HARVESTING REPORT
DECEMBER 2015
WAIKARE FOREST PARTNERSHIP

WAIKARE ROAD

FMNZ
"Maximising the value of forests since 1974"

December Harvesting Report:

Summary

Road lining & clearfell harvest operations continued throughout December. The hauler production was concentrated on the end of Hil Road. The groundbased production crew progressed roadlining along Gillingham and Gardiner Roads. (See forest map attached as Appendix 4 and 5).

The road construction continued into compartment 3 towards Lake Waikare and up onto the area of the old Airstrip. These roads need to be formed now so they have time to settle in preparation for the winter months harvesting.

The recoverable volume for December totalled **6,641.84** units (JAS/Tonnes), returning log sales of **$792,964.75** excluding GST. (See Appendix 1, Harvesting Financial Summary). This month 11.6 ha was harvested, the recoverable volume to date averages 551.1T/ha.

Net revenue for the month of December totalled **$347,265.35** excluding GST. See Appendix 3, Waikare Forest - Cashflow Summary (December). The wash-up from the vessel Bunun Ace is included in this months' figures and is a very positive $86,876.92.

To date 102.3 ha has been harvested in total. Based on actual volume recovered and current grade outturn, using a forecast engineering cost of $8.50 per tonne and consent costs averaged over the whole forest, the projected return per hectare for the forest is ahead of the harvesting proposal. This is due to increased export prices this month and a large positive washup. Please see table below:

Budgeted Return per hectare	Projected Return per hectare	Hectares Harvested
$16,202.83	$19,688.69	102.3

The net income to date for the project overall is a positive of **$1,086,076.24**.

Expenditure

The total expenditure for December was **$536,196.20**. This was made up of the following:

Engineering

Engineering construction for the month saw the completion of
300 l/m of Farag Rd and 100 l/m of Gardiner Drive), 1 landing (42) and 1 hauler pad (47A). Several larger important culvert crossing have been installed this month.

Engineering Costs

		Total
December	Metal	$10,818.50
	Landings/Pads	$8,750.00
	R&M	$1,044.00
	Rehab	$3,643.00
	Road Construction	$35,226.16
	Metal Cart & Spread	$14,185.50
	Two Stage	$5,570.00
	Establishment	$1,285.00
	Other	$264.64
Total		**$80,786.80**

Table 1: Engineering

Figure 1: Culvert installation & landing 47 – Gardiner Drive

Harvesting

The logging cost for December totalled **$217,171.35** producing 6,559.89 merchantable tonnes. The average production rate was 386 tonne per day with an average harvesting cost of $33.11 per tonne for the month.

The total harvesting cost for the month is in table 2 below:

Harvesting Cost Summary

		Total
December	Logging	$217,171.35
	Logging Hourly	**$700.00**

Table 2: Harvesting cost

This month 11.6 ha was harvested, the recoverable volume averaged 566T/ha.

To date 102.3 ha has been cleared with an average recoverable volume of 551.1 T/ha. We anticipate the average recoverable volume for the project will continue to increase.

The harvest map below shows the December harvesting progress, this is also shown in Appendix 4.

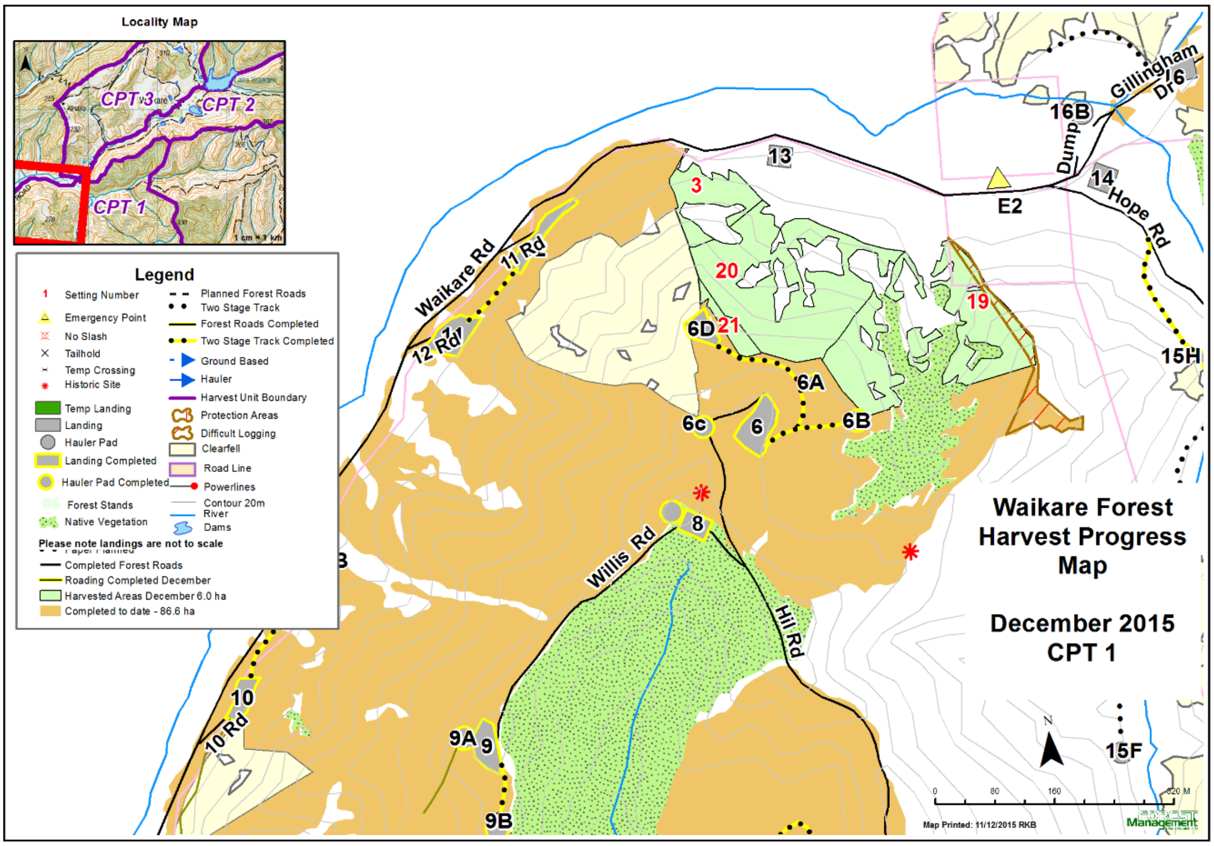


Figure 2: Waikare Progress Map Cpt 1

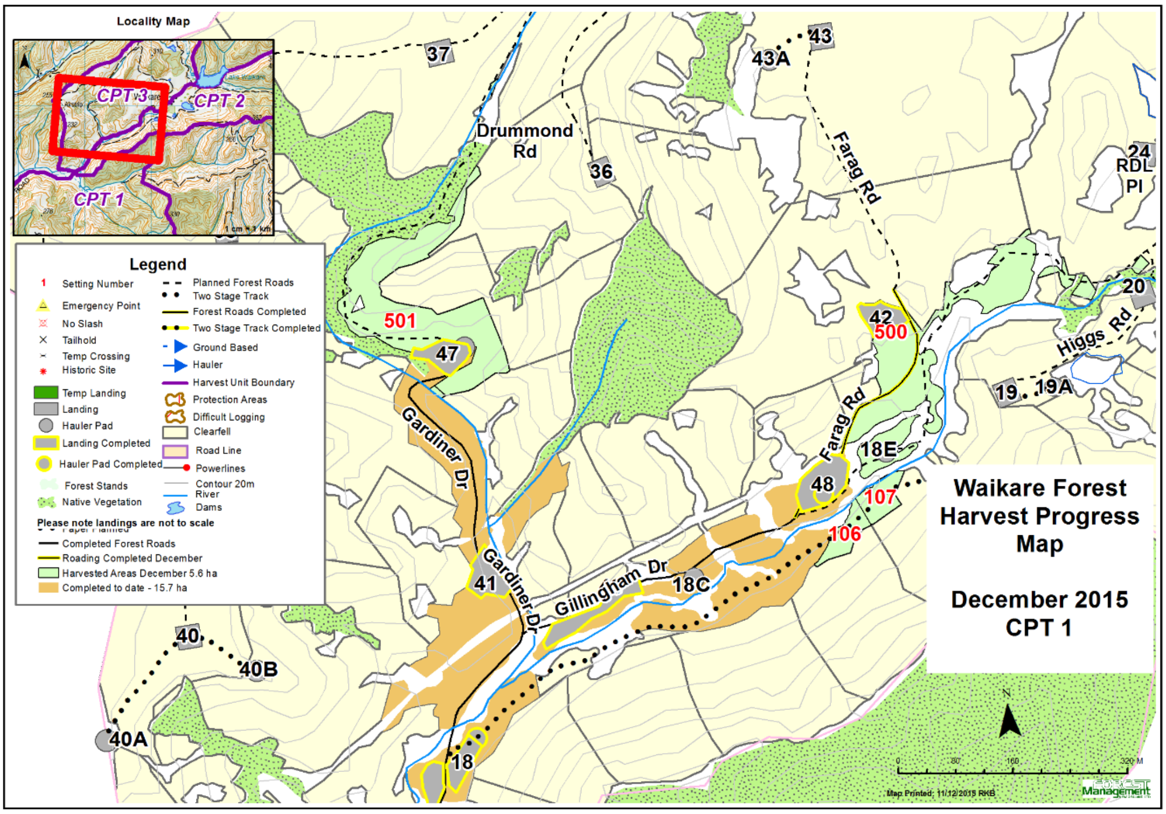


Figure 3 Progress Map Cpt 2 & 3

Cartage

Cartage expenditure for the month is summarised below in table 3:

Cartage Cost Summary

		Total
December	Cartage - Overweight loads	-$135.39
	Cartage - Truck	$194,225.61
	Weighbridge	$2,316.07
Total		**$196,406.29**

Table 3: Cartage

The average cartage cost for tonnes produced $29.61/tonne.

Fees and Levies

Management Fees and FGC levies are summarised in the chart below:

Fees and Levies Cost Summary

		Total
December	Management	$35,338.46
	FGC levy	$1,793.30
Total		**$37,131.76**

Table 4: Fee’s and Levies

Miscellaneous

Miscellaneous expenditure for the month totalled:

Miscellaneous Cost Summary

		Total
December	Security	$4,000.00

Table 5: Miscellaneous

This cost includes a security gate across the first container crossing into Compartments 2 & 3.

Revenue

Log Sales

Gross log sales for the month are summarised below in table 6:

Month	Customer	Units	QTY	Revenue
December	SNP	Jas	4389.311	$578,209.98
	TPINE	Tonnes	1631.29	$182,335.15
	WPI	Tonnes	621.24	$32,419.62
Total			**6641.841**	**$792,964.75**

Table 6: Domestic & Export sales

During December we continued to supply Taranaki Sawmills (TSM) both pruned and sawlogs from Waikare Forest. Export grades were sold via New Plymouth port through Summit New Zealand with all domestic pulp being sold on truck to Winstone Pulp International.

Log Markets

In December the domestic market has slipped behind the price for pruned and sawlogs over the export equivalent grades.

We have continued to meet our quarterly commitments to TSM (Domestic sawmill) with the remainder going to export. We will review this supply arrangement next month when the quarter prices are re-negotiated.

Continued low economic growth data and upcoming Chinese New Year celebrations are creating uncertainties for prices in the Chinese market moving forward. December inventories on Chinese ports are at 2.8mil m_3 which looks to be decreasing. This is due in part to the reduced supply from the Pacific North west with a current daily off take of -47,800m_3/day. It is estimated a further 1.9mill m_3 of logs is currently in transit destined for Chinese ports.

Grade Recovery

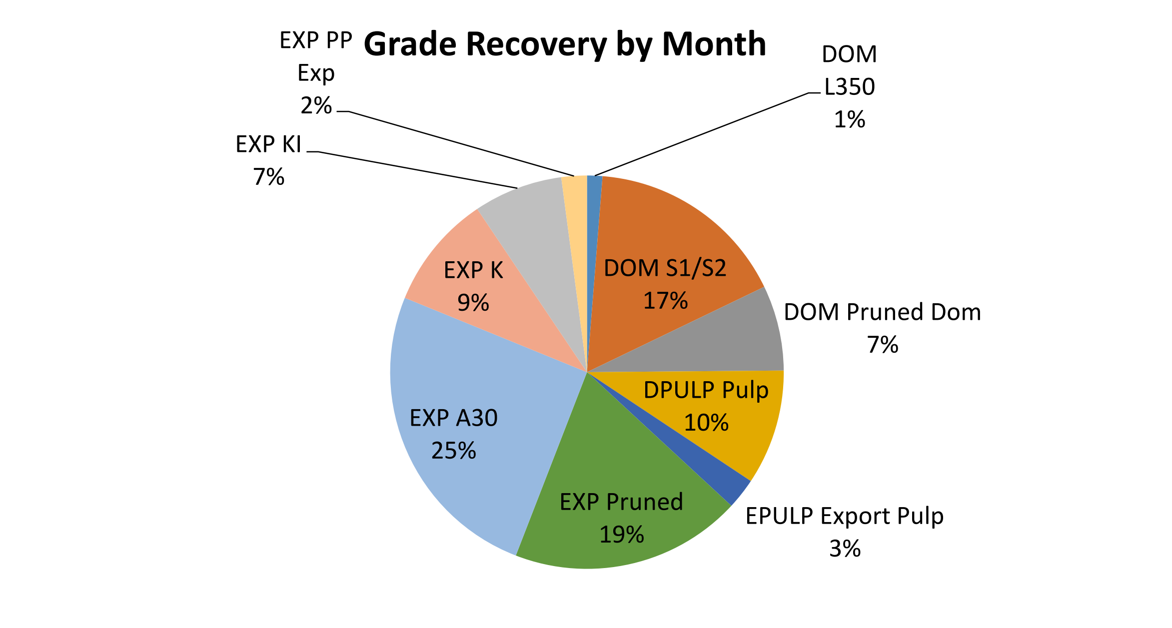


Chart 1: Grade Recovery by Month (December)

The grade recovery has remained similar over the month with the hauler harvest concentrated around landing six in the areas bordering the older windthrow harvesting carried out in 2012. Close monitoring is maintained on log quality to ensure maximum value.

A new A40 export grade was introduced in late December and is expected to assist in value recovery.

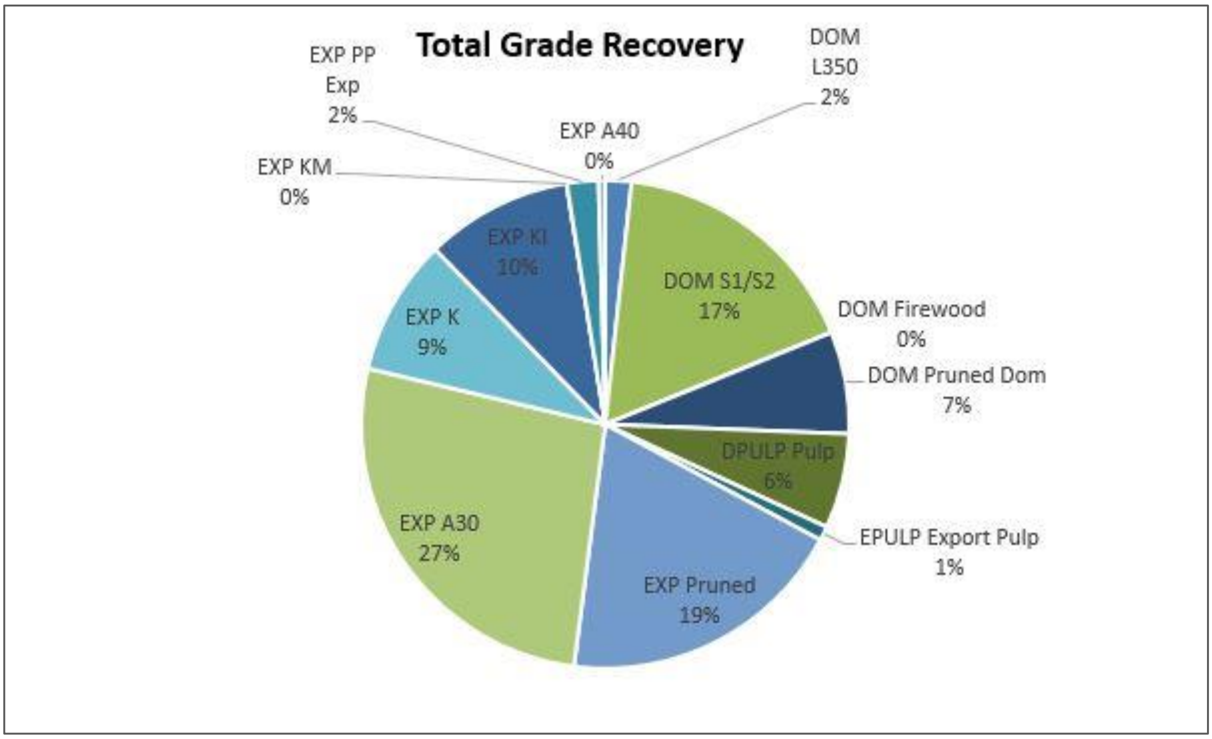


Chart 2: Total Grade Recovery (Project to date)

Shipping volume for last three vessels

The vessel Kaiti Hill completed loading **4,599.292** Jas m^3 at the Port of Taranaki on the 27th December.

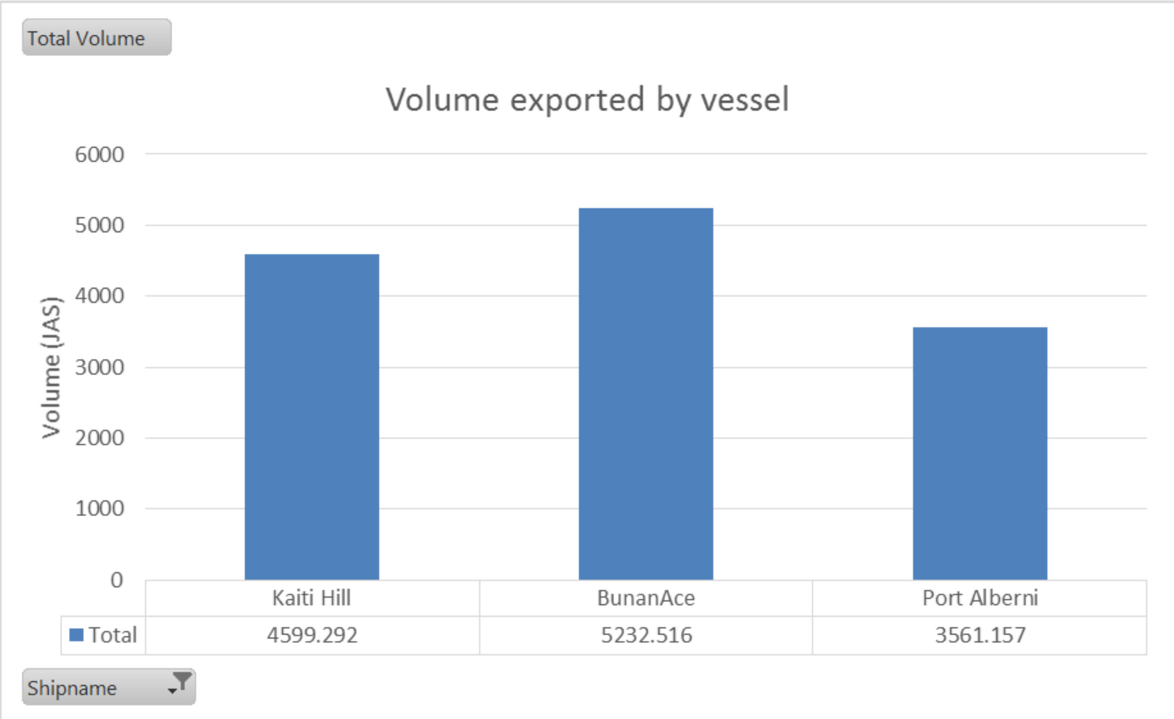


Chart 3: Last three vessels to leave Port of New Plymouth

The next ship due into port is the Belle Plaine (Second visit) due on 21st January 2016.
The wash-up for the Kaiti Hill vessel will be covered in the January report. We are expecting this to produce a positive result.

Net revenue for December and net project revenue is illustrated in table 8 below.

		Total
December	Net Monthly Income	$347,265.35
	Net income to date for project	$1,086,076.24

Table 7: Revenue

Kind Regards,

Ian Bell,
Harvesting Manager

Appendix 1 Harvesting Financial Summary

Harvesting Financial Summary

Waikare Forest Partnership

01/12/2015 to 31/12/2015

Paid to bank account # 02 0792 0001123 000

GST # 051 665 716

SALES					
Type	**Grade**	**Tonnes**	**Jas (m3)**	**Sales Price**	**Gross Revenue ($)**
Domestic					
Pruned Dom	P1	449.00		$164.00	$73,635.67
Pruned Dom	P1X	11.05		$123.00	$1,359.40
L350	B35	82.80		$87.00	$7,203.60
S1/S2	A300	1,088.44		$92.00	$100,136.48
TOTAL DOMESTIC SALES		**1,631.29**			**$182,335.15**
Domestic Pulp					
Pulp	Pulp	548.94		$53.00	$29,093.82
Pulp	PulpOS	72.30		$46.00	$3,325.80
TOTAL DOMESTIC PULP SALES		**621.24**			**$32,419.62**
Export					
PP Exp	PP 3.9		145.613	$137.00	$19,948.98
Pruned Exp	P30 3.9		143.119	$144.00	$20,609.14
Pruned Exp	P30 5.1		39.075	$144.00	$5,626.80
Pruned Exp	P30 5.9		73.931	$144.00	$10,646.06
Pruned Exp	P40 3.9		343.838	$188.00	$64,641.54
Pruned Exp	P40 5.1		317.018	$188.00	$59,599.38
Pruned Exp	P40 5.9		399.514	$188.00	$75,108.63
A30	A 3.8		804.965	$115.00	$92,570.98
A30	A 5.8		871.357	$115.00	$100,206.06
K	K 3.8		271.735	$108.00	$29,347.38
K	K 5.8		330.669	$108.00	$35,712.25
KI	KI 2.9		224.249	$101.00	$22,649.15
KI	KI 3.8		261.303	$101.00	$26,391.60
TOTAL EXPORT SALES			**4,226.386**		**$563,057.95**
Export Pulp					
Export Pulp	KIS 3.8		162.925	$93.00	$15,152.03
TOTAL EXPORT PULP SALES			**162.925**		**$15,152.03**
TOTAL		**2,252.53**	**4,389.311**		**$792,964.75**

WASHUP RECONCILIATION	
Income	$90,496.80
Management	$3,619.87
TOTAL WASHUP	$86,876.92

Harvesting Financial Summary (Continued)

FEES	
FMNZ Management Fee @ 4%	$31,718.59
TOTAL FEES	**$31,718.59**
LEVIES	
Forest Grower Commodity Levy @ $0.27	$1,793.30
TOTAL LEVIES	**$1,793.30**
COSTS	
Harvesting	$217,171.35
Cartage	$194,225.61
Weighbridge	$2,316.07
89.5 x Gap100C (Maxwell Quarry Inv-1976)	$1,379.25
89.5 x Gap100C #2 (Maxwell Quarry Inv-1976)	$1,379.25
Hyundai 290 establishment (CCL Inv-0032)	$1,285.00
Galv Coupling (Hynds Inv-020270394)	$196.00
Freight on coupling (Hynds Inv-020270394)	$100.00
Credit on galv pipe (Hynds Credit Note-222026088)	-$390.00
Culvert Polu 1000m x 6m x 3 (Hynds Inv-020274024)	$5,421.00
Culvert Farmboss x 20 (Hynds Inv-020273746)	$7,751.00
Gap100 C x 140 (Maxwell Inv-1987)	$2,170.00
Road Signs (SignItUp Inv-12843)	$264.64
Gap100 C x 300 (Maxwell Quarry Inv-1992)	$4,650.00
Duraduct Galv Pipe (Hynds Inv-020283314)	$1,380.00
Duraduct Galv Pipe (Hynds Inv-020283316)	$1,732.50
Freight on culvert (Hynds Inv-020283314)	$100.00
Culvert Poly 600mm x 6m (Hynds Inv-020285942)	$1,688.66
Gap100 C x 80 (Maxwell Quarry Inv-2013)	$1,240.00
Security Gate (Garmac Inv-15992)	$4,000.00
Culverts (RLF Inv-19585)	$240.00
Rail Iron (RLF Inv-19594)	$240.00
Concrete Bags (RLF Inv-0013)	$350.00
Spread shellrock (RLF Inv-0014)	$198.00
Shellrock stockpile (RPF Inv-0014)	$3,204.50
Spread shellrock (RLF Inv-0014)	$396.00
Shellrock stockpile (RLF Inv-0014)	$6,409.00
Steel Pipe (RLF Inv-19591)	$83.00
Initial spread (CCL Inv-0035)	$2,500.00
Initial Spread (CCL Inv-0035)	$1,478.00
Landing 42 (CCL Inv-0035)	$6,000.00
Pad 47a (CCL Inv-0035)	$2,750.00
Farag to landing 42 (CCL Inv-0035)	$7,800.00
1m to landing 47 (CCL Inv-0035)	$2,600.00
Grade (CCL inv-0035)	$208.00
Grade (CCL Inv-0035)	$416.00
Reinstate Road, soft spots (CCL Inv-0035)	$2,435.00
Grade/Roll (CCL Inv-0035)	$420.00
Install Corduroy (CCL Inv-0035)	$1,339.00
Install 1m crossing (CCL Inv-0035)	$1,760.00

Extra trees removed (CCL Inv-0035)	$700.00
Clear slip from 2 stage (CCL Inv-0035)	$1,120.00
Drainage (CCL Inv-0035)	$1,008.00
2 Stage (CCL Inv-0035)	$810.00
Clear Slash (CCL Inv-0035)	$270.00
Clear slash reshape (CCL Inv-0035)	$405.00
Install temp steel pipe (CCL Inv-0035)	$300.00
Tracking to road line (CCL Inv-0035)	$1,480.00
Slash Bench (CCL Inv-0035)	$1,660.00
Form access (CCL Inv-0035)	$2,160.00
Install 2 culverts (CCL Inv-0035)	$400.00
Credit on cartage (overweight trucks) (HLL Cr-0014)	-$135.39
TOTAL COSTS	**$499,064.44**
TOTAL FEES, LEVIES & COSTS	**$532,576.33**

NET INCOME CURRENT MONTH	**$347,265.34**
GST	**$52,089.80**
NET INCOME CURRENT MONTH (INCLUDING GST)	**$399,355.14**

Appendix 2 Waikare Forest (December Washup)

Forest Management NEW ZEALAND LTD

BUYER CREATED
TAX INVOICE
(IRD APPROVED)

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

Invoice Date : 31/12/2015
Invoice No.: 2051

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 31/12/2015 from Waikare Forest Partnership

Grade	Length	Volume Loaded	AWG Price	Final Price	Mgmt Fee	Amount
Forest :	**Waikare Forest Partnership**					
A	3.8	725.052		$132.86	$3,853.22	$92,477.19
A	3.8	-237.855	$99.00		-$941.91	-$22,605.74
A	3.8	-487.197	$119.00		-$2,319.06	-$55,657.39
A	5.8	873.134		$132.86	$4,640.18	$111,364.40
A	5.8	-404.749	$99.00		-$1,602.81	-$38,467.34
A	5.8	-468.385	$119.00		-$2,229.51	-$53,508.30
K	3.8	338.308		$125.86	$1,703.18	$40,876.27
K	3.8	-66.262	$91.00		-$241.19	-$5,788.65
K	3.8	-272.046	$111.00		-$1,207.88	-$28,989.22
K	5.8	370.310		$125.86	$1,864.29	$44,742.93
K	5.8	-130.830	$91.00		-$476.22	-$11,429.31
K	5.8	-239.480	$111.00		-$1,063.29	-$25,518.99
KI	2.9	332.919		$117.86	$1,569.51	$37,668.32
KI	2.9	-39.029	$83.00		-$129.58	-$3,109.83
KI	2.9	-293.890	$104.00		-$1,222.58	-$29,341.98
KI	3.8	404.586		$117.86	$1,907.38	$45,777.13
KI	3.8	-102.391	$83.00		-$339.94	-$8,158.51
KI	3.8	-302.195	$104.00		-$1,257.13	-$30,171.15
KIS	3.8	122.436		$110.86	$542.93	$13,030.32
KIS	3.8	-122.436	$97.00		-$475.05	-$11,401.24
P30	3.9	86.447		$155.86	$538.95	$12,934.68
P30	3.9	-86.447	$142.00		-$491.02	-$11,784.46
P30	5.1	144.728		$155.86	$902.29	$21,655.01
P30	5.1	-144.728	$142.00		-$822.06	-$19,729.32
P30	5.9	132.801		$155.86	$827.93	$19,870.43
P30	5.9	-132.801	$142.00		-$754.31	-$18,103.43
P40	3.9	339.714		$194.86	$2,647.87	$63,548.80
P40	3.9	-74.881	$181.00		-$542.14	-$13,011.32
P40	3.9	-264.833	$184.00		-$1,949.17	-$46,780.10
P40	5.1	300.708		$194.86	$2,343.84	$56,252.12
P40	5.1	-120.080	$181.00		-$869.38	-$20,865.10
P40	5.1	-180.628	$184.00		-$1,329.42	-$31,906.13
P40	5.9	1,009.502		$194.86	$7,868.46	$188,843.10
P40	5.9	-587.638	$181.00		-$4,254.50	-$102,107.98

BUYER CREATED
TAX INVOICE
(IRD APPROVED)

P40	5.9	-421.864	$184.00		-$3,104.92	-$74,518.06
PP	3.9	51.871		$147.86	$306.79	$7,362.86
PP	3.9	-51.871	$132.00		-$273.88	-$6,573.09
Totals		**5,232.516**			**$3,619.87**	**$86,876.92**

Forest Grower Commodity Levy	$0.00
Total Before GST	$86,876.92
GST	$13,031.54
Total of this Tax Invoice	**$99,908.46**

Paid to bank account No. 02 0792 0001123 000

Payment Due : 21/01/2016

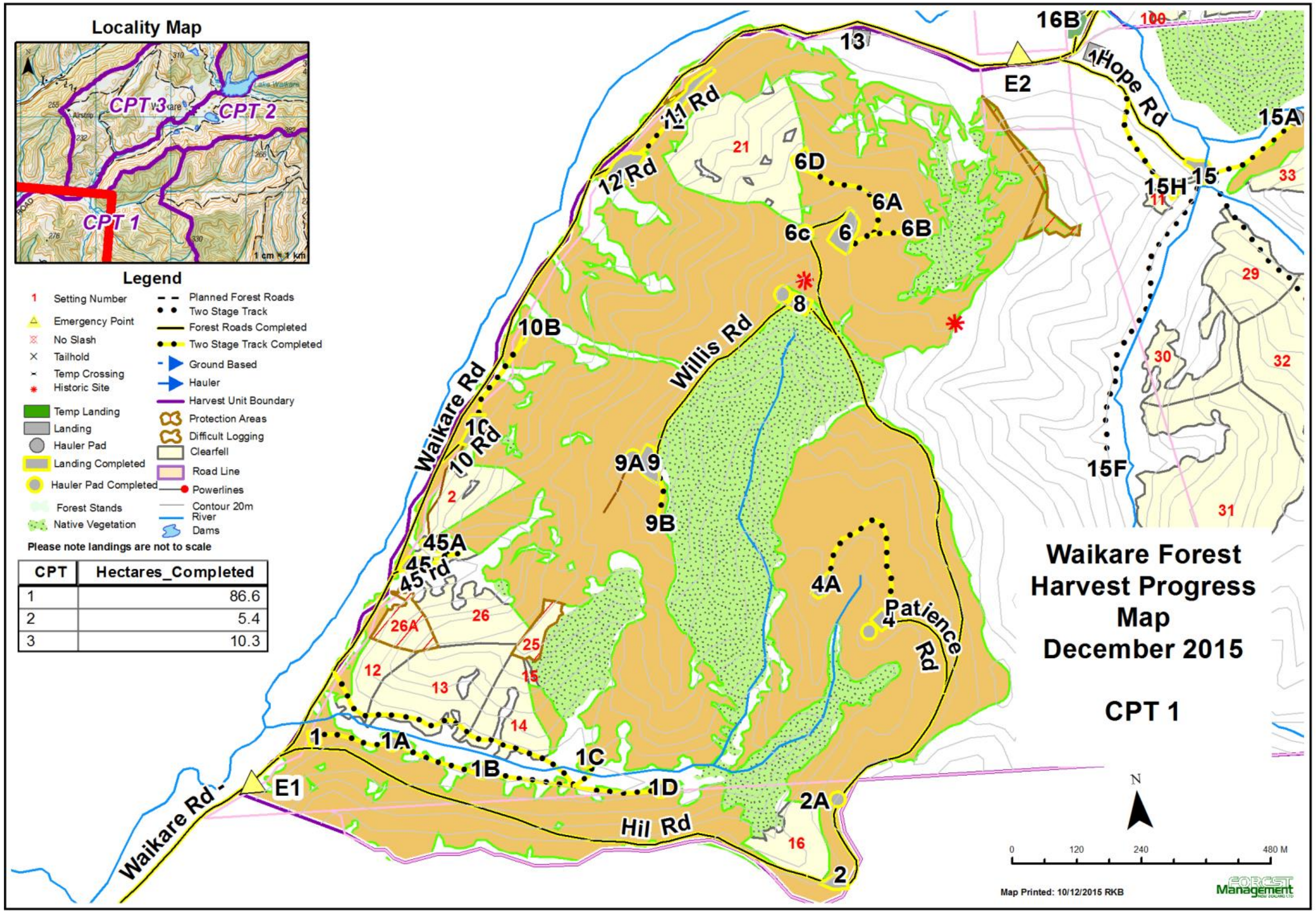
Appendix 3 Waikare Forest-Cashflow Summary (December)

Waikare Cashflow Summary

		2015	2016										Volume Totals
		February	March	April	May	June	July	August	September	October	November	December	
Volume	Washup Volume	1275.24	5054.26	3268.86	2127.49	1026.80		4673.10	3561.16	5494.50		5232.52	31713.93
	Downgrade Qty			7.26	23.76	7.62	11.05	5.13	1.56	32.74	15.19	11.05	115.37
	Jas	1275.24	5059.13	3271.38	2145.12	3277.49	3203.38	2881.39	3184.72	4030.09	5520.20	4389.31	38237.46
	Owner Qty	1275.24	5270.59	4327.32	3643.25	4824.08	5524.23	5217.59	5419.87	6463.85	7855.50	6641.84	56463.36
	Tonnes	1206.69	5055.77	4286.28	3694.69	4898.82	5657.21	5295.90	5501.63	6475.11	7746.00	6559.89	56377.99
	Weighbridge Qty	1206.69	4873.54	4050.77	3521.81	4902.29	5376.41	4826.00	4959.49	5961.99	7179.00	5938.65	52796.64

		2015	2016										Net Income
		February	March	April	May	June	July	August	September	October	November	December	
Income	Log Sales	155,373.78	556,679.25	389,350.94	402,863.86	518,364.34	607,305.05	553,579.73	549,832.82	747,206.45	956,984.25	792,964.75	$ 6,230,505.23
	Washup			22,713.65	(23,773.32)	9,860.68		14,283.62	(46,350.77)	53,483.93		90,496.80	$ 120,714.59
Income Total		$ 155,373.78	$ 556,679.25	$ 412,064.59	$ 379,090.54	$ 528,225.02	$ 607,305.05	$ 567,863.35	$ 503,482.05	$ 800,690.38	$ 956,984.25	$ 883,461.55	$ 6,351,219.82
Harvesting	Cartage - Overweight loads								$ 2,227.45	$ 207.84	$ 252.00	$ 135.39	$ 2,822.68
	Cartage - Trans Shipping								300.00				$300.00
	Cartage - Truck	36,804.05	153,883.73	129,310.26	109,237.38	145,349.08	166,060.09	155,439.57	162,838.95	191,625.59	229,562.76	194,225.61	$1,674,337.05
	Establishment - harvesting	14,957.50	5,400.00	4,760.00			3,400.00						$28,517.50
	Logging	39,820.77	163,033.96	137,077.38	118,812.93	161,328.75	181,615.17	166,306.50	181,714.25	216,366.45	259,770.00	217,171.35	$1,843,017.51
	Logging - Hourly	7,240.00				-						700.00	$7,940.00
	Weighbridge	663.68	2,687.17	1,578.34	1,373.51	1,911.89	2,097.19	1,882.14	1,934.20	2,325.18	2,799.81	2,316.07	$21,569.18
Harvesting Total		$99,485.99	$325,004.85	$272,725.98	$229,423.81	$308,589.72	$353,172.45	$323,628.21	$344,559.95	$410,109.38	$491,880.57	$414,277.64	$3,572,858.56
Fees	FGC levy	344.32	1,423.06	1,168.38	983.68	1,302.50	1,491.54	1,408.75	1,463.36	1,745.24	2,120.98	1,793.30	$15,245.11
	Management	6,214.95	22,276.75	15,574.04	16,114.55	20,759.83	24,291.99	22,143.19	21,993.31	29,888.26	38,279.37	31,718.59	$249,254.83
	Management - Washup			908.12	$ 960.51	394.08		584.43	$ 1,844.06	2,205.60		3,619.87	$ (4,907.53)
Fees Total		$6,559.27	$23,699.81	$17,650.53	$16,137.72	$22,456.41	$25,783.54	$24,136.37	$21,612.62	$33,839.10	$40,400.35	$37,131.76	$269,407.47
Engineering	Bidem					785.90			1,620.00				2,405.90
	Bridge Construction							28,530.00	6,981.00	8,998.80	398.02		$44,907.82
	Corduroy		10,255.00	1,755.00	8,180.25	800.00		3,967.50	1,920.00	8,857.00		1,339.00	37,073.75
	Culverts		17,280.00	3,456.00		8,736.00		5,802.00	2,956.00	9,936.68	8,111.65	18,250.50	74,548.83
	Culverts - Freight		420.00			900.00		100.00	130.00		280.00	2,801.66	4,631.66
	Establishment - Engineering	4,530.00		3,200.00					605.00			1,285.00	9,620.00
	Fluming				1,644.71	1,300.00		200.00	400.00				3,544.71
	Geotextiles					1,326.50					3,600.00		4,926.50
	Labour				240.00					600.00			840.00
	Landings	32,000.00	8,000.00	5,700.00	8,000.00		16,000.00	8,000.00	12,000.00	7,890.00	23,415.00	6,000.00	127,005.00
	Loadout Bay Metal									810.00			$810.00
	Metal Lime		20,412.00										20,412.00
	Metal Rock			21,681.00	28,404.00	18,495.00	30,523.50	25,892.00	31,841.00	15,657.50	10,710.50	10,818.50	194,023.00
	Other	1,868.00			2,401.14			242.60				264.64	4,776.38
	Pads	8,505.00	5,670.00	5,670.00	5,475.00	900.00	5,670.00	2,835.00		2,750.00	15,994.00	2,750.00	56,219.00
	Pads - Deadman		2,800.00	740.00	1,200.00	780.00		600.00	1,072.00	1,872.00	992.00		10,056.00
	R&M			8,612.50	16,940.50	6,282.00			2,910.00				34,745.00
	R&M - Culverts Maintenance						2,979.00	8,081.00		9,070.00			$20,130.00
	R&M - Event Cleanup					14,619.00	2,859.00		1,952.00				19,430.00
	R&M - Metal										360.00		$360.00
	R&M - Road Maintenance						4,080.00	5,170.00	6,240.00	2,880.00	800.00	1,044.00	$20,214.00
	Rehab									1,683.00			$1,683.00
	Rehab - Drainage	585.00	2,520.00			400.00			3,792.00	544.00	2,272.00	1,308.00	11,421.00
	Rehab - Environmental		15,900.00	382.95	1,280.00	1,320.00	88.00	88.00		4,008.00	3,104.00		26,170.95
	Rehab - Skids/Pads			1,816.00				1,210.00		10,944.00	5,344.00	2,335.00	21,649.00
	Road Formation		89,944.78	30,848.96	20,174.60	10,221.40	22,737.40	9,595.60	7,020.00	11,466.00	11,882.00	12,835.00	226,725.74
	Spread from stockpile					6,556.00	9,884.00	9,006.00	12,038.00	6,070.00	4,026.00	3,978.00	51,558.00
	Trucks - Cart & Dump					15,863.00	24,447.00	20,396.70	2,755.50	13,296.50	10,019.50	9,613.50	96,391.70
	Trucks - Cart & Spread		29,749.00	29,551.00	43,116.00	4,851.00	9,471.00	7,645.50	30,998.90	2,508.00		594.00	158,484.40
	Two Stage		4,440.00	3,260.00	14,687.00	1,088.00	5,451.00	1,780.00			2,308.00	5,570.00	38,584.00
	Upgrade Roads	56,386.00	3,888.00			1,564.00							61,838.00
Engineering Total		$103,874.00	$211,278.78	$116,673.41	$151,743.20	$96,787.80	$134,189.90	$139,141.90	$127,231.40	$119,861.48	$103,616.67	$80,786.80	$1,385,185.34
Miscellaneous	Consents	26,391.79				1,869.30		730.00					$28,991.09
	Consumables	652.32			118.60		835.80	45.50					$1,652.22
	Other	1,389.70	26.40	827.23	66.00	434.78	40.94		263.84				$3,048.89
	Security											($4,000.00)	$4,000.00
Miscellaneous Total		$28,433.81	$26.40	$827.23	$184.60	$2,304.08	$876.74	$775.50	$263.84			$4,000.00	$37,692.20
Net Income		($82,979.29)	($3,330.59)	$ 4,187.43	($18,398.79)	$ 98,087.01	$ 93,282.42	$ 80,181.37	$ 9,814.24	$ 236,880.42	$ 321,086.66	$ 347,265.35	$ 1,086,076.24

Appendix 4 Waikare Harvest Map (Southern Harvest Plan)



Appendix 5 – Harvest Progress Map