



MEDIA RELEASE

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Ballance share value increase boosts returns to farmers

Statement based on the address made at the annual meeting of Ballance Agri-Nutrients held in Whangarei on 18 September.

Ballance has increased its nominal share value by 70 cents to \$7.00, giving shareholders an additional \$21.00 of value per 30 shares. This is in addition to this year's combined dividend and rebate, which averaged \$24.20 per tonne.

The share price increase, combined with the dividend and rebate, brings the total value per tonne for fully paid-up shareholders to \$45.20.

Shareholders of Ballance approved the directors' recommendation to increase the share price at the Annual Meeting in Whangarei yesterday.

Chairman David Graham told shareholders that a key factor in the revaluation was the sound financial result Ballance achieved for the 2007 financial year.

In July, Ballance announced a record turnover of \$505 million, resulting in an operating surplus of \$41.8 million. This result was based on sales volumes of 1.38 million tonnes, up 45,000 tonnes on last year.

'All in all, despite the challenges facing our sector, we've had a good year. The really pleasing thing underlying the 2007 result is seeing the rewards brought to the company out of decisions and initiatives taken three or four years ago and by continually improving what we do best – supplying specialist plant nutrient products and services to New Zealand farmers.

'This hard work and drive for continuous improvement has culminated in a fundamental shift in our position in the marketplace over the last two years, which is clearly reflected in our results this year,' said Mr Graham.

Mr Graham said that some of the challenges the co-operative and wider agriculture sector are facing at present include the 'skyrocketing international demand for fertiliser products, driven by economic growth in China and India, as well as the increased worldwide interest in biofuels.'

He said that another major challenge for the sector is climate change, with the Government expecting to make an announcement on climate change policy any day now.

'We are expecting an announcement from the Government on climate change policy this Thursday, and our hope is that they recommend a market model to assist the agricultural sector to reduce greenhouse gas emissions, but that it won't be

introduced for a few years. This timing would allow both farmers and the fertiliser industry to work on getting the model right, and would involve implementing a system of so that our thinking and our practice is modified prior to implementation.

'If we don't engage with any model or system put in place by the Government, then the implementation may be far more draconian, so it is important that we, as farmers, do change and adapt ourselves. Ballance is also hopeful that a tax on nitrogen fertiliser is not imposed, and that the policy continues to allow freedom of economic choice around land use.'

Chief Executive, Larry Bilodeau, told the meeting that Ballance was in an excellent position both financially and strategically to add value to farmers' businesses and demonstrate the benefits of being a Ballance shareholder.

He also highlighted the importance of supply relationships, given the high international demand for fertiliser products.

'Many large companies around the world are struggling to get access to fertiliser products or raw materials. Some suppliers who can't match supply to demand are adopting a last-on-first-off policy. Our relationships will ensure that we aren't first off, but some won't be so lucky,' said Mr Bilodeau.

'We've been building these partnerships for more than thirty years, and it is during times like these that a stable source of high-quality product is most valuable to our business and our customers.'

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