

**FROM  
FARM GATE  
to the  
WORLD.**

# INVESTMENT STATEMENT

26 July 2011

#### Westland Milk Products

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 **Westland Milk Products**  
Hokitika • New Zealand



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## Important Information

*(The information in this section is required under the Securities Act 1978.)*

Investment decisions are very important. They often have long-term consequences. Read all documents carefully. Ask questions. Seek advice before committing yourself.

## Choosing an investment

In addition to the information in this document, important information can be found in the current registered prospectus for the investment. You are entitled to a copy of that prospectus on request.

## The Financial Markets Authority regulates conduct in financial markets

The Financial Markets Authority regulates conduct in New Zealand's financial markets. The Financial Markets Authority's main objective is to promote and facilitate the development of fair, efficient, and transparent financial markets.

For more information about investing, go to <http://www.fma.govt.nz>

## What sort of investment is this?

The shares are class G shares in the Company. More information about the shares is set out elsewhere in this Investment Statement.

## Who is involved in providing it to me?

The offer of shares is being made by Westland Co-operative Dairy Company Limited, trading as Westland Milk Products (the "Company") 56 Livingstone Street, Hokitika. The Company is a co-operative dairy company which manufactures butter, dried milk and other products derived from the milk or milksolids supplied to it by its shareholders and sells those products in New Zealand and overseas. The Company (and its predecessors) have been carrying on these activities since 1937.

The directors of the Company (as of the date of the investment statement) are:

Francis Thomas DOOLEY  
Graeme Thomas HARRISON  
Michael Thomas HAVILL  
Raelyn LOURIE  
Matthew Joseph O'REGAN  
Barry James PATERSON  
Noel James ROBB  
David Leslie SPENCE  
Jon Douglas SULLIVAN  
Jacobus Johannes WAFELBAKKER

## How much do I pay?

If you are not an existing shareholder, once you commence the supply of milk to the Company, you will be deemed to have made an irrevocable application for the shares.

The constitution of the Company requires a shareholder to hold a number of shares fixed by reference to the quantity of milksolids the shareholder supplies or is estimated to supply to the Company in each financial year ("the share standard"). The share standard currently requires shareholders to hold 1 share per kg of milksolids supplied to the Company in the financial year.

If you are intending to supply from a property for which there is no production base (such as a new conversion) you will be issued 50% of the shares required by the share standard based on your estimated production in the first year and the balance in the subsequent year based on actual production.

If you have purchased a farm from a supplying shareholder, the number of shares you are required to hold will be calculated based on the supply from the farm by the vendor. You may have purchased the shares which the vendor held in the Company in respect of supply from that farm. If the vendor held non-transferable C, D, E or F shares, you may be required to purchase an equivalent number of G shares to make up any deficit.

If you are already a shareholder, at the end of each season the Company will calculate the quantity of milksolids you supplied in the season and, if you hold fewer shares than you are required to under the share standard, will require you to take up any additional shares required to comply with the share standard. You will also be required to purchase further shares if the share standard increases in future seasons.

If the company has been notified that you have ceased to supply milk to the Company prior to October 20 in any year, the Company will not require you to purchase further shares on 20 October.

The amount payable for each share is the nominal value of \$1.50.

You are not required to pay any amounts on application for the shares. As a matter of practice, the Company issues shares in respect of increased production once a year and requires payment for the shares by 20 October. You may pay by cheque or deduction from the milk cheque on 20 October. If you have purchased a farm from a supplying shareholder and have to purchase G shares to make up any deficit then as a matter of practice the Company issues any additional shares in the month you commence the supply of milk to the Company and requires payment for the shares by the 20th of the following month.

If you did not receive this Investment Statement before applying to become a transacting shareholder then you may, within 10 working days of the date on which this Investment statement is sent to you, withdraw your application by written notice to the Company.

## What are the charges?

There are no entry, administration, termination or other charges payable in respect of the shares. However, as a supplying shareholder, you may be required to pay the Company for other services relating to the supply of milk to and collection of milk by the Company under the terms and conditions of supply.

## What returns will I get?

The purchase of the shares described in this Investment Statement is a condition of the Company accepting the supply of milksolids from you. Returns to you will be primarily by way of the price paid for the milk you supply to the Company.

While the Company has the power to pay dividends on shares, it is not the practice of the Company to do so.

Supplying shareholders are unlikely to realise any capital gains in the value of the shares. The shares are issued at their nominal value of \$1.50. The Co-operative Companies Act permits the Company to accept or require the surrender of shares at a price which does not exceed the nominal value of the share or the amount paid up on a share whichever is the lesser. Shares may only be transferred to other persons who are or are likely to be supplying shareholders and in practice are almost without exception traded at a price which reflects the surrender price.

## What are my risks?

You will not be required to pay more in respect of the shares than disclosed below (in relation to insolvency) or under "How much do I pay?".

The principal risk of you not recovering the surrender value of your shares and not receiving the returns described under "What returns will I get?" is that the Company goes into liquidation or is wound up.

The Company must not accept or require the surrender of shares unless the Board has resolved that immediately after the surrender the Company will satisfy the solvency test.

While the price paid for the surrender of shares will in most cases be the nominal value of the share or the amount paid on the share whichever is the lesser, the Board may pay a lower price if it determines that it is fair and reasonable having regard to a range of matters relating to the financial circumstances of the Company and any other matter which the board or you consider has a bearing on fair value of the shares.

If the Company is put into liquidation or wound up, you as a shareholder will rank after all creditors of the Company. If you hold fully paid shares in the Company you will be under no obligation to pay further amounts to any person should the Company become insolvent. If you hold any share which is partly paid, then you will be liable to pay the balance of the nominal value in the case of insolvency of the Company.

## Can the investment be altered?

The rights and obligations attached to the shares may be altered by a special resolution of shareholders whose rights are affected in the same way. A special resolution is one passed by a majority of 75% or more of the votes of those shareholders entitled to vote and voting on the question. Under certain circumstances set out in the Companies Act a shareholder whose rights are affected by a special resolution may require the Company to purchase his or her shares.

## How do I cash in my investment?

If you cease to supply the Company you may surrender the shares to the Company by agreement with the Company. You may require the Company to accept the surrender of the shares where you:

- have not been a supplying shareholder during the immediately preceding five years; or
- have disposed of, or changed the use of, your property and other assets with the result you do not have the capacity to continue to be a supplying shareholder.

The price will usually be the nominal value of the share or the amount paid up on the share, whichever is less, but the Board may pay a lower price if it determines that it is fair and reasonable having regard to a range of matters relating to the financial circumstances of the Company and any other matter which the board or you consider has a bearing on fair value of the shares.

The Board may defer payment for the surrender of the shares for up to five years after the surrender is accepted or deemed to take effect.

You may sell the shares subject to the restrictions in the constitution of the Company on transfers of shares. Those restrictions include the right for the Board to refuse to register a transfer:

- where the Board resolves that it is not likely that the transferee will become a supplying shareholder of the Company;
- where the transferee would hold shares exceeding the number of shares to be required under the share standard in the constitution;
- where the Board resolves that is not in the best interests of the Company to register the transfer.

## Who do I contact with enquiries about my investment?

*Any enquiries can be directed to:*

**Mark Lockington** *Company Secretary*  
Westland Milk Products, PO Box 96, Hokitika  
Telephone: (03) 756 9800  
Fax: (03) 755 8208  
Email: [markl@westland.co.nz](mailto:markl@westland.co.nz)

## Is there anyone to whom I can complain if I have problems with my investment?

*If you have any complaints about shares covered by this Investment Statement, in the first instance, please contact:*

**Rod Quin** *Chief Executive Officer*  
Westland Milk Products, PO Box 96, Hokitika  
Telephone: (03) 756 9800  
Fax: (03) 755 8208

If you are not satisfied with the Company's response to your complaint, you may be able to refer your complaint to the Financial Dispute Resolution scheme, an approved dispute resolution scheme under the Financial Service Providers (Registration and Dispute Resolution) Act 2008. You can contact Financial Dispute Resolution at:

Financial Dispute Resolution  
Freepost 231075  
PO Box 5730  
Wellington 6145

Phone: 0508 337 337  
Fax: (04) 918 4901  
Web: [www.fdr.org.nz](http://www.fdr.org.nz)  
Email: [contact@fdr.org.nz](mailto:contact@fdr.org.nz)

## What other information can I obtain about my investment?

Other information relating to the Company can be found in the prospectus and in financial statements of the Company.

A copy of the prospectus, the latest annual report of the Company, the constitution of the Company, the suppliers' handbook and the terms and conditions of supply and other information relating to suppliers are all available free of charge to shareholders, and to prospective shareholders, on request from Company Secretary, Westland Milk Products, PO Box 96, Hokitika. The prospectus, financial statements and other documents of, or relating to, the Company are filed on a public register at the Companies Office website at <http://www.business.govt.nz/companies>.

A copy of the most recent audited financial statements of the Company is attached to this Investment Statement.