



2020 ANNUAL GENERAL MEETING

A photograph of a herd of cows in a green field. In the foreground, a black and white cow with yellow ear tags is looking towards the camera. Behind it, a brown and white cow is visible. In the background, there are more cows and a range of mountains under a blue sky with some clouds. The overall scene is a rural, agricultural setting.

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2018 AGM MINUTES

WEDNESDAY, 12 DECEMBER 2018

6.00PM - 7.30PM

SUNCOURT HOTEL & CONFERENCE CENTRE
TAUPO

Present:

Trustees: Danny Loughlin, Topia Rameka (Chairman),
Heemi Biddle, Metiria Rameka, Skay Rangī.

Attendees: He Akina - Vernon Rameka (General Manager),
Gaye Stebbing, Casana West and Miria Stephens.

Attendance as per Attendance Register.

1. OPENING MEETING

1.1 Mihimihi - Karakia

The Chairman welcomed everyone and acknowledged the numbers in attendance as being the best to date. Trustees were introduced by the Chairman.

Numbers in attendance: 51

- 47 Adults
- 4 Children
- 38 Owners

1.2 He Maimai Aroha

Hoani Simon made acknowledgements with a tribute to the late Toby Rameka, for his long term service for the hapu, iwi, the Tauhara Moana Trust and his whānau.

1.3 Apologies

Apologies taken from the floor - Hoeroa Tahau, Waiaraka Koko and Maxine Isaacs.

RESOLUTION
That the apologies be received as per the apologies register.
All in favour. CARRIED UNANIMOUSLY

1.4 Previous AGM Minutes

Matters arising from the minutes:

- Aroha Henry requested an update on The \$500k set aside for 'kaitiakitanga development' mentioned on page 6 of the 2017 AGM minutes.
- Clinton Hemana responded with the \$500k being invested on farm within the dairy business and with the effluent system.

RESOLUTION
That the minutes of the previous Annual General Meeting held on 31st May 2017 be confirmed as a true and correct record of that meeting.
Moved: Hinemoa Henderson Seconded: Kata Rameka CARRIED UNANIMOUSLY

1.5 Chairman's Report

The Chairman read the report to the owners, highlighting the following key activities:

- The implementation of the 5 year strategic plan.
- Payment of the kaumātua grants.
- Further investment in Health & Safety on farm.
- Further investment in the farm infrastructure.
- Roll over lease with Tauhara No 2 Trust.
- Harvest of the forestry blocks with the conclusion of the joint venture with Rotokawa Forestry Limited.

It was noted that the financial performance has grown a strong asset base by \$3.7 million since 2016.

It was also noted that the annual payment of \$100k (from the 2010 Contact Energy lease agreement) is received for every year for deferred commencement of the project.

The Trust has replanted Pinus Radiata in the harvested areas. Going forward the Trust has committed to further planting activity designed to beautify the farm, reduce the carbon footprint and combat subsoil erosion.

The Chairman made acknowledgements to all personnel, services and staff whom are key contributors for the Trusts overall success.

RESOLUTION
That the Chairman's Report be received.
Moved: Topia Rameka Seconded: Jodi Tonga CARRIED UNANIMOUSLY

2.0 FINANCIAL

2.1 Financial Report

- Both years have been audited and given a clean bill of health.
- Faced difficulty within the last five years, the 2015/16 year milk price was under \$4, with a slight gain price gain in 2017.
- High costs for the Trust are the overheads, interest, fees and appreciation.
- Total assets jump from 2016 - 2017 due to the re-evaluation of the land.
- 2016/17 year sold Miraka 'A' shares with the Trust still owning the Miraka 'D' shares.
- The Trust own the assets in the farm, buildings, land and livestock.
- 2018 year revenue for the Trust is at \$6 million and the 2017 year revenue sits at \$5 million.
- Improvement in the milk price is the main contender for the rise in revenue over the last 2 years, with total equity for the Trust being \$14.9 million for the 2018 year.

RESOLUTION
That the Audited Financial Reports for the years ending 31 May 2017 & 31 May 2018 be received.
That Dixon & Co. Chartered Accountants be appointed as auditor for the Tauhara Moana Trust.
Moved: Christine Biddle Seconded: Tom Northcroft CARRIED UNANIMOUSLY

3.0 OPERATIONS REPORTS

3.1 Farm Report

Clinton Hemana presented the farm report to the owners, sharing the history of the farms beginnings from 'Crafer Farms' and also mentioning how the debt was taken on.

- Debt has been reduced due to the selling of some Miraka shares.
- The Trust is turning a profit with the milk price sitting at \$6.
- Operational costs at \$1m, lease to the Trust on 600 hectares (corpus lands) with 1000 hectares leased off Contact. There are currently 2200 cows on the land and 13 full-time staff on the farm.
- Production efficiency dropped in 2017 to 905/KgMs per hectare, then a rise to 996 KgMs per hectare with the cost structure sitting at about \$4.30.
- Milk futures for the last two seasons and going forward costs .23 per KgMs. This has been locked in at half of the production, so that the Trust does not lose revenue (which is the insurance policy). The other half goes with the market and this ensures the protection of the Trust when the price goes down.

RESOLUTION
That the Farm Report be received.
Moved: Waihaki Rameka Seconded: Hinemoa Henderson CARRIED UNANIMOUSLY

3.2 Ownership Information

Numbers are slowly increasing in owner registrations.

- There are approximately 2101 owners registered to date.
- Of the registered owners, there are 907 owners with unknown addresses to date.

3.2 Distribution Information

RESOLUTION
That the Operations Report be received.
That the Distribution Information be received.
Moved: Waihaki Rameka Seconded: Hinemoa Henderson CARRIED UNANIMOUSLY

4. DISCUSSION ITEMS

4.1 Trust Order Amendment

It was discussed that holding an Annual General Meeting for Owners is a costly process and by reducing the annual hui to bi-annual would save funds to set aside for the debt.

A positive point discussed was the strong communication between the Trust and its owners/members.

TRUST ORDER AMENDMENT
That the owners agree to an amendment of the Trust Order to allow for a General Meeting of Owners no later than every two years.
Moved: N Whatu Seconded: Christine Biddle CARRIED UNANIMOUSLY

5. GENERAL BUSINESS

5.1 General Business

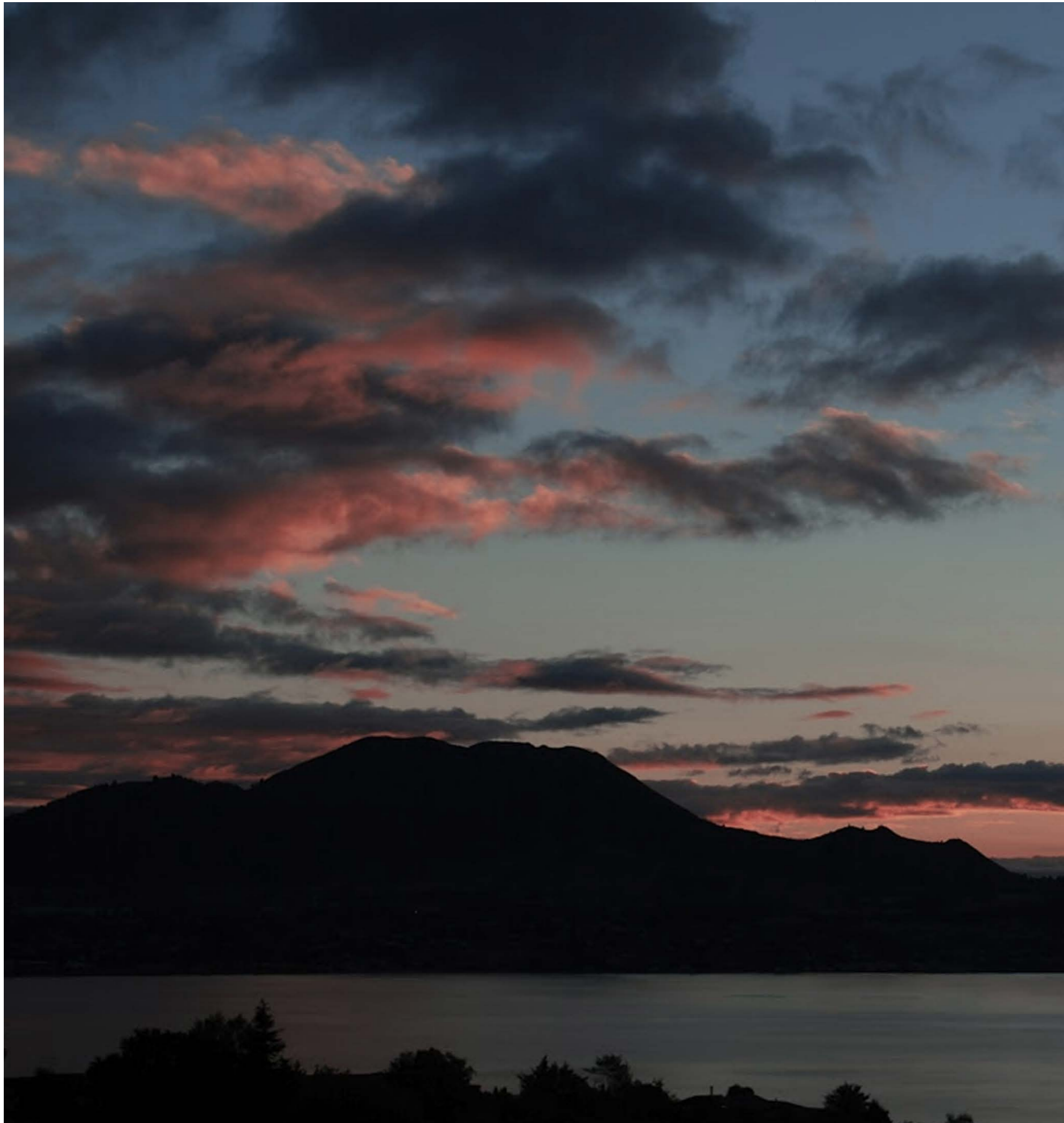
Request made from the floor for a 'whānau farm visit' in the New Year.

5.2 TM12 Urupa

6. CLOSE MEETING

6.1 Close the meeting

No date for the next meeting has been set.



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.

Due to the uncertainties around Covid-19 restrictions we had to make the call to go online this year. The primary concern of our Trust is the safety and wellbeing of our whanau, and we have adapted most aspects of our business activities to minimise risk and reduce contact where possible. We know that many of our whanau will miss the manaakitanga, and recognize the difficulties some may have with online access – but to those who have joined us, thank you. Tena koutou katoa.

At our last General Meeting of Owners, it was agreed that the Trust would apply to the Maori Land Court, to amend the Trust Deed, changing the General Meeting of Owners to every two years. The considerable savings from this exercise would go towards reducing the Trust debt, and we are pleased to report that this amendment was approved. We endeavour to communicate to our owners regularly, keeping you all informed of any updates pertinent to the trust and our owners. With this said, please ensure your contact details (especially email addresses) are updated with our Trust Office, He Akina.

Some of you may know, that this year I embarked on a new journey, taking on the role of Deputy Chief Executive Officer at the New Zealand Department of Corrections. Although I am now based in Wellington, my whanau are still in Taupo and I remain totally committed to Tauhara Moana Trust. Thank you to the Deputy Chairman Danny Loughlin, and my fellow trustees who have provided considerable support during the transition.

Key highlights to note during this General Meeting of Owners include:

- Te Ara Miraka final milk price for the season was \$7.14/kg milksolids
- Tauhara Farms Limited Partnership (TFLP) reported a \$917,000 profit
- Payment of Kaumatua Grants

FINANCIAL

The 2020 season saw many farms in the rohe severely affected by drought. To add to that, Covid-19 added uncertainty to the entire industry and global shutdowns saw smaller processors like Miraka directly impacted. From these impacts, most farms found themselves 15-20% behind production but due to TFLP's systems (lucerne production, graduated feed driven milking regimes) we were only 6% behind budget producing 761,640kgMS for the season.

With a highly competitive kgMS bonus for the season, TFLP reported a \$917,000 profit after depreciation with a \$600,000 contribution to Tauhara Moana Trust.

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

GEOTHERMAL

In 2011, we entered into a geothermal access agreement with Contact Energy, giving them permission to drill two wells on our block in search of geothermal activity to support the Tauhara II PowerStation development. Due to several factors the project was deferred, however (in the spirit of goodwill) Contact Energy agreed to provide the Trust with an escalating annual payment of \$100K during the deferral period, which we have used to fund our annual kaumatua grants.

Last year, the annual payments were halved as we had drilled the first well site. Unfortunately, drilling revealed that while the new well provided plenty of heat and activity, it didn't have the necessary permeability and was not suitable for generation or reinjection purposes. This was obviously very disappointing for the Trust, however we

maintain a positive relationship with Contact Energy and are optimistic that there will be more commercial partnership opportunities to partner in the future. The decision on a second well has yet to be made.

FARM PERFORMANCE

We are extremely proud of the commendable performance of our farm staff over the past two years, especially working during the lockdown. In 2019, Emma and Laurence Walden (Farm Manager) won the Central Plateau Farm Manager Division at the Dairy Industry Awards, placing third in the National Awards and picking up two merits for stock management, and feed management.

This year, the Te Ara Miraka awards recognized the farm achievements with the Te Ara Miraka Certificate of Excellence, awarded to (601) Tauhara Moana Limited Partners. We achieved an average of 17.4c per kgMS bonus for the 2020 season, surpassing the average Te Ara Miraka bonus of 14c per kgMS since its inception.

CONCLUSION

This has been an extraordinary year with many challenges and so I wish to acknowledge the amount of hard work, done by Clinton Hemana and Danny Loughlin as Directors of the Tauhara Farms Limited Partnership, Mark Johnston (Farm Supervisor), and Laurence Walden (Farm Manager).

Thank you to our bankers, BNZ, for their continued support.

And finally, thank you to He Akina and all our farm staff, who are imperative to our overall success.

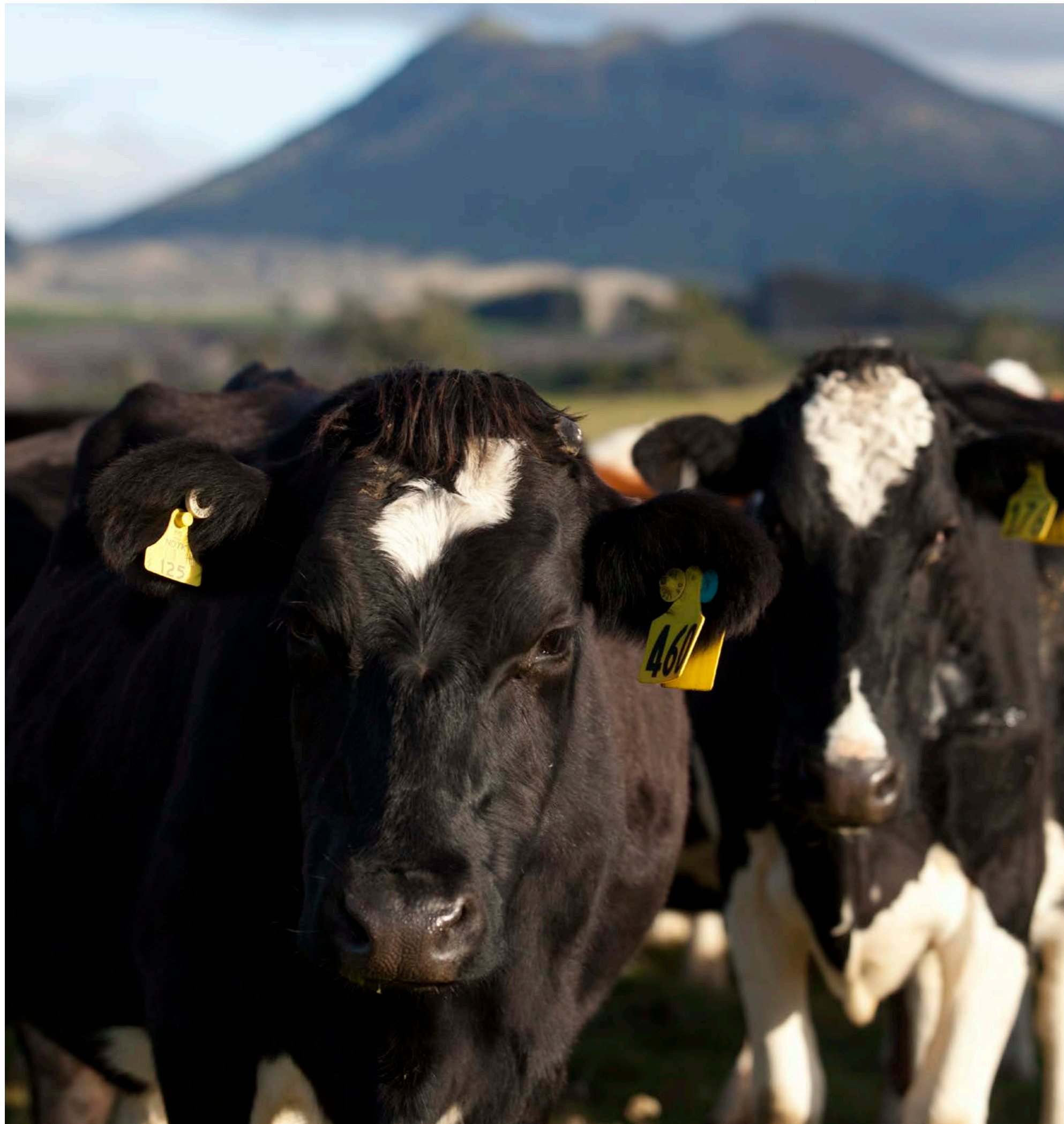
We wish you all a Merry Christmas, and a safe and Happy New Year.

Nāku noa nā,



Topia Rameka
Chairman





FARMING REPORT

2019 - 2020 SEASON IN REVIEW

1. The 2020 season could be considered as 'difficult' – the country saw the worst drought in many years and Aotearoa and the entire world saw extreme volatility with Covid-19 lockdowns and movement controls. Milk prices stayed firm for Fonterra (as they sell primarily up to December) missing the most several Covid-19 impacts; but unfortunately, the smaller processors like Miraka who sell in the shoulders, got hit squarely by the global shut downs.
2. Regardless, the TFLP team performed very well and in the end, whilst most farms were 15-20% behind production due to the drought – TFLP's system of lucerne production and graduated feed driven milking regimes saw us only 6% behind budget to produce 761,640kgMS for the season.
3. We did need to use a lot of our feed supplies (made the previous year and in spring) – driving our costs over budget, but that is what those systems are for; and, TFLP adopt a conservative milk price budget to ensure a profit, meaning that actual income was higher than budgeted.
4. In the end Fonterra paid \$7.14 against Miraka \$7.00 and our TFLP milk price futures contracts policy cost us 36.6c per kgMS this season and needs to be reviewed and refined – however, your TFLP team out performed the average Ara Miraka bonus of 14c per kgMS and achieved an average 17.4c per kgMS bonus for the season.
5. TFLP are very pleased to report a \$917,000 profit after depreciation and a \$600,000 contribution to Tauhara Moana Trust.

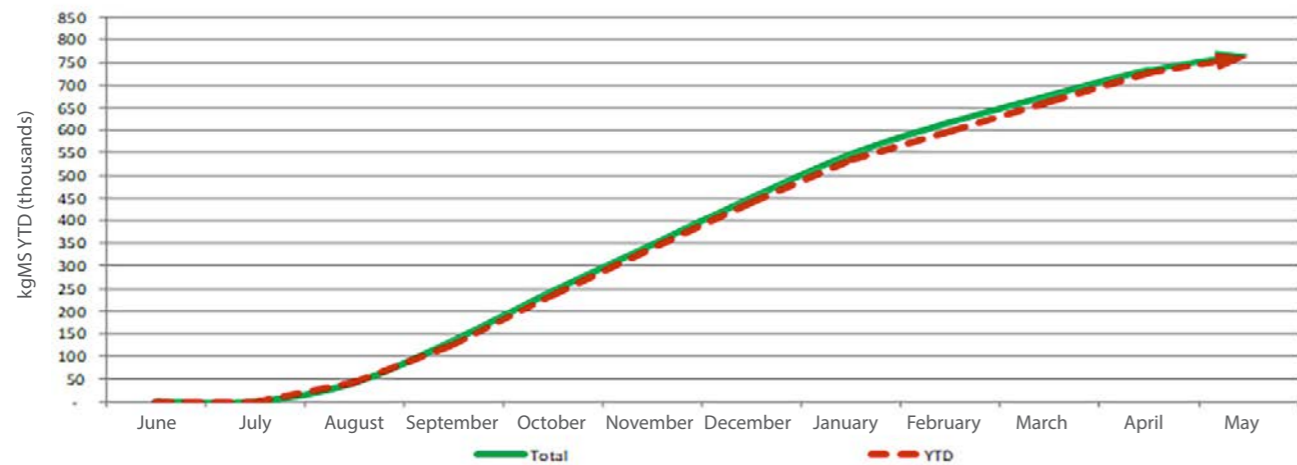
TAUHARA FARMS LIMITED PARTNERSHIP
PERFORMANCE DASHBOARD 2019 - 2020 SEASON



Production within 5% of budget by month (and within at least 85%)



Milk production tracker



Miraka Big 5 KPI's	kgMS/ha	KgMS/cow	OpEx/kgMS	Income	cows/FTE
TFLP YTD actual	989	338	\$7.72	\$8.92	543
TFLP Budget YTD	996	340	\$6.17	\$7.39	508
Total TFLP budget					

TE ARA MIRAKA PERFORMANCE

1. Miraka run a performance bonus programme known as Te Ara Miraka based on five pou: Nga Tangata / People; Te Taiao / Environment; Taurikura / Prosperity; Nga Kau / Cows; and Miraka / Milk.
2. Your TFLP team has out-performing the average Te Ara Miraka bonus of 14c per kgMS since its inception and this season achieved an average 17.4c per kgMS bonus for the 2020 season.
3. Tauhara 601 achieved 84 points for 16.8c per kgMS; and Moana 602 achieved 90 points for 18g per kgMS. This was achieved through particularly strong performance in the latter part of the season with the summer drought reducing feed and increasing somatic cell count considerably.
4. Your TFLP team were very disappointed in the five months we received grades this season - Tauhara 601 incurred grades in four months and Tauhara 602 in just one month – this is still a great achievement on a corporate farm of such large scale, but there is always room for improvement and the team is very keen to be grade-free!
5. To help motivate the team TFLP the board instituted a kaitiaki kaupapa this season with a bonus structure for management and staff designed to mirror performance criteria in the Te Ara Miraka bonus programme. The TFLP kaupapa is based on grades, somatic cell count, mating performance, staff engagement and training, and environmental performance. This kaupapa has worked well seeing staff morale and engagement in performance lift considerably and it has paid dividends with your Te Ara Miraka bonus.

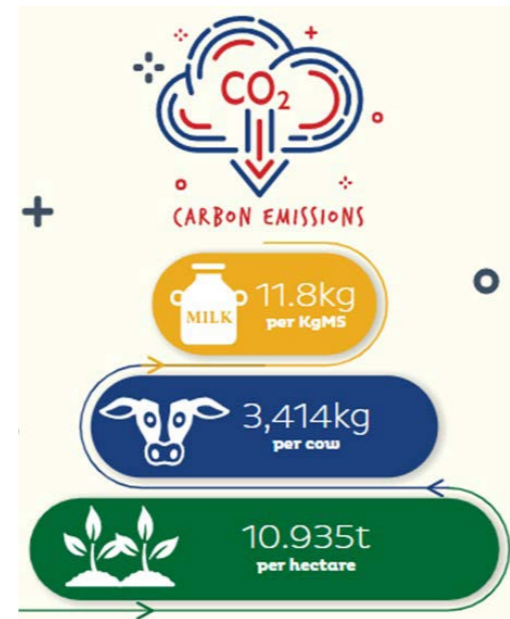
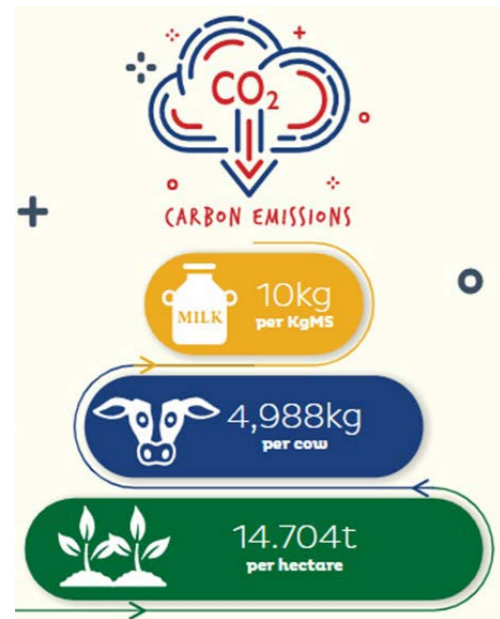
TFLP Kaupapa

- Somatic cell count <100,000 ave. month = \$100 per month
- Grade-free in any month = \$100 per month

2019 / 2020 Season TFLP Kaupapa Performance

- 601 \$1700
- 602 \$1900

Date	Somatic Cell Count		Grade-free	
	601	602	601	602
August	115,710	139,359		✓
September	87,567	99,859	✓	✓
October	94,477	102,484		✓
November	78,652	104,319	✓	✓
December	93,536	94,421	✓	✓
January	92,902	93,505	✓	✓
February	119,434	134,727		
March	133,335	140,579	✓	✓
April	163,861	143,496		✓
May	222,851	187,045		✓



This season TFLP aim to produce 751,000kgMS from 2,280 cows and is budgeting to deliver a \$230,000 surplus after costs at a \$6.00 per kgMS milk price. We will also make a \$600,000 contribution to Tauhara Moana Trust.

FARM PHYSICALS

TFLP 601 - Tauhara

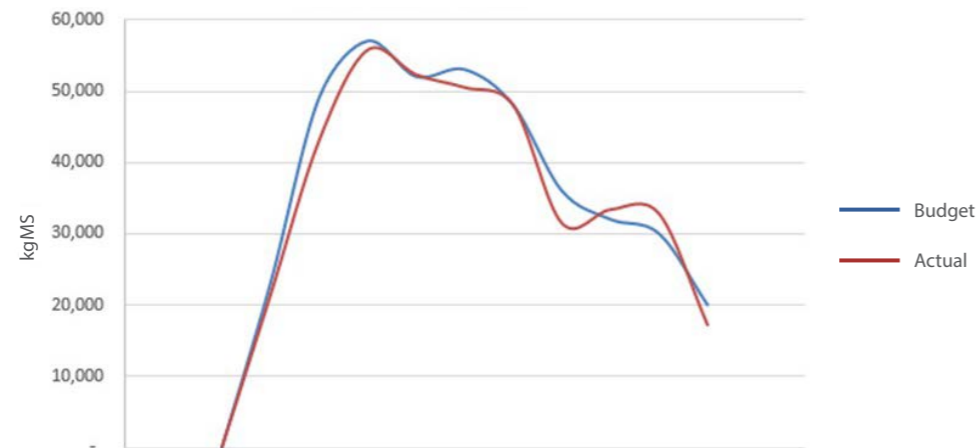
- Target milk production for FY21 is 380,000 kgMS
- 360 kgMS/cow
- 1,010 kgMS/ha
- 1100 in-calf cows (850) & heifers (250) wintered

TFLP 602 - Moana

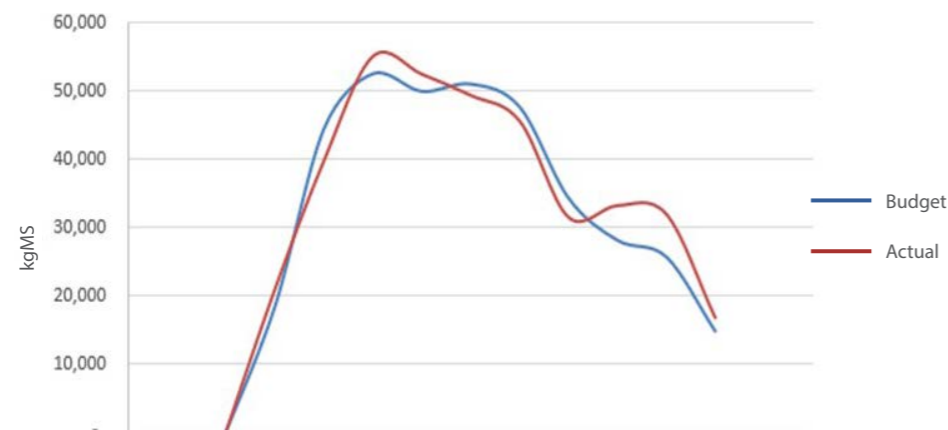
- Target milk production for FY21 is 371,000 kgMS
- 320 kgMS/cow
- 910 kgMS/ha
- 1227 in-calf cows (975) & heifers (252) wintered

- Zero grades
- Average somatic cell count > 100,000
- 12% empty - 12-week calving
- Farm environment plans

TAUHARA 601 - 2020



MOANA 602 - 2020



2020 / 2021 SEASON TO DATE - HOW ARE WE TRACKING

1. The TFLP dash board 2020 / 2021 shows that the TFLP team have started off the 2021 season very well - in fact, to date the team are achieving to record levels. Although the drought was very long and severe and wintering options were lost, the weather has provided a good calving we are ahead of budget and currently running records for somatic cell count and production from both sheds. Winter has been dry and relatively mild - with beautiful conditions for calving. The new calves and your new calf sheds look and smell immaculate. Tauhara 601 is grade free still however, 602 Moana has graded three times to date - regardless this is best start TFLP have had.
2. The team have fared well under the Covid-19 issues and calving is now all but complete. We have changed our tractor team direct report line to Laurence (instead of Mark) in order to improve communication and relationships. Laurence and Emma continue to impress as a management team across the entire operation mentoring team members into Dairy Industry Awards and unit standard programmes for upskilling and training.
3. The cows and grass are in great position coming into spring (of course Taupo is always prone to October frosts and snow dumps). TFLP have brought cows through winter in great condition (given the deep drought we experienced last summer) by going deep into our feed stores to achieve this. TFLP were able to remain within 6% off budget production last season versus industry average 15% drought impact. To further manage potential drought affects TFLP have new milking strategies - first milking heifers are milked once-a-day to reduce their stress and increase their lifetime fertility and productivity potential; and, in summer we plan to move to - a 10 in 7 milking regime (feed depending) to reduce stress on cows and grass and staff (other levels to pull are - purchasing more feed or moving to full herd once-a-day milking, depending on economics).



**2020 / 2021 RISKS & ISSUES
- WORK TO DO**

1. Milk price – Covid-19 saw massive volatility in milk price futures at the start of the season with commentators predicting a farm gate milk price of \$5.40 per kgMS. In the early stages TFLP sold 42 milk price futures contracts (33% of budgeted production) for \$6.50 per kgMS; however, these are currently trading around \$6.78 per kgMS and commentators are currently predicting a \$6.99 per kgMS Farm Gate Milk Price for Fonterra suppliers – at this stage a 16c per kgMS insurance premium. However, there is a lot of season to go and it is TFLP policy to protect your balance sheet position to minimise risk and milk price volatility.
2. Emissions Trading Scheme for agriculture – although recent events have led many New Zealanders and legislators alike to realise the importance of being able to feed your own people as well as your economy – plans are still in place to make farmers liable for their carbon emissions – there is a lot of work to occur in this area however, estimates are that dairy farms might emit around 11kg/kgMS – 7700t carbon liability for TFLP.
3. National Water Policy Statement – the recent release of the NPS for freshwater 2020 includes a fishable swimmable level for nitrate and other contaminants in all fresh water bodies throughout Aotearoa and imposes land use management best practises for intensive winter grazing that will surpass the initial position espoused by the Plan for Change for the Upper Waikato. TFLP are strong kaitiaki however, systems change and costs will need to be managed.
4. Land area – TFLP faces issues of land area reduction in the short term with Contact rolling out their plans to construct a new geothermal

PowerStation this year; as well as, some lease terms rolling up in the medium term. TFLP are looking into alternatives and options.

5. Finance risk – many commentators are referencing negative OCR rates by Q1 2021 – it is possible that new funds to agriculture become further limited under RVLs etc; however, the expectation is for better lending interest rates for a longer period (as long as funds are available).

To deal with these risks and volatility TFLP will be preparing farm environment plans and undertaking a strategic and tactical review to consider the impacts and management mitigations necessary to navigate all of these issues and keep TFLP flexible and strong. The key pou to the strategy are: 1) TFLP must make budget production, profit and environmental performance (essential); and 2) TFLP must pay down principle debt as much as possible, as soon as possible (preferable). Our first line of defence against these risks and limitations to performances is a strong capable team.

2020 / 2021 KAIMAHI – THE DREAM TEAM

Farm Supervisor: Mark Johnston

Operations Manager: Laurence Walden

Tauhara 601 Team	Moana 602 Team	Calf Rearing Team	Maunga
Morgan Wesche Ngawai Riki Mark Short Marianne Nikora Lyndon Russell Te Rangiwaiata Riki (casual) William Short (casual)	Asley Morgan Luke McNamara Shannon Grey Kaio Barns Lyndon Russell Ceejay Bewley (casual)	Emma Walden Andrea Tunnicliffe Marija Nicholas-Repia Anna Short (casual) Storm Nikora (casual)	Andrew Gibbert John Shirliff Alan Johns

There is a lot more season to come yet, and a lot more work to do – but we are tracking well and hope for some continued good luck with weather, milk price and Covid-19.

It is my pleasure to provide this report to you and I would like to thank you the owners, the Tauhara Moana Trustees, my co-director Danny, our farm supervisor Mark, our management team Laurence and Emma and the whole staff.

Nga mihinui kia koutou, kia kaha koutou katoa,

Clinton Hemana
Chairman
Tauhara Farms Ltd



Left to right: Tim Gibson (Director - Miraka), Lawrence Waldon (Farm Manager – Tauhara Moana), Kingi Smiler (Miraka Chairman), Steve Murray (Vice Chairman – Miraka)
Lawrence holds the Te Ara Miraka Certificate of Excellence, awarded to (601) Tauhara Moana Limited Partners.

MIRAKA

YEAR IN REVIEW 2020

We have had an excellent 2017/18 season with the long dry summer was soon overshadowed by the global Covid-19 pandemic.

It was heartening to see our Miraka whānau rallying around each other at work to ensure we stayed safe and stayed in production. It was moving also to receive videos from our farm suppliers thanking our staff for coming to work during the lockdown period. Despite these trying circumstances we kept all our staff employed, we worked together, and kept each other and our whānau safe.

Business Update

In China we achieved above budgeted sales and saw very strong growth. We expect to see a strong drive for sales in the next season and an increase in our presence in China. Our powder products were in demand throughout the season with some softening in the second half. There was a fall in global whole milk powder prices as a result of Covid-19, however the biggest impact was on our UHT business which had some orders cancelled which impacted our year end result.

The final milk price for the season was \$7.14/kg milksolids (including Te Ara Miraka premiums).

At the end of our 9th season we celebrated the manufacture of our 1 billionth UHT briki in August 2014. Over the last 6 years Miraka have gone from producing 20,000 litres per day, to now consistently producing 200,000 litres per day. We continue to be one of the top UHT producers in Australasia.

Carrying on the positive lessons from UHT we have invested in a new frozen milk concentrate line. We have signed an offtake agreement that de-risks the investment and provides margin certainty.

Strategy Update

The investments we have made over the last two seasons put the business in a great position. As part of our desire to be prudent, we will reduce our capital expenditure over the coming twelve months.

Miraka is focused on our core operations, Powder and UHT. This requires a lean manufacturing process focused on continuous improvement and world-class production. We have upgraded the boiler at the factory and put in a new solids recovery system (so less milk goes to the worms) which improves our yield. We also invested in further efficiencies in the UHT plant.

For our brands business new sales channels and new sales partners are being established to provide pathways for the sale of our new A2, Viga, Goat, and FMC products and Whaiora brand. Taupo Pure includes a range of 14 distinctive products to offer, up from just 4 products in 2018.

Outlook

The future for the dairy industry continues to improve. As Covid-19 restrictions ease and food services reactivate and dairy prices are expected to rebound. Fonterra is now re-focused on adding value to their NZ milk supply will emerge as a big competitive influence in the future. They will strengthen their foodservice, consumer brands and ingredient sales in China.

Globally, milk production continues to expand in the big dairy-exporting regions - US, EU, Brazil, Argentina, Uruguay, New Zealand and Australia – providing downward pressure on dairy commodity prices.

Te Ara Miraka

Congratulations to all our farmers in our most recent Te Ara Miraka awards. We continue to lift the bar on farming excellence.

Despite a dry summer, the 2019/20 season's results were the best yet. 18 of 101 participating farms achieved a score of 90% or more. Five farms, Te Raparahi Trust, Sandel Ridge, Arataki, Glengour, and Chamberlin Trust achieved a perfect score of 100%. Four years ago, when the awards began, only 10 farms achieved over 90%.

Te Taiao

Increasingly Miraka is seen as a key strategic partner in research. AgResearch have formed a very close and informative relationship with us while Lincoln University has sought a formal long-term relationship with a MoU. With our commitment to kaitiakitanga now backed by science providers, we hope that a number of research initiatives will influence and inform the future of our Te Ara Miraka programme.

Miraka participated extensively in the Plan Change One process for the Waikato river. Many hours of discussion, workshopping, submissions, and hearing time went into an effort that, in the end, had an important influence on the final policy document. It was rewarding to see our efforts and values being reflected in Regional Council policy.

An Environmental Management System (EMS) framework is currently being adopted by Miraka. The ISO 14001 standards will enhance our current environmental practice and ensure we manage our environmental responsibilities in a systematic manner. This is part of being world-class organisation.

Nga Tangata

Each year Miraka award team members who have excelled in their roles. Nominations and winners are selected by their workmates. This year Health and Safety Manager Shannon Maaka was the winner of both the Te Haututanga (Leadership) Award and Miraka Employee of the Year. Shannon lead Miraka's response to the Covid-19 outbreak and managed an incredibly challenging event through a period of high uncertainty. Shannon reflects the calibre of staff we are fortunate to have at Miraka.



OWNERSHIP & DISTRIBUTION

Total Number of Shares 65.25

OWNER STATISTICS

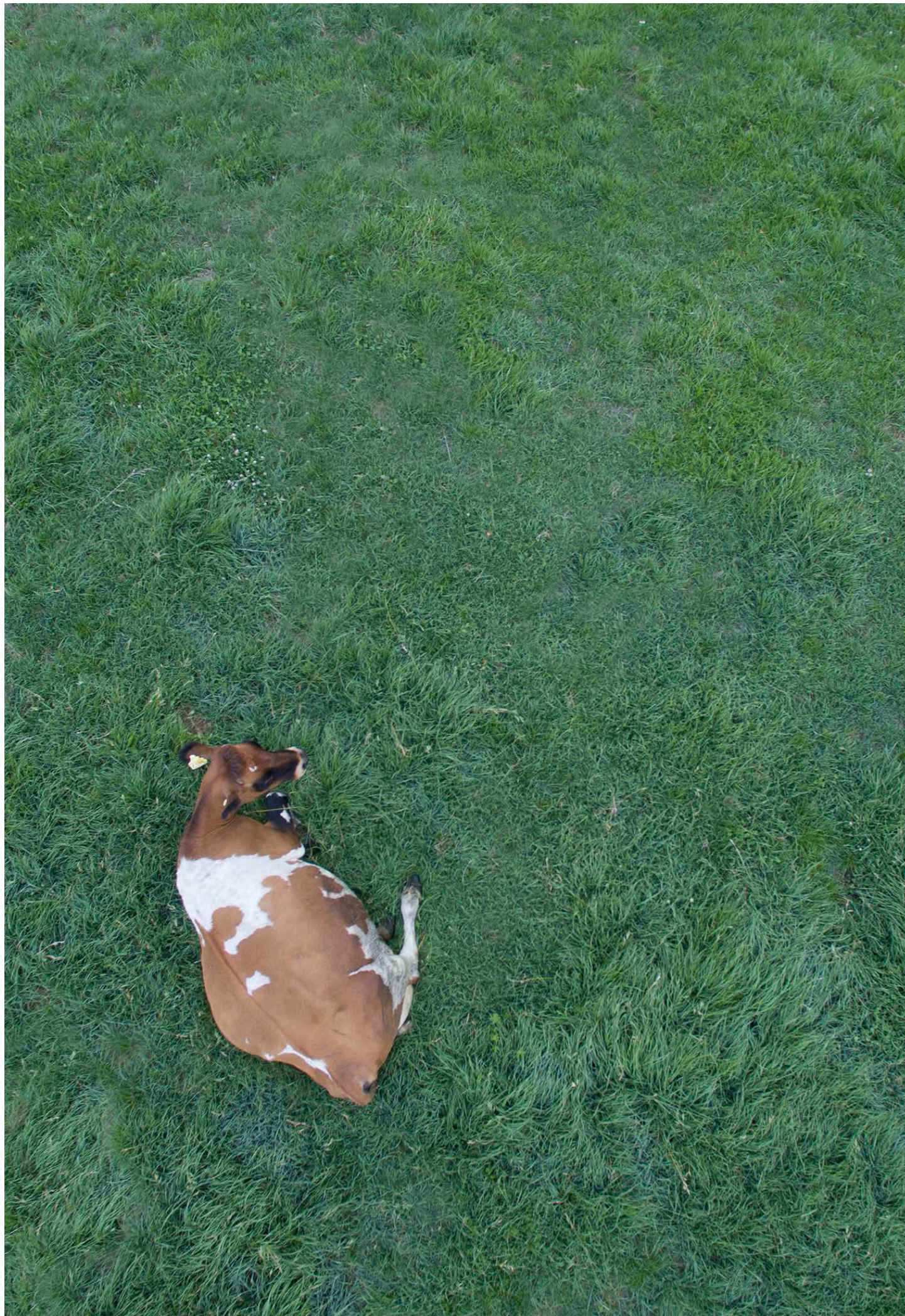
	2019/20	2017/18	2016/17	2015/16	2014/15
Total Number of Owners	2243	2101	2053	2017	1913
Owners with Known Address	1249	1194	1173	1133	981
Owners with Address Unknown	994	907	880	884	932

KAUMĀTUA GRANTS

2019/20	308	@\$350.00	\$107,534.00
2018/19	387	@\$350.00	\$135,232.00
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
July 2018	31	June 2017	12
May 2018	15	November 2016	30
March 2018	14	October 2016	15
February 2018	22	September 2016	10
December 2017	15	July 2016	32
November 2017	15		



FINANCIAL STATEMENTS

CONSOLIDATED SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MAY 2019

TRUST DIRECTORY

NATURE OF BUSINESS

Dairy Farming

LOCATIONS

Farm:
Broadlands Road, Taupō
Business:
63-65 Waikato Street, Taupō

RESPONSIBLE TRUSTEES

Heemi James Terangitahau Tauteka Biddle
Danny Loughlin
David Topia Rameka
Metiria Rameka
Skay Michael Rangī

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
Taupo 3330

TAUHARA MOANA TRUST & SUBSIDIARIES

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MAY 2019

	Note	Group	
		2019	2018
Revenue			
Income from livestock	2	5,533,325	5,827,164
Other farm income	2	328,628	259,304
Total Revenue		<u>5,861,953</u>	<u>6,086,468</u>
Other income	2	25,229	22,171
Expenses	3	(5,663,434)	(5,569,813)
Livestock holding gains/(losses)	11	25,048	25,995
Net operating profit/(loss) before tax		<u>248,795</u>	<u>564,821</u>
Income tax expense	4	-	-
Net profit/(loss)		<u><u>248,795</u></u>	<u><u>564,821</u></u>

The accompanying notes form part of these Financial Statements. These Financial Statements should be read in conjunction with the attached Audit Report.

TAUHARA MOANA TRUST & SUBSIDIARIES

STATEMENT OF MOVEMENTS IN EQUITY FOR THE YEAR ENDED 31 MAY 2019

	Notes	Group	
		2019	2018
Equity At Beginning of Year	18	14,970,979	14,482,295
Tax paid Surplus/(Deficit) for Year	18	248,795	564,821
Kaumatua Grants & Koha paid	18	(135,232)	(102,192)
Increases in Revaluation Reserves	18	6,279	26,054
Increases in Capital Reserves	18	-	-
Equity at End of Year	18	<u><u>15,090,822</u></u>	<u><u>14,970,979</u></u>

The accompanying notes form part of these Financial Statements. These Financial Statements should be read in conjunction with the attached Audit Report.

TAUHARA MOANA TRUST & SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 MAY 2019

	Note	Group	
		2019	2018
Current Assets			
Cash and short-term deposits	8	122,061	28,611
Trade and other receivables	9	473,553	512,621
Other current assets	10	1,148,013	1,508,383
Derivatives	6	9,840	46,905
Total Current Assets		1,753,468	2,096,519
Non Current Assets			
Property Plant and Equipment	5	19,398,579	19,169,158
Other Non Current Assets			
Derivatives	6	190,800	171,000
Advance - He Akina Limited	21	15,658	6,900
Investment in shares/ownership interests	7	584,116	541,139
Intangibles	16	5	5
Biological assets	11	3,604,300	3,723,680
		4,394,880	4,442,724
Total Non-Current Assets		23,793,459	23,611,882
Total Assets		25,546,927	25,708,401
Current Liabilities			
Trade and other payables	13	356,808	382,337
Other current liabilities	14	216,347	186,238
Taxation Payable	4	675	1,592
Current loans (includes bank overdrafts)	15	-	552,254
Total Current Liabilities		573,830	1,122,422
Non Current Liabilities			
Non-current Loans	15	9,882,275	9,615,000
Total Liabilities		10,456,105	10,737,422
Net Assets		15,090,822	14,970,979
Equity			
Owners Initial Capital	18	59,180	59,180
Compensation - Land Taken	18	47,208	47,208
Retained Earnings/(Accumulated Losses)	18	(3,740,363)	(3,853,926)
Reserves	18	18,724,797	18,718,518
Total Equity		15,090,822	14,970,979

For and on behalf of the Trust:



Trustee



Trustee

Date 3rd October, 2019

The accompanying notes form part of these Financial Statements. These Financial Statements should be read in conjunction with the attached Audit Report.

TAUHARA MOANA TRUST & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2019

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 31st May 2016.

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 2019

(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.

He Akina Limited is valued at acquisition cost plus Tauhara Moana Trusts share of He Akina Limited's net surplus from the date of acquisition to the current balance date.

(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 2019

(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 2019

(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	Group	
		2019	2018
Revenue			
a) Income from livestock			
Cattle - Sales (net)		610,439	624,037
Milk solids sales		4,922,886	5,203,127
Total Income from livestock		5,533,325	5,827,164
b) Other farm income			
Rebates		50,100	49,744
Rental, Leases & License Income		125,000	170,000
Sundry Farm Income		153,528	39,560
Total other Farm Income		328,628	259,304
c) Other Income			
Interest		290	232
Dividends		12,976	3,816
33% Share of He Akiina Limited's profit		1,281	
Quarry Royalties		246	270
Depreciation Recovered		10,435	10,042
Timber Harvest Revenue/Forestry Proceeds		-	7,811
Total Other Income		25,229	22,171
Milk Solids Sales		4,922,886	5,203,127
Total Agricultural Produce		4,922,886	5,203,127
Total Revenue		5,887,181	6,108,639

3. EXPENSES

	Schedule	Group	
		2019	2018
<i>Expenses are categorised as follows:</i>			
Farm Expenses			
Farm Working Expenses	E	3,156,302	2,887,756
Vehicle Expenses	E	185,481	213,183
Repairs & Maintenance	E	366,860	321,275
Overheads	E	401,595	397,588
Administration Expenses	B	1,058,662	1,036,724
Forestry Expenses	F	99,432	32,770
Depreciation (See below)	Note 5	400,570	381,417
Impairment Loss (Gain) on Derivatives		-	5,468
		5,663,434	5,569,813

TAUHARA MOANA TRUST & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2019

	Notes	Group	
		2019	2018
<i>Depreciation is summarised as follows:</i>			
Depreciation for Year			
Land	5	-	-
Developments & Improvements	5	99,774	102,589
Buildings	5	55,539	59,987
Vehicles	5	94,293	82,166
Plant & Equipment	5	150,161	135,651
Furniture & Fittings	5	803	1,025
		400,570	381,417

4. INCOME TAX EXPENSE

	Group	
	2019	2018
Net profit/(loss) before tax	248,795	564,821
Taxation adjustments:		
- Imputation credits	3,765	1,484
- Timing differences - accruals and provisions	6,474	35,544
- Timing differences - tax losses brought forward	(256,223)	(237,609)
- Non-deductible expenses - entertainment	4,155	4,525
- Fair value adjustments - biological assets	(162,733)	(185,557)
- Impairment losses on shares	-	-
- Further Payments This Season	(841,101)	(996,868)
- Further Payments Last Season	996,868	813,661
Taxable profit/(loss)	-	-
Prima facie tax expense at 17.5% (2018: 17.5%) on net profit before tax	-	-
- Income tax losses brought forward	(6,255,339)	(6,484,469)
- Tax losses brought forward used this year	256,223	237,609
- Imputation credits converted to a loss	(28,836)	(8,479)
Taxation losses to carry forward	(6,027,951)	(6,255,339)

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 2019

5. PROPERTY, PLANT & EQUIPMENT

	Group	
	2019	2018
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	4,096,836	4,029,666
Less Accumulated Depreciation & Impairment	(1,419,478)	(1,319,703)
Net Book Value	<u>2,677,358</u>	<u>2,709,963</u>
Buildings - Cost	1,417,346	1,178,735
Less Accumulated Depreciation & Impairment	(405,952)	(350,413)
Net Book Value	<u>1,011,394</u>	<u>828,322</u>
Vehicles - Cost	978,342	897,889
Less Accumulated Depreciation & Impairment	(383,786)	(359,568)
Net book value	<u>594,556</u>	<u>538,321</u>
Plant & Equipment - Cost	2,257,099	2,111,872
Less Accumulated Depreciation & Impairment	(1,345,408)	(1,223,702)
Net book value	<u>911,691</u>	<u>888,170</u>
Furniture & Fittings - Cost	13,289	13,289
Less Accumulated Depreciation & Impairment	(9,709)	(8,907)
Net book value	<u>3,580</u>	<u>4,382</u>
Total Fixed Assets - Net Book Value	<u>19,398,579</u>	<u>19,169,158</u>

Land was revalued last 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	
	2019	2018
Milk Price Futures		
Current Portion	9,840	46,905
Non-Current Portion	190,800	171,000
	<u>200,640</u>	<u>217,905</u>

TFLP has 69 contracts at 6,000 units per contract, expiring 30 September 2019 and 60 contracts at 6,000 units per contract, expiring at 30 September 2020.

At 31 May 2019 the 69 contracts expiring 30 September 2019 were priced at \$6.40, with a market value of \$2,649,600 and the 60 contracts expiring 30 September 2020 were priced at \$6.88, with a market value of \$2,476,800. The total market value of all contracts at 31 May 2019 was \$5,126,400. (2018: \$4,453,500 for 109 contracts).

7. INVESTMENTS IN SHARES

	No Shares	Group	
		2019	2018
Farmlands	15,000	15,000	15,000
He Akina Limited	33	1,281	-
Livestock Improvement	23,928	11,878	4,423
Miraka Holdings Ltd "B" Shares	185,185	375,926	375,926
Ravensdown	180,031	180,031	145,790
		<u>584,116</u>	<u>541,139</u>

TAUHARA MOANA TRUST & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2019

8. CASH & SHORT TERM DEPOSITS

	Group	
	2019	2018
BNZ Cheque Account	113,225	16,068
BNZ Call Account	-	515
BNZ Hedging Account	-	9,028
First NZ Capital Securities	8,837	3,000
	<u>122,061</u>	<u>28,611</u>

9. TRADE AND OTHER RECEIVABLES

	Group	
	2019	2018
Accounts Receivable	473,553	512,621
	<u>473,553</u>	<u>512,621</u>

10. OTHER CURRENT ASSETS

	Group	
	2019	2018
Accrued Income	14,267	20,313
Miraka Further Payments	841,101	996,868
Prepaid Expenses	58,435	52,788
Consumables	234,210	438,414
	<u>1,148,013</u>	<u>1,508,383</u>

11. BIOLOGICAL ASSETS

	Group	
	2019	2018
Cattle	3,553,550	3,672,930
Standing Timber	50,750	50,750
	<u>3,604,300</u>	<u>3,723,680</u>

TAUHARA MOANA TRUST & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2019

Livestock Reconciliations:

Notes	2019 Number	Average Price	2019	2018
Sales				
Calves	959	158	151,929	152,145
Rising 1yr Heifers	37	853	31,547	-
Rising 2yr Heifers	199	772	153,548	115,907
Mixed Aged Cows	497	781	388,018	392,921
Rsg 2 Yr & Older Steers & Bulls	256	594	152,190	183,503
Stags	1	935	935	-
	<u>1,949</u>		<u>878,167</u>	<u>844,477</u>
Less Purchases				
Rising 2yr Heifers	-	-	-	138,985
Mixed Age Cows	-	-	-	163,300
Rsg 2 Yr Steers & Bulls	50	2,466	123,300	103,100
	<u>50</u>		<u>123,300</u>	<u>405,385</u>
Cash Surplus/(Deficit)			754,867	439,092
Add increase in Numbers			(144,428)	184,945
Gross Profit/Loss			<u>610,439</u>	<u>624,037</u>

	2019 Number	2018 Number	2019	2018
Opening 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>
Closing stock				
Rising 1yr Heifers	696	673	466,825	479,910
Rising 2yr Heifers	430	510	548,250	631,530
Mixed Aged Cows	2,011	2,034	2,439,550	2,418,900
Rising 1yr Steers & Bulls	173	226	98,925	142,590
	<u>3,310</u>	<u>3,443</u>	<u>3,553,550</u>	<u>3,672,930</u>
Increase/(decrease) in stock on hand	(133)	265	(119,380)	210,940
Change in values (livestock holding gain/(loss))			25,048	25,995
Change in numbers			(144,428)	184,945
Increase/(decrease) in stock on hand			<u>(119,380)</u>	<u>210,940</u>

TAUHARA MOANA TRUST & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2019

12. MILK INCOME

	2019 kg	2018 kg	2019 \$	2018 \$
Milk solids				
Last season increase/(decrease)			1,051,725	811,313
June	-	4,440	-	14,951
July	-	513	-	2,174
August	41,824	33,771	192,411	141,791
September	93,651	87,355	403,982	366,273
October	110,433	114,588	507,313	480,888
November	102,592	104,477	472,236	437,665
December	104,213	91,616	525,419	558,717
January	96,449	80,492	509,287	498,537
February	70,261	71,419	394,976	434,178
March	60,084	71,662	361,857	424,195
April	52,320	60,954	333,783	527,102
May	25,912	45,535	320,931	322,136
Total	<u>757,739</u>	<u>766,822</u>	<u>5,073,919</u>	<u>5,019,919</u>
Plus Pay-Out Estimate Current Season			841,101	996,868
Less Pay-Out Estimate Prior Season			(996,868)	(813,661)
Plus Insurance Proceeds for Lost Milk			4,734	-
Net Total			<u>4,922,886</u>	<u>5,203,127</u>
Average price per kg milk sales			\$ 6.50	\$ 6.79

13. TRADE AND OTHER PAYABLES

	Group	
	2019	2018
Accounts Payable	356,808	382,337
	<u>356,808</u>	<u>382,337</u>

14. OTHER CURRENT LIABILITIES

	Group	
	2019	2018
Accrued Expenses	81,951	73,195
Accrued Interest	16,862	14,583
GST	48,904	42,098
Provision for Annual Leave	68,630	56,363
	<u>216,347</u>	<u>186,238</u>

15. LOANS (INCLUDES BANK OVERDRAFTS)

	Group	
	2019	2018
BNZ term loans	9,882,275	10,133,807
Less current portion of term loans	-	(518,807)
Non-current portion of term loans	<u>9,882,275</u>	<u>9,615,000</u>
Current portion of term loans	-	518,807
Bank overdrafts	-	33,447
Current loans including bank overdrafts	<u>-</u>	<u>552,254</u>

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 2019

Tauhara Moana Trust.

2019:

BNZ Customised Average Rate Loan Balance at 31 May 2019 is \$6,480,000. The loan is interest only with an expiry date of 20 May 2022. The interest rate at 31 May 2019 was 5.19%.

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%.

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 2019 is \$2,300,000 (2018: \$2,800,000) with a maturity date of 20 May 2022, irregular repayments of \$100,000 with an interest rate at 31 May 2019 of 5.19% (2018 - 5.25%)

BNZ Tractor Loan Balance as at 31 May 2019 is nil (2018: \$18,807) with a maturity date of 20 July 2018, monthly repayments are due of \$9,496. The interest rate at 31 May 2018 was 6.61%.

BNZ Milk Futures Loan Balance as at 31 May 2019 is \$325,275 (2018:\$500,000) with a maturity date of 20 October 2020. The interest rate at 31 May 2019 was 5.19% (2018 - 5.25%).

BNZ Working Capital Loan Balance as at 31 May 2019 is \$750,000 (2018: \$385,000) with a maturity date of 22 June 2020. The interest rate at 31 May 2019 was 5.198% (2018 - 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.

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 2019

17. FINANCIAL INSTRUMENTS

2019	Amortised Cost	Cost	Fair Value
Cash and short-term deposits	122,061		
Trade and other receivables	473,553		
Other current assets	855,368		
Investment in shares		231,481	584,116
Derivatives			200,640
	1,450,983	231,481	784,756
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

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.

18. EQUITY

	Group	
	2018	2018
Owners Initial Capital	59,180	59,180
Compensation - Land Taken	47,208	47,208
Retained Earnings/(Accumulated Losses)		
Opening Balance	(3,853,926)	(4,316,556)
Net Profit/(Loss)	248,795	564,821
Kaumaturua Grants & Koha paid	(135,232)	(102,192)
Closing Balance	(3,740,363)	(3,853,926)
Revaluation Reserves		
Opening Balance	14,403,958	14,377,904
Revaluations Due to Sale of Shares	-	-
Revaluation of Shares	6,279	(1,669)
Revaluation of Standing Timber	-	27,723
Revaluation Reserve - Land & Buildings	-	-
Net increase in Revaluations Reserves	6,279	26,054
Closing Balance	14,410,237	14,403,958
Capital Reserves		
Opening Balance	4,314,560	4,314,560
Capital Profit on Sale of Shares	-	-
Closing Balance	4,314,560	4,314,560
Total Reserves	18,724,797	18,718,518
Total Equity	15,090,822	14,970,979

TAUHARA MOANA TRUST & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2019

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 2019 as follows:

	Group	
	2019	2018
Opening Balance	117,096	115,639
Add: Resident Withholding Tax	75	65
Credits Attached to Dividends Received	5,947	1,392
Less: Taxation Refund received	-83	-
Closing Balance	123,035	117,096

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 2019 were \$16,000 (2018: \$13,667) plus mileage incurred, owing at balance date \$2,227 (2018: \$2,227).

D Loughlin was appointed Director of He Akina Limited on 29 January 2016. The Trust and its subsidiaries paid He Akina Limited \$122,488 for administration and financial services during the year (2018: \$122,434), owing at balance date \$152 (2018 - \$255).

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 2019 were \$22,000 (2018: \$19,667) plus mileage and telephone expenses incurred. Owing at balance date \$2,419 (2018: \$2,264). 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 \$350 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 2019 (2018: nil). There are no loans from related parties.

TAUHARA MOANA TRUST & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2019

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	
	2019	2018
Future Lease Commitments		
Current	71,000	71,000
Non-Current	343,167	414,167
Balance of lease	414,167	485,167

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

	Group	
	2019	2018
Future Licence Commitments		
Current	57,500	57,500
Non-Current	210,834	268,334
Balance of licence	268,334	325,834

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

	Group	
	2019	2018
Future Licence Commitments		
Current	305,500	305,500
Non-Current	1,120,167	1,425,667
Balance of licence	1,425,667	1,731,167

TAUHARA MOANA TRUST & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2019

23. CAPITAL COMMITMENTS

At 31 May 2019 the Trust is committed to paying \$3,000 for the completion of a calf shed. At 31 May 2018 there were no commitments for capital expenditure.

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 (2018: nil).

Other than the above there are no known material contingent liabilities as at 31 May 2019 (2018: 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 (2018 - 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 \$125,000 (2018: \$120,000) 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 2019

Declaration of General Interest as at 31 May 2019 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 Holding Company 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/Shareholder

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 26 to 43, which comprise the consolidated statement of financial position as at 31 May 2019, 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 26 to 43 present fairly, in all material respects, the consolidated financial position of the Group as at 31 May 2019 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.

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

3rd October 2019

TAUHARA MOANA TRUST & SUBSIDIARIES

SUPPLEMENTARY SCHEDULES FOR THE YEAR ENDED 31 MAY 2019

FINANCIAL PERFORMANCE SUMMARY — OPERATING SURPLUS BY ACTIVITY

Schedule	Group	
	2019	2018
SUMMARY		
Farming Operations	1,410,605	1,966,128
Commercial Activities	125,000	120,000
Forestry Activities	(99,432)	(24,959)
Other Income	64,893	54,062
Less: Administration Costs	(1,282,786)	(1,277,305)
Net Operating Surplus/(Deficit) for year	218,279	837,926
Livestock Holding Gains	25,048	25,995
Gain Due to Price Changes on Financial Instruments	5,468	(299,100)
Net Operating Surplus/(Deficit) before Taxation	248,795	564,821

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

A. OTHER INCOME

	Group	
	2019	2018
Other Income		
Dividends Received (Net of Imputation Credits)	12,976	3,816
Interest Received	290	232
33% Share of He Akiina Limited's profit	1,281	-
Rebates	50,100	49,744
Quarry Royalties	246	270
	64,893	54,062

TAUHARA MOANA TRUST & SUBSIDIARIES

SUPPLEMENTARY SCHEDULES FOR THE YEAR ENDED 31 MAY 2019

B. ADMINISTRATION COSTS

	Group	
	2019	2018
Administration		
ACC Levies	-	327
AGM Expenses	8,901	5,438
Accountancy & Secretarial Fees	64,384	72,000
Audit Fees and Disbursements	12,302	14,000
Bank Fees	745	855
Consultancy	-	2,695
General Expenses	-	770
Insurance	-	1,258
Interest	338,064	335,858
Legal Fees	3,187	7,542
Lease Fees	434,000	402,929
Rates	102,151	103,430
Resource Consents	2,332	2,572
Subscriptions	1,219	300
Trustee Expenses & Fees	50,084	52,512
Directors Fees	38,000	33,333
Directors Expenses	3,295	905
Total Administration	1,058,662	1,036,724
Depreciation & Loss(Gain) on Sale	224,124	240,581
	1,282,786	1,277,305

C. COMMERCIAL ACTIVITIES

	Group	
	2019	2018
Income from		
Geothermal Development	125,000	120,000
Commercial Activities Surplus/(Deficit)	125,000	120,000

TAUHARA MOANA TRUST & SUBSIDIARIES

SUPPLEMENTARY SCHEDULES FOR THE YEAR ENDED 31 MAY 2019

D. FARMING OPERATIONS

Schedule	Group		
	2019	2018	
Income from			
Dairy Cattle	610,439	624,037	
Milk Production	4,922,886	5,203,127	
Hay & Silage Sales	123,350	768	
Grazing Revenue	22,880	26,124	
Rental Income	-	50,000	
Sundry Income	7,298	12,668	
	<u>5,686,853</u>	<u>5,916,724</u>	
Less: Expenses			
Farm Working Expenses	E	3,156,302	2,887,756
Vehicle Expenses	E	185,481	213,183
Repairs and Maintenance	E	366,860	321,275
Overheads	E	401,595	397,588
Depreciation & Loss(Gain) On Disposal	Note 3	166,010	130,794
		<u>4,276,248</u>	<u>3,950,597</u>
Farming Surplus/(Deficit)		<u>1,410,605</u>	<u>1,966,128</u>

E. DETAILED FARM EXPENSES

	Group	
	2019	2018
Farm Working Expenses		
Animal Health	174,314	159,911
Breeding	124,242	146,391
Calf Rearing	118,543	131,478
Dairy Insight Fee	27,279	48,743
Dairy Expendables	71,189	52,664
Electricity	89,114	84,928
Fertiliser & Nitrogen	571,577	600,925
Freight & Cartage	21,248	8,030
Grass & Crops	127,623	110,148
Hay & Silage Making	550,892	336,499
Stockfood	259,870	232,298
Wages and Allowances	992,887	960,732
Weed & Pest Control	27,523	15,009
	<u>3,156,302</u>	<u>2,887,756</u>

TAUHARA MOANA TRUST & SUBSIDIARIES

SUPPLEMENTARY SCHEDULES FOR THE YEAR ENDED 31 MAY 2019

Vehicle Expenses

General Vehicle Expenses	45,026	66,030
Tractor Expenses	140,455	147,153
	<u>185,481</u>	<u>213,183</u>

Repairs and Maintenance

General Repairs	366,860	321,275
	<u>366,860</u>	<u>321,275</u>

Overheads

Accident Compensation	22,742	21,070
Accountancy & Secretarial Fees	52,486	50,434
Bank Fees	1,492	789
Brokerage	3,810	2,370
Directors Insurance	6,067	5,658
Entertainment	5,722	2,662
Farm Advisory	41,200	40,394
General Expenses	6,766	3,084
House Inspections	8,109	
Insurance	49,311	52,061
Interest	192,751	209,872
Staff Training	1,863	2,600
Telephone & Tolls	8,514	6,594
Travel & Accommodation	763	-
	<u>401,595</u>	<u>397,588</u>

F. FORESTRY ACTIVITIES

	Group	
	2019	2018
Income From		
Forestry	-	7,811
	<u>-</u>	<u>7,811</u>
Less: Expenses		
Pruning Costs	63,940	29,255
Other Forestry Costs	35,492	3,514
	<u>99,432</u>	<u>32,770</u>
Forestry Surplus (Deficit)	<u>(99,432)</u>	<u>(24,959)</u>



FINANCIAL STATEMENTS

CONSOLIDATED SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MAY 2020

TRUST DIRECTORY

NATURE OF BUSINESS

Dairy Farming

LOCATIONS

Farm:
Broadlands Road, Taupō
Business:
63-65 Waikato Street, Taupō

RESPONSIBLE TRUSTEES

Heemi James Terangitahau Tauteka Biddle
Danny Loughlin
David Topia Rameka
Metiria Rameka
Skay Michael Rangī

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 Ltd
63 - 65 Waikato Street
Taupo 3330

TAUHARA MOANA TRUST & SUBSIDIARIES

APPROVAL OF FINANCIAL REPORT FOR THE YEAR ENDED 31 MAY 2020

The Trustees are pleased to present the approved financial report including the historical financial statements of Tauhara Moana Trust & Subsidiaries for year ended 31 May 2020.

APPROVED

For and on behalf of the Trustees.



Trustee

Date 3rd November, 2020



Trustee

Date 3rd November, 2020

TAUHARA MOANA TRUST & SUBSIDIARIES

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 MAY 2020

	NOTES	2020	2019
Trading Income			
Milk Solids Sales		5,457,415	4,922,886
Rebates		14,267	50,100
Rental, Leases & License Income		62,500	125,000
Sundry Farm Income		25,823	7,298
Grazing Revenue		32,977	22,880
Dairy Cattle		817,333	635,487
Hay & Silage Sales		-	123,350
Other Income		55,345	14,793
Loss due to price changes on financial instruments		(61,484)	5,468
Total Trading Income		6,404,176	5,907,262
Gross Profit		6,404,176	5,907,262
Expenses			
Farm Working Expenses			
Animal Health		144,017	174,314
Breeding		165,922	124,242
Calf Rearing		160,423	118,543
Dairy Expendables		67,731	71,189
Dairy Insight Fee		48,281	27,279
Electricity		132,066	89,114
Fertiliser & Nitrogen		549,869	571,577
Freight & Cartage		10,140	21,248
Grass & Crops		127,935	127,623
Hay & Silage Making		387,603	550,892
Stockfood		356,053	259,870
Wages and Allowances		931,523	992,887
Weed & Pest Control		14,183	27,523
Total Farm Working Expenses		3,095,745	3,156,302
Vehicle Expenses			
Vehicle Expenses		173,163	185,481
Total Vehicle Expenses		173,163	185,481
Repairs and Maintenance			
Repairs and Maintenance		256,090	366,860
Total Repairs and Maintenance		256,090	366,860
Overheads			
Accident Compensation		24,684	22,742
Accountancy & Secretarial Fees		51,190	52,486
Bank Fees		2,157	2,236
Brokerage		4,305	3,810

The accompanying notes form part of these Financial Statements. These Financial Statements should be read in conjunction with the attached Audit Report.

TAUHARA MOANA TRUST & SUBSIDIARIES

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 MAY 2020

	NOTES	2020	2019
Directors Insurance		6,501	6,067
Entertainment		8,305	5,722
Farm Advisory		38,152	41,200
General Expenses		18,913	7,984
House Inspections		2,170	8,109
Insurance		55,449	49,311
Interest		183,283	192,751
Staff Training		-	1,863
Telephone & Tolls		4,851	8,514
Travel & Accommodation		-	763
Total Overheads		399,958	403,558
Forestry Expenses			
Forestry Expenses		3,895	35,492
Pruning Costs		10,072	63,940
Total Forestry Expenses		13,967	99,432
Administration Expenses			
Administration Expenses		67,581	64,384
AGM Expenses		3	8,901
Auditing		7,974	12,302
Consultants		20,185	-
Directors Fees		38,000	38,000
Directors Expenses		945	3,295
Interest - Term Loans		313,317	338,064
Leases		434,000	434,000
Legal Expenses		1,316	3,187
Rates		117,725	102,151
Resource Consents		-	2,332
Trustee Expenses		47,325	50,084
Total Administration Expenses		1,048,371	1,056,699
Depreciation			
Depreciation		464,874	390,135
Total Depreciation		464,874	390,135
Total Expenses		5,452,169	5,658,467
Net Profit (Loss) Before Taxation		952,008	248,795
Net Profit (Loss) for the Year		952,008	248,795

The accompanying notes form part of these Financial Statements. These Financial Statements should be read in conjunction with the attached Audit Report.

TAUHARA MOANA TRUST & SUBSIDIARIES

BALANCE SHEET AS AT 31 MAY 2020

	NOTES	31 MAY 2020	31 MAY 2019
Assets			
Current Assets			
Cash and short-term deposits	6	157,479	122,061
Trade and Other Receivables	7	646,532	473,553
Other Current Assets	8	1,470,724	1,148,014
Derivatives	4	86,805	9,840
Total Current Assets		2,361,540	1,753,467
Non-Current Assets			
Property, Plant and Equipment	3	17,899,100	19,398,579
Total Non-Current Assets		17,899,100	19,398,579
Other Non-Current Assets			
Derivatives	4	74,205	190,800
Advance - He Akina Limited		15,658	15,658
Investment in shares/ownership interests	5	622,859	584,116
Intangibles	14	5	5
Biological assets		3,715,530	3,604,300
Total Other Non-Current Assets		4,428,258	4,394,880
Total Assets		24,688,898	25,546,926
Liabilities			
Current Liabilities			
Trade and Other Payables	11	293,885	356,808
Other current liabilities	12	219,036	216,346
Taxation		(1,287)	675
Current Portion of Borrowings	13	360,000	-
Total Current Liabilities		871,634	573,829
Non-Current Liabilities			
Non-current Loans	13	9,380,000	9,882,275
Total Non-Current Liabilities		9,380,000	9,882,275
Total Liabilities		10,251,634	10,456,104
Net Assets		14,437,264	15,090,821
Equity			
Owners Initial Capital		59,180	59,180
Compensation - Land Taken		47,208	47,208
Retained Earnings/(Accumulated Losses)		(2,889,836)	(3,736,278)
Reserves		17,220,712	18,720,712
Total Equity		14,437,264	15,090,821

The accompanying notes form part of these Financial Statements. These Financial Statements should be read in conjunction with the attached Audit Report.

TAUHARA MOANA TRUST & SUBSIDIARIES

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MAY 2020

	2020	2019
Equity at beginning of year	15,090,821	14,970,979
Tax paid surplus/ (deficit) for year	952,008	248,795
Kaumatua grants & koha paid	(107,534)	(135,232)
Increase in revaluation reserves	(1,503,032)	6,279
Increase in capital reserves	5,000	-
Equity at end of year	14,437,624	15,090,821

The accompanying notes form part of these Financial Statements. These Financial Statements should be read in conjunction with the attached Audit Report.

TAUHARA MOANA TRUST & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020

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 Statements.

The special purpose financial report was authorised for issue in accordance with a resolution of Trustees dated 31st May 2016.

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.

TAUHARA MOANA TRUST & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020

(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.

(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 the 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 15th 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.

He Akina Limited is valued at acquisition cost plus Tauhara Moana Trust's share of he Akina Limited's net surplus from the date of acquisition to the current balance date.

TAUHARA MOANA TRUST & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020

(i) Biological Assets

Livestock is measured at fair value less cost to sell, determined by independent count and valuation performed on 31 May 2020 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 was initially valued at cost and subsequently revalued to market value as at 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

TAUHARA MOANA TRUST & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020

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 recoverable.

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. Income Tax Expense

	2020	2019
Net profit/(loss) before tax	952,008	248,795
Taxation adjustments:		
- Imputation credits	11,211	3,765
- Timing differences - accruals and provisions	(2,637)	6,473
- Timing differences - tax losses brought forward	(458,986)	(256,223)
- Non-deductible expenses - entertainment	1,579	4,155
- Fair value adjustments - biological assets	(222,109)	(162,733)
- Further payments this season	(1,122,167)	(841,101)
- Further payments last season	841,101	996,868
Taxable profit/loss	0	(1)

	2020	2019
Prima facie tax expense at 17.5% on net profit before tax		
- Income tax losses brought forward	(6,027,951)	(6,255,340)
- Tax losses brought forward used this year	458,986	256,226

TAUHARA MOANA TRUST & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020

- Imputation credits converted to a loss	(64,063)	(28,836)
Taxation losses to carry forward	(5,633,028)	(6,027,951)

2020 2019

3. Property, Plant and Equipment

	2020	2019
Land		
Land revaluation	12,700,000	14,200,000
Total Land	12,700,000	14,200,000
Developments & Improvements		
Developments & Improvements - Costs	1,569,310	2,204,677
Accumulated Depreciation & Impairment	(1,528,725)	(1,419,478)
Total Developments & Improvements	40,585	785,199
Buildings		
Buildings at cost	4,112,462	3,309,506
Accumulated depreciation - buildings	(470,672)	(405,952)
Total Buildings	3,641,790	2,903,553
Vehicles		
Vehicles - Cost	1,127,466	978,342
Accumulated depreciation - vehicles	(411,427)	(383,786)
Total Vehicles	716,039	594,556
Plant and Equipment		
Plant & Equipment - Cost	2,265,612	2,257,914
Accumulated Depreciation & Impairment	(1,467,869)	(1,346,223)
Total Plant and Equipment	797,743	911,691
Furniture and Fittings		
Furniture & Fittings - Cost	13,289	13,289
Furniture & Fittings - Accumulated Depreciation	(10,345)	(9,709)
Total Furniture and Fittings	2,944	3,580
Total Property, Plant and Equipment	17,899,100	19,398,579

Land was revalued last year to the most recent valuation provided by Taupo District Council for rateable purposes. The latest land valuation dated 1 July 2019 is \$12,700,000 (1 July 2016: \$14,200,000).

2020 2019

4. Derivatives

	2020	2019
Milk Price Futures		
Current Portion	86,805	9,840
Non-Current Portion	74,205	190,800
Total Milk Price Futures	161,010	200,640
Total Derivatives	161,010	200,640

TAUHARA MOANA TRUST & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020

TFLP has 82 contracts at 6,000 units per contract, expiring 30 September 2020 and 43 contracts at 6,000 units per contract, expiring at 30 September 2021.

At 31 May 2020 the 82 contracts expiring 30 September 2020 were priced at \$7.22, with a market value of \$3,552,240 and the 43 contracts expiring 30 September 2021 were priced at \$6.20, with a market value of \$1,599,600. The total market value of all contracts at 31 May 2020 was \$5,151,840. (2019: \$5,126,400 for 129 contracts).

	2020	2019
5. Investment In Shares		
Farmlands Shares	15,000	15,000
He Akina - 33% Profit Share	1,281	1,281
Livestock Improvement - Shares	10,154	11,878
Miraka Holdings Ltd - 185,185 'B' Shares	375,926	-
Miraka Ltd - 185,185 'B' Shares	-	375,926
Ravensdown Shares	220,499	180,031
Total Investment In Shares	622,859	584,116
	2020	2019
6. Cash & Short Term Deposits		
BNZ Cheque Account	157,479	113,225
First NZ Capital Securities	-	8,837
Total Cash & Short Term Deposits	157,479	122,061
	2020	2019
7. Trade and other Receivables		
Accounts Receivable	646,532	473,553
Total Trade and other Receivables	646,532	473,553
	2020	2019
8. Other Current Assets		
Accrued Income	51,372	14,267
Miraka Further Payments	1,122,167	841,101
Prepaid Expenses	58,013	58,435
Consumables	239,172	234,210
Total Other Current Assets	1,470,724	1,148,014
	2020	2019
9. Biological Assets		
Cattle	3,664,780	3,553,550
Standing Timber	50,750	50,750
Total Biological Assets	3,715,530	3,604,300

TAUHARA MOANA TRUST & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020

Livestock Reconciliations:

	2020			2019		
	Qty	\$/Head	\$	Qty	\$/Head	\$
Sales						
Calves	1,307	131	171,465	959	158	151,929
Rising One Year Heifers	13	450	5,850	37	853	31,547
Rising Two Year Heifers	9	708	6,374	199	772	153,548
Mixed Aged Cows	608	824	501,109	497	781	388,018
Rising One Year & Older Steers & Bulls	60	695	41,683			
Rising Two Year & Older Steers & Bulls	122	959	116,959	256	594	152,190
Stag	45	2,029	91,313	1	935	935
	2,164		934,753	1,949		878,167
Purchases						
Rising Two Year Heifers				-		-
Mixed Aged Cows				-		-
Rising One Year Steers & Bulls	268	400	107,200	-		-
Rising Two Year & Older Steers & Bulls	14	7,481	104,737	50	2,466	123,300
Breeding Bulls	45	371	16,713	-		-
	327		228,650	50		123,300
Cash Profit From Trading						
			706,103			754,867
Plus Movement in Value of Cattle on Hand						
			111,230			(119,380)
Gross Profit From Dairy Cattle						
			817,333			635,487
	2020			2019		
	Qty	\$/Head	\$	Qty	\$/Head	\$
Opening stock						
Rising One Year Heifers	696	671	466,825	673	713	479,910
Rising Two Year Heifers	430	1,275	548,250	510	1,238	631,530
Mixed Aged Cows	2,011	1,213	2,439,550	2,034	1,189	2,418,900
Rising One Year Steers & Bulls	173	572	98,925	226	631	142,590
Rising Two Year & Older Steers & Bulls	-		-	-		-

TAUHARA MOANA TRUST & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020

Rising Three Year & Older Steers & Bulls	-		-	-	-	-
Breeding Bulls	-		-	-	-	-
	3,310		3,553,550	3,443		3,672,930
Closing stock						
Rising One Year Heifers	749	676	506,175	696	671	466,825
Rising Two Year Heifers	507	1,297	657,475	430	1,275	548,250
Mixed Aged Cows	1,951	1,234	2,406,720	2,011	1,213	2,439,550
Rising One Year Steers & Bulls	145	575	83,375	173	572	98,925
Rising Two Year & Older Steers & Bulls	13	849	11,035	-		-
Rising Three Year & Older Steers & Bulls	-		-	-		-
Breeding Bulls	-		-	-		-
	3,365		3,664,780	3,310		3,553,550
Increase (Decrease) in stock on hand	55		111,230	(133)		(119,380)
Change in values (livestock holding gain/loss)			53,321			25,048
Change in numbers			57,909			(144,428)
Increase (Decrease) in stock on hand			111,230			(119,380)

10. Milk Income

	2020	2019	2020	2019
Milk solids	kg	kg	\$	\$
Last season increase/(decrease)			841,101	1,051,725
June	-	-	-	-
July	-	-	-	-
August	42,266	41,824	189,280	192,411
September	82,751	93,651	371,703	403,982
October	110,782	110,433	496,128	507,313
November	104,699	102,592	504,600	472,236
December	99,808	104,213	503,109	525,419

TAUHARA MOANA TRUST & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020

January	93,548	96,449	571,904	509,287
February	62,850	70,261	429,439	394,976
March	66,471	60,084	475,859	361,857
April	64,642	52,320	492,095	333,783
May	33,819	25,912	301,128	320,931
Total	761,636	757,739	5,176,346	5,073,919
Plus Pay-Out Estimate Current Season			1,122,167	841,101
Less Pay-Out Estimate Prior Season			(841,101)	(996,868)
Plus Insurance Proceeds for Lost Milk			-	4,734
Net Total			5,457,412	4,922,886
Average price per kg milk sales			\$7.17	\$6.50

2020 2019

11. Trade and Other Payables

Accounts Payable	293,885	356,808
Total Trade and Other Payables	293,885	356,808

2020 2019

12. Other Current Liabilities

Accrued Expenses	77,601	81,951
Accrued Interest	685	16,861
GST	72,482	48,904
Provision for Annual Leave	68,269	68,630
Total Other Current Liabilities	219,036	216,346

2020 2019

13. Loans (Includes Bank Overdrafts)

Term Loans		
BNZ Term Loans	9,740,000	9,882,275
Non-current portion of term loans	(360,000)	-
Total Term Loans	9,380,000	9,882,275
Current portion of term loans		
Current portion of term loans	360,000	-
Total Current portion of term loans	360,000	-

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 2020

Tauhara Moana Trust.

2020:

BNZ Customised Average Rate Loan Balance at 31 May 2020 is \$6,530,000. The loan is interest only with an expiry date of 20 May 2022. The interest rate at 31 May 2020 was 4.36%.

A further \$103,400 credit on this facility is approved by the bank but not yet drawn down, as at 31 May 2020.

2019:

BNZ Customised Average Rate Loan Balance at 31 May 2019 is \$6,480,000. The loan is interest only with an expiry date of 20 May 2022. The interest rate at 31 May 2019 was 5.19%.

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.

Tauhara Farms Limited Partnership

BNZ Customised Average Rate Loan Balance at 31 May 2020 is \$2,750,000 (2019: \$2,300,000) with a maturity date of 20 May 2022, irregular repayments of \$100,000 with an interest rate at 31 May 2020 of 4.36% (2019 - 5.19%).

BNZ Milk Futures Loan Balance as at 31 May 2020 is \$360,000 (2019: \$325,275) with a maturity date of 20 October 2020. The interest rate at 31 May 2020 was 4.36% (2019 - 5.19%).

BNZ Working Capital Loan Balance as at 31 May 2020 is \$100,000 (2019: \$750,000) with a maturity date of 20 May 2022. The interest rate at 31 May 2020 was 4.36% (2019 - 5.198%).

This facility has a further \$650,000 approved by the bank but not yet drawn down, as at 31 May 2020.

Securities are:

- All obligations unlimited Guarantee from the Trustees of Tauhara Moana Trust.
- Perfected security interest in all present and here and after acquired property of the Tauhara Farms Limited Partnership.

14. 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 22: Contingent Liabilities).

15. Financial Instruments

2020	Amortised Cost	Cost	Fair Value
Cash and short-term deposits	157,479		
Trade and other receivables	641,752		
Other current assets	1,122,167		
Investment in shares		231,481	622,860
Derivatives			161,010
	1,921,398	231,481	783,870
2019	Amortised Cost	Cost	Fair Value
Cash and short-term deposits	122,061		
Trade and other receivables	473,553		
Other current assets	855,368		

TAUHARA MOANA TRUST & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020

Investment in shares		231,481	584,116
Derivatives			200,640
	1,450,983	231,481	784,756

All investments in shares are value at cost, except for Miraka Holdings 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.

16. Equity

	2020	2019
Owners initial capital	59,180	59,180
Compensation - land taken	47,208	47,208
Retained earnings/(accumulated losses)		
Opening balance	(3,740,363)	(3,853,926)
Net profit/loss	952,008	248,795
Kaumaturua grants & koha paid	(107,534)	(135,232)
Closing balance	(2,895,889)	(3,740,363)
Revaluation reserves		
Opening balance	14,410,237	14,403,958
Revaluations due to sale of shares	-	-
Revaluation of shares	(3,032)	6,279
Revaluation of standing timber	-	-
Revaluation reserve - land & buildings	(1,500,000)	-
Net increase in revaluation reserves	(1,503,032)	6,279
Closing balance	12,907,205	14,410,237
Capital reserves		
Opening balance	4,314,560	4,314,560
Capital profit on sale of shares	5,000	-
Closing balance	4,319,560	4,314,560
Total Reserves	17,226,765	18,724,797
Total Equity	14,437,264	15,090,822

17. 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.

TAUHARA MOANA TRUST & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020

18. Maori Authority Credits (MACA)

The Trust has MACA's available as at 31st May 2020 as follows:

	Group	
	2020	2019
Opening Balance	123,035	117,096
Add:		
Resident Withholding Tax	2,950	75
Credits Attached to Dividends Received	11,211	5,947
Less:		
Taxation Refund received	(982)	(83)
Closing Balance	136,214	123,035

19. 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 2020 were \$16,000 (2019: \$16,000) plus mileage incurred, owing at balance date \$2,227 (2019: \$2,227).

D Loughlin was appointed Director of He Akina Limited on 29 January 2016. The Trust and its subsidiaries paid He Akina Limited \$125,230 for administration and financial services during the year (2019: \$122,488), owing at balance date \$7,460 (2019 - \$152).

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 2020 were \$22,000 (2019: \$22,000) plus mileage and telephone expenses incurred. Owing at balance date \$2,108 (2019: \$2,419). 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 \$350 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 2020 (2019: nil). There are no loans from related parties.

20. 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	
	2020	2019
Future Lease Commitments		
Current	71,000	71,000
Non-Current	272,167	343,167
Balance of lease	343,167	414,167

TAUHARA MOANA TRUST & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020

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	Group	
	2020	2019
Future Licence Commitments		
Current	57,500	57,500
Non-Current	153,334	210,834
Balance of licence	210,834	268,334

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 cropping.

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	Group	
	2020	2019
Future Licence Commitments		
Current	305,500	305,500
Non-Current	814,667	1,120,167
Balance of licence	1,120,167	1,425,667

21. Capital Commitments

At 31 May 2020... At 31 May 2019 the Trust had committed to paying \$3,000 for the completion of a calf shed.

22. 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.

TAUHARA MOANA TRUST & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020

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 (2019: nil). Other than the above there are no known material contingent liabilities as at 31 May 2020 (2019: nil).

23. Events Subsequent to Balance Date

There were no known material events subsequent to balance date which would have an effect on these financial statements (2019 - nil).

24. 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 \$62,500 (2019: \$125,000) as an extension for the Trust entering into this agreement and granting Contact easement to access the land.

25. Declaration of General Interest as at 31 May 2020 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 Holding Company 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

TAUHARA MOANA TRUST & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020

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/Shareholder

INDEPENDENT AUDITOR'S REPORT

To the Beneficial Owners of Tauhara Moana Trust

Opinion

We have audited the accompanying consolidated special purpose financial statements of Tauhara Moana Trust and its subsidiaries ("the Group") on pages 5 to 23, which comprise the consolidated balance sheet as at 31 May 2020, and the consolidated statements of 52 to 71, loss and changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of Tauhara Moana Trust and its subsidiaries as at 31 May 2020, and the consolidated financial performance for the year then ended, in accordance with *A Special Purpose Financial Reporting Framework for For-Profit Entities (SPFR for FPEs)*, issued by Chartered Accountants Australia & New Zealand.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Tauhara Moana Trust and its subsidiaries 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, Tauhara Moana Trust or its subsidiaries.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements have been prepared for to assist Tauhara Moana Trust to meet the provisions of its Trust Deed. As a result, the 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.

Trustees' Responsibility for the Financial Statements

The Trustees are responsible on behalf of the Group for determining that the SPFR for FPE framework adopted is acceptable in Tauhara Moana Trust's circumstances, the preparation of financial statements, 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 financial statements, the Trustees are responsible on behalf of the Group 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the 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 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.

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
Public Practitioner and Qualified Auditor
Taupo

3rd November 2020



TAUHARA MOANA
TRUST

16 DECEMBER 2020, ONLINE