



NORTHSTAR NEWS

November 2007

Hello and welcome to all our customers and website visitors.

Unbelievably, it's now 3 years since Northstar was incorporated and 2 ½ years since we started full trading. During that time we have expanded our sales activity across the globe and have worked hard to maintain a high level of service to all of our customers; after all, our business is driven by the service we offer as much as the products we sell!

I would like to thank all of you that have been with us from the beginning, as well as those who have joined us since; you have helped us grow the business from zero sales at the beginning of 2005 to a turnover of £1.25 million (US\$2.5million) for the year to April 2007.

Our business continues to grow steadily and whilst we have cemented a strong base trading the higher volume—lower value commodity speciality oils, our new product development programme will become an increasingly important part of our future plans; we want to apply our in house knowledge and processing expertise to new product development in a way that will further differentiate our business from many of the other traders in the marketplace.

Business Update

New markets:

In March we exhibited at the PCIA show in Guangzhou. This was a very productive event and has resulted in new business partnerships being forged which will help us establish a presence in the Asia Pacific region over the coming years.

New product development & efficacy research

Kiwi and Lime seed oil have been the focus of our NPD for the cosmetic market, recent skin studies have further highlighted the benefits of these two fruit lipids.

We have also commissioned a study to compare effect of plant derived Omega 3, 6 and 9 Fatty Acids on the skin. Whilst this research is intended to be used for specific product marketing, we are happy to share the findings with you for specific projects.

New certification and approvals

We now have Soil Association approval which means that we are able to sell certified organic oils under the Northstar label. In addition we are authorised to import Organic oils from our Chinese supply partner. This is a key move as there are an increasing number of seed oils available from China at very competitive prices

Evening Primrose Oil – New Production facilities

In October I visited the north eastern region of China, to gain a better understanding of the supply chain for our Evening Primrose Oil. Our production partner has made a significant investment in equipment and facilities and has completed the installation of a fully-integrated seed to oil operation. The plant is capable of processing a wide variety of seeds and produces cold pressed, organic and fully refined winterised oils under tight quality control conditions. Furthermore, after the final phase is complete, the plant will be compliant with GMP, this affords us the opportunity to produce oils for specific pharmaceutical applications where GMP is a pre-requisite. This factory is one of the most impressive oilseed facilities I have had the pleasure to visit. Not only does it enable us to deliver and develop products under controlled conditions, it also ensures that our supply chain is fully traceable and future facing, an important requirement for many of our customers.



What's New?



New product launch:

Later this month we will be launching **FruitOmega PCF**, a proprietary formulation of fruit lipids which has been shown to significantly reduce TEWL and improve skin barrier function. This product is made from 100% natural, non-GMO fruit seed oils and is rich in Essential Fatty Acids. We will be issuing product leaflets to all customers in due course.

New Formulations/Application ideas

We now have some new and exciting applications for our kiwi and lime oils.

- Lime oil body butter
- Kiwi & Lime rejuvenating night cream
- Kiwi Intensive Hair & Scalp Mask

These are available on request

New Oils in Development

Strawberry Seed oil
Elderberry Seed oil
Organic Hemp seed oil

These oils are rich in Linolenic (Omega 6) and Alpha Linolenic Acid (Omega 3) and are believed to offer excellent skin softening and replenishing benefits. Once again we are working direct with seed sources and managing the supply chain through to finished oil.

Trade Shows/Events

We will be exhibiting at the UK SCS show in Telford on 27-28th November, where our focus will be on the new application ideas for kiwi and lime oil as well as the launch of FruitOmega PCF; why not come along for a chat!

Market Information

Evening Primrose

Following an increase in crop production in China, we expect prices to soften slightly during 2008. No supply problems are expected.

Borage

The UK harvest was good this year and as a result we expect prices to soften for the lower GLA grade oils. Competition for business has increased but we are working on a programme of cost reduction within the extraction and refining part of the chain, this should help us maintain our edge.

However, the increasing demand for biofuel crops in the UK is having a knock-on effect on the cost of growing speciality crops such as Borage. Farm contract prices for 2008 have increased substantially and as a consequence, we are now forecasting a much higher oil price for 2009. We are therefore recommending that large users book well ahead and consider covering their needs for up to 2 years.

Others

Despite the global increase in demand for vegetable oil for both food and industrial uses, most speciality oils have not been affected in the short term. The exception to this is **Grapeseed oil** where we have seen a marked increase in bulk ex factory prices. This may well soften as supply improves during the first quarter of 2008, we will keep you posted.

Finally, may I take this opportunity to thank you for your support and to wish you a prosperous 2008!

Chris Houghton
Managing Director