

GRASS-FED WAGYU LTD

PRIMARY GROWTH PARTNERSHIP PROGRAMME

Quarterly Report - Quarter 1, July - September 2013

Executive Summary

The overall programme remained broadly on track during the first quarter of Year 2 from a timetable and project outcome viewpoint, with some variation to budgeted expenditure in Genetics, Supply Chain and Marketing reflecting a change in timing of expenditure rather than a change in overall expenditure.

Wagyu x Dairy calves required for the Progeny Test were collected from Synlait farms during the quarter, and have been placed with rearers in Canterbury. Due to a combination of factors calf numbers are slightly down on those planned, however, sufficient numbers have been located and collected to ensure the Progeny Test programme proceeds as planned. A similar shortfall in calf numbers in the North Island is likely to delay some research planned in forages and growth path programmes, however sufficient numbers are available to progress benchmarking programmes planned. Additional calves from 2013 matings will be sourced to ensure delayed programmes commence in 2014. Sexed Semen and Embryo Transplant programmes progressed satisfactorily during the quarter, with 163 recipients implanted with embryos to date.

Initial Lincoln University Survey results were presented at the Firstlight AGM in September, with final interviews, results, and recommendations now delayed until December 2013. The Producer Group's QA Manual was completed during the quarter and presented to all existing and new farmers joining the programme, with an increase in numbers of both shareholder farmers and non-shareholder farmers achieved during the quarter.

London in market partner Provenance Meat Company opened their first butcher shop in Notting Hill in early July, with all of their beef sourced from the Grass fed Wagyu programme. By quarter end sales were running at budgeted levels, and due to a very positive response from customers, plans to open a second store in London are being accelerated.

The decision was made during the quarter to target the UAE as the second new Go-Direct International Market, with initial market studies completed, potential in market partners identified, and initial customer visits completed.