

The background of the cover is a scenic photograph of a mountain valley. In the foreground, a green grassy field contains three sheep and a black dog. A fence line runs across the middle ground, with a line of trees behind it. The background features steep, rocky mountains with patches of green vegetation and a small village visible on a distant slope.

OVIS

MANAGEMENT

ANNUAL REPORT 2015

*The Meat Industry and Farmers
working together*

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*The Meat Industry and Farmers
working together*

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Shareholder of Ovis Management Limited will be held Thursday 27th August 2015 in the Board Room, Level 5, Wellington Chambers, 154 Featherston Street, Wellington, 11.30 am.

AGENDA

- (1) To approve the minutes of the 2014 Annual General Meeting.
- (2) To receive and consider the Directors Report, Auditors Report and Accounts for the year ended 30 June 2015.
- (3) The appointment of Auditors for the forthcoming year.
- (4) General business.

Mr D. Lynch

Secretary
PALMERSTON NORTH

1st August 2015



DIRECTORY

CHAIRMAN	R T Barton Woodside, RD 1 Greytown
DIRECTORS	A Dennis 51 Don Street Invercargill A Morrison RD 5 Gore T R Ritchie 28A Messines Road Karori Wellington
SECRETARY	D W Lynch 6B Williams Terrace Palmerston North
REGISTERED OFFICE	Level 5 Wellington Chambers 154 Featherston Street Wellington
SOLICITORS	Burrowes & Company 24 Johnston Street Wellington
BANKERS	Bank of New Zealand 222 Lambton Quay Wellington
AUDITORS	KPMG 10 Customhouse Quay Wellington

COMPANY MANAGEMENT

PROJECT MANAGER	MR D W Lynch Palmerston North
TECHNICAL ADVISOR	Dr B H Simpson Biosecurity Management Ltd

CHAIRMAN'S REPORT

"We continue to try and find better and earlier intercept points with our work with the sheep farming fraternity"

On behalf of the board and management I am pleased to present my chairman's report for the 2014/15 year.

The nature of our work continues in similar vein with refinements to our systems as and where appropriate. The contributing sheep meat processing companies continue to provide information on a timely basis. We are getting greater buy-in from some of the smaller operators as they update their software within plants. It is nice to be able to close the loops on some of this data which in the past has not been received for analysis.

We continue to try and find better and earlier intercept points with our work with the sheep farming fraternity. A special survey of reasonable scale operators who either have no incidence of sheep measles or a high incidence of sheep measles has thrown up some new data which may lead to better outcomes. Trading farmers pose a particular issue as these lambs tend to have many more months of exposure and due to multiple ownership it is more difficult to find the true source of infection. Efforts are being made in this area to find where we can provide better education at the right point and time.

Yet again our accounts show a healthy profit. A good outcome for a strongly commercial company but OML was set up as an educational body which needs sufficient income to be "fit for purpose." The accumulation of net income has arisen from the ongoing decline in the nations' sheep numbers

which of course bolsters our income and the close monitoring and control of our expenditure. We can't change the first reason and I won't apologise for the second reason. However the board want to assure our parent company, the Meat Industry Association, that the quantum of accumulated funds will be discussed at our next board meeting and a plan put in place to reduce the net equity of OML to a more appropriate level in line with our needs. We can assure the contributing companies that whatever mechanism is used it will reflect their contributions as fairly as possible.

Over the year OML has interfaced with sheep farmers in a variety of locations from one on one meetings on farm to a number of industry field days. The Mystery Creek field days allow us to liaise with a wide variety of the public and these events always act as a barometer of public understanding around the issue of ovis whether they are sheep owners, the hunting fraternity, rural based lifestyle or rural professionals at a number of levels. Many thanks to the team who do such a great job at these events. In particular Mark Shirley from Invercargill and our contractor Murray Kerr from Ashburton.

The programme would fail to function without the input and endeavours of Dan Lynch our project manager. Dan's diplomatic style when dealing with sheep farmers and the meat industry participants is critical to the ongoing success of the programme. Furthermore Dan runs a tight ship around the cost of running the

business without compromising outcomes. He is a pleasure to work with and always maintains an open mind around potential opportunities to extend the reach of the programme.

The other two important people in the operation are Michael Pran who provides thorough financial support and backing. Starting some years ago with 3 entities to manage I now understand this tally has climbed to 11. Dr Bruce Simpson also deserves a mention in his role as a consultant, mentor and background agitator for the cause. From time to time we defer to Bruce to challenge ideas and concepts. His insights and commitment to the business are much appreciated.

Lastly to my fellow board members can I thank you for your diligence and commitment to the cause. Your support and guidance when needed is much appreciated.



Roger Barton

Chairman Ovis Management Limited



Make sure your
dogs
are dosed
for **sheep**
measles
before taking
your new sheep
home to pasture

1x  **=6** months pasture
contamination



OVIS
MANAGEMENT
*The Meat Industry and Farmers
working together*

0800 222 011



PROJECT MANAGER'S REPORT 2015

Continued application of on-farm control across the sheep industry has resulted in sheep measles (Ovis) prevalence being maintained at low levels for the past year. The widespread use of dog treatments increasingly at a four weekly timeframe allied with dog control and feeding is critical in achieving and maintaining these low levels of prevalence.

The proposal back in 1993 that Ovis would be monitored at plant level and that on-farm control would be on a voluntary basis with no legal status drew much criticism. A number of experts were of the opinion that controlling Ovis in this manner was not achievable. Indeed, Ovis Management's Ltd (OML) mission statement *"To provide a low cost programme promoting control of *Cysticercus ovis* and monitoring area and national trends of prevalence in lambs"*, has no technical goal due to the fecundity of the parasite and the fact that the responsibility for control of the parasite in the national flock overwhelmingly rests with sheep farmers.

The history of the past 20 years have shown that given the right environment, access to resources and material, sheep farmers have been able to place downward pressure on the parasite with levels detected lower than existed during the time of the national hydatids programme. External factors have also contributed including the reduction in the number of sheep farms due to dairy conversion resulting in a large reduction in contiguous sheep farms reducing the opportunity of cross farm infection.

Prevalence detected in lambs in the 2013/2014 processing season remained at low levels seen in the recent years while for the season to June 2015 the level is slightly down on that for the same time in previous year. These low prevalences continue to reflect the high levels of control being applied on sheep farms across the country.

The support from meat companies for this programme has been such that in the absence of any legal backing or contractual obligations approximately 98% of lambs processed are monitored by the programme.

While maintaining a low prevalence of sheep measles is seen as important for protection of the New Zealand meat industry it is also of consequence for sheep farm who have an "Ovis Storm" outbreak in their lamb flock. Ovis Storms occur when a dog harbouring the Sheep Measles tapeworm contaminates pasture grazed by naïve lambs who develop heavy infections, many of which are condemned at processing.

Programme Activity

High Prevalence Mailouts

In the 2013/14 year OML contacted 1,139 suppliers as a result of high prevalence Ovis levels in lambs, this is up from 1,097 in the 2012/13 year and 922 in the 2011/12 season.

The mailed notifications are sent to suppliers processing in excess of 50 lambs with a minimum of three infected. The prevalence thresholds used are derived from the prevalence at the time of the mailouts which take

"Prevalence detected in lambs in the 2013/2014 processing season remained at low levels seen in the recent years"

“For the 2014–15 year the North Island had a reduction in notifications from 769 the previous year to 724 while the South Island had an increase from 328 notifications to 415”

place three times a season. They are a keystone of the OML awareness programme and are designed to target farms that have, or have had, a dog infected with *Taenia ovis* present.

For the 2014–15 year the North Island had a reduction in notifications from 769 the previous year to 724 while the South Island had an increase from 328 notifications to 415. The major factor in the increase in the South Island was not increased levels of sheep measles but the outcome of improved data recording systems introduced in a number of large plants. This has resulted in the percentage of carcasses identified with sheep measles being linked back to suppliers increasing from 84.7% to 92.1% in the past twelve months. In the North Island where new systems have not been placed the overall data capture rate for the Dec–Nov year was 87.7% in line with the previous year of 88.5%.

A breakdown of notifications to farms within each Territorial Local Authority for the 2013–2014 year is at the end of this report.

High Prevalence Mailouts for 2014/15 Season

The first of the 2015 High Prevalence notifications was sent to suppliers for the period one December 2014 – 31st March 2015 (as in previous years OML uses a December – November year for monitoring to reduce the number of older lambs being included with new season lambs).

The number of suppliers/farms notified in this timeframe has decreased compared to the same time last year

with 436 suppliers down from 602. Most significant is that data capture rates for the period of 87.2% in the North Island and 95.7% in the South Island increased respectively from last year.

In the North Island Ruapehu with 26 notifications was down three from that period last year while Taranaki, 25 (2014, 29) and Manawatu 22 (27) and Gisborne also 22 (29) had reductions from last year along with Rangitikei 20 (28). Major drops in notifications occurred in Wairoa 10 (18) last year and Stratford 6 (17). Increases occurred in only three areas of note with Otorohanga 8 (2), Masterton 12 (9) and Bay of Plenty 2 (0).

In the South Island northern areas that included the Hurunui district with 22 letters up from 13, Tasman with 19 (10) and Marlborough 16 (8) had increases in notifications. The remainder of South Island districts, in particular, Southland 20 (41), Clutha 12 (33), Waitaki 11 (19), Selwyn 8 (16), Dunedin 6 (12) and Waimate 4 (12) had significant reductions in suppliers notified.

Further notifications will be sent in August and in December and at that point a clearer picture of the impact of on-farm control and climatic conditions will be available.

High Prevalence Line Notifications

Direct notification from AsureQuality and company inspectors enables a quick response to suppliers processing lines of lambs with large sheep measles prevalence. The process whereby relevant data on such lines is faxed or emailed to OML. Then, usually within

48 hours, the supplier is contacted by letter and resources provided. Often in cases of a storm outbreak a number of notifications are received for one supplier from one or more processing plants. The success of this feedback over a number of seasons has been due to the support and assistance of AsureQuality staff.

Localised Mail Drops

To assist farmers who have good control procedures in place but appear to be having stock infected from external sources OML continues the policy of working with the local mailperson to carry out small but focused mail drops in the vicinity of the infected farm. They are designed to raise awareness of the need for dogs in rural areas to be treated for sheep measles. The farmer provides the name and phone number of their mail delivery person and OML liaises with them to carry out the drop. The drops range from 10 to 200 letters. In the South Island they have taken place around Wakefield, Seddon, Hawarden, Scargill, Fairlie, Karitane, Tapanui and Gore. In the North Island around Stratford, Fordell, Taihape, Waituna and Hastings.

Public Events

OML takes every suitable opportunity to meet and discuss ovis prevalence with suppliers and where possible show them statistics relating to their stock held in the national database. In the past year over 416 sheep farmers visited OML display sites along with other visitors such as dog owners, rural agricultural contractors, small block holders, dog control officers, hunters and vets.

In the past 12 months OML has attended Gisborne, Hawkes Bay and Christchurch A & P shows along with the Mystery Creek, Central Districts and Lincoln field days, also the Lawrence Farmerama. OML also participated in joint displays with lower North Island vets.

OML's goal at public events is to engage with sheep farmers and discuss their ovis prevalence along with their on-farm control programmes. This engagement is important in bringing home to individual suppliers the need for on-farm control. The challenge being to allow suppliers to view their data while complying with requirements of the Privacy Act. To this end OML has strengthened the already robust process and steps taken prior to displaying supplier's Ovis data on screen.

Farm Visits

Farm visits to larger properties with high prevalence of Ovis provide an opportunity to identify and discuss areas of weakness in control. This year OML have attended on-farm meetings that have ranged from neighbourhood gatherings to one on one meetings. In recent months farms have been visited in the Gisborne, Wairoa, Hastings, Tararua, Manawatu, Ruapehu, Rangitikei, Wanganui, Masterton, Tasman, Marlborough, Hurunui, Kaikoura, Waimakariri, Selwyn, Ashburton, Timaru, Waitaki, Dunedin, Gore and Southland regions.

Chatham Islands

In response to contact from farmers on the Chatham Islands the Project

“The challenge being to allow suppliers to view their data while complying with requirements of the Privacy Act”

“OML has a goal to visit a third of the 159 key clinics each year plus provide additional resources on request”

Manager visited the Islands to discuss control options meeting with farmers both on farm and in groups, also while on the Island speaking at the major pig hunting event of the year.

The Chathams unique location provides the potential for eradication to be undertaken following a period of Praziquantel treatments to all dogs resident on the Islands. OML Technical Advisor Dr Bruce Simpson prepared a paper outlining strategies. The paper has been provided to farmers on the Island and on request to Ministry of Primary Industry.

Financial

OML income in the 2014/2015 year was \$387,770, while expenditure was \$355,585. This resulted in OML having excess income over expenditure of \$39,009.

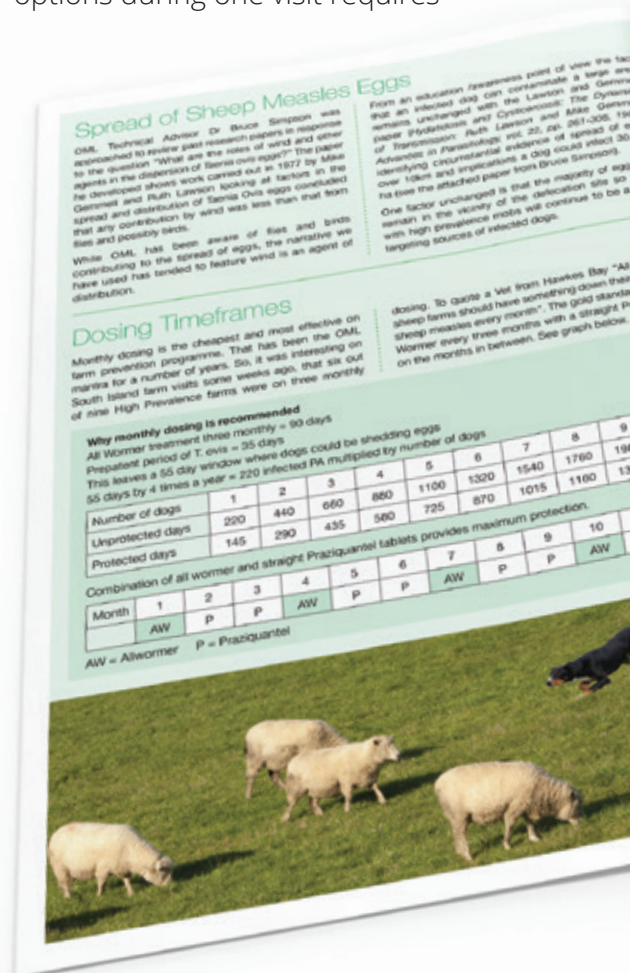
The funding of OML by way of a meat processor contribution of \$0.015 per sheep, lamb and goat processed has been in place for six years with OML operating effectively within that income stream. OML is focussed on achieving its goals while seeking to minimise costs and that along with a decrease in stock numbers, leading to above budgeted income has seen OML holding cash reserves of \$316,799. This amount is in excess of that required for the size and role of the company. As a consequence Directors will be looking to move OML reserves to an appropriate level that reflects processors contributions to the programme..

Veterinary Contact

Recent and past surveys identify rural veterinarians and their practices as the

main source of information for sheep farmers seeking information on the control of Ovis. Consequently OML seeks to ensure the veterinarians and their practices have appropriate up to date information at hand. The provision of resource packs to clinics has enabled OML to provide up-to-date material to veterinarians for distribution to clients. OML has a goal to visit a third of the 159 key clinics each year plus provide additional resources on request.

A feature of the visits is discussing with clinic staff providing advice to farmers the issues associated with reliance on three monthly dog treatments. The change of clinic staff which occurs in many cases means that the time spent talking personnel though treatment options during one visit requires



repeating at the next visit when new staff are in the role.

OML also attends events in conjunction with practices or provides resources when required for use in in-store displays and provides updates following high prevalence mailouts for use in their client newsletters.

Farmer Survey

A recent survey of 300 High Prevalence farms killing over 1,000 lambs and 300 farms with no ovis recorded also killing

1,000 lambs has been completed. One of the factors to emerge that despite applying the same level of on-farm controls lamb suppliers who buy in all lambs sent for processing have a substantially higher Ovis prevalence (2.16%) than those who kill a mix of their own and purchased lambs (1.7%) and those whose lambs are all "home bred" (0.73%).

The data reinforces the desirability of targeting education to that group of

"OML has a goal to visit a third of the 159 key clinics each year plus provide additional resources on request"



Ovis prevalence in lambs from different categories of suppliers

		"Own Lambs"	"Mixed Lambs"	"Purchased Lambs"
Number of suppliers	292	175	83	34
Number of lambs slaughtered	763,991	429,277	229,003	105,711
Number of lambs with Ovis detected	9316	3,146	3,882	2,288
% of lambs with Ovis	1.2%	0.73%	1.70%	2.16%

"While meat inspection is limited in its sensitivity to detection of Ovis it remains the best tool currently available to identify stock infected with Ovis"

sheep producers who finish few, if any lambs instead selling them to finishers either via saleyards through private sale or using agents. In the absence of meat company kill sheet / health status reports no feedback is available to give these producers information on their sheep measles status indicating the effectiveness or otherwise of their on-farm control.

Developing pathways to encourage this group of the need to have monthly dosing in place along with the full suite of control options is important to reducing overall prevalence. Ovis Management has had a meeting with lamb finishers farmers and traders to identify ways of providing useful feedback.

Johne's Management Ltd

OML continues to manage the Johne's database for Johne's Management Ltd. This unique database operating as a module on the National Sheep Measles database captures information on each individual deer processed, in particular the presence of Johne's-like lesions detected during post-Morton inspection by AsureQuality inspectors. The data is assembled by OML and,

once formatted, provided to Johne's Management Ltd for analysis.

In addition to operating the database OML also works closely with JML at appropriate public events.

Plant Capture of Ovis Information

The heart of the Ovis programme is the recording of Ovis prevalence detected at processing. Meat inspectors, both company and AsureQuality, record Ovis found in the carcass and viscera which is then either directly entered by touchscreen into company databases alongside the farmers stock details or ticketed and recorded at grading terminals.

While meat inspection is limited in its sensitivity to detection of Ovis it remains the best tool currently available to identify stock infected with Ovis. In addition to recording carcass ovis the capture of viscera data (Ovis detected in the heart and diaphragm) now accounts for 72% of all Ovis recorded and in the absence of this information the effectiveness of the programme would be greatly reduced. As seen last year the increasing use of touch screens at inspection has resulted in a significant increase in Ovis data captured, raising from 83.3% in 2011 to

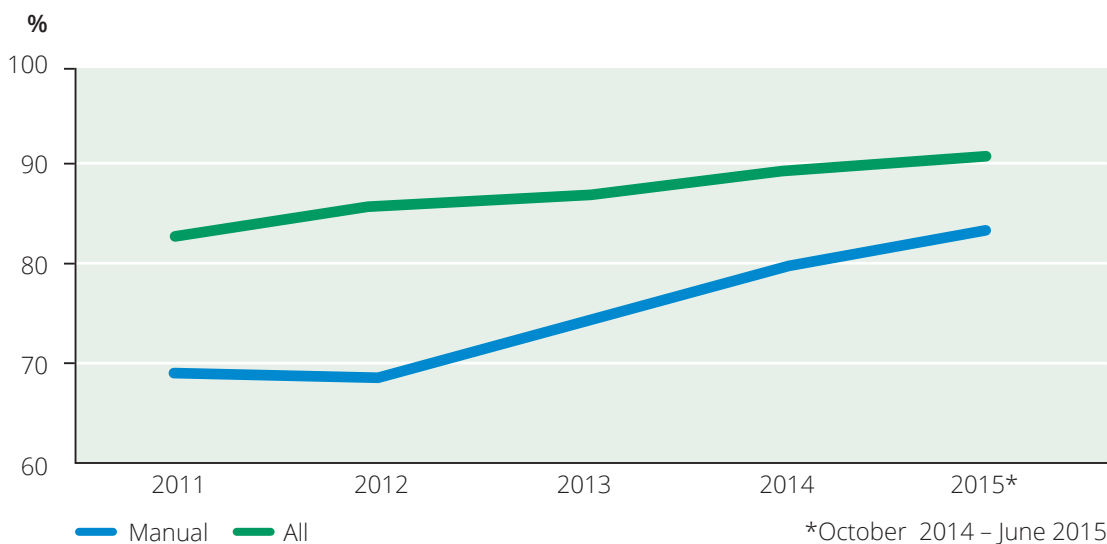
89.1% for the 2014 season and 91% for the 2015 season to end of June. Around 70% of the lamb kill is processed in plants using touch screens.

Manual data capture using tickets applied at inspection and recorded at grading terminals has a lower capture rate than touchscreen but has improved over recent seasons at 82% for season

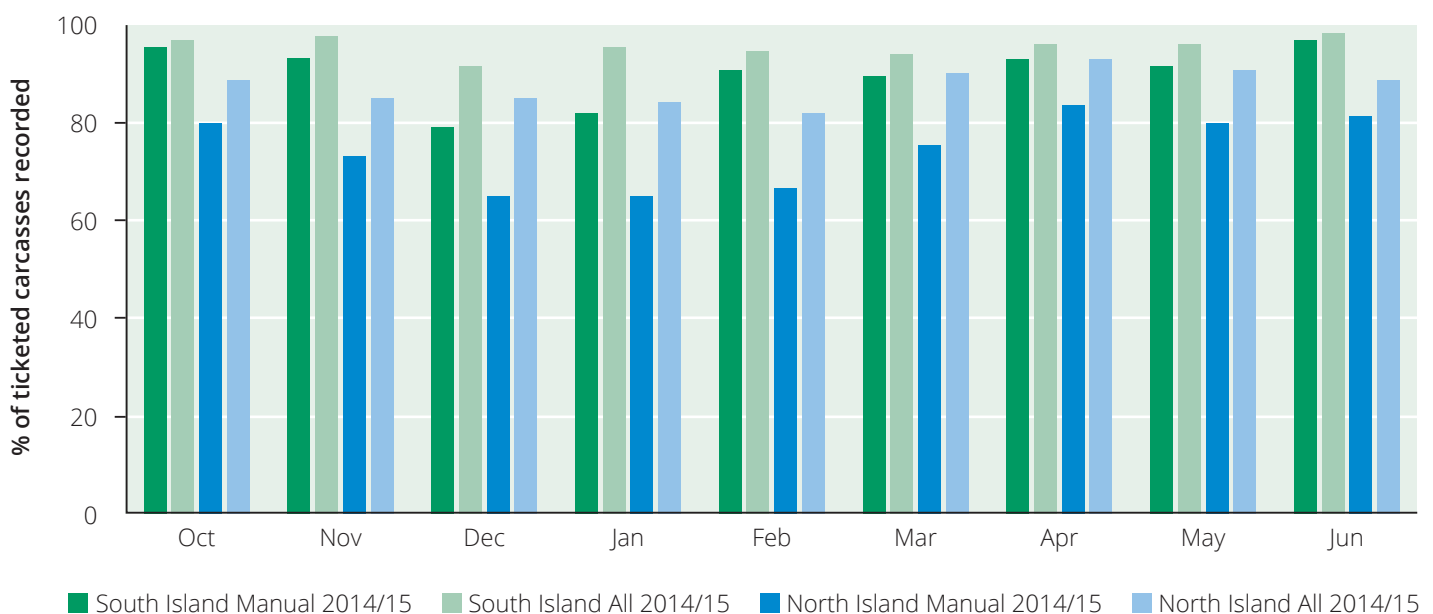
to date compared 79.4% last season. OML has feedback programmes to maintain awareness in plants of the need to maximise capture levels.

Increased capture results in an increased amount of data being linked back to suppliers enhancing feedback and awareness.

Ovis data capture rates at processing



% Ovis data captured by Island - manual/all



“North Island districts with larger dog (and human) populations tend to have higher prevalence levels than those in the South Island”

Ovis Management Database

The OML database receives line by line data from 32 processing sites processing over 20 million lambs last season. There were 16,034 active suppliers with 10,529 killing greater than 100 lambs, 5,193 greater than 1,000, 707 more than 5,000 lambs. 51.6% (8,285) of suppliers had one or more lambs detected with Ovis with 4,956 eligible for high prevalence status (killing greater than 50 lambs with more than three infected).

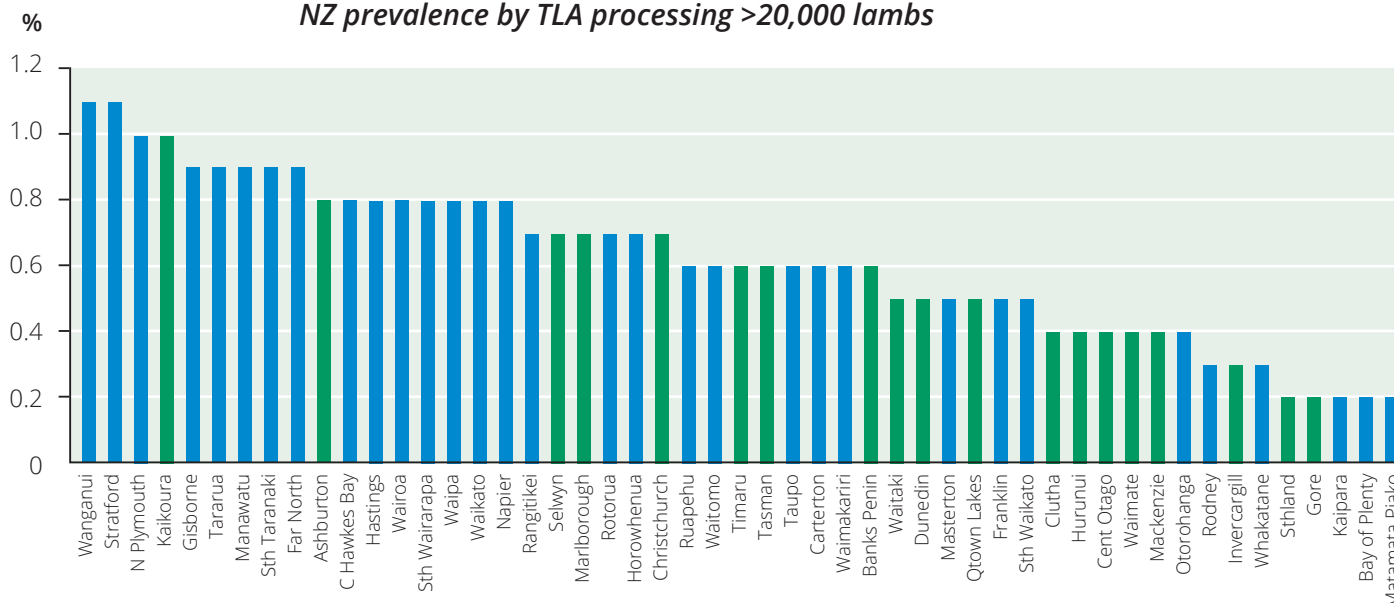
Lamb Ovis Prevalence

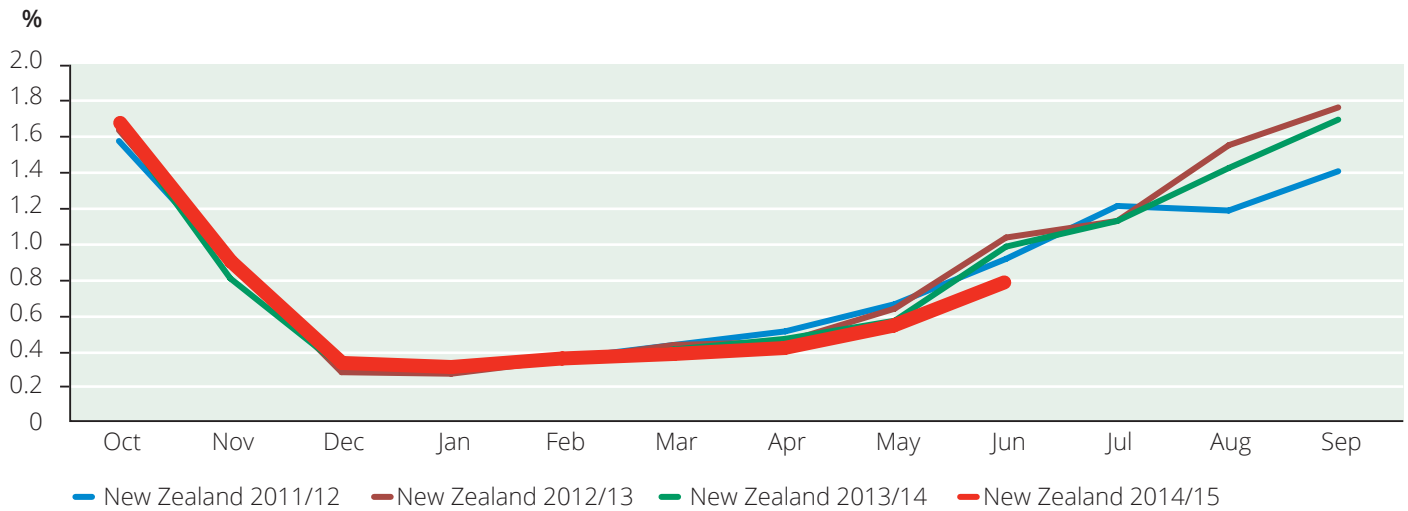
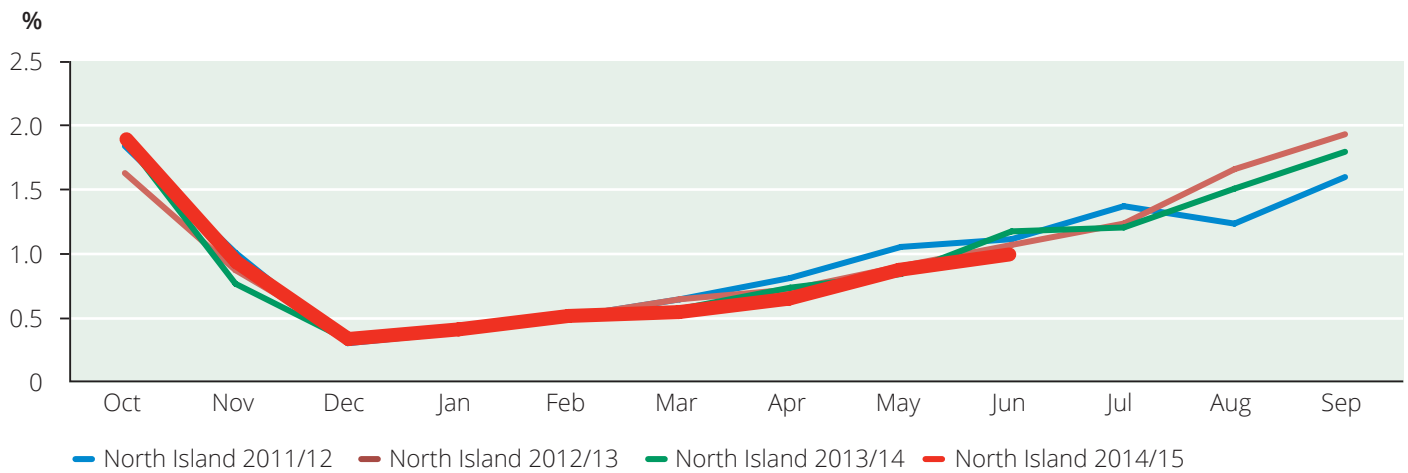
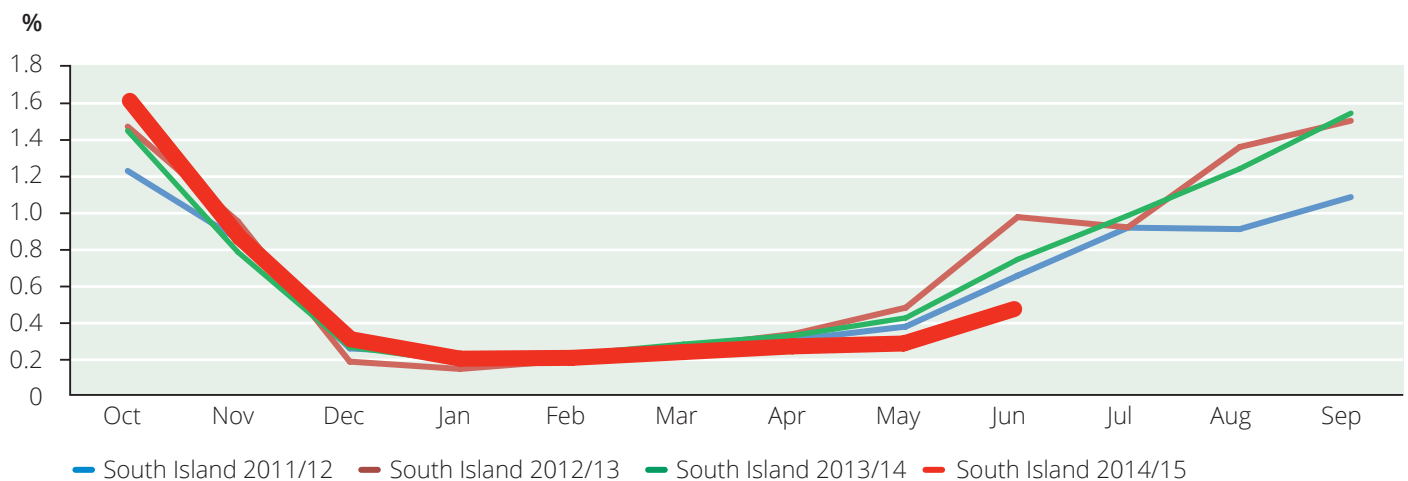
The prevalence of C ovis detected in lambs remain at the low levels experienced in recent years. Prevalence for the October 2013 – September 2014 year of 0.66% compares to 0.67% of the previous year. Plant data showed that 88% of lamb suppliers have less than 1% prevalence. For the current season October 2014 – June 2015 lamb prevalence is 0.53% compared to 0.56% last year.

North Island districts with larger dog (and human) populations tend to have higher prevalence levels than those in the South Island where it is noticeable that a district like Southland with its large sheep population has minimal Ovis recorded.

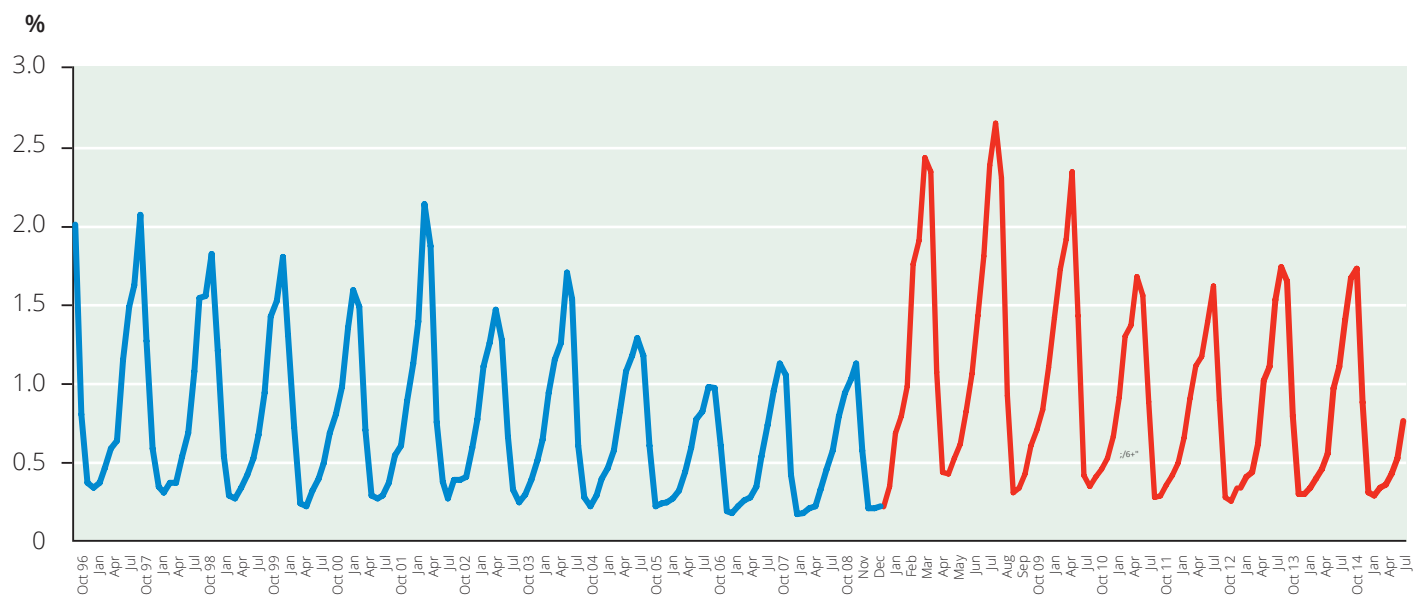


NZ prevalence by TLA processing >20,000 lambs



NZ lamb Ovis***North Island lamb prevalence, October – September******South Island lamb prevalence, October – September***

*Lamb prevalence, October 1996 – June 2015**



*March 2008 commencement of viscera Ovis recording

High Prevalence Notifications by TLA, December – November
North Island

TLA	Letters 14	Letters 13	Letters 12	Letters 11	Letters 10	Letters 09	Letters 08
Gisborne	86	87	84	75	58	88	123
Hastings	66	73	45	62	64	74	101
C Hawkes Bay	63	59	55	56	67	61	97
Tararua	57	62	50	40	54	54	62
Manawatu	49	45	35	38	40	56	66
Rangitikei	48	43	46	23	44	48	59
Wanganui	42	52	34	50	26	24	30
Ruapehu	39	44	37	40	35	44	50
Wairoa	36	33	33	34	31	30	22
Stratford	24	21	14	15	9	14	18
Masterton	22	38	25	39	42	36	31
Waitomo	20	25	33	24	20	27	52
Sth Wairarapa	20	31	21	21	21	27	30
South Taranaki	18	21	19	16	14	15	15
Waikato	17	13	14	17	7	4	7
Rotorua	16	6	10	10	6	10	12
New Plymouth	12	11	11	13	14	12	21
Carterton	12	12	11	8	14	11	10
Franklin	8	9	6	4	5		7
Far North	7	7	8	10	13	7	10
Rodney	7	8	13	7	2	9	8
Waipa	7	5	6	5	5	5	10
Otorohanga	7	13	9	10	8	9	16
Taupo	6	6	7	9	7	6	7
Porirua	5	1		1	0		1
Palmerston North	4	2		2	3	4	4
Horowhenua	4	4	2	5	2	7	5
Whangarei	3	2	3	6	3		8
Whakatane	3	3	1	2	0	3	2
Opotiki	3	3	3	4	1	1	3
Kaipara	3	5	6	4	5	7	13
Wellington	3	1	1	0	1	3	2
Manukau	2			1	0		2
Sth Waikato	2	4	2	0	1	7	4
Thames Coromandel	1	4	3	4	3	1	1
Hauraki	1	1		2	0		3
Napier	1	3	1	0	1	1	1
Bay of Plenty		5	3	1	1	6	8
Matamata Piako		2	1	9	2	1	4
Kapiti		2	1	0	1	1	
Waitakere		1	1	0	0		
Lower Hutt		1		1	1		
Papakura		1		0	1		
Hamilton		0	1				
NI Total	724	769	655	663	632	713	925

High Prevalence Notifications by TLA, December – November
South Island

TLA	Letters 14	Letters 13	Letters 12	Letters 11	Letters 10	Lett 09	Letters 08
Southland	53	41	33	25	48	59	56
Marlborough	40	31	21	28	43	29	42
Clutha	40	26	21	27	40	49	80
Selwyn	38	16	12	35	33	76	60
Ashburton	37	23	19	24	39	54	53
Hurunui	35	32	32	40	40	56	67
Waitaki	28	26	22	20	15	39	42
Central Otago	22	23	20	36	22	47	35
Waimate	18	13	11	13	14	18	25
Timaru	17	12	12	27	20	27	30
Dunedin	17	18	14	10	9	23	29
Waimakariri	16	9	11	11	26	32	29
Tasman	15	16	9	12	16	18	18
Mackenzie	10	7	9	5	7	11	23
Kaikoura	5	9	1	6	2	1	6
Banks Peninsula	5	5	3	13	5	11	10
Queenstown	5	8	3	4	6	9	8
Gore	5	10	8	15	23	30	42
Christchurch	4		4	3	3	3	5
Invercargill	3		2	2	5	12	5
Chatham Islands	2	1		0		3	2
Westland		2		2	1	0	2
Nelson				1	1	0	
Greymouth				0	1	2	5
Buller				0	1	1	2
South Total	415	328	267	359	420	610	676
NZ Total	1139	1097	922	1022	1052	1323	1601

ANNUAL REPORT/ FINANCIAL STATEMENTS

for the year ended 30 June 2015

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Directory for the year ended 30 June 2015

Principal Business: The main activity of the company is to maintain awareness of and promote control of *Cysticercus ovis*

Directors: A Morrison
R Barton
A Dennis
T Ritchie

Project Manager: D W Lynch

IRD Number: 50-642-291

Registered Office: Wellington Chambers
154 Featherston Street
Wellington

Auditors: KPMG
10 Customhouse Quay
WELLINGTON

Solicitors: Burrowes & Company
24 Johnston Street
Wellington

Bankers: Bank of New Zealand
222 Lambton Quay
Wellington

Shareholder: Meat Industry Association of New Zealand (Inc)

Directors' Report for the year ended 30 June 2015

The Directors have pleasure in submitting the Annual Report of Ovis Management Limited incorporating the financial statements and auditors report, for the year ended 30 June 2015.

The report has been prepared so as to include all information required to be disclosed under the Companies Act 1993 except where the shareholders have unanimously resolved to take advantage of the reporting concessions available to them under Section 211 (3) of the Companies Act 1993.

On behalf of the Board these financial statements were approved for issue on 12 August 2015.

Director

Director

Date

Date

Statement of Comprehensive Income for the year ended 30 June 2015

	Note	2015	2014
		\$	\$
Operating revenue		387,770	383,062
Operating expenditure	1	355,585	323,793
Operating surplus/(deficit) before other income		32,185	59,269
Other Income		-	9,638
Operating surplus/(deficit) before financing income		32,185	68,907
Financial income		6,824	4,914
Financial expenses		-	-
Net financing income	2	6,824	4,914
Operating surplus/(deficit) before tax		39,009	73,821
Income tax expense/(benefit)	3	-	-
Net surplus/(deficit) for the year		39,009	73,821
Other comprehensive income			
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive income for the year		39,009	73,821

Statement of Changes in Equity for the year ended 30 June 2015

	2015	2014
	\$	\$
Opening Balance	291,362	217,541
Total comprehensive income for the year	39,009	73,821
Closing Balance	330,371	291,362

Balance Sheet

as at 30 June 2015

	Note	2015	2014
		\$	\$
Equity			
Issued and paid up capital			
2 ordinary shares of \$1 each		2	2
Uncalled capital		(2)	(2)
Retained earnings		330,371	291,362
Total equity		330,371	291,362
Represented by:			
Current assets			
Cash and cash equivalents	4	316,799	270,713
Trade and other receivables	5	39,884	24,700
Total current assets		356,683	295,413
Current liabilities			
Trade and other payables	6	51,311	42,620
Employee benefits	7	9,287	10,846
Total current liabilities		60,598	53,466
Working capital		296,085	241,947
Non current assets			
Property, plant and equipment	8	34,286	49,415
Software	9	-	-
Total non current assets		34,286	49,415
Non current liabilities		-	-
Net assets		330,371	291,362

Notes to the Financial Statements for the year ended 30 June 2015

Statement of significant accounting policies

(i) Basis of reporting

The financial statements presented are for the reporting entity Ovis Management Limited (the "Company"). The purpose of the Company is to provide a low cost programme promoting control of *Cysticercus ovis* and monitoring area and national trends of prevalence in lambs.

The financial statements of the company are for the year ended 30 June 2015. The financial statements were authorised for issue by the directors on the 12th August 2015.

(ii) Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP), applying the Framework for Differential Reporting for entities adopting the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and its interpretations as appropriate to not for profit-orientated entities that qualify for and apply differential reporting concessions. The Company is a not for profit-orientated entity. The Company is a reporting entity for the purposes of the Financial Reporting Act 2013 and its financial statements comply with that Act.

The Company qualifies for Differential Reporting exemptions as it has no public accountability and is not large. All available reporting exemptions allowed under the Framework for Differential Reporting have been adopted.

The financial statements are presented in New Zealand Dollars (NZD). The financial statements are prepared on the historical cost basis except for accounts receivable which are at cost less impairment.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(iii) Particular accounting policies

The accounting policies that materially affect the measurement of financial performance and financial position are set out below:

Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses.

Depreciation of property, plant and equipment is calculated on a straight-line basis over their useful lives. Gains and losses on disposal of assets are taken into account in determining the operating results for the year. The rates are as follows:

Office equipment	7 - 40%
Furniture and fittings	10%
Motor Vehicles	21.0%
Computer hardware	10% - 67%

Intangible assets

Computer software is stated at cost less any accumulated amortisation.

Amortisation is recognised in the Income statement on a straight line basis over the estimated useful life of the intangible asset.

Computer Software	40%
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Revenue

- a. Revenue represents amounts received and receivable from meat companies paid on a 1.5 cents basis (2014:1.5 cents) for each sheep, lamb or goat processed.
- b. Revenue from services is recognised in the accounting period in which the services are rendered, by reference to the stage of completion of the service contract.
- c. Net financing income comprises of interest payable and interest received on call deposits and are recognised in Statement of Comprehensive Income.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Trade and other receivables

Accounts receivable are stated at cost less impairment losses.

Trade and other payables

Trade and other payables are stated at cost.

Goods and Services Tax

The financial statements are prepared exclusive of Goods and Services Tax (GST), with the exception of receivables and payables, which include GST.

Taxation

The tax expense recognised in the Statement of Comprehensive Income is the estimated income tax payable in the current year, adjusted for any differences between the estimated and actual income tax payable in prior periods.

No account is taken of deferred income tax.

Expenses

Expense represents amounts paid and payable to suppliers for services received during the year.

(iv) New Financial Reporting Framework

From 1 April 2014, the new Financial Reporting Act 2013 ("FRA 2013") has come into force replacing the Financial Reporting Act 1993, this is effective for entities with reporting periods beginning on or after 1 April 2014. Additionally, a new Financial Reporting Framework will be effective for Ovis Management Limited's 30 June 2016 year-end. Ovis Management Limited have no obligation to prepare general purpose financial statements as a result of the change in legislation and are yet to determine if it will produce General Purpose Financial Statements in the 30 June 2016 financial year.

1. Operating expenditure

	2015	2014
	\$	\$
Audit remuneration	5,000	2,650
Tax services	1,250	1,250
Contracts/consultants/projects	5,478	3,043
Depreciation	14,417	7,308
Director's fees – Chairman	16,830	16,830
Director's fees	1,000	1,500
Personnel expenses	130,604	121,927
Other operating expenses	181,006	169,285
Total operating expenditure	355,585	323,793

2. Net financing income

	2015	2014
	\$	\$
Interest revenue	6,824	4,914
Interest expense	-	-
Net financing income	6,824	4,914

3. Taxation

	2015	2014
	\$	\$
Reconciliation of effective tax rate		
Operating surplus/(deficit) before tax	39,009	73,821
Income tax using Company tax rate 28%	10,922	20,670
Non-assessable income/non-deductible expenses at company rate	2,262	(911)
Losses provided to/from parent	(13,184)	(19,758)
Losses bought forward and utilised at Company tax rate	-	-
Tax @ Company Tax Rate	-	-
Prior year adjustment	-	-
Tax benefit of losses not recognised	-	-
Income tax expense/(benefit) per income statement	-	-

The Company and its parent has \$482,232 of tax losses to carry forward (2014:\$377,069), which the company is able to utilise. The availability of losses to carry forward is subject to the Company continuing to meet the requirements of the Income Tax Act, and agreement of the tax losses by the Inland Revenue Department.

	2015	2014
	\$	\$

Imputation credit memorandum account		
Balance at beginning of year	198,813	198,455
Income tax paid/(refund)	(1,384)	(1,026)
Prior year adjustment	-	-
RWT on interest received	1,909	1,384
Balance at end of year	199,339	198,813

4. Cash and cash equivalents

	2015	2014
	\$	\$

Bank balances	23,524	60,964
Call deposits	293,275	209,749
Balance as at 30 June	316,799	270,713

5. Trade and other receivables

	2015	2014
	\$	\$

Trade receivables	32,450	22,244
RWT Receivable	1,909	1,384
Other Receivables and Prepayments	5,525	1,072
Balance as at 30 June	39,884	24,700
Impairment loss deducted	-	-

6. Trade and other payables

	2015	2014
	\$	\$

Trade Payables	44,841	36,306
GST Payable	1,250	2,616
PAYE Payable	5,220	3,698
Balance as at 30 June	51,311	42,620

7. Employee benefits

	2015	2014
	\$	\$
Liability for Annual Leave	9,287	10,846
Balance as at 30 June	9,287	10,846

8. Property, plant and equipment

	2015	2014
	\$	\$

Furniture and fittings		
At cost	775	775
Accumulated depreciation	775	775
	-	-
Current year depreciation	-	-

Motor vehicles		
At cost	40,956	40,956
Accumulated depreciation	10,751	2,150
	30,205	38,806
Current year depreciation	8,601	2,150

Computer hardware		
At cost	18,068	19,403
Accumulated depreciation	17,233	15,769
	835	3,634
Current year depreciation	2,087	2,569

Office equipment		
At cost	67,813	67,813
Accumulated depreciation	64,567	60,838
	3,246	6,975
Current year depreciation	3,729	2,589

Total property, plant and equipment		
At cost	127,612	128,947
Accumulated depreciation	93,326	79,532
	34,286	49,415
Current year depreciation	14,417	7,308

There is no impairment loss recognised during the year (2014: nil).

9. Intangible Assets

	2015	2014
	\$	\$
Software		
At cost	1,300	1,300
Accumulated Amortisation	1,300	1,300
	-	-
Current year amortisation		-

There is no impairment loss recognised during the year (2014: nil).

10. Capital commitments

There are no capital commitments outstanding as at balance date (2014: nil).

11. Contingent liabilities

There are no contingent liabilities outstanding as at balance date (2014: nil).

12. Related party information**(i) Identity of related parties**

The Meat Industry Association of New Zealand (Inc) owns 100% of Ovis Management Limited. The Association charges a service fee for management and administrative services.

(ii) Related party transactions

Ovis Management Limited pays service fees of \$16,194 (2014: \$15,936) to Meat Industry Association of New Zealand (Inc) for administration services provided. As at year end, Ovis Management Limited has recognised a payable to Meat Industry Association (parent company) for the amount of \$3,585 (2014: \$3,125). This relates to service fees and office expenses paid by Meat Industry Association on Ovis Management Limited's behalf.

During the year ended 30 June 2015, Ovis Management and the Meat Industry Association of New Zealand (Inc) transacted with a company, related to a board member, in the normal course of business. The transactions were on consistent commercial terms with other meat companies.

Ovis Management Limited tax losses are available for use by its parent, Meat Industry Association. As at 30 June 2015 tax losses available to Meat Industry Association and Ovis Management Limited are \$482,232.

(iii) Remuneration

Total remuneration is included in personnel expenses (see note 1).

Chairman is paid an annual fee; (see note 1).

13. Subsequent events

There are no events subsequent to balance date that would materially effect these financial statements (2014: nil).



INDEPENDENT AUDITOR'S REPORT

To the shareholder of Ovis Management Limited

We have audited the accompanying financial statements of Ovis Management Limited ("the company") on pages 22 to 29. The financial statements comprise the balance sheet as at 30 June 2015, the statements of comprehensive income and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards for Public Benefit Entities Differential Reporting) and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.

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

Our firm has also provided other services to the company in relation to taxation. This matter has not impaired our independence as auditor of the company. The firm has no other relationship with, or interest in, the company.

Opinion

In our opinion, the financial statements on pages 22 to 29 comply with generally accepted accounting practice in New Zealand and present fairly, in all material respects, the financial position of Ovis Management Limited as at 30 June 2015 and its financial performance for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards for Public Benefit Entities Differential Reporting.

The KPMG logo is written in a stylized, blue, handwritten-style font.

12 August 2015

Wellington