

CHAIRMAN'S REPORT

Tena ra koutou,

Te Uranga B2 Incorporation has always been a leader, a fore runner in Maori farming and agribusiness on the path that we know our tupuna laid down before us. So it's no surprise for us to be reporting a great result for the year ending 30 June 2014 and to advise our direction for the year ahead.

We know that our success is the result of a great team of dedicated people who are working together for a common goal and purpose. So from the outset, I would like to thank our Committee of Management for their tireless dedication to the kaupapa of Te Uranga, our Farm Manager Jack Valois and the Upoko team for their terrific work and achievements, our sharemilkers Lucy and Dean Marshall, and Shannon and Luke Pepper for being excellent business partners and fantastic dairy farmers. I'd also like to thank our advisors Balance Chartered Accountants, Bhullar Scott Lawyers and AgFirst for their support and help over the year. Kia ora rawa atu koutou katoa!

2014 SUMMARY

Overall, for the year ending 30 June 2014, the Incorporation achieved a combined profit before tax of \$428,343, an increase of \$593,835 on our 2013 deficit result of \$158,760. Our return of assets of \$19million (excluding the cost of borrowing) is 2.83% which includes some increase in value of stock and does not include increase in value of property and shares.

We are pleased with our end of year result for 2014, which we've outlined below so you can see the results across our business units.

Farm Enterprise	2014	2013	2014 Note
Upoko	\$262,888	\$55,627	Increased by \$207,261
Koromiko	\$355,447	\$120,204	Increased by \$235,243
Paatara	\$218,982	\$90,053	Increased by \$128,929
Forestry	\$163,167	\$177,637	Decreased by \$14,470
Admin and overheads	(\$598,221)	(\$642,088)	Reduced by \$43,867

UPOKO

The main drivers for the increase in Upoko's end of year result is that there were 800 more lambs sold than 2013 which fetched a higher price of \$90 each (compared with (\$71 in 2013). Twenty nine more cattle were sold than in 2013, again with better prices. Profit from wool was down due to less wool being sold because of the timing of shearing this year. The good news is that even though we sold less wool last year, we got a higher wool price. Overall expenditure was reduced by \$44,543.

Our Farm Manager Jack Valois and his team have worked hard over this last year setting up new farm systems which aim to improve the way we manage our mixed livestock operation, resulting in better results for our stock, land, environment and business.

KOROMIKO

2014 was a good year for our dairy farms with a higher dairy pay-out pushing Koromiko sales up 61% to \$790,429 and production up 30% to 207,602kgs. Expenditure increased by \$63,429 mainly due to an increase in stock food purchased to increase production. The increase was also due to much needed repairs and maintenance and development on the property.

Our sharemilkers Shannon and Luke Pepper have been busy making the most of the good market conditions despite another long hard summer and have achieved excellent results.

PAATARA

Again, we have another good news story for our other dairy farm. Dairy produce sales were up 41% to \$470,891, due to higher prices and production of milk solids were up 10% to 122,175kgs. Again, expenditure increased by \$8,261 mainly due to an increase in stock food purchased to increase production during the season.

Our sharemilkers Dean and Lucy Marshall are long time business partners with Te Uranga and have a great understanding of our land and our people.

ADMINISTRATION AND OVERHEADS

Throughout 2013 and into 2014, we undertook a large scale strategic planning project which aimed to reposition the Incorporation on a more business-like footing with a clearer focus on commercial, conservation, cultural and community outcomes. This included our entry in the BNZ Ahuwhenua Maori Excellence in Farming competition, as well as a greater focus on communications and environmental management. While these important efforts increased

our expenditure for that period, we expected this to balance out in the following years which we have seen with a reduction in overheads of \$43,867 overall.

After reviewing our supplier and advisor agreements, we expect overall administration and overhead costs to reduce even further.

FARM OPERATIONS

In addition to the activities reported by our Committee members, Te Uranga is part of an initiative led by the Federation of Maori Authorities (FOMA) along with Tuatahi Farms Limited which aims to improve the performance and productivity of our mixed livestock enterprise by benchmarking our stock performance. Jack Valois is pleased with the project so far and the opportunity to look at new ways to farm and get the best results from our whenua and farm. We have also entered into a supply agreement with Silver Fern Farms which is complementary to the FOMA FarmCare project. Combined, we expect these two initiatives to provide increased returns over time.

Environmental management is central to everything we do. If we care for our environment, our land and flora and fauna, our whenua will take care of us. In the coming year we will work more on understanding the commercial returns of our environmental management programme.

2015 WORK PLAN

In the coming year we will;

- Continue to take a smart, connected approach to our integrated farming platform strengthening the relationships between our mixed livestock and dairy units
- Gain a better understanding of the commercial returns on our environmental management programme
- Complete a comprehensive review of our water management system across the entire property
- Undertake training and development for governance and leadership
- Continue to engage with our shareholders and community at local and regional levels

MAIMAI AROHA

This year we sadly farewellled Patricia Woitasek. Patricia worked with the Incorporation for over 27years until her retirement earlier in 2014. She was more than just our secretary. She became part of our Te Uranga whanau. A regular fixture at our hui a tau, a confidante to those of our shareholders who needed advice and support in managing their shares and successions and someone we could rely upon to always do the right thing by our people.

Our thoughts also go out to those of our whanau who have passed on during this last year.

FINAL WORDS

Te Uranga Incorporation exists to care for the land and assets left to us by our tupuna on behalf of our shareholders. The Committee of Management's job is to ensure our whenua is well managed and cared for and that our whanau are fully briefed on our activities. It has been a busy year and, on behalf of our Committee and Farm Management Team, I would like to thank our shareholders and whanau for their support as we look forward to the coming year with confidence.

Ma nga atua tatou hei manaaki.

Heoi ano,

A handwritten signature in black ink, consisting of a long, sweeping horizontal line that curves upwards at the end, with a smaller, more complex scribble underneath it.

Traci Houpapa MNZM JP

Chairman