



Brief Bytes

Email update from Alliance Group – your co-operative & partner in farming excellence



I have just returned from China where I was part of New Zealand Prime Minister Rt. Hon John Key's business delegation to the country. Grand Farm President Mr Xibin Chen and I signed an agreement to strengthen the partnership between our two companies at a ceremony in Beijing.

Prime Minister Key and the Minister of Primary Industries, the Hon. Nathan Guy, were also present.

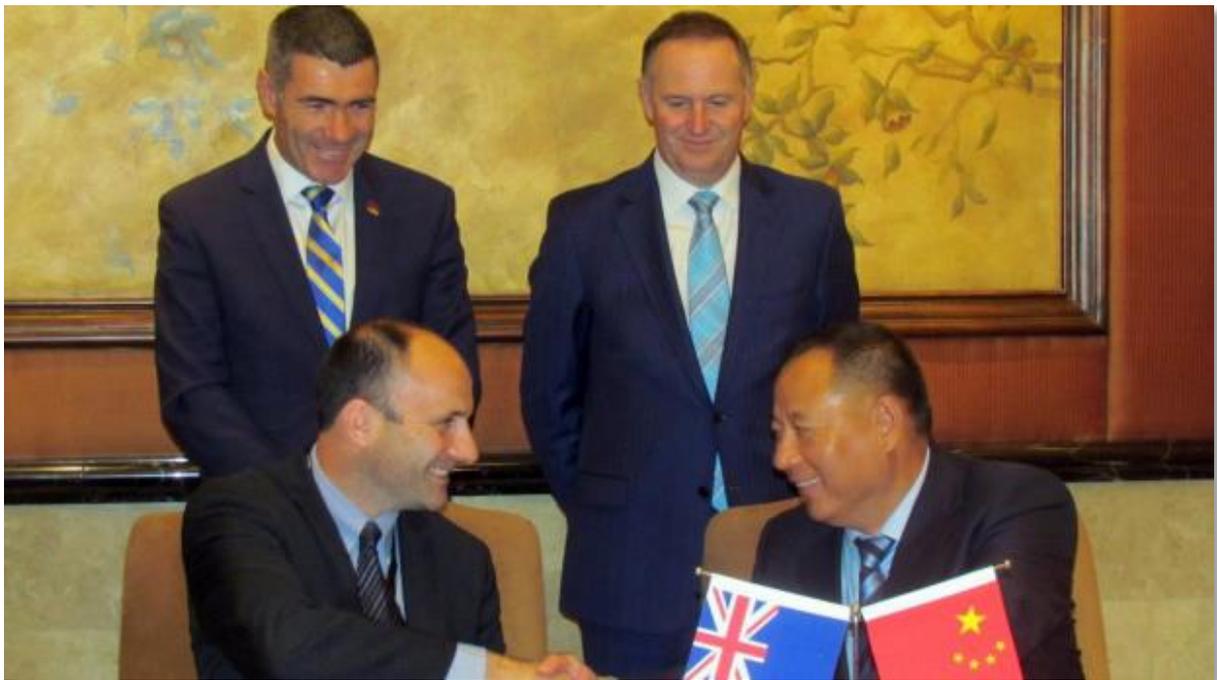


Photo: Prime Minister Rt. Hon John Key and the Minister of Primary Industries, the Hon. Nathan Guy witness the signing of a trade agreement by Alliance chief executive David Surveyor and Grand Farms owner Chen Xibin.

The agreement signals further strategic co-operation between Alliance Group and Grand Farm and sets out a robust plan to improve the returns and add value to both businesses.

The programme will include significant brand development, a one-to-one exclusive arrangement on all sheepmeat and venison for our Pure South brand and provide opportunities to expand and incorporate beef.

We also plan to create new product forms and ranges that will be either produced from source or further processed in the market such as retail packs and product forms to meet the growing demands of China's food service sector.

Our focus is now about capturing more market value for you, our 5,000 farmer-shareholders, by understanding consumer tastes and getting better at matching our products and markets and investing more in new product development and packaging.

A strong and enduring relationship is certainly important in China and our partnership with Grand Farm is a good example of this. The rate of change and innovation in the country is also impressive.

Applying to renew Lorneville resource consents

The Lorneville Plant near Invercargill is a key part of the co-operative's operations.

The plant operates under 12 resource consents issued by Environment Southland and Invercargill City Council, and six of these, including wastewater and air discharge consents, are due to expire in August. We are applying to renew these for a further 35 years and also seeking to renew a water take consent.

Alliance Group is proposing significant improvements as part of our current applications to renew the consents.

This includes investing approximately \$20 million in upgrading the plant's wastewater treatment, reducing boiler emissions and a series of projects to enhance the local area, including riparian environments such as whitebait spawning areas.

The consents are essential for the plant to continue to operate and we encourage you to support the applications.

Markets update

Lamb

Demand in our key Middle East market is continuing to improve in the run-up to Ramadan, with prices remaining steady. Frozen supplies to the UK are also steady, with post-Easter chilled reducing in line with seasonal demand. We're anticipating lamb availability out of New Zealand will be lower than originally expected. Markets generally need to see this visibly before they react. We have advised all our key customers to ensure they have covered programmes and this is likely to result in stronger prices.

Mutton

The mutton kill is well advanced, with all programmes for major markets secured.

Venison

Competing "game" type products from Eastern Europe are less readily available this year and this should increase the likelihood of strengthened levels for chilled game from August, which should be positive for longer-term frozen exports.

Beef

China is still showing steady demand and pricing and Indonesia is back in the market, with the next round of quota due to be issued between May and August. However, market levels in the US have continued to drift lower.

Leather Fair

The Asia Pacific Leather Fair held recently in Hong Kong saw reasonable demand for lamb, sheep, cattle and deer skins. Most global customers recognise that medium to higher quality skins are in short supply and, accordingly, little downside in pricing is expected.

Register now for Alliance Pure South Conference

A reminder that the Alliance Pure South Conference is to be held in Queenstown from 25-27 May. We have a superb range of national and international speakers on the programme and the conference also represents a good opportunity to talk with Alliance Group directors and management.

We have also secured the services of leading chefs from top Queenstown restaurants to cater at the conference dinner at the Skyline Queenstown Restaurant.

Register now at www.allianceconference.co.nz

Michigan visitors

We were pleased to help out Alliance farmer-shareholder Fiona Comer when three American visitors asked to look around the Lorneville Plant.



Photo from left to right: Sarah Kovacs, Laura Moore and Emma Green visit Lorneville plant.

Fiona's guests, Emma Green, Sarah Kovacs and Laura Moore, are graduates of Michigan State University and were on the university's rowing crew with Fiona's daughter Lori, who has a rowing scholarship to MSU.



Photo: Emma Green

Emma has a degree in packaging and her family runs the Milton Manufacturing business in Detroit, which provides metal and fabric solutions for a range of industries. However, she had only seen videos of an operating processing plant, as part of her studies, and was fascinated to see the plant in action.

The trio also enjoyed tucking into roast lamb with Emma commenting that it's her favourite meat.

Warm regards

David Surveyor
Chief Executive

Your co-operative, working with you across the supply chain



ON THE
FARM



PROCESSING
YOUR STOCK



MARKETING YOUR
PRODUCTS



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