



Media release

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## **Ballance lifts cash payout to \$22 a tonne after excellent year**

*Statement made by David Graham, Chairman, Ballance Agri-Nutrients Limited*

Based on a strong balance sheet and cashflow along with excellent future prospects, Ballance Agri-Nutrients has increased its combined cash dividend and rebate payout to transacting shareholders to \$22 a tonne for the financial year ending May 30 2006, up 10% on last year's payout.

The total distribution is \$21.6 million.

In addition to this payout the board of directors will recommend to the annual general meeting increasing the share price to \$6.30, an increase of 30 cents per share at a value of \$9.7 million.

This comes on top of the imputed bonus shares issued in December valued at \$11.5 million.

The recommended share price increase, and earlier bonus share issue, will add a total of \$21.2 million to farmer shareholder balance sheets. This is equivalent to a value of \$24.67 per tonne for fully paid up shareholders and, combined with the \$22 cash payout, is a significant return to Ballance shareholders.

The latest cash payout is split between a rebate of \$18.42 a tonne, up \$2.00 on last year's rebate, and a fully imputed dividend of 8 cents a share (8 cents last year). The 8 cents is the equivalent to a \$3.58 a tonne rebate.

At year's end, shareholders' equity had increased by 3% to \$239 million and totals assets by 2% to \$366 million.

Overall, the 2006 financial year was an excellent one for Ballance, and directors have ensured the fullest possible benefits have flowed through to shareholders.

Ballance's operating surplus for the year was \$30 million, down from \$40 million the previous year. The decision early in the year to hold price increases to a minimum and absorb increased costs pulled back the operating surplus.

A lower profit was the price we were well prepared to offer to assist farmers with their cash flow challenges during a 12-month period when farm incomes were down and farmers were facing across-the-board price increases.

We also led the market with our recent announcement that we will be holding the price of our base fertiliser products through to the end of 2006.

The flexibility to respond in this way to shareholders' challenges is one of the very real benefits Ballance offers its shareholders.

Operating revenue for the year increased by 3% to \$471 million.

This increased revenue was achieved from sales volumes of 1.34 million tonnes, down 8% on last year.

In volume terms, the fertiliser market overall declined by as much as 15% in response to good early season growing conditions throughout the country, and tightening farm expenditure.

A feature of the year's trading was an increase in the number of Ballance shareholders trading with the company, and the market share gains made in regions in which we are not traditionally strong.

Other highlights of the year were:

- Increased shareholder equity following the purchase of the 20% shareholding held by Yara SA, which returned the co-operative to 100% farmer ownership.
- Reinvestment of \$24 million back into the co-operative in the form of plant renewal, facilities upgrades and development work.

In another major step we also undertook to offer all our shareholder farmers the opportunity to operate to a nutrient budget by December 2007. Currently about a quarter of our shareholders make use of this service.

**ENDS**