

17th October 2014

Coldstream Downs Dairy Farm – Update

Hello! This is just a brief update.

Four days ago I visited the property with Director (Steve Barr) and our Farmwise Consultant Jack Ballam.

Our sharemilker (Leo Pekar) has the farm in a good position for another positive production year. You will recall that last year we achieved 325,183 kg milksolids which was 7% better than our previous best. Presently Leo is 5% ahead of target to achieve a similar level of production again. However, it is still early in the season and major climatic events can have an effect on future production.

Leo and Maricel are now into their seventh year with us and sometime in the near future they will be leaving us to pursue higher goals and future farm ownership. Changes always take place at the end of the dairy farming year (end of May), but we will know of any prospective changes by December in any year. (Changes are always triggered early so that the farmer and sharemilker have time to find quality replacements for the following year).

As well as a proposed 5 cents per share dividend proposed for this year it is interesting to look at figures in regard to the value of our property. My estimation based on current market values is that we have had in excess of 12% per annum inflation in the value of our asset (shares) since we purchased the property. This of course is capital gain and tax free.

This year's payout forecast is still looking unpleasant, hopefully the downswing in prices has finished. But based on current predictions the farm and Sharemilking company cash income could fall by around \$3.00 per kg MS or around \$950,000. We all expect swings in farm product prices, but this has been a big one, not helped by the Russian ban on European Dairy imports.

The good news is that forecasts are unchanged with continual growth in forecast world consumption outstripping supply predictions, this should be positive for future payout prices.

Regards

Roger

Roger Dickie
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