



The
Van Diemen's
Land Company

Founded 1825 by Royal Charter of King George IV
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MEDIA RELEASE

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VDL Dairy Farms Post Record Production

Record production from the Van Diemen's Land Company's dairy operations in North-West Tasmania has helped its New Zealand parent company Tasman Farms post a NZ\$8.1 million after-tax profit.

Van Diemen's Land Company Managing Director Trevor Westacott said today record production and a bounce back in livestock valuations were the main factors behind the NZ\$8.1 million (\$A7.24) after tax profit from operations, posted by Tasmania-based, New Zealand-owned, Tasman Farms Ltd.

He said the record profit came from both favorable market conditions last year and increased production arising from investment in growth.

Mr Westacott said VDL had also focused on reducing its operating and overhead costs.

"The milk price for 2014 was up 39 per cent to A\$7.07 per kilogram of milk solids (kgms) from A\$5.09 kgms in 2013," Mr Westacott said.

"Our 25 farms milked 19,000 cows, we raised over 10,000 heifers, and we increased milk production by 7.5 per cent to 6.72 million kgms this year.

Production at Woolnorth has grown from 3.40 million kgms in 2008 to 6.72 million kgms – an increase of 98 per cent.

"Milk production for 2015 is expected to be around 6 per cent higher than 2014 at around 7.1 million kgms next year – and we are on budget to deliver this year to date.

Mr Westacott said that despite the recent volatility in milk price from year to year the long-term outlook for VDL remained very positive.

"As part of managing volatility, the business has fixed its milk price for 70 per cent of its production for 2015, at levels less than 10 per cent under last year's record price," he said.

Mr Westacott said VDL had made these significant gains from improved farm and pasture management, improved herd quality and animal welfare, adding the new Cape Barren and Newlands dairies on Woolnorth and a focus on productivity management.

"We expect further productivity gains to continue to translate into ongoing sustainable profitability," he said.

"The business has also greatly improved its focus on health and safety, animal welfare, and resource and environmental management.

"We continue to expect a steady growth in global demand for milk products, and we are optimistic about the future profitability of the VDL Company.

Mr Westacott said VDL's parent company Tasman Farms continued to look at capital raising initiatives.

"We have a number of investors engaged in discussions with the Company, who are keen to share in the growth of the business. We believe the opportunities as a result of our dairy conversion plan will only become more attractive as the operation continues to hit its production, expansion and profitability targets," Mr Westacott said.

VDL operates 13 dairy farms on the Woolnorth property and a further 12 dairy farms in the wider Circular Head area with approximately 26,000 dairy animals on 19,000 hectares, making it Australia's single largest milk supplier.

It has plans to further grow its dairy operations with the expansion of nine dairy farms on existing pasture land and the development of two new dairies from cleared land.

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