



Focus Day Supplement -13th May 2010

Forecast Financial Results

The 2009/2010 financial budget and forecast to year end follows on the next page. SDF anticipates a net result \$200,000 more than budget, reflecting the effect of forecast milk income rising substantially from \$4.55 /kgMS at the beginning of the season.

Highlights:

- Income is significantly higher than budget due to improved milk price rather than improved production.
- Stock sales are down due to bulls being leased rather than purchased. This is offset by the stock purchases being below budget as well.
- Budgeted farm working expenses were 15% lower than last year.
- Forecast farm working expenses to the end of the year indicate the real dollars spent will be approximately \$50,000 (5%) over budget.
- The budgeted FWE is sensitive to production. Budgeted FWE /kgMS were \$3.37/kgMS. Forecast FWE on forecast production will be \$3.85/kgMS (14% higher than budget). Forecast FWE on budgeted production (had this been achieved with this level of expenditure) was \$3.54/kgMS (5% over budget).
- Significant increases in expenditure over budget occurred in Animal Health (mastitis - \$23,500) and R&M (shed expenses - \$35,000).
- Feed expenses were \$5,000 above budget but all winter supplements were made on farm meaning no cows will need to be grazed off farm this winter compared to last year – money spent in advance to create savings for next year. The same goes for cropping and pasture renewal where extra crop was sown and some extra re grassing.
- Savings have occurred in fertiliser due to the drop in fertiliser prices rather than any reduced applications.
- It is good to see that labour costs have been kept within budget.
- Other and general farm working expenses are one and the same.
- Overall a satisfactory result had production been on target. Repairs and maintenance should be reduced in future years.

SDF Variance Report Budget vs Forecast to 31 May 2010

Budgeted Payout	\$4.55 kgMS	Forecast payout	\$5.84 kgMS
Budgeted Production	310,000 kgMS	Forecast Production	285,000 kgMS

	Budget to 31/05/10	Forecast to 31/05/10	(Forecast) Variance to 31/05/10	Full Yr Budget c/kgMS	Full Yr Forecast c/kgMS
Income					
Milk Income	\$1,414,166	\$1,665,666	\$251,500	4.56	5.84
Stock Sales	\$87,000	\$73,710	-\$13,290	0.28	0.26
Other Income	\$2,000	\$3,030	\$1,030	0.01	0.01
Total Income	\$1,503,166	\$1,742,406	\$239,240	4.85	6.11
Stock Purchases	\$14,000	\$1,551	-\$12,449	0.05	0.01
Income Less Stock Purchases	\$1,489,166	\$1,740,855	\$251,689	4.80	6.11
Expenses					
Wages	\$242,000	\$237,563	\$4,437	0.78	0.83
Animal Health	\$50,000	\$66,294	-\$16,294	0.16	0.23
Breeding Expenses	\$35,000	\$43,865	-\$8,865	0.11	0.15
Electricity	\$27,000	\$22,775	\$4,225	0.09	0.08
Shed	\$12,000	\$14,012	-\$2,012	0.04	0.05
Pasture/Seed/Cropping	\$20,000	\$32,789	-\$12,789	0.06	0.12
Fertiliser & Lime	\$109,280	\$91,897	\$17,383	0.35	0.32
Supplements	\$0	\$0	\$0		
Nitrogen	\$71,459	\$69,213	\$2,246	0.23	0.24
Eco-n	\$15,000	\$13,903	\$1,097	0.05	0.05
Feed & Supplements	\$69,600	\$77,794	-\$8,194	0.22	0.27
Heifer Grazing	\$100,256	\$112,382	-\$12,126	0.32	0.39
Calf Grazing	\$18,400	\$0	\$18,400	0.06	
Winter Cow Grazing	\$86,400	\$89,698	-\$3,298	0.28	0.31
Freight & Cartage	\$10,000	\$8,764	\$1,236	0.03	0.03
General Farm Working	\$0	\$10,269	-\$10,269		0.04
Run-off Lease	\$17,500	\$17,500	\$0	0.06	0.06
Weed & Pest	\$8,000	\$8,793	-\$793	0.03	0.03
Other	\$10,000	\$0	\$10,000	0.03	
Repairs & Maintenance	\$67,000	\$105,929	-\$38,929	0.22	0.37
Vehicles	\$18,000	\$29,832	-\$11,832	0.06	0.10
Administration	\$35,240	\$20,335	\$14,905	0.11	0.07
Rates & Insurance	\$24,000	\$23,162	\$838	0.08	0.08
Farm Working Expenses	\$1,046,135	\$1,096,769	-\$50,634	3.37	3.85
Net Income	\$443,031	\$644,086	\$201,055	1.43	2.26

Full year comparison

	Production - kgMS	Total FWE	FWE Cents /kgMS
2008/09 Season	256,340	\$1,238,253	\$4.83
2009/10 Budget	310,000	\$1,046,135	\$3.37
2009/10 Forecast	285,000	\$1,096,769	\$3.85
2009/10 Forecast expenses on budgeted production			\$3.54