



# THE VAN DIEMEN'S LAND COMPANY

ARBN 009 475 601

Founded 1825 by Royal Charter of King George IV

## FULL YEAR ANNOUNCEMENT FOR THE YEAR ENDED 31 MAY 2010

Directors are pleased to announce the result for The Van Diemen's Land Company (VDL) for the full year ended 31 May 2010.

VDL owns and operates a successful large-scale dairy and pastoral farming business in the North West of Tasmania.

VDL has reported tax adjusted figures for the full year ended 31 May 2010 which is consistent with the adoption of International Financial Reporting Standards (IFRS) in May 2008.

### Results for announcement to the market

Extracts of The Van Diemen's Land Company results for the financial year ended 31 May 2010 (all comparisons to year ended 31 May 2009)

	\$	Up/down	Movement %
Revenues from continuing operations	22,164,459	down	25%
Profit / (loss) before financing costs and tax	6,652,083	up	240%
Finance costs	(3,002,072)	down	24%
Income tax (expense) / benefit	(2,885,298)	up	227%
Net profit/(loss) from continuing operations	764,713	up	112%

No dividends have been declared or paid during the current or preceding financial years.

	31 May 2010	31 May 2009
Net Tangible Assets per share	\$1.38	\$1.47
Basic Earnings per share	\$0.0101	\$(0.0854)

## **Group Result**

The overall result for The Van Diemen's Land Company and Controlled Entities ("the Company") was a net profit after tax of AU\$0.76 million.

Income tax expense is strongly influenced this year by the de-recognition of AU\$1.97 million in deferred tax assets. These tax losses were previously brought to account for losses incurred prior to the company entering tax consolidation.

The depressed farm gate milk price during the year had a significant detrimental effect on gross revenue. The average farm gate price fell from AU\$5.33 in the previous season to AU\$4.25, a decline of 20%. However, livestock values have increased as a result of recent improvements in dairy prices, with mature cows increasing from an average value of AU\$750 in the previous year to AU\$1,150. This improvement is reflected across all classes of dairy stock leading to an AU\$7.75 million increase in the carrying value of dairy livestock.

The Company has continued to implement management and policy changes aimed at providing sustained improvements in productivity and profitability in the future. These changes have reduced the impact of depressed prices in the current year.

Severe weather conditions in the North West of Tasmania caused significant disruption to milk production during the 2009 winter, with the company electing to cease production on one property due to the level of damage sustained. Despite the adverse conditions, the decline in milk production by the Company was limited to 3.3% compared to last year's historic high, with 4.02 million kilograms of milk solids being produced.

The initiatives in the Beef and Sheep Operation outlined in previous reports are now showing benefits with genetics, feeding, animal health and renewed focus leading to improved overall productivity. In addition the support of the Dairy Operations through supplying feed supplements and winter grazing has proved very worthwhile.

## **Fixed Asset Valuation**

The Tasmanian farms were valued by the Directors at 31 May 2010, in accordance with the Accounting Standards. They were last independently valued at 31 May 2009.

Following advice from a licensed valuer, and taking into account continued fluctuations in milk and other commodity prices (including foreign exchange rates), the Directors have valued the Land and Buildings at AU\$8.76 million less than the last valuation in 2009. This revaluation, coupled with other asset movements, resulted in a decrease to the revaluation reserve by AU\$10.50 million before tax.

## **Capital Raising**

During the year, the Company received two significant injections of new funds from its parent entity, Tasman Farms Limited. In November 2009, Tasman Farms Limited provided AU\$1.59 million. In May 2010, Tasman Farms Limited provided a further AU\$4.97 million in funds obtained from a Convertible Redeemable Notes facility with its majority equity holder, New Plymouth District Council, to finance capital developments. These funds will be used by the Company to finance further development of the Company's existing operations, including wallaby-proof fencing, pasture renewal, soil fertility improvements, water reticulation, and dairy shed technology.

Subsequent to 31 May 2010, Tasman Farms Limited successfully concluded a Rights Issue which was underwritten by New Plymouth District Council. The funds raised amounting to AU\$5.28 million have been provided to the Company to assist with financing the developments listed above.

### **Outlook**

The Company's major milk processor in Tasmania, Fonterra Australia (Bonlac Supply Company Limited) announced its opening price for the 2010/11 season at approximately AU\$4.04 per kilogram of milk solids, an increase of 15% from AU\$3.50 per kilogram of milk solids announced in July 2009. An initial step-up of AU\$0.37 per kilogram of milk solids was announced in July 2010. It is anticipated that there will be further step-ups during the year with a final price final price of AU\$5.00 per kilogram of milk solids considered realistic.

For 2010/11, 16 of the Company's 23 dairy farms will be operated under lower order Sharefarming Agreements, 1 under 50:50 Sharefarming Agreements and 6 properties by managers employed by the Company.

The total number of beef cattle carried at 31 May 2010 was 5,235 head compared with 8,010 in the previous year. Large scale bull beef finishing has been phased out and replaced with a larger breeding cow operation and a focus on high margin cattle finishing both on the Company's own account and through an agistment arrangement with the local meat processor.

### **Summary**

In summary, the Company has been through a challenging year. However, the outlook for dairy farming remains positive with higher prices anticipated for the forthcoming year.

Management and the Court of Directors continue to review all aspects of the operations and are confident that the initiatives put into place during the past two years will result in improved production and profitability in the future.

I would like to acknowledge the support of Tim Breward, Phil Newland and Mike Trousselot, Directors who resigned from the Court during the year.

I welcome the return to the Court of Dr Robin Pratt. In addition, I welcome new Director Trevor Westacott, and staff who have joined The Van Diemen's Land Company during the year. I also acknowledge the support of my fellow Directors, and on behalf of the Directors and Shareholders, thank our sharefarmers, management and staff for their efforts over the past year.

**John Watson AM**  
**Governor**  
**27 August 2010**

**PRODUCTION SUMMARY  
FOR THE YEAR ENDED 31 May 2010**

	2010	2009	2008
<b>DAIRY OPERATIONS</b>			
<b>Number of Farms</b>			
Tasman Farmdale Pty Ltd	12	12	12
The Van Diemen's Land Company- Dairies Pty Ltd	11	11	11
<b>Total</b>	<b>23</b>	<b>23</b>	<b>23</b>
<b>Effective Hectares</b>			
Tasman Farmdale Pty Ltd	1,796	1,796	1,796
The Van Diemen's Land Company-Dairies Pty Ltd	4,296	4,296	4,296
<b>Total</b>	<b>6,092</b>	<b>6,092</b>	<b>6,092</b>
<b>Milking Cows</b>			
Tasman Farmdale Pty Ltd	4,609	3,289	5,316
The Van Diemen's Land Company-Dairies Pty Ltd	10,980	9,854	11,157
<b>Total</b>	<b>15,589</b>	<b>13,143</b>	<b>16,473</b>
<b>Production - Kilograms of Milk Solids</b>			
Tasman Farmdale Pty Ltd	1,283,560	1,445,486	1,174,272
The Van Diemen's Land Company-Dairies Pty Ltd	2,739,285	2,716,466	2,225,573
<b>Total</b>	<b>4,022,845</b>	<b>4,161,952</b>	<b>3,399,845</b>
Farmgate Milk Price \$A per Kg of Milk Solids	\$4.25	\$5.33	\$6.46
<b>NON DAIRY OPERATIONS</b>			
<b>Cattle</b>			
Numbers slaughtered	4,629	6,842	5,356
Closing Cattle on hand	5,235	8,010	12,284
<b>Sheep</b>			
Lambs slaughtered	1,023	1,372	4,137
Closing Sheep on hand	1,574	1,099	1,562
<b>Non-Dairy Area – Hectares</b>			
Beef and Sheep	3,442	3,442	3,442
Heifer Operations	1,964	1,964	1,964
<b>Total</b>	<b>5,406</b>	<b>5,406</b>	<b>5,406</b>

(This document and the accompanying Annual Report and Accounts of The Van Diemen's Land Company are available on the company website – [www.vdlfarms.com.au](http://www.vdlfarms.com.au))