

STATEMENT OF CASH FLOWS

YEAR ENDED 31 AUG 04 \$000	6 MONTHS ENDED 27 FEB 05 \$000	6 MONTHS ENDED 29 FEB 04 \$000
Cash flows from operating activities		
915,115	469,526	363,897
305	104	78
5,321	411	170
(827,385)	(562,419)	(430,681)
(14,610)	(8,624)	(3,871)
235	(234)	0
78,981	(101,236)	(70,407)
Cash flows from investing activities		
2,871	17,500	443
2,013	0	2,160
(79,281)	(8,744)	(8,851)
0	(809)	0
(74,397)	7,947	(6,248)
Cash flows from financing activities		
75,000	258,625	85,428
(53,960)	0	0
(1,287)	(1,230)	(848)
0	(155,135)	0
(25,679)	(7,946)	(7,640)
(5,926)	94,314	76,940
(1,342)	1,025	285
1,223	(42)	1,223
77	0	0
(42)	983	1,508
Represented by:		
666	983	1,508
(708)	0	0
(42)	983	1,508
Reconciliation of net surplus to net cash flows		
15,748	17,459	(2,217)
Adjustment for non-cash items		
11,496	7,967	7,010
(814)	(12,455)	(802)
52,551	(114,207)	(74,398)
78,981	(101,236)	(70,407)

NOTES TO THE FINANCIAL STATEMENTS

The Financial Statements are prepared under the Financial Reporting Standard 24 and should be read in conjunction with the Financial Statements and related notes included in the Company's 2004 Annual Report.

The Financial Statements for the period are unaudited.

REPORTING ENTITY

The reporting entity providing these Financial Statements is PPCS Limited, the issuer of Bonds listed on the New Zealand Debt Market on 25 May 2004 and 10 December 2004 respectively. It is a report of the PPCS Parent Company and not the Consolidated Group.

On 30 January 2005, PPCS Limited amalgamated with Richmond Limited and a number of non-trading subsidiaries. The current period results therefore reflect the six months of PPCS parent plus one month of Richmond Limited and the amalgamated subsidiaries. The inclusion of Richmond and the amalgamated subsidiaries for one month contributed \$3m to operating surplus before taxation.

DISTRIBUTIONS TO SHAREHOLDERS

To reward shareholder suppliers, a rebate is customarily paid each year, subject to livestock class and company performance. It is not company practice to pay a dividend. These rebates are paid out of the company's retained earnings, though unlike dividends, they are tax deductible for the company and accessible in the recipient's hands.

CHANGES IN ACCOUNTING POLICIES

The accounting policies applied in the presentation of the half-yearly Financial Statements are consistent with those described in the 2004 Annual Report and Investment Statement for the December Bond issue. However, they differ from those used for the half-year to 29 February 2004 and financial statements as at 31 August 2003 included in the May Bond issue in terms of the revenue recognition policy. Prior to 1 August 2004, PPCS Limited recognised sales at the date of receipt of funds and the new policy is to recognise sales at the time of invoicing. The effect of the change is that, if the new policy was applied at 29 February 2004, sales would have been \$98m greater and the margin on those sales would have increased the reported operating surplus.

TAXATION

The taxation charge for the period is less than the prima facie charge as a result of a number of non-taxable items included in the operating surplus before taxation. These include a capital gain on sale of property \$11.6m and tax losses carried forward \$1.8m.

STATEMENT OF MOVEMENTS IN EQUITY

The item identified as "Other" reflects the inclusion of the retained earnings of Richmond Limited and a number of other subsidiaries on amalgamation.

CHANGES IN CONTINGENT LIABILITIES

Discounted bills of exchange for PPCS Limited are \$0.98m, compared to \$3.06m as disclosed in the 2004 Annual Report. As at 27 February 2005, the company had given a performance guarantee amounting to \$0.3m (\$0.4m at 31 August 2004).

OPERATING SURPLUS BEFORE TAXATION

YEAR ENDED 31 AUG 04 \$000	6 MONTHS ENDED 27 FEB 05 \$000	6 MONTHS ENDED 29 FEB 04 \$000
Included in Surplus before Taxation:		
439	180	170
5,321	1,301	0
258	397	0
11,238	7,570	7,010
711	570	127

FOR ALL BOND-RELATED INVESTOR ENQUIRIES, CONTACT:

Registrar
Computershare Investor Services Limited

Private Bag 92119, Auckland 1020, New Zealand

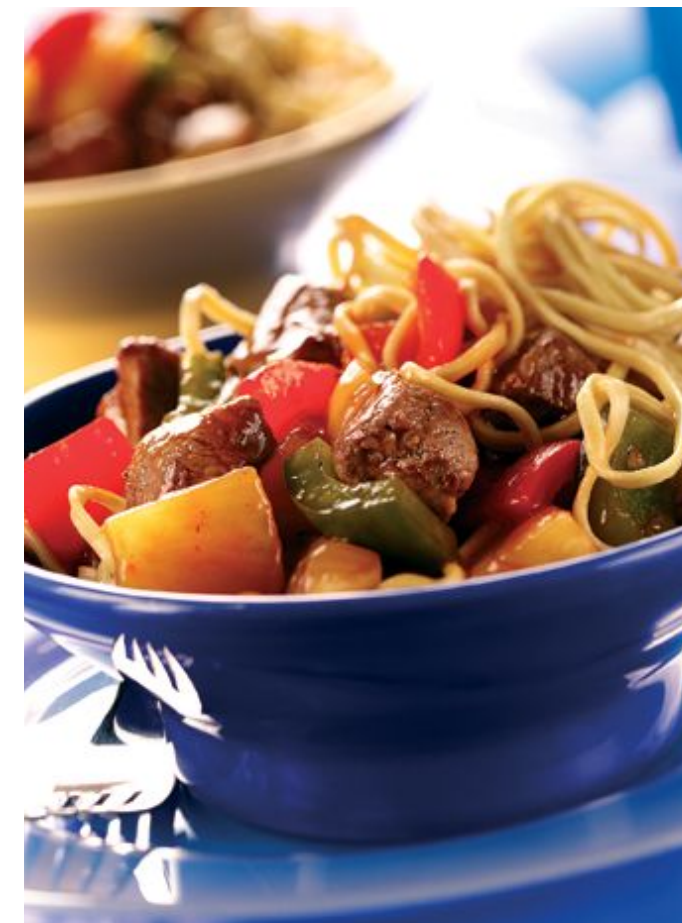
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PPCS
Limited

HALF YEAR REPORT TO BONDHOLDERS

For the six months ended 27 February 2005



PPCS
Limited

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HALF-YEAR REVIEW



For the six months ending 27 February 2005, PPCS Limited reports a net profit before tax of \$19.67m. The result comprises a \$7.83m trading profit and an \$11.84m unusual profit, relating to the sale of Islington Plant. This trading result is ahead of the equivalent period last year.

No dividend has been declared. This is because the company is a farmer-owned co-operative. Instead, shareholder suppliers are paid a rebate, based on the company's full-year performance.

This interim report has been prepared for bondholders, in relation to the PPCS Limited debt securities listed on the New Zealand Debt Market.

On 30 January 2005, PPCS Limited amalgamated with Richmond Limited and several of each companies' non-trading subsidiaries. The period results therefore include one month of trading for the amalgamated company and six months for PPCS Limited parent. The difference in the composition of the reporting entity needs to be taken into account when making comparisons with last year.

Traditionally, PPCS's main livestock procurement and processing season runs from November to May and the six-monthly interim reporting date at the end of February falls in the middle of that period. This is one month earlier than other New Zealand-based meat companies which will report their six-month results for the period to the end of March.

Although the availability of livestock and pattern of processing has been directly impacted by climatic conditions, directors are comfortable with the company's market share in both islands. Traditionally, a higher proportion of the company's business is transacted in the second six-month period. Accordingly, the reported operating profit is not reflective of the anticipated result for the full year. This relative bias between six-month periods will be exaggerated this year, with the late season delaying profitability and deferring business activity into the six-month period to 31 August 2005.

Directors are pleased with the uptake of the Rebate System (the means of ownership in the co-operative structure) by North Island suppliers, following the amalgamation of PPCS and Richmond.

Demand for the company's core products – lamb, beef and venison – remains buoyant, despite the high level of the New Zealand dollar. The detrimental impact of the dollar on an industry, which is almost totally export oriented, has been partially offset by market performance. Demand and prices for lamb have been strong and are expected to remain stable in the medium term. New Zealand beef markets continue to benefit from international food safety-related border closures, although the scheduled re-opening of borders in the near future will impact on this sector. Venison markets appear to have reached a plateau and are showing signs of improving, returning to more sustainable levels.

Having completed the purchase of Richmond Limited on 31 July 2004, we can report that full integration of Richmond and PPCS is progressing well and is on track to be substantially complete by the end of this financial year. Senior management, marketing and international office structures are already fully integrated, with IT systems and operations functions continuing to plan.

PPCS Limited looks forward to delivering the operational benefits of full integration for the complete 2006 financial year.

At the time of writing, subsequent months' trading results have been to expectations and the company expects to achieve its anticipated end-of-year position.

JT Pringle
CHAIRMAN

SA Barnett
CHIEF EXECUTIVE

STATEMENT OF FINANCIAL PERFORMANCE

YEAR ENDED 31 AUG 04 \$000		6 MONTHS ENDED 27 FEB 05 \$000	6 MONTHS ENDED 29 FEB 04 \$000
958,463	Revenue	547,614	365,424
(917,212)	Operating expenses	(520,395)	(355,349)
41,251	Earnings before interest, taxation, depreciation and amortisation	27,219	10,075
(11,496)	Depreciation and amortisation	(7,967)	(7,010)
29,755	Earnings before interest and taxation	19,252	3,065
(14,744)	Interest	(11,420)	(6,084)
15,011	Operating surplus before taxation	7,832	(3,019)
742	Non-recurring items	11,840	802
15,753	Surplus before taxation	19,672	(2,217)
(5)	Taxation expense	(2,213)	0
15,748	Net surplus	17,459	(2,217)

STATEMENT OF MOVEMENTS IN EQUITY

YEAR ENDED 31 AUG 04 \$000		6 MONTHS ENDED 27 FEB 05 \$000	6 MONTHS ENDED 29 FEB 04 \$000
15,748	Net surplus for the period	17,459	(2,217)
0	Asset revaluation reserve movement	1,946	0
15,748	Total recognised revenues and expenses	19,405	(2,217)
	Contributions from owners:		
3,774	Ordinary shares issued	341	573
3,774	Total contributions from owners	341	573
	Distribution to owners:		
(9,556)	Distributions	(324)	0
(369)	Redeemable preference share dividend	(363)	(367)
(1,212)	Shares surrendered	(1,162)	(835)
(76)	Preference shares redeemed	(68)	(13)
(11,213)	Total distributions to owners	(1,917)	(1,215)
	Other:		
0	Effect of amalgamating subsidiaries	34,124	514
8,309	Net movements in equity in the period	51,953	(2,345)
202,344	Equity at the beginning of the period	210,653	202,344
210,653	Equity at the end of the period	262,606	199,999

STATEMENT OF FINANCIAL POSITION

AS AT 31 AUG 04 \$000		AS AT 27 FEB 05 \$000	AS AT 29 FEB 04 \$000
	Equity		
50,247	Share capital	49,358	47,486
1,463	Reserves	1,557	1,463
158,943	Retained surplus	211,691	151,050
210,653	Total equity	262,606	199,999
	Non-current assets		
142,173	Property, plant & equipment	288,892	140,482
1,472	Deferred taxation	3,794	1,476
132,685	Investments	91,056	92,813
276,330	Total non-current assets	383,742	234,771
	Current Assets		
666	Cash	983	1,508
52,982	Trade receivables	274,094	16,620
97,188	Inventories	289,300	275,555
75,479	Other current assets	2,848	53,912
226,315	Total current assets	567,225	347,595
502,645	Total assets	950,967	582,366
	Non-current liabilities		
0	Secured loans	182,650	0
72,690	Bonds	121,816	0
72,690	Total non-current liabilities	304,466	0
	Current liabilities		
708	Bank overdraft	0	0
37,562	Trade creditors	156,502	57,113
4,540	Owing to suppliers	6,928	8,978
170,821	Secured loans	197,670	310,209
5,671	Other current liabilities	22,795	6,067
219,302	Total current liabilities	383,895	382,367
291,992	Total liabilities	688,361	382,367
210,653	Net assets	262,606	199,999

For and on behalf of the Board, which authorised the issue of the Financial Report on 28 April 2005.

JT Pringle
CHAIRMAN

IF Farrant
DIRECTOR