

Dairy Farming Group Averages



2009, 2010 and 2011 Dairy Seasons

Owners with Sharemilkers



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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	Owners with Sharemilkers
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Season	2010-11
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Land (ha)	
Total Dairying area	92
Less un-grazable area	4
Effective Dairying area	88
Dairy Support block effective area	8

Labour	
FTE paid labour	1.4
FTE unpaid labour	0.0
FTE unpaid management	0.2
Total FTEs	1.7

Stock	
Peak cows milked	269
Predominant breed	Crossbred
Cows per FTE	158

Production	Total milk solids (kg)
2010-11	84,657
2009-10	82,679
2008-09	90,234
2010-11	
Milksolids per hectare	961
Milksolids per cow	314
Milksolids per FTE	49,798

Financial	
Cash Farm Working Expenses (\$/kgMS)	1.71
Operating profit per hectare (\$/ha)	1511
Operating profit margin (%)	42.7%

Business Performance Summary - Overview

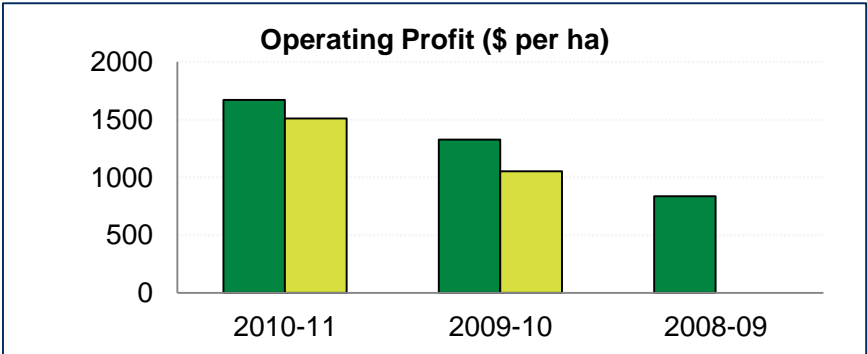
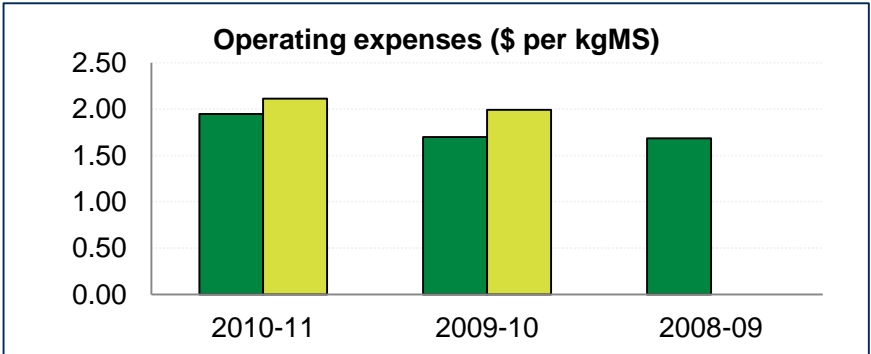
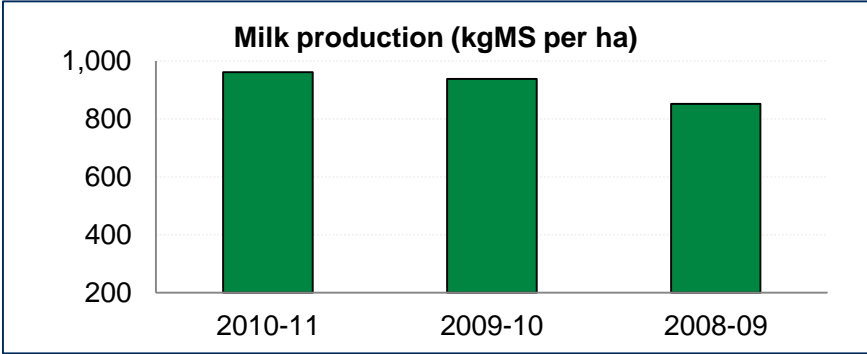
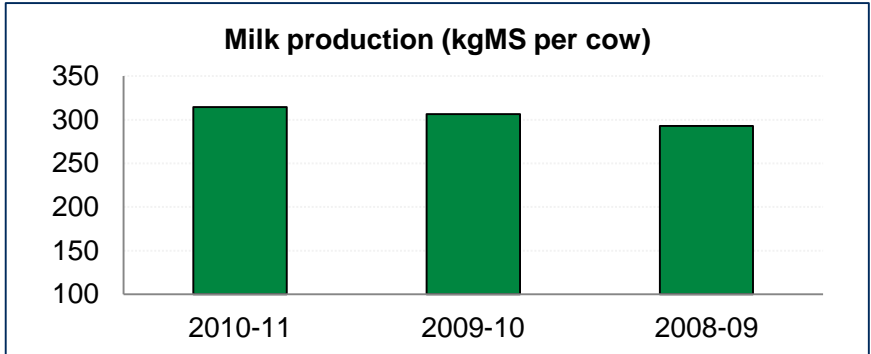
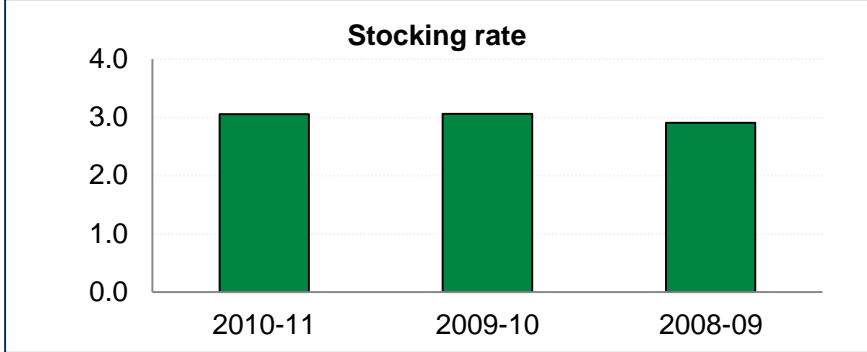
■ Owners with Sharemilkers - without adjustments

■ -with adjustments for unpaid labour, change in feed inventory and runoff owned added to expenses

(only applies from 2009-10 onwards)

Time series Commentary
 Milksolids production has steadily increased on a national level by marginal amounts, although with some regional variation due to the variable climatic conditions of 2009/10 and 2010/11. Following on from a relatively low \$5.20 payout in 2008/09, and a poor early forecast for 2009/10, payout rose to finish on \$6.10 in 2009/10 and \$7.50 in 2010/11. Consequently profitability trends show improvements over the three seasons.

Source: MAF Farm Monitoring Dairy Sector Overview



Business Performance Summary - major expense categories

■ Owners with Sharemilkers - without adjustments

■ -with adjustments for unpaid labour, change in feed inventory and runoff owned added to expenses

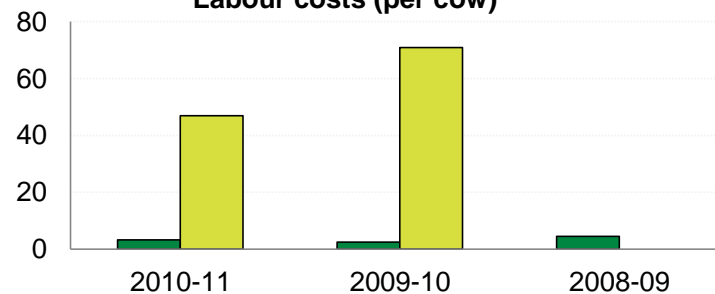
(only applies from 2009-10 onwards)

Time series Commentary

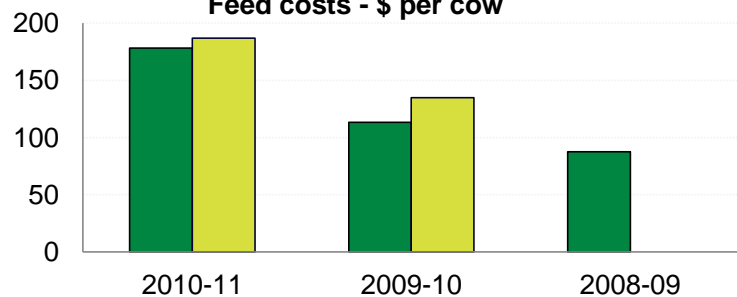
Overall expenses have been increasing, particularly in the feed category due to the weather conditions and high payouts. The exception was in 2009/10 where an initial low forecast drove tighter cost controls. The 2010/11 season showed general price increases across most items, with on-farm spending and debt-repayment a priority for many farmers.

Source: MAF Farm Monitoring Dairy Sector Overview

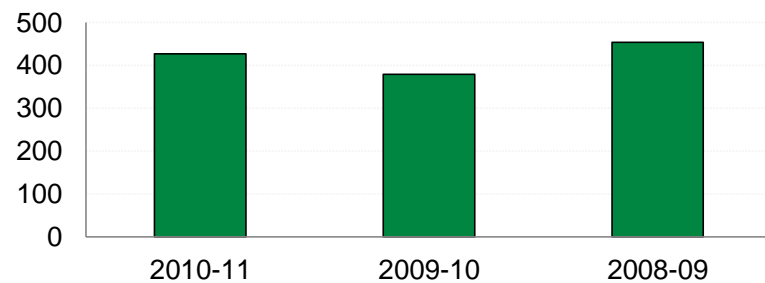
Labour costs (per cow)



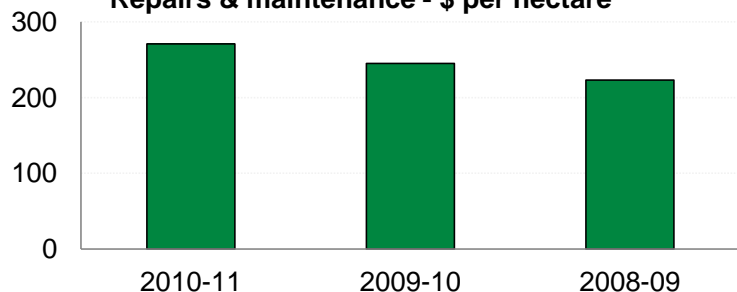
Feed costs - \$ per cow



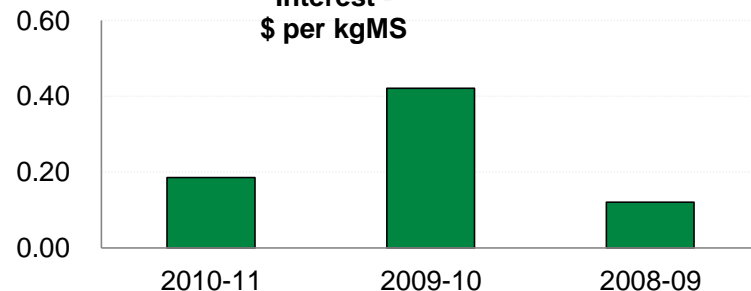
Fertilizer (inc nitrogen) - \$ per hectare



Repairs & maintenance - \$ per hectare

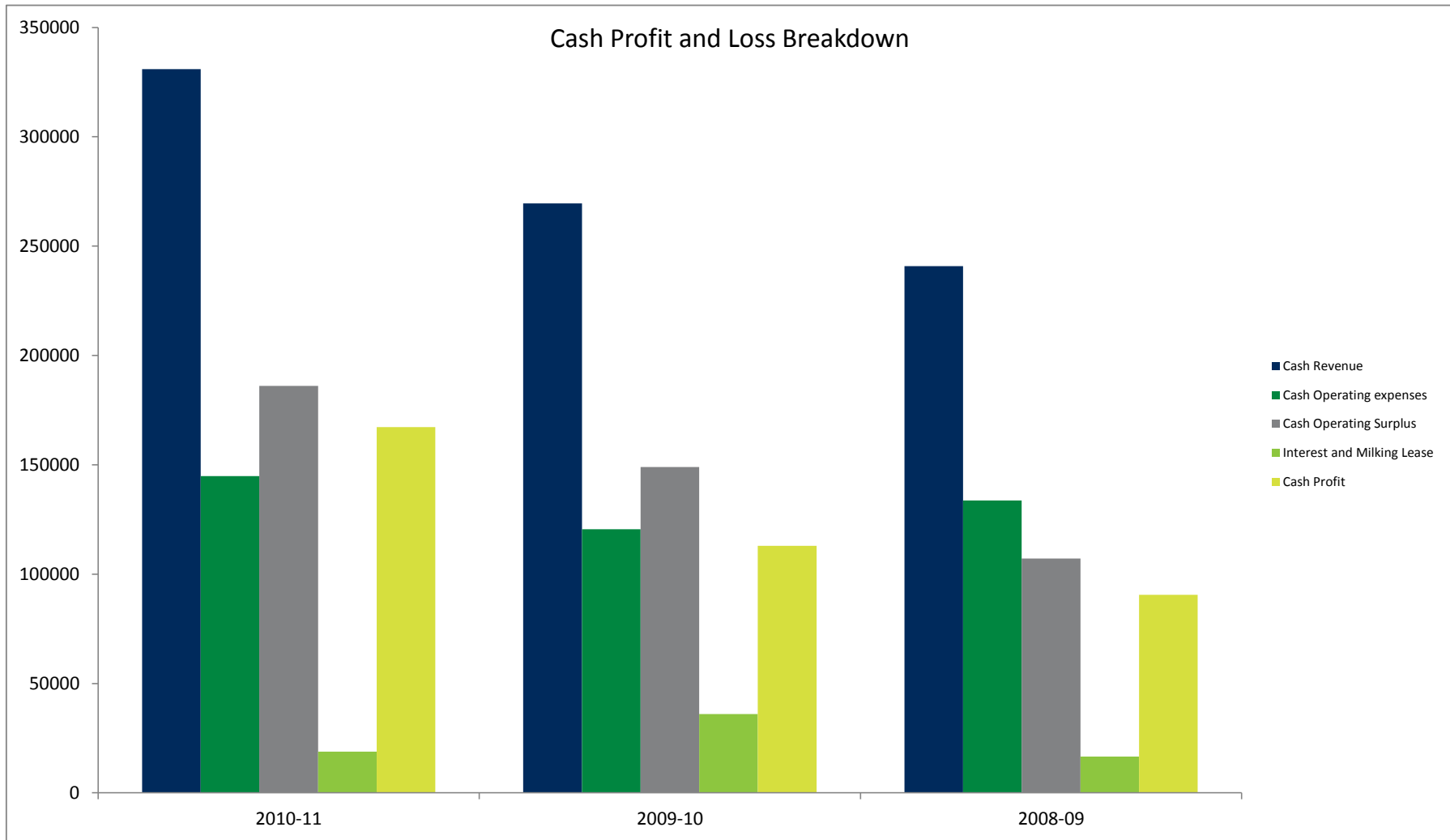


Interest - \$ per kgMS



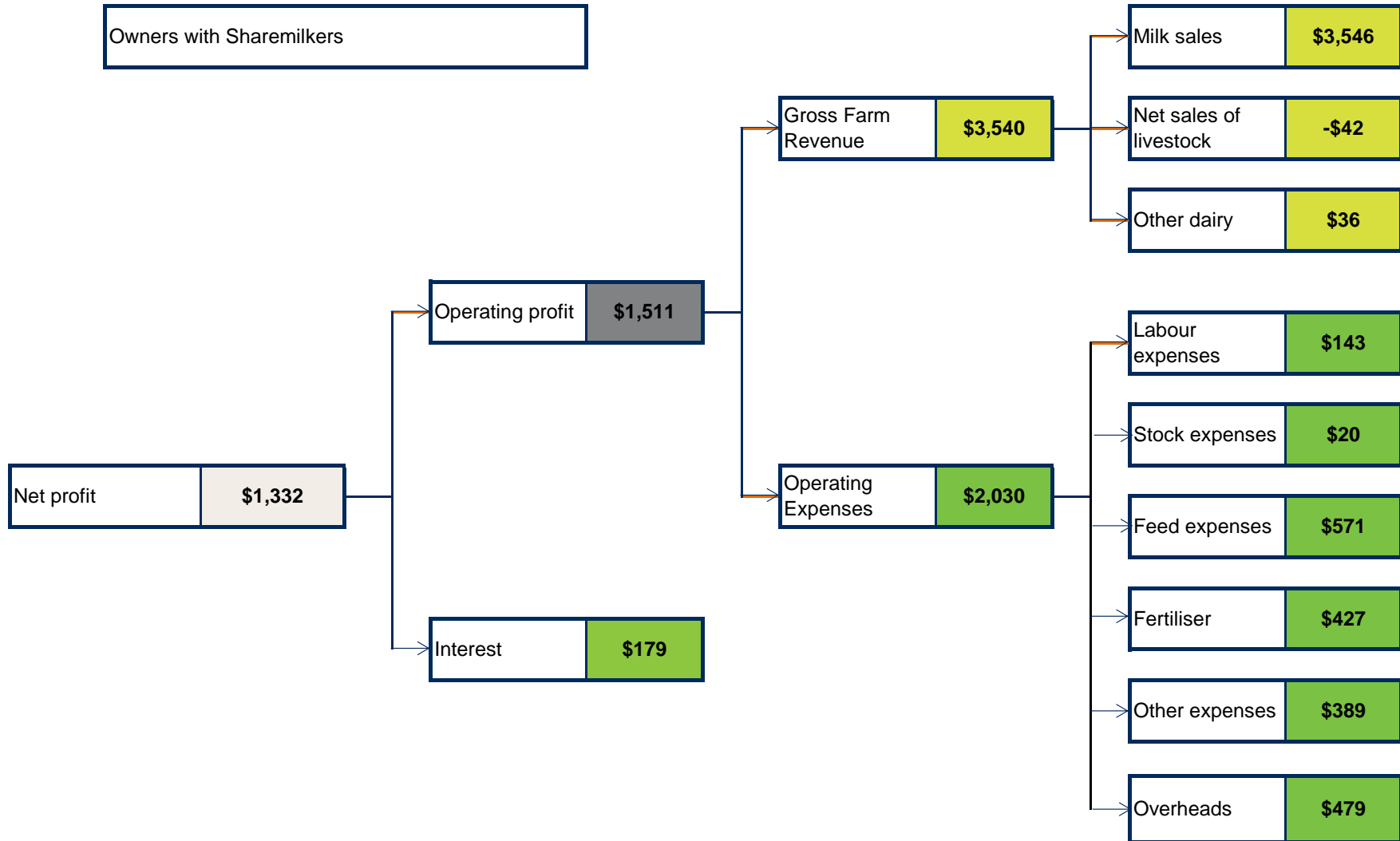
Note: Interest in 2009/10 exaggerated by an outlier and otherwise would have shown as .33/kgMS

New Zealand Owners with Sharemilkers



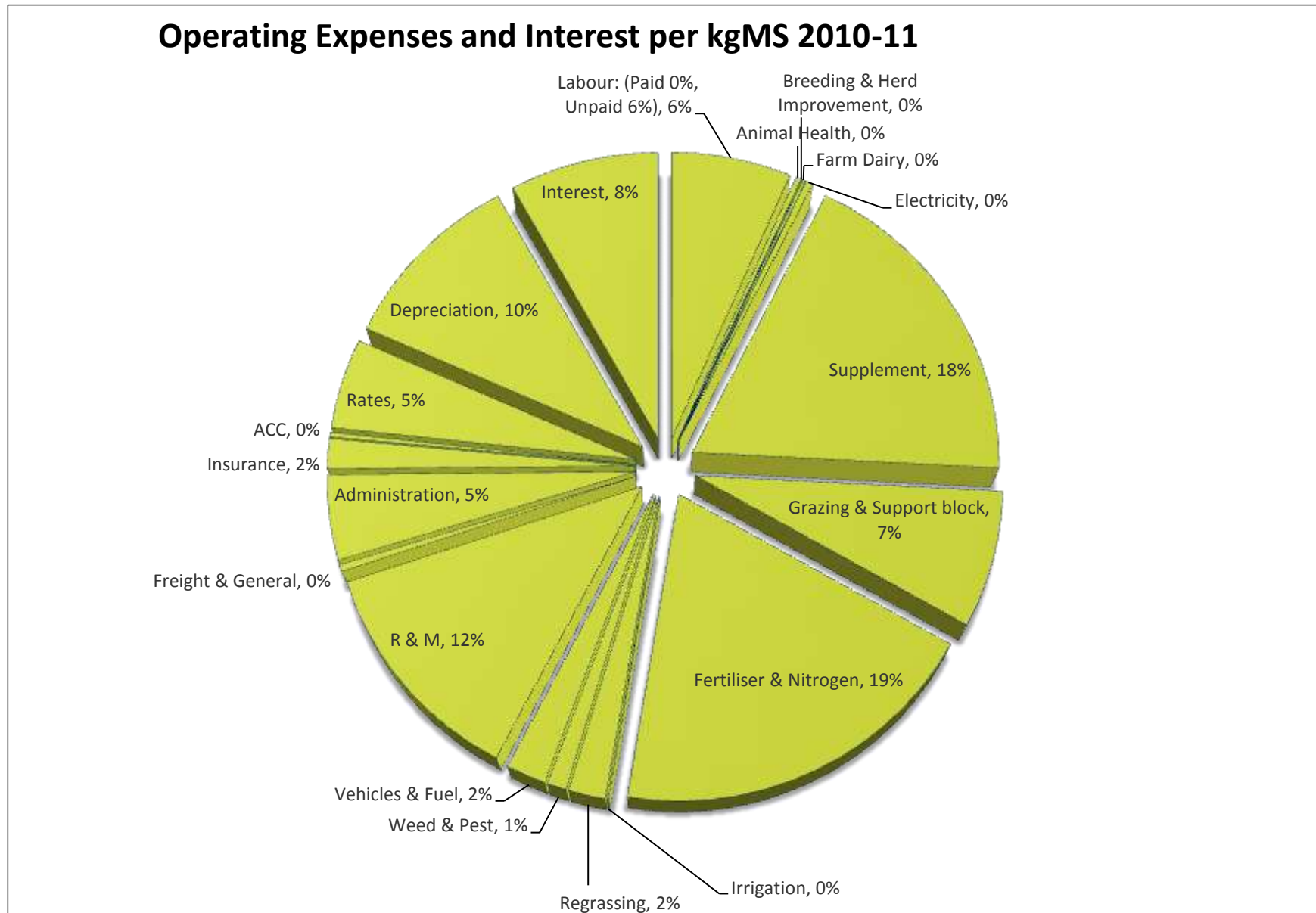
What drives the operating profit? (\$ per ha)

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



How do costs breakdown?

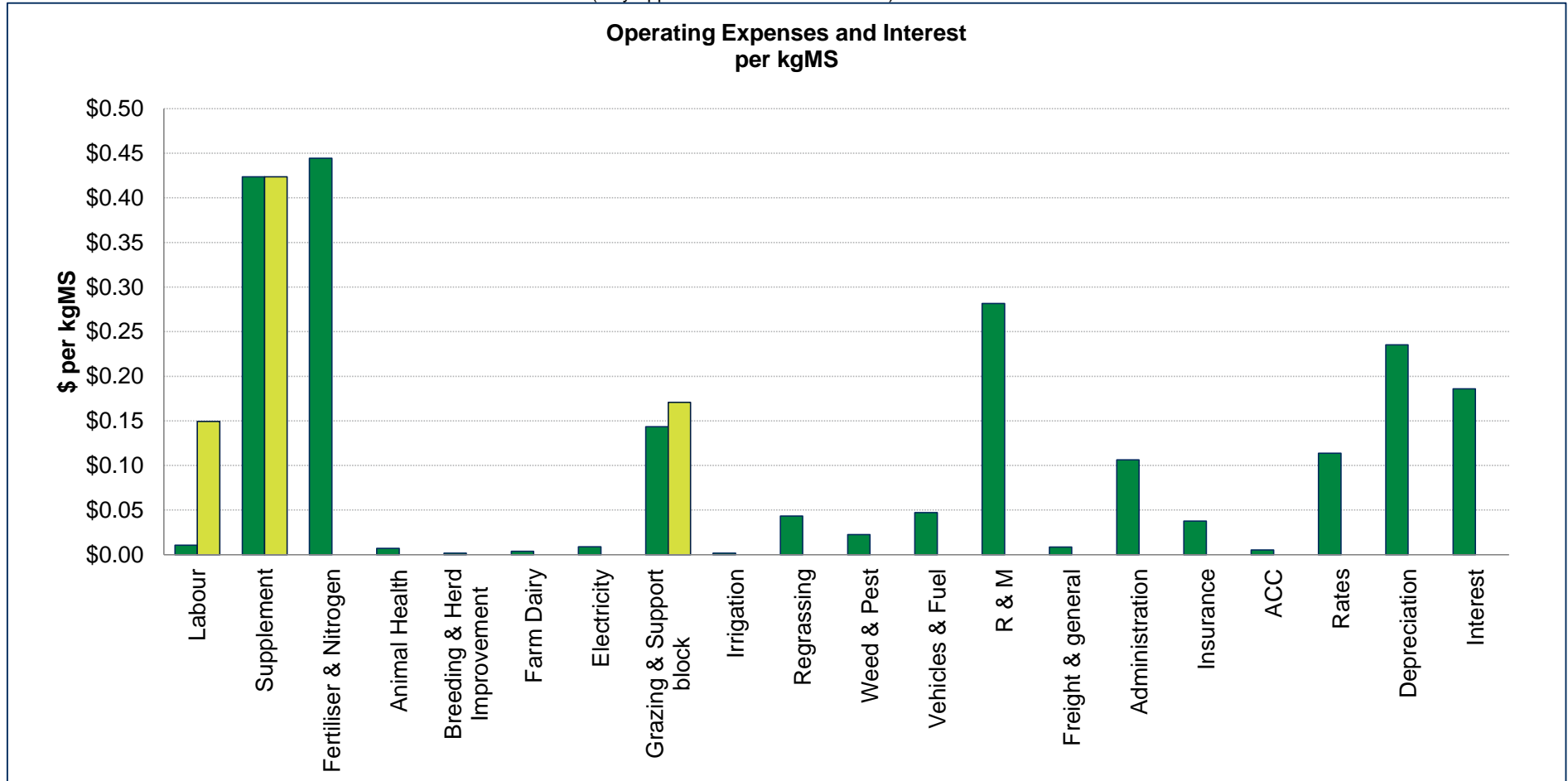
This chart shows how operating expenses breakdown, and the relationship to interest



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.

■ Owners with Sharemilkers 2010-11
 ■ -with adjustments for unpaid labour, change in feed inventory and runoff owned added to expenses (only applies from 2009-10 onwards)



Financial Detail: Owners with Sharemilkers

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	312,415	100.2%	3.69	3,546	1,160
Net Dairy Livestock Sales	15,343	4.9%	0.18	174	57
Value of Change in Dairy Livestock	-19,015	-6.1%	-0.22	-216	-71
Other Dairy Revenue	3,172	1.0%	0.04	36	12
Dairy Gross Farm Revenue	311,914	100.0%	3.68	3,540	1,159
OPERATING EXPENSES					
Labour Expenses					
Wages	890	0.3%	0.01	10	3
Labour Adjustment - Unpaid	1,001	0.3%	0.01	11	4
Labour Adjustment - Management	10,742	3.4%	0.13	122	40
Total Labour Expenses	12,633	4.1%	0.15	143	47
Stock Expenses					
Animal Health	594	0.2%	0.01	7	2
Breeding & Herd Improvement	137	0.0%	0.00	2	1
Farm Dairy	313	0.1%	0.00	4	1
Electricity (Farm Dairy, Water Supply)	737	0.2%	0.01	8	3
Total Stock Expenses	1,781	0.6%	0.02	20	7
Feed Expenses					
<u>Supplement Expenses.</u>					
Crops and supplements made	2,942	0.9%	0.03	33	11
Crops and supplements purchased	32,343	10.4%	0.38	367	120
Less Feed Inventory Adjustment	0	0.0%	0.00	0	0
Calf Feed	571	0.2%	0.01	6	2
Total Supplement Expenses	35,857	11.5%	0.42	407	133
<u>Grazing & Support block Expenses</u>					
Young & Dry Stock Grazing	9,002	2.9%	0.11	102	33
Winter Cow Grazing	0	0.0%	0.00	0	0
Support block Lease	3,146	1.0%	0.04	36	12
Owned Support block Adjustment	2,297	0.7%	0.03	26	9
Total Grazing & Support block Expenses	14,445	4.6%	0.17	164	54
Total Feed Expenses	50,302	16.1%	0.59	571	187
Other Working Expenses					
Fertiliser	26,412	8.5%	0.31	300	98
Nitrogen	11,212	3.6%	0.13	127	42
Irrigation	144	0.0%	0.00	2	1
Regrassing	3,664	1.2%	0.04	42	14
Weed & Pest	1,894	0.6%	0.02	21	7
Vehicles	3,479	1.1%	0.04	39	13
Fuel	520	0.2%	0.01	6	2
R & M - land & buildings	19,243	6.2%	0.23	218	71
R & M - plant and equipment	4,604	1.5%	0.05	52	17
Freight and General	717	0.2%	0.01	8	3
Total Other Working Expenses	71,888	23.0%	0.85	816	267
Overheads					
Administration	9,005	2.9%	0.11	102	33
Insurance	3,177	1.0%	0.04	36	12
ACC	458	0.1%	0.01	5	2
Rates	9,638	3.1%	0.11	109	36
Depreciation	19,924	6.4%	0.24	226	74
Total Overheads	42,202	13.5%	0.50	479	157
Total Dairy Operating Expenses	178,806	57.3%	2.11	2,030	664
DAIRY OPERATING PROFIT	133,108	42.7%	1.57	1,511	494
Other Items					
Other leases (excl Run off)	3,079	1.0%	0.04	35	11
Interest	15,734	5.0%	0.19	179	58
Drawings	81,374	26.1%	0.96	924	302

Financial Detail: Owners with Sharemilkers: Last 3 Years

Some information has been updated and therefore previous seasons figures may differ slightly from those previously published.

This time series shows the labour and run-off adjustments at the end, as this data is missing for 2008-09 in the Cooper Aitken time series. Other differences include:

- 2009-10 and 2010-11 private portions have been removed from operating expenses in the following: * Car expenses, Insurance, House power

- 2008-09 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.

	2010-11				2009-10				2008-09			
	Total \$	\$/kgMS	\$/Ha	\$/cow	Total \$	\$/kgMS	\$/Ha	\$/cow	Total \$	\$/kgMS	\$/Ha	\$/cow
Net Milk Sales	312,415	3.69	3,546	1,160	254,967	3.08	2,892	945	232,423	2.58	2,193	755
Net Dairy Livestock Sales	15,343	0.18	174	57	9,674	0.12	110	36	715	0.01	7	2
Value of Change in Dairy Livestock	-19,015	-0.22	-216	-71	-11,910	-0.14	-135	-44	0	0.00	0	0
Other Dairy Revenue	3,172	0.04	36	12	4,849	0.06	55	18	7,718	0.09	73	25
Dairy Gross Farm Revenue	311,914	3.68	3,540	1,159	257,580	3.12	2,922	954	240,856	2.67	2,272	782
Labour (excl adjustments)												
Wages	890	0.01	10	3	672	0.01	8	2	1,388	0.02	13	5
Stock Expenses												
Animal Health	594	0.01	7	2	672	0.01	8	2	564	0.01	5	2
Breeding & Herd Improvement	137	0.00	2	1	3	0.00	0	0	0	0.00	0	0
Farm Dairy	313	0.00	4	1	533	0.01	6	2	132	0.00	1	0
*Electricity (Farm Dairy, Water Supply)	737	0.01	8	3	1,261	0.02	14	5	1,269	0.01	12	4
Feed Expenses (excl adjustments)												
Maize	3,795	0.04	43	14	1,584	0.02	18	6	0	0.00	0	0
Crops and supplements made	2,942	0.03	33	11	-2	0.00	0	0	1,031	0.01	10	3
Crops and supplements purchased	28,547	0.34	324	106	20,276	0.25	230	75	16,295	0.18	154	53
Calf Feed	571	0.01	6	2	508	0.01	6	2	116	0.00	1	0
Young & Dry Stock Grazing	9,002	0.11	102	33	8,221	0.10	93	30	9,514	0.11	90	31
Winter Cow Grazing	0	0.00	0	0	0	0.00	0	0	0	0.00	0	0
Support block Lease	3,146	0.04	36	12	0	0.00	0	0	0	0.00	0	0
Other Working Expenses												
Fertiliser	26,412	0.31	300	98	23,156	0.28	263	86	37,311	0.41	352	121
Nitrogen	11,212	0.13	127	42	10,307	0.12	117	38	10,819	0.12	102	35
Irrigation	144	0.00	2	1	0	0.00	0	0	0	0.00	0	0
Regrassing	3,664	0.04	42	14	3,594	0.04	41	13	3,737	0.04	35	12
Weed & Pest	1,894	0.02	21	7	1,887	0.02	21	7	1,758	0.02	17	6
Freight and General	717	0.01	8	3	1,121	0.01	13	4	1,273	0.01	12	4

continued overleaf

Financial Detail: Owners with Sharemilkers: Last 3 Years

	2010-11				2009-10				2008-09			
	Total \$	\$/kgMS	\$/Ha	\$/cow	Total \$	\$/kgMS	\$/Ha	\$/cow	Total \$	\$/kgMS	\$/Ha	\$/cow
Vehicles												
*Car expenses	762	0.01	9	3	514	0.01	6	2	1,704	0.02	16	6
Tractor	940	0.01	11	3	763	0.01	9	3	589	0.01	6	2
Truck	1,319	0.02	15	5	876	0.01	10	3	1,849	0.02	17	6
Farm bike	177	0.00	2	1	129	0.00	1	0	39	0.00	0	0
Ute	0	0.00	0	0	0	0.00	0	0	0	0.00	0	0
Other vehicle expenses	281	0.00	3	1	123	0.00	1	0	454	0.01	4	1
Fuel	520	0.01	6	2	369	0.00	4	1	0	0.00	0	0
R & M												
Private buildings	546	0.01	6	2	345	0.00	4	1	7,298	0.08	69	24
Other buildings	6,040	0.07	69	22	5,750	0.07	65	21	2,372	0.03	22	8
Drains & Races, Tracks & Bridges	5,196	0.06	59	19	2,791	0.03	32	10	3,041	0.03	29	10
Yards & loafing platforms	152	0.00	2	1	61	0.00	1	0	0	0.00	0	0
Fences & Hedges	2,870	0.03	33	11	3,242	0.04	37	12	1,858	0.02	18	6
Water Supply	2,256	0.03	26	8	3,076	0.04	35	11	2,259	0.03	21	7
Other land & buildings	2,182	0.03	25	8	2,462	0.03	28	9	1,238	0.01	12	4
Plant and Equipment	4,604	0.05	52	17	3,848	0.05	44	14	5,565	0.06	53	18
Overheads												
Administration	9,005	0.11	102	33	9,276	0.11	105	34	8,159	0.09	77	26
*Insurance	3,177	0.04	36	12	3,240	0.04	37	12	3,082	0.03	29	10
ACC	458	0.01	5	2	506	0.01	6	2	330	0.00	3	1
Rates	9,638	0.11	109	36	9,349	0.11	106	35	8,671	0.10	82	28
Depreciation	19,924	0.24	226	74	20,024	0.24	227	74	18,398	0.20	174	60
Other Leases (excl Run off)	3,079	0.04	35	11	1,163	0.01	13	4	5,652	0.06	53	18
Interest	15,734	0.19	179	58	34,823	0.42	395	129	10,916	0.12	103	35
Total expenses	183,578	2.17	2084	682	176,524	2.14	2003	654	168,681	1.87	1591	548
Net profit	128,336	1.52	1457	477	81,057	0.98	920	300	72,175	0.80	681	234
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	0	0.00	0	0				
Owned Support block Adjustment	2,297	0.03	26	9	5,831	0.07	66	22				
Labour Adjustment	11,743	0.14	133	44	18,473	0.22	210	68				
Dairy Operating Profit	133,108	1.57	1,511	494	92,739	1.12	1,052	344				
Drawings	81,374	0.96	924	302	73,130	0.88	830	271	67,102	0.74	633	218

* Refer to previous page for description

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