

**Whangara Farms
Annual Report
For the year ended 30 June 2010**

For and on behalf of the Partners

Ingrid Collins

Chairperson
23 September 2010

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WHANGARA FARMS CHAIRPERSON'S REPORT FOR 2010 AGM

Nau mai haere mai ki a hui mai nei o Whangara farms
Nga mihi nui kia koutou katoa.

OUR VISION

***DELIVER SUSTAINABLE ONGOING RETURNS FOR SHAREHOLDERS AND
PROVIDE ASSET GROWTH FOR FUTURE GENERATIONS***

The figures in most businesses prove that last year was tough. Whangara Farms returned a profit but slightly less than last year.

We have learnt that the partnership approach is capable of unlocking a great deal of value as the differing skills of the two partners has allowed for better integration of all factors involved in complex projects and decision making.

Our Strategic Plan is simple and achievable:

INCREASING OUR LAND BASE

- In March the Partners were presented with the opportunity to purchase Tongataha Station. Due diligence was carried out.
- There was an agreed price of \$7m.
- Take over was to be the 1st July 2010. The farm was subsequently taken over in May but no payment was made until the 1st July 2010.
- In the price of \$7m included the farm, land and building, plant and machinery and livestock.
- Valuations were arranged on all assets being purchased.
- This property is summer safe.
- It is 1,452 hectares of premium breeding and finishing country, with easy contour.

WAI ARIKI (WATER)

Last year there was a short report of the Governments water reform. To further report on this, it seems we are no further ahead with "Contentious issues" being listed as:

- Tangata whenua and their governance role
- Optimal consumptive versus non-consumptive use
- Water quality
- Monopolies and water barons springing up
- Funding of more water storage
- Who pays for water research and administration
- Uncertainty over the quality of property rights to water

Fact actually says that shortage of water in New Zealand is rare and often geographically confined. 95% of the water that falls runs off out to sea. Of the remaining five per cent, 80% is used to irrigate land and 20% for industrial and residential consumption.

We as Maori need to be aware of the government's decision making and we won't go away as water is crucial to our farming operations.

During the year your Farming Board travelled to Wellington, gaining an insight into some of the major contributors that affect our end products.

- Beef & Lamb presentation by the CEO, Scott Champion.
- Land Corporation presentation, questions of joint ventures/partnerships, by Chris Neil & Collier Isaacs.
- The Minister of Agriculture, Hon. David Carter. Minister Carter was so impressed with our winning of the Ahu Whenua that he had asked for a return visit to Gisborne to travel over the farm. Our discussion in Wellington covered topics such as the ETS and its impact on our farm but farming in general, the water rights bill, still in the House and how they view Maori farming in general.

FINANCIAL

This year's financial result is once again testimony, that the farming practices adopted are returning the desired results to shareholders. The Partnership has reported a profit of \$1,499,000. This is shared \$910,000 to Whangara B5 and \$589,000 to Pakarae. From this profit, the Partnership Board has approved cash distributions of \$810,000. These will be shared \$492,000 to Whangara B5 and \$318,000 to Pakarae. The Partnership is retaining some of the profits as it continues its development plans with the farms at Whangara.

My recent visit to China with the Minister of Maori Affairs, Hon Peter Sharples and his delegation, has breathed new life into my commitment to take Whangara Farms to the next level of excellence. The opportunities are limitless. They may take some time but we must start forging the cultural relationship with their culture.

The ANZ Banking group set up a joint banking opportunity in China that has taken them many many years to achieve, (25). Maybe they didn't have a pocket juke box like we had in Annette Wehi-Gibson.

New Zealand's economic recovery is happening and although we may hit a few potholes along the way we should remain optimistic. The commodity price is currently near multi-decade highs. It is said that the commodity prices recovered quicker than expected. What changed?

They say the composition of who we export to shifted dramatically. This is because of the fast growing developing countries of the Asian market rather than the slow-growing old rich countries. Are we ready for this? I should not even be asking that question.

Richard and his staff are the best. Producing the best we can for the markets. Seeking partners with other Incorporations for supply across the motu has been set in motion. Standing still is definitely not an option.

I acknowledge the strong time commitment of my fellow Board members, Matire Kupenga-Wanoa, Stan Pardoe, Mike Petersen and James Brownlie, along with Chris Torrie and his team working tirelessly to achieve positive results.

Thank you for attending today. The AGM along with the Field day is the only time we as shareholders get to meet and greet each other. As whanau, contact is important. We are working for you and seizing the opportunities to advance your Vision statement.

No reira tena koutou, tena koutou tena tatou katoa.

Ingrid N Collins MNZM

Chairperson

Whangara Farms

WHANGARA FARMS GENERAL MANAGER'S ANNUAL REPORT OCTOBER 2010

INTRODUCTION

This has been another challenging year for Whangara Farms. We experienced a very dry summer and autumn and have now just come through another very wet winter. The climate, markets and NZ \$ have all had an effect on our profitability and we have recorded a profit of **\$331/ha**, just over \$1.5 million. This is a decrease of \$17/ha or \$72,000 over last year and reflects the hard season we have been through.

Tongataha Station was purchased as a “summer safe” property to give us more flexibility through the dry summers. The property has huge potential and will be an asset for the business.

The short term outlook for the sheep and beef industry is positive with a shortage of stock predicted for this coming season and increasing global demand.

LAND

The Puatai water system has been completed and the Rototahi system is due to be started this spring. We are planning to also complete the B5 system this summer, which will then give us reticulated and troughed water across all our Whangara blocks.

There has been no capital fencing this year but we have spent over \$50,000 on repairs and maintenance.

Thistles and blackberry have been sprayed continuing our annual weed control programme. We have applied 100 ton of urea fertiliser to boost our spring pasture covers. We are budgeting to just apply maintenance fertiliser this year with no capital applications and use the money saved for debt repayment.

LABOUR

We have 2 new staff working for us, Simon Mead unit manager on Tongataha and John Hallgarth unit manager on Whangara B5. Steve McHardy and Wayne Ferris have both moved onto other jobs.

I have had a staff restructure and now have 5 unit managers responsible for each of our 5 units. This is more sustainable for the future and frees me up for more strategic management of the business. We have ongoing training available for all our staff and we are focused on them as much as we can.

I would like to thank all my staff and their families for their efforts this year; they are a key resource in the business and a big part of the ongoing progress that we are making.

LIVESTOCK

Sheep

We achieved a 130% lambing result this year with 28,150 lambs. This is a 2.5% decrease on last year mainly due to the wet cold weather during lambing and the low survival rates in the lambs. We sold 21,000 lambs for an average price of \$72, with nearly half the lambs sold on the store market because of the droughts and strong market.

The sheep returned nearly \$80/sheep stock unit this year which is a \$5/SSU increase on last year and can be put down to good marketing and increased demand for both prime and store sheep.

The main mobs of ewes have scanned 153% this year, a 2% increase on last, with facial eczema tolerant rams used. The ewes are currently lambing and with the weather so mild this year we are getting excellent survival rates. The early ewes have been docked 5,500 lambed and 97% ewes mated /lambs docked.

Cattle

The MA cows had an 89% calving this year and we had another successful year with the heifers calving 76%. We are still looking to maintain a 500 cow Angus maternal herd with all the other cows going to terminal sires. There are good premiums being paid for Angus cattle and we plan to take advantage of these.

The dry summer and autumn followed by a wet winter have meant that our live weights in our trading cattle are 25-30kgs behind last year. The cattle returned \$63/cattle stock unit which was a decrease of \$8.50/cattle stock unit. We sold 200 more cattle this year but the weights and prices were lower, as well as some store sales.

09/10 PRODUCTION

Number	Description	Kilos	Price
251	Cows	248	\$548
556	R3 Steers	283	\$1,003
149	R2 Steers	250	\$941
534	R2 Heifers	200	\$675
822	R3 Bulls	292	\$960
202	R2 Bulls	260	\$896
208	R1 Bulls	175 (Live weight)	\$430
21,715	Lambs	14.7	\$72
4,481	Ewes	23	\$60
	Wool	166,579	\$2.52

MARKETS

The short term outlook for the NZ sheep and beef industry is very positive, with a predicted shortage of livestock and an increasing global demand for red meat. The returns from our overseas markets are dependant on the exchange rate and indications are that it will be stable at present levels. I have currently been reviewing our relationships with the meat processors and other big suppliers, and we are looking at ways of adding value to our products to maximise our returns.

Angus bred cattle are in demand with premiums being paid by the McDonalds and Angus Pure programmes. We are in a good position to take advantage of this as 70% of our cattle are Angus. The NZ Dairy Industry is experiencing increased returns and there maybe some opportunities for grazing dairy stock and selling supplement.

TONGATAHA STATION

Tongataha Station was purchased 30th April 2010 from the J N Williams Memorial Trust. The farm is located in the Ruakituri Valley near Wairoa, approximately 90kms from Gisborne. The farm is 1450ha (4,000 acres) and is running 12,500 sheep and beef stock units. It has a very reliable summer rainfall and excellent infrastructure and fertiliser history. The farm has a lot of potential to increase its production and also provide Whangara Farms with flexibility and opportunity to finish stock through the dry summer/autumn periods.

Simon Mead has been appointed as a unit manager for the farm and has been doing a good job. He has settled in with his family and is enjoying the challenge. We are currently looking

to appoint a full time shepherd to assist Simon with any other casual labour coming from our Whangara blocks.

We are currently running a terminal cow and ewe system with all replacements coming from Whangara. We are also planning to finish 10,000 lambs through the summer and develop an intensive cattle finishing unit.

OPPORTUNITIES

- ❖ Increase stock performance and overall productivity
- ❖ Manage increasing farm working expenses and become the lowest cost producer.
- ❖ Growth of Whangara Farms through land purchases/leases
- ❖ Joint marketing of livestock
- ❖ Neighbouring properties joining Whangara Farms

2010-2011

Focus on 5 key areas for the 2010-11 year:

1. Profitability of the business increased
2. Continue and complete development programme – water system, subdivision
3. Integration of Tongataha Station into Whangara Farms
4. Staff development and up skilling
5. Farming plans fully developed and documented – Farmax

5 YEAR GOALS

- Sustainable farming systems
- Increase dividend to shareholders
- Fully integrate Tongataha into Whangara Farms
- 140% lambing 90% calving
- Economic Farm Surplus \$400/ha

- Reticulated and troughed water systems
- A skilled and motivated staff

SUMMARY

It has been another challenging but rewarding year for Whangara Farms. We have managed to record another good profit in a difficult season and we are progressing further towards our goals. We have purchased Tongataha Station which has huge potential and is integrating well into our business.

The staff are an extremely important part of our business and we are very focused on developing and up skilling them.

There is a positive outlook for the sheep and beef industry in NZ however the costs of production are increasing and we need to remain focused on being the lowest cost producer. We also need to continue with our sustainable management practises and good marketing of our products to ensure future productivity.

The coming year will bring new challenges but we will overcome these and continue the progress we have made.

Richard Scholefield
General Manager



ROBERTS & HARPER LTD
CHARTERED ACCOUNTANTS

Principal: *W D Roberts (ca)* Associates: *R D Hill (ca)*
A R Baldwin (ca)

AUDITORS REPORT

To the Partners of Whangara Farms

We have audited the financial statements on pages 9 to 27. The financial statements provide information about the past financial performance and financial position of the Partnership as at 30 June 2010. This information is stated in accordance with the accounting policies set out on page 21.

Board's Responsibilities

The Board are responsible for the preparation of financial statements which comply with generally accepted accounting practice and give a true and fair view of the financial position of the Partnership as at 30 June 2010 and of the results of their operations and cash flows for the year ended on that date.

Auditors' Responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the Board and report our opinion to you.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements.

It also includes assessing:

- the significant estimates and judgments made by the Board in the preparation of the financial statements; and
- whether the accounting policies are appropriate to the businesses circumstances, consistently applied and adequately disclosed.

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

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

Unqualified Opinion

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by the Partnership as far as appears from our examination of those records; and
- the financial report on pages 9 to 27;
 - * complies with generally accepted accounting practice;
 - * gives a true and fair view of the financial position of the Partnership as at 30 June 2010 and the results of its operations and cash flows for the year ended on that date.

Our audit was completed on 22 September 2010 and our unqualified opinion is expressed as at that date.

ROBERTS & HARPER

GISBORNE

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PAKARAE /WHANGARA B5 PARTNERSHIP

MINUTES OF THE ANNUAL GENERAL MEETING

HELD AT THE WHANGARA MARAE ON FRIDAY 2 OCTOBER 2009 AT 9AM

PRESENT:

I Collins (Chairperson), M Kupenga-Wanoa, S Pardoe, J Brownlie, M Petersen and shareholders

Pakarae - 35

Whangara B5 - 75

In attendance: R Scholefield, C Torrie

ACTION

WELCOME:

I Collins welcomed everyone present to the meeting asked shareholders to stand in silence for the victims of the tsunami in Samoa.

SCRUTINEERS:

Lil Eruera and James Brownlie were appointed scrutineers for the voting that would happen for Whangara B5 and Pakarae.

TIMING OF THE MEETING:

N Haapu asked why the meetings for Whangara B5 and Pakarae were being held at the same time as this was unfair to her and some other shareholders who were in both Incorporations. I Collins explained that the Whangara B5 and Pakarae A and Other Blocks Boards had made this decision due to the celebrations that were being held today with the winning of the Ahuwhenua Cup.

C Hawkins asked how will the Committee of the individual meetings cope with him standing on both the Whangara B5 and Pakarae elections. I Collins said that the agenda for Whangara B5 was being changed such that the voting for the elections were now going to be held just before General Business which would allow people to go between meetings for the elections.

AHUWHENUA CUP:

Shareholders were presented with a DVD video of the fielddays and the finals night. Certificates were presented to H Leach for the Paikea Whitirea Trust, R Scholefield, J Brownlie, M Petersen and I Collins in recognition of the winning of the Ahuwhenua Cup.

WAI 940 CLAIM:

B Tupara then made a presentation on the foreshore and sea bed issues. He advised that at a meeting at the marae those present decided that TRONP would work on behalf of the shareholders on this issue.

He then spoke about a proposal to build units at Whangara which was objected to. The objection was successful however GDC approved it anyway. He then spoke about wanting to stop the Council doing this.

Ramai McGhee expressed her concern that shareholders had given away their mana to TRONP in relation to the seabed and foreshore matter. B Tupara said it was Ngati Konohi who gave their support to TRONP. O Ripia challenged the meeting as non shareholders had voted.

MINUTES:

Minutes of the meeting held 17 October 2008 were taken as distributed and approved.

MATTERS ARISING:

- K Nikora disagreed with the statement "H Taumaunu said that Paikea Whitirea Trust is a Trust that they have a lot of beneficiaries they are the owners of the land in front of the Marae out to the river". K

Nikora asked that this be removed from the minutes. There was much discussion on this matter and finally this was put to a vote with shareholders voting that the statement remain in the minutes.

CHAIRPERSON'S REPORT:

The Chairperson's report was taken as read. A Koopu congratulated the Chairperson on bringing up Wai Ariki to the attention of shareholders. She said it was an important matter for the community to consider.

E Te Kani raised the issue of the change of name from the Pakarae/Whangara B5 Partnership to Whangara Farms. She stated that she felt this was a good name change and the meeting approved the name change.

GENERAL MANAGER'S REPORT:

R Scholefield presented his General Manager's report and introduced his staff.

B Tupara said that forestry was part of the business but not mentioned in the accounts. Currently the Partnership has no forestry interests, the forestry interests that are on the land blocks remained with Whangara B5 and not bought into the Partnership.

N Haapu asked what a permanent casual is. R Scholefield said when work is there then they are the person that they go to first.

R Wood made mention of sustainable management and good marketing and asked what this meant. R Scholefield said that we are looking at joint marketing of our product with other blocks. That we have been selling 80-85% of our produce through AFFCO and the important aspects were timing, weights and price.

M Pardoe thanked R Scholefield for leadership and consistent mentioning of staff in his reports.

D McGhee asked does R Scholefield have the right to hire and fire staff which R Scholefield responded yes to.

E Te Kani asked why are we not trading with Bernard Matthews, they are a local company with employment opportunities for locals. R Scholefield said that we do use Bernard Matthews for the early lambs.

D Ruru asked if there could be a roving microphone next year so that everyone could hear the questions.

D Te Kani asked about the erosion on the Waiomoko and Pakarae Rivers. R Scholefield said that we are looking at fencing the waterways and once these are up we can look at planting trees.

ANNUAL FINANCIAL STATEMENTS:

C Torrie took the meeting through the annual financial statements which showed a record year for the Partnership. Questions were raised on the emissions trading scheme and benchmarking. C Torrie advised that under a report prepared for the Board, the Board would have an annual cost of approximately \$400,000 if the ETS scheme was bought in under the rules at the time that the report was prepared. With regards to benchmarking because we have an early balance date it is not possible to undertake benchmarking at this time. Consideration would be given to preparing benchmarking back one year and presented to shareholders.

The annual accounts were then approved.

WEBSITE:

C Torrie took the meeting through the draft website. Shareholders were informed that this would be up and running within a month and we were looking to keep this as current as possible. D McGhee asked that there be recognition of Te Atanga A Hauiti and Ngati Konohi on the website.

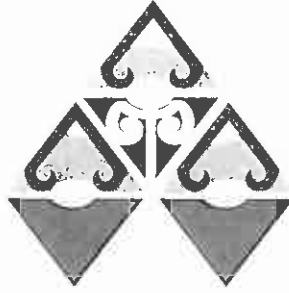
I Collins then thanked everyone for coming to the meeting and the meeting closed at 12 noon.

..... Chairperson

..... Date

WHANGARA INCORPORATED BLOCKS

COMPRISING
WHANGARA FARMS
PROPRIETORS OF:
WHANGARA B5
WHANGARA B20
PAKARAE A AND OTHER BLOCKS



SECRETARIES
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WHANGARA FARMS 2010 ANNUAL GENERAL MEETING AT THE WHANGARA MARAE

Notice is hereby given that the Annual General Meeting for Pakarae, Whangara B5 and the Whangara Farms are being held on 1 October 2010 at Whangara Marae. The timetable for the meeting is as follows:

Registration from 8:30am.

9:00am Whangara Farms

11:00am Proprietors of Pakarae A & Other Blocks

11:00am Proprietors of Whangara B5

Lunch to follow

BUSINESS

1. Welcome
2. Confirmation of previous year's minutes
3. Matters arising
4. Report from Chairperson and introduction of Board members
5. Report from General Manager and introduction of staff members
6. Receive and adopt the annual accounts for the year ended 30 June 2010
7. General Business

INGRID COLLINS MNZM
Chairperson

Whangara Farms
Financial Statements
For the year ended 30 June 2010

Directory

Nature of business	Farming (sheep and cattle) and forestry	
Location of property	SH35 Whangara Mangaroa Road, Ruakituri	
Partners	Proprietors of Whangara B5	60.7%
	Proprietors of Pakarae A & Others	39.3%
		<hr/>
		100.0%
		<hr/> <hr/>
Board	I Collins (Chairperson)	Whangara B5
	M Kupenga-Wanoa	Pakarae
	S Pardoe	Joint Appointee
	M Petersen	Independent
	J Brownlie	Independent
General Manager	Mr Richard Scholefield	
Secretary	Chris Torrie, BDO Gisborne Ltd	
Accountants	BDO Gisborne Ltd Gisborne	
Auditors	Roberts and Harper Gisborne	
Bankers	Bank of New Zealand Gisborne	
Solicitors	Wilson Barber Gisborne	

Farm analysis

	2010	2009	2008	2007
Area				
Total hectares	5,444	5,444	5,444	5,444
Effective hectares	4,544	4,544	4,544	4,544
Stock wintered (opening)				
Cows	1,059	1,225	1,367	1,335
Total cattle	4,204	4,038	3,597	3,802
Ewes	21,661	21,139	21,765	22,105
Total sheep	29,030	28,765	27,496	30,301
Stock units (opening)				
Cattle (CSU)	20,778	20,115	18,374	19,028
Sheep (SSU)	26,819	26,477	25,777	27,842
Total stock units (SU)	47,597	46,592	44,151	46,870
Total SU per effective hectare	10.5	10.3	9.7	10.3
Percentage of SU in cattle	44%	43%	42%	41%
Percentage of SU in sheep	56%	57%	58%	59%
Expenses per stock unit				
Operating and administration	\$28.37	\$27.75	\$28.12	\$28.57
Repairs and maintenance	\$10.53	\$12.99	\$11.40	\$16.61
Finance	-	-	-	-
Total cash expenses	\$38.90	\$40.74	\$39.52	\$45.18
Depreciation	\$3.30	\$3.26	\$2.51	\$2.24
Total expenses	\$42.20	\$44.00	\$42.03	\$47.42
Key expense items				
Wages	\$552,727	\$544,929	\$570,144	\$503,087
Animal health	\$90,318	\$126,881	\$95,918	\$194,800
Fertiliser	\$370,704	\$370,967	\$273,462	\$355,664
Vehicles	\$79,565	\$71,187	\$79,864	\$64,240

Farm analysis

	2010	2009	2008	2007
Cattle performance				
Cattle surplus/(deficit) per CSU	\$62.69	\$71.59	\$60.86	\$47.85
Average price per head sold				
Cows	\$619.34	\$617.97	\$559.00	\$708.80
Steers	\$988.95	\$955.19	\$971.51	\$842.82
Bulls	\$689.50	\$698.05	\$754.25	\$418.66
Overall average	\$843.24	\$885.59	\$878.12	\$735.09
Calving percentage - Cows	90%	89%	89%	89%
Calving percentage - Heifers	78%	85%	64%	0%
Deaths and missing percentage	2%	1%	1%	1%
Sheep performance				
Sheep surplus/(deficit) per SSU	\$64.28	\$62.81	\$50.76	\$44.59
Wool per SSU	\$15.66	\$12.05	\$14.17	\$11.55
Sheep and wool per SSU	\$79.94	\$74.86	\$64.94	\$56.15
Average price per head sold				
Lambs	\$71.96	\$69.51	\$59.90	\$56.66
Ewes	\$59.21	\$50.73	\$40.61	\$42.73
Overall average	\$69.81	\$66.08	\$55.77	\$55.62
Wool kg per SSU	6.5	4.8	5.8	5.2
Shearing expenses per SSU	\$7.78	\$5.79	\$6.94	\$7.08
Shearing expenses as percentage of wool	50%	48%	49%	61%
Lambing percentage	130%	132%	121%	110%
Deaths and missing percentage	5%	5%	4%	3%
Income				
Gross surplus/(deficit) per SU	\$73.81	\$77.93	\$67.37	\$54.98
EFS per SU	\$31.61	\$33.93	\$25.33	\$7.56
EFS per effective hectare	\$331.14	\$347.86	\$246.12	\$78.00

Stock unit conversion basis			
Cattle	Stock units per animal	Sheep	Stock units per animal
M A Cows	6.0	M A Ewes	1.0
Rsg 2yr & 3yr Cattle	5.0	Hoggets	0.7
Rsg 1yr Cattle	4.0	Breeding Rams	0.7
Bullocks	5.0		
Breeding Bulls	5.0		

Statement of financial performance

Cattle

				2010 \$	2009 \$
	No.	Average price			
Sales					
M A Cows	331	619.34	205,002		208,255
Heifers	365	689.50	251,666		264,562
Steers	705	988.95	697,209		594,129
Bulls	1,232	861.79	1,061,729		1,167,359
Breeding Bulls	9	1359.22	12,233		11,542
	<u>2,642</u>			<u>2,227,839</u>	<u>2,245,847</u>
Less purchases					
M A Cows	420	895.43	376,080		-
Heifers	529	595.39	314,962		-
Steers	321	573.11	183,969		312,094
Bulls	1,110	535.95	594,904		632,961
Breeding Bulls	19	2023.84	38,453		29,250
	<u>2,399</u>			<u>1,508,368</u>	<u>974,305</u>
				<u>719,471</u>	<u>1,271,542</u>
Cattle on hand adjustment				<u>583,115</u>	<u>168,497</u>
Cattle surplus/(deficit)				<u><u>1,302,586</u></u>	<u><u>1,440,039</u></u>

Statement of financial performance

Cattle tallies

	On hand		Market value		Total value		Holding gains/ (losses) \$	Income adjust \$
	2009	2010	2009 \$	2010 \$	2009 \$	2010 \$		
Whangara								
M A Cows	(276)	(366)	780	850	(215,280)	(311,100)	(25,620)	(70,200)
Rsg 2yr Heifers	(80)	49	684	700	(54,750)	34,300	(1,250)	90,300
Rsg 1yr Heifers	66	38	570	450	37,620	17,100	(4,560)	(15,960)
Rsg 3yr Steers	(127)	(112)	900	950	(114,300)	(106,400)	(6,350)	14,250
Rsg 2yr Steers	57	(124)	800	900	45,600	(111,600)	(12,400)	(144,800)
Rsg 1yr Steers	(145)	(21)	470	550	(68,150)	(11,550)	(11,600)	68,200
Breeding Bulls	2	(1)	1,500	1,300	3,000	(1,300)	200	(4,500)
Rsg 3yr Bulls	103	3	820	900	84,460	2,700	240	(82,000)
Rsg 2yr Bulls	742	343	720	800	534,240	274,400	27,440	(287,280)
Rsg 1yr Bulls	63	298	630	550	39,690	163,900	(5,040)	129,250
High Priced	(3)	(3)	1,500	1,520	(4,500)	(4,560)	(60)	-
	<u>402</u>	<u>104</u>			<u>287,630</u>	<u>(54,110)</u>	<u>(39,000)</u>	<u>(302,740)</u>
Tongataha								
M A Cows	-	418	-	895	-	374,290	-	374,290
Rsg 2yr Heifers	-	209	-	677	-	141,539	-	141,539
Rsg 1yr Heifers	-	170	-	564	-	95,940	-	95,940
Breeding Bulls	-	11	-	1,411	-	15,520	-	15,520
Rsg 1yr Bulls	-	260	-	658	-	171,184	-	171,184
	<u>-</u>	<u>1,068</u>			<u>-</u>	<u>798,473</u>	<u>-</u>	<u>798,473</u>
Combined Adjustment					<u>-</u>	<u>-</u>	<u>(87,382)</u>	<u>87,382</u>
	<u>402</u>	<u>1,172</u>			<u>287,630</u>	<u>744,363</u>	<u>(126,382)</u>	<u>583,115</u>

Statement of financial performance

Sheep

				2010 \$	2009 \$
	No.	Average price			
Sales					
M A Ewes	4,248	59.21	251,539		227,239
2th Ewes	235	69.21	16,265		29,802
Hoggets	-	-	-		30,946
Lambs	21,054	71.96	1,515,031		1,399,299
	<u>25,537</u>			1,782,835	1,687,286
Less purchases					
M A Ewes	4,094	117.57	481,340		105,318
2th Ewes	1,450	131.68	190,937		-
Ram Hoggets	130	150.77	19,600		-
Hoggets	1,837	103.46	190,062		-
Lambs	1,287	72.88	93,799		-
Rams	103	247.44	25,486		20,820
	<u>8,901</u>			1,001,224	126,138
				<u>781,611</u>	<u>1,561,148</u>
Sheep on hand adjustment				942,419	101,885
Sheep surplus/(deficit)				<u>1,724,030</u>	<u>1,663,033</u>

Wool

	Kg	@	2010 \$	Kg	@	2009 \$
Sales						
Fleece Wool	166,579	\$2.49	415,546	127,606	\$2.47	315,547
Dags	-	-	1,552	-	-	-
Oddments	-	-	2,810	-	-	3,545
	<u>166,579</u>	<u>\$2.52</u>	<u>419,908</u>	<u>127,606</u>	<u>\$2.50</u>	<u>319,092</u>
Less Expenses						
Shearing Expenses	-	-	10,069	-	-	6,434
Shearing Wages	-	-	192,888	-	-	146,925
Wool Cartage	-	-	5,817	-	-	6,690
	<u>-</u>	<u>-</u>	<u>208,774</u>	<u>-</u>	<u>-</u>	<u>160,049</u>
	<u>166,579</u>	<u>\$1.27</u>	<u>211,134</u>	<u>127,606</u>	<u>\$1.25</u>	<u>159,043</u>

Statement of financial performance

Sheep tallies

	On hand		Market value		Total value		Holding gains/ (losses) \$	Income adjust \$
	2009	2010	2009 \$	2010 \$	2009 \$	2010 \$		
Whangara								
MA Ewes	57	366	95	90	5,415	32,940	(285)	27,810
2th Ewes	(501)	215	110	95	(55,110)	20,425	7,515	68,020
Ewe Hoggets	118	(483)	95	75	11,210	(36,225)	9,660	(57,095)
Wether Hoggets	(594)	(536)	95	60	(56,430)	(32,160)	20,790	3,480
Breeding Rams	12	44	80	80	960	3,520	-	2,560
Ram Hoggets	(313)	(313)	100	100	(31,300)	(31,300)	-	-
Killers	(50)	(72)	55	55	(2,750)	(3,960)	-	(1,210)
	<u>(1,271)</u>	<u>(779)</u>			<u>(128,005)</u>	<u>(46,760)</u>	<u>37,680</u>	<u>43,565</u>
Tongataha								
MA Ewes	-	4,064	-	118	-	477,804	-	477,804
2th Ewes	-	1,442	-	132	-	189,883	-	189,883
Ewe Hoggets	-	2,000	-	103	-	206,920	-	206,920
Breeding Rams	-	23	-	94	-	2,163	-	2,163
	<u>-</u>	<u>7,529</u>			<u>-</u>	<u>876,770</u>	<u>-</u>	<u>876,770</u>
Combined Adjustment					<u>-</u>	<u>-</u>	<u>(22,084)</u>	<u>22,084</u>
	<u>(1,271)</u>	<u>6,750</u>			<u>(128,005)</u>	<u>830,010</u>	<u>15,596</u>	<u>942,419</u>

Statement of financial performance

Bailed Tallies

Cattle

	On hand		Bailed		Surplus/(deficiency)	
	2009	2010	2009	2010	2009	2010
M A Cows	1,059	1,387	1,335	1,335	(276)	52
Rsg 2yr Heifers	320	658	400	400	(80)	258
Rsg 1yr Heifers	617	759	551	551	66	208
Rsg 3yr Steers	1	16	128	128	(127)	(112)
Rsg 2yr Steers	579	398	522	522	57	(124)
Rsg 1yr Steers	412	536	557	557	(145)	(21)
Breeding Bulls	43	51	41	41	2	10
Rsg 3yr Bulls	103	3	-	-	103	3
Rsg 2yr Bulls	798	399	56	56	742	343
Rsg 1yr Bulls	272	767	209	209	63	558
Dairy Cows	-	-	-	-	-	-
High Priced	-	-	3	3	(3)	(3)
	<u>4,204</u>	<u>4,974</u>	<u>3,802</u>	<u>3,802</u>	<u>402</u>	<u>1,172</u>
Bred	953		89.99%			
Bred	234		78.00%			
Purchases	2,399					
Sales		2,642				
Killed - station		8				
Known deaths		124	1.59%			
Unaccounted for		42	0.54%			
	<u>7,790</u>	<u>7,790</u>				
Cows bred from	1,059					
Cows bred from	300					
Stock units	20,778	24,195				

Sheep

	On hand		Bailed		Surplus/(deficiency)	
	2009	2010	2009	2010	2009	2010
Rsg 3&4 Yr Ewes	15,752	20,125	15,695	15,695	57	4,430
2th Ewes	5,909	8,067	6,410	6,410	(501)	1,657
Ewe Hoggets	7,126	8,525	7,008	7,008	118	1,517
Wether Hoggets	-	58	594	594	(594)	(536)
Breeding Rams	221	276	209	209	12	67
Ram Hoggets	-	-	313	313	(313)	(313)
Killers	22	-	72	72	(50)	(72)
	<u>29,030</u>	<u>37,051</u>	<u>30,301</u>	<u>30,301</u>	<u>(1,271)</u>	<u>6,750</u>
Bred	28,150		129.96%			
Purchases	8,901					
Sales		25,537				
Killed - station		312				
Known deaths		3,181	4.81%			
	<u>66,081</u>	<u>66,081</u>				
Ewes bred from	21,661					
Stock units	26,819	34,394				

Statement of financial performance

Expenditure & other income

	2010 \$	2009 \$
Operating expenses		
ACC Levies	26,792	33,126
Animal Health	90,318	106,247
Animal Breeding	22,911	20,634
Bank Fees	480	551
Electricity	17,953	17,190
Freight & Cartage	16,729	10,675
General Expenses	38,966	20,735
Horse & Dog Expenses	21,163	19,532
Insurance	24,971	19,481
Rates	77,626	95,242
Rent	68,784	68,791
Telephone & Fax	10,066	10,151
Training	4,416	2,317
Vehicle Expenses	79,565	71,187
Wages	552,727	544,929
	<u>1,053,467</u>	<u>1,040,788</u>
 Repairs and maintenance		
Fencing	26,907	20,673
Fertiliser	370,704	370,967
Grass Seed	16,951	23,101
Fodder Crop	14,646	11,754
Building R & M	13,542	86,513
General R & M	6,191	9,951
Roading & Tracks	11,230	19,174
Water Supply	4,839	3,960
Yards	4,348	2,464
Weed & Pest	31,757	56,630
	<u>501,115</u>	<u>605,187</u>
 Finance expenses		
Interest payable		
Proprietors of Pakarae A & Others	3,204	15,217
Proprietors of Whangara B5	17,919	42,542
	<u>21,123</u>	<u>57,759</u>

Statement of financial performance

Expenditure & other income

	2010 \$	2009 \$
Administration expenses		
Accountancy Fees - Secretarial	43,250	42,043
Accountancy Fees - Special	22,026	16,321
Audit Fees	3,639	3,437
AGM Expenses	1,156	-
Committee Fees & Expenses	62,494	58,525
Consultancy Fees	9,265	4,505
Legal Expenses	215	-
	<u>142,045</u>	<u>124,831</u>
Total cash expenses	<u>1,717,750</u>	<u>1,828,565</u>
Sundry farm income		
Hay Sales	3,155	45,846
Hay Expense	14,787	6,261
	<u>(11,632)</u>	<u>39,585</u>
MFOY Award Prizes	-	51,889
MFOY Expenses	-	30,012
	<u>-</u>	<u>21,877</u>
Insurance Claims	222	6,693
Rebates Received	45,172	135
Rent	1,000	6,480
Contracting Income	2,080	12,408
Land Lease	-	58,400
Grazing	-	1,020
Airstrip Hire	1,728	6,644
Sundry Income	13,075	19,018
	<u>51,645</u>	<u>172,260</u>
Other income		
	Tax credits	
Interest receivable		
Bank of New Zealand	8,949.71	21,088
	<u>8,949.71</u>	<u>21,088</u>
Dividends receivable		
Silver Fern Farms	5,863.99	521
Ravensdown Corporation Ltd	12,179.46	-
	<u>18,043.45</u>	<u>521</u>

Statement of financial performance

	2010 \$	2009 \$
Income		
Cattle	1,302,586	1,440,039
Sheep	1,724,030	1,663,033
Wool	211,134	159,043
Sundry farming income	51,645	172,260
	<u>3,289,395</u>	<u>3,434,375</u>
Less expenses		
Operating	1,053,467	1,040,788
Repairs and maintenance	501,115	605,187
Depreciation	156,851	151,699
	<u>1,711,433</u>	<u>1,797,674</u>
Net farming surplus/(deficit)	<u>1,577,962</u>	<u>1,636,701</u>
Less other expenses		
Finance	21,123	57,759
Administration	142,045	124,831
	<u>163,168</u>	<u>182,590</u>
Net operating surplus/(deficit)	<u>1,414,794</u>	<u>1,454,111</u>
Plus other income		
Dividends Receivable	54,677	521
Interest Receivable	29,855	21,088
	<u>84,532</u>	<u>21,609</u>
Net surplus/(deficit)	<u><u>1,499,326</u></u>	<u><u>1,475,720</u></u>
Divided as follows		
Share of surplus/(deficit)		
Proprietors of Pakarae A & Others	589,235	579,958
Proprietors of Whangara B5	910,091	895,762
Total	<u><u>1,499,326</u></u>	<u><u>1,475,720</u></u>

Statement of movements in equity

	2010 \$	2009 \$
Opening equity	1,491,077	693,161
Net surplus/(deficit)	1,499,326	1,475,720
Livestock revaluation	(110,786)	(67,977)
Total recognised revenues and expenses	<hr/> 1,388,540	<hr/> 1,407,743
	2,879,617	2,100,904
Net payments to partners	(334,926)	(609,827)
Capital Tongataha - Pakarae A & Others	2,760,941	-
Capital Tongataha - Whangara B5	4,264,354	-
Closing equity	<hr/> <hr/> 9,569,986	<hr/> <hr/> 1,491,077

Statement of financial position

		2010	2009
	Note	\$	\$
Equity	2	9,569,986	1,491,077
Current assets			
Bank accounts	3	1,156,423	790,202
Accounts receivable		214,010	195,676
MFOY - non-cash prizes		3,000	16,000
Prepayments		15,979	198,030
		<hr/>	<hr/>
		1,389,412	1,199,908
Non current assets			
Cattle		744,363	287,630
Sheep		830,010	-
		<hr/>	<hr/>
		1,574,373	287,630
Investments	6	232,024	167,888
Fixed assets	4	6,598,703	997,089
		<hr/>	<hr/>
		8,405,100	1,452,607
Total assets		<hr/>	<hr/>
		9,794,512	2,652,515
Current liabilities			
Accounts Payable		121,502	298,006
Goods & Services Tax		55,378	8,176
Provision for Holiday Pay		47,646	50,723
Partner Loans	7	<hr/>	676,528
		224,526	1,033,433
Non current liabilities			
Sheep			128,005
Total liabilities		<hr/>	<hr/>
		224,526	1,161,438
Net assets		<hr/>	<hr/>
		9,569,986	1,491,077

Statement of cash flows

	2010 \$	2009 \$
Cash inflows (outflows) from operating activities		
Livestock & wool sales	4,512,051	4,231,394
Sundry farm income	35,336	211,814
Dividends received	17,770	388
Rents received	1,000	6,480
Interest received	47,525	21,208
Livestock purchases	(930,969)	(1,111,483)
Farm working & administration	(1,401,698)	(1,350,719)
Repairs & maintenance	(504,411)	(619,675)
GST	23,478	(76,471)
Interest payable	(18,697)	(60,938)
Net cash inflows (outflows) from operating activities	1,781,385	1,251,998
Cash inflows (outflows) from investing activities		
Plant & vehicle sales	8,000	24,049
Leasehold improvements	(363,940)	(207,758)
Tongataha Purchase		
Land & Buildings	(5,210,806)	
Plant & Machinery	(117,309)	
Livestock	(1,709,518)	
	(7,037,633)	
Plant & vehicle purchases	(45,078)	(85,825)
Share purchases	(11,906)	-
Net cash inflows (outflows) from investing activities	(7,450,557)	(269,534)
Cash inflows (outflows) from financing activities		
Distributions Paid to Proprietors of Pakarae A & Others	(120,658)	(235,800)
Distributions Paid to Proprietors of Whangara B5	(185,772)	(364,200)
Tongataha Capital		
Proprietors of Pakarae A & Others	2,760,941	-
Proprietors of Whangara B5	4,264,354	-
	7,025,295	-
Loan Repayments - Proprietors of Pakarae A & Others	(179,654)	(193,725)
Loan Repayments - Proprietors of Whangara B5	(485,730)	(299,212)
Working capital from Proprietors of Pakarae A & Others	228,843	577,710
Working capital from Proprietors of Whangara B5	353,454	892,290
Working capital repaid - Proprietors of Pakarae A & Others	(228,843)	(577,710)
Working capital repaid - Proprietors of Whangara B5	(353,454)	(892,290)
Funds Paid to Proprietors of Pakarae A & Others	(7,108)	(2,472)
Funds Paid to Proprietors of Whangara B5	(10,980)	(3,818)
Hire purchase repayments	-	(19,842)
Net cash inflows (outflows) from financing activities	6,035,393	(1,119,069)
Increase/(decrease) in cash	366,221	(136,605)
Cash		
Balance at beginning of year	790,202	926,807
Balance at end of year	1,156,423	790,202
Increase in cash	366,221	(136,605)

Statement of cash flows

	2010 \$	2009 \$
Reconciliation		
Net surplus as per financial statements	1,499,326	1,475,720
Add/(deduct) non-cash items		
Depreciation	156,851	151,699
Cattle on hand adjustment	(583,114)	(168,497)
Sheep on hand adjustment	(942,419)	(101,885)
Goats on hand adjustment	-	10,800
Livestock on hand adjustment	(1,525,533)	-
Dividends received	(36,907)	(133)
Holiday pay accrual	(3,077)	8,904
Rebates received	(27,502)	(135)
Increase/(decrease) in working capital		
Accounts payable	(176,502)	203,414
Accounts receivable	(18,333)	(40,377)
MFOY Prizes	13,000	(16,000)
GST payable	47,202	(96,410)
Prepayments	182,050	(184,200)
Plus item classified as investing activity		
Accounts payable classified as fixed assets	(29,333)	622
Accounts receivable classified as fixed assets	-	(311)
Tongataha Livestock classified as capital	1,709,518	-
Plus item classified as financing activity		
Accounts payable classified as interest on loan	1,769	(2,357)
Accounts receivable classified as funds introduced	-	-
Accounts receivable classified as loan receipts	(11,144)	11,144
Net cash inflow (outflow) from operating activities	<u>1,781,385</u>	<u>1,251,998</u>

Notes to the financial statements

1. Statement of accounting policies

General accounting policies

The financial statements have been prepared in accordance with the Partnership Agreement.

The measurement base adopted is that of historical cost except for the revaluation of certain assets as separately disclosed.

Whangara Farms is a qualifying entity for differential reporting because it has no public accountability and is a small entity as defined in the framework for differential reporting. Whangara Farms has taken advantage of all applicable differential reporting exemptions except for FRS10 Statement of cash flows.

Depreciation

Depreciation has been charged in the financial statements at the maximum amount allowed by the Inland Revenue Department. This is as follows:

Land & Buildings	2.5%DV - 14.4%DV
Plant	8.0%DV - 67.0%DV
Vehicles	13.0%DV - 40.0%DV
Dev Expenditure	10.0%DV & 6.7%SL

Fixed assets

Fixed assets, including land and buildings, are recorded at cost less accumulated depreciation.

Livestock

Livestock is valued at estimated market values. These values are not necessarily those used for calculating taxable income. Changes in value of existing productive livestock are recorded as an unrealised holding gain or loss and are recorded in the livestock revaluation reserve. Changes in the numbers and/or the composition of the productive livestock are treated as revenue items.

Investments

Investments have been valued at cost unless otherwise stated.

Accounts receivable

Accounts receivable are recorded at net realisable value.

Taxation

Whangara Farms is not a tax-paying entity. All tax profits and losses are distributed to the partners, who are responsible for the payment of any income tax liabilities arising. Timing differences between accounting profit and assessable income are not accounted for.

Goods and services tax

The financial statements have been prepared on a GST exclusive basis.

Changes in accounting policies

There have been no material changes in accounting policies. All policies have been applied on bases consistent with those used last year.

Notes to the financial statements

2. Equity

	2010 \$	2009 \$
Capital		
Capital Tongataha - Pakarae A & Others	2,760,941	
Capital Tongataha - Whangara B5	4,264,354	
	<u>7,025,295</u>	<u>-</u>
	2010 \$	2009 \$
Current accounts		
Proprietors of Pakarae A & Others		
Opening balance	586,939	272,894
Share of Income/(Loss)	589,235	579,958
	<u>1,176,174</u>	<u>852,852</u>
Other transactions	-	-
Livestock revaluation	43,539	26,715
Donations	360	98
R W T	10,608	3,300
Distributions paid	120,658	235,800
	<u>175,165</u>	<u>265,913</u>
Closing balance	<u>1,001,009</u>	<u>586,939</u>
Proprietors of Whangara B5		
Opening balance	904,138	420,267
Share of Income/(Loss)	910,091	895,762
	<u>1,814,229</u>	<u>1,316,029</u>
Other transactions	-	1,180
Livestock revaluation reserve	67,247	41,262
Donations	555	152
R W T	16,385	5,097
Distributions paid	186,360	364,200
	<u>270,547</u>	<u>411,891</u>
Closing balance	<u>1,543,682</u>	<u>904,138</u>
Total current accounts	<u>2,544,691</u>	<u>1,491,077</u>
Total equity	<u>9,569,986</u>	<u>1,491,077</u>

Notes to the financial statements

3. Bank accounts

	2010	2009
	\$	\$
BNZ Current Account	43,573	20,858
BNZ CFS Account	1,112,850	769,344
	<u>1,156,423</u>	<u>790,202</u>

Registered first mortgage **over** property situated at Tongataha Station, Mangaroa, RD5, Wairoa.
Certificate of Title Number GS135/63.
Perfect Security interest in all present and after acquired property of Whangara Farms.

4. Fixed assets

	2010	2009
	\$	\$
Property improvements - Whangara		
Cost	996,513	603,241
Accumulated depreciation	127,460	68,714
	<u>869,053</u>	<u>534,527</u>
Land & Buildings - Tongataha		
Cost	5,210,806	-
Accumulated depreciation	2,007	-
	<u>5,208,799</u>	<u>-</u>
Plant		
Cost	338,278	283,715
Accumulated depreciation	133,913	102,622
	<u>204,365</u>	<u>181,093</u>
Vehicles		
Cost	576,174	476,350
Accumulated depreciation	259,688	194,881
	<u>316,486</u>	<u>281,469</u>
Total fixed assets	<u><u>6,598,703</u></u>	<u><u>997,089</u></u>

Notes to the financial statements

4. Fixed assets (cont.)

Particulars of the value of land & buildings at purchase date of 30 June 2010 are as follows:

Property	Hectares	Land \$	Improvements \$	Capital \$
Section 10 & Section 12 Block IX Hangaroa Survey District & Lot 1 DP 4617 Tongataha Station	1,452.7031	4,516,907	668,438	5,185,345
Book value			2010 \$	2009 \$
Opening balance			-	-
Plus additions since			5,210,806	-
			5,210,806	-
Less depreciation since			2,007	-
			5,208,799	-
			5,208,799	-
Depreciation			2010 \$	2009 \$
Property improvements - Whangara			58,746	55,493
Land & Buildings - Tongataha			2,007	-
Plant			31,291	61,752
Vehicles			64,807	34,454
			156,851	151,699
Total Depreciation			156,851	151,699

Notes to the financial statements

5. Leasehold Property

Property		Hectares	Current Rent	Lease Review
Whangara A7B	C/T 118/58	124.2719	\$25,000	01/09/10
Whangara B14 C2	C/T 4A/801	172.9447)		
Part Whangara B24	C/T 5A/542	96.3332)	\$35,000	22/04/13
Sec 17-21 Blk X, Whangara S.D		0.6141)		
Panikau A2	C/T 1B/752	37.3449	\$4,000	01/01/14
Whangara B8 Blk X, Whangara S.D		10.1171	rates/fencing	
Matore - Waiomoko Rd Lots 2 3 7 DP 7112		4.1856	rates	reviewed annually
Waiomoko Rd Lots 4 5 6 DP 7112		0.7696	rates/fencing	reviewed annually
		446.5811		

6. Investments

	No.	2010 \$	2009 \$
Ravensdown Corporation Ltd	205,491	205,491	153,261
Silver Fern Farms Supplier shares	-	-	4,068
Silver Fern Farms Rebate shares	-	-	10,559
Silver Fern Farms Ordinary Shares	17,561	26,533	-
Total investments		232,024	167,888

7. Partner Loans

	2010 \$	2009 \$
Proprietors of Pakarae A & Others	-	184,034
Proprietors of Whangara B5	-	492,494
	-	676,528

The loans from Proprietors of Pakarae A & Others and Proprietors of Whangara B5 for the value of plant & vehicles and shares introduced to the partnership were repaid in full in June 2010.

Notes to the financial statements

8. Purchase of Tongataha

Whangara Farms purchased Tongataha Station, Ruakituri, in June 2010.

Purchase details:

	2010	2009
	\$	\$
Land	4,539,086	-
Buildings	671,720	-
Livestock	1,709,518	-
Plant & Machinery	117,309	-
	<u>7,037,633</u>	<u>-</u>

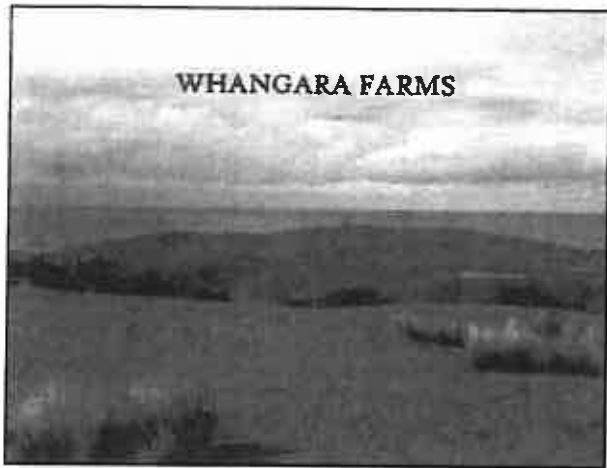
9. Name Change

At the 2009 AGM, the shareholders were presented with the new name of Whangara Farms to replace Pakarae/Whangara B5 Partnership. Shareholders approved this change and it was effective from October 2009.

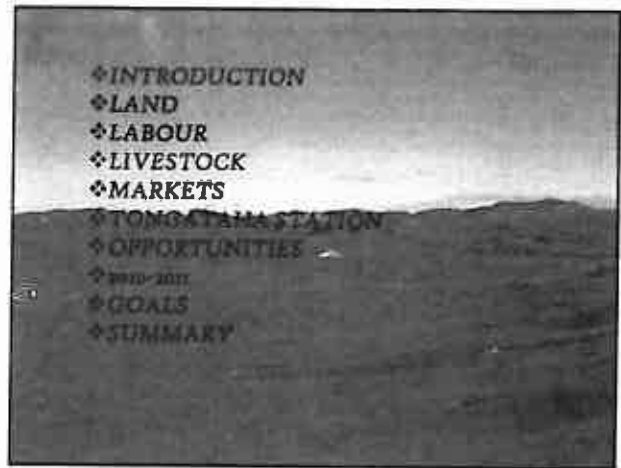
Notes to the financial statements

10. Taxation

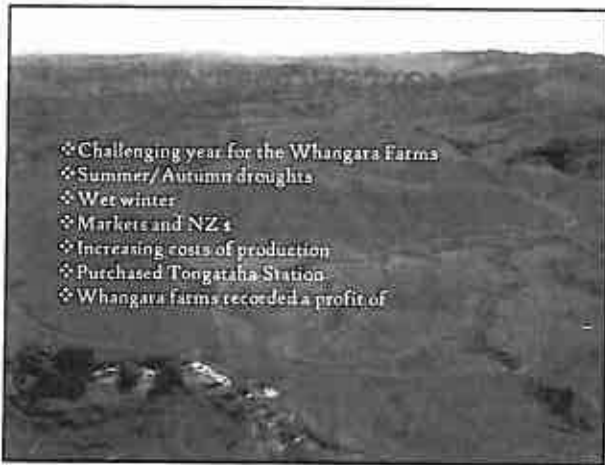
	2010	2009			
	\$	\$			
Net surplus/(deficit) before taxation	1,499,326	1,475,720			
Livestock accounting adjustment -					
Cattle	(583,114)	(168,497)			
Sheep	(942,420)	(101,885)			
Livestock tax adjustment -					
Cattle	369,472	109,254			
Sheep	620,949	(113,212)			
	<u>964,213</u>	<u>1,201,380</u>			
Add credit adjustments -					
ACC	- 23,031	15,068			
Development Expenditure	58,746	55,493			
Holiday Pay Accrual	47,646	50,723			
Fertiliser costs carried forward	182,050	-			
	<u>311,473</u>	<u>121,284</u>			
	<u>1,275,686</u>	<u>1,322,664</u>			
Less debit adjustments -					
ACC	- 24,567	-			
Development Expenditure Claim	123,985	126,998			
Holiday Pay Accrual	50,723	41,819			
Fertiliser cost brought forward	-	182,050			
	<u>199,275</u>	<u>350,867</u>			
Taxable income/(loss)	<u><u>1,076,411</u></u>	<u><u>971,797</u></u>			
Classified as follows					
Interest	29,855	21,088			
Dividends	54,677	521			
Farming income/(loss)	991,879	950,188			
	<u>1,076,411</u>	<u>971,797</u>			
Shared as follows					
	Dividends/				
	IC/RWT	Interest	Business	Total	Total
Pakarae	10,608	33,221	389,809	423,030	381,916
Whangara B5	16,385	51,311	602,070	653,381	589,881
	<u>26,993</u>	<u>84,532</u>	<u>991,879</u>	<u>1,076,411</u>	<u>971,797</u>



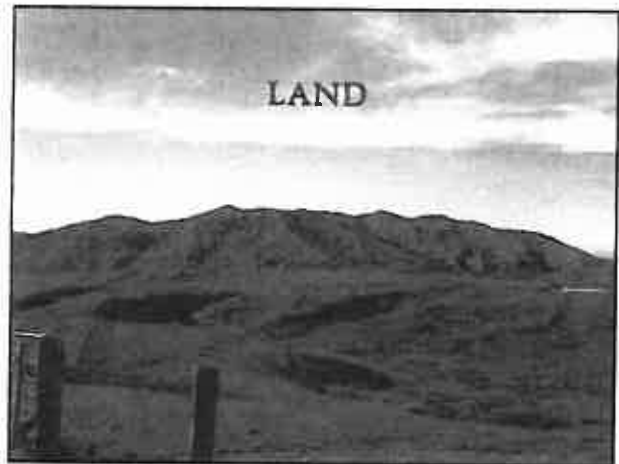
WHANGARA FARMS



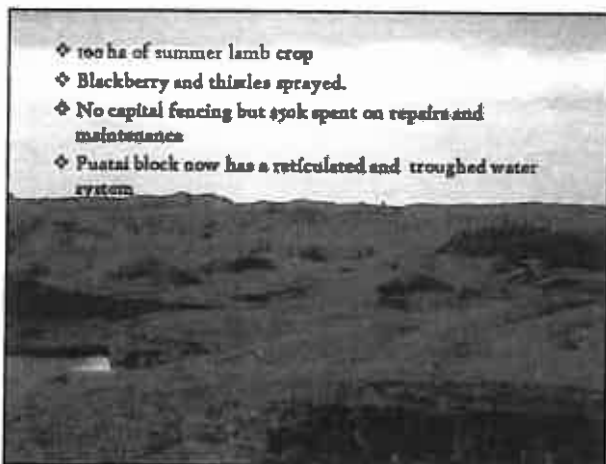
- ◆ INTRODUCTION
- ◆ LAND
- ◆ LABOUR
- ◆ LIVESTOCK
- ◆ MARKETS
- ◆ TONGATAHA STATION
- ◆ OPPORTUNITIES
- ◆ 2010-2011
- ◆ GOALS
- ◆ SUMMARY



- ◆ Challenging year for the Whangara Farms
- ◆ Summer/ Autumn droughts
- ◆ Wet winter
- ◆ Markets and NZ's
- ◆ Increasing costs of production
- ◆ Purchased Tongataha Station
- ◆ Whangara farms recorded a profit of



LAND

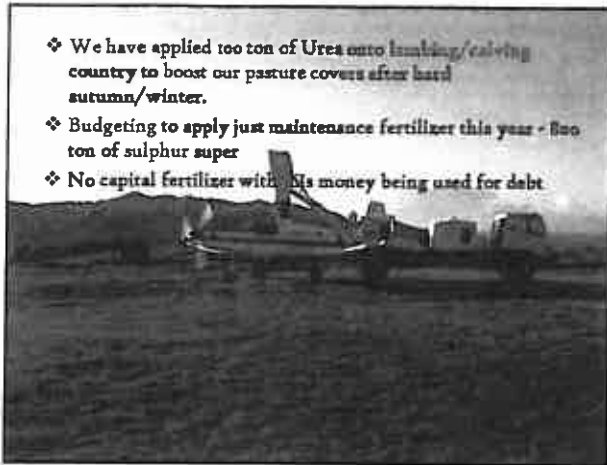


- ◆ 100 ha of summer lamb crop
- ◆ Blackberry and thistles sprayed.
- ◆ No capital fencing but \$70k spent on repairs and maintenance
- ◆ Puatai block now has a reticulated and troughed water system



PUATAI WA COMP

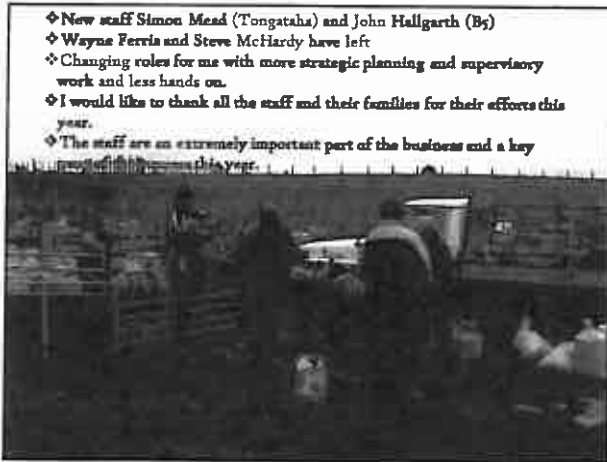
- ❖ We have applied 100 ton of Urea onto lambing/calving country to boost our pasture covers after hard autumn/winter.
- ❖ Budgeting to apply just maintenance fertilizer this year - 800 ton of sulphur super
- ❖ No capital fertilizer with \$1.5m money being used for debt



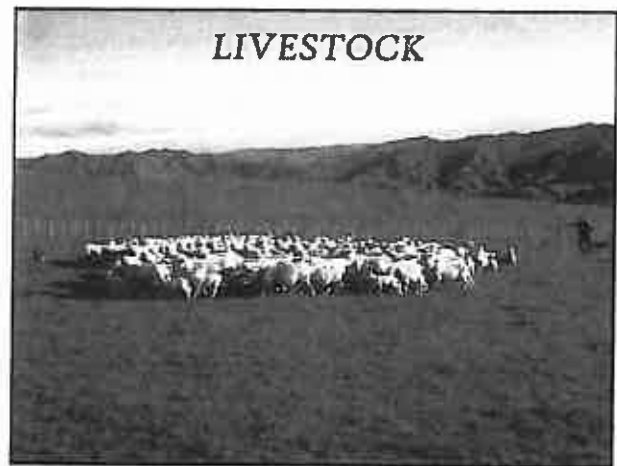
LABOUR



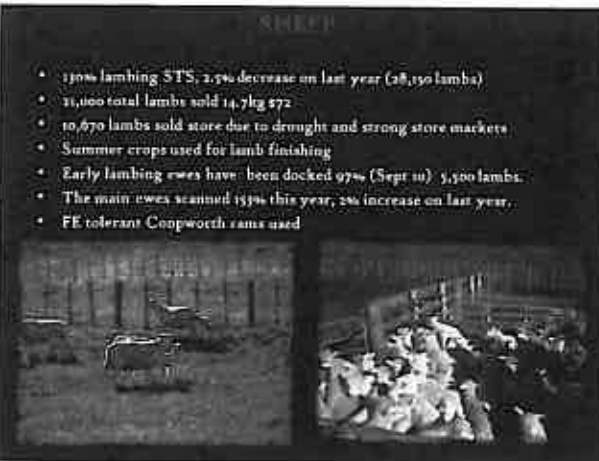
- ❖ New staff Simon Mead (Tongataha) and John Hallgarth (Bc)
- ❖ Wayne Ferris and Steve McHardy have left
- ❖ Changing roles for me with more strategic planning and supervisory work and less hands on.
- ❖ I would like to thank all the staff and their families for their efforts this year.
- ❖ The staff are an extremely important part of the business and a key asset for the future.



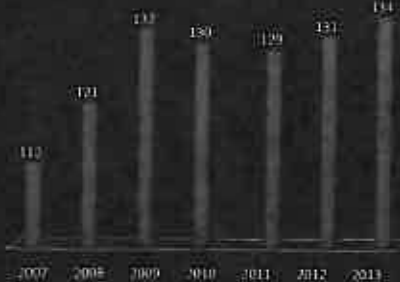
LIVESTOCK

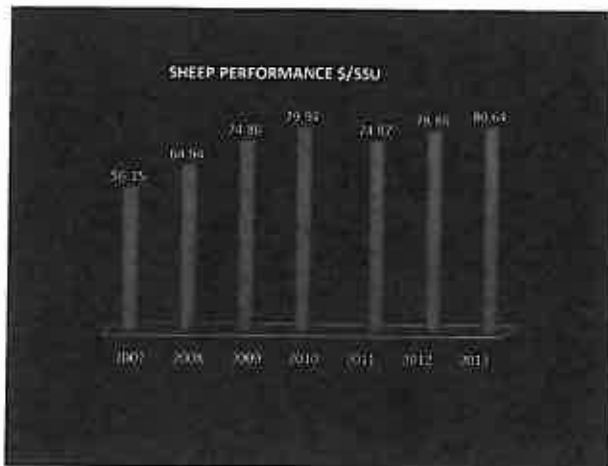


- 130% lambing STS, 2.5% decrease on last year (28,050 lambs)
- 21,000 total lambs sold 14.7kg 572
- 10,670 lambs sold store due to drought and strong store markets
- Summer crops used for lamb finishing
- Early lambing ewes have been docked 97% (Sept 10) 3,500 lambs.
- The main ewes scanned 135% this year, 2% increase on last year.
- FE tolerant Coopworth rams used



LAMBING %





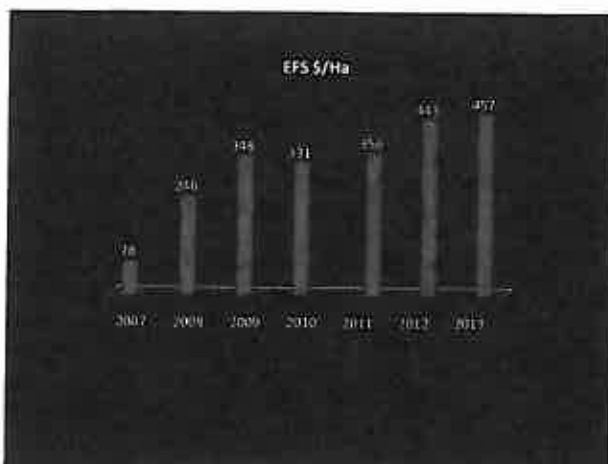
CATTLE

- 90% calving in the cows
- 78% calving in R3yr heifers
- Scanning 380: MA Cows 89% R3yr Hfns 86% R2yr Hfns 85%
- Maintaining a 500 Angus cow maternal herd
- Premiums paid for Angus pure cattle
- Dry summer/autumn and wet winter
- Live weights 25-30kg behind last year



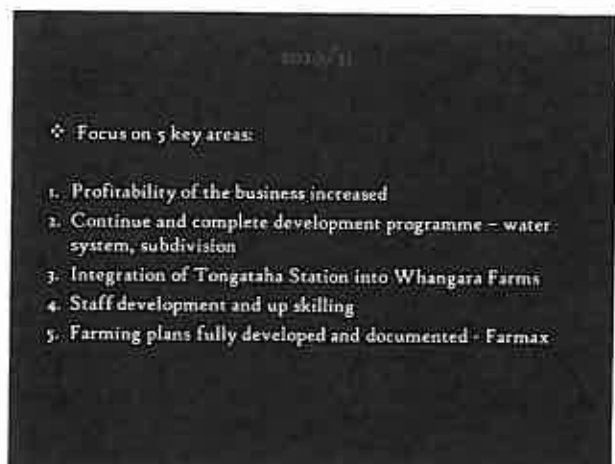
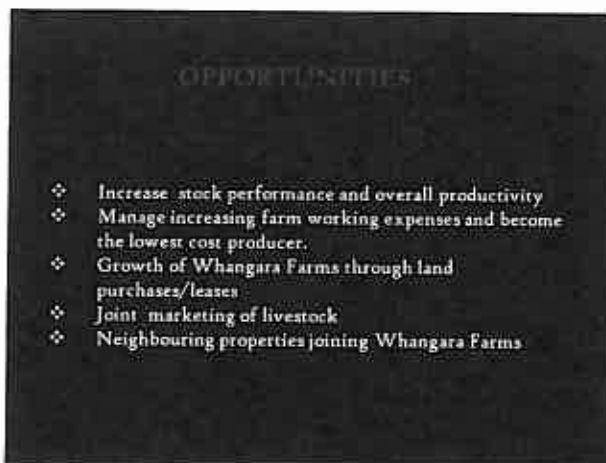
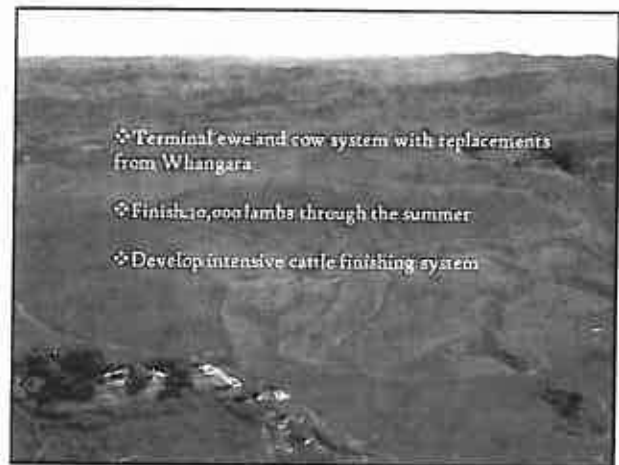
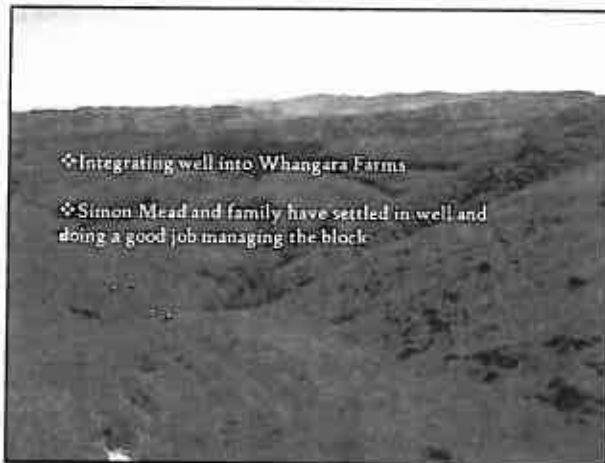
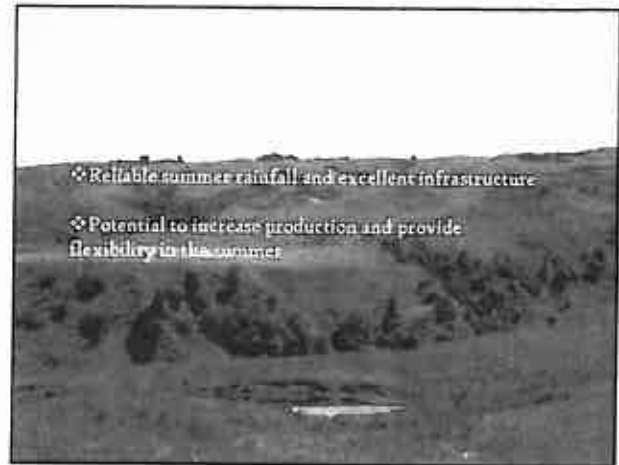
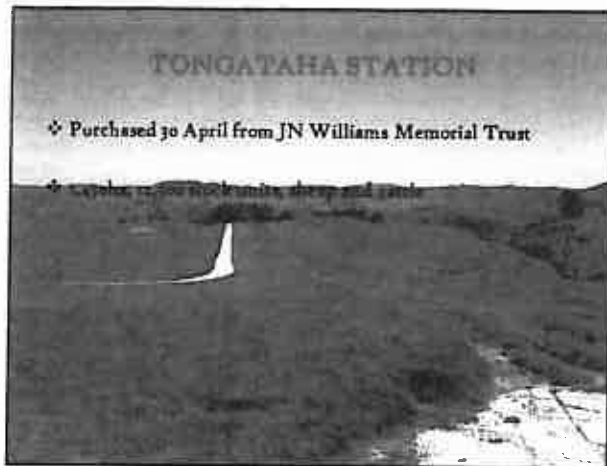
09/10 Production

- 251 cows 248kg \$584
- 556 R3yr Steers 283kg \$1003
- 149 R2yr Steers 250kg \$941
- 534 R2yr Heifers 200kg \$675
- 822 R3yr Bulls 292kg \$960
- 202 R2yr Bulls 260kg \$896
- 208 R1yr Bulls 173kg/lwr \$430
- 21,715 lambs 14.7kg \$72
- 4,481 ewes 23kg \$60
- 166,579 kgs wool \$2.52/kg



MARKETS

- Sheep market - lamb and mutton outlook strong, returns for wool continue to remain at low levels.
- Demand for sheep prime and store - shortage of lambs predicted again for 10/11 season.
- Beef market - short term beef prices are expect to remain above last year's levels.
- Outlooks for all markets are very dependant on the exchange rate but indications are that it will be stable at the present levels.
- Angus bred cattle are still in demand with the success of the McDonalds burgers and the Angus Pure programmes.
- NZ Dairy industry - increased returns could see more demand for grazing/supplements.



5 Year Goals

- Increase the farming income
- Manage the land sustainably
- Purchase the Tongataha and Whangata Farms
- Increase the sheep numbers
- Increase the beef numbers
- Increase the range of products
- Increase and recruit staff

SUMMARY

- ❖ Challenging but rewarding year for Whangata Farms
- ❖ Difficult season - extreme weather conditions
- ❖ Staff very important part the business
- ❖ Sustainable management and good marketing are critical to future productivity

- ❖ Positive outlook for sheep and beef industry however costs are continuing to rise
- ❖ Tongataha Station very good purchase with huge potential
- ❖ The coming year will bring new challenges but we are focused on continuing the progress we have made.

THANK YOU

Purchase of Tongataha Station

Purchase price

Description	Price	Value \$000	31/3/14
Land and buildings	5,200,000	5,500,000	300,000
Plant and machinery	100,000	125,000	25,000
Livestock	1,700,000	1,820,000	120,000
Total	7,000,000	7,445,000	445,000

Ownership

- Whangara Farms own
 - Land and buildings
 - Plant and machinery
 - Livestock

Funding

Partner	PERCENTAGE	Equity received
Whangara B5	60.7%	4,265,000
Pakarae A and Other Blocks	39.3%	2,761,000
Total		7,026,000

Paying the interest Whangara B5

Description	Payment to B5	B5 Interest	Difference
2011	359,341	259,032	100,309
2012	359,341	259,032	100,309
2013	335,064	231,926	103,138

Paying the interest Pakarae

Description	Payment to Pakarae	Pakarae Interest	Difference
2011	232,655	170,309	62,346
2012	232,655	170,309	62,346
2013	216,936	183,266	33,670

Paying the equity

Description	Pakarae	Whangara B5	Total
Opening debt	2,761,000	4,265,000	7,026,000
2011	0	0	7,026,000
2012	196,500	303,500	6,526,000
2013	393,000	887,000	5,526,000
Balance owing	2,171,500	3,354,500	5,526,000

Questions?

