Forest Partnership Report

20 March 2015

Hello,

The forest estate is in good heart after what has been one of the most glorious summers for a number of years. The golden weather has kept coming and even Cyclone Pam turned out to be a storm in a teacup for the forests, bringing with it nothing more serious than some much needed rain and windy conditions and causing no damage to the forests.

This year is significant as it marks the commencement of the harvest of the first forest we planted. Waikare Forest was planted in 1989 inland from Waitotara in South Taranaki.

The decision has been made by the owners of the forest to start harvest at age 26 and the recoverable volume already looks to exceed the forecast yield at age 28. This is a very promising start to what is going to become a growing harvest phase for our forests. The harvest of Waikare will take three to four years with the majority of the logs going to Port Taranaki for export to China.

It is therefore pleasing to note that log prices are at a good level presently. There is strong demand for higher value pruned and A Grade logs in the domestic market while the export market has moved sideways for the Chinese New Year. This move has been softened by favourable freight rates and a weaker NZ$ which have kept the at wharf gate (AWG) prices showing a slight increase on last month. Most market commentators forecast demand will remain strong from China. One of our Indian contacts (a major log buying firm there), anticipates New Zealand sales there to triple or quadruple in the next few years.

Carbon Market – Emissions Trading Scheme

NZUs are presently sitting at $6.20 + with little seller interest at present. It seems most forest owners are choosing to wait and see what happens with the price post May 2015 when Kyoto units such as ERUs and CERs can no longer be used in the NZETS.

The ETS is due to be reviewed this year however, the government has not announced when this will take place.

Recent reports from the forest industry have highlighted some of the weaknesses around New Zealand's climate change policies. These include:

- Policies need to recognise the role of forests and wood products in combating climate change
- The carbon price needs to reflect the holistic values of tree planting
- A recent MPI survey shows that seedling sales are declining which means New Zealand is in a net deforestation situation. On each of the last two years, approximately 10,000 hectares have been deforested. If the current harvesting rate is not offset by replanting, New Zealand will miss its 2020 emission targets
- While New Zealand emission reductions may have a very small impact on global warming, they have a significant impact on our clean and green image. This image drives our food exports, tourism and of course is reflected in our lifestyle. In a greenhouse gas aware marketplace, our greenhouse gas footprint becomes a critical criteria for consumers

The Forest Owners Association are calling on the government to call an urgent meeting of primary sector leaders and iwi to deal with the country's greenhouse gas emissions blow out.

Forest Valuations

PF Olsen's have carried out the 2015 forest valuations for inclusion in the February 2015 financial accounts.

As at 2015 the market value of the collective tree crop assets of Roger Dickie forest estates were valued at $312.21 million. An increase of $22.47 million. This valuation is an estimate of the market value of the tree crops assessed using a discount rate of 7%.

The total net stocked area assumed by PF Olsen is 26,708.4 hectares with a weighted average age of the tree crop is 17.9 years.

Liability Free NZU's - resolution

Last year we put forward a special resolution to see if those forest partnerships that have liability free NZU's wanted to sell 5,000 NZU's to fund all or part of the 2015 - 2016 forest expenses. Being a special resolution, it required a 75% voter participation, with over 50% in favour of the resolution. Despite the hard work by our office, not all forest partnerships were able to reach the 75% and were therefore unable to take part in the sale of the NZU's.

Even with some forests selling the 5,000 liability free NZU's, they still have a very small share call. At this year's AGM we are seeking a resolution to progressively sell the liability free NZU's to cover the forest expenses and to give the forest partnerships that missed out last year, the same opportunity.

Retirement and appointment of Partnership Manager - resolution

As previously advised, the Financial Markets Conduct Act 2013 (FMCA) was passed at the end of 2013 and is coming into force in stages. The FMCA fundamentally changes the laws that regulate the governance of managed investment schemes, including your Partnership. Amongst other things, it requires managers to hold licenses issued by the Financial Markets Authority, and for deeds of participation to contain specific information. The FMCA will apply to your Partnership from 1 December 2016, unless we elect to enter into the regime in respect of the Partnership earlier.

At this stage our thinking is that our investors' interests are best served by an early election, i.e. prior to 1st December 2016 and we are working to achieve this.

We are now taking the first major step, which is to change the current manager and administrator to a newly incorporated company, formed specifically for the purposes of FMCA compliance. You will notice the new proposed manager has the same name as the current manager. We have done a name swap to ensure continuity of the brand, but of course this change of name cannot operate to change the manager. This change requires the partners' approval, by ordinary resolution.

The reason for the need to make the name swap is to enable other Roger Dickie business interests to continue to operate as Roger Dickie Enterprises Limited and Roger Dickie (N.Z.) Limited can operate solely as the manager of the Partnerships.

The next significant step in the Partnership's transition to the FMCA will be to ensure that the Partnership's Deed of Participation complies with the FMCA. This will require adoption of a new deed which we will do at a subsequent meeting. We will keep you informed of progress.

Budget and increase of Administration Fee and Legal Fees

We are working to comply with the FMCA and are particularly mindful of the compliance costs.

As previously discussed we have the resolution for the retirement and appointment of a new Partnership Administrator and we need to ensure that the Forest Partnership's Deed of Participation complies with the FMCA, we have allowed $600 per partnership for legal fees.

We are being very careful in what work is needed. In conjunction with the Foundation Corporate Trust and our lawyers, we are trying to manage the processes within our offices as much as possible and engage with our lawyers only when absolutely necessary.

Updated Forest Cashflows

There are a number of forests that are nearing harvest and the original forest cashflow is out of date.

We are looking to update those cashflows for those forests only to give a snap shot of the type of income, expenses net revenue the forest might generate if it was to be harvested based on current prices.

Secondary Market

If a partner wishes to sell their participatory securities, under the rules the securities must in the first instance be offered to the other partners under the pre-emptive rights clause.

History shows that they generally get taken up to varying degrees within that forum. Any residual securities can then be offered outside the partnership on the secondary market.

Secondary Market Securities currently available;

- Bayview Forest - established in 1992
- Castle Rock Forest - established in 1994
- Cricklewood Forest - established in 1993
- Glen Alvon Forest - established in 1995
- Kingswood Forest - established in 1995
- Quail Ridge Forest - established in 1993
- Turnbridge Forest - established in 1994
- Windsor Forest - established in 1999
- Woodleigh Forest Ltd - established in 1996
- Woodside Forest - established in 1996
- Young Nicks Forest - established in 1997

We also have shares available in our dairy farms.

If you are interested in securing an investment in another forest partnership or farm, please contact Richard Bourne in our office or email richardb@rogerdickie.co.nz

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FOREST VISITS

The partners are reminded that if you wish to visit your forest at any time please ring the FMNZ office in Napier on 06 843 3770.

You always welcome to visit your forest however, FMNZ run a permit system and need to keep track at all times when anyone is in the forests. Your co-operation is appreciated.

Regards

Roger Dickie

Woodleigh Forest Limited

Forest Management New Zealand Ltd

Forest Managers Report March 2015

Woodleigh Forest continues to thrive.

As we move into autumn, the forest is still very dry. All of the district councils (Hastings, Wairoa and Gisborne) and the rural fire authorities (Eastland and Bay Forests) have a restricted fire season in place which means a permit is required to light a fire in the open air. We are allowing selective access to the forests only and are issuing permits to persons who we know are aware of and understand the fire risk.

Forest health is generally excellent and there is presently little sign of red needle cast (RNC) in the forest.

Scion, the NZ forest science institute, has been allocated $10 million from MBIE over six years, with significant co-funding from other sector groups to address the biosecurity threat Phytophthora pathogens pose to New Zealand's forestry, horticulture and natural ecosystems. This research is very pertinent to forestry, given the slow but steady spread of RNC (Phytophthora pluvialis), throughout the New Zealand forest estate. It is now thought that RNC can cause 16% growth loss over three years after a severe defoliation event.

Scientists have already discovered that resistance to RNC can be genetically controlled. Clonal material has been developed and is currently being screened for resistance and is providing a benchmark for future work in this area.

Scion are also carrying out research in developing a cost effective chemical control for RNC. Phosphite is a fungicide that has been found to be effective against Phytophthora pluvialis. In addition, Copper Oxychloride and Ridomil have also demonstrated a similar efficacy. It is important these chemical controls are effective over the entire season however, as the inoculum released by the pathogen is produced during most months of the year. The production of the inoculum is very variable and this is likely related to specific weather conditions. More research is being done on determining which weather factors create the variations and it is reassuring to know that progress is being made with RNC research.

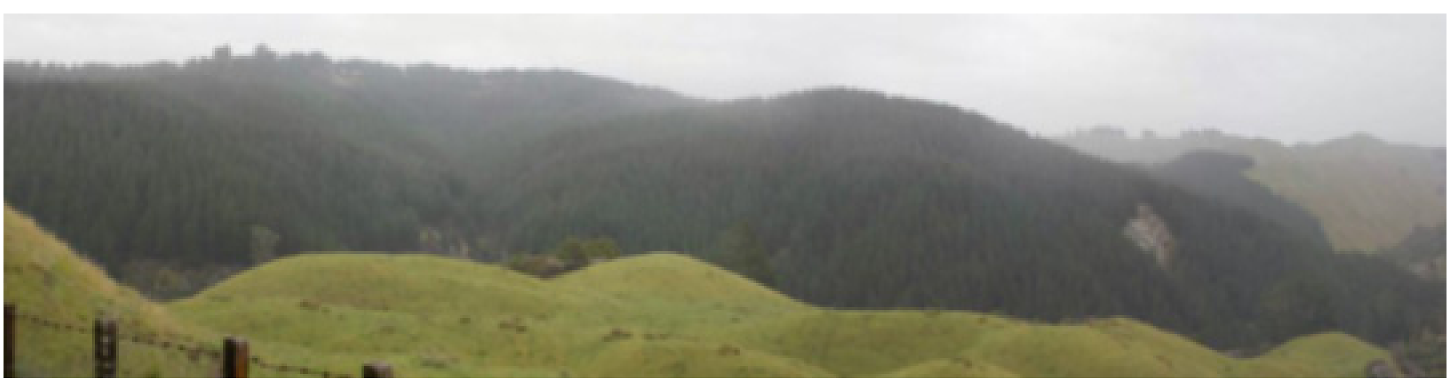
Track maintenance was carried out towards the end of last year and the tracks remain in excellent condition. It is currently a pleasure to use them.

The permanent sample plots have been re-measured. The DBH (diameter at breast height) has increased by 2.2 cms to 48.6 cms and the tree height, by 2.9 metres to 31.9 metres. This data indicates the trees in the plots continue to make steady growth. These plots will be measured again in two years' time.

Cricklewood Station have indicated they wish to carry out some repairs to the boundary fence and we have made allowance in the budget to carry out this work. We are not sure of the timing however, they will be in touch when they are ready. We budgeted for the work last financial year however, no progress was made.

Since our last report, on the instructions of the Director, we have sold a further 14,319 NZUs. We achieved an average price of $4.60 per unit, net of costs.

We filed a voluntary emissions return in January for the forest and were allocated 27,838 NZUs for 2014. This



gives a total number of units held in the NZEUR for Woodleigh Forest of 61,621 NZUs. 33,783 of these units are liability free. An NZU is currently worth around $6.20.

There is little sign of pest damage in the forest at present. We have possum poisoning budgeted for May. There are a larger than usual numbers of goats in the forest at present and this is most likely because of the shortage of feed on the farms in the area.

The Napier Gisborne Railway Group (NGRG) continue to make slow but steady progress towards getting the railway line between Napier and Gisborne reopened. In November 2014, Kiwirail conditionally agreed to lease the line to the Hawkes Bay Regional Council (HBRC).

HBRC has now voted to support the opening of the rail service from Napier to Wairoa to move logs from a hub in Wairoa to Napier Port. This support is subject to a number of conditions including the negotiation of lease terms which are suitable to both HBRC and Kiwirail. A deadline of 30th June has been set to resolve all outstanding issues between Kiwirail and HBRC. These include confirming who the rail operator will be and getting a more definite indication of how much support there is for the proposal from Wairoa forest companies and forest owners as well as private investors. Investment of $10m to $12m is being sought. These funds are necessary to purchase the rolling stock, plant and equipment and provide working capital.

While we support the re-establishment of the rail, we are unable to make a definite commitment as to its use, as that will depend on transport costs/options when we come to harvest. While we see the project as a real positive for the region, at this stage we are able to support the project in principle only.

The Hawkes Bay Forest Group (HBFG) is a collective formed in 2002 by forest managers and the Hawkes Bay Regional Council with the aims of encouraging best environmental practice and engaging on community issues relating to forestry. Over the years HBFG has been effective in lobbying Councils to reduce consenting requirements for forestry and submitting on targeted roading rates, etc. The group realises the environment they are operating in has changed over the years and recognise they need to change and adapt to the present environment.

HBFG are proposing to engage a part time co-ordinator to manage the HBFG, a role similar to that already established in Gisborne by the Eastland Wood Council. This role would be funded by all the major forest owners/managers in the Hawkes Bay area. The core role of this position would be to continue the very valuable advocacy role with the district and regional councils as well as industry promotion generally. This includes promoting a more positive image of forestry to help change the generally poor public perception of the industry presently.

The group are presently putting together a business plan and funding proposal.

The industry wide push to reduce the number of deaths and injuries in New Zealand's forests continues with the introduction of Safetree and the establishment of a safety council.

Safetree is a one stop shop for the industry to locate the safety information they require to do their jobs without injury. The information is internet based and a smart phone app is being developed to make accessing safety information simple and quick.

The Forest Industry Safety Council is being set up as a direct result of the recommendations from the Independent Forestry Safety Review Panel and will get underway in April. The focus of the organisation will be on putting in place practical tools and systems for improving safety in all forest workplaces.

A very exciting development has been the commencement of harvest in February at Waikare Forest, the first of the Roger Dickie investment forests. After spending years managing and tending the forest it is very satisfying for all our staff to see "our" logs on the road. The Waikare harvest marks the start of an extensive harvest operation of the RD forests by FMNZ. We have put a lot of planning resource into the future harvest and look forward to the challenge of what lies ahead.

"The First of Many - Waikare Feb 2015"

Steve Bell
Forest Manager

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20 March 2015

Roger Dickie (NZ) Ltd
PO Box 43
Waverley

Woodleigh Forest Limited
Tree crop valuation

As requested, we have assessed the fair value of the tree crop assets owned by Woodleigh Forest Limited. The purpose of this valuation is for reporting in the owner's annual accounts. This valuation of the tree crop meets the NZ IAS 41 accounting standard.

The tree crop market value is estimated as at 31 December 2014 at:

$3,466,000 plus GST (if any)

The current productive net stocked area is estimated at 383.7 hectares.

This value estimate excludes the value of the land and the improvements thereon, other than the trees. The value estimate does not include the contingent tax liability on the income arising from the sale of the trees, or the logs at maturity. Also excluded are costs and revenues associated with subsequent crops, and any value from the costs and revenues arising from the option to join the Emissions Trading Scheme.

Valuation methodology
The market value of the tree crop is assessed by discounting a prospective purchaser's future costs and revenues at a discount rate of 7.0%. The discount rate is based on analyses of recent transactions in New Zealand, and therefore reflects the recent market for forests. Future costs and revenues are expressed in real (2015) NZ dollar terms, exclusive of GST.

The methodology adopted is described in the New Zealand Institute of Forestry (NZIF) Forest Valuation Standards (May 1999). The valuation report presented here is a brief outline of the method adopted and the assumptions made. It does not comply with all disclosure requirements contained in these standards. The reader is referred to the full valuation report entitled "Roger Dickie (NZ) Ltd – Tree Crop Valuation – March 2015" for a complete description of the methodology and assumptions.

Key inputs
Net stocked areas and forest condition are based on current best estimates as provided by the forest manager, Forest Management NZ Ltd (FMNZ). PF Olsen inspected a selection of forests and found that the forest information provided by FMNZ gave a fair representation of the tree crop growing in these forests.

Future yields are projected assuming current best practice management. Projected yields are based on measured starting points where data allows. Measurement data has been supplied by FMNZ. These data have been collected using industry standard methods and protocols.

Future operational costs are based on current industry standards, and have been benchmarked against contract rates prevalent over the past year. Log prices are based on the average of the most recent three years to February 2015, as achieved at the ports in Gisborne and Napier. No real price increase is assumed.

Tree crop value change analysis

As part of this valuation, we have examined the impact of changes in the forest description and valuation assumptions used to assess the tree crop value relative to the value estimated last year. This is accomplished by calculating the marginal contribution to the total change in tree crop value from updating each of the key factors in sequence.

Table 1: Tree crop value changes since last year

Change item	Tree Crop Value (000's)
Tree crop value last year	3,428
Update area	3,437
Advance date one year	3,794
Update yields	3,782
Update costs	3,461
Update log prices	3,445
Update discount rate/inflation assumptions	3,466
Tree crop value this year	**3,466**

Area changes, if any, are mainly the result of remapping the stocked area during the year.

Adding one year to the valuation date adds physical growth, and moves the forest one year closer to maturity.

Yield changes are the result of changes to the log grade mix. This results from using improved growth and yield models, and from calibration with actual yields from the harvesting of similar crops.

The costs for tending, logging, harvest road construction and cartage have all risen this year. Changes to tending costs will only impact on forests with tending operations remaining. The harvest-related costs of logging, road construction and cartage have increased over the past year, as the costs of labour and capital have gone up. In addition, demand for harvesting services has increased.

Prices for pruned radiata logs have increased this year, while prices for other grades have dropped slightly, or remained relatively flat.

We have also reduced the assumed rate of future inflation applied in the value assessment. This change increases the present value of the cost of bush tax credit for a potential purchaser, thereby increasing the market value estimate of the crop.

Harvest revenue
Based on the assumptions adopted for the purpose of this valuation, the owner of Woodleigh forest is projected to receive a total net stumpage revenue of approximately $ 9,328,000 in year 2024.

This projected stumpage revenue is expressed in 2015 NZ dollar terms, and based on the projected yields, costs and log prices assumed in this valuation. The harvest year is based on a weighted average date of maturity for the forest. Harvest operations may commence sooner than, and last beyond, the year shown above.

Yours sincerely
PF OLSEN LIMITED

JEFF SCHNELL
Registered Forestry Consultant (NZIF)

Disclaimer

This valuation was commissioned by Roger Dickie (NZ) Ltd for the purpose of reporting in the individual partnership, or owner, accounts. The valuation is not suitable for sale and purchase.

The tree crop values calculated within this report are based on our assessment of current costs and future revenues. This assessment of costs and revenues is not a promise or guarantee by PF Olsen Limited that these will be realised. No promise or warranty is given pertaining to the accuracy or completeness of information supplied by Roger Dickie (NZ) Ltd, Forest Management NZ Ltd, or by third parties, except to the extent that this has been validated by PF Olsen Limited.

This report is only for use by the entity that commissioned it and solely for the purposes stated above. PF Olsen Limited, and its employees, shall have no liability to any other person or entity in respect of this report, or for its use other than for the stated purpose. PF Olsen Limited and its employees accept no liability for indirect or consequential losses or damages arising from the use of this report under any circumstances.

PF Olsen Limited is an independent forestry management and consulting company. Our company relationship with Roger Dickie (NZ) Ltd is one of providing forestry services and advice on a fee and re-imbursement of costs basis. The owners or employees of PF Olsen Limited have no interest in, or relationship with Roger Dickie (NZ) Ltd, Forest Management NZ Ltd, or the Partnership, apart from that listed above.

FOREST PARTNERSHIP SUPERVISION UPDATE

March 2015

Legislative changes

the impact on your partnership

Registration

Registration under the new Financial Markets Conduct Act 2013 (FMCA) is underway. The Financial Markets Authority ("FMA") has been impressing upon all forest supervisors the benefits of achieving forest registration early.

The FMA has taken on significant additional resources to process applications up to the registration due date of December next year. They are encouraging early registration noting that this will allow time to work through any difficult issues - much more so than next year when the volume of registrations may preclude individualised service.

Custodianship

As part of encouraging early registration the FMA has released guidance on how custodial arrangements should be formed under the new legislation.

Under section 156 of the FMCA the custodian of a registered scheme must hold the scheme property. To meet external custodianship requirements, the custodian must be a body corporate and cannot be the same person as the manager. The custodian is responsible for prudential custody; refusing to act in breach of the scheme's governing document and interests of the scheme's participants.

While the custodian will normally be the Supervisor there are provisions for contracting the role out. As contracting party the Supervisor would be jointly and severally liable with the custodian for the performance of the custodial function.

The recent guidance material places emphasis on scheme property being held in a way that ensures that it is not available for payment of debts or creditors of the custodian. Record keeping must identify

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New Zealand's only full service, stand alone, corporate trustee

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There has been a great deal of change in our industry - new rules which today provide us with a bigger toolkit to empower us to ask the right questions, to look deeper.

We take a proactive approach to safer investment, working closely with issuers to help them to be more accountable and enabling their investors to have better trust and security in their investment.

scheme property showing when it was received and details of any disposals. To ensure that the custodian's records accurately state property holdings, regular reconciliation of scheme holdings must be undertaken. Also, within four months of the close of the financial year the custodian must obtain an assurance report from a licenced auditor or registered audit firm. The objectives of the assurance report are as follows:

- transactions are authorised, processed and recorded in an appropriate, accurate and timely manner

- scheme property is held in accordance with the FMCA and Regulations, and the governing document

- records and changes to records relating to the scheme are accurate and kept up to date in an appropriate and timely manner, and in accordance with the FMCA and Regulations, and the governing document

- there are adequate safeguards against the loss, misappropriation and unauthorised use of scheme property

- sub-custodians are appropriately approved and managed, and are adequately monitored

- reports of holdings of scheme property are complete and adequate, and provided within the timeframes specified in the FMCA and Regulations, and the governing document

- information technology systems and processes are appropriate to allow the custodian to accurately and reliably meet the objectives set out above.

Keeping costs down

Like you we are concerned about the additional work load brought on by new legislation and the extra cost placed on forest partnerships that in many cases are already finely balanced.

We have been automating as many of our processes as possible so that time we would have spent on administration can shift into the new areas of responsibility. For the automation to work we are reliant on our clients submitting data to us electronically and taking responsibility for completing transactions.

There are still many details to be worked through. We are most grateful to our clients, banks and insurers who have been working hard to minimise the cost impacts of the new legislation. Our costs will be going up but with Roger Dickie New Zealand's (RDNZ) help we hope to minimise the increase.

Anti-money laundering

To comply with the Anti-Money Laundering & Countering Financing of Terrorism Act (AML/CFT) RDNZ has implemented an AML/CFT programme which includes a compliance policy and procedure.

New partners must provide proof of identity and residence and existing partners will be required to do the same around harvest time. This is because at that time money will be changing hands and to comply with the law RDNZ will need to formally identify all partners.

Regardless of the perceived level of risk of money laundering in forest partnerships RDNZ must comply and is already ahead of the game as they returned their first AML/CFT annual report in 2014 and their AML/CFT programme has been audited by an external auditor.

Woodleigh Forest Limited

Financial Statements
for the Year Ended 28 February 2015

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SILKS AUDIT CHARTERED ACCOUNTANTS

Woodleigh Forest Limited

Client Directory
For the Year Ended 28 February 2015

Director

Roger Ralph Dickie
Awatea
State Highway 3
Waverley

Registered Office

87 Weraroa Road
Waverley

Accountants

Markhams Waverley Limited
87 Weraroa Road
Waverley

Auditors

Silks Audit Chartered Accountants
24 Bell Street
Wanganui

Bankers

Bank of New Zealand
124-126 Victoria Avenue
Wanganui

Solicitors

Horsley Christie
14 Victoria Avenue
Wanganui

Woodleigh Forest Limited

Directors Annual Report
For the Year Ended 28 February 2015

The Board of Directors present their Annual Report including financial statements of the Company for the year ended 28 February 2015.

The nature of the company's business is that of Afforestation, and there has been no change during the year

Administration fees of $4,119 and management fees & forest expenses of $29,283 have been provided to the company by companies in which R R Dickie, a director, has a controlling interest. These services were provided on normal commercial terms.

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

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

There were no donations made by the company during the year

For and on behalf of the Board

______________________________ Director

26th March 2015

SILKS AUDIT CHARTERED ACCOUNTANTS

Woodleigh Forest Limited

Statement of Comprehensive Income
For the Year Ended 28 February 2015

	Feb 2015	Feb 2014	Budget
	$	$	$
Forest Expenses			
Fire Control	205	99	300
Management & Supervision Fees	9,074	9,098	9,920
	9,278	9,197	10,220
Operating Expenses			
Accountancy Fees	2,750	2,700	2,750
Administration	4,119	3,643	3,900
Audit Fees	1,625	1,625	1,625
Bank Fees	94	91	126
Depreciation for Period	190	204	190
Emission Trading Scheme	2,769	2,103	200
Legal Expenses	156	8	-
Meeting Costs	272	248	300
Repairs & Maintenance - Fences	-	-	2,500
Repairs & Maintenance - Tracks & Dams	3,963	4,000	4,000
Security	-	-	500
Statutory Supervisor	2,000	2,000	2,000
Subscriptions - Forest Health, Research, Kyoto	94	447	650
Sundry Expenses	1,106	243	4,000
Valuation - Forest	225	246	255
Weed & Pest Control	-	-	700
	19,364	17,557	23,696
Standing Charges			
Insurance - Public Liability	401	401	400
Insurance - Plantations	11,051	10,918	12,010
Rates	6,178	5,132	5,105
	17,631	16,451	17,515
Total Forest Expenses	$46,273	$43,205	$51,431
Less Expenses Recovered			
Interest Received	21,912	16,038	300
Carbon Credit Sales (Net)	192,811	1,779	-
	214,723	17,818	300
Income for Tax Purposes	$168,450	($25,388)	($51,131)
Plantation Revaluation Increase (Decrease)	38,000	408,000	-
Net Surplus Before Taxation	206,450	382,612	(51,131)
Less Provision for Deferred Taxation	57,805	107,131	-
Net Surplus for Period	148,645	275,481	(51,131)
Comprehensive Income	-	-	-
Total Comprehensive Income	$148,645	$275,481	($51,131)

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

SILKS AUDIT CHARTERED ACCOUNTANTS

Woodleigh Forest Limited

Statement of Changes in Equity
For the Year Ended 28 February 2015

	Share Capital $	Retained Earnings $	*2015* Total $
Opening Balance 1 March 2014	2,100,000	1,560,978	3,660,979
Comprehensive Income	-	148,645	148,645
Shares Issued			-
Dividends Paid			-
Transactions with Owners			-
Equity as at 28 February 2015	2,100,000	1,709,623	3,809,624

	Share Capital $	Retained Earnings $	*2014* Total $
Opening Balance 1 March 2013	2,100,000	1,285,497	3,385,498
Comprehensive Income	-	275,481	275,481
Shares Issued			-
Dividends Paid			-
Transactions with Owners			-
Equity as at 28 February 2014	2,100,000	1,560,978	3,660,979

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

SILKS AUDIT CHARTERED ACCOUNTANTS

Woodleigh Forest Limited

Statement of Financial Position
As at 28 February 2015

	Note	Feb 2015 $	Feb 2014 $
Current Assets			
Accrued Interest		419	-
Cash and Cash Equivalents	5	645,295	477,872
Goods & Services Tax		3,304	2,506
		649,018	480,378
Non Current Assets			
Plantations	6		
Plantation Value		3,428,000	3,020,000
Revaluation for Year		38,000	408,000
	7	3,466,000	3,428,000
Property, Plant and Equipment	8		
Land		479,530	479,530
Land Improvements		2,837	3,027
		482,367	482,557
Total Assets		4,597,385	4,390,935
Less Liabilities			
Non Current Liabilities	13		
Deferred Tax		787,761	729,956
		787,761	729,956
Total Net Assets		$3,809,624	$3,660,979
Represented by:			
Shareholders Equity			
Equity as at 28 February 2015	15	$3,809,624	$3,660,979

For and on behalf of the Board of Directors

Director

26th March 2015

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

Woodleigh Forest Limited

Cashflow Statement
For the Year Ended 28 February 2015

	Note	*Feb 2015* $	*Feb 2014* $
Cash Flows from Operating Activities			
Cash was provided from:			
Interest Received		21,493	16,038
Carbon Credit Sales (Net)		192,811	1,779
Goods & Services Tax		-	266
		214,304	18,083
Cash was applied to:			
Operating Expenses		46,083	43,001
Goods & Services Tax		798	-
		46,881	43,001
Net Cash inflow (outflow) from operating activities	9	167,423	(24,918)
Cash Flows from Financing Activities			
Cash was provided from:			
Net increase (decrease) in cash held		167,423	(24,918)
Cash at Start of Year		477,872	502,790
Cash at End of Year		$645,295	$477,872

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

Woodleigh Forest Limited

Notes to the Financial Statements
For the Year Ended 28 February 2015

1. **STATEMENT OF ACCOUNTING POLICIES**

Reporting Entity

The Financial Statements presented here are for the entity Woodleigh Forest Limited, which is a company registered under the Companies Act 1993.

Woodleigh Forest Limited is an issuer for the purposes of the Financial Reporting Act 1993. The financial statements of Woodleigh Forest Limited 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 Company 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 is reported in the Statement of Financial Performance.

iii Woodleigh Forest Limited has voluntarily entered the Emission Trading Scheme ("ETS") in relation to 383 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. 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.

Woodleigh Forest Limited

Notes to the Financial Statements
For the Year Ended 28 February 2015

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 Property, plant and equipment is recorded at cost less accumulated depreciation. Land is recorded at cost. Depreciation has been calculated using the rates permitted by the Inland Revenue Department.

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 cost or valuation less estimated residual value, over their estimated useful lives..

Major Depreciation periods are:
Land Improvements - average 31 years

vii 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.

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

ix 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, effecting neither accounting profit nor taxable profit are ignored.

Tax effect accounting is applied on a comprehensive basis to all temporary 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.

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 subject to audit, please refer to Auditor's Report.

3. RELATED PARTIES

The company paid administration fees of $4,119 and management fees, ETS transactions and forest expenses of $29,283 to companies in which R R Dickie, a shareholder, has a controlling interest. These amounts were charged on normal commercial terms and conditions. The amount outstanding at balance date was $0 (2014 - $0). No related party debts have been written off or forgiven during the year.

4. BUSINESS

The principal activity of Woodleigh Forest Limited is that of Afforestation. The company grows pinus radiata for the purpose of selling the harvest in 2024 and 2025.

	Feb 2015 $	Feb 2014 $
5. CASH AND CASH EQUIVALENTS		
Bank Account	58,848	24,923
Corporate Trust	503,856	402,833
BNZ Term Deposit	42,465	-
Deposit - Investment Fund	40,125	50,116
	$645,295	$477,872

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

6. PLANTATION DETAILS

The plantation is comprised of Pinus Radiata trees planted in the Wairoa District. The Net Stocked Area of 383 hectares was planted in 1996 (284ha) and 1997 (99ha).

7. PLANTATION REVALUATIONS

Valuer
The plantation was valued as at 28 February 2015 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.

	Feb 2015	Feb 2014
	$	$

- 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.

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 2014) as reported by MPI. They range from $55 to $146 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.

	Feb 2015	*Feb 2014*
	$	$

Projected Costs

All costs apart from rates have been assessed by PF Olsen, and are based on current industry standards exclusive of GST. Actual rates have been provided by RD(NZ) Ltd for use in the valuation.

i Tending costs vary with the age of the trees.
ii Annual costs for insurance, forest management, etc. have been assumed at $118 per hectare per year.
iii Clearfell harvest costs are based on current average contract costs.
iv A logging and loading cost of $29/m3 has been assumed for ground based logging, and $38/m3 assumed for hauler logging. These are based on current operations in the East Coast region of the North Island.
v A road and skid formation cost of $2,590 per hectare has been assumed. In addition, a maintenance cost of $1.00 per m3 has been assessed to cover road maintenance during the harvest operations.
vi Harvest management costs are set at $5.30/m3 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.

A significant increase in costs would decrease 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 7.0% 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.

SILKS AUDIT CHARTERED ACCOUNTANTS SA

Woodleigh Forest Limited

Notes to the Financial Statements
For the Year Ended 28 February 2015

	Feb 2015	Feb 2014
	$	$

8. PROPERTY, PLANT AND EQUIPMENT

	Opening Value	Additions/ Deletions	Closing Value
Land and Improvements - 2014 Year			
Cost - March 1997	492,325	-	492,325
Accumulated Depreciation	(9,564)	(204)	(9,768)
Net Book Value	482,761	(204)	482,557
Land and Improvements - 2015 Year			
Cost - March 1997	492,325	-	492,325
Accumulated Depreciation	(9,768)	(190)	(9,958)
Net Book Value	482,557	(190)	482,367

The latest capital value set by Quotable Value for rating purposes in August 2012 was $1,030,000

9. CASH FLOW RECONCILIATION

	Feb 2015	Feb 2014
Reconciliation of Cash Flows from Operating Activities:		
Reported Surplus for Year	206,450	382,612
Non Cash Item - Depreciation	190	204
Non Cash Item - Forest Revaluation	(38,000)	(408,000)
	168,640	(25,184)
Movements in Working Capital:		
(Increase)/Decrease in Accounts Receivable	-	-
Increase/(Decrease) in Accounts Payable	-	-
(Increase)/Decrease in Accrued Interest for February 2015	419	-
(Increase)/Decrease in GST	(798)	266
	(1,218)	266
Net Cash Flow from Operating Activities	$167,423	($24,918)

10. IMPUTATION CREDIT ACCOUNT

	Feb 2015	Feb 2014
Balance as at 28 February 2015	-	-

11. CAPITAL COMMITMENTS & CONTINGENT LIABILITIES

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

12. EVENTS AFTER BALANCE DATE

There have been no significant events after balance date.

Woodleigh Forest Limited

Notes to the Financial Statements
For the Year Ended 28 February 2015

	Feb 2015 $	Feb 2014 $
13. INCOME TAX AND DEFERRED TAX		
Surplus before Tax	206,450	382,612
Prima Facie Tax at 28% (2011 - 30%)	57,805	107,131
Permanent Differences		
Different Deferred Tax Rate	-	-
Other	-	-
Income Tax Expense	57,805	107,131
Represented by:		
Current Tax	-	-
Deferred Tax	57,805	107,131
	57,805	107,131

DEFERRED TAX LIABILITY

	Total
28 February 2013	622,825
Charged to Income	107,131
28 Febuary 2014	729,956
Charged to Income	57,805
28 February 2015	787,761

14. FINANCIAL INSTRUMENTS

Interest Rate Risk
The company has no interest rate risk given that no money is owed to other financial institutions.

Credit Risk
Financial Instruments which potentially subject the company 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 company is not exposed to any concentration of credit risk.

Liquidity Risk
Liquidity risk represents the company's 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.

SILKS AUDIT SA CHARTERED ACCOUNTANTS

Currency Risk

The company 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 company considers that such risk is minimal given that no funds are owed to other financial institutions.

Financial Risk Strategy

The company risk management strategy is to use 100% equity finance from shareholders.

15. SHARE CAPITAL

Authorised Capital

2,187,500 ordinary shares	2,187,500	2,187,500

Issued and Paid Up Capital

2,187,500 issued shares	2,187,500	2,187,500
Less uncalled shares of 87,500	(87,500)	(87,500)
Total Issued and paid up capital	$2,100,000	$2,100,000

16. JUDGEMENT AND ESTIMATE UNCERTAINTY

The preparation of financial statements of necessity involves judgement and estimation. The only significant estimation required for the period 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

Woodleigh Forest Limited 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. Have an understanding that their systems for data collection and storage remained relatively constant throughout the tending stages of the forests.

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

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

18. EMISSIONS TRADING SCHEME

The company holds 61,621 NZUs (2014 - 79,908) on the New Zealand Emission Unit Register. The company 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 2015 is $363,564 (2014 - $251,710)

During the year, 46,379 NZU's were sold, and 13,967 ERU credits were purchased and surrendered to extinguish deforestation liability on 61,621 NZU Units held at balance date.

SILKS AUDIT
Chartered Accountants
Celebrating over 100 years of: Service Integrity Leadership Knowledge and Sincerity

INDEPENDENT AUDITORS REPORT

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To the Shareholders of Woodleigh Forest Limited

Report on the Financial Statements
We have audited the financial statements of Woodleigh Forest Limited on pages 3 to 15 which comprise the Statement of financial position as at 28 February 2015, 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.

This report is made solely to the company's shareholders, as a body, in accordance with section 205(1) of the Companies Act 1993. 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 auditors 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's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

The Directors' Responsibility for the Financial Statements
The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting practice in New Zealand and for such internal control as the Directors 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 Company.

Opinion
In our opinion the financial statements of Woodleigh Forest Limited for the year ended 28 February 2015:

- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards;
- give a true and fair view of the financial position of Woodleigh Forest Limited as at 28 February 2015 and the results of its operations and cashflows for the year ended on that date.

Report on Other Legal and Regulatory Requirements
We also report in accordance with sections 16(1)(e) of the Financial Reporting Act 1993. In relation to our audit of the financial statements for the year ended 28 February 2015:

(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 company as far as appears from our examination of those records.

Silks Audit

Silks Audit
Chartered Accountants
Wanganui, New Zealand

Date: 26 March 2015

CHARTERED ACCOUNTANTS

Principals: Cameron Town, Talia Anderson-Town. Consultant: David Fraser

Whanganui Taranaki Manawatu Central Plateau Auckland