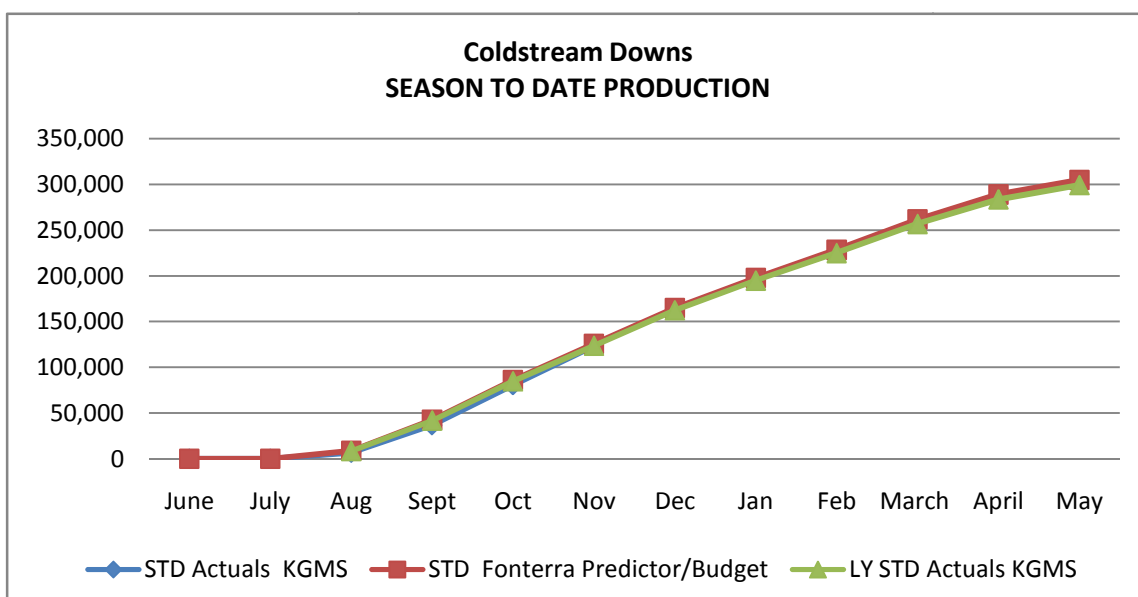
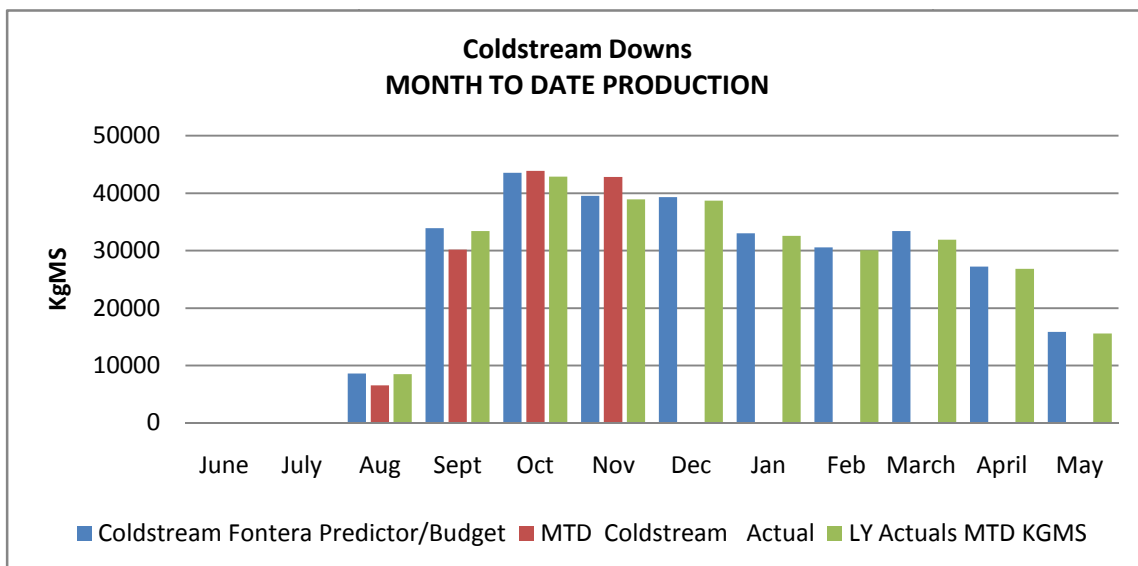




Coldstream Downs Dairy Farm Limited – SPRING 2015

Spring at Coldstream was one of the most extreme we have seen since our time owning the property. A very cold winter, followed by an extremely wet spring impacted on grass growth over this period. This in turn had a direct impact on the milk production through the start of the season. Jason has managed this difficult period very well and has regained some of the production lost at the beginning of the season, with the November production being 8.3% ahead of the monthly production target. This gain in production has meant he is now only 1.3% behind the production target for the season and his December production is gaining. The graphs below shows the production for the season to date.



The 2015/2016 season continues to be financially challenging, but signs of recovery have slowly started to emerge in the market with the Global Dairy Trade and the Futures Market lifting slightly. Despite these positive signs a lift in milk price seems unlikely to happen until the 2016/2017 season. Fonterra, who we supply, is currently maintaining their forecast milk payout of \$4.60 and a dividend payment of 35 to 40 cents giving a total payout between \$4.95 - \$5.00.

The directors have also decided to take advantage of Fonterra's 50 cent loan offer. The loan is based on production from August to December and will total \$81,000. This will be paid through split payment from October 2015 to May 2016. The loan is interest free until May 2017 and does not have to be paid until the payout goes back over \$6.00.

While the payout continues to be low we are still working closely with Jason to minimise costs where possible. This has meant we have prioritised repairs and maintenance spending to only essential items. We have upgraded the water supply to the workers accommodation, as the old water supply was not of a quality suitable for human consumption. There has also been some maintenance on the cowshed, upgraded the palm kernel storage bins, sprayed the gorse on the hill and have done some work clearing drains, which caused flooding in some areas of the farm over the very wet spring.

With the dairy payout continuing to be very disappointing it is most satisfying to see that Jason Checketts is proving to be a very good choice for Coldstream. I am sure most of you would agree that despite careful due diligence one is never sure about new staff until they have actually begun working for you. Hopefully Jason will stay with us for some time and also reap the benefits of better prices when they arrive.

FARM VISIT

In October our Farm Administrator Kate Murdoch got the opportunity to visit Coldstream. This was a great chance for her to become familiar with the property, along with getting a greater understanding of how the property works and its layout. It was also good for Kate to meet Jason and to help build their working relationship. Below you will see a few photos from her visit.



BOBBY CALVES

There has been a lot of coverage recently in the media regarding the treatment of bobby calves within the dairy industry. Though the footage that was shown was disturbing and disappointing, this does not represent the 95% of farmers that are compliant with all animal welfare requirements.

We take pride in the welfare of all our animals and have ensured all our facilities are up to standard. This issue is something we take very seriously and have taken advice from Penny Timmer-Arends, our VOSM at our Eastbourne Dairy farm, about this matter. Along with running Eastbourne with her partner Ben Worker, Penny also works part-time for the Ministry of Primary Industries (MPI) in the animal welfare team in Southland.

Since his arrival this season to Coldstream, Jason Checketts has shown great interest in all of our animals and has been very proactive with the management of all animals, whether at the farm or with the animals that are out grazing. Jason has monitored the rearing of all calves on the farm, whether it is bobby calves or replacement calves and they have been cared for to the highest of standards.

SHARES FOR SALE

There currently are no shares available for Coldstream.

Shares are available in the other two of our dairy farms Murray Creek Limited and Eastbourne Dairy Farm Limited, along with our sheep and beef station Pukekaka Station.

If you are interested in purchasing additional shares please contact Richard Bourne on (06) 345 5329 or email richardb@rogerdickie.co.nz

On behalf of the directors and the Roger Dickie New Zealand team we would like to wish you all a very Merry Christmas and a Happy New Year.

A handwritten signature in black ink, appearing to read 'Roger Dickie', with a stylized flourish at the end.

Roger Dickie

VOSM SPRING REPORT – Jason Checketts



Well it seems like just the other day I made the move here to take on this exciting new challenge.

The first few months have definitely been challenging; being on a new farm with new staff and adding in one of the wettest springs in Southlands history was definitely trying. With a very wet start to the season, grass growth was very slow, and we have really only seen good grass growth in the past few weeks.

All things considered we got through the spring pretty well, with only milking cows once a day for the majority of August. This allowed for a less stressful calving, as it was much easier to get everything done in a day without doing huge hours in the cow shed and also definitely helped with keeping good cow condition. We also had very few animal health issues relating to calving which was also a little unusual, but definitely a good thing.

We have reared 196 replacement calves, with only requiring 175 replacements; we will be selling the excess 21 calves in the near future. Another good thing is we haven't lost a single replacement calf this season, which is a real credit to my team and especially the calf rearer. All the calves are doing well and have weaned 69 which are away at a new grazier's property, which I am sure will do a fantastic job of growing them, so they can come back into the herd and be great producers. We plan to wean another lot next week.

Milk production was off to a slow start, mainly due to weather conditions in August and September. At the end of September we were 14% behind last season's production. As at the end of November we are 1.8% behind last season's milk production and are still making gains on a daily basis, which I'm pretty happy with all things considered.

The last few weeks we have seen some exceptional grass growth, we have managed to cut 55 hectares of silage off the milking platform and have also made 77 bales of baleage on farm to date. We have been getting regular rain which is perfect for grass growth. We have made approximately the amount of supplement that we require for the remainder of this season and for winter next year, so hopefully this continues and we can harvest more than we need.

Mating is going very well, we have 4 days left of AB which will be the end of 6 weeks, at this stage there looks to be only 30-40 cows that won't have had a mating out of 796 cows, with no intervention at all this season is a pretty good result. The aim is to have an even tighter calving pattern next season, which will mean more days in milk and in turn more milk revenue.

My staff and I have also been very busy doing general farm maintenance, nearly all the gorse on the farm has been sprayed, all lanes have been sprayed have just started clearing the waterways in the last few days, as well as some maintenance on fences and anything else that hasn't been fully functional.

I am enjoying my time at Coldstream and loving the challenges it has given me this season. Hopefully we continue to lift production; I will certainly be trying my best. Who knows may even break some records!

Regards

Jason Checketts