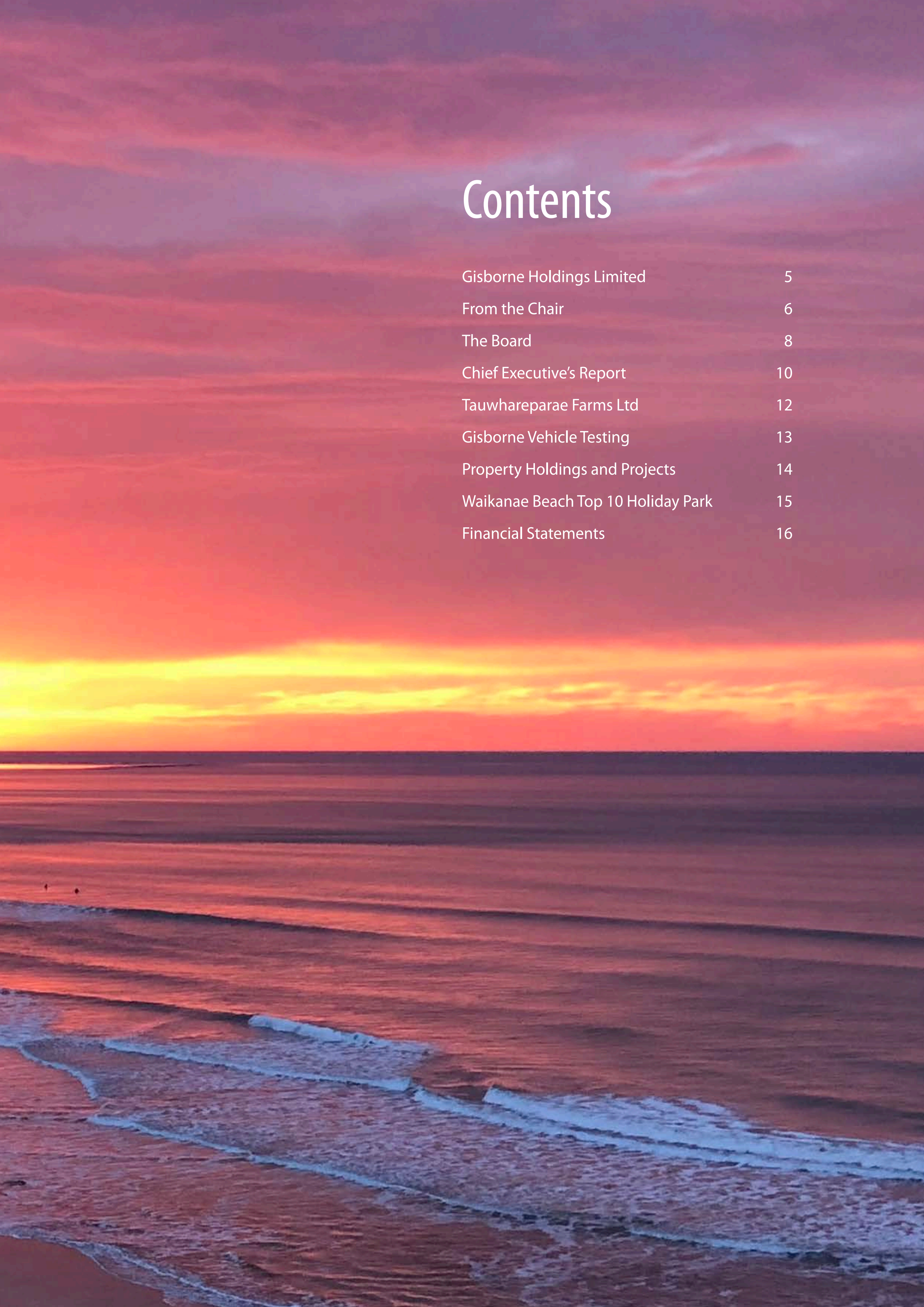
GHL

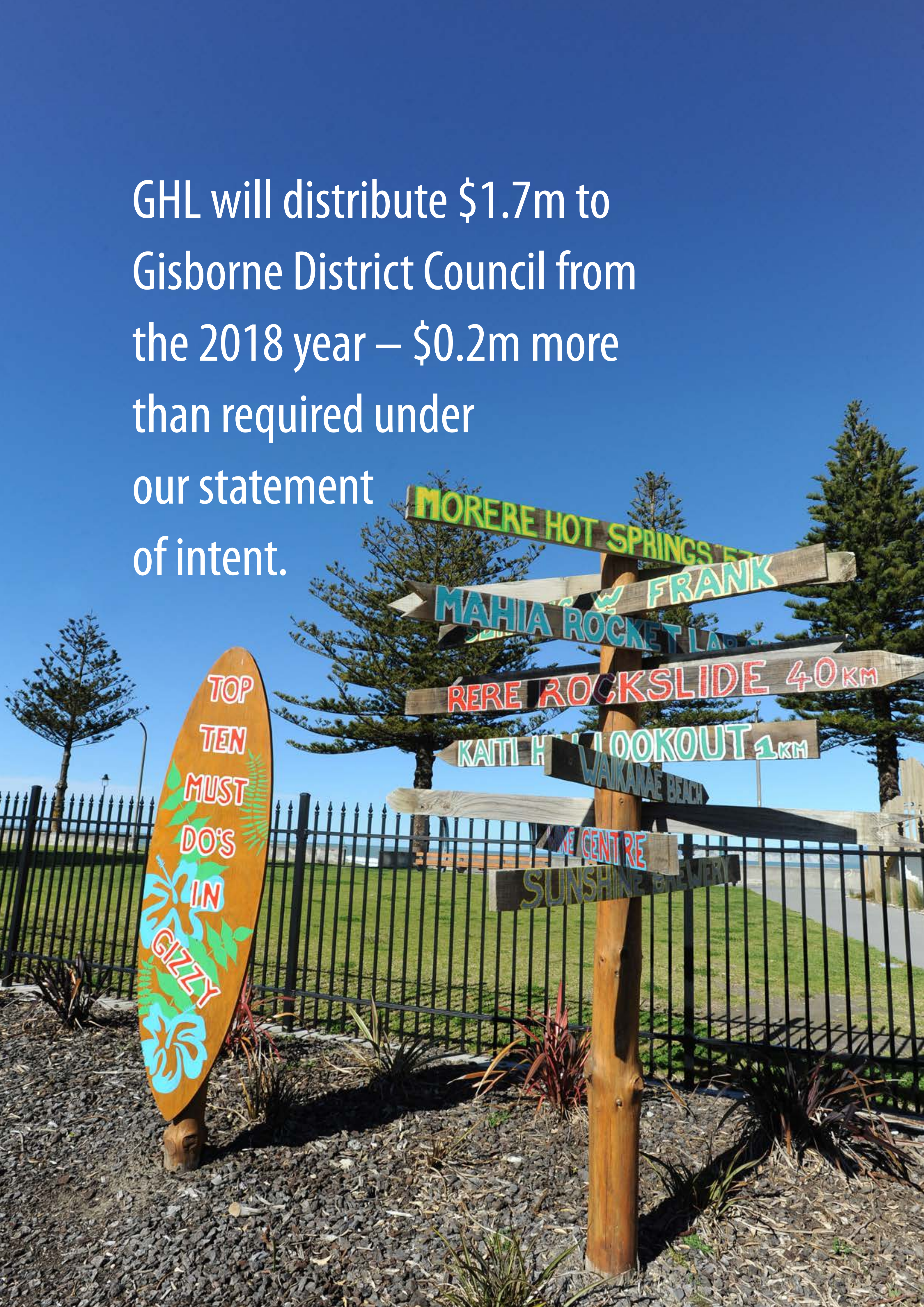
GISBORNE HOLDINGS LTD

ANNUAL REPORT 2017/18



Contents

GHL will distribute $1.7m to Gisborne District Council from the 2018 year – $0.2m more than required under our statement of intent.



Gisborne Holdings Limited

Gisborne Holdings Limited (GHL) is a Council Controlled Trading Organisation (CCTO) wholly owned by Gisborne District Council (GDC). We fund all our activities ourselves and receive no funding from either Council or central Government.

It is managed by an independent board of directors who are committed to the region – all live, work and play here and are driven to provide for the district.

All GHL distributions (dividend and subvention payments) flow directly to GDC to help provide for capital works and subsidise our fellow ratepayer's rates' demands.

GHL's aim is to grow the total investment portfolio while taking advantage of commercial opportunities across the investment base, to significantly increase the returns to GDC.

From the Chair

Rob Telfer

Since taking over as Chairman in February, Gisborne Holdings Ltd (GHL) has had a busy year with staff and director personnel changes.

Firstly, I would like to acknowledge Matt Todd's contribution to the Board and thank him for his effort in helping get GHL to the position it is in today.

We welcomed Dave Mullooly to the board during the year. His business experience will be valuable going forward.

I would also like to acknowledge Matt Feist (previous CEO) for his tireless effort and passion for GHL and wish him all the best in his new role.

We welcome Tracey Johnstone to the role of CEO and I look forward to working with her to achieve the goals of GHL.

Year's Highlights:

GHL has seen the completion of the Fitzherbert Street administration building and the team can be proud of the success of the project.

We have also seen the start of the Waikanae Beach TOP 10 Holiday Park development with the addition of the swimming pool and apartment style accommodation construction commencing.

The farms continue to perform well, and we are progressing with stock water and fencing projects. Lambing and calving percentages having been very good, and our General Manager Keven Delegat is building a good team around him. Housing upgrades and forestry roading are the big ticket items coming up.

Forest harvesting is progressing, although was only over a six-month period, due to the difficulty in sourcing a harvesting crew. GHL has initiated riparian strips of 30 metres from the high tide mark of any waterways, and alternative land use will be considered for these areas. This initiative has been implemented to eliminate slash/debris entering the waterways.

Shareholder Distribution

GHL delivered another strong financial performance for the year ended 30 June 2018 and will make a cash distribution to GDC of $1.7m – calculated in accordance with our distribution policy – $200k more than required under our Statement of Intent.

The 2017 distribution of $2.55m included $1.24m from operating activities and $1.31m from the sale of carbon credits. The 2018 distribution is all from operating activities – a 37.3% increase on the previous years' operating activities distribution.

The distribution is comprised of a $1.3m subvention payment provided for in the accounts and a fully imputed dividend payment of $597k declared on 20 September 2018. The dividend equates to a cash payment to GDC of $400k.

Moving Forward:

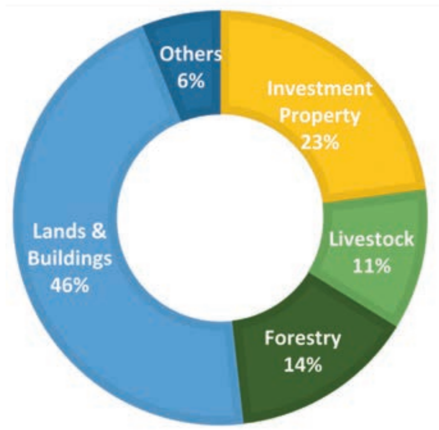
GHL is in a very sound financial position going into the 2018/19 year and are excited at the developments we are working on.

We believe GHL can play a significant part in the development of the region with regards to infrastructure projects.

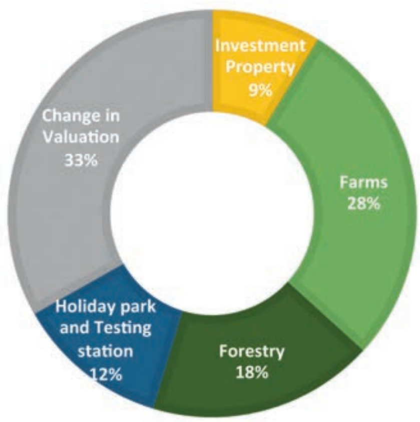
Thank you to my fellow directors and all the GHL staff. I look forward to working together with you to achieve our objectives and projects in the next year.

Rob Telfer
Board Chairperson

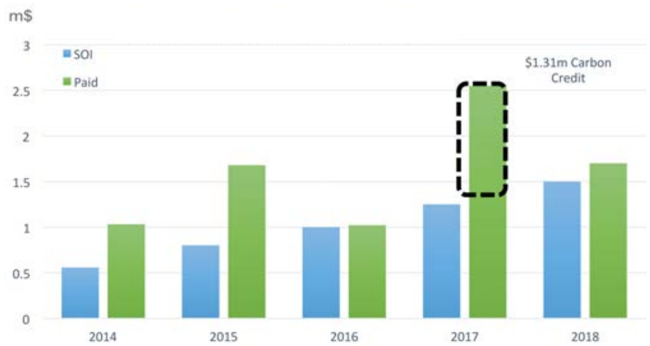
Growth in Assets +23%



Revenue Breakdown



GHL Cash Distribution to GDC



16.99% average three year return on shareholders' funds

The Board

Rob Telfer

Rob joined the board of GHL in October 2014 and was appointed as chair in 2018. The ex-Waipaoa Station sheep and beef farmer was one of the driving forces behind the establishment of the Waipaoa Station Cadet Training Trust and now sits on the board. He is also Vice President of the Poverty Bay A and P Association Executive.

Bob Proudfoot

Bob has been involved with GHL since December 2011, and in late 2017 stepped down as chairman. He is a retired chartered accountant whose roots are firmly in Gisborne being born and bred here. He is a member of the Institute of Chartered Accountants of Australia and New Zealand and is a founding member of Gisborne's Life Education Trust. Bob is currently on the Poverty Bay Golf Club board and a volunteer for the Gisborne Sunshine Bus.

Peter Reeves

Peter, who has been on the GHL board since November 2009, is from a family who have farmed on the East Coast since 1863. Peter is Gisborne chair of the OSPRI TB Free Committee, a member of the Whangara Business Group, an executive committee member of the National Party's East Coast branch, and active in the Eastland Hereford Club.

Ming Pollard

Ming joined GHL board of directors in December 2016. She has over 25 years banking and accounting experience. She is a chartered accountant and has been admitted as barrister and solicitor in the New Zealand High Court. She is currently a director of several companies and an advisory board member to charitable trusts and non-profit organisations.

Dave Mullooly

Dave has lived, worked, played and contributed to the Gisborne district all his life. He brings to the board 30-plus years of business experience, predominantly in the automotive and convenience industry. He is chair of the BP2Go Co-operative Company and has a compliance project role with members of the New Zealand Agricultural Aviation Association, liaising with WorkSafe New Zealand.

Board of Directors from left:
Rob Telfer (Chairman)
Bob Proudfoot
Peter Reeves
Ming Pollard
Dave Mullooly

Chief Executive's Report

Tracey Johnstone

This is my first report as CEO of GHL and I would like to start by saying it has been a pleasure to join a company whose Board and staff are committed to the making a difference for the region (not just to GHL), whether it's via safer motoring, or providing the very best possible experience for locals and visitors alike at the Holiday Park, being a responsive and responsible landlord or for their forward thinking stewardship of TFL, GHL's biggest asset.

Performance

GHL's total comprehensive income for the year ended 30 June 2018 was $11.83m compared to $9.69m last year. These figures include revaluations (non-cash profit adjustments) for livestock, forestry, carbon credits and property. In cash terms from operating activities, the 2018 net cash inflow was $4.26m against $4.13m last year.

Equity increased 14.4% to $93.86m from $82.03m last year.

Total assets increased 22.6% to $115.35m from $94.11m last year.

During the year specific bank borrowings increased by $10.00m to fund the capital expenditure for the Fitzherbert Street rebuild. The remaining cost and additional capital investment at the WBHP and TFL was cashflow funded up to 30 June 2018, therefore keeping borrowing costs to a minimum.

Capital Investment

GHL recognise that well placed and focussed capital investment is critical to create and preserve asset value while future-proofing returns to GDC. Both the WBHP and TFL benefitted from this investment strategy during the year.

Increasing bookings during the shoulder and winter seasons were a key driver in the decision to develop a covered pool at the WBHP and extending the park's accommodation offering to meet changing market demands and thus future-proofing returns saw the Board ratify a decision to invest in six fully-serviced apartments.

At TFL, investment continued in the stock water-reticulation system to mitigate the financial and non-financial impact of a serious drought on the property. We also invested in fencing, predominately around forestry blocks, to mitigate stock loss into the forest.

Administrative Structure

As outlined in last year's Chairman's Report we have been working to rationalise our accounting and finance functions by bringing them in-house enabling us to better manage our finances, cashflows and associated risk. While we did not fully complete this project during the year due to staffing changes, synergies and benefits have still been realised.

GHL aim to be fiscally prudent and keep administrative costs to a minimum – balancing staffing levels, cost and risk.

Health and Safety

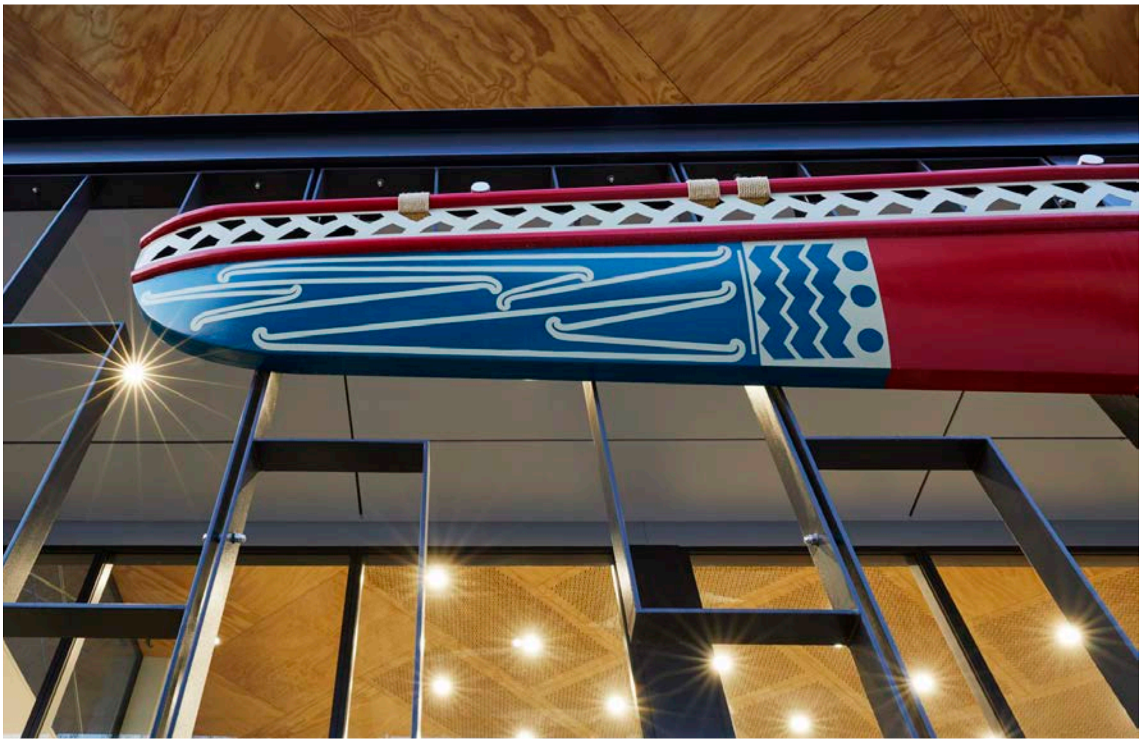
Health and Safety continues to be a priority and we are pleased to report that the company has not had any lost time injuries over the past 12 months. We continue to develop our Health and Safety skills and capability ensuring our staff are engaged, appropriately trained and supported.

Conclusion

GHL has a diversified portfolio with a solid balance sheet. We have a level of cashflow surety from lease income and while income from WBHP and TFL is more cyclical and at risk from external events, be it weather or economic forces, historic trends allow us to confidently predict a minimum/safe income level for these businesses also.
GHL is therefore in a strong position to fund further significant projects.

With thanks

I would like to thank the management team and all their staff, not only for their support, but also for their hard work and dedication, and acknowledge the contribution of our service providers and contractors, large and small. I would also like to thank the Board for their ongoing support and guidance.



Tauwhareparae Farms Ltd

Keven Delegat, General Manager

Tauwhareparae Farm Ltd (TFL) comprises three stations – Puketawa, Tamatea and Tauwhareparae – but is run as a single unit. The operation covers some 11,000 hectares of which around 6,000 is considered effective with the remainder in forestry blocks and Protected Managed Areas (PMA's). The farm is located 45-kilometers inland from Tolaga Bay and runs from 600-1100m in altitude. TFL farms around 57,000 stock units and is working towards a 50/50 ratio of sheep/cattle.

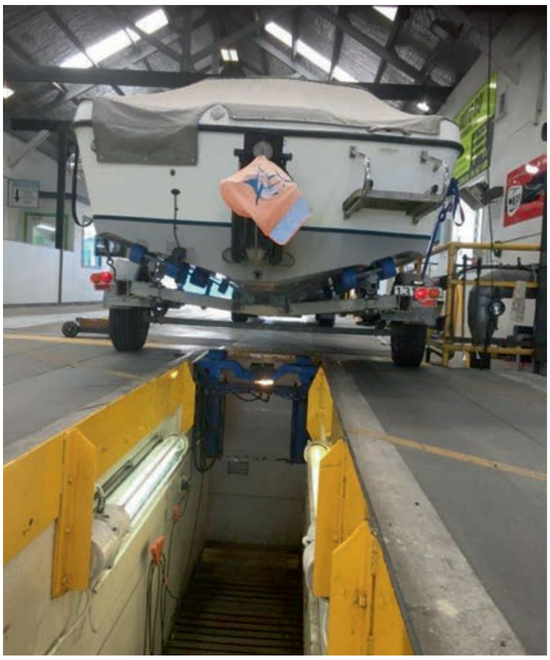
- Lambing percentage was 10% up on previous year, with 2,000 more lambs being born on the farm than in 2017
- Over 20,000 lambs sold to Ovation
- Lambs sold were on average 1kg of live weight heavier than the prior year
- Over 300 additional calves were born on the farm than 2017 due to improved heifer calving
- 10km of new conventional fencing was completed
- All current staff are employed from the Gisborne region
- TFL invest in their staff with eight staff currently studying Primary ITO courses in agriculture
- TFL has adopted modern farming tools and technology to help make better informed decisions

Gisborne Vehicle Testing

Graham MacLean, Business Manager

Gisborne Vehicle Testing (GVT) is an independent one-stop shop for all things automotive related including warrants of fitness, registrations, new plates, change of ownership and road user charges. It is also home to Gisborne's AA agency, taking care of driver licencing, passport photos, IRD number applications and, of course, AA membership services. The team at GVT also offer full servicing of vehicles.

- Over 20,500 warrants issued in the year, 6% increase on prior year.
- GVT invest in their staff with trainees completing warrant inspector courses and motorbike inspector courses during the year. General training is also undertaken to upskill all staff
- NZTA provided positive feedback on the quality of the GVT training procedures
- Staff are committed to keeping customers and the community safe on the roads
- Monthly analysis provided by AA shows the GVT branch carries out more transactions than any other branch in New Zealand
- NZTA site audit of GVT processes and procedures resulted in no non-compliance issues – one of only two sites in New Zealand to achieve this distinction.



Property Holdings and Projects

Rob Budd, General Manager

This arm of GHL manages a large and diverse portfolio of property including commercial, tenant-occupied rentals, farm land and forestry. Properties include the GDC administration building in Fitzherbert Street, workshop sites in Banks Street, and leased farmland at Dunstan Road. Property Holdings also has the management contract with GDC for staff and community housing. The team are also responsible for project managing GHL's development projects.

- Success delivery of a 3100m2 Council administration building designed to an equivalent of a 4-star 'best practice' standard, in accordance with the New Zealand Green Building Council Green Star (NZ) rating system
- Completed the relocation of nearly 250 Council staff from multiple locations into a new purpose-built facility whilst minimising disruption to business for our client
- Commenced the $8m four-year development of the Waikanae Beach TOP 10 Holiday Park, with the delivery of a new 17m pool, which crowned the Platinum Commercial Pool of the Year at the annual Mayfair Pools Awards
- Proud to support local initiatives such as the inaugural Tairawhiti Impact Startup Weekend and recently opened Launch!, which is the first co-working entrepreneurial space in the region

Waikanae Beach Top 10 Holiday Park

Matt Moore, Business Manager

The Waikanae Beach TOP 10 Holiday Park is situated on some of the most coveted land in the district – just metres from the beach and a short walk from the city centre. The family-friendly Park is the region's largest accommodation provider, with 53 motel rooms, 220 beds and 133 powered camp sites. With a raft of activities right on its doorstep and lots of toys to hire, it is a popular destination year round.

- Proud to support the Gateway Programme by offering customer service workplace learning
- The park hosted guests from over 58 different countries in the year
- 64% of guests are domestic with many repeat customers – some families have been coming for over 20 years
- Feedback on the new swimming pool has been fantastic and contributed to the increase in forward bookings experienced after the summer season
- The Park was fully booked over the Easter period, the first time in 10 years, outside the peak summer season
- The Park plays host to many school and sports groups including the Hurricanes

GISBORNE HOLDINGS LTD

Financial Statements

DIRECTORS' REPORT 2018

Annual Report
For the year ended 30 June 2018

The Board of Directors present their annual report, including the financial statements, for Gisborne Holdings Limited for the year ended 30 June 2018 and the auditor's report thereon.

For and behalf of the Board of Directors:

R J Telfer

R W Proudfoot

20 September 2018

Building a better working world

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF GISBORNE HOLDING LIMITED'S GROUP FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2018

The Auditor-General is the auditor of Gisborne Holdings Limited and its New Zealand domiciled subsidiaries and other controlled entities. The Auditor-General has appointed me, David Borrie, using the staff and resources of EY, to carry out the audit of the financial statements and the performance information of the Group, on his behalf.

Opinion

We have audited:

- the financial statements of the Group on pages 21 to 52, that comprise the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Group on pages 53 and 54.

In our opinion:

- the financial statements of the Group on pages 21 to 52:
    - present fairly, in all material respects:
        - its financial position as at 30 June 2018; and
        - its financial performance and cash flows for the year then ended; and
    - comply with generally accepted accounting practice in New Zealand in accordance with with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime; and
- the performance information of the Group on pages 53 and 54 presents fairly, in all material respects, the Group's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Group's objectives for the year ended 30 June 2018.

Our audit was completed on 20 September 2018. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of the Group for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the performance information for the Group.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the Group for assessing the Group's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, 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 carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the groups statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the Group's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial statements and the performance information of the entities or business activities within the Group to express an opinion on the consolidated financial statements and the consolidated performance information. We are responsible solely for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify in our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 4 to 17 and 55 to 56, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

Independence

We are independent of the Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): *Code of Ethics for Assurance Practitioners*, issued by New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Group.

David Borrie
Ernst & Young
On behalf of the Auditor-General
Wellington, New Zealand

Statement of comprehensive income for the year ended 30 June 2018

	Notes	**Actual 2018 $000**	Budget Unaudited 2018 $000	Actual 2017 $000
Revenue				
- Tauwhareparae Farms Limited		**10,646**	7,133	8,668
- Property Holdings		**2,014**	2,876	2,043
- Gisborne Vehicle Testing Station		**1,172**	1,255	1,121
- Waikanae Holiday Park		**1,638**	1,518	1,430
- Change in Valuation of Investment Property, Livestock, Forestry & Carbon Credits		**7,688**	(664)	6,744
Total Revenue		**23,158**	12,118	20,006
Cost of Sales				
- Tauwhareparae Farms Limited		**5,513**	2,111	4,286
- Property Holdings		**863**	826	843
- Gisborne Vehicle Testing Station		**257**	150	253
- Waikanae Holiday Park		**254**	217	228
			-	
Total Cost of Sales		**6,887**	3,304	5,610
Gross Profit		**16,271**	8,814	14,396
Other Income				
- Interest Received		**-**	-	-
- Income Recovered		**48**		81
Total Other Income		**48**	-	81
Total Income		**16,319**	8,814	14,477
Expenditure from continuing operations				
- Salaries and Wages		**3,128**	2,480	2,827
- Administrative Expenditure		**1,028**	1,925	868
- Depreciation		**1,053**	747	1,031
- Loss on sale of assets		**4**	-	14
- Financing Expenditure		**238**	289	35
Total expenditure		**5,451**	5,441	4,775
Net Operating Profit/(Loss) before taxation	5	**10,868**	3,373	9,702
Subvention Payment – Gisborne District Council		**(1,300)**	(1,500)	(2,548)
Taxation (expense) / credit	8	**(1,503)**	(71)	(898)
Net Profit / (Loss) for the period		**8,065**	1,802	6,256

Statement of comprehensive income (continued) for the year ended 30 June 2018

	Notes	**Actual 2018 $000**	Budget Unaudited 2018 $000	Actual 2017 $000
Other comprehensive income				
Net fair value gain on available-for-sale financial assets	7	**-**	-	-
Revaluation gain on property, plant and equipment	15	**3,497**	-	3,476
Deferred tax on building revaluations		**(32)**	-	(20)
Gain/(loss) on sale of carbon credits		**-**		(25)
Deferred tax on carbon credits sale		**-**		7
Revaluation gain/(loss) on carbon credits		**417**	-	(6)
Deferred tax on carbon credits revaluation		**(117)**	-	2
Other comprehensive income for the year attributable to owners of the parent		**3,765**	-	3,434
Net profit/(loss) for the year		**8,065**	1,802	6,256
Total comprehensive income for the year attributable to the owners of the parent		**11,830**	1,802	9,690

Statement of changes in equity
for the year ended 30 June 2018

	$000 Ordinary Shares	$000 Asset Revaluation Reserve	$000 Carbon Credit Revaluation Reserve	$000 Available For sale Reserve	$000 Retained Earnings	$000 Total
At July 2017	**33,061**	**35,050**	**84**	**(5)**	**13,835**	**82,025**
Net profit/(loss) for the year		-	-	-	8,065	8,065
Other comprehensive income	-	3,465	300	-	-	3,765
Realised gains on sale						-
Total comprehensive income for the year	-	3,465	300	-	8,065	11,829
Transactions with owners in their capacity as owners						
Shares Issued	-	-	-	-	-	-
At 30 June 2018	**33,061**	**38,515**	**384**	**(5)**	**21,900**	**93,855**

Statement of changes in equity
for the year ended 30 June 2017

	$000 Ordinary Shares	$000 Asset Revaluation Reserve	$000 Carbon Credit Revaluation Reserve	$000 Available For sale Reserve	$000 Retained Earnings	$000 Total
At July 2016	25,176	31,594	913	(5)	6,772	64,450
						-
Net profit/(loss) for the year	-	-	-	-	6,256	6,256
Other comprehensive income	-	3,456	(4)	-	(18)	3,434
Realised gains on sale			(825)		825	-
Total comprehensive income for the year	-	3,456	(829)	-	7,063	9,690
Transactions with owners in their capacity as owners						
Shares Issued	7,885	-	-	-	-	7,885
At 30 June 2017	33,061	35,050	84	(5)	13,835	82,025

Statement of financial position as at 30 June 2018

	Notes	**Actual 2018 $000**	Budget Unaudited 2018 $000	Actual 2017 $000
Contributed equity	6	**33,061**	32,111	33,061
Retained Earnings	7	**21,900**	19,111	13,835
Reserves	7	**38,894**	27,126	35,129
Total equity		**93,855**	78,348	82,025
Represented by:				
Current assets				
Cash and cash equivalents		**438**	4,601	121
Trade and other receivables	10	**870**	520	727
Inventories	11	**168**	45	152
Taxation		**-**	-	-
Total current assets		**1,476**	5,166	1,000
Current liabilities				
Bank	12	**10,289**	12,035	1,228
Payables and accruals	13	**1,922**	1,541	1,975
Gisborne Holdings Current Account		**0**	149	-
Gisborne District Council - Current Account		**1,300**	1,250	2,548
Taxation		**1,453**	-	742
Total current liabilities		**14,964**	14,975	6,493
Net working capital		**(13,487)**	(9,809)	(5,493)
Non-current assets				
Investment Property	14	**26,366**	19,822	9,847
Property, plant & equipment	15	**54,781**	49,193	55,204
Biological assets	16	**29,250**	22,068	25,735
Available-for-sale-financial assets	17	**438**	-	401
Investments in shares	17	**2**	-	2
Intangible assets - NZ Emission Units	18	**3,032**	2,222	1,916
Total non-current assets		**113,869**	93,305	93,105
Non-current liabilites				
Financial liabilities - term loan		**-**		-
Deferred Tax	8	**6,527**	5,148	5,587
Total non-current liabilites		**6,527**	5,148	5,587
Net assets		**93,855**	78,348	82,025

For and on behalf of the Board, who authorise the issue of these financial statements on 20 September 2018

R J Telfer (Chairman) R J Telfer

R W Proudfoot

Statement of cash flows for the year ended 30 June 2018

	Notes	Actual 2018 $000	Budget Unaudited 2018 $000	Actual 2017 $000
Cash flows from operating activities				
Cash was provided from:				
Receipts from customers		**15,678**	10,332	12,550
Goods and services tax (net)		**69**	227	(16)
		15,747	10,559	12,534
Cash was distributed to:				
Payments to suppliers & employees		**11,491**	6,171	8,405
		11,491	**6,171**	**8,405**
Net cash inflow / (outflow) from		**-**		-
operating activities	21	**4,256**	4,388	4,129
Cash flows from investing activities				
Cash was provided from:				
Proceeds from sale of fixed assets		**55**	17	149
Proceeds from sale of carbon credits		**-**	-	1,751
		55	17	1,900
Cash was applied to:				
Purchase of fixed assets		**9,539**	6,684	4,536
Forest asset expenditure		**159**	20	55
Development expenditure		**547**	399	847
Carbon credits expenditure		**18**	-	4
		10,263	7,103	5,442
Net cash inflow / (outflow) from investing activities		**(10,208)**	(7,086)	(3,542)
Cash flows from financing activities				
Cash was provided from:				
Term Loan		**-**	12,034	-
Parent Loan Receipt		**-**	-	-
		-	12,034	-
Cash was applied to:				
Dividends & subvention payment paid		**2,548**	1,500	1,021
Interest paid		**238**	289	36
Term Loan repayment		**-**	-	-
Parent Loan Repayment		**-**	-	-
		2,786	1,789	1,057
Net cash inflow / (outflow) from financing activities		**(2,786)**	10,245	(1,057)
Net increase / (decrease) in cash held		**(8,744)**	7,546	(471)
Opening cash brought forward		**(1,107)**	(2,945)	(636)
Ending cash carried forward		**(9,851)**	4,601	(1,107)
Cash at year end:				
Cash and cash equivalents		**438**	4,601	121
Bank wholesale advances		**(10,289)**	-	(1,228)
Ending cash carried forward		**(9,851)**	4,601	(1,107)

Notes to and forming part of the financial statements

1. Corporate Information

Gisborne Holdings Limited (the Company) is a company incorporated and domiciled in New Zealand and is a Council-Controlled Organisation as defined in section 6 of the Local Government Act 2002. The Company is wholly owned by Gisborne District Council and is registered under the Companies Act 1993.

The Group consists of Gisborne Holdings Limited, its 100% owned subsidiaries.

The Financial Statements for Gisborne Holdings Limited are for the year ended 30 June 2018. The Financial Statements were authorised on 20 September 2018.

The principal activities during the year were:

- The production and supply of livestock
- The planting, growing and tending of forestry
- The maintenance and reversion of native forestry areas
- The provision of accommodation for council employees and council services
- Project Management of Property Development
- Operation of Waikanae Holiday Park
- Operation of Gisborne Vehicle Testing Station
- Commercial Property leasing and management

There have been no significant changes in the nature of these activities during the year.

2. Summary of significant accounting policies

(a) Basis of Preparation

The financial statements of the Group have been prepared in accordance with generally accepted accounting practice in New Zealand and the requirements of the Companies Act 1993. The financial statements have also been prepared on a historical cost basis except for land and buildings, derivative financial instruments, available for sale investments, forestry, livestock and emissions units which have been measured at fair value.

The financial report is presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($000) unless otherwise stated.

(b) Statement of Compliance

The consolidated financial statements of Gisborne Holdings Limited group have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). Gisborne Holdings Limited is a for-profit entity for the purposes of complying with NZ GAAP. The consolidated financial statements comply with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime ('NZ IFRS RDR'), other New Zealand accounting standards and authoritative notices that are applicable to entities that apply NZ IFRS RDR.

The group is eligible and has elected to report in accordance with Tier 2 For-profit Accounting Standards (NZ IFRS RDR) on the basis that the group has no public accountability and is not a large for-profit public sector entity. In applying NZ IFRS RDR, the group has applied a number of disclosure concessions.

2. Summary of significant accounting policies (continued)

(c) New accounting standards and interpretations

(i) Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year.

(d) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position compromise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and equivalents consists of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest-bearing loans and borrowings in current liabilities on the Statement of Financial Position.

(e) Trade and other receivables

Trade receivables, which generally have 30-60 day terms, are recognized initially at fair value and subsequently measure at amortised cost using the effective interest method, less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognized when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of the estimated future cash flow, discounted at the original effective interest rate.

(f) Inventories

In accordance with NZ IAS 41 – *Agriculture* wool on hand is valued at fair value less estimated point of sale costs at time of harvest. Consumable stocks are valued at the lower of cost, determined on a first-in first-out basis, and net realisable value. This valuation includes allowances for slow moving and obsolete inventories.

In accordance with NZ IAS 2 – *Inventories* are valued at the lower of cost, determined on a first-in first-out basis, and net realisable value.

(g) Livestock

Livestock is valued at fair value less point of sale costs. These values are not the same as those used for calculating taxation. Changes in the value of existing productive livestock and the numbers and/or composition of the livestock are treated as revenue items.

2. Summary of significant accounting policies (continued)

(h) Forestry Assets

Forestry assets are valued on the basis of fair value less estimated point of sale costs. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate. Forestry assets are revalued annually by an independent valuer. Valuation movements pass through the Statement of Comprehensive Income. The costs to maintain the forestry assets are included in the Statement of Comprehensive Income.

(i) Investments and other financial assets

Investments and financial assets in the scope of NZ IAS 39 *Financial Instruments: Recognition and Measurement* are categorised as either financial assets at fair value through profit and loss, loans and receivables or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired or originated. Designation is re-evaluated at each reporting date, but there are restrictions on reclassifying to other categories.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

(i) Financial assets at fair value through profit and loss

Financial assets classified as held for trading are included in the category “financial assets at fair value through profit or loss”. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term with the intention of making a profit. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on financial assets held for trading are recognised in profit or loss.

(ii) Financial liabilities at fair value through profit or loss

Financial liabilities classified as held for trading are included in the category “financial liabilities at fair value through the statement of comprehensive income”. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term with the intention of making a profit. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on financial assets held for trading are recognised in the statement of comprehensive income.

(iii) Loans and receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in the active market. Such assets are carried at amortised cost using the

effective interest rate method. Gains and losses are recognised in profit or loss when the receivables are derecognised or impaired. These are included in current assets, except for those with maturities great than 12 months after balance date which are classified as non-current.

2. Summary of significant accounting policies (continued)

(i) Investments and other financial assets (continued)

(iv) Available-for-sale financial assets
Available-for-sale financial assets are those non-derivative financial assets, principally equity securities that are designated as available-for-sale or are not classified as any of the two preceding categories. After initial recognition available-for-sale financial assets are measured at fair value with gains or losses being recognised in other comprehensive income (reserves) until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in reserves is reclassified to profit or loss.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the reporting date. For investments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis; and option pricing model, making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

(j) Property, plant and equipment
Plant and equipment is stated as historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. All other repairs and maintenance and revaluation costs are recognised in the statement of comprehensive income as incurred.

Land and buildings are measured at fair value, based on annual valuations by external independent valuers who apply the International Valuations Standard Committee International Valuation Standards, less accumulated depreciation on buildings and less any impairment losses recognised after the date of the revaluation. The effective date for the valuation was 30th June 2018.

Depreciation is calculated on a straight-line basis over the estimated useful life of the specific assets as follows:
Land – not depreciated
Land Improvements – 10 years
Buildings – 40 years
Plant and equipment – 10 years
Office Equipment – 10 years
Motor vehicles – 5 years
Leasehold Improvements – 2 years

2. Summary of significant accounting policies (continued)

(j) Property, plant and equipment (continued)

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate at each financial year.
Capital work in progress is not depreciated. The total cost of a project is transferred to freehold buildings and/or plant and equipment on its completion and then depreciated.

Revaluations of land and buildings
Any revaluation increment is credited to the asset revaluation reserve included in other comprehensive income, except to the extent that it reverses a revaluation decrement for the same asset previously recognised in profit or loss, in which case the increment is recognised in profit or loss.

Any revaluation decrement is recognised in profit or loss, except to the extent that it offsets a previous revaluation increment for the same asset in which case the decrement is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the assets.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of comprehensive income.

Under disposal or derecognition, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Derecognition
An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

(k) Investment Property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer applying a valuation model recommended by the Property Institute of New Zealand.
Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

2. Summary of significant accounting policies (continued)

(k) Investment Property (continued)

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

(l) Emissions Trading Scheme

Gisborne Holdings Ltd subsidiary Tauwhareparae Farms Ltd has voluntarily entered the New Zealand Emissions Trading Scheme ("ETS") in respect of 1,224.2 hectares of forest land located in the Tauwhareparae area. This entitles the Subsidiary to receive emission units ("units") for carbon stored in the specified area, from 1 January 2008 baseline.

Units received are initially recognised at fair value on the date they are received with the uplift recognised in the statement of comprehensive income. Measurement at subsequent year ends is at fair value referenced to market prices with movements being recorded in other comprehensive income.

Where there is an obligation to return units this liability is recognised on the Statement of Financial Position, measured with reference to the carrying value of units on hand. Where there are insufficient units on hand to meet the emissions obligation, this is measured by reference to the current market value for units held.

Future cash flows associated with units receivable/payable are taken into consideration in determining the valuation of the specified area.

(m) Impairment of non-financial assets other than goodwill and indefinite life intangibles

Non-financial assets are tested for impairment whenever events or changes in circumstances indicated that the carrying amount may not be recoverable.

The Group conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

2. Summary of significant accounting policies (continued)

(n) Trade and other payables

Trade and other payables are carried at amortised cost and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(o) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of load facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use of sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(p) Provisions and employee benefits

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it's probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reasonable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the state of comprehensive income net of any reimbursement.

Employee leave benefits, wages, salaries, annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

2. Summary of significant accounting policies (continued)

(q) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease. Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(r) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares of options are shown in equity as a deduction, net of tax, from the proceeds.

2. Summary of significant accounting policies (continued)

(s) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

(i) Sale of goods

Revenue from the sale of goods is recognised when there has been a transfer of risks and rewards to the customer (through the execution of the sales agreement at the time of delivery of the goods to the customer), no further work or processing is required, the quantity and quality of the goods has been determined, the price is fixed and generally title has passed (for shipped goods this is the bill of landing date).

When the contract outcome cannot be estimated reliability, revenue is recognised only to the extent of the expenses recognised that are recoverable.

(ii) Interest revenue

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(iii) Dividends

Revenue is recognised when the Group's right to receive the payment is established.

(t) Income tax and other taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary reasons.

Deferred income tax assets are recognised for all deductible and temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

2. Summary of significant accounting policies (continued)

(t) Income tax and other taxes (continued)

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probably that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing the financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.
Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the taxation authority.

(u) Government grants

The Group receives government grants from the Ministry of Primary Industries which subsidises the cost of forestry establishment, silviculture and thinning. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled. This is in accordance with NZ IAS 20: *Government Grants.*

3. Financial risk management objectives and policies

The Group's principle financial instruments comprise receivables, payables, bank loans and overdrafts, available-for-sale investments, cash and short-term deposits and derivatives.

Risk exposures and responses

The Group manages its exposure to key financial risks, including interest rate risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets while protecting future financial security.

The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rates and assessments of market forecasts for interest rates. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

The board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the financial controller under the authority of the Board. The Board reviews and agrees policies for managing each of the risks identified below, including the setting of limits for trading in derivatives, interest rate risk, credit allowances, and future cash flow forecast projections.

4. Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be responsible under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumption and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and considerations may be found in the relevant notes to the financial statements.

4. Significant accounting judgements, estimates and assumptions (continued)
(i) Significant accounting judgements

Impairment of non-financial assets other than goodwill and indefinite life intangibles
The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include product performance, technology, economic and political environments and future product expectation. If an impairment trigger exists, the recoverable amount of the asset is determined.

Taxation
The Group accounting policy for taxation requires management's judgement as to the types of arrangements considered to be a tax on income in contrast to an operating cost.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, operating costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the statement of financial position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the statement of comprehensive income.

(ii) Significant accounting estimates and assumptions

Valuation of livestock
The company has included livestock at fair value and movements in fair value are recognised in comprehensive income. The fair value of livestock has been determined by independent livestock valuers after deduction of the estimate costs to market the livestock.

Valuation of land, buildings and investment property.
The company has included land, buildings and investment property at fair value and movements in fair value are recognised in comprehensive income. The fair value of land, buildings and investment property have been determined by independent property valuers.

Valuation of forestry
The company has included forestry at fair value and movements in fair value are recognised in comprehensive income. The fair value of forestry has been determined by independent forestry valuers.

Estimation of useful lives of assets
The estimation of the useful lives of assets has been based on historical experience as well as manufacturer's warranties (for plant and equipment), and turnover policies (for motor vehicles). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustment to useful lives is made when considered necessary.

5. Net operating surplus before taxation

	Actual	Budget Unaudited	Actual
	2018	2018	2017
	$000	$000	$000
After crediting:			
Depreciation recovered			
- Motor Vehicles	**10**	-	81
- Plant and equipment	**3**	-	
After charging:			
Audit fees and expenses	**54**	80	53
Depreciation:			
- Buildings & Improvements	**837**	511	849
- Plant and equipment	**92**	115	74
- Motor Vehicles	**123**	121	107
Directors' fees	**198**	200	200
Employee benefit expenditure	**3,128**	2,480	2,627
Interest expense:			
- Short term Advance Facility	**159**	-	24
- Overdraft	**79**	-	11

6. Contributed equity

	Actual	Budget Unaudited	Actual
	2018	2018	2017
	$000	$000	$000
Issued and paid up			
Balance at 1 July	**33,061**	32,111	25,176
Issued Share Capital	**-**	-	7,885
Balance at 30 June	**33,061**	32,111	33,061

7. Retained Earnings and Reserves

	Actual	Budget Unaudited	Actual
	2018	2018	2017
	$000	$000	$000
Retained Earnings			
Balance 1 July	**13,835**	17,309	6,772
Net Profit attributable to equity holders	**8,065**	1,802	7,063
Balance 30 June	**21,900**	19,111	13,835
Asset Revaluation Reserve			
Balance 1 July	**35,050**	24,126	31,594
Revaluation of Land	**3,302**	-	3,218
Revaluation of other land improvements	**135**	3,000	38
Revaluation of Buildings	**60**	-	220
Deferred tax on buildings revaluation	**(32)**	-	(20)
Balance 30 June	**38,515**	27,126	35,050
Available for sale Revaluation Reserve			
Balance 1 July	**(5)**	-	(5)
Revaluation of Investments	-	-	-
Balance 30 June	**(5)**	-	**(5)**
Carbon Credit Revaluation Reserve			
Balance 1 July	**84**	-	913
Revaluation of Carbon Credits	**417**	-	(6)
Deferred tax on Carbon Credits revaluation	**(117)**	-	2
Realised gain on sale of Carbon Credits	**-**	-	(825)
Balance 30 June	**384**	-	84
Total Closing Balance Revaluation Reserves	**38,894**	27,126	35,129

Nature and Purpose of Reserves

Asset Revaluation Reserve

The asset revaluation reserve is used to record increments and decrements in the fair value of land and buildings to the extents that they offset one another.

Available-for-sale Revaluation Reserve

The available-for-sale revaluation reserve arises on revaluation of investments which are recognised as available-for-sale financial assets.

Interest rate risk

The Group's financial assets and liabilities which are exposed to interest rate risk include cash and deposits and secured bank loans. The Group adopts a policy of reducing the exposure to changes in interest rates by utilising interest rate swaps to limit future interest costs, when necessary.

Carbon Credit Revaluation Reserve

The carbon credit revaluation reserve records movements in the fair value of Carbon Credits.

8. Income Tax

	Actual	Budget Unaudited	Actual
	2018	2018	2017
	$000	$000	$000
(a) Income Tax			
The major components of income tax expenses are:			
Income Statement			
Current income tax			
Current period income tax charge	**711**	-	686
Prior period adjustment	**-**	-	-
Deferred income tax			
Relating to origination and reversal of temporary differences	**792**	-	212
Income tax expense/(credit) reported in the income statement	**1,503**	71	898
(b) Amounts charged or credited directly to other comprehensive income			
Relating to revaluation of Carbon Credits	**117**	-	(9)
Relating to revaluation of buildings	**32**	-	20
Income tax expense reported in other comprehensive income	**149**	-	11
(c) Numerical reconciliation between aggregate tax expense recognised in the statement of comprehensive income and tax expense calculated per the statutory income tax rate			
Accounting profit/(loss) before tax from continuing operations	**9,568**	-	7,154
Total accounting profit/(loss) before income tax	**9,568**	-	7,154
At the Group's statutory income tax rate of 28% (2017 : 28%)	**2,679**	-	2,003
Herd Livestock Adjustment	**(202)**	-	(346)
Imputation credits on dividends received	**-**	-	-
Non-deductible income and expenses	**(974)**	-	(725)
Group loss offset - Gisborne District Council	**-**	-	(34)
Aggregate income tax expense/(Credit)	**1,503**		898
Aggregate income tax expense/(Credit) is attributable to:			
Continuing operations	**1,503**	-	898
	1,503		898

8. Income Tax (continued)

	Actual	Budget Unaudited	Actual
	2018	2018	2017
	$000	$000	$000
(d) Recognised deferred tax assets and liabilites			
Deferred income tax at 30 June relates to the following			
(i) Deferred tax liabilites			
Biological Assets	**5,065**	5,148	4,333
Accelerated depreciation: buildings, plant & equipment, motor vehicles	**654**	-	773
Other	**(41)**	-	(55)
NZ Emission Units	**849**	-	536
Gross deferred tax liabilities	**6,527**	5,148	5,587
Set-off of deferred tax assets	**-**	-	-
Net deferred tax liabilities	**6,527**	5,148	5,587

9. Subvention Payments Paid

Paid during the year			
Subvention payment 2017			1,021
Subvention payment 2018	**2,548**	1,500	
	2,548	1,500	1,021

10. Trade and other receivables

	Actual	Budget Unaudited	Actual
	2018	2018	2017
	$000	$000	$000
Trade receivables	**668**	480	794
Prepayments	**13**	-	(67)
	681	480	727
Related party payable Gisborne District Council	**189**	40	-
Balance at 30 June	**870**	520	727

There are no impaired trade and other receivables

Fair value and credit risk

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value.

11. Inventories

	Actual	Budget Unaudited	Actual
	2018	2018	2017
	$000	$000	$000
Farm supplies on hand	**105**	25	57
Wool on hand	**27**	10	74
Goods for sale	**36**	10	21
Balance at 30 June	**168**	**45**	152

No inventories are pledged as security for liabilities nor are any inventories subject to retention of title clauses.

12. Bank

Working Capital facility with a limit of $3.5 million together with a $12.5 million short term facility are in place with ANZ Bank New Zealand Limited. The facilities are secured by way of a general security agreement. The balance at 30 June 2018 was $10,289,312 (2017: $1,228,237)

13. Payables and accruals

	Actual	Budget Unaudited	Actual
	2018	2018	2017
	$000	$000	$000
Trade creditors and accruals	**1,820**	1,541	1556
Lease incentive liability	**0**		175
Accrued staff entitlements	**87**		244
	1,907	1,541	1,975
Related party payable Gisborne District Council	**1,315**	1,250	2,548
Balance at 30 June	**3,222**	2,791	4,523

Fair Value

Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

14. Investment Property

For the year ended 30 June 2018

	Land	**Buildings**	**Total**
	$000	**$000**	**$000**
Cost or valuation			
At 1 July 2016	3,061	902	3,963
Additions at cost	1,780	1,528	3,308
Disposals at net book value	-	-	-
Revaluation Adjustment	665	1,911	2,576
At 30 June 2017	**5,506**	**4,341**	**9,847**
Additions at cost	-	12,884	12,884
Disposals at net book value			-
Revaluation Adjustment	2,201	1,434	3,635
At 30 June 2018	**7,707**	**18,659**	**26,366**

The Group's investment properties consist of five properties (2017 : four properties). Management determined that the investment properties consist of three classes - commercial, residential and cropping- based on the nature, characteristics and risks of each property. As at 30 June 2018, the fair values of the properties are based on valuations performed by Kay Maw of Lewis Wright Valuation & Consultancy Ltd, an accredited independent valuer. The valuation method used was the market comparison approach. Rental income derived from investment properties was $905,463 (2017: $592,486). Direct operating expenses generating rental income was $263,828 (2016: $156,681).

15. Property plant and equipment

	Freehold Land &	Buildings	Construction in Progress	Leasehold Improvements	Plant & Equipment	Motor Vehicles	Total
	$000	$000	$000	$000	$000	$000	$000
Year ended 30 June 2017							
At 1 July net of accumulated depreciation and impairment	**37,504**	**3,215**	**674**	**984**	**201**	**294**	**42,872**
Additions at cost	1,727	3,386	4,066	20	524	243	9,966
Disposals and transfers					(5)	(75)	(80)
Revaluation Adjustment	3,257	219		-			3,476
Depreciation charged for the year	(172)	(164)		(513)	(74)	(107)	(1,030)
At 30 June net of accumulated depreciation and impairment	**42,316**	**6,656**	**4,740**	**491**	**646**	**355**	**55,204**
Year ended 30 June 2018							
At 1 July net of accumulated depreciation and impairment	**42,316**	**6,656**	**4,740**	**491**	**646**	**355**	**55,204**
Additions at cost	496	53	832	3	208	348	1,941
Disposals and transfers	-	-	(4,740)	-	(4)	(65)	(4,809)
Revaluation Adjustment	3,374	123	-	-	-	-	3,497
Depreciation charged for the year	(181)	(164)	-	(492)	(92)	(123)	(1,052)
At 30 June net of accumulated depreciation and impairment	**46,005**	**6,667**	**832**	**2**	**758**	**516**	**54,781**

The fair value of freehold land (including forestry land) and improvements (including buildings) are determined by independent valuation. The independent valuation was performed by Bruce Cowper and Kay Maw of Lewis Wright Valuation & Consultancy Ltd, an independent registered valuer. The fair value as per the valuation at 30 June 2018 was $52,653,000 (2017: $48,965,500). Further land and building assets with a book value of $18,535 (2017: $6,253) were not revalued in this valuation.

Fair value is the amount for which assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at valuation date. Fair value is determined by direct reference to recent market transactions on arm's length terms for land and buildings comparable to those held by the group.

16. Biological Assets (Consumable)

Biological Assets consist of sheep and cattle (Livestock) and plantation trees (Forestry). The group farms livestock for the sale of sheep, lambs, cattle and calves.

(a) Reconciliation of opening balance to closing balance

For the year ended 30 June 2018

	Sheep		Cattle		Forestry		Total
	Quantity	$000	Quantity	$000	Hectares	$000	$000
Opening balance							
As at 1 July	**31,921**	**5,203**	**4,992**	**6,982**	**1,515.6**	**13,550**	**25,735**
Natural Increase	**32,434**	**4,281**	**2,411**	**1,991**	**-**	**-**	**6,272**
Purchases	**47**	**50**	**60**	**448**	**-**	**161**	**659**
Change in Fair Value	**-**	**551**	**-**	**(59)**	**-**	**4,123**	**4,615**
Sales	**(30,032)**	**(3,819)**	**(1,894)**	**(2,194)**	**(56.6)**	**(1,223)**	**(7,236)**
Deaths, Killed & Recoveries	**(3,556)**	**(641)**	**(102)**	**(154)**			**(795)**
Closing Balance as at 30 June	**30,814**	**5,625**	**5,467**	**7,014**	**1,459.0**	**16,611**	**29,250**

16. Biological Assets (Consumable) (continued)

(b) The fair value of biological assets as at end of the year was:

Consumable Biological Assets Group
Livestock
SHEEP

	2018		2017	
	Quantity	**$000**	Quantity	$000
Mature Sheep				
Mixed age ewes	**16,479**	**3,049**	17,385	2,956
Two tooth ewes	**6,772**	**1,382**	6,190	1,119
Breeding rams	**269**	**67**	353	87
Immature Sheep				
Ewe hoggets	**7,156**	**1114**	7,133	953
Ram & wether hoggets	**138**	**13**	860	88
Total Sheep	**30,814**	**5,625**	31,921	5,203

CATTLE

	2018		2017	
	Quantity	**$000**	Quantity	$000
Mature Cattle				
Mixed age cows	**1,697**	**2,454**	1,632	2,674
Rising three year heifers	**632**	**1008**	477	921
Rising two year heifers	**779**	**949**	677	977
Rising two year steers & bulls	**11**	**10**	3	3
Breeding Bulls	**156**	**785**	120	512
Immature Cattle				
R1 Heifers	**1,100**	**852**	1,087	937
R1 Steers & Bulls	**1092**	**956**	996	958
Total Cattle	**5,467**	**7,014**	4,992	6,982

FORESTRY

	2018		2017	
	Hectares	**$000**	Hectares	$000
Forest Tree Crop				
Total Forestry	**1,459.00**	**16,611**	1,515.6	13,550
TOTAL BIOLOGICAL ASSETS AS AT 30 JUNE		**29,250**		25,735

16. Biological Assets (Consumable) (continued)

The fair value of livestock is determined by independent valuation as at 30 June 2018. The independent livestock valuation was performed by Gisborne East Coast Farmers Ltd, independent livestock agents, in accordance with the Group's accounting policy detailed in Note 1.

The independent valuation used the quoted price in an active market as the appropriate basis for determining fair value. Where there is more than one active market that the group has access to, the most relevant market has been used.

The gain on initial recognition of livestock sold is recognised in the statement of comprehensive income in the year of harvest. At time of harvest, wool is recorded as inventory.

The fair value of the forest tree crop is determined by independent valuation. Independent forestry valuation as at 30 June 2018 was performed by PF Olsen and Company Limited, independent providers of professional forestry services. The fair value is assessed as follows:

- The maturity value of the existing tree crop and the future cost of realising that revenue are determined.

- Future costs and revenue are discounted from the year in which they occur to the date of the valuation by applying an appropriate discount rate.

The appropriate discount rate is determined by considering the recent sales of forests and the relative sensitivity of the value of the forest to future log prices.

Significant assumptions applied in this determination of fair value are:

	2018	2017
Appropriate Discount Rate (pre-tax)	**6.0%**	6.5%
Rate of inflation	**2%**	2%
Rate of tax	**28%**	28%

During the year $160,787 (2017: $58,898) of forestry development expenditure was capitalised to the forest asset.

17. Available-for-sale-Financial Assets

	Actual	Budget Unaudited	Actual
	2018	2018	2017
	$000	$000	$000
At fair value			
Shares - unlisted	**438**	-	401
Shares - listed	**2**	-	2
	440	-	403

Available-for-sale investments in ordinary shares, and therefore have no fixed maturity date or coupon rate.

(a) Listed shares
Their fair value of listed available-for-sale investments has been determined directly by reference to published price quotations in an active market.

(b) Unlisted shares
Value assumptions
The fair value of the unlisted available-for-sale investments has been estimated using valuation techniques based on assumptions, which are supported by observable inputs. Management believes the estimated fair value resulting from the valuation techniques and recorded in the Statement of Financial Position and the related changes in fair value recorded in equity are reasonable and the most appropriate at the Statement of Financial Position date.

18. Intangible Assets
Intangible assets consist of NZ Emissions Units

Reconciliation of opening balance to closing balance

For the year ended 30 June 2018

	NZ Emission Units Post 1989	
	Quantity	**$000**
Opening Balance as at 1 July	**111,704**	**1,916**
Received by government grant at fair value	**32,678**	**699**
Purchased	-	-
Sales	-	-
Valuation Increase/(Decrease)	-	**417**
Closing Balance at 30 June	**144,382**	**3,032**

For the year ended 30 June 2017

	NZ Emission Units Post 1989	
	Quantity	**$000**
Opening Balance as at 1 July	110,704	1,965
Received by government grant at fair value	101,000	1,732
Purchased	-	-
Sales	(100,000)	(1,750)
Valuation Increase	-	(31)
Closing Balance at 30 June	111,704	1,916

19. Capital commitments
There are material capital commitments at 30 June 2018 totalling $1.5 m. (New pool and new units at Waikanae Beach Holiday Park and Te Puia's office).

20. Contingencies
The Group has a contingent liability in respect of both its pre-1990 and post-1989 forests which are part of the New Zealand Emissions Trade Scheme. Should the Group deforest all of its pre-1990 forests, it would have a liability under the ETS to surrender New Zealand emissions units of approximately $3.310m determined at 30 June 2018 (2017: $2.703 m). Should the Group experience a decrease in total carbon stocks for all of its post-1989 forests, whether due to events such as harvest or forest fire, it would have a liability under the ETS to surrender New Zealand emissions units of approximately $5.132 million determined at 30 June 2018 (2017: $3.631m). The amount and timing of any liability is uncertain and is dependent on the occurrence of the circumstances described above and the price of emissions units at the time of deforestation.

21. Cash flow statement reconciliation

Reconciliation of net operation surplus after taxation with cash inflow from operating activities

	Actual 2018 $000	Budget Unaudited 2017 $000	Actual 2017 $000
Net operating surplus/(deficit) after taxation	**8,065**	1,802	6,256
Add back non-cash items:			
Depreciation (net)	**1,047**	747	949
Forest Value revaluation	**(2,900)**		161
Livestock revaluation	**(454)**		(2,436)
Loss/(gain) on disposal of assets	**4**		14
Increase/(decrease) in deferred tax liability excluding transfers to reserves	**791**		338
Other fixed and investment assets changes/(credits)	**(3,635)**		(2,719)
Carbon Credits allocated	**(699)**	-	(1,732)
Carbon Credits impairment (reversal)	**-**	-	-
	(5,846)	747	(5,425)
Add back items classified as financing activity			
Interest paid	**238**	289	35
Subvention payment	**1,300**	1,500	2,548
	1,538	1,789	2,583
Decrease/(increase) in working capital:			
Accounts receiveable and prepayments excluding capital disposal accruals	**(143)**	50	(479)
Inventories	**(16)**	-	(23)
Accounts payable and accruals excluding capital expenditure accruals	**(53)**	-	531
Taxation payable/receivable	**711**	-	686
	500	**50**	715
Net cash inflow from operating activities	**4,256**	**4,388**	**4,129**

22. Transactions with related parties

During the year the Group paid various expenses to the Gisborne District Council and made sales to the Gisborne District, who is the ultimate sole shareholder of the Group. The amounts charged by and to the Gisborne District Council were based on normal terms and condition of trade. These are outlined below.

	Sales to related parties		Purchases from related parties		Other transactions with related parties	
Related Party	**2018**	2017	**2018**	2017	**2018**	2017
Consolidated	**$000**	$000	**$000**	$000	**$000**	$000
Shareholder:						
Gisborne District Council						
Rates materials and dog registrations paid	**-**	-	**191**	**176**	**46**	**-**
Subvention payment	**-**	-	**-**	**-**	**2,548**	**1,021**
Management Fee	**120**	120	**-**	**-**	**-**	**-**
Rental	**1,602**	1,608	**45**	**-**	**-**	**-**
Property Maintenance	**44**	60	**-**	**-**	**-**	**-**
Fleet Maintenance	**324**	260	**-**	**-**	**-**	**-**

No related party debts have been written off or forgiven during the year.

Details relating to key management personnel, including remuneration paid are included below.
Key management personnel include all directors.

Compensation of key management personnel	**2018**	2017
	$000	$000
Short-term employee benefits	**200**	200
Post-employment benefits	**-**	-
Other long term benefits	**-**	-
Termination benefits	**-**	-
Share-based payments	**-**	-

Employees paid over $100,000 per year		
- $100,000 - $110,000		1
- $140,000 - $150,000	2	1
- over $150,000	1	

23. Operating Leases

The company has various commercial property leases. The leases run for various terms and are reviewed as per individual lease agreements.

	2018	2017
	$000	$000
Contracted Future Minimum Rental Income		
Within one year	**2,169**	918
After one year but no more than five years	**8,230**	1,871
After more than five years	**28,090**	7,470
Contracted Future Minimum Rental Expense		
Within one year	**67**	191
After one year but no more than five years	**172**	172
After more than five years	**150**	150

24. Subsequent events

The Directors resolved on the 20 September 2018 to recommend a final dividend for the year ended 30 June 2018 of $597,014.93 in total.

No other significant items/events have occurred between year-end and the signing of the financial statements.

25. Government Grants

The Group receives Government grants in the form of forestry, Poplar/Willow establishment and indigenous reversion grants from the Erosion Control Funding Programme. There are no contingencies and unfulfilled conditions relating to these grants at balance date.

The amount received for the year ended 30 June 2018 was $98,199 (2017: $89,822).

26. Risk identification and management

The Group has in place policies and procedures to identify areas of significant business risk, and implement procedures to effectively manage those risks. Where appropriate the Board obtains advice directly from external advisors. Once a significant business risk is identified, the Board is advised and corrective action is taken promptly to mitigate and monitor the risk.

27. Capital Management

The Group's capital is its equity which comprises retained earnings. Equity is represented by net assets. The Group manages its equity as a by-product of prudently managing revenues, expenses, assets, liabilities, and general financial dealings to ensure the Group effectively achieves its objectives and purpose, whilst still remaining a going concern.

28. Performance targets of Gisborne Holdings Limited for the commencing 1 July 2017

The following performance targets have been set for the 2017/18 financial year

	Objective	Performance Target	Result
1	To ensure that the financial targets and strategic direction of GHL are in line with the requirements of GDC.	A draft SOI for GHL will be submitted for approval to GDC by 1 March each year.	Achieved
		A completed SOI will be submitted to GDC by 30 June each year.	Achieved
		The groups accounting return on shareholders' funds (defined as EBIT plus subvention payment divided by average shareholder funds employed) of at least 4%.	Achieved 12.6%
		Consolidated ratio of total debt to total debt plus equity of no more than 20%	Achieved 9.9%
		A minimum five year rolling average Council return on investment in the range of 1-3%. Return being defined as distributions paid to Council over net assets.	Achieved 2.2%
		Audited annual accounts will be provided to Council by 20 September each year. (To allow consolidation into the Councils accounts in a timely manner.)	Achieved
2	To ensure that GDC is kept informed of all significant matters relating to its subsidiaries.	At least two progress reports be made to GDC in the financial year (in addition to reporting on specific issues), with at least one presentation to be made to Councillors.	Achieved
		Major matters of urgency are reported to the Performance, Audit and Risk Committee at the earliest opportunity.	Achieved
3	To ensure that GHL directors add value to the company and that their conduct is according to generally accepted standards.	The Chair will conduct a formal evaluation of the GHL directorate annually.	Achieved
		The Chair shall formerly notify GDC two months prior to the desired appointment date should a director resign or an additional director be requested to be appointed.	Achieved
		The Company will review the training needs of individual GHL Directors, and ensure training is provided where required.	Achieved
4	GHL's process for the selection and appointment of directors to the boards of subsidiaries is rigorous, impartial and in accordance with the GDC approved processes.	The process followed for each appointment to a subsidiary board is transparent and fully documented.	Achieved
		That directors of subsidiary companies are selected for their commercial expertise and business aptitude relative to the subsidiaries objectives, subject to the approval of the GDC and in accordance with the GDC's appointment policy, expect where the appointees are the same Director as GHL.	Achieved

28. Performance targets of Gisborne Holdings Limited for the commencing 1 July 2017 (continued)

5	To ensure that GHL returns a distribution to GDC in accordance with the Distribution Policy and with regard to GDC's budgets, and meets other financial targets.	GHL pays a distribution for the 2017/18 financial year in accordance with the distribution policy.	Achieved
6	To ensure that the subsidiary companies return a minimum acceptable distribution as per the SOI of the subsidiary companies.	GHL meets its budgeted level of distribution income.	Achieved
7	To ensure that the final subsidiary company SOI's are appropriate, measurable, attainable and timely.	Comment on the draft SOI's within the statutory timeframe of 30 April each year.	Achieved
8	To ensure that the final subsidiary company SOI's are commercially focused documents while also being compatible with the strategic aims of GDC.	GHL will produce a commercially focused draft SOI.	Achieved
		GHL will assess the alignment of the SOI's with any specifically notified GDC strategic directive.	Achieved
9	To ensure that the subsidiary company reporting is relevant and timely.	Subsidiary company will incorporate specific reporting requirements in accordance with legislation and accepted practice.	Achieved
10	To ensure that there are adequate processes for the identification, assessment and management of the risk exposures of the subsidiary companies.	Consolidated company SOI to incorporate specific statements regarding the processes for the management of risk exposures.	Achieved
11	To wind up subsidiary companies deemed no longer relevant.	Subsidiary company deemed to be no longer relevant by GHL Directors can be wound up as long as major transaction clause it not breached.	Achieved

Summarised Performance Indicators

	Budget 2017/2018 Unaudited	**Achieved 2017/2018**
Return on shareholders' funds (1)	4%	**12.6%**
Total debt / total debt + equity (2)	20%	**9.9%**
Ratio of shareholder funds to total assets	80%	**81.3%**

(1) Earnings Before Intrest and Tax /
Average Shareholders' funds

(2) Bank (current Liabilities) /
Bank (current Liabilities) + Equity

Statutory information

Directors holding office during the year

Robert James Telfer (Chairman)	
Peter Stanley Reeves	
Robert Walter Proudfoot	
Matthew Peter Todd	Retired 14/12/2017
Ming Yee Lee-Pollard	
David Mullooly	Appointed 14/12/2017

Entries in the interests' register

General notice of interests declared during the year (Section 140(2) of the Companies Act 1993)
No general notices of interest were notified by directors during the year.

Share dealings (Section 148 of the Companies Act 1993)
No director has had any relevant interest in any shares issued by the Company.

Use of company information (Section 145 of the Companies Act 1993)
During the year the Board received no notices from any director requesting to use Company information received in their capacity as a director which would not otherwise have been available to them.

Directors' insurance (Section 162(7) of the Companies Act 1993)
The Company has insured, and provided indemnities to all its directors against liabilities to other parties (except the Company or a related party of the Company) that may arise from their positions as directors.
The insurance/indemnity does not cover liabilities arising from criminal convictions

Directors' remuneration (Section 161(2) of the Companies Act 1993)
Directors' remuneration in respect of the year ended 30 June 2018 was as follows:

RJ Telfer	$52,777
PS Reeves	$33,333
RW Proudfoot	$47,222
M Todd	$15,143
MY Lim-Pollard	$33,333
D Mullooly	$16,666

In addition to directors' fees the following amount for vehicle and expense reimbursement was $1,844 (2017: $3,681)

No other benefits have been provided by the Group to a director for services as a director or in any other capacity. No loans have been made by the Group to a director nor has the Group guaranteed any debts incurred by a director.

Directory

Directors
Robert James Telfer (Chairman)
Peter Stanley Reeves
Robert Walter Proudfoot
David Mullooly
Ming Yee Lim-Pollard

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The Works Building
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GISBORNE

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GISBORNE
Telephone 06-867 2049

Senior Management
Chief Executive – Tracey Johnstone –Gisborne Holdings Ltd
General Manager – Keven Delegat – Tauwhareparae Farms Limited

Auditor
Ernst & Young on behalf of the Office of the Auditor General – David Borrie

Chartered Accountants
Jackson Blakeman – Gisborne Holdings Limited
P O Box 1288
Gisborne
Contact: Debbie Blakeman

Graham and Dobson – Tauwhareparae Farms Limited
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Contact: Richard Stannard

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Solicitors
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Nolans – Tauwhareparae Farms Limited
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Gisborne

GISBORNE HOLDINGS LTD