



HARVESTING REPORT
APRIL 2015
WAIKARE FOREST PARTNERSHIP



WAIKARE ROAD

FMNZ

"Maximising the value of forests since 1974"

April Harvest Report

Roadlining & clearfell harvest operations continued throughout April. The hauler production concentrated on settings 14 & 15 accessed from Landing 1. The ground based operation focussed on harvesting the trees in the corridor up to and along the ridge of Compartment 1 to facilitate the construction of Hil Road.

The weather during April was unusually wet with nearly 400mm of rain received over a four day period from the 10th April. This has resulted in some very difficult logging conditions as the hauler has been located up the main gully extracting trees so Hil Road could be constructed.

Export log prices for the April shipment on the Otago Harbour have dropped since March by an average decrease of \$22.81 JAS/m³. This is a significant decrease and it has been quite challenging managing the repercussions of this. We have made changes to our marketing to enable us to maximise income and are trying to send as many loads as possible to the domestic market where the prices are more stable, in our case Taranaki Pine (TSM).

Total Volume Harvested

The recoverable sales for April totalled **4,327.32** units (JAS/Tonnes), returning log sales of **\$389,350.94** excluding GST. See Appendix 2, Owner Summary Report.

Detailed Report:

Log Marketing

The second shipment of logs totalling 4,907.932 JAS, sold through Summit Forests, was loaded on the vessel Otago Harbour which sailed on the 1st May destined for China. The reconciliation for this shipment should be able to be completed prior to the end of June.

The next vessel is due into port around the 5th June.

With the continued diminution in export pricing, access to domestic markets in April has been of increasing importance. TSM has accepted some sawlog grades and trial loads of pruned logs. The main impact of this change has been the reduction in the A30 & KI export volumes from the sawlog grades. While the TSM prices are showing better returns, we are restricted on volume.

We are looking to increase our volumes to TSM in May.

Washup for March Shipment

The washup for the March shipment on the vessel Maipo River was positive and totalled \$22,702.93. The management fee was \$908.12, leaving a net return of \$21,794.81. This is in addition to what has already been paid for the Maipo River logs.

See Appendix 4. Waikare Washup (April)

Log Prices

Export log prices for April have dropped since March by a range of \$19 to \$38 jas/m³ across grades with an average price decrease of \$22.81 JAS/m³.

It is anticipated there will be a further drop in prices for May also due to large inventory levels at the Chinese ports. Our market information advises that this inventory is starting to decline which hopefully will mean prices will start lifting again in June.

Expenditure:

Harvesting

The harvesting cost for the April period totalled **\$137,077.38** producing 4,286.28 merchantable tonnes. The average production rate was 226 tonne per day with an average harvesting cost of \$31.98 per tonne for the month.

During April, there were nineteen work days for the month.

At the end of April a further 6.2ha has been harvested, with 20.7 hectares harvested in total.

The recoverable volume per hectare from the total measure up of the area harvested as at the end of April results in a calculated average of 510 tonnes TRV/ha. This compares to the predicted 641 t/ha over the entire forest.

The reduction in actual recoverable volume to that forecast is largely due to the use of low or negative value logs for corduroy in the construction of Waikare Road or skid load out areas. This use can consume volume which would normally be loaded out as pulp or small diameter export and these grades are generally showing negative returns to the forest owner.

Also, as harvest during April has been concentrated in settings 14 & 15, this area has a smaller piece size on average. Any area harvested and processed and sitting on the skid site but not loaded out is not included in any volume calculation.

During April, a major rain event has impacted on the production of the logging crew with the conditions providing some significant challenges to overcome.

Establishment of Roding Equipment

The roading contractor has brought in an additional excavator and grader for use in the construction and maintenance of the roads at Waikare. The transporting / establishment cost to locate the roading equipment this month totalled \$3,200.00.

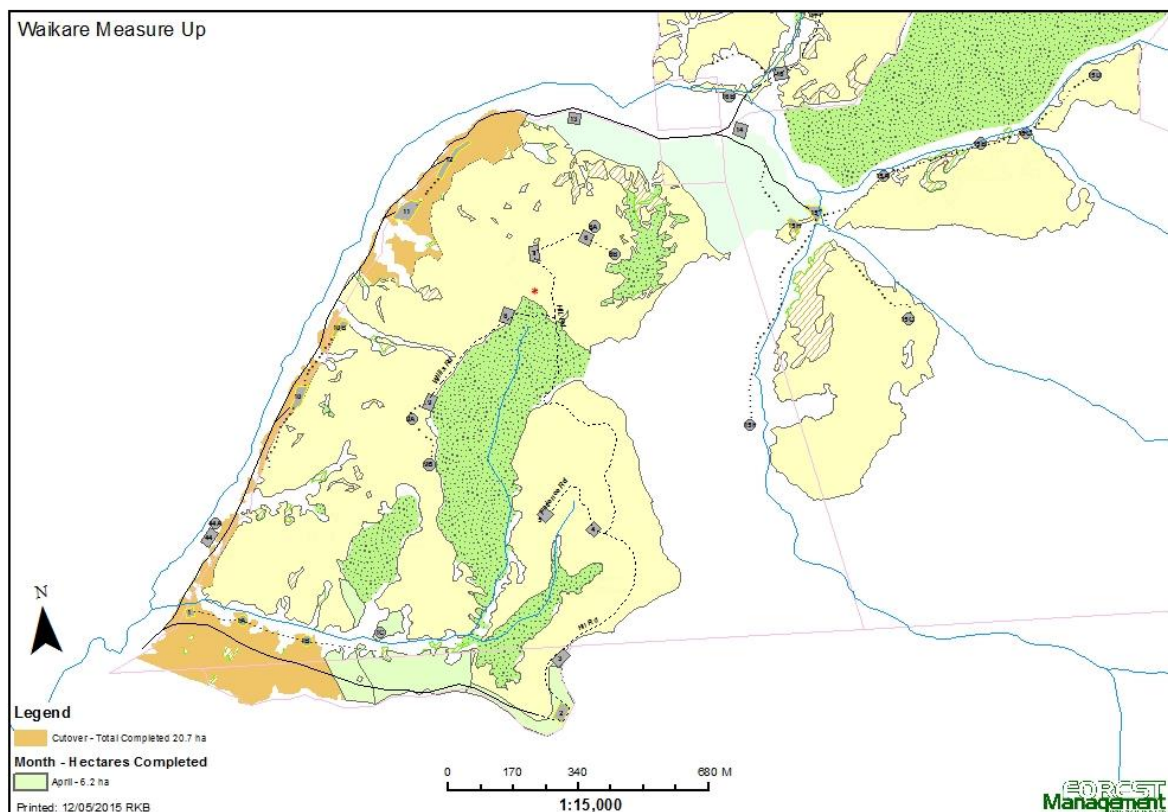
Figure 1 below shows the Madill hauler extracting trees from the area where Hil Road will be constructed to get up on to the main ridge.

Figure 1 (April)



Figure 2 Compartment 1, harvest progress to date

Figure 2 (April)



Road construction

The major project for this month has been the construction of Hil Rd to skid 2. This road will service a significant amount of volume and enable us to move away from the very wet valley floor to ridge tops which we hope will improve conditions for both roading & harvesting.

The major rain event from the 10th April has also affected the engineering works with delays in construction of Hil Road and the subsequent clearing of slips. It was pleasing that the roads already constructed held up well to the conditions. Newly constructed roads ideally need time to cure and settle before heavy use.

Formation distances as follows;

- Hil Road, 1,035.2l/m

In addition to the road construction, further two stage tracking from hauler pads to skids were constructed to extract the logs and enable the hauler to be moved into position on to pad 1c.

Summary of costs:

Formation (New & Upgrade)	\$ 30,848.96
Corduroy	\$ 1,755.00
Two Stage tracking	\$ 3,260.00
Metal supply & spread	<u>\$ 51,232.00</u>
Total	\$ 87,095.96

Landing & Pad construction

One skid & two hauler pads were constructed this month. These are as follows:

- Hauler pads 1c, 1d
- Skid 2 (partial formation till road continuation is completed)

The cost of landing and pads constructed in April has totalled \$11,370.00.

Further deadmen were required to be installed this month for the hauler. The cost for these in April totalled \$740.00.

Figure 3 below shows formation of Hil Road.

Figure 3 (April)



Culverts

During April, a further ten 375mm Farmboss culverts were purchased from Hynds. More culverts will be required on an ongoing basis. We are endeavouring to keep purchases to a minimum but still get the best price.

The total culvert cost, \$3,456.00.

Maintenance

Road maintenance was undertaken during April as the harvest traffic increased. This has mainly involved the grading of Waikare Road and the removal of slips from watertables. With any new road construction slumping of batters will occur especially with heavy rain events.

The total cost, \$8,612.50.

Rehab – (drainage, environmental or skid/pads)

Part of the ongoing requirements of the resource consent conditions is that hay bales & sediment control cloth is installed in watertables/drains to capture runoff. These remedial measures are in place.

The cost of this Rehab environmental & skid/pad work completed, totalled \$2,198.95

Figure 4 below shows the section of Hil Road next to the neighbours trees

Figure 4 (April)



Other costs

Good communications in Waikare is essential for safety and logistics reasons. As communications are not available on a Simplex channel, we undertook testing for a radio channel in an effort to improve communications to and from the forest. The results of this will determine what equipment will be required.

Further log stencils were also purchased to use on TSM log grades.

The cost of this totalled \$827.23

Cartage

Truck cartage continued uninterrupted throughout April. The roads held up pretty well considering the wet weather but Waikare Road did require grading during periods of heavy traffic and has shown to deteriorate very quickly without maintenance.

The amount spent on cartage for April totalled \$129,301.26. The average cartage cost for delivered sales \$30.17/t.

Weighbridge

The amount spent on weighbridge fees totalled \$1,578.34 from the 4,050.77 tonnes weighed, averaging \$0.39 per tonne.

Management

The management fee for the month of April totalled \$15,574.04 which was 4% of the gross sales of \$389,350.94. This equates to \$3.63 per tonne. The project average to date is \$4.18/t.

Forest Grower Commodity Levy (FGC Levy)

The FGC levy is currently set at \$0.27 per tonne for all forest and woodlot owners. The FGC levy totalled \$1,168.38 from the sales of **4,327.32** units (Jas/Tonnes) for the April period. See Appendix 1 Harvesting Financial Summary.

Revenue

Net revenue for the month of April totalled \$4,176.71 excluding GST. See Appendix 5, Waikare Forest - Cashflow Summary (April).

This results in a net income to date for the project of – (\$82,110.37).

Table 1 below shows net position for Waikare Forest as At April 2015.

Table 1 (April)

	February	March	April	Net Income
Net Income	(\$82,979.29)	(\$3,307.79)	(\$17,618.10)	(\$103,905.18)
Maipo River Washup			\$ 22,702.93	
Washup Management			\$ 908.12	
			\$ 4,176.71	(\$82,110.37)

Kind Regards

Ian Bell
Harvesting Manager

Appendix 1 Harvesting Financial Summary

	Harvesting Financial Summary	01/04/2015 to 30/04/2015
Waikare Forest Partnership	GST # 051 665 716	
Paid to bank account # 02 0792 0001123 000		

SALES					
Type	Grade	Tonnes	Jas (m3)	Sales Price	Gross Revenue (\$)
Domestic					
L350	B35	60.14		\$90.00	\$5,412.78
S1/S2	A300	601.55		\$95.00	\$57,147.25
P1	P35	151.48		\$164.00	\$24,842.39
TOTAL DOMESTIC SALES		813.17			\$87,402.42

Domestic Pulp					
Pulp	OW	13.12		\$47.00	\$616.64
Pulp	W	229.65		\$54.00	\$12,401.10
TOTAL DOMESTIC PULP SALES		242.77			\$13,017.74

Export					
Pruned Exp	P40 4.0		309.052	\$142.00	\$43,885.38
Pruned Exp	P40 6.0		340.924	\$142.00	\$48,411.21
Part Pruned	PP 4.0		176.875	\$90.00	\$15,918.75
A30	A59		917.094	\$77.00	\$70,616.24
A30	A39		791.116	\$77.00	\$60,915.93
K	K 3.9		255.273	\$71.00	\$18,124.38
K	K 5.9		53.090	\$71.00	\$3,769.39
KI	KI 3.0		246.773	\$64.00	\$15,793.47
KI	KI 3.9		166.925	\$64.00	\$10,683.20
TOTAL EXPORT SALES			3,257.122		\$288,117.96

Export Pulp					
KIS	KIS		14.260	\$57.00	\$812.82
TOTAL EXPORT PULP SALES			14.260		\$812.82
TOTAL		1,055.94	3,271.382		\$389,350.94

FEES	
FMNZ Management Fee @ 4%	\$15,574.04
TOTAL FEES	\$15,574.04

LEVIES	
Forest Grower Commodity Levy @ \$0.27	\$1,168.38
TOTAL LEVIES	\$1,168.38
COSTS	
Harvesting	\$137,077.38
Cartage	\$129,310.26
Weighbridge	\$1,578.34
Metal for roads (Maxwell Inv-1585)	\$3,402.00
GAP 100 (Maxwell Quarry Inv-1590)	\$2,187.00
Stencils (Aqua Jet Inv-4020)	\$57.00
Windbreak (Farmlands Inv-35119)	\$294.95
Shellrock (Maxwell Quarry Inv-1601)	\$3,915.00
Culverts (Hynds Inv-2159525)	\$3,456.00
11 Bales of hay (KiriKiri Inv-31)	\$88.00
Transport CAT 336DL to Waikare Rd (BRS Inv-0175)	\$4,760.00
Shellrock (Maxwell Inv-1609)	\$8,775.00
Cart & Spread Metal - April (RLF Inv-1760)	\$23,215.00
Shellrock (Maxwell Quarry Inv-1617)	\$3,159.00
18 x GAP100 (Maxwell Inv-1571)	\$243.00
Establishment (Cashmore Inv-0002)	\$3,200.00
New Roads (Cashmore Inv-0002)	\$30,848.96
Corduroy (Cashmore Inv-0002)	\$1,755.00
Two-Stage (Cashmore Inv-0002)	\$3,260.00
R&M (Cashmore Inv-0002)	\$8,612.50
Landings (Cashmore Inv-0002)	\$5,700.00
Pads (Cashmore Inv-0002)	\$5,670.00
Deadman (Cashmore Inv-0002)	\$740.00
Cart & Spread (Cashmore Inv-0002)	\$6,336.00
Rehab - skid (Cashmore Inv-0002)	\$1,816.00
Waikare Radio Channel (Comtel Inv-33526)	\$550.23
Radio's and site testing (Comtel Inv-33524)	\$220.00
TOTAL COSTS	\$390,226.62
TOTAL FEES, LEVIES & COSTS	\$406,969.04
NET INCOME CURRENT MONTH	-\$17,618.10
GST	-\$2,642.71
NET INCOME CURRENT MONTH (INCLUDING GST)	-\$20,260.81

(Continued)

Appendix 2 Owner Summary Report

Owner Summary Report

For Dockets dated between 01/04/2015 and 30/04/2015

Page No. 1

Owner : Waikare Forest Partnership									Creditor Code :	
Forest	Compartment		Species	Grade	Price Point	Dockets	Volume	Units	Rate	Amount
Waikare Forest Partnership	1	10	Radiata	A300	Delivered	23	539.370	Tonnes	\$95.00	\$51,240.15
				A39	Delivered	34	647.203	Jas	\$77.00	\$49,834.63
				A59	Delivered	32	759.836	Jas	\$77.00	\$58,507.37
				B35	Delivered	6	60.142	Tonnes	\$90.00	\$5,412.78
				K 3.9	Delivered	16	230.105	Jas	\$71.00	\$16,337.45
				K 5.9	Delivered	2	28.523	Jas	\$71.00	\$2,025.13
				KI 3.0	Delivered	13	201.261	Jas	\$64.00	\$12,880.70
				KI 3.9	Delivered	10	139.943	Jas	\$64.00	\$8,956.35
				KIS	Delivered	1	14.260	Jas	\$57.00	\$812.82
				OW	Delivered	1	13.120	Tonnes	\$47.00	\$616.64
				P35	Delivered	11	151.478	Tonnes	\$164.00	\$24,842.39
				P40 4.0	Delivered	18	275.958	Jas	\$142.00	\$39,186.04
				P40 6.0	Delivered	12	258.788	Jas	\$142.00	\$36,747.90
				PP 4.0	Delivered	12	176.875	Jas	\$90.00	\$15,918.75
				W	Delivered	8	229.650	Tonnes	\$54.00	\$12,401.10
	Compartment Totals					199	3,726.512			\$335,720.21
	1	11	Radiata	A300	Delivered	2	62.180	Tonnes	\$95.00	\$5,907.10
				A39	Delivered	7	143.913	Jas	\$77.00	\$11,081.30
				A59	Delivered	8	157.258	Jas	\$77.00	\$12,108.87
				K 3.9	Delivered	1	25.168	Jas	\$71.00	\$1,786.93
K 5.9				Delivered	2	24.567	Jas	\$71.00	\$1,744.26	
KI 3.0				Delivered	3	45.512	Jas	\$64.00	\$2,912.77	
KI 3.9				Delivered	1	26.982	Jas	\$64.00	\$1,726.85	
P40 4.0				Delivered	1	33.094	Jas	\$142.00	\$4,699.35	
P40 6.0				Delivered	4	82.136	Jas	\$142.00	\$11,663.31	
Compartment Totals					29	600.810			\$53,630.73	
Forest Totals					228	4,327.322			\$389,350.94	

Appendix 2 Owner Summary Report continued

Owner Summary Report

For Dockets dated between 01/04/2015 and 30/04/2015

Page No. 2

Owner : Waikare Forest Partnership

Creditor Code :

Forest	Compartment	Species	Grade	Price Point	Dockets	Volume	Units	Rate	Amount
Owner Totals					228	4,327.322			\$389,350.94

Appendix 4 Waikare Forest (April Washup)



BUYER CREATED
TAX INVOICE
(IRD APPROVED)

Waikare Forest Partnership
87 Weraroa Road,
Waverley,
New Zealand 4510

Invoice Date : 30/04/2015
Invoice No.: 2041

GST No.: 051 665 716

To : Forest Management (NZ) Ltd
P O Box 14
WAVERLEY 4544

GST No.: 013-730-407

For loads uplifted up until 30/04/2015 from Waikare Forest Partnership

Grade	Length	Volume Loaded	AWG Price	Final Price	Mgmt Fee	Amount
Forest : Waikare Forest Partnership						
A39	3.9	1,059.253		\$117.69	\$4,986.54	\$119,676.95
A39	3.9	-118.579	\$84.00		-\$398.43	-\$9,562.21
A39	3.9	-940.674	\$116.00		-\$4,364.73	-\$104,753.46
A59	5.9	1,084.669		\$117.69	\$5,106.19	\$122,548.51
A59	5.9	-260.659	\$84.00		-\$875.81	-\$21,019.54
A59	5.9	-824.010	\$116.00		-\$3,823.41	-\$91,761.75
K 3.9	3.9	290.392		\$110.69	\$1,285.74	\$30,857.75
K 3.9	3.9	-67.903	\$78.00		-\$211.86	-\$5,084.58
K 3.9	3.9	-222.489	\$109.00		-\$970.05	-\$23,281.25
KI 3.0	2.9	86.157		\$103.69	\$357.34	\$8,576.27
KI 3.0	2.9	-86.157	\$103.00		-\$354.97	-\$8,519.20
KI 3.9	3.9	369.910		\$103.69	\$1,534.24	\$36,821.73
KI 3.9	3.9	-369.910	\$103.00		-\$1,524.03	-\$36,576.70
KIS	3.9	82.790		\$96.69	\$320.20	\$7,684.77
KIS	3.9	-82.790	\$96.00		-\$317.91	-\$7,629.93
KM	3.9	14.303		\$103.69	\$59.32	\$1,423.75
KM	3.9	-14.303	\$103.00		-\$58.93	-\$1,414.28
P40 4.0	3.9	453.051		\$165.69	\$3,002.64	\$72,063.38
P40 4.0	3.9	-42.456	\$153.00		-\$259.83	-\$6,235.94
P40 4.0	3.9	-410.595	\$164.00		-\$2,693.50	-\$64,644.08
P40 6.0	5.9	477.403		\$165.69	\$3,164.04	\$75,936.87
P40 6.0	5.9	-133.286	\$153.00		-\$815.71	-\$19,577.05
P40 6.0	5.9	-344.117	\$164.00		-\$2,257.41	-\$54,177.78
PP 4.0	3.9	190.199		\$130.69	\$994.28	\$23,862.82
PP 4.0	3.9	-13.958	\$119.00		-\$66.44	-\$1,594.56
PP 4.0	3.9	-176.241	\$129.00		-\$909.40	-\$21,825.69
Totals		4,108.127			\$908.12	\$21,794.81

Appendix 5 Waikare Forest-Cashflow Summary (April)

		2015	2016		Volume Totals
		February	March	April	
Volume	Owner Qty	1275.24	5270.59	4327.32	10873.16
	Tonnes	1206.69	5055.77	4286.28	10548.74
	Jas	1275.24	5059.13	3271.38	9605.75
	Weighbridge Qty	1206.69	4844.30	4050.77	10101.76
	Downgrade Qty			7.26	7.26
	Washup Volume	1275.24	2832.88		4108.13

Net Income		2015	2016		Net Income
		February	March	April	
Income	Log Sales	155,373.78	556,679.25	389,350.94	1,101,403.97
	Washup			22,702.93	22,702.93
Income Total		\$ 155,373.78	\$ 556,679.25	\$ 412,053.87	\$ 1,124,106.90
Harvesting	Cartage - Truck	36,804.05	153,883.73	129,310.26	319,998.03
	Establishment - harvesting	14,957.50	5,400.00	4,760.00	25,117.50
	Logging	39,820.77	163,033.96	137,077.38	339,932.11
	Logging - Hourly	7,240.00			7,240.00
	Weighbridge	663.68	2,664.37	1,578.34	4,906.38
Harvesting Total		\$ 99,485.99	\$ 324,982.05	\$ 272,725.98	\$ 697,194.02
Fees	FGC levy	344.32	1,423.06	1,168.38	2,935.75
	Management	6,214.95	22,276.75	15,574.04	44,065.74
	Management - Washup			908.12	908.12
Fees Total		\$ 6,559.27	\$ 23,699.81	\$ 17,650.53	\$ 47,909.61
Engineering	Corduroy		10,255.00	1,755.00	12,010.00
	Culverts	585.00	17,280.00	3,456.00	21,321.00
	Culverts - Freight		420.00		420.00
	Establishment - Engineering	4,530.00		3,200.00	7,730.00
	Landings	32,000.00	8,000.00	5,700.00	45,700.00
	Metal Lime		20,412.00		20,412.00
	Metal Rock			21,681.00	21,681.00
	New Roads		89,944.78	30,848.96	120,793.74
	Other	1,868.00		294.95	2,162.95
	Pads	8,505.00	5,670.00	5,670.00	19,845.00
	Pads - Deadman		2,800.00	740.00	3,540.00
	R&M			8,612.50	8,612.50
	Rehab - Drainage		2,520.00		2,520.00
	Rehab - Environmental		15,900.00	88.00	15,988.00
	Rehab - Skids/Pads			1,816.00	1,816.00
	Trucks - Cart & Spread		29,749.00	29,551.00	59,300.00
	Two Stage		4,440.00	3,260.00	7,700.00
	Upgrade Roads	56,386.00	3,888.00		60,274.00
Engineering Total		\$103,874.00	\$211,278.78	\$116,673.41	\$431,826.19
Miscellaneous	Consents	26,391.79			26,391.79
	Consumables	652.32			652.32
	Other	1,389.70	26.40	827.23	2,243.33
Miscellaneous Total		\$28,433.81	\$26.40	\$827.23	\$29,287.44
Net Income		(\$82,979.29)	(\$3,307.79)	\$ 4,176.71	(\$82,110.37)

Appendix 6 Waikare Harvest Map (Southern Harvest Plan)

