



JML ANNUAL REPORT

and Statement of Accounts for the 12 months ended 30 September 2012

Mission Statement

“To provide services and assistance to the New Zealand deer industry to aid in the control of Johne’s disease, including monitoring and maintenance of a national database”

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Notice of annual general meeting

Notice is hereby given that the Annual General Meeting of the shareholders of Johne's Management Limited will be held on the 12th of March 2013 in the Deer Industry New Zealand Boardroom, Level 5, Wellington Chambers, 154 Featherston Street, Wellington 6011.

The meeting will commence at 11.00 a.m.

Agenda

- To approve the minutes of the 2011-2012 annual general meeting.
- Receive and consider the Directors Report, Auditors Report, and Accounts for the year ended 30 September 2012.
- Appoint auditors for the forthcoming year.
- General business.

Directory

CHAIRMAN	G. W. Neilson 10 Kanuka Court, Mosgiel 9024
DIRECTORS	M. J. O'Connor 19 Reading Street, Karori, Wellington 6012 I. D. Stewart 32 Macefield Drive, Rolleston, 7614 M. Coutts Mcleod Road, RD 4, Timaru 7974 R. Hilson 120 Paget Road, RD 2, Takapau, 4287
SECRETARY	S. Norton, PO Box 615, Dunedin 9054
REGISTERED OFFICE	DINZ, Level 5, Wellington Chambers building, 154 Featherston Street, Wellington 6143
SOLICITORS	Buddle Findlay 1 Willis Street, Wellington 6011
BANKERS	ANZ Bank of New Zealand Limited, 215-229 Lambton Quay, Wellington Central, Wellington 6011
AUDITORS	Deloitte 10 Brandon Street, Wellington 6011
ACCOUNTANT	M. Pran Meat Industry Association Level 5, Wellington Chambers, 154 Featherston Street, Wellington 6140

Company Management

PROJECT MANAGER	Dr S. Norton, Dunedin
TECHNICAL MANAGER	Dr K. Goodwin-Ray, Palmerston North
SCIENCE ADVISOR	Dr J. Hunnam, Matamata

Chairman's Annual Report

Johne's Management Ltd (JML), with a great deal of experience and confidence, has now become one of New Zealand's major exponents in the overall management and control of Johne's disease in farmed deer.

Since its inception in 2007 the Company continues to work in partnership with deer farmers and the New Zealand deer industry in general, making every effort to limit the economic impact of the disease in the national herd.

Some 88 farms are now listed with on-farm Johne's disease risk management plans. The Boards' promotional offer to subsidise testing of deer to farmers seeking an indication of the status of their herd, has been very successful. Thirty three farmers made use of this offer and 23 have agreed to implement a risk management plan tailored to the level of disease in their herd. Through this promotional initiative, the link between JML and the Johne's Consultant Network (JCN) has strengthened.

The year just finished has seen a small but noticeable decline in the incidence of the disease found at slaughter. In my view it is still too early to make explicit conclusions on this decline, but note the discussion around the "epidemic curve theory" where the most susceptible animals either succumb to the disease or are culled while the remaining animals have higher overall resistance to the disease. What I am certain of at this time is that the overall efforts of the Company, since 2007, have contributed enormously to reducing the severity of the disease in our farmed deer.

During the year the Company undertook a major Strategic Review to assess both its progress to date and plans for the future. A full report of this Review has now been distributed to the deer industry at large, however I feel a very brief comment is warranted in this Report.

The Review Panel noted that JML had successfully fulfilled its mandate and had been instrumental in raising awareness and supporting

activities to reduce the incidence of the disease. It also made the following recommendations going forward:

- that JML should stimulate engagement and practice change for farmers and service providers and become a forum for Johne's disease discussion and education.
- that JML should continue to maintain a quality database that records the lesion status of deer at processing, validated against on-farm indicators and to provide accurate and timely status and cost benefit information to industry and confidentially to individual deer farmers from the database
- that JML should continue to act as a facilitator for the transfer of information and resources between the deer industry, researchers, industry groups and partners, farmers and veterinarians, through communication, education and advice.

From this Review there emerged a stronger understanding of the JML programme, satisfaction in its performance during its first five years, and strong support for its continued existence as a driver of the management and control of JD in farmed deer.

During the year, the Board decided to reduce the programme's funding after assessing an economic review from the Project Manager. From January 1, 2012 the voluntary contribution was dropped from \$1.00 per head to 80 cents. This reduction will not lead to less activity or fewer services, rather it enables a closer fit between income and the actual operational costs of the Board's programme.

This year our accountant, Ron Henry, has indicated his wish to retire from this position. Ron has been with the Company since its inception and has carried out the task of financial controller in a truly professional manner. His sincere and approachable manner we shall miss. We thank him for a task always well done and wish him all the very best in his retirement.

We welcome our new accountant, Michael Pran, Management Support Officer with the New Zealand Meat Industry Association, who is also accountant to the Ovis Management Company. JML have a contractual arrangement with the NZ Meat Industry Association for Michael's services.

Once again we note with appreciation the support we receive from the Venison Processors, and the work done by the AsureQuality meat inspectors at their processing plants.

The support we have from the Chairman and Directors of the Deer Industry New Zealand Board, the Deer Farmers Association and deer farmers in general, the scientists and researchers, is all very much appreciated.

Our thanks to our Technical Manager Dr Kathy Goodwin –Ray for the work she undertakes with the quarterly reports from Massey University and the extra analytical projects requested by the Project Manager.

JML continues to work closely with the Project Manager of Ovis Management Ltd, Dan Lynch, on the operation of our national database. This database has been described by Professor Scott Wells of the University of Minnesota, one of the participants on the panel of our Strategic Review, as "unique in the world" All credit is due to Dan Lynch, thanks Dan.

In my last report I indicated that JML and OML were in discussions with representatives of the Ministry for Primary Industries (MPI, formally

MAF), around the possibility of becoming one of the data sharing partners to the FarmsOnLine national database. In the past, data offered by FarmsOnLine was sourced from Agribase. While the discussions had not concluded by the year's end on September 30 2012, I feel it is important to record the final decision not to proceed, in the meantime, with the FarmsOnLine proposal. Instead, OML and JML will continue to develop and maintain their own database.

On the retirement of Eddie Brock as a farmer representative on the Board, Murray Coutts from South Canterbury was appointed to this position.

To our Project Manager Dr Solis Norton, the success and the important relationships you have built up these past years with the various participants in the deer industry, the initiatives you have taken, the dedication and determination you express as you move the programmes along, your management skills so clearly demonstrated as you developed the structure that assisted in making such a success of the Company's Strategic Review, have all contributed to another successful year for JML. Thanks Solis.

To my fellow Directors, my thanks for your support and input into policy and general decision making, this has been another good year for our Company.

Geoff Neilson

CHAIRMAN

JOHNE'S MANAGEMENT LIMITED

Project Manager's Annual Report

The 2011-2012 year marks the fifth since Johne's Management Limited began. With an established programme and processes as well as over two and a half million records in its national database the Company is now strongly driving the control of Johne's disease in farmed deer. Using a range of methods and engagement across all levels of the Deer Industry, wider across New Zealand agriculture, and with growing international links the Company is achieving very positive results. The following report summarises key areas of progress and our growing list of professional linkages.

Programme activity

Reduction in contribution

As of January 1, 2012 the JML Board implemented a reduction in the voluntary contribution from \$1.00 per head to \$0.80 per head. This was in response to a financial review prepared by the Project Manager whereby action was taken to bring the funding stream more closely into line with programme expenses. All programme activities previously budgeted for will continue as usual. Processors were notified of this change and were understandably unanimously in favour of it. From the perspective of the Project Manager this is a constructive move toward streamlining performance which can only be achieved with enough historical data to clearly show the financial requirements of the programme.

Strategic review

In August 2011 Deer Industry New Zealand requested a strategic review of JML programme to date. The aim was to assess its progress, its relevance going forward, and to provide guidance for its plans for the future.

In May 2012 a day long review was held by a 13 member panel lead by industry facilitator Gavin Sheath. The panel included an international JD expert, Professor Scott Wells from the University of Minnesota, as well as representatives of farmers, processors, veterinarians, researchers, and industry.

The review outcomes painted JML in a very positive light and gave valuable direction out to 2015. In brief, it was agreed that the programme had successfully fulfilled its original mandate to 2011. And it was recommended going forward that the programme should continue with its current method of data handling, meet the needs of farmers and industry, validate its database, act as a practice change facilitator, and use cost-benefit analysis to provide information to farmers.

For me as the Project Manager the review was an encouraging demonstration of the programme's unanimous support from some diverse groups and the industry as a whole. It also showed the value they see in it by dedicating their time and expertise to providing meaningful objectives over the next few years. I would like to extend my thanks to all participants in the review for their indispensable efforts, in particular Gavin Sheath for his exceptional conduct of the day.

Top 60 project

The 'top 60' project was run in conjunction with the Johne's Research Group 2. The aim was to extract from the database farms with a high prevalence of JD-suspect lesions and contact them to discuss the severity of JD on-farm and encourage them to implement an appropriate risk management plan.

There was real value in this project which enabled JML to have direct interaction with many farmers for whom JD either was or had been a serious issue. Their insights and opinions were exceptionally informative, especially when so many were received in such a short space of time.

Sixty eight farmers were contacted either by a personal visit or by phone interview. Nearly half of them (33/68) agreed to take up a risk management plan while 19 did not consider JD an issue serious enough to warrant a plan. The remainder either agreed to be revisited in 2013 to assess their latest data, or no longer farmed deer.

This project was a key factor in the growth in uptake of risk management plans by deer farmers

in 2012 and has made a significant impact on the overall coverage of the JML programme. In addition, it purposively targeted high prevalence farms as we focus resources where they are likely to be needed the most.

Risk Management Plans on-farm

There are now 88 farms with Risk Management Plans (RMP) in place, up from 38 at the conclusion of 2010-11. This represents 15% of the deer processed in the period from October 1, 2011 to September 30, 2012. More importantly, properties that send many deer with JD-suspect lesions for processing have been a focus and because of this, 55% of deer with identified with lesions in the year to September 30, 2012 came from a farm that now has an RMP in place. This is very encouraging progress.

'Know your status' promotion

The offer of subsidised diagnostic testing to enable farmers to 'know their JD status' was in part an experiment to determine the threshold above which farmers who were unaware of JD in their deer would actively seek engagement with the programme. Previous offers of subsidised assistance from JML have been poorly subscribed by such farmers.

Despite a very small amount of negative feedback, the promotion has been an outstanding success. Thirty four farmers got involved, 18 of which now have an appropriate risk management plan in place. Further interest has been registered for 2012-13.

It became apparent early on in the offer that the available budget would quickly be consumed, so epidemiological formulae were utilised to calculate the number of deer in each herd that needed to be tested. These formulae take into account the minimum level of infection to be detected, the herd size, and test performance characteristics. This approach enabled many more farmers to get information about JD in their herd.

Another positive outcome from this promotion was the engagement of veterinarians on-farm. Eighteen vets were involved with sample collection and 11 of these were on the Johne's

Consultant Network. One network vet in particular promoted the offer in her local area, working with seven different farms and providing risk management plans as a result.

Latest spatial information

There is statistical evidence of an expansion in the regions associated with high rates of farms processing deer with lesions. Traditionally the south and west of the South Island have had high rates of these farms, but over the years data shows a gradual expansion, first more widely in Otago and Southland, and then into the West Coast. Data from the April-June period each year show this trend most clearly, but there is evidence of it in data from other periods too.

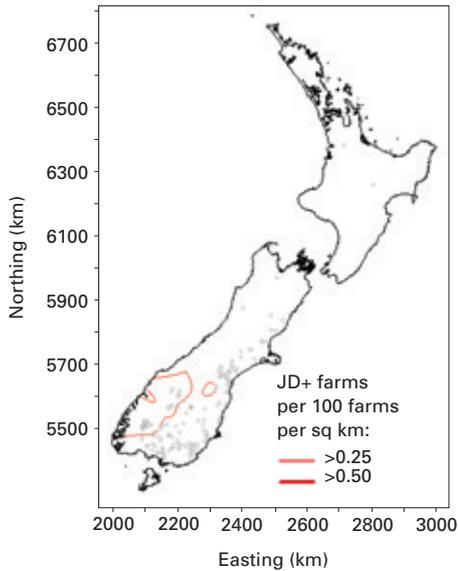
The ability to detect trends like this is only possible through the consistent collection of data over long periods. It is a credit to the AsureQuality meat inspectors and JML Technical Manager Kathy Goodwin-Ray that JML can apportion its resources in step with this shift in JD hotspots.

Quarterly analysis of data

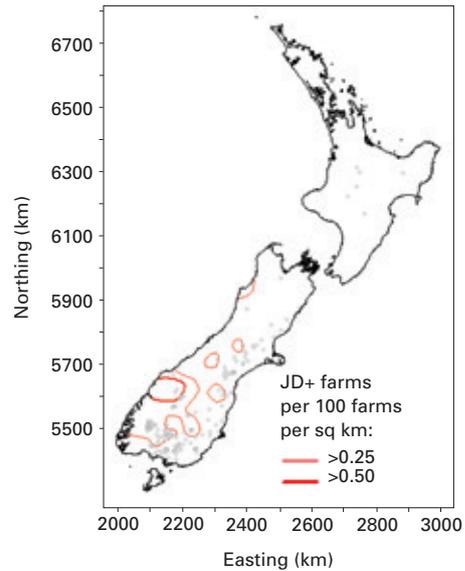
At September 30, 2012 there were records for 2.6 million processed deer. During the year, four more quarterly data analyses have been conducted on this data with the final one still in progress. Once completed there will be 16 analyses on file. Trends identified in these analyses help prioritise disease control efforts. The spatial information above is a good example of a useful trend and another example is the weekly measure of farms that send deer with lesions for processing.

The weekly measure shows that since records began in January 2007 the percentage of farms sending deer with lesions for processing has gradually increased from 9% to a peak of 17% in September 2010. But since then this rate has declined, steeply at first and then more gradually back to around 15%. This drop is still evident in the latest data.

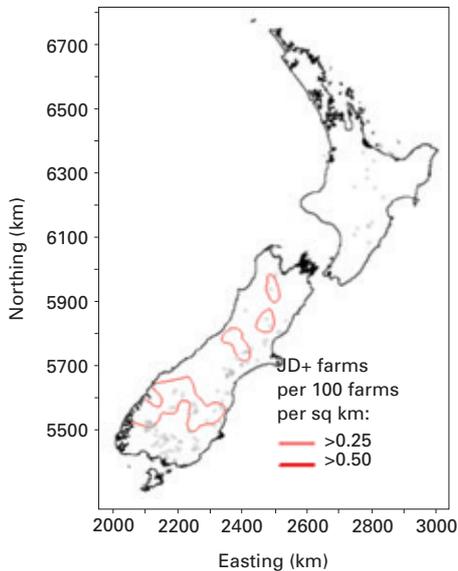
While the decline is very encouraging, it is too early yet to be certain that the tide is turning. Johne's disease is influenced by many



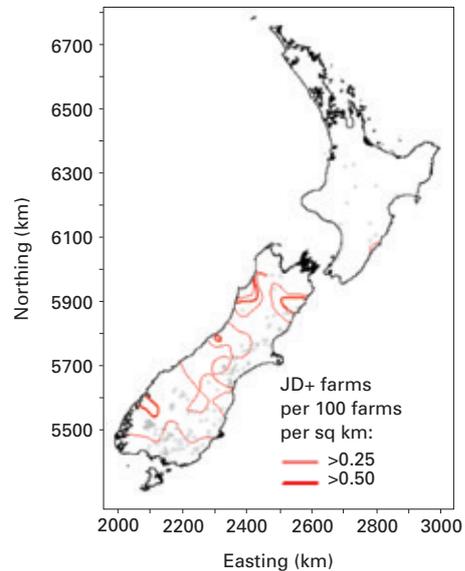
April– June 2008



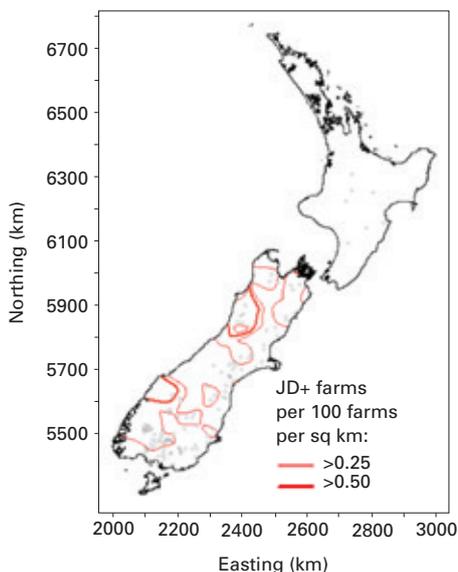
April– June 2009



April– June 2010



April– June 2011



April– June 2012

Figure 1. 'Hotspot' areas based on April-June data for the years 2008 - 2012. Contour lines delineate areas where the number of farms processing deer with lesions per 100 farms per square kilometre was greater than 0.25 (thin) and 0.50 (thick).

things including farm management as well as environmental and climatic factors, so a consistent trend over a longer period yet is needed to confirm what we are hopefully starting to see.

Notification letter mail outs

The mail-out to June 2012 marks the 12th letter sent to farmers. Recipients have recently sent deer for processing that have been identified

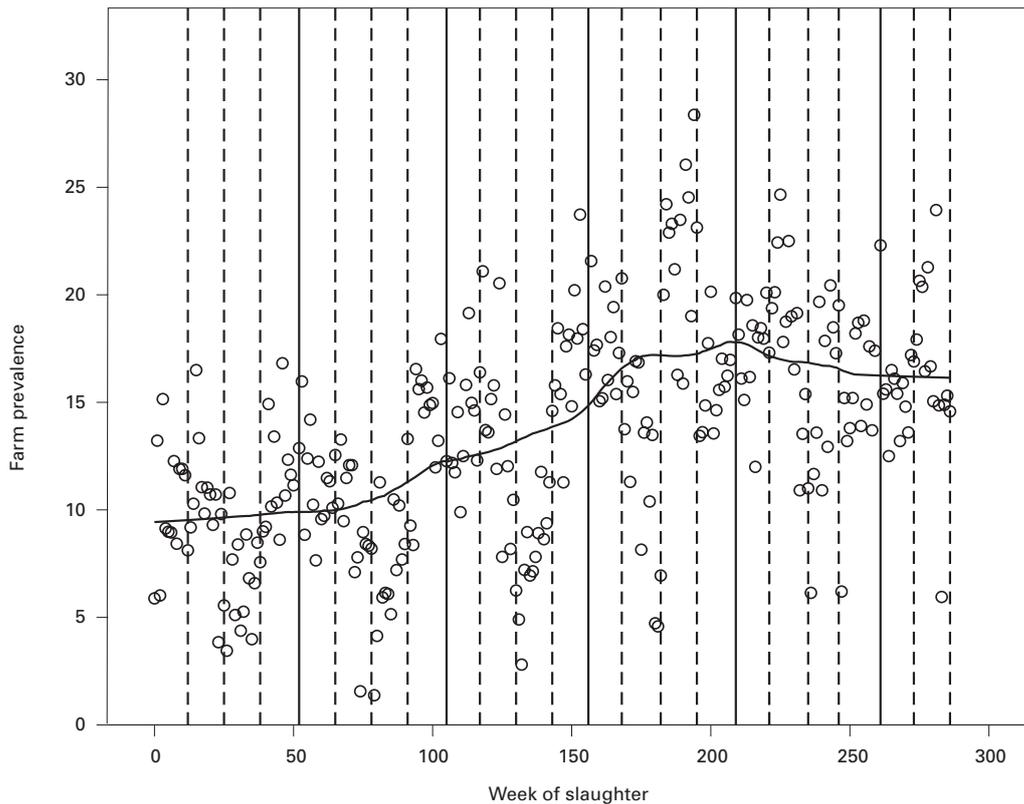


Figure 2. Smoothed data describing the prevalence (%) of farms each week sending young deer for processing that were identified with a JD-suspect lesion. Data range is from January 2007 to June 2012.

with JD-suspect lesions. In all, 3630 letters have been sent out. While they are a useful indicator for farmers who are unaware of the JD status of their herd, their repetition to farmers working to control the disease can be a frustration. As a result, farmer feedback has consistently asked for the presence of lesions to be indicated on their kill sheets rather than via notification letters. The advantages would be faster feedback in most cases and because of this, more relevance to current on farm management.

JML will continue working in 2013 to establish notification of JD-suspect lesions on kill sheets as a standard practice across all processors.

International Colloquium on Paratuberculosis

In February I attended the International Colloquium on Paratuberculosis, a five day event in Sydney, Australia. With around 300 delegates from 42 countries it represents the centre point in global meetings on Johne's disease. The main topics of discussion were diagnostic tests and their evaluation, genetics, pathogenomics, control

programmes, epidemiology, and public health. It was the perfect forum to come up to speed with the latest research and debates. As the days passed I collected information I felt would be useful to the Johne's Consultant Network and to New Zealand deer farmers.

One of the most relevant items was a German study of diagnostic testing in a single bull. It was known to have Johne's disease and was tested 267 times over five years by blood, faeces, and semen. The hit-and-miss nature of the test results over this period was the result of the disease waxing and waning within the animal, rather than variation in test performance. This is a very important notion to grasp (see below) and an elegant demonstration of why testing at a single point in time has limited effectiveness in controlling this disease.

Other useful pieces of information have been included in the Johne's Consultant Network Newsletters and presented at various meetings.

In ranking JML against other Johne's disease

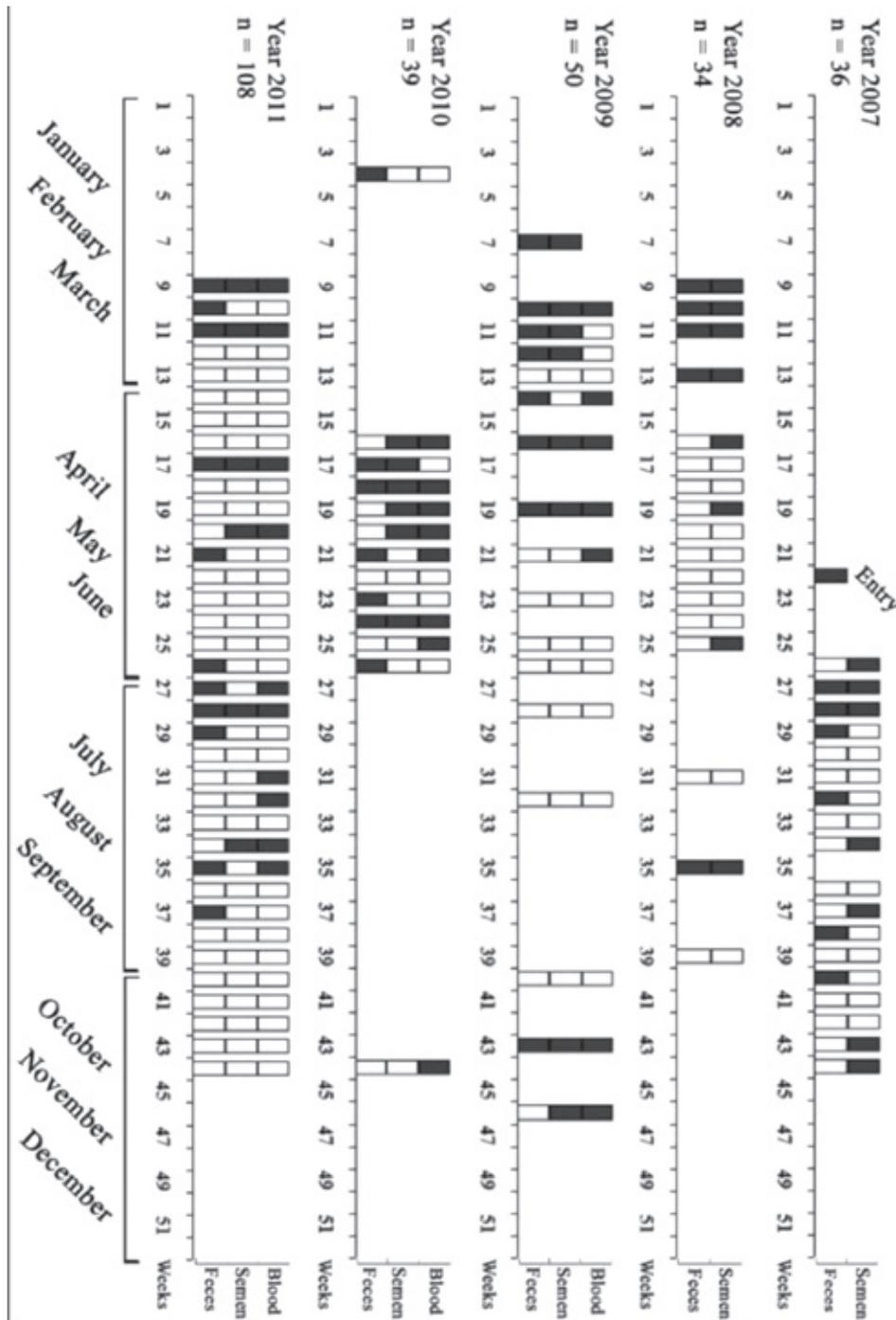


Figure 3. Diagnostic test results from repeated sampling over five years by blood, semen, and faeces. Research by Munster et al., Georg-August University, Germany, presented at the International Colloquium on Paratuberculosis, Sydney, Australia, February 2012.

control programmes around the world, the Deer Industry can hold its head high with a robust, transparent programme with unanimous support that remains the only one in the world to collect animal level data at slaughter.

I felt the Colloquium was great value and enjoyed distributing information about JML and renewing

many network connections that had been idle since the completion of my PhD.

Industry bodies

Johne's Consultant Network (JCN)

As the on-farm activity of JML has grown through the 'top 60' and 'know your status' projects, so has the Johne's Consultant Network. Early in the

2011-12 year, 15 of the 38 network members were involved with JD control on at least one deer farm. At the conclusion of this year, 27 members were involved, many with more than one farm and three were working with ten or more farms. In addition, there is growing interest from other veterinarians and members of the Deer Industry in a further training workshop to bring more people on to the network.

Two more newsletters for the network were distributed in January and September. These are brief, technical documents to keep members

up to date with the latest information relating to deer farms but also with the highlights of the Colloquium.

In addition JML attended the Cervetec conference, presenting an update on JD control and running a workshop after the conference which was well attended with 30 JCN members and other interested veterinarians.

This year has seen real strengthening of the network and the emergence of several enthusiastic members who are willing to drive the promotional opportunities from JML to their

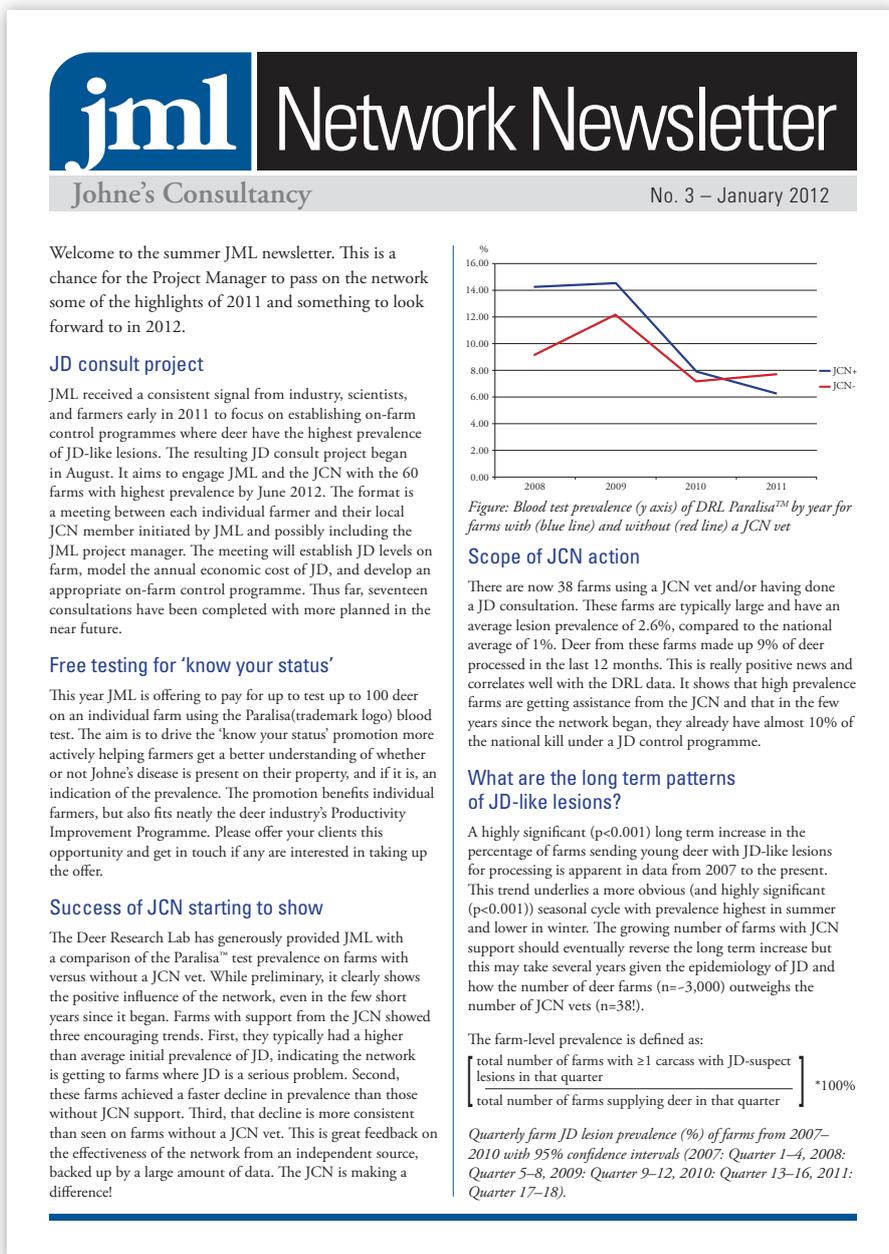


Figure 4. Example of JML newsletter.

clients, giving genuine three-way interactions between the farmer, their vet, and JML. This is the best possible outcome in terms of JD control. It is also great for optimising the performance of the Deer Industry, one farm at a time, because the vets are always consulting on more production issues than simply JD alone. My thanks to all members of the network for their efforts in 2011-12.

Venison Processors

Venison processor staff were visited to present an outline of the JML programme and highlight the importance of the data collection by AsureQuality meat inspectors. The meat inspectors and slaughter board staff always voice their appreciation of the complimentary catering and a JML pad and pen. It is essential that these members of the programme are aware of their importance and how highly their work and JML ranks relative to JD control efforts elsewhere in the world. This drives in them pride in their work and recognition that they are doing a great job.

In turn, this strengthens relationships within our programme.

Overall data collection has slipped slightly through the middle of 2012 but generally it remains above 90% of that recorded by the Deer Industry. The cause of this slip has been updates by two plants to their computer systems which have resulted in a delay in this data coming through to JML. The delay is temporary and the missed data will be incorporated into our database once the updates have been finalised and correct data identified.

The Venison Processors report is in the final stages of preparation and will be delivered with this annual report.

Ovis Management Limited

Dan Lynch and Ovis Management Limited have continued to provide exceptional service in the maintenance and updating of the JML database, ably supported by Martin Lawrence at APT Business Solutions in Palmerston North. Their efforts are much appreciated.

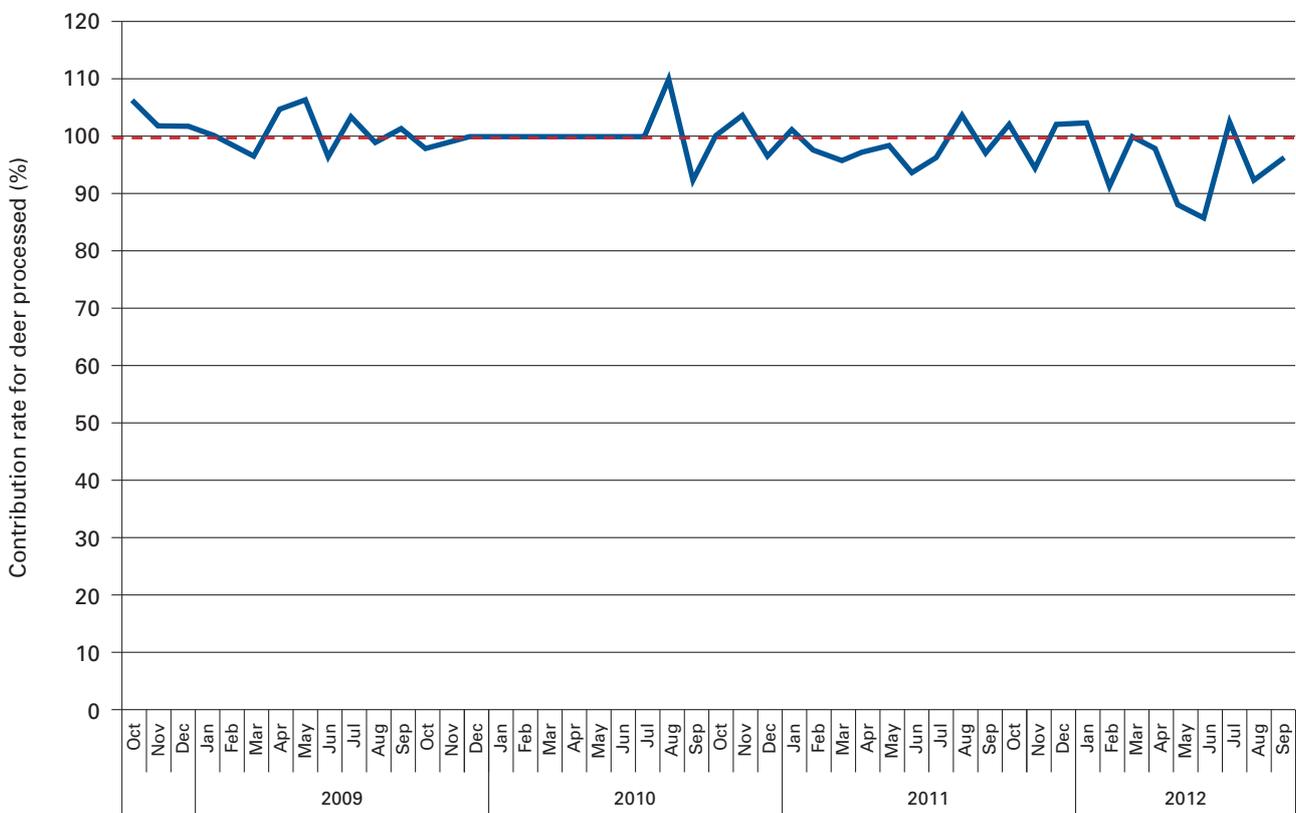


Figure 5. The percentage of deer recorded by DINZ for which the voluntary contribution to JML was received from deer processors

In particular, I am grateful to Dan for his leadership in our endeavours to establish a data sharing agreement with FarmsOnLine, the national database of rural properties developed by the Ministry for Primary Industries. During this lengthy process he has guided our small companies successfully through protracted discussion, complex in legal and logistical nature, with FarmsOnLine, the Office of the Privacy Commissioner, the Meat Industry Association of New Zealand, and the Animal Health Board, and each individual meat processor. I've learned a lot Dan, many thanks.

***Deer Research Laboratory (DRL),
University of Otago***

Our 'know your status' promotion of subsidised diagnostic testing this year has been an opportunity to strengthen ties with the key provider of diagnostic testing services to the Deer Industry, DRL. I have greatly appreciated the efficient and practical working relationship we have developed and I have come to better understand the long and distinguished history they have in the Deer Industry, and the truly enormous amount of information they have accumulated over the years.

Many thanks to the key staff at DRL Professor Farnk Griffin, Simon Liggett, and Dr Rory O'Brien. I look forward to our work in the future and wish them all the best with their current research.

Johne's Disease Research Group 2 (JRG2)

JML played a considerable part in the last stages of work conducted by the Johne's Research Group as it came to its conclusion. Completion of the Risk Management Plan Assessment for the Deer Industry was an outstanding achievement. It was backed up with the release in December 2011 of the Voluntary JD Declaration form, and then in 2012, the 'top 60' project described above. JRG2 formally concluded in July 2012, leaving a resume of results since 2004 that in the words of DINZ Producer Manager Tony Pearse "emphatically speak for themselves". While I only joined this group in 2010 I have learned

much from their capacity to deftly complete large and complex projects, particularly from the tireless fountain of work and information that is Tony Pearse, and from the determination and skill with which Kaylene Larking (Johne's Disease Research Consortium) took on the partially complete risk management plan and drove it to conclusion.

Johne's Disease Research Consortium (JDRC)

JML has had more involvement with the JDRC this year than previously. I have worked with other Deer Industry representatives to develop a scientific study that would answer some of the key questions surrounding our tools for the control JD in farmed deer. At this stage nothing has yet been confirmed, but I would like to extend my appreciation again to Tony Pearse and Kaylene Larking as well as Peter Fennessy and Neville Jopson of Abacus Bio Limited for their determination and the even handed nature of their discussions in pursuit of robust and independent answers to these questions.

External review

An independent financial audit of JML as a part of DINZ was completed by Deloitte in January 2013 and a systems audit by Verification New Zealand was made in January 2013 with the final report in preparation.

Funding

From October 1, 2011 to September 30, 2012 the voluntary contribution from venison processors was \$353,242. The actual sum was very close to that budgeted (1% difference).

The reduced contribution level of \$0.80 which took effect from January 1, 2012 lowered total income for the year by \$54,635.

Substantial additional income of \$43,892 was received for work within the Johne's Research Group. Thus, total income for the year was \$406,323, including \$9,189 in interest.

Actual expenses for the year totalled \$353,073 which was virtually identical to income from the voluntary contribution and 85% of the budgeted expenditure figure (413,480).

This left JML at the end of the 2011-12 year with a net operating surplus of \$50,494 and a closing equity of \$244,734.

The largest budget items after the Project Manager's salary were the strategic review (\$29,562), 'know your status' offer of subsidised testing (\$29,487), promotion (\$25,062), and travel expenses (\$20,153).

These annual figures continue a trend of some years now in which the JML programme consistently comes in under budget while still achieving the goals set out in its business plan. The programme was funded for part of the year at the new lower voluntary contribution which provided a saving of over \$50,000 to the Deer Industry. Financial data available to date indicates that this reduction has helped substantially to ensure that programme income more closely reflects its costs, ensuring maximum overall efficiency.

Conclusion

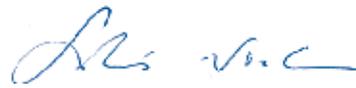
As Project Manager I wish to express my sincere thanks to the JML chairman, Mr Geoff Neilson, members of the Board, the Johne's Consultant Network, members of the Deer Industry and the groups they work with, for their support and endorsement of the JML programme.

The 2011-12 year has seen strong growth in the uptake of on-farm JD risk management

plans, which at the end of the day is what the programme is all about. It has also provided a valuable review of progress and guidelines to follow out to 2015. This combined with another year of meeting the company goals while coming in well under the annual budget gives a sense of good progress to our current position.

But furthermore, and not specifically reflected in the annual figures, has been the growth in positive relationships that the programme has enjoyed over the last year, locally and with deer farmers, within the Deer Industry, within New Zealand's Johne's disease control endeavours, and beyond through the International Colloquium on Paratuberculosis.

All of this boils down to a strong, constructive platform from which to launch into the new year. And with this we continue with our goal of driving more and better progress in the control of JD while keeping a sharp eye on the emerging statistical evidence of real progress in reducing the impact of this disease on deer farming.



Solis Norton

Project Manager

Johne's Management Limited

JOHNE'S MANAGEMENT LIMITED
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 SEPTEMBER 2012

	Note	2012 \$	2011 \$
INCOME			
Processor voluntary contributions		353,242	414,803
Interest	4	9,189	4,417
JRG2 contributions		43,892	16,891
Sundry income			300
Total Income		406,323	436,411
EXPENSES			
ACC levies		385	438
Accounting fees		16,060	15,782
Agribase		(500)	20,549
Audit fees - Deloitte		4,600	4,670
Audit fees - System		800	-
Bank charges		910	1,080
Computer expenses		6,177	870
Conferences		7,188	4,545
Contract staff		619	-
Depreciation	5	3,933	5,244
Directors' fees	6	18,500	19,000
Farmer workshops / JD Consultations		7,594	4,796
FarmsOnLine preparation		2,175	-
Field Days		9,612	-
Field staff fees		217	-
General expenses, postage, stationery, telephone		15,163	14,460
Johne's Consultant Network		10,954	6,366
Johne's Research Group costs		4,831	6,489
Laboratory costs		29,487	
Meeting expenses		5,237	3,013
Ovis Management Ltd - service fees		15,000	15,000
Promotion		25,062	11,548
Publications		4,968	7,585
Rebate - Consultant's Initial Visit		-	250
Relocation expenses		812	-
Rent		3,785	4,236
Salaries and Superannuation contributions		104,372	98,199
Software maintenance		-	2,857
Strategic review		29,562	-
System audit - Verification NZ		-	877
Taxation services		250	980
Travel expenses		20,153	27,374
Validation		5,167	31,448
Total Expenses		353,073	307,656
Surplus before Taxation		53,250	128,755
Taxation	4	2,756	1,325
NET OPERATING SURPLUS		50,494	127,430

These statements are to be read in conjunction with the Notes on pages 19–21.

JOHNE'S MANAGEMENT LIMITED
 STATEMENT OF FINANCIAL PERFORMANCE
 FOR THE YEAR ENDED 30 SEPTEMBER 2012

	Note	2012 \$	2011 \$
OPENING EQUITY		194,240	66,810
Operating Surplus after Taxation		50,494	127,430
Total recognised in Revenue and Expenses		244,734	194,240
CLOSING EQUITY		244,734	194,240

These statements are to be read in conjunction with the Notes on pages 19–21.

JOHNE'S MANAGEMENT LIMITED
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 SEPTEMBER 2012

Note	2012		2011	
	\$	\$	\$	\$
CURRENT ASSETS				
National Bank - current account	3,484		4,335	
- call account	61,205		84,180	
- term deposits	177,959		100,000	
Accounts receivable and prepayments	22,782		36,996	
Accrued interest	2,596		-	
		268,026		225,511
LESS - CURRENT LIABILITIES				
Accounts payable	23,822		19,563	
Accruals	-		11,000	
GST payable	1,245		5,590	
Provision for holiday pay	2,465		1,376	
Taxation payable	183		14	
		27,715		37,543
NET CURRENT ASSETS		240,311		187,968
NON-CURRENT ASSETS				
Cost	30,021		27,937	
Less - Accumulated Depreciation	-25,598		-21,665	
		4,423		6,272
NET ASSETS		244,734		194,240
EQUITY				
Share capital	1		1	
Retained earnings	244,733		194,239	
		244,734		194,240

These financial statements were authorised on behalf of the Board



Chairman



Director

29/11/2012

Date

29/11/2012

Date

These statements are to be read in conjunction with the Notes on pages 19-21.

JOHNE'S MANAGEMENT LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2012

Johne's Management Limited (the "Company") is a wholly owned subsidiary of Deer Industry New Zealand, a marketing authority established under the Deer Industry New Zealand Regulations 2004. The Company is responsible for the collection of statistics on the frequency and distribution of Johne's disease in New Zealand. The Company was incorporated on 23 November 2006 under the Companies Act 1993.

1. Statement of Accounting Policies

(a) General Accounting Policies

The general accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis are followed by Johne's Management Limited. Reliance is placed on the fact that Johne's Management Limited is a going concern.

(b) Particular Accounting Policies

The following particular accounting policies which materially affect the measurement of financial performance and the financial position have been applied:

Differential Reporting

Under the differential reporting framework, Johne's Management Limited is entitled to certain exemptions from the financial reporting standards as it complies with the following criteria:

- i. The entity is not publicly accountable;
- ii. The entity is not considered to be large according to the criteria set out in the framework.

Johne's Management Limited has taken full advantage of the exemptions available under the framework except FRS 19 Accounting for Goods and Services Tax.

Accounts Receivable

Accounts Receivable are stated at their estimated realisable value.

Computer Software and Equipment

Computer software and computer equipment are recorded at cost less depreciation at rates between 48% - 60% on diminishing value basis (DV) as permitted by the Income Tax Act 2007.

Goods and Services Tax (GST)

These financial statements are prepared on a GST exclusive basis except for receivables and payables that are GST inclusive.

Income Tax

Only interest income is taxable as grant income is exempt for taxation purposes. The income tax expense charged against the taxable surplus for the year is the estimated liability in respect of that taxable surplus and is calculated after an allowance for permanent differences. The liability method of accounting for deferred taxation is applied on a comprehensive basis.

Future tax benefits attributable to tax losses or timing differences are only recognised when there is virtual certainty of realisation.

Income Recognition

Income from voluntary contributions from venison processors and interest is recorded on an accrual basis.

Income from JRG2 is recognised as expenditure incurred in accordance with the milestones in the Service Agreement, and is then charged back to JRG2.

Changes in Accounting Policies

There have been no changes in accounting policies.

2. Related Parties

The Chairman of Johne's Management Limited was, until 2011, Chairman of Ovis Management Limited which provides certain services to Johne's Management Limited.

Processor Voluntary Contributions are received via Deer Industry New Zealand.

There have been no other transactions with related parties.

3. Share Capital

Johne's Management Limited has issued one share which has been fully paid up to \$1. The Shareholder has the right to receive notice of, and attend, every meeting of shareholders and to vote on any resolution thereat. The Company may repurchase shares issued by it and hold its own shares. Subject to the rights of any Shareholders, upon the liquidation of the Company the surplus assets of the Company (if any) must be distributed among shareholders in proportion to their shareholding.

	2012	2011
	(\$)	(\$)
4. Taxation		
Interest income during year	9,198	4,417
Taxation @ 30%	2,756	1,325
5. Computer software and equipment		
Opening balance	6,272	6,867
Additions during year	2,084	4,649
Depreciation for the year	8,356	11,516
	3,933	5,244
Closing carrying value 30 September	4,423	6,272

Fixed assets are depreciated on the Diminishing Value basis at rates between 48% - 60%.

6. Directors' remuneration

Geoffrey W Neilson	15,000	15,000
Edward A Brock	1,000	1,500
Murray Coutts	1,000	-
Richard Hilson	1,000	1,000
Mark J O'Connor	-	-
Ian D Stewart	500	1,500
	18,500	19,000

As Mark O'Connor is CEO of Deer Industry New Zealand he does not receive Directors fees.

Edward Brock resigned from the Board of Directors and was replaced by Murray Coutts during the year.

7. Donations

No donations were received during the year (2011: nil)

8. Interest Register

No Directors have any financial interest in Johne's Management Limited.

9. Subsequent events

There are no events subsequent to reporting date, that the Directors are aware of, that would have a material impact on the financial statements for the year ended 30th September 2012.



9 January 2012

Mr Geoff Neilson
Chairman of Directors
Johnes Management Ltd
10 Kanuka Court
Mosgiel 9024.

Dear Mr Neilson,

This letter is to verify that the annual audit of the Johnes Management Ltd (JML) procedures and practices for data collection and the disclosure of information - concerning the incidence of M.paratuberculosis infection in deer processed by meat companies; took place in Dunedin on 6 January 2012.

As in previous years, the objectives of the audit were:

- To assess the effectiveness and the extent of application of the various procedures and protocols in place to ensure the security of data supplied by meat companies and the confidentiality of information held by JML.
- To ascertain the extent of compliance with the requirements of the Privacy Act 1993 principally those relating to Principles 3 and 11.
- To review the operational functions of the JML database along with its supporting documentation in order to identify potential improvement opportunities.

As a result of this audit Verification New Zealand Limited has concluded that there was sufficient objective evidence available to demonstrate that JML is complying with the requirements of the Privacy Act 1993 to the extent that this legislation applies to the Company's operations and that the protocols and procedures documented in the JML quality management programme are being implemented except as noted in the annual audit report.

Yours faithfully,

A handwritten signature in black ink that reads 'RBaxter'.

Senior Auditor
Verification New Zealand Ltd.

