



HARVESTING REPORT
JANUARY 2016
WAIKARE FOREST PARTNERSHIP



WAIKARE ROAD

FMNZ

"Maximising the value of forests since 1974"

January Harvesting Report:

Summary

Road lining & clearfell harvest operations continued throughout January. The hauler production was concentrated on finishing settings along Hil Road.

The groundbased 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 old Airstrip.

The recoverable volume for January totalled **6,948.95** units (JAS/Tonnes), returning log sales of **\$875,627.49** excluding GST. (See Appendix 1, Harvesting Financial Summary). This month 14.8 ha was harvested, the recoverable volume to date averages 539.9T/ha.

Net revenue for the month of January totalled **\$253,592.78** excluding GST. See Appendix 3, Waikare Forest - Cashflow Summary (January). There has been no wash-up this month. The vessel Kaiti Hill washup along with that of the Belle Plaine will be included in the February report.

To date 117.1 ha has been harvested. Based on; actual volume recovered, current grade outturn, 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 the continued good log prices this month. Please see table below:

Budgeted Return per hectare	Projected Return per hectare	Hectares Harvested
\$16,202.83	\$20,125.89	117.1

The net income to date for the project overall is a positive of **\$1,339,669.02**.

Expenditure

The total expenditure for January was **\$622,034.71**. This was made up of the following:

Engineering

New road construction saw the completion of a further 297 l/m of Farag Rd, 736 l/m of Gardiner Rd and upgrade construction of 881 l/m of Gillingham Rd. Two new landings (43 & 22) and one hauler pad (43a) were also constructed this month.

Significant additional bulk earthworks was needed in areas where the carriageway width has been extended and the building up of the road to a culvert crossing in Gillingham Rd. End hauling was also undertaken in a section of Gardiner Road to ensure we were able to comply with the Resource Consent conditions.

A roller was established in the forest during late November (invoiced in January). This has been used to strengthen the formation and compaction of the primary metal coat used. We are initially using less metal as result but will continue to spread further layers to achieve the required CBR for winter use. (CBR– measure of the sub-grade's ability to withstand axle loadings).

A generally hot and dry January has enabled us to make good use of the favourable weather conditions for construction of new roads. We have made good progress and as long as the weather holds, will push on with road construction.

Engineering Costs

		Total
January	Metal	\$12,234.50
	Landings/Pads	\$23,645.00
	R&M	\$3,176.00
	Rehab	\$2,332.00
	Road Construction	\$72,142.65
	Metal Cart & Spread	\$14,933.50
	Two Stage	\$600.00
	Establishment	\$2,277.00
	Other	\$320.00
	Engineering	\$680.00
	Road Upgrade	\$15,858.00
Total		\$148,198.65

Table 1: Engineering



Figure 1: Area harvested at the Whare.



Figure 2: End hauling of Gardiner Road.

Harvesting

The logging cost for January totalled **\$231,168.90** producing 6,842.54 merchantable tonnes. The average production rate was 360 tonne per day with an average harvesting cost of \$33.78 per tonne for the month.

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

Harvesting Cost Summary

		Total
January	Logging	\$231,168.90
Total		\$231,168.90

Table 2: Harvesting cost

This month 14.8 ha was harvested. The recoverable volume averaged 462T/ha. This is less than last month's average due to harvesting 2ha of the 1998 ageclass which have a smaller piece size. The younger trees were harvested to let more light on the road.

To date 117.1 ha has been cleared with an average recoverable volume of 539.9 T/ha.

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

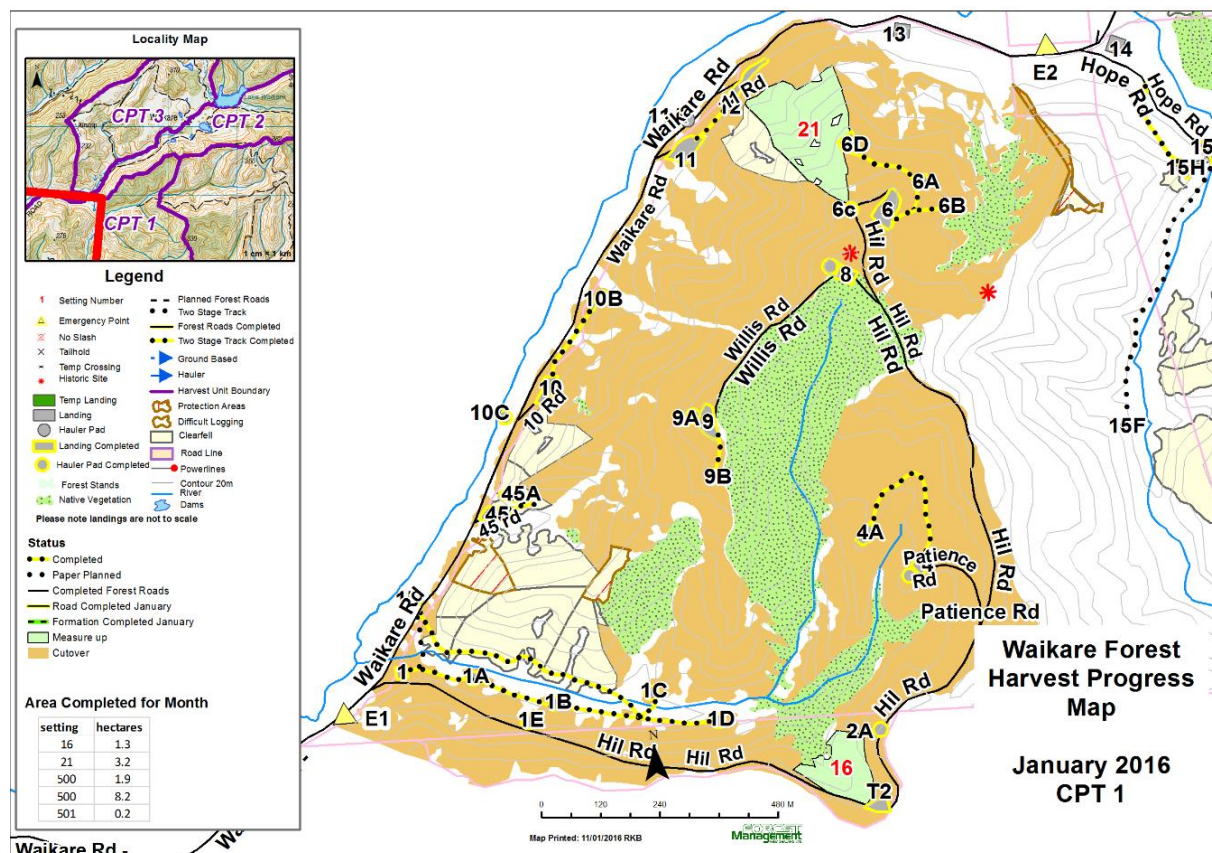


Figure 3: Waikare Progress Map Cpt 1

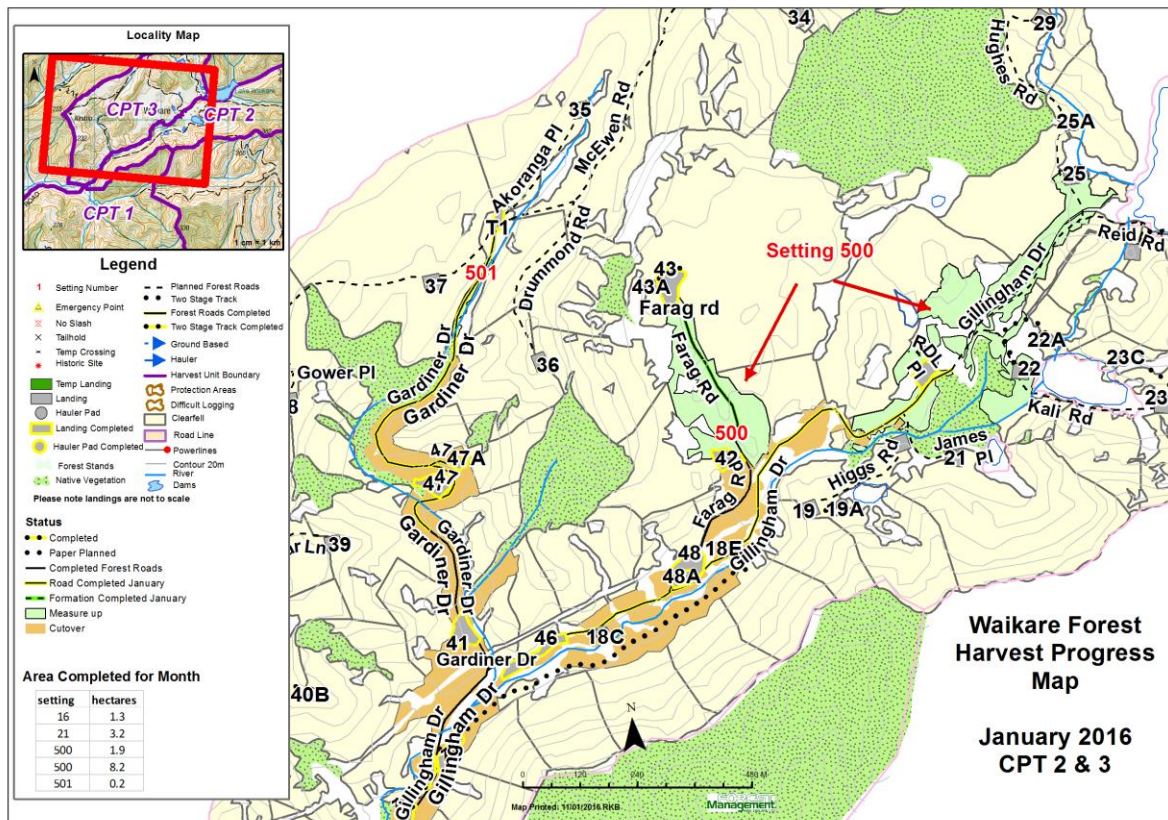


Figure 4: Progress Map Cpt 2 & 3

Cartage

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

Cartage Cost Summary

		Total
January	Cartage - Truck	\$203,155.45
	Weighbridge	\$2,506.95
Total		\$205,662.40

Table 3: Cartage

The average cartage cost for tonnes produced \$29.69/tonne.

Fees and Levies

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

Fees and Levies Cost Summary

		Total
January	Management	\$35,025.10
	FGC levy	\$1,876.22
Total		\$36,901.32

Table 4: Fees and Levies

Miscellaneous

Miscellaneous expenditure for the month totalled: Nil

Miscellaneous Cost Summary

		Total
January	Consumables	\$79.00
	Other	\$24.44
Total		\$103.44

Table 5: Miscellaneous

These costs included; Log Stencils & posts used for road signs.

Revenue

Log Sales

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

Gross Log Sales

Month	Customer	Units	QTY	Revenue
January	SNP	Jas	5527.295	\$737,653.34
	TPINE	Tonnes	1005.659	\$115,812.69
	WPI	Tonnes	416	\$22,161.46
Total			6948.954	\$875,627.49

Table 6: Domestic & Export sales

During January we reduced our supply to Taranaki Sawmills (TSM) to just A300 sawlogs from Waikare Forest. All pruned this quarter will now be sold as Export via Summit New Zealand through New Plymouth port. Pulp is currently sold on truck to Winstone Pulp International.

Log Markets

This quarter the decision was made to reduce our supply to TSM as the prices being offered were in some cases well below export equivalent grades. We are still supplying a reduced volume of A300 sawlogs, but have stopped pruned grades as mutually agreed. This reduced volume will ensure our continued access in to this important market through the expected dip in export returns over the winter.

Despite the reduced demand heading from China into the Chinese New Year, prices are holding up well. We are unlikely to see the build-up of log inventories due to the timing of the Holiday. The shipping rates are expected to remain low which will support the AWG pricing.

The January prices for pruned increased \$1/Jas m³ all other sawlog grades decreased by approximately \$2/Jas m³. The market is currently stable.

In late January China's central bank unexpectedly devalued the Yuan on continued low economic growth in China. Some economists believe the move indicates predictions of a weaker economic future and possible further devaluations. January inventories on Chinese ports are at 2.7mil m₃ which looks to be stable. This is due in part to the reduced supplies with a current daily off take of down to - 31,000m₃/day. It is estimated a further 1.99mill m₃ of logs is currently in transit destined for Chinese ports.

Grade Recovery

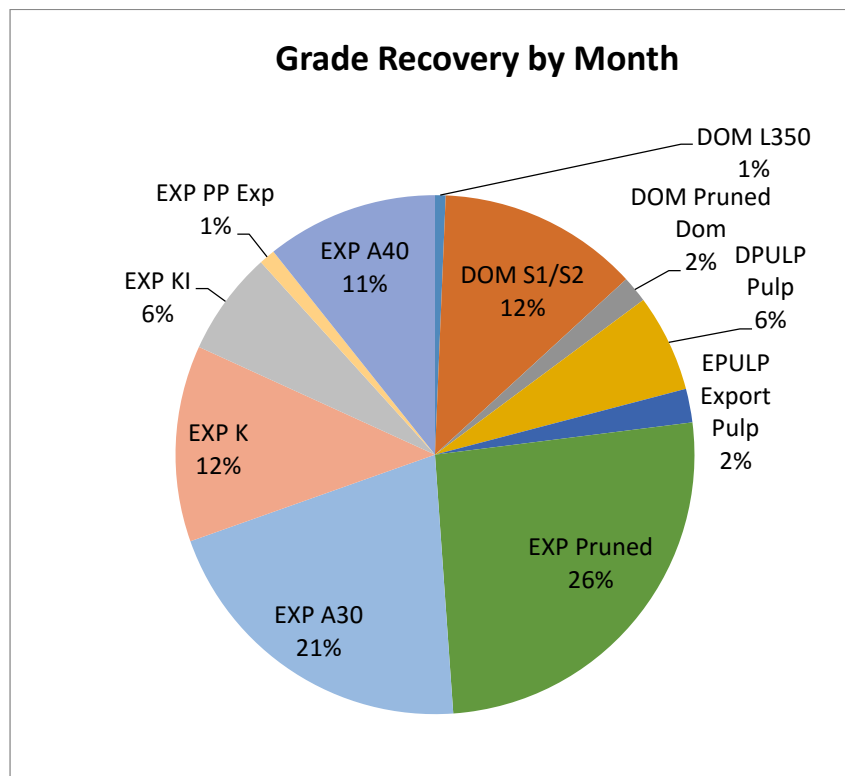


Chart 1: Grade Recovery by Month (January)

The grade recovery over the month has changed slightly with the variation to the cutplan with the corresponding reduction in domestic supply. The hauler concentrated around landing six with slightly better quality logs and increased stem size.

It can be a very fine line between pushing the specs to increase recovery and getting log rejects from customers. During January we did have some regrades with sed below spec meaning this wood was reduced to the next grade. Close monitoring is maintained on log quality to ensure maximum value is obtained.

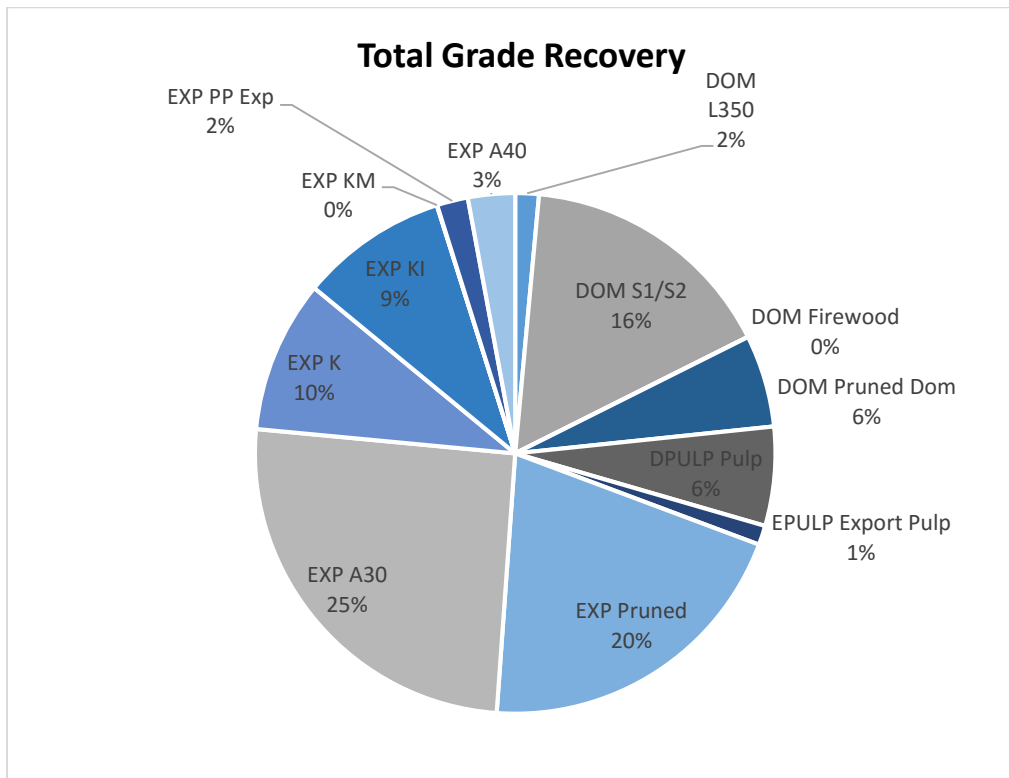


Chart 2: Total Grade Recovery (Project to date)

Shipping volume for last three vessels

The vessel Kaiti Hill loaded 4,599 Jas m₃ on the 27th December and the Belle Plaine (second visit), loaded 4,792 Jas m₃ at Port of Taranaki on the 22nd January.

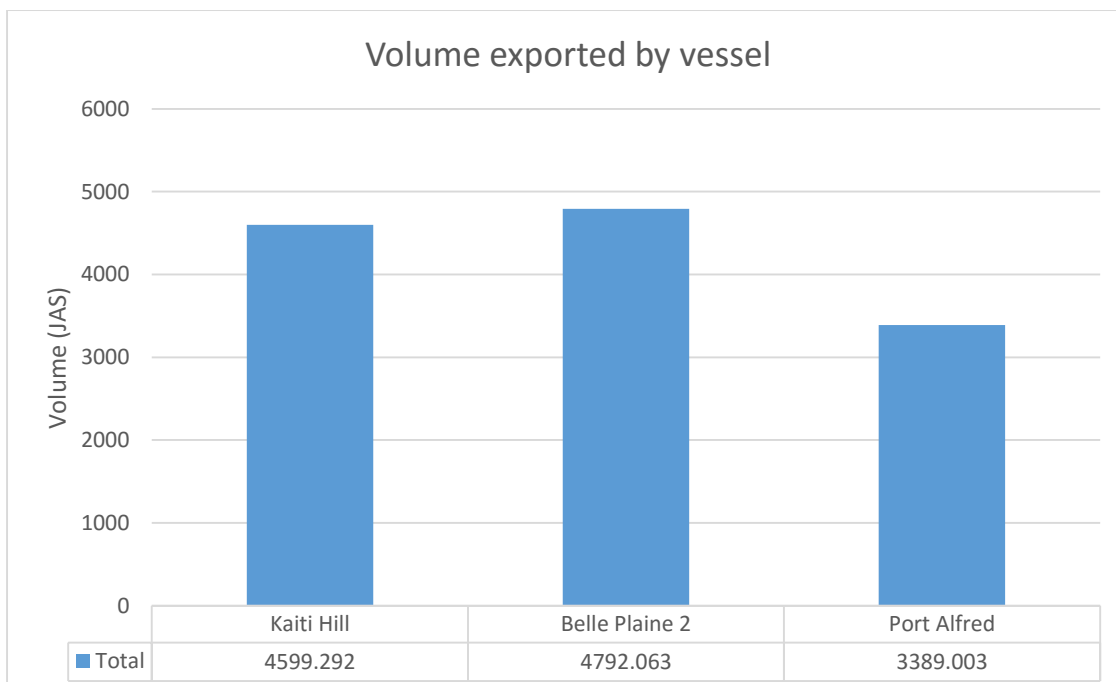


Chart 3: Last three vessels to leave Port of New Plymouth

The next ships due into port is the Port Alfred and Coos Bay due on 6th and 19th February respectively.

Washup

The wash-up for the Kaiti Hill & Belle Plaine vessels will be covered in the February report.

Unfortunately the Kaiti Hill vessel is now looking to be a negative washup of approximately \$12,000. This is due to higher than anticipated port costs as some of the stevedoring fell on a statutory holiday and a small but unexpected price for the December logs.

The final Belle Plaine washup data is not available at the time of this report however the markets seem to be stable which should produce a good result.

Net Revenue

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

		Total
January	Net Monthly Income	\$253,592.78
	Net income to date for project	\$1,339,669.02

Table 8: Revenue

Kind Regards,



Ian Bell,
Harvesting Manager

Appendix 1 Harvesting Financial Summary

	Harvesting Financial Summary Waikare Forest Partnership	01/01/2016 to 31/01/2016
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	105.20		\$180.00	\$18,936.54
Pruned Dom	P1X	7.56		\$135.00	\$1,020.20
L350	B35	45.10		\$93.00	\$4,194.30
S1/S2	A300	856.90		\$108.00	\$92,545.20
TOTAL DOMESTIC SALES		1,014.76			\$116,696.23

Domestic Pulp					
Pulp	Pulp	372.78		\$54.00	\$20,130.12
Pulp	PulpOS	43.22		\$47.00	\$2,031.34
TOTAL DOMESTIC PULP SALES		416.00			\$22,161.46

Downgrade					
Downgrade	Dom Reject	-6.62		\$93.00	-\$616.03
Downgrade	Dom Reject	-2.48		\$108.00	-\$267.52
TOTAL DOWNGRADE SALES		-9.10			-\$883.55

Export					
PP Exp	PP 3.9		75.665	\$131.00	\$9,912.12
Pruned Exp	P30 3.9		181.052	\$145.00	\$26,252.54
Pruned Exp	P30 5.1		113.788	\$145.00	\$16,499.26
Pruned Exp	P30 5.9		103.224	\$145.00	\$14,967.48
Pruned Exp	P40 3.9		346.035	\$189.00	\$65,400.62
Pruned Exp	P40 5.1		460.356	\$189.00	\$87,007.28
Pruned Exp	P40 5.9		659.399	\$189.00	\$124,626.41
A30	A 3.8		693.589	\$113.00	\$78,375.56
A30	A 5.8		731.903	\$113.00	\$82,705.04
A40	AO 3.8		769.413	\$117.00	\$90,021.32
K	K 3.8		323.946	\$106.00	\$34,338.28
K	K 5.8		474.163	\$106.00	\$50,261.28
KI	KI 2.9		240.441	\$98.00	\$23,563.22
KI	KI 3.8		211.391	\$98.00	\$20,716.32
TOTAL EXPORT SALES			5,384.365		\$724,646.71

Export Pulp					
Export Pulp	KIS 3.8		142.930	\$91.00	\$13,006.63
TOTAL EXPORT PULP SALES			142.930		\$13,006.63

Harvesting Financial Summary (Continued)

TOTAL	1,421.66	5,527.295	\$875,627.49
FEES			
FMNZ Management Fee @ 4%			\$35,025.10
TOTAL FEES			\$35,025.10
LEVIES			
Forest Grower Commodity Levy @ \$0.27			\$1,876.22
TOTAL LEVIES			\$1,876.22
COSTS			
Harvesting			\$231,168.90
Cartage			\$203,155.45
Weighbridge			\$2,506.95
Road Sign Posts (Tumu Inv-181841)			\$24.44
Gap100 C x 220 (Maxwell Quarry Inv-2023)			\$3,410.00
Railway Irons (Beacon Hill Inv 26116)			\$200.00
Gap100C - Gardiner Road (Maxwell Quarry Inv-2031)			\$2,976.00
Gap100C - Gillingham Road (Maxwell Quarry Inv-2031)			\$1,984.00
20 x 442mm culverts (Hynds Inv-020300371)			\$8,175.00
600mm Dia Culverts (Hynds Inv-020300369)			\$6,754.65
Log Stencils (Aqua Jet Inv-4612)			\$79.00
Metal (Maxwell Quarry Inv-2039)			\$3,864.50
Culverts - Gardiner road (Aquatuff Inv-792)			\$546.00
Culverts - Gillingham road (Aquatuff Inv-792)			\$234.00
Culverts - Gillingham (RLF Inv-1014)			\$175.00
Culverts - Gardiner (RLF Inv-1014)			\$175.00
Cart and spread (RLF Inv-1014)			\$5,626.50
Cart & dump (RLF Inv-1014)			\$6,583.00
Skid 48 - Old House (CCL Inv-0036)			\$15,858.00
290 Additional Bulk earthworks (CCL Inv-0036)			\$3,240.00
D9 additional bulk earthworks (CCL Inv-0036)			\$3,429.00
Skid 47 temp intersection (CCL Inv-0036)			\$19,136.00
Skid 42-43 (CCL Inv-0036)			\$7,722.00
Landing 43 (CCL Inv-0036)			\$6,000.00
Pad 43a (CCL Inv-0036)			\$2,750.00
Landing 22 (CCL Inv-0036)			\$6,000.00
Initial Spread - Gillingham (CCL Inv-0036)			\$1,362.00
Initial spread - Gardiner (CCL Inv-0036)			\$1,362.00
Culverts Bulk Purchase (CCL Inv-0036)			\$7,875.00
Culverts Bulk Purchase Gardiner (CCL Inv-0036)			\$7,875.00
Deadman pad 2 & 1B (CCL Inv-0036)			\$3,000.00
Clear track (CCL Inv-0036)			\$600.00
Crossing near skid 48 (CCL Inv-0036)			\$500.00
Temp tap spring (CCL Inv-0036)			\$300.00
290 - Endhaul (CCL Inv-0036)			\$3,380.00
2 trucks - endhaul (CCL Inv-0036)			\$2,940.00
Gardiner/Dickie way landings (CCL Inv-0036)			\$400.00

Harvesting Financial Summary (Continued)

2nd Crossing - 600mm (CCL Inv-0036)	\$600.00
Spring - Gillingham (CCL Inv-0036)	\$320.00
Clear slips, repair 1m (CCL Inv-0036)	\$496.00
3rd Crossing (CCL Inv-0036)	\$432.00
Deadmen pad 1B (CCL Inv-0036)	\$392.00
Temp - house (CCL Inv-0036)	\$999.00
Enlarge skid 24 (CCL Inv-0036)	\$2,079.00
D9 Gardiner/Dickie intersection (CCL Inv-0036)	\$2,025.00
Grader shape road metal - Gillingham (CCL Inv-0036)	\$624.00
Grader shape road metal - Farag (CCL Inv-0036)	\$160.00
Grader shape road metal (CCL Inv-0036)	\$432.00
Roll metal - Gardiner (CCL Inv-0036)	\$1,176.00
Roll metal - Gillingham (CCL Inv-0036)	\$288.00
Dig out, roll out soft spots (CCL Inv-0036)	\$486.00
Roller establishment (CCL Inv-0036)	\$2,277.00
Clean watertables (CCL Inv-0036)	\$180.00
2nd Container crossing maintenance (CCL Inv-0036)	\$480.00
Bidim and fluming (CCL Inv-0036)	\$320.00
TOTAL COSTS	\$585,133.39
TOTAL FEES, LEVIES & COSTS	\$622,034.71
NET INCOME CURRENT MONTH	\$253,592.78
GST	\$38,038.92
NET INCOME CURRENT MONTH (INCLUDING GST)	\$291,631.70

Appendix 2 Waikare Forest (January Washup)

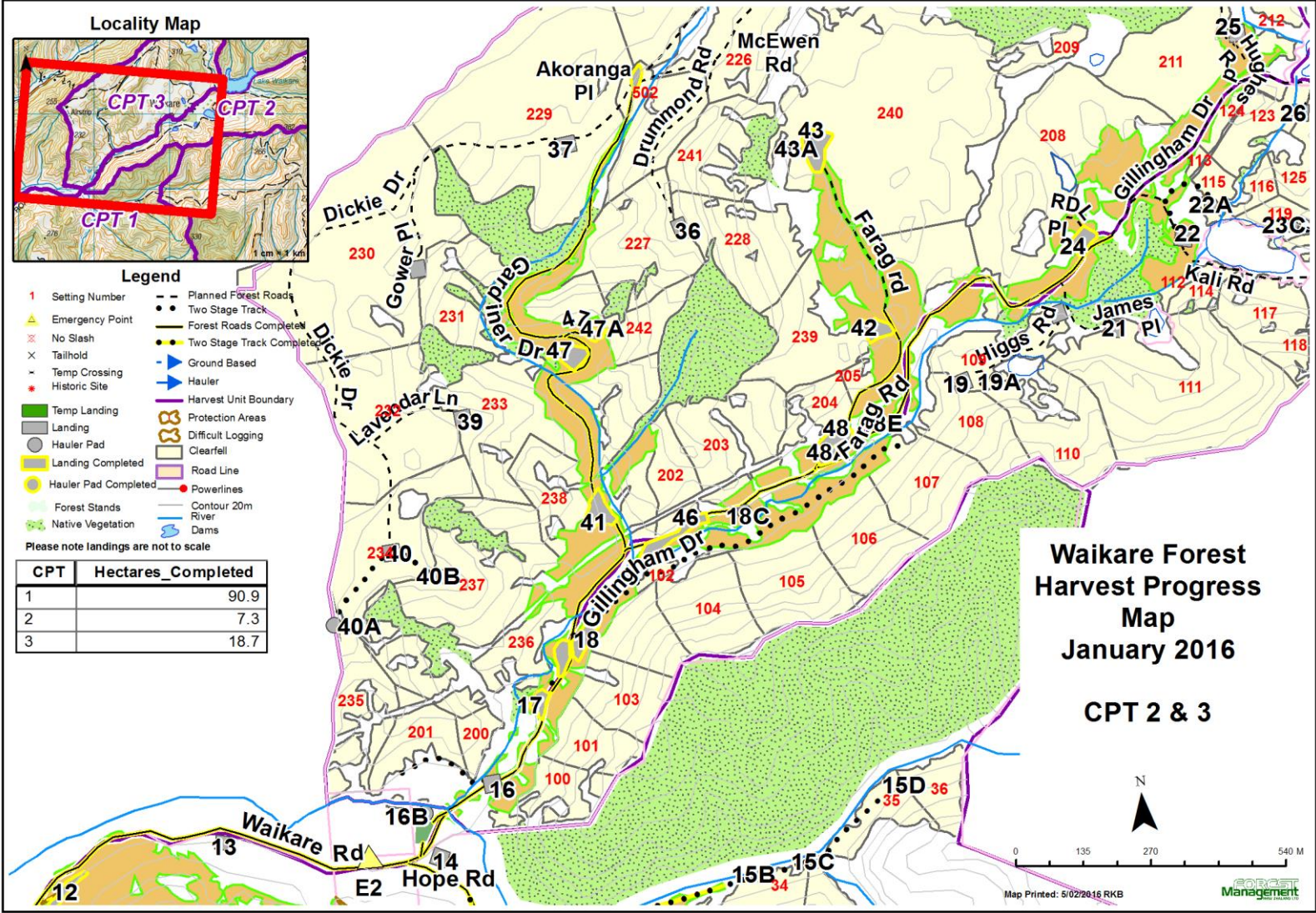
No washup this month.

Appendix 3 Waikare Forest-12 month Cashflow Summary Yr end 2016 (January)

	2016												Grand Total
	March	April	May	June	July	August	September	October	November	December	January		
Quantity	JAS Sold	5059.127	3271.382	2145.119	3277.493	3203.38	2881.394	3184.717	4030.088	5520.204	4389.311	5527.295	42489.51
	Tonnes Harvested	5055.768	4286.28	3694.69	4898.82	5657.21	5295.9	5501.63	6475.11	7746	6559.89	6842.54	62013.838
	Tonnes Weighed	4873.542	4050.7723	3521.81	4902.29	5376.4056	4826	4959.49	5961.99	7179	5938.65	6426.54	58016.4899
	Washup JAS	4839.504	3227.766	2176.05	1028.767		4847.227	3659.712	5596.53		5150.446		30526.002
	Owner Units Paid	5270.593	4327.322	3643.253	4824.082	5524.23	5217.585	5419.87	6463.848	7855.495	6641.841	6948.954	62137.073
	Hectares Harvested	13.6	6.2	9.4	6.5	8.6	8.6	9.5	16.1	11.2	11.6	14.8	116.1

		2016												Grand Total
		March	April	May	June	July	August	September	October	November	December	January		
Income	Log Sales	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	875,627.49	6,950,758.94	
	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		\$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	\$875,627.49	\$7,071,473.53	
Harvesting	Cartage	156,570.90	130,888.60	110,610.88	147,260.97	168,157.28	157,321.71	162,845.70	193,742.93	232,110.57	196,406.29	205,662.40	1,861,578.23	
	Establishment	5,400.00	4,760.00			3,400.00							13,560.00	
	Logging	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	217,871.35	231,168.90	2,035,065.64	
Harvesting Total		\$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	\$436,831.30	\$3,910,203.87	
Fees	FGC levy	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	1,876.22	16,777.01	
	Management	22,276.75	16,482.16	15,154.04	21,153.91	24,291.99	22,727.62	20,149.25	32,093.86	38,279.37	35,338.46	35,025.10	282,972.51	
Fees Total		\$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	\$36,901.32	\$299,749.52	
Engineering	Engineering						28,530.00	6,981.00	8,998.80	398.02		680.00	45,587.82	
	Establishment		3,200.00					605.00			1,285.00	2,277.00	7,367.00	
	Landings/Pads	16,470.00	12,110.00	14,675.00	1,680.00	21,670.00	11,435.00	13,072.00	12,512.00	40,401.00	8,750.00	23,645.00	176,420.00	
	Metal	20,412.00	21,681.00	28,404.00	18,495.00	30,523.50	25,892.00	31,841.00	16,467.50	10,710.50	10,818.50	12,234.50	227,479.50	
	Metal Cart & Spread	29,749.00	29,551.00	43,116.00	27,270.00	43,802.00	37,048.20	45,792.40	21,874.50	14,045.50	14,185.50	14,933.50	321,367.60	
	Other		2,641.14				242.60		600.00		264.64	320.00	4,068.38	
	R&M		8,612.50	16,940.50	20,901.00	9,918.00	13,251.00	11,102.00	11,950.00	1,160.00	1,044.00	3,176.00	98,055.00	
	Rehab	18,420.00	2,198.95	1,280.00	1,720.00	88.00	1,298.00	3,792.00	17,179.00	10,720.00	3,643.00	2,332.00	62,670.95	
	Road Construction	117,899.78	36,059.96	29,999.56	24,069.80	22,737.40	19,665.10	14,046.00	30,279.68	23,873.65	35,226.16	72,142.65	425,999.74	
	Road Upgrade	3,888.00			1,564.00							15,858.00	21,310.00	
	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	600.00	39,184.00	
Engineering Total		\$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	\$148,198.65	\$1,429,509.99	
Miscellaneous	Consents				1,869.30		730.00						2,599.30	
	Consumables			118.60		835.80	45.50					79.00	1,078.90	
	Other	26.40	827.23	66.00	434.78	40.94		263.84				24.44	1,683.63	
	Security										4,000.00		4,000.00	
Miscellaneous Total		\$26.40	\$827.23	\$184.60	\$2,304.08	\$876.74	\$775.50	\$263.84			\$4,000.00	\$103.44	\$9,361.83	
Grand Total		-\$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	\$253,592.78	\$1,422,648.32	

Appendix 4 Waikare Harvest Map (Northern Harvest Plan)



Appendix 5 – Harvest Progress Map

