphasis on kaitiakitanga over the whenua. Invested \$500k to facilitate kaitiakitanga in redeveloping the infrastructure of the dairy units, this helps in minimising nitrogen leaching into the awa.
- Tauhara Farms Limited Partnership was set up to minimise the risks for the Trust and protect the whenua.
- The 3-5 year goal for Tauhara Farms Limited Partnership is to minimise nitrogen leaching, keep cost of milk production at \$4.50 and to increase milk production per hectare.
- Mark Johnston gave an overview of farm operations, noting the following key points:
 - Difficult couple of years for all dairy farms. As a result, it was decided to reduce costs in areas such as feed however this also reduced milk production.
 - Fonterra announced their milk prices for the 2016/2017 year at \$6.15kgMS.
 - The farm has produced 907kgMS per hectare, 342kgMS per cow for 2017.
 - With increased milk prices, the farms have seen a \$1million increase in revenue.
 - To minimise the fluctuation in milk prices, Tauhara Farms Limited Partnership have locked a portion of their production with Milk Futures. This enables the farms to lock in a guaranteed milk price that's above the cost of production.
- To diversify their business, the Trust has a commercial arrangement with Contact Energy. Two wells will be drilled on the whenua and the Trust will receive 50% value of the wells
- It was explained that Fonterra puts a portion of their production onto the global dairy trade platform (world auction for milk price). This enables Fonterra to forward sell their milk production and in turn gives the buyer control over supply and demand.
- Tauhara Moana farms supply to Miraka. Miraka have recently introduced a new

performance regime called Te Ara Miraka where the farms can gain an extra 20 cents on top of milk production by meeting certain criteria. Currently the Tauhara Moana farms are in the top five for all Miraka suppliers.

- Topia Rameka gave an overview of the Tauhara Moana Trust ownership and distribution as per AGM booklet.

RESOLUTION

That the Operation's Report be received.

Moved: Hinemoa Henderson
Second: Tom Northcroft
CARRIED UNANIMOUSLY

5.0 FINANCIAL REPORT

Danny Loughlin presented the financials to the owners as per AGM booklet.

- The Trust has transitioned to special purpose financial statements, to keep costs down and to minimise the detail needed.
- In the 2017 financial year, the Trust will make a small surplus in profit.
- The Trust has pre-sold 120kgMS at \$6.23 under Milk Futures. This guarantees a milk price of \$6.23.
- There was \$3.9million total revenue for 2016.
- \$3million of Miraka A shares were sold that went towards debt reduction.
- \$1.7million deficit net operating for the year.

RESOLUTION

That the Audited Financial Reports for year ending 31 May 2016 be received.

Moved: Iirangi Timu
Second: Ruhaina Isaacs
CARRIED UNANIMOUSLY

RESOLUTION

That Dixon & Co Chartered Accountants be appointed as auditor for the Tauhara Moana Trust.

Moved: Toby Rameka
Second: Marie Hartley
CARRIED UNANIMOUSLY

6.0 APPOINTMENT OF ASSOCIATE TRUSTEES AS FULL RESPONSIBLE TRUSTEES

- Over the last year, two Trustees have resigned which has left a vacancy for two more Full Responsible Trustees. With the support of the Tauhara Moana Trustees it is recommended that Heemi Biddle and Skay Rangi (Associate Trustees) be accepted as Full Responsible Trustees.
- The owners support this recommendation.

RESOLUTION

That the owners of Tauhara Moana Trust support the appointment of Heemi Biddle and Skay Rangi as full responsible trustees to Tauhara Moana Trust.

Moved: Matiu Northcroft
Second: Hinemoa Henderson
CARRIED UNANIMOUSLY

7.0 WHAKAMUTUNGA

Meeting closed: 7.50pm.

Karakia: Topia Rameka.





CHAIRMAN'S REPORT

Tēnā koutou katoa kua huihui mai nei i runga i te kaupapa o te ra. Ngā mate o tēnā o tēnā a o tatou marae, haere, haere, haere atu ra. Ki a tatou te hunga ora, mauriora ki a tatou katoa.

On behalf of my fellow trustees I welcome you all here today.

This General Meeting of Owners will be somewhat different than previous years as we will be reporting on both the 2016/17 and 2017/18 financial years. Later in the meeting we will seek your approval to continue in this manner by holding a General Meeting of Owners every two years, lowering both the administration and compliance costs of the Trust.

Key activities to highlight during this General Meeting of Owners include:

- Implementation of 5 Year Strategic Plan (plan to be reviewed)
- Payment of Kaumatua Grants
- Further investment in Health & Safety on the Farm
- Further Investment in the farm infrastructure
- Rollover of lease with Tauhara No 2 Trust
- Harvest of our forestry blocks, and conclusion of our joint venture with Rotokawa Forestry Limited.

FINANCIAL

In 2016 we reported a \$1.70 million deficit, primarily due to a milk price that was significantly less than our cost of production. However, in the last two seasons there has been a substantial turnaround in global milk prices, fetching in excess of \$6.00 per kilogram of milk solids. This along with healthy production results, have contributed to a group net profit of \$408K in 2017, and \$564K in 2018.

As a result of the strong financial performance, we have managed to grow our total asset base by \$3.7 million (since 2016), while reducing our debt levels by \$2.5 million (now are sitting at 42% of total assets).

While we are very pleased with this outcome, significantly reducing our debt levels continues to be one of the key objectives of the Trust.

As the financial performance of the Trust is highly reliant on the performance of our dairy operations, we have made the decision to utilise Milk Price Futures (MPF) as 'insurance' against another bad milk price, effectively fixing the price of a proportion of our years milk production.

A comprehensive update of our farming activity will be provided under our Farm Report.

GEOTHERMAL

In 2010, we entered into a geothermal access agreement with Contact Energy. The agreement outlined our support of the development of the Tauhara II Power Station - planned to be built on a neighboring block owned by Contact Energy.

Due to several factors, the commencement of project has been differed. However, as recognition of the spirit in which the agreement was entered, Contact Energy has agreed to provide the Trust with an escalating annual payment of \$100K, for every year that the project is differed.

We have utilised the deferral payments to fund our annual kaumatua grants, and in the last two years, the distributed grants totaled \$99K (2017) and \$102K (2018).

FORESTRY

The Trust has recently concluded our longstanding forestry agreement with Rotokawa Forestry Limited. The agreement provided for a 25% share in total stumpage of the harvesting of the small forestry blocks on the farm.

Harvesting of the blocks was completed in 2017, with the exception 14 hectares of juvenile trees. The Trust resolved to retain the full forestry right of the 14 hectares of juvenile trees in lieu of the 25% stumpage for the recently harvested areas.

In 2018 we replanted the harvested areas in Pinus Radiata. Going forward, we have committed to further planting activity designed to beautify the farm, reduce our carbon footprint, and to combat subsoil erosion in susceptible areas.

CONCLUSION

We appreciate the support of our Bankers, BNZ - without them we would not have been able to grow the business in the manner that we have.

I also wish to acknowledge the volume of, and hard work done by Clinton Hemana and Danny Loughlin as Directors of the Tauhara Farms Limited Partnership, as well as their Farm Supervisor, Mark Johnston.

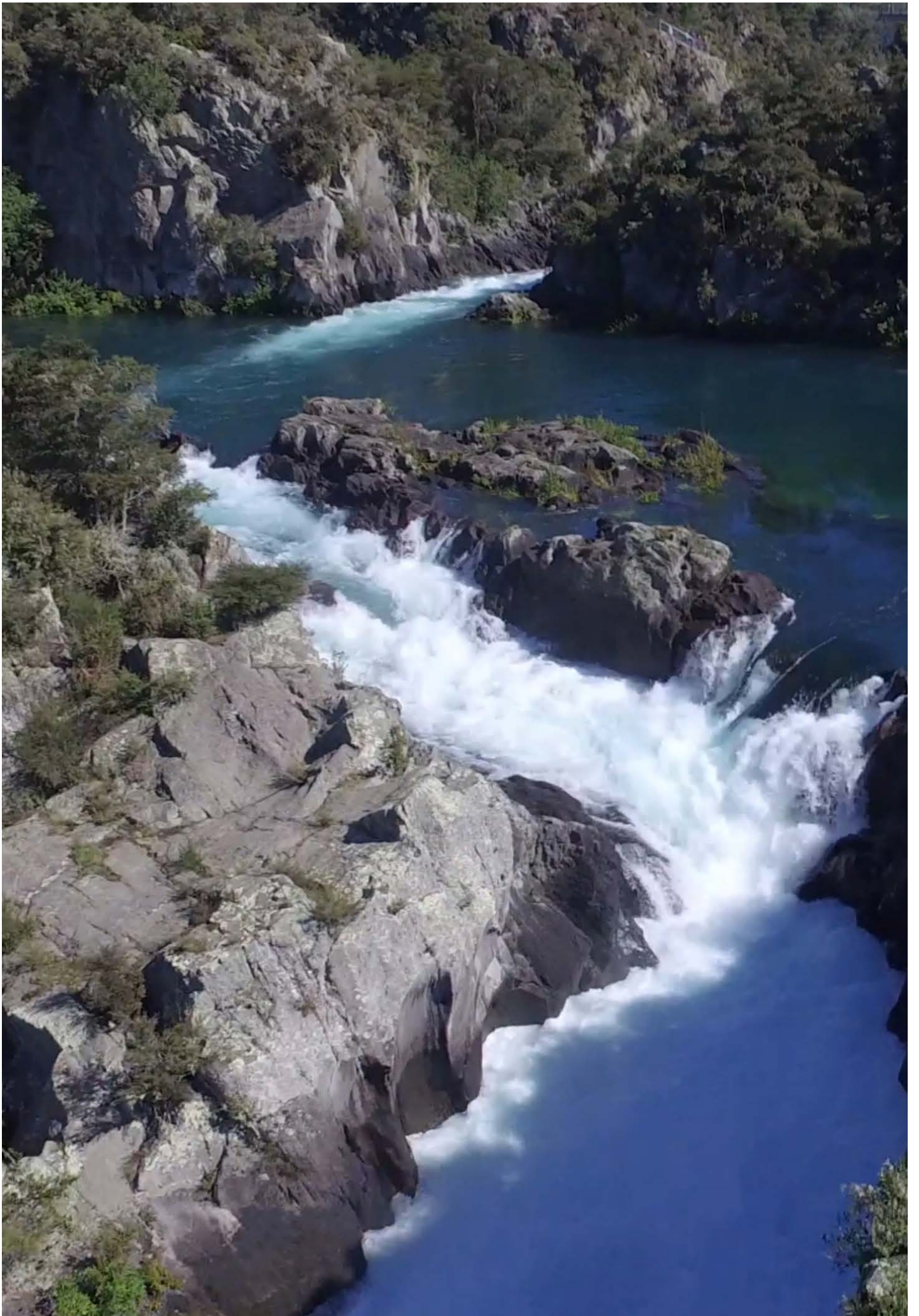
Finally, thank you to He Akina (administration) and all our farm staff, who are key contributors to our overall success.

While the previous two years have been a period of positive growth, we are mindful that the dairy industry has been extremely volatile over recent times. As an Ahu Whenua Trust we are in this for the long game, and we believe we are now better equipped to cash in on the ups and mitigate the downs of this business, and with your support we look forward to further success over the coming years.

Nāku noa nā,



Topia Rameka
Chairman







FARMING REPORT

2017-18

THE FARM BUSINESS

The farm business remains unchanged from our last hui. Tauhara Moana Trust (TMT) operates 1603 hectares of land.

Block	Area
Corpus Dairy Land	572
Tauhara No 2 Lease Land	123
Contact Lease - Dairy	72
Contact Lease - Drystock	684
Contact Lease - Lucerne	152
Total Area	1,603

As you are aware, the dairy unit was divided into two dairy units in 2013, when TMT invested in the new 60 bale rotary cowshed. The business is operated as three separate units:

Business Unit	Area
Tauhara 601 Dairy Unit	358
Moana 602 Dairy Unit	409
Maunga Drystock Unit	836
Total Area	1,603

2017-18 SEASON PERFORMANCE

Dairy Farms Performance

We have been fortunate for the past two seasons to have relatively wet summers. This has been a welcome change on the farming front, compared to the predominantly dry summers over the previous decade.

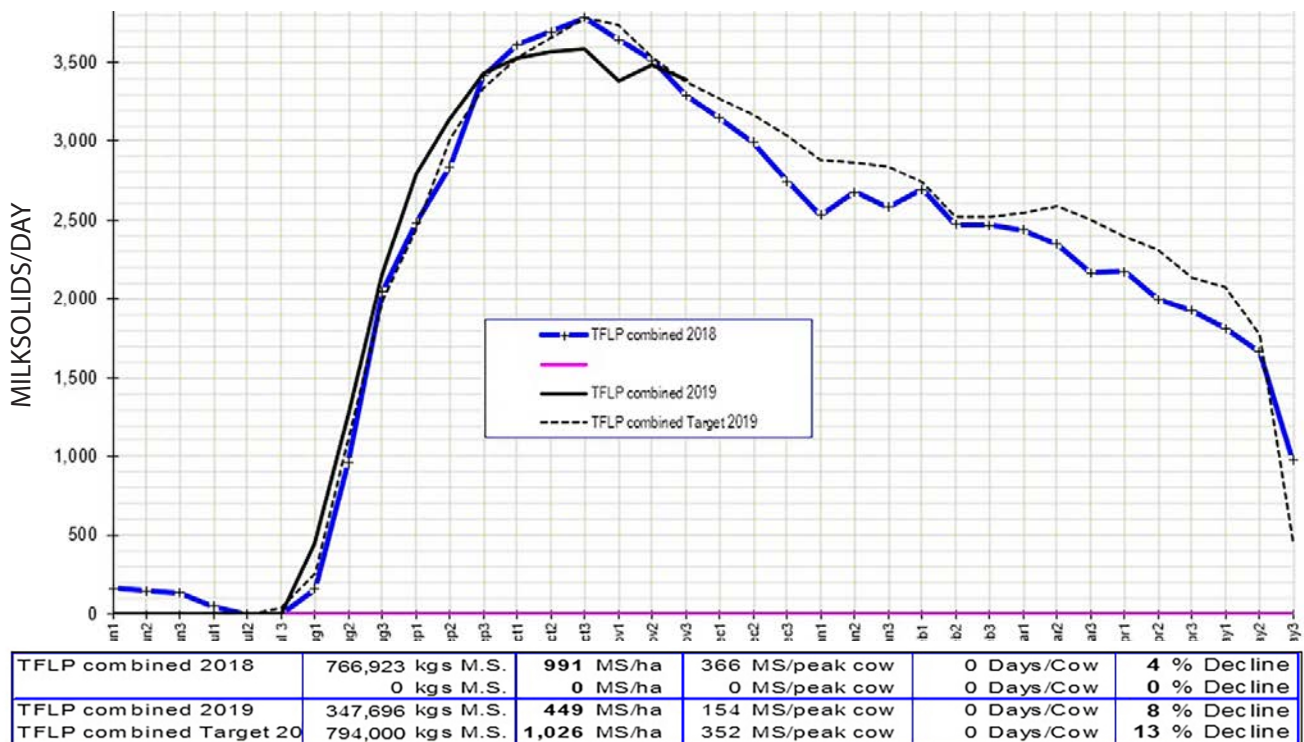
Another welcome change has been the milk price recovery, although at the time of writing the international price for dairy products is declining, and will struggle to maintain \$6.00/kgMS. This is still a profitable milk price for Tauhara Farms Limited Partnership (TFLP).

Production	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19 target
Milksolids	731,859	839,646	814,947	697,315	766,923	794,000
Per cow	347	379	362	340	366	372
Per effective ha	954	1,094	1,062	901	1,000	1,035
Cows peak milked	2,112	2,214	2,252	2,050	2,093	2,135

Milk production totalled 766,923 kgMS for the 2017/18 season, 3.2% below target. The team achieved 366 kgMS/cow, our second best per cow performance from 2093 cows peak milked. The season comprised an extremely wet spring followed by an extremely dry December.

By late December the farm was completely brown and looked like we were in for a severe drought, which was promptly reversed in January with one of the wettest summers on record.

It certainly was a year of extreme conditions on reflection.



The calf rearing team did a fantastic job during spring, capably led by Emma Walden. In all 1,040 calves were reared – 460 dairy heifer calves and 580 dairy beef calves. In total the calf rearing ladies fed out 80 ton of calf meal or 4,000 bags of meal!

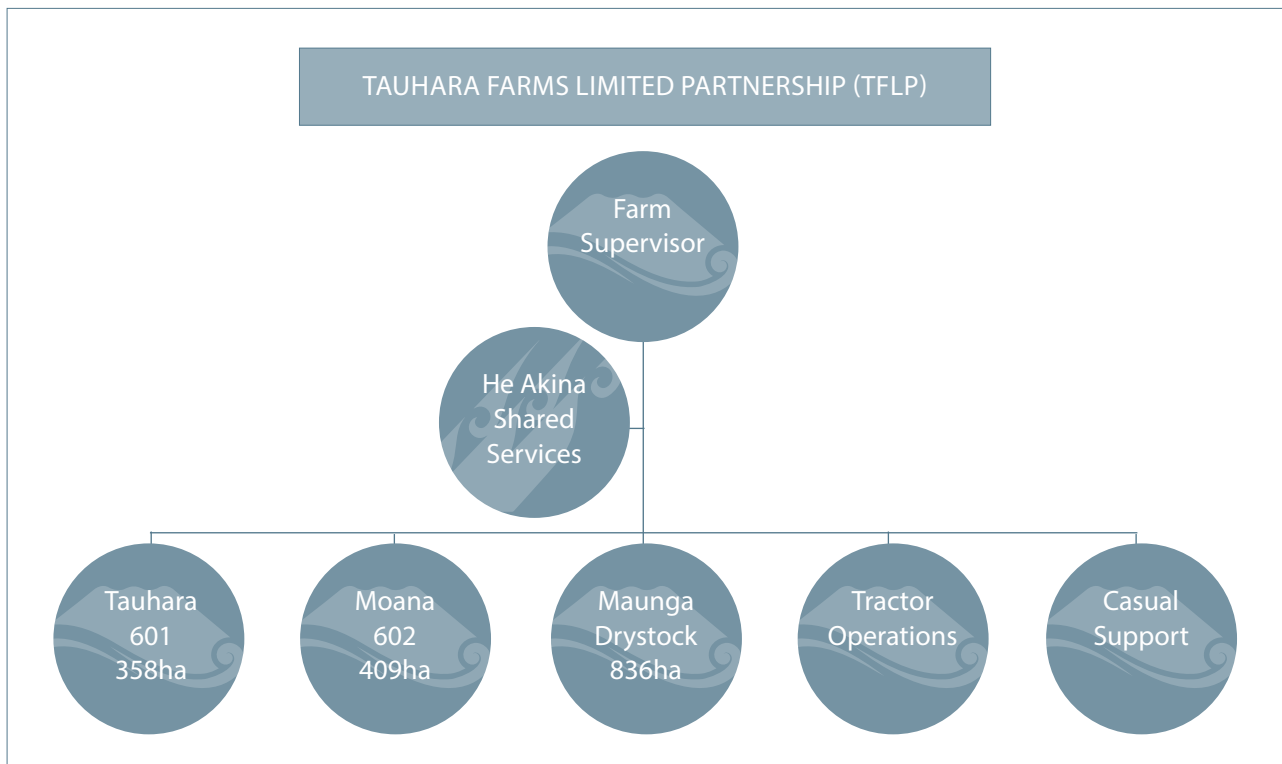
Drystock Unit Performance

The 2017/18 has been a record year for the drystock unit. The Contact Lease land has improved significantly over the past five years. At the end of FY19 we will have regrassed all paddocks that are able to be cultivated. Highlights include:

- R2YR heifers 450 kgLW pre-calving
- R1YR heifers 239 kgLW 1st June
- 356 R1YR beef steers/heifers wintered
- Winter crop 79.5 hectares average 11 tonDM/ha yield
- Wintered 1,893 cows
- Five cuts of lucerne silage
- 400 hectares harvested for grass silage

TAUHARA FARMS LIMITED PARTNERSHIP - ORGANISATIONAL STRUCTURE

TFLP has a board of directors that appoints a farm supervisor to manage the operations of the three farming units Tauhara 601 dairy; Moana 602 dairy; and, Maunga drystock blocks; and we manage our own tractor operations for all farms and other support staff such as calf-rearing, contracting, etc. TFLP employs 13 full time staff along with three calf rearers and relief staff as required.



At the end of this year we will be losing our Moana 602 Farm Manager Gary Nant. Gary has been with TFLP for the past six years, and is moving on to a new challenge.

I would like to take this opportunity to thank Gary for his contribution to TFLP & TMT over the past six years and wish him and Diane all the best for their future.

COMPLIANCE PERFORMANCE

Environmental compliance remains at a high level for TFLP. Recent projects include expanding the effluent irrigable area on Moana 602 along with installing a shore mounted effluent pond stirrer, and recycling green water to wash the yard on Tauhara 601.

Over the past month we have had Halo installed in Tauhara 601 & Moana 602 dairy units. Halo provides fail safe options and proof of placement for effluent systems along with monitoring milk temperature and other plant functions to prevent loss

of milk through human error. Since the inception of Te Ara Miraka, TFLP has embraced the kaupapa of Te Ara Miraka - to aim beyond compliance. I am proud to report that our Tauhara 601 team were recognised at a Miraka function for being in the top 10 Miraka suppliers, scoring 88/100 for Te Ara Miraka.

We remain vigilant on zero tolerance for non-prescription drugs and alcohol in the workplace. All staff are subjected to pre-employment drug tests and are randomly tested throughout the year.

Biosecurity has been very much on the minds of all farmers this year. TFLP is fortunate to be fully self-contained other than service bulls, greatly reducing exposure to the likes of M.bovis.



Te Ara Miraka Awards - Certificate of Excellence

CHALLENGES FOR THE BUSINESS

Milk price fluctuation remains a key risk for the business. The graph below shows milk price over the past 16 years, which averages \$5.63/kgMS.



We have been fortunate to experience three years of milk price above \$6.00/kgMS, allowing the business to recover from the 2014/15 and 2015/16 years of \$4.40 and \$3.90/kgMS respectively. TFLP are trying to manage milk price risk by trading Milk Price Futures (MPF). Other risks identified include:

1. Environmental pressure – WRC Healthy Rivers Plan Change 1 is the next step of controlling farm systems that will ultimately lead to all farms requiring resource consent to farm.
2. Debt exposure – This remains a key focus for the business.
3. People – He tangata, he tangata, he tangata. The challenge for every business is attracting and retaining the best people, and TFLP is no different.
4. Lease land – TMT leases a total area of 1,031 hectares. It is crucial we maintain good relationships with the land owners and maintain long term tenure of this lease land.
5. Public perception – increasingly we are experiencing views from the public that dairying is unsustainable. This perception is baseless, but is a real threat long term.

I would like to thank our team for their efforts over the past year. We will not rest on our laurels, focusing on our goal of constant and continual improvement.

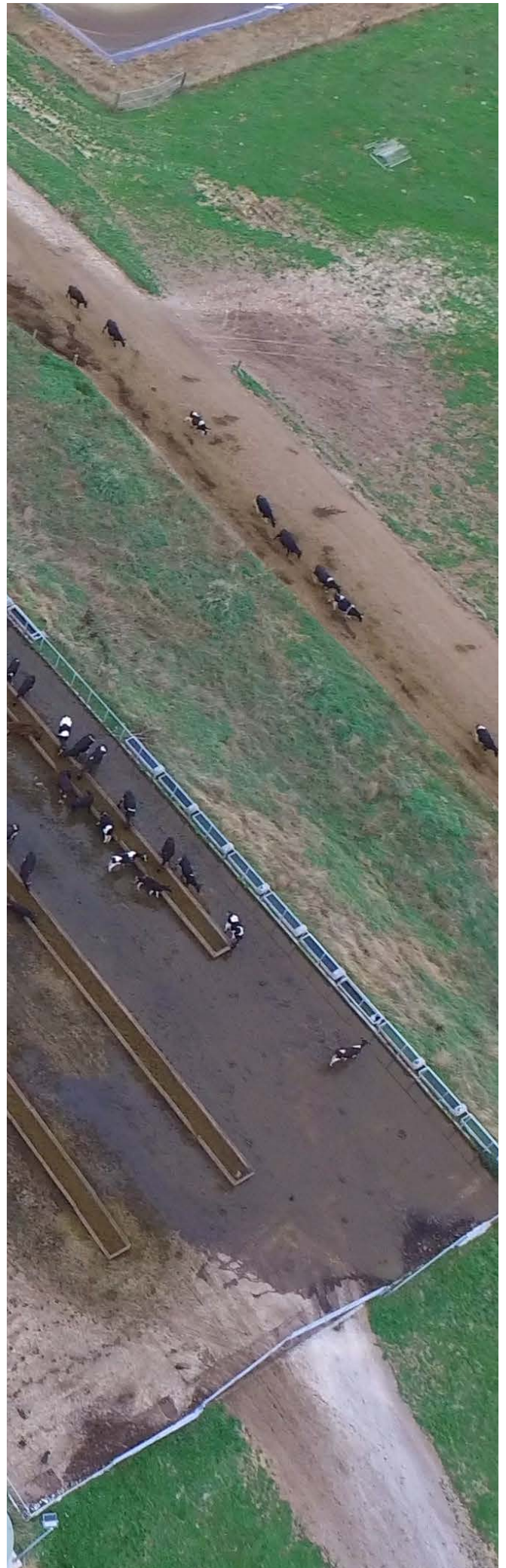
Ngā mihinui kia koutou,



Clinton Hemana
Chairman
Tauhara Farms LP



Mark Johnston
Farm Supervisor
Tauhara Farms LP





MIRAKA

YEAR IN REVIEW 2018

We have had an excellent 2017/18 season with the powder plant performing to plan, the UHT plant running at capacity and we have launched our brands business. Our revenue was up 20% on FY17.

This has led to Miraka posting our second highest profit result since inception and a third year of continued performance. Furthermore, the milk price we have paid to our farmers of \$6.80 per KgMS is the second highest within the industry.

Both Powder and UHT plants are running at full capacity. We have sold 60m litres of UHT, up 30% on last year and our two UHT lines are in the Top 10 world-wide.

MILK SUPPLY

Milk collected was up 8% on last year. This volume of milk has both powder and UHT plants running at full capacity.

The environment that we are operating in is changing with our competitors increasing their footprint in the North Island and new dairy plants

being built at a time when we believe regulatory and environmental restraints will mean cow numbers have peaked. Thus, recruiting milk supply will become more competitive in future years and we will need to be match fit, which means being world class across our strategy, people and execution, while having a sufficiently strong balance sheet to invest in adding value.

Te Ara Miraka, our world leading farm excellence programme, delivered an additional \$3m of incentive payments to our suppliers.

OPERATIONS AND SUPPLY CHAIN

Over the past 12 months the operations team have delivered an improved effort with Paul Trewin completing his first full year as our General Manager Operations. His team is focussed on delivering world class standards and have a clear roadmap of what they want to achieve over the next three years.

We have achieved records in production and shipping over the last twelve months and look to stretch those targets in 2019.



Richard Wyeth with Kerry Tukaki, Employee of the Year. Master Carver Delanie Brown, of Ngāti Tūwharetoa and Ngāti Raukawa descent crafted the magnificent awards using locally sourced Totara.



Nominated by Taupō Mayor David Trewavas, Miraka won the Māori Agribusiness Award at the Ministry for Primary Industries Good Employer Awards 2018.

BRANDS & INNOVATION

The brands and innovation teams are an important part of the future of the business and they are critical to the long-term success of the business. Taupo Pure sales are tracking well but Whaiora sales have been less than budgeted so we have refocused our resources into accelerating the Taupo Pure brand over the next twelve months.

Taupo Pure was launched into the Chinese market in November, at the China International Import Expo, held in Shanghai. The Expo was organised by the Chinese Government and is the first of its type to encourage imports into the Chinese markets.

It was part of New Zealand Week in Shanghai which was extensively reported on by Chinese Television and other media outlets. Performances during the week by the Raukura Kapa Haka group, from Rotorua Boys and Girls High Schools, were a highlight of the New Zealand week, with the Chinese delegations reportedly overwhelmed by the potency of the performance.

The product is already in Shanghai supermarkets, available in 1kg and 400g, under the Taupo Pure brand, fully packaged in NZ and ready for retail. Taupo Pure has also reached the Vietnam market and the first shipment has been sent to Hong Kong.

WHĀNAU

2018 was the introduction of our Staff Awards to acknowledge excellence and outstanding performance. The awards are comparable with the way Miraka recognises excellence in its supplier whānau with Te Ara Miraka. They celebrate members of the Miraka whānau who demonstrate an exceptional commitment to the Miraka values of Excellence, Kaitiakitanga, Tikanga, Integrity and Innovation.

RECENT HIGHLIGHTS

I am delighted to announce the MPI Good Employer Awards 2018 were held in Wellington on 27 November and Miraka won the Māori Agribusiness Award.

The Māori Agribusiness Award recognises Māori Agribusiness employers that are committed to providing good employment conditions in their business or organisation, and have put in place an effective programme in one or more of the following aspects of good employment:

- innovation
- employee development
- safe and healthy work environment.

Miraka was nominated for the award by the Taupō Mayor David Trewavas. When describing Miraka's good employment practices, he noted that:

"Miraka is a Māori business that is commercially successful, with cultural values that are incorporated into their entire operational structure and practiced routinely.

They have a clear purpose, they care for their people and the environment and they demonstrate social responsibility.

They have built a culture that is inspired by their unique point of difference.

They will continue to Nurture their World as Kaitiaki and they will strive to be World Class in every aspect. Miraka is not just a Dairy Company but a business with a higher purpose."

Richard Wyeth
November 2018



OWNERSHIP & DISTRIBUTION

Total Number of Shares	65.25
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OWNER STATISTICS

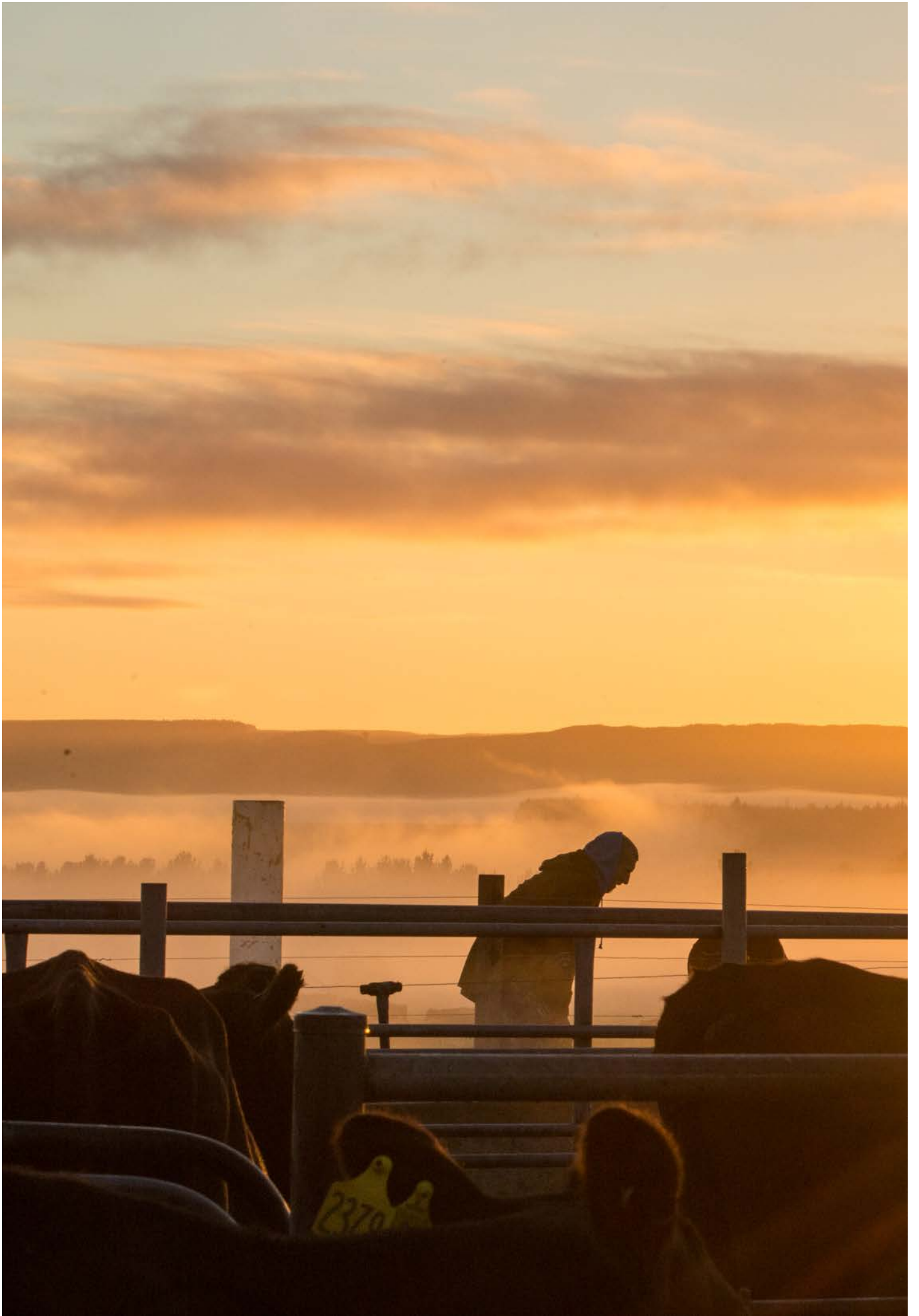
	2017/18	2016/17	2015/16	2014/15
Total Number of Owners	2101	2053	2017	1913
Owners with Known Address	1194	1173	1133	981
Owners with Address Unknown	907	880	884	932

KAUMĀTUA GRANTS

2017/18	331	@\$300.00	\$99,300.00
2016/17	287	@\$300.00	\$86,100.00
2015/16	242	@\$300.00	\$72,600.00

KAUMĀTUA MEAT PACKS

Delivery Dates	Total	Delivery Dates	Total
March 2018	14	November 2016	30
February 2018	22	October 2016	15
December 2017	15	September 2016	10
November 2017	15	July 2016	32
June 2017	12		



FINANCIAL STATEMENTS 2016/17

CONSOLIDATED SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MAY 2017

TRUST DIRECTORY

NATURE OF BUSINESS	Dairy Farming
LOCATIONS	Farm: Broadlands Road, Taupō Business: 63-65 Waikato Street, Taupō
RESPONSIBLE TRUSTEES	Toby Rameka John Tahau Metiria Rameka Hinemoa Henderson David Topia Rameka (Chairman) Danny Loughlin
DIRECTORS TAUHARA DAIRY LTD	Clinton Hemana Danny Loughlin
FARM CONSULTANT	Mark Johnston
BANKERS	Bank of New Zealand, Taupō
SOLICITOR	Cargill Stent Ltd PO Box 445 Taupō
AUDITORS	Dixon & Co PO Box 50 Taupō
ACCOUNTANT	He Akina Limited 63-65 Waikato Street Taupō

TAUHARA MOANA TRUST & SUBSIDIARIES

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MAY 2017

	Note	2017	Group 2016
Revenue			
Income from livestock	2	4,810,417	3,733,306
Other farm income	2	213,250	241,454
Total Revenue		<u>5,023,667</u>	<u>3,974,760</u>
Other income	2	21,512	71,070
Expenses	3	(4,891,575)	(5,591,885)
Livestock holding gains/(losses)	11	254,540	(158,546)
Net operating profit/(loss) before tax		<u>408,143</u>	<u>(1,704,601)</u>
Income tax expense	4	-	-
Net profit/(loss)		<u>\$408,143</u>	<u>\$(1,704,601)</u>

The accompanying Accounting Policies, notes and audit report form part of and should be read in conjunction with the Statement of Financial Performance, Movements in Equity and Financial Position.

TAUHARA MOANA TRUST & SUBSIDIARIES

STATEMENT OF MOVEMENTS IN EQUITY FOR THE YEAR ENDED 31 MAY 2017

	Notes	Group	
		2017	2016
Equity At Beginning of Year	18	8,758,789	10,549,874
Tax paid Surplus/(Deficit) for Year	18	408,143	(1,704,601)
Kaumatua Grants & Koha paid	18	(99,951)	(86,484)
Increases in Revaluation Reserves	18	3,889,738	-
Increases in Capital Reserves	18	1,525,575	-
Equity at End of Year	18	<u>14,482,294</u>	<u>8,758,789</u>

The accompanying Accounting Policies, notes and audit report form part of and should be read in conjunction with the Statement of Financial Performance, Movements in Equity and Financial Position.

TAUHARA MOANA TRUST & SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 MAY 2017

	Note	Group	
		2017	2016 Restated
Current Assets			
Cash and short-term deposits	8	106,383	157,307
Trade and other receivables	9	433,651	155,081
Other current assets	10	1,284,211	742,705
Taxation Refund Due	4	(1,567)	13,239
Total Current Assets		<u>1,822,678</u>	<u>1,068,332</u>
Non Current Assets			
Property Plant and Equipment	5	19,303,315	14,202,891
Other Non Current Assets			
Derivatives	6	104,400	-
Investment in shares/ownership interests	7	513,568	3,551,194
Intangibles	16	5	5
Biological assets	11	3,461,990	3,158,700
		<u>4,079,963</u>	<u>6,709,899</u>
Total Non-Current Assets		<u>23,383,278</u>	<u>20,912,790</u>
Total Assets		<u>25,205,956</u>	<u>21,981,122</u>
Current Liabilities			
Trade and other payables	13	234,663	297,598
Other current liabilities	14	135,888	185,440
Current loans (includes bank overdrafts)	15	10,334,305	7,184,396
Total Current Liabilities		<u>10,704,856</u>	<u>7,667,434</u>
Non Current Liabilities			
Non-current Loans	15	18,805	5,554,899
Total Liabilities		<u>10,723,661</u>	<u>13,222,333</u>
Net Assets		<u>14,482,295</u>	<u>8,758,789</u>
Equity			
Owners Initial Capital	18	59,180	59,180
Compensation - Land Taken	18	47,208	47,208
Retained Earnings/(Accumulated Losses)	18	(4,316,556)	(4,624,749)
Reserves	18	18,692,464	13,277,151
Total Equity		<u>14,482,295</u>	<u>8,758,790</u>

For and on behalf of the Trust:



Trustee



Trustee

Date 27th April 2018

The accompanying Accounting Policies, notes and audit report form part of and should be read in conjunction with the Statement of Financial Performance, Movements in Equity and Financial Position.

TAUHARA MOANA TRUST & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2017

1. STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

Tauhara Moana Trust is a Trust originally vested under section 438 of the Maori Affairs Act 1953, and continues under section 215 of Te Ture Whenua Maori Act 1993 as an Ahu Whenua Trust.

The Group includes Tauhara Dairy Limited, a company incorporated under the Companies Act 1993 on 4th May 2012 and wholly owned by the Trust by way of 1000 shares, and Tauhara Farms Limited Partnership. The Trust is the limited partner in the partnership and the company is the general partner. Their principal activities are Dairy Farming and Trust administration. All members of the Group have a Balance Date of 31st May.

The financial statements of the Group have been prepared in accordance with the requirements of Te Ture Whenua Maori Act 1993 and "A Special Purpose Framework for use by For-Profit Entities (SRFR for FPEs) published by the New Zealand Institute of Chartered Accountants".

The Group has stepped up to New Zealand International Financial Reporting Standards (NZ IFRS) where applicable.

The financial statements have been specifically prepared for the purpose of meeting the Group's income tax requirements and to comply with obligations under the Group's loan agreements.

The financial statements of the Group have been prepared on a consolidated basis in accordance with NZ IFRS 10 *Consolidated Financial*

The special purpose financial report was authorised for issue in accordance with a resolution of Trustees dated 27th April 2018.

General Accounting Policies

The Group transitioned on 1 June 2014 from preparation of general purpose financial information in accordance with New Zealand generally accepted accounting practice ("NZ GAAP") to special purpose financial reporting in accordance with SPFR for FPEs.

Under that transition, the Group recognised Investment Property separately from Property, Plant & Equipment, and the revaluations of Investment Property previously recorded in Revaluation Reserves were transferred to Retained Earnings. However, on the basis that these financial statements are presented at Group level only, the land, buildings and improvements that were previously classified as Investment Property have been reclassified as Property, Plant & Equipment on the basis that the Group does not hold these assets for capital appreciation nor does it earn revenue from outside the Group on the assets.

Some classes of Property, Plant & Equipment have been further disaggregated for clarity (see Note 5). All other accounting policies were consistently applied during the year.

Going Concern

As at 31st May 2017, the Group had a working capital deficit of \$8,882,178. Current liabilities as at 31st May 2017 of \$10,704,856 included \$10,334,305 current portions of term loans (see Note 15). Of this amount, \$186,369 is monthly principal repayments due within 12 months of balance date.

The remaining \$10,147,936 was restructured into new loans on 1st June 2017 (see Note 25).

The considered view of the Trustees is that the Group is expected to generate sufficient income and have adequate resources to continue operations for the foreseeable future. For this reason, the Trustees have adopted the going concern assumption in preparing the the financial statements for the year ended 31st May 2017.

Historical Cost

These financial statements have been prepared on a historical cost basis except for certain assets which have been revalued as identified in specific accounting policies below. The financial statements are presented in New Zealand Dollars (NZ\$) and all values are rounded to the nearest NZ\$ except when otherwise indicated.

Specific Accounting Policies

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

(a) Principles of Consolidation

The Group financial statements are prepared from the financial statements of the parent trust, the company and the limited partnership using the purchase method. Any intra-group transactions, balances and unrealised profits are eliminated on consolidation.

(b) Accounting estimates and judgements

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

Actual results may differ from these estimates.

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

TAUHARA MOANA TRUST & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2017

(c) Accounts Receivable

Accounts receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectable amounts. Individual debts that are known to be uncollectable are written off in the period that they are identified.

(d) Property, Plant & Equipment

Property, Plant & Equipment is stated at historical cost less any accumulated depreciation and impairment losses. Historical cost includes expenditure directly attributable to the acquisition of assets, and includes the cost of replacements that are eligible for capitalisation when these are incurred.

Land is subsequently revalued on a cyclical basis. Valuations are based on the latest Land Mass New Zealand Valuation, dated 1 July 2016. The Rating Valuations are issued every three years and are used to ensure compliance with Section 276(4)(c) of Te Ture Whenua Act 1993. Any revaluation surplus or deficit arising on the revaluation of a class of fixed assets is transferred directly to the asset revaluation reserve.

(e) Depreciation

Depreciation is calculated on a diminishing value basis over the estimated useful life of the asset using depreciation rates published by the Inland Revenue Department. Assets estimated useful lives are reassessed annually.

The following depreciation rates have been used:

- Buildings — rates of 0% cost price and diminishing value, and sundry building improvements - 40%
- Development Expenditure - fencing, water supply, effluent, tracks etc — between 0% - 18% diminishing value.
- Motor Vehicles — between 13 - 40% diminishing value
- Plant and Equipment - 8%-80.4% diminishing value

All other repairs and maintenance expenditure is registered in profit or loss as incurred.

An item of Property, Plant & Equipment derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated on the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(f) Income Tax

The Trust entered the Maori Authority regime on the 1st July 2004, as a result the tax rate is 17.5% (2011: 19.5%), Tauhara Dairy Limited will have to comply with standard company tax rates.

Income tax is accounted for using the taxes payable method. The income tax expense in profit or loss represents the current obligation payable to the Inland Revenue Department.

(g) Goods and Services Tax

All entities in the Group are registered for GST. All amounts are exclusive of GST except that irrecoverable GST input tax has been recognised in association with the expense that it relates. Accounts receivable and Accounts payable are disclosed inclusive of GST.

(h) Investments in Shares

Listed LIC shares are valued at closing NZSE stock price.

Miraka Limited shares (unlisted) are stated at fair value, being the latest sale price of shares sold.

Farmlands Society and Ravensdown Co-operative shares are stated at issue value (cost) being \$1 per share.

(i) Biological Assets

Livestock is measured at fair value less cost to sell, determined by independent count and valuation performed on 6 June 2017 by NZ Farmers Livestock Limited.

Unrealised gains or losses arising from changes in value of stock between beginning and year-end market values are recognised separately in the statement of financial performance as holding gains or losses, in accordance with NZ IAS41 Agriculture.

For taxation purposes livestock is valued using the National Standard Cost Scheme.

(j) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services, to the extent it is probable that the economic benefits will flow to the entity and revenue can be reliably measured.

Sales of goods and livestock are recognised when the entity has transferred the significant risk and rewards associated with ownership of the goods to the customer.

Forestry income is recognised on sale or harvest of the forest.

Lease income is recognised on a straight line basis over the life of the lease.

Interest received is recognised as interest accrues, gross of refundable tax credits received.

Dividends received are recognised on receipt, net of non-refundable tax credits.

TAUHARA MOANA TRUST & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2017

(k) Leases

Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased items, are recognised as an expense in profit or loss on a straight line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

Leases in which the entity retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. The leased asset is included within investment property and income recognised on a straight line basis over the life of the lease.

(l) New Zealand Units (NZUs) / Intangible Assets

New Zealand Units (NZUs) are issued into the NZU Registry by the Government under the Emission Trading Scheme (ETS). Compensatory NZUs are received from the Ministry of Agriculture and Forestry (MAF) at no cost and recorded at a nominal value basis determined by the Trustees. NZUs can be traded within New Zealand.

(m) Derivatives

Derivative financial instruments are measured at fair value based on mark-to-market values provided by the financial institution who issued the derivative, and are recognised on the Balance Sheet at that fair value. Changes in fair value are recognised through profit or loss.

(n) Financial Instruments - Financial Assets

At initial recognition the entity determines the classification of financial assets as either held at fair value, cost or amortised cost. Financial assets are measured initially at fair value, estimated at the transaction price less any associated transaction costs.

Amortised Cost

Includes assets where the entity intends to earn contractual cash flows in the nature of principal and interest payments. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, as well as through the amortisation process.

Cost

Equity instruments as classified as held at cost. Assets are stated at cost less any accumulated impairment loss. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired.

Fair Value

Financial assets not held at amortised cost or cost are held at fair value. Assets are subsequently measured at fair value only when the fair value of the instrument can be reliably measured based on a quoted price for an identical asset in the active market. Where no active market price is available the instrument shall be measured at the fair value for a prior year less any accumulated impairment loss.

Gains and losses are recognised in profit or loss for movements in the fair value of the assets and when the assets are derecognised.

(o) Financial Instruments - Financial Liabilities

Financial liabilities, including borrowings and bank overdrafts, are initially measured at fair value net of transaction costs and are subsequently measured at amortised cost using the effective interest method. Interest expenses are recognised in profit or loss on an effective yield basis.

(p) Impairment of Non-Financial Assets

At each balance date, non-financial assets are classified into four categories: assets measured at fair value; assets currently available that the entity intends to use to the end of its useful life; assets intended to be sold prior to the end of their useful life; and assets damaged or idle at balance date.

Assets measured at fair value, or assets the entity intends to use to the end of its useful life, are not reviewed for impairment at balance date. Assets intended to be sold prior to the end of their useful life, or assets damaged or idle at balance date, are reviewed to determine if any indicators of impairment exist. If indicators exist, the asset is tested for impairment to ensure that the carrying amount of the asset is If the recoverable amount of an asset is determined to exceed its carrying amount then the resulting difference is recognised as an impairment loss in profit or loss for that period.

TAUHARA MOANA TRUST & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2017

2. REVENUE

	Notes	Group	
		2017	2016
Revenue			
a) Income from livestock			
Cattle - Sales (net)		444,594	529,000
Milk solids sales		4,365,823	3,204,306
Total Income from livestock		4,810,417	3,733,306
b) Other farm income			
Rebates		44,790	84,374
Rental, Leases & License Income		168,460	157,080
Rates Recoveries		-	-
Total other Farm Income		213,250	241,454
c) Other Income			
Interest		131	5
Dividends (net of imputation credits)		-	69,444
Quarry Royalties		3,665	1,534
Management Fees Received		-	-
Rental Income		-	-
Sundry Income		2,500	87
Timber Harvest Revenue/Forestry Proceeds		15,216	-
Total Other Income		21,512	71,070
Milk Solids Sales		4,365,823	3,204,306
Total Agricultural Produce		4,365,823	3,204,306
Total Revenue		5,045,179	4,045,830

3. EXPENSES

	Schedule	Group	
		2017	2016
<i>Expenses are categorised as follows:</i>			
Farm Expenses			
Farm Working Expenses	E	2,548,638	2,923,940
Vehicle Expenses	E	191,761	158,343
Repairs & Maintenance	E	234,950	277,953
Overheads	E	448,243	528,461
Administration Expenses	B	1,019,273	1,052,592
Depreciation (See below)	Note 5	424,507	476,436
Loss on Sale of Property, Plant & Equipment		-	140,331
Impairment Loss on Shares	Note 17	3,203	33,829
Impairment Loss on Derivatives		21,000	-
		4,891,575	5,591,885

	Notes	Group	
		2017	2016
<i>Depreciation is summarised as follows:</i>			
Depreciation for Year			
Land	5	-	-
Developments & Improvements	5	108,895	115,825
Buildings	5	66,422	71,385
Vehicles	5	93,169	109,971
Plant & Equipment	5	154,698	178,359
Furniture & Fittings	5	1,323	896
		424,507	476,436

TAUHARA MOANA TRUST & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2017

4. INCOME TAX EXPENSE

	Group	
	2017	2016
Net profit/(loss) before tax	408,143	(1,704,600)
Taxation adjustments:		
- Imputation credits	-	27,006
- Timing differences - accruals and provisions	(85,100)	103,121
- Non-deductible expenses - entertainment	3,059	-
- Fair value adjustments - biological assets	(382,156)	29,710
- Impairment losses on shares	3,203	
- Further Payments This Season	(813,661)	(403,220)
- Further Payments Last Season	403,220	83,965
Taxable profit/(loss)	(463,292)	(1,864,018)
Prima facie tax expense at 17.5% (2016 17.5%) on net profit before tax	-	-
- Income tax losses brought forward	(6,056,915)	(4,038,577)
- Imputation credits converted to a loss	-	(154,320)
- Prior year tax adjustments	35,738	-
Taxation losses to carry forward	(6,484,469)	(6,056,915)

Taxation losses are subject to confirmation by the Inland Revenue Department.

The taxation benefits of losses will be available provided:

- the Trust complies with conditions for offset imposed by the Income Tax Act 2007 and the amendments thereto,
- no change in taxation legislation adversely affects the Trust in realising the taxation benefits of those losses, and
- the Trust generates assessable income in the future, against which the losses can be offset.

5. PROPERTY, PLANT & EQUIPMENT

	Group	
	2017	2016 Restated
Land - Cost	-	-
Revaluation	14,200,000	8,765,000
Less Accumulated Depreciation & Impairment	-	-
Net Book Value	<u>14,200,000</u>	<u>8,765,000</u>
Developments & Improvements - Costs	4,024,338	3,288,797
Less Accumulated Depreciation & Impairment	(1,217,115)	(1,108,221)
Net Book Value	<u>2,807,223</u>	<u>2,180,576</u>
Buildings - Cost	1,178,734	1,905,032
Less Accumulated Depreciation & Impairment	(290,425)	(224,004)
Net Book Value	<u>888,309</u>	<u>1,681,028</u>
Vehicles - Cost	805,546	785,995
Less Accumulated Depreciation & Impairment	(350,339)	(249,080)
Net book value	<u>455,207</u>	<u>536,915</u>
Plant & Equipment - Cost	2,035,220	1,969,319
Less Accumulated Depreciation & Impairment	(1,088,051)	(934,169)
Net book value	<u>947,169</u>	<u>1,035,150</u>
Furniture & Fittings - Cost	13,289	10,780
Less Accumulated Depreciation & Impairment	(7,882)	(6,559)
Net book value	<u>5,407</u>	<u>4,221</u>
Total Fixed Assets - Net Book Value	<u>19,303,315</u>	<u>14,202,890</u>

Land has been revalued this year to the most recent valuation provided by Taupo District Council for rateable purposes.

The latest land valuation dated 1 July 2016 is \$14,200,000 (1 July 2013: \$8,765,000).

Land, buildings and improvements that were previously classified as Investment Property, have been reclassified as Property, Plant & Equipment. This reclassification has increased the balance of Property, Plant & Equipment by \$12,585,078 for the year ended 31 May 2016.

TAUHARA MOANA TRUST & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2017

6. DERIVATIVES

	2017	Group 2016
Milk Price Futures	104,400	-

TFLP has 30 contracts at 6,000 units per contract, expiring 1 October 2018.

At 31 May 2017, the futures units were priced at \$6.35, with a total market value of \$1,143,000.

7. INVESTMENTS IN SHARES

	No Shares	2017	Group 2016
Farmlands	15,000	15,000	15,000
Livestock Improvement Co-op	3,385	5,937	7,456
Miraka Ltd "A" Shares	-	-	3,045,000
Miraka Ltd "B" Shares	185,185	375,926	375,926
Ravensdown	116,705	116,705	107,813
Tauhara Dairy Ltd		-	-
Taupo Sale Yards		-	-
TFLP Capital Contribution		-	-
		<u>\$513,568</u>	<u>\$3,551,195</u>

8. CASH & SHORT TERM DEPOSITS

	2017	Group 2016
BNZ Cheque Account	82,563	156,915
BNZ Call Account	515	392
BNZ Hedging Account	9,800	
First NZ Capital Securities	13,505	
	<u>106,383</u>	<u>157,307</u>

9. TRADE AND OTHER RECEIVABLES

	2017	Group 2016
Accounts Receivable	405,343	116,798
GST	28,308	38,283
	<u>433,651</u>	<u>155,081</u>

10. OTHER CURRENT ASSETS

	2017	Group 2016
Accrued Income	40,985	1,578
Miraka Further Payments	813,661	403,220
Prepaid Expenses	39,897	63,961
Consumables	389,668	273,946
	<u>1,284,211</u>	<u>742,705</u>

TAUHARA MOANA TRUST & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2017

11. LIVESTOCK RECONCILIATIONS

	Notes	2017 Number	Average Price	2017	2016
DAIRY CATTLE					
Sales					
Calves		852	38	32,500	49,163
Rising 1yr Heifers		177	775	137,225	32,778
Rising 2yr Heifers		25	814	20,354	12,740
Mixed Aged Cows		497	898	446,334	604,846
Rsg 1 Yr Steers & Bulls		343	555	190,415	50,912
Rsg 2 Yr Steers & Bulls		61	1,401	85,463	121,651
Breeding Bulls					-
		<u>1,955</u>		<u>912,291</u>	<u>872,090</u>
Less Purchases					
Rising 1yr Heifers		-	-	-	-
Rising 2yr Heifers		79	1,450	114,550	24,620
Mixed Age Cows		169	1,576	266,342	-
Rsg 1 Yr Steers & Bulls		22	1,035	22,780	-
Rsg 2 Yr Steers & Bulls		51	2,211	112,775	20,800
Rsg 3 Yr Steers & Bulls		-	-	-	51,875
Breeding Bulls					-
		<u>321</u>		<u>516,447</u>	<u>97,295</u>
Cash Surplus/(Deficit)				395,844	774,795
Add increase in Numbers				48,750	(245,794)
Gross Profit/Loss				<u>444,594</u>	<u>529,001</u>
		2017 Number	2016 Number	2017	2016
Opening stock					
Rising 1yr Heifers		605	575	349,250	347,650
Rising 2yr Heifers		513	483	557,100	579,600
Mixed Aged Cows		1,965	2,210	2,212,800	2,589,950
Rising 1yr Steers & Bulls		50	66	36,250	44,840
Rising 2yr Steers & Bulls		-	1	2,000	1,000
Rising 3yr Steers & Bulls		1		1,300	
		<u>3,134</u>	<u>3,335</u>	<u>3,158,700</u>	<u>3,563,040</u>
Closing stock					
Rising 1yr Heifers		601	605	421,800	349,250
Rising 2yr Heifers		478	513	528,165	557,100
Mixed Aged Cows		2,003	1,965	2,426,475	2,212,800
Rising 1yr Steers & Bulls		64	50	40,450	36,250
Rising 2yr Steers & Bulls		32	-	45,100	2,000
Rising 3yr Steers & Bulls		0	1		1,300
		<u>3,178</u>	<u>3,134</u>	<u>3,461,990</u>	<u>3,158,700</u>
Increase/(decrease) in stock on hand		44	(201)	303,290	(404,340)
Change in values (livestock holding gain/(loss))				254,540	(158,546)
Change in numbers				48,750	(245,794)
Increase/(decrease) in stock on hand				<u>303,290</u>	<u>(404,340)</u>

TAUHARA MOANA TRUST & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2017

12. MILK INCOME

Milk solids	2017 kg	2016 kg	2017 \$	2016 \$
Last season increase/(decrease)			403,220	(15,875)
June	-	5,858	-	22,732
July	552	5,428	1,949	20,965
August	39,500	44,336	137,751	119,997
September	80,759	82,704	294,704	383,849
October	95,678	111,556	344,381	381,030
November	88,258	106,902	437,939	377,511
December	85,178	103,760	436,500	355,850
January	80,137	91,980	385,771	341,011
February	59,713	81,177	522,976	281,635
March	69,613	79,070	336,622	273,072
April	60,736	70,095	294,224	241,231
May	37,087	29,449	353,958	102,042
Total	697,210	812,315	3,949,995	2,885,050
Plus Pay-Out Estimate Current Season			813,661	403,221
Less Pay-Out Estimate Prior Season			(403,221)	(83,965)
Plus Insurance Proceeds for Lost Milk			5,387	
Net Total			4,365,823	3,204,306
Average price per kg milk sales			\$ 6.26	\$ 3.94

13. TRADE AND OTHER PAYABLES

	Group	
	2017	2016
Accounts Payable	234,663	297,598
Other Accounts Payable	-	-
Tauhara Farm Limited Partnership	-	-
	234,663	297,598

14. OTHER CURRENT LIABILITIES

	Group	
	2017	2016
Accrued Expenses	74,167	126,398
Accrued Interest	14,863	21,798
GST	-	-
Provision for Annual Leave	46,858	37,244
	135,888	185,440

15. LOANS (INCLUDES BANK OVERDRAFTS)

	Group	
	2017	2016
BNZ term loans	10,353,110	12,739,295
Less current portion of term loans	(10,334,305)	(7,184,396)
Non-current portion of term loans	18,805	5,554,899
Current portion of term loans	10,334,305	7,184,396
Bank overdrafts		0
Current loans including bank overdrafts	10,334,305	7,184,396

Tauhara Moana Trust

The BNZ Farm First overdraft limit is \$100,000.

Tauhara Farms Limited Partnership

The BNZ Business and Farming Account overdraft limit is \$250,000.

TAUHARA MOANA TRUST & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2017

Tauhara Moana Trust.

BNZ Customised Average Rate Loan Balance at 31 May 2017 is \$2,586,184 with a maturity date of 6 June 2017. Repayment at maturity of \$2,586,184 with an interest rate at 31 May 2017 of 5.16% (2016 - 5.18%)

BNZ Customised Average Rate Loan Balance at 31 May 2017 is \$147,325 with a maturity date of 20 December 2017. Repayment at maturity of \$237,325 with an interest rate at 31 May 2017 of 5.16% (2016 - 5.18%)

BNZ Customised Average Rate Loan Balance at 31 May 2017 is \$3,559,900 with a maturity date of 20 December 2017. Repayment at maturity of \$3,559,900 with an interest rate at 31 May 2017 of 5.16% (2016 - 5.18%)

BNZ Customised Average Rate Loan Balance at 31 May 2017 is \$250,000 with a maturity date of 6 June 2017. Repayment at maturity of \$250,000 with an interest rate at 31 May 2017 of 5.16% (2016 - 5.18%)

Securities are:

- All obligations unlimited Guarantee from Tauhara Farms Limited Partnership, supported by new perfected security interests in all present and after acquired property of the Partnership, and;
- Perfected security interest in all present and here and after acquired property of the Tauhara Moana Trust.
- Registered first Mortgage over property situated at Broadlands Road, RD2, Taupo, certificate of Title No. SA4.98/626.

Tauhara Farms Limited Partnership

BNZ Customised Average Rate Loan Balance at 31 May 2017 is \$3,549,527 with a maturity date of 20 May 2022, irregular repayments of \$100,000 with an interest rate at 31 May 2017 of 5.16% (2016 - 5.18%)

BNZ Customised Average Rate Loan Balance at 31 May 2017 is \$77,514 with a maturity date of 17 April 2018, irregular repayments of \$7,319 with an interest rate at 31 May 2017 of 7.65% (2016 - 6.29%)

BNZ Customised Average Rate Loan Balance at 31 May 2017 is \$55,000 with a maturity date of 30 June 2020, irregular repayments of \$87,500 with an interest rate at 31 May 2017 of 5.16% (2016 - 5.18%)

BNZ Tractor Loan Balance as at 31 May 2017 is \$127,660 with a maturity date of 20 July 2018, irregular repayments of \$9,496 with an interest rate at 31 May 2017 of 6.51% (2016 - 6.33%)

Securities are:

- All obligations unlimited Guarantee from the Trustees of Tauhara Moana Trust, supported by the Registered Mortgage over the property situated at Broadlands Road, Taupo, Certificate Title Number SA490/626.
- Perfected security interest in all present and here and after acquired property of the Tauhara Farms Limited Partnership.
- Guarantee for the amount of \$186,875 plus interest and costs in terms of the BNZ's standard guarantee form, from the Directors of Tauhara Dairy Limited.
- Existing Chattels security over 2013 Case IH Puma 210 4wd tractor Cab Serial no: ZCBH57524.
- Existing Chattels security over 2014 John Deere 6125M Ref 7644-1.
- Existing Chattels security over 2015 Massey Ferguson 7619 Reg no: B7AWJ
- Existing Chattels security over 2015 Titan 900 Silage Wagon
- Existing Chattels security over 2015 Giltrap 5001 Fert Spreader

16. NEW ZEALAND UNITS (NZUS)

Under the Emissions Trading Scheme (ETS) Tauhara Moana Trust holds 10,500 pre-1990 New Zealand Units (NZU's), These have been allocated at nil cost to the Trust and are recorded at a nominal value cost of \$5 (See also note 24: Contingent Liabilities).

TAUHARA MOANA TRUST & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2017

17. FINANCIAL INSTRUMENTS

2017	Amortised Cost	Cost	Fair Value
Cash and short-term deposits	106,383		
Trade and other receivables	433,651		
Other current assets	854,646		
Investment in shares		231,481	513,568
Derivatives			104,400
	1,394,680	231,481	617,968

2016	Amortised Cost	Cost	Fair Value
Cash and short-term deposits	157,307		
Trade and other receivables	155,081		
Other current assets	404,798		
Investment in shares		1,731,481	3,551,195
	717,186	1,731,481	3,551,195

All investments in shares are value at cost, except for Miraka Limited shares which are valued at fair value, being the most recent sale price of Miraka Limited shares, and listed shares which are valued at the closing NZSE stock price. There were \$3,203 impairment losses relating to LIC shares this year.

18. EQUITY

	Group	
	2017	2016 Restated
Owners Initial Capital	59,180	59,180
Compensation - Land Taken	47,208	47,208
Ordinary Shares	0	0
Retained Earnings/(Accumulated Losses)		
Opening Balance	(4,624,749)	(2,833,664)
Net Profit/(Loss)	408,144	(1,704,601)
Capital Contribution	-	-
Kaumatua Grants & Koha paid	(99,951)	(86,484)
Closing Balance	(4,316,556)	(4,624,749)
Revaluation Reserves		
Opening Balance	10,488,166	10,488,166
Revaluations Due to Sale of Shares	(1,545,000)	
Revaluation Reserve - Land & Buildings	5,434,738	
Net increase in Revaluations Reserves	3,889,738	0
Closing Balance	14,377,904	10,488,166
Capital Reserves		
Opening Balance	2,788,985	2,788,985
Capital Profit on Sale of Shares	1,525,575	-
Closing Balance	4,314,560	2,788,985
Total Reserves	18,692,464	13,277,151
Total Equity	14,482,296	8,758,790

TAUHARA MOANA TRUST & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2017

19. PRE 2005 RETAINED EARNINGS

On the 1st July 2004 the Trust elected to become a Maori Authority. Income retained prior to the 2005 Income Tax year is available to be distributed to beneficiaries tax free. As prior to 2005 Income Tax year the Trust was operating at a loss there are no retained earnings available for tax free distribution as a result of entering the Maori Authority regime.

20. MAORI AUTHORITY CREDITS (MACA)

The Trust has MACA's available as at 31st May 2017 as follows:

	2017	Group	2016
Opening Balance	130,283		103,277
Add: Resident Withholding Tax	136		-
Credits Attached to Dividends Received	-		27,006
Less: Taxation Refund received	(14,780)		-
Closing Balance	<u>115,639</u>		<u>130,283</u>

21. RELATED PARTY TRANSACTIONS

DA Loughlin Ltd provides consultancy services to Tauhara Dairy Ltd. D A Loughlin Ltd is a company owned 100% by DA Loughlin, a Director of Tauhara Dairying Ltd and a Trustee of Tauhara Moana Trust. Payable for the year \$1,000 per month plus mileage incurred, owing at balance date \$752 (2016 - \$670).

D Loughlin was appointed Director of He Akina Limited on 29 January 2016. The Trust paid He Akina Limited \$66,000 for administration and financial services during the year (2016 - \$72,000), owing at balance date \$2,664 (2016 - nil).

Agnosis Ltd provides consultancy services to Tauhara Dairy Ltd. Agnosis Ltd is a company owned 50% by C Hemana, a Director of Tauhara Dairying Ltd and a Trustee of Tauhara Moana Trust. Payable for the year \$1,500 per month (from February 2017, previously \$1,000 per month) plus mileage and telephone expenses incurred. Owing at balance date \$1,880 (2016 - \$1,337).

Some trustees also qualified to receive a kaumatua grant of \$300 from the Trust, other than these payments the Trustees' fees and expenses are disclosed in the financial statements.

Transactions with related parties are recorded on normal commercial terms. The Group has not made any allowance for impairment loss relating to amounts owed by related parties for the year ended 31 May 2017 (2016 - nil). There are no loans from related parties.

TAUHARA MOANA TRUST & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2017

22. LEASES & LICENCES

Tauhara North No 2 Trust

Tauhara Moana Trust leases land from Tauhara North No 2 Trust. The lease runs until 31 March 2025. Annual rent payable to Tauhara North No 2 Trust is \$71,000 per annum plus GST, rates and outgoings.

Grazing Lease Commitments

	Group	
	2017	2016
Future Lease Commitments		
Current	71,000	71,000
Non-Current	485,167	556,167
Balance of lease	<u><u>556,167</u></u>	<u><u>627,167</u></u>

Contact Energy Ltd

Licence to Occupy

Otumuheke Block (128.4 hectares) and Rakaunui Block (45.2 hectares)

The Group has taken on a licence to occupy the Otumuheke and Rakaunui Blocks, permitted use of these blocks is restricted to the cut and carry of lucerne crops, oats, rye grass and grazing for one month of a calendar year.

Licence Commencement Date - 6th February 2012

Term - 6 years Rights of Renewal - 1 of 6 years

Fee Review - every 3 years from commencement date.

Annual Fee - \$69,425 by monthly payments in advance of \$5,785.

Otumuheke & Rakaunui

	Group	
	2017	2016
Future Licence Commitments		
Current	47,316	69,425
Non-Current	-	47,316
Balance of licence	<u><u>47,316</u></u>	<u><u>116,741</u></u>

Contact Energy Ltd

Licence to Occupy

Quarry Block (540 hectares), Huka Block (224 hectares) and TH1 Block (24.6 hectares)

The Group has taken on a licence to occupy the Huka and TH1 Blocks. The permitted use of the these blocks is livestock grazing and

Licence Commencement Date - 6th February 2012

Term — 6 years Rights of Renewal —1 of 6 years

Fee Review — every 3 years from commencement date.

Annual Fee - \$256,295 by monthly payments in advance of \$21,358.

Huka Quarry & TH1

	Group	
	2017	2016
Future Licence Commitments		
Current	174,678	256,295
Non-Current	-	174,678
Balance of licence	<u><u>174,678</u></u>	<u><u>430,973</u></u>

TAUHARA MOANA TRUST & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2017

23. CAPITAL COMMITMENTS

There are no known capital commitments as at 31 May 2017 (2016 - nil).

24. CONTINGENT LIABILITIES

The Trustees of the Trust resolved to write back \$34,398 of unclaimed owner distributions in the 2011 financial year due to the lack of detailed records of those distributions. Therefore there is a contingent liability for this amount if any of the Shareholders come forward with details of a claim for these distributions.

Under the Emissions Trading Scheme (ETS) the Group will be required to surrender New Zealand Units if they deforest and introduce a new land use. The financial effect of this has not been quantified as the Group has every intention of replanting the land and therefore anticipate no obligation to return New Zealand Units in the future (2016 — nil).

Other than the above there are no known material contingent liabilities as at 31 May 2017 (2016 — nil).

25. EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to balance date, Tauhara Moana Trust and Tauhara Farms Limited Partnership restructured \$10,147,936 of term loans into new loans on 1 June 2017.

There were no other known material events subsequent to balance date which would have an effect on these financial statements (2016 - nil).

26. CONTACT GEOTHERMAL ACCESS AGREEMENT

The Trust has entered into an arrangement with Contact Energy Limited where Contact can carry on the activity of extraction and/or reinjection of geothermal fluid on the Trust's land. Contact has paid a further \$115,000 (2016 - \$110,000) as an extension for the Trust entering into this agreement and granting Contact easement to access the land.

TAUHARA MOANA TRUST & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2017

Declaration of General Interest as at 31 May 2017 pursuant to section 140(2) of the Companies Act 1993:

CLINTON ANDREW MAHAKI HEMANA

Rua Roa Trust	Chairman
Ngawapurua Trust	Chairman
Dairy NZ	Associate Director
Otamarakau Farm LLP	Director
Waerenga Pukahukiwi Ltd	Chairman
Waerenga East & West Blocks Inc	Chairman
Awarua O Hinemanu Trust	Chairman
Tataraakina C Trust	Chairman
Tauhara Farms Limited Partnership	Chairman
Te Arawa Fisheries ICP Ltd	Director
Te Arawa Fisheries Ltd	Director
Te Arawa Fisheries Holdings Ltd	Director
AgNOSIS Ltd	Director
Hemana Properties Ltd	Director
Hemana Whanau Trust	Chairman
Taranui Investments Ltd	Director
Hemana Consulting Ltd	Director
Opepe Farm Trust	Trust Farm Advisor
Opepe Farm Trust	Drystock Farm Advisor
Awhina Group	Secretary

DANNY APERAHAMA LOUGHLIN

DT & MD Loughlin Family Trust	Trustee
Tauhara Moana Trust	Trustee
Mohi Development Ltd	Director
DA Loughlin Ltd	Director
iMaori Ltd	Director/Shareholder
Loughlin Trustees Ltd	Director
Tauhara Dairy Ltd/Tauhara Farms LP	Director/Shareholder
Lakes District Health Board	Board Member
Tuwharetoa Maori Trust Board	Trustee
Te Rangiita Marae ki Nukuhau	Chairman
Ngati Tuwharetoa Fisheries	General Manager
He Akina Ltd	Director
Takataraka Trustee Ltd	Director

INDEPENDENT AUDITOR'S REPORT

To the Beneficial Owners of Tauhara Moana Trust

Report on the Consolidated Special Purpose Financial Statements

Opinion

We have audited the accompanying consolidated special purpose financial statements of Tauhara Moana Trust and its subsidiaries ("the Group") on pages 24 to 40, which comprise the consolidated statement of financial position as at 31 May 2017, the consolidated statement of financial performance and the consolidated statement of movements in equity for the year then ended, the statement of accounting policies and other explanatory information.

In our opinion, the consolidated special purpose financial statements on pages 24 to 40 present fairly, in all material respects, the consolidated financial position of the Group as at 31 May 2017 and its consolidated financial performance for the year then ended in accordance with *A Special Purpose Framework for For-Profit Entities (SPFR for FPEs)* published by the New Zealand Institute of Chartered Accountants.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under this standard are further described in the Auditor's Responsibilities for the Audit of the Consolidated Special Purpose Financial Statements section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Group.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the consolidated special purpose financial statements, which describes the basis of accounting. The consolidated special purpose financial statements have been prepared to assist Tauhara Moana Trust to meet the provisions of the Trust Deed. As a result, the consolidated special purpose financial statements may not be suitable for another purpose.

Restriction on Responsibility

This report is made solely to the beneficial owners, as a body. Our audit work has been undertaken so that we might state to the beneficial owners those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the beneficial owners as a body, for our audit work, for this report, or for the opinions we have formed.

Other Information

The Trustees are responsible for the other information. The other information comprises the Chairman's Report and Farming Report, but does not include the consolidated special purpose financial statements and our auditor's report thereon.

Our opinion on the consolidated special purpose financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated special purpose financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the performance report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Trustees' Responsibility for the Consolidated Special Purpose Financial Statements

The Trustees are responsible on behalf of the Group for the preparation and fair presentation of the consolidated special purpose financial statements in accordance with *A Special Purpose Framework for For-Profit Entities (SPFR for FPEs)* published by the New

Zealand Institute of Chartered Accountants, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated special purpose financial statements, the Trustees are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Special Purpose Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated special purpose financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this consolidated special purpose financial statements.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated special purpose financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated special purpose financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the consolidated special purpose financial statements, including the disclosures, and whether the consolidated special purpose financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Kirsten Dixon
DIXON&CO

27th April 2018

TAUHARA MOANA TRUST & SUBSIDIARIES

SUPPLEMENTARY SCHEDULES FOR THE YEAR ENDED 31 MAY 2017

FINANCIAL PERFORMANCE SUMMARY — OPERATING SURPLUS BY ACTIVITY

	Schedule	Group	
		2017	2016
SUMMARY			
Farming Operations	D&E	1,286,344	(312,485)
Commercial Activities	C	115,000	110,000
Other Income	A	63,802	155,444
Less: Administration Costs	B	(1,287,340)	(1,465,184)
Net Operating Surplus/(Deficit) for year		177,806	(1,512,226)
Livestock Holding Gains		254,540	(158,546)
Impairment Losses on Shares		(3,203)	(33,829)
Loss Due to Price Changes on Financial Instruments		(21,000)	-
Net Operating Surplus/(Deficit) before Taxation		408,143	(1,704,601)

Details of the revenue and expenditure for each activity are disclosed below:

A. OTHER INCOME

	Group	
	2017	2016
Other Income		
Forestry Proceeds	15,216	-
Dividends Received	-	69,444
Interest Received	131	5
Management Fees Received	-	-
Rebates	44,790	84,374
Sundry Income	-	87
Quarry Royalties	3,665	1,534
	63,802	155,444

TAUHARA MOANA TRUST & SUBSIDIARIES

SUPPLEMENTARY SCHEDULES FOR THE YEAR ENDED 31 MAY 2017

B. ADMINISTRATION COSTS

	Group	
	2017	2016
Administration		
AGM Expenses	16,213	6,768
Ahuwhenua Costs	-	-
Accountancy & Secretarial Fees	66,000	72,000
Audit Fees and Disbursements	14,026	12,733
Bad Debts Written Off	-	-
Bank Fees	729	2,214
Conference Registration Fees	-	-
Consultancy	-	2,590
Consultancy- Awhina Group	-	-
Database Expenses	-	-
Electricity	-	-
General Expenses	316	737
Impairment Losses	-	-
Insurance	-	671
Interest	352,081	375,883
Legal Fees	552	1,478
Lease Fees	396,715	406,018
Rates	88,420	80,039
Resource Consents	2,587	1,685
Subscriptions	-	-
Tauhara Dairy Ltd Fee	-	-
Trees Shelter	-	3,145
Trustee Expenses & Fees	53,083	56,495
Directors Fees	26,000	28,000
Directors Expenses	2,551	2,138
Total Administration	<u>1,019,273</u>	<u>1,052,592</u>
Depreciation & Loss on Sale	268,067	412,593
	<u>1,287,340</u>	<u>1,465,184</u>

C. COMMERCIAL ACTIVITIES

	Group	
	2017	2016
Income from		
Geothermal Development	115,000	110,000
Lease Fees	-	-
Rates Recoveries	-	-
	<u>115,000</u>	<u>110,000</u>
Commercial Activities Surplus/(Deficit)	<u>115,000</u>	<u>110,000</u>

TAUHARA MOANA TRUST & SUBSIDIARIES

SUPPLEMENTARY SCHEDULES FOR THE YEAR ENDED 31 MAY 2017

D. FARMING OPERATIONS

	Schedule	Group	
		2017	2016
Income from			
Dairy Cattle		444,594	529,001
Milk Production		4,365,823	3,204,306
Hay & Silage Sales		-	-
Rent Received		-	-
Grazing Revenue		-	-
Rental Income		53,460	47,080
Sundry Income		2,500	-
		<u>4,866,377</u>	<u>3,780,386</u>
Less: Expenses			
Farm Working Expenses	E	2,548,638	2,923,940
Vehicle Expenses	E	191,761	158,343
Repairs and Maintenance	E	234,950	277,953
Overheads	E	448,243	528,461
Loss on Sale of Property, Plant & Equipment		-	24,692
Depreciation	Note 3	156,440	179,482
		<u>3,580,032</u>	<u>4,092,872</u>
Farming Surplus/(Deficit)		<u>1,286,344</u>	<u>(312,486)</u>

E. DETAILED FARM EXPENSES

	Group	
	2017	2016
Farm Working Expenses		
Animal Health	135,591	171,753
Breeding	95,068	91,448
Calf Rearing	104,341	54,474
Commission on Livestock Sales	23,399	7,721
Cultivation	-	-
Dairy Insight Fee	25,099	29,300
Dairy Expendables	48,114	61,910
Electricity	74,789	85,284
Fertiliser & Nitrogen	609,810	557,868
Freight & Cartage	15,590	5,213
Grass & Crops	99,043	94,539
Hay & Silage Making	301,611	254,794
Health & Safety	-	-
Lease - Contact	-	-
Protective Clothing	-	-
Stockfood	66,625	509,064
Wages and Allowances	927,825	966,086
Weed & Pest Control	21,733	34,489
	<u>2,548,638</u>	<u>2,923,940</u>

TAUHARA MOANA TRUST & SUBSIDIARIES

SUPPLEMENTARY SCHEDULES FOR THE YEAR ENDED 31 MAY 2017

Vehicle Expenses

Feedout Wagon	-	-
General Vehicle Expenses	59,844	60,378
Truck Expenses	-	-
Tractor Expenses	131,917	97,965
Road User Charges	-	-
Motorbike Expenses	-	-
Farm Fuel	-	-
	191,761	158,343

Repairs and Maintenance

Workers Accommodation	-	9,679
Dairy Shed	-	-
Drains	-	-
Feed Pads	-	-
General Repairs	234,950	268,274
Ground Maintenance	-	-
Farm Buildings	-	-
Water Supply & Irrigation	-	-
Plant and Equipment	-	-
Fences & Yards	-	-
Roads & Tracks	-	-
Trees & Hedges	-	-
Effluent System	-	-
Waste Management	-	-
	234,950	277,953

Overheads

Accident Compensation	24,707	26,039
Accountancy & Secretarial Fees	50,439	51,264
Bad Debts	-	-
Bank Fees	677	778
Consulting	-	-
Brokerage	900	-
Directors Insurance	5,050	4,070
Entertainment	6,118	5,819
Farm Advisory	43,873	56,182
General Expenses	3,423	670
Insurance	44,500	43,190
Interest	254,930	329,658
Legal Fees	-	-
Management Contract	-	-
Rates	-	-
Staff Training	3,927	1,281
Subscriptions	-	-
Telephone & Tolls	9,699	9,511
	448,243	528,461

FINANCIAL STATEMENTS 2017/18

CONSOLIDATED SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MAY 2018

TRUST DIRECTORY

NATURE OF BUSINESS	Dairy Farming
LOCATIONS	Farm: Broadlands Road, Taupō Business: 63-65 Waikato Street, Taupō
RESPONSIBLE TRUSTEES	David Topia Rameka (Chairman) Toby Rameka Metiria Rameka Heemi James Terangitahau Tauteka Biddle Skay Michael Rangī Danny Loughlin
DIRECTORS TAUHARA DAIRY LTD	Clinton Hemana Danny Loughlin
FARM CONSULTANT	Mark Johnston
BANKERS	Bank of New Zealand, Taupō
SOLICITOR	Cargill Stent Ltd PO Box 445 Taupō
AUDITORS	Dixon & Co PO Box 50 Taupō
ACCOUNTANT	He Akina Limited 63-65 Waikato Street Taupō

TAUHARA MOANA TRUST & SUBSIDIARIES

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MAY 2018

	Note	Group	
		2018	2017
Revenue			
Income from livestock	2	5,827,164	4,810,417
Other farm income	2	259,304	213,250
Total Revenue		<u>6,086,468</u>	<u>5,023,667</u>
Other income	2	22,171	21,512
Expenses	3	(5,569,813)	(4,891,575)
Livestock holding gains/(losses)	11	25,995	254,540
Net operating profit/(loss) before tax		<u>564,821</u>	<u>408,143</u>
Income tax expense	4	-	-
Net profit/(loss)		<u><u>564,821</u></u>	<u><u>408,143</u></u>

The accompanying Accounting Policies, notes and audit report form part of and should be read in conjunction with the Statement of Financial Performance, Movements in Equity and Financial Position.

TAUHARA MOANA TRUST & SUBSIDIARIES

STATEMENT OF MOVEMENTS IN EQUITY FOR THE YEAR ENDED 31 MAY 2018

	Notes	Group	
		2018	2017
Equity At Beginning of Year	18	14,482,295	8,758,789
Tax paid Surplus/(Deficit) for Year	18	564,821	408,143
Kaumatua Grants & Koha paid	18	(102,192)	(99,951)
Increases in Revaluation Reserves	18	26,054	3,889,738
Increases in Capital Reserves	18	-	1,525,575
Equity at End of Year	18	<u>14,970,979</u>	<u>14,482,295</u>

The accompanying Accounting Policies, notes and audit report form part of and should be read in conjunction with the Statement of Financial Performance, Movements in Equity and Financial Position.

TAUHARA MOANA TRUST & SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 MAY 2018

	Note	Group	
		2018	2017
Current Assets			
Cash and short-term deposits	8	28,611	106,383
Trade and other receivables	9	512,621	433,651
Other current assets	10	1,508,383	1,284,211
Derivates	6	46,905	-
Total Current Assets		2,096,519	1,824,245
Non Current Assets			
Property Plant and Equipment	5	19,169,158	19,303,315
Other Non Current Assets			
Derivatives	6	171,000	104,400
Advance - He Akina Limited	21	6,900	-
Investment in shares/ownership interests	7	541,139	513,568
Intangibles	16	5	5
Biological assets	11	3,723,680	3,461,990
		4,442,724	4,079,963
Total Non-Current Assets		23,611,882	23,383,278
Total Assets		25,708,401	25,207,523
Current Liabilities			
Trade and other payables	13	382,337	234,663
Other current liabilities	14	186,238	135,888
Taxation Payable	4	1,592	1,567
Current loans (includes bank overdrafts)	15	552,254	10,334,305
Total Current Liabilities		1,122,422	10,706,423
Non Current Liabilities			
Non-current Loans	15	9,615,000	18,805
Total Liabilities		10,737,422	10,725,228
Net Assets		14,970,979	14,482,295
Equity			
Owners Initial Capital	18	59,180	59,180
Compensation - Land Taken	18	47,208	47,208
Retained Earnings/(Accumulated Losses)	18	(3,853,926)	(4,316,556)
Reserves	18	18,718,518	18,692,464
Total Equity		14,970,979	14,482,295

For and on behalf of the Trust:



Trustee



Trustee

Date 5th December 2018

The accompanying Accounting Policies, notes and audit report form part of and should be read in conjunction with the Statement of Financial Performance, Movements in Equity and Financial Position.

TAUHARA MOANA TRUST & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

1. STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

Tauhara Moana Trust is a Trust originally vested under section 438 of the Maori Affairs Act 1953, and continues under section 215 of Te Ture Whenua Maori Act 1993 as an Ahu Whenua Trust.

The Group includes Tauhara Dairy Limited, a company incorporated under the Companies Act 1993 on 4th May 2012 and wholly owned by the Trust by way of 1000 shares, and Tauhara Farms Limited Partnership. The Trust is the limited partner in the partnership and the company is the general partner. Their principal activities are Dairy Farming and Trust administration. All members of the Group have a Balance Date of 31st May.

The financial statements of the Group have been prepared in accordance with the requirements of Te Ture Whenua Maori Act 1993 and "A Special Purpose Framework for use by For-Profit Entities (SRFR for FPEs) published by the New Zealand Institute of Chartered Accountants".

The Group has stepped up to New Zealand International Financial Reporting Standards (NZ IFRS) where applicable.

The financial statements have been specifically prepared for the purpose of meeting the Group's income tax requirements and to comply with obligations under the Group's loan agreements.

The financial statements of the Group have been prepared on a consolidated basis in accordance with NZ IFRS 10 *Consolidated Financial*

The special purpose financial report was authorised for issue in accordance with a resolution of Trustees dated 5th December 2018.

General Accounting Policies

The Group transitioned on 1 June 2014 from preparation of general purpose financial information in accordance with New Zealand generally accepted accounting practice ("NZ GAAP") to special purpose financial reporting in accordance with SPFR for FPEs.

Under that transition, the Group recognised Investment Property separately from Property, Plant & Equipment, and the revaluations of Investment Property previously recorded in Revaluation Reserves were transferred to Retained Earnings. However, on the basis that these financial statements are presented at Group level only, the land, buildings and improvements that were previously classified as Investment Property have been reclassified as Property, Plant & Equipment on the basis that the Group does not hold these assets for capital appreciation nor does it earn revenue from outside the Group on the assets.

Some classes of Property, Plant & Equipment have been further disaggregated for clarity (see Note 5). All other accounting policies were consistently applied during the year.

Going Concern

The financial statements have been prepared on the basis that the group is a going concern. The considered view of the Trustees is that the Group is expected to generate sufficient income and have adequate resources to continue operations for the foreseeable future.

Historical Cost

These financial statements have been prepared on a historical cost basis except for certain assets which have been revalued as identified in specific accounting policies below. The financial statements are presented in New Zealand Dollars (NZ\$) and all values are rounded to the nearest NZ\$ except when otherwise indicated.

Specific Accounting Policies

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

(a) Principles of Consolidation

The Group financial statements are prepared from the financial statements of the parent trust, the company and the limited partnership using the purchase method. Any intra-group transactions, balances and unrealised profits are eliminated on consolidation.

(b) Accounting estimates and judgements

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

Actual results may differ from these estimates.

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

TAUHARA MOANA TRUST & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

(c) Accounts Receivable

Accounts receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectable amounts. Individual debts that are known to be uncollectable are written off in the period that they are identified.

(d) Property, Plant & Equipment

Property, Plant & Equipment is stated at historical cost less any accumulated depreciation and impairment losses. Historical cost includes expenditure directly attributable to the acquisition of assets, and includes the cost of replacements that are eligible for capitalisation when these are incurred.

Land is subsequently revalued on a cyclical basis. Valuations are based on the latest Land Mass New Zealand Valuation, dated 1 July 2016. The Rating Valuations are issued every three years and are used to ensure compliance with Section 276(4)(c) of Te Ture Whenua Act 1993. Any revaluation surplus or deficit arising on the revaluation of a class of fixed assets is transferred directly to the asset revaluation reserve.

(e) Depreciation

Depreciation is calculated on a diminishing value basis over the estimated useful life of the asset using depreciation rates published by the Inland Revenue Department. Assets estimated useful lives are reassessed annually.

The following depreciation rates have been used:

- Buildings — rates of 0% cost price and diminishing value, and sundry building improvements - 40%
- Development Expenditure - fencing, water supply, effluent, tracks etc — between 0% - 18% diminishing value.
- Motor Vehicles — between 13 - 40% diminishing value
- Plant and Equipment - 8%-80.4% diminishing value

All other repairs and maintenance expenditure is registered in profit or loss as incurred.

An item of Property, Plant & Equipment derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated on the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(f) Income Tax

The Trust entered the Maori Authority regime on the 1st July 2004, as a result the tax rate is 17.5% (2011: 19.5%), Tauhara Dairy Limited will have to comply with standard company tax rates.

Income tax is accounted for using the taxes payable method. The income tax expense in profit or loss represents the current obligation payable to the Inland Revenue Department.

(g) Goods and Services Tax

All entities in the Group are registered for GST. All amounts are exclusive of GST except that irrecoverable GST input tax has been recognised in association with the expense that it relates. Accounts receivable and Accounts payable are disclosed inclusive of GST.

(h) Investments in Shares

Listed LIC shares are valued at closing NZSE stock price.

Miraka Limited shares (unlisted) are stated at fair value, being the latest sale price of shares sold.

Farmlands Society and Ravensdown Co-operative shares are stated at issue value (cost) being \$1 per share.

(i) Biological Assets

Livestock is measured at fair value less cost to sell, determined by independent count and valuation performed on 6 June 2017 by NZ Farmers Livestock Limited.

Unrealised gains or losses arising from changes in value of stock between beginning and year-end market values are recognised separately in the statement of financial performance as holding gains or losses, in accordance with NZ IAS41 Agriculture.

For taxation purposes livestock is valued using the National Standard Cost Scheme.

Standing timber is initially valued at cost and subsequently revalued to market value at balance date.

TAUHARA MOANA TRUST & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

(j) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services, to the extent it is probable that the economic benefits will flow to the entity and revenue can be reliably measured.

Sales of goods and livestock are recognised when the entity has transferred the significant risk and rewards associated with ownership of the goods to the customer.

Forestry income is recognised on sale or harvest of the forest.

Lease income is recognised on a straight line basis over the life of the lease.

Interest received is recognised as interest accrues, gross of refundable tax credits received.

Dividends received are recognised on receipt, net of non-refundable tax credits.

(k) Leases

Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased items, are recognised as an expense in profit or loss on a straight line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

Leases in which the entity retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. The leased asset is included within investment property and income recognised on a straight line basis over the life of the lease.

(l) New Zealand Units (NZUs) / Intangible Assets

New Zealand Units (NZUs) are issued into the NZU Registry by the Government under the Emission Trading Scheme (ETS). Compensatory NZUs are received from the Ministry of Agriculture and Forestry (MAF) at no cost and recorded at a nominal value basis determined by the Trustees. NZUs can be traded within New Zealand.

(m) Derivatives

Derivative financial instruments are measured at fair value based on mark-to-market values provided by the financial institution who issued the derivative, and are recognised on the Balance Sheet at that fair value. Changes in fair value are recognised through profit or loss.

(n) Financial Instruments - Financial Assets

At initial recognition the entity determines the classification of financial assets as either held at fair value, cost or amortised cost. Financial assets are measured initially at fair value, estimated at the transaction price less any associated transaction costs.

Amortised Cost

Includes assets where the entity intends to earn contractual cash flows in the nature of principal and interest payments. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, as well as through the amortisation process.

Cost

Equity instruments as classified as held at cost. Assets are stated at cost less any accumulated impairment loss. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired.

Fair Value

Financial assets not held at amortised cost or cost are held at fair value. Assets are subsequently measured at fair value only when the fair value of the instrument can be reliably measured based on a quoted price for an identical asset in the active market. Where no active market price is available the instrument shall be measured at the fair value for a prior year less any accumulated impairment loss.

Gains and losses are recognised in profit or loss for movements in the fair value of the assets and when the assets are derecognised.

(o) Financial Instruments - Financial Liabilities

Financial liabilities, including borrowings and bank overdrafts, are initially measured at fair value net of transaction costs and are subsequently measured at amortised cost using the effective interest method. Interest expenses are recognised in profit or loss on an effective yield basis.

TAUHARA MOANA TRUST & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

(p) Impairment of Non-Financial Assets

At each balance date, non-financial assets are classified into four categories: assets measured at fair value; assets currently available that the entity intends to use to the end of its useful life; assets intended to be sold prior to the end of their useful life; and assets damaged or idle at balance date.

Assets measured at fair value, or assets the entity intends to use to the end of its useful life, are not reviewed for impairment at balance date. Assets intended to be sold prior to the end of their useful life, or assets damaged or idle at balance date, are reviewed to determine if any indicators of impairment exist. If indicators exist, the asset is tested for impairment to ensure that the carrying amount of the asset is If the recoverable amount of an asset is determined to exceed its carrying amount then the resulting difference is recognised as an impairment loss in profit or loss for that period.

2. REVENUE

Notes	2018	Group 2017
Revenue		
a) Income from livestock		
Cattle - Sales (net)	624,037	444,594
Milk solids sales	5,203,127	4,365,823
Total Income from livestock	5,827,164	4,810,417
b) Other farm income		
Rebates	49,744	44,790
Rental, Leases & License Income	170,000	168,460
Sundry Farm Income	39,560	-
Total other Farm Income	259,304	213,250
c) Other Income		
Interest	232	131
Dividends	3,816	-
Quarry Royalties	270	3,665
Depreciation Recovered	10,042	-
Sundry Income	-	2,500
Timber Harvest Revenue/Forestry Proceeds	7,811	15,216
Total Other Income	22,171	21,512
Milk Solids Sales	5,203,127	4,365,823
Total Agricultural Produce	5,203,127	4,365,823
Total Revenue	6,108,639	5,045,179

3. EXPENSES

Schedule	2018	Group 2017
<i>Expenses are categorised as follows:</i>		
Farm Expenses		
Farm Working Expenses	E	2,887,756
Vehicle Expenses	E	213,183
Repairs & Maintenance	E	321,275
Overheads	E	397,588
Administration Expenses	B	1,036,724
Forestry Expenses	F	32,770
Depreciation (See below)	Note 5	381,417
Impairment Loss on Shares	Note 17	-
Impairment Loss on Derivatives		3,203
		299,100
		5,569,813
		4,891,575

TAUHARA MOANA TRUST & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

	Notes	Group	
		2018	2017
Depreciation is summarised as follows:			
Depreciation for Year			
Land	5	-	-
Developments & Improvements	5	102,589	108,895
Buildings	5	59,987	66,422
Vehicles	5	82,166	93,169
Plant & Equipment	5	135,651	154,698
Furniture & Fittings	5	1,025	1,323
		<u>381,417</u>	<u>424,507</u>
4. INCOME TAX EXPENSE			
		Group	
		2018	2017
Net profit/(loss) before tax		564,821	408,143
Taxation adjustments:			
- Imputation credits		1,484	-
- Timing differences - accruals and provisions		35,544	(85,100)
- Timing differences - tax losses brought forward		(237,609)	-
- Non-deductible expenses - entertainment		4,525	3,059
- Fair value adjustments - biological assets		(185,557)	(382,156)
- Impairment losses on shares		-	3,203
- Further Payments This Season		(996,868)	(813,661)
- Further Payments Last Season		813,661	403,220
Taxable profit/(loss)		<u>-</u>	<u>(463,292)</u>
Prima facie tax expense at 17.5% (2017: 17.5%) on net profit before tax		-	-
- Income tax losses brought forward		(6,484,469)	(6,056,915)
- Tax losses brought forward used this year		237,609	-
- Imputation credits converted to a loss		(8,479)	-
- Prior year tax adjustments		-	35,738
Taxation losses to carry forward		<u>(6,255,339)</u>	<u>(6,484,469)</u>

Taxation losses are subject to confirmation by the Inland Revenue Department.

The taxation benefits of losses will be available provided:

- the Trust complies with conditions for offset imposed by the Income Tax Act 2007 and the amendments thereto,
- no change in taxation legislation adversely affects the Trust in realising the taxation benefits of those losses, and
- the Trust generates assessable income in the future, against which the losses can be offset.

TAUHARA MOANA TRUST & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

5. PROPERTY, PLANT & EQUIPMENT

	Group	
	2018	2017
Land - Cost	-	-
Revaluation	14,200,000	14,200,000
Less Accumulated Depreciation & Impairment	-	-
Net Book Value	<u>14,200,000</u>	<u>14,200,000</u>
Developments & Improvements - Costs	4,029,666	4,024,338
Less Accumulated Depreciation & Impairment	(1,319,703)	(1,217,115)
Net Book Value	<u>2,709,963</u>	<u>2,807,223</u>
Buildings - Cost	1,178,735	1,178,734
Less Accumulated Depreciation & Impairment	(350,413)	(290,425)
Net Book Value	<u>828,322</u>	<u>888,309</u>
Vehicles - Cost	897,889	805,546
Less Accumulated Depreciation & Impairment	(359,568)	(350,339)
Net book value	<u>538,321</u>	<u>455,207</u>
Plant & Equipment - Cost	2,111,872	2,035,220
Less Accumulated Depreciation & Impairment	(1,223,702)	(1,088,051)
Net book value	<u>888,170</u>	<u>947,169</u>
Furniture & Fittings - Cost	13,289	13,289
Less Accumulated Depreciation & Impairment	(8,907)	(7,882)
Net book value	<u>4,382</u>	<u>5,407</u>
Total Fixed Assets - Net Book Value	<u>19,169,158</u>	<u>19,303,315</u>

Land has been revalued this year to the most recent valuation provided by Taupo District Council for rateable purposes. The latest land valuation dated 1 July 2016 is \$14,200,000 (1 July 2013: \$8,765,000).

6. DERIVATIVES

	Group	
	2018	2017
Milk Price Futures		
Current Portion	46,905	-
Non-Current Portion	171,000	104,400
	<u>217,905</u>	<u>104,400</u>

TFLP has 59 contracts at 6,000 units per contract, expiring 1 October 2018 and 50 contracts at 6,000 units per contract, expiring at 30 September 2019.

At 31 May 2018 the 59 contracts expiring 1 October 2018 were priced at \$6.28, with a market value of \$2,389,500 and the 50 contracts expiring 30 September 2019 were priced at \$6.37, with a market value of \$2,064,000. The total market value of all contracts at 31 May 2018 was \$4,453,500 (2017: \$1,143,000 for 30 contracts).

7. INVESTMENTS IN SHARES

	No Shares	Group	
		2018	2017
Farmlands	15,000	15,000	15,000
Livestock Improvement	5,036	4,423	5,937
Miraka Ltd "B" Shares	185,185	375,926	375,926
Ravensdown	145,790	145,790	116,705
		<u>541,139</u>	<u>513,568</u>

TAUHARA MOANA TRUST & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

8. CASH & SHORT TERM DEPOSITS

	Group	
	2018	2017
BNZ Cheque Account	16,068	82,563
BNZ Call Account	515	515
BNZ Hedging Account	9,028	9,800
First NZ Capital Securities	3,000	13,505
	<u>28,611</u>	<u>106,383</u>

9. TRADE AND OTHER RECEIVABLES

	Group	
	2018	2017
Accounts Receivable	512,621	405,343
GST	-	28,308
	<u>512,621</u>	<u>433,651</u>

10. OTHER CURRENT ASSETS

	Group	
	2018	2017
Accrued Income	20,313	40,985
Miraka Further Payments	996,868	813,661
Prepaid Expenses	52,788	39,897
Consumables	438,414	389,668
	<u>1,508,383</u>	<u>1,284,211</u>

TAUHARA MOANA TRUST & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

11. BIOLOGICAL ASSETS

	Group	
	2018	2017
Cattle	3,672,930	3,461,990
Standing Timber	50,750	-
	<u>3,723,680</u>	<u>3,461,990</u>

Livestock Reconciliations:

Notes	2018 Number	Average Price	2018	2017
DAIRY CATTLE				
Sales				
Calves	1,099	138	152,145	32,500
Rising 1yr Heifers	-	-	-	137,225
Rising 2yr Heifers	121	958	115,907	20,354
Mixed Aged Cows	466	843	392,921	446,334
Rsg 1 Yr Steers & Bulls	-	-	-	190,415
Rsg 2 Yr Steers & Bulls	151	1,215	183,503	85,463
	<u>1,837</u>		<u>844,477</u>	<u>912,291</u>
Less Purchases				
Rising 2yr Heifers	98	1,418	138,985	114,550
Mixed Age Cows	92	1,775	163,300	266,342
Rsg 1 Yr Steers & Bulls	-	-	-	22,780
Rsg 2 Yr Steers & Bulls	55	1,875	103,100	112,775
	<u>245</u>		<u>405,385</u>	<u>516,447</u>
Cash Surplus/(Deficit)			439,092	395,844
Add increase in Numbers			184,945	48,750
Gross Profit/Loss			<u>624,037</u>	<u>444,594</u>

	2018 Number	2017 Number	2018	2017
Opening stock				
Rising 1yr Heifers	601	605	421,800	349,250
Rising 2yr Heifers	478	513	528,165	557,100
Mixed Aged Cows	2,003	1,965	2,426,475	2,212,800
Rising 1yr Steers & Bulls	64	50	40,450	36,250
Rising 2yr Steers & Bulls	32	-	45,100	2,000
Rising 3yr Steers & Bulls	-	1	-	1,300
	<u>3,178</u>	<u>3,134</u>	<u>3,461,990</u>	<u>3,158,700</u>
Closing stock				
Rising 1yr Heifers	673	601	479,910	421,800
Rising 2yr Heifers	510	478	631,530	528,165
Mixed Aged Cows	2,034	2,003	2,418,900	2,426,475
Rising 1yr Steers & Bulls	226	64	142,590	40,450
Rising 2yr Steers & Bulls	-	32	-	45,100
	<u>3,443</u>	<u>3,178</u>	<u>3,672,930</u>	<u>3,461,990</u>
Increase/(decrease) in stock on hand	265	44	210,940	303,290
Change in values (livestock holding gain/(loss))			25,995	254,540
Change in numbers			184,945	48,750
Increase/(decrease) in stock on hand			<u>210,940</u>	<u>303,290</u>

TAUHARA MOANA TRUST & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

12. MILK INCOME

	2018 kg	2017 kg	2018 \$	2017 \$
Milk solids				
Last season increase/(decrease)			811,313	403,220
June	4,440	-	14,951	-
July	513	552	2,174	1,949
August	33,771	39,500	141,791	137,751
September	87,355	80,759	366,273	294,704
October	114,588	95,678	480,888	344,381
November	104,477	88,258	437,665	437,939
December	91,616	85,178	558,717	436,500
January	80,492	80,137	498,537	385,771
February	71,419	59,713	434,178	522,976
March	71,662	69,613	424,195	336,622
April	60,954	60,736	527,102	294,224
May	45,535	37,087	322,136	353,958
Total	766,822	697,210	5,019,919	3,949,995
Plus Pay-Out Estimate Current Season			996,868	813,661
Less Pay-Out Estimate Prior Season			(813,661)	(403,221)
Plus Insurance Proceeds for Lost Milk			-	5,387
Net Total			5,203,127	4,365,823
Average price per kg milk sales			\$ 6.79	\$ 6.26

13. TRADE AND OTHER PAYABLES

	Group	
	2018	2017
Accounts Payable	382,337	234,663
	382,337	234,663

14. OTHER CURRENT LIABILITIES

	Group	
	2018	2017
Accrued Expenses	73,195	74,167
Accrued Interest	14,583	14,863
GST	42,098	-
Provision for Annual Leave	56,363	46,858
	186,238	135,888

15. LOANS (INCLUDES BANK OVERDRAFTS)

	Group	
	2018	2017
BNZ term loans	10,133,807	10,353,110
Less current portion of term loans	(518,807)	(10,334,305)
Non-current portion of term loans	9,615,000	18,805
Current portion of term loans	518,807	10,334,305
Bank overdrafts	33,447	-
Current loans including bank overdrafts	552,254	10,334,305

Tauhara Moana Trust

The BNZ Farm First overdraft limit is \$100,000.

Tauhara Farms Limited Partnership

The BNZ Business and Farming Account overdraft limit is \$250,000.

TAUHARA MOANA TRUST & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

Tauhara Moana Trust.

2018:

BNZ Customised Average Rate Loan Balance at 31 May 2018 is \$6,430,000. The loan is interest only with an expiry date of 20 May 2022. The interest rate at 31 May 2018 was 5.25%.

2017:

BNZ Customised Average Rate Loan Balance at 31 May 2017 is \$2,586,184 with a maturity date of 6 June 2017. Repayment at maturity of \$2,586,184 with an interest rate at 31 May 2017 of 5.16%.

BNZ Customised Average Rate Loan Balance at 31 May 2017 is \$147,325 with a maturity date of 20 December 2017. Repayment at maturity of \$237,325 with an interest rate at 31 May 2017 of 5.16%.

BNZ Customised Average Rate Loan Balance at 31 May 2017 is \$3,559,900 with a maturity date of 20 December 2017. Repayment at maturity of \$3,559,900 with an interest rate at 31 May 2017 of 5.16%.

BNZ Customised Average Rate Loan Balance at 31 May 2017 is \$250,000 with a maturity date of 6 June 2017. Repayment at maturity of \$250,000 with an interest rate at 31 May 2017 of 5.16%.

Securities are:

- All obligations unlimited Guarantee from Tauhara Farms Limited Partnership, supported by new perfected security interests in all present and after acquired property of the Partnership, and;
- Perfected security interest in all present and here and after acquired property of the Tauhara Moana Trust.
- Registered first Mortgage over property situated at Broadlands Road, RD2, Taupo, certificate of Title No. SA4.98/626.

Tauhara Farms Limited Partnership

BNZ Customised Average Rate Loan Balance at 31 May 2018 is \$2,800,000 (2017: \$3,549,527) with a maturity date of 20 May 2022, irregular repayments of \$100,000 with an interest rate at 31 May 2018 of 5.25% (2017 - 5.16%)

BNZ Customised Average Rate Loan Balance at 31 May 2017 is nil (2017: \$77,514). The loan was repaid in April 2018. The interest rate at 31 May 2017 was 7.65%.

BNZ Customised Average Rate Loan Balance at 31 May 2017 is nil (2017: \$55,000). The loan was repaid on 1 June 2017. The interest rate at 31 May 2017 was 5.16%.

BNZ Tractor Loan Balance as at 31 May 2018 is \$18,807 (2017: \$127,660) with a maturity date of 20 July 2018, monthly repayments are due of \$9,496 with an interest rate at 31 May 2018 of 6.61% (2017: 6.51%).

BNZ Milk Futures Loan Balance as at 31 May 2018 is \$500,000 (2017:nil) with a maturity date of 30 October 2018. The interest rate at 31 May 2018 of 5.25%.

BNZ Working Capital Loan Balance as at 31 May 2018 is \$385,000 (2017: nil) with a maturity date of 22 June 2020. The interest rate at 31 May 2018 of 5.25%.

Securities are:

- All obligations unlimited Guarantee from the Trustees of Tauhara Moana Trust, supported by the Registered Mortgage over the property situated at Broadlands Road, Taupo, Certificate Title Number SA490/626.
- Perfected security interest in all present and here and after acquired property of the Tauhara Farms Limited Partnership.
- Existing Chattels security over 2013 Case IH Puma 210 4wd tractor Cab Serial no: ZCBH57524.
- Existing Chattels security over 2015 Massey Ferguson 7619 Reg no: B7AWJ
- Existing Chattels security over 2015 Titan 900 Silage Wagon
- Existing Chattels security over 2015 Giltrap 5001 Fert Spreader

16. NEW ZEALAND UNITS (NZUS)

Under the Emissions Trading Scheme (ETS) Tauhara Moana Trust holds 10,500 pre-1990 New Zealand Units (NZU's), These have been allocated at nil cost to the Trust and are recorded at a nominal value cost of \$5 (See also note 24: Contingent Liabilities).

TAUHARA MOANA TRUST & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

17. FINANCIAL INSTRUMENTS

2018	Amortised Cost	Cost	Fair Value
Cash and short-term deposits	28,611		
Trade and other receivables	512,621		
Other current assets	1,017,181		
Investment in shares		231,481	541,139
Derivatives			217,905
	1,558,413	231,481	759,044

2017	Amortised Cost	Cost	Fair Value
Cash and short-term deposits	106,383		
Trade and other receivables	433,651		
Other current assets	854,646		
Investment in shares		231,481	513,568
Derivatives			104,400
	1,394,680	231,481	617,968

All investments in shares are value at cost, except for Miraka Limited shares which are valued at fair value, being the most recent sale price of Miraka Limited shares, and listed shares which are valued at the closing NZSE stock price. There were \$3,203 impairment losses relating to LIC shares this year.

18. EQUITY

	Group	
	2018	2017
Owners Initial Capital	59,180	59,180
Compensation - Land Taken	47,208	47,208
Retained Earnings/(Accumulated Losses)		
Opening Balance	(4,316,556)	(4,624,749)
Net Profit/(Loss)	564,821	408,144
Kaumatua Grants & Koha paid	(102,192)	(99,951)
Closing Balance	(3,853,926)	(4,316,556)
Revaluation Reserves		
Opening Balance	14,377,904	10,488,166
Revaluations Due to Sale of Shares	-	(1,545,000)
Revaluation of Shares	(1,669)	-
Revaluation of Standing Timber	27,723	-
Revaluation Reserve - Land & Buildings	-	5,434,738
Net increase in Revaluations Reserves	26,054	3,889,738
Closing Balance	14,403,958	14,377,904
Capital Reserves		
Opening Balance	4,314,560	2,788,985
Capital Profit on Sale of Shares	-	1,525,575
Closing Balance	4,314,560	4,314,560
Total Reserves	18,718,518	18,692,464
Total Equity	14,970,979	14,482,295

TAUHARA MOANA TRUST & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

19. PRE 2005 RETAINED EARNINGS

On the 1st July 2004 the Trust elected to become a Maori Authority. Income retained prior to the 2005 Income Tax year is available to be distributed to beneficiaries tax free. As prior to 2005 Income Tax year the Trust was operating at a loss there are no retained earnings available for tax free distribution as a result of entering the Maori Authority regime.

20. MAORI AUTHORITY CREDITS (MACA)

The Trust has MACA's available as at 31st May 2018 as follows:

	Group	
	2018	2017
Opening Balance	115,639	130,283
Add: Resident Withholding Tax	65	136
Credits Attached to Dividends Received	1,392	-
Less: Taxation Refund received	-	(14,780)
Closing Balance	<u><u>117,096</u></u>	<u><u>115,639</u></u>

21. RELATED PARTY TRANSACTIONS

DA Loughlin is a Director of Tauhara Dairying Ltd and a Trustee of Tauhara Moana Trust. His directors fee for the year ended 31 May 2018 were \$13,667 (2017: \$12,000) plus mileage incurred, owing at balance date \$2,227 (2017: \$752).

D Loughlin was appointed Director of He Akina Limited on 29 January 2016. The Trust and its subsidiaries paid He Akina Limited \$122,434 for administration and financial services during the year (2017: \$116,439), owing at balance date \$255 (2017 - \$3,368).

Agnosis Ltd provides consultancy services to Tauhara Dairy Ltd. Agnosis Ltd is a company owned 50% by C Hemana, a Director of Tauhara Dairying Ltd and a Trustee of Tauhara Moana Trust. The directors fees for the year ended 31 May 2018 were \$19,667 (2017: \$14,000) plus mileage and telephone expenses incurred. Owing at balance date \$2,264 (2017: \$1,880). During the 2018 financial year the Trust has advanced \$6,900 to He Akina Limited. The advance is interest free and unsecured.

Some trustees also qualified to receive a kaumatua grant of \$300 from the Trust, other than these payments the Trustees' fees and expenses are disclosed in the financial statements.

Transactions with related parties are recorded on normal commercial terms. The Group has not made any allowance for impairment loss relating to amounts owed by related parties for the year ended 31 May 2018 (2017: nil). There are no loans from related parties.

TAUHARA MOANA TRUST & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

22. LEASES & LICENCES

Tauhara North No 2 Trust

Tauhara Moana Trust leases land from Tauhara North No 2 Trust. The lease runs until 31 March 2025. Annual rent payable to Tauhara North No 2 Trust is \$71,000 per annum plus GST, rates and outgoings.

Grazing Lease Commitments

	2018	Group 2017
Future Lease Commitments		
Current	71,000	71,000
Non-Current	414,167	485,167
Balance of lease	485,167	556,167

Contact Energy Ltd

Licence to Occupy

Otumuheke Block (128.4 hectares) and Rakaunui Block (45.2 hectares)

The Group has taken on a licence to occupy the Otumuheke and Rakaunui Blocks, permitted use of these blocks is restricted to the cut and carry of lucerne crops, oats, rye grass and grazing for one month of a calendar year.

Licence Commencement Date - 6th February 2012

Term - 6 years Rights of Renewal - 1 of 6 years

Fee Review - every 3 years from commencement date.

Annual Fee - \$57,500 by monthly payments in advance of \$4,792.

Otumuheke & Rakaunui

	2018	Group 2017
Future Licence Commitments		
Current	57,500	47,316
Non-Current	268,334	-
Balance of licence	325,834	47,316

Contact Energy Ltd

Licence to Occupy

Quarry Block (540 hectares), Huka Block (224 hectares) and TH1 Block (24.6 hectares)

The Group has taken on a licence to occupy the Huka and TH1 Blocks. The permitted use of the these blocks is livestock grazing and

Licence Commencement Date - 6th February 2012

Term — 6 years Rights of Renewal — 1 of 6 years

Fee Review — every 3 years from commencement date.

Annual Fee - \$305,500 by monthly payments in advance of \$25,458.

Huka Quarry & TH1

	2018	Group 2017
Future Licence Commitments		
Current	305,500	174,678
Non-Current	1,425,667	-
Balance of licence	1,731,167	174,678

TAUHARA MOANA TRUST & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

23. CAPITAL COMMITMENTS

There are no known capital commitments as at 31 May 2018 (2017: nil).

24. CONTINGENT LIABILITIES

The Trustees of the Trust resolved to write back \$34,398 of unclaimed owner distributions in the 2011 financial year due to the lack of detailed records of those distributions. Therefore there is a contingent liability for this amount if any of the Shareholders come forward with details of a claim for these distributions.

Under the Emissions Trading Scheme (ETS) the Group will be required to surrender New Zealand Units if they deforest and introduce a new land use. The financial effect of this has not been quantified as the Group has every intention of replanting the land and therefore anticipate no obligation to return New Zealand Units in the future (2017: nil).

Other than the above there are no known material contingent liabilities as at 31 May 2018 (2017: nil).

25. EVENTS SUBSEQUENT TO BALANCE DATE

There were no known material events subsequent to balance date which would have an effect on these financial statements (2017 - nil).

26. CONTACT GEOTHERMAL ACCESS AGREEMENT

The Trust has entered into an arrangement with Contact Energy Limited where Contact can carry on the activity of extraction and/or reinjection of geothermal fluid on the Trust's land. Contact has paid a further \$120,000 (2017: \$115,000) as an extension for the Trust entering into this agreement and granting Contact easement to access the land.

TAUHARA MOANA TRUST & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

Declaration of General Interest as at 31 May 2018 pursuant to section 140(2) of the Companies Act 1993:

CLINTON ANDREW MAHAKI HEMANA

Rua Roa Trust	Chairman
Ngawapurua Trust	Chairman
Dairy NZ	Associate Director
Otamarakau Farm LLP	Director
Waerenga East & West Blocks Inc	Chairman
Waerenga Farms Limited	Director & Chairman
Awarua O Hinemanu Trust	Chairman
Tataraakina C Trust	Chairman
Tauhara Farms Limited Partnership	Chairman
Te Arawa Fisheries ICP Ltd	Director
Te Arawa Fisheries Ltd	Director
Te Arawa Fisheries Holdings Ltd	Director
AgNOSIS Ltd	Director
Hemana Properties Ltd	Director
Hemana Whanau Trust	Chairman
Taranui Pokiha Investments Ltd	Director
Hemana Consulting Ltd	Director
Rotopounamu 1B3A2C Management Ltd	Director & Shareholder
Digga-Bygum Ltd	Shareholder
Opepe Farm Trust	Trust Farm Advisor
Opepe Farm Trust	Drystock Farm Advisor
Awhina Group	Secretary

DANNY APERAHAMA LOUGHLIN

Awanui Moana GP Ltd	Director
Bay Packers LP	Director
Tauhara Moana Trust	Trustee
Mohi Developments Ltd	Shareholder
iMaori Ltd	Director/Shareholder
Loughlin Trustees Ltd	Director
Loughlin Holdings Ltd	Director
Tauhara Dairy Ltd/Tauhara Farms LP	Director/Shareholder
Tuwharetoa Maori Trust Board	Trustee
Ngati Tuwharetoa Fisheries Charitable Trust	General Manager
Ngati Tuwharetoa Fisheries Holdings Ltd	Director
He Akina Ltd	Director/Shareholder
Takataraka Trustees Ltd	Director

INDEPENDENT AUDITOR'S REPORT

To the Beneficial Owners of Tauhara Moana Trust

Report on the Consolidated Special Purpose Financial Statements

Opinion

We have audited the accompanying consolidated special purpose financial statements of Tauhara Moana Trust and its subsidiaries ("the Group") on pages 48 to 65, which comprise the consolidated statement of financial position as at 31 May 2018, the consolidated statement of financial performance and the consolidated statement of movements in equity for the year then ended, the statement of accounting policies and other explanatory information.

In our opinion, the consolidated special purpose financial statements on pages 48 to 65 present fairly, in all material respects, the consolidated financial position of the Group as at 31 May 2018 and its consolidated financial performance for the year then ended in accordance with *A Special Purpose Framework for For-Profit Entities (SPFR for FPEs)* published by the New Zealand Institute of Chartered Accountants.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under this standard are further described in the Auditor's Responsibilities for the Audit of the Consolidated Special Purpose Financial Statements section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Group.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the consolidated special purpose financial statements, which describes the basis of accounting. The consolidated special purpose financial statements have been prepared to assist Tauhara Moana Trust to meet the provisions of the Trust Deed. As a result, the consolidated special purpose financial statements may not be suitable for another purpose.

Restriction on Responsibility

This report is made solely to the beneficial owners, as a body. Our audit work has been undertaken so that we might state to the beneficial owners those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the beneficial owners as a body, for our audit work, for this report, or for the opinions we have formed.

Other Information

The Trustees are responsible for the other information. The other information comprises the Chairman's Report and Farming Report, but does not include the consolidated special purpose financial statements and our auditor's report thereon.

Our opinion on the consolidated special purpose financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated special purpose financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the performance report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Trustees' Responsibility for the Consolidated Special Purpose Financial Statements

The Trustees are responsible on behalf of the Group for the preparation and fair presentation of the consolidated special purpose financial statements in accordance with *A Special Purpose Framework for For-Profit Entities (SPFR for FPEs)* published by the New Zealand Institute of Chartered Accountants, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated special purpose financial statements, the Trustees are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Special Purpose Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated special purpose financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this consolidated special purpose financial statements.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated special purpose financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated special purpose financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the consolidated special purpose financial statements, including the disclosures, and whether the consolidated special purpose financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Kirsten Dixon
DIXON&CO

4th October 2018

TAUHARA MOANA TRUST & SUBSIDIARIES

SUPPLEMENTARY SCHEDULES FOR THE YEAR ENDED 31 MAY 2018

FINANCIAL PERFORMANCE SUMMARY — OPERATING SURPLUS BY ACTIVITY

	Schedule	Group	
		2018	2017
SUMMARY			
Farming Operations	D&E	1,966,128	1,286,345
Commercial Activities	C	120,000	115,000
Forestry Activities	F	(24,959)	15,216
Other Income	A	54,062	48,586
Less: Administration Costs	B	(1,277,305)	(1,287,340)
Net Operating Surplus/(Deficit) for year		<u>837,926</u>	<u>177,807</u>
Livestock Holding Gains		25,995	254,540
Impairment Losses on Shares		-	(3,203)
Loss Due to Price Changes on Financial Instruments		(299,100)	(21,000)
Net Operating Surplus/(Deficit) before Taxation		<u>564,821</u>	<u>408,144</u>

Details of the revenue and expenditure for each activity are disclosed below:

A. OTHER INCOME

	Group	
	2018	2017
Other Income		
Dividends Received (Net of Imputation Credits)	3,816	-
Interest Received	232	131
Rebates	49,744	44,790
Quarry Royalties	270	3,665
	<u>54,062</u>	<u>48,586</u>

TAUHARA MOANA TRUST & SUBSIDIARIES

SUPPLEMENTARY SCHEDULES FOR THE YEAR ENDED 31 MAY 2018

B. ADMINISTRATION COSTS

	Group	
	2018	2017
Administration		
ACC Levies	327	-
AGM Expenses	5,438	16,213
Accountancy & Secretarial Fees	72,000	66,000
Audit Fees and Disbursements	14,000	14,026
Bank Fees	855	729
Consultancy	2,695	-
General Expenses	770	316
Insurance	1,258	-
Interest	335,858	352,081
Legal Fees	7,542	552
Lease Fees	402,929	396,715
Rates	103,430	88,420
Resource Consents	2,572	2,587
Subscriptions	300	-
Trustee Expenses & Fees	52,512	53,083
Directors Fees	33,333	26,000
Directors Expenses	905	2,551
Total Administration	1,036,724	1,019,273
Depreciation & Loss(Gain) on Sale	240,581	268,067
	1,277,305	1,287,340

C. COMMERCIAL ACTIVITIES

	Group	
	2018	2017
Income from		
Geothermal Development	120,000	115,000
Commercial Activities Surplus/(Deficit)	120,000	115,000

TAUHARA MOANA TRUST & SUBSIDIARIES

SUPPLEMENTARY SCHEDULES FOR THE YEAR ENDED 31 MAY 2018

D. FARMING OPERATIONS

	Schedule	Group	
		2018	2017
Income from			
Dairy Cattle		624,037	444,594
Milk Production		5,203,127	4,365,823
Hay & Silage Sales		768	-
Grazing Revenue		26,124	-
Rental Income		50,000	53,460
Sundry Income		12,668	2,500
		<u>5,916,724</u>	<u>4,866,377</u>
Less: Expenses			
Farm Working Expenses	E	2,887,756	2,548,638
Vehicle Expenses	E	213,183	191,761
Repairs and Maintenance	E	321,275	234,950
Overheads	E	397,588	448,243
Depreciation & Loss(Gain) On Disposal	Note 3	130,794	156,440
		<u>3,950,597</u>	<u>3,580,032</u>
Farming Surplus/(Deficit)		<u>1,966,128</u>	<u>1,286,345</u>

E. DETAILED FARM EXPENSES

	Group	
	2018	2017
Farm Working Expenses		
Animal Health	159,911	135,591
Breeding	146,391	95,068
Calf Rearing	131,478	104,341
Commission on Livestock Sales	-	23,399
Dairy Insight Fee	48,743	25,099
Dairy Expendables	52,664	48,114
Electricity	84,928	74,789
Fertiliser & Nitrogen	600,925	609,810
Freight & Cartage	8,030	15,590
Grass & Crops	110,148	99,043
Hay & Silage Making	336,499	301,611
Stockfood	232,298	66,625
Wages and Allowances	960,732	927,825
Weed & Pest Control	15,009	21,733
	<u>2,887,756</u>	<u>2,548,638</u>

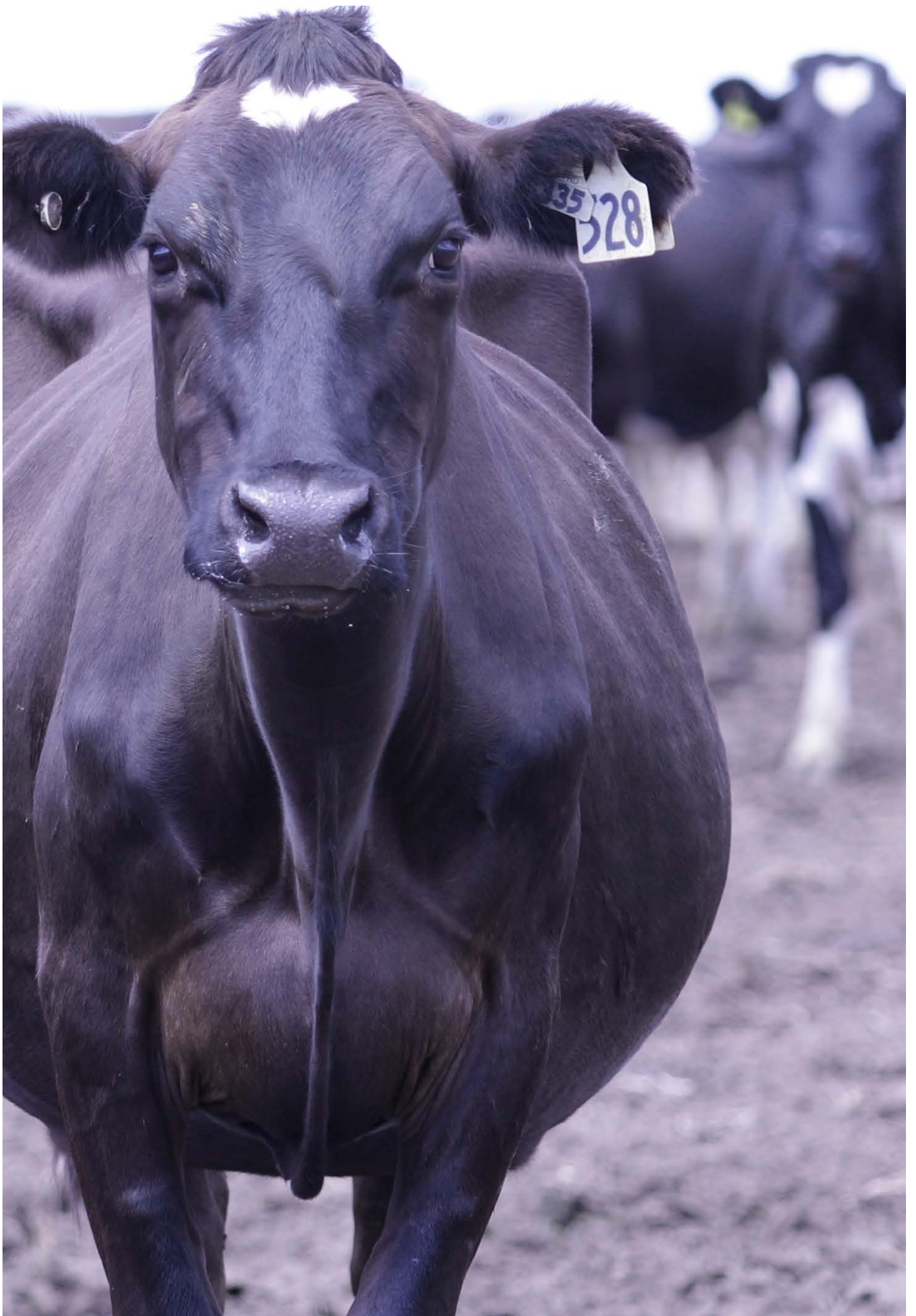
TAUHARA MOANA TRUST & SUBSIDIARIES

SUPPLEMENTARY SCHEDULES FOR THE YEAR ENDED 31 MAY 2018

	Group	
	2018	2017
Vehicle Expenses		
General Vehicle Expenses	66,030	59,844
Tractor Expenses	147,153	131,917
	213,183	191,761
Repairs and Maintenance		
General Repairs	321,275	234,950
	321,275	234,950
Overheads		
Accident Compensation	21,070	24,707
Accountancy & Secretarial Fees	50,434	50,439
Bank Fees	789	677
Brokerage	2,370	900
Directors Insurance	5,658	5,050
Entertainment	2,662	6,118
Farm Advisory	40,394	43,873
General Expenses	3,084	3,423
Insurance	52,061	44,500
Interest	209,872	254,930
Staff Training	2,600	3,927
Telephone & Tolls	6,594	9,699
	397,588	448,243

F. FORESTRY ACTIVITIES

	Group	
	2018	2017
Income From		
Forestry	7,811	-
	7,811	-
Less: Expenses		
Pruning Costs	29,255	-
Other Forestry Costs	3,514	-
	32,770	-
Forestry Surplus (Deficit)	(24,959)	-





TAUHARA MOANA
TRUST

