TRIPLE RIDGE FOREST PARTNERSHIP

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

CONTENTS **PAGE**

Kalimera Radiata stand belonging to TRFP

WARREN FORESTRY
Intelligent Forest Investment

Bartrams
accountancy:sorted

TRIPLE RIDGE FOREST PARTNERSHIP

PARTNERSHIP PARTICULARS

Year Established	2000
Number of Partners	47
Main Assets	259 hectares of plantation forest in 5 stands
Manager	Warren Forestry Limited
Forest Manager	Warren Forestry Limited
Accountants	Bartram's Limited
Auditor	Grant Thornton New Zealand Audit Partnership
Bank	ANZ Bank
Forest Consultant	Patrick Milne, M.For.Sci, NZ Dip Sci., NZCF, MNZIF
Statutory Supervisor	Covenant Trustee Services Limited

Companion Documents

These **Financial Statements** should be read in conjunction with the Partnership's **Annual Report** which includes details of the Partnership's forest, its Joint Venture Agreements with the Landowners, their farms and a summary of Budgeted cf Actual Expenditure together with the Manager's Notes on that comparison.

Also attached is an **Auditor's Report** dated 13 April 2017.

TRIPLE RIDGE FOREST PARTNERSHIP

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015	2014
		$	$
REVENUE			
Interest Received		302	447
Sale of Carbon Credits (Net)		2,143	9,184
Fair Value Movement in Forest Asset		370,376	-
		372,821	9,631
LESS EXPENSES			
Accountancy Fees		3,127	3,926
Audit Fees	**4**	3,166	3,891
Bank Charges		159	167
Consultancy Fees		747	-
Emissions Trading Scheme		-	1,520
FMA Regulation Expenses		450	300
Forest Research Levies		-	250
Insurance		4,503	3,937
Legal Expenses		1,154	-
Management Fees		5,980	2,950
Pruning & Thinning		1,625	6,478
Statutory Supervisor		1,500	2,111
Subscriptions		85	-
Track Maintenance		700	700
Depreciation		3,070	3,268
Fair Value Movement in Forest Asset		-	179,073
TOTAL EXPENSES		26,266	208,571
PROFIT/ (LOSS) ATTRIBUTABLE TO PARTNERS		346,555	(198,939)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO PARTNERS		346,555	(198,939)

This Statement should be read in conjunction with the Notes to the Financial Statements

TRIPLE RIDGE FOREST PARTNERSHIP

STATEMENT OF CHANGES IN PARTNERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Partners Funds	Retained Earnings	Total Equity
Balance at 1 January 2014	1,155,044	161,213	1,316,257
Total comprehensive income for the year			
Profit (loss) for the year	-	(198,939)	(198,939)
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	(198,939)	(198,939)
Transactions with Partners			
Funds contributed during the year	-	-	-
Distributions during the year	-	(78)	(78)
Total transactions with Partners	-	(78)	(78)
Balance at 31 December 2014	1,155,044	(37,804)	1,117,239

	Partners Funds	Retained Earnings	Total Equity
Balance at 1 January 2015	1,155,044	(37,804)	1,117,239
Total comprehensive income for the year			
Profit (loss) for the year	-	346,555	346,555
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	346,555	346,555
Transactions with Partners			
Funds contributed during the year	-	-	-
Distributions during the year	-	(53)	(53)
Total transactions with Partners	-	(53)	(53)
Balance at 31 December 2015	1,155,044	308,698	1,463,742

This Statement should be read in conjunction with the Notes to the Financial Statements

TRIPLE RIDGE FOREST PARTNERSHIP

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	2015	2014
		$	$
CURRENT ASSETS			
Cash and Cash Equivalents	**1**	1,839	17,049
Goods and Services Tax		1,632	1,045
TOTAL CURRENT ASSETS		3,471	18,094
CURRENT LIABILITIES			
Accounts Payable	**2**	1,031	7,154
Accrued Expenses		7,407	-
Landowner & WSF Share of Carbon Credit Cash		4,897	-
TOTAL CURRENT LIABILITIES		13,335	7,154
WORKING CAP		(9,864)	10,939
NON CURRENT ASSETS			
Forest Asset	**3**	1,473,606	1,106,300
		1,463,742	1,117,239
TOTAL EQUITY & LIABILITIES		1,463,742	1,117,239
REPRESENTED BY:			
PARTNERS EQUITY			
Partners Funds – 100 units		1,155,044	1,155,044
Retained Earnings		308,698	(37,804)
TOTAL PARTNERS EQUITY		1,463,742	1,117,239

For and on behalf of the Partnership:

……………………………………

Charles Etherington, Warren Forestry Limited: Partnership Manager

Date: 13 April 2017

TRIPLE RIDGE FOREST PARTNERSHIP

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015	2014
Cash Flows from Operating Activities			
Interest Received		302	447
Sale of Carbon Credits		7,040	13,844
GST Received/(Paid)		2,868	4,036
Cost of Sales		-	(4,660)
Payments to Suppliers		(25,367)	(23,849)
Net Cash Flows from Operating Activities	**7**	(15,157)	(10,182)
Cash Flows from Investing Activities		-	-
Cash Flows from Financing Activities			
Shareholder Contributions		(53)	(78)
Net Cash Flows from Financing Activities		(53)	(78)
Net Change in Cash and Cash Equivalents		(15,210)	(10,260)
Cash and Cash Equivalents at the Beginning of the Period		17,049	27,309
Cash and Cash Equivalents at the End of the Period	**1**	**1,839**	**17,049**

TRIPLE RIDGE FOREST PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING POLICIES

Reporting Entity
The entity is a Partnership domiciled in New Zealand and created by a Deed of Participation dated 22 October 1999, pursuant to a Prospectus dated the 26th October 1999 registered in accordance with the Securities Act 1978. The Partnership is an issuer in terms of the Financial Reporting Act 1993.

As the Partnership has not yet had its first FMC reporting date, the Partnership is complying with the transitional rules of the Financial Reporting Act 2013, by continuing to report under the Financial Reporting Act 1993.

The Partnership's main activity is investment in a plantation forest consisting of five separate forest stands on three North Canterbury hill country farms it has joint venture agreements with.

The Partnership's registered office is at 111 Riccarton Road, Christchurch.

The financial statements were authorised for issue on 13 April 2017 by Warren Forestry Limited, the originating Promoter/Issuer of the scheme and acting Forest Manager of the Partnership.

Statement of Compliance
The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), as appropriate for profit-orientated entities. The Partners have determined that the financial statements will be prepared in accordance with Tier 1 for-profit reporting requirements set out by the External Reporting Board.

The financial statements also comply with International Financial Reporting Standards ("IFRS").

Basis of Measurement
The financial statements are prepared on the historical cost basis except for the following:

Forest assets, which are classified as Biological Assets by NZ IAS 41 'Agriculture' are recorded at fair value. The Standard NZ IFRS 13 'Fair Value Measurement' defines fair value, which in short, is the price that would be received for an asset in an orderly transaction between market participants at the measurement date. The method used and the assumptions made to arrive at a fair value are explained at length in note 4 below, as well as a change in the discount rate used in the forest valuation.

Presentation Currency
These financial statements are presented in the Partnership's functional currency, New Zealand dollars (NZ$) rounded to the nearest dollar.

TRIPLE RIDGE FOREST PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

Significant Accounting Policies
The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as referred to above under Basis of Measurement with a change in the discount rate used in the forest valuation.

Revenue
Interest income is recognised as it is received.

Income from carbon credits is recognised at the point when the carbon credits are sold.

Capitalised Site Preparation Costs
Depreciation is charged so as to write off the cost of the capitalised forest site preparation costs, which form part of the overall forest asset valuation, on a diminishing value basis. Capitalised site preparation costs are depreciated in the financial statements to allow these costs to be claimed for tax purposes in the hands of the partners. Rates have been calculated so as to allocate the capitalised site preparation costs over their estimated useful lives. Depreciation rates for capitalised site preparation costs are between 6% and 24%.

Carbon Credits
The Partnership's forest was registered under the Emissions Trading Scheme but it was de-registered during the 2014 year. NZU's (carbon credits) allocated and retained are initially recorded at nominal value (Nil).

Significant Accounting Judgements, Estimates and Assumptions
In applying the accounting policies the Partnership makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The significant judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Forest Asset
Forest asset is measured at fair value by a valuation at 31 December 2015 by the Partnership's Independent Forestry Consultant, Patrick Milne. That valuation is partly dependent on a number of assumptions used determining it. These assumptions have been disclosed in note 3 below.

TRIPLE RIDGE FOREST PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

Accounting Standards and Interpretations

a) New standards, interpretations and amendments not yet effective

The following new standards, interpretations and amendments, which have not been applied in these financial statements, will or may have an effect on the Group's future financial statements.

Standard/Interpretation		**Effective date**
NZ IAS 16 NZ IAS 41	*Agriculture: Bearer Plants* *(Amendments to NZ IAS 16 and NZ IAS 41)*	1 January 2016
NZ IFRS 9 (2014)	*Financial Instruments*	1 January 2018
NZ IFRS 15	*Revenue from Contracts with Customers*	1 January 2018

All standards and interpretations will be adopted at their effective date.

The Partners are of the opinion that other new standards, interpretations and amendments, which are effective for periods beginning after 1 January 2016 and which have not been adopted early, are not expected to have a material effect on the Partnership's future financial statements.

TRIPLE RIDGE FOREST PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

Financial Instruments

Financial instruments are recognised in the Statement of Financial Position initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition financial instruments are measured as described below;

A financial instrument is recognised if the Partnership becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised if the Partnership's contractual rights to the cash flows from the financial assets expire, or if the Partnership transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset.

Financial liabilities are derecognised if the Partnership's obligations specified in the contract expire or are discharged or cancelled.

The Partnership has no financial assets or liabilities that are accounted for at fair value and therefore need to be classified into one of three fair value hierarchy levels.

Non Derivative Financial Instruments

Non derivative financial instruments comprise of cash and cash equivalents and trade payables.

Cash and Cash Equivalents

Cash and cash equivalents comprise of cash balances and call deposits. They form an integral part of the Partnership's cash management and are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Trade Payables

Trade payables of a short term nature are not discounted. All payables are considered payable and are trading within current terms. They are measured at amortised cost using the effective interest method.

Goods and Services Tax

All amounts are shown exclusive of Goods and Services Tax (GST), except for receivables and payables that are stated inclusive of GST.

Impairment

Financial Assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired.

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk

NOTES TO THE FINANCIAL STATEMENTS

characteristics, including any similar significant financial assets assessed individually that were not considered to be individually impaired. All impairment losses are recognised in the profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in the profit or loss.

1. Cash and Cash Equivalents	**2015**	**2014**
ANZ- Cheque Account	57	20
ANZ - Premium Account	1,782	17,029
	1,839	**17,049**

All funds are held on demand with interest rates of 0% for the Cheque account and 1.5% for the Premium account (2014: 0% and 3% respectively).

2. Trade Payables	**2015**	**2014**
Accounts Payable	1,031	7,154

Trade payables of a short term nature are not discounted.
All payables are trading within current terms.

3. Forest Asset

	2015	**2014**
Carrying Amount, 1 January	1,106,300	1,288,641
Change in Value	367,306	182,341
Carrying Amount, 31 December	1,473,606	1,106,300

Changes in value result from a change in the discount rate used, forest growth, log price changes and harvest and transport cost movements.

TRIPLE RIDGE FOREST PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

3.1 Measurement of Fair Value of Forest Asset

The fair value of the forest, exclusive of forest land, is determined at each reporting date. Fair value is equivalent to the definition of fair value in NZ IAS 41 'Agriculture' and NZ IFRIS 13 'Fair Value Measurement' and is assessed as falling within level 3 for fair value measurement purposes.

The fair value of the forest was determined by an independent forest consultant who has the appropriate recognised professional qualifications and has recent direct experience of the forest sites and types being valued.

Fair value is determined using the discounted cash flow methodology, and in using this method, financing costs and replanting costs are excluded. Highest and best use has been considered in determining the fair value of the forest assets.

3.2 Qualifications of Valuer

The valuer of the forest in 2015 was the Partnership's Independent Forestry Consultant, Patrick Milne, M. For. Sci, NZ Dip Sci., NZCF, MNZIF (Masters of Forestry Science; NZ Diploma of Science; NZ Certificate of Forestry; Member of the NZ Institute of Forestry) who is a Registered Forestry Consultant and therefore qualified to provide forest valuations.

3.3 Forest Valuation Methodology and Assumptions

Method Used. The method used is discounted cash flow, which provides a net present value. This requires a forecast of what logs the forest will produce at a future harvest date; application of likely harvest costs and log prices (usually current ones); and then a compounding discount back to the present at a selected rate to arrive at a present value.

Other methods can be used but for semi-mature forests, this method is generally viewed by the sector as more likely to deliver a defendable fair value. However it is very complex and dependent on many inputs and assumptions requiring judgement from an experienced professional. It is regarded in forestry as being an art as well as science.

a) **Model**. The valuation used a forest growth model to best predict the volume and grades of logs that will be produced at harvest time. The software used is called 'Calculator' and was created by NZ Forest Research, known as Scion.

b) **Data.** The data used to calibrate Calculator was the best and latest data to hand for each forest stand. (Forests are made up of 'stands' or 'compartments' which are similar areas of the forest which can be described and treated differently.) Measurement of stands over their life has provided a data base including tree heights, diameters, pruned heights and stockings at certain ages. This plus current age, species and location were used to set the model's growth curve for each forest stand. It then 'grew' the forest stand forward to the selected best or assumed harvest year;

c) **Log Grades & Yield.** The Calculator model produced a total tonnage per hectare at harvest, divided into log grades. These grades were based on current grades in the log market, either export or domestic or both;

d) **Costs & Receipts.** Current log prices, harvest and transport costs were added and the model then generated a net harvest sum expected per hectare, as if the harvest were occurring on the balance date.

e) **Discounted Cash Flow.** This sum was then discounted back the number of years remaining to the chosen harvest year using a discount rate based on a judgement of risk achieving that in future and other factors described below under v);

f) **Investor's Share.** The value the Independent Forestry Consultant has arrived at for the Partnership's forest at balance date is the total of all the different forest stands separately modelled and valued by the above method. However the Partnership although owning the entire forest, is obliged by virtue of its Joint Venture Agreements to give an agreed percentage of the forest harvest proceeds to the Landowners. The forest value figure in these financial statements is net of this percentage;

g) **Fair Value & Best Use.** The net forest value in these statements is therefore the end result of the Independent Forestry Consultant's detailed assessment of the fair value of the forest asset as at the balance date, considering the forest's highest and best use which is the growth, harvest and sale of saw-logs for the market.

3.4 Specific Factors Affecting Valuation of the Forest, and Sensitivity to those
The fair value measurement of the forest asset by the method described above is sensitive to changes in five key variables. The effect of changes in each is explained below.

i) Forest Yield & Quality: *Theoretically, there should be no change to the forecast yield and quality. In practice there will be because of better information, but the effect on value is not simply forecast.*
Explanation: Actual yield and quality are determined by site, species, stocking and treatments (pruning and thinning). So for a semi-mature forest these are already fixed and the growth model just 'grows' the forest on to the selected harvest year. However, the base settings of the model include some derived from actual plot sample measurements and known data from each forest stand. Other settings are estimates or approximations requiring judgement. There are many inputs in the model so changes in settings (from better data or more knowledge) would produce different outcomes, and for some, more so the longer the period to harvest being simulated. Further, changes do not necessarily produce linear effects as there are multiple relationships between variables. The end result the model produces is a mix of log grades of different size, shape and quality, each in tonnes per hectare. These have different and changing values in the market. Therefore what change there may be in forest value from changes to the forecast yield and quality stemming from better information put into the model cannot be usefully described here.

ii) Log prices: *Across the board log price movements translate to harvest revenue changes of a significantly greater percentage, because that revenue is net of harvest and transport costs. Net revenue changes alter forest values directly by the same percentage. Example: If costs are 50% of gross revenue, a 10% increase in log prices produces a 20% increase in net revenue which increases forest value by 20%.*
Explanation: There are domestic and export log markets to sell to and these vary from place to place in NZ depending on which wood process industries and ports are feasible to send logs to. There are also different grades in the different markets. Grades change and new ones are created constantly. Generally export leads prices, as it takes greater volume but some forests produce logs more in demand domestically than others and a grower may achieve better net results from mostly cutting logs for local demand. In this valuation the Consultant has chosen to use only export log prices. Log prices, change constantly depending on demand, and for export, exchange rates and shipping costs. Sometimes price changes within a year are significant, e.g. up to 35%. For valuation, the average prices for groupings of the multiple grades are normally used.

iii) Harvest Costs: *Changes affect forest values but to a much lesser extent than log price changes, as harvest costs are deducted from gross log revenue. Example: If harvest costs are 25% of gross revenue, a 10% increase produces a 5% decrease in net revenue which decreases forest value by 5%.*
Explanation: Harvest costs depend on the type of forest site, access to and around it, tracks required, soil type and scale. Technology and techniques change slowly but constantly as well as inputs such as labour and health and safety costs. The trend is fewer people on the ground and more technology including robotics. Harvest costs expressed as a total figure per tonne for all logs coming from a site are estimated by the Consultant from his experience and industry statistics of current ones. Recently they have increased but they can also decrease.

iv) Log Transport Costs: *Changes affect forest values in exactly the same manner as harvest costs, as described above.*
Explanation: These are charged per tonne per kilometre so almost entirely depend on the distance to the nearest export port or domestic mill and like harvest costs, change slowly over time depending on fuel prices and (truck) technology.

v) Discount Interest Rate: *The discount rate the Consultant selects significantly affects the net present value arrived at for the forest. Higher rates lower the forest value and vice versa, and the more so the more years they are applied to, as they compound.*
Explanation: The knowledge, experience and judgement of the Forestry Consultant is called on to select this rate.
In his current valuation he has selected a higher discount rate of 8% (2014: 5%). However, a discount rate of 6% (2014: 5%) has been used for Douglas fir on the basis that it is a lower risk species. These discount rates reflect his overall judgement of many factors, from which the net present value is derived, including: all aspects of the forest concerned including its maturity; the forest industry, both domestic and international; log markets and the economy; general interest rates; and overall risk in achieving the net harvest revenue forecast.

TRIPLE RIDGE FOREST PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

2015 Forest Valuation Sensitivity Analysis

Below is a sensitivity analysis showing on the left the valuation at the discount rates the consultant used for 2015, then to the right the same valuation at higher then lower discount rates.

2015 Valuation 8% (Prad) & 6% (Dfir)	Higher Rate 9% (Prad) & 7% (Dfir)	Lower Rate 7% (Prad) & 5% (Dfir)
$1,473,606	$1,271,083	$1,711,718

2014 Forest Valuation Sensitivity Analysis

Below is a sensitivity analysis showing on the left the valuation at the discount rate the consultant used for 2014, and at two higher discount rates.

2014 Valuation 5% Prad & Dfir	6% Prad & Dfir	7% Prad & Dfir
$1,460,404	$1,217,806	$1,019,353

4. Audit Fees

Auditor's remuneration represents fees paid to BDO Christchurch for the audit of the financial statements for the year ended 31 December 2014 and Grant Thornton Christchurch for the audit of the financial statements for the year ended 31 December 2015. Audit fees are charged on a time and cost basis.

	2015	**2014**
For the audit of the financial statements (2012)	-	277
For the audit of the financial statements (2013)	-	2,114
For the audit of the financial statements (2014)	366	1,500
For the audit of the financial statements (2015)	2,800	-
Total audit fees paid		
	3,166	3,891

5. RWT

RWT on interest is shown in Statement of Changes in Partners' Equity as it is an allocation to Partners.

TRIPLE RIDGE FOREST PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

6. Carbon Credits

The Partnership received carbon credits ('NZUs') from the Crown pursuant to the Emissions Trading Scheme ('ETS') because of its forests, which are recognised as re-forestation and therefore qualify as carbon sinks that can claim NZUs annually once registered with the ETS.

As there was no consideration paid by the Partnership at the time of receiving the carbon credits from the Crown there was no deemed cost recognised for financial reporting purposes.

On 24 June 2014 the Partnership deregistered its forests from the ETS and returned the same number of carbon credits received to date to the Crown. The credits returned were ERUs which the Crown accepted as fully equivalent to NZUs. The remaining higher value NZUs have been retained without any liability to the Crown upon harvest or loss of the forest.

During the year ended 31 December 2015 the Partnership sold some of its NZUs to pay expenses, amounting to $2,143. (2014: $9,184)

The Partnership held 20,602 NZUs, with a market value of $192,629 at 31 December 2015. Pursuant to its Joint Venture Agreements, the Partnership is obliged to share the proceeds from the sales of these carbon credits with the Landowners. The Partnership's 75% share of these credits had a market value of $144,472 at 31 December 2015. (2014: $90,750)

The NZUs are not recognised in the financial statements but movements are recorded below in these notes.

The Partnership intends to hold its NZUs for sale over time to pay its expenses instead of using contributions from the Partners.

The Partnership is going to re-join the Emissions Trading Scheme in 2017, as they will then get NZU carbon credits for 2013 to 2017 inclusive. The number of credits will be greater than for the previous five years as the forests are growing at an increased rate. The partners and landowners will then be consulted as to whether they want to sell some. These new credits will carry the liability of having to be returned, partly or completely depending on rules applicable, at harvest or forest loss.

TRIPLE RIDGE FOREST PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

Reconciliation of Movements in Carbon Credits

NZU's	**2015**	**2014**
Opening balance	21,802	17,441
NZU's allocated	-	8,361
NZU's purchased	-	-
NZU's surrendered	-	-
NZU's sold	1,200	4,000
Closing balance	20,602	21,802
Current market price of NZU's	$9.35	$5.55
ERU's		
Opening balance	-	21,022
ERU's purchased	-	25,791
ERU's surrendered	-	46,813
ERU's sold	-	-
Closing balance	-	-
Current market price of ERU's	N/A	N/A

7. Reconciliation of Cash Flows

	2015	**2014**
Profit/(Loss) for the Period	346,555	(198,939)
Adjusted for Non Cash and Non Operating Items		
Depreciation	3,070	3,268
Fair Value Movement in Forest Asset	(370,376)	179,073
	(20,751)	(16,598)
Additional Movements in Other Working Capital Items		
Increase/(Decrease) in Creditors	(6,123)	6,290
(Increase)/Decrease in GST Receivable	(587)	126
Increase/(Decrease) in Accrued Expenses	7,407	-
Landowner & WSF Shares of Carbon Credit Cash	4,897	-
Net Cash Flows from Operating Activities	**(15,157)**	**(10,182)**

TRIPLE RIDGE FOREST PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

8. Financial Management

Risks
Exposure to credit risk, interest rate risk and, liquidity risk arises in the normal course of business.

Credit Risk:
Financial instruments which potentially subject the Partnership to credit risk consist of bank balances.

The Partnership holds all cash and cash equivalents with ANZ Bank New Zealand Limited which has a AA- credit rating as determined by Standard and Poors.

Interest Rate Risk:
The interest rate risk is limited as all funds are held in current or call accounts with registered trading banks. Interest rates at year end were 0% for the Cheque account and 1.5% for the Premium account (2014: 0% and 3% respectively).

Liquidity Risk:
Liquidity risk represents the Partnership's ability to meet its contractual obligations. The Partnership evaluates its liquidity requirements on an ongoing basis. The Partnership obtains sufficient cash flows from Partners' contributions and the sale of carbon credits to meet its obligations arising from its financial liabilities and the administration costs of the forest and Partnership. The Manager carries out an assessment of the overall position of the Partnership and provides relevant feedback where and if needed on the position of the Partnership on an annual basis.

Capital Management:
The Partnership's capital is made up of Partner capital contributions and retained earnings.

The Partnership's policy is to maintain a strong capital foundation as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on the Partners' return is recognized.

The Partnership is not subject to any externally imposed capital requirements.

There have been no material changes in the Partnership's management of capital during the period.

TRIPLE RIDGE FOREST PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

9. Climate Risk

The Partnership's plantations are exposed to the risk of damage from extreme weather, other natural forces, diseases and pests, and fire. The Partnership has processes in place aimed at monitoring and mitigating those risks. The Partnership also insures itself against losses from fire, firefighting costs, wind throw and earthquakes.

10. Related Parties

The Partnership has a related party relationship with Warren Forestry Limited and the three owners of the land its forest is on. Warren Forestry Limited manages the forests and the Partnership and receives management fees from Triple Ridge Forest Partnership (2015: $5,980 2014: $2,950). At harvest, net forest proceeds are shared between the Partnership and the Landowners, except for 3% which goes to Warren Forestry Ltd. There were no amounts outstanding to related parties as at 31 December 2015 (2014: Nil). Charles Etherington, a Director and Shareholder of the Forest Manager, owns Carbon Guilt Free Limited which holds two units (out of 100) in the Partnership. His wife Vivienne Levy owns Carbon Direct Offsets Limited which holds four units (out of 100) in the Partnership. His sisters also hold three units each. These units are held on no more favourable terms than other Partners.

11. Capital Commitments

During the year ended 31 December 2015, the Partnership had no capital commitments (2014: Nil).

12. Contingent Liability

A contingent liability arises upon harvest between the Partnership and the Landowners. At harvest, net forest proceeds are shared between the Partnership and the Landowners, with the split ranging from 72/25% to 87/10%, and 3% going to Warren Forestry Limited. That split is fixed from the start by agreement and is arrived at from an assessment of the forest sites' merits, principally the cost of forest establishment and silviculture, likely forest growth and yield, and likely harvest costs. However in one case rental was paid for three years significantly reducing the Landowner's share. The Partnership at each balance date has been unable to quantify this amount.

13. Events Subsequent to Balance Date

A resolution was passed at an extraordinary general meeting held on 24 November 2016, to alter the Partnership's Deed of Participation to become a private, self-managed ordinary Partnership. The Partners have opted out of the residual effect of the Securities Act 1978 and no longer come under the jurisdiction of the Financial Market Authority and the Financial Markets Conduct Act 2013. The Partnership will no longer require a Tier One Audit, and may opt for a review or agreed upon procedures for the year ending 31 December 2016.

14. Going Concern

These financial statements have been prepared on the basis that the Partnership is a going concern and has the continuing support of its Partners. The Partnership relies on per unit contributions from Partners set by the annual budget to pay operating expenses. The Partnership has an annual call for contributions and this is provided for in the Partnership Deed. However, in 2014 and 2015 no contributions were needed as there was enough income from carbon credit sales to mean zero contributions were possible.