

NGATERETERE LTD
FARM REPORT TO TRUSTEES

1st August 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.

Stock

Sheep levels remain the same with a few deaths recorded (59 which is still only 2.3% to date) and there is 398 head of cattle.

Ewes were scanned @ 142% which should give a true lambing figure of approx 110% once lambing is complete.

Ewes will be lambing approx 1st October.

Shearing is planned for the last week in August.

Pasture / Soil development

There was a good crop of Swedes grown which the ewes have done well on. The paddocks will soon be prepared for regressing and further cropping so there will be some more drainage/digger work to be done to improve areas and pasture quality prior to sowing.

Animal Health

There is still a problem with Animal Health issues. It was found through blood tests that a quantity of the ewes were carrying Johne's Disease which is a wasting disease and is non treatable. B12 will be given to ewes at lambing to alleviate the Cobalt Deficiency problem which will be not be needed in the future with future fertiliser inputs including cobalt.

Miscellaneous

We are considering the option of offering to graze the Whakatohea Maori Trust Board dairy heifers. The costs and benefits of doing this is still being considered and discussions are still to be had with the directors to make a decision on this.

Financial

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

On the 5th August there will be two lease payments made each to Whakapaupakihi No 2 and Whakapaupakihi No 5 blocks, one which was due at the commencement of the lease and the 2nd 6 monthly advance which is due on the 5th August.

The results of the development work, feed budgeting, management and hard work are all showing and is reflected in how the farm is looking now.

Jeff Bakalich
1.8.07



Cashflow Report

for
Ngateretere Limited

Cashflow: Actual Custom

Date Range: 01 Dec 06 to 30 Sep 07

GST Exclusive

| | Total | Dec-06 | Jan-07 | Feb-07 | Mar-07 | Apr-07 | May-07 | Jun-07 | Jul-07 | Aug-07 | Sep-07 |
|----------------------------|------------------|--------|--------|------------------|------------------|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Income | | | | | | | | | | | |
| Beef | 44,403 | | | | | 1,067 | | | 43,336 | | |
| Income Total | 44,403 | | | | | 1,067 | | | 43,336 | | |
| Purchases | | | | | | | | | | | |
| Beef | (279,998) | | | (60,010) | (105,567) | (105,476) | | | (8,945) | | |
| Sheep | (153,991) | | | (81,524) | (69,962) | (2,505) | | | | | |
| Purchases Total | (433,989) | | | (141,534) | (175,529) | (107,981) | | | (8,945) | | |
| Net Income | (389,586) | | | (141,534) | (175,529) | (106,914) | | | 34,391 | | |
| Farm Expenditure | | | | | | | | | | | |
| Animal Health | (4,671) | | | | | (514) | (232) | (572) | (3,353) | | |
| Electricity | (109) | | | | | | (20) | (43) | | (46) | |
| Fertiliser | (94,212) | | | (189) | (8,769) | (12,600) | (946) | (12,260) | (59,448) | | |
| Wages | (9,189) | | | | | (2,083) | (4,871) | (611) | (1,624) | | |
| Farm Working | (30) | | | | | | | | (30) | | |
| Weed & Pest | (969) | | | (969) | | | | | | | |
| Shearing Expenses | (1,658) | | | | | | | (349) | (1,309) | | |
| Pasture Renewal | (23,482) | | | | | (23,482) | | | | | |
| Cropping | (18,381) | | | | | (69) | (17,457) | | (855) | | |
| Repairs & Maint | (32,112) | | | (8,589) | (124) | (5,158) | (11,714) | (6,171) | (356) | | |
| Administration | (10,445) | | | (13) | (231) | (4,034) | (1,892) | (3,901) | (374) | | |
| Interest | (18,138) | | | | | (3,909) | (4,691) | (4,691) | (4,847) | | |
| Rates & Insurance | (3,373) | | | (1,376) | (679) | 116 | (1,434) | | | | |
| Rent / Lease | (42,000) | | | | | | | | | (42,000) | |
| Farm Expenditure Tc | (258,769) | | | (11,136) | (9,872) | (69,121) | (25,800) | (29,453) | (71,341) | (42,046) | |
| Trading Surplus | (648,355) | | | (152,670) | (185,401) | (176,035) | (25,800) | (29,453) | (36,950) | (42,046) | |
| Other | | | | | | | | | | | |
| Capital | (19,758) | | | 258,756 | (270,000) | (8,007) | | (507) | | | |
| Principal | 650,000 | | | | 650,000 | | | | | | |
| Other Total | 630,242 | | | 258,756 | 380,000 | (8,007) | | (507) | | | |
| Gst | (12,257) | | | (20,488) | (23,173) | 21,705 | (2,028) | 20,945 | (3,962) | (5,256) | |
| Income (Expense) | (30,370) | | | 85,598 | 171,426 | (162,337) | (27,828) | (9,015) | (40,912) | (47,302) | |
| Opening Balance | | | | | 85,598 | 257,024 | 94,687 | 66,859 | 57,844 | 16,932 | (30,370) |
| Closing Balance | (30,370) | | | 85,598 | 257,024 | 94,687 | 66,859 | 57,844 | 16,932 | (30,370) | (30,370) |