

PGG Wrightson Limited
Condensed Interim Consolidated Statement of Comprehensive Income
For the six months ended 31 December

		Unaudited Dec 2010 \$000	Audited Jun 2010 \$000	Unaudited Dec 2009 \$000
Continuing operations				
Revenue	3	645,866	1,151,061	583,190
Cost of sales		(506,192)	(857,523)	(448,133)
Gross profit		139,674	293,538	135,057
Other income		197	21	7
Employee benefits expense		(64,734)	(119,504)	(60,042)
Research and development		(2,353)	(3,630)	(1,494)
Other operating expenses		(55,954)	(99,961)	(48,479)
		(122,844)	(223,074)	(110,008)
EBITDA		16,830	70,464	25,049
Depreciation and amortisation expense		(4,663)	(7,255)	(3,617)
Results from continuing operating activities		12,167	63,209	21,432
Equity accounted earnings of associates		266	1,959	778
Non operating items	4	(9,000)	(1,041)	2
Fair value adjustments	5	2,977	7,038	6,551
Profit from continuing operations before interest and income taxes		6,410	71,165	28,763
Net interest and finance costs		(11,367)	(36,462)	(24,162)
Profit from continuing operations before income taxes		(4,957)	34,703	4,601
Income tax expense		(951)	(10,428)	(259)
Profit from continuing operations		(5,908)	24,275	4,342
Discontinued operations				
Profit/(loss) from discontinued operations (net of income tax)	6	-	(971)	(92)
Profit for the period		(5,908)	23,304	4,250
Other comprehensive income/(loss) for the period, net of income tax				
Foreign currency translation differences for foreign operations		1,180	(3,890)	(4,791)
Effective portion of changes in fair value of cash flow hedges		(165)	(2,992)	(2,666)
Deferred tax on movement of fair value of cash flow hedges		-	-	-
Defined benefit plan actuarial gains / losses		6,467	(4,106)	394
Deferred tax on movement of actuarial gains/losses on employee benefit plans		(1,940)	1,054	(118)
Other comprehensive income/(loss) for the period, net of income tax		5,542	(9,934)	(7,181)
Total comprehensive income/(loss) for the period		(366)	13,370	(2,931)
Profit/(loss) attributable to:				
Shareholders of the Company		(6,153)	22,670	4,060
Non-controlling interest		245	634	190
Profit/(loss) for the period		(5,908)	23,304	4,250
Total comprehensive income/(loss) attributable to:				
Shareholders of the Company		(737)	12,723	(3,121)
Non-controlling interest		371	647	190
Total comprehensive income/(loss) for the period		(366)	13,370	(2,931)
Earnings/(loss) per share				
Basic and diluted earnings per share (New Zealand Dollars)	7	(0.01)	0.04	0.01
Continuing operations				
Basic and diluted earnings per share (New Zealand Dollars)	7	(0.01)	0.04	0.01

The accompanying notes form an integral part of these financial statements

PGG Wrightson Limited
Condensed Interim Consolidated Statement of Changes in Equity
For the six months ended 31 December

	Share capital \$000	Foreign currency translation reserve \$000	Realised capital and other reserves \$000	Revaluation reserve \$000	Hedging reserve \$000	Defined benefit plan reserve \$000	Fair value reserve \$000	Retained earnings \$000	Non-controlling interest \$000	Total equity \$000
Balance at 1 July 2009	408,850	1,203	24,542	3,260	5,268	(9,612)	(375)	(42,215)	-	390,921
Total comprehensive income for the period										
Profit or loss	-	-	-	-	-	-	-	4,060	190	4,250
Other comprehensive income										
Foreign currency translation differences	-	(2,607)	635	201	-	-	-	(3,020)	-	(4,791)
Reclassification of subsidiary reserves	-	-	2,704	(2,704)	-	-	-	-	-	-
Effective portion of changes in fair value of financial instruments, net of tax	-	-	-	-	(2,667)	-	-	-	-	(2,667)
Defined benefit plan actuarial gains and losses, net of tax	-	-	-	-	-	276	-	-	-	276
Total other comprehensive income	-	(2,607)	3,339	(2,503)	(2,667)	276	-	(3,020)	-	(7,182)
Total comprehensive income for the period	-	(2,607)	3,339	(2,503)	(2,667)	276	-	1,040	190	(2,932)
Transactions with shareholders, recorded directly in equity										
Issue of ordinary shares	216,854	-	-	-	-	-	-	-	-	216,854
Capital issue costs - ordinary shares	(9,900)	-	-	-	-	-	-	-	-	(9,900)
Total contributions by and distributions to shareholders	206,954	-	-	-	-	-	-	-	-	206,954
Changes in ownership interests in subsidiaries										
Initial recognition of non-controlling interest	-	-	-	-	-	-	-	-	1,370	1,370
Balance at 31 December 2009	615,804	(1,404)	27,881	757	2,601	(9,336)	(375)	(41,175)	1,560	596,313
Balance at 1 January 2010	615,804	(1,404)	27,881	757	2,601	(9,336)	(375)	(41,175)	1,560	596,313
Total comprehensive income for the period										
Profit or loss	-	-	-	-	-	-	-	18,610	444	19,054
Other comprehensive income										
Foreign currency translation differences	-	161	(80)	209	-	-	-	598	13	901
Reclassification of subsidiary reserves	-	-	176	(176)	-	-	-	-	-	-
Effective portion of changes in fair value of financial instruments, net of tax	-	-	-	-	(324)	-	-	-	-	(324)
Defined benefit plan actuarial gains and losses, net of tax	-	-	-	-	-	(3,328)	-	-	-	(3,328)
Total other comprehensive income	-	161	96	33	(324)	(3,328)	-	598	13	(2,751)
Total comprehensive income for the period	-	161	96	33	(324)	(3,328)	-	19,208	457	16,303
Transactions with shareholders, recorded directly in equity										
Issue of convertible redeemable notes	33,850	-	-	-	-	-	-	-	-	33,850
CRN issue costs	(1,133)	-	-	-	-	-	-	-	-	(1,133)
Treasury stock	(8,347)	-	-	-	-	-	-	-	-	(8,347)
Interest on convertible redeemable notes	-	-	-	-	-	-	-	(1,249)	-	(1,249)
Dividends to shareholders	-	-	-	-	-	-	-	-	(326)	(326)
Total contributions by and distributions to shareholders	24,370	-	-	-	-	-	-	(1,249)	(326)	22,795
Changes in ownership interests in subsidiaries										
Initial recognition of non-controlling interest	-	-	-	-	-	-	-	-	59	59
Total changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	59	59
Balance at 30 June 2010	640,174	(1,243)	27,977	790	2,277	(12,664)	(375)	(23,216)	1,750	635,470
Balance at 1 July 2010	640,174	(1,243)	27,977	790	2,277	(12,664)	(375)	(23,216)	1,750	635,470
Total comprehensive income for the period										
Profit or loss	-	-	-	-	-	-	-	(6,153)	245	(5,908)
Other comprehensive income										
Foreign currency translation differences	-	789	(264)	(78)	-	-	-	607	126	1,180
Effective portion of changes in fair value of financial instruments, net of tax	-	-	-	-	(166)	-	-	-	-	(166)
Defined benefit plan actuarial gains and losses, net of tax	-	-	-	-	-	4,527	-	-	-	4,527
Total other comprehensive income	-	789	(264)	(78)	(166)	4,527	-	607	126	5,541
Total comprehensive income for the period	-	789	(264)	(78)	(166)	4,527	-	(5,546)	371	(367)
Transactions with shareholders, recorded directly in equity										
Contributions by and distributions to shareholders	-	-	-	-	-	-	-	(1,392)	-	(1,392)
Interest on convertible redeemable notes	-	-	-	-	-	-	-	-	(138)	(138)
Dividends to shareholders	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to shareholders	-	-	-	-	-	-	-	(1,392)	(138)	(1,530)
Changes in ownership interests in subsidiaries										
Initial recognition of non-controlling interest	-	-	-	-	-	-	-	-	-	-
Balance at 31 December 2010	640,174	(454)	27,713	712	2,111	(8,137)	(375)	(30,154)	1,983	633,573

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

PGG Wrightson Limited

Condensed Interim Consolidated Statement of Financial Position

As at 31 December

	Note	Unaudited Dec 2010 \$000	Audited Jun 2010 \$000	Unaudited Dec 2009 \$000
ASSETS				
Current				
Cash and cash equivalents	8	35,029	24,248	36,212
Short term derivative assets		3,888	4,483	6,562
Trade and other receivables		304,738	208,510	303,815
Finance receivables		411,482	419,857	418,035
Income tax receivable		3,542	6,637	10,491
Assets classified as held for sale		3,025	44	4,000
Biological assets		17,938	23,029	4,207
Inventories		201,460	218,260	172,407
Total current assets		981,112	905,066	955,729
Non-current				
Long-term derivative assets		1,837	1,157	926
Finance receivables		80,355	110,262	133,281
Biological assets		270	184	248
Deferred tax asset		9,083	8,410	4,957
Investments in equity accounted investees		4,531	3,759	4,052
Other investments	9	44,003	85,378	88,245
Intangible assets		334,098	335,506	338,224
Property, plant and equipment	10	78,095	77,180	64,463
Total non-current assets		552,272	621,816	634,396
Total assets		1,533,384	1,526,882	1,590,125
LIABILITIES				
Current				
Debt due within one year - PGW	8	93,011	23,809	53,627
Short-term derivative liabilities		2,132	1,704	3,196
Accounts payable and accruals		234,686	226,156	214,854
Finance current liabilities		327,896	361,292	341,024
Total current liabilities		657,725	612,961	612,701
Non-current				
Long-term debt - PGW	8	132,210	177,868	209,915
Long-term debt - PWF	8	-	21,000	90,000
Long-term derivative liabilities		3,358	3,049	1,590
Defined benefit liability	11	13,268	18,206	14,301
Other long-term provisions		1,563	1,563	873
Finance term liabilities		91,689	56,765	64,432
Total non-current liabilities		242,086	278,451	381,111
Total liabilities		899,811	891,412	993,812
EQUITY				
Share capital	12	640,174	640,174	615,804
Reserves		21,570	16,762	20,124
Retained earnings		(30,154)	(23,216)	(41,175)
Total equity attributable to shareholders of the Company		631,590	633,720	594,753
Non-controlling interest		1,983	1,750	1,560
Total equity		633,573	635,470	596,313
Total liabilities and equity		1,533,384	1,526,882	1,590,125

These consolidated financial statements have been authorised for issue on 7 February 2011.



Sir John Anderson
Chairman



George Gould
Managing Director

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

PGG Wrightson Limited
Condensed Interim Consolidated Statement of Cash Flows
For the six months ended 31 December

	Note	Unaudited Dec 2010 \$000	Audited Jun 2010 \$000	Unaudited Dec 2009 \$000
Cash flows from operating activities				
Cash was provided from:				
Receipts from customers		541,555	1,144,437	469,907
Dividends received		247	495	7
Interest received		32,668	69,938	28,209
		<u>574,470</u>	<u>1,214,870</u>	<u>498,123</u>
Cash was applied to:				
Payments to suppliers and employees		(602,975)	(1,083,573)	(494,608)
Interest paid		(28,135)	(76,296)	(41,071)
Income tax paid		(469)	(11,657)	(1,779)
		<u>(631,579)</u>	<u>(1,171,526)</u>	<u>(537,458)</u>
Net cash flow from operating activities	13	<u>(57,109)</u>	<u>43,344</u>	<u>(39,335)</u>
Cash flows from investing activities				
Cash was provided from:				
Proceeds from sale of property, plant and equipment		333	11,682	8,689
Net decrease in finance receivables		32,588	25,053	9,405
Proceeds from sale of investments		28,921	57	-
		<u>61,842</u>	<u>36,792</u>	<u>18,094</u>
Cash was applied to:				
Purchase of property, plant and equipment		(5,390)	(10,521)	(754)
Purchase of intangibles (software)		(899)	(2,079)	(817)
Cash paid for purchase of investments		(5,976)	(5,810)	(296)
		<u>(12,265)</u>	<u>(18,410)</u>	<u>(1,867)</u>
Net cash flow from investing activities		<u>49,577</u>	<u>18,382</u>	<u>16,227</u>
Cash flows from financing activities				
Cash was provided from:				
Issue of share capital		-	206,954	206,954
Issue of convertible redeemable notes net of issue costs		-	32,717	-
Increase in external borrowings		48,202	21,000	353,543
Repayment of loans by related parties		18,063	1,322	5,464
Net increase in secured debentures		-	26,531	-
		<u>66,265</u>	<u>288,524</u>	<u>565,961</u>
Cash was applied to:				
Interest paid on convertible redeemable notes		(1,392)	(1,249)	-
Repayment of bonds		(1,182)	(25,233)	-
Net decrease in clients' deposit and current accounts		(10,593)	(12,214)	(17,866)
Finance facility fees		(2,005)	(8,444)	(3,236)
Repayment of external borrowings		(45,658)	(324,863)	(526,540)
Net decrease in secured debentures		12,880	-	(4,998)
		<u>(47,950)</u>	<u>(372,003)</u>	<u>(552,640)</u>
Net cash flow from financing activities		<u>18,315</u>	<u>(83,479)</u>	<u>13,321</u>
Net (decrease)/increase in cash held		<u>10,783</u>	<u>(21,753)</u>	<u>(9,787)</u>
Opening cash/(bank overdraft)		<u>24,246</u>	<u>45,999</u>	<u>45,999</u>
Cash and cash equivalents		<u>35,029</u>	<u>24,246</u>	<u>36,212</u>
Comprises:				
PGG Wrightson Finance Limited		21,188	9,277	8,179
Rest of the Group		13,841	14,969	28,033
		<u>35,029</u>	<u>24,246</u>	<u>36,212</u>

The accompanying notes form an integral part of these financial statements

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 2010 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 oriented 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.

These statements were approved by the Board of Directors on 7 February 2011.

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.

- **Merchandising** Includes Rural Supplies and Fertilised retail operations.
- **Livestock** This includes rural Livestock trading activities and export livestock, being commission based activities.
- **Finance** This is the Finance operations of the subsidiary PGG Wapitson Finance Limited, which provides a variety of specialist finance loan and investment products to the rural sector.
- **Other AgriServices** Includes Insurance, Real Estate, Irrigation and Pumping, APNZ (training and consulting), Funds Management, South American activities to supply products and services into the Uruguayan rural services industry, Regional Admin and other related activities including the Group's investments into the Wool sector.
- **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

During 2010 the Group undertook a restructuring which resulted in the alignment of the business into two primary groupings of AgriServices and AgriTech. These groupings represented the Group's view of how future trading was best grouped. Additional minor changes to the alignment has occurred for the period ended 31 December 2010.

Comparative information has been re-presented so that it conforms with the realignment. An additional restatement to the comparatives for the period to 31 December 2009 has been made in respect of the Fecpak business sale and its reallocation to discontinued operations. Other non-segmented amounts relate to certain Corporate activities including Finance, Treasury HR and other support services including corporate property services and includes adjustments for discontinued operations and consolidation adjustments.

(b) Operating Segment Information

	Revenue derived from outside the Group	Inter-segment revenue (elim on trans)	Total segment revenue	Segment EBITDA	Revenue derived from outside the Group	Inter-segment revenue (elim on trans)	Total segment revenue	Segment EBITDA	Revenue derived from outside the Group	Inter-segment revenue (elim on trans)	Total segment revenue	Segment EBITDA
	Unaudited Dec 2010 \$'000	Unaudited Dec 2010 \$'000	Unaudited Dec 2010 \$'000	Unaudited Dec 2010 \$'000	Unaudited Dec 2010 \$'000	Unaudited Dec 2010 \$'000	Unaudited Dec 2010 \$'000	Unaudited Dec 2010 \$'000	Unaudited Dec 2010 \$'000	Unaudited Dec 2010 \$'000	Unaudited Dec 2010 \$'000	Unaudited Dec 2010 \$'000
Merchandising ⁽ⁱ⁾	320,311	-	320,311	16,751	641,070	-	641,070	22,162	323,221	-	323,221	17,313
Livestock	58,777	-	58,777	539	87,337	-	87,337	12,655	25,734	-	25,734	(1,386)
Finance (PWF)	28,993	-	28,993	2,614	59,655	-	59,655	13,293	29,068	-	29,068	5,324
Other AgriServices ⁽ⁱⁱ⁾	40,182	-	40,182	(10,911)	75,496	-	75,496	(13,365)	39,237	-	39,237	(5,883)
AgriServices	457,263	-	457,263	8,993	764,166	-	764,166	34,645	417,260	-	417,260	15,395
AgriTech ⁽ⁱⁱⁱ⁾	187,319	28,237	215,556	13,805	383,720	66,784	450,504	40,265	185,174	28,097	213,271	14,419
Total operating segment	644,582	28,237	672,819	22,798	1,147,886	66,784	1,214,670	74,910	582,434	28,097	610,531	29,817
Other non-operating segment	1,284	-	1,284	(5,960)	3,175	-	3,175	(4,447)	756	-	756	(4,737)
Total	645,866	28,237	674,103	16,838	1,151,061	66,784	1,217,845	70,463	583,190	28,097	611,287	25,080

	Segment total assets	Segment total assets	Segment total assets	Segment total assets
	Unaudited Dec 2010 \$'000	Audited Jun 2010 \$'000	Unaudited Dec 2010 \$'000	Unaudited Dec 2010 \$'000
Merchandising	171,016	101,672	267,866	267,866
Livestock	153,642	150,662	114,468	114,468
Finance (PWF)	524,014	543,398	570,354	570,354
Other AgriServices	94,680	712,878	134,289	134,289
AgriServices	943,952	917,610	1,086,967	1,086,967
AgriTech	566,524	564,340	454,203	454,203
Total operating segment	1,510,476	1,481,950	1,541,170	1,541,170
Other non-segment	22,898	44,932	48,928	48,928
Total	1,533,374	1,526,882	1,590,098	1,590,098

Historically the Group has provided information in addition to the segment reporting to further split elements of some segments, eg. Merchandising has often been separated into the Rural Supplies and Fruited operations. Separate reporting at this lower level of detail is expected to reduce over time, hence the additional analysis on key aspects of some of these historical segment components (as indicated by asterisks in the segment analysis) provided as additional tables to the segment note, is not expected to be repeated in future years

* Further analysis of trading performance of segments, to assist with transition to new segment reporting

(i) Merchandising

	Rural Supplies				Fruited				Merchandising			
	Unaudited Dec 2010	Audited Jun 2010	Unaudited Dec 2009	Unaudited Dec 2008	Unaudited Dec 2010	Audited Jun 2010	Unaudited Dec 2009	Unaudited Dec 2008	Unaudited Dec 2010	Audited Jun 2010	Unaudited Dec 2009	Unaudited Dec 2008
Total segment revenue	251,636	426,873	244,401	199,525	77,773	115,005	78,760	329,311	541,678	541,678	123,221	123,221
Intersegment revenue	-	-	-	-	-	-	-	-	-	-	-	-
Total external operating revenues	251,636	426,873	244,401	199,525	77,773	115,005	78,760	329,311	541,678	541,678	123,221	123,221
EBITDA	11,151	16,068	11,337	5,600	5,600	6,004	5,976	16,750	22,162	22,162	17,313	17,313

(ii) Other AgriServices

	Insurance				Real Estate				Irrigation & Planting			
	Unaudited Dec 2010	Audited Jun 2010	Unaudited Dec 2009	Unaudited Dec 2008	Unaudited Dec 2010	Audited Jun 2010	Unaudited Dec 2009	Unaudited Dec 2008	Unaudited Dec 2010	Audited Jun 2010	Unaudited Dec 2009	Unaudited Dec 2008
Total segment revenue	1,868	4,290	1,875	1,875	6,603	10,224	6,141	14,801	16,074	16,074	11,413	11,413
Intersegment revenue	-	-	-	-	-	-	-	-	-	-	-	-
Total external operating revenues	1,868	4,290	1,875	1,875	6,603	10,224	6,141	14,801	16,074	16,074	11,413	11,413
EBITDA	1,627	3,841	1,540	1,540	(1,268)	(1,959)	(1,161)	1,446	1,719	1,719	1,012	1,012

(iii) Other AgriServices cont

	AGNZ				Fertil Management				South America			
	Unaudited Dec 2010	Audited Jun 2010	Unaudited Dec 2009	Unaudited Dec 2008	Unaudited Dec 2010	Audited Jun 2010	Unaudited Dec 2009	Unaudited Dec 2008	Unaudited Dec 2010	Audited Jun 2010	Unaudited Dec 2009	Unaudited Dec 2008
Total segment revenue	2,920	6,297	3,237	3,237	666	4,217	1,092	10,977	20,768	20,768	9,659	9,659
Intersegment revenue	-	-	-	-	-	-	-	-	-	-	-	-
Total external operating revenues	2,920	6,297	3,237	3,237	666	4,217	1,092	10,977	20,768	20,768	9,659	9,659
EBITDA	773	1,815	796	796	597	3,942	1,030	1,225	2,243	2,243	1,139	1,139

(iv) Other AgriServices cont

	Regional Admin				Other AgriServices			
	Unaudited Dec 2010	Audited Jun 2010	Unaudited Dec 2009	Unaudited Dec 2008	Unaudited Dec 2010	Audited Jun 2010	Unaudited Dec 2009	Unaudited Dec 2008
Total segment revenue	2,547	6,726	2,920	2,920	40,182	75,496	39,237	39,237
Intersegment revenue	-	-	-	-	-	-	-	-
Total external operating revenues	2,547	6,726	2,920	2,920	40,182	75,496	39,237	39,237
EBITDA	(15,313)	(24,966)	(11,747)	(11,747)	(10,911)	(17,762)	(5,959)	(5,959)

(v) AgriTech

	Seed and Grain				AgriTech				South America			
	Unaudited Dec 2010	Audited Jun 2010	Unaudited Dec 2009	Unaudited Dec 2008	Unaudited Dec 2010	Audited Jun 2010	Unaudited Dec 2009	Unaudited Dec 2008	Unaudited Dec 2010	Audited Jun 2010	Unaudited Dec 2009	Unaudited Dec 2008
Total segment revenue	139,461	321,428	124,649	124,649	35,674	43,598	25,649	40,421	216,550	450,504	193,671	193,671
Intersegment revenue	(28,237)	(66,784)	(28,697)	(28,697)	-	-	-	-	(28,237)	(66,784)	(28,697)	(28,697)
Total external operating revenues	111,224	254,644	95,952	95,952	35,674	43,598	25,649	40,421	188,313	383,720	164,974	164,974
EBITDA	9,332	31,264	9,036	9,036	4,054	5,152	3,026	419	13,505	40,265	14,419	14,419

4 Non Operating Items

	Note	Unaudited Dec 2010 \$000	Audited Jun 2010 \$000	Unaudited Dec 2009 \$000
Capital gains / (losses) on sale of businesses, property plant and equipment		(1,025)	5,425	2,919
Gain on purchase of business		-	666	-
Defined benefit superannuation plan	11	(1,529)	(2,420)	(1,015)
Restructuring		(5,260)	(2,116)	(636)
Other non operating items		(1,186)	(2,596)	(1,266)
		<u>(9,000)</u>	<u>(1,041)</u>	<u>2</u>

During the period NZFSU agreed to internalise its management contract with PGG Wrightson Funds Management Limited (a subsidiary of PGG Wrightson Investments Limited). The agreement provided for consideration of \$4.6 million in return for the early termination of the contract.

The Company varied a referral agreement held with Aon New Zealand during the period. The agreement resulted in consideration of \$4.425 million. This has been offset by a sale of goodwill. The variation had no impact on profit for the period ended 31 December 2010.

During 2007 the Company entered into an agreement to purchase a farm in Brazil. As at balance date the purchase has not settled and the purchase no longer fits with the Group's objectives. The investment was written down by \$5.5 million during the period, representing the non-refundable deposit paid.

5 Fair Value Adjustments

	Unaudited Dec 2010 \$000	Audited Jun 2010 \$000	Unaudited Dec 2009 \$000
Gain/(loss) on investments	4,221	2,583	607
Derivatives not in qualifying hedge relationships	(1,719)	4,454	5,944
Other fair value adjustments	475	1	-
	<u>2,977</u>	<u>7,038</u>	<u>6,551</u>

6 Discontinued Operations

In May 2010 the Group signed an agreement to sell the assets and business of its Fecpak operations for asset value. The transaction settled on 30 June 2010. Prior period comparatives have been restated to reflect the reclassification.

	Unaudited Dec 2010 \$000	Audited Jun 2010 \$000	Unaudited Dec 2009 \$000
Profits attributable to the discontinued operation were as follows:			
Results of discontinued operations			
Revenue	-	138	62
Expenses	-	(1,178)	(194)
Results from operating activities	-	(1,040)	(132)
Income tax expense	-	69	40
Results from operating activities, net of income tax	-	(971)	(92)
Gain/(loss) on sale of discontinued operation	-	-	-
Profit/(loss) for the period	-	(971)	(92)
Basic and diluted earnings per share (New Zealand dollars)	0.00	0.00	0.00
Cash flows from discontinued operations			
Net cash from operating activities	-	-	-
Net cash from/(used in) discontinued operation	-	(509)	-

7 Earnings Per Share and Net Tangible Assets

Number of shares
Weighted average number of ordinary shares
Number of ordinary shares

Unaudited Dec 2010 \$000	Audited Jun 2010 \$000	Unaudited Dec 2009 \$000
758,285	549,601	344,167
757,986	758,441	758,441

Net Tangible Assets

Total assets
Total liabilities
less intangible assets
less deferred tax

Unaudited Dec 2010 \$000	Audited Jun 2010 \$000	Unaudited Dec 2009 \$000
1,533,384	1,526,882	1,590,125
(699,811)	(891,412)	(993,812)
(334,098)	(335,606)	(338,224)
(9,083)	(8,410)	(4,957)
290,392	291,554	253,132

Net tangible assets per security
Earnings per share

Unaudited Dec 2010 \$000	Audited Jun 2010 \$000	Unaudited Dec 2009 \$000
0.38	0.38	0.33
(0.01)	0.04	0.01

8 Cash and Bank Facilities

Cash and cash equivalents
Current bank facilities
Term bank facilities

Unaudited Dec 2010 \$000	Audited Jun 2010 \$000	Unaudited Dec 2009 \$000
35,029	24,246	36,212
(93,011)	(23,809)	(53,627)
(132,210)	(198,868)	(299,915)
(190,192)	(198,431)	(317,330)

The Company has bank facilities of \$247.210 million, Group \$348.210 million. The Company 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 firstly for the banking syndicate (ANZ National Bank Limited, Bank of New Zealand Limited and Westpac Banking Corporation Limited).

The Company bank syndicate facilities include:

- A term debt facility of \$132.210 million that matures on 31 August 2012.
- A working capital facility of \$75.000 million that matures on 31 August 2011.
- Overdraft and guarantee facilities of \$40.000 million.

The Group bank facilities include a \$100 million syndicated facility with security over PGG Wrightson Finance Limited assets that ranks equally with bond and debenture investors. The facility matures on 1 December 2013. There is also an overdraft facility of \$1 million.

9 Other Investments

Non-current investments
NZ Farming Systems Uruguay Limited
BioPacificVentures Limited
Sundry other investments including saleyards
Advances to associates

Note	Unaudited Dec 2010 \$000	Audited Jun 2010 \$000	Unaudited Dec 2009 \$000
	-	15,476	13,506
14	12,483	12,084	11,547
	374	6,280	9,272
	31,146	51,538	53,920
	44,003	85,378	88,245

The Company sold its investment in NZ Farming Systems Uruguay Limited (NZFSU) during the period. The sale price was equivalent to the fair value of the investment.

BioPacificVentures Limited and other saleyards investments are carried at cost.

Advances to associates includes a loan from the Company of \$17.5 million, in the form of redeemable preference shares in Wool Partners International Limited. An advance of \$11.9 million is held with Wool Grower Holdings Limited, with the balance being smaller loans to various entities.

10 Property, Plant and Equipment

Acquisitions and disposals

During the six months ended 31 December 2010, the Group acquired assets with a cost of \$4.3 million (30 June 2010: \$5.7 million, 31 December 2009: \$4.5 million), together with assets acquired through business combinations of \$5.4 million (30 June 2010: \$4.0 million, 31 December 2009: \$Nil).

Assets with a net book value of \$3.3 million were disposed during the six months ended 31 December 2010 (30 June 2010: \$2.2 million, 31 December 2009: \$1.8 million), resulting in a gain on disposal of \$0.2 million (30 June 2010: \$4.2 million, 31 December 2009: \$2.9 million).

The Group purchased the assets of Keith Seeds Pty Ltd on 22 November 2010. Purchased assets have been recorded at cost. Certain assets are expected to be purchased at less than fair value. A full valuation of the assets is being prepared and any gain on purchase of the business assets will be disclosed in the full year accounts for the year ended 30 June 2011.

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 \$13 268 million (30 June 2010: \$18 206 million liability, 31 December 2009: \$14 301 million liability)

12 Capital and Reserves

The Company acquired 454,904 PGW shares on 29 October 2010 in accordance with the terms of the senior executive share incentive scheme. In return, the loan provided to the executive for purchase of the shares under the scheme was cancelled. The shares (previously held as treasury stock) were cancelled upon acquisition. The acquisition and cancellation had no impact on profit for the period ended 31 December 2010.

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

	Unaudited Dec 2010 \$000	Audited Jun 2010 \$000	Unaudited Dec 2009 \$000
Profit after taxation	(5,908)	23,304	4,250
Add/(deduct) non-cash / non operating items:			
Depreciation, amortisation and impairment	4,663	7,255	3,617
Fair value adjustments	(2,977)	(7,038)	(6,551)
Net (profit) on sale of assets/shares	5,649	(6,099)	(2,919)
Bad and doubtful debts	8,241	11,800	3,422
(Increase)/decrease in deferred taxation	(270)	(4,608)	(1,155)
Equity accounted earnings from associates	(266)	(1,959)	(778)
Financing costs	2,005	8,444	4,562
Goodwill impairment	(4,425)	-	-
Other non-cash/non-operating items	(1,714)	7,621	(2,508)
	10,908	15,416	(2,310)
Add/(deduct) movement in working capital items:			
(Increase)/decrease in inventories and biological assets	21,805	(33,845)	30,765
(Increase)/decrease in accounts receivable and prepayments	(95,484)	(20,266)	(115,619)
Increase/(decrease) in trade creditors, provisions and accruals	8,477	54,978	43,865
Increase/(decrease) in income tax payable/receivable	3,095	3,757	(286)
	(62,107)	4,624	(41,275)
Net cash flow from operating activities	(57,109)	43,344	(39,335)

14 Commitments

	Unaudited Dec 2010 \$000	Audited Jun 2010 \$000	Unaudited Dec 2009 \$000
There are commitments with respect to:			
Capital expenditure not provided for	14,943	17,134	14,425
Commitments to extend credit - PGG Wrightson Finance Limited	58,303	60,205	82,108
Purchase of assets of Allied Grain Co-operative (Te Awamutu) Limited	-	-	2,100
Investment in BioPacificVentures	1,517	1,916	2,453
Purchase of Corsons Seeds business	1,800	-	-
	76,563	79,255	101,086

Investment in BioPacificVentures

The Group has committed \$14 million to an international fund established for investment in food and agriculture life sciences. The Group's investment in BioPacificVentures began in June 2005 and will be made over approximately six years. The investment has an anticipated total lifespan of 12 years. At 31 December 2010 \$12.48 million has been drawn on the committed level of investment (30 June 2010: \$12.08 million, 31 December 2009: \$11.55 million), which is included in other investments.

The Group has committed to buy land as part of its purchase of the Corsons Seeds business. The property is to be purchased for \$1.8 million in November 2013.

There are no material commitments relating to investment in associates.

15 Contingent Liabilities

	Unaudited Dec 2010 \$000	Audited Jun 2010 \$000	Unaudited Dec 2009 \$000
There are contingent liabilities with respect to:			
Guarantees	24,527	32,354	22,405
PGG Wrightson Loyalty Reward Programme	451	506	520
	24,978	32,860	22,925

Guarantees

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

PGG Wrightson Loyalty Reward Programme

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

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

16 Seasonality of Operations

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

17 Related Parties

During the period the Group sold its 50% interest in Northfuels Limited and its 11% interest in NZ Farming Systems Uruguay Limited. The Group's investment in Grasslands Innovations via PGW Wrightson Seeds increased from 50% to 70% on 1 July 2010 resulting in a change in accounting method from an equity accounted associate to a consolidated subsidiary.

Key Management Personnel compensation

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

	Unaudited Dec 2010 \$000	Audited Jun 2010 \$000	Unaudited Dec 2009 \$000
Short-term employee benefits	3,097	4,414	2,513
Post-employment benefits	-	18	1
Termination benefits	3,342	309	289
Other long-term benefits	-	-	-
Share-based payments	-	-	-
	6,439	4,741	2,803

The Company intends to acquire 2,500,000 PGW shares in respect of the former Managing Director, Mr T Miles, in accordance with the terms of the senior executive share incentive scheme. Mr Miles left his employment on 19 October 2010 and his scheme terminated as a result of his resignation. Under the terms of the scheme, PGW is required to acquire the shares which will be cancelled upon acquisition. The acquisition is intended to be completed by the end of the 30 June financial year and will have no impact on profit for the year ended 30 June 2011.

18 Events Subsequent to End of Interim Period

Wool Partners International Limited

Wool Partners International Limited (WPI) has entered into a conditional sale and purchase agreement, logistics agreement and option arrangement with Wool Partners Co-Operative Limited. These agreements are conditional on Wool Partners Co-Operative Limited completing a successful capital raise which is due to close on 16 February 2011 and would result in WPI divesting all but its logistics and wool handling business. Following a successful capital raise PGW expects a restructuring of the arrangements with Wool Grower Holdings which would see PGW take full ownership of Wool Partners International. Any impact of these transactions will be disclosed in the full year accounts for the year ended 30 June 2011.

Takeover Offer

A conditional partial takeover offer for PGW was made by Agria Singapore Pty Limited on 24 December 2010. The offer is to purchase an additional 38.3% of the shares in PGW Wrightson Limited not currently held by Agria (Singapore) Pty Limited (being 31% of the total shares issued) at \$0.60 per share. The offer closes at 5pm on 15 April 2011 (unless extended). Agria has entered into a pre-bid agreement with Pyne Gould Corporation Limited which has committed to accept the offer for its entire 18.3% shareholding in PGW subject to any scaling that may be required under the Takeovers Code.

On 4 February 2010 PGW's Takeover Response Committee announced that it had received an approach from another party who has indicated an interest in making a full takeover offer for PGW. The Committee has agreed to a request from that party for permission to undertake a due diligence.