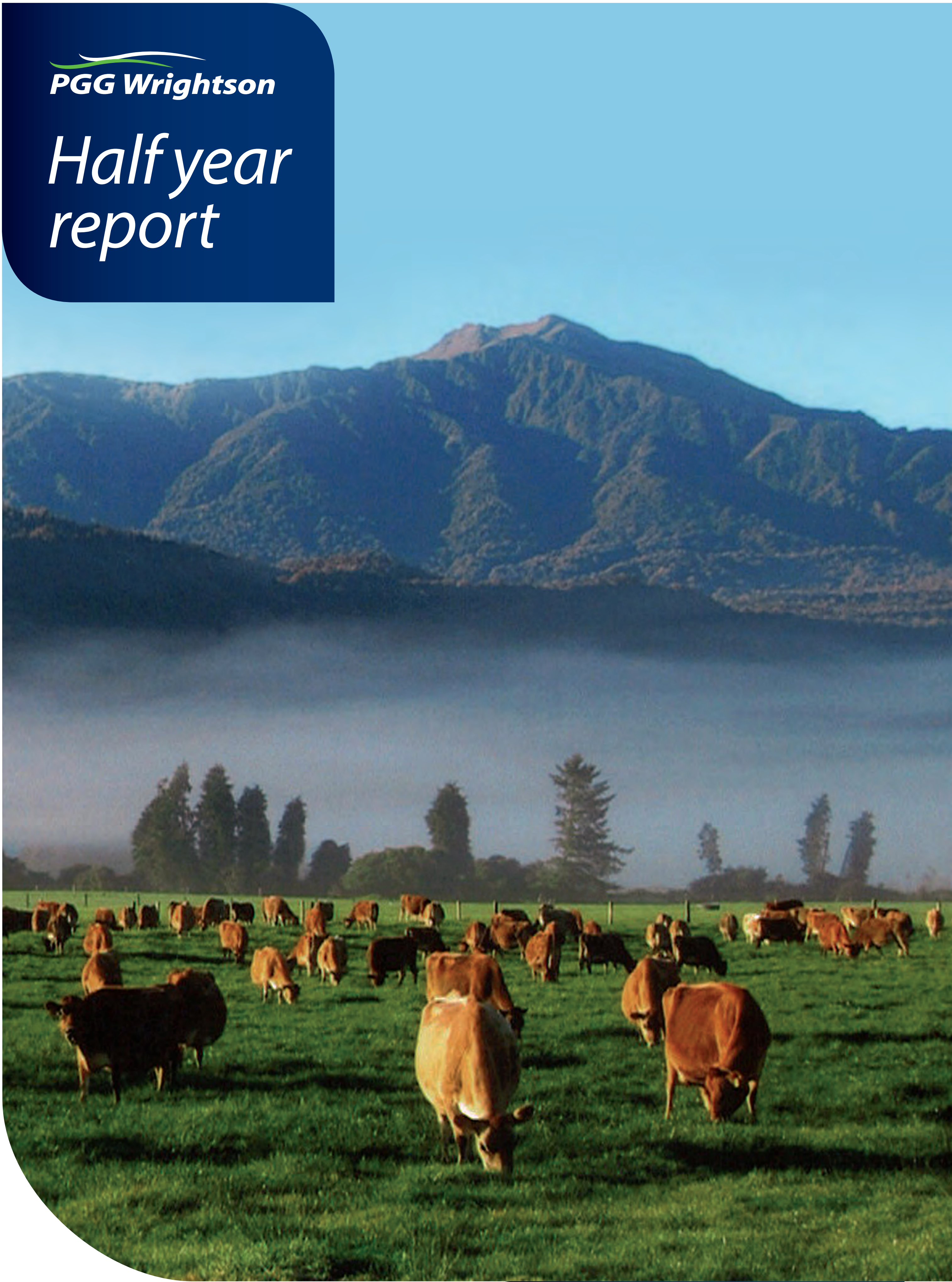
Half year report



FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

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Cover photo: Waitaha Valley, Ross, South Westland.

Chairman and Managing Director's Report

SUMMARY

- Net profit after tax of $4.8 million, an improvement of $1.7 million over the corresponding period last year.
- Net cash flow from both operating and investing activities of $24.4 million, compared with $6.0 million for the corresponding period last year.
- Fully imputed interim dividend of 2.2 cents per share.
- Strengthened financial position following improved collection of outstanding debts and reduced working capital.

Steady Progress

PGG Wrightson Limited has reported a positive result in the six months to 31 December 2012 in what have generally been tougher market conditions with reduced farm revenue in New Zealand and continued challenging weather conditions in Australia.

Net profit after tax was $4.8 million as compared to $3.1 million for the corresponding six month period to 31 December 2011. Funding costs were reduced by $3.1 million due to lower overall debt. Non-operating items included a loss on sale as part of the restructuring of the Agri-feeds Limited business but were less than last year which included items relating to the sale of PGG Wrightson Finance Limited.

Particularly pleasing was the performance of the Company's Retail, Wool, Irrigation & Pumping and New Zealand Seed operations – all of which showed improved operating earnings despite the tougher market conditions faced by our farming customers, reflecting an improvement in the underlying performance of these businesses.

While the operating activity of the Livestock business was broadly in line with the corresponding period last year, prices for sheep and lamb trading were about 30% back on the prior year, directly impacting on commission income.

Climatic conditions in Australia remain challenging and the early onset of dry summer weather conditions curtailed late spring seed sales resulting in reduced operating profit.

Last year's challenging trading environment resulted in the build-up of surplus seed inventory in certain categories. Where market conditions have permitted we have made the decision to sell down surplus seed inventory which has resulted in an operating loss but freed up cash.

People & Infrastructure

PGG Wrightson's core strength is our ability to service customers through appropriately equipped and well qualified field staff who understand farming. This is supported through having access to the right products, operating an efficient and responsive supply chain and maintaining an adequate branch infrastructure.

Much of our strategic emphasis remains on supporting our people in the field to ensure they have the expertise and tools needed to deliver this service to our clients. To this end we are continuing to expand our investment in staff training and developing our IT systems to improve field staff access to key business tools. We are also a substantial way through our store refurbishment programme with all South Island stores now updated and roll-out into the North Island is currently underway. We expect these initiatives to drive a gradual improvement in business performance.

China

The Company was pleased to announce in December 2012 that PGG Wrightson Seeds had entered into three memoranda of understanding ("MOU") in conjunction with Agria Corporation (indirectly the largest shareholder in PGG Wrightson) and a number of provincial Chinese entities. These MOU are designed to develop and show case pastoral style agriculture technology in China and are a step towards selecting and developing a portfolio of seed products suitable for use in China.

Governance

The Board announced a number of changes during the period including the retirement of long-standing directors Bill Thomas and Sir Selwyn Cushing. Independent Director, Lim Siang (Ronald) Seah has been appointed to the Board following the retirement of Dr Zhi-Kang Li. Other appointments were as a result of changes within PGG Wrightson's major shareholder, Agria (Singapore) Pty Limited and saw Greg Campbell, Tao Xie and Wah Kwong Tsang retire from the Board to be replaced by Wai Yip (Patrick) Tsang, Kean Seng U, and Trevor Burt.

The Board also announced the formation of an AgriTech Committee to provide additional governance oversight to the AgriTech business. Membership of the Committee comprises a mix of directors and expert advisers.

Debt

Net cash flow from both operating and investing activities was $24.4 million for the six months to 31 December 2012.

The overall debt position (net of cash on hand) has halved since a year ago and at 31 December 2012 stood at $103.0 million. Key contributions to the debt reduction over the 12 month period include retention of Group profits of $26.2 million for the 12 months to 31 December 2012, collection of PGW Rural Capital loan assets, including Crafar Farms, of approximately $25 million, reduced trade receivables of $25.5 million and reduced inventory and livestock of $17.5 million.

Outstanding Loan Assets

Following the sale of PGG Wrightson Finance to Heartland Building Society in August 2011, PGG Wrightson retained a number of outstanding loans and also provided guarantees to Heartland in respect of a number of other loans. With the collection of the Crafar Farms loan, the balance of outstanding loans still to be collected has reduced to approximately $2.8 million, the majority of which we expect to collect within the current calendar year. Similarly, the value of the loan assets guaranteed to Heartland continue to decrease as the underlying loans are collected or refinanced and we anticipate further reductions in these over the remainder of the calendar year. These guarantees are recorded in the accounts as contingent liabilities and have declined by approximately $7.4 million in the six months to 31 December 2012.

Distributions

In December 2012 the Board adopted a new dividend policy. Key points of the policy are that the PGG Wrightson Board will determine to pay cash dividends as appropriate taking into account relevant considerations at the time. These considerations include both the financial position and forecasts of the Company, interests of shareholders and broader market practice.

In line with this policy, a fully imputed interim dividend of 2.2 cents per share will be paid to shareholders on 28 March 2013.

Other Changes

Changes in business practice resulted in a number of changes which need to be taken into consideration when comparing results to prior periods.

Increasingly a number of products sold through the retail business are being transacted as an agent rather than principal. This applies in particular to lower margin, higher volume products such as fertiliser and stock feed. While this has minimal impact on operational performance or gross profit, the accounting treatment requires that only the agent's margin is recorded as revenue, rather than the full value of the transaction, resulting in a decline in stated revenue and the cost of sales. AgriServices revenue was $91.2 million lower than for the same period in the prior year as a result of this change.

The Agri-feeds molasses business was sold to 4Seasons Feeds Limited, a joint venture with International Nutritionals Limited (effective from August 2012), to strengthen our competitive position in the market. As a consequence of this sale the accounts now record most of our share of the profit of this business as equity earnings of associates rather than recording the full breakdown of revenue, cost of sales and expenses. Reported revenue for AgriTech was $24.4 million lower than for the same period in the prior year as a result of this change.

Operating Performance

REVENUE AND EARNINGS

Comparative half year performance	DEC 2012 $M	DEC 2011 $M
Revenue	589.1	693.8
Operating EBITDA	18.0	22.0

Segmental Operating EBITDA		
AgriServices	24.8	21.4
AgriTech	6.8	11.6
Other	(13.6)	(11.0)
Operating EBITDA	**18.0**	**22.0**
Equity accounted earnings of associates	0.7	0.0
Non operating items	(2.9)	(4.5)
Fair value adjustments	(0.6)	(1.9)
Depreciation and amortisation expense	(4.0)	(4.1)
Net interest and finance costs	(5.5)	(8.6)
Income tax expense	(0.9)	0.0
Profit/(loss) from discontinued operations (net of income tax)	0.0	0.2
Profit for the period	**4.8**	**3.1**

CASH FLOW

Operating cash flow	DEC 2012 $M	DEC 2011 $M
Cash was provided from:		
Receipts from customers	543.8	628.1
Dividends received	0.2	0.1
Interest received	2.5	16.3
	546.5	**644.5**
Cash was applied to:		
Payments to suppliers & employees	(540.3)	(657.7)
Interest paid	(3.2)	(19.2)
Income tax paid	(1.3)	6.6
	(544.8)	**(670.3)**
Net cash from operating activities	**1.7**	**(25.8)**
Net cash from investing activities	**22.7**	**31.8**
Net cash from both operating and investing activities	**24.4**	**6.0**

Note: Due to rounding of numbers to the nearest $0.1 million, some figures do not total precisely.

DIVISIONAL OVERVIEW

	REVENUE		Operating EBITDA	
	DEC 2012 $M	DEC 2011 $M	DEC 2012 $M	DEC 2011 $M
Livestock	51.0	59.6	0.6	3.0
Retail	264.5	354.7	19.2	17.1
Other AgriServices:				
Insurance	1.4	1.3	1.2	1.1
Real Estate	10.3	10.9	0.2	0.5
Irrigation & Pumping	25.4	16.4	3.2	1.3
Agriculture NZ	2.5	2.7	0.8	1.0
Wool	38.0	47.0	2.4	1.2
South America	12.4	10.3	1.8	1.6
Finance Commission	0.3	0.2	0.1	0.0
Regional Overhead	0.0	0.0	(4.7)	(5.4)
AgriServices	405.8	503.1	24.8	21.4
Seeds & Grain	126.0	113.0	5.8	7.8
Agri-feeds	10.8	35.6	0.6	3.5
South America	44.9	39.5	0.4	0.3
AgriTech	181.7	188.1	6.8	11.6
Results from operating activities	587.5	691.2	31.6	33.0
Other*	1.6	2.6	(13.6)	(11.0)
Total	**589.1**	**693.8**	**18.0**	**22.0**

** Other relates 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

After allowing for the change in recorded revenue due to agency arrangements, Retail sales revenue was broadly in line with the corresponding period in the previous year. However, improved sales in higher margin categories and reduced bad debt provisions resulted in an improved result for the Retail business.

Livestock earnings were lower than in the same period in the prior year but in line with expectations. Overall the volume of business transacted remains similar although dairy cattle tallies were down and minor variations are evident across other product lines. These changes are consistent with the market and reflect the higher level of feed that was available on-farm with good growing conditions in the late spring and early summer for most regions.

Commodity values for sheep meat and venison are significantly lower than for the prior year, which in turn has seen average trading prices back by 33% and 12% respectively. As a commission business these flow directly through to earnings and are the major driver for the reduced operating EBITDA from Livestock.

Greater volumes handled by the Wool business combined with improved margins and reduced operating costs led to a $1.1 million year-on-year improvement in operating EBITDA.

Irrigation & Pumping achieved a significant uplift in performance driven by increased volume in its core irrigation business. This increase was a consequence of winning a large share of irrigators going into the area covered by the Rangitata South Irrigation Scheme.

Real Estate has had a solid six months, although earnings were less than the corresponding period in the prior year. The market remains relatively fickle and turnover in the sector remains well down on long-term averages, especially in the larger farm segment where we traditionally see a higher market share.

Among the remaining businesses, Agriculture New Zealand (AgNZ) continues to turn in a solid performance notwithstanding that the business remains vulnerable to changes in Government policy in relation to funding and delivery of education. South American AgriServices achieved an improvement on the previous year with growth across most areas of the business, including livestock, irrigation and animal health.

Commissions received from our relationships with Aon (Insurance) and Heartland (Finance) achieved modest increases. Further growth is anticipated in the Insurance business with new offices opened.

AgriTech

Despite an increase in revenue, the Seeds & Grain business reported lower operating EBITDA due to changes in the sales mix. This is a consequence of a number of factors but predominantly reflects changes to trading activities in both Australia and New Zealand; on-going weather related challenges in the high value Australian proprietary seeds market; and decisions to dispose of surplus stock.

Our substantial investment in research and development continues to underpin the performance of our Seeds businesses. New products delivered by our research and development activities continue to support the growth of the New Zealand Seeds business with the recently launched CleanCrop™ Brassica System delivering outstanding growth and on-going growth from the AR37 range of proprietary rye-grass cultivars. Collectively these gains resulted in a $1.1 million increase in operating EBITDA.

Increased trading from the Keith Seeds division (acquired in 2010) drove higher overall revenue in the Australian Seeds business, but sales of proprietary seeds remain affected by uncharacteristic weather patterns which brought a premature end to the spring selling season in key regions. The relatively lower margins available from the increased trading activities were not sufficient to offset the reduction in proprietary seed sales and the net result was a decrease in operating EBITDA of $0.7 million in Australia.

Earnings from our international seed trading activities were impacted by the decision to sell down surplus stocks during the period – freeing up cash but impacting gross profit.

Increased grain trading was the remaining major contributor to the overall increase in revenues, with volumes up 9%. However a range of factors, including timing of trading and market pressures, resulted in lower average margins and, in turn, a small reduction in operating EBITDA for this activity.

The South American seeds business recorded a modest increase in operating EBITDA. The business showed good top line growth in Uruguay with increased sales of pasture seeds and crop protection products, although costs also increased as the business continues to grow. Following the buy-out of our joint venture partner late in 2012, we have moved to refocus the Alfalfares business in Argentina on seed production. This is expected to deliver gains in the second half of the year but resulted in reduced sales and one-off restructuring costs in the first half of the financial year.

Given the importance of research and development programmes to the AgriTech business, confirmation in February of the implementation of the Primary Growth Partnership programme for Seed and Nutritional Technology Development was very positive news. This assistance will be valuable in further enhancing our research and development programmes going forward.

Outlook

While we remain optimistic about improvements made in the day-to-day management of the business, we recognise that financial performance is influenced by a number of factors outside of our control; specifically global agriculture commodity prices, foreign exchange rates and climatic conditions, particularly in New Zealand, Australia and Uruguay.

Commodity price indices for key agricultural products remain depressed compared with a year ago, with the consequence that commission based businesses are likely to record lower earnings and, all other things being equal, farmer expenditure on discretionary items or items directly linked to production are anticipated to be down on a year ago.

Climatic issues, particularly in relation to on-farm feed supplies and rainfall events at critical times (such as during crop harvest and replanting) can have a significant impact on farmer demand for the goods and services which PGG Wrightson provides and on delivery of crops contracted to PGG Wrightson.

Taking into account the sensitivity of the business to these factors, the Board have chosen not to provide a forecast for the full year.

On behalf of the Board and Management team we acknowledge the support of our customers, suppliers and employees and thank them for their on-going commitment to the Company.

Sir John Anderson
Chairman

George Gould
Managing Director

Financial Statements

PGG WRIGHTSON LIMITED AND SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 DECEMBER

	NOTE	UNAUDITED DEC 2012 $000	AUDITED JUN 2012 $000	UNAUDITED DEC 2011 $000
Continuing operations				
Revenue	3	589,120	1,336,813	693,790
Cost of sales		(450,135)	(1,038,146)	(549,869)
Gross profit		138,985	298,667	143,921
Other income		1,008	1,550	773
Employee benefits expense		(69,576)	(137,046)	(67,728)
Research and development		(2,650)	(5,786)	(2,460)
Other operating expenses		(49,787)	(102,224)	(52,470)
		(121,005)	(243,506)	(121,885)
Operating EBITDA		**17,980**	**55,161**	**22,036**
Equity accounted earnings from associates		713	101	3
Non operating items	4	(2,931)	(1,941)	(4,486)
Fair value adjustments	5	(577)	(2,560)	(1,854)
EBITDA		**15,185**	**50,761**	**15,699**
Depreciation and amortisation expense		(3,945)	(8,323)	(4,085)
Results from continuing operating activities		**11,240**	**42,438**	**11,614**
Profit from continuing operations before interest and income taxes		11,240	42,438	11,614
Net interest and finance costs		(5,467)	(13,835)	(8,631)
Profit from continuing operations before income taxes		5,773	28,603	2,983
Income tax expense		(944)	(3,341)	(35)
Profit from continuing operations		4,829	25,262	2,948
Discontinued operations				
Profit/(loss) from discontinued operations (net of income tax)	6	–	(809)	159
Profit for the period		**4,829**	**24,453**	**3,107**

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME CONTINUED

FOR THE SIX MONTHS ENDED 31 DECEMBER

	NOTE	UNAUDITED DEC 2012 $000	AUDITED JUN 2012 $000	UNAUDITED DEC 2011 $000
Other comprehensive income/(loss) for the period, net of income tax				
Foreign currency translation differences for foreign operations		(1,533)	160	1,803
Effective portion of changes in fair value of cash flow hedges		(259)	(168)	(282)
Changes in fair value of equity instruments		4,139	(1,550)	(1,200)
Fixed asset revaluation on initial measurement		–	(4,738)	–
Buy out of non-controlling interest		(1,411)	–	–
Defined benefit plan actuarial gains/losses		1,357	(10,730)	(5,915)
Deferred tax on movement of actuarial gains/losses on employee benefit plans		(380)	2,727	1,379
Other comprehensive income/(loss) for the period, net of income tax		1,913	(14,299)	(4,215)
Total comprehensive income/(loss) for the period		**6,742**	**10,154**	**(1,108)**
Profit attributable to:				
Shareholders of the Company		4,247	23,486	2,311
Non-controlling interest		582	967	796
Profit for the period		**4,829**	**24,453**	**3,107**
Total comprehensive income/(loss) attributable to:				
Shareholders of the Company		6,241	9,056	(2,021)
Non-controlling interest		501	1,098	913
Total comprehensive income/(loss) for the period		**6,742**	**10,154**	**(1,108)**
Earnings/(loss) per share				
Basic and diluted earnings per share (New Zealand Dollars)	7	0.01	0.03	0.00
Continuing operations				
Basic and diluted earnings per share (New Zealand Dollars)	7	0.01	0.03	0.00

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 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			
Interest on convertible redeemable notes	–	–	–
Repayment of convertible redeemable notes	(33,850)	–	–
Dividends to shareholders	–	–	–
Changes in ownership interests in subsidiaries	(33,850)	–	–
Balance at 31 December 2011	**606,324**	**(1,106)**	**30,525**
Balance at 1 January 2012	606,324	(1,106)	30,525
Total comprehensive income for the period			
Profit or loss	–	–	–
Other comprehensive income			
Foreign currency translation differences	–	(1,049)	(119)
Asset revaluation on initial measurement	–	–	(4,738)
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	–	(1,049)	(4,857)
Total comprehensive income for the period	–	(1,049)	(4,857)
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 2012	**606,324**	**(2,155)**	**25,668**

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)	–	(55,029)	2,377	604,340
–	–	–	–	2,311	796	3,107
33	–	–	–	(154)	117	1,803
–	(282)	–	(1,200)	–	–	(1,482)
–	–	(4,536)	–	–	–	(4,536)
33	(282)	(4,536)	(1,200)	(154)	117	(4,215)
33	(282)	(4,536)	(1,200)	2,157	913	(1,108)
–	–	–	–	(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**
678	489	(16,746)	(1,200)	(54,920)	3,012	567,056
–	–	–	–	21,175	171	21,346
3	–	–	–	(492)	14	(1,643)
–	–	–	–	–	–	(4,738)
–	114	–	(350)	–	–	(236)
–	–	(3,467)	–	–	–	(3,467)
3	114	(3,467)	(350)	(492)	14	(10,084)
3	114	(3,467)	(350)	20,683	185	11,262
–	–	–	–	(102)	–	(102)
–	–	–	–	–	(443)	(443)
–	–	–	–	(102)	(443)	(545)
681	**603**	**(20,213)**	**(1,550)**	**(34,339)**	**2,754**	**577,773**

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 2012	606,324	(2,155)	25,668
Total comprehensive income for the period			
Profit or loss	–	–	–
Other comprehensive income			
Foreign currency translation differences	–	(1,824)	(33)
Buy out of non-controlling interest	–	–	(1,411)
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	–	(1,824)	(1,444)
Total comprehensive income for the period	–	(1,824)	(1,444)
Transactions with shareholders, recorded directly in equity			
Contributions by and distributions to shareholders			
Dividends to shareholders	–	–	–
Total contributions by and distributions to shareholders	–	–	–
Balance at 31 December 2012	**606,324**	**(3,979)**	**24,224**

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
681	603	(20,213)	(1,550)	(34,339)	2,754	577,773
–	–	–	–	4,247	582	4,829
(32)	–	–	–	437	(81)	(1,533)
–	–	–	–	–	–	(1,411)
–	(259)	–	4,139	–	–	3,880
–	–	977	–	–	–	977
(32)	(259)	977	4,139	437	(81)	1,913
(32)	(259)	977	4,139	4,684	501	6,742
–	–	–	–	–	(130)	(130)
–	–	–	–	–	(130)	(130)
649	**344**	**(19,236)**	**2,589**	**(29,655)**	**3,125**	**584,385**

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER

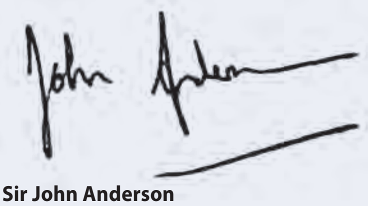
	NOTE	UNAUDITED DEC 2012 $000	AUDITED JUN 2012 $000	UNAUDITED DEC 2011 $000
ASSETS				
Current				
Cash and cash equivalents	8	29,335	15,911	13,433
Short-term derivative assets		1,204	2,951	3,381
Trade and other receivables		272,502	207,106	298,030
Finance receivables		3,721	29,248	52,844
Income tax receivable		3,138	4,148	758
Assets classified as held for sale		4,801	5,551	1,530
Biological assets		9,878	20,651	21,599
Inventories		202,643	239,402	208,446
Total current assets		527,222	524,968	600,021
Non-current				
Long-term derivative assets		81	499	129
Biological assets		297	207	236
Deferred tax asset		15,875	14,458	15,940
Investments in equity accounted investees		1,982	269	172
Other investments	9	29,622	21,283	18,902
Intangible assets		327,312	332,925	333,902
Property, plant and equipment	10	84,881	85,863	96,710
Total non-current assets		460,050	455,504	465,991
Total assets		**987,272**	**980,472**	**1,066,012**

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION CONTINUED

AS AT 31 DECEMBER

	NOTE	UNAUDITED DEC 2012 $000	AUDITED JUN 2012 $000	UNAUDITED DEC 2011 $000
LIABILITIES				
Current				
Debt due within one year	8	49,722	29,709	98,935
Short-term derivative liabilities		459	1,460	2,226
Accounts payable and accruals		239,408	228,142	234,921
Total current liabilities		289,589	259,311	336,082
Non-current				
Long-term debt	8	82,650	111,500	130,000
Long-term derivative liabilities		203	294	87
Defined benefit liability	11	24,695	26,264	22,397
Other long-term provisions		5,750	5,329	10,390
Total non-current liabilities		113,298	143,387	162,874
Total liabilities		402,887	402,698	498,956
EQUITY				
Share capital		606,324	606,324	606,324
Reserves		4,591	3,033	12,641
Retained earnings		(29,655)	(34,340)	(54,920)
Total equity attributable to shareholders of the Company		581,260	575,017	564,045
Non-controlling interest		3,125	2,757	3,011
Total equity		584,385	577,774	567,056
Total liabilities and equity		**987,272**	**980,472**	**1,066,012**

These consolidated financial statements have been authorised for issue on 26 February 2013.



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 2012 $000	AUDITED JUN 2012 $000	UNAUDITED DEC 2011 $000
Cash flows from operating activities				
Cash was provided from:				
Receipts from customers		543,786	1,388,811	628,134
Dividends received		200	440	80
Interest received		2,473	21,230	16,286
		546,459	1,410,481	644,500
Cash was applied to:				
Payments to suppliers and employees		(540,271)	(1,320,321)	(657,681)
Interest paid		(3,180)	(25,996)	(19,176)
Income tax paid		(1,290)	(5,590)	6,559
		(544,741)	(1,351,907)	(670,298)
Net cash flow from operating activities	12	**1,718**	**58,574**	**(25,798)**
Cash flows from investing activities				
Cash was provided from:				
Proceeds from sale of property, plant and equipment		822	538	414
Net decrease in finance receivables		22,100	35,069	27,370
Proceeds from sale of investments		2,665	32,532	24,475
		25,587	68,139	52,260
Cash was applied to:				
Purchase of property, plant and equipment		(3,381)	(11,703)	(8,303)
Purchase of intangibles (software)		(247)	(1,065)	(961)
Net cash received/(paid) for purchase of investments		682	(87,832)	(11,198)
		(2,946)	(100,600)	(20,463)
Net cash flow from investing activities		22,641	(32,461)	31,797

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS CONTINUED

FOR THE SIX MONTHS ENDED 31 DECEMBER

	NOTE	UNAUDITED DEC 2012 $000	AUDITED JUN 2012 $000	UNAUDITED DEC 2011 $000
Cash flows from financing activities				
Cash was provided from:				
Increase in external borrowings		20,013	11,500	52,727
Repayment of loans by related parties		310	–	–
		20,323	11,500	52,727
Cash was applied to:				
Dividends paid to minority interests		(130)	(721)	(278)
Repayment of convertible redeemable notes		–	(33,850)	(33,850)
Interest paid on convertible redeemable notes		–	(2,150)	(2,048)
Net decrease in clients' deposit and current accounts		–	(3,600)	(3,600)
Finance facility fees		–	(1,499)	–
Repayment of external borrowings		(28,850)	(46,498)	–
Repayment of loans to related parties		(2,278)	(93)	(752)
Net decrease in secured debentures		–	(5,124)	(4,982)
		(31,258)	(93,535)	(45,510)
Net cash flow from financing activities		(10,935)	(82,035)	7,217
Net (decrease)/increase in cash held		13,424	(55,922)	13,217
Opening cash/(bank overdraft)		15,911	71,833	216
Cash and cash equivalents		29,335	15,911	13,433

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 2012 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 period's presentation. In addition, the statement of comprehensive income has been re-presented as if an operation discontinued during the current period had been discontinued from the start of the comparative periods (see Note 6).

These statements were approved by the Board of Directors on 26 February 2013.

3 SEGMENT REPORTING

(a) Operating Segments

The Group has two primary operating divisions, AgriServices and AgriTech. AgriServices is further separated into three 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.
- *Other AgriServices*. Includes Insurance, Real Estate, Wool, Irrigation and Pumping, AgNZ (Training), South American activities (including livestock, veterinary supplies and irrigation), 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 (sale of animal nutritional products and management services) 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 (PGG Wrightson Finance Limited and PGW Rural Capital Limited) and consolidation adjustments.

3 SEGMENT REPORTING (CONTINUED)

(b) Operating Segment Information

	RETAIL **(i)			LIVESTOCK			OTHER AGRISERVICES **(ii)		
	UNAUDITED DEC 2012 $000	AUDITED JUN 2012 $000	UNAUDITED DEC 2011 $000	UNAUDITED DEC 2012 $000	AUDITED JUN 2012 $000	UNAUDITED DEC 2011 $000	UNAUDITED DEC 2012 $000	AUDITED JUN 2012 $000	UNAUDITED DEC 2011 $000
Total segment revenue	264,481	593,809	354,689	51,033	133,235	59,587	90,303	170,223	88,826
Intersegment revenue	–	–	–	–	–	–	–	–	–
Total external operating revenues	264,481	593,809	354,689	51,033	133,235	59,587	90,303	170,223	88,826
Operating EBITDA	19,246	21,750	17,113	607	18,031	3,016	5,002	6,253	1,289
Depreciation and amortisation	(574)	(1,149)	(570)	(333)	(330)	(160)	(383)	(814)	(420)
Results from operating activities	**18,672**	**20,601**	**16,543**	**274**	**17,701**	**2,856**	**4,619**	**5,439**	**869**
Equity earnings of associates	–	–	–	–	–	–	–	–	–
Non operating items	(3)	(7)	3	2	4,823	(211)	(188)	(536)	(38)
Fair value adjustments	(13)	171	173	203	(2,629)	(1,651)	(68)	210	229
Profit before interest	**18,656**	**20,765**	**16,719**	**479**	**19,895**	**994**	**4,363**	**5,113**	**1,060**
Net interest and finance costs	–	(5)	–	8	450	(48)	(112)	(607)	(443)
Profit before income tax	**18,656**	**20,760**	**16,719**	**487**	**20,345**	**946**	**4,251**	**4,506**	**617**
Income tax expense	(5,272)	(5,648)	(4,680)	(137)	(3,733)	(278)	(2,676)	(3,090)	(1,360)
Profit from continuing operations	**13,384**	**15,112**	**12,039**	**350**	**16,612**	**668**	**1,575**	**1,416**	**(743)**
Discontinued operations	–	–	–	–	–	–	–	–	–
Profit for the year	**13,384**	**15,112**	**12,039**	**350**	**16,612**	**668**	**1,575**	**1,416**	**(743)**
Segment assets	164,149	103,218	172,042	142,050	161,481	149,957	115,594	73,794	64,964
Equity accounted investees	–	–	–	30	30	67	–	–	–
Assets held for sale	–	–	–	–	–	–	–	–	–
Total segment assets	164,149	103,218	172,042	142,080	161,511	150,024	115,594	73,794	64,964
Segment liabilities	(106,482)	(46,900)	(99,036)	(41,691)	(60,046)	(46,950)	(57,025)	(29,194)	(36,499)

* 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.

AGRISERVICES			AGRITECH **(iii)			TOTAL OPERATING SEGMENTS			OTHER **(iv)			TOTAL		
UNAUDITED DEC 2012 $000	AUDITED JUN 2012 $000	UNAUDITED DEC 2011 $000	UNAUDITED DEC 2012 $000	AUDITED JUN 2012 $000	UNAUDITED DEC 2011 $000	UNAUDITED DEC 2012 $000	AUDITED JUN 2012 $000	UNAUDITED DEC 2011 $000	UNAUDITED DEC 2012 $000	AUDITED JUN 2012 $000	UNAUDITED DEC 2011 $000	UNAUDITED DEC 2012 $000	AUDITED JUN 2012 $000	UNAUDITED DEC 2011 $000
405,817	897,267	503,102	205,233	486,464	214,856	611,050	1,383,731	717,958	1,566	4,498	2,566	612,616	1,388,229	720,524
–	–	–	(23,496)	(51,416)	(26,734)	(23,496)	(51,416)	(26,734)	–	–	–	(23,496)	(51,416)	(26,734)
405,817	897,267	503,102	181,737	435,048	188,122	587,554	1,332,315	691,224	1,566	4,498	2,566	589,120	1,336,813	693,790
24,855	46,034	21,418	6,773	30,095	11,618	31,628	76,129	33,036	(13,648)	(20,968)	(11,000)	17,980	55,161	22,036
(1,290)	(2,293)	(1,150)	(1,774)	(3,603)	(1,829)	(3,064)	(5,896)	(2,979)	(881)	(2,427)	(1,106)	(3,945)	(8,323)	(4,085)
23,565	**43,741**	**20,268**	**4,999**	**26,492**	**9,789**	**28,564**	**70,233**	**30,057**	**(14,529)**	**(23,395)**	**(12,106)**	**14,035**	**46,838**	**17,951**
–	–	–	658	121	47	658	121	47	55	(20)	(44)	713	101	3
(189)	4,280	(246)	(2,541)	(1,327)	(103)	(2,730)	2,953	(349)	(201)	(4,894)	(4,137)	(2,931)	(1,941)	(4,486)
122	(2,248)	(1,249)	(666)	(616)	(817)	(544)	(2,864)	(2,066)	(33)	304	212	(577)	(2,560)	(1,854)
23,498	**45,773**	**18,773**	**2,450**	**24,670**	**8,916**	**25,948**	**70,443**	**27,689**	**(14,708)**	**(28,005)**	**(16,075)**	**11,240**	**42,438**	**11,614**
(104)	(162)	(491)	(838)	(294)	(165)	(942)	(456)	(656)	(4,525)	(13,379)	(7,975)	(5,467)	(13,835)	(8,631)
23,394	**45,611**	**18,282**	**1,612**	**24,376**	**8,751**	**25,006**	**69,987**	**27,033**	**(19,233)**	**(41,384)**	**(24,050)**	**5,773**	**28,603**	**2,983**
(8,085)	(12,471)	(6,318)	(1,589)	(2,047)	135	(9,674)	(14,518)	(6,183)	8,730	11,177	6,148	(944)	(3,341)	(35)
15,309	**33,140**	**11,964**	**23**	**22,329**	**8,886**	**15,332**	**55,469**	**20,850**	**(10,503)**	**(30,207)**	**(17,902)**	**4,829**	**25,262**	**2,948**
–	–	–	–	–	–	–	–	–	–	(809)	159	–	(809)	159
15,309	**33,140**	**11,964**	**23**	**22,329**	**8,886**	**15,332**	**55,469**	**20,850**	**(10,503)**	**(31,016)**	**(17,743)**	**4,829**	**24,453**	**3,107**
421,793	338,493	386,963	476,656	526,496	489,386	898,449	864,989	876,349	82,040	109,663	187,961	980,489	974,652	1,064,310
30	30	67	1,799	141	67	1,829	171	134	153	98	38	1,982	269	172
–	–	–	–	–	–	–	–	–	4,801	5,551	1,530	4,801	5,551	1,530
421,823	338,523	387,030	478,455	526,637	489,453	900,278	865,160	876,483	86,994	115,312	189,529	987,272	980,472	1,066,012
(205,198)	(136,140)	(182,485)	(95,149)	(199,149)	(159,805)	(300,347)	(335,289)	(342,290)	(102,540)	(67,409)	(156,666)	(402,887)	(402,698)	(498,956)

3 SEGMENT REPORTING (CONTINUED)

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

(i) Retail

	RURAL SUPPLIES			FRUITFED			OTHER		
	UNAUDITED DEC 2012 $000	AUDITED JUN 2012 $000	UNAUDITED DEC 2011 $000	UNAUDITED DEC 2012 $000	AUDITED JUN 2012 $000	UNAUDITED DEC 2011 $000	UNAUDITED DEC 2012 $000	AUDITED JUN 2012 $000	UNAUDITED DEC 2011 $000
Total segment revenue	266,565	467,516	270,793	84,163	125,152	82,807	(86,247)	1,141	1,089
Intersegment revenue	–	–	–	–	–	–	–	–	–
Total external operating revenues	266,565	467,516	270,793	84,163	125,152	82,807	(86,247)	1,141	1,089
Operating EBITDA	16,304	22,250	13,641	6,324	5,710	6,045	(3,382)	(6,210)	(2,573)

(ii) Other AgriServices

	INSURANCE			REAL ESTATE			IRRIGATION & PUMPING		
	UNAUDITED DEC 2012 $000	AUDITED JUN 2012 $000	UNAUDITED DEC 2011 $000	UNAUDITED DEC 2012 $000	AUDITED JUN 2012 $000	UNAUDITED DEC 2011 $000	UNAUDITED DEC 2012 $000	AUDITED JUN 2012 $000	UNAUDITED DEC 2011 $000
Total segment revenue	1,355	3,084	1,303	10,341	25,950	10,899	25,419	29,828	16,384
Intersegment revenue	–	–	–	–	–	–	–	–	–
Total external operating revenues	1,355	3,084	1,303	10,341	25,950	10,899	25,419	29,828	16,384
Operating EBITDA	1,161	2,642	1,081	174	2,012	463	3,184	2,439	1,306

	WOOL			SOUTH AMERICA			REGIONAL OVERHEAD		
	UNAUDITED DEC 2012 $000	AUDITED JUN 2012 $000	UNAUDITED DEC 2011 $000	UNAUDITED DEC 2012 $000	AUDITED JUN 2012 $000	UNAUDITED DEC 2011 $000	UNAUDITED DEC 2012 $000	AUDITED JUN 2012 $000	UNAUDITED DEC 2011 $000
Total segment revenue	38,017	87,023	47,048	12,422	18,686	10,258	–	(2)	(1)
Intersegment revenue	–	–	–	–	–	–	–	–	–
Total external operating revenues	38,017	87,023	47,048	12,422	18,686	10,258	–	(2)	(1)
Operating EBITDA	2,372	3,320	1,254	1,787	3,116	1,557	(4,683)	(9,290)	(5,391)

			RETAIL
	UNAUDITED DEC 2012 $000	AUDITED JUN 2012 $000	UNAUDITED DEC 2011 $000
	264,481	593,809	354,689
	–	–	–
	264,481	593,809	354,689
	19,246	21,750	17,113

			AGNZ
	UNAUDITED DEC 2012 $000	AUDITED JUN 2012 $000	UNAUDITED DEC 2011 $000
	2,447	5,063	2,701
	–	–	–
	2,447	5,063	2,701
	844	1,792	987

			FINANCE COMMISSION			OTHER AGRISERVICES
	UNAUDITED DEC 2012 $000	AUDITED JUN 2012 $000	UNAUDITED DEC 2011 $000	UNAUDITED DEC 2012 $000	AUDITED JUN 2012 $000	UNAUDITED DEC 2011 $000
	302	591	234	90,303	170,223	88,826
	–	–	–	–	–	–
	301	591	234	90,302	170,223	88,826
	163	222	32	5,002	6,253	1,289

3 SEGMENT REPORTING (CONTINUED)

(iii) AgriTech

	SEEDS AND GRAIN			AGRI-FEEDS			SOUTH AMERICA		
	UNAUDITED DEC 2012 $000	AUDITED JUN 2012 $000	UNAUDITED DEC 2011 $000	UNAUDITED DEC 2012 $000	AUDITED JUN 2012 $000	UNAUDITED DEC 2011 $000	UNAUDITED DEC 2012 $000	AUDITED JUN 2012 $000	UNAUDITED DEC 2011 $000
Total segment revenue	149,537	336,554	139,779	10,840	53,683	35,598	44,856	96,227	39,479
Intersegment revenue	(23,496)	(51,416)	(26,734)	–	–	–	–	–	–
Total external operating revenues	126,041	285,138	113,045	10,840	53,683	35,598	44,856	96,227	39,479
Operating EBITDA	5,774	19,361	7,789	622	5,273	3,521	377	5,461	309

(iv) Other

	HR & CORPORATE SERVICES			PGW RURAL CAPITAL (DISCONTINUED)			FINANCE (PWF DISCONTINUED)		
	UNAUDITED DEC 2012 $000	AUDITED JUN 2012 $000	UNAUDITED DEC 2011 $000	UNAUDITED DEC 2012 $000	AUDITED JUN 2012 $000	UNAUDITED DEC 2011 $000	UNAUDITED DEC 2012 $000	AUDITED JUN 2012 $000	UNAUDITED DEC 2011 $000
Total segment revenue	1,566	4,498	2,567	1,482	7,000	4,360	–	9,243	13,603
Intersegment revenue	–	–	–	–	–	–	–	–	–
Total external operating revenues	1,566	4,498	2,567	1,482	7,000	4,360	–	9,243	13,603
Operating EBITDA	(13,214)	(20,457)	(10,052)	–	(1,140)	–	–	1,169	1,169

AGRITECH		
UNAUDITED DEC 2012 $000	AUDITED JUN 2012 $000	UNAUDITED DEC 2011 $000
205,233	486,464	214,856
(23,496)	(51,416)	(26,734)
181,737	435,048	188,122
6,773	30,095	11,618

GROUP ELIMINATION / CONSOLIDATION & DISCONTINUED OPERATIONS ADJUSTMENT			OTHER		
UNAUDITED DEC 2012 $000	AUDITED JUN 2012 $000	UNAUDITED DEC 2011 $000	UNAUDITED DEC 2012 $000	AUDITED JUN 2012 $000	UNAUDITED DEC 2011 $000
(1,482)	(16,243)	(17,964)	1,566	4,498	2,566
–	–	–	–	–	–
(1,482)	(16,243)	(17,964)	1,566	4,498	2,566
(434)	(1,680)	(2,117)	(13,648)	(20,968)	(11,000)

4 NON OPERATING ITEMS

	NOTE	UNAUDITED DEC 2012 $000	AUDITED JUN 2012 $000	UNAUDITED DEC 2011 $000
Capital gains/(losses) on sale of business, property plant and equipment		(3,081)	(1,988)	(132)
Loss on sale of PGG Wrightson Finance Limited	6	–	(3,656)	(3,372)
Defined benefit superannuation plan	11	212	446	(502)
Restructuring		(880)	(1,596)	(472)
Silver Fern Farms supply contract		–	5,034	–
Other non operating items		818	(181)	(8)
		(2,931)	**(1,941)**	**(4,486)**

On 1 August 2012 the Group entered into an incorporated joint venture in respect of the molasses liquid feed business. The transaction involved the Group divesting certain assets including intangibles from Agri-feeds into the joint venture company 4Seasons Feeds Limited to create a supply chain to import, transport and distribute molasses through the former Agri-feeds channel. Under the terms of the agreement Agri-feeds will manage the operations of the joint venture company in return for a management fee. A loss on sale of assets of $2.9 million was incurred with $2.8 million of this loss pertaining to a loss on the sale of goodwill.

5 FAIR VALUE ADJUSTMENTS

	NOTE	UNAUDITED DEC 2012 $000	AUDITED JUN 2012 $000	UNAUDITED DEC 2011 $000
Continuing Operations				
Gain/(loss) on investments designated at fair value through profit or loss	9	–	(161)	(161)
Derivatives not in qualifying hedge relationships		(725)	(932)	(1,260)
Assets held for sale		(140)	(514)	–
Other fair value adjustments		288	(953)	(433)
		(577)	**(2,560)**	**(1,854)**

6 DISCONTINUED OPERATIONS

On 31 August 2011 the Group sold its finance subsidiary PGG Wrightson Finance Limited (PWF) to Heartland New Zealand Limited's wholly-owned subsidiary Heartland Building Society (Heartland).

In connection with the PWF sale transaction the Group transferred certain excluded loans to its wholly owned subsidiary, PGW Rural Capital Limited, which is working to realise or refinance these facilities over the short to medium term. The operations of PGW Rural Capital Limited are treated as discontinued and are included within this note.

In the period to 31 December 2012 PGW Rural Capital Limited contributed a profit after tax of Nil.

6 DISCONTINUED OPERATIONS (CONTINUED)

Profits attributable to the discontinued operation were as follows:

	UNAUDITED DEC 2012 $000	AUDITED JUN 2012 $000	UNAUDITED DEC 2011 $000
Results of discontinued operations			
Revenue	1,482	16,243	13,603
Expenses	(1,482)	(18,556)	(14,776)
	–	(2,313)	(1,173)
Fair value adjustments	–	(1,069)	(1,069)
Results from operating activities	–	(3,382)	(2,242)
Income tax expense	–	2,573	2,401
Results from operating activities, net of income tax	–	(809)	159
Gain/(loss) on sale of discontinued operation (PWF)	–	(3,656)	–
Profit/(loss) for the period	**–**	**(4,465)**	**159**
Basic and diluted earnings per share (New Zealand dollars)	0.00	–0.01	0.00
(refer to Note 7 for weighted average number of shares)			
Cash flows from discontinued operations			
Net cash from operating activities	1,523	14,120	18,788
Net cash from/(used in) discontinued operation	1,523	14,120	18,788

7 EARNINGS PER SHARE AND NET TANGIBLE ASSETS

	UNAUDITED DEC 2012 $000	AUDITED JUN 2012 $000	UNAUDITED DEC 2011 $000
Number of shares			
Weighted average number of ordinary shares	754,849	754,849	754,849
Number of ordinary shares	754,849	754,849	754,849

	UNAUDITED DEC 2012 $000	AUDITED JUN 2012 $000	UNAUDITED DEC 2011 $000
Net Tangible Assets			
Total assets	987,272	980,472	1,066,012
Total liabilities	(402,887)	(402,698)	(498,956)
less intangible assets	(327,312)	(332,925)	(333,902)
less deferred tax	(15,875)	(14,458)	(15,940)
	241,198	230,391	217,214

	UNAUDITED DEC 2012 $000	AUDITED JUN 2012 $000	UNAUDITED DEC 2011 $000
Net tangible assets per security	0.32	0.31	0.29
Earnings per share	0.01	0.03	0.00

8 CASH AND BANK FACILITIES

	UNAUDITED DEC 2012 $000	AUDITED JUN 2012 $000	UNAUDITED DEC 2011 $000
Cash and cash equivalents	29,335	15,911	13,433
Current bank facilities	(49,722)	(29,709)	(98,935)
Term bank facilities	(82,650)	(111,500)	(130,000)
	(103,037)	**(125,298)**	**(215,502)**

The Group has bank facilities of $208.38 million. The Group has granted to ANZ Bank New Zealand Limited a general security deed and mortgage over all its assets. ANZ Bank New Zealand Limited holds this security on trust for the banking syndicate (ANZ Bank New Zealand Limited, Bank of New Zealand Limited and Westpac New Zealand Limited).

The amortising facility of $20.00 million is secured by the PGW Rural Capital (PGWRC) assets. At 31 December 2012 it was undrawn but entirely committed to the contingent liability referred to in Note 14.

The Group bank syndicate facilities include:

– A term debt facility of $110.00 million that matures on 31 July 2014.

– A working capital facility of $60.00 million that matures on 31 July 2014.

– An amortising facility of $20.00 million that matures on 31 July 2013.

– Overdraft, guarantee and trade finance facilities of $18.38 million.

9 OTHER INVESTMENTS

	NOTE	UNAUDITED DEC 2012 $000	AUDITED JUN 2012 $000	UNAUDITED DEC 2011 $000
Non-current investments				
BioPacificVentures Limited	13	10,786	8,760	9,575
Heartland New Zealand Limited		9,200	7,067	6,533
Sundry other investments including saleyards		5,792	5,537	2,107
Advances to associates		3,844	(81)	687
		29,622	**21,283**	**18,902**

The Group recognised an increase in fair value through the statement of comprehensive income of $2.13 million during the period. This represented the NZX share price movement on the Heartland New Zealand Limited shares during the period.

The Group recognised an increase in fair value through the statement of comprehensive income of $2.01 million during the period on it’s investment in BioPacificVentures Limited.

Advances to associates includes the provision of funding to the Agri-feeds Limited joint venture company 4Seasons Feeds Limited.

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.

10 PROPERTY, PLANT AND EQUIPMENT

Acquisitions and disposals

During the six months ended 31 December 2012, the Group acquired assets with a cost of $3.28 million (30 June 2012: $11.70 million, 31 December 2011: $8.27 million), together with assets acquired through business combinations of Nil (30 June 2012: Nil, 31 December 2011: Nil).

Assets with a net book value of $0.62 million were disposed during the six months ended 31 December 2012 (30 June 2012: $8.90 million, 31 December 2011: $1.75 million), resulting in a gain on disposal of $0.20 million (30 June 2012 Loss: $1.83 million, 31 December 2011 Gain: $0.02 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 $24.69 million (30 June 2012: $26.26 million liability, 31 December 2011: $22.40 million liability).

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

	UNAUDITED DEC 2012 $000	AUDITED JUN 2012 $000	UNAUDITED DEC 2011 $000
Profit after taxation	4,829	24,453	3,107
Add/(deduct) non-cash/non operating items:			
Depreciation, amortisation and impairment	3,945	8,323	4,085
Fair value adjustments	577	2,560	1,854
Net (profit)/loss on sale of assets/shares	2,896	5,644	3,504
Bad and doubtful debts	371	2,210	1,761
(Increase)/decrease in deferred taxation	(1,417)	(6,455)	(7,937)
Equity accounted earnings from associates	(713)	(100)	(3)
Financing costs	366	–	–
Goodwill impairment	–	–	–
Discontinued operations	–	968	(159)
Contractual obligations accrual	–	(5,034)	–
Other non-cash/non-operating items	(812)	1,517	192
	5,213	9,633	3,297
Add/(deduct) movement in working capital items:			
Movement in working capital due to sale/purchase of business	(3,482)	(3,539)	(3,539)
(Increase)/decrease in inventories and biological assets	47,532	(4,426)	25,581
(Increase)/decrease in accounts receivable and prepayments	(63,649)	25,354	(67,976)
Increase/(decrease) in trade creditors, provisions and accruals	9,823	10,696	12,409
Increase/(decrease) in income tax payable/receivable	1,452	(3,597)	1,323
	(8,324)	24,488	(32,202)
Net cash flow from operating activities	**1,718**	**58,574**	**(25,798)**

13 COMMITMENTS

	UNAUDITED DEC 2012 $000	AUDITED JUN 2012 $000	UNAUDITED DEC 2011 $000
There are commitments with respect to:			
Capital expenditure not provided for	2,517	1,378	1,567
Investment in BioPacificVentures	839	976	1,140
Purchase of Corson Grain business	1,800	1,800	1,800
	5,156	**4,154**	**4,507**

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 2012 $13.16 million has been drawn on the committed level of investment (30 June 2012: $13.02 million, 31 December 2011: $12.86 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.

14 CONTINGENT LIABILITIES

	UNAUDITED DEC 2012 $000	AUDITED JUN 2012 $000	UNAUDITED DEC 2011 $000
There are contingent liabilities with respect to:			
Guarantees	31,939	42,273	47,555
PGG Wrightson Loyalty Reward Programme	111	122	391
	32,050	**42,395**	**47,946**

Guarantees

Included in the contingent liabilities is a guarantee with respect to 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 2012 was approximately $21.60 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 ASB Visa 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.

15 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.

16 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 2012 $000	AUDITED JUN 2012 $000	UNAUDITED DEC 2011 $000
Short-term employee benefits	2,235	5,234	3,403
Post-employment benefits	–	31	–
Termination benefits	–	704	704
Other long-term benefits	–	–	–
Share-based payments	–	–	–
	2,235	**5,969**	**4,107**

17 EVENTS SUBSEQUENT TO END OF INTERIM PERIOD

Primary Growth Partnership – Seed and nutritional technology development

The Group announced on 18 February 2013 that it had completed the contracting process for the Primary Growth Partnership (PGP) programme with the Ministry of Primary Industries. The PGP programme is a Seed and Nutritional Technology Development Programme that aims to deliver innovative forages for New Zealand farms. As a result of entering into the partnership the Group is committed to contributions to the partnership of $3.48 million over the six year life of the programme which ends on 31 December 2018.

Dividend

On 26 February 2013 the Directors of PGG Wrightson Limited resolved to pay a dividend of 2.2 cents per share on 28 March 2013 to shareholders on the Company's share register as at 5:00pm on 14 March 2013. This dividend will be fully imputed.

There have been no other material events after the reporting date that would affect the interpretation of the interim financial statements or the performance of the Group.

CORPORATE DIRECTORY

COMPANY NUMBER 142962

BOARD OF DIRECTORS AS AT 31 DECEMBER 2012

Sir John Anderson, *Chairman*

Trevor Burt *(appointed 11 December 2012)*

George Gould

Bruce Irvine

Guanglin (Alan) Lai

Lim Siang (Ronald) Seah *(appointed 4 December 2012)*

Wai Yip (Patrick) Tsang *(appointed 4 December 2012)*

Kean Seng U *(appointed 4 December 2012)*

MANAGING DIRECTOR

George Gould

CHIEF FINANCIAL OFFICER

Robert Woodgate

GENERAL COUNSEL & COMPANY SECRETARY

Julian Daly

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Takapuna, North Shore City 0622
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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

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Facsimile +64 (09) 488 8787

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