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REPORT – May 2013

Australian Deer Horn & Co-Products Pty. Ltd.

By Nigel Barry

Yet another velvet season has passed and if you are like me you still marvel at the beauty of a stag in full velvet.....

Our industry is facing challenges like so many other farming communities, with rising costs and falling or unreliable prices and cash flows.

At ADH we are facing competition from other velvet buyers and a reduced national velvet stag population hence the continuing debate on the value to the industry of ADH and whether or not to continue with an industry owned entity to collect and market farmer velvet.

This past season saw ADH collect just over 2 ton of velvet - well down on the glory years where 10 ton plus was the order of the day.

The Board realized that the existing pools model was not sustainable. However, it was made clear by growers that they valued ADH's independence and would continue to support the company. The Board determined that the following principles were critical for ADH's survival:

1. Operational costs must be reduced
2. Farmers needed to be paid within two weeks of collection
3. Prices received needed to be on par with New Zealand

With these guiding principles a plan was devised to contract out the velvet collection and grading and to presell the velvet.

Whilst our total velvet collections were lower than last year, it was pleasing to note that the average prices received across all grades were in the vicinity of \$80 per kg and that farmers received their cheques for full payment within two weeks of collection.

Under this model, ADH will post a profit in the order of \$3000 for the 2012/13 financial year.

Our thanks to those farmers who continue to support ADH - we look forward to serving your needs in 2013/14.

Thanks must also go to my fellow directors- Andrew Hansen and Andy Cowan for "hanging tough" and supporting the direction in which we took the business in 2012/13.