

PGG Wrightson

Half year report



FOR THE SIX MONTHS ENDED 31 DECEMBER 2011

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Helping grow the country

Chairman and Managing Director's Report

SUMMARY

- Retail and Livestock driven improvement in operating performance with 55% increase in EBITDA
- Seeds results broadly in line with prior year despite challenging climatic conditions in both New Zealand and Australia
- Strengthened financial position resulting from the sale of Finance Company.

On the right track

PGG Wrightson reported an improved operating performance for the six months to 31 December 2011 with earnings before interest, tax and depreciation (EBITDA) up 55% to \$22.0 million compared to \$14.2 million in December 2010. Revenue was \$693.8 million (December 2010: \$616.9 million). As this is the first period in which PGG Wrightson has reported earnings without contribution from PGG Wrightson Finance Limited – sold effective 31 August 2011 – figures have been restated for comparison purposes.

The improved operating results were underpinned by increased profitability from the Company's Livestock, Retail and Real Estate operations. AgriTech, which

includes Seeds, Grain and Nutrition, reported earnings broadly in line with the prior year despite climatic challenges over the period.

Net profit after tax was \$3.1 million compared to a loss of \$5.9 million in December 2010 after net interest and finance costs of \$8.6 million (December 2010: \$11.4 million). Non-operating items were related to the sale of PGG Wrightson Finance Limited in August 2011 and the valuation of shares in Heartland New Zealand Limited that were acquired as part consideration for the sale of the Finance Company.

While the Company had performed well in the first half, it is important to note that the Group's most significant contributor to earnings, AgriTech, typically generates almost two thirds of its turnover in the second half of the financial year.

Focusing on the future

Our key strategic emphasis remains on the need to invest in order to deliver better operational performance and provide a strong foundation on which to underpin growth. This also translates to having the right people, doing the right things and providing the best tools to get the job done. Initiatives include capital investment in our IT infrastructure and refurbishment of our store assets. We envisage that this investment will occur over a two to three year period.

Sale of PGG Wrightson Finance Limited to Heartland

The sale of PGG Wrightson Finance Limited to Heartland New Zealand Limited concluded on 31 August 2011 and served to strengthen PGG Wrightson's financial position while enhancing our ability to provide finance to our farming clients under a distribution arrangement with Heartland. An important part of this is in intermediary livestock financing where our livestock team has seen clear benefits to their clients.

The divestment of the Finance Company also served to reduce debt servicing costs which will benefit profitability moving forward.

Under the terms of the sale, loans valued at approximately \$67 million were retained in a special purpose vehicle – PGG Wrightson Rural Capital Limited. Of the 13 loans in the portfolio, three have been repaid through asset sales and it is a priority to exit the majority of these loans within the coming calendar year.

Bank debt

In December the Company negotiated with its bankers to extend its Group bank funding through to July 2014, including the redemption and refinancing of its Convertible Redeemable Notes of \$33.85 million. Together these result in a significant interest saving.

Operating Performance

REVENUE AND EARNINGS

Comparative half year performance	DEC 2011 \$M	DEC 2010 \$M
Revenue	693.8	616.9
EBITDA	22.0	14.2
Segmental EBITDA		
AgriServices	21.4	12.6
AgriTech	11.6	13.5
Other non-operating segment	(11.0)	(11.9)
EBITDA	22.0	14.2
Depreciation and amortisation expense	(4.1)	(4.5)
Equity accounted earnings of associates	0	0.3
Non operating items	(4.5)	(8.9)
Fair value adjustments	(1.9)	2.9
Net interest and finance costs	(8.6)	(11.4)
Income tax expense	0	(0.2)
Profit/(loss) from discontinued operations (net of income tax)	0.2	1.7
Profit for the period	3.1	(5.9)

Operating cash flow	DEC 2011 \$M	DEC 2010 \$M
Cash was provided from:		
Receipts from customers	628.1	541.6
Dividends received	0.1	0.2
Interest received	16.3	32.7
	644.5	574.5
Cash was applied to:		
Payments to suppliers & employees	(657.7)	(603.0)
Interest paid	(19.2)	(28.1)
Income tax paid	6.6	(0.5)
	(670.3)	(631.6)
Net cash from operating activities	(25.8)	(57.1)

DIVISIONAL OVERVIEW

	REVENUE		EBITDA	
	DEC 2011 \$M	DEC 2010 \$M	DEC 2011 \$M	DEC 2010 \$M
Livestock	59.6	58.8	3.0	0.5
Retail (Rural Supplies & Fruitfed Supplies)	354.7	330.5	17.1	13.9
Other*	88.8	36.4	1.3	(1.8)
AgriServices	503.1	425.7	21.4	12.6
Seeds & Grain	113.0	111.2	7.8	9.1
Agri-feeds	35.6	35.7	3.5	4.1
South America	39.5	40.4	0.3	0.3
AgriTech	188.1	187.3	11.6	13.5
Results from operating activities	691.2	613.0	33.0	26.1
Other non-operating segment**	2.6	3.9	(11.0)	(11.9)
Total	693.8	616.9	22.0	14.2

*AgriServices 'Other' comprises Insurance, Real Estate, Wool, Irrigation & Pumping, AgNZ (Training), Regional Admin, Finance Commission and South American activities of AgriServices.

** Other non-operating amounts relate to certain Corporate activities including Finance, treasury, HR and other support services including corporate property services and include adjustments for discontinued operations and consolidation adjustments.

Operational Review

AgriServices – Integrating a comprehensive range of product offerings to optimise grower and farmer returns, backed by client service solutions.

The Retail business produced strong results for the period on the strength of increases in on-farm maintenance alongside excellent growing conditions which resulted in increased requirements for weed and pest control.

Fruitfed Supplies saw gains from new product launches particularly in the latter part of the season following a difficult start to the season as a result of weather delays.

Livestock benefited from higher livestock prices and enhanced commission income.

Both Beefsure and Lambsure finishing programmes reported improved returns. At EBITDA, earnings were impacted by increased costs related to the strengthening of the Taranaki and Manawatu livestock teams and increased staff costs, a direct result of higher commissions. During the period PGG Wrightson launched its online quoting system and its 'Defer-a-bull' initiative targeted at the dairy sector, and re-established its velvet grading and sales business. Fulfilment of live export orders continued successfully into Vietnam.

Results from PGG Wrightson Wool were impacted by poor weather conditions throughout the winter and spring periods which caused interruptions to shearing patterns. A general decline in sheep numbers also had a negative impact on wool sales revenue and there was comparatively less old season's wool

held by growers available for sale during the July-December 2011 period. Wool exporter Bloch & Behrens experienced a positive second quarter based on the ability to forward contract wool direct from growers for export.

Contract revenues for Irrigation and Pumping continued to track up as the dairy price improvements ultimately flowed through in the form of new installations.

Real Estate had a positive six months with improvement in sales on a 35% increase in numbers year on year. Key drivers were sales in the \$2 - \$10 million farm segment and good improvement in the residential and lifestyle end of the market. While the number of professional sales people in the industry has declined we continue to recruit key people with the appropriate skill sets for the new market.

AgriTech – Combining know-how and pastoral technology as the Southern Hemisphere’s leader in forage seed and a strong provider in turf, grain and nutrition.

The New Zealand Seeds business reported earnings broadly in line with the prior year despite climatic challenges over the period. Highlights included the successful commercial roll out of the Cleancrop™ brassica system, the first season of sales for the newly acquired Corson Maize seed business and completion of a new intake warehouse at the Agripro seed processing site in Ashburton.

In the Australian Seeds business, the first half of the year saw the integration of the new businesses of Keith Seeds and Southedge Seeds into the broader Australian Group, with both businesses now reporting increased activity following a slow start to the financial year. Overall the season was wetter than normal and

expectations of a hot summer have subsided. However forecasts indicate weather patterns for the coming autumn sales season are an improvement on the same period last year.

In South America the focus remained on expanding temperate pasture seed activities in Brazil, while the newly established fertiliser joint venture in Uruguay performed ahead of expectations.

Grain had a strong start to the year with cereal seed sales for the period tracking well and sales were also positive for Agri-feeds, with supplementary feed sales of molasses, Time Capsule™ and RumenX™ largely in line with expectation.

Outlook


Taking into account the unusual climatic conditions experienced in PGG Wrightson’s

key trading regions and the sensitivity of the agricultural sector to weather and commodity prices, the Board of Directors have chosen not to provide a specific forecast for the full year.

With earnings and profitability weighted towards the second half of the year, the Directors and Management remain optimistic about the prospect of improved earnings for the remainder of the financial year.

People

On behalf of the Board of Directors and Management team we acknowledge each of our employees for their ongoing commitment to the Company. The turnaround achieved is, in large part, a testament to the expertise, skill and effort of our people and their ability to strive toward a common purpose.



Sir John Anderson
Chairman



George Gould
Managing Director

Financial Information

PGG Wrightson Limited and Subsidiaries



Condensed Interim Consolidated Statement of Comprehensive Income

FOR THE SIX MONTHS ENDED 31 DECEMBER

	NOTE	UNAUDITED DEC 2011 \$000	AUDITED JUN 2011 \$000	UNAUDITED DEC 2010 \$000
Continuing operations				
Revenue	3	693,790	1,247,247	616,873
Cost of sales		(549,869)	(967,210)	(489,934)
Gross profit		143,921	280,037	126,939
Other income		773	973	197
Employee benefits expense		(67,728)	(125,882)	(62,170)
Research and development		(2,460)	(4,861)	(2,353)
Other operating expenses		(52,470)	(100,837)	(48,398)
		(121,885)	(230,607)	(112,724)
EBITDA		22,036	49,430	14,215
Depreciation and amortisation expense		(4,085)	(10,124)	(4,565)
Results from continuing operating activities		17,951	39,306	9,650
Equity accounted earnings of associates		3	789	266
Non operating items	4	(4,486)	(22,029)	(8,873)
Fair value adjustments	5	(1,854)	(25,764)	2,894
Profit from continuing operations before interest and income taxes		11,614	(7,698)	3,937
Net interest and finance costs		(8,631)	(28,087)	(11,367)
Profit from continuing operations before income taxes		2,983	(35,785)	(7,430)
Income tax expense		(35)	585	(209)
Profit from continuing operations		2,948	(35,200)	(7,639)
Discontinued operations				
Profit/(loss) from discontinued operations (net of income tax)	6	159	4,533	1,731
Profit for the period		3,107	(30,667)	(5,908)

Condensed Interim Consolidated Statement of Comprehensive Income CONTINUED

FOR THE SIX MONTHS ENDED 31 DECEMBER

	NOTE	UNAUDITED DEC 2011 \$000	AUDITED JUN 2011 \$000	UNAUDITED DEC 2010 \$000
Other comprehensive income/(loss) for the period, net of income tax				
Foreign currency translation differences for foreign operations		1,802	2,678	1,180
Effective portion of changes in fair value of cash flow hedges		(282)	(513)	(165)
Effective portion of changes in fair value of financial instruments		(1,200)	-	-
Defined benefit plan actuarial gains/losses		(5,915)	648	6,467
Deferred tax on movement of actuarial gains/losses on employee benefit plans		1,379	(194)	(1,940)
Other comprehensive income/(loss) for the period, net of income tax		(4,216)	2,619	5,542
Total comprehensive income/(loss) for the period		(1,109)	(28,048)	(366)
Profit/(loss) attributable to:				
Shareholders of the Company		2,311	(31,608)	(6,153)
Non-controlling interest		796	941	245
Profit/(loss) for the period		3,107	(30,667)	(5,908)
Total comprehensive income/(loss) attributable to:				
Shareholders of the Company		(2,022)	(28,994)	(737)
Non-controlling interest		913	946	371
Total comprehensive income/(loss) for the period		(1,109)	(28,048)	(366)
Earnings/(loss) per share				
Basic and diluted earnings per share (New Zealand Dollars)	7	0.00	(0.04)	(0.01)
Continuing operations				
Basic and diluted earnings per share (New Zealand Dollars)	7	0.00	(0.05)	(0.01)

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

Condensed Interim Consolidated Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 31 DECEMBER

	SHARE CAPITAL \$000	FOREIGN CURRENCY TRANSLATION RESERVE \$000	REALISED CAPITAL AND OTHER RESERVES \$000
Balance at 1 July 2010	640,174	(1,243)	27,977
Total comprehensive income for the period			
Profit or loss	-	-	-
Other comprehensive income			
Foreign currency translation differences	-	789	(264)
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	-	789	(264)
Total comprehensive income for the period	-	789	(264)
Transactions with shareholders, recorded directly in equity			
Interest on convertible redeemable notes	-	-	-
Dividends to shareholders	-	-	-
Changes in ownership interests in subsidiaries	-	-	-
Balance at 31 December 2010	640,174	(454)	27,713
Balance at 1 January 2011	640,174	(454)	27,713
Total comprehensive income for the period			
Profit or loss	-	-	-
Other comprehensive income			
Foreign currency translation differences	-	(2,355)	1,158
Reclassification to retained earnings	-	-	1,550
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	-	(2,355)	2,708
Total comprehensive income for the period	-	(2,355)	2,708
Transactions with shareholders, recorded directly in equity			
Interest on convertible redeemable notes	-	-	-
Dividends to shareholders	-	-	-
Total contributions by and distributions to shareholders	-	-	-
Balance at 30 June 2011	640,174	(2,809)	30,421

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

Condensed Interim Consolidated Statement of Changes in Equity CONTINUED

FOR THE SIX MONTHS ENDED 31 DECEMBER

	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
	790	2,277	(12,664)	(375)	(23,216)	1,750	635,470
	-	-	-	-	(6,153)	245	(5,908)
	(78)	-	-	-	607	126	1,180
	-	(166)	-	-	-	-	(166)
	-	-	4,527	-	-	-	4,527
	(78)	(166)	4,527	-	607	126	5,541
	(78)	(166)	4,527	-	(5,546)	371	(367)
	-	-	-	-	(1,392)	-	(1,392)
	-	-	-	-	-	(138)	(138)
	-	-	-	-	(1,392)	(138)	(1,530)
	712	2,111	(8,137)	(375)	(30,154)	1,983	633,573
	712	2,111	(8,137)	(375)	(30,154)	1,983	633,573
	-	-	-	-	(25,495)	736	(24,759)
	(67)	-	-	-	2,923	(161)	1,498
	-	(993)	-	375	(932)	-	-
	-	(347)	-	-	-	-	(347)
	-	-	(4,073)	-	-	-	(4,073)
	(67)	(1,340)	(4,073)	375	1,991	(161)	(2,922)
	(67)	(1,340)	(4,073)	375	(23,504)	575	(27,681)
	-	-	-	-	(1,370)	-	(1,370)
	-	-	-	-	-	(181)	(181)
	-	-	-	-	(1,370)	(181)	(1,551)
	645	771	(12,210)	-	(55,028)	2,377	604,341

Condensed Interim Consolidated Statement of Changes in Equity CONTINUED

FOR THE SIX MONTHS ENDED 31 DECEMBER

	SHARE CAPITAL \$000	FOREIGN CURRENCY TRANSLATION RESERVE \$000	REALISED CAPITAL AND OTHER RESERVES \$000
Balance at 1 July 2011	640,174	(2,809)	30,421
Total comprehensive income for the period			
Profit or loss	-	-	-
Other comprehensive income			
Foreign currency translation differences	-	1,703	104
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	-	1,703	104
Total comprehensive income for the period	-	1,703	104
Transactions with shareholders, recorded directly in equity			
Contributions by and distributions to shareholders			
Interest on convertible redeemable notes	-	-	-
Repayment of convertible redeemable notes	(33,850)	-	-
Dividends to shareholders	-	-	-
Total contributions by and distributions to shareholders	(33,850)	-	-
Balance at 31 December 2011	606,324	(1,106)	30,525

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

	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
	645	771	(12,210)	-	(55,028)	2,377	604,341
	-	-	-	-	2,311	796	3,107
	33	-	-	-	(155)	117	1,802
	-	(282)	-	(1,200)	-	-	(1,482)
	-	-	(4,536)	-	-	-	(4,536)
	33	(282)	(4,536)	(1,200)	(155)	117	(4,216)
	33	(282)	(4,536)	(1,200)	2,156	913	(1,109)
	-	-	-	-	(2,048)	-	(2,048)
	-	-	-	-	-	-	(33,850)
	-	-	-	-	-	(278)	(278)
	-	-	-	-	(2,048)	(278)	(36,176)
	678	489	(16,746)	(1,200)	(54,920)	3,012	567,056

Condensed Interim Consolidated Statement of Financial Position

AS AT 31 DECEMBER

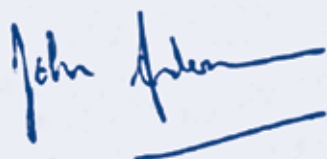
	NOTE	UNAUDITED DEC 2011 \$000	AUDITED JUN 2011 \$000	UNAUDITED DEC 2010 \$000
ASSETS				
Current				
Cash and cash equivalents	8	13,433	216	35,029
Short-term derivative assets		3,381	5,357	3,888
Trade and other receivables		298,030	230,055	304,738
Finance receivables		52,844	-	411,492
Income tax receivable		758	551	3,542
Assets classified as held for sale		1,530	509,350	3,025
Biological assets		21,599	25,367	17,938
Inventories		208,446	230,260	201,460
Total current assets		600,021	1,001,156	981,112
Non-current				
Long-term derivative assets		129	746	1,837
Finance receivables		-	-	80,355
Biological assets		236	198	270
Deferred tax asset		15,940	8,003	9,083
Investments in equity accounted investees		172	168	4,531
Other investments	9	18,902	10,663	44,003
Intangible assets		333,902	333,909	334,098
Property, plant and equipment	10	96,710	94,183	78,095
Total non-current assets		465,991	447,870	552,272
Total assets		1,066,012	1,449,026	1,533,384

Condensed Interim Consolidated Statement of Financial Position CONTINUED

AS AT 31 DECEMBER

	NOTE	UNAUDITED DEC 2011 \$000	AUDITED JUN 2011 \$000	UNAUDITED DEC 2010 \$000
LIABILITIES				
Current				
Debt due within one year – PGW	8	98,935	52,194	93,011
Short-term derivative liabilities		2,226	2,674	2,132
Accounts payable and accruals		234,921	222,513	234,686
Liabilities classified as held for sale		-	417,198	-
Finance current liabilities		-	-	327,896
Total current liabilities		336,082	694,579	657,725
Non-current				
Long-term debt – PGW	8	130,000	124,500	132,210
Long-term derivative liabilities		87	821	3,356
Defined benefit liability	11	22,397	16,970	13,268
Other long-term provisions		10,390	7,815	1,563
Finance term liabilities		-	-	91,689
Total non-current liabilities		162,874	150,106	242,086
Total liabilities		498,956	844,685	899,811
EQUITY				
Share capital	12	606,324	640,174	640,174
Reserves		12,641	16,818	21,570
Retained earnings		(54,920)	(55,030)	(30,154)
Total equity attributable to shareholders of the Company		564,045	601,962	631,590
Non-controlling interest		3,011	2,379	1,983
Total equity		567,056	604,341	633,573
Total liabilities and equity		1,066,012	1,449,026	1,533,384

These consolidated financial statements have been authorised for issue on 21 February 2012.



Sir John Anderson
Chairman



George Gould
Managing Director

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

Condensed Interim Consolidated Statement of Cash Flows

FOR THE SIX MONTHS ENDED 31 DECEMBER

	NOTE	UNAUDITED DEC 2011 \$000	AUDITED JUN 2011 \$000	UNAUDITED DEC 2010 \$000
Cash flows from operating activities				
Cash was provided from:				
Receipts from customers		628,134	1,278,524	541,555
Dividends received		80	3,628	247
Interest received		16,286	61,240	32,668
		644,500	1,343,392	574,470
Cash was applied to:				
Payments to suppliers and employees		(657,681)	(1,282,016)	(602,975)
Interest paid		(19,176)	(47,564)	(28,135)
Income tax paid		6,559	(8,894)	(469)
		(670,298)	(1,338,474)	(631,579)
Net cash flow from operating activities	13	(25,798)	4,918	(57,109)
Cash flows from investing activities				
Cash was provided from:				
Proceeds from sale of property, plant and equipment		415	440	333
Net decrease in finance receivables		27,370	83,252	32,588
Proceeds from sale of investments		24,475	56,179	28,921
		52,260	139,871	61,842
Cash was applied to:				
Purchase of property, plant and equipment		(8,303)	(4,270)	(5,390)
Purchase of intangibles (software)		(961)	(896)	(899)
Cash paid for purchase of investments		(11,199)	(11,718)	(5,976)
		(20,463)	(16,884)	(12,265)
Net cash flow from investing activities		31,797	122,987	49,577

Condensed Interim Consolidated Statement of Cash Flows CONTINUED

FOR THE SIX MONTHS ENDED 31 DECEMBER

	NOTE	UNAUDITED DEC 2011 \$000	AUDITED JUN 2011 \$000	UNAUDITED DEC 2010 \$000
Cash flows from financing activities				
Cash was provided from:				
Increase in external borrowings		52,727	11,000	48,202
Repayment of loans by related parties		-	145	18,063
Net increase in secured debentures		-	16,892	-
		52,727	28,037	66,265
Cash was applied to:				
Dividends paid to minority interests		(278)	(319)	-
Repayment of convertible redeemable notes		(33,850)	-	-
Interest paid on convertible redeemable notes		(2,048)	(2,762)	(1,392)
Repayment of bonds		-	(7,458)	(1,182)
Net decrease in clients' deposit and current accounts		(3,600)	(15,826)	(10,593)
Finance facility fees		-	(2,557)	(2,005)
Repayment of external borrowings		-	(79,433)	(45,658)
Repayment of loans to related parties		(752)	-	-
Net decrease in secured debentures		(4,982)	-	12,880
		(45,510)	(108,355)	(47,950)
Net cash flow from financing activities		7,217	(80,318)	18,315
Net (decrease)/increase in cash held		13,217	47,587	10,783
Opening cash/(bank overdraft)		216	24,246	24,246
Cash and cash equivalents		13,433	71,833	35,029
Comprises:				
PGG Wrightson Finance Limited		-	71,617	21,188
Rest of the Group		13,433	216	13,841
		13,433	71,833	35,029

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

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 2011 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 as issued by the IASB, as applicable for profit oriented entities.

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.

Certain comparative amounts in the statement of comprehensive income have been reclassified to conform with the current year's presentation. In addition, the statement of comprehensive income has been re-presented as if an operation discontinued during the current year had been discontinued from the start of the comparative periods (see Note 6).

These statements were approved by the Board of Directors on 21 February 2012.

Notes to the Financial Statements CONTINUED

FOR THE SIX MONTHS ENDED 31 DECEMBER

3. Segment Reporting

(a) Operating Segments

The Group has two primary operating divisions, AgriServices and AgriTech. AgriServices is further separated into four reportable segments, as described below, which are that segment'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 or Chairman of the Board reviews internal management reports on each strategic business unit on at least a monthly basis.

- **Retail:** Includes the Rural Supplies and Fruitfed retail operations, AgNZ (Consulting) and ancillary sales support, supply chain and marketing functions.
- **Livestock:** This includes rural Livestock trading activities and Export Livestock, being commission based activities.
- **Other AgriServices:** Includes Insurance, Real Estate, Wool, Irrigation and Pumping, AgNZ (Training), South American activities to supply products and services into the Uruguayan rural services industry, Regional Admin, Finance Commission and other related activities.
- **AgriTech:** Includes Seed and Grain (research and development, manufacturing and distributing forage seed, turf and grain), Agri-feeds (purchasing, manufacturing and distributing liquid animal feeds and other animal nutritional products) and various related activities in the developing seeds markets in South America.

Other non-segmented amounts relate to certain Corporate activities including Finance, Treasury, HR and other support services including corporate property services and include adjustments for discontinued operations and consolidation adjustments.

Notes to the Financial Statements CONTINUED

3. Segment Reporting (continued)

(b) Operating Segment Information

	Retail** (i)			Livestock			Other AgriServices** (ii)		
	DEC 2011 \$000	JUNE 2011 \$000	DEC 2010 \$000	DEC 2011 \$000	JUNE 2011 \$000	DEC 2010 \$000	DEC 2011 \$000	JUNE 2011 \$000	DEC 2010 \$000
Total segment revenue	354,689	568,600	330,422	59,587	139,581	58,777	88,826	112,696	36,447
Intersegment revenue	-	-	-	-	-	-	-	-	-
Total external operating revenues	354,689	568,600	330,422	59,587	139,581	58,777	88,826	112,696	36,447
EBITDA	17,113	18,698	13,884	3,016	16,386	539	1,289	(2,309)	(1,821)
Depreciation and amortisation	(570)	(3,323)	(1,610)	(160)	(439)	(224)	(420)	(574)	(240)
Results from operating activities	16,543	15,375	12,274	2,856	15,947	315	869	(2,883)	(2,061)
Equity earnings of associates	-	-	-	-	(213)	(231)	-	56	497
Non operating items	3	(2,733)	(176)	(211)	(12,443)	(922)	(38)	(502)	(1,129)
Fair value adjustments	173	(169)	(63)	(1,651)	2,507	1,446	229	(17,853)	(76)
Profit before interest	16,719	12,473	12,035	994	5,798	608	1,060	(21,182)	(2,769)
Net interest and finance costs	-	(55)	(55)	(48)	91	69	(443)	1,456	1,433
Profit before income tax	16,719	12,418	11,980	946	5,889	677	617	(19,726)	(1,336)
Income tax expense	(4,680)	(6,094)	(4,527)	(278)	(5,107)	(355)	(1,360)	909	(1,732)
Profit from continuing operations	12,039	6,324	7,453	668	782	322	(743)	(18,817)	(3,068)
Discontinued operations	-	-	-	-	-	-	-	-	-
Profit for the year	12,039	6,324	7,453	668	782	322	(743)	(18,817)	(3,068)
Segment assets	172,042	100,729	183,078	149,957	176,253	155,765	64,964	67,814	71,601
Equity accounted investees	-	-	-	67	67	197	-	4	4,322
Assets held for sale	-	-	-	-	-	-	-	-	-
Total segment assets	172,042	100,729	183,078	150,024	176,320	155,962	64,964	67,818	75,923
Segment liabilities	(99,036)	(45,445)	(98,642)	(46,950)	(78,254)	(40,332)	(36,499)	(48,625)	(22,037)

*Historically the Group has provided information in addition to the segment reporting to further split elements of some segments, eg. Retail has often been separated into the Rural Supplies and Fruitfed operations. The additional analysis on key aspects of some of these historical segment components (as indicated by asterisks in the segment analysis) is provided as additional tables to the segment note.

Notes to the Financial Statements CONTINUED

AgriServices			AgriTech** (iii)			Total operating segments			Other** (iv)			Total		
DEC 2011 \$000	JUNE 2011 \$000	DEC 2010 \$000	DEC 2011 \$000	JUNE 2011 \$000	DEC 2010 \$000	DEC 2011 \$000	JUNE 2011 \$000	DEC 2010 \$000	DEC 2011 \$000	JUNE 2011 \$000	DEC 2010 \$000	DEC 2011 \$000	JUNE 2011 \$000	DEC 2010 \$000
503,102	820,877	425,646	214,856	479,410	215,556	717,958	1,300,287	641,202	2,566	6,652	3,908	720,524	1,306,939	645,110
-	-	-	(26,734)	(59,692)	(28,237)	(26,734)	(59,692)	(28,237)	-	-	-	(26,734)	(59,692)	(28,237)
503,102	820,877	425,646	188,122	419,718	187,319	691,224	1,240,595	612,965	2,566	6,652	3,908	693,790	1,247,247	616,873
21,418	32,775	12,602	11,618	38,201	13,478	33,036	70,976	26,080	(11,000)	(21,546)	(11,865)	22,036	49,430	14,215
(1,150)	(4,336)	(2,074)	(1,829)	(3,357)	(1,214)	(2,979)	(7,693)	(3,288)	(1,106)	(2,431)	(1,277)	(4,085)	(10,124)	(4,565)
20,268	28,439	10,528	9,789	34,844	12,264	30,057	63,283	22,792	(12,106)	(23,977)	(13,142)	17,951	39,306	9,650
-	(157)	266	47	8	-	47	(149)	266	(44)	938	-	3	789	266
(246)	(15,678)	(2,227)	(103)	(1,884)	(5,705)	(349)	(17,562)	(7,932)	(4,137)	(4,467)	(941)	(4,486)	(22,029)	(8,873)
(1,249)	(15,515)	1,307	(817)	(297)	2,643	(2,066)	(15,812)	3,950	212	(9,952)	(1,056)	(1,854)	(25,764)	2,894
18,773	(2,911)	9,874	8,916	32,671	9,202	27,689	29,760	19,076	(16,075)	(37,458)	(15,139)	11,614	(7,698)	3,937
(491)	1,492	1,447	(165)	(3,120)	(735)	(656)	(1,628)	712	(7,975)	(26,459)	(12,079)	(8,631)	(28,087)	(11,367)
18,282	(1,419)	11,321	8,751	29,551	8,467	27,033	28,132	19,788	(24,050)	(63,917)	(27,218)	2,983	(35,785)	(7,430)
(6,318)	(10,292)	(6,614)	135	(2,410)	(4,086)	(6,183)	(12,702)	(10,700)	6,148	13,287	10,491	(35)	585	(209)
11,964	(11,711)	4,707	8,886	27,141	4,381	20,850	15,430	9,088	(17,902)	(50,630)	(16,727)	2,948	(35,200)	(7,639)
-	-	-	-	-	-	-	-	-	159	4,533	1,731	159	4,533	1,731
11,964	(11,711)	4,707	8,886	27,141	4,381	20,850	15,430	9,088	(17,743)	(46,097)	(14,996)	3,107	(30,667)	(5,908)
386,963	344,796	410,444	489,386	505,503	482,339	876,349	850,299	892,783	187,961	89,209	633,045	1,064,310	939,508	1,525,828
67	71	4,519	67	20	12	134	91	4,531	38	77	-	172	168	4,531
-	-	-	-	-	-	-	-	-	1,530	509,350	3,025	1,530	509,350	3,025
387,030	344,867	414,963	489,453	505,523	482,351	876,483	850,390	897,314	189,529	598,636	636,070	1,066,012	1,449,026	1,533,384
(182,485)	(172,324)	(161,011)	(159,805)	(224,116)	(213,190)	(342,290)	(396,440)	(374,201)	(156,666)	(448,245)	(525,610)	(498,956)	(844,685)	(899,811)

Notes to the Financial Statements CONTINUED

3. Segment Reporting (continued)

** Further analysis of trading performance of elements of some segments.

(i) Retail

	RURAL SUPPLIES			FRUITFED		
	DEC 2011 \$000	JUNE 2011 \$000	DEC 2010 \$000	DEC 2011 \$000	JUNE 2011 \$000	DEC 2010 \$000
Total segment revenue	270,793	444,035	251,506	82,807	122,297	77,773
Intersegment revenue	-	-	-	-	-	-
Total external operating revenues	270,793	444,035	251,506	82,807	122,297	77,773
EBITDA	13,641	18,201	11,561	6,045	7,021	5,600

(ii) Other AgriServices

	INSURANCE			REAL ESTATE		
	DEC 2011 \$000	JUNE 2011 \$000	DEC 2010 \$000	DEC 2011 \$000	JUNE 2011 \$000	DEC 2010 \$000
Total segment revenue	1,303	3,460	1,868	10,899	17,477	6,603
Intersegment revenue	-	-	-	-	-	-
Total external operating revenues	1,303	3,460	1,868	10,899	17,477	6,603
EBITDA	1,081	2,963	1,627	463	(846)	(1,268)

	WOOL			SOUTH AMERICA		
	DEC 2011 \$000	JUNE 2011 \$000	DEC 2010 \$000	DEC 2011 \$000	JUNE 2011 \$000	DEC 2010 \$000
Total segment revenue	47,048	40,951	4	10,258	22,517	10,977
Intersegment revenue	-	-	-	-	-	-
Total external operating revenues	47,048	40,951	4	10,258	22,517	10,977
EBITDA	1,254	(917)	(716)	1,557	3,064	1,225

(iii) AgriTech

	SEEDS AND GRAIN			AGRI-FEEDS		
	DEC 2011 \$000	JUNE 2011 \$000	DEC 2010 \$000	DEC 2011 \$000	JUNE 2011 \$000	DEC 2010 \$000
Total segment revenue	139,779	328,001	139,461	35,598	55,727	35,674
Intersegment revenue	(26,734)	(59,692)	(28,237)	-	-	-
Total external operating revenues	113,045	268,309	111,224	35,598	55,727	35,674
EBITDA	7,788	28,575	9,157	3,521	5,474	4,054

(iv) Other

	HR & CORPORATE SERVICES			PGW RURAL CAPITAL		
	DEC 2011 \$000	JUNE 2011 \$000	DEC 2010 \$000	DEC 2011 \$000	JUNE 2011 \$000	DEC 2010 \$000
Total segment revenue	2,567	5,986	3,243	4,360	-	-
Intersegment revenue	-	-	-	-	-	-
Total external operating revenues	2,567	5,986	3,243	4,360	-	-
EBITDA	(10,052)	(19,192)	(10,360)	-	-	-

Notes to the Financial Statements CONTINUED

	DEC 2011 \$000	JUNE 2011 \$000	OTHER DEC 2010 \$000	DEC 2011 \$000	JUNE 2011 \$000	RETAIL DEC 2010 \$000
	1,089	2,268	1,143	354,689	568,600	330,422
	-	-	-	-	-	-
	1,089	2,268	1,143	354,689	568,600	330,422
	(2,573)	(6,524)	(3,277)	17,113	18,698	13,884

	DEC 2011 \$000	JUNE 2011 \$000	IRRIGATION & PUMPING DEC 2010 \$000	DEC 2011 \$000	JUNE 2011 \$000	AGNZ DEC 2010 \$000
	16,384	23,597	14,601	2,701	4,717	2,394
	-	-	-	-	-	-
	16,384	23,597	14,601	2,701	4,717	2,394
	1,306	2,070	1,448	987	1,481	746

	DEC 2011 \$000	JUNE 2011 \$000	REGIONAL OVERHEAD DEC 2010 \$000	DEC 2011 \$000	JUNE 2011 \$000	FINANCE COMMISSION DEC 2010 \$000	DEC 2011 \$000	JUNE 2011 \$000	OTHER AGRISERVICES DEC 2010 \$000
	(1)	(23)	-	234	-	-	88,826	112,696	36,447
	-	-	-	-	-	-	-	-	-
	(1)	(23)	-	234	-	-	88,826	112,696	36,447
	(5,391)	(10,124)	(4,883)	32	-	-	1,289	(2,310)	(1,821)

	DEC 2011 \$000	JUNE 2011 \$000	SOUTH AMERICA DEC 2010 \$000	DEC 2011 \$000	JUNE 2011 \$000	AGRITECH DEC 2010 \$000
	39,479	95,682	40,421	214,856	479,410	215,556
	-	-	-	(26,734)	(59,692)	(28,237)
	39,479	95,682	40,421	188,122	419,718	187,319
	309	4,152	267	11,618	38,201	13,478

	DEC 2011 \$000	JUNE 2011 \$000	FINANCE (PWF DISCONTINUED) DEC 2010 \$000	DEC 2011 \$000	JUNE 2011 \$000	GROUP ELIMINATION / CONSOLIDATION & DISCONTINUED OPERATIONS ADJUSTMENT DEC 2010 \$000	DEC 2011 \$000	JUNE 2011 \$000	OTHER DEC 2010 \$000
	13,603	55,129	28,993	(17,964)	(54,463)	(28,328)	2,566	6,652	3,908
	-	-	-	-	-	-	-	-	-
	13,603	55,129	28,993	(17,964)	(54,463)	(28,328)	2,566	6,652	3,908
	1,169	5,448	2,614	(2,117)	(7,802)	(4,119)	(11,000)	(21,546)	(11,865)

Notes to the Financial Statements CONTINUED

4. Non Operating Items

	NOTE	UNAUDITED DEC 2011 \$000	AUDITED JUN 2011 \$000	UNAUDITED DEC 2010 \$000
Capital gains/(losses) on sale of business, property plant and equipment		(132)	1,615	(1,025)
Loss on sale of PGG Wrightson Finance Limited	6	(3,372)	-	-
Gain on purchase of business		-	3,286	-
Defined benefit superannuation plan	11	(502)	(1,656)	(1,529)
Restructuring		(472)	(8,499)	(5,134)
Silver Fern Farms supply contract		-	(9,555)	-
Other non operating items		(8)	(7,220)	(1,185)
		(4,486)	(22,029)	(8,873)

5. Fair Value Adjustments

	NOTE	UNAUDITED DEC 2011 \$000	AUDITED JUN 2011 \$000	UNAUDITED DEC 2010 \$000
Continuing Operations				
Impairment on consolidation of WPI		-	(18,302)	-
Gain/(loss) on investments designated at fair value through profit or loss	9	(161)	(989)	4,221
Derivatives not in qualifying hedge relationships		(1,260)	386	(1,802)
Other fair value adjustments		(433)	4,754	475
		(1,854)	(14,151)	2,894
PWF held for sale adjustments				
Assets held for sale		-	(9,441)	-
Derivatives not in a qualifying hedge relationship PWF		-	(2,172)	-
		-	(11,613)	-
		(1,854)	(25,764)	2,894

6. Discontinued Operations

In June 2011 the Group entered into a conditional share sale agreement with Heartland New Zealand Limited to sell its finance subsidiary PGG Wrightson Finance Limited (PWF) to Heartland's wholly-owned subsidiary Heartland Building Society (Heartland). The purchase price was \$98.17 million, being an amount equal to the adjusted net tangible assets of PWF as at the completion date of the transaction. The completion date was 31 August 2011. This resulted in a loss on disposal of \$0.32 million. Investment disposal costs of \$0.78 million have been recognised in respect of the sale.

As part of the sale transaction the Group agreed to purchase 13,333,333 shares in Heartland New Zealand Limited for \$0.75 per share. The fair value of these shares at the NZX list price as at the completion date was \$0.58 per share resulting in an additional loss on disposal of PWF of \$2.27 million.

In connection with the sale transaction certain loans were transferred from PWF to a wholly owned PGG Wrightson special purpose vehicle, PGW Rural Capital Limited, which is working to realise or refinance these facilities over the short to medium term. The operations of this entity are treated as discontinued and are also included within this note.

Notes to the Financial Statements CONTINUED

Profits attributable to the discontinued operation were as follows:

Results of discontinued operations

Revenue	
Expenses	
Fair value adjustments	
Results from operating activities	
Income tax expense	
Results from operating activities, net of income tax	

Profit/(loss) for the period

Basic and diluted earnings per share (New Zealand dollars)

Cash flows from discontinued operations

Net cash from operating activities

Net cash from/(used in) discontinued operation

	UNAUDITED DEC 2011 \$000	AUDITED JUN 2011 \$000	UNAUDITED DEC 2010 \$000
	13,603	55,129	28,993
	(14,776)	(50,020)	(26,604)
	(1,173)	5,109	2,389
	(1,069)	2,171	84
	(2,242)	7,280	2,473
	2,401	(2,747)	(742)
	159	4,533	1,731
	159	4,533	1,731
	0.00	0.01	0.00
	18,788	4,814	2,099
	18,788	4,814	2,099

7. Earnings Per Share and Net Tangible Assets

Number of shares

Weighted average number of ordinary shares	
Number of ordinary shares	

Net Tangible Assets

Total assets	
Total liabilities	
less intangible assets	
less deferred tax	

Net tangible assets per security	
Earnings per share	

	UNAUDITED DEC 2011 \$000	AUDITED JUN 2011 \$000	UNAUDITED DEC 2010 \$000
	754,849	758,136	758,285
	754,849	754,849	757,986
	1,066,012	1,449,026	1,533,384
	(498,956)	(844,685)	(899,811)
	(333,902)	(333,909)	(334,098)
	(15,940)	(8,003)	(9,083)
	217,214	262,429	290,392
	0.29	0.35	0.38
	0.00	(0.04)	(0.01)

Notes to the Financial Statements CONTINUED

8. Cash and Bank Facilities

	UNAUDITED DEC 2011 \$000	AUDITED JUN 2011 \$000	UNAUDITED DEC 2010 \$000
Cash and cash equivalents	13,433	216	35,029
Current bank facilities	(98,935)	(52,194)	(93,011)
Term bank facilities	(130,000)	(124,500)	(132,210)
	(215,502)	(176,478)	(190,192)

The Group has bank facilities of \$319.03 million. The Group has granted to ANZ National Bank Limited a general security deed and mortgage over all its assets. ANZ National Bank Limited holds this security on trust for the banking syndicate (ANZ National Bank Limited and Bank of New Zealand Limited).

The amortising facility of \$64.00 million is secured by the PGW Rural Capital (PGWRC) assets. At 31 December 2011 it was drawn to \$34.00 million with the remainder committed to the contingent liability referred to in Note 15.

The Group bank syndicate facilities include:

- A term debt facility of \$130.00 million that matures on 31 July 2014.
- A working capital facility of \$60.00 million that matures on 31 July 2014.
- A amortising facility of \$64.00 million that matures on 31 July 2013.
- Overdraft, guarantee and trade finance facilities of \$65.03 million.

9. Other Investments

	NOTE	UNAUDITED DEC 2011 \$000	AUDITED JUN 2011 \$000	UNAUDITED DEC 2010 \$000
Non-current investments				
BioPacificVentures Limited	14	9,575	9,435	12,483
Heartland New Zealand Limited		6,533	-	-
Sundry other investments including saleyards		2,107	1,290	374
Advances to associates		687	(62)	31,146
		18,902	10,663	44,003

The Group purchased 13,333,333 shares in Heartland New Zealand Limited (HNZ) for \$10.00 million as part of the agreement to sell PWF. A fair value loss of \$2.27 million on the fair value of these shares was included in the loss on disposal of PWF. An additional fair value reserve of \$1.20 million has been recognised in the statement of comprehensive income representing the NZX share price movement on the HNZ shares from the completion date of the sale of PWF to 31 December 2011. The Group considers that as at 31 December 2011 this investment is not impaired.

The Group recognised a fair value impairment of \$0.16 million on its investment in BioPacificVentures Limited during the period.

Saleyard investments, which do not have a market price in an active market and whose fair value can not be reliably determined, are carried at cost.

Notes to the Financial Statements CONTINUED

10. Property, Plant and Equipment

Acquisitions and disposals

During the six months ended 31 December 2011, the Group acquired assets with a cost of \$8.27 million (30 June 2011: \$5.36 million, 31 December 2010: \$4.34 million), together with assets acquired through business combinations of \$Nil (30 June 2011: \$15.33 million, 31 December 2010: \$5.40 million).

Assets with a net book value of \$1.75 million were disposed during the six months ended 31 December 2011 (30 June 2011: \$3.86 million, 31 December 2010: \$3.30 million), resulting in a gain on disposal of \$0.02 (30 June 2011: \$0.04 million, 31 December 2010: \$0.20 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 \$22.40 million (30 June 2011: \$16.98 million liability, 31 December 2010: \$13.27 million liability).

12. Capital and Reserves

The Company redeemed convertible redeemable notes of \$33.85 million on 30 December 2011.

13. Reconciliation of Profit After Tax With Net Cash Flow from Operating Activities

	UNAUDITED DEC 2011 \$000	AUDITED JUN 2011 \$000	UNAUDITED DEC 2010 \$000
Profit after taxation	3,107	(30,667)	(5,908)
Add/(deduct) non-cash/non operating items:			
Depreciation, amortisation and impairment	4,085	10,124	4,565
Fair value adjustments	1,854	25,764	(2,894)
Net (profit) on sale of assets/shares	3,504	(4,901)	1,025
Bad and doubtful debts	1,761	14,543	8,241
(Increase)/decrease in deferred taxation	(7,937)	407	(270)
Equity accounted earnings from associates	(3)	(789)	(266)
Financing costs	-	2,557	2,005
Discontinued operations	(159)	(4,533)	-
Other non-cash/non-operating items	192	13,457	(1,500)
	3,297	56,629	10,906
Add/(deduct) movement in working capital items:			
Movement in working capital due to sale/purchase of business	(3,539)	24,064	-
(Increase)/decrease in inventories and biological assets	25,581	(30,897)	21,805
(Increase)/decrease in accounts receivable and prepayments	(67,976)	(40,908)	(95,484)
Increase/(decrease) in trade creditors, provisions and accruals	12,409	20,611	8,477
Increase/(decrease) in income tax payable/receivable	1,323	6,086	3,095
	(32,202)	(21,044)	(62,107)
Net cash flow from operating activities	(25,798)	4,918	(57,109)

Notes to the Financial Statements CONTINUED

14. Commitments

There are commitments with respect to:

Capital expenditure not provided for	1,567	183	14,943
Commitments to extend credit - PGG Wrightson Finance Limited	-	51,765	58,303
Investment in BioPacificVentures	1,140	1,412	1,517
Purchase of Corson Grain business	1,800	-	-

	UNAUDITED DEC 2011 \$000	AUDITED JUN 2011 \$000	UNAUDITED DEC 2010 \$000
	1,567	183	14,943
	-	51,765	58,303
	1,140	1,412	1,517
	1,800	-	-
	4,507	53,360	74,763

Investment in BioPacificVentures

The Group has committed \$14.00 million to an international fund established for investment in food and agriculture life sciences. The Group's investment in BioPacificVentures began in June 2005. The investment has an anticipated total lifespan of 12 years. At 31 December 2011 \$12.86 million has been drawn on the committed level of investment (30 June 2011: \$12.59 million, 31 December 2010: \$12.48 million), which is included in other investments.

The Group has committed to buy land as part of its purchase of the Corson Grain business. The property is to be purchased for \$1.80 million in November 2013.

There are no material commitments relating to investment in associates.

15. Contingent Liabilities

There are contingent liabilities with respect to:

Guarantees	47,555	20,978	22,405
PGG Wrightson Loyalty Reward Programme	391	416	520

	UNAUDITED DEC 2011 \$000	AUDITED JUN 2011 \$000	UNAUDITED DEC 2010 \$000
	47,555	20,978	22,405
	391	416	520
	47,946	21,394	22,925

Guarantees

Included in the contingent liabilities is a guarantee in respect of certain loans acquired by Heartland Building Society as part of the PWF sale transaction on 31 August 2011. The value of the guaranteed loans as at 31 December 2011 was approximately \$30.00 million. The guarantee is contingent upon individual loans becoming impaired and put back to PGW during the three year guarantee period. Remaining 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.

Notes to the Financial Statements CONTINUED

16. Seasonality of Operations

The Group is subject to significant seasonal fluctuations. In particular Livestock and Seeds activities are significantly weighted to the second half of the financial year. Seeds revenues reflects the fact that 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 compensation

Key management personnel receive compensation in the form of total remuneration including employee benefits, as set out below:

	UNAUDITED DEC 2011 \$000	AUDITED JUN 2011 \$000	UNAUDITED DEC 2010 \$000
Short-term employee benefits	3,403	4,956	3,097
Post-employment benefits	-	-	-
Termination benefits	704	3,342	3,342
Other long-term benefits	-	-	-
Share-based payments	-	-	-
	4,107	8,298	6,439

18. Events Subsequent to End of Interim Period

Subsequent to the reporting date PGW expects to acquire loans totalling approximately \$9.50 million pursuant to the Heartland Building Society guarantee referred to in Note 15.

PGG Wrightson Corporate Directory

Company Number 142962

BOARD OF DIRECTORS

Sir John Anderson, Chairman

Sir Selwyn Cushing

Greg Campbell (*appointed 2 November 2011*)

George Gould

Bruce Irvine

Dr Zhi-Kang Li (*appointed 2 November 2011*)

Guanglin (Alan) Lai

Bill Thomas

Wah Kwong Tsang (WK) (*appointed 2 November 2011*)

Tao Xie (XT)

Keith Smith (*retired 2 November 2011*)

MANAGING DIRECTOR

George Gould

CHIEF FINANCIAL OFFICER

Rob Woodgate

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

62 Worcester Boulevard

PO Box 1739

Christchurch 8140

Telephone +64 3 363 5600

Fax +64 3 363 5629

SHARE REGISTRY

Computershare Investor Services Limited

Level 2, 159 Hurstmere Road

Takapuna, North Shore City 0622

Private Bag 92119

Auckland 1142

MANAGING YOUR SHAREHOLDING ONLINE:

To change your address, update your payment instructions and to view your investment portfolio, including transactions, please visit:

www.computershare.co.nz/investorcentre

General enquiries can be directed to:

- enquiry@computershare.co.nz
- Private Bag 92119, Auckland 1142, New Zealand
- Telephone +64 9 488 8777
- Facsimile +64 9 488 8787

Please assist our registrar by quoting your CSN or shareholder number.





Helping grow the country