

Media release
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Ballance reports record results

Ballance Agri-Nutrients has reported an impressive result for its financial year ended 31 May, setting performance records in key sectors of its business, all the while maintaining competitive prices throughout New Zealand in the face of rampant international commodity price rises.

The New Zealand farmer-owned co-operative improved its trading result by 135 percent to a record \$78.6 million pre rebate, compared with the \$33.4 million recorded in the previous year (adopting NZIFRS accounting standards for both years), and will pay an average rebate and dividend to paid up shareholders of \$36 per tonne of fertiliser purchased.

Ballance Chairman David Graham said all the evidence pointed to a superb year for the co-operative, a year in which it set manufacturing, sales, and rebate records.

'I am delighted to be able to announce such an excellent result because it is testament to the increased efficiencies we have instigated, and the smarter use of our resources. It is clear that our strategy of focusing only on fertiliser products and services has paid dividends.

'We have never before manufactured so much fertiliser product, and never sold so much. This outstanding performance is reflected in our turnover for the financial year, a record \$651 million (up 31 percent). It also enabled us to increase our combined rebate and dividend return to shareholders to \$41.3 million, up from \$24.7 million last year (up 67 percent).'

The nationwide fertiliser specialist sold 1.54 million tonnes of fertiliser products, up 12 percent in a year.

'There were several reasons for this exceptional performance. The dedication and efforts of our employees undoubtedly contributed to our overall result, as did the loyalty and support of our shareholders, customers and business partners.

'The only dampener, and it's a major concern, is the current state of the global commodities markets, with all of the input materials we require to make our products now at incredibly high prices. We cannot see these global prices coming back in the near future, and as a consequence we expect further price increases and a reduction in local demand.'

Mr Graham said it would be simplistic to view the increased operating surplus as a direct spin-off of global prices, pointing out that Ballance held its super phosphate prices throughout the autumn, despite its input costs rising.

'Our retail prices are always very competitive in the local market. Furthermore, the big industry price movements came after balance date.'

Shareholder equity was \$303 million (up 14 percent) and total assets were up 12 percent at \$475 million. The equity ratio remained strong at 64 percent.

'This performance puts Ballance in a strong position going forward. It is clearly preferable to enter a challenging period for the global fertiliser industry with a healthy balance sheet.

'It is also great that a New Zealand manufacturing company can be globally competitive and produce strong results, without deviating from its founding goal - to ensure a consistent supply of high-quality fertiliser at the lowest possible cost.'

The company's urea manufacturing plant at Kapuni in south Taranaki was a significant contributor to the overall financial result. The plant will shut down for several weeks in November for its scheduled maintenance, with more than \$10 million being invested to keep it at optimum manufacturing levels.

'We always put our farmer shareholders first. In response to an industry shortfall of product in April, we put a short-term freeze on sales to non-shareholders, giving our shareholders time to place their orders first.

'When we had to put our prices up, we were able to offer a credit of \$30 per tonne of urea purchased to offset against any subsequent purchase of manufactured phosphate product.

'Our technical sales representatives and agro-science specialists work closely with farmers and rural industry groups, offering sound advice, and we continue to invest heavily in R&D, with a strong emphasis on farming sustainability.

'Such initiatives provide clear evidence of the co-operative's commitment to its shareholders, above and beyond the pursuit of profit,' Mr Graham said.

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