

Dairy Farming Group Averages



2008, 2009 and 2010 Dairy Seasons

Owner-Operators



MORRINSVILLE

42 Moorhouse Street, PO Box 23, Morrinsville 3340
[p] 07 889 7153 [f] 07 889 7151

MATAMATA

55 Arawa Street, PO Box 51, Matamata 3400
[p] 07 888 8002 [f] 07 888 8556

[e] mail@cooperaitken.co.nz www.cooperaitken.co.nz





CooperAitken and Dairybase Report

To add more value this year we have combined our statistics with Dairybase. You may notice some changes in the format which will provide you with a better understanding of New Zealand dairy farm businesses. These reports provide a range of business performance averages for CooperAitken clients. They will assist you to identify areas of your business performance where you consider you might be able to make changes and increase your profitability.

Maximise the value from this report

To really benefit from these reports you need to request a personalised one. This will benchmark your farm against the groups average. Powerful information to allow you to easily see the areas of your business which are out performing others and those where you can make changes to increase your profitability. We can help to make sure the information is interpreted correctly.

A personalised report will help you with budgeting, business planning and discussions with your bank. To obtain a personalised report contact CooperAitken.

Disclaimer

This report is a compilation and is limited to the collection, classification and summarisation of financial information supplied by selected clients.

A compilation does not involve the verification of that information. We have not carried out an Audit or a Review Assignment on the Financial Statements and therefore neither we nor any of our employees accept any responsibility for the accuracy of the information from which the Financial Statements have been prepared. Further, the report has been prepared for the purpose of our clients only and neither we nor any of our employees accept any responsibility on any ground whatever, including liability in negligence, to any other person.

Farm business description

Benchmark name	Owner-Operators
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Season	2009-10
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Land (ha)	
Total Dairying area	118
Less un-grazable area	5
Effective Dairying area	112
Dairy run-off effective area	14

Labour	
FTE paid labour	1.2
FTE unpaid labour	0.4
FTE unpaid management	0.8
Total FTEs	2.4

Stock	
Peak cows milked	329
Predominant breed	Crossbred
Cows per FTE	137

Production	Total milk solids (kg)
2009-10	111,170
2008-09	119,545
2007-08	107,093
2009-10	
Milksolids per hectare	989
Milksolids per cow	337
Milksolids per FTE	46,321

Financial	
Cash Farm Working Expenses (\$/kgMS)	3.58
Operating profit per hectare (\$/ha)	1952
Operating profit margin (%)	30.1%

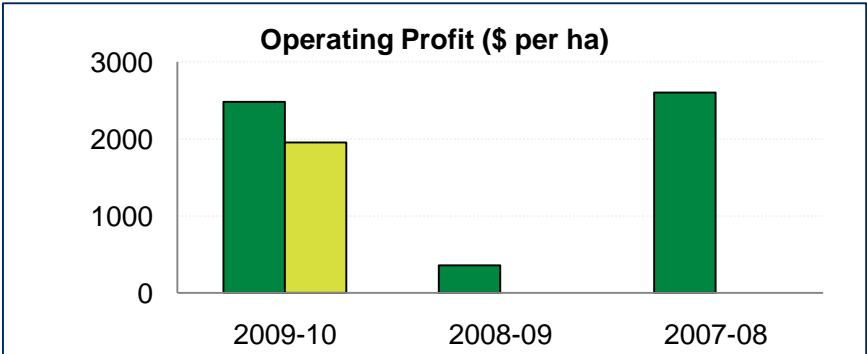
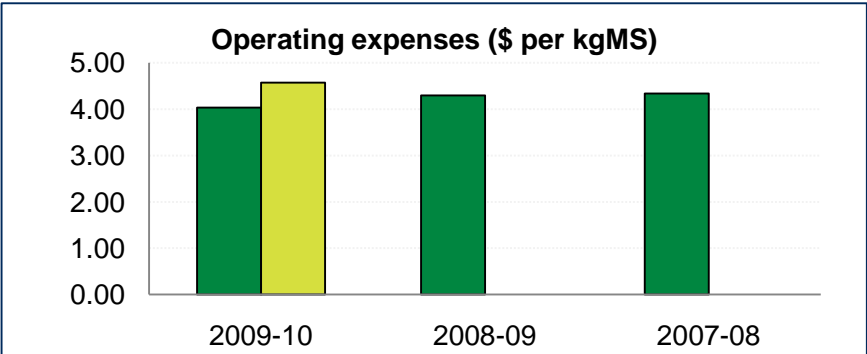
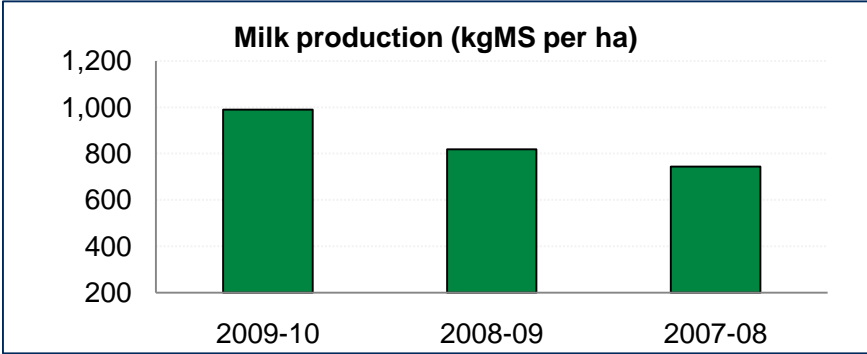
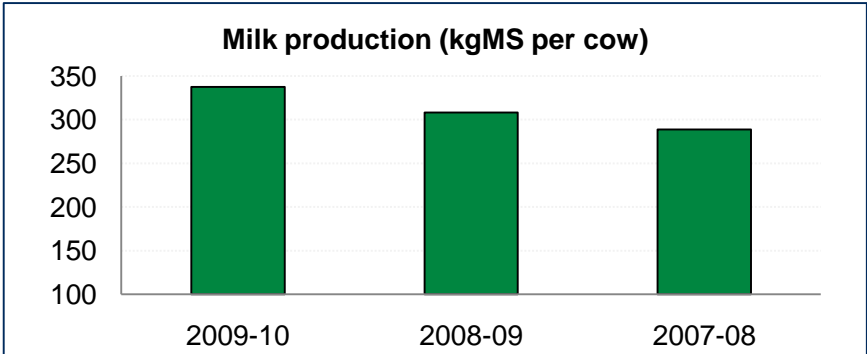
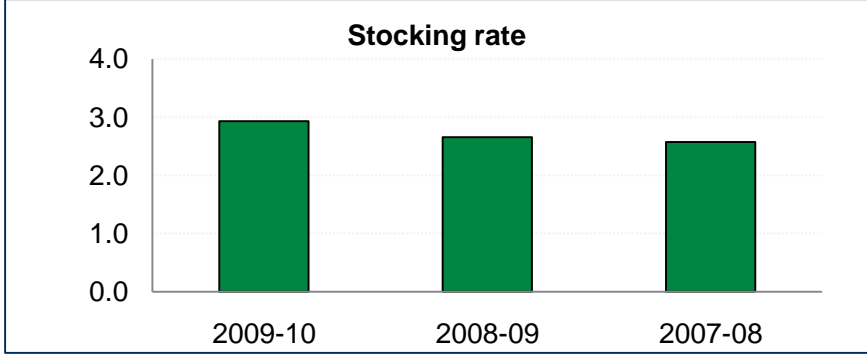
Business Performance Summary - Overview

█ Owner-Operators - without adjustments

█ -with adjustments for unpaid labour and runoff owned added to expenses

(only applies as of 2009-10)

Time series Commentary
 2007-08 was a season with extensive summer and autumn droughts severely affecting pasture growth and production, however this was offset financially by high payouts. Expenses rose and these remained higher in the following season despite a drop in payout, and there were residual physical effects from the previous seasons droughts. 09-10 again had severe droughts in some areas and payout recovered although not to the same levels as 2007-08.



Business Performance Summary - major expense categories

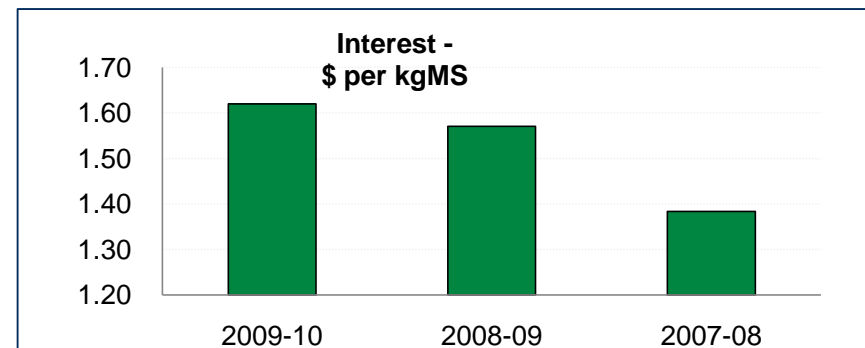
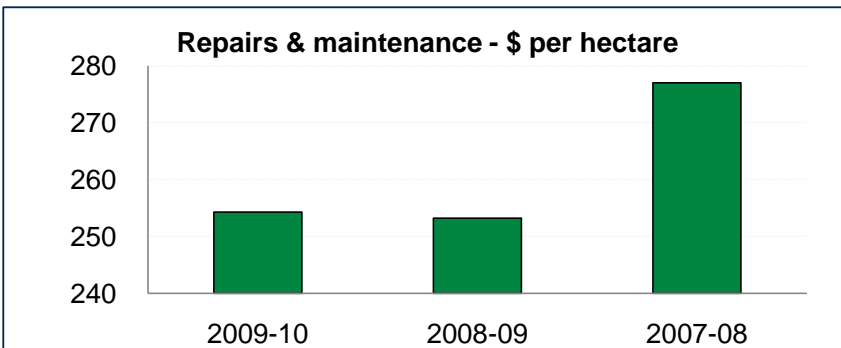
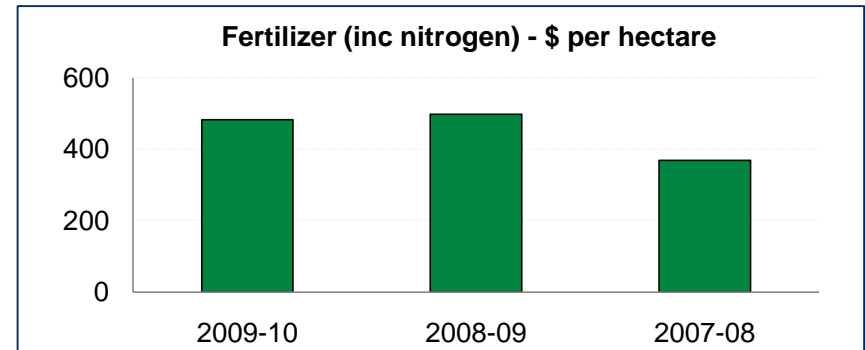
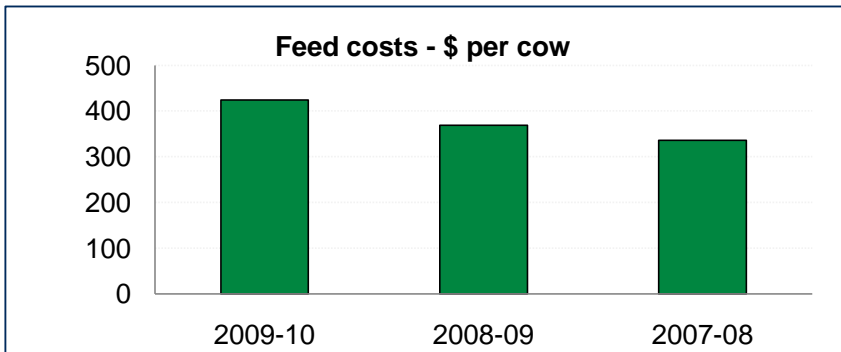
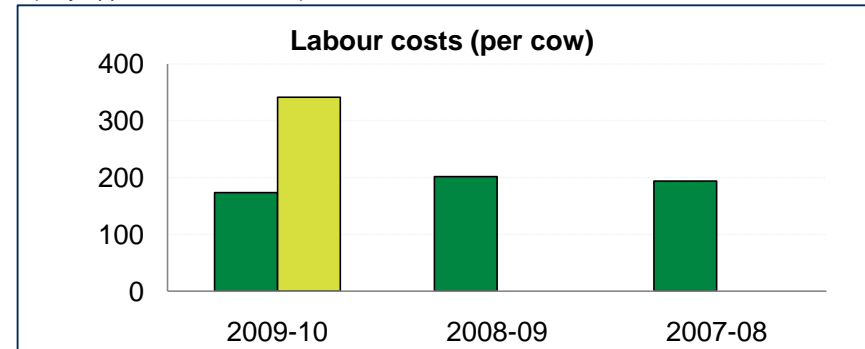
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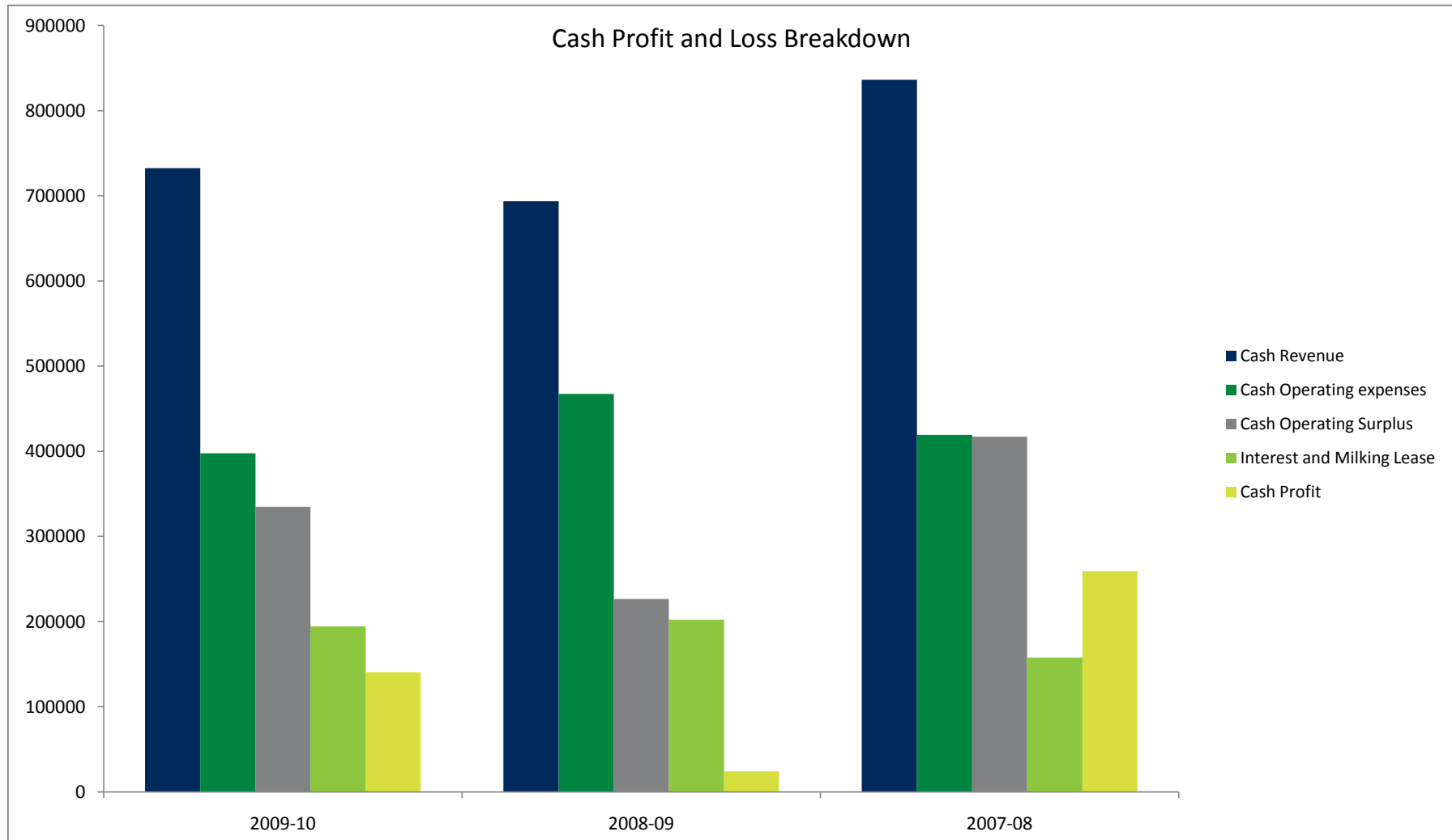
(only applies as of 2009-10)

Time series Commentary

2007-08 was a season of increased costs across all major categories from the previous season due to the combination of high payout and drought conditions. In 2008-09 costs eased back but still remained significantly higher than 2006-07. High farm input prices lingered and initial expectations were for a high payout. 2009-10 showed another decline in farm costs, although they still remain high compared to 2006-07. (Commentary based on DairyNZ Economic Survey 2009-10)

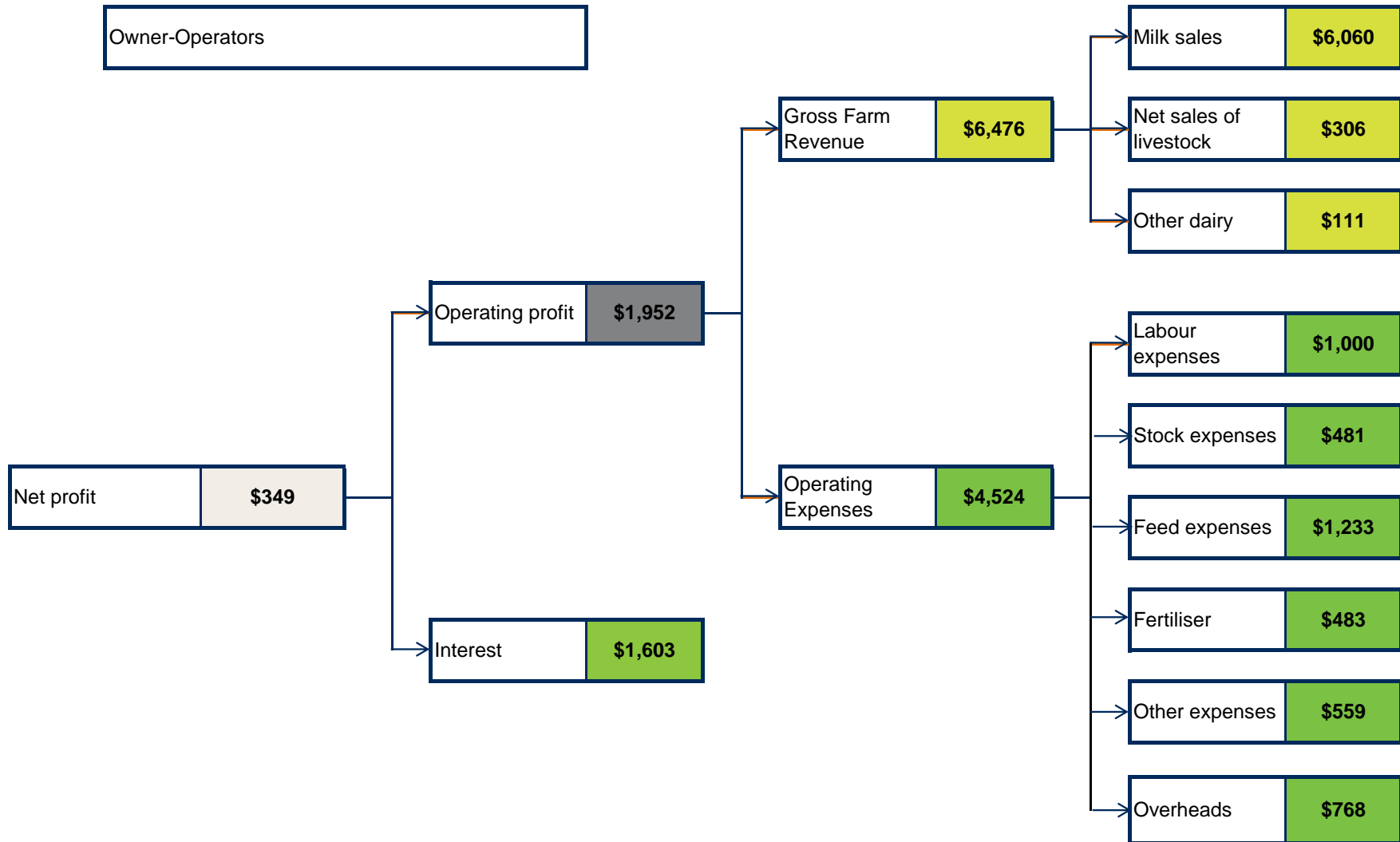


New Zealand Owner-Operators



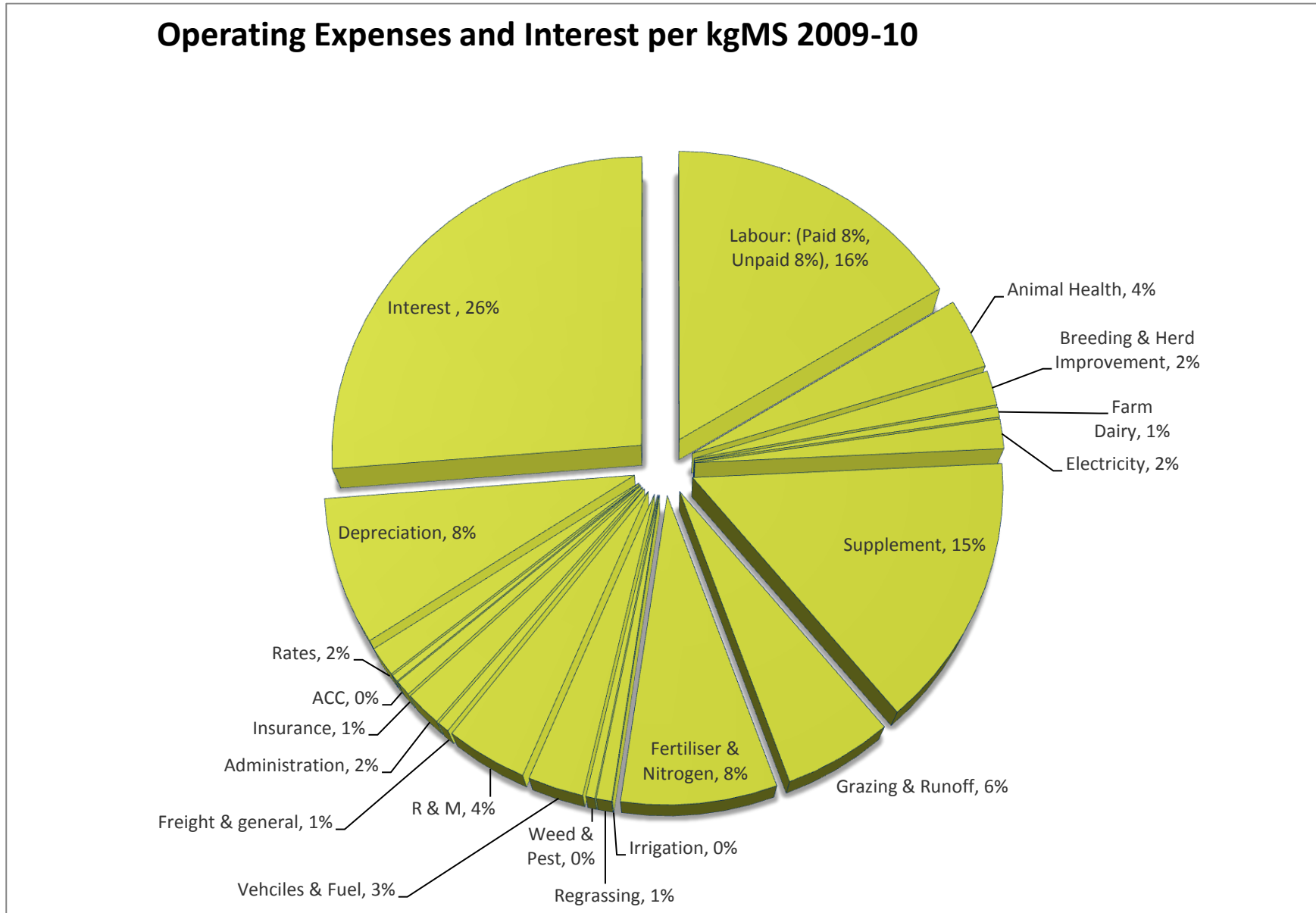
What drives the operating profit? (\$ per ha)

This page shows how the operating Profit is generated. Interested is then included to show a net profit



How do costs breakdown?

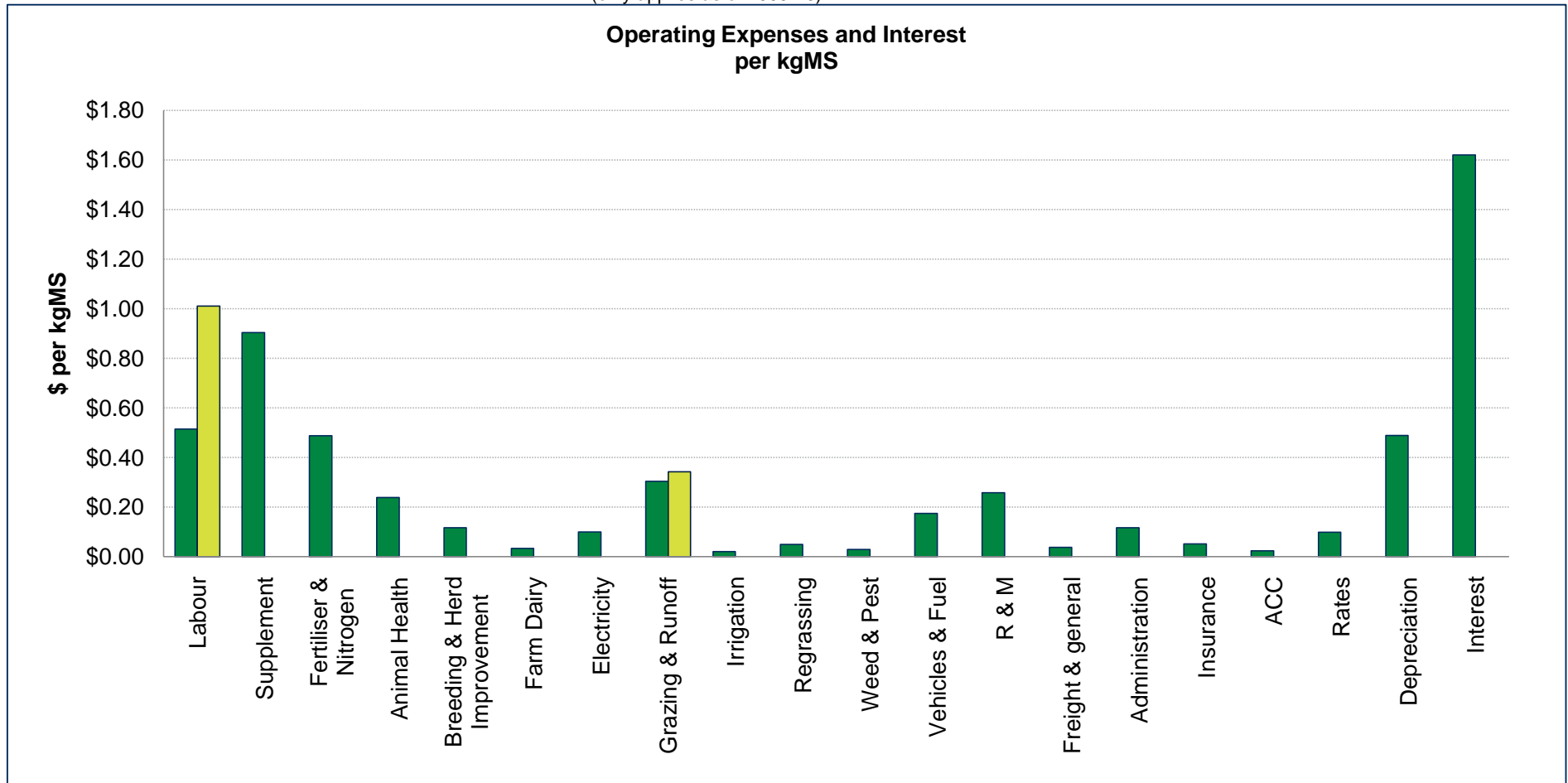
This chart shows how operating expenses breakdown, and the relationship to interest



How do costs compare?

This chart shows how the operating expenses breakdown. Note - the costs plotted here include adjustments for non-cash costs like family labour and depreciation.

■ Owner-Operators 2009-10 ■ -with adjustments for unpaid labour and runoff owned added to expenses
(only applies as of 2009-10)



Financial Detail: Owner-Operators

This page shows how Operating Profit is generated, based on the DairyBase format, for the current season only

GROSS FARM REVENUE (GFR)	Total \$	% of GFR	\$ Per kg MS	\$ Per Ha	\$ Per Cow
Net Milk Sales	680,801	93.6%	6.12	6,060	2,066
Net Dairy Livestock Sales	39,120	5.4%	0.35	348	119
Value of Change in Dairy Livestock	-4,765	-0.7%	-0.04	-42	-14
Other Dairy Revenue	12,456	1.7%	0.11	111	38
Dairy Gross Farm Revenue	727,612	100.0%	6.55	6,476	2,209
OPERATING EXPENSES					
Labour Expenses					
Wages	57,157	7.9%	0.51	509	173
Labour Adjustment - Unpaid	11,905	1.6%	0.11	106	36
Labour Adjustment - Management	43,277	5.9%	0.39	385	131
Total Labour Expenses	112,338	15.4%	1.01	1,000	341
Stock Expenses					
Animal Health	26,447	3.6%	0.24	235	80
Breeding & Herd Improvement	12,910	1.8%	0.12	115	39
Farm Dairy	3,692	0.5%	0.03	33	11
Electricity (Farm Dairy, Water Supply)	11,012	1.5%	0.10	98	33
Total Stock Expenses	54,062	7.4%	0.49	481	164
Feed Expenses					
<u>Supplement Expenses.</u>					
Crops and supplements made	2,796	0.4%	0.03	25	8
Crops and supplements purchased	97,644	13.4%	0.88	869	296
Less Feed Inventory Adjustment	0	0.0%	0.00	0	0
Calf Feed	3,180	0.4%	0.03	28	10
Total Supplement Expenses	103,620	14.2%	0.93	922	315
<u>Grazing & Run Off Expenses.</u>					
Young & Dry Stock Grazing	24,879	3.4%	0.22	221	76
Winter Cow Grazing	0	0.0%	0.00	0	0
Run-off Lease	8,895	1.2%	0.08	79	27
Owned Run-off Adjustment	4,270	0.6%	0.04	38	13
Total Grazing & Run-Off Expenses	38,045	5.2%	0.34	339	115
Total Feed Expenses	141,665	19.5%	1.27	1,261	430
Other Working Expenses					
Fertiliser	36,150	5.0%	0.33	322	110
Nitrogen	18,081	2.5%	0.16	161	55
Irrigation	2,160	0.3%	0.02	19	7
Regrassing	5,398	0.7%	0.05	48	16
Weed & Pest	3,144	0.4%	0.03	28	10
Vehicles	17,381	2.4%	0.16	155	53
Fuel	1,948	0.3%	0.02	17	6
R & M - land & buildings	19,741	2.7%	0.18	176	60
R & M - plant and equipment	8,825	1.2%	0.08	79	27
Freight and General	4,170	0.6%	0.04	37	13
Total Other Working Expenses	116,998	16.1%	1.05	1041	355
Overheads					
Administration	12,912	1.8%	0.12	115	39
Insurance	5,667	0.8%	0.05	50	17
ACC	2,577	0.4%	0.02	23	8
Rates	10,860	1.5%	0.10	97	33
Depreciation	54,321	7.5%	0.49	483	165
Total Overheads	86,336	11.9%	0.78	768	262
Total Dairy Operating Expenses	508,247	69.9%	4.57	4,524	1,543
DAIRY OPERATING PROFIT	216,212	30.1%	1.97	1,952	666
Other Items					
Other leases (excl Run off)	14,109	1.9%	0.13	126	43
Interest	180,110	24.8%	1.62	1,603	547
Drawings	74,842	10.3%	0.67	666	227

Financial Detail: Owner-Operators: Last 3 Years

This time series shows the labour and run-off adjustments at the end, as this data is missing for previous seasons in the Cooper Aitken time series. Other differences include:

- For 2009-10 private portions have been removed from operating expenses in the following: * Car expenses, Insurance, House power
- Previous years profit figures were skewed when clients change between NSC and Herd values for valuing livestock. This year we have adopted DairyBase methods and have used the Herd Values to calculate the "Value change in livestock" to avoid skewed profit data.

	2009-10				2008-09				2007-08			
	Total \$	\$/kgMS	\$/Ha	\$/cow	Total \$	\$/kgMS	\$/Ha	\$/cow	Total \$	\$/kgMS	\$/Ha	\$/cow
Net Milk Sales	680,801	6.12	6,060	2,066	632,519	5.29	4,332	1,630	788,046	7.36	5,473	2,124
Net Dairy Livestock Sales	39,120	0.35	348	119	43,870	0.37	300	113	33,244	0.31	231	90
Value of Change in Dairy Livestock	-4,765	-0.04	-42	-14	-127,756	-1.07	-874	-329	3,011	0.03	20	8
Other Dairy Revenue	12,456	0.11	111	38	17,502	0.15	120	45	15,031	0.14	104	41
Dairy Gross Farm Revenue	727,612	6.55	6,476	2,209	566,135	4.74	3,878	1,459	839,332	7.84	5,829	2,262
Labour (excl adjustments)												
Wages	57,157	0.51	509	173	78,150	0.65	535	201	71,877	0.67	499	194
Stock Expenses												
Animal Health	26,447	0.24	235	80	29,793	0.25	204	77	24,609	0.23	171	66
Breeding & Herd Improvement	12,910	0.12	115	39	11,749	0.10	80	30	9,911	0.09	69	27
Farm Dairy	3,692	0.03	33	11	4,401	0.04	30	11	3,132	0.03	22	8
*Electricity (Farm Dairy, Water Supply)	11,012	0.10	98	33	12,419	0.10	85	32	10,668	0.10	74	29
Feed Expenses (excl adjustments)												
Maize	15,263	0.14	136	46	0	0.00	0	0	0	0.00	0	0
Crops and supplements made	2,796	0.03	25	8	14,415	0.12	99	37	13,087	0.12	91	35
Crops and supplements purchased	82,381	0.60	597	204	102,257	0.86	700	264	90,727	0.85	630	245
Calf Feed	3,180	0.03	28	10	6,533	0.05	45	17	4,049	0.04	28	11
Young & Dry Stock Grazing	24,879	0.22	221	76	19,987	0.17	137	52	16,680	0.16	116	45
Winter Cow Grazing	0	0.00	0	0	0	0.00	0	0	0	0.00	0	0
Run-off Lease	8,895	0.08	79	27	0	0.00	0	0	0	0.00	0	0
Other Working Expenses												
Fertiliser	36,150	0.33	322	110	43,317	0.36	297	112	35,824	0.33	249	97
Nitrogen	18,081	0.16	161	55	29,375	0.25	201	76	17,249	0.16	120	46
Irrigation	2,160	0.02	19	7	0	0.00	0	0	0	0.00	0	0
Regrassing	5,398	0.05	48	16	5,618	0.05	38	14	6,941	0.06	48	19
Weed & Pest	3,144	0.03	28	10	4,662	0.04	32	12	3,037	0.03	21	8
Freight and General	4,170	0.04	37	13	6,882	0.06	47	18	6,717	0.06	47	18

continued overleaf

Financial Detail: Owner-Operators: Last 3 Years

	2009-10				2008-09				2007-08			
	Total \$	\$/kgMS	\$/Ha	\$/cow	Total \$	\$/kgMS	\$/Ha	\$/cow	Total \$	\$/kgMS	\$/Ha	\$/cow
Vehicles												
*Car expenses	1,914	0.02	17	6	4,008	0.03	27	10	3,857	0.04	27	10
Tractor	7,657	0.07	68	23	9,211	0.08	63	24	9,419	0.09	65	25
Truck	3,049	0.03	27	9	3,982	0.03	27	10	3,473	0.03	24	9
Farm bike	3,994	0.04	36	12	4,382	0.04	30	11	4,243	0.04	29	11
Ute	255	0.00	2	1	0	0.00	0	0	0	0.00	0	0
Other vehicle expenses	512	0.00	5	2	1,931	0.02	13	5	1,747	0.02	12	5
Fuel	1,948	0.02	17	6	0	0.00	0	0	0	0.00	0	0
R & M												
Private buildings	547	0.00	5	2	3,825	0.03	26	10	7,083	0.07	49	19
Other buildings	4,226	0.04	38	13	2,801	0.02	19	7	2,078	0.02	14	6
Drains & Races, Tracks & Bridges	5,371	0.05	48	16	7,217	0.06	49	19	10,135	0.09	70	27
Yards & loafing platforms	1,406	0.01	13	4	0	0.00	0	0	0	0.00	0	0
Fences & Hedges	3,530	0.03	31	11	7,736	0.06	53	20	6,552	0.06	46	18
Water Supply	2,948	0.03	28	9	4,259	0.04	29	11	3,984	0.04	28	11
Other land & buildings	1,713	0.02	15	5	1,061	0.01	7	3	1,522	0.01	11	4
Plant and Equipment	8,825	0.08	79	27	10,067	0.08	69	26	8,532	0.08	59	23
Overheads												
Administration	12,912	0.12	115	39	15,575	0.13	107	40	22,060	0.21	153	59
*Insurance	5,667	0.05	50	17	6,096	0.05	42	16	5,423	0.05	38	15
ACC	2,577	0.02	23	8	2,917	0.02	20	8	3,167	0.03	22	9
Rates	10,860	0.10	97	33	12,685	0.11	87	33	11,421	0.11	79	31
Depreciation	54,321	0.49	483	165	46,560	0.39	319	120	45,125	0.42	313	122
Other Leases (excl Run off)	14,109	0.13	126	43	14,541	0.12	100	37	9,673	0.09	67	26
Interest	180,110	1.62	1603	547	187,748	1.57	1286	484	148,178	1.38	1029	399
Total expenses	646,167	5.68	5600	1915	716,160	5.99	4905	1846	622,180	5.81	4321	1677
Net profit	81,445	0.87	876	293	-150,025	-1.25	-1027	-386	217,152	2.03	1507	585
Profit reconciliation to DairyBase (includes labour, run-off and change in feed inventory adjustments, excludes interest and other leases)												
Feed Inventory Adjustment	0	0.00	0	0								
Owned Run-off Adjustment	4,270	0.04	38	13								
Labour Adjustment	55,181	0.50	491	167								
Dairy Operating Profit	216,212	1.94	1,924	656								
Drawings	74,842	0.67	666	227	62,400	0.52	427	161	62,685	0.59	435	169

* Refer to previous page for description

Contact details



Morrinsville Office

Street Address 42 Moorhouse Street
Morrinsville
New Zealand

Postal Address PO Box 23
Morrinsville
New Zealand

Phone 07 889 7153

Fax 07 889 7151

Email mail@cooperaitken.co.nz

Web www.cooperaitken.co.nz

Matamata Office

Street Address 55 Arawa Street
Matamata
New Zealand

Postal Address PO Box 51
Matamata
New Zealand

Phone 07 888 8002

Fax 07 888 8556

Email mail@cooperaitken.co.nz

Web www.cooperaitken.co.nz



DairyBase

Phone 07 858 3890

Fax 07 858 3765

Email info@dairybase.co.nz

Web www.dairybase.co.nz

DairyNZ

Street Address Corner Ruakura and Morrinsville Roads
Hamilton
New Zealand

Postal Address Private Bag 3221
Hamilton 3240

Phone 07 858 3750
0800 4 DAIRYNZ (0800 4 324 7969)

Web www.dairynz.co.nz