



The  
Van Diemen's  
Land Company

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

## Press Release

The Annual General Meeting of The Van Diemen's Land Company was held in Stanley, Tasmania, on Friday 22<sup>nd</sup> November 2013.

A copy of the Deputy Governor and Chief Executive Officer's presentation and address is attached to this release.

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22<sup>nd</sup> November 2013

**THE VAN DIEMEN'S LAND COMPANY  
189<sup>TH</sup> ANNUAL MEETING  
FRIDAY, 22 November 2013**

**Deputy Governor's and CEO's Speech**

**Deputy Governor**

**WELCOME**

Welcome ladies and gentlemen to this the one hundred and eighty ninth Annual Meeting of The Van Diemen's Land Company.

**INTRODUCTION**

Firstly I would like to make some introductions to the meeting:

- I am Miles Hampton Deputy Governor for The Van Diemen's Land Company.

I would also like to present the other Directors of the Company who are present:

- Elaine Gill from New Plymouth
- Michael Trousselot from New Plymouth
- Trevor Westacott from Warrnambool, Victoria

Our Governor, Keith Sutton, is an apology due to ill health.

I would also like to introduce our Chief Executive Officer, Mike Guerin, our current Chief Financial Officer, Michael Harvey and our Chief Financial Officer elect Joshua Taylor. Joshua officially starts with us on 2 December and we bid Michael Harvey farewell at the end of December following a full handover. I would like to take this opportunity to thank Michael Harvey for the considerable support and contribution he has made to the company since joining in June 2011.

David McGregor representing Ernst & Young, the Company's auditor, has requested that I pass on his apologies. The auditor's report was circulated as part of the annual report. If there are any questions of the Company's auditor I will pass them on and organise for the answer to be provided to the shareholder.

As a Royal Charter Company, The Van Diemen's Land Company is one of about only three still in operation outside England and is the only Company still operating on part of its original land grant.

## **PRELIMINARY MATTERS**

Before addressing the business proper, I record the following matters:

- a. As per the Charter and Bye-laws of the Company, the Notice of Meeting was posted to all members of the Company within the required time frame and it is taken as been read.
- b. The register of directors' shareholdings is as set out in the 2013 Annual Report. The Register is available for inspection by shareholders.
- c. There is a quorum of shareholders present in person or by proxy.

I record that the Company holds a number of valid proxies from shareholders representing in excess of 98% of the issued capital of the Company.

## **APOLOGIES**

We have received no apologies.

## **FINANCIAL STATEMENTS, DIRECTORS REPORT AND AUDITORS REPORT**

Shareholders have been mailed a printed copy of the Financial Statements, Directors' Report and Auditor's Report for the year ended 31<sup>st</sup> May 2013. Before inviting questions on the accounts and report I would like to make a few brief comments.

The overall result for The Van Diemen's Land Company was a net loss after tax of AU\$8.156 million compared with a loss after tax of AU\$1.341 million in the previous year.

The loss was largely the result of a lower milk price, abnormally difficult seasonal conditions and a decline in livestock values.

Sales revenue from the consolidated group increased to AU\$39.1 million compared to AU\$35.5 million for the previous year.

The company achieved record dairy production for the year of 6.25 million kilograms of milk solids, an increase of 8.5% on the previous year. This result is particularly pleasing when considered in the context of an overall 3.7% decline in milk production in Tasmania and a decline for Australia overall of 2.7% over the same period. The increased production reflected growth in per hectare production as well as the commissioning of a new farm on Woolnorth named Cape Barren.

The average milk price for the year was AU\$ 5.09 per kg of milk solids compared to AU\$5.45 received in 2012, a decline of 6.6%.

On a per share basis the net tangible assets of the company were AU\$1.27 at 31 May 2013 compared to AU\$1.37 a year earlier.

Total operating expenses increased 8%, the increase principally reflecting a significant increase in employee expenses as a consequence a shift in our operating model from share farming to employee managed farms and additional labour costs associated with the new dairy farms established in 2012 and 2013.

I would now like to hand over to Michael Guerin, Chief Executive Officer to provide an overview of our operational results and outlook. Following that I will provide a brief update on our strategy and trading outlook.

## **Chief Executive Officer**

### **OPERATIONAL RESULTS**

Thank you, Deputy Governor and good afternoon ladies and gentlemen.

In the year to 31 May 2013 your company lifted milk production by 8.5% to 6.25 million kilograms of milk solids. This follows a lift of 12.9% in the year to 31 May 2012. Production per hectare has lifted from 904kg of milk solids in 2012 to 924kg of milk solids in 2013. This follows a lift from 805kg of milk solids per hectare achieved in the year to 31 May 2011.

In the current year in the period from 1 June to 30 September 2013 production has lifted another 6.5% on prior comparable period whilst Tasmanian and Australian production has dropping by 2.5% and 3.8% respectively.

The Deputy Governor mentioned that expenses increased by 8% in the year to 31 May 2013. The composition of that expenditure growth reflected:

1. The continuing program of strengthening both production and management systems with a consequent lift in our farm working expenses of 5.8%.
2. A focus on driving down costs not related to strengthening production and management systems resulting in a 10.7% drop in administrative expenses.

3. Moving of more of our larger farms from a share farming to a management model where equipment and personnel costs become a company rather than a share farmer expense. This resulted in a lift in depreciation expenses of 27.7% and was partially responsible for a lift in employee benefit expenses of 19.2%. Commissioning of the new Newlands dairy on Woolnorth also contributed to the lift in employee benefit expenses.
4. The development of the new Newlands dairy unit. Once at full capacity this farm will milk 1500 cows. This, along with the extra equipment needed on farms that went from share farmed to managed made up a significant proportion of the lift in finance expenses of 10.9%.

During the year we completed the second of our new dairy conversions on our Woolnorth property. This new farm which we have named Newlands commenced milking in April 2013.

This new dairy, along with our Cape Barren dairy that commenced milking in April 2012, two extra feed pads built in 2012 and our continuing work on pasture renovation, livestock improvement and stronger management practices will underpin the lift in production we are targeting for the 2013/14 financial year.

In the year to 31 May 2013 as part of our ongoing strategy to create clusters of farming operations, we sold one of our remote farms located at Mawbanna and purchased a farm in Togari.

## **CURRENT YEAR UPDATE**

Production in the new financial year has started strongly and we are targeting production of 6.7 million kg MS for the year to 31 May 2014. We are working to deliver more operational and productivity improvements, a continuing lift in per hectare production outcomes and more improvements in herd health whilst improving our costs of production on a per kilogram of milk solids basis.

The most recent capital expenditure projects have been the subject of detailed post implementation reviews as the company seeks to utilise lessons learnt from the latest capital works in planning further growth.

In support of our growth ambitions we continue to focus and strengthen our management team into three distinct areas with clear accountabilities;

1. A dairy management team that is responsible for our existing dairy operations and driving all the productivity, production and profit outcomes from those dairy operations.
2. A dairy support and development team that is responsible for supplement production and adjustment services, as well as provision of planning and project management for our development activities. Provision of these services outside of the dairy unit enables our dairy unit to be much more focused on the existing dairy operations.
3. A finance and administration team that provides the support services so critical to building a successful scale farming operation.

The combination of a further lift in production, lowering of costs on per kilogram of milk solids basis, a lift in milk price and more favourable seasonal conditions have us on track to return the company to profitability in the 2013/14 financial year.

Before concluding I would like to share with you the vision we hold for the company.

We aim to be Australasia's leading dairy farming operation through a combination of:

- putting Workplace Health and Safety and Animal Welfare as our first priorities
- building a training, development and career progression program for our workforce
- continuing conversion of non-dairy land to dairy farms
- focusing on meeting and beating industry benchmarks across key productivity measures, and
- prudent cost management.

Considerable progress has been achieved over the past five years but in all areas we still have opportunities to value add to the business.

## **Deputy Governor**

### **GROWTH STRATEGY**

The long term outlook for dairy farming remains positive with milk prices expected to increase in future years. North West Tasmania remains ideally suited to dairying with a temperate climate combining abundant and consistent rainfall with moderate temperatures in both summer and winter.

The company has developed plans to significantly expand its dairy farming activities. The majority of the proposed expansion will take place on land that is already cleared and in pasture, however we hope to get approval to clear some forested property.

It is also likely that we may sell some of our existing properties and purchase replacement properties where synergistic benefits exist with ongoing dairying operations.

We recently informed the market that a potential investor had withdrawn from negotiations, however we continue to remain optimistic that we will raise additional capital in the not too distant future.

### **CONCLUDING REMARKS**

Ladies and gentlemen your Company has produced record dairy production and continues to build on the work over recent years to place the company on a solid foundation that we expect will deliver stronger financial results in future years.

It is pleasing to report that the outlook for the current season is positive with production YTD higher than at the same time last season.

The company recognises it has not paid a dividend for a long time.

The Court's focus is on improvement and profitability so a dividend can be paid.

Ladies and gentlemen, in concluding my address today I would like to thank management, sharefarmers and staff for their efforts over the past season. Additionally, I would like to pass on the Governors appreciation of the Directors support and work over the last year and to acknowledge the considerable work of Elaine Gill over a number of years, who is retiring as a Director of the Court today.

I now turn to the annual financial statements and annual report that have been forwarded to shareholders.

Are there any questions on the financial statements?

Are there any questions or items of General Business?

**CONCLUSION OF FORMALITIES**

If there are no other items of general business I would like to thank you for your attendance and declare this meeting closed.

We welcome you to join Directors, Management and staff for refreshments.

Thank you.