

**NGATERETERE LTD**  
**FARM REPORT TO TRUSTEES**

**1<sup>st</sup> November 2007**

This is a brief update on how things are going on the farm at the present time.

The farm is still looking good with full use being made of the feed supplies available.

**Farm Visit**

In Mid September the directors of Len Brown, Tom Brown, John Hata and Jeff Bakalich did a full farm inspection.

It was agreed by the directors during this visit that they will not spend any money to upgrade /repair on either the shearers quarters or the house as the cost of repairs would be too high and are unjustified.

**Pasture / Soil development / Crops**

All digger / drainage work is now complete and the new grass is sown and starting to germinate.

Preparation is now underway for 40 hectares to go in to crop of Swede and Kale for winter crops.

The fences have been repaired around these cropping paddocks so they are stock proof and 14 foot gates put in to enable tractor access to these areas.

**Stock**

There will be 150 Weaner Heifers from Whakatohea Maori Trust Board come up in early January for a 12 month grazing arrangement.

Also 400-500 dairy cows from various farms are also to be grazed over the winter.

Lambing appears to have been successful with docking due mid November and figures will be gauged from this.

Shearing was completed in late August and 43 bales of wool have now been sold.

## **Fertiliser**

Another dressing of Capital Fertiliser was applied in October at a cost of approx \$79,000. This now equates to 1000 kgs per hectare of superphosphate equivalent since the commencement of the lease. This also included Capital Cobalt.

In addition to this there has been the normal high fertiliser mixes applied to the cropping paddocks plus Lime at 3T per hectare on crop paddocks.

A 2<sup>nd</sup> soil test was taken prior to this 2<sup>nd</sup> capital dressing to gauge the effect of each application. These results are:

	<u>Commencement of Lease</u>	<u>Prior to 2<sup>nd</sup> Dressing</u>
Ph	5.5	5.4
Phosphate	7	21
Potassium	4	6
Sulphur	4	11
Organic Sulphur	9	18

## **Financial**

A copy of the cashflow to date is attached with all expenditure close to or within budget.

All up the farm is looking in excellent condition and is showing the expected results from the inputs it has had.

Jeff Bakalich  
1.11.07



# Cashflow Report

for

Ngateretere Limited

Cashflow: Actual Custom

Date Range: 01 Feb 07 to 31 Oct 07

GST Exclusive

	Total	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07
<b>Income</b>										
Beef	123,624			1,067			43,336	40,352	16,714	22,155
Sheep	3,380							3,380		
Wool	16,201									16,201
<b>Income Total</b>	<b>143,205</b>			<b>1,067</b>			<b>43,336</b>	<b>43,732</b>	<b>16,714</b>	<b>38,356</b>
<b>Purchases</b>										
Beef	(280,238)	(60,010)	(105,567)	(105,476)			(8,945)	(240)		
Sheep	(154,015)	(81,524)	(69,962)	(2,505)					(24)	
<b>Purchases Total</b>	<b>(434,253)</b>	<b>(141,534)</b>	<b>(175,529)</b>	<b>(107,981)</b>			<b>(8,945)</b>	<b>(240)</b>	<b>(24)</b>	
<b>Net Income</b>	<b>(291,048)</b>	<b>(141,534)</b>	<b>(175,529)</b>	<b>(106,914)</b>			<b>34,391</b>	<b>43,492</b>	<b>16,690</b>	<b>38,356</b>
<b>Farm Expenditure</b>										
Animal Health	(13,106)			(514)	(232)	(572)	(3,353)	(2,997)	(3,276)	(2,162)
Electricity	(260)				(20)	(43)		(46)	(96)	(55)
Fertiliser	(128,959)	(189)	(8,769)	(12,600)	(946)	(12,260)	(59,448)	(90)	(2,082)	(32,575)
Wages	(13,517)			(2,083)	(4,871)	(611)	(1,624)	(1,240)	162	(3,250)
Farm Working	(400)						(30)	(166)		(204)
Weed & Pest	(3,026)	(969)							(2,057)	
Shearing Expenses	(8,414)					(310)	(1,309)		(6,343)	(452)
Pasture Renewal	(29,790)			(23,482)						(6,308)
Cropping	(18,381)		(69)	(17,457)		(855)				
Repairs & Maint	(47,093)	(8,589)	(124)	(5,158)	(11,714)	(6,171)	(356)	(18)	(14,060)	(903)
Vehicle Expenses	(249)							(76)	(82)	(91)
Administration	(16,107)	(13)	(231)	(4,034)	(1,892)	(3,901)	(384)	(1,879)	(1,911)	(1,862)
Interest	(32,214)			(3,909)	(4,691)	(4,691)	(4,847)	(5,007)	(4,535)	(4,534)
Rates & Insurance	(6,720)	(1,376)	(679)	116	(1,434)			(3,347)		
Rent / Lease	(42,000)							(42,000)		
<b>Farm Expenditure Tc</b>	<b>(360,236)</b>	<b>(11,136)</b>	<b>(9,872)</b>	<b>(69,121)</b>	<b>(25,800)</b>	<b>(29,414)</b>	<b>(71,351)</b>	<b>(56,866)</b>	<b>(34,280)</b>	<b>(52,396)</b>
<b>Trading Surplus</b>	<b>(651,284)</b>	<b>(152,670)</b>	<b>(185,401)</b>	<b>(176,035)</b>	<b>(25,800)</b>	<b>(29,414)</b>	<b>(36,960)</b>	<b>(13,374)</b>	<b>(17,590)</b>	<b>(14,040)</b>
<b>Other</b>										
Capital	(19,758)	258,756	(270,000)	(8,007)		(507)				
Principal	650,000		650,000							
<b>Other Total</b>	<b>630,242</b>	<b>258,756</b>	<b>380,000</b>	<b>(8,007)</b>		<b>(507)</b>				
<b>Gst</b>	<b>(2,538)</b>	<b>(20,488)</b>	<b>(23,173)</b>	<b>21,705</b>	<b>(2,028)</b>	<b>20,906</b>	<b>(3,962)</b>	<b>6,147</b>	<b>(863)</b>	<b>(782)</b>
<b>Income (Expense)</b>	<b>(23,580)</b>	<b>85,598</b>	<b>171,426</b>	<b>(162,337)</b>	<b>(27,828)</b>	<b>(9,015)</b>	<b>(40,922)</b>	<b>(7,227)</b>	<b>(18,453)</b>	<b>(14,822)</b>
<b>Opening Balance</b>			85,598	257,024	94,687	66,859	57,844	16,922	9,695	(8,758)
<b>Closing Balance</b>	<b>(23,580)</b>	<b>85,598</b>	<b>257,024</b>	<b>94,687</b>	<b>66,859</b>	<b>57,844</b>	<b>16,922</b>	<b>9,695</b>	<b>(8,758)</b>	<b>(23,580)</b>



		Non Farm Income	0	0
			0	0
<b>TOTAL EXPENDITURE</b>	361771	<b>TOTAL INCOME</b>		474559
<b>SURPLUS</b>	112787			0





**BORROWING DETAILS**

LENDER	TERM (years)	PRINCIPAL	INTEREST RATE %	INTEREST PAYABLE	PRINCIPAL PAYABLE	TOTAL
Term - BNZ	999.0	650000	8.50	55250	0	55250
Term - BNZ	0.0	0	0.00	0	0	0
Term - BNZ	0.0	0	0.00	0	0	0
Term - BNZ	0.0	0	0.00	0	0	0
Term - BNZ	0.0	0	0.00	0	0	0
Term - BNZ	0.0	0	0.00	0	0	0
Term - BNZ	0.0	0	0.00	0	0	0
Overdraft			10.00	916		916
Rent						0
Long Term Grazing						0
Lease Whakatohea						30000
		650000		56166	0	86166

TERM PAYMENTS SCHEDULE	TOTAL	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
Term - BNZ	55250	4604	4604	4604	4604	4604	4604	4604	4604	4604	4604	4604	4604
Term - BNZ	0	0	0	0	0	0	0	0	0	0	0	0	0
Term - BNZ	0	0	0	0	0	0	0	0	0	0	0	0	0
Term - BNZ	0	0	0	0	0	0	0	0	0	0	0	0	0
Term - BNZ	0	0	0	0	0	0	0	0	0	0	0	0	0
Term - BNZ	0	0	0	0	0	0	0	0	0	0	0	0	0
Term - BNZ	0	0	0	0	0	0	0	0	0	0	0	0	0
Term - BNZ	0	0	0	0	0	0	0	0	0	0	0	0	0
OPENING C/A BALANCE	-16000												

Key Ratios	Taxation Estimate	Estimation of Interest
Gross Farm Income 474559	Farm Surplus 249580	Estimation of Interest 56166
Sub Total Farm Costs 172250 36%	Non Farm Income 0	
Debt Servicing 86166 18%	Less Interest 56166	
Personal + Tax + Capital Items 50627 11%	Rent & Grazing 30000	
Surplus 112787 24%	Other 0	
Stock Units 6265	Depreciation 10000 96166	
Effective ha 450	Taxable Income 153414	
Kgs Wool 21403	Taxed at 33% 50627	
Gross Income per Stock Unit \$76	Less Rebates 0	
Gross Income per effective ha \$1,055	TAXATION 50627	
Stock Units per effective ha 13.92		

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SENSITIVITY ANALYSIS						Breakeven Surplus
Farm Surplus Sensitivity						
Gross Farm Income + or -	-10.0%	-5.0%	0.0%	5.0%	10.0%	Surplus/Deficit 112787
Expenses + or -	-5.0%	83420	107148	130876	154604	178332
	74%		95%	116%	137%	158%
	-2.5%	74376	98104	121831	145559	169287
	66%		87%	108%	129%	150%
	0.0%	65331	89059	112787	136515	160243
	18%		25%	31%	38%	44%
	5.0%	47243	70971	94699	118427	142154
	42%		63%	84%	105%	39%
	10.0%	29154	52882	76610	100338	124066
	26%		47%	68%	89%	110%

**INTEREST COVERAGE CALCULATION:**

Farm Surplus/Deficit	112787	Interest	56166
+ Capex	0	+ Rent	0
+ Int & principal pmts	56166	+ Lease	30000
+ Lease / Rent	30000	+ Long Term Grazing	0
+ Long Term Grazing	0		86166
Surplus Available	198953		
		Interest Coverage :	2.31

**INTEREST COVERAGE CALCULATION:**

Farm Surplus/Deficit	112787	Interest	56166
+ Capex	0	+ Rent	0
+ Int & principal pmts	56166	+ Lease	30000
+ Lease / Rent	30000	+ Long Term Grazing	0
+ Long Term Grazing	0		86166
+ Stock Adjustment	0		
Surplus Available	198953		
		Interest Coverage :	2.31



SHEEP & CATTLE CASH FLOW FORECAST

Prev Actual	INCOME:-	Next YEAR	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Revised
	Lambs	242400	70000	74900	0	0	0	0	0	0	0	0	0	0	242400
	Other sheep	30000	0	0	0	0	0	0	0	0	0	0	0	0	30000
	Cows & hfrs	140000	0	0	0	0	0	0	0	0	0	0	70000	70000	140000
	Steers & bulls	260000	0	0	0	0	52500	52500	52500	52500	50000	0	0	0	260000
	Deer	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Wool	59930	0	0	0	14982	0	14982	14982	0	0	0	14982	0	59930
	Cash Crops	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Other Income	2000	167	167	167	167	167	167	167	167	167	167	167	167	2000
	TOTAL RECEIPTS	734330	70167	75067	167	15149	52667	67649	67649	52667	80167	167	85149	167667	734330
	Less Stock Purchases	312500	0	0	0	0	0	137500	91000	91000	0	0	40000	44000	312500
	GST @ 12.50%	52729	8771	9383	21	1894	6583	8456	-8731	-4792	10021	21	5644	15458	52729
	Off Farm Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	<b>GROSS INCOME</b>	<b>474559</b>	<b>78938</b>	<b>84450</b>	<b>188</b>	<b>17043</b>	<b>59250</b>	<b>76105</b>	<b>-78582</b>	<b>-43125</b>	<b>90188</b>	<b>188</b>	<b>50793</b>	<b>139125</b>	<b>474559</b>
	Wages	26000	2167	2167	2167	1500	1500	1500	1500	1500	1500	1500	1500	1500	26000
	Animal Health	18000	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	18000
	Breeding	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Contracting	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Electricity	3000	250	250	250	250	250	250	250	250	250	250	250	250	3000
	Feed	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Cartage & Freight	2000	167	167	167	167	167	167	167	167	167	167	167	167	2000
	Fertiliser	39750	3313	3313	3313	3313	3313	3313	3313	3313	3313	3313	3313	3313	39750
	Cash Crops	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Seeds not Crop	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Weed & Pest	2500	208	208	208	208	208	208	208	208	208	208	208	208	2500
	Shearing Expenses	8000	667	667	667	667	667	667	667	667	667	667	667	667	8000
	Repairs & Main	10000	833	833	833	833	833	833	833	833	833	833	833	833	10000
	Vehicle Exps	10000	833	833	833	833	833	833	833	833	833	833	833	833	10000
	Administration Expenses	30000	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	30000
	Standing Charges	13000	1083	1083	1083	1083	1083	1083	1083	1083	1083	1083	1083	1083	13000
	Other Farm Expenses	10000	833	833	833	833	833	833	833	833	833	833	833	833	10000
	Grazing/Lease/Rent	30000	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	30000
	GST @ 12.50%	25281	2107	2107	2107	2107	2107	2107	2107	2107	2107	2107	2107	2107	25281
	GST Payable	27447	13941	13941	-2299	10826	10826	10826	-17737	5828	16888	27447	16888	27447	27447
	<b>TOTAL FARM EXPENSES</b>	<b>254979</b>	<b>18961</b>	<b>32902</b>	<b>18961</b>	<b>16662</b>	<b>18961</b>	<b>29787</b>	<b>18961</b>	<b>1224</b>	<b>18961</b>	<b>24789</b>	<b>18961</b>	<b>35849</b>	<b>254979</b>
	Debt Servicing	55250	4604	4604	4604	4604	4604	4604	4604	4604	4604	4604	4604	4604	55250
	Overdraft	916	133	133	0	0	0	0	0	0	0	408	0	241	916
	Taxation	50627	0	0	0	16876	0	16876	0	0	0	16876	0	0	50627
	Personal Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Insurance Personal	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Capital Items	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Other -	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	<b>TOTAL EXPENDITURE</b>	<b>361771</b>	<b>23698</b>	<b>37639</b>	<b>23565</b>	<b>38142</b>	<b>23565</b>	<b>34391</b>	<b>40441</b>	<b>5829</b>	<b>23566</b>	<b>46677</b>	<b>23565</b>	<b>40694</b>	<b>361771</b>
	OPENING BALANCE	-16000	-16000	39239	86050	62672	41574	77258	118973	-50	-49004	17618	-28871	-16444	
	SURPLUS/DEFICIT	112787	55239	46811	-23378	-21099	35685	41714	-119023	-48954	66622	-46490	27228	98431	
	CLOSING BALANCE	96787	39239	86050	62672	41574	77258	118973	-50	-49004	17618	-28871	-16444	96787	
	MID MONTH PEAK		-39698	1600	62485	24531	18008	42867	78532	-5879	-72569	-29059	-52436	-42338	

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7/2/2007 Cash flow Off Ngateretere Yr 2