

PGG WRIGHTSON LIMITED AND SUBSIDIARIES

**Statement of Financial Performance**

	<i>Unaudited</i> <i>For the 6 months</i> <i>ended 31 December 2006</i> \$000	<i>Unaudited</i> <i>For the 6 months</i> <i>ended 31 December 2005</i> \$000	<i>Audited</i> <i>For the 12 months</i> <i>ended 30 June 2006</i> \$000
Operating Revenue	503,470	357,245	816,345
Interest Revenue	19,670	16,253	31,925
Equity earnings of associates	738	77	439
	<u>523,878</u>	<u>373,575</u>	<u>848,709</u>
Operating surplus before interest and taxation	40,713	22,465	70,170
Interest Expense	<u>(23,291)</u>	<u>(14,503)</u>	<u>(32,887)</u>
<b>Operating surplus before taxation</b>	<b>17,422</b>	<b>7,962</b>	<b>37,283</b>
Taxation expense	<u>(4,522)</u>	<u>(2,933)</u>	<u>(10,269)</u>
<b>Net surplus</b>	<b><u>12,900</u></b>	<b><u>5,029</u></b>	<b><u>27,014</u></b>
<b>Net surplus comprises</b>			
Parent interest	12,935	5,053	26,869
Minority interest	<u>(35)</u>	<u>(24)</u>	<u>145</u>
	<u>12,900</u>	<u>5,029</u>	<u>27,014</u>
<b>Net surplus attributable to parent company shareholders</b>	<b>12,935</b>	<b>5,053</b>	<b>26,869</b>

PGG WRIGHTSON LIMITED AND SUBSIDIARIES

**Statement of Movements in Equity**

	<i>Unaudited</i> <i>For the 6 months</i> <i>ended 31 December 2006</i> \$000	<i>Unaudited</i> <i>For the 6 months</i> <i>ended 31 December 2005</i> \$000	<i>Audited</i> <i>For the 12 months</i> <i>ended 30 June 2006</i> \$000
<b>Total recognised revenues and expenses</b>			
Net surplus	12,900	5,029	27,014
Movements in foreign currency translation reserve	<u>(1,497)</u>	<u>369</u>	<u>1,799</u>
	<u>11,403</u>	<u>5,398</u>	<u>28,813</u>
<b>Contribution from owners</b>	<b>-</b>	<b>294,047</b>	<b>294,047</b>
<b>Distributions to owners</b>	<b>(17,229)</b>	<b>(9,762)</b>	<b>(21,259)</b>
<b>Other Movements in Equity</b>	<b>-</b>	<b>-</b>	<b>(453)</b>
<b>Movements in equity for the period</b>	<b><u>(5,826)</u></b>	<b><u>289,683</u></b>	<b><u>301,148</u></b>
Represented by:			
<b>Equity at the beginning of the period</b>	<b>415,028</b>	<b>113,880</b>	<b>113,880</b>
<b>Equity at the end of the period</b>	<b>409,202</b>	<b>403,563</b>	<b>415,028</b>
<b>Movements in equity for the period</b>	<b><u>(5,826)</u></b>	<b><u>289,683</u></b>	<b><u>301,148</u></b>

PGG WRIGHTSON LIMITED AND SUBSIDIARIES

**Statement of Financial Position**

	<i>Unaudited</i> As at 31 December 2006 \$000	<i>Unaudited</i> As at 31 December 2005 \$000	<i>Audited</i> As at 30 June 2006 \$000
<b>EQUITY</b>			
Shareholder funds	408,806	403,253	414,510
Minority interests	396	310	518
<b>Total equity</b>	<b><u>409,202</u></b>	<b><u>403,563</u></b>	<b><u>415,028</u></b>
<b>LIABILITIES</b>			
Trade creditors	122,081	103,440	121,547
Total accruals and other liabilities	57,460	80,577	64,956
Client Deposits and Current Accounts	87,817	118,212	110,039
Secured debentures	107,675	57,206	79,049
Bank borrowings	346,641	244,915	253,210
Bank mortgages	13,062	-	-
<b>Current liabilities</b>	<b><u>734,736</u></b>	<b><u>604,350</u></b>	<b><u>628,801</u></b>
<b>Non-current liabilities</b>	<b><u>71,660</u></b>	<b><u>78,706</u></b>	<b><u>80,329</u></b>
<b>Total liabilities</b>	<b><u>806,396</u></b>	<b><u>683,056</u></b>	<b><u>709,130</u></b>
<b>Total liabilities and equity</b>	<b><u>1,215,598</u></b>	<b><u>1,086,619</u></b>	<b><u>1,124,158</u></b>
<b>ASSETS</b>			
Trade debtors	174,943	155,146	159,229
Other receivables	33,957	15,673	23,050
Client debtor accounts	51,302	40,209	37,861
Finance Receivables	218,158	159,545	233,921
Inventories	151,817	139,497	150,137
Other	11,605	10,854	12,265
<b>Current assets</b>	<b><u>641,782</u></b>	<b><u>520,924</u></b>	<b><u>616,463</u></b>
Property, Plant and Equipment	75,051	113,867	86,368
Finance Receivables	144,443	118,408	96,022
Investments	60,547	27,742	24,490
Goodwill	279,605	289,893	286,277
Other	14,170	15,785	14,538
<b>Non-current assets</b>	<b><u>573,816</u></b>	<b><u>565,695</u></b>	<b><u>507,695</u></b>
<b>Total assets</b>	<b><u>1,215,598</u></b>	<b><u>1,086,619</u></b>	<b><u>1,124,158</u></b>

PGG WRIGHTSON LIMITED AND SUBSIDIARIES

**Statement of Cash Flows**

	<i>Unaudited</i> <i>For the 6 months</i> <i>ended 31 December 2006</i>	<i>Unaudited</i> <i>For the 6 months</i> <i>ended 31 December 2005</i>	<i>Audited</i> <i>For the 12 months</i> <i>ended 30 June 2006</i>
	Note	\$000	\$000
<b>Net cash flows from:</b>			
Operating activities			
- Inflows		491,764	397,674
- Outflows		<u>(528,432)</u>	<u>(409,197)</u>
	5	<u>(36,668)</u>	<u>(11,523)</u>
Investing activities			
- Inflows		12,763	773
- Outflows		<u>(63,093)</u>	<u>(21,872)</u>
		<u>(50,330)</u>	<u>(21,099)</u>
Financing activities			
- Inflows		12,725	5,985
- Outflows		<u>(19,303)</u>	<u>(9,762)</u>
		<u>(6,578)</u>	<u>(3,777)</u>
Net (decrease) in cash		<u>(93,576)</u>	<u>(36,399)</u>
Opening (bank borrowings)/ cash		(253,210)	(46,538)
Net cash from acquisition of businesses		-	(161,936)
Effect of exchange rate change on cash		145	(42)
<b>Closing (bank borrowings)</b>		<b><u>(346,641)</u></b>	<b><u>(244,915)</u></b>
Comprises:			
Cash and deposits		15,900	70,119
Bank borrowings		<u>(362,541)</u>	<u>(315,034)</u>
<b>Closing (bank borrowings)</b>		<b><u>(346,641)</u></b>	<b><u>(244,915)</u></b>
		<u>(253,210)</u>	<u>(253,210)</u>

**Notes**

**1 Financial Statements**

The financial statements have been prepared in accordance with Financial Reporting Standard No. 24 Interim Financial Statements and generally accepted accounting principles and should be read in conjunction with the 30 June 2006 annual financial statements.

**2 Accounting Policies**

The accounting policies of the PGG Wrightson Group have been applied on a basis consistent with those of the previous year and as disclosed in the audited 2006 annual financial statements.

### 3 Operating Surplus before Interest and Taxation

The following significant items effect the operating surplus before interest and taxation:

- (a) Included in the current period are gains on the sale of properties of \$10,299,000 (\$47,000 in the six months to 31 December 2005, \$11,938,000 in the year to 30 June 2006).
- (b) The comparatives, for the 6 months ended 31 December 2005, include restructuring costs of \$2,338,000 incurred by the Company relating to the merger with the former Wrightson Limited which were written off as expenses.
- (c) As a consequence of the merger and amalgamation of Wrightson Limited on 7 October 2005 the comparatives, for the 6 months ended 31 December 2005 and for the 12 months ended 30 June 2006, include the financial performance and cash flows for the activities of the former Wrightson Limited Group from 7 October 2005.

### 4 Material Commitments

There are non-cancelable operating lease commitments in place with expected future minimum rental payments of \$54.6 million (31 December 2005 \$26.4 million, 30 June 2006 \$60.8 million).

### 5 Reconciliation of Surplus after Taxation with Net Cash Flow from Operating Activities

	<i>Unaudited</i> <i>For the 6 months</i> <i>ended 31 December 2006</i> <i>\$000</i>	<i>Unaudited</i> <i>For the 6 months</i> <i>ended 31 December 2005</i> <i>\$000</i>	<i>Audited</i> <i>For the 12 months</i> <i>ended 30 June 2006</i> <i>\$000</i>
Surplus after taxation	12,900	5,029	27,014
Capital gains	(10,299)	(47)	(11,938)
Goodwill amortisation and impairment	7,571	3,637	11,152
Depreciation	3,242	2,898	6,684
Future income tax benefit	368	4,078	5,502
Increase in provision and bad debts	(643)	361	1,884
Other	(738)	-	(439)
Add/(deduct) non-cash items	(499)	10,927	12,845
Add/(deduct) movement in working capital items			
Inventories	(1,680)	1,100	(9,540)
Net receivable/payables	(48,049)	(19,462)	(5,620)
Other	660	(9,117)	(12,280)
<b>Net cash flow from/(used in) operating activities</b>	<b><u>(36,668)</u></b>	<b><u>(11,523)</u></b>	<b><u>12,419</u></b>

### 6 Interim Dividend

Directors, by resolution of the Board on 26 February 2007, have declared a fully imputed interim dividend of 4 cents to be paid on 2 April 2007.

### 7 Unaudited Financial Statements

These interim financial statements have not been audited.

## 8 International Financial Reporting Standards

In December 2002 The New Zealand Accounting Review Board announced that International Financial Reporting Standards (IFRS) will apply to all New Zealand entities for periods commencing on or after 1 January 2007. Entities will also have the option for early adoption of the new standards for the periods beginning on or after 1 January 2005.

Since this date New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) have been issued. In complying with these, New Zealand entities will be in compliance with IFRS.

Analysis of the potential impacts from the conversion to NZ IFRS commenced in August 2004. The company has considered the impacts of NZ IFRS implementation, both from a reporting and an operational perspective. The objective of the company is to ensure the conversion to NZ IFRS occurs within agreed and required timelines (under the Financial Reporting Act 1993), ensuring:

- Minimal operational impact on the Group; and
- All relevant parties are consulted.

The Group will adopt NZ IFRS and report for the first time under these standards for the year ending 30 June 2008. Upon adoption of NZ IFRS, comparative information presented in the financial statements will be restated to conform to the requirements of the new standards, and the financial impact of that adoption will be disclosed.

Only one key difference in accounting policies has been identified to date as follows:

### Accounting for goodwill

- Under NZ IFRS 3 goodwill will no longer be amortised. However, it will be subject to regular reviews for impairment.
- Currently the Group records goodwill at cost less amortisation over periods not exceeding 20 years.

Known or reliably estimable information about the impacts on the financial report, had it been prepared using NZ IFRS, have not yet been determined.

The actual impact of adopting NZ IFRS may vary from the information presented, and the variation may be material.