

Ingredient Solutions

MEDIA RELEASE

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Taranaki dairy farmers offered contracts to supply milk to new processing plant

Taranaki dairy farmers are being offered contracts to supply milk to New Zealand's first milk-processing plant to produce 'un-denatured' proteins for use in premium foods such as sport drinks.

Ingredient Solutions Ltd, chaired by former NZ Dairy Board Deputy Chairman, Peter Jenson, is taking out advertisements in Taranaki newspapers to draw farmers' attention to the opportunity to supply milk to the new plant near Hawera from August this year.

Acting Ingredient Solutions Chief Executive, Dr Neil Domigan, said "milk suppliers will be reimbursed on the same basis as the Fonterra payment system during the first year. An alternative payment system will be developed after that to the benefit of dairy farmers.

"Ingredient Solutions will not enter into peak milk calculations in terms of supply but will adopt the a+b-c calculation that is well understood by farmers," Dr Domigan said.

"Under arrangements with Ingredient Solutions, all milk produced on each contracted farm must be supplied to the plant and ownership of the milk will pass to Ingredient Solutions once it is pumped from the farm vat into the tanker," he said.

"The outlook for the processing plant is very positive due to the downwards trend in commodity prices and strong global demand for proteins such as miceller casein in their natural state.

"There is a global trend towards premium products and a letter of intent has been signed by a North Asian corporate to buy all product produced at the facility for the first three years," Dr Domigan said.

"New Zealand, North Asian, and European corporate investors have expressed an interest in buying shares in Ingredient Solutions," he said.

"A feature of arrangements with dairy farmers is that Ingredient Solutions does not require them to invest in the company which is currently seeking to raise the \$30 million needed to build the milk-processing plant. In other words, there is no link between Ingredient Solutions share capital and milk supply," he said.

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The share offer is conditional on Ingredient Solutions receiving applications for at least 17.5 million Ingredient Solutions ordinary shares and closes on 23 January 2009. The offer comprises 27.5 million Ingredient Solutions ordinary shares with a face value of \$1 per share. The Directors reserve the right to accept applications for up to 30 million new shares if the share offer is oversubscribed. The minimum investment is 500,000 shares.

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The Ingredient Solutions Limited Prospectus and Investment Statement is available on:
www.pacificchannel.com