

## PRESS RELEASE

### TATUA FINANCIAL RESULTS FOR THE YEAR ENDED 31 JULY 2011

The Board of Directors of The Tatua Co-operative Dairy Company met on 27 September 2011 to consider the financial results and decide on the final payout for the 2010/11 season to its 109 Suppliers.

Tatua generated Group revenue of NZ\$200 million for the 12 month period to 31 July 2011, resulting in earnings of NZ\$104.562 million. This equates to NZ868.3c per kilogram of milksolids.

This is a new record for Tatua surpassing the previous highest earnings result of NZ861c per kilogram of milksolids in 2007/08.

The Board decided to distribute NZ810c per kilogram of milksolids cash to its Suppliers and declared a pre-tax retention of NZ58c per kilogram of milksolids. This retention will ensure the Company retains its financial strength, particularly in an uncertain global economic environment.

In addition, Tatua was able to make a substantial investment in new facilities and plant during the year. The Company completed the first phase of a significant capital expansion, which will increase both production capacity and capability for the Tatua foods and specialised protein operations. The NZ\$25 million investment is a strong endorsement of the future prospects for Tatua by both the Board and Shareholders.

The Company's gearing ratio (of debt divided by debt plus equity) was stable at 28% (27% in 2009/10).

Milk supply from Tatua Suppliers was 12.04 million kilograms of milksolids, an increase of 4.2% from the previous year.

The 2010/11 season has been a positive one for Tatua. Demand for our products has remained firm throughout the year and our product mix returns were favourable versus milkpowder.

During the year Tatua's biggest market, Japan, was beset by a major earthquake and tsunami. Tatua was able to support its customers during this very tragic and difficult time for the Japanese people. Fortunately, minimal physical and financial damage was sustained by Tatua's wholly owned subsidiary, Tatua Japan Co., Limited, which is based in Tokyo. Tatua is committed to this market.

Foreign exchange management has been a challenge with the New Zealand dollar strengthening from 0.7200 at the start of the year to 0.8800 at year end. Our foreign exchange hedging policies have mitigated the impact of this to a considerable extent.

It is ten years since the New Zealand Dairy Industry Restructuring Act was effected. Tatua's business continues to grow steadily. Overall we are very satisfied with the performance of Tatua in 2010/11.

We continue to focus on positioning Tatua financially, operationally and strategically. Our Company is made up of 87 farming families and 200 employees and their respective families. Long term confidence and stability for our farming families, staff and our customers is paramount, particularly in these uncertain times.

Please contact either of us if you have questions or would like further comment on our results.

Kind regards,



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