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MARKET UPDATE

:: [Year to 31 May 2011](#)

Tasman Farms Limited is pleased to provide this market update in relation to its performance in the year to 31 May 2011.

Tasman Farms Limited (TFL) is the owner of 19,213 ha of agricultural land in the northwest of Tasmania, Australia. TFL's land assets include the historic Woolnorth property comprising almost 17,000ha of contiguous land. In addition to Woolnorth, TFL owns a further 12 dairy farms in the Circular Head region of northwest Tasmania in close proximity to Woolnorth.

Tasman Farms Limited has a majority shareholding in the Van Diemen's Land Company (VDL) VDL was established in 1824 and is one of Australia's oldest companies and is the Australian domiciled company which owns and operates all farming assets.

The Company has achieved record dairy production for the year of more than 5.1 million kg of milk solids, an increase of 27% on 2010, on the same dairy area. This lift has been driven by a combination of continuing improvement in farm practice and herd quality, the migration of a significant proportion of the dairy herd to autumn calving, and favourable weather conditions experienced during the season. This compares with overall production growth for Tasmania of 7% in 2011.

In addition, the average milk price for the year is currently forecast at A\$5.45 per kg of milk solids versus the A\$4.25 paid in 2010, an increase of 28%. There is the likelihood of a final Fonterra step-up payment which will further enhance this result. The shift in supply pattern resulting from the transition to autumn calving and increased farm production has allowed the company to benefit from targeted Fonterra pricing premiums.

Livestock values have again increased materially due to a combination of improved quality, increased numbers and higher market values for cows and heifers.

Beef and sheep operations also delivered improved results.

The final result is not yet confirmed, however management is confident that the Company will achieve Earnings Before Interest and Tax (EBIT) of at least NZ\$13.0 million (A\$10.0 million). This compares to NZ\$6.6 million in 2010. The company is particularly pleased that operating earnings before livestock revaluations has increased to more than NZ\$7.0 million as compared to a NZ\$2.0 million loss in 2010.

:: [Outlook](#)

The Van Diemen's Land Company is well-advanced on an A\$13 million on-farm investment program on the Woolnorth property including Wallaby-proof fencing, land clearance, capital fertiliser and essential infrastructure - including replacement of three dairy sheds. While around A\$8 million of the investment programme was incurred in the 2011 year, only nominal benefits have flowed through at this time. Significant benefits will occur in the 2012 and 2013 years with further production gains going forward. The new season from 1 June has started strongly; same-farm production of 5.8 million kg of milk solids is budgeted for the 2012 year.

As previously indicated, Tasman Farms has a long term plan to significantly expand its dairy farming activities on Woolnorth. The company now has sufficient confidence in its underlying farming systems and personnel to undertake this expansion. A detailed development plan is presently being refined and sources of funding for the expansion are being explored.

For further information please contact:

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