



Media release

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Ballance achieves \$41.8 million operating surplus and lifts share value to \$7.00

Ballance Agri-Nutrients Limited, New Zealand's largest fertiliser co-operative, with revenues over \$505 million, will boost returns to shareholders this year. The co-operative will pay a combined dividend and rebate averaging \$24.20 per tonne on fertiliser purchased during the financial year ending 31 May 2007, an increase of 10% on the previous year's distribution.

In addition to this cash distribution, the Board will recommend to shareholders an increase in share price of 70 cents to \$7.00 per share, equating to an additional \$21.00 of value per tonne for fully paid-up shareholders.

This increase in the share price, combined with the 8 cent imputed dividend, gives shareholders a return on investment of 13% for the year. This, along with the rebate payment, brings the total value per tonne for fully paid up shareholders to \$45.20 for the 2007 financial year.

Ballance Chairman, David Graham, said the improved distribution was possible because of the strong financial performance of the fertiliser co-operative.

'By focusing on operating efficiencies and continuous improvement across our manufacturing and distribution operations, supported by strong autumn sales, we have posted an operating surplus for the year of \$41.8 million, an increase of \$11.8 million on the previous year,' said Mr Graham.

'Shareholder equity is \$278 million (up 15%) and total assets are up \$57 million at \$423 million, with this growth in equity enabling the Board to favourably review the share price and recommend an increase at the September Annual Meeting.'

The co-operative's revenue for the year was up \$34 million to a record \$505 million, based on sales volumes of 1.38 million tonnes, up 45,000 tonnes on last year.

The 2007 payout will be made up of an average rebate of \$20.62 per tonne of fertiliser, up from \$18.42, and a dividend to paid up shareholders of \$3.58 (including imputation credits).

The co-operative's operating cash flow was a positive \$55 million, enabling the company to reduce debt by \$18 million and invest a further \$19 million in assets. Its equity ratio remains strong at 66%.

Mr Graham said Ballance is particularly pleased to have increased sales volumes in a year which saw fertiliser prices rise so dramatically in the second half, and one in which 98% of the company's dairy farmer-shareholders adopted nutrient budgets.

'Thirty million dollars of the increase in assets is attributable to writing up the value of the Kapuni urea plant, made possible by securing long-term gas contracts which have extended the foreseeable economic life of this valuable asset.

'The efficient operation of our Kapuni plant, which runs on a 24/7 basis, significantly contributed to our operating surplus and we estimate that by manufacturing urea locally we saved the country some \$100 million in foreign exchange by replacing the need to import equivalent nitrogen fertiliser volumes.'

Mr Graham said that Ballance's founding goal - to ensure the consistent supply of the highest quality fertiliser at the lowest possible cost - is still the core focus of the company today.

'In addition to this commitment, we place a strong emphasis on assisting farmers to take advantage of science, knowledge and technology to maximise their production potential and minimise the impact farming has on the environment.'

He said that the outlook for the coming year is positive.

'Given the sound base from which we start the new year, we have every reason to believe that this financial year will be one in which Ballance makes steady progress in all aspects of its business.'

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