



Brief Bytes

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



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A number of farmer shareholders, suppliers and their families have been affected by the earthquake and after-shocks in North Canterbury. I know everyone here at the co-operative is thinking of those rural communities in the region. It will of course take time to repair the damage to homes and farms. There has obviously been some damage to roads, which means some farmers have faced difficulties transporting stock to plants. We've been working with transport companies to identify solutions and our livestock reps are working hard to contact farmers in the region. We're also committed to accommodating the requirements of those farmers who are experiencing disruptions to their operations.

Distribution to shareholders

You will likely have already seen the announcement of your co-operative's pre-tax profit of \$10.1m for the year ending 30 September 2016, and we are pleased to be making a \$9.8m distribution to our farmer-shareholders. This distribution reflects our commitment to ensuring every cent we make goes directly back to our farmer shareholders or is re-invested in our farmer-owned business.

The pool surplus will be distributed as follows:

- lamb \$1.50/head
- sheep \$1.00/head
- cattle (including prime, cow and bull) \$10.00/head
- deer \$5.00/head
- calves \$1.00/head

As you know, one of our co-operative principles is that “shareholders’ investment in the co-operative needs to match livestock supply and will change over time in line with supply”. This helps to ensure that the co-operative has the right level of investment from our farmer shareholders, enabling them to receive the full benefit of the co-operative’s profitability and ensure some suppliers are not being subsidised by others. As advised in January 2016, Alliance Group will retain 50% of profit distribution to assist any shareholders who are undersubscribed to obtain their standard shareholding. Look out for the distribution payments from 15th December 2016. If you have any questions, please ask your livestock representative.

Annual Report 2016



This year, when the notice of annual meeting of shareholders, attendance slip and proxy form are sent to shareholders on 24 November 2016, they will be accompanied by a notice under section 209 of the Companies Act. Under section 209 of the Companies Act 1993, the company is not required to automatically mail printed copies of our annual report to shareholders. As part of our ongoing drive

to operate efficiently, reduce printing costs, be more friendly to the environment and consistent with current best practice, we will prepare and make available on our website an electronic copy of our annual report for the year ended 30 September 2016. The company will not automatically mail a printed copy of our annual report to shareholders. Shareholders will be able to access a copy of the annual report from 24 November 2016 at www.alliance.co.nz. Shareholders can receive a printed copy of the annual report free of charge on request.

Annual meeting

This year, the annual meeting of shareholders will be held at 10:30am on Thursday, 15 December 2016 at The Village Hall, Grand Mercure Nelson Monaco, 6 Point Road, Monaco, Nelson. Shareholders are welcome to attend.

Director Elections

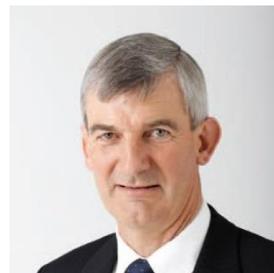
On 24 November 2016, electionz.com Limited, the returning officer for the directors’ elections, will be posting to all shareholders voting papers for the directors’ elections. This year, Don Morrison and Murray Taggart are retiring by rotation. Three nominations were received for the two vacancies on the board. An election is therefore required. The candidates are:



Leon Black – Ermedale



Don Morrison – Gore



Murray Taggart - Oxford

Please look out for the voting papers in the mail. Shareholders can vote electronically or by post.

Introducing the Farm Alliance app

We're constantly looking for new ways to help our farmer shareholders with their businesses. Alliance Group has launched a new Farm Alliance app so you can see your livestock processing results in real time. You'll also be able to access your latest kill sheets, booking requests, statistics, schedule and industry updates. You'll get kill sheets straight to your mobile phone as soon as your stock is processed and will be automatically notified when new information is available. The menu will include all your kills for the previous six months, your annual kill stats for the last three years and your kills per month – and you can filter these by species. It will provide your livestock schedule and booking requests, so you can quickly and easily request a stock booking. We know coverage can be patchy in some locations, so the app saves and sends information (such as booking requests) only when the connection is active. To download the app, go the app store on your mobile phone. If you have any questions, please email communications@alliance.co.nz

Canterbury Show



The Alliance Group team and directors enjoyed meeting many farmer shareholders at the Canterbury A&P Show last week.

There were some good questions about our strategy and a positive response to the Annual Result. There was also plenty of interest in the new Farm Alliance app, which was downloadable at the tent.

Visitors enjoyed delicious Pure South Lamb, beef and venison cooked by Chef Graham Hawkes.

South Island Farmer of the Year

Congratulations to Alliance Group farmer shareholders Neil and Lyn Campbell, who won the Lincoln University Foundation's South Island Farmer of the Year award on Wednesday 16 November. The Campbells' farm, which consists of 769ha of rolling hills and flats in Middle Valley near Fairlie, produces sheep, deer breeding and finishing, and a variety of crops. The judges praised the Campbell's "efficient, incredibly flexible and adaptive" approach to the way they have developed their dryland farm. They also commended the focus on systems that allow the couple to pursue activities that generate the most profit at the most effective point of time, with land stewardship always the foundation of their decisions. The judges recognised the Campbell's not only changed how the property was run, they also undertook detailed analysis systems so every aspect of the farm operations could be measured and compared against key performance indicators. The Campbells won a \$20,000 travel grant for study and/or to further their business. This is an outstanding achievement.

The world's best quality meat – delivered to your door

Buying the world's best quality meat doesn't get any simpler than sourcing our Pure South products through our Alliance Meats online shop. We deliver to most parts of the North Island and South Island or we can keep your order aside for you to pick up from a range of locations. You can shop whenever it suits you 24/7, pay by Amex, Master Card or Visa and we provide a track and trace number so you know exactly where your order is. For Rural Delivery addresses, we deliver to your nearest NZ Courier agent/depot for safe storage until you can pick up.

Alternatively, for easier collection, you can also arrange delivery to family or

friends. Simply order online at www.alliance.co.nz, provide your address or choose your preferred collection point from a list of locations. Accurate delivery prices are generated for you in the shipping address section of your order, and will be determined by your location and the weight of your order.

Shop

CLICK ON THE PRODUCT CATEGORIES BELOW TO SELECT INDIVIDUAL PRODUCTS.

IMPORTANT: Delivery to rural addresses is not available due to limited shelf-life of chilled and frozen products. Please visit the [NZ courier website here](#) for the nearest agent/depot for collection.



Advance payments

We have had a good response to our advanced payments for lamb, cattle and deer, but a reminder that we are still accepting requests from gold and platinum shareholders. Please speak to your livestock rep if you have any questions.

Market update

Lamb

Post-Christmas chilled negotiations are under way in the UK, where retailers will require chilled leg product up to and including the Easter trade. Early indications are that volumes may be marginally down year-on-year. There are limited frozen stocks with most production focusing on better returns in other world markets. European demand continues with prices steady but legs are a concern as exporters target the EU rather than the traditional UK market. In the North American market, demand remains firm for all cuts, chilled and frozen. US election results could however affect future US economic direction, so there are unknowns associated with this. Middle East market demand also remains firm. The Chinese market remains quiet but the domestic season is coming to an end and the build for Chinese New Year in January 2017 should create some improved interest. According to AgriHQ, the volume of chilled product shipped in October was up on historical levels, driven by US demand. Chilled volumes to the EU market for October, which includes Christmas chilled production, were down on last season, driven by a drop in sales to France. Despite the currency impact, sales to the UK lifted 3% on October 2015.

Mutton

All sheep markets remain firm on limited supply from New Zealand, as producers hold stock due to having abundant feed.

Venison

Negotiations for the 2017 frozen programmes continue, with firm demand from all markets. Strong demand by the super-premium pet-food sector has also given a boost to lower valued trim and offal items. Airfreight chilled will continue through to mid-December to help cover earlier shortages.

Beef

The rise in prices in the US market was short lived – as expected. Importers have covered short positions and are now taking a breather with the aim of pulling back recent price gains. US production is scheduled to be up just over four per cent. For NZ, this may be offset by lower Australian availability. Bids received in recent days are two to three U.S cents per pound down on the previous week. Chilled prime beef remains firm with demand exceeding supply. The UK and EU have been struggling with post-Brexit currency values and the US elections may also have some future influence on trade conditions for beef. AgriHQ notes that the US cow kill has begun and how big this is will influence price direction through to mid-December. Increasing Australian supply will also have an impact on price in coming months. Indonesian importers have concerns with the high volume of low priced Indian buffalo now reaching their shores but China and Taiwan have been actively seeking beef for importation prior to the Chinese New Year. AgriHQ also reports that lack of supply from Australia has created opportunity for a lift in sales into the Japanese market in recent weeks, with exports through October up 50% on the same month last year.

Co-Products

Pickled pelt prices are steady and there is improved interest on salted wool-on skins with reasonable sales concluded within the past week – albeit with values slightly lower than a year ago. Hides are steady and prices slightly firmer on meals and tallow. There continue to be weak undertones to the overall global market for casings.

Warm regards

David Surveyor
Chief Executive

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



PROCESSING YOUR STOCK



MARKETING YOUR PRODUCTS



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