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RURAL EQUITIES LIMITED RESULT FOR THE YEAR ENDED **30 JUNE 2011**

Rural Equities Limited recorded an after tax profit of \$2.9 million for the year to 30 June 2011. This compares with a loss of \$3.0 million for the previous year. The Net Asset Value per share as at 30 June 2011 was \$3.95 compared with \$3.82 as at 30 June 2010.

The Group's operating profit for the year ended 30 June 2011 was \$6.4 million. Of this the Group's directly managed farms contributed \$4.8 million, which compares with \$2.5 million last year and \$1.3 million in the year prior to that.

Record or near-record product prices were received for lambs, sheep, beef and wool, which when combined with the higher forecast Fonterra milk price of \$7.50 per kilogram of milk solids, resulted in a significant increase in the contribution from the directly managed farms for the second year in succession.

Rental income from the Group's leased farm properties was similar to last year. The three large Waikato sheep and beef farms that are directly managed were affected by dry climatic conditions in the early part of the year but recovered well to make a substantial contribution to the profit. These properties comprise over 4,000 hectares and carry approximately 30,000 stock units. The development programme on these farms has continued.

Chairman, Sir Selwyn Cushing, said the value of the Group's rural property portfolio remained stable during the year, reflecting a rural land market that is beginning to show signs of recovery.

Sir Selwyn said Directors have confidence that the long term outlook for the New Zealand rural sector is promising and the Company is well placed with an outstanding portfolio of quality properties.

For further details contact:

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or

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