



The  
Van Diemen's  
Land Company

Founded 1825 by Royal Charter of King George IV  
ARBN 16 009 475 601

## MEDIA RELEASE

2 October 2013

### **VDL OPTIMISTIC DESPITE TOUGH TRADING YEAR**

The Van Diemen's Land Company is optimistic about the future profitability of its dairy operations in North-West Tasmania, despite a tough year.

Van Diemen's Land Company Chief Executive Officer Michael Guerin said today despite a financial loss last year, the long-term outlook for the company was very positive.

VDL's New Zealand-based parent company Tasman Farms today announced a NZ\$10.3 million net after tax loss from continuing operations due to drought, lower milk prices and the Australia-wide drop in livestock valuations.

Mr Guerin said the Company continued to invest in growth and restructuring to take advantage of an expected upturn in Australia's dairy industry and global dairy commodity prices.

"This year we have brought two new farms, Cape Barren and Newlands, on line. The newest 460-hectare Newlands farm will eventually milk 1500 cows at its peak.

Mr Guerin said VDL's 25 North-West farms milked 18,558 cows making it Australia's single largest milk supplier.

"We increased milk production by 8% to 6.25 million per kilogram of milk solids (kgms) in a year when milk production in Tasmania was down 3.7% overall and the Australian average was down 2.7%," Mr Guerin said.

Milk production has already increased 8% in the first four months of this year and is on track to exceed our 5 to 7 percent target production increase for the 2013-14 year.

"Notwithstanding the difficult conditions last year we took a deliberate decision to maintain herd numbers and cow conditions – despite the increased feed costs – so we would be in a position to take advantage of the forecast upturn in dairy prices.

Mr Guerin said the current production at Woolnorth was more than double the 3 million kgms when Tasman Farms took over VDL's operations in 2008.

"We have made significant gains from improved farm and pasture management, herd quality and animal welfare and productivity management and we expect further gains to continue and translate into ongoing sustainable profitability.

“While we are focused on changes to foster long term sustainable profits, we have also greatly improved the health and safety focus and environmental management in the business.

Mr Guerin said that the milk price had dropped to A\$5.09 per kgms, from A\$5.70 two years earlier..

VDL’s processor Fonterra had forecast of an increase in the expected milk price to over A\$6.20 per kgms in the coming season.

“We are therefore optimistic about the current and future profitability of Tasman Farms,,” Mr Guerin said.

Mr Guerin said Tasman Farms was continuing its major capital raising initiatives to fund the Woolnorth dairy conversion program to bring more land into production to take full advantage of the growing worldwide demand for quality dairy products.

In the meantime, VDL will continue to improve its existing dairy farm performance, utilize surplus land to become self-sufficient in feed supplement production and develop new dairy farms on existing beef grazing pasture as available capital permitted.

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