

**MEDIA RELEASE**

**10 November 2011**

**ALLIANCE GROUP ANNOUNCES  
OPERATING SURPLUS OF \$20.7 MILLION**

For the year ending 30 September 2011, Alliance Group has reported an operating surplus of \$20.7 million, before pool distributions, non-recurring expenses and tax, from a turnover of \$1.5 billion. Pool surplus distributions to shareholders totalling \$10.8 million will be made in December.

In announcing the result the Chairman of Alliance Group, Owen Poole, said that the company is satisfied with the result especially considering the challenges faced throughout the year. Severe weather conditions at lambing in 2010 resulted in around 1.6 million less lambs for export. Particularly hard hit was the lower South Island and lower North Island. Both areas are key sources of supply for Alliance Group and the company had been disproportionately affected. For most farmers affected by the storms, record prices for livestock have helped mitigate the negative financial impact, while those principally outside the affected areas have had an opportunity for an exceptional year.

Shareholders participating in the company's Yield Quality Contract, pool surplus distributions and other quality premiums received on average an additional \$8.97 per lamb above full schedule for qualifying stock.

The company's balance sheet remains strong with an equity ratio of 75.1% after providing for non-recurring redundancy and fixed asset write-down costs associated with the Sockburn Plant closure. Net bank debt at balance date was nil.

Alliance Group's Chief Executive, Grant Cuff, said the company believes that the future for sheepmeat, beef and venison are favourable, driven by good demand in existing and developing markets against reduced supply around the world. Market prices for our products are at high levels and the company remains confident looking forward. Alliance Group's core strategy of operating at the top end of the market remains. Alliance Group's *Ashley* brand is the predominant brand for imported sheepmeat in Europe while the company's *Pure South* brand is growing in prominence in Asia.

Summary of key financial items -

• Turnover	\$1.5 billion
• Operating surplus before pools and non-recurring expenses	\$20.7 million
• Pool surplus distributions	\$10.8 million
• Non-recurring expenses (Sockburn closure)	\$19.4 million
• Operating cash flow surplus	\$3.1 million
• Equity ratio at balance date	75.1%

**ENDS**

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