

**LAND INFORMATION NEW ZEALAND - OVERSEAS INVESTMENT OFFICE
DECISION SHEET**

Decision Number	200810018
Application Number	200720029
Date	27 May 2008
Offeror/Applicant	Nutritek Overseas Pte Limited
Ultimate Applicant Beneficial Ownership	58.4 percent - Russia, Russian public 20.8 percent - Russia, Georgiy Sazhinov 20.8 percent - Russia, Konstantin Malofeev
Beneficial Overseas Ownership	
Asset Current	N/A
Asset Proposed	N/A
Share Current	24.5578 percent
Share Proposed	100 percent
Offeree(s)/Seller(s)	Existing shareholders of New Zealand Dairies Limited other than Nutritek Overseas Pte Limited 79.96 percent - New Zealand, New Zealand Public 10.02 percent - Australia, Australian Public 10.02 percent - Denmark, Danish Public
Business Activities	Manufacturing - Food, Beverage & Tobacco
Details of Land Involved	48.8586 hectares of freehold situated at Packers Road, Studholme, Canterbury being comprising various certificates of title (Canterbury Registry).
Regions Involved	Canterbury
Total Consideration	\$100,000,000
Consent Sought	To acquire up to 100 percent of the shares of New Zealand Dairies Limited.
Rationale	<p>The application has been approved as it met the criteria.</p> <p>The Overseas Investment Office is satisfied that the individuals with control of the Applicant collectively have business experience and acumen relevant to the overseas investment, and that the Applicant has demonstrated financial commitment towards the overseas investment. The Overseas Investment Office is further satisfied that each individual that exercises control over the Applicant is of good character and is not an individual of the kind referred to in section 7(1) of the Immigration Act 1987.</p> <p>Background: Nutritek Overseas Pte. Ltd (the Applicant) is a wholly-owned subsidiary of Nutritek International Corp (a British Virgin Islands incorporated company) which is in turn wholly-owned by Nutrinvestholdings (Holdings). Holdings is listed on the Russian Trading System (Russia's equivalent of the New Zealand Stock Exchange).</p> <p>Holdings (through its various subsidiaries) is one of the leading producers of baby food and dairy products in Russia and other Commonwealth of Independent State countries by revenue. The core business activities of Holdings comprises the production of baby food, which includes clinical nutrition products and dairy products. Holdings' head office is located in Moscow and it operates production facilities in Russia, Estonia and Ukraine.</p> <p>Holdings, through the Applicant, currently owns 5.65% of New Zealand Dairies Limited (NZDL), which was incorporated in 2006 to build a milk processing plant at Studholme, South Canterbury. The plant started processing milk in September 2007.</p>

	<p>Outline of the proposed investment: The Applicant is seeking consent to acquire up to 100% of the ordinary shares in NZDL. It has currently entered into deeds of sale and put options to acquire approximately 82% of the ordinary shares of NZDL (including its existing 5.65% holding, and following the issue of additional ordinary shares by NZDL in discharge of NZDL's debts to the Applicant).</p> <p>Rationale for the proposed investment: Holdings' strategy is to expand into China and South East Asia. It has agreed to purchase substantial volumes of milk powder from NZDL to use in joint ventures that it has established in China. A large portion of the Applicant's purchases from NZDL will be infant formula, which is of higher value than other milk powders.</p> <p>The proposed investment is part of the Applicant's commercial strategy to secure a stake in NZDL both as a pure investment and as a means of ensuring that the quality controls and quality standards of NZDL comply with international best practice standards.</p> <p>The proposed acquisition is or is likely to result in the following benefits to New Zealand, including:</p> <p>Overseas Investment Act 2005</p> <ul style="list-style-type: none"> (a) Section 17(2)(a)(i) - creation of new job opportunities in New Zealand or the retention of existing jobs in New Zealand that would or might otherwise be lost (b) Section 17(2)(a)(ii) - introduction into New Zealand of new technology or business skills (c) Section 17(2)(a)(iii) - increased export receipts for New Zealand exporters (d) Section 17(2)(a)(iv) - added market competition and greater efficiency, in New Zealand
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