

MEDIA RELEASE

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Ballance posts profit and pays rebate

Ballance Agri-Nutrients has reported a successful turnaround for its financial year to 31 May, to produce a healthy \$21 million trading result that enables it to pay a rebate and dividend while increasing group equity ratio to 65%.

The country's largest fertiliser manufacturer and distributor lifted sales and returned to profitability, despite a difficult year weather-wise for New Zealand farmers.

'This is a very satisfying performance,' said Ballance Chairman David Graham. 'We really stood by our farmers by providing them price stability and tailored technical advice to help them get the most out of whatever fertiliser they could afford.'

'We listened to our shareholders, and acted to protect our farmers from the full force of the market. We learned our lessons well in the previous year, working our way through various issues, and are now a lot smarter and more cost efficient. As a result, fertiliser is much more competitively priced here than in the rest of the world.'

Ballance will distribute to its shareholders \$17.14 per tonne, comprising a rebate on fertiliser purchased of \$15.00 per tonne plus an imputed dividend.

'That's a respectable rebate in this economic climate and we are proud to have achieved it while reducing debt from \$221.6 million to \$91.5 million.'

We have also increased our annual spend on research and development and allocated further funds into our capital reserves.'

The Group's equity ratio has jumped back to 65 percent, compared with 50 percent a year ago, easily surpassing the commitment given last year to restore Group equity to at least 60 percent within two years.

'Doing the right thing by our farmer shareholders has also been the right thing for Ballance.'

Ballance Chief Executive Larry Bilodeau said the co-operative was extremely well positioned to support its shareholders and produce an excellent trading result for the current year.

Total sales rose by just over 5 percent to 1.2 million tonnes with the company's Technical Sales Representatives working hard to meet the needs of individual farmers. Several regions experienced crippling drought, and Ballance worked one-on-one with its farmers to help get their farms back into full production, including offering deferred payment terms.

Emphasis was placed on helping farmers get the biggest bang for their fertiliser buck, which required a lot more technical input from Ballance and some innovative responses. The company's senior management and scientists hosted technical dinners for shareholders across

the country and staff developed nutrient budgets and full Nutrient Management Plans for individual farmers.

The co-operative reported a \$6 million loss a year ago, largely due to a \$36.7 million write-down in the value of its inventory, paying the price of holding its fertiliser prices as low as it could even as it restocked in an increasingly costly international market. It has successfully cleared that high-cost inventory.

'More has gone right for us this year than has gone wrong,' Mr Bilodeau added. 'It is terrific to see the turnaround within the co-operative, and the many changes that have been made for the better.'

'Given the demands on fertiliser commodities around the world, there will always be pressure on fertiliser prices here in New Zealand,' Mr Bilodeau said. 'As a co-operative owned by its 18,500 farmer shareholders, Ballance will continue to do its utmost to give them high-quality fertilisers and technical advice at the lowest possible price. We haven't lost sight of what we were set up to do.'

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