

**Whangara Farms
Annual Report
For the year ended 30 June 2011**

For and on behalf of the Partners

Ingrid Collins MNZM

Chairperson
29 September 2011

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WHANGARA FARMS

CHAIRPERSONS REPORT FOR 2011

Nga mihi nui ki a koutou katoa

Welcome to the AGM of our re-named farming operation, "Whangara Farms".

The name may have changed but the operation is going from strength to strength.

We have come through a double dip recession and as the Minister of Maori Affairs quoted, "Ruaumoko's stirring devastated Christchurch and Japan. Tawhirimatea lashed Australia and many other national and international events have cascaded down on us. The loss of life and livelihood has been devastating". To the people that have suffered such devastation we the people of Ngati Konohi offer our sincere condolences.

Our cultural and spiritual essence of being Maori can not only open doors, but strengthen ties and lay solid foundations for Maori Business in international markets.

The Maori Economic Asset Base is estimated to be in 2010, \$36.9 billion. Of this figure Maori Trusts and Incorporations are reportedly \$4.0 billion. We are a small corner of this \$4.0 billion but we hold our own on the National leader board.

To maintain this status we continue to strive for excellence. Be leaders of change, communicating the vision and the rational especially modernization of farming methods. Richard's report, this bold young man who has lead the changes, will focus on the excellent results being achieved and the reasons why. Chris will give you the outstanding financial result achieved by Whangara Farms. This doesn't happen by accident, it comes with well thought through plans from a high level Governance Board.

In 2006 the Strategic Plan was simple:

Our Vision

**"Deliver sustainable ongoing returns for shareholders,
Provide asset growth for future generations"**

From this comes the business plan, prepared by the Board. It is an important guideline for Management, Staff and Board in planning for the future.

Has it worked? We say yes.

- “Sustainable ongoing returns”, the results speak for themselves.
- “Asset growth” purchase of Tongataha. As individual Incorporations maybe? As the Partnership, “Achieved”.

My favourite saying,

“We have done too much, not to do more. Come too far, not to go further”.

Standing still is not an option for Whangara Farms. The revised Strategic Plan will be available for your perusal.

Vision

An outstanding Agribusiness, delivering sustainable ongoing returns for shareholders, providing growth for future generations.

Whangara Farms is a Maori Business, which brings with it Maori culture and multi-culture. Understand that one could not survive without the other to advance the growth of our small business in the global market. The loose quote is the “Maori edge”.

Through out the year, your Board meets at combined meetings with your Committee of Management teams. During the present year the Combined Boards reviewed the Partnership Agreement. This is our founding document and therefore is the basis from which we take guidance as circumstances require. We made two changes to the Partnership Agreement during the review these were:

1. Where an opportunity arises on one of the Partners land blocks outside of sheep and beef farming, that opportunity will be for the land owner not the Partnership; and
2. No quorum requirements will be met at board meetings unless a majority of land owner representatives are present.

We will have a small presentation on the Partnership Agreement during the AGM.

This year, saw a changing of the guard. James Brownlie, whom we thank greatly, for his input into the establishment years of Whangara Farms, has been replaced by Bernard Card.

Bernard Card comes to us with years of experience from Land Corp. His years as CEO of Land Corp bring with him a wealth of experience in the Farming sector.

The Board, Matire Kupenga Wanoa, Stan Pardoe, Mike Petersen, Bernard Card and I keep striving with stimulated debate on a way forward and articulate

different approaches on how we can to create scale and collaboration with other Trust and Incorporations, not only locally but nationally. We must use the tools of the future. Research and the Maori Science and Innovation project, which we had input, will trigger interest. The initiative for seeking opportunities for development comes from many sources.

It is important for us to seek Natural Leaders who must be encouraged by us, the Board, to come forward and express themselves. It is the wisdom of experience which knows how to provide the environment in which such views can be successfully supported and implemented.

We can not change the world's economic situation but we will endeavour to keep this waka, just as our ancestors did a thousand years ago upon the open ocean in a great leap of faith, to seize the economic and business opportunities available for us.

Keep the vision, search for a highly skilled workforce, and employ the best. Dedicated people are our greatest asset.

The future is exciting. With good succession strategies and policies, we consider we are providing an appropriate pathway forward.

In closing, I finish by thanking my fellow board members for giving your time unselfishly over the past year. To our General Manager, Richard and his team, the road has been bumpy at times but with true high quality leadership skills he has laid stable foundations. Chris Torrie has a skill that as busy as he and his team are, they have total focus and dedication to the job in hand.

We thank you, the Shareholders for allowing us the privilege to manage this wonderful Toanga whenua.

Enjoy the day.

Noa rei ra

Ingrid Nea Collins MNZM
Chairperson
Whangara Farms

**WHANGARA FARMS
GENERAL MANAGER'S ANNUAL REPORT
OCTOBER 2011**

INTRODUCTION

We have recorded a record profit of **\$532/ha** or just over **\$3 million**. This is an increase of **\$201/ha** or **\$1.5 million** over last years result. This in a year when we faced challenges associated with the weather and the ever increasing New Zealand dollar. To offset these matters the markets have really moved in our favour during the year.

This is an unbelievable result and well ahead of our budget projections. I want to thank everyone involved with Whangara Farms, past and present, from a governance level right down to the junior shepherds. It has been a team effort and something everyone can be proud of.



The short term outlook for the sheep and beef industry in New Zealand is very positive with some of the best prices for sheep and cattle we have ever seen in this country. There is an increasing global demand for red meat and Whangara Farms is in a great position to take advantage of this.

LAND

The Rototahi and B5 water systems have been completed and now all the four blocks at Whangara have reticulated and troughed water systems. This has been a massive job with over 250 kms of pipe, 650 troughs, 35 30,000 litre tanks and costing nearly \$1.2million. The benefits from this investment will be huge, both now and into the future, with water being essential to improving animal performance.

We are now planning to develop a reticulated water system on Tongataha over the next couple of years.

There has been \$55,000 spent on capital fencing this year and over \$87,000 on repairs and maintenance of fences, yards and buildings.

We have spent \$80,000 on thistle and blackberry control, which is \$50,000 more than last year, and we are continuing to focus more on weed control by increasing this budget to \$100,000 in 2012.



We have started a pole planting programme with 500 poplar poles planted in areas identified as prone to slipping at Whangara and Tongataha. This will be an annual policy with a plan to increase the number of poles if they are available. The fenced off rivers and drains will have natives planted in them.

We have applied 120 ton of urea fertiliser to boost our spring pasture covers across Tongataha, B5 and Puatai. We are budgeting to apply both maintenance

and capital fertiliser this year with a budgeted spend of over \$750,000. This will include Lime, Urea and Sulphur Superphosphate applications.

We planted 100ha of summer feed crop and 30ha of winter crop, and also leased 40ha to Henry Dodds for cash cropping

PEOPLE

We have had a few comings and goings with our staff. John and Rab Love both resigned to take up other opportunities. They had been long time employees of Whangara B5/Whangara Farms with 35 and 25 years' service respectively. I would like to formally thank them for their efforts over that time and wish them well in the future.

We have 2 new shepherds at Tongataha Todd Harris and Daniel McGregor, a new tractor general based at Whangara Steve Hooper and a new B5 unit senior shepherd Dee Hawkins.

We have ongoing training available for all our staff and we have a number attending Aglto courses. We are focused on up skilling our staff as much as we can with a goal of achieving more succession and sustainability of staff within Whangara Farms.

I would like to again thank all our staff and their families for their hard work; 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 128% lambing result with 36,000 lambs docked. This is a 2% decrease on last year mainly due to the introduction of the Tongataha ewe flock which only had an historic lambing % of 106%. We are expecting the overall lambing percentage to increase to 130% next year and 135% by 2014, as new genetics are introduced on Tongataha. We sold 28,375 lambs for an average price of \$97, with half the lambs sold on the store market because of the dry and also strong store market pricing.



The sheep returned nearly \$107/sheep stock unit which is a \$27/SSU increase on last year and can be put down to good marketing, increased demand for both prime and store sheep and also the increased value of wool.

The main mobs of ewes have scanned 147%, a 6% decrease on last year, with facial eczema tolerant rams used. The ewes are currently lambing and with the weather so mild we are getting excellent survival rates.

We are looking at a different system for our ewe hoggets next year with a focus on growing them out better and mating them.

We have currently docked 4,500 lambs from the early ewes, with 90% ewes mated /lambs docked. This policy is under the microscope due to the poor ewe performance and the steady lamb schedules, and maybe replaced with the ewe hogget system.

Cattle

The MA cows reported an 88% calving and we had another successful year with the heifers calving 81%. We are still maintaining a 500 cow Angus maternal herd with all the other cows going to terminal sires.



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 \$72/cattle stock unit which was an increase of \$10/cattle stock unit, driven by the per head price increasing by \$100/hd. We sold 350 less cattle than last year but achieved the same return.

We are fine tuning some of our cattle policies and systems to further maximise our returns, although this coming season there will be more focus on the sheep systems as they are the most profitable with the current market.

10/11 PRODUCTION

Number	Description	Kilos	Price
249	Cows	220	\$746
120	R3 Steers	286	\$1,121
392	R2 Steers	266	\$1,148
923	R2 Heifers	200	\$831
172	R3 Bulls	280	\$1,123
365	R2 Bulls	252	\$1,048
133	R1 Bulls (store)	156	\$663
10	Breeding Bulls	400	\$1651
28,375	Lambs	14.5	\$97
5,753	Ewes	22	\$86
	Wool	180,763	\$4.09/kg



MARKETS

The short and medium term outlook for the NZ sheep and beef industry is very positive, with a predicted shortage of livestock and an increasing demand for red meat. The returns from our overseas markets are dependant on the exchange rate and indications are that it will be stable around present levels; however with the global economic uncertainty this could change. I am currently reviewing the season and our relationship with AFFCO. Generally things went well and it was more the climatic conditions that affected our ability to maximise return from our livestock. We are continuing to analyse ways of adding value to our products and increase our profitability, which may require changing some of our stock policies and systems. We are also looking to work more closely with our meat processor to understand market requirements and demands and possibly change what we are currently doing to better meet those needs.

The value of wool has nearly doubled over the last 12 months and has certainly had a positive impact on the profitability of sheep. This appears to be sustainable in the short term with strong demand for NZ wool.

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 1,450ha (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.

Tongataha Station has integrated well into Whangara Farms over the last 14 months. We have had our share of challenges and have only achieved 60% of the production we had budgeted for this last year. We are still learning about the farm and will need to adjust some of our systems and policies to maximise our returns and cope with the different climate extremes we experience up there.



That being said Tongataha recorded a profit of **\$781/ha** or just under **\$1 million** which is a fantastic result and a **14% return** on investment.

The property still has huge potential and the challenge for us will be realising that potential and maximising our returns.

Unit Manager Simon Mead and his team have been doing a good job and are enjoying the challenge. We are currently running a terminal cow and ewe system with all replacements coming from Whangara, as well as finishing some Whangara lambs through the summer and grazing heifers in the winter.

WHANGARA FARMS OPPORTUNITIES

- ❖ Continue increasing stock performance and overall productivity
- ❖ Increase profitability
- ❖ Manage increasing farm working expenses and continue to be the lowest cost producer.
- ❖ Growth of Whangara Farms through land purchases/leases
- ❖ Joint marketing of livestock



VISION

“An outstanding Agribusiness, delivering sustainable on-going returns for shareholders, providing growth for future generations”

2011-2012

Focus on 5 key focus areas for 2011-12:

1. Profitability – Farming operations that maximises returns to deliver outstanding profits
2. People – Employ and develop skilled and motivated kaimahi (labour force) and governance
3. Growth – Enhance the business through external and internal opportunities
4. Resources – Effectively utilising the physical resources in the most sustainable and scientifically based manner
5. Stakeholders – Understanding the vision



5 YEAR GOALS - 2014

- Sustainable farming systems/resource management
- Maintain dividends to shareholders
- 140% lambing 90% calving
- Economic Farm Surplus \$700/ha
- Reticulated and troughed water system on Tongataha
- A skilled and motivated staff
- Internal promotion for all senior roles within Whangara Farms

SUMMARY

It has been another rewarding year for Whangara Farms. We have recorded a record profit in a difficult season and progressed further towards achieving our goals. We have integrated Tongataha Station into Whangara Farms and whilst there will be on going fine tuning to realise more of its potential, it has proven to be an excellent investment producing a ROI of 14%.



The staff and their families are an extremely important part of Whangara Farms and we are very focused on developing and up skilling them. We have a

5 year goal of being able to have internal promotion for all senior staff within Whangara Farms.

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

Sustainability is needed across all aspects of the business, the land, the livestock, our staff and the environment.

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

Richard Scholefield
General Manager

WHANGARA FARMS
MINUTES OF ANNUAL GENERAL MEETING
HELD AT WHANGARA MARAE ON FRIDAY 1 OCTOBER 2010 AT 9AM

PRESENT:

I Collins (Chairperson), M Kupenga-Wanoa, S Pardoe, J Brownlie, M Petersen and shareholders Pakarae 46 Whangara B5 92

ACTION

In attendance: R Scholefield, C Torrie.

WELCOME:

I Collins welcomed everyone present to the meeting and the meeting was opened with a karakia from H Taumaunu.

MINUTES:

Minutes of the meeting held 2 October 2009 were confirmed subject to changes identified by B Tupara with regards to the Wai 940 claim and under matters arising. B Tupara said he would advise the changes required to the secretary of which follows.

“At the AGM on 17th October 2008 the Chairperson made reference to a hui scheduled for 24th October 2008. It was understood that attendance at the 24th October 2008 hui would involve a watching brief particularly for the Chairperson and share-holders able to attend. It was also understood that if required a Special General Meeting of shareholders would be convened depending on the discussions which took place at the hui and the outcome of those discussions. As it turned out a resolution was passed in relation to Whangara B5 and Pakarae foreshore and seabed.”

B Tupara advised that he and T Nikora still disagreed with the minutes of the 2008 AGM and considered they should read.

“It was noted that the Paikea Whitireia Trust also have shareholders that have the right to vote and that there was a meeting being held on 24 October at 5pm at the Marae on this issue. H Taumaunu said the Paikea Whitireia Trust is a Trust but they have a lot of beneficiaries; they are the owners of the land in front of the Marae out to the river. He said that Whangara B5 and Pakarae also had a right to the seabed and foreshore issues.”

D McGhee spoke about the timing of the Pakarae and Whangara B5 AGM's being at the same time. I Collins said that this was a matter to be taken up by shareholders at their Pakarae and Whangara B5 AGM's.

CHAIRPERSON'S REPORT:

The Chairperson's report was taken as circulated.

GENERAL MANAGER'S REPORT:

R Scholefield presented his General Manager's report and introduced his staff. The development of the Whangara lands continues with the water system for Whangara B5 and Rototahi being the aim for the current year.

R Scholefield thanked his staff for their efforts during the year.

There was discussion on the purchase of Tongataha Station and how this fitted into the overall farming operations for Whangara Farms.

ANNUAL FINANCIAL STATEMENTS:

C Torrie took the meeting through the Annual Financial Statements. The profit for the year was \$1.5m which was an exceptional result given

current economic times.

There was then discussion on the reports. R Woods raised a number of points with regards to the Chairperson's report and the General Manager's report.

R McGhee said that she found the financial aspects of the annual accounts difficult to understand and ask that next year consideration be given to using more words to explain the numbers so that shareholders could understand what was being presented.

CHANGE OF NAME:

D McGhee questioned the change of name from Pakarae Whangara B5 Partnership to Whangara Farms. D McGhee was advised that this was approved at last year's General Meeting. R McGhee asked that documentation be supported to show that this had been fully discussed and approved by shareholders.

FORESHORE AND SEABED:

B Tupara then addressed the meeting and advised that the old Act under Foreshore and Seabed had now been removed. Under the new Act not even the Crown owns the foreshore and seabed and but in reality he said the Crown do.

SUBDIVISION:

B Tupara addressed the meeting on subdivision of land at Whangara. He asked shareholders to watch the Panui through the Maori Land Court for any attempt to further subdivide land at Whangara.

PAIKEA WHITIREA TRUST:

A Koopu then addressed the meeting with regards to the Marae. She advised that in 2006 a meeting was gazetted that said that there was a benefit to Ngati Konohi a Hapu of Ngati Porou. They had asked that this be changed so that it read there was a benefit to Ngati Konohi a Hapu of Te Aitanga O Hauiti and Ngati Porou. She said this needed now to go to the Maori Land Court to gazette the change. W Amaru said that he would only support Ngati Konohi a Hapu of Te Aitanga O Hauiti and not Ngati Porou. A Koopu said that all she was doing was advising what was going through the Maori Land Court and that everyone had their right to attend the Maori Land Court and express their views to the Judge.

The meeting then approved the Chairperson's, the General Manager's and the Financial Statements and was closed at 11.20am.

..... Chairperson

..... Date

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



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WHANGARA FARMS
2011 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 7 October 2011 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 2011
7. Partnership Agreement - Update and Amendments
8. General Business

Ingrid Collins MNZM
Chairperson

Whangara Farms
Financial Statements
For the year ended 30 June 2011

Directory

Nature of business	Farming (sheep and cattle)	
Location of properties	SH35 Whangara Mangaroa Road, Ruakituri	
Partners	Proprietors of Whangara B5	60.7%
	Proprietors of Pakarae A & Others	39.3%
		100.0%
Board	I Collins (Chairperson)	Whangara B5
	M Kupenga-Wanoa	Pakarae
	S Pardoe	Joint Appointee
	M Petersen	Independent
	J Brownlie	Independent (to 10/01/11)
	B Card	Independent (from 10/01/11)
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

	2011	2010	2009	2008	2007
Area					
Total hectares	6,896	5,444	5,444	5,444	5,444
Effective hectares	5,794	4,544	4,544	4,544	4,544
Stock wintered (opening)					
Cows	1,387	1,059	1,225	1,367	1,335
Total cattle	4,974	4,204	4,038	3,597	3,802
Ewes	28,192	21,661	21,139	21,765	22,105
Total sheep	37,051	29,030	28,765	27,496	30,301
Stock units (opening)					
Cattle (CSU)	24,195	20,778	20,115	18,374	19,028
Sheep (SSU)	34,394	26,819	26,477	25,777	27,842
Total stock units (SU)	58,589	47,597	46,592	44,151	46,870
Total SU per effective hectare	10.1	10.5	10.3	9.7	10.3
Percentage of SU in cattle	41%	44%	43%	42%	41%
Percentage of SU in sheep	59%	56%	57%	58%	59%
Expenses per stock unit					
Operating and administration	\$27.46	\$28.37	\$27.75	\$28.12	\$28.57
Repairs and maintenance	\$9.12	\$10.53	\$12.99	\$11.40	\$16.61
Total cash expenses	\$36.58	\$38.90	\$40.74	\$39.52	\$45.18
Depreciation	\$4.86	\$3.30	\$3.26	\$2.51	\$2.24
Total expenses	\$41.44	\$42.20	\$44.00	\$42.03	\$47.42
Key expense items					
Wages	\$655,213	\$552,727	\$544,929	\$570,144	\$503,087
Animal health	\$113,469	\$90,318	\$126,881	\$95,918	\$194,800
Fertiliser	\$303,410	\$370,704	\$370,967	\$273,462	\$355,664
Vehicles	\$95,012	\$79,565	\$71,187	\$79,864	\$64,240

Farm analysis

	2011	2010	2009	2008	2007
Cattle performance					
Cattle surplus/(deficit) per CSU	\$72.22	\$62.69	\$71.59	\$60.86	\$47.85
Average price per head sold					
Cows	\$745.92	\$619.34	\$617.97	\$559.00	\$708.80
Steers	\$1,141.61	\$988.95	\$955.19	\$971.51	\$842.82
Bulls	\$1,002.74	\$865.40	\$984.06	\$974.87	\$1,418.55
Overall average	\$938.92	\$843.24	\$885.59	\$878.12	\$735.09
Calving percentage - Cows	88%	90%	89%	89%	89%
Calving percentage - Heifers	81%	78%	85%	64%	0%
Deaths and missing percentage	2%	2%	1%	1%	1%
Sheep performance					
Sheep surplus/(deficit) per SSU	\$85.18	\$64.28	\$62.81	\$50.76	\$44.59
Wool per SSU	\$21.49	\$15.66	\$12.05	\$14.17	\$11.55
Sheep and wool per SSU	\$106.67	\$79.94	\$74.86	\$64.94	\$56.15
Average price per head sold					
Lambs	\$97.08	\$71.96	\$69.51	\$59.90	\$56.66
Ewes	\$86.39	\$59.21	\$50.73	\$40.61	\$42.73
Overall average	\$94.62	\$69.81	\$66.08	\$55.77	\$55.62
Wool kg per SSU	5.3	6.2	4.8	5.8	5.2
Shearing expenses per SSU	\$6.80	\$7.78	\$5.79	\$6.94	\$7.08
Shearing expenses as percentage of wool	32%	50%	48%	49%	61%
Lambing percentage	128%	130%	132%	121%	110%
Deaths and missing percentage	5%	5%	5%	4%	3%
Income					
Gross surplus/(deficit) per SU	\$94.09	\$73.81	\$77.93	\$67.37	\$54.98
EFS per SU	\$52.64	\$31.61	\$33.93	\$25.33	\$7.56
EFS per effective hectare	\$532.34	\$331.14	\$347.86	\$246.12	\$78.00

Stock unit conversion basis

	Stock units per animal		Stock units per animal
Cattle		Sheep	
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

			2011 \$	2010 \$
	No.	Average price		
Sales				
M A Cows	249	745.92	185,735	205,002
Heifers	923	831.12	767,126	251,666
Steers	512	1141.61	584,503	697,209
Bulls	671	988.86	663,528	1,061,729
Breeding Bulls	15	1623.53	24,353	12,233
	<hr/>		<hr/>	<hr/>
	2,370		2,225,245	2,227,839
Less purchases				
M A Cows	-	-	-	376,080
Heifers	-	-	-	314,962
Steers	85	594.09	50,498	183,969
Bulls	1,289	579.63	747,149	594,904
Breeding Bulls	13	3973.08	51,650	38,453
	<hr/>		<hr/>	<hr/>
	1,387		849,297	1,508,368
			<hr/>	<hr/>
			1,375,948	719,471
 Cattle on hand adjustment			 371,498	 583,115
			<hr/>	<hr/>
Cattle surplus/(deficit)			1,747,446	1,302,586
			<hr/> <hr/>	<hr/> <hr/>

Statement of financial performance

Cattle tallies

	On hand		Market value		Total value		Holding gains/ (losses)	Income adjust
	2010	2011	2010	2011	2010	2011		
			\$	\$	\$	\$	\$	\$
Whangara								
M A Cows	(366)	(422)	850	1,056	(311,100)	(445,632)	(86,932)	(47,600)
Rsg 2yr Heifers	49	(91)	700	850	34,300	(77,350)	(13,650)	(98,000)
Rsg 1yr Heifers	38	(1)	450	500	17,100	(500)	(50)	(17,550)
Rsg 3yr Steers	(112)	(128)	950	950	(106,400)	(121,600)	-	(15,200)
Rsg 2yr Steers	(124)	(39)	900	850	(111,600)	(33,150)	6,200	72,250
Rsg 1yr Steers	(21)	(289)	550	600	(11,550)	(173,400)	(14,450)	(147,400)
Breeding Bulls	(1)	(4)	1,300	1,500	(1,300)	(6,000)	(800)	(3,900)
Rsg 3yr Bulls	3	-	900	-	2,700	-	-	(2,700)
Rsg 2yr Bulls	343	1,056	800	830	274,400	876,480	10,290	591,790
Rsg 1yr Bulls	298	77	550	550	163,900	42,350	-	(121,550)
High Priced	(3)	(3)	1,520	1,050	(4,560)	(3,150)	1,410	-
	<u>104</u>	<u>156</u>			<u>(54,110)</u>	<u>58,048</u>	<u>(97,982)</u>	<u>210,140</u>
Tongataha								
M A Cows	418	298	895	1,050	374,290	312,900	46,062	(107,452)
Rsg 2yr Heifers	209	22	677	850	141,539	18,700	3,801	(126,640)
Rsg 1yr Heifers	170	170	564	500	95,940	85,000	(10,940)	-
Breeding Bulls	11	9	1,411	1,500	15,520	13,500	802	(2,822)
Rsg 2yr Bulls	-	632	-	830	-	524,560	-	524,560
Rsg 1yr Bulls	260	170	658	550	171,184	93,500	(18,428)	(59,256)
	<u>1,068</u>	<u>1,301</u>			<u>798,473</u>	<u>1,048,160</u>	<u>21,297</u>	<u>228,390</u>
Combined Adjustment					-	-	67,032	(67,032)
	<u><u>1,172</u></u>	<u><u>1,457</u></u>			<u><u>744,363</u></u>	<u><u>1,106,208</u></u>	<u><u>(9,653)</u></u>	<u><u>371,498</u></u>

Statement of financial performance

Sheep

			2011	2010
			\$	\$
	No.	Average price		
Sales				
M A Ewes	5,753	86.39	496,975	251,539
2th Ewes	-	-	-	16,265
Hoggets	1,463	81.72	119,550	-
Lambs	26,912	97.08	2,612,671	1,515,031
	<u>34,128</u>		<u>3,229,196</u>	<u>1,782,835</u>
Less purchases				
M A Ewes	206	87.70	18,066	481,340
2th Ewes	-	-	-	190,937
Ram Hoggets	-	-	-	19,600
Hoggets	-	-	-	190,062
Lambs	-	-	-	93,799
Rams	118	257.55	30,391	25,486
	<u>324</u>		<u>48,457</u>	<u>1,001,224</u>
			<u>3,180,739</u>	<u>781,611</u>
Sheep on hand adjustment			(250,973)	942,419
Sheep surplus/(deficit)			<u>2,929,766</u>	<u>1,724,030</u>

Wool

			2011		2010
	Kg	@	\$	Kg	@
Sales					
Fleece Wool	171,505	\$4.28	733,446	166,579	\$2.49
Dags	9,153	\$0.61	5,610	-	-
Oddments	105	\$1.39	146	-	-
	<u>180,763</u>	<u>\$4.09</u>	<u>739,202</u>	<u>166,579</u>	<u>\$2.52</u>
Less Expenses					
Shearing Expenses	-	-	9,522	-	-
Shearing Wages	-	-	216,386	-	-
Wool Cartage	-	-	7,831	-	-
	<u>-</u>	<u>-</u>	<u>233,739</u>	<u>-</u>	<u>-</u>
	<u>180,763</u>	<u>\$2.80</u>	<u>505,463</u>	<u>166,579</u>	<u>\$1.27</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	366	587	90	170	32,940	99,790	29,280	37,570
2th Ewes	215	(1,675)	95	160	20,425	(268,000)	(108,875)	(179,550)
Ewe Hoggets	(483)	(56)	75	140	(36,225)	(7,840)	(31,395)	59,780
Wether Hoggets	(536)	(511)	60	100	(32,160)	(51,100)	(21,440)	2,500
Breeding Rams	44	78	80	60	3,520	4,680	(880)	2,040
Ram Hoggets	(313)	(313)	100	80	(31,300)	(25,040)	6,260	-
Killers	(72)	(72)	55	60	(3,960)	(4,320)	(360)	-
	<u>(779)</u>	<u>(1,962)</u>			<u>(46,760)</u>	<u>(251,830)</u>	<u>(127,410)</u>	<u>(77,660)</u>
Tongataha								
MA Ewes	4,064	4,300	118	170	477,804	731,000	213,076	40,120
2th Ewes	1,442	1,860	132	160	189,883	297,600	40,837	66,880
Ewe Hoggets	2,000	-	103	140	206,920	-	-	(206,920)
Wether Hoggets	-	320		100	-	32,000	-	32,000
Breeding Rams	23	-	94	60	2,163	-	-	(2,163)
	<u>7,529</u>	<u>6,480</u>			<u>876,770</u>	<u>1,060,600</u>	<u>253,913</u>	<u>(70,083)</u>
Combined Adjustment						-	103,230	(103,230)
	<u>6,750</u>	<u>4,518</u>			<u>830,010</u>	<u>808,770</u>	<u>229,733</u>	<u>(250,973)</u>

Statement of financial performance

Livestock placed at use of Partnership

Cattle

	On hand		Placed at use		Surplus/(deficiency)	
	2010	2011	2010	2011	2010	2011
M A Cows	1,387	1,211	1,335	1,335	52	(124)
Rsg 2yr Heifers	658	331	400	400	258	(69)
Rsg 1yr Heifers	759	720	551	551	208	169
Rsg 3yr Steers	16	-	128	128	(112)	(128)
Rsg 2yr Steers	398	483	522	522	(124)	(39)
Rsg 1yr Steers	536	268	557	557	(21)	(289)
Breeding Bulls	51	46	41	41	10	5
Rsg 3yr Bulls	3	-	-	-	3	-
Rsg 2yr Bulls	399	1,744	56	56	343	1,688
Rsg 1yr Bulls	767	456	209	209	558	247
High Priced	-	-	3	3	(3)	(3)
	<u>4,974</u>	<u>5,259</u>	<u>3,802</u>	<u>3,802</u>	<u>1,172</u>	<u>1,457</u>
Bred from Cows	1,222		88.10%			
Bred from Heifers	230		80.99%			
Purchases	1,387					
Sales		2,370				
Killed - station		30				
Known deaths		152	1.95%			
	<u>7,813</u>	<u>7,813</u>				
Cows bred from	1,387					
Cows bred from	284					
Stock units	24,195	26,062				

Sheep

	On hand		Placed at use		Surplus/(deficiency)	
	2010	2011	2010	2011	2010	2011
Rsg 5&6 Yr Ewes	-	-	-	-	-	-
Rsg 3&4 Yr Ewes	20,125	20,582	15,695	15,695	4,430	4,887
2th Ewes	8,067	6,595	6,410	6,410	1,657	185
Ewe Hoggets	8,525	6,952	7,008	7,008	1,517	(56)
Wether Hoggets	58	403	594	594	(536)	(191)
Breeding Rams	276	287	209	209	67	78
Ram Hoggets	-	-	313	313	(313)	(313)
Killers	-	-	72	72	(72)	(72)
	<u>37,051</u>	<u>34,819</u>	<u>30,301</u>	<u>30,301</u>	<u>6,750</u>	<u>4,518</u>
Bred	36,000		127.70%			
Purchases	324					
Sales		34,128				
Killed - station		809				
Known deaths		3,619	4.93%			
	<u>73,375</u>	<u>73,375</u>				
Ewes bred from	28,192					
Stock units	34,394	32,526				

Statement of financial performance

Expenditure & other income

	2011	2010
	\$	\$
Operating expenses		
ACC Levies	30,968	26,792
Animal Health	113,469	90,318
Animal Breeding	31,841	22,911
Bank Fees	519	480
Electricity	23,527	17,953
Farmax	5,614	4,125
Freight & Cartage	21,697	16,729
General Expenses	35,487	38,966
Horse & Dog Expenses	21,381	21,163
Insurance	30,825	24,971
Livestock identification	2,512	-
Rates	99,702	77,626
Rent	66,547	68,784
Telephone & Fax	11,262	10,066
Training	26,611	4,416
Vehicle Expenses	95,012	79,565
Wages	655,213	552,727
	<u>1,272,187</u>	<u>1,057,592</u>
 Repairs and maintenance		
Fencing	18,027	26,907
Fertiliser	303,410	370,704
Grass Seed	34,328	16,951
Fodder Crop	30,952	14,646
Building R & M	28,007	13,542
General R & M	9,582	6,191
Roading & Tracks	21,883	11,230
Water Supply	5,059	4,839
Yards	4,320	4,348
Weed & Pest	78,875	31,757
	<u>534,443</u>	<u>501,115</u>
 Finance expenses		
Interest payable		
Proprietors of Pakarae A & Others	-	3,204
Proprietors of Whangara B5	-	17,919
	<u>-</u>	<u>21,123</u>

Statement of financial performance

Expenditure & other income

	2011 \$	2010 \$
Administration expenses		
Accountancy Fees - Secretarial	55,450	43,250
Accountancy Fees - Special	26,272	22,026
Audit Fees	3,173	3,639
AGM Expenses	217	1,156
Committee Fees & Expenses	64,351	62,494
Consultancy Fees	1,963	5,140
Legal Expenses	-	215
	<u>151,426</u>	<u>137,920</u>
Total cash expenses	<u><u>1,958,056</u></u>	<u><u>1,717,750</u></u>
Sundry farm income		
Hay Sales	-	3,155
Hay Expense	-	14,787
	<u>-</u>	<u>(11,632)</u>
Insurance Claims	1,192	222
Rebates Received	8,333	45,172
Rent	3,000	1,000
Contracting Income	3,000	2,080
Land Lease	39,820	-
Airstrip Hire	7,715	1,728
Sundry Income	15,058	13,075
	<u>78,118</u>	<u>51,645</u>
Other income		
	Tax credits	
Interest receivable		
Bank of New Zealand	<u>3,898.00</u>	<u>20,146</u>
Dividends receivable		
Silver Fern Farms	<u>1,730.00</u>	<u>5,242</u>
Ravensdown Corporation Ltd	<u>-</u>	<u>36,907</u>
	<u><u>1,730.00</u></u>	<u><u>54,677</u></u>

Statement of financial performance

	2011 \$	2010 \$
Income		
Cattle	1,747,446	1,302,586
Sheep	2,929,766	1,724,030
Wool	505,463	211,134
Sundry farming income	78,118	51,645
	<u>5,260,793</u>	<u>3,289,395</u>
Less expenses		
Operating	1,272,187	1,057,592
Repairs and maintenance	534,443	501,115
Depreciation	284,893	156,851
	<u>2,091,523</u>	<u>1,715,558</u>
Net farming surplus/(deficit)	<u>3,169,270</u>	<u>1,573,837</u>
Less other expenses		
Finance	-	21,123
Administration	151,426	137,920
	<u>151,426</u>	<u>159,043</u>
Net operating surplus/(deficit)	<u>3,017,844</u>	<u>1,414,794</u>
Plus other income		
Dividends Receivable	5,242	54,677
Interest Receivable	20,146	29,855
	<u>25,388</u>	<u>84,532</u>
Net surplus/(deficit)	<u><u>3,043,232</u></u>	<u><u>1,499,326</u></u>
Divided as follows		
Share of surplus/(deficit)		
Proprietors of Pakarae A & Others	1,195,990	589,235
Proprietors of Whangara B5	1,847,242	910,091
Total	<u><u>3,043,232</u></u>	<u><u>1,499,326</u></u>

Statement of movements in equity

	2011 \$	2010 \$
Opening equity	9,569,986	1,491,077
Net surplus/(deficit)	3,043,232	1,499,326
Livestock revaluation	220,082	(110,786)
Total recognised revenues and expenses	<u>3,263,314</u>	<u>1,388,540</u>
	12,833,300	2,879,617
Net payments to partners	(1,408,003)	(334,926)
Tongataha Capital - Pakarae A & Others	(117,900)	2,760,941
Tongataha Capital - Whangara B5	(182,100)	4,264,354
Closing equity	<u><u>11,125,297</u></u>	<u><u>9,569,986</u></u>

Statement of financial position

		2011	2010
	Note	\$	\$
Equity	2	11,125,296	9,569,986
Current assets			
Bank accounts	3	2,013,524	1,156,423
Accounts receivable		339,074	214,010
MFOY - non-cash prizes		-	3,000
Prepayments		18,978	15,979
Hay on hand		9,344	-
		2,380,920	1,389,412
Non current assets			
Cattle		1,106,208	744,363
Sheep		808,770	830,010
		1,914,978	1,574,373
Investments	6	235,536	232,024
Fixed assets	4	7,073,973	6,598,703
		9,224,487	8,405,100
Total assets		11,605,407	9,794,512
Current liabilities			
Accounts Payable		160,540	121,502
Goods & Services Tax		264,736	55,378
Provision for Holiday Pay		54,835	47,646
		480,111	224,526
Total liabilities		480,111	224,526
Net assets		11,125,296	9,569,986

Statement of cash flows

	2011 \$	2010 \$
Cash inflows (outflows) from operating activities		
Livestock & wool sales	6,085,118	4,512,051
Sundry farm income	91,539	35,336
Dividends received	1,730	17,770
Rents received	3,000	1,000
Interest received	20,146	47,525
Livestock purchases	(897,754)	(930,969)
Farm working & administration	(1,644,206)	(1,401,698)
Repairs & maintenance	(511,406)	(504,411)
GST	194,421	23,478
Interest payable	(2,426)	(18,697)
	<hr/>	<hr/>
Net cash inflows (outflows) from operating activities	3,340,162	1,781,385
 Cash inflows (outflows) from investing activities		
Plant & vehicle sales	31,888	8,000
Land development	(650,574)	(363,940)
Tongataha Purchase		
Land & Buildings	-	(5,210,806)
Plant & Machinery	-	(117,309)
Livestock	-	(1,709,518)
Plant & vehicle purchases	(155,784)	(45,078)
Share purchases	-	(11,906)
	<hr/>	<hr/>
Net cash inflows (outflows) from investing activities	(774,470)	(7,450,557)
 Cash inflows (outflows) from financing activities		
Pakarae A & Others		
Distributions	(550,947)	(120,658)
Loan Repayments	-	(179,654)
Working capital received	330,244	228,843
Working capital repaid	(330,244)	(228,843)
Funds Paid	(2,428)	(7,108)
Tongataha Capital	(117,900)	2,760,941
	<hr/>	<hr/>
	(671,275)	2,453,521
 Whangara B5		
Distributions	(850,949)	(186,360)
Loan Repayments	-	(485,730)
Working capital received	510,072	353,454
Working capital repaid	(510,072)	(353,454)
Funds Paid	(4,267)	(10,392)
Tongataha Capital	(182,100)	4,264,354
	<hr/>	<hr/>
	(1,037,316)	3,581,872
 Net cash inflows (outflows) from financing activities	(1,708,591)	6,035,393
	<hr/>	<hr/>
Increase/(decrease) in cash	857,101	366,221
 Cash		
Balance at beginning of year	1,156,423	790,202
Balance at end of year	2,013,524	1,156,423
	<hr/>	<hr/>
Increase in cash	857,101	366,221
	<hr/>	<hr/>

Statement of cash flows

Whangara Farms
Annual Report
For the year ended 30 June 2011

	2011	2010
	\$	\$
Reconciliation		
Net surplus as per financial statements	3,043,232	1,499,326
Add/(deduct) non-cash items		
Depreciation	284,893	156,851
Cattle on hand adjustment	(371,498)	(583,114)
Sheep on hand adjustment	250,973	(942,419)
Livestock on hand adjustment	(120,525)	(1,525,533)
Dividends received	(3,512)	(36,907)
Holiday pay accrual	7,189	(3,077)
Rebates received	-	(27,502)
Increase/(decrease) in working capital		
Accounts payable	39,041	(176,502)
Accounts receivable	(125,065)	(18,333)
MFOY Prizes	3,000	13,000
GST payable	209,359	47,202
Prepayments	(2,999)	182,050
Plus item classified as investing activity		
Accounts payable classified as fixed assets	14,305	(29,333)
Accounts payable classified as investments	(9,344)	-
Tongataha Livestock classified as capital	-	1,709,518
Plus item classified as financing activity		
Accounts payable classified as interest on loan	588	1,769
Accounts receivable classified as loan receipts	-	(11,144)
Net cash inflow (outflow) from operating activities	<u>3,340,162</u>	<u>1,781,385</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 current accounts. 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, with the exception of receivables and payables which are recorded inclusive of GST.

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

	2011 \$	2010 \$
Capital - Purchase of Tongataha		
Proprietors of Pakarae A & Others		
Opening balance	2,760,941	2,760,941
Less repaid	117,900	-
	2,643,041	2,760,941
Proprietors of Whangara B5		
Opening balance	4,264,354	4,264,354
Less repaid	182,100	-
	4,082,254	4,264,354
Total Capital	6,725,295	7,025,295
Current accounts		
Proprietors of Pakarae A & Others		
Opening balance	1,001,009	586,939
Share of Income/(Loss)	1,195,990	589,235
Livestock revaluation	86,492	-
	2,283,491	1,176,174
Other transactions	-	-
Livestock revaluation	-	43,539
Donations	216	360
R W T	2,212	10,608
Distributions paid	550,947	120,658
	553,375	175,165
Closing balance	1,730,116	1,001,009
Proprietors of Whangara B5		
Opening balance	1,543,681	904,137
Share of Income/(Loss)	1,847,242	910,091
Livestock revaluation	133,590	-
	3,524,513	1,814,228
Working capital advances	-	-
Other transactions	(71)	-
Livestock revaluation	-	67,247
Donations	334	555
R W T	3,416	16,385
Distributions paid	850,949	186,360
	854,628	270,547
Closing balance	2,669,885	1,543,681
Total equity	11,125,296	9,569,986

Notes to the financial statements

3. Bank accounts

	2011 \$	2010 \$
BNZ Current Account	37,277	43,573
BNZ CFS Account	1,976,247	1,112,850
	<u>2,013,524</u>	<u>1,156,423</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

	2011 \$	2010 \$
Property improvements - Whangara		
Cost	1,617,941	996,513
Accumulated depreciation	273,092	127,460
	<u>1,344,849</u>	<u>869,053</u>
Land & Buildings - Tongataha		
Cost	5,210,806	5,210,806
Accumulated depreciation	26,009	2,007
	<u>5,184,797</u>	<u>5,208,799</u>
Plant		
Cost	394,609	337,098
Accumulated depreciation	171,895	132,733
	<u>222,714</u>	<u>204,365</u>
Vehicles		
Cost	663,678	563,482
Accumulated depreciation	342,065	246,996
	<u>321,613</u>	<u>316,486</u>
Total fixed assets	<u><u>7,073,973</u></u>	<u><u>6,598,703</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

	2011 \$	2010 \$
Opening balance	5,208,799	-
Plus additions since	-	5,210,806
	5,208,799	5,210,806
Less depreciation since	24,002	2,007
	5,184,797	5,208,799

Depreciation

	2011 \$	2010 \$
Property improvements - Whangara	145,632	58,746
Buildings - Tongataha	24,002	2,007
Plant	39,378	31,291
Vehicles	75,881	64,807
Total Depreciation	284,893	156,851

Notes to the financial statements

5. Leasehold Property

Property		Hectares	Current Rent	Lease Review
Whangara A7B	C/T 118/58	124.2719	\$25,000	01/09/15
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
		<u>445.8115</u>		

6. Investments

	No.	2011 \$	2010 \$
Ravensdown Corporation Ltd	205,491	205,491	205,491
Silver Fern Farms Ordinary Shares	21,073	30,045	26,533
Total investments		<u>235,536</u>	<u>232,024</u>

7. Purchase of Tongataha

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

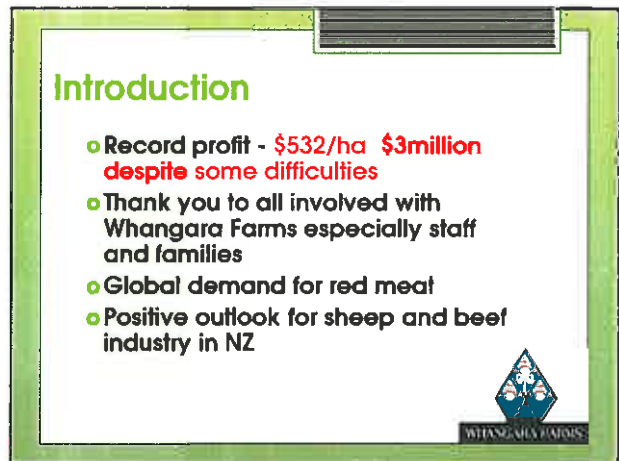
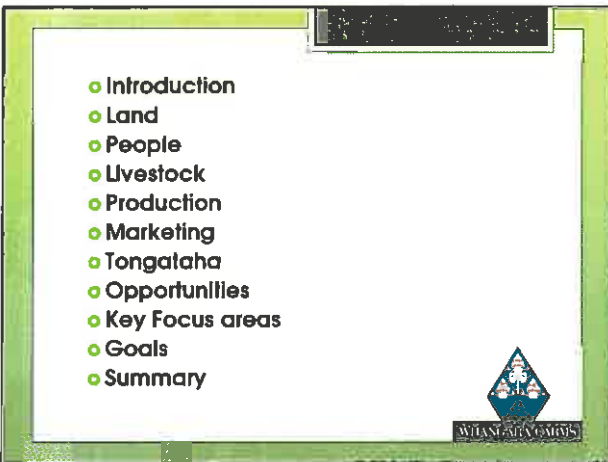
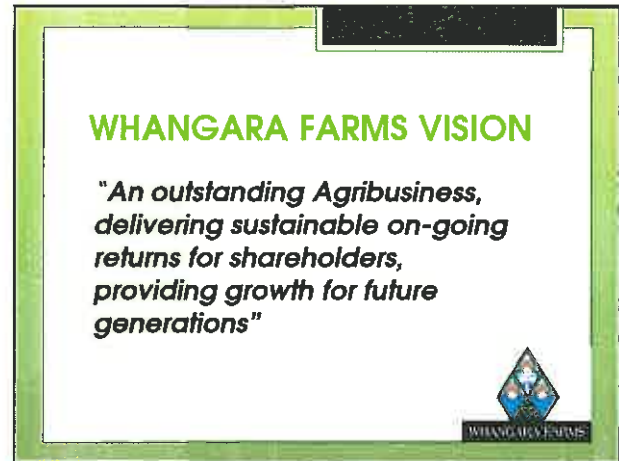
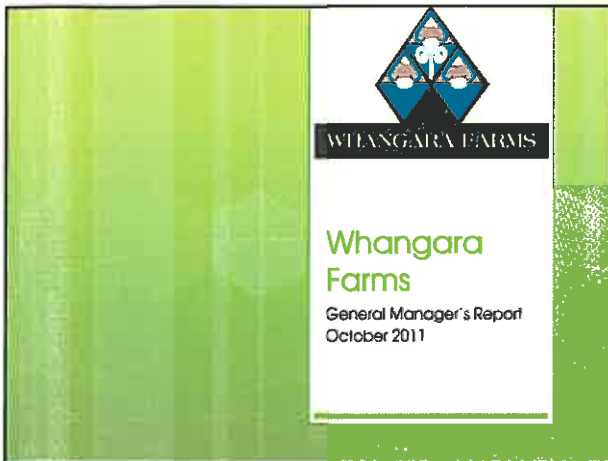
Purchase details:

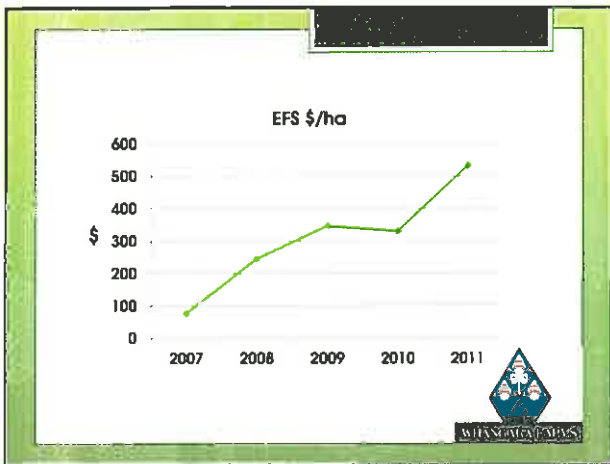
	2011 \$	2010 \$
Land	-	4,539,086
Buildings	-	621,720
Livestock	-	1,709,518
Plant & Machinery	-	117,309
	<u>-</u>	<u>7,037,633</u>

Notes to the financial statements

8. Taxation


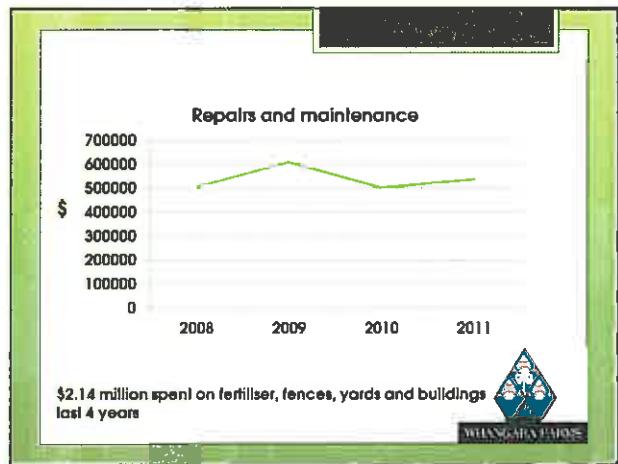
	2011	2010			
	\$	\$			
Net surplus/(deficit) before taxation	3,043,232	1,499,326			
Livestock accounting adjustment -					
Cattle	(371,498)	(583,114)			
Sheep	250,973	(942,420)			
Livestock tax adjustment -					
Cattle	170,216	369,472			
Sheep	(151,559)	620,949			
	<u>2,941,364</u>	<u>964,213</u>			
Add credit adjustments -					
ACC	-	23,031			
Development Expenditure	145,632	58,746			
Holiday Pay Accrual	54,835	47,646			
Fertiliser costs carried forward	-	182,050			
	<u>226,354</u>	<u>311,473</u>			
	<u>3,167,718</u>	<u>1,275,686</u>			
Less debit adjustments -					
ACC	-	24,567			
Development Expenditure Claim	142,707	123,985			
Holiday Pay Accrual	47,646	50,723			
	<u>213,384</u>	<u>199,275</u>			
Taxable income/(loss)	<u><u>2,954,334</u></u>	<u><u>1,076,411</u></u>			
Classified as follows					
Interest	20,146	29,855			
Dividends	5,242	54,677			
Farming income/(loss)	2,928,946	991,879			
	<u>2,954,334</u>	<u>1,076,411</u>			
Shared as follows					
	Dividends/				
	IC/RWT	Interest	Business	Total	Total
Pakarae	2,212	9,977	1,151,076	1,161,053	423,030
Whangara B5	3,416	15,411	1,777,870	1,793,281	653,381
	<u>5,628</u>	<u>25,388</u>	<u>2,928,946</u>	<u>2,954,334</u>	<u>1,076,411</u>





Land

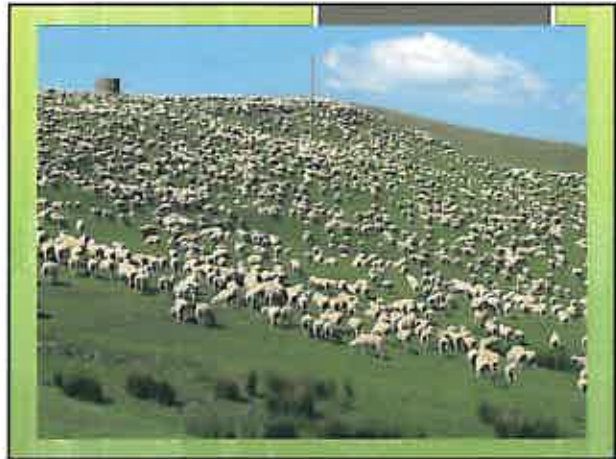
- Whangara water systems completed
- Sustainability - key to decision making
- Fertiliser \$750,000 budgeted this year
- Tree planting - 500 poles
- Started fencing off waterways
- 40ha cash crop land lease



People

- Big thank-you to the staff past and present -
- Thank you to John and Rab Love
- Four new staff members
- Focus on training and development
- Internal succession plan



Livestock - sheep

- 36,000 lambs produced at 128%
- 28,375 lambs sold at \$97
- Wool return nearly doubled
- Return \$107/SSU



Livestock - sheep

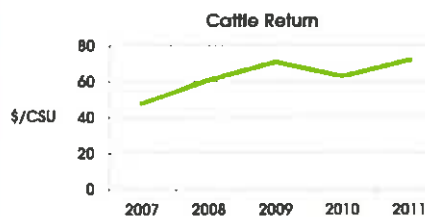


Livestock - cattle

- 88% calving in cows
- 81% in heifers
- Strong global demand for beef
- Maintaining maternal Angus cows
- Return - \$72/cattle stock unit



Livestock - cattle





Marketing

- Positive outlook
- Climatic conditions played a big part
- Good relationship with meat processor - AFFCO
- Working with Affco to understand market
- Analysing ways to add value



Tongataha Station

- Purchased 30th April 2010
- 1450ha 12,500 stock units
- Integrated well - still learning the farm
- Challenges - snow
- Simon and his team doing a good job
- Recorded a profit of **\$781/ha**
\$976,000



Opportunities

- o Increase stock performance
- o Increase profitability
- o Low cost producer
- o Growth - land purchases/leases
- o Joint marketing of stock



Key focus areas - 2011/12

- o Profitability
- o People
- o Growth
- o Resources
- o Stakeholders



5 Year Goals

- o Sustainable farming systems
- o Maintain dividend to shareholders
- o 140% lambing 90% calving
- o Economic Farm Surplus \$700/ha
- o Water system on Tongataha
- o Skilled and motivated staff



Summary

- Profitable year
- Staff extremely important
- Integration of Tongataha successful
- Positive outlook for sheep and beef
- Sustainability - land, livestock, environment and people



Benchmarking

MAF Gisborne Hill Country Sheep and Beef

Lambing Percentage



Gross Income per hectare



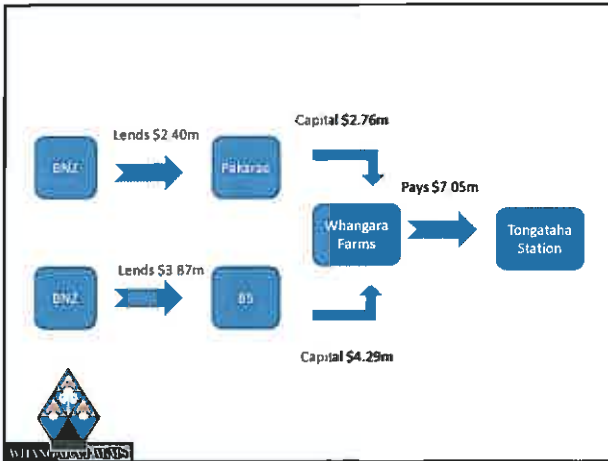
Farm expenses per hectare

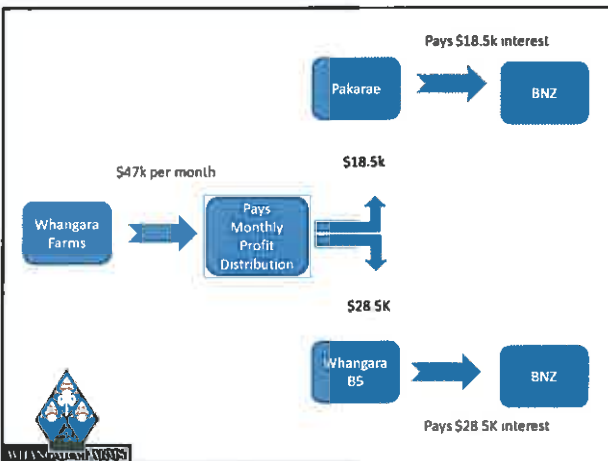


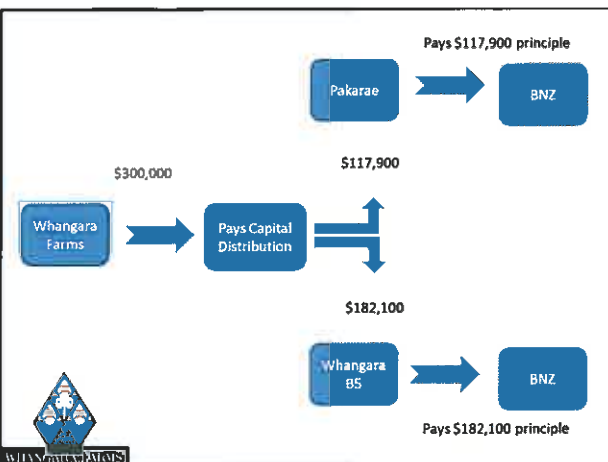
Economic Farm Surplus per hectare











Whangara Farms

Partnership Agreement



WHANGARA FARMS

Partnership Board

- Each Chairperson automatically appointed
- A third person from the combined Partners
- The three above then appoint up to two independents
- All positions are annual appointments



WHANGARA FARMS

Partnership Board

- Quorum requirements
- Act on a majority of votes



WHANGARA FARMS

Profit shares

- Whangara B5 60.7%
- Pakarae 39.3%



WHANGARA FARMS

Partners Obligations

- No Partner may without the consent of the other
 - Mortgage or charge their assets
 - Sell their share of the Partnership
 - Contract any debts on behalf of the Partnership



WHANGARA FARMS

Partnership

- Terms reviewed every four years
- Non farming opportunities go first to the land owner
- 2 years written notice to dissolve
- Or earlier by mutual consent



WHANGARA FARMS

Working capital

- Annually the Partners advance working capital
- Whangara Farms repays this by 30 June
- No interest is paid on this



WHANGARA FARMS

Tongataha capital

- Only repaid as the Partnership can afford
- Must be maintained at profit share ratio
- Only repaid by mutual consent



WHANGARA FARMS

Land and buildings

- Were placed at the use of the Partnership
- Some land areas were left out from the start
 - Rototahi forestry block
 - Panikau forestry block
 - Pa Road license to occupy (Includes sand mine area)
 - Walhau Beach property



WHANGARA FARMS

Other assets

- Plant and machinery were sold to the Partnership
- Livestock were placed at the use of the Partnership



WHANGARA FARMS

Dissolution of Partnership

- Land and buildings
- Plant and machinery
- Livestock



WHANGARA FARMS

Whangara Farms

Partnership Agreement



WHANGARA FARMS