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NZ Farming Systems Uruguay Ltd ('NZS') Trading Result
For the year ended 30 June 2012

The overall trading result for the year ended 30 June 2012 is a loss of USD 7.6 million. For the same period last year the result was a loss of USD 8.7 million.

Earnings Before Interest and Tax (EBIT) for the year was a profit of USD 5.2 million compared to a loss of USD 4.3 million for the 2011 year.

This year's result includes a fair value adjustment to livestock of USD 10.1 million and nil herd improvement (2011 USD 7.5 million fair value adjustment and USD 8.1m herd improvement). Excluding the fair value adjustment the result for the year is a loss of USD 17.7million (2011 loss USD 24.2 million excluding fair value adjustment and herd improvement).

Earnings Before Interest and Tax (EBIT) before the fair value adjustment and herd improvement for the year was a loss of USD 5.9 million compared to a loss of USD 19.3 million for the 2011 year. This EBIT result fell short of the break even position indicated in the half year report to shareholders and is outside the range of a USD 3.0 million to USD 5.0 million loss as indicated in our market update released to the New Zealand Stock Exchange in mid June due to lower milk revenue and higher foreign exchange losses.

Milk production continued to increase year on year during the second six months, however the very difficult climatic conditions including a severe hot and dry period extending from late October through until autumn, followed by a second dry period in April and May, resulted in milk production being much lower than assumed at the time of projecting a breakeven EBIT position for the full year. The late completion of the 8 dairies in the autumn also had a negative impact on total milk production for 2012.

Revenue (*excluding Change in Fair Value of Livestock*) was USD 63.1 million, an increase of 46.6% compared to USD 43.0 million in the prior comparable period (pcp). This was primarily due to an increase in milk production from 105 million litres to 152 million litres, and an increase in average milk price from USD 38.1 cents per litre to USD 39.1 cents per litre.

Change in Fair Value of Livestock was USD 20.1 million compared to USD 21.0 million for the pcp. In addition to Births and Deaths, this included USD 7.2 million of category changes (USD 5.5 million in pcp) and a fair value adjustment of the total herd of USD 10.1 million (USD 7.5 million in pcp). The herd is in good body condition and no herd improvement has been recognised during the year (USD 8.1 million in pcp). Category changes relate to evolution of livestock into older/heavier categories.

Total Revenue including *Change in Fair Value of Livestock* was USD 83.1 million, an increase of 29.8%, from USD 64.0 million in the pcp.

Dairy livestock numbers increased during the year from 58,502 to 71,995 at 30 June 2012. This increase came from a combination of purchases of livestock to populate the 15 new dairies that were developed during the 12 months ended 30 June 2012, plus increasing numbers of livestock resulting from a natural increase in the herd.

Farm Operating Expenses increased by 26.2% to USD 59.3 million this year compared with USD 47.0 million in the pcp. The largest contributor to this increase was concentrates and feed costs at USD 30.6 million this year compared with USD 21.2 million in the pcp. A severe hot and dry period extending from late October through to early winter resulting in higher feed use than planned.

Net Interest and Finance Costs increased to USD 12.8 million for the year compared to USD 5.7 million in the pcp, an increase of 127% reflecting the USD 47.8 million invested in Property, Plant, Equipment and livestock during the year and the delay in the planned capital raising.

Operational Cash flows was USD 8.7 million negative compared to USD 35.0 million negative for the pcp. Interest on Olam's shareholder loan has not been paid except for the corresponding withholding tax. If all of the interest owing as at 30 June 2012 had been paid the negative operational cash flow for the year would have been USD 14.8 million.

Earnings per share was a loss of USD 3.1 cents per share compared to a loss of USD 3.6 cents per share in the pcp.

There were no returns to shareholders via distributions or buy backs during the year.

Total Assets at 30 June 2012 were USD 337.0 million, up from USD 290.1 million at 30 June 2011. This includes an increase in property, plant and equipment to USD 207.0 million at 30 June 2012 compared with USD 173.9 million at 30 June 2011, an increase in livestock to USD 83.4 million at 30 June 2012, compared with USD 57.6 million at 30 June 2011.

Total Liabilities at 30 June 2012 were USD 192.0 million, up from USD 134.2 million at 30 June 2011.

There have been no significant changes in the business subsequent to 30 June 2012.

Capital Raising

Capital raising is consistent with the Company's continuing strategy for growth. As previously signalled, repayment of the USD110.0 million short term shareholder loan from Olam International Limited (Olam) is due by 31 December 2012. Funding is also required to meet the remainder of the capital works programme and to replenish the current funding lines used to meet operating cash requirements.

A committee of Independent Directors has been appointed to address the capital requirements and is expected to report to the NZS Board by early October 2012. The Company is considering a rights issue to raise up to USD 135 million (approximately NZ69 cents per share) by way of a pro rata rights issue to be supported by Olam (Rights Issue).

No money is currently being sought and no applications for securities will be accepted or money received unless the subscriber has first received a simplified disclosure prospectus.

The Rights Issue, should it proceed, will be offered in a simplified disclosure prospectus (Offer Document) that, once available, will be on the Company's website (www.nzfsu.co.nz). It is intended that the Offer Document will be mailed to eligible shareholders during October together with an Entitlement and Acceptance Form. Shareholders will need to complete the Entitlement and Acceptance Form in order to accept their rights. Shareholders should consider the Offer Document carefully in deciding whether to accept their rights.

The Rights Issue will be restricted to shareholders with registered addresses in New Zealand and Australia or otherwise where the offer can be made in compliance with local securities laws.

A further market announcement in relation to the rights issue will be made as soon as the Independent Directors' report has been considered by the Board and the terms of the offer agreed. This expected to be no later than mid October.

Outlook

The major focus going forward for management is to improve the quantum and consistency of milk production. This will require a continuing focus on staff development and retention.

The past year has been one of significant development involving bringing on stream an additional 15 dairy units. With all of these additional units now producing milk, we look forward to continuing improvement in operating performance in 2013.

For further information please contact:

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