

SPECIAL
EDITION

ShareholderUpdate



BALLANCE AGRI-NUTRIENTS LIMITED

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New venture opens up growth opportunities



Ballance Chief Executive Larry Bilodeau (centre), pictured with new Managing Director of Seales Winslow Ross Hyland (left), and Winslow Group's Managing Director and new Board director of Seales Winslow, Craig Carr

Ballance Agri-Nutrients is targeting new growth opportunities with the acquisition of a majority share of two of New Zealand's leading animal feed operators; Seales Ltd in Morrinsville and Winslow Feeds and Nutrition in Ashburton, creating a new 51 percent owned national operation, Seales Winslow.

This positions the co-operative well to provide shareholders and customers with a complete animal nutrient needs solution, from pasture through to supplements.

With the two firms recognised as leaders in producing high-performance compound feeds and feed additives, they are a natural fit with our farmer-owned co-operative focused on higher

farm productivity through superior products and advice, all backed by sound science.

"Better animal nutrition is the greatest single opportunity to boost the productivity of pastoral farming and we know on-farm feed efficiency is a priority for our shareholders and customers," says CEO Larry Bilodeau.

"Establishing Seales Winslow puts us in a strong position to offer a complete farm nutrient management approach which farmers are increasingly seeking to improve productivity, fertility, health and welfare while helping to reduce environmental footprint."

This special edition update provides more detail on this new strategic development.



Nationwide and proudly Kiwi owned

Seales Winslow's inaugural Managing Director is Ross Hyland, current MD of Seales Ltd, who says he is looking forward to leading a nationwide firm able to service the needs of farmers right across the country.

"The new venture will provide a great platform for growth and ensure we can meet the expanding demand from farmers for a complete animal nutrition package.

"Our aim is to enhance the nutrition and thus performance and welfare of individual animals and of whole herds. Doing this improves the profitability of a farm and can also reduce its environmental footprint. Everyone wins in this situation."

Winslow Group's Managing Director and new Board director of Seales Winslow, Craig Carr says the merger creates a New Zealand first with an operation which will now fully link all aspects of nutrition on a dairy, deer or sheep and beef farm.

"We will link the four great genetic engines on these farms in the soils, forage plants, rumen and animals, and we will back this with expert science and technology. This represents the future and the best thing about it is that it is 100 percent owned by New Zealanders."

The new venture will employ around 45 staff.



Megan and Ross Hyland

Quality products for a fast-growing market

Seales Winslow has been established by Ballance Agri-Nutrients to target the quality compound products sector of the supplementary feed market.

Chief Executive Larry Bilodeau says the market positioning is more about quality than quantity.

"The bulk commodity end of the market is driven by imports like palm kernel extract or feed wheat. There is a place for bulk feeds to meet short-term feed deficits, during droughts for example, but we see it as a highly competitive market and very price driven.

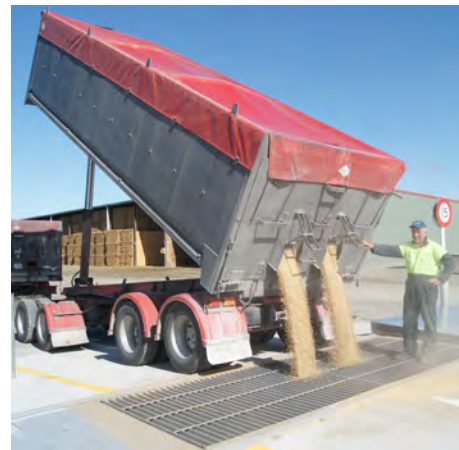
"Rather than target the bulk end of the market, Ballance is investing in products which form part of a complete nutrition package. High-end compound feeds, such as the products produced by Seales Winslow, are increasingly being seen by farmers as the most effective way to incorporate nutritional balance into the whole farm system."

Mr Bilodeau said Seales Ltd and Winslow Feeds and Nutrition both have science-based products, which was an important attribute taken into account with the acquisition.

"We have always backed our products with

sound science, so it was important when extending into animal nutrition that we could offer the same assurances with our products and advice."

Mr Bilodeau said Seales Winslow would continue to source key ingredients for its products locally.



Local grain being delivered to Winslow Feeds and Nutrition in Ashburton

New name, proud history

Behind the new Seales Winslow name are two firms with well-established histories.

Seales Ltd operated as New Zealand's largest independent feed mill primarily supplying custom-blended pelletised feed. These products incorporate a range of feed sources including maize, wheat, barley, broil, tapioca, soya meal, canola, copora, seaweed, molasses and mineral additives.

The company has manufacturing facilities in Morrinsville and a bulk warehouse at the Port of Tauranga.

Winslow Feed and Nutrition is a division of Winslow Ltd, based in Ashburton. It is the South Island's leading ruminant feed mill. The business provides custom-blended and pelletised feeds and also produces feedblocks, milk additives, silage inoculants and mycotoxin neutralizers.



Seales Ltd, based in Morrinsville, Waikato, is New Zealand's largest independent feed mill