



Media release

29 September 2006

Ballance share value increased on back of solid 2006 performance

Statement based on the addresses made at yesterday's annual meeting of Ballance Agri-Nutrients Limited held in Pukekohe

Shareholders of Ballance Agri-Nutrients approved a directors' recommendation that the nominal value of shares be increased by 30 cents to \$6.30 at yesterday's annual meeting of the co-operative in Pukekohe.

The shares were last revalued in 2002.

Chairman David Graham told shareholders that a key factor in the revaluation was the "solid" 2006 financial result achieved "in probably the most challenging economic environment experienced for many a year".

Among the challenges the co-operative had to contend with were

- A shrinking market affected by a kind 2005 winter, an early spring affecting urea sales, a rising dollar reducing farm returns, and environmental considerations
- A 'sellers market' existing for international fertiliser raw materials and shipping services

"Combined, these factors kept pressure on purchase prices and margins, creating a tough, demanding environment in which to operate."

In August Ballance announced an operating surplus of \$30 million, which while down 27% was, within the context of the operating environment, rated as "solid and credible" by the company, and a combined dividend and cash rebate of \$22 a tonne, a \$2 a tonne increase on the previous year's payout.

Mr Graham said the directors' share revaluation recommendation was based on methods developed by independent professional advisors, and took into account existing and future earnings, asset values and retained earnings.

The higher valuation also more fairly reflected the value of the capital shareholders had invested in Ballance.

Chief Executive, Larry Bilodeau, told the meeting that Ballance was "well positioned" to deliver a similar result to that in 2006 for the current financial year.

He also saw value added services contributing to the growth of Ballance.

“The challenges will be no less in 2007 than they were in 2006,” said Mr Bilodeau.

“Environmental pressures will limit fertiliser sales, the currency, while unpredictable, is trending up and that will hurt farm economies, and we have committed to leading the market by keeping fertiliser price increases to a minimum.

“On the upside, from an organisational perspective we are well placed, and have now almost completed a national distribution network that will add to our sales.”

Mr Bilodeau said Ballance was committed to delivering superior results for farmers through investing in the future.

He said that the international market for critical raw materials and fertiliser product “has never been more dynamic”.

“China used to be one of the world’s largest exporters of phosphate products. Now they are restricting exports to meet their growing domestic demand.

“India too is experiencing a major growth in demand, which is seeing it importing increasingly larger quantities.

“This will continue to put significant pressure on New Zealand fertiliser prices.”

ENDS