



Annual Report and Financial Statements

For the year ended 30 June 2007



View from Mokonui

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Directory

Board:	Hari Benevides (Ms) - Chairman Ann Waitai Jimmy Edmonds Rangipo Mete Kingi Tema Butler Turama Hawira Wiremu Konui
Secretary:	Harvey Bell, BCA
Accountants:	Balance Chartered Accountants Ltd
Farm Consultant:	Peter Bailey
Auditors:	Sewell & Wilson, Whanganui
Bankers:	Bank of New Zealand, Whanganui
Solicitors:	Tripe, Mathews & Feist, Wellington
Registered Office:	16 Bell St, Whanganui
Postal Address:	P O Box 4035, Whanganui



Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the **Morikaunui Incorporation** will be held at the Memorial Hall, Wanganui on Friday 30 November 2007 commencing at 9:30am.

AGENDA

1. Mihimihi
2. Karakia
3. Apologies
4. Minutes of the 2006 AGM
5. Matters arising
6. Chairman's Report
7. Financial Report
8. Election of Board members

"That **three** of the following be elected to the Board for a term of three years:

Robert (Bobbie) Gray, Chris Shenton, Te Aroha Ann Waitai – *retiring by rotation*, Wiremu (Bill) Konui – *retiring by rotation*."

9. Appointment of Auditor – There having been no other nomination for the position of auditor and in the absence of a notice in writing advising that they do not wish to be re-appointed, Sewell and Wilson are automatically re-appointed pursuant to s277 (2) of Te Ture Whenua Maori Act 1993.
10. Appointment of Share Valuer – Balance Chartered Accountants Ltd have offered themselves for re-election.
"That pursuant to s278 of the Act, Balance Chartered Accountants Ltd be re-appointed as share valuers."

11. Dividend

"That the payment of a dividend of \$3.00 per share as recommended by the Committee of Management be approved pursuant to s259 (1c) of the Act."

12. Any other business

Whanganui Trust

13. The Whanganui Trust Report
14. Nominations and then a show of hands for a floor member to the Whanganui Trust

Note: *The Constitution permits those unable to attend the meeting to (i) exercise a postal vote by sending the completed form to the Secretary OR (ii) appoint a Proxy. The forms for each are enclosed with this notice.*

For a representative of any Estate or Trust to participate in the meeting and vote, they must have been appointed as a proxy by a duly authorised person/trustee.

Harvey Bell
Secretary

Note: To vote (by show of hands) at the meeting, you need to hold up your coloured **VOTING FORM** with your shareholder number printed in large numerals on the bottom of the reverse side.



Shareholder farm visit - November 2007

Chairman's Report

Tena koutou nga Rangatira

This financial year to June 30th 2007 has been a challenge for all farming businesses. I am pleased to report that Morikau defied the national trend and increased Station revenue by 25%. This resulted in a profit for the Station of \$133,806 against a loss last year of \$535,841 equating to a pleasing \$669,600 turn-around.

The overall result is a \$102,831 loss, down from \$269,669 last year. This was achieved in spite of:

- interest income being down \$100,000 (due to reduced cash investments); and
- rental income on the Westpac Building being down by \$75,000. (The building was sold for \$1,225,000 with Morikau receiving half of the sale proceeds.)

The Station

We are now beginning to see the benefits of the investment made in paddock sub-division and stock handling facilities over the past 15 months.

We have taken a conservative approach by remaining with the traditional solid performing livestock breeds of Romney sheep and Hereford and Angus cattle. The reasoning is that:

- we are well placed to benefit from having female stock that are a valued addition to any breeding base; and
- we can access premium markets such as Angus Pure with buyers now expressing interest in long term relationships.



Construction on the new four stand shearing shed at Mokonui has commenced and will be ready for next year's second shear. It was hoped to have it completed for this year's shearing but due to consents and the weather it was not possible.

Our analysis of this investment took the following into account:



- The movement of 6000 sheep each shearing.
- A four day return trek.
- Three shepherds equating to 12 man-days per shearing.
- Weight loss estimated value per round trip of \$22,500 or \$45,000 per year.

This equates to a "return" of approximately 25% on the investment in the new woolshed.

As part of the pasture renewal program we have sown our first fodder crop this year. Our aims are:

- to finish approximately 7,000 lambs over three rotations;
- to increase their weights by 1.5 to 2.5 kilograms;
- to increase revenue by up to \$10 per lamb.



As one of the largest businesses on the Whanganui River Road, the Committee is committed to supporting the local community. Mike and Teresa are enthusiastic supporters of this sentiment and actively encourage local participation in Station events.

- The first Christmas Party was hosted last year with 48 presents distributed to all the local tamariki who attended. Presents, food and beverages were sponsored by the businesses that deal with Morikau;
- February saw the inaugural annual horse trek on the Station. The money raised goes to the Awa School and a Marae - this year it was Ruaka. There are bookings for next year already!

Staff

The past year has been a very full and at times a frantic one for staff, but they have all performed well. We have in place a staff development program initiated by Mike & Teresa. Staff are encouraged to identify personal goals and support is given to achieving these. This support includes:

- on going training both on and off the farm
- staff team building exercises

All staff have embraced this opportunity and their commitment to meeting challenges has been deeply satisfying.

To Mike and Teresa, our thanks for their absolute commitment to the Station and staff. Without their passion and drive Morikau would not have progressed so far so quickly. To our staff Eddie (Sweetheart), Lofty, Manu, Corey, Aiden, their partners and families thanks to them for their commitment to the realization of our dream.

To Peter Bailey, our farm consultant who works closely with Mike and reports periodically to the Board, and Manson Bell the Farm Advisor in Mike's first 18 months whose role has now been disestablished, we thank them for their efforts.

With regret we have accepted the resignation of Sweetheart due to ill health. He and his wife Tristine have been on the Station for nearly eleven nine years. He has been a valued second in charge to Mike. We thank and wish them well in their retirement and look forward to welcoming them back to the Station for the opening of the new woolshed next year.

Committee of Management

We started Station visits twice a year, one in November and one in June to give Board members, shareholders and other stakeholders an opportunity to personally observe the



progress and effects of decisions made at Board level. The June visit was very successful with 50 people attending, many of whom insisted on returning again for the summer visit. Those of you who have visited the Station will have witnessed the development of our Taonga. (Please advise the office or visit the website www.morikau.com of your wish to attend either in either summer or winter.)

Decision making at a governance level can be fraught with all manner of difficulties unless there is a shared vision. The Morikau Board is committed to decision-making by consensus with all issues fully and freely debated.

All achievements have been with the goodwill and support of the Committee members who have worked to achieve the best results for the Morikaunui Whanau. I sincerely thank them all for their dedication and commitment to the kaupapa. The results speak for themselves.

Due to ill-health Rangipo Mete-Kingi, is not seeking re-election. I wish to acknowledge his contribution to Morikau during his nine year tenure. We all sincerely wish Rangipo all the best for the future.

To our invaluable Secretary Harvey, “our face” at the front desk, Frances, Keri and the professional support staff – our thanks to them for their contribution to our growth.

And to all the shareholders whose support and trust allow us to continue this journey, nga mihi ki a koutou katoa.



MORIKAUNUI INCORPORATION

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For The Year Ended 30 June 2007

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AUDIT REPORT

To the Members of Morikaunui Incorporation.

We have audited the financial report on pages 10 to 13 and 15 to 19. The financial report provides information about the past financial performance of the Incorporation and its financial position as at 30 June 2007. This information is stated in accordance with the accounting policies set out on page 17 to 19.

Management Committee's Responsibilities

The Management Committee is responsible for the preparation of a financial report which fairly reflects the financial position of the Incorporation at 30 June 2007 and of the results of operations and cashflows for the year ended on that date.

Auditors' Responsibilities

It is our responsibility to express an independent opinion on the financial report presented by the Management Committee and report our opinion to you pursuant to S277 of the Te Ture Whenua Maori Act 1993.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial report. It also includes assessing:

- the significant estimates and judgements made by the Management Committee in the preparation of the financial report, and
- whether the accounting policies are appropriate to the Incorporation's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary. We obtained sufficient evidence to give reasonable assurance that the financial report is free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial report.

Other than as auditors the firm has no relationship with or interests in the Incorporation.

Unqualified Opinion

We have obtained all the information and explanations we have required.

In our opinion

- proper accounting records have been kept by the Incorporation so far as appears from our examination of those records: and
- the financial report on pages 10 to 13 and 15 to 19.
 - complies with generally accepted accounting practice;
 - gives a true and fair view of the financial position of the Incorporation as at 30 June 2007 (including the estimated current market value of assets as required by Section 276(4)(c) of the Te Ture Whenua Maori Act 1993) and the results of its operations and cashflows for the year ended on that date.
 - the Share Register and Index of Shareholders required by Section 263 of the Te Ture Whenua Maori Act 1993, has been compiled and correctly kept by the Incorporation.

Our audit was completed on 24 October 2007 and our unqualified opinion is expressed as at that date.

Sewell & Wilson Ltd

Chartered Accountants
Wanganui

MORIKAUNUI INCORPORATION

Statement of Financial Position as at 30 June 2007

2006		2007
\$	Current Assets	\$
80,301	Cash at Bank	108,157
93,479	Accounts Receivable	146,310
-	Prepayments	10,617
70,924	Wool on Hand	121,080
114,553	Income Tax Refund Due	38,221
2,601,104	Livestock	2,549,799
2,960,361	Total Current Assets	2,974,184
	Fixed Assets	
6,057,881	Farms - Land Buildings & Improvements	6,346,199
780,000	Commercial Buildings	637,500
322,692	Plant, Vehicles & Sundry	289,828
7,160,573	Total Fixed Assets	7,273,527
4,444,681	Investments	2,820,606
\$14,565,615	Total Assets	\$13,068,317
	Liabilities	
	Current Liabilities	
486,332	Accounts Payable	574,778
1,142,190	Provision for Dividend	139,860
12,500	Provision for Whanganui Trust	12,500
-	GST Due	17,682
1,641,022	Total Current Liabilities	744,820
\$12,924,593	Net Assets	\$12,323,497

MORIKAUNUI INCORPORATION

Statement of Financial Position for the Year Ended 30 June 2007

2006		2007
	Represented by Equity of:	
7,756,036	Equity at 30 June 2006	6,613,846
1,142,190	Less Provision for Capital Dividend	139,860
<u>6,613,846</u>	Equity Available for Distribution Tax Free	<u>6,473,986</u>
	 Equity Available Distribution Post 30 June 2006	
1,501,908	Equity at 30 June 2006	6,310,747
(269,669)	Profit for year	(102,831)
83,100	Capital Profits	
	Revaluation of	
(55,761)	Investment Properties	(142,500)
(603,490)	Livestock	(159,091)
5,676,328	Farm Land & Buildings	-
2,831	Shares	(8,504)
-	Prior Taxation	(25,810)
<u>6,335,247</u>		<u>5,872,011</u>
	Less Distributions	
12,000	Scholarships	10,000
12,500	Whanganui Trust Distribution	12,500
<u>24,500</u>		<u>22,500</u>
6,310,747	Equity Available Distribution Post 30 June 2006	<u>5,849,511</u>
<u>\$12,924,593</u>		<u>\$12,323,497</u>

MORIKAUNUI INCORPORATION

Summarised Statement of Financial Performance for the Year Ended 30 June 2007

2006		2007
\$		\$
	Income was Received from the following sources:	
1,282,483	Farms - Gross Income	1,258,949
1,515,896	Farm Expenses	1,125,143
(233,413)	Net farm Surplus/(Deficit)	133,806
95,953	Rent from Properties	19,122
352,848	Interest and Dividends	245,006
20,185	Other Income	1,196
468,986		265,324
235,573	Total Income	399,130
	Less Expenses:	
335,896	Administration, Governance & Shareholders Meetings	237,089
99,545	Other Administration Costs	169,953
435,441		407,042
(\$199,868)	Net Deficit before Non Cash Adjustments	(7,912)
(69,801)	Less Depreciation	(94,919)
(269,669)	Net Surplus/(Deficit) before Taxation	(102,831)
-	Less: Provision for Taxation	-
(\$269,669)	Net Surplus/(Deficit) After Taxation	(\$102,831)

MORIKAUNUI INCORPORATION

Schedule of Investments As at 30 June 2007

2006 \$		2007 \$
	Bank of New Zealand Term Deposits	
35,365	Term Deposit - 7.6% due 07/09/2007	1,098,855
3,090,557	Term Deposit - 7.28% due 19/07/2006	-
<u>3,125,922</u>		<u>1,098,855</u>
	National Bank of NZ Ltd	
7,533	Client Funds Trust Account @ 6% on call	-
132,748	Term Deposit @ 7.0% due 19/10/2006	-
	Term Deposit @ 7.55% due 19/10/2007	272,545
64,130	Term Deposit @ 7.5% due 17/12/2007	67,744
133,628	Term Deposit @ 7% due 19/10/2006	-
<u>338,039</u>		<u>340,289</u>
	N Z Wool Services International	
12,831	24,675 Shares	10,857
	Virionyx Shares	
-	13,481 Shares	47,184
-	Revaluation as at 31/03/07	<u>(26,962)</u>
		20,222
	Direct Property Investments	
-	20 Shares	300,000
-	Revaluation as at 31/03/07	<u>22,320</u>
<u>-</u>		<u>322,320</u>
	Ravensdown Fertiliser Co-operative	
125,796	130992 Ordinary Shares paid to \$1	130,992
<u>125,796</u>		<u>130,992</u>
	PPG Wrightson Ltd.	
6,735	3034 Ordinary Shares	5,218
	Wool Equities Ltd	
5,025	9305 \$1 Shares Fully Paid	4,653
	Hanover Finance	
300,752	Term Deposit 8.75% due 22/05/08	322,503
	South Canterbury Finance	
269,138	Term Deposit 8.25% due 19/05/08	287,462
260,443	Term Deposit 8.25% due 07/08/07	<u>277,235</u>
<u>529,581</u>		<u>564,697</u>
<u>\$ 4,444,681</u>	Total Investments	<u>\$ 2,820,606</u>

MORIKAUNUI INCORPORATION

Morikau Station Financial Performance Analysis for the year ended 30th June 2007

2006 Total \$		2007 Total \$
362,087	Gross Profit - Cattle	435,299
443,306	Gross Profit - Sheep	620,735
191,622	Net Proceeds - Wool	196,111
8,099	Sundry Income	6,804
<u>1,005,114</u>		<u>1,258,949</u>
	Salaries - sub accounted	
1,075,366	Farm Working Expenses	872,988
372,151	Pasture & Maintenance	140,148
93,438	Administration & Standing Charges	112,007
<u>1,540,955</u>		<u>1,125,143</u>
<u>(\$535,841)</u>		<u>133,806</u>

Morikau Station Statistical Performance Analysis for the year ended 30th June 2007

2006 Total		2007 Total
	Natural Increase	
105%	Sheep	128%
77%	Cattle	71%
	Survival to Sale	
97%	Lambs	99%
96%	Calves	97%
	Deaths	
10%	Sheep	10%
4%	Cattle	2%
	Net Sale proceeds	
\$41	Sheep per Head	\$47
\$712	Cattle per Head	\$750
\$2.30	Wool per Kilo	\$1.96
	Effective Farm Surplus	
	Effective Area	2,376 ha
423	Gross Farm income per H/a	530
648	Operating Expenses per H/a	473
\$(226)	Effective Surplus per H/a	\$56

MORIKAUNUI INCORPORATION

Statement of Cashflow for the year ended 30th June 2007

2006		2007
\$		\$
	Funds came from Operating Activities:	
1,006,152	Gross Receipts from Farm Production	1,198,619
(1,498,401)	Payments to Farm Suppliers and Employees	(1,369,193)
2,182,360	Te Paenga Station	-
151,919	Gross Dividends & Interest	89,157
111,450	Rent Received	24,062
<u>1,953,480</u>		<u>(57,355)</u>
	LESS:	
379,108	Administration & Governance Costs	560,966
10,092	Interest Paid	19,906
<u>389,200</u>		<u>580,872</u>
1,564,280	Net Cash Flow from Operations	(638,227)
	Non Operating Receipts:	
69,417	GST Received	14,539
-	Taxation Refund	100,409
1,450,000	Investments Realised	3,561,645
1,001,968	Assets Realised	24,209
<u>2,521,385</u>		<u>3,700,802</u>
4,085,665		3,062,575
	Non Operating Payments:	
32,535	Taxation Paid	-
3,500,000	Investments Made	1,856,397
347,131	Assets Purchased	399,172
125,781	Dividend Paid	769,151
12,000	Scholarships Paid	10,000
<u>4,017,447</u>		<u>3,034,720</u>
68,218	Change in Bank Balances	27,855
12,083	Add Opening Bank Balance	80,301
<u>\$80,301</u>	Closing Bank Balance	<u>\$108,156</u>

MORIKAUNUI INCORPORATION

Reconciliation with Reported Operating Surplus as at 30 June 2007

	\$	\$
Reported Deficit		(102,831)
Less Provision for Taxation		<u>(102,831)</u>
Adjustment for Non Cash Items:		
Depreciation	94,919	
Stock Movement	(108,934)	
Compounded Interest	(160,689)	
Bonus Shares	-	
Fertiliser Rebate	<u>(5,196)</u>	
		(179,900)
Movement in Working Capital:		
Accounts Receivable	(95,345)	
Accounts Payable	(329,784)	
GST	14,539	
Income Tax	105,249	
Wool on Hand	<u>(50,155)</u>	
		(355,496)
Net Cash Used in Operating Activities		<u><u>\$(638,227)</u></u>

MORIKAUNUI INCORPORATION

Notes to the Financial Report
for the year ended 30 June 2007

1. STATEMENT OF ACCOUNTING POLICIES

Reporting Entity:

Morikaunui Incorporation is a Maori Incorporation incorporated under the Te Ture Whenua Act 1993 and prepares general purpose Financial Statements in accordance with generally accepted accounting practice.

The entity qualifies for differential reporting as it is not publicly accountable and is not large. The entity has taken advantage of all available differential reporting exemptions.

Measurement Base:

Unless otherwise stated the accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis have been followed by the entity.

SPECIFIC ACCOUNTING POLICIES

The following specific accounting policies which materially affect the measurement of profit and financial position have been applied.

Accounts Receivable:

Accounts Receivable are recorded at estimated net realisable value.

Investments:

Investments held at Trading Banks and Finance Companies are stated at Cost. Shares are valued at Market Values.

Livestock on Hand:

For reporting purposes livestock have been valued using "Herd Scheme" Values. Separate calculation has been undertaken for tax purposes using Herd Values and National Standard Cost where applicable.

Fixed Assets:

Fixed assets other than land and buildings are stated at original cost price less accumulated depreciation. Commercial Land and buildings market valuations are shown by way of note.

Depreciation

The Committee of Management have decided that tax depreciation rates result in a fair amortization of cost.

Accordingly depreciation has been calculated at either straight line or diminishing value rates allowable under the Income Tax act 2004 except for investment property which has only been depreciated for taxation purposes.

Freehold Land and Leasehold Land:

Freehold Farm Land and buildings have been revalued to 2005 Rateable valuation.

Investment Property:

Investment Property has been disclosed in the financial statements in accordance with Statement of Standard Accounting Practice No. 17.

The property is jointly owned by Atihau-Whanganui Incorporation and Morikaunui Incorporation.

The Property is currently for sale, a sale and purchase agreement has been signed and a deposit received. The property has been revalued to the sale price of \$637,500 for ½ share.

MORIKAUNUI INCORPORATION

Notes to the Financial Report (Cont'd)

Operating Revenue:

Gross operating revenue for the year was \$1,534,226. (2006: \$3,631,265)

Taxation:

Provision has been made for all known taxation liabilities. Taxation losses of \$826,525 (2006: \$317,398) are available to offset against future income.

Goods and Services Tax:

The financial statements have been prepared on a GST exclusive basis, however, accounts receivable and accounts payable are stated inclusive of GST.

Borrowings:

The bank overdraft is secured by way of a charge over livestock and a registered first mortgage over Morikau Station being Lot 1 DP47540.

CHANGES IN ACCOUNTING POLICIES

There have been no changes to accounting policies:

- All policies have been applied on a basis consistent with those used in previous years.

2. FIXED ASSETS

Fixed Asset	Cost/ Revaluation	Accumulated Depreciation	Book Value 30/6/07	Book Value 30/6/06
Freehold				
Improvements	5,660,328	15,286	5,645,042	5,631,383
Tree Planting	167,060	10,293	156,767	2,681
Buildings	1,377,731	195,841	1,181,890	1,203,816
Bridges	260	260	-	-
Plant & Machinery	130,961	76,168	54,793	44,134
Furniture & Fittings	47,723	21,569	26,154	25,577
Motor Vehicles	<u>353,989</u>	<u>145,108</u>	<u>208,881</u>	<u>252,982</u>
	<u>\$7,738,052</u>	<u>\$464,525</u>	<u>\$7,273,527</u>	<u>\$7,160,573</u>

3. RELATED PARTY INFORMATION

Related party matters arise with Atihau Whanganui Inc. and Whanganui Trust Inc.

Related party transactions relate to joint ownership of the Westpac Building, the rentals and expenditure for which are handled by Atihau and accounted for to Morikaunui on a regular basis. All related party transactions have been carried out on commercial terms and conditions and at market rates. No related party debts have been written off or forgiven during the period.

4. VALUATIONS of Fixed Assets

2005 Rateable Valuation of Freehold Land - 12606 acres	6,057,881
Sale Price Investment Properties (1/2 share) 30/6/07	637,500
Book Value Plant, Equipment, Vehicles & Other Assets	<u>289,828</u>
	<u>6,985,209</u>

MORIKAUNUI INCORPORATION

Notes to the Financial Report (Cont'd)

6. CAPITAL COMMITMENTS

There were no capital commitments at balance date

7. CONTINGENT LIABILITY GUARANTEE

The Incorporation has acted as guarantor in respect of Atihau Whanganui Incorporation mortgage over the Westpac Building, the charge being limited to the Incorporations half share interest in the property.

8. EVENTS SINCE BALANCE DATE

There have been no significant events since balance date.

9. FINANCIAL INSTRUMENTS

- a) Credits Risks – Financial instruments which potentially subject the Incorporation to credit risk principally consist of bank balances, bank deposits, accounts receivable and investments.

The Incorporation does not require collateral from customers.

The maximum credit risk exposure at balance date is the carrying value stated in the Financial Statements.

- b) The Incorporation is not exposed to any concentrations of credit risk.
- c) The carrying amounts of bank balances and deposits, accounts receivable and accounts payable, bank loans and overdraft (secured) and Finance company deposits are equivalent to their fair value. Investments on Company Share are shown at market value. Any variation between carrying and fair value is immaterial.

10. SEGMENT REPORTING

The Incorporation operates in New Zealand in both the livestock farming segment, and the leasing of both farmland and commercial property. The revenues from those segments are identifiable in the Financial Statements.



Minutes of the Annual General Meeting of **Morikaunui Incorporation** held at the Memorial Hall, Whanganui on 1st December 2006

Welcome

The Chairman welcomed everyone to the meeting and George Waretini delivered a Karakia followed by a Mihimihi from George Rapana.

Apologies

No written apologies had been received.

Minutes

Resolved:

“That the Minutes of the AGM (as shown in the Annual Report) held on 2 December, 2005 be approved as a true and correct record.”

Maria Albert/Piripi Haami
Carried

Chairman’s Report

The Chairman’s started by saying that she hoped shareholders had read her report in the Annual Report. She summarized the key points:

- Te Ao Hou (the new beginning) of Morikau Station began on February 1 with the appointment of Mike & Teresa Raumaewa-Tosi.
- The first step was to understand the full implications of more than 20 years of neglect.
- This included essential repairs to the woolshed and the overdue construction of covered yards and improved stock handling facilities at the back of the Station.
- As part of the commitment to staff, the last meeting resolved that one of the staff houses was unsuitable and a new one is to be built.
- An on-going maintenance programme was being implemented with one house per year to be painted. This year it was the manager’s house.

The Chairman stated that Peter Bailey, the Farm Consultant, would outline the plans for Morikau Station as part of her Report.

Peter Bailey delivered his report from a PowerPoint presentation. The key points are as follows:

Goals

- Be Maori farm of the year in 2011
- Provide a positive dividend return to its shareholders
- Be in the top 10% of farms within its farm class
- Increase and diversify its asset portfolio through cash investment
- Develop the farm to maximise its potential over 5 years
- Be a preferred employer of staff



Farm Staff

- Goals aligned to Morikau Station business
- Education and training
- Team work, loyalty and pride
- Accountability
- Career pathway

Farm Management

- StockPol (from FarmAx) analysis for monitoring & benchmarking
- Monthly reporting
- Breeding program
- Sheep & Cattle: Breeding A & B flock/herd
- Store & finishing sales of progeny
- Intensive rotational grazing
- Split shearing

This years results

- Lambing has increased by 21%
- Calving has increased by 6%
- Stocking rate by 7%
- Product per ha by 45%
- Purchase new genetics of rams & bulls

Conclusion

- Successful implementation of the business plan
- Proactive & innovative Morikau board & team
- Investment for the future

The Chairman asked for questions and/or comments.

Doug Wright questioned the need for a Farm Consultant and asked how the cost could be justified. His belief was that administration/management costs had increased and this was a waste of money.

Toni Waho acknowledged that the Board was addressing issues.

Abe Seymour also voiced concerns about the administration costs and the use of a Farm Consultant.

Mark Gray stated that he liked what he had heard from Hari and Peter.

Resolved:

“That the Chairman’s Report be received.”

Marie Hill/ Brian Kora
Carried



Toni Waho and Piripi Haami asked that their votes against were recorded. Doug Wright said he would not accept the report.

Financial Report

John Summerhays spoke to his report.

Financial Performance – Profit & Loss

Gross Farm Income	\$ 1,282,483
Farm operating expenses	1,583,067
Net Loss from Farming	300,584
Rental & Investment income	468,986
Administration and Governance expenses	<u>438,071</u>
Net Loss for the Year	\$ 269,669

	2006	2005
Farm Land & Buildings	6,057,881	1,000,638
	<i>Represents increase to 2005 Rateable Value</i>	

A question was asked about the impact of these new valuations on rates and it was pointed out that because all values in the District had increased substantially, the impact would not mirror increases in rateable value but rather only any % rate increases.

Marianna Waitai commented that she would like (i) to see the logo background taken out because it made the slides hard to read; and (ii) to have a printed copy of the PowerPoint presentations.

Toni Waho asked about the ratio of administration expenses. John stated he believed it to be 10 to 15% of gross revenue.

Marianna stated that she opposed the sale of the Moutoa Building and Soreya Peke-Taiaora agreed.

Resolved:

“That the Financial Report be received.”

Marie Hill/Ann Waitai

Carried

Share valuer

Resolved:

“That Balance Chartered Accounts Ltd be reappointed as Share Valuers.”

Mary Philips/Toni Waho Carried

Election of Committee of Management

Tu Gardiner raised a question about Committee of Management candidates. Jimmy Edmonds stated that he started as a associate member 13 years ago. Hoani Hipango



said that it was disappointing more younger people were not coming to meetings to get an understanding of the Incorporation's business and issues.

Resolved:

"That two of the following candidates be elected to the Committee of Management: Jimmy Edmonds, Ron Hough, Turama Hawira, Turoa Ranginui."
Brian Kora/Ngaire Williams

There was a call for a Poll vote supported by Toni Waho, Ann Waitai, Debbie Te Riaki, Whatarangi Murphy-Peehi and Hoani Hipango.

The Chairman declared that there would be a poll vote. The Secretary stated that people should put their voting forms that had been sent out with the Notice of Meeting into one of the boxes provided as they were going out of the room.

Any other business

Nga Whenua Rahui

Jimmy Edmonds made a presentation about the two native bush blocks and discussed the options for preserving them. He stated that sustainability and the wellbeing of the whenua were important principles and that the final decision about the mechanism by which these two block totaling around 2,000 ha would put into reserves in line with these principles.

Abe Seymour said that he saw benefits from Nga Whenua Rahui as the mechanism and wanted a report back to shareholders before a final decision was made. Mark Gray supported the concept of reserves as did Chris Shenton. He said that it should be remembered that Mike Mohi also had a fund for the recording of indigenous knowledge.

Another shareholder expressed concerns about arsenic getting into the Mangaone Stream from timber processing. Concern was also expressed about the Crown's proposal to make water a property right.

Ron Hough stated that there was a fear of DoC's involvement with Nga Whenua Rahui.

Resolved:

"That Jimmy Edmonds' report be received." Toni Wahi/Abe Seymour - Carried

Committee of Management eligibility

Toni Waho stated that he was unhappy to see a special resolution from John Hemi limiting the right of people to sit on both the Atihau and Morikau Boards concurrently was not put to shareholders. While he knew that it would not be mandatory, he wanted to propose an alternative motion.

Resolved:

"That the Morikaunui Incorporation shareholders object to its Board members also serving on the Board of Atihau-Whanganui Incorporation.

Toni Waho/Piripi Haami



Discussion

Ron Hough stated that his concern was that some families had controlled the both Incorporations for years.

Bill Wright stated that he was opposed to the motion. "All shareholders had a right to be on any Trust or Incorporation that they were elected to. Its shareholders or beneficiaries who make that decision."

Te Uta Hibbard asked what was written down about serving on both incorporations? It was stated that the Act and Constitutions allowed it. She then stated she supported the motion.

Pauline Ririnui stated that she believed that the two incorporations should be working together.

Voting

On a show of hands, the motion was lost by a large margin.

The Morikaunui Incorporation meeting was closed at 2:40pm

The Whanganui Trust

The Chairman spoke to her written report. She mentioned that it was planned to hold a Wananga about subject such as Succession, Wills, Whanua Trusts and other such subjects.

In discussion, Marianna Waitai asked what Scholarship recipients were giving back to the Trust or Incorporations? The answer was that they were awarded without any expectation of receiving anything in return.

Toni Waho stated his support for a Wananga.

Another topic for inclusion suggested from the floor was Marae governance.

Piripi Haami asked what benefits had accrued from the Trust's \$30,000 support of the River Queen? It was stated that the \$30,000 just happened to be the amount that was paid to local Iwi for their participation in the River Queen premiere celebrations. Without this support, Iwi participation may not have happened.

It was asked why the Morikau Board members were all Trustees of the Trust. It was pointed out that this was the requirement of the Trust Deed dating back to the Trust's formation in 1965.

Resolved:

"That the Trust Report be received." Debbie Te Riaki/Mary Philips Carried

Floor Member

The Chairman called for nominations. Jo Maniapoto was nominated by Debbie Te Riaki, seconded by Ann Waitai.

There being no other nominations the Chairman declared her duly elected.

The meeting closed at 3:10pm with a karakia.