Murray Creek Dairy Farm Limited

ANNUAL REPORT 2016/2017

ROGER DICKIE
NEW ZEALAND

TABLE OF CONTENTS

DIRECTORS ANNUAL REPORT

The 2016/2017 season saw our Variable Order Sharemilkers Jason & Sandy Herrick achieve record production of 406,351kgMS. This production was up 12.9% on the 360,000kgMS target and 9% ahead of the previous year.

The final payout announced by Open Country Dairy (OCD) was $6.06/kgMS, much higher than the payout levels we have experienced for the last two years. Jason & Sandy once again achieved excellent milk quality and received a Milk Quality Certificate with an average Somatic Cell Count of 127,691; well below OCD's target of 150,000. This achievement meant that we were guaranteed all eight cents of the quality portion of the payout.

This outstanding effort for milk quality ranked the farm 63rd amongst Southland Open Country Dairy Suppliers. We would like to congratulate Jason & Sandy on this achievement; it is a fantastic reflection of their diligence within the cow shed and the care that their team take with animal health, especially with a large herd.

As at balance date, the term loan had a balance of $2,629,802, and the interest rate for the term loan was 3.36%. Though there is an overdraft facility available to Murray Creek at an interest rate of 7.67%, the directors resolved to operate at a zero balance and take advantage of the more favourable term loan interest rate, by drawing down from the available funds when needed. By taking this approach meant that Murray Creek did not utilise the available overdraft facility.

A valuation of all land & buildings and stock was completed by Logan Stone Limited and PGG Wrightson- Limited for the financial year and summary documents are included in this annual report. Murray Creek was given a total value of $11,509,615, being made up of land and buildings of $9,620,000 and all stock at $1,889,615. It should be noted that this is a drop in value of $797,405 from the previous financial year. As the dairy industry begins to recover we are confident that the asset value will increase in the coming seasons.

The share value for Murray Creek from the current accounts gives a net asset backing value of $1.26 per share.

For the 2016/2017 season the farm working expense (FWE) were $4.10 / kgMS. With record production and a good milk price Murray Creek has finished the season with a cash surplus of $748,444, which is a good result. The directors intend to pay a cash dividend of $505,300 be paid to shareholders. This equates to 6.2 cents per share plus imputation credits (Please note imputation credits only apply to New Zealand shareholders).

The total capital expenditure for the year was $14,276.00. This was comprised of the purchase of a grader blade for the tractor, to help maintain the tracks and laneways for $1,400 and $12,876 to replace the boiler, hotwater cylinder and diesel burner for the sharemilkers house.

This year also saw Richard Bourne and Kate Murdoch host another successful bi-annual Shareholders visit to Murray Creek. The bi-annual visit gives our shareholders the opportunity to visit the farms and meet our sharemilker. We received very positive feedback from those that attended and they expressed how much the presentation of the farm had improved since the last visit, two years ago and that it was great to see that Jason & Sandy show such a great passion for the property.

I would like to take this opportunity to thank my fellow Directors Jeff Whitlock and Stephen Barr, our Variable Order Sharemilkers Jason & Sandy Herrick and farm consultant Jack Ballam for their contributions over the past year.

Farm Update – Current Season

The production forecast for the 2017/2018 season has been set at 390,000 kgMS. Jason & Sandy have the cows milking very well and are currently 3.4% ahead of target for the season.

For the current season, Open Country Dairy has forecast a milk price for the 2017/2018 season of $6.25 - $6.55. As milk prices are starting to show stability we have established a maintenance schedule for the next three years to ensure we continue to improve the quality of the farm. The directors have made the decision to install a Protrack automatic drafting system. LIC who operate the systems are offering a twenty month interest free payment terms, which the directors have taken advantage of. They have also decided to extend the effluent irrigation system above the cowshed. By doing this will enable effluent to be spread throughout the milking season, which we currently can’t do while we water irrigate.

In a move to minimise the impact on the farm business the directors have agreed to continue no principal payments for the 2017/2018 season and stay with interest only repayments. We have also refinanced the loan with a new interest rate for the loan of 3.31%.

I look forward to seeing you at the AGM.

Kind Regards

Roger Dickie
Director
Murray Creek Dairy Farm Limited

VOSM ANNUAL REVIEW – Jason & Sandy Herrick

This has been an exceptional season on Murray Creek, with all the development we have done over the past two years starting to show good results. Production for the farm has seen a dramatic increase, setting new record production for the farm.

Overall the season has seen many increases across the board in better calving results, mating results and better growth rates in the young stock. We are in a much better position and hopefully we now have the farm in a much more sustainable position for the future. With the approval of a few more improvements with the installation of Protrack and effluent upgrade, it gives us as sharemilkers the flexibility to push this farm to the next level.

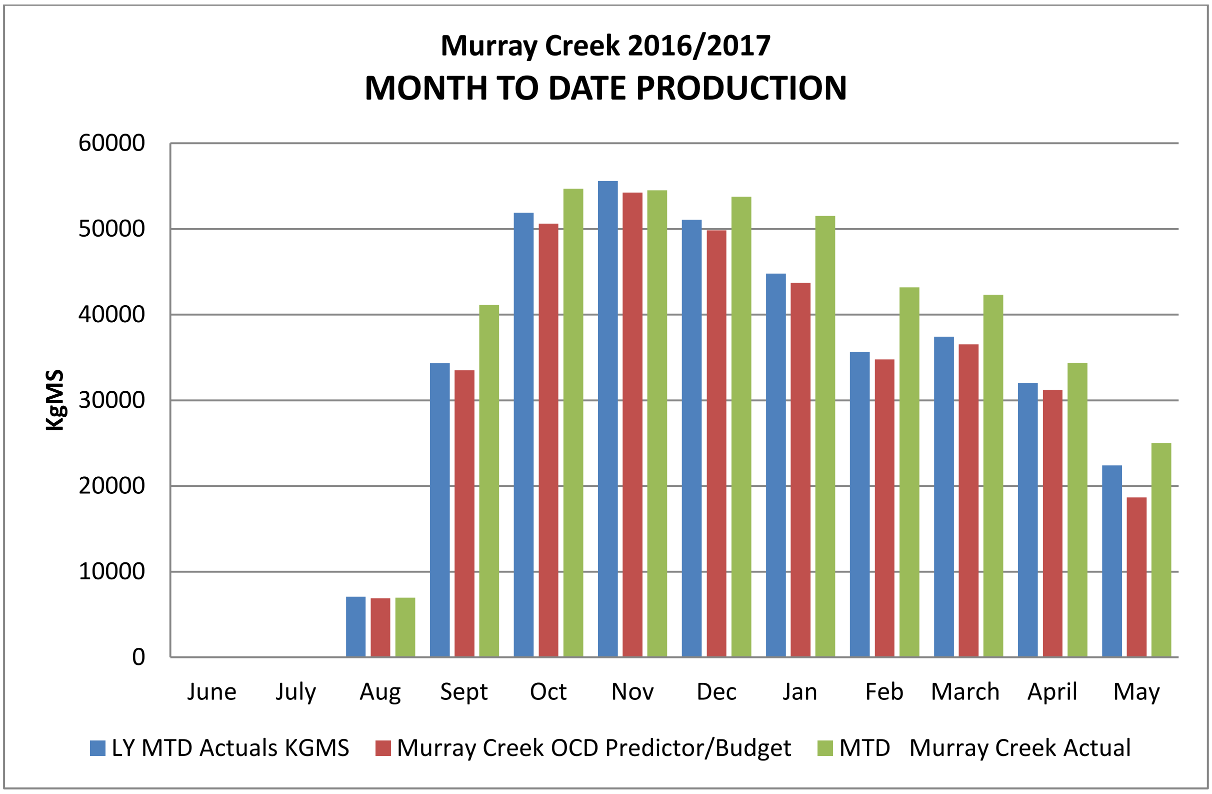
With the continued support from farm advisor Jack Ballam and farm administrator Kate Murdoch in the head office makes our job so much easier. Going forward we are excited about the possibilities this farm can achieve.

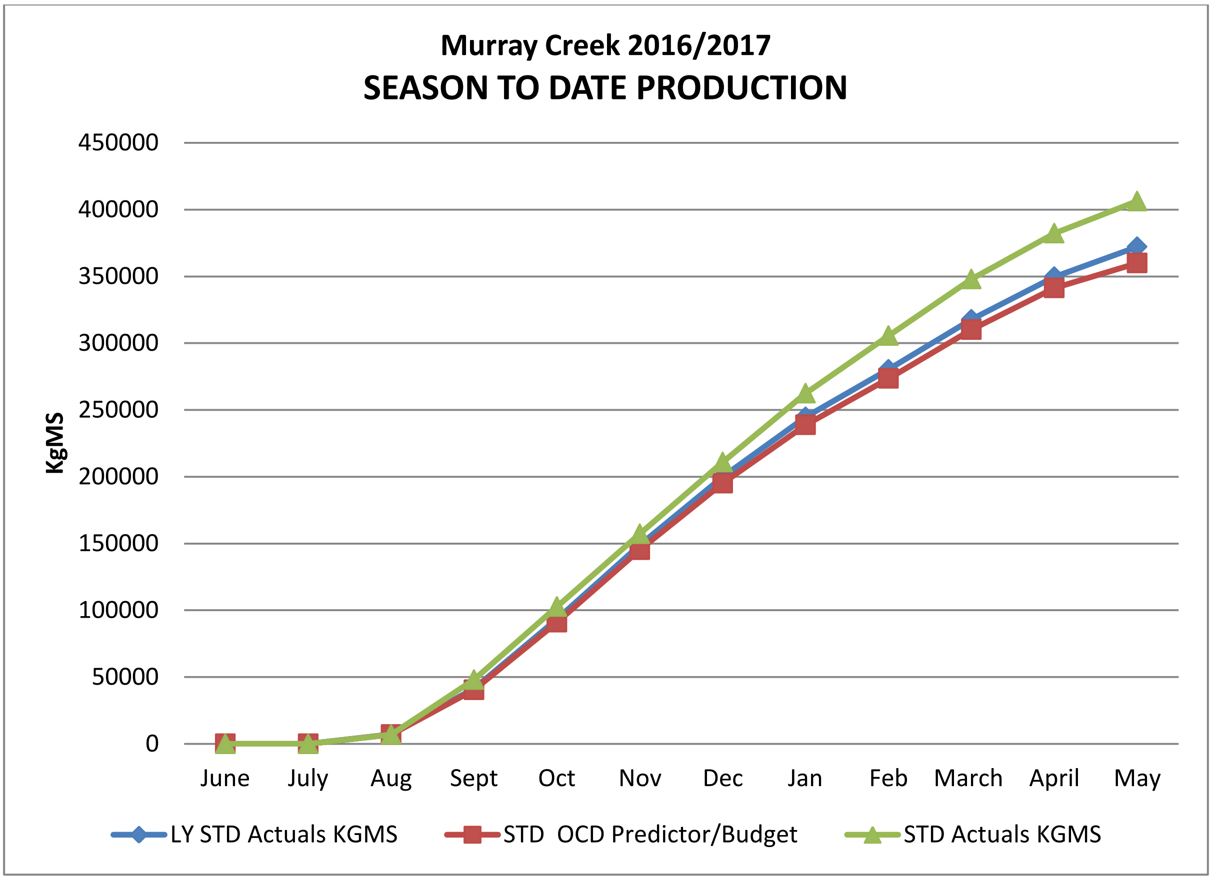
With an upward trend all season to the payout it has also made some decisions going forward a lot easier like buying in extra feed when required. It is looking positive into next season as well and as much as I would like to be conservative we are targeting a level of production which I am happy we can achieve year after year. Some good results in stock valuation recently also show us that we are moving in the right direction with the development of the herd.

Sandy and I are also focusing on forward progression of our business. We have both short and long term goals for both our business and Murray Creek. We are hoping to grow our business in the coming seasons and look forward to doing this with Murray Creek and Roger Dickie NZ.

Production

The end of the 2016/2017 season saw the farm achieve record production for Murray Creek, finishing up with 406,351kgMS, which is 12.9% ahead of the target of 360,000kgMS and 9% ahead of the previous season. This production was achieved through peak milking 966 cows on 374.8 hectares (ha) of land giving production comparisons of 421kgMS/cow and 1,084kgMS/ha.





Kind Regards

Jason & Sandy Herrick

RESOLUTIONS

Appointment of Auditor

It is moved that Silks Audit Chartered Accountants of Wanganui be appointed auditors for Murray Creek Dairy Farm Limited.

Moved:	Jeff Whitlock	Director
Seconded:	Roger Dickie	Director

Appointment of Director

In accordance with the constitution Roger Dickie retires as a Director and Roger is available for re-appointment. That Roger Dickie is re-appointed as a Director.

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Murray Creek Limited
743 Mossburn Lumsden Highway
Castlerock
SOUTHLAND

Desk Top Market Valuation prepared for:

Roger Dickie Limited

As at 31 May 2017

LOGANSTONE
PROPERTY ∎ SOLUTIONS ∎ VALUATION

Mtr No: 170531 5534 Murray Creek Short report

1.0 INTRODUCTION

1.0.1 Further to instructions from Kate Murdoch we have undertaken a 'Desk Top' market valuation appraisal on the above property in order to assess the market value for financial reporting purposes. As per instructions we have been advised not to re-inspect the property and have therefore relied on an inspection undertaken on 4 May 2015 and described in our previous full report dated 12 June 2015. We have been advised there have been no substantial changes to the property since this date and base our assessment on the property being in similar physical condition.

1.0.2 Due to not re-inspecting the property and not providing a full report this report does not comply with international valuation standards.

1.0.3 The report complies with NZ IAS 16 and can be relied upon by Silks Audit for financial reporting purposes.

1.0.4 Your instructions, forming our scope of work agreement, require us to make the following valuation assessments;

- Market Value as at 31 May 2017.

2.0 PROPERTY CONCLUSIONS

2.0.1 An estate in fee simple 413.523 hectare part irrigated dairy milking platform situated in the Castlerock district of Northern Southland which has been converted some 18 years. Currently milking approximately 930 cows and producing 402,000 kg milk solids for the 2016/17 season. From a dairying perspective location is regarded as fair. Climate is suited for seasonal supply dairy land use with irrigation. The land is of flat to stronger rolling contour with a balance soils showing good fertility levels. Overall layout is good being well subdivided into 61 paddocks, reticulated water supply and well raced. Housing includes four fair to good quality dwellings; a further dwelling is warranted. The milking shed is a 50 bail rotary which is of under capacity but manageable and found in good condition. There are adequate supporting farm buildings. Overall average quality dairy platform being well presented and achieving improving production based on a low supplement import system. We estimate average efficient production to be 360,000 kilograms of milk solids (965 kg ms / effective ha).

3.0 VALUATION CONCLUSIONS

3.0.1 The appropriate valuation approaches for estimating the market value of a dairy unit (where a dairy platform is deemed the highest and best land use) are the market approach and income approach.

3.0.2 Under the market approach umbrella we use two main methodologies;

i) A summation approach on a per hectare basis. In this approach we determine the relevant classes of land at a land value level and add the added value of improvements, and chattels and plant as appropriate. This is then compared at a market value per hectare level.

ii) A summation approach on a per kilogram of milk solids based on estimated average efficient production.

3.0.3 Under the income approach umbrella the two methodologies used are;

i) A capitalisation of the Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) under average efficient management after an allowance for Wages of Management. This capitalized sum provides an estimate of the Total Farm Capital required to operate the business as a standalone unit. Deduction for stock, plant and Fonterra shares are required to arrive at the appropriate realty basis that as dairy units normally transact in the market. The milk price is based on the average past five year actual and current forecast under average efficient management production levels.

ii) A multiplier of the milk price which is based on the average past five year actual and current forecast under average efficient management production levels.

3.0.4 The above approaches are supported by analysed benchmark levels from sales deemed most comparable in the market.

3.0.5 Our opinion of the quality of market evidence available is outlined in the below table:

Factor	Quality
Number of comparable sales	Poor
Recent time frame	Poor
Direct Comparability	Limited

3.0.6 When assessing the market value of the subject property we have considered the property features and compared the sales of other properties that have transacted recently and have adjusted those sales to reflect the location, standard of improvements, plantings, mixed age of plants and productive capacities compared to the subject property.

3.0.7 There have only six unconditional dairy unit sales for 2017 to date. This is a reflection of the low confidence in the dairy sector at present due to low global commodity prices flowing through to poor farm gate returns on a historical basis. From the limited recent sales evidence there appears to be a continued decline in dairy farm sale prices over the 2016 year. In general the value drop is less for well-located and good quality dairy units with dairy units of lower quality, inferior locations and larger scale impacted greater.

3.0.8 While farm gate returns have improved for the 2016/17 season allowing many dairy businesses to return to profitability, the improved outlook has not yet flowed through to an increase in the number of dairy farm sales. Many dairy farm businesses appear focused on improving their balance sheets before undertaking expansion through further land acquisition.

3.0.9 However the overall high indebtedness of the dairy industry remains, and with forecast milk prices for the 2017/18 season recently announced by several main dairy companies at circa $6.50 per kg milk solids it will be difficult for many to significantly reduce debt. Therefore the threat of an oversupply of dairy units coming to the market remains, but so long as financiers view their clients positions to be not deteriorating, it is probable most will be given further time to improve their financial positions. From the demand side the improved projected farm gate returns do not yet appear at a sufficient level to stimulate investor interest from off farm investors especially as volatility of dairy commodity prices remains.

3.0.10 Partially offsetting the better farm gate returns are a rising trend in mortgage interest rates and some uncertainty of the impact of proposed water quality rules of Environment Southland currently under submission.

3.0.11 Our income based valuation methodologies are based on a an average of the five past seasons milk prices and the current forecast milk price which currently gives an average milk price of $5.87 per kg milk solids. The resultant estimate of market value from these approaches is now higher than the more traditional comparable sales summation approaches. However we are placing more weight on the market approaches as a guide to market value as we do not have market evidence, since the milk price forecasts for 2017/18 were announced, to support if real estate market has responded positively.

3.0.12 In the Southland dairy property market it is our observation that there are generally three categories of dairy unit which have broad ranges of value bands. These bands are mostly influenced by quality of property and infrastructure, location and production per hectare. We have graded these properties as A, B, and C. 'A' type properties are quality, good soil and contour units in the Central Southland and Southland Plains districts which generally show good consistent production per hectare. 'B' type units are basic, reasonably well located properties with Southland average type production. 'C' type units are poorer dairy units which may have issues with buildings, location, contour and shape etc.

3.0.13 In our opinion we assess the subject property as a B category.

3.0.14 Below is a summary of our market analysis and market value estimates under each approach:

Valuation Approach	Market Value Estimate
Per Hectare	$9,620,000
Per kg Milk Solids. Average Efficient	$9,720,000
Income Capitalisation	$10,072,000
Multiplier of Milk Income	$10,143,000

3.0.15 Our preferred valuation approach is the summated valuation approach based on establishing the land value and summating the added value of improvements and associated chattels and plant as outlined as we consider this a more accurate approach to factor all the attributes of the subject property.

3.0.16 In assessing the value of the property we have undertaken an analysis of the property in the market particularly looking at the strengths and weaknesses specific to this property and how this relates to the wider market and economic conditions prevailing at date of the valuation and over the short term that may influence the demand and value levels.

Strengths & Opportunities	Weaknesses & Threats
• 167 hectares irrigated with centre pivoting K-Line irrigation systems • Majority flat contour • Good races, fencing and water • Ability to increase production with supplementary feeding and management of irrigated pastures	• Limited capacity milking shed for this size property • Location • One dwelling short • Climate • Environmental regulations • Volatile Milk Price pay-out • Softening Real Estate Market

4.0 MARKET VALUATION

4.0.1 After examining all factors and subject to the overriding conditions we conclude the market value of the property as at 31 May 2017 is:

NINE MILLION SIX HUNDRED AND TWENTY THOUSAND DOLLARS ($9,620,000)

Apportioned as follows:		
Value of Improvements		
– Residential Improvements	$694,000	
– Productive Buildings	$601,000	
– Other Improvements	$680,000	
		$1,975,000
Land Value		$7,060,000
Realty Value – Land & Buildings		$9,060,000
Household & Farm Chattels		$30,000
Milking & Effluent Plant & Equipment		$185,000
Irrigation Plant		$370,000
Market Value		$9,620,000

The above valuation assessment is plus Goods and Services Tax (if any).

4.0.2 Unit analysis

Area	413.523 ha	(373 ha effective pasture)
Ave Efficient Production	360,000 kg milk solids	(965 kg ms / effective ha)
Land Value	$17,073/ha	$19.61/kg ms
Market Value (*net of shares*)	$23,264/ha	$26.72/kg ms

4.0.3 Fonterra Shares are not included.

4.1 Certification

Experience

4.1.1 'The principal signatory has a minimum of five years' experience in valuing the subject class of asset, has all appropriate qualifications and registrations enabling them to practice as a Valuer and has not been subject at any stage to disciplinary action by the relevant professional governing body to prevent them acting as a Registered Valuer.'

Independence

4.1.2 The signatories have no direct or indirect pecuniary or other interests in the property being valued and are not aware of any other potential conflicts of interest.

Professional Indemnity Cover

4.1.3 We certify that Logan Stone Limited hold professional indemnity insurance for an amount of up to $5 million and note this may be less than the requirement for insurance cover as set by the lender.

5.0 OVERRIDING CONDITIONS

- Our valuation is subject to the attached Statement of General Valuation Policies.
- This valuation is current as at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment, we do not assume any responsibility or accept any liability where this valuation is relied upon after the expiration of three months from the date of the valuation, or such earlier date if you become of aware of any factors that have any effect on the valuation. Unless otherwise stated our assessments are made in New Zealand Dollar currency.

6.0 DISCLAIMER

6.0.1 Logan Stone Ltd prohibits the publication of this report in whole or in part, or any reference thereto, or to the valuation figures contained therein, or to the names and professional affiliations of the valuer, without the written approval of the valuer as to the form and context in which it is to appear.

6.0.2 Our valuation has been completed in compliance with International Valuation Standard framework. International Valuation Standards IVS 101 – *Scope of Work*, International Valuation Standard IVS 102 – *Implementation*, International Valuation Standard IVS 103 – *Reporting*. We confirm that:

- The statements of fact presented in the report are correct to the best of the Valuer's knowledge;
- The analysis and conclusions are limited only by the reported assumptions and conditions;

- The Valuer has no interest in the subject property;
- The Valuer's fee is not contingent upon any aspect of this report;
- The valuation was performed in accordance with an ethical code and performance standards;
- The Valuer has satisfied professional educational requirements;
- The Valuer has experience in the location and category of the property being valued;
- The Valuer has made a personal inspection of the property; but not re-inspected for the purpose of this report.
- The Valuer holds an Annual Practicing Certificate; and
- No one except those specified in the report, has provide professional assistance in preparing the report.

6.0.3 Should you require any further advice, do not hesitate to contact us.

Yours faithfully
LOGAN STONE LTD

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E-Mail: grant.barron@loganstone.co.nz

Reviewed by:

Boyd A Gross
B Agr (Rural Val), Dip Bus Std, FNZIV, FPINZ
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MURRAY CREEK DAIRY FARM LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2017

MURRAY CREEK DAIRY FARM LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2017

SILKS AUDIT CHARTERED ACCOUNTANTS LTD

Murray Creek Dairy Farm Limited

DIRECTORY

Nature of Business	Dairy Farming in the South Island of New Zealand
I R D Number	97-010-595
Date of Incorporation	07/06/2007
Company Number	1952025
Registered Office	87 Weraroa Road Waverley
Securities Registrar	Roger Dickie (N Z) Limited S H 3 Waverley
Directors	R R Dickie S J Barr J H Whitlock
Accountants	Markhams Waverley Limited Waverley
Solicitors	Kensington Swan Wellington Horsley Christie Wanganui
Auditors	Silks Audit Chartered Accountants Limited Wanganui
Bankers	Bank of New Zealand Wanganui

SILKS AUDIT CHARTERED ACCOUNTANTS LTD SA

Murray Creek Dairy Farm Limited

DIRECTORS REPORT

FOR THE YEAR ENDED 31 MAY, 2017

The business of the company through its subsidiary Murray Creek Ltd is dairy farming.

	THIS YEAR	LAST YEAR
The operating surplus (deficit) of the company for the year ended 31st May 2017 was	1,079,076	(429,544)
Taxation charge for the year was	(78,832)	-
Retained Earnings at 1st June 2016 were	(138,742)	290,802
Retained Earnings at 31 May 2017	$ 861,502	(138,742)

It is not proposed to make any transfer to reserves.

The state of the company's affairs at 31st May 2017 was:-

Assets totalled	$ 11,838,607	$ 10,703,078
and were financed by		
Shareholders equity of	8,861,502	7,861,258
and liabilities of	2,977,105	2,841,820
	$ 11,838,607	$ 10,703,078

The Board of Directors present their annual report, including the financial statements of the Company for the year ended 31 May 2017.

Directors interests:

Directors holding office during the year were R R Dickie, S J Barr and J H Whitlock

There were no company shares acquired or disposed of by directors during the year

No entries were made into the company's interest register during the year

Administration Services amounting to $48,504 were provided to the Group by Roger Dickie (N Z) Limited in which Roger Dickie, a director, has a controlling interest. The services were provided on normal commercial terms. Reimbursements were also made for $3,676 of Legal Fees, Meeting Costs, Postage and Subscriptions.

Accounting Services amounting to $6,640 were provided to the Group by Markhams Waverley Ltd in which Jeff Whitlock, a director, is also a director. The services were provided on normal commercial terms.

Directors fees of $798 and expenses of $1,149 were paid during the year, and no other remuneration was paid to directors during the year.

There were no donations made by the company during the year

No employees or former employees were paid in excess of $100,000 in the year

For and on behalf of the Board of Directors

Director
11 October 2017

Director
11 October 2017

SILKS AUDIT CHARTERED ACCOUNTANTS LTD SA

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MAY, 2017

	Notes	GROUP 2017 $	PARENT 2017 $	GROUP 2016 $	PARENT 2016 $
Operating Revenue					
Stock Proceeds		147,826	-	137,748	-
Less Stock Purchases		-	-	-	-
Change in Livestock Values		237,745	-	(179,880)	-
Gross Income from Livestock		385,571	-	(42,132)	-
Milk Proceeds		2,593,563	-	1,481,917	-
Dividends Received		-	-	163	-
Interest Received		-	-	-	-
Sundry Revenue		12,033	-	3,709	-
		2,991,167	-	1,443,657	-
Operating Expenses					
Rates & Insurance		33,956	-	33,924	-
Interest & Finance Charges		96,757	-	128,271	-
Animal Health		61,828	-	80,227	-
Audit Fees		8,350	-	7,834	-
Dairy Shed Expenses		17,641	-	8,396	-
Directors Fees		1,149	-	4,140	-
Feed Costs		208,544	-	149,155	-
Grazing Fees		344,925	-	427,099	-
Sharemilker Payments		472,943	-	395,075	-
Other Farm Working Expenses		230,119	-	240,881	-
Pasture Maintenance		221,266	-	191,092	-
Repairs & Maintenance		70,678	-	74,462	-
Depreciation	7	143,935	-	132,645	-
		1,912,091	-	1,873,201	-
Operating Surplus (Deficit) before Tax		1,079,076	-	(429,544)	-
Provision for Taxation	4	78,832	-	-	-
Operating Surplus (Deficit) after Taxation		1,000,244	-	(429,544)	-
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income		1,000,244	-	(429,544)	-

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MAY, 2017

	SHARE CAPITAL $	RETAINED EARNINGS $	TOTAL EQUITY $
31 May 2017 - Group			
Total Comprehensive Income for Year	-	1,000,244	1,000,244
Equity at Beginning of Year	8,000,000	(138,742)	7,861,258
Equity at End of Year	8,000,000	861,502	8,861,502
31 May 2017 - Parent			
Total Comprehensive Income for Year	-	-	-
Equity at Beginning of Year	8,000,000	(291,261)	7,708,739
Equity at End of Year	8,000,000	(291,261)	7,708,739
31 May 2016 - Group			
Total Comprehensive Income for Year	-	(429,544)	(429,544)
Equity at Beginning of Year	8,000,000	290,802	8,290,802
Equity at End of Year	8,000,000	(138,742)	7,861,258
31 May 2016 - Parent			
Total Comprehensive Income for Year	-	-	-
Equity at Beginning of Year	8,000,000	(291,261)	7,708,739
Equity at End of Year	8,000,000	(291,261)	7,708,739

STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY, 2017

	Note	GROUP 2017 $	PARENT 2017 $	GROUP 2016 $	PARENT 2016 $
Current Assets					
Taxation Refund Due		-	-	11	-
Cash and Cash Equivalents	6	748,444	-	86,276	-
Accounts Receivable		515,407	-	161,805	-
GST Refund Due		-	-	-	-
Livestock on Hand		1,889,615	-	1,651,870	-
Feed on Hand		31,989	-	20,062	-
Loan to Subsidiary		-	7,708,739	-	7,708,739
Total Current Assets		3,185,455	7,708,739	1,920,024	7,708,739
Non Current Assets					
Shares - Sundry		6,389	-	6,632	-
Property, Plant & Equipment	7	8,646,763	-	8,776,422	-
Total Non-Current Assets		8,653,152	-	8,783,054	-
Total Assets		11,838,607	7,708,739	10,703,078	7,708,739
Current Liabilities					
Bank Overdraft	6	-	-	-	-
Provision for Taxation		10,148			
GST Payable		83,168		14,254	
Accounts Payable		185,303	-	197,764	-
Total Current Liabilities		278,619	-	212,018	-
Non-Current Liabilities					
Deferred Tax	4	68,684	-	-	-
Bank of New Zealand Term Loan	8	2,629,802	-	2,629,802	-
Total Non-Current Liabilities		2,698,486	-	2,629,802	-
Equity		8,861,502	7,708,739	7,861,258	7,708,739
Total Liabilities & Equity		11,838,607	7,708,739	10,703,078	7,708,739

For and on behalf of the board

Director
11 October 2017

Director
11 October 2017

CASHFLOW STATEMENT

FOR THE YEAR ENDED 31 MAY, 2017

	Notes	GROUP 2017 $	PARENT 2017 $	GROUP 2016 $	PARENT 2016 $
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash was provided from:					
Receipts from Customers		2,456,696	-	1,676,156	-
Tax Refunds		11	-	28,011	-
GST Refunds		17,934	-	36,748	
Interest & Dividends		-	-	163	-
		2,474,641	-	1,741,078	-
Cash was applied to:					
Operating Expenses		(1,698,445)	-	(1,576,735)	
Interest Paid		(99,995)	-	(126,990)	-
GST		-	-	-	-
Taxation Paid		-	-	(9,297)	
		(1,798,440)	-	(1,713,022)	-
Net cash inflow (outflow) from operating activities	10	676,201	-	28,056	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash was provided from:					
Sale of Fixed Assets		-	-	-	-
Sale of Investments		243	-	-	-
		243	-	-	-
Cash was applied to:					
Purchase of Subsidiary		-	-	-	-
Loan to Subsidiary		-	-	-	-
Purchase of Fixed Assets		(14,276)	-	(115,245)	-
Purchase of Investments		-	-	(2,058)	-
		(14,276)	-	(117,303)	-
Net cash inflow (outflow) from investing activities		(14,033)	-	(117,303)	-
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash was provided from:					
Term Loan		-	-	630,000	-
Cash was applied to:					
Preliminary Expenses			-		-
Loan Repayment		-	-	(375,500)	-
Net cash inflow (outflow) from financing activities		-	-	254,500	-
Net increase (decrease) in cash held		662,168	-	165,253	-
Balance at beginning of year		86,276	-	(78,977)	-
Balance at end of year 31 May 2017	6	748,444	-	86,276	-

SILKS AUDIT SA CHARTERED ACCOUNTANTS LTD

STATEMENT OF ACCOUNTING POLICIES AND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY, 2017

1. Summary of Significant Accounting Policies

Reporting Entity

Murray Creek Dairy Farm Ltd is a company registered under the Companies Act 1993.

The group consists of the Parent company Murray Creek Dairy Farm Ltd, and its wholly owned subsidiary Murray Creek Ltd.

These financial statements are for a scheme registered under the Financial Markets Conduct Act 2013, and they have been prepared in accordance with the Financial Markets Conduct Act 2013.
The Board authorise the release of these financial statements on 11 October 2017.

Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on an historical cost basis are followed by the group, with the exception that certain assets as specified below have been revalued.

These financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand and comply with New Zealand equivalents to International Financial Reporting Standards. The financial statements also comply with International Financial Reporting Standards. For this purpose the company has designated itself as profit-oriented.

The financial statements comprise the consolidated financial statements of the group and the separate financial statements of the parent company.

The information is presented in New Zealand dollars which is the functional and presentation currency.

All figures in the Financial Statements have been rounded to the nearest dollar.

Basis of Preparation

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the group.

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the group's accounting periods beginning on or after 1 January 2018 or later periods, but the group has not early adopted them:

NZ IFRS 9 (2010) - Financial Instruments (Effective from 1 January 2018)
NZ IFRS 9 Financial Instruments specifies how an entity should classify and measure financial assets, and financial liabilities. NZ IFRS 9 is intended to replace NZ IAS 39 - Financial Instruments: Recognition and Measurement. NZ IFRS 9 is effective for accounting periods beginning 1 January 2018.
The standard is not expected to have a material impact on the Group's financial statements.

NZ IFRS 15 - Revenue (Effective from 1 January 2018)
The new standard establishes principles for reporting about the nature, timing and uncertainty of revenue arising from an entity's contracts with customers. It prescribes when an entity will recognise revenue, how much revenue to recognise, and what disclosures to make about revenue.
The standard is not expected to have a material impact on the Group's financial statements.

NZ IFRS - Leases (Effective from 1 January 2019)
NZ IFRS 16 Leases will replace NZ IAS 17 leases. IFRS 16 requires lessees to recognise a lease liability reflecting future lease payments and a right-of-use asset for all leases, with the optional exception of short-term leases and leases of low-value assets. The standard is effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted, if IFRS 15 Revenue from Contracts with Customers has also been adopted. This is not expected to have a material impact on the group's financial statements.

Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of profit and the financial position have been applied.

(a) Basis of Consolidation

The consolidated financial statements include the parent company and its subsidiaries accounted for using the purchase method. All significant inter-company transactions are eliminated on consolidation. In the parent company's separate financial statements investments in subsidiaries are stated at cost less any impairment losses.

(b) Property, Plant and Equipment

The company has these classes of property, plant and equipment:
- Freehold Land;
- Freehold Buildings;
- Plant and equipment;

All property plant and equipment is initially recorded at cost.

When an item of property, plant and equipment is disposed of, any gain or loss is recognised in the income statement and is calculated as the difference between the sale price and the carrying value of the item.

Depreciation is provided for on a Straight Line basis for buildings, and on a Diminishing Value basis on all other tangible property, plant and equipment other than freehold land and capital work in progress, at depreciation rates calculated to allocate the assets' cost over their estimated useful lives.

Major Depreciation Periods are:

- Land Development	25 years
- Freehold Buildings	33 to 50 years
- Plant and equipment	5 to 15 years

SILKS AUDIT CHARTERED ACCOUNTANTS LTD SA

STATEMENT OF ACCOUNTING POLICIES AND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY, 2017 (CONT.)

(c) Impairment

At each reporting date, the carrying amount of tangible and intangible assets are reviewed to determine whether there is any indication of impairment. If any such indication exists for an asset, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cashflows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.
A cash generating unit is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.
Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future pre-tax cashflows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cashflows have not been adjusted.
If a revalued asset is determined to be impaired, the impairment if firstly applied against the related component of the revaluation reserve, with any remaining impairment loss expensed in the income statement. If the impairment loss is subsequently reversed, the reversal is firstly applied to the income statement to the extent of previously expensed impairment losses relating to that asset, with any further increase taken to the revaluation reserve. For assets which are not revalued, an impairment loss is expensed immediately to the income statement. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

(d) Share Capital

Ordinary shares are classified as equity. Direct costs of issuing shares are shown as a deduction from the proceeds of the issue.

(e) Taxation

The income tax expense charged to the income statement includes both the current year's provision and the income tax effect of:
- Taxable temporary differences, except those arising from initial recognition of goodwill and other assets that are not depreciated; and
- Deductible temporary differences to the extent that it is probable that they will be utilised.

Temporary differences arising from transactions, other than business combinations, affecting neither accounting profit nor taxable profit are ignored

Tax effect accounting is applied on a comprehensive basis to all timing differences using the liability method. A deferred tax asset is only recognised to the extent that it is probable there will be future taxable profit to utilise the temporary differences.

(f) Financial Instruments

Financial instruments are recognised in the balance sheet when the Company becomes party to a financial contract. They include cash balances, bank overdrafts, receivables, payables, investments in and loans to others, and term borrowings.

(g) Receivables and Payables

Receivables and payables are initially recorded at fair value and subsequently carried at amortised cost using the effective interest method. Due allowance is made for impaired receivables (doubtful debts). The resulting amount for receivables is not materially different from estimated realisable value.

(h) Investments

Investments are recorded at market value with the revaluation income recognised through the Statement of Comprehensive Income.

(i) Borrowings

Borrowings are initially recorded at fair value net of transaction costs incurred, and subsequently at amortised cost using the effective interest method.

All borrowing costs are recognised as an expense in the period they are incurred.

(j) Revenue

Revenue on sales of goods is recognised when they are delivered and ready for use by the customer.

(k) Cashflows

For the purpose of the cash flow statement, cash includes cash on hand, deposits held at call with banks, and investments in money market instruments, net of bank overdrafts.

(l) Goods and Services Tax

These accounts have been prepared exclusive of Goods and Services Tax, except for accounts payable and accounts receivable, which are GST inclusive

(m) Feed on Hand

Feed on Hand is valued at the lower of cost and net realisable value. Feed harvested by the Farm is valued at fair value at the time of harvest and subsequently valued at the lower of cost and net realisable value at Balance Date.

(n) Biological Assets

Biological assets managed for producing into agricultural produce or for transforming into additional biological assets are measured at fair value, with unrealised gains or losses reported in the statement of financial performance as part of operating revenue. The livestock is valued at market value by an independent livestock agent at balance date.

Changes in Accounting Policies

There has been no changes in accounting policies. All policies have been applied on bases consistent with those used in previous years.

SILKS AUDIT CHARTERED ACCOUNTANTS LTD SA

STATEMENT OF ACCOUNTING POLICIES AND NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY, 2017 (CONT.)

2. Issued Shares

	Group 2017	Parent 2017	Group 2016	Parent 2016
Ordinary Shares Issued	8,150,000	8,150,000	8,150,000	8,150,000
Opening Paid Up Capital	8,000,000	8,000,000	8,000,000	8,000,000
Further Capital Paid Up	-	-	-	-
Closing Paid Up Capital	8,000,000	8,000,000	8,000,000	8,000,000

All ordinary shares have been issued. There are 150,000 unpaid ordinary shares (2016: 150,000). All shares have equal voting rights and share equally in dividends and surplus on winding up. The shares have no par value.

3. Retained Earnings

	Group 2017	Parent 2017	Group 2016	Parent 2016
Balance as at 1 June 2016	(138,742)	(291,261)	290,802	(291,261)
Operating surplus (deficit) attributable to the shareholders of the parent company.	1,000,244	-	(429,544)	-
Balance as at 31 May 2017	861,502	(291,261)	(138,742)	(291,261)

4. Taxation

	Group 2017	Parent 2017	Group 2016	Parent 2016
Net Profit/(Loss) for the year	1,079,076	-	(429,544)	-
Prima facie income tax at 28%	302,141	-	(120,272)	-
Add (subtract) taxation effect of permanent differences	5,648			
Non-Taxable Fonterra Share revaluation	-	-	-	-
Other Permanent Differences	(63)		-	
Non-recognised Timing Differences	(89,649)		120,272	
Recognition of tax losses not previously recognised	(139,245)	-	-	-
Income Tax Expenses	78,832	-	-	-
The income tax expense is represented by:				
Current Tax	10,148	-	-	-
Deferred Tax	68,684	-	-	-
Income Tax Expense	78,832	-	-	-

There are unrecognised timing differences relating to net income carried forward of $265,471 (2016: net loss $797,305) to be applied towards future assessable income subject to Inland Revenue Department Assessment.

5. Imputation Credit Account

	Group 2017	Parent 2017	Group 2016	Parent 2016
Balance as at 1 June 2016	287,592	-	306,242	-
Tax Refunded	(11)	-	(28,011)	-
Tax Paid	-	-	9,361	-
Balance as at 31 May 2017	287,581	-	287,592	-

STATEMENT OF ACCOUNTING POLICIES AND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY, 2017 (CONT.)

6. Cash and Cash Equivalents

	Group 2017	Parent 2017	Group 2016	Parent 2016
Bank of New Zealand Cheque Account	748,444	-	86,276	-
Balance as at 31 May 2017	748,444	-	86,276	-

The Company has an overdraft facility secured by a first mortgage over the farm property and perfected security interest in all present and after acquired property, including livestock, of Murray Creek Limited
The limit is $300,000 and the interest rate at year end is 7.45%pa.

7. Property, Plant & Equipment

	Land	Buildings	Development Expenditure	Plant & Equipment	Total
1 June 2016:					
Cost Price	6,369,493	1,533,036	783,116	1,192,609	9,878,254
Accumulated Depreciation/Impairment	-	(197,897)	(255,305)	(648,630)	(1,101,832)
Net Book Value	6,369,493	1,335,139	527,811	543,979	8,776,422
Additions	-	12,876	-	1,400	14,276
Disposals	-	-	-	-	-
	6,369,493	1,348,015	527,811	545,379	8,790,698
Depreciation	-	(37,437)	(31,991)	(74,507)	(143,935)
Loss/(Gain) on Sale					-
Net Book Value	6,369,493	1,310,578	495,820	470,872	8,646,763
31 May 2017:					
Cost Price	6,369,493	1,545,912	783,116	1,194,009	9,892,530
Accumulated Depreciation/Impairment		(235,334)	(287,296)	(723,137)	(1,245,767)
Net Book Value	6,369,493	1,310,578	495,820	470,872	8,646,763
1 June 2015:					
Cost Price	6,369,493	1,533,036	742,371	1,118,109	9,763,009
Accumulated Depreciation/Impairment	-	(182,241)	(223,388)	(563,558)	(969,187)
Net Book Value	6,369,493	1,350,795	518,983	554,551	8,793,822
Additions	-	-	40,745	74,500	115,245
Disposals	-	-	-	-	-
	6,369,493	1,350,795	559,728	629,051	8,909,067
Depreciation	-	(15,656)	(31,917)	(85,072)	(132,645)
Loss/(Gain) on Sale	-	-			-
Net Book Value	6,369,493	1,335,139	527,811	543,979	8,776,422
31 May 2016:					
Cost Price	6,369,493	1,533,036	783,116	1,192,609	9,878,254
Accumulated Depreciation/Impairment	-	(197,897)	(255,305)	(648,630)	(1,101,832)
Net Book Value	6,369,493	1,335,139	527,811	543,979	8,776,422

The parent company does not own any property, plant or equipment

8. Non Current Liabilities
BNZ Term Loan

	Group 2017	Parent 2017	Group 2016	Parent 2016
B N Z Term Loan - Current	-	-	-	-
B N Z Term Loan - Term	2,629,802	-	2,629,802	-
	2,629,802	-	2,629,802	-

Repayable as follows:

	Group 2017	Parent 2017	Group 2016	Parent 2016
BNZ Loan				
Less than 1 Year	-	-	-	-
Between 1 - 2 Years	-	-	-	-
Between 2 - 5 Years	2,629,802	-	570,667	-
Greater than 5 years	-	-	2,059,135	-
	2,629,802	-	2,629,802	-

a) The bank loans and overdraft are secured by a first mortgage over the farm property and perfected security interest in all present and after acquired property, including livestock, of Murray Creek Limited.

b) The Term Loan is redrawable, up to a limit of $3,474,500 and an interest rate at 31 May 2017 of 3.36%pa.

c) The bank does not currently have any financial covenants in place.

SILKS AUDIT CHARTERED ACCOUNTANTS LTD SA

9. Financial Instruments

Credit risk

To the extent that the Group entities have a receivable from another party, there is a credit risk in the event of non-performance by that counterparty. Financial instruments which potentially subject Group entities to credit risk principally consist of bank balances, receivables, other assets.

The Issuing Group manages its exposure to credit risk

Maximum exposures to credit risk at balance date are shown on the Statement of Financial Position as current and term assets. No collateral is held on these amounts.

Concentrations of credit risk

Group accounts receivable include $501,321 (2016: $154,755) receivable from Open Country Dairy Ltd. The group does not have any other significant concentrations of credit risk.

Currency and Interest rate risk

There is currency risk to the extent that income is dependant on the sale price achieved by Open Country Dairy Ltd who in turn incurs currency risk. Group entities have exposure to interest rate risk to the extent that they borrow at floating interest rates.

Fair values

The carrying values of financial instruments in the Statement of Financial Position are considered to be fair values and include interest accruals that are included in current receivables and payables.

Liquidity Risks

Liquidity risk represents the Issuing Groups ability to meet its financial obligations on time. For the most part the Company generates sufficient cash flows from its operating activities to make timely payments. It does however maintain committed credit lines to cover any shortfalls. The Issuing Group has a total bank overdraft facility of $300,000. At balance date, this was drawn to $nil (2016: $nil)

Liquidity Forecasts

Management supervises liquidity by monitoring short-term and long-term cash flows for up to 5 years.

Interest Rate Risk

The Issuing Group has exposure to interest rate risk to the extent that it borrows on floating interest rates.

10. Reconciliation of Operating Surplus to Net Operating Cash Inflow/(Outflow)

	Group 2017	Parent 2017	Group 2016	Parent 2016
Net Surplus/(Deficit) after tax for the year	1,000,244	-	(429,544)	-
Add (less) non cash items:-				
- Fonterra Share Revaluation	-	-	-	-
- Depreciation	143,935	-	132,645	-
	1,144,179	-	(296,899)	-
Add (less) movement in other working capital items:				
Increase (decrease) in accounts payable	(12,461)	-	17,635	-
(Increase) decrease in livestock on hand	(237,745)	-	179,880	-
(Increase) decrease in feed on hand	(11,927)	-	11,867	-
(Increase) decrease in accounts receivable	(353,602)	-	51,970	-
Increase (decrease) in GST payable	68,914	-	35,603	-
Increase (decrease) in Tax payable	78,843	-	28,000	-
Net cash inflow (outflow) from operating activities	676,201	-	28,056	-

11. Contingent Liabilities & Contingent Assets

At 31 May 2017 the Company has a deferred tax liability from net deferred income of $68,684. (2016: $223,245 contingent asset)

12. Capital Commitments & Non-Cancellable Operating Leases

At 31 May 2017 there was a capital commitment for a LIC Protrack Vantage System for $78,850 + GST signed on 22/5/2017, with an initial payment in July 2017 for $15,770 excl GST followed by 24 monthly repayments of $2,628 excl GST. (2016: $Nil)

SILKS AUDIT CHARTERED ACCOUNTANTS LTD SA

13. Related Party Transactions

a) The subsidiary paid administration fees of $48,504 (2016: $93,192) to Roger Dickie (NZ) Ltd, in which Roger Dickie, a director, has a controlling interest.
In addition, $3,676 of reimbursements were made for consultancy, meeting costs, director expenses and subscriptions.
The amount owing at balance date was $14,574 (2016; $65,057)

b) Accounting Services amounting to $6,640 (2016: $6,990) were provided to the Group by Markhams Waverley Ltd in which Jeff Whitlock, a director, is also a director. The amount owing at balance date was $5,144 (2016: $5,144)

c) The subsidiary paid Steve Barr directors fees of $450 and expense reimbursements of $716. (2016: $4,140 and $900 respectively).
Directors fees of $348 were also paid to Roger Dickie, and expense reimbursements of $433, (2016: nil and nil).
$900 in directors expenses was paid to Steve Barr for the year (2016: nil).

d) The subsidiary company has an advance from the parent of $7,708,739 (2016: $7,708,739). No interest has been charged on this advance

e) No related party debts have been written off or forgiven during the year.

14. Events After Balance Date

There were no significant events occurring after balance date.

15. Investment in Subsidiary

	2017	2016	Business
Murray Creek Limited	100%	100%	Dairy Farming

The Company owns 100 ordinary shares in Murray Creek Limited

16. Stock on Hand

	No.	Group 2017	Parent 2017	No.	Group 2016	Parent 2016
R1 Heifers	202	181,800	-	196	139,160	-
R2 Heifers and Mixed Age Cows	1020	1,707,815	-	992	1,512,710	-
	1,222	1,889,615	-	1,188	1,651,870	-

Stock is stated at market value as at 31 May 2017 based on a valuation by PGG Wrightson Ltd, Gore.
PGG Wrightson Ltd are independent specialist dairy livestock agents.

Reconciliation of Numbers:	No.	$	No.	$
Opening Stock	1188	1,651,870	1205	1,831,750
Purchases	0	0	0	0
Sales	-746	-147,826	-812	-137,748
Increase/decrease in values of cattle		385,571		-42,132
Natural Increase	810	0	857	0
Deaths & Missing	-30	0	-62	0
Closing Stock	1222	1,889,615	1188	1,651,870

17. Significant Judgements & Uncertainties

The preparation of financial statements of necessity involves judgement and estimation. The only significant estimation required for the year is the valuation of livestock. There is a ready market for dairy livestock in the area, and the livestock is counted and valued annually by an independent expert, PGG Wrightson Limited.

SILKS AUDIT
Chartered Accountants Limited

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INDEPENDENT AUDITORS REPORT

To the Shareholders of Murray Creek Dairy Farm Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Murray Creek Dairy Farm Limited and its subsidiaries (the Group) on pages 3 to 12, which comprise the consolidated statement of financial position as at 31 May 2017, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 May 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Company or any of its subsidiaries.

Other information

The directors are responsible on behalf of the Group for the other information. The other information comprises the Annual Report and Directors Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based, on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

CHARTERED ACCOUNTANTS
AUSTRALIA • NEW ZEALAND

Principals: Cameron Town, Talia Anderson-Town.

Whanganui Taranaki Manawatu Central Plateau Auckland

Directors Responsibilities for the Financial Statements
The directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditors Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A detailed description of the auditors' responsibilities including those related to assessment of risk of material misstatement, evaluation of appropriateness of going concern assumptions and determining key audit matters are available on the external reporting board website:
http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-6/

Restriction on Distribution or Use
This report is made solely to the Shareholders, as a body. Our audit has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company Shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.

Other Matter
The Company did not have the 2017 financial statements and auditor's report filed with the Registrar for registration as required by paragraph 461h of the Financial Markets Conduct Act 2013 within 4 months of balance date.

Silks Audit

Cameron Town
Silks Audit Chartered Accountants Limited
Whanganui, New Zealand

Date: 11 October 2017