

# PGG Wrightson Finance Limited

## Condensed Interim Income Statement

For the six months ended 31 December 2008

	For the 6 months ended 31 Dec 2008 \$000	For the 6 months ended 31 Dec 2007 \$000
Interest income	29,492	23,040
Interest expense	(20,189)	(16,121)
<b>Net interest income</b>	<u>9,303</u>	<u>6,919</u>
Net income from derivative financial instruments	863	22
<b>Operating income</b>	<u>10,166</u>	<u>6,941</u>
Net Impairment losses on financial assets	(277)	(317)
Operating expenses	(3,263)	(2,795)
<b>Profit before income tax</b>	<u>6,626</u>	<u>3,829</u>
Income tax expense	(1,974)	(1,263)
<b>Profit for the period</b>	<u><u>4,652</u></u>	<u><u>2,566</u></u>
<b>Earnings per share:</b>		
Basic earnings per share (New Zealand dollars)	0.15	0.10
Net tangible assets per security at period end	1.91	1.52

## PGG Wrightson Finance Limited

### Condensed Interim Statement of Changes in Equity

For the six months ended 31 December 2008

	Share Capital \$000	Retained Earnings \$000	Hedging Reserve \$000	Total \$000
<b>Balance as at 1 July 2007</b>	24,000	17,575	(950)	40,625
Issue of shares	5,500	-	-	5,500
Net change in fair value	-	-	199	199
Profit for the period	-	2,566	-	2,566
<b>Balance as at 31 December 2007</b>	<b>29,500</b>	<b>20,141</b>	<b>(751)</b>	<b>48,890</b>
<b>Balance as at 1 January 2008</b>	29,500	20,141	(751)	48,890
Issue of shares	2,000	-	-	2,000
Net change in fair value	-	-	(251)	(251)
Net profit for the period	-	3,253	-	3,253
<b>Balance as at 30 June 2008</b>	<b>31,500</b>	<b>23,394</b>	<b>(1,002)</b>	<b>53,892</b>
<b>Balance as at 1 July 2008</b>	31,500	23,394	(1,002)	53,892
Net change in fair value	-	-	2,818	2,818
Reclassification of deferred tax adj on financial instruments	-	(130)	130	-
Net profit for the period	-	4,652	-	4,652
<b>Balance as at 31 December 2008</b>	<b>31,500</b>	<b>27,916</b>	<b>1,946</b>	<b>61,362</b>

# PGG Wrightson Finance Limited

## Condensed Interim Balance Sheet

As at 31 December 2008

	Note	As at 31 Dec 2008 \$000	As at 30 June 2008 \$000	As at 31 Dec 2007 \$000
<b>EQUITY</b>				
Share capital		31,500	31,500	29,500
Retained earnings		27,916	23,394	20,141
Reserves		1,946	(1,002)	(751)
<b>Total equity</b>		<b>61,362</b>	<b>53,892</b>	<b>48,890</b>
<b>LIABILITIES</b>				
Deposits and other borrowings		79,786	91,804	85,572
Derivative liabilities		2,756	1,259	2,357
Trade and other payables		4,549	1,062	614
Tax payable		5,236	1,768	2,703
Debentures - secured	3	242,378	172,928	152,325
Bonds	4	142,856	44,751	44,596
Term bank facility	5	-	140,000	125,000
<b>Total liabilities</b>		<b>477,561</b>	<b>453,572</b>	<b>413,167</b>
<b>Total liabilities and equity</b>		<b>538,923</b>	<b>507,464</b>	<b>462,057</b>
<b>ASSETS</b>				
Cash and cash equivalents		12,175	625	536
Derivative assets		6,680	295	960
Amounts due from group entities	6	3,515	2,033	8,264
Trade and other receivables		1,844	1,544	1,653
Loans and receivables	7	513,473	502,591	449,655
Intangible assets		669	96	170
Deferred tax assets		567	280	819
<b>Total assets</b>		<b>538,923</b>	<b>507,464</b>	<b>462,057</b>

These condensed interim financial statements have been authorised for issue on 26 February 2009.

  
**Craig Norgate**  
Chairman

  
**Tim Miles**  
Managing Director

# PGG Wrightson Finance Limited

## Condensed Interim Statement of Cash Flows

For the six months ended 31 December 2008

Note	For the 6 months ended 31 Dec 2008	For the 6 months ended 31 Dec 2007
	\$000	\$000
<b>Cash flows from operating activities</b>		
- Inflows	29,283	23,040
- Outflows	(19,423)	(20,657)
Net cash flow from operating activities	<b>8</b> <u>9,860</u>	<u>2,383</u>
<b>Cash flows from investing activities</b>		
- Outflows	(622)	-
Net cash flow from investing activities	<u>(622)</u>	<u>-</u>
<b>Cash flows from financing activities</b>		
- Inflows	155,332	72,125
- Outflows	(153,020)	(73,497)
Net cash flow from financing activities	<u>2,312</u>	<u>(1,372)</u>
Net increase/(decrease) in cash held	11,550	1,011
Opening (bank overdraft)/cash	625	(475)
<b>Cash and cash equivalents</b>	<u><b>12,175</b></u>	<u><b>536</b></u>
Comprises:		
Cash and deposits	12,175	536
<b>Cash and cash equivalents</b>	<u><b>12,175</b></u>	<u><b>536</b></u>

# PGG Wrightson Finance Limited

## Notes to the Financial Statements

For the six months ended 31 December 2008

### 1 Reporting Entity

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

PGG Wrightson Finance Limited is primarily involved in the provision of financial 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") for interim financial statements and in particular NZ IAS 34. 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 26 February 2009

### 3 Debentures - Secured

	As at 31 Dec 2008	As at 30 June 2008	As at 31 Dec 2007
	\$000	\$000	\$000
Amounts payable in less than one year	179,101	155,618	137,629
Amounts payable in more than one year	63,277	17,310	14,696
Debentures - secured	<b>242,378</b>	<b>172,928</b>	<b>152,325</b>

Debentures consist of fixed interest debt securities which are of equal ranking and are secured by a first ranking security interest over all the assets of the Company in terms of a Trust Deed dated 7 October 2004. The interest rate for the secured debenture stock is fixed for the term of the investment at the time of application and is paid either quarterly, annually or monthly. Funding is sourced from within New Zealand.

## 4 Bonds

	Coupon	Face Value	As at 31 Dec 2008	As at 30 June 2008	As at 31 Dec 2007
		\$000	\$000	\$000	\$000
PGG Wrightson Finance Limited 2009	8.25%	20,000	20,000	20,000	20,000
PGG Wrightson Finance Limited 2010	8.50%	25,216	24,937	24,751	24,596
PGG Wrightson Finance Limited 2010	8.25%	100,000	97,919	-	-
		<b>145,216</b>	<b>142,856</b>	<b>44,751</b>	<b>44,596</b>

All bond series are senior secured in terms of the Trust Deed Relating to Bonds (including amendments) dated 21 April 2005. They rank equally with debenture stock and bank loans with a 5% limitation on prior security. Interest is paid quarterly. The carrying value includes the capitalised bond costs which are amortised over the life of the bonds.

## 5 Bank Loans - Secured

The Company has bank facilities of \$180,000,000 (31 December 2007 \$180,000,000). The facilities are currently undrawn, and expire during March 2010.

Security stock has been issued to two banks as security for advances to the company. The security stock secures all liabilities owed by the Company to the banks, including principal, interest and costs in terms of a Trust Deed dated 7 October 2004 and ranks equally with debenture stock and bonds.

## 6 Amounts Due From Group Entities

	Balance outstanding		
	As at 31 Dec 2008	As at 30 June 2008	As at 31 Dec 2007
	\$000	\$000	\$000
Parent of the company	<b>3,515</b>	<b>2,033</b>	<b>8,264</b>

All transactions and outstanding balances with these related parties are priced on an arm's length basis and are to be settled in cash within six months of the reporting date. None of the balances are secured.

The transactions relate to payments and receipts into and from PGG Wrightson Finance Ltd client accounts made by PGG Wrightson Ltd on behalf of PGG Wrightson Finance Ltd. In addition PGG Wrightson Finance Ltd repays PGG Wrightson Ltd for expenses incurred on behalf of PGG Wrightson Finance Ltd including wages and salaries and Resident Withholding Tax.



## 7 Loans and Receivables

	As at 31 Dec 2008 \$000	As at 30 June 2008 \$000	As at 31 Dec 2007 \$000
Finance receivables - less than one year	338,915	308,179	354,614
Finance receivables - greater than one year	175,991	195,741	96,128
	<u>514,906</u>	<u>503,920</u>	<u>450,742</u>
Less provision for doubtful debts	(1,433)	(1,329)	(1,087)
	<u>513,473</u>	<u>502,591</u>	<u>449,655</u>

The status of the receivables at the reporting date is as follows:

	As at 31 Dec 2008 \$000		As at 30 June 2008 \$000		As at 31 Dec 2007 \$000	
	Gross Receivable	Impairment	Gross Receivable	Impairment	Gross Receivable	Impairment
Not past due	509,208	-	502,230	-	449,353	-
Past due 0 - 90 days	4,338	539	69	35	-	-
Past due 90 - 365 days	561	100	193	101	19	19
Past due more than 1 year	799	794	1,428	1,193	1,370	1,068
	<u>514,906</u>	<u>1,433</u>	<u>503,920</u>	<u>1,329</u>	<u>450,742</u>	<u>1,087</u>

## 8 Reconciliation of Profit After Taxation with Net Cash Flow from Operating Activities

	For the 6 months ended 31 Dec 2008 \$000	For the 6 months ended 31 Dec 2007 \$000
<b>Profit after taxation</b>	<b>4,652</b>	<b>2,566</b>
Add/(deduct) non-cash items:		
Depreciation and amortisation	49	38
Bad and doubtful debts	277	-
Amortisation of bond costs	215	-
Fair value adjustments	(959)	(22)
(Increase)/decrease in deferred taxation	(287)	(62)
Other non-cash items	3	(329)
	<u>(702)</u>	<u>(375)</u>
Add/(deduct) movement in working capital items:		
(Increase)/decrease in trade and other receivables	(301)	(405)
Increase/(decrease) in accruals and other liabilities	3,950	241
Increase/(decrease) in income tax payable	2,261	356
	<u>5,910</u>	<u>192</u>
<b>Net cash flow from operating activities</b>	<b>9,860</b>	<b>2,383</b>

## 9 Commitments

	As at 31 Dec 2008	As at 31 Dec 2007
	\$000	\$000
Credit related commitments:		
Commitments to extend credit	131,041	138,068

## 10 Related Party Transactions

Key management personnel receive compensation in the form of total remuneration including employee benefits. Key management personnel received total compensation of \$Nil for the six months ended 31 December 2008 (six months ended 31 December 2007: \$180,000). This is now included in the recharge as set out below.

The company has a policy to reimburse the parent company for all costs incurred on behalf of the company. In the six months to 31 December 2008 the total costs incurred by the Parent on behalf of the Company was \$3,435,896, (31 December 2007: \$2,851,012. This was in part offset by the company's share of gross profit earned for managing the client debtor accounts for the parent. The total recharge made for the six months to 31 December 2008 was \$3,097,490, (31 December 2007: \$2,559,551).

## 11 Contingent Liabilities

There were no contingent liabilities at balance date (31 December 2007: Nil).

## 12 Events Subsequent to end of Interim Period

There were no significant events subsequent to balance date (31 December 2007: Nil).