BRADWOOD FOREST
LIMITED AND COMPANY

NEWSLETTER

August 2017.

The Annual General Meeting for Bradwood Forest will be held on Saturday 30th September at 10am.

Location: CHRISTS CHURCH – Church Hall 243 Wickstead Street, Wanganui.

Date: 30th September 2017.
Time: 10am.

Please contact us via our office on 06-348-0084 or email info@arbor.co.nz and let us know if you will be attending so we can organise seating arrangements.

FOREST VISIT An opportunity to visit the forests will be provided after refreshments following the Saturday AGM's. This opportunity will entail driving up to Greenoch Forest, 35 kilometres inland on SH4 heading towards Raetihi. To ascertain the number of interested attendees that would like to partake in a forest visit could those persons that are interested in a forest visit please contact our office on 06-348-0084 or woody@arbor.co.nz.

Proxy **Please fill in the attached proxy if you are unable to attend the AGM. It is important that this is completed to ensure we have a quorum of registered unit holders present for each forests AGM.** This can be posted to the address below, faxed to 06-348-0084 or emailed to info@arbor.co.nz

Annual Accounts **A full set of the audited annual accounts** is enclosed.
The direct forestry and administration expenditure this year was $59.3k similar to the previous years' $67.3k. The partnership is still incurring significant compliance costs relating to increased scrutiny due to the Financial Markets Conduct Act (FMCA). The FMCA places stricter rules around the governance of such partnerships and means that the costs of statutory supervision, accounting and audit all increase due to the extra time spent by these parties.

FRSL Impairment BDO Central was engaged by the partnership at the auditor's request to undertake an impairment calculation of the partnership's investment in Forestry Resource Supply Limited (FRSL). The calculation used estimated pre-tax cashflows to determine a value in accordance with accepted accounting standards. The result was a decrease in the value of Bradwood's FRSL shareholding by $93,571 from $407,200 to $313,629. Going forward, the value of the FRSL shareholding will be dependent on the performance of Waverely Sawmills (WSM).

Forest Insurance All the forests managed by Arbor are covered by the Insurance Facilitators (NZ) Pty Ltd Standing Timber Policy for Fire and Wind. **This policy provided Bradwood for the 2016-17 year with $3.1m of tree cover. Bradwood received $38k from a storm damage claim made in 2016. This claim amounted to a loss of area totalling 2.16 hectares.** To maintain affordable premiums paid by the respective forests aggregated annual total loss amounts have been negotiated - $15m for fire, $5m for wind, $4m for fire fighting and $2m for land preparation and replanting.

Budgets **The Budget versus Expenditure statement for the last year is also enclosed.**
Bradwood Forest continues to maintain its sound financial position with total savings on expenditure $417,027 ahead of budget. Total income is ahead of budget by $238,133.

CHECK OUT ARBORS WEBSITE www.arbor.co.nz – FOR UPDATED INFORMATION

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Tax Losses

Individual unit holder's tax losses are detailed on page 10 of the enclosed 31-3-2017 annual accounts. Once again there is no claimable tax loss.
The 2017 tax loss correspondence for Bradwood Forest is located on the Tax Loss Letters page of Arbor Forestry's website www.arbor.co.nz

Forest Valuations

As is required by the current Financial Reporting Standards legislation a revised forest valuation for the year ending 31st March 2017 was undertaken. Due to the weather event suffered in July 2016, Bradwood sustained 2.16 ha of damage. This reduced the net stocked area (NSA) to 179.94 ha.

The forest revaluation was based on a NSA of 181.7 Ha, the area before the wind damage was finalised. As the forest is nearing maturity the valuation methodology used by Webster and Associates Ltd needed to reflect current fair value or Crop Expectation Value. **The post tax forest value is based on a 7% discount rate, valuing the Bradwood Forest crop at $3,134,458.**

Based on the revised net stocked planted area this valuation equates to a forest value of $17,255 per hectare. The addition of the value of the land brings the total forest value to $3,579,458 or $19,705 per ha. Current logging, roading and transport costs from the harvesting operations at Greenoch Forest located in the same District were used. Additionally diameter, height and log grade assessment data collected in December 2015 from the 34 ETS plots was utilised to model forest yield tables for this 31.3.2017 valuation.

Webster and Associates Ltd uses a composite log price in the valuation based on export prices at Port Taranaki and Centreport Wellington, JTL/Arbor and Agrifax prices, averaged over a 24 month period. Once again as forest managers Arbor believes this methodology of using historic log values doesn't reflect the presently buoyant log prices currently being received by Greenoch Forest. This valuation is based on the pruned and sawlogs being processed at Waverley Sawmills Ltd (WSM). Bradwood Forest has a log supply agreement through its shareholding in Forestry Resource Supply Ltd (FRSL) to supply those log grades to WSM.

Future Harvesting

Bradwood forest is aged 25 and 26 this year. Roadline harvesting is scheduled to begin late in 2017 in association with road and skid construction. Income from roadline harvesting will be used to pay for road and skid construction over the next 12 months. There are 25 skid sites planned to be built in Bradwood plus around 7km of metalled road suitable for full logging truck and trailer units. This infrastructure is estimated to cost $950k. It is expected that the majority of roadlining and road construction will be complete within 18 months of starting. A hauler which will be used to clearfell will start harvesting in 2018, a year after road and skid construction starts. This gives the roads a chance to settle and reduces maintenance costs going forward. Once the hauler starts, it will take a further 2 years to complete the harvesting process, so by 2020 harvesting should be complete.

Loan Guarantee to FRSL

Bradwood Forest has provided a loan guarantee to Forestry Resource Supply Ltd [FRSL], (the 50.5% shareholder in Waverley Sawmill 2002 Ltd [WSM2002]. WSM 2002 is the 100% shareholder in Waverley Sawmill Ltd.) The FRSL investment and the $6.25m BNZ loan facility has allowed WSM to complete its CAPEX upgrade. With the green mills capacity now capable of cutting 150m3 of timber per day, plus with the fourth kiln enabling up to 2,400m³ of timber per month to be dried. The final CAPEX project was the commissioning of a wood waste heat plant.

The balance of the loan is now $5.95 million with $300k of principal having been repaid. The loan facility is secured by FRSL providing a General Security Agreement (GSA) in favour of the BNZ and guarantees provided by McQuade, Greenoch and Bradwood Forests which have GSA's and mortgages to the BNZ. Bradwood received $21,227 last year for providing the Loan Guarantee from Waverley Sawmills Ltd.

Other Investments

Bradwood Forest has a $210k loan to Pinehills Forest which is secured via a first mortgage over the Pinehills Forest land. Accrued interest at 31.3.2017 was $94,878.

Bradwood Forest has 407,200 shares in Forestry Resource Supply Ltd. As explained earlier this shareholding has decreased due to an impairment calculation made during the audit process to a total of $313,629.

Unit Value

Based on the following information, taken from **the 31.3.17 Financial Statements and Notes the value of each unit in Bradwood Forest is:**

From March 31 2017 Annual Accounts:	
Current Assets	$401,552
Less Current liabilities	($12,817)
Forest Value	$3,134,458
Shares in Forestry Resource Supply	$313,629
Land Value - per Morgans Property Advisors - Market Value at 31-3-14.	$572,000
TOTAL	**$4,408,822**
Per Unit (200 shares)	**$22,044.11**

Weather event June 2016

Between 13th July and 28th July 2016, the Wanganui region experienced severe wind gusts up to 109km/h. Arbor's Rotation Timber and Carbon Insurance Policy has windstorm cover of up to $5,000,000. The policy also includes cover for the removal of debris (ROD), loss of collective carbon at agreed values and re-establishment/planting costs. The forest schedule is reviewed annually and each forests crop value is nominated for the insured period.

Bradwood Forest received a total insurance pay-out of $38k. This related to the 2.16 hectares which was lost and includes gross standing timber loss as well as collective carbon loss. Other optional benefits including removal of debris are still being negotiated with the insurer and it is hoped that we will have that finalised by the end of the year.

Log Sales/Prices Wharf gate pruned log prices are slightly down from seen 12 months ago putting P1 domestic logs at around $181 per tonne. Structural domestic logs are up around $10 per tonne compared to 12 months ago, this is largely due to a strong export market. The strength of the export market means that domestic sawmills have to meet export prices in order to secure log supply. Whilst this is the case for structural logs domestically, the pruned export market isn't quite as strong as it was 12 months ago. Please note that these prices are national averages and do not necessarily reflect actual log prices received in the Wanganui region.

The export log market has been slowly rising since August 2016. There hasn't been a strong dip in prices as there was in winter 2014 and 2015. Export log prices are helped by the New Zealand dollar which currently sits $0.73 US cents in July and also lower shipping rates to China. Whilst these two factors are slightly up compared to 12 months ago, the demand from China for raw logs still seems to be strong with uplift of logs delivered to Chinese ports reported to be 10,000 to 15,000 cubic metres more per day when compared with 12 months ago. Total log volumes exported out of NZ in May was around 1,500,000 cubic metres which is 200,000 cubic metres more than 12 months ago. China represents 70% of this volume followed by South Korea with 15%, India with 10% and Japan with 3%.

For a typical steep hill country forest the estimated costs of logging, carting, roading and overheads is around $84.20, hence the need to grow higher volumes of pruned, structural and export A grade logs as the other lower grades (K, KI, KW & Pulp) contribute very little to the return. To achieve better volumes of the preferred grades, rotation lengths can be extended.

ETS Issues **Bradwood Forest has two ETS classifications - 43 hectares are classified as pre 1990 forestlands – FAP 5218. Additionally 149.4 hectares are classified as post 1989 forestlands – ETSA 6575.**

As the post 1989 forestlands cover an area greater than 100 hectares, 34 carbon plots were established and measured in February 2012. In March 2013 a Mandatory Emission Return was lodged with MPI the five year period 2008-2012 that 30,823 tonnes of carbon had been sequestrated during that 5 year period. In May 2014 a voluntary emission return for 6,279 NZU was lodged. On May 5th OM Financial transacted the sale of 16,680 NZU and the purchase of 38,694 ERU, as the forest was deregistering from the ETS.

However the Government in the 2014 Budget (16th May) amended the CCRA Legislation preventing post 1989 forest owners from arbitraging ETS units. On May 19th MPI notified participants of the changes to the Legislation and that it was retrospective. On March 10th 2016 a voluntary emission return for 6,364 NZU was lodged for the 2015 year, and these units were

allocated to the forests EUR account on 6th April. **A voluntary return was lodged in February 2017 for the 2016 year and 6,428 NZU were allocated to Bradwood's EUR account.**

The 34 carbon plots have been remeasured and a revised Specific carbon sequestration table is being produced by MPI for Bradwood. This table will be used for the Mandatory five yearly emission return for the period 1.1.13 to 31.12.17.

The Government is still to announce what changes will be made to the ETS legislation, it is anticipated this will occur in March 2018. Whether the review process brings about change is yet to be determined, talk within the industry of accepting the accounting principal of harvested wood products (HWP) being adopted in NZ makes sense as we are all aware that just because a tree is harvested, not all the carbon is lost to the atmosphere. But it is complicated accounting for wood decay over time, as wood is utilised in many forms, whether, the harvested log be utilised as sawn timber, panels, pulp and paper or fuel wood. It is estimated that a post 1989 forest owner may be able to reduce their surrender liability by 160 NZU/hectare which in July 2017 at $16.80/NZU has a value of $2,688/hectare.

Currently Bradwood Forest has 19,269 NZU and 38,694 ERU in its EUR account.

Transition to a Limited Liability Partnership.

Due to Government introducing new Legislation (Limited Partnerships Act 2008) Special Partnerships (SP) are no longer legal entities. The new Limited Partnerships were registered from April 1st 2015.

The manager continues to contact unit holders to obtain each Limited Partners full name, date and place of birth and residential address, plus similar information from each Trustee if the unit is owned by a Trust. There are still some gaps in this information and those that have not supplied the information will be followed up in the near future. **This is an additional cost to the forest so we need unit holder's assistance to comply with the FMC Regulations, as unless the Forest's Unit Register is complete under FMC regulations unit holders with incomplete information will not be registered Limited Partners . We will also be unable to make future distributions to unit holders until this information has been provided.**

If you move and/or change your address please contact Rosemary on 06-3480084 or info@arbor.co.nz. Please contact us if you are not sure whether or not you have provided the necessary information.

Financial Markets Conduct Act Legislation – Exemption

You will have received notice of an exemption granted to Bradwood Forest regarding the Financial Markets Conduct Act. This exemption was granted to forestry schemes deemed to be under $40 million dollars or schemes which are closed to new investment. Bradwood Forest falls into both of these categories. The exemption has a number of benefits mainly around decreased compliance which would add a significant cost to the partnership if enforced. The exemption is explained in more detail in the bulletin which was sent out to unit holders. If you require a copy of this bulletin, please contact us and we can arrange for a copy to be sent out to you.

End Game – What happens after harvesting?

Due to ever increasing compliance costs involved with the day to day running of the partnership, the general idea is for the partnership to be wound up following harvesting. This would involve selling the land and distributing the proceeds of that land to the unit holders along with the proceeds of harvesting. The directors are also looking at options to sell all or part of the forest before or whilst harvesting continues. The directors are of the view that there is very little appetite for this type of investment to happen again, so in order to maximise returns to investors, the sooner the partnership can be wound up the better.

As always we welcome your feedback on this topic. We will endeavour to keep you further updated with anything that progresses on this topic.

Contacting Arbor

The best way to contact us is via email to info@arbor.co.nz. Your enquiry can then be passed onto someone who will be best able to answer. You can also phone our office on 06 348 0084 or contact us via the contact information located on our website.

We also find that the easiest way for us to contact you is via email. If we don't have your email address please contact us and we will ensure we have it in our database for future contact.

LYNDSAY TAIT
& ASSOCIATES LTD

2017 Financial Statements

Bradwood Forest 2015 Limited Partnership

SILKS AUDIT SA LTD CHARTERED ACCOUNTANTS

CHARTERED ACCOUNTANTS AUSTRALIA + NEW ZEALAND

LYNDSAY TAIT B.C.A., C.A. (DIRECTOR)
Member of the College of Chartered Accountants Australia + New Zealand

Bradwood Forest 2015 Limited Partnership

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For the Year Ended 31 March 2017

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Directory

As at 31 March 2017

Nature of Business	The entity conducts the business of Forestry
Registered Office	219 Victoria Avenue Wanganui
Directors	Peter Bradney Bould Peter Scott Martin Eoin Malcolm Miller Johnson
Statutory Supervisor	Covenant Trustee Services Auckland
Accountants	Lyndsay Tait & Associates Limited Chartered Accountants 39 Victoria Avenue Wanganui
Auditor	Silks Audit Chartered Accountants Limited Chartered Accountants 156 Guyton Street Wanganui
Bankers	Bank of New Zealand Victoria Avenue Wanganui
Solicitors	Castle Brown Morgan Street Newmarket Auckland

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CHARTERED ACCOUNTANTS
AUSTRALIA + NEW ZEALAND

Bradwood Forest 2015 Limited Partnership

Statement of Comprehensive Income

For the Year Ended 31 March 2017

	Note	2017	2016
		$	$
Direct Forestry Income			
Insurance Proceeds - Storm Damage	22	38,151	69,084
Sale of Logs		-	18,985
		38,151	**88,069**
Other Income			
Revaluation of Forest Crop		285,254	(139,305)
Loan Guarantee Fee		21,227	21,849
Interest Received - Pinehills Mortgage		11,413	17,408
Interest Received - Pinehills Loan		4,460	6,803
Interest Received - IRD Use of Money		-	1
Sundry Income		8,575	-
Total Other Income		**330,929**	**(93,243)**
Total Revenue		**369,080**	**(5,174)**
Direct Forestry Expenditure			
Forestry Management		9,313	9,881
Forest Maintenance		735	9,402
Forest Inventory		-	3,614
Insurance - Fire & wind	11	4,578	3,898
Rates		2,555	2,469
Forest Valuation		1,091	2,154
Total Direct Forestry Expenses		**18,271**	**31,418**
Administration Expenses			
Accountancy Fees		7,762	3,124
Audit Fee		5,950	5,049
Bank Fees & Charges		96	95
Communication & AGM Expenses		2,187	1,250
Company Registration		803	121
Emission Trading		243	332
FMCA Exemption Costs		3,730	-
Insurance - General	11	213	213
Professional & Legal Fees		4,603	6,803
Marketing Costs (Non Deductible)		3,984	-
Secretarial & Administration Services		1,762	2,614
Statutory Services		6,124	3,038
Transition to Limited Partnership Costs		3,527	13,273
Total Administration Expenses		**40,984**	**35,912**
Other Expenses			
Impairment Expense - Forestry Resource Supply Limited	9	93,571	-
Total Other Expenses		**93,571**	**-**
Total Expenses		**152,826**	**67,330**
Other Comprehensive Income		**-**	**-**
Net Operating Surplus (Deficit) and Other Comprehensive Income		**216,254**	**(72,505)**

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.

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SILKS AUDIT CHARTERED ACCOUNTANTS LTD
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Bradwood Forest 2015 Limited Partnership

Statement of Changes in Equity

For the Year Ended 31 March 2017

				2017
		$	$	$
		Partners Capital	Retained Earnings	TOTAL
Opening Balance	7	1,500,000	2,285,568	3,785,568
Comprehensive Income		-	216,254	216,254
Partnership Capital received		-	-	-
Equity as at 31 March 2017		**1,500,000**	**2,501,822**	**4,001,822**

				2016
		$	$	$
		Partners Capital	Retained Earnings	TOTAL
Opening Balance		1,500,000	2,358,073	3,858,073
Comprehensive Income		-	(72,505)	(72,505)
Partnership Capital received		-	-	-
Equity as at 31 March 2016		**1,500,000**	**2,285,568**	**3,785,568**

SILKS AUDIT SA LTD CHARTERED ACCOUNTANTS

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.

Bradwood Forest 2015 Limited Partnership

Statement of Financial Position

As at 31 March 2017

	Note	2017	2016
		$	$
Current Assets			
BNZ Bank - Current Account		72,264	71,774
Accounts receivable		24,411	25,126
Total Current Assets		96,675	96,901
Non-Current Assets			
Property, Plant & Equipment			
Land	10b	165,000	165,000
Forest	10a	3,134,458	2,849,204
Term Investments			
Mortgage to Pinehills	8a	150,000	150,000
Loan to Pinehills	8b	60,000	60,000
Accrued Interest Receivable		94,877	79,015
Shares in FRSL	9	313,629	407,200
Total Non-Current Assets		3,917,964	3,710,419
Total Assets		4,014,639	3,807,320
Current Liabilities			
Accounts Payable & Accruals		12,593	21,518
GST Payable		224	235
Total Liabilities		12,817	21,753
Total Net Assets		4,001,822	3,785,568
Total Partnership Equity		4,001,822	3,785,568

Financial Statements were authorised for issue by the directors of the General Partner (Bradwood Forest Limited):

Director Date 31/7/17

Director Date 31/7/2017

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.

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Statement of Cash Flows

For the Year Ended 31 March 2017

	Note	2017	2016
		$	$
Cash Flows from Operating Activities			
Cash was provided from:			
Net GST Received		-	9,267
Sale of Timber		-	23,188
Interest Received		11	-
Insurance Proceeds Received		38,151	69,084
Loan Guarantee Fee		21,942	5,166
Sundry Income		8,575	-
		68,679	**106,705**
Cash was disbursed to:			
Payments to Suppliers		68,180	58,929
Interest Paid		-	-
Net GST		9	8,248
		68,189	**67,177**
Net Cash Flows from Operating Activities	13	**490**	**39,528**
Net Increase in Cash Held		490	39,528
Cash at the Beginning of the Year		71,774	32,246
Cash at the End of the Year		**72,264**	**71,774**
This is represented by:			
BNZ Bank - Current Account		72,264	71,774

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.

LYNDSAY TAIT B.C.A., C.A. (DIRECTOR)
Member of the College of Chartered Accountants Australia + New Zealand

CHARTERED ACCOUNTANTS AUSTRALIA + NEW ZEALAND

1 Statement of Accounting Policies

Reporting Entity

Bradwood Forest Limited, being the General Partner of Bradwood Forest Limited and Company, is a company registered under the Companies Act 1993. Under the terms of the Deed of Participation the General Partner is able to carry on certain investment activities as allowed in clause 6.2 which are conducive to the benefit of the partnership which includes investing, borrowing and lending funds.

Bradwood Forest 2015 Limited Partnership is a Limited Partnership registered under the Limited Partnership act 2008. The Limited Partnership has an effective date of 1 April 2015.

The financial statements were authorised for issue by the directors of the General Partner on 31 July 2017.

Statement of Compliance

These financial statements have been prepared under the Financial Reporting Act 2013. The financial statements are for a scheme registered under the Financial Markets Conduct Act 2013, and have been prepared in accordance with the FMC Act 2013. Bradwood Forest Limited is applying Tier 1 Reporting Standards - for Profit Entities, as per XRB A1.

Statement of Measurement Base

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

These financial statements have been prepared in accordance with generally accepted accounting practise 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 amounts are shown in New Zealand dollars which are the functional and presentational currency.

Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of the Statement of Financial Performance and Statement of Financial Position have been applied:

(a) **Accounts Receivables and Payables**

Receivable & 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 receivable is not materially different from estimated realisable value.

(b) **Cash and Cash Equivalents**

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

(c) **Plantations**

The forest plantations are measured at its fair value less estimated point of sale costs.

(d) **Property, Plant and Equipment**

All property, plant and equipment are initially recorded at cost less accumulated depreciation and any impairment where applicable, except for land which is shown at cost.

(e) **Taxation**

All current year tax losses are distributed to the partners of the forest. Any taxable profits are offset against tax losses carried forward from previous years.

(f) **Financial Instruments**

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

(g) **Revenue**

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

(h) **Cash Flow**

For the purpose of the cash flow statement, cash includes cash on hand and deposits held on call with banks.

(i) **Goods and Services Tax**

These Financial Statements have been prepared exclusive of Goods and Services Taxation with the exception of Accounts Receivable and Accounts Payable which are GST inclusive.

(j) **Investments**

Shares in Forestry Resource Supply Limited, issued 30 March 2012, are recorded at cost less any impairment.

(k) **Emissions Trading Scheme**

Bradwood Forest has 43Ha of pre 1990 forest lands (FAP 5218) for which it received 60 NZU/Ha and 149.4Ha of post 1989 forest lands (ETSA 006575). The pre 1990 forest lands are subject to the provisions of the New Zealand emissions trading scheme (ETS). The implication of this for the financial accounts is two-fold: 1. should the land be deforested (i.e. the land is changed from forestry to some other usage) a deforestation penalty will arise; and 2. given the deforestation restriction, compensation units are being provided by the Government.

The deforestation contingency is not recognised as a liability on the Statement of Financial Position as there is no current intention of changing the land use subject to ETS. However, the estimated liability that would arise should deforestation and a change of land use occur has been estimated and is shown in the Notes to the Accounts.

Compensation units received are recognised on a nominal value basis.

(l) **Changes in Accounting Policies**

There have been no changes in accounting policies. These policies have been applied on a consistent basis with those of the previous year.

2 Nature of Business

The Partnership is engaged in the business of exotic plantation forestry. The only species of exotic tree planted was Pinus Radiata using a pruned stand regime with surplus plantings thinned to waste. The net Stocked hectares as at balance date is 181.7Ha. The location of the plantation is Hawkin Road, State Highway 4, via Wanganui.

3 Investment in Minority Interest

The partnership holds a 7.96% minority interest in Forestry Resource Supply Limited.

4 Loan Guarantee Fee and Registered Security

Effective from 20 August 2015 Forestry Resource Supply (FRSL), Waverley Sawmill Limited (2002) Limited (WSM 2002), Waverley Sawmill Limited (WSM), the Bank of New Zealand (BNZ), and Bradwood Forest Limited (the company) entered into an agreement whereby the BNZ would continue to advance $6,250,000 to FRSL who has advanced such sums to WSM 2002 to be used for refinancing as primary lender, capital upgrades and working capital for WSM. Bradwood has provided a guarantee of $1,500,000 to BNZ by way of a registered first mortgage over the land of the company and a perfected security interest in all present and after acquired property of the company.

To enable this facility to continue on an interest only basis the BNZ requires a term deposit cash security of a minimum of $1,200,000 to be put in place by 20 March 2016. As at 31 March 2017 the bank is satisfied with cash/deposits held by McQuade Forest 2015 Limited, Bradwood Forest 2015 Limited and Greenoch Forest 2015 Limited. Currently Bradwood Forest does not have any cash on Term Deposit as harvesting has not yet begun.

At March 2016 BNZ required for the next 12 months a further $100,000 per month to be held on term deposit. These deposits resulted in further funds (excluding the funds held as at 31 March 2016) of $1,200,000 held on term deposit at 31 March 2017.

Under the security ratio covenant, if harvest of trees is accelerated then additional cash deposits will be required. The above amount is the minimum required for the next 12 months. A perfected security interest in this deposit is required in the name of McQuade Forest Limited, Bradwood Forest Limited and Greenoch Forest Limited.

Further financial covenants are that all scheduled finance commitments (interest and principal) are to be met prior to any disbursements to investors and the value of the trees (combined over the three forests) to cover the net level of indebtedness by 1.9 times. Net indebtedness calculated as the drawn balance less cash deposits secured to the bank.

In return WSM agrees to pay to FRSL all such sums by way of interest and charges. WSM will also pay 1.5% loan guarantee fee to be calculated monthly on all such sums advanced direct to the company.

The directors have provided a debt of subordination to the BNZ in respect of logs supplied to Waverley Sawmills Limited.

There is a fundamental uncertainty that if FRSL is unable to meet any of the requirements above, the BNZ have the ability to call upon the guarantee.

5 Tax Losses

The tax losses are now able to be allocated to individual partners in the year incurred. Surpluses are offset against losses carried forward. Tax losses carried forward will be available to offset against future surpluses.

		2017
		$
Non distributable tax Losses brought forward from 2016		491,741
Current year surplus/(deficit)	216,254	
Less Non Assessable Forest Revaluation	(285,254)	
Less Non Assessable Sundry Income	(8,575)	
Add back Non Deductible Expense	3,984	
Plus Non Assesable Impairment Expense - FRSL	93,571	
	19,980	
Less Land Development Amortization @ 5.00%	699	
Taxable Profit offset against Tax Losses Brought Forward	19,281	
Total tax deficits carried forward to 2017 subject to assessment		472,460

6 Tax Loss Distribution to Partners

As a result of the repealing of section HC 1 of the Income Tax Act 1994 effective the 2005/2006 tax year, tax losses for this year are able to be distributed to partners in proportion to their individual unit holdings. Partners should note that section IE 1(2B) only allows for losses to be claimed against an individual's assessable income and, according to sections GC 29, 30 and 31 those losses not claimed against assessable income derived in the same income year cannot be carried forward to a future year.

	2017 $	2016 $
Net tax losses for the year	-	-
Loss per unit (being 0.500%)	-	-

7 Share Capital

The capital of the partnership is divided into 200 units of $7,500 each, totalling $1,500,000. All capital has been called and there are no arrears. All shares have equal rights with regard to distribution of profits. Any liabilities are limited to the extent of capital contributed. Further rights, interests and obligations between the Limited Partners and the General Partner are as detailed in the Deed of Participation registered in the High Court of Wanganui.

8 Non-Current Assets

8(a) Registered 1st Mortgage - Pinehills

Bradwood Forest has advanced the sum of $150,000 (2016: $150,000) to Pinehills Forest Limited. The sum is secured by way of registered 1st mortgage over the Pinehills Forest land. The rate of interest shall be 5.34% accrued monthly. The directors have agreed that interest be accrued on a monthly basis. Accrued interest as at 31 March 2017 is $69,373 (2016 $57,959).

The directors of Bradwood Forest Limited have stated their intention to maintain the balance of the loan to Pinehills Forest Limited for the next financial year.

8(b) Loan to Pinehills

The partnership has advanced the sum of $60,000 (2016: $60,000) by way of a secured loan, with a mortgage registered on the title, to Pinehills Forest Ltd at an interest rate of 5.34% per annum accrued monthly. The loan is repayable on demand. Accrued interest as at 31 March 2017 is $25,505 (2016 $21,055).

The directors of Bradwood Forest Limited have stated their intention to maintain the balance of the loan to Pinehills Forest Limited for the next financial year.

9 Term Investments

Shares in Forestry Resource Supply Limited

The partnership has entered into an agreement to purchase 407,200 shares at a nominal value of $1.00 per share in a newly established company named Forestry Resource Supply Limited (FRSL) in exchange for preferential right to supply logs to Waverley Sawmills Limited (WSM). All shares have been allocated and registered with the Companies Office. As at 31 March 2015 all capital has been called and paid. The Limited Partnership engaged BDO Central (NI) Ltd to carry out the recoverable value of Waverley Sawmills Limited using estimated pre-tax cash flows to determine the value in use in accordance with NZ IAS 36 - Impairment of Assets. The calculation has determined an impairment of $93,571 which has written down the FRSL investment value to $313,629 (2016 $407,200). One of the key assumptions in the calculation is the future operating cash flow forecasts for the years ended 31 March 2018, 2019 and 2020. If the actual operating cash flows for the 2018 financial year are significantly different than forecast the impairment amount would be greater. There is a fundamental uncertainty in that the value of the investment in FRSL is contingent on the continuing commercial viability and achieving budget projections of Waverley Sawmills.

10 Non Current Assets

10(a) Forest Value

For detail on valuation methodology see note 20.

Forest Area	Forest Value	Value per Unit
181.71Ha	$3,134,458	$15,672

10(b) Land Value

	Costs
Land - 230.3Ha State Highway 4, Parapara Rd, Wanganui	$165,000

11 Insurance

The following insurance cover is held by the Partnership as at 31 March 2016.

The Plantation	
Trees, against Fire	$3,094,015
Trees, against Wind up to:	$5,000,000
Re-establishment up to:	$2,000,000
Fire Fighting up to:	$4,000,000
Public Liability	
Public Liability	$5,000,000
Product Liability	$5,000,000
Forest & Rural Fires	$5,000,000
Legal Expenses	$500,000

12 Emissions Trading Scheme

12(a) Emissions Units

Since commencement of the ETS, Bradwood Forest has received 57,983 NZU's of which 38,694 were sold and 38,694 ERU's have been purchased. As at 31 March 2017 Bradwood Forest Limited had 19,289 NZU's and 38,694 ERU's. At 31 March 2017 the NZU's were valued at $17.25 and the Eru's were valued at $0.00 (nil value). The NZFOA on behalf of the affected forest owner members were advised on 14 April 2015 that the Minister of Climate Change Tim Grosser would not review the decision to allow those unit holders who had transacted their units prior to 16 May 2014 to complete their ETS deregistration process. Bradwood Forest will continue to receive NZU's annually until all the forest is harvested. Based on the current CCRA legislation the forest will have to meet any liability based on the amount of carbon sold minus the residual carbon ground biomass (stumps) and the carbon in the replanted tree crop. If the forest is not replanted then the potential liability would be greater.

Movement in Emissions Trading Scheme	NZU	2017	2016
Opening balance		6,363	6,363
Plus Allocation of carbon units		12,926	-
Less sale of carbon credits		-	-
Closing balance at 31 March 2017		19,289	6,363
Market value of credits at 31 March 2017		$17.25	$11.07
Total market value at 31 March 2017		$332,735	$70,438

Movement in Emissions Trading Scheme	ERU	2017	2016
Opening balance		38,694	38,694
Plus Allocation of carbon units		-	-
Less Sale of carbon credits		-	-
Closing balance at 31 March 2016		38,694	38,694
Market value of credits at 31 March 2016		$0.00	$0.00
Total market value at 31 March 2016		$0	$0

12(b) Land Value Contingency
Approximately 43Ha of forest on the land is pre-1990 forest land under the Emissions Trading Scheme. Should this land be deforested a deforestation penalty would be incurred. Under the existing legislation should a pre-1990 landowner change the land use they would incur a deforestation liability. There is no current intention of deforesting the pre-1990 forest land.

13 Reconciliation of Statement of Cashflows with Operating Surplus

	2017	2016
	$	$
Net Operating Surplus/(Deficit)	216,254	(72,505)
Adjusted by items not involving cashflows		
(Increase)/decrease in value of forest crop	(285,254)	139,305
(increase)/decrease in accrued interest	(15,862)	(24,220)
(Increase)/decrease in FRSL Investment	93,571	-
Impact of changes in working capital items		
(Increase)/decrease in GST refund due	(9)	455
(Increase)/decrease in accounts receivable	715	(14,352)
Increase/(Decrease) in accounts payable and accruals	(8,925)	10,846
Net cash received/(used) in Operating Activities	490	39,528

14 Financial Instruments

Credit Risk
Financial instruments which potentially subject the partnership to credit risk principally consist of bank balances, deposits and accounts receivable and loans to other forests 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. As at balance date no collateral or securities were held for any of these amounts, with the exception of the mortgage and loan to Pinehills Forest of $150,000 and $60,000 respectively which are secured by way of registered mortgage over the title of that forest.

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 is able to generate sufficient cashflows from borrowings, if required and as referred to in Note 19, to make timely payments.

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

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

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.

15 Transactions with Related Parties

During the year transactions amounting to $39,643 were made between Arbor Management Limited, a company in which Peter Martin, Director of the General Partner, has a controlling interest. These payments included $14,573 (2016 $13,679) paid to Arbor Management to reimburse amounts that entity paid directly to external suppliers on behalf of Bradwood Forest. The remainder of the payments were for direct services provided by Arbor Management Limited.

	2017 $	2016 $
Arbor Management Limited		
Forest Consulting, Inventory & Valuation	1,091	2,909
Management Fees	9,313	9,313
Maintenance	5,525	13,514
Administration	13,787	9,795
Transition to Limited Liability Partnership	3,572	11,357
FMCA Exemption	2,371	-
Marketing Costs	3,984	-

An amount of $2,481 was owing as at 31 March 2017 (2016 $11,148).

All the above transactions were carried out under normal trading terms and conditions.

Due to commonality of directorship (Peter Martin, Peter Bould and Malcolm Johnson), the partnership has invested in shares in Forestry Resource Supply Limited and provided loan funds to Pinehill Forest and this is considered a related party transaction. The investment in shares and lending of funds have been made under the terms of the Deed of Participation as noted under accounting policy 1, Reporting Entity. Specific details of the investment in shares and loans are disclosed in Notes 8a, 8b and 9 respectively.

16 Capital Commitments and Contingent Liabilities

The partnership has no capital commitments and biological asset commitments at balance date, 31 March 2017 (2016: Nil). Other than loan guarantees noted in note 4 on page 9 there were no other contingent liabilities at balance date (2016: Nil). The partnership has no non-cancellable leases at balance date (2016: Nil). The partnership has no contingent assets at balance date (2016: Nil).

17 Events Occurring After Balance Date

There have been no significant events after balance date.

18 Use of Estimates and Judgements

The preparation of financial statements of necessity involves judgement and estimation. The only significant estimation required for the year is the plantation value as referred to in note 20.

19 Going Concern

The directors believe the going concern assumption is appropriate as they are authorised to borrow funds as allowed by clause 6.2 of the Deed of Participation dated 27 February 2015 to fund day-to-day operations. The directors intend to source these funds from borrowing against the forest assets (land and tree crop) subject to Bank and Trustee Supervisor approval if appropriate. If approval of funds is obtained these funds will be utilised for meeting forest operating expenditure and repayment of loans from other forests. The directors believe that Bradwood Forest Limited, Greenoch Forest Limited and McQuade Forest Limited have sufficient assets to meet the inter-company guarantee to the BNZ per note 4 for FRSL borrowing.

20 Plantation Valuation

	2017	2016
	$	$
Reconciliation of movements during the year		
Value at the beginning of the year	2,849,204	2,988,509
Fair value adjustment for the year recognised in profit and loss	285,254	(139,305)
Fair value at the end of the year	3,134,458	2,849,204

Valuer
The plantation was valued as at 31 March 2017 by R H Webster, Registered Forestry Consultant (NZIF), of Webster & Associates Ltd, Forest Consultants. The estimated fair value of the plantation is categorised within Level 3 of the fair value hierarchy.

Valuation Methodology
The valuation used the following procedure:

1. Future yields are forecast.
2. Log prices are attached and harvest costs deducted to arrive at projected harvest revenues.
3. Projected clearfell revenues are reduced to account for attrition.
4. Future costs are added.
5. The effect of taxation is modelled from a purchaser's perspective.
6. The resulting post-tax cash flow is discounted at the nominated discounted rate. This generates a Net Present Value (NPV) by stand and by forest.

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

The value is estimated by the present value of expected net cash flows from the forest crop, assuming the partnership will harvest and supply logs to Waverley Sawmills Ltd as per the preferential logs supply agreement. If product can only be sold to an export market the directors consider the returns would be considerably less than current valuation. As stated in note 9 on page 10, there is a fundamental uncertainty with the preferential logs supply agreement being on the continuing viability of Waverley Sawmills Ltd.

The fair value estimate excludes the value of the land and any 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 27 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 the appropriate growth models. 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 published prices paid over the past three years at a number of locations with regional adjustment. 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. Also taken into account is the preferential log supply agreement that favours Bradwood Forest as a shareholder in Forestry Resource Supply Limited allowing the sale of pruned and S grade logs to Waverley Sawmills. These upgrades of logs command higher returns while other lower grade logs will be either exported or sold to Karioi Pulp Mill.

Projected Costs
All costs apart from rates have been assessed by Webster & Associates Ltd, and are based on current industry standards and expressed in 2017 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 the harvest plan being prepared tending costs used in the valuation represent 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 Webster & Associates' staff during the site visit carried out at the feasibility stage.

v. Road and skid formation costs have been reassessed this year using a consistent basis across all forests. Webster & Associates 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.

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 7.00% (the equivalent pre tax discount rate is 9%) 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.

21 Biological Assets

The forest is a consumable immature biological asset. At balance date the forest had a net stocked area in pinus radiata of 181.7Ha.

22 Storm Damage

In July 2016 the region experienced severe wind gusts resulting in windstorm damage to part of the forest estate. The partnership received an amount of $38,150.78 being proceeds received for 2.17Ha of damage. These insurance proceeds covered Loss of Standing Timber and Collective Carbon.

23 Financial Markets Conduct (Forestry Scheme) Exemption

Pursuant to section 556 of the Financial Markets Conduct Act 2013 the Financial Markets Authority is satisfied that Bradwood Forest is granted exemption from certain matters as detailed in the Financial Markets Conduct (Forestry Schemes) Exemption Notice 2016. This Notice comes into force on 18 November 2016 and is revoked on the close of 17 November 2021.

LYNDSAY TAIT [illegible]
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INDEPENDENT AUDITORS REPORT

To the owners of Bradwood Forest 2015 Limited Partnership

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bradwood Forest 2015 Limited Partnership on pages 3 to 16, which comprise the statement of financial position as at 31 March 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 Limited Partnership as at 31 March 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 Limited 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 Limited Partnership.

Material Uncertainty Related to Going Concern

We refer to note's 4 and 20, the Limited Partnership entered into an agreement whereby the BNZ would continue to advance an amount of $6,250,000 to FRSL which the Limited Partnership has provided a guarantee of $1,500,000 by way of registered first mortgage over its land and a perfected security interest in all present and after acquired property of the company. If the FRSL is unable to meet any of the requirements above, the BNZ have the ability to call upon the guarantee. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Limited Partnership's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

CHARTERED ACCOUNTANTS
AUSTRALIA + NEW ZEALAND

Principals: Cameron Town, Talia Anderson-Town.

Whanganui Taranaki Manawatu Central Plateau Auckland

Emphasis of Matter
As stated in note 9 to the financial statements the investment in Forestry Resource Supply Limited ("FRSL") of $313,629 there is a fundamental uncertainty in that the value of the investment in FRSL is contingent on the continuing commercial viability and achieving budget projections of Waverley Sawmills.

Also, as stated in note 20 to the financial statements the forest crop valuation methodology assumes that the harvest of logs will be sold to a domestic sawmill. If product can only be sold to an export market the directors consider the returns would be considerably less than the current market valuation.

Our opinion is not qualified in respect of these matters.

Directors Responsibilities for the Financial Statements
The directors are responsible on behalf of the Limited Partnership for the preparation and fair presentation of the financial statements in accordance with NZ IFRS, 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.

In preparing the financial statements, the directors are responsible on behalf of the Limited Partnership for assessing the Limited 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 directors either intend to liquidate the Limited 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

Other matter
The Limited Partnership did not have the 2016 financial statements and auditor's report filed with the Registrar for registration as required by paragraph 461h of the Financial Markets Conduct Act 2013.

Silks Audit

Cameron Town
Silks Audit Chartered Accountants Ltd
Whanganui, New Zealand

Date: 31 July 2017

BRADWOOD FOREST

BUDGET/EXPENDITURE

FOR YEAR END 31.3.17

	LAST YEAR SURP/(DEF) B/F	2016/2017 BUDGET	BUDGETED AVAILABLE 2016/2017	EXPENDITURE FOR YEAR 2016/2017	TOTAL SURP/(DEF) TO DATE	TOTAL EXPENDITURE TO DATE
ADMINISTRATION						
Accounts	19,525	2,539	22,064	1,000	21,064	15,599
Secretaial	137,374	13,547	150,921	762	150,159	51,111
Stat Sup	(2,714)	3,386	673	6,124	(5,451)	48,980
Accounting	11,609	5,079	16,688	7,762	8,926	60,462
Audit	19,710	4,063	23,773	5,950	17,823	39,509
Rates	35,608	5,079	40,687	2,555	38,132	34,910
Misc	(1,148)	2,539	1,391	9,942	(8,551)	50,882
Correspondence	58,341	5,926	64,267	2,187	62,080	25,656
Management	31,200	13,869	45,069	9,313	35,756	260,116
TOT ADMIN/MANAGE	**309,504**	**56,028**	**365,532**	**45,595**	**319,937**	**587,225**
FOREST VALUATION	(8,676)		(8,676)		**(8,676)**	7,976
PROMOTION	5,200		5,200		**5,200**	139,800
LAND PURCHASE	(2,469)		(2,469)		**(2,469)**	167,469
DEVELOPMENT	4,067		4,067		**4,067**	88,665
ESTABLISHMENT	9,840		9,840		**9,840**	169,062
SILVICULTURE	85,769		85,769		**85,769**	393,116
LOG MARKET SECURITY	(7,000)				**(7,000)**	7,000
TRANSITION TO LTD P'SHIP	-23294			7,257	**(30,551)**	20,530
ETS & CARBON PLOTS	4,351	16,560			**20,911**	11,420
MAINTENANCE	27,177		27,177	6,404	**20,773**	178,933
INTEREST	(774)		(774)		**(774)**	774
TOTAL EXPENDITURE	**403,695**	**72,588**	**485,666**	**59,256**	**417,027**	**1,771,970**
OTHER INCOME	125,995			21,227	147,222	130,007
INCOME RECEIVED	52,118	23,806	(28,312)	62,599	90,911	892,616
TOTALS	**455,813**	**48,782**	**513,979**	**(24,570)**	**507,938**	**749,347**

TOTAL SAVINGS ON EXPENDITURE AHEAD OF BUDGET
$417,027

TOTAL INCOME AHEAD OF BUDGET
$238,133

This budget/Expenditure analysis excludes forest revaluation and investment movements.