Stableford Forest Partnership

Financial Statements
for the Year Ended 28 February 2017

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MARKHAMS WAVERLEY LIMITED
CHARTERED ACCOUNTANTS
WAVERLEY

SILKS AUDIT LTD CHARTERED ACCOUNTANTS SA

Stableford Forest Partnership

Statement of Total Profit/Loss and Comprehensive Income
For the Year Ended 28 February 2017

	Feb 2017 $	Feb 2016 $	Budget $
Operating Revenue			
Interest Received	509	2,104	720
Honey Income	-	960	-
Carbon Credit Sales (Net)	28,310	9,250	36,000
	28,819	12,314	36,720
Forest Expenses			
Fire Control	261	326	300
Management & Supervision Fees	6,681	9,585	13,230
	6,942	9,912	13,530
Operating Expenses			
Accountancy Fees	2,695	2,675	2,695
Administration	4,320	4,150	4,320
Audit Fees	1,575	1,575	1,575
Bank Fees	85	83	90
Depreciation for Period	274	327	274
Emission Trading Scheme	240	266	300
Legal Expenses	1,625	17	600
Mapping	-	47	-
Meeting Costs	392	284	300
Repairs & Maintenance - Fences	374	23	-
Repairs & Maintenance - Tracks & Dams	4,379	9,296	8,300
Statutory Supervisor	1,301	1,325	1,250
Subscriptions - Forest Health, Research, Kyoto	51	123	90
Sundry Expenses	302	302	2,000
Valuation - Forest	375	381	290
Weed & Pest Control	394	1,669	1,900
	18,381	22,546	23,984
Standing Charges			
Insurance - Public Liability	416	416	401
Insurance - Plantations	12,091	8,866	9,043
Rates	6,302	6,087	6,080
	18,809	15,369	15,524
Total Expenses	44,132	47,826	53,038
Loss for Tax Purposes	(15,312)	(35,512)	(16,318)
Plantation Revaluation Increase (Decrease)	414,000	496,000	-
Net Surplus/(Deficit)for Year	398,688	460,488	(16,318)
Comprehensive Income	-	-	-
Total Comprehensive Income	$398,688	$460,488	($16,318)

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

SILKS AUDIT CHARTERED ACCOUNTANTS LTD

Stableford Forest Partnership

Statement of Changes in Equity
For the Year Ended 28 February 2017

	Note	*Capital Accounts*	*Retained Earnings*	*2017 Total*
Equity as at 1 March 2016		2,011,727	1,611,018	3,622,745
Total Comprehensive Income		0	398,688	398,688
Total Contributions From Partners		0	-	0
Total Transactions with Owners		0	-	0
Equity as at 28 February 2017		2,011,727	2,009,706	4,021,433

	Capital Accounts	*Retained Earnings*	*2016 Total*
Equity as at 1 March 2015	2,011,727	1,150,530	3,162,257
Total Comprehensive Income	0	460,488	460,488
Total Contributions From Partners	0	-	0
Total Transactions with Owners	0	-	0
Equity as at 29 February 2016	2,011,728	1,611,018	3,622,746

SILKS AUDIT CHARTERED ACCOUNTANTS LTD SA

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

Stableford Forest Partnership

Statement of Financial Position
As at 28 February 2017

	Note	Feb 2017 $	Feb 2016 $
Current Assets			
Calls in Arrears		15	15
Accounts Receivable		-	1,104
Cash and Cash Equivalents	4	13,699	29,066
Goods & Services Tax		2,589	3,416
		16,303	33,601
Non Current Assets			
Plantations	5		
Plantation Value		3,149,000	2,653,000
Revaluation for Year		414,000	496,000
	6	3,563,000	3,149,000
Property, Plant and Equipment	7		
Land		445,530	445,530
Land Improvements		2,493	2,767
		448,023	448,297
Total Assets		4,027,326	3,630,898
Less Liabilities			
Current Liabilities			
Accounts Payable		5,757	8,016
Calls in Advance		136	136
		5,893	8,152
Total Net Assets		$4,021,433	$3,622,745

Represented by:

Equity			
Capital Contributions per Schedule		2,011,728	2,011,728
Retained Earnings		2,009,705	1,611,017
		$4,021,433	$3,622,745

Partner 22 June 2017

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

Stableford Forest Partnership

Cashflow Statement
For the Year Ended 28 February 2017

	Note	Feb 2017	Feb 2016
		$	$
Cash Flows from Operating Activities			
Cash was provided from:			
Interest Received		509	2,298
Honey Income		-	960
Carbon Credit Sales (Net)		28,310	9,250
Goods & Services Tax		826	17
		29,646	12,525
Cash was applied to:			
Operating Expenses		45,013	40,587
		45,013	40,587
Net Cash inflow (outflow) from operating activities	8	(15,367)	(28,062)
Cash Flows from Investing Activities			
Cash was provided from:		-	-
Cash was applied to:			
Cash Flows from Financing Activities			
Cash was provided from:			
Net increase (decrease) in cash held		(15,367)	(28,062)
Cash at Start of Year		29,066	57,128
Cash at End of Year	4	$13,699	$29,066

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

Stableford Forest Partnership

Notes to the Financial Statements
For the Year Ended 28 February 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

The financial statements of Stableford Forest Partnership have been prepared in accordance with the Financial Reporting Act 2013. The partnership is applying Tier 1 reporting standards.

These financial statements were authorised for issue by the partners on the 22 June 2017.

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.

New Zealand dollars are Stableford Forest Partnership functional and presentational currency.

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 Stableford Forest Partnership has voluntarily entered the Emission Trading Scheme ("ETS") in relation to 283 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.

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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 14 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.

Changes in Accounting Policies

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 Stableford Forest Partnership is that of Afforestation. The partnership grows pinus radiata for the purpose of selling the harvest between 2024 and 2029.

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	Feb 2017	*Feb 2016*
	$	$

4. CASH AND CASH EQUIVALENTS

B N Z Current Account	6,462	10,230
B N Z Deposit - Investment Fund	7,237	18,836
	$13,699	$29,066

Deposit - Investment Fund
The deposit is available to fund any future obligation that Stableford Forest Partnership may assume under its arrangement with other partnerships in the Roger Dickie Group Investment Fund. Stableford 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 Gisborne District. The Net Stocked Area of approximately 283 hectares was planted in 1996 (101ha) and 2001 (182ha). The forest is a consumable immature biological asset.

6. PLANTATION REVALUATIONS

Valuer
The plantation was valued as at 28 February 2017 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.

SILKS AUDIT CHARTERED ACCOUNTANTS LTD SA

Stableford Forest Partnership

Notes to the Financial Statements
For the Year Ended 28 February 2017

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 February 2017) as reported by MPI. They range from $54 to $166 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 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% (the equivalent pre-tax discount rate is 8.84%) 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 - 2016 Year			
Cost - March 2002	478,620	-	478,620
Accumulated Depreciation	(29,996)	(327)	(30,323)
Net Book Value	448,624	(327)	448,297
Land and Improvements - 2017 Year			
Cost - March 2002	478,620	-	478,620
Accumulated Depreciation	(30,323)	(274)	(30,597)
Net Book Value	448,297	(274)	448,023

The latest capital value set by Quotable Value for rating purposes in July 2014 was $832,000

SILKS AUDIT CHARTERED ACCOUNTANTS LTD SA

Stableford Forest Partnership

Notes to the Financial Statements
For the Year Ended 28 February 2017

	Feb 2017 $	*Feb 2016* $
8. CASH FLOW RECONCILIATION		
Reconciliation of Cash Flows from Operating Activities.		
Reported Surplus for Year	398,688	460,488
Non Cash Item - Depreciation	274	327
Non Cash Item - Forest Revaluation	(414,000)	(496,000)
	(15,038)	(35,185)
Movements in Working Capital:		
(Increase)/Decrease in Accounts Receivable	1,104	(1,104)
Increase/(Decrease) in Accounts Payable	(2,259)	8,016
(Increase)/Decrease in Accrued Interest	-	194
(Increase)/Decrease in GST	826	17
	(329)	7,123
Net Cash Flow from Operating Activities	($15,367)	($28,062)

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.

SILKS AUDIT CHARTERED ACCOUNTANTS LTD SA

Stableford Forest Partnership

Notes to the Financial Statements
For the Year Ended 28 February 2017

10. EVENTS AFTER BALANCE DATE

There have been no significant events after balance date.

11. EMISSIONS TRADING SCHEME

Stableford Forest Trustee Limited has replaced Corporate Trust Limited as trustee holding the Partnership land as registered proprietor in trust for the Partnership. Stableford Forest Trustee Limited holds 69,401 NZUs (2016 - 61,027) 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 28 February 2017 is $1,231,868 (2016 - $579,756)

During the year, 1,750 NZU's were sold. Of the 69,401 NZU Units held at balance date, 39,796 are able to be sold without liability for future repurchase on harvest.

	Feb 2017 No.	*Feb 2016* No.
Opening Units Held	61,027	62,027
Emissions Trading Units Sold	(1,750)	(1,000)
Emissions Trading Units Surrendered	-	-
Emissions Trading Units Allocation	10,124	-
Closing Units Held	69,401	61,027

12. CAPITAL COMMITMENTS & OPERATING LEASES

There are no capital commitments, biological asset commitments nor operating leases as at balance date (2016 nil).

13. CONTINGENT ASSETS & CONTINGENT LIABILITIES

There were no contingent assets nor contingent liabilities as at balance date (2016 nil).

14. RELATED PARTIES

The partnership paid administration fees of $4,320 (2016 - $4,150) and management fees and forest expenses of $11,308 (2016 - $14,218) 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 $1,157 (2016 - $2,423). No related party debts have been written off or forgiven during the year.

15. 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

Stableford 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 2017.

16. PARTNERSHIP STRUCTURE

Partners have subscribed for Partnership Interests in the Partnership. The number of Partnership Interests 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 Partnership Interests 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 30 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.

SILKS AUDIT SA CHARTERED ACCOUNTANTS LTD

Stableford Forest Partnership

Notes to the Financial Statements
For the Year Ended 28 February 2017

17. **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.

SILKS AUDIT CHARTERED ACCOUNTANTS LTD

Stableford Forest Partnership
IRD No 082-700-048
Statement of Changes in Equity
For the Year Ended 28 February 2017

	EQUITY ACCOUNTS					TAX RETURN
	Balance 2016	Calls for Year	Sales Entries	Profit or Loss	Balance 2017	Share of Tax Loss
Aharon, S & C as Trustees	45,711	-	-	-	45,711	334
Anderson, N M	20,956	-	-	-	20,956	153
Barnstorm Enterprises Limited	22,705	-	-	-	22,705	166
Brockett, H, G & Forysthe, D as Trustees	42,766	-	-	-	42,766	312
Brown, D & P J	83,822	-	-	-	83,822	612
Brydges, P J and Gallen, J M	20,956	-	-	-	20,956	153
Chan, Y K & C L K	90,818	-	-	-	90,818	664
Chapman, D J	41,911	-	-	-	41,911	306
McKenzie , K	20,956	-	-	-	20,956	153
Cloudy Hill Limited	45,521	-	-	-	45,521	333
Collinson-Smith, J L & A	21,162	-	-	-	21,162	155
Croft, P I	95,887	-	-	-	95,887	701
Ditmore, J M	43,638	-	-	-	43,638	319
D J & A M Oakley Forestry Corp Ltd	83,822	-	-	-	83,822	612
Dorimor Forest Holdings Limited	84,928	-	-	-	84,928	621
Eternal Reefs LLC	23,079	-	-	-	23,079	169
George, A	-	-	26,823	-	26,823	196
Harper, J C III	25,409	-	-	-	25,409	186
Humphries, S & L as Trustees	83,822	-	-	-	83,822	612
Irons, C G	20,956	-	-	-	20,956	153
J & M Trees Limited	65,716	-	-	-	65,716	480
Mapaaua Limited	20,956	-	-	-	20,956	153
Mew Forestry Limited	22,492	-	-	-	22,492	164
Michael, L R	22,459	-	-	-	22,459	164
Panaga Holdings Company Limited	83,822	-	-	-	83,822	612
Price, M & T	41,911	-	-	-	41,911	306
Rowbotham, M and Cotter, C	20,956	-	-	-	20,956	153
Sabre 22 Holdings Limited	83,822	-	(26,823)	-	56,999	416
Seeley Forests Limited	43,196	-	-	-	43,196	316
Steinhauser, M J	83,822	-	-	-	83,822	612
Tizard, J, G & S as Trustees	41,911	-	-	-	41,911	306
Turnbull, M K	226,644	-	-	-	226,644	1,656
Whittakers, & O'Donnell G as Trustees	41,911	-	-	-	41,911	306
Zocher, C & C T	293,288	-	-	-	293,288	2,143
Roger Dickie No 30 Limited - see Note 16	-	-	-	-	-	612
	2,011,728	-	-	-	2,011,728	15,312
Retained Earnings	1,611,017	-	-	398,688	2,009,705	
Total Equity	3,622,745	-	-	398,688	4,021,433	

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

SILKS AUDIT CHARTERED ACCOUNTANTS LTD SA

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INDEPENDENT AUDITORS REPORT

To the Partners of Stableford Forest Partnership

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of Stableford Forest Partnership (the partnership) on pages 1 to 14, which comprise the statement of financial position as at 28 February 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Partnership as at 28 February 2017, and its financial performance and its 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 Financial Statements section of our report. We are independent of the Partnership 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 the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 Partnership.

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

In preparing the financial statements, the administrators are responsible on behalf of the Partnership for assessing the Partnership'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 administrators either intend to liquidate the Partnership 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 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 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:
https://www.xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page6.aspx

Silks Audit

Cameron Town
Silks Audit Chartered Accountants Limited
Whanganui, New Zealand

Date: 22 June 2017