20 November 2009

PGG Wrightson announces $180.7 million rights issue

Group debt to be reduced by approximately $277 million by 30 June 2010

New investment of approximately $32.5 million in PGG Wrightson Finance

PGG Wrightson has today announced its intention to raise $180.7 million through a fully underwritten pro rata renounceable rights issue. Shareholders will be entitled to subscribe for nine new shares for every eight held on the record date of 26 November 2009. The issue price for the new shares is $0.45 each.

The rights issue is fully underwritten by UBS New Zealand Limited and First NZ Capital Securities Limited.

A Simplified Disclosure Prospectus for the issue has been registered with the Companies Office and is available on the company's website www.pggwrightson.co.nz. Copies of the prospectus will be mailed to eligible shareholders from 27-30 November 2009.

As announced on 16 October 2009, PGG Wrightson will issue 41.1 million new shares to Agria Corporation (Agria) for $0.88 each, raising $36.2 million. The New Zealand Government has confirmed its approval of this investment following a review by the New Zealand Overseas Investment Office (OIO). The placement will complete on Monday 23 November 2009, with the effect that Agria will be eligible to participate in the rights issue.

PGG Wrightson also intends to raise a further sum of approximately $32.5 million through a placement of the New Zealand Dollar equivalent of US$25 million in convertible redeemable notes (CRNs) in PGG Wrightson to Agria. This placement is expected to complete on 15 January 2010. The company will use the proceeds from the placement of CRNs to invest further capital into PGG Wrightson Finance (see separate news release for further details).

The total amount being raised by PGG Wrightson through these three capital raising initiatives is thus $249.4 million.

PGG Wrightson also expects to generate a net $70 million in cash during the 2010 financial year from operating cash flows (1), working capital reductions, the receipt of an outstanding fee payment from NZ Farming Systems Uruguay and the sale of non-core assets.

The proceeds of the capital raising and the cash generating initiatives will be used predominantly to repay debt, principally the $200 million amortising debt facility (due 31 March 2010).

The total reduction in net debt outstanding (2) between 30 June 2009 and 30 June 2010 is expected to be approximately $277 million, comfortably exceeding the debt repayment schedule agreed with PGG Wrightson's banking syndicate earlier this year.

(1) excluding PGG Wrightson Finance related cash flows

(2) excluding debt within PGG Wrightson Finance

Renewed financial strength

The chairman, Keith Smith, said today: “The rights issue represents an opportunity for existing and new investors to participate on attractive terms in a process that will underpin the continuing stability and progress of the company.

“The coming debt repayment will ensure that PGG Wrightson is appropriately capitalised for the current economic and trading environment.

“The company will be well placed to enhance value for shareholders, supporting its current operations and enabling new opportunities to be progressed where there is a compelling business case.

“PGG Wrightson has an intrinsically strong position as a diversified provider of services and products to agribusiness in New Zealand and internationally.

“It has a long standing role in New Zealand agriculture, with a comprehensive product offering and advice-based service model that sustain a range of market leading positions.

“The company also has a growing international presence, with extensive operations in the Australian seeds market and growth positions in South America. The recently-announced co-operation agreement with Agria has the potential to foster development of new business opportunities. PGG Wrightson’s involvement in such initiatives is expected to be primarily in the form of management expertise and intellectual property.

“While operating conditions in agriculture have been testing over the past two years, it is clear that the strong fundamentals of the industry remain in place. Food prices have risen overall since 2002, underpinned by increasing global demand from the world’s developing and emerging economies. Meanwhile, supply side pressures such as competition for productive land and crop use, and adverse weather in key agricultural regions, have placed increased emphasis on productivity improvements.

“The recent announcement by Fonterra of a substantial increase in its 2009-10 payout forecast is a welcome reminder of the positive fundamentals for dairy and for agriculture generally. We believe these fundamentals are likely to endure, and PGG Wrightson will be appropriately positioned to benefit from the resulting opportunities.”

Performance and strategy

The Managing Director, Tim Miles, said that difficult trading conditions experienced from the final quarter of the 2009 year had persisted into the current trading period. “The company is, however, making continued progress through improvements to its operating performance and efficiency.

“As outlined at the annual shareholders’ meeting on 29 October, we have four key strategies to build the performance of the company.

- Enhancing the way we work with customers and the experience they have with the company
- Concentrating on businesses with growth potential
- Building our ability to create business through intellectual property and expertise
- Streamlining our operating systems and processes

"The key theme within the business is to become more customer-centric and improve the way we interact with our customers. We continue to invest in people, products and technology to support farmer needs.

"We are also addressing cost structures and purchasing terms. A number of initiatives were introduced during the latest year, including a full replacement of the accounting and billing systems for the parent company, a review of procurement and outsourcing group-wide and active management of the vehicle fleet. These and other measures have begun to bear results, with annualised savings of approximately $4.3 million in the first three months of the current financial year."

Prospective Financial Information

The Simplified Disclosure Prospectus registered today includes prospective financial information for the year to 30 June 2010 based on a range of assumptions set out in the prospectus.

Highlights include operating earnings before income, taxation, depreciation and amortisation (EBITDA) of $73.4 million compared with $80.9 million for the 2009 year.

Operating expenses are anticipated to decrease by approximately 3 percent through cost saving initiatives already in place.

The prospective financial information has been prepared without taking account of any revenue that may arise from the co-operation agreement with Agria.

Cornerstone shareholdings

The share issue and related agreements will result in a realignment of shareholdings between the existing cornerstone shareholders, Rural Portfolio Investments Limited (RPI) and Pyne Gould Corporation Limited (PGC), and Agria.

RPI, which currently has a shareholding of 27.5 percent, has indicated that it will not subscribe for the shares to which it is entitled in the issue, and will sell approximately 58 percent of its rights to Agria at a negotiated price. RPI intends to subscribe for a small proportion of its rights entitlements and to sell most of its remaining rights through a book-build process to be managed by First NZ Capital and UBS. Upon completion of the rights issue, RPI will have a shareholding of at least 11.8 percent.

PGC, which currently has a shareholding of 20.7 percent, has committed to take up all of its entitlement under the issue. Upon completion of the issue, PGC will have a shareholding of approximately 18.3 percent. The reduction from the present holding of 20.7 percent to 18.3 percent reflects dilution resulting from the placement of PGG Wrightson shares to Agria referred to above.

Agria will be eligible to participate in the rights issue with respect to the 41.1 million shares it will receive by way of the placement announced on 16 October 2009.

Agria will also exercise the rights purchased from RPI. As a result of Agria's participation in the rights issue and the exercise of rights purchased from RPI, Agria is expected to reach a shareholding of 19.0 percent in PGG Wrightson.

Governance

As previously announced, the Board has commenced a formal governance review to examine the balance of skills required and the desired Board composition. This review has assessed the skills necessary to understand agriculture, operational experience and commercial expertise. It is anticipated that the outcomes of this review will be finalised and announced in the early part of the new year.

The size of the Board is anticipated to be eight non-executive directors with the addition of the Managing Director, to a total of nine directors. It is the intention of the Board to have at least three independent directors on the Board with one of the independent directors as Chairman. As stated at the Annual Shareholders Meeting, the person best suited to hold the role of Chairman will be reassessed when the final Board composition is known.

Agria will be entitled to nominate two directors to the Board following completion of the rights offer. In addition, PGC has historically nominated two directors to the Board and has indicated that, following the resignation of Sam Maling, it wishes to nominate a second director following the rights offer.

Key dates *

Book-build for sale of RPI rights	20 November 2009
Record Date for determining entitlements (5.00 pm)	26 November 2009
Rights trading commences on NZSX	27 November 2009
Offer document and Entitlement and Acceptance Form mailed to eligible shareholders	27-30 November 2009
Rights trading ceases on NZSX (5.00 pm)	14 December 2009
Rights Offer closes (last day for receipt of acceptances and renunciations) (5.00pm)	16 December 2009
Allotment of new shares	23 December 2009
Expected despatch of FASTER/shareholding statements for new shares	24 December 2009

* Dates may be subject to change.

Disclaimer

Certain statements in this announcement constitute forward-looking statements, involving assumptions about known and unknown risks, uncertainties and other factors. The forward-looking statements included in this announcement are based on the Board's best judgment and experience. Under no circumstances does the inclusion of such statements in this announcement constitute a representation or warranty with respect to the achievement of the results or matters set out therein.

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Agria Corporation Safe Harbor Statement:

This announcement contains forward-looking statements. These statements, including the anticipated progress and benefits of Agria's investment in PGG Wrightson, are made under the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as "will," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates," "confident" and similar statements. Agria may also make written or oral forward-looking statements in its periodic reports to the U.S. Securities and Exchange Commission on Forms 20-F and 6-K, etc., in its annual report to shareholders, in press releases and other written materials and in oral statements made by its officers, directors or employees to third parties. Statements that are not historical facts, including statements about Agria's beliefs and expectations, are forward-looking statements. Forward-looking statements involve inherent risks and uncertainties. A number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. Potential risks and uncertainties include, but are not limited to, those risks outlined in Agria's filings with the U.S. Securities and Exchange Commission. All information provided in this press release is as of the date of this announcement unless otherwise stated, and Agria does not undertake any obligation to update any forward-looking statement, except as required under applicable law.