PGG Wrightson

HALF YEAR REPORT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

CHAIRMAN AND MANAGING DIRECTOR'S REPORT

SUMMARY

- Capital raising completed successfully, re-establishing a solid balance sheet to support future business performance
- Results in line with expectations for the six months, as included in the offer document for the capital raising
- Focus on business realignment and on targeted customer service offerings
- On-farm returns improving, tempered by a focus on debt reduction by farmers and a tight funding environment

PGG Wrightson reported trading results for the half-year to 31 December consistent with its expectations.

The Group completed a significant recapitalisation providing a net $207 million of new capital via share placements and a rights issue. This enabled it to retire the $200 million amortising facility three months ahead of schedule, and to renegotiate long-term funding arrangements. Since 31 December 2009 the Group has issued $33.8 million of convertible redeemable notes, the proceeds of which have been invested in PGG Wrightson Finance. PGG Wrightson has consolidated its debt since 31 December 2009, repaying $22.8 million borrowed from South Canterbury Finance.

The capital raising had enabled PGG Wrightson to re-establish a solid financial position after a period in which customer and market focus had been diverted by speculation about financial issues. Our objectives were to provide confidence to all stakeholders in the Group, to provide financial strength and flexibility, and to restore focus on our vision of being "Leaders in the field – helping grow the country".

These objectives have all been achieved. The Company now has a very strong balance sheet that complements its core operating strengths in agribusiness, customer relationships, technology, knowledge and experience.

As expected, revenue and operating earnings were reduced from the previous six month period ending December, by the impact on the Group's farmer and grower customers of generally lower farm gate returns and, to a large extent, by a lack of liquidity in funding for the agricultural sector. The excellent growing conditions allowed farmers to minimise their expenditure on fertiliser and supplementary stockfeed. This had a significant impact on sales for the six months versus the previous six months. As these items generally are lower margin, the impact on earnings was minimal.

The period saw the Group returned to profitability as it moved beyond the large losses incurred due to fair value adjustments and non-operating items in the December 2008 half-year.

CHAIRMAN AND MANAGING DIRECTOR'S REPORT CONTINUED

REVENUE AND EARNINGS

UNAUDITED	DEC 2009 $M	DEC 2008 $M	DEC 2007 $M	DEC 2006 $M
Revenue	**583.3**	**735.3**	**619.8**	**542.4**
Cost of sales	(448.2)	(578.9)	(482.2)	(412.1)
Gross profit	**135.1**	**156.4**	**137.6**	**130.3**
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**24.9**	**45.1**	**29.5**	**27.1**
Depreciation and amortisation expense	(3.6)	(3.3)	(2.9)	(3.2)
Results from operating activities	**21.3**	**41.8**	**26.6**	**23.9**
Equity accounted earnings of associates	0.8	0.9	0.6	0.7
Non-operating items	(0.2)	(8.1)	6.1	10.1
NZFSU performance fee	–	–	11.9	–
Fair value adjustments	6.6	(47.2)	9.0	–
Net interest and finance costs	(24.2)	(15.8)	(10.2)	(9.6)
Income tax expense	(0.2)	(1.0)	(9.4)	(4.5)
Profit from continuing operations	**4.1**	**(29.4)**	**34.6**	**20.6**
Profit/(loss) from discontinued operations (net of income tax)	–	(3.4)	–	–
Profit for the period	**4.1**	**(32.8)**	**34.6**	**20.6**

Revenue from continuing operations was $583.3 million, compared with a historical high level of $735.3 million in the December 2008 half-year. The 2008 half-year was driven by the record dairy payout and buoyant lamb returns. Gross Profit of $135.1 million included an improvement in the overall gross profit percentage for the six months to 31 December, from 21.3 percent to 23.2 percent.

	DEC 2009 $M	DEC 2008 $M	DEC 2007 $M	DEC 2006 $M
EBITDA for six months to 31 December	**24.9**	**45.1**	**29.5**	**27.1**
EBITDA for the full year[1]	73.4	80.9	83.6	67.3
Half year EBITDA as a % of Full Year EBITDA	**34%**	**56%**	**35%**	**40%**

EBITDA for the Period as a percentage of total EBITDA was in line with the prior years' seasonal earnings profile after an unusual result in earnings timing for the six months ended 31 December 2008.

Cash flow from operations improved by $9.3 million to a net cash outflow of $39.3 million when compared to the December 2008 performance and is consistent with the seasonal nature of the business. Net interest and finance costs increased from $15.8 million to $24.2 million, due to establishment fees arising from the renegotiation of banking facilities and additional financing costs, including the subordinated debt facility that was not in place in December 2008, and hedging expenses.

1 EBITDA for 2010 Financial year has been assumed to be the $73.4m estimate in the offer document for the capital raising.

Profit for the period was $4.1 million – a significant improvement on the $32.8 million loss for the previous corresponding period. The result for the previous December half-year reflected non-operating losses totalling $8.1 million and fair value adjustments with a total negative effect of $47.2 million. In the latest December half-year, these items were favourable by a net $6.3 million.

Revenue and earnings expectations were published as part of the Prospective Financial Information within the Offer Document for the capital raising, dated 20 November 2009. Profit for the period to December was consistent with the expectation of contribution for the six months towards profit for the full financial year of $24.1 million.

Consistent with the Offer Document no dividend was declared for the period. An interim dividend of 5 cents per share was paid for the December 2008 half-year.

OPERATING PERFORMANCE

Operating conditions were very difficult, with revenue reduced by a pullback in customer spending prompted by the state of farm gate returns and cash flows. The impact was most severe early in the season from the dairy sector, where farmer confidence started low after earlier declines in milk payouts. There was also caution in the sheep and beef and arable sectors, driven by reduced prices for lamb and grain leading to less optimistic industry sentiment. Consequently the half-year saw an environment where farmers challenged their input costs and conserved cash, as they reviewed levels of debt against a background of reduced funding being made available from banks to the agricultural sector.

In the Customer Services division, Rural Supplies was affected by the general reduction in farmer spending, and Fruitfed Supplies by weather impacts on spraying and depressed conditions in viticulture in particular. The livestock market saw unusually good climatic conditions across most of the country, and thus strong feed availability prompting farmers to hold stock to gain weight. Consequentially the Livestock business experienced a reduction in sheep and cattle volumes for trading. Prices have tracked well, providing some offset.

STRATEGIC OVERVIEW AND HIGHLIGHTS

FOUR KEY STRATEGIES ARE BEING PURSUED TO BUILD PERFORMANCE:

- ENHANCING THE WAY THE GROUP WORKS WITH CUSTOMERS
- CONCENTRATING ON BUSINESSES WITH GROWTH POTENTIAL
- BUILDING THE GROUP'S ABILITY TO CREATE BUSINESS THROUGH INTELLECTUAL PROPERTY AND EXPERTISE
- STREAMLINING OPERATING SYSTEMS AND PROCESSES
- BUILDING A HIGHLY ENGAGED AND HIGH PERFORMING WORKFORCE WITH EXPERT CAPABILITY

CUSTOMER SERVICES

PROGRESS TO DATE:

- RESTRUCTURING SERVICE DELIVERY AROUND ADVICE FROM EXPERIENCED AND SKILLED LOCALLY-BASED STAFF
- PURSUING MARKET SHARE GROWTH IN FRUITFED
- FURTHER DEVELOPMENT OF ONLINE TRADING FOR LIVESTOCK, WITH THE INCLUSION OF ALL COMMERCIAL LINES OF SHEEP, BEEF AND DEER
- GROWING FOCUS ON KEY CLIENTS THROUGH ESTABLISHMENT OF A REGIONAL ACCOUNT MANAGEMENT STRUCTURE

CHAIRMAN AND MANAGING DIRECTOR'S REPORT CONTINUED

SEED, GRAIN AND NUTRITION

PROGRESS TO DATE:

- DRIVING GROWTH IN SEEDS AND SUPPLEMENTARY FEED MARKETS
- ACQUISITION OF ALLIED GRAIN COOPERATIVE'S TE AWAMUTU GRAIN DRYING AND STORAGE SITE
- PURCHASE OF PREMIER SEEDS TO EXPAND THE AUSTRALIAN PRODUCTION FOOTPRINT
- EXPANSION OF EAST COAST AUSTRALIAN LOGISTICS WITH THE OPENING OF AN ALBURY SEEDS WAREHOUSE AND RELOCATION OF A BRISBANE WAREHOUSE
- LAUNCH OF RUMENX CALF FEED MILK SUBSTITUTE IN NEW ZEALAND
- DEVELOPMENT OF NEW SEED LOGISTICS CENTRE AT OUR ROLLESTON FACILITY

FINANCIAL SERVICES

PROGRESS TO DATE:

- ESTABLISHMENT OF NEW SYNDICATED WHOLESALE BANK LINES TOTALLING $150 MILLION AND EXTENDING TO OCTOBER 2011
- CAPITAL INJECTION OF $33.8M IN JANUARY TO PGG WRIGHTSON FINANCE FOLLOWING THE ISSUE OF CONVERTIBLE REDEEMABLE NOTES BY PGG WRIGHTSON TO AGRIA CORPORATION
- IN JANUARY, BECOMING THE FIRST FINANCIAL INSTITUTION TO OFFER DEPOSITORS EXCLUDED SECURITIES (IE. OUTSIDE THE RETAIL DEPOSIT GUARANTEE SCHEME)
- IN FEBRUARY 2010, A RATING OF BB (STABLE) FROM STANDARD & POOR'S FOR PGG WRIGHTSON FINANCE, ALLOWING IT TO APPLY FOR THE EXTENDED GOVERNMENT GUARANTEE SCHEME
- IN FEBRUARY 2010, APPOINTMENT OF INDEPENDENT DIRECTORS TO PGG WRIGHTSON FINANCE

SOUTH AMERICA

PROGRESS TO DATE:

- EXPANSION THROUGH SEEDS AND RURAL SERVICES

In the Seeds, Grain and Nutrition division, the Seeds and Grain business unit held earnings close to previous levels with strong results in export markets and good spring brassica sales in New Zealand. Earnings from Nutrition were lower as dairy farmers reduced purchases of supplementary feed products.

In the Financial Services business unit, the Finance business experienced an increase in net interest margins which were utilised to cover the cost of the Crown Retail Deposit Guarantee Scheme and to provide additional provision for impaired assets expense of $3.4 million on the loan book. Reinvestment rates remained at industry-leading levels, with a long run average of 77 percent. In February 2010, PGG Wrightson Finance (PWF) received a BB (stable) rating from Standard and Poor's. This is a solid rating that allows PGG Wrightson Finance to apply to enter into the extended Government Guarantee Scheme.

The Real Estate business experienced a continued trough in sales largely due to lack of funding available for potential buyers. During current market conditions action has been taken to minimise costs but maintain structure and presence in the market for the future. We remain convinced that in normal times the Real Estate business can make an important contribution. Earnings from the Funds Management business and the Insurance joint venture with Aon New Zealand showed continued growth.

Earnings from the South America business unit grew in local currency terms, but unfavourable exchange rates diluted the impact in NZ dollars. The Seeds business in Uruguay consolidated its leadership in pasture systems, with growth in summer and winter crops, agrichemicals and fertilisers.

Overall, our operations have adjusted to what remains a difficult environment. The reduction in costs has been vital in this regard. We are now seeing evidence of improvement in operating conditions in some sectors, but with viticulture affected by weather, weaker than expected trading from Real Estate and Livestock affected by reduced volumes.


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FINANCIAL POSITION

The Group raised gross proceeds of $216.9 million through a $36.2 million placement of shares to Agria Corporation and a $180.7 million rights offer to existing shareholders. On 23 November 2009, 41.1 million ordinary shares at a price of $0.88 per share were issued to Agria for an issue value of $36.2 million. These shares were eligible to participate in the subsequent rights offer. Eligible shareholders on 26 November 2009 were entitled to subscribe for nine new shares for every eight existing shares at an issue price of $0.45 per new share.

The rights offer resulted in the issue of 401.5 million new shares, for consideration of $180.7 million. Offsetting the $216.9 million increase in equity were $9.9 million of costs associated with the Agria placement and the rights offer, resulting in a net equity increase of $207.0 million.

The Group's balance sheet has thus been fundamentally reshaped as a result of the capital raising. The Board now considers that the balance sheet provides more than adequate funding capacity to see the Group through any foreseeable market and trading conditions, but the Group continues to be focussed on cash flows and further reducing debt.

The Group also raised approximately $33.8 million in January 2010 from the issue of 33,850,000 Convertible Redeemable Notes [CRNs] to Agria Corporation, with the proceeds being invested in preference shares issued by PGG Wrightson Finance. The purpose of this investment was to enhance regulatory capital and provide greater liquidity and capacity for growth in the Finance business.

PGG Wrightson Finance has a diversified funding base that includes deposits, bonds, parent company equity and the support of three major banks. The additional funding boosted the existing capital base of PGG Wrightson Finance to assist it to execute its business plan in a changing commercial and regulatory environment, along with the solid rating from Standard & Poor's of BB (stable), which means that PGG Wrightson Finance is eligible to apply to join the extended Government Guarantee Scheme.

CORPORATE

PROGRESS TO DATE:

- DIVESTMENT OF SURPLUS PROPERTY TOTALLING $6.6 MILLION
- PROGRESS ON 'PROCURE TO PAY' SOLUTIONS TO AUTOMATE SUPPLIER INVOICING AND ORDERING
- PROCUREMENT BENEFITS OF MORE THAN $2 MILLION
- CONVERSION OF VEHICLE FLEET TO DIESEL AND REDUCTION OF AIR TRAVEL
- INTRODUCTION OF A STANDARDISED PERFORMANCE MANAGEMENT FRAMEWORK FOR ALL STAFF
- INVENTORY REDUCTION AND INCREASED FOCUS ON DEBT COLLECTION

The Group also established a strategic partnership with Agria Corporation, under which the two companies will work together to create value through the advancement of agricultural technology and development of new markets, especially in China. The scope of co-operation includes:

- DEVELOPMENT AND COMMERCIALISATION OF SEED CULTIVARS
- DEVELOPMENT OF LIVESTOCK DEMAND IN CHINA AND EXPORT OF LIVESTOCK TO MEET THAT DEMAND; AND ESTABLISHMENT OF LIVESTOCK TRADING SYSTEMS IN CHINA
- EXAMINATION OF THE DEVELOPMENT OF A RURAL SERVICES BUSINESS IN CHINA
- EXAMINATION OF ADDITIONAL FUNDING FOR GROWTH IN PGG WRIGHTSON FINANCE

GOVERNANCE

A number of changes to the Board of Directors of PGG Wrightson have been announced over recent months, including the appointment of Alan Lai and Tao Xie on 30 December 2009, and George Gould on 5 January 2010. Alan Lai is Chairman of major shareholder, Agria Corporation and Tao Xie is Agria's Chief Executive Officer. George Gould is the Chairman of Christchurch based investment company, Gould Holdings Limited.

Further changes were announced on 25 February 2010, and came into effect on 1 March 2010. These included:

- The appointment of Sir John Anderson, who has had a distinguished career in the business and community service, joins the Board as an independent director and Chairman;
- Keith Smith, who has been a director since the formation of the company in 2005 and Chairman since July 2009, remains on the Board as an independent director;
- Craig Norgate, Baird McConnon and Murray Flett, who had also been directors since the formation of the company, stepped down from the Board. Mr Norgate was Chairman of PGG Wrightson from October 2007 to July 2009, having previously been Deputy Chairman; and
- The appointment of Alan McConnon as a director. Mr McConnon is also a director of a number of businesses involved in wine, agri-genetics, primary produce marketing, information technology and medical equipment.

Also in February, PGG Wrightson Finance announced the appointment of two independent directors, as required under the Reserve Bank's new regulatory framework.

Mike Allen, a professional director with an extensive background in corporate and investment banking, was appointed independent Chairman. The other independent director appointed was Noel Bates, who has substantial banking experience in New Zealand and the United Kingdom, including executive roles with ANZ Bank, Bank of Tokyo and Citigroup. Mr Bates has significant experience in the rural sector covering management, advisory and consultancy roles.

The Board of PGG Wrightson Finance now comprises Mike Allen (Chairman / Independent Director), Noel Bates (Independent Director), Bill Thomas, Michael Thomas, Tao Xie and Tim Miles. Bill Thomas, Tao Xie and Tim Miles are Directors of the parent company (Tim Miles is Managing Director). Michael Thomas is Group General Manager – Financial Services of the parent company.

OUTLOOK

The Prospective Financial Information published in November 2009 – forecasting EBITDA of $73.4 million and profit from continuing operations of $24.1 million – remains broadly consistent with the Board's expectations. With the key trading months of March, April and May yet to come, it is difficult to predict the full year's outcome.

There appears to be a general lift in farmer and grower sentiment from recent improvements in dairy commodity prices and global economic conditions. Expectations must be tempered with caution, given the uncertain outlook for other agricultural sectors, the tighter bank lending environment and the unpredictability of currency and interest rates. As always the Autumn seed planting season in New Zealand and Australia will have a material bearing on our full year performance.

Poor returns in the viticulture sector and climatic conditions may see a lower than expected outcome from Fruitfed. It is clear that the lack of available funding is affecting the Real Estate market and will likely result in a worse trading result than previously predicted for that business. Climatic conditions supporting grass production and destocking in prior years have seen a real reduction in livestock trading to date, which might affect earnings for the year.

Against that, the higher Fonterra payout announcement of $6.05 (compared with the original announcement of $4.55), along with better prices in beef and sheep, could flow through to an improvement in earnings. Good rainfall in the eastern seaboard of Australia could result in improved seed sales in Australia.

For the medium and long terms, we are confident that markets for agricultural products, and thus operating conditions for PGG Wrightson, will improve due to the continued increase in global demand for food. The Group is well placed to take advantage of that dynamic.

Keith Smith
Chairman

Tim Miles
Managing Director

FINANCIAL INFORMATION

PGG WRIGHTSON LIMITED

PGG WRIGHTSON LIMITED

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 DECEMBER

	NOTE	UNAUDITED DEC 2009 $000	AUDITED JUN 2009 $000	UNAUDITED DEC 2008 $000
Continuing operations				
Revenue	3	583,252	1,280,646	735,267
Cost of sales		(448,153)	(977,203)	(578,896)
Gross profit		135,099	303,443	156,371
Other income		7	95	(36)
Employee benefits expense		(60,042)	(122,261)	(61,052)
Research and development		(1,494)	(2,988)	(1,038)
Other operating expenses		(48,600)	(97,345)	(49,112)
		(110,129)	(222,499)	(111,238)
EBITDA		**24,970**	**80,944**	**45,133**
Depreciation and amortisation expense		(3,623)	(6,363)	(3,304)
Results from operating activities		**21,347**	**74,581**	**41,829**
Equity accounted earnings of associates		778	(1,380)	872
Non operating items	4	(199)	(39,419)	(8,109)
Fair value adjustments	5	6,549	(47,984)	(47,177)
Profit before interest		28,475	(14,202)	(12,585)
Net interest and finance costs		(24,196)	(31,423)	(15,783)
Profit before income tax		4,279	(45,625)	(28,368)
Income tax expense		(220)	(13,136)	(1,017)
Profit from continuing operations		4,059	(58,761)	(29,385)
Discontinued operations				
Profit/(loss) from discontinued operation (net of income tax)	6	–	(7,683)	(3,376)
Profit for the period		**4,059**	**(66,444)**	**(32,761)**

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PGG WRIGHTSON LIMITED

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

FOR THE SIX MONTHS ENDED 31 DECEMBER

	NOTE	UNAUDITED DEC 2009 $000	AUDITED JUN 2009 $000	UNAUDITED DEC 2008 $000
Other comprehensive income				
Foreign currency translation differences for foreign operations		(4,600)	(4,871)	3,199
Realised capital reserve amendment on amalgamation		–	(389)	(389)
Subsidiary revaluation of property, plant and equipment		–	(16)	632
Effective portion of changes in fair value of cash flow hedges		(2,667)	5,147	4,025
Deferred tax on movement of fair value of cash flow hedges		–	–	(1,207)
Defined benefit plan actuarial gains / losses		394	(15,004)	(22,372)
Deferred tax on movement of actuarial gains / losses on employee benefit plans		(118)	4,104	6,300
Other comprehensive income for the period, net of income tax		(6,991)	(11,029)	(9,812)
Total comprehensive income for the period		**(2,932)**	**(77,473)**	**(42,573)**
Profit attributable to:				
Shareholders of the Company		3,869	(66,444)	(32,761)
Non-controlling interest		190	–	–
Profit for the period		**4,059**	**(66,444)**	**(32,761)**
Total comprehensive income attributable to:				
Shareholders of the Company		(3,122)	(77,473)	(42,573)
Non-controlling interest		190	–	–
Total comprehensive income for the period		**(2,932)**	**(77,473)**	**(42,573)**
Earnings per share				
Basic and diluted earnings per share (New Zealand Dollars)	7	0.01	(0.22)	(0.11)
Continuing operations				
Basic and diluted earnings per share (New Zealand Dollars)	7	0.01	(0.20)	(0.10)

The accompanying notes form an integral part of these financial statements.

PGG WRIGHTSON LIMITED

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER

	SHARE CAPITAL $000	FOREIGN CURRENCY TRANSLATION RESERVE $000
Balance at 1 July 2008	374,508	4,549
Total comprehensive income for the period		
Profit or loss	–	–
Other comprehensive income		
Foreign currency translation differences	–	(154)
Amendment on amalgamation	–	–
Subsidiary revaluation of property, plant and equipment	–	–
Effective portion of changes in fair value of financial instruments, net of tax	–	–
Defined benefit plan actuarial gains and losses, net of tax	–	–
Total other comprehensive income	–	(154)
Total comprehensive income for the period	–	(154)
Transactions with shareholders, recorded directly in equity		
Issue of ordinary shares	7,931	–
Dividends to shareholders	–	–
Total contributions by and distributions to shareholders	7,931	–
Balance at 31 December 2008	**382,439**	**4,395**
Balance at 1 January 2009	382,439	4,395
Total comprehensive income for the period		
Profit or loss	–	–
Other comprehensive income		
Foreign currency translation differences	–	(3,192)
Subsidiary revaluation of property, plant and equipment	–	–
Effective portion of changes in fair value of financial instruments, net of tax	–	–
Defined benefit plan actuarial gains and losses, net of tax	–	–
Total other comprehensive income	–	(3,192)
Total comprehensive income for the period	–	(3,192)
Transactions with shareholders, recorded directly in equity		
Issue of ordinary shares	26,411	–
Dividends to shareholders	–	–
Total contributions by and distributions to shareholders	26,411	–
Balance at 30 June 2009	**408,850**	**1,203**

REALISED CAPITAL AND OTHER RESERVES $000	REVALUATION RESERVE $000	HEDGING RESERVE $000	DEFINED BENEFIT PLAN RESERVE $000	FAIR VALUE RESERVE $000	RETAINED EARNINGS $000	NON-CONTROLLING INTEREST $000	TOTAL EQUITY $000
24,931	2,979	121	1,288	(375)	72,500	–	480,501
–	–	–	–	–	(32,761)	–	(32,761)
–	2,953	–	–	–	400	–	3,199
(389)	–	–	–	–	–	–	(389)
–	632	–	–	–	–	–	632
–	–	2,818	–	–	–	–	2,818
–	–	–	(16,072)	–	–	–	(16,072)
(389)	3,585	2,818	(16,072)	–	400	–	(9,812)
(389)	3,585	2,818	(16,072)	–	(32,361)	–	(42,573)
–	–	–	–	–	–	–	7,931
–	–	–	–	–	(32,185)	–	(32,185)
–	–	–	–	–	(32,185)	–	(24,254)
24,542	**6,564**	**2,939**	**(14,784)**	**(375)**	**7,954**	**–**	**413,674**
24,542	6,564	2,939	(14,784)	(375)	7,954	–	413,674
–	–	–	–	–	(33,683)	–	(33,683)
–	(2,656)	–	–	–	(2,222)	–	(8,070)
–	(648)	–	–	–	–	–	(648)
–	–	2,329	–	–	–	–	2,329
–	–	–	5,172	–	–	–	5,172
–	(3,304)	2,329	5,172	–	(2,222)	–	(1,217)
–	(3,304)	2,329	5,172	–	(35,905)	–	(34,900)
–	–	–	–	–	–	–	26,411
–	–	–	–	–	(14,264)	–	(14,264)
–	–	–	–	–	(14,264)	–	12,147
24,542	**3,260**	**5,268**	**(9,612)**	**(375)**	**(42,215)**	**–**	**390,921**

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PGG WRIGHTSON LIMITED

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE SIX MONTHS ENDED 31 DECEMBER

	SHARE CAPITAL $000	FOREIGN CURRENCY TRANSLATION RESERVE $000
Balance at 1 July 2009	408,850	1,203
Total comprehensive income for the period		
Profit or loss	–	–
Other comprehensive income		
Foreign currency translation differences	–	(2,607)
Reclassification of subsidiary reserves	–	–
Effective portion of changes in fair value of financial instruments, net of tax	–	–
Defined benefit plan actuarial gains and losses, net of tax	–	–
Total other comprehensive income	–	(2,607)
Total comprehensive income for the period	–	(2,607)
Transactions with shareholders, recorded directly in equity		
Contributions by and distributions to shareholders		
Issue of ordinary shares	216,854	–
Capital issue costs	(9,900)	–
Dividends to shareholders	–	–
Total contributions by and distributions to shareholders	206,954	–
Changes in ownership interests in subsidiaries		
Initial recognition of non-controlling interest	–	–
Total changes in ownership interests in subsidiaries	–	–
Balance at 31 December 2009	**615,804**	**(1,404)**

The accompanying notes form an integral part of these financial statements.

REALISED CAPITAL AND OTHER RESERVES $000	REVALUATION RESERVE $000	HEDGING RESERVE $000	DEFINED BENEFIT PLAN RESERVE $000	FAIR VALUE RESERVE $000	RETAINED EARNINGS $000	NON-CONTROLLING INTEREST $000	TOTAL EQUITY $000
24,542	3,260	5,268	(9,612)	(375)	(42,215)	–	390,921
–	–	–	–	–	3,869	190	4,059
635	201	–	–	–	(2,829)	–	(4,600)
2,704	(2,704)	–	–	–	–	–	–
–	–	(2,667)	–	–	–	–	(2,667)
–	–	–	276	–	–	–	276
3,339	(2,503)	(2,667)	276	–	(2,829)	–	(6,991)
3,339	(2,503)	(2,667)	276	–	1,040	190	(2,932)
–	–	–	–	–	–	–	216,854
–	–	–	–	–	–	–	(9,900)
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	206,954
–	–	–	–	–	–	1,370	1,370
–	–	–	–	–	–	1,370	1,370
27,881	**757**	**2,601**	**(9,336)**	**(375)**	**(41,175)**	**1,560**	**596,313**

PGG WRIGHTSON LIMITED

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER

	NOTE	UNAUDITED DEC 2009 $000	AUDITED JUN 2009 $000	UNAUDITED DEC 2008 $000
ASSETS				
Current				
Cash and cash equivalents	8	36,212	45,999	17,829
Short term derivative assets		6,562	7,275	6,580
Trade and other receivables		303,815	196,006	306,585
Finance receivables		418,035	404,586	342,703
Income tax receivable		10,491	10,394	3,484
Assets classified as held for sale		4,000	8,017	9,840
Biological assets		4,207	3,630	6,006
Inventories		172,407	203,766	174,181
Total current assets		955,729	879,673	867,208
Non-current				
Long-term derivative assets		926	5,537	4,743
Finance receivables		133,281	151,726	175,991
Biological assets		248	231	313
Deferred tax asset		4,957	3,802	13,947
Investments in equity accounted investees		4,052	3,268	3,918
Other investments	9	88,245	92,722	86,098
Intangible assets		338,224	340,133	329,117
Property, plant and equipment	10	64,463	67,054	79,682
Total non-current assets		634,396	664,473	693,809
Total assets		**1,590,125**	**1,544,146**	**1,561,017**

CONTINUED . . .

PGG WRIGHTSON LIMITED

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER

	NOTE	UNAUDITED DEC 2009 $000	AUDITED JUN 2009 $000	UNAUDITED DEC 2008 $000
LIABILITIES				
Current				
Debt due within one year – PGW	8	53,627	455,040	427,763
Debt due within one year – PWF	8	–	71,500	–
Short-term derivative liabilities		3,196	6,802	13,581
Accounts payable and accruals		214,854	171,179	213,235
Finance current liabilities		341,024	249,922	278,757
Total current liabilities		612,701	954,443	933,336
Non-current				
Long-term debt – PGW	8	209,915	–	–
Long-term debt – PWF	8	90,000	–	–
Long-term derivative liabilities		1,590	6,585	4,719
Defined benefit liability	11	14,301	13,680	20,999
Other long-term provisions		873	793	794
Finance term liabilities		64,432	177,724	187,495
Total non-current liabilities		381,111	198,782	214,007
Total liabilities		993,812	1,153,225	1,147,343
EQUITY				
Share capital	12	615,804	408,850	382,439
Reserves		20,124	24,286	23,281
Retained earnings		(41,175)	(42,215)	7,954
Total equity attributable to shareholders of the Company		594,753	390,921	413,674
Non-controlling interest		1,560	–	–
Total equity		596,313	390,921	413,674
Total liabilities and equity		**1,590,125**	**1,544,146**	**1,561,017**

These consolidated financial statements have been authorised for issue on 24 February 2010.

Keith Smith
Chairman

Tim Miles
Managing Director

The accompanying notes form an integral part of these financial statements.

PGG WRIGHTSON LIMITED

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 DECEMBER

	NOTE	UNAUDITED DEC 2009 $000	AUDITED JUN 2009 $000	UNAUDITED DEC 2008 $000
Cash flows from operating activities				
Cash was provided from:				
Receipts from customers		469,907	1,269,082	625,194
Dividends received		7	728	–
Interest received		28,209	59,557	32,747
		498,123	1,329,367	657,941
Cash was applied to:				
Payments to suppliers and employees		(494,608)	(1,213,570)	(662,834)
Silver Fern Farms due diligence and settlement costs		–	(37,103)	–
Interest paid		(41,071)	(62,116)	(37,011)
Income tax paid		(1,779)	(4,361)	(6,760)
		(537,458)	(1,317,150)	(706,605)
Net cash flow from operating activities	13	(39,335)	12,217	(48,664)
Cash flows from investing activities				
Cash was provided from:				
Proceeds from sale of property, plant and equipment		8,689	740	–
Net decrease in finance receivables		9,405	–	4,861
Proceeds from sale of investments		–	305	492
		18,094	1,045	5,353
Cash was applied to:				
Purchase of property, plant and equipment		(754)	(6,476)	(12,803)
Purchase of intangibles (software)		(817)	(12,436)	(1,222)
Net increase in finance receivables		–	(59,878)	–
Cash paid for purchase of investments		(296)	(21,959)	(22,255)
		(1,867)	(100,749)	(36,280)
Net cash flow from investing activities		16,227	(99,704)	(30,927)

CONTINUED . . .

PGG WRIGHTSON LIMITED

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE SIX MONTHS ENDED 31 DECEMBER

	NOTE	UNAUDITED DEC 2009 $000	AUDITED JUN 2009 $000	UNAUDITED DEC 2008 $000
Cash flows from financing activities				
Cash was provided from:				
Issue of share capital		206,954	–	–
Increase in bonds		–	78,488	97,425
Net increase in clients' deposit and current accounts		–	–	10,236
Increase in external borrowings		353,543	180,287	–
Repayment of loans by related parties		5,464	–	943
Net increase in secured debentures		–	48,122	45,975
		565,961	306,897	154,579
Cash was applied to:				
Dividends paid		–	(24,107)	(24,254)
Net decrease in clients' deposit and current accounts		(17,866)	(12,308)	–
Finance facility fees		(3,236)	(14,350)	–
Repayment of external borrowings		(526,540)	(140,475)	(59,006)
Net decrease in secured debentures		(4,998)	–	–
Repayment of loans to related parties		–	(8,272)	–
		(552,640)	(199,512)	(83,260)
Net cash flow from financing activities		13,321	107,385	71,319
Net (decrease)/increase in cash held		(9,787)	19,898	(8,272)
Opening cash/(bank overdraft)		45,999	26,101	26,101
Cash and cash equivalents		36,212	45,999	17,829
Comprises:				
PGG Wrightson Finance Limited		8,179	3,779	12,175
Rest of the Group		28,033	42,220	5,654
		36,212	45,999	17,829

The accompanying notes form an integral part of these financial statements.

PGG WRIGHTSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER

1 REPORTING ENTITY

PGG Wrightson Limited (the "Company") is a company domiciled in New Zealand, registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange. The Company is an issuer in terms of the Financial Reporting Act 1993.

The condensed interim consolidated financial statements of PGG Wrightson Limited for the six months ended 31 December 2009 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities.

The Company is primarily involved in the provision of rural services.

2 BASIS OF PREPARATION

The condensed interim consolidated financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with the New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") as applicable for interim financial statements for profit orientated entities, and in particular NZ IAS 34. The financial statements comply with International Financial Reporting Standards.

The condensed interim financial statements do not include all of the information required for full annual statements. The same accounting policies, presentation and methods of computation are followed in the condensed interim consolidated financial statements as applied in the Group's latest annual audited financial statements, with exceptions as described below.

a) Accounting for borrowing costs. The Group capitalises borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset from 1 July 2009. Previously the Group immediately recognised all borrowing costs as an expense. This change in accounting policy is due to the adoption of IAS 23 *Borrowing Costs*, and had no material impact on assets, profit or earnings per share in the interim period ended 31 December 2009.

b) Determination and presentation of operating segments. As of 1 July 2009 the Group determines and presents operating segments based on the information that internally is provided to the Managing Director, who is the Group's chief operating decision maker. This change in accounting policy is due to the adoption of IFRS 8 *Operating Segments*. Previously operating segments were determined and presented in accordance with IAS 14 *Segment Reporting*.

Comparative segment information has been re-presented in conformity with the transitional requirements of IFRS 8. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Managing Director to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Managing Director include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and head office expenses.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

c) Presentation of financial statements. The Group applied revised IAS 1 *Presentation of Financial Statements (2007)*, which became effective as of 1 January 2009. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. This presentation has been applied in these condensed interim financial statements as of and for the six month period ended on 31 December 2009.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

These statements were approved by the Board of Directors on 24 February 2010.

PGG WRIGHTSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

3 SEGMENT REPORTING

The Group has five reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different skills, technology and marketing strategies. Within each segment, further business unit analysis may be provided to management where there are significant differences in the nature of activities. The Managing Director reviews internal management reports on each strategic business unit on at least a monthly basis.

- *Customer Services*. Includes Rural Supplies and Fruitfed (retail operations), Livestock and Export Livestock (commission based activities), with other smaller operations of Irrigation and Pumping, Fecpak, Training and Consulting grouped into the Other category.
- *Seed, Grain and Nutrition*. Includes Seed and Grain (research and development, manufacturing and distributing forage seed, turf and grain) and Agri-Feeds (purchasing, manufacturing and distribution of liquid animal feeds and other animal nutritional products).
- *Financial Services*. Includes the Finance operations of the subsidiary PGG Wrightson Finance Limited, which provides a variety of specialist finance loan and investment products to the rural sector. Also includes Real Estate sales and marketing operations, with the Funds Management (including the NZ Farming Systems Uruguay Limited management contract) and Insurance activities grouped into the Other category.
- *South America*. Includes a variety of activities supplying products and services in the Seed and Rural Services industries, predominantly in Uruguay.
- *Corporate*. Includes Finance, Treasury, HR, and other support services, including adjustments for discontinued operations and consolation adjustments.

	REVENUE DERIVED FROM OUTSIDE THE GROUP	INTER-SEGMENT REVENUE (ELIM ON CONSOL)	SEGMENT EBITDA	REVENUE DERIVED FROM OUTSIDE THE GROUP	INTER-SEGMENT REVENUE (ELIM ON CONSOL)	SEGMENT EBITDA	REVENUE DERIVED FROM OUTSIDE THE GROUP	INTER-SEGMENT REVENUE (ELIM ON CONSOL)	SEGMENT EBITDA
	UNAUDITED DEC 2009 $000			AUDITED JUN 2009 $000			UNAUDITED DEC 2008 $000		
Rural Supplies and Fruitfed	323,221	–	17,313	668,052	–	26,069	431,221	–	23,701
Livestock (incl Export)	25,734	–	(1,386)	75,997	–	12,709	26,836	–	522
Other	15,815	–	(5,459)	41,902	–	(5,176)	23,708	–	(3,212)
Customer Services	364,770	–	10,468	785,951	–	33,602	481,765	–	21,011
Seeds and Grain	99,191	18,808	9,905	241,535	39,239	32,005	94,643	21,293	10,469
Agri-Feeds	22,810	3,039	3,025	72,414	203	9,755	51,032	–	6,799
Seed, Grain and Nutrition	122,001	21,847	12,930	313,949	39,442	41,760	145,675	21,293	17,268
Finance	29,068	–	5,324	59,765	–	10,898	30,872	–	6,085
Real Estate	8,141	–	(1,161)	27,046	–	(1,642)	16,184	–	(390)
Other	3,867	–	3,144	7,208	–	5,934	3,392	–	2,717
Financial Services	41,076	–	7,307	94,019	–	15,190	50,448	–	8,412
South America	52,832	–	3,306	95,614	–	4,604	55,302	–	2,308
Corporate	2,573	–	(9,041)	(8,887)	–	(14,212)	2,077	–	(3,866)
Total	**583,252**	**21,847**	**24,970**	**1,280,646**	**39,442**	**80,944**	**735,267**	**21,293**	**45,133**

PGG WRIGHTSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

3 SEGMENT REPORTING (CONTINUED)

	UNAUDITED DEC 2009 $000	AUDITED JUN 2009 $000	UNAUDITED DEC 2008 $000
Segment Total Assets			
Rural Supplies and Fruitfed	267,886	393,229	489,029
Livestock (incl Export)	114,468	43,327	43,370
Other	44,931	45,125	59,248
Customer Services	427,285	481,681	591,647
Seeds and Grain	323,284	243,631	165,233
Agri-Feeds	30,213	20,556	29,183
Seed, Grain and Nutrition	353,497	264,187	194,416
Finance	570,354	579,721	570,097
Real Estate	2,432	2,018	4,012
Other	39,170	26,713	20,709
Financial Services	611,956	608,452	594,818
South America	90,456	79,771	77,209
Corporate	106,931	110,055	102,927
Total	**1,590,125**	**1,544,146**	**1,561,017**

Segment total assets include a draft goodwill allocation. These allocations will be confirmed and finalised following a full forecast analysis for the 30 June 2010 statutory financial statements.

4 NON OPERATING ITEMS

	NOTE	UNAUDITED DEC 2009 $000	AUDITED JUN 2009 $000	UNAUDITED DEC 2008 $000
Silver Fern Farms due diligence and settlement costs		–	(49,600)	(16,951)
Capital gains on sale of businesses, property plant and equipment		2,885	17,564	15,980
Defined benefit superannuation plan	11	(1,015)	501	(1,038)
Restructuring		(636)	(2,614)	(1,174)
Write off goodwill on closure of Australian Real Estate and Livestock operation		–	(227)	(227)
Non-controlling interest		(191)	–	–
Other non operating items		(1,242)	(5,043)	(4,699)
		(199)	**(39,419)**	**(8,109)**

PGG WRIGHTSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

5 FAIR VALUE ADJUSTMENTS

	UNAUDITED DEC 2009 $000	AUDITED JUN 2009 $000	UNAUDITED DEC 2008 $000
Continuing Operations			
Gain/(loss) on investments	605	(40,880)	(35,873)
Risk share loan transfers	–	97	97
Derivatives not in qualifying hedge relationships	5,944	(4,001)	(9,283)
Other fair value adjustments	–	(3,200)	(2,118)
	6,549	**(47,984)**	**(47,177)**
Discontinuing Operations			
Biological assets	–	(437)	(436)
Lease commitment	–	(2,000)	–
	–	**(2,437)**	**(436)**

6 DISCONTINUED OPERATIONS

At 30 June 2009 PGG Wrightson exited its Friesian live export business under its existing business model. The specialised Taurindicus business has been retained to reflect the intellectual property investment in this business.

In February 2009 the Australian Livestock and Real Estate activities were closed. No assets or liabilities remained at 30 June 2009.

	UNAUDITED DEC 2009 $000	AUDITED JUN 2009 $000	UNAUDITED DEC 2008 $000
Profits attributable to the discontinued operation were as follows:			
Results of discontinued operations			
Revenue	–	12,311	2,505
Expenses	–	(22,335)	(6,474)
Results from operating activities	–	(10,024)	(3,969)
Income tax expense	–	2,341	820
Results from operating activities, net of income tax	–	(7,683)	(3,149)
Gain/(loss) on sale of discontinued operation	–	–	(227)
Profit/(loss) for the period	**–**	**(7,683)**	**(3,376)**
Basic and diluted earnings per share (New Zealand dollars)	0.00	(0.02)	(0.01)
Cash flows from discontinued operations			
Net cash from operating activities	–	–	(961)
Net cash from/(used in) discontinued operation	–	–	(961)

PGG WRIGHTSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

7 EARNINGS PER SHARE AND NET TANGIBLE ASSETS

	UNAUDITED DEC 2009 000	AUDITED JUN 2009 000	UNAUDITED DEC 2008 000
Number of shares			
Weighted average number of ordinary shares	344,167	296,852	290,864
Number of ordinary shares	758,441	315,816	292,473

	UNAUDITED DEC 2009 $000	AUDITED JUN 2009 $000	UNAUDITED DEC 2008 $000
Net Tangible Assets			
Total assets	1,590,125	1,544,146	1,561,017
Total liabilities	(993,812)	(1,153,225)	(1,147,343)
less intangible assets	(338,224)	(340,133)	(329,117)
less deferred tax	(4,957)	(3,802)	(13,947)
	253,132	46,986	70,610

	UNAUDITED DEC 2009 $	AUDITED JUN 2009 $	UNAUDITED DEC 2008 $
Net tangible assets per security	0.33	0.15	0.24
Earnings per share	0.01	(0.22)	(0.11)

8 CASH AND BANK FACILITIES

	UNAUDITED DEC 2009 $000	AUDITED JUN 2009 $000	UNAUDITED DEC 2008 $000
Cash and cash equivalents	36,212	45,999	17,829
Current bank facilities	(53,627)	(526,540)	(427,763)
Term bank facilities	(299,915)	–	–
	(317,330)	(480,541)	(409,934)

On 18 November 2009 the Company finalised and accepted amended facilities with its banking syndicate. These include:

– A term debt facility of $197.9 million that matures on 31 August 2012.

– An amortising debt facility of $200 million to be fully repaid by 31 March 2010.

– A working capital facility of $75 million, with a further $10 million facility in October and November, that expires on 31 August 2011.

– Overdraft and guarantee facilities of $40 million.

The South Canterbury Finance Limited facility of $25 million matures on 28 February 2013. At 31 December 2009 this was drawn to $22.5 million.

On 24 December 2009 the Company repaid in full to the banking syndicate the $200 million amortising debt facility. The term debt facility balance has reduced by $10.5 million to $187.4 million through the disposal of surplus properties and the collection of deferred settlement proceeds from the sale of property.

The Group bank facilities include a $180 million syndicated facility (drawn to $90 million) with Commonwealth Bank of Australia and Bank of New Zealand Limited. This facility was effective from 16 December 2009, and is secured over PGG Wrightson Finance Limited assets. It ranks equally with bond and debenture investors. The facility matures on 28 October 2011.

PGG WRIGHTSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

9 OTHER INVESTMENTS

	NOTE	UNAUDITED DEC 2009 $000	AUDITED JUN 2009 $000	UNAUDITED DEC 2008 $000
Non-current investments				
NZ Farming Systems Uruguay Limited		13,506	12,892	16,883
BioPacificVentures Limited	14	11,547	11,351	11,029
Sundry other investments including saleyards		9,272	12,019	43,337
Advances to associates		53,920	56,460	14,849
		88,245	92,722	86,098

The Company's investment in NZ Farming Systems Uruguay Limited (NZFSU) is held at fair value through the profit and loss in accordance with NZIAS39 and recorded a gain of $0.614 million in the Statement of Comprehensive Income (June 2009: Loss $39.214 million, December 2008: Loss $35.223 million). No further capital investment was made to December 2009 (June 2009: $1.155 million, December 2008: $1.155 million).

NZFSU has a management contract with PGG Wrightson Funds Management Limited (a subsidiary of PGG Wrightson Investments Limited). Included within this is a performance fee element where a fee is payable to PGG Wrightson Funds Management Limited when shareholder returns exceed a compounding 10% per annum. The share price used for this calculation is the weighted average share price for April to June 2010. PGG Wrightson Funds Management Limited has not accrued for a fee for December 2009 (June 2009: $Nil, December 2008: $Nil) based on a share price required of $1.96 (June 2009: $1.78).

BioPacificVentures Limited and other saleyards investments are carried at cost.

Advances to associates includes a loan from the Company of $17.5 million, in the form of redeemable preference shares in Wool Partners International Limited. An advance of $10.0 million is held with Wool Grower Holdings Limited, and loans totalling $25.9 million are outstanding with NZFSU and subsidiaries, expected to be repaid before June 2010. The balance of $0.5 million is made up of small loans to various entities.

10 PROPERTY, PLANT AND EQUIPMENT

Acquisitions and disposals

During the six months ended 31 December 2009, the Group acquired assets with a cost of $4.5 million (30 June 2009: $13.1 million, 31 December 2008: $13.2 million), including assets acquired through business combinations of $Nil (30 June 2009: $0.4 million, 31 December 2008: $0.4 million).

Assets with a net book value of $2.8 million were disposed during the six months ended 31 December 2009 (30 June 2009: $8.8 million, 31 December 2008: $0.6 million), resulting in a gain on disposal of $2.9 million (30 June 2009: $Nil, 31 December 2008: loss of $0.1 million).

11 DEFINED BENEFIT ASSET / LIABILITY

The Group's net obligation with respect to defined benefit pension plans is calculated by estimating the future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value.

The present value of the defined benefit obligation less the fair value of plan assets results in a liability of $14.301 million (30 June 2009: $13.680 million liability, 31 December 2008: $20.999 million liability).

12 CAPITAL AND RESERVES

The Company raised gross proceeds of $216.9 million via a $36.2 million placement of shares to Agria Corporation and a $180.7 million rights offer to existing shareholders. On 23 November 2009, 41.1 million ordinary shares at a price of $0.88 per share were issued to Agria Corporation for an issue value of $36.2 million. These shares were eligible to participate in the subsequent rights offer. Eligible shareholders on 26 November 2009 were entitled to subscribe for 9 new shares for every 8 existing shares at an issue price of $0.45 per new share. This rights offer resulted in the issue of 401.5 million new shares on 23 December 2009, for consideration of $180.7 million. Offsetting the $216.9 million increase in equity were $9.9 million costs associated with the Agria placement and rights offer, resulting in a net equity increase of $207.0 million.

PGG WRIGHTSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

13 RECONCILIATION OF PROFIT AFTER TAX WITH NET CASH FLOW FROM OPERATING ACTIVITIES

	UNAUDITED DEC 2009 $000	AUDITED JUN 2009 $000	UNAUDITED DEC 2008 $000
Profit after taxation	4,059	(66,444)	(32,761)
Add/(deduct) non-cash / non operating items:			
Depreciation, amortisation and impairment	3,623	6,590	3,531
Fair value adjustments	(6,549)	50,421	47,613
Net (profit) on sale of assets/shares	(2,885)	(17,564)	(15,980)
Bad and doubtful debts	3,422	4,410	832
(Increase)/decrease in deferred taxation	(1,155)	(101)	(10,245)
Equity accounted earnings from associates	(778)	1,380	(825)
Financing costs	3,236	14,350	–
Other non-cash/non-operating items	(1,033)	17,371	4,645
	(2,119)	76,857	29,571
Add/(deduct) movement in working capital items:			
(Increase)/decrease in inventories and biological assets	30,765	(22,744)	4,385
(Increase)/decrease in accounts receivable and prepayments	(115,619)	25,483	(76,490)
Increase/(decrease) in trade creditors, provisions and accruals	43,865	(7,965)	23,085
Increase/(decrease) in income tax payable/receivable	(286)	7,030	3,546
	(41,275)	1,804	(45,474)
Net cash flow from operating activities	**(39,335)**	**12,217**	**(48,664)**

14 COMMITMENTS

	UNAUDITED DEC 2009 $000	AUDITED JUN 2009 $000	UNAUDITED DEC 2008 $000
There are commitments with respect to:			
Capital expenditure not provided for	14,425	10,784	17,590
Commitments to extend credit – PGG Wrightson Finance Limited	82,108	93,044	131,041
Purchase of assets of Allied Grain Co-operative (Te Awamutu) Limited	2,100	–	–
Investment in BioPacific Ventures	2,453	2,649	2,971
	101,086	**106,477**	**151,602**

Investment in BioPacific Ventures

The Group has committed $14 million to an international fund established for investment in food and agriculture life sciences. The Group's investment in BioPacific Ventures began in June 2005 and will be made over approximately six years. The investment has an anticipated total lifespan of 12 years. At 31 December 2009 $11.547 million has been drawn on the committed level of investment (30 June 2009: $11.351 million, 31 December 2008: $11.029 million), which is included in other investments.

There are no material commitments relating to investment in associates.

PGG WRIGHTSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

15 CONTINGENT LIABILITIES

	UNAUDITED DEC 2009 $000	AUDITED JUN 2009 $000	UNAUDITED DEC 2008 $000
There are contingent liabilities with respect to:			
Guarantees	22,405	23,464	19,644
PGG Wrightson Loyalty Reward Programme	520	606	649
	22,925	**24,070**	**20,293**

Guarantees

The guarantees are provided to banks of subsidiary companies for borrowings and to various other third parties.

PGG Wrightson Loyalty Reward Programme

The PGG Wrightson Loyalty Reward Programme is run in conjunction with the co-branded American Express card. A provision is retained for the expected level of points redemption. The contingent liability represents the balance of live points that are not provided for.

No losses are expected to arise from these contingent liabilities. There are no contingent liabilities relating to investments in associates.

16 SEASONALITY OF OPERATIONS

The Group is subject to significant seasonal fluctuations. In particular Livestock and Seeds activity are significantly weighted to the second half of the financial year. Seeds revenues reflects the fact the Group operates in geographical zones that suit autumn harvesting and sowing. New Zealand generally has spring calving and lambing and so Livestock trading is weighted towards the second half of the financial year in order for farmers to maximise their incomes. The Group recognises this is the nature of the industry and plans and manages its business accordingly.

17 RELATED PARTIES

Key management personnel receive compensation in the form of total remuneration including employee benefits. Key management personnel received total compensation of $2,833,773 for the six months ended 31 December 2009 (30 June 2009: $4,317,800, 31 December 2008: $1,618,218).

18 EVENTS SUBSEQUENT TO END OF INTERIM PERIOD

Bank Facilities – South Canterbury Finance

Since the end of the reporting period, the loan with South Canterbury Finance has been renegotiated. $22.8 million was repaid on 4 February 2010, with a corresponding increase in the syndicated facility (see note 8).

Allied Grain

On 24 December 2009 PGG Wrightson Seeds Limited signed an unconditional sale and purchase agreement for the assets and business of Allied Grain Co-operative (Te Awamutu) Limited for $2.100 million. The purchase date is 20 January 2010.

Canterbury Saleyards

On 6 January the Company entered into an agreement for the sale of 50% of the shares in Canterbury Sale Yards (1996) Limited to Rural Livestock Limited. Terms of the sale are yet to be completed. The sale date is expected to be 1 March 2010.

Convertible Redeemable Notes

On 15 January 2010 the Company received $33.9 million (USD $25.0 million) from the issue of convertible redeemable notes to Agria Corporation. These proceeds were invested as new capital into PGG Wrightson Finance Limited by way of preferential shares, to provide greater liquidity and capacity for growth.

PGG WRIGHTSON LIMITED

CORPORATE DIRECTORY

COMPANY NUMBER: 142962

BOARD OF DIRECTORS *(as at 31 December 2009)*

Keith Smith, *Chairman (appointed as Chairman 23 July 2009)*
Sir Selwyn Cushing
Murray Flett
Bruce Irvine
Guanglin Lai *(appointed 30 December 2009)*
Sam Maling *(retired 30 October 2009)*
Baird McConnon
Tim Miles
Craig Norgate *(retired as Chairman 23 July 2009)*
Tao Xie *(appointed 30 December 2009)*
Bill Thomas

MANAGING DIRECTOR

Tim Miles

CHIEF FINANCIAL OFFICER

Jason Dale

GENERAL COUNSEL/COMPANY SECRETARY

Julian Daly

REGISTERED OFFICE

PGG Wrightson Limited
57 Waterloo Road
PO Box 292
Christchurch 8042
Telephone 64 3 372 0800
Fax 64 3 372 0801

AUDITOR

KPMG
10 Customhouse Quay
PO Box 996
Wellington
Telephone 64 4 816 4500
Fax 64 4 816 4600

SHARE REGISTRY

Computershare Investor Services Limited
Level 2, 159 Hurstmere Road
Takapuna
Private Bag 92 119
Auckland 1142

Shareholder enquiries about transactions, changes of address or dividend payments should be directed in the first instance to:

Computershare Investor Services Limited
Telephone 64 9 488 8777, Fax 64 9 488 8787
Email: enquiry@computershare.co.nz

www.pggwrightson.co.nz