

MURRAY CREEK DAIRY FARM LIMITED

Farm Update

Dear Shareholder

14th April

2013

Roger and Jack Ballam, our farm consultant, have interviewed the applicants for the variable order sharemilking position (VOSM) at Murray Creek. We have appointed Jason & Sandy Herrick to the position. They currently manage 1000 cows through a 60 bail rotary at Oamaru. Jason has a Diploma in Agribusiness Management and has 15 years dairy farming experience. Sandy has 12 years experience in the dairy industry and is always keen to help on the farm. We look forward to the coming season with Jason and Sandy at the helm.



Jack Ballam took our VOSMs to Murray Creek recently to meet Stacey and Olivia Frost, our current 50/50 sharemilkers. Over the next few weeks, Jason and Sandy plan to make some times to visit the farm so they can learn all the ins and outs of running the irrigation, where the water pipes are located, shed operating procedures etc.

The purchase of the 1,000 cows for the herd is well underway. The directors have signed contracts for the purchase of 910 animals so far and the remainder of the herd should be contracted over the next few days.

This season we made allowance for the purchase of a new backing gate. Steve Barr, one of the directors has done quite a bit of work on which is the most suitable gate to purchase and has recommended a Reporaa backing gate. Progressive Engineering from Invercargill will install the new gate and carry out the necessary ancillary engineering work to facilitate its installation.

The directors have also agreed to concrete the side yard at the dairy shed to draft cows. This work should be completed by the end of this season. In addition, by calving 2015, they will install a Protrac system to automate drafting.

Our present sharemilkers have several maintenance tasks to tidy up before the end of the season, This includes weed control on the ragwort, cleaning the lip off the edge of the lanes and general repairs and maintenance and tidying up around the shed and houses. We have reminded them of their contractual obligations and they are making good progress attending to these matters.

Production this season is on track to reach the budgeted production of 360,000kgms. Month to date production is up 19.76% on March last year and year to date 5.86% up at the end of March compared to the same time last year. To reach our target of 360,000kgms, we need to produce 14,662kgms/ms per month. As at the 14th April, production is 13,282kg/ms so we are definitely looking as if we will achieve or perhaps exceed the target for the season.

Fonterra share's have been trickling along with a further 87,183 shares sold for a total of \$484,656.756 an average of \$6.26 per share. There are 49,907 shares left to sell. I am keeping a close eye on the market daily and if the price moves above \$6.20, sell a few more shares.

You will find enclosed the farm report and correspondence from our sharemilkers. These reports will be uploaded onto the website www.rogerdickie.co.nz

Regards

A handwritten signature in blue ink, appearing to read 'Michelle O'Neill', with a stylized flourish at the end.

Michelle O'Neill

Murray Creek Dairy Farm

September 2013 Farm Report

Interpreted information covering the feed supply & stock on hand taken from the Farmwise Report 7th October 2013

COVER

	Total	Effective	Milking	Winter Crop
North of Sutherland Rd	308	272.0	256.00	16
South of Sutherland Rd	106	100.0	100.0	0
Milking Platform	414	372.0	356.00	16

Key

Kgdm = kgs of dry matter
Kgms = kgs of milk solids
Ha = hectare
R1's = Rising 1 year olds
R2's = Rising 2 year olds
MA = Mixed age cows
Total Farm Area = 414ha
Effective area = 392.5ha

		Actual	Target
Average pasture cover	kgdm/ha	2150	>2200
Pre graze cover	kgdm/ha	3100	>3000
Post graze cover	kgdm/ha	1600	1600
Growth	kgdm/ha	40	>40
Round length (days)		30	30+
% Farm Mown		0%	0%

The average pasture cover is under target and pre grazing cover are above target. There is a sound wedge of grass on hand. Growth rates only now exceeding demand and surplus yet to show out for supplements.

FEED SUPPLY

			kgsgdm	kgsgdm/ha
Pasture	356.00 grass ha's			2150
Silage 14 x 3.75	125 m ³ @	200	25,000	72
Baleage	0 Bales @	200	0	0
Crop	.0 ha @	0	0	0
Total				2222

There is approximately 25,000 kgs of silage available on farm stack. This should meet the requirements to help with maintaining the 30 day round.

STOCK ON HAND

	2x/day	2x/day	1x/day	Penicillin	Colostrum	Springers	Empty	Total
Dairy unit	400	280	120	40	20	90	19	969
Percentage	41%	29%	12%	4%	2%	9%	2%	100%
Milkers/ha	356.00 ha's							2.67

To date 89% of heifers have calved with 9% yet to calve and 2% are empty.

PRODUCTION

Considering there are 120 cows on once a day milking they are milking well. Chart below shows a good start to the season. Production has been budgeted at 360,000kgs but has the potential to reach 370,000.

Month	Target %	Target kgs	Year to Date kgs	Actual kgs	Actual Year to Date	Variance Month	Variance Year to Date
August	2.5%	9250	9250	9273	9273	100%	100%
September	9.5%	35150	44400	39177	48450	111%	109%
October	13.5%	49950	94350				
November	14.0%	51800	146150				
December	12.5%	46250	192400				
January	12.0%	44400	236800				
February	10.5%	38850	275650				
March	10.5%	38850	314500				
April	9.0%	33300	347800				
May	6.0%	22200	370000				
	100%	370000					

Farm Management Report

By Stacey Frost
September 2013

Animal health	Cows going well milking nicely. Weather has been more normal for September with plenty of fine punctuated by some wet and cold.
R & M	There have been no major breakdowns or problems. There have been some minor issues with cup removers and the dairy shed. Technicians have been to look at cup remover issues, and are being addressed.
Pastures	Pasture growth through September has been average with covers matching feed. We are rolling paddocks as much as possible and as time allows. Paddocks looking much better after rolling
Feeding	Cows have been fed well with pasture covers at the required level. The first round finished on 1 October as budgeted. Barley/palm kernel feeding is going well and has contributing tremendously to production and cow condition. We have plenty of extra supplement if need be.



Murray Creek Dairy Farm

Farm Management Report

By Stacey Frost
October 2013

Animal health	Weather was unusually bad for most of October. However, the weather did improve for the last week of October. With the lanes and paddocks being a lot wetter mastitis and lameness issues have carried along longer than we would hope. Good weather has come just in time for mating.
Mating	Mating started earlier than last year. There numbers have been good for the first few days. We still have 100 cows that are yet to cycle then they will be inseminated early November. Despite the weather the number of cows cycling is not as good as we would have expected but with better weather and the grass flourishing we are looking good.
R & M	Crossing points for new open drain still need to be culverted. Waiting for contractor to spread soil from new drain so I can re-grass paddock.
Pastures	Pasture growth has improved late in the month. Now growing more than demand and expect to have surplus and paddocks shut in next 2 weeks. Cover is looking good and quality is excellent. We have had a contractor roll a few of the new grass paddocks as weather allows so I can top these and improve their quality. Have also started topping behind cows so can keep quality. We are now grassing and applying the fertiliser as the weather allows. All efforts going to get them sown as soon as possible.
Feeding	Cows are feeding well. We are feeding a little palm kernel in shed to keep it in the system. Per cow production is good with some cows on once a day. We are continuing to meet production targets. The focus now is on ensuring we keep the quality while making the most out of the current growth to make more supplement and feed cows to the maximum.



Murray Creek Dairy Farm

Farm Management Report

By Stacey Frost
November 2013

Animal health	Cell count and mastitis under control. There are a few lame cows, don't know reason for this I think it's the time of season we are keeping on top of them and treating quickly after identified to make time in lame mob as small as possible. No other issues of note.
Mating	Mating has gone well with 30 and 60% submission in first 2 weeks, dropped back to 87% at 3 weeks. Little short of target but not unexpected and historically quite good. 96% submission at the end of a 6 week AB period which was a little lower than desired. There is roughly a 20% return in the second and third weeks. Bulls are in for a further 6 weeks with 18 bulls on farm.
R & M	Crossing points for new open drain still need to be culverted. We are waiting for contractor to spread soil from new drain so we can re-grass paddock's. Had Ninds back to backing gate after one side fell to ground. Also pivot picked up a fence and wound it so tight around axle that it broke wheel clean off. Took 10 days to source part and repair. However the good rainfall we recived at this time meant the pivot would have been off at this time. We are waiting for Castle Rock to fix the silage pad so silage can be cut.
Pastures	Pasture growth through November has been excellent. We are topping as quickly as possible to try and maintain quality but high growth rate has put us behind the 8 ball. The Hill block is excelling with growth and we are finding it hard to maintain. There is 60ha of silage shut out some for baleage and some for stack. Fodder beat paddock and turnip paddocks are looking great. New grass is in and growing well,. We have had to spray out weeds in new grass as they have been growing well also.
Feeding	Cows are feeding well but there is quality lacking in some paddocks. Pre topping night breaks and post topping some day breaks also.



Murray Creek Dairy Farm

SHAREMILKERS NEWSLETTER

Spring- Summer January 2013

Hi all.

First I must apologise for the lateness of my reports this month.

Things have been rather busy down here the last 10 days with Olivia away playing golf in Auckland. This is the first opportunity I have had to complete reports and is my first morning out of the dairy shed since mid November.

We have started working 12hr days. We have had a problems filling our fourth spot on farm. But we have been lucky enough to have 3 really good long term guys which has meant a good consistent base to work from. Olivia was drafted in for a few days to help out in the shed. We now have a new worker and he is coming to grips with things, and hope to be settled back into a routine by Christmas. I hope to get back on top of all my paper work I have been neglecting while milking full time, unfortunately that won't be before Christmas, but it starts with reports.

The joy of staffing a large dairy farm in Northern Southland is a good way to segway to my next topic of down scaling. If you weren't aware we have decided to move on from Murray Creek at the end of this season. We have managed to purchase our own farm, all be it only 220 cows, and will move there in June. The smaller scale means we will also have more time for family and other interests which has taken a bit of a back seat to work here recently. We are really looking forward to it.

First though we need to put in a really big effort to making the most possible production on Murray Creek this year. And it's all going pretty well. With a production target of 360,000 kgms we are looking good. Record production months for September, October and November. Also with the amazing payout looming we are looking like being in a really good spot. However we should never count our chickens as anything could happen, and with the Late Feb/ March drought last year knocking us back 15,000 solids we are well aware. Having said that we have had amazing weather thus far, and I hope writing that doesn't ginx it. As I look out the window the drive is covered in puddles from some more real good rain last night.

Growth is still good and quality is back under control with the silage off and most of the farm mowed. Have got two very good stack's of silage, ready to go and plenty of bales also. Fodder beet is up and looking good so are the turnips which will hopefully be spot on in

February to combat any dry weather. Spring Swedes should be sown this week as the paddock is all ready to go. I'm hoping we are well prepared going into summer and should be able to combat any weather events.

The cows are still milking well, however they have dropped back a bit from their peak. Most of the cows should be in calf so a bit of pregnancy demand is coming on. We have done our best to get the farm topped with growth rate's that goes from 20 to 100 in under a month it has been a bit of a task. One of the many oddities of Northern Southland farming.

Mating has gone really well so calving spread for next season should be fairly compact. However I won't get to enjoy it as to go from 1000 to 200 cows you obviously have to sell a lot of them, and so the herd is on the market if anyone is interested and needs a herd. The next few weeks will be full on.

Christmas and New years is always very busy and we will have to fit in some family time there somewhere. We will also be pushing really hard to get all the jobs on farm up to date so as to make Murray Creek as presentable as possible for sale. Spraying to do, lanes to maintain and drains to clean.

I Hope everyone had a very happy safe and productive Christmas period.

All the best,
Regards,
Stacey & Olivia Frost



Murray Creek Dairy Farm

March 2014 Farm Report

Interpreted information covering the feed supply & stock on hand taken from the Farmwise Report 8th April 2014

COVER

	Total	Effective	Milking	Swedes	Fodder Beet	New Grass
North of Sutherland Rd	308	272.0	250.76	0	9.24	12
South of Sutherland Rd	106	90.0	84.29	5.71	0	0
Milking Platform	414	362.0	335.05	5.71	9.24	12

		Actual	Target
Average pasture cover	kgdm/ha	2500	>2200
Pre graze cover	kgdm/ha	3300	>3000
Post graze cover	kgdm/ha	1600	1600
Growth	kgdm/ha	45	>55
Round length (days)		40	>35
% Farm Mown		50%	100%

Key

Kgdm = kgs of dry matter
Kgms = kgs of milk solids
Ha = hectare
R1's = Rising 1 year olds
R2's = Rising 2 year olds
MA = Mixed age cows
Total Farm Area = 414ha
Effective area = 392.5ha

There is a good cover wedge of pasture for this stage of the season . Growth is meeting demand with the aim to lengthen the round to 50 days by 15th April. This will be achieved through the combination of reducing cow numbers and feeding silage now to reduce grass demand and build/maintain the cover.

FEED SUPPLY

			kgsgdm	kgsgdm/ha
Pasture	335.05 grass ha's			2440
Silage (West) 22.5x9x2.4	526.5 m ³ @	200kgsgdm	105,300	305
Silage (Middle) 15x15x2.6	585.0 m ³ @	200kgsgdm	117,000	339
Silage (East) Whole 12x8x2.4	230.4 m ³ @	200kgsgdm	46,080	134
Total Silage			268,238	
Baleage New	68 Bales @	200kgsgdm	13,600	39
Baleage Swedes	178 Bales @	200kgsgdm	35,600	103
Baleage Fodder Beet	324 Bales @	200kgsgdm	64,800	188
Baleage Total	502			
Swedes Potential	5.7 ha	12000kgsgdm	68,400	198
Fodder Beet	9.24ha @	18,000kgsgdm	166,320	482
Total				3361

There is plenty of feed on hand to see through to the end of potentially a very good season for Murray Creek.

STOCK ON HAND

	3x/2 days	3x/2 days	1x/day	Penicillin	Lame	Total
Dairy unit	500	250	97	28	25	900
Percentage	56%	28%	11%	3%	3%	100%
Milkers/ha	346.00 ha's					2.60

There are two main herds on 3x/2 days milking. We are still operating the once a day herd also.

If we are proactive with cow condition it may be possible to graze them at the extremities of the farm which will reduce the average walk of twice a day cows.

PRODUCTION

Production has been budgeted at 360,000kgs at the start of the season but has the potential to reach 370,000.

Month	Target %	Target kgs	Year to Date kgs	Actual kgs	Actual Year to Date	Variance Month	Variance Year to Date
August	2.5%	9250	9250	9274	9274	100.3%	100.3%
September	9.5%	35150	44400	39120	48394	111.3%	109.0%
October	13.5%	49950	94350	50906	99300	101.9%	105.2%
November	14.0%	51800	146150	51010	150310	98.5%	102.8%
December	12.5%	46250	192400	46582	196892	100.7%	102.3%
January	12.0%	44400	236800	44201	241093	99.6%	101.8%
February	10.5%	38850	275650	38305	279398	98.6%	101.4%
March	10.5%	38850	314500	36461	315859	93.9%	100.4%
April	9.0%	33300	347800	33000	348859	99.1%	100.3%
May	6.0%	22200	370000				
	100%	370000					



Murray Creek Production

360,000 KG MS

Month	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010	Target 2013-2014
June		0				0
July		0				0
August	9273.79	7651.7	3771.5	5528	5882.9	8633.65
September	39119.76	32140.6	28570.3	23554.3	35220.9	39177.51
October	50905.92	48472.4	46805.5	38716.3	49835.2	54874.3
November	51010.33	50053.4	45692.8	40942.9	49719.6	48814.52
December	46582.23	47941.4	41028.6	36106.3	44700.8	41844.13
January	44200.96	43906.1	38319.4	33366.2	39553.9	42542.83
February	38305.04	37754	35555.9	30756.8	32356	35805.92
March	36461.74	30444.3	33315.6	31543	30542.6	36554.6
April		25581.3	29154.2	25274	22919.7	30878.85
May		21238.9	23227.6	18106.5	10913.1	20873.82
Total	315859.77	345184.10	325441.40	283894.3	321644.7	360000.13

As at 31st March 2014

KGMS

Month To Date This Season 36,461.74

Month To Date Last Season 30,444.30

Variance % 19.76 %up

Year To Date This Season 315,859.77

Year To Date Last Season 298,363.90

Variance % 5.86 %up