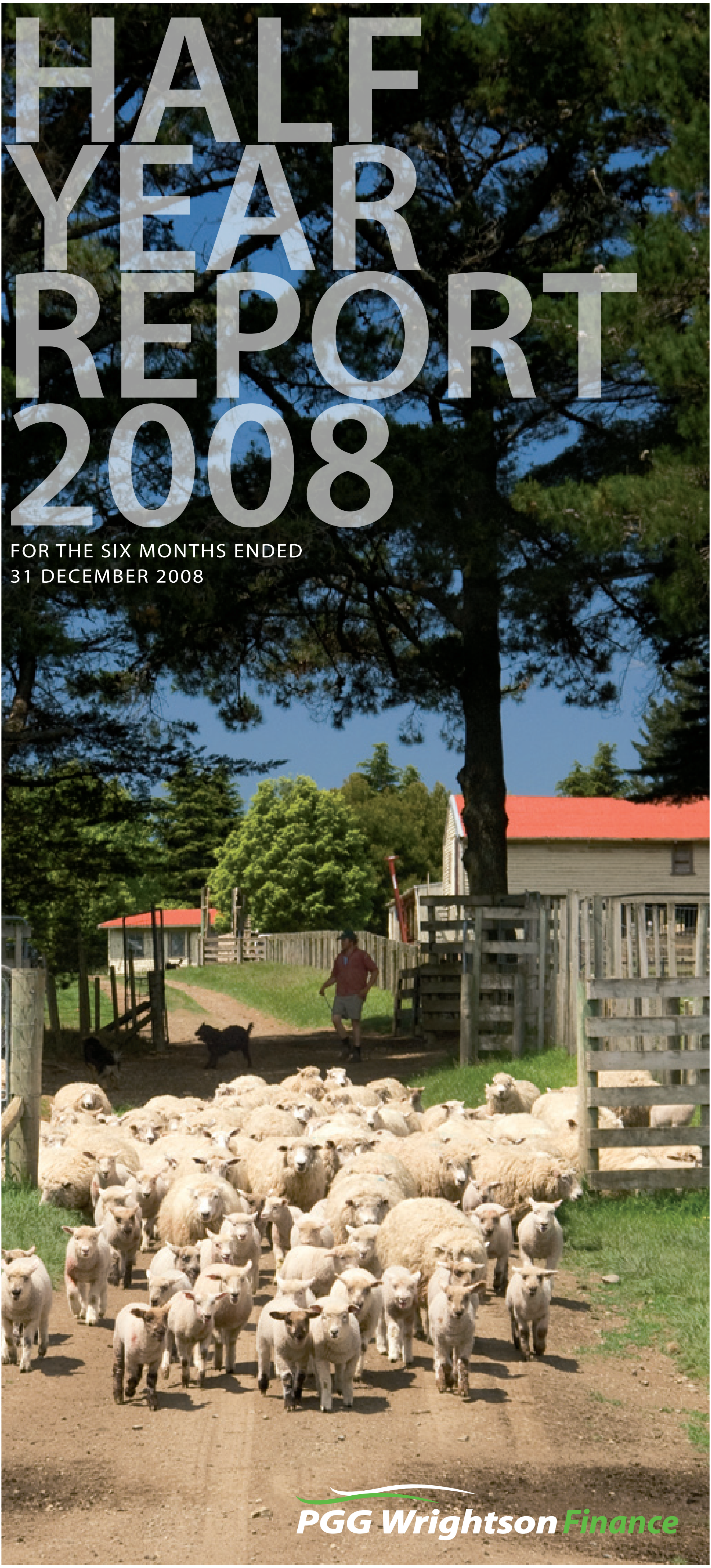
HALF YEAR REPORT 2008

FOR THE SIX MONTHS ENDED
31 DECEMBER 2008



PGG Wrightson Finance


PGG Wrightson

Chairman's Letter

PGG WRIGHTSON FINANCE FURTHER STRENGTHENED ITS POSITION AS NEW ZEALAND'S LEADING SPECIALIST RURAL FINANCE COMPANY IN THE SIX MONTHS TO 31 DECEMBER 2008.

In the face of a global financial crisis the Company continued to grow its loan book, increased market share and substantially strengthened its balance sheet. We remain in a strong position to pursue continued growth through our mission of supporting New Zealand farmers and growers as they work to achieve their own business objectives.

The loan book grew by 14 percent from a year earlier, to $513 million. This was driven largely by an increase in enquiry from new and existing clients, as other rural financiers appeared to be more reticent about lending in the prevailing economic climate. With a strong financial and institutional base, we have been able to take a more flexible view on supporting clients through global cycles while retaining excellent credit quality.

The continued solid growth in assets saw core net interest income increase 34 percent, from $6.94 million to $9.30 million. Including IFRS adjustments of $0.96 million, net profit after tax (NPAT) increased by $2.09 million to $4.65 million.

The performance reflects the efforts of staff and management during challenging times, along with the quality of our loan book. At the end of the period, the secured portion of the book was 97.9 percent – including first land mortgages totalling 74.4 percent and second land mortgages of 6.4 percent. As in previous periods, the Company maintained a very low level of default, reflecting not only asset quality but also robust credit controls.

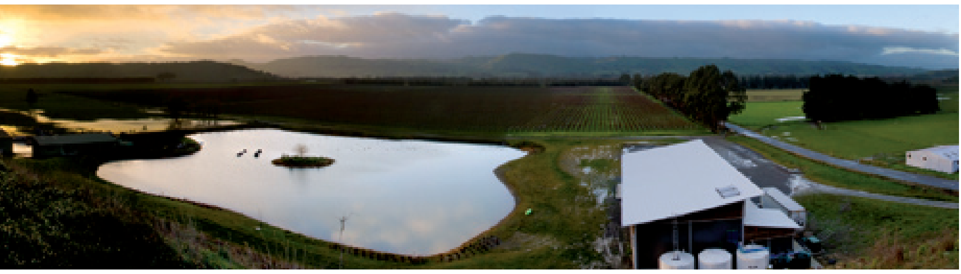
The performance also reflects the strength and stability provided by the strong market position of our parent PGG Wrightson Limited, New Zealand's only nationwide full-service provider to the agricultural sector. Most of our clients are also parent company clients, for whom the finance products and services comprise a highly important value-added offering.

Our ability to support farmers and growers through tough times was significantly enhanced by expansion of the capital base, including a successful capital raising of $100 million through a Secured Bond issue. The offer was oversubscribed and closed early, illustrating the market's confidence in PGG Wrightson Finance as a leading rural financier. Support for the issue came from brokers, financial advisers and their investors, together with the Company's own clients and PGG Wrightson's shareholders.

The proceeds from the issue supplement the Company's debenture programme, which grew by more than $90 million during the 2008 calendar year. Reinvestment rates in the debenture programme remained strong, at around 80 percent for the six month period – a further indication of the trust and loyalty of our traditional investors. The Company also had call deposits totalling $80 million at 31 December. We have a guarantee under the New Zealand deposit guarantee scheme, pursuant to the Crown Deed of Guarantee.

Undrawn bank facilities stood at $180 million at 31 December following the successful renegotiation of wholesale lines with key banking partners earlier in 2008.

Our funding capacity is further enhanced by a risk sharing agreement in place with the ASB Bank group. The agreement enables the sale of a portion of an existing loan to ASB, subject to agreed limits. The benefits to PGG Wrightson Finance include a substantial reduction in concentration risk, increased liquidity and a further diversification of wholesale funding sources.



A hallmark of PGG Wrightson Finance continues to be its ability to maintain a competitive and innovative offering to clients. While banks have traditionally been the first funding option for many rural clients, this no longer needs to be the case. The Company has a more comprehensive specialised rural finance offering than the major banks – including seasonal and special purpose finance, along with full transactional facilities such as cheque books, eftpos cards and on-line services.

Looking ahead, our intention is to continue on the current growth path, building on the solid base established over the past three years. We have deliberately targeted higher liquidity levels so we can grow our lending assets significantly by providing clients with both core and seasonal funding. We believe our ability to take this contrarian stance, as many financing competitors pull back because of existing exposure or liquidity concerns, represents a significant competitive advantage.

We see our clients as being resilient in these challenging times. They have a history of adjusting to difficult conditions and building stronger businesses over the long term. Current conditions are challenging, with reductions in some key commodity prices over the past year, but there have also been areas of improvement – for example in the meat industry. We have no doubt that the resilience of New Zealand farmers and growers will see the rural sector through this part of the economic cycle.

With regard to the longer term, we are in no doubt that the quality food products that our clients produce and supply will continue to be in strong demand from customers around the world. We thus enter 2009 with cautious optimism for the immediate future and a high level of confidence for the medium and long terms.

Craig Norgate
Chairman

PGG WRIGHTSON FINANCE LIMITED

Financial Information

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)
Net interest income	9,303	6,919
Net income from derivative financial instruments	863	22
Operating income	10,166	6,941
Net impairment losses on financial assets	(277)	(317)
Operating expenses	(3,263)	(2,795)
Profit before income tax	6,626	3,829
Income tax expense	(1,974)	(1,263)
Profit for the period	**4,652**	**2,566**
Earnings per share:		
Basic earnings per share (New Zealand dollars)	0.15	0.10
Net tangible assets per security at period end	1.91	1.52

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
Balance as at 1 July 2007	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
Balance as at 31 December 2007	29,500	20,141	(751)	48,890
Balance as at 1 January 2008	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
Balance as at 30 June 2008	31,500	23,394	(1,002)	53,892
Balance as at 1 July 2008	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
Balance as at 31 December 2008	**31,500**	**27,916**	**1,946**	**61,362**

CONDENSED INTERIM BALANCE SHEET

As at 31 December 2008

	Note	As at 31 Dec 2008 $000	As at 30 Jun 2008 $000	As at 31 Dec 2007 $000
EQUITY				
Share capital		31,500	31,500	29,500
Retained earnings		27,916	23,394	20,141
Reserves		1,946	(1,002)	(751)
Total equity		**61,362**	**53,892**	**48,890**
LIABILITIES				
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
Total liabilities		**477,561**	**453,572**	**413,167**
Total liabilities and equity		**538,923**	**507,464**	**462,057**
ASSETS				
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
Total assets		**538,923**	**507,464**	**462,057**

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

Craig Norgate
Chairman

Tim Miles
Managing Director

CONDENSED INTERIM STATEMENT OF CASH FLOWS

For the six months ended 31 December 2008

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

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 Company'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 $000	As at 30 Jun 2008 $000	As at 31 Dec 2007 $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	**242,378**	**172,928**	**152,325**

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 monthly, quarterly or annually. Funding is sourced from within New Zealand.

4 BONDS

	Coupon	Face Value $000	As at 31 Dec 2008 $000	As at 30 Jun 2008 $000	As at 31 Dec 2007 $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	–	–
		145,216	**142,856**	**44,751**	**44,596**

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 $000	As at 30 Jun 2008 $000	As at 31 Dec 2007 $000
Parent of the Company	**3,515**	**2,033**	**8,264**

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 the Company repays PGG Wrightson Ltd for expenses incurred on behalf of the Company including wages and salaries and Resident Withholding Tax.

7 LOANS AND RECEIVABLES

	As at 31 Dec 2008 $000	As at 30 Jun 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
	514,906	503,920	450,742
Less provision for doubtful debts	(1,433)	(1,329)	(1,087)
	513,473	502,591	449,655

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

	As at 31 Dec 2008 $000		As at 30 Jun 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 91 – 365 days	561	100	193	101	19	19
Past due more than 1 year	799	794	1,428	1,193	1,370	1,068
	514,906	1,433	503,920	1,329	450,742	1,087

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
Profit after taxation	**4,652**	**2,566**
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)
	(702)	**(375)**
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
	5,910	**192**
Net cash flow from operating activities	**9,860**	**2,383**

9 COMMITMENTS

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

10 RELATED PARTY TRANSACTIONS

There is no related party lending.

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).

KPMG

TO THE SHAREHOLDERS OF PGG WRIGHTSON FINANCE LIMITED

We have audited the condensed interim financial statements on pages 4 to 10. The condensed interim financial statements provide information about the past financial performance of the company and its financial position as at 31 December 2008. This information is stated in accordance with the accounting policies set out on page 8.

Directors' responsibilities

The Directors are responsible for the preparation of the condensed interim financial statements which give a true and fair view of the financial position of the company as at 31 December 2008 and the results of its operations and cash flows for the 6 month period ended on that date.

Auditors' responsibilities

It is our responsibility to express an independent opinion on the condensed interim financial statements presented by the Directors and report our opinion to you.

Basis of opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the condensed interim financial statements. It also includes assessing:

- the significant estimates and judgements made by the Directors in the preparation of the condensed interim financial statements;
- whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the condensed interim financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the condensed interim financial statements.

Other than in our capacity as auditors we have no relationship with or interests in the company.

Unqualified opinion

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by the company as far as appears from our examination of those records;
- the condensed interim financial statements on pages 4 to 10:
  - comply with New Zealand generally accepted accounting practice;
  - give a true and fair view of the financial position of the company as at 31 December 2008 and the results of its operations and cash flows for the 6 month period ended on that date.

Our audit was completed on 26 February 2009 and our unqualified opinion is expressed as at that date.

KPMG

Wellington

KPMG, a New Zealand partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative.

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Craig Norgate, *Chairman*

Sir Selwyn Cushing

Murray Flett

Brian Jolliffe

Sam Maling

Baird McConnon

Tim Miles

Keith Smith

Bill Thomas

MANAGING DIRECTOR
PGG Wrightson Ltd

Tim Miles

CHIEF FINANCIAL OFFICER
PGG Wrightson Ltd

Mike Sang

GROUP GENERAL MANAGER FINANCIAL SERVICES
PGG Wrightson Ltd

Michael Thomas

DIRECTOR FINANCIAL SERVICES
PGG Wrightson Ltd

Mark Darrow

GENERAL COUNSEL/COMPANY SECRETARY
PGG Wrightson Ltd

Julian Daly

REGISTERED OFFICE

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AUDITOR

KPMG
10 Customhouse Quay
PO Box 996
Wellington
Telephone 64 4 816 4500
Fax 64 4 816 4600

SECURED BONDHOLDER INFORMATION

Secured Bondholders with enquiries about transactions or changes of address are directed in the first instance to:

Computershare Investor Services Limited
Level 2, 159 Hurstmere Road
Takapuna
Private Bag 92 119
Auckland 1142
Telephone 64 9 488 8777, Fax 64 9 488 8787
Email: enquiry@computershare.co.nz

Quotation and Transfers – The PGG Wrightson Finance Ltd Secured Bonds are listed on the New Zealand Exchange under codes PWF020 (WFL020) and PWF030 and may be bought and sold through sharebrokers. PWF020 matures on 20 May 2010 and PWF030 matures on 8 October 2010 subject to a 12 month extension option. PGG Wrightson Finance Ltd exercised its early redemption option of Secured Bonds PWF010 (WFL010) on 20 February 2009.

No transfer will be registered if it would result in the transferor or transferee holding Secured Bonds with an aggregate principal amount of less than $5,000. Subject to this minimum holding, transfers must be in multiples of $1,000 unless otherwise permitted by PGG Wrightson Finance Ltd or unless a Secured Bondholder is transferring all of their Secured Bonds.

Interest Payment Dates – Interest on the Secured Bonds is paid quarterly. Interest on PWF020 is paid on the 20th day of February, May, August and November. Interest on PWF030 is paid on the 8th day of January, April, July, and October. If the interest payment date falls on a non-business day, payment will be the following business day. We recommend that Secured Bondholders have their interest payments direct credited to a bank account to ensure security and prompt payment. Please contact Computershare to arrange direct credit payments.


PGG Wrightson Finance
www.pggwrightson.co.nz