

GRASS-FED WAGYU LTD

September – December 2013 Summary

Solid progress was made during the quarter with Genetics, Supply Chain and Marketing Projects on track and a slight delay in activity and expenditure experienced in the Production R&D Project due to a shortfall in calf numbers.



The Genetics Project is on track with Wagyu x Dairy calves in the Progeny Test being collected from South Island rearers at 90 kg weight, and transferred to the North Island for summer grazing. Further AI matings were completed during the quarter, ensuring sufficient calves should be available to complete Progeny Test research and Growth Path Trials. A programme of both spring and autumn matings is planned to ensure the limited numbers of bulls currently available achieve the matings required to meet future demand.

Activities in the Marketing Project progressed well:

- In New Zealand, greater throughput was achieved through targeted supermarkets, and consolidation of the domestic customer base in both retail and restaurant markets.
- London sales volumes have been established at levels budgeted, with the in-market partner's first store performing strongly, and plans in place to further develop the market in London.
- Key people have been identified to enable the sales launch planned for the second international market (United Arab Emirates), with a legal entity registered in market to allow Firstlight Foods to operate in that market, with key storage and distribution facilities in place.

The farmer base to the Producer Group was expanded successfully in the quarter, with one additional shareholder farmer, and fifteen additional non-shareholder farmers joining the programme and underpinning growth in farmed animals planned.

