Malthouse Forest Partnership

Financial Statements
for the Year Ended 29 February 2016

Contents *Page*

MARKHAMS WAVERLEY LIMITED
CHARTERED ACCOUNTANTS
WAVERLEY

SILKS AUDIT CHARTERED ACCOUNTANTS

Malthouse Forest Partnership

Statement of Total Profit/Loss and Comprehensive Income
For the Year Ended 29 February 2016

	Feb 2016 $	Feb 2015 $	Budget $
Forest Expenses			
Fire Control	582	205	300
Management & Supervision Fees	7,207	8,024	8,220
	7,789	8,229	8,520
Operating Expenses			
Accountancy Fees	2,675	2,705	2,675
Administration	4,150	3,918	4,200
Audit Fees	1,575	1,575	1,595
Bank Fees	82	102	150
Depreciation for Period	393	431	393
Emission Trading Scheme	441	1,769	300
Legal Expenses	17	17	600
Meeting Costs	284	252	300
Repairs & Maintenance - Tracks & Dams	196	3,032	3,250
Statutory Supervisor	1,325	1,325	1,325
Subscriptions - Forest Health, Research, Kyoto	93	177	210
Sundry Expenses	-	256	2,000
Valuation - Forest	356	225	250
Weed & Pest Control	732	1,096	1,250
	12,320	16,881	18,498
Standing Charges			
Insurance - Public Liability	574	559	-
Insurance - Plantations	7,343	6,901	7,441
Rates	4,684	4,425	4,606
	12,601	11,886	12,047
Total Expenses	32,710	36,996	39,065
Less Expenses Recovered			
Interest Received	1,723	1,087	480
Carbon Credit Sales (Net)	27,375	1,835	-
	29,098	2,922	480
Loss for Tax Purposes	(3,612)	(34,074)	(38,585)
Plantation Revaluation Increase (Decrease)	404,000	101,000	-
Net Surplus/(Deficit)for Year	400,388	66,926	(38,585)
Comprehensive Income	-	-	-
Total Comprehensive Income	$400,388	$66,926	($38,585)

Note: This Statement must be read in conjunction with the accompanying Notes.

Malthouse Forest Partnership

Statement of Changes in Equity
For the Year Ended 29 February 2016

	Note	*Capital Accounts*	*Retained Earnings*	*2016 Total*
Equity as at 1 March 2015		1,406,374	1,389,619	2,795,993
Total Comprehensive Income		0	400,388	400,388
Total Contributions From Partners		0	-	0
Total Transactions with Owners		0	-	0
Equity as at 29 February 2016		1,406,375	1,790,007	3,196,382

	Capital Accounts	*Retained Earnings*	*2015 Total*
Equity as at 1 March 2014	1,376,854	1,322,693	2,699,547
Total Comprehensive Income	0	66,926	66,926
Total Contributions From Partners	29,520	-	29,520
Total Transactions with Owners	29,520	-	29,520
Equity as at 28 February 2015	1,406,374	1,389,619	2,795,993

Note: This Statement must be read in conjunction with the accompanying Notes .

SILKS AUDIT CHARTERED ACCOUNTANTS

Malthouse Forest Partnership

Statement of Financial Position
As at 29 February 2016

	Note	Feb 2016 $	Feb 2015 $
Current Assets			
Calls in Arrears		20	20
Cash and Cash Equivalents	4	31,111	31,687
Goods & Services Tax		2,090	2,868
		33,222	34,575
Non Current Assets			
Plantations	5		
Plantation Value		2,533,000	2,432,000
Revaluation for Year		404,000	101,000
	6	2,937,000	2,533,000
Property, Plant and Equipment	7		
Land		223,657	223,657
Land Improvements		4,694	5,087
		228,351	228,744
Total Assets		3,198,573	2,796,320
Less Liabilities			
Current Liabilities			
Accounts Payable		1,865	-
Calls in Advance		326	326
		2,192	326
Total Net Assets		$3,196,381	$2,795,993
Represented by:			
Equity			
Capital Contributions per Schedule		1,406,374	1,406,374
Retained Earnings		1,790,008	1,389,620
		$3,196,381	$2,795,993

Partner   MW Allerby Partner   29 July 2016

Note: This Statement must be read in conjunction with the accompanying Notes

Malthouse Forest Partnership

Cashflow Statement
For the Year Ended 29 February 2016

	Note	Feb 2016	Feb 2015
		$	$
Cash Flows from Operating Activities			
Cash was provided from:			
Interest Received		1,723	1,087
Carbon Credit Sales (Net)		27,375	1,835
Goods & Services Tax		778	-
		29,876	2,922
Cash was applied to:			
Operating Expenses		30,451	36,565
Goods & Services Tax		-	537
		30,451	37,103
Net Cash inflow (outflow) from operating activities	8	(576)	(34,180)
Cash Flows from Financing Activities			
Cash was provided from:			
Calls on Participatory Securities		-	29,466
Net cash inflow (outflow) from financing activities	8	-	29,466
Net increase (decrease) in cash held		(576)	(4,714)
Cash at Start of Year		31,687	36,401
Cash at End of Year		$31,111	$31,687

Note: This Statement must be read in conjunction with the accompanying Notes .

SILKS AUDIT CHARTERED ACCOUNTANTS

Malthouse Forest Partnership

Notes to the Financial Statements
For the Year Ended 29 February 2016

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity

The Financial Statements presented here are for the entity Malthouse Forest Partnership, which is a Partnership registered under the Partnership Act 1908.

Malthouse Forest Partnership is an issuer for the purposes of the Financial Reporting Act 1993. The financial statements of Malthouse Forest Partnership have been prepared in accordance with the Financial Reporting Act 1993.

Segmental Reporting

The entity operates in the forestry industry at locations in the North Island of New Zealand.

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, with the exception that certain assets specified below have been revalued.

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

The information is presented in New Zealand dollars.

Specific Accounting Policies

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

i 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 carrying amount for receivables is not materially different from estimated realisable value.

ii The forest plantations are recorded at fair value less estimated point of sale costs. Any gains or losses in the fair value of the forest are recorded in the Statement of Financial Performance.

iii Malthouse Forest Partnership has voluntarily entered the Emission Trading Scheme ("ETS") in relation to 213 ha of plantation forest. Emission units are received from, or transferred to the government in respect of carbon stock changes in respect of this land. Carbon stocks are calculated in accordance with the climate change (forestry sector) regulations 2008. Some units received will have to be returned to the government upon harvest of the forest stock. As a result, units received are held at a nominal value and the units held are disclosed in the notes to the financial statements. Unit values will not be recorded in the income statement unless it is certain that the units will not be required to meet harvest obligations.

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

v The entity is not a party to financial instruments with off balance sheet risk.

vi Cash and cash equivalents include cash on hand, bank balances, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

vii Property improvements, plant and equipment is recorded at cost less accumulated depreciation. Land is recorded at cost. Depreciation has been calculated on a diminishing value basis.

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

Depreciation is provided for on a diminishing value basis on all tangible property, plant and equipment other than freehold land and capital work in progress, at depreciation rates calculated to allocate the assets' cost or valuation less estimated residual value, over their estimated useful lives.

Major Depreciation periods are:
Land Improvements - average 24 years

viii For the purposes of the cashflow statement, cash includes cash on hand and deposits held at call with banks.

ix All taxable profits or losses are assessed to the partners of the partnership.

x The financial statements have been prepared on a GST exclusive basis, except for receivables and payables which are presented inclusive of GST.

<u>Changes in Accounting Policies</u>

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

2. **AUDIT**

These financial statements have been produced subject to audit, please refer to Auditor's Report.

3. **BUSINESS**

The principal activity of Malthouse Forest Partnership is that of Afforestation. The partnership grows pinus radiata for the purpose of selling the harvest in 2022.

	Feb 2016	Feb 2015
	$	$

4. CASH AND CASH EQUIVALENTS

B N Z Current Account	11,956	6,679
B N Z Deposit - Investment Fund	19,155	25,008
	$31,111	$31,687

Deposit - Investment Fund
The deposit is available to fund any future obligation that Malthouse Forest Partnership may assume under its arrangement with other partnerships in the Roger Dickie Group Investment Fund. Malthouse Forest Partnership will contribute towards forest losses sustained by other partnerships and not covered by the Group Investment Fund.

5. PLANTATION DETAILS

The plantation is comprised of Pinus Radiata trees planted in the Wairoa District. The Net Stocked Area of approximately 213 hectares was planted in 1994.

6. PLANTATION REVALUATIONS

Valuer
The plantation was valued as at 29 February 2016 by Jeff Schnell, Registered Forestry Consultant (NZIF), of PF Olsen Limited, forest consultants and managers. The estimated fair value of the plantation is categorised within Level 3 of the fair value hierarchy.

Valuation Methodology
The valuation uses the following procedure:
i Future Yields are forecast.
ii Log prices are attached and harvest costs deducted to arrive at projected harvest revenues.
iii Projected clearfell revenues are reduced to account for attrition.
iv Future costs are added.
v The effect of taxation is modelled from a purchaser's perspective.
vi The resulting post-tax cashflow is discounted at the nominal discount rate, This generates a Net Present Value (NPV) by stand and by forest.

If the stand has a negative NPV after the discounting as above, then the stand value is assessed as the sum of the current replacement costs.

The fair value estimate excludes the value of the land and the improvements thereon.

Also excluded are any costs and revenues associated with subsequent crops, and any value arising from the Emissions Trading Scheme.

The key inputs used in obtaining fair value are as follows, along with their sensitivity to a significant increase or decrease.

Malthouse Forest Partnership

Notes to the Financial Statements
For the Year Ended 29 February 2016

Projected Yield

The growth potential was determined for each crop type based on measurement data supplied by the forest manager. Where a crop has not been measured, the indices estimated in the original prospectus have been used. A clearfell age of 28 has been assumed for the majority of the radiata crops. Some small stands have been assigned other clearfell ages to coincide with the harvesting of larger neighbouring stands. Yields have been projected from measured starting points (where data allows) using appropriate growth models. The Atlas Forecaster modelling system has been used. A significant increase in this input would increase the fair value of the plantation.

Log Prices

The radiata pine log prices used in the valuation have been derived from prices paid at the Gisborne and Napier ports over the past three years. An exception to this is the radiata domestic pulp price, which has been derived from the three-year average price (averaged to December 2015) as reported by MPI. They range from $54 to $154 per m3 depending on grade. Log prices for other species are taken from recent industry publications and other sources. A significant increase in this input would increase the fair value of the plantation.

Projected Costs

All costs apart from rates have been assessed by PF Olsen, and are based on current industry standards and expressed in 2016 New Zealand dollars.

i Tending costs vary with the age of the trees and depending on the rate of growth. The projected age of the pre-harvest inventory is two years prior to clearfell at this point the harvest plan can be prepared which forms the basis of specific costings for the harvest. Prior to the pre-harvest inventory and harvest plan being prepared tending costs used in the valuation represents an average across all crop costs and may differ when a pre-harvest inventory and harvest plan is completed.

ii Annual costs for insurance, forest management and other costs have been expressed in dollars per hectare over the whole estate. Costs may vary from forest to forest depending upon a number of forest related management factors.

iii Clearfell harvest costs are defined as all costs from stump to price point defined as at wharf or mill gate. They include costs for logging and loading, road and skid formation, harvest management and cartage. Costs are based on current average contract costs. Some of these costs vary depending on the size and volume per hectare harvested.

iv Logging and loading costs are based on harvest operations in the North Island over the past year. These costs vary widely depending upon location of forest, terrain, and existing roading access. An average logging and loading cost is calculated for each crop type based on the proportion of area by terrain class. The estimate of the proportion of the area in each terrain class has been made by PF Olsen staff during the site visit carried out at the feasibility stage.

v Road and skid formation costs have been re-assessed this year using a consistent basis across all forests. PF Olsen carried out detailed assessment of road formation costs for a representative sample of four forests. This assessment used topographic maps, together with information collected during the field inspections. The modelling uses an average per hectare cost however the actual costs could differ when a pre-harvest inventory and harvest plan is carried out.

vi Harvest management costs are set at an average price for all crop types. This is based on current industry efficient costs for management of similar sized operations.

vii Cartage costs are based on a cost model which has been derived from current actual contract rates. Cartage distances are taken from the original feasibility reports. Until a pre-harvest inventory and harvest plan is completed, including where the logs will be sold, this cost could vary. Any significant change in costings or forest yield would affect the fair value of the plantation.

Discount Rate

The discount rate used in the estimate of the tree crop market value is important. The value estimate of young immature forests in particular is very sensitive to the choice of discount rate. The discount rate used represents a real rate of return, which is over and above inflation. Rates quoted by financial institutions are generally nominal rates, which include inflation. The discount rate selected of 6.5% is based on rates derived from actual transactions in the last three years applied to post-tax cash flows. A significant increase in this input would decrease the fair value of the plantation.

Impact of the Emissions Trading Scheme

In respect of the pre-1990 forest land the carbon credits allocation, in the valuer's opinion, does not impact on the tree crop market value estimate. In respect of the post-1989 forest land premiums may have been paid for this carbon trading opportunity, but carbon credit prices have since declined significantly. It has not as yet been possible to quantify this premium or conclude that such premium still applies to any or all post-1989 forests. This valuation therefore does not include any value in respect of this carbon trading opportunity. A significant increase in this input would increase the fair value of the plantation.

7. **PROPERTY, PLANT AND EQUIPMENT**

	Opening Value	Additions/ Deletions	Closing Value
Land and Improvements - 2015 Year			
Cost - February 1995	259,316	-	259,316
Accumulated Depreciation	(30,141)	(431)	(30,572)
Net Book Value	229,175	(431)	228,744
Land and Improvements - 2016 Year			
Cost - February 1995	259,316	-	259,316
Accumulated Depreciation	(30,572)	(393)	(30,965)
Net Book Value	228,744	(393)	228,351

The latest capital value set by Quotable Value for rating purposes in August 2015 was $660,000

SILKS AUDIT CHARTERED ACCOUNTANTS SA

8. CASH FLOW RECONCILIATION

	Feb 2016 $	Feb 2015 $
Reconciliation of Cash Flows from Operating Activities.		
Reported Surplus for Year	400,388	66,926
Non Cash Item - Depreciation	393	431
Non Cash Item - Forest Revaluation	(404,000)	(101,000)
	(3,219)	(33,643)
Movements in Working Capital:		
Increase/(Decrease) in Accounts Payable	1,865	-
(Increase)/Decrease in GST	778	(537)
	2,643	(537)
Net Cash Flow from Operating Activities	($576)	($34,180)
Reconciliation of Cash Flows from Financing Activities		
Calls on Participatory Securities	-	29,520
(Increase)/Decrease in Calls in Arrears	-	(20)
Increase/(Decrease) in Calls in Advance	-	(34)
Net Cash Flow from Financing Activities	-	$29,466

9. FINANCIAL INSTRUMENTS

Interest Rate Risk

The partnership has no interest rate risk given that no money is owed to other financial institutions.

Credit Risk

Financial Instruments which potentially subject the partnership to credit risk principally consist of bank balances, deposits and accounts receivable as set out in the Statement of Financial Position. The amounts set out are the maximum exposures and are net of any recognised provision for losses on these financial instruments. No collateral is held for any of these amounts.

Concentration of Credit Risk

The partnership is not exposed to any concentration of credit risk.

Liquidity Risk

Liquidity risk represents the Partnership's ability to meet its financial obligations on time. For the most part the partnership generates sufficient cash flows from its Partners annual capital contribution to make timely payments.

Currency Risk

The partnership has no currency risk given that any financial instruments it deals with is all in New Zealand dollars.

Price Rate Risk

Price risk is the risk that the value of financial instruments and the interest margin will fluctuate as a result of changes in market interest rates. The risk is that financial assets may re-price at a different time and/or by a different amount than financial liabilities. The partnership considers that such risk is minimal given that no funds are owed to other financial institutions.

Financial Risk Strategy

The Partnership risk management strategy is to use 100% equity finance from the partners.

10. EVENTS AFTER BALANCE DATE

There have been no significant events after balance date.

11. EMISSIONS TRADING SCHEME

Malthouse Forest Trustee Limited has replaced Corporate Trust Limited as trustee holding the Partnership land as registered proprietor in trust for the Partnership. Malthouse Forest Trustee Limited holds 47,118 NZUs (2015 - 51,618) on the New Zealand Emission Unit Register on behalf of the partners. The Partnership elects to record these at their Nominal Amount ($0). The Fair Value of these NZUs based on prices offered by brokers as at 29 February 2016 is $447,621 (2015 - $304,546)
During the year, 4,500 NZU's were sold. Of the 47,118 NZU Units held at balance date, 33,193 are able to be sold without liability for future repurchase on harvest.

12. CAPITAL COMMITMENTS & CONTINGENT LIABILITIES

At balance date, and also the previous balance date, there were no known capital commitments or contingent liabilities.

13. RELATED PARTIES

The partnership paid administration fees of $4,150 and management fees and forest expenses of $9,925 to companies in which R R Dickie, a partner, has a controlling interest. These amounts were charged on normal commercial terms and conditions. The amount outstanding at balance date was $1,850 (2015 - $0). No related party debts have been written off or forgiven during the year.

14. JUDGEMENT AND ESTIMATE UNCERTAINTY

The preparation of financial statements of necessity involves judgement and estimation. The only significant estimation required for the year is the plantation valuation which includes factors such as expected discounted cashflow rates, harvest dates and current log prices at mill or at wharf, refer to the plantation note for details.

Forest Plantation

Malthouse Forest Partnership is one of approximately 90 forests administered by Roger Dickie (NZ) Limited using a common forest manager, Forest Management New Zealand (FMNZ) and a common valuer PF Olsen Limited. With a forestry estate of this size PF Olsen is able to carry out rotational checks on selected forests to validate the accuracy of forest data that FMNZ provides for the purposes of the forest valuation.

Due to the nature of a growing forest it is not practical or economic to be physically counted each year. The treecrop valuation is how the underlying growing forest is represented in financial terms.

FMNZ has been providing forest management services to the company since inception and has been producing the required data for the forest valuer (PF Olsen). PF Olsen is, a forestry consultant in its own right and qualifies as an expert for financial reporting purposes.

PF Olsen in order to rely upon the physical data provided by FMNZ validates this information on a rotational basis in the following manner:

PF Olsen prepared the initial feasibility study that takes into account significant factors such as plantable area, topography and soils, climate, growth potential, forest development programme, planting and tending, and forecast yields.

Has knowledge of the geographic estate that the forest is growing in.

Inspects a subset of forests each year.

Carries out a ground-check map (to validate net stocked area, access).

Checks tending status, and uniformity of stocking, on a selection of stands (to validate measurement data provided).

Visual checks of stand condition (crop health, growth to date).

Checks for protection measures (e.g. water points, evidence pest control).

Seek explanations for any changes observed in net stocked area, crop typing.

Have relied on a systems audit of FMNZ carried out in the late 90's and the intention from PF Olsen is to conduct another systems audit during 2016.

15. PARTNERSHIP STRUCTURE

Partners have subscribed for Participatory Securities in the Partnership. The number of Participatory Securities has been fixed at 375,000 and they have no nominal value. The partners are required to contribute capital, and to share partnership profits and losses, pro rata in accordance with the number of Participatory Securities held by them in the Partnership. Capital contributions are in accordance with an annually approved budget. The Partners are jointly and severally liable for all Partnership debts.
Roger Dickie No 14 Limited partnership capital is unpaid. As disclosed in the prospectus, the payment is deferred and will be debited against his share of income from log sales.

16. ADOPTION OF NEW AND REVISED STANDARDS - (Early adoption of Standards, Interpretations and Modifications)

The partnership believes there will be no effects from accounting standards which have been issued but not yet effective.

Malthouse Forest Partnership

IRD No 062-623-608

Statement of Changes in Equity

For the Year Ended 29 February 2016

	EQUITY ACCOUNTS					TAX RETURN
	Balance 2015	Calls for Year	Sales Entries	Profit or Loss	Balance 2016	Share of Tax Loss
Allardice Investments Limited	63,585	-	-	-	63,585	157
Bailey, S B	101,855	-	-	-	101,855	251
Beachville Forests Limited	58,600	-	-	-	58,600	144
Carli Investments Limited	64,862	-	-	-	64,862	160
Gardiner, M B	58,600	-	-	-	58,600	144
Hendriksen, J W J	83,642	-	-	-	83,642	206
Hubens, R I J	58,600	-	-	-	58,600	144
Keesto Forests Limited	87,029	-	-	-	87,029	215
Lee Pee Limited	113,688	-	-	-	113,688	280
Long Forestry Limited	68,410	-	-	-	68,410	169
Maloy, S A	128,096	-	-	-	128,096	316
Northern Forestry Limited	70,641	-	-	-	70,641	174
R2D2 Limited	58,600	-	-	-	58,600	144
Rudin-Jones, C C as Trustee	58,600	-	-	-	58,600	144
Sanvi, D A	73,512	-	-	-	73,512	181
Sanvi, R as Trustee	-	-	13,169	-	13,169	32
Thistledo Limited	13,169	-	(13,169)	-	-	-
Topmalt Limited	58,600	-	-	-	58,600	144
New Zealand Travel Services Limited	58,600	-	-	-	58,600	144
Tricker, J D	58,600	-	-	-	58,600	144
Wild, J R	69,113	-	-	-	69,113	170
Roger Dickie No 14 Limited - see Note 15	(27)	-	-	-	(27)	144
	1,406,374	-	-	-	1,406,374	3,612
Retained Earnings	1,389,620	-	-	400,388	1,790,008	
Total Equity	2,795,993	-	-	400,388	3,196,381	

Note: This Statement must be read in conjunction with the accompanying Notes.

SILKS AUDIT CHARTERED ACCOUNTANTS

SILKS AUDIT
Chartered Accountants

PO Box 7144
Whanganui 4541
New Zealand

T: (06) 345 8539
F: (06) 345 2212
E: ctown@silks.co.nz
www.silksaudit.co.nz

INDEPENDENT AUDITOR'S REPORT

To the Partners of Malthouse Forest Partnership

Report on the Financial Statements
We have audited the financial statements of Malthouse Forest Partnership on pages 1 to 13 which comprise the statement of financial position as at 29 February 2016 and the statement of comprehensive income, statement of changes in equity and cashflow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Administrator's Responsibility for the Financial Statements
The administrator is responsible for the preparation and fair presentation of these financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards and for such internal control as the administrator determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the partnership.

Opinion
In our opinion the financial statements of Malthouse Forest Partnership for the year ended 29 February 2016 give a true and fair view of the financial position of the Malthouse Forest Partnership as at 29 February 2016 and of its financial performance and its cash flows for the year ended in accordance with New Zealand Equivalents to International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements
We also report in accordance with the Financial Reporting Act 1993. In relation to our audit of the financial statements for the year ended 29 February 2016:

(i) We have obtained all the information and explanations we have required; and

(ii) In our opinion, proper accounting records have been kept by the partnership as far as appears from our examination of those records.

Silks Audit

Silks Audit
Chartered Accountants
Wanganui, New Zealand

Date: 29 July 2016