



28 April 2009
Market Update

NZFSU Earnings Update

NZ Farming Systems Uruguay advised today, that due to flow-on impacts of the recent drought in Uruguay, it has revised its forecast 2008/09 earnings before interest and tax (EBIT) from \$US 11m loss to approximately \$US 20m loss.

Chairman Keith Smith said “the recent Uruguayan drought has had significant short term impacts on the company’s performance, which caused lower than expected milk production and lower prices of cattle and higher percentage of re-grassing”.

Although drought-breaking rains in February provided much-needed relief, recent pasture production has slowed due to the onset of further dry weather, reducing milk production. Whilst there has been no necessity to sell capital stock, some livestock was sold due to the drought conditions to prioritise available feed for the milking herd. However, the return on the livestock sold was lower than previously forecast given the impact of the drought on stock prices in Uruguay.

International dairy prices appear to have bottomed, with the price received by the company for its milk production lifting slightly to US 20c per litre in March.

Nothing in the update alters the future positive prospects for the business.

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