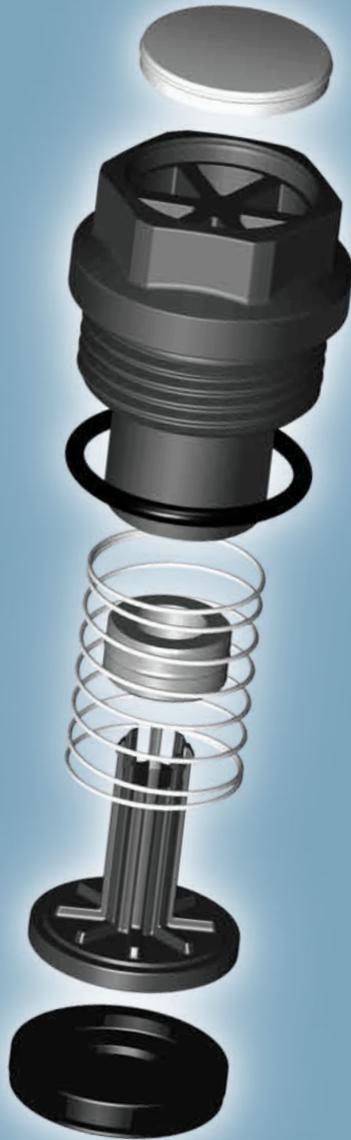




**SKELLERUP**  
SKELLERUP HOLDINGS LIMITED



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AGRI DIVISION

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STATEMENTS

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**2011 HALF YEAR:  
KEY POINTS**

Marked Improvement  
in trading conditions

Continued focus and  
investment in product  
development delivers  
significant benefits

**\$96.3** Million ↑  
(2009:\$85.3M)

REVENUE

**\$9.8** Million ↑  
(2009:\$3.3M)

NPAT

**\$13.3** Million ↑  
(2009:\$12.6M)

CASH FLOW

**2** Cents  
Per Share

DIVIDEND

Payable 31 March 2011



FINANCIAL SUMMARY

	HALF YEAR ENDED 31 DEC 2010 \$000 (UNAUDITED)	HALF YEAR ENDED 31 DEC 2009 \$000 (UNAUDITED)	HALF YEAR ENDED 31 DEC 2008 \$000 (UNAUDITED)
<b>CONTINUING OPERATIONS</b>			
<b>TOTAL REVENUE</b>	<b>96,293</b>	<b>85,303</b>	<b>98,949</b>
<b>EARNINGS BEFORE INTEREST AND TAXATION</b>	<b>15,472</b>	<b>7,366</b>	<b>12,221</b>
Less finance costs	1,370	2,430	2,973
<b>PROFIT FOR THE HALF YEAR BEFORE TAX</b>	<b>14,102</b>	<b>4,926</b>	<b>9,248</b>
Less taxation	4,273	1,661	2,851
<b>Net profit after tax</b>	<b>9,829</b>	<b>3,275</b>	<b>6,397</b>

The first half of this financial year has seen a pleasing lift in financial performance across the Skellerup Group. Net profit after tax (NPAT) was \$9.8m, which was three times the NPAT achieved for the half-year to December 2009 (\$3.3m). This was also 53.6% more than our NPAT for the six months to 31 December 2008.

Continuing Operations Revenue at \$96.3m was up 12.9% compared with the six months to December 2009, but 2.6% down on the same period in 2008.

The improvements in revenue and NPAT this half year reflect a marked improvement in trading conditions, together with benefits arising from our continued focus and investment in product development across all areas of the business during the recessionary period. Operational improvement initiatives have reduced costs and contributed to this result.

Earnings before interest, tax, depreciation and amortisation (EBITDA) were \$19.1m compared with \$10.6m for the previous corresponding period. Operating cash flow was \$13.2m for the latest half year up from \$12.6m for the previous



SIZES RANGING FROM 3" - 24" DIAMETER

BONDED IN PLACE STAINLESS STEEL TEETH TO RETAIN PIPE LOCATION

POTABLE WATER APPROVED FOR USE WITH DRINKING WATER

DUAL HARDNESS PIPE GASKETS

corresponding period. This more modest increase reflects the increase in working capital required to service this year's more buoyant trading environment.

This half year result bears out the prudence of our decision at the start of the recession to ensure that costs were contained, but not at the expense of maintaining our presence in the increasingly competitive global technical polymer marketplace.



**AGRI DIVISION TRADING RESULTS**

TRADING RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2010  
(Continuing Operations Basis)

\$000'S	ACTUAL 2010	ACTUAL 2009	INCREASE (DECREASE)	% CHANGE	ACTUAL 2008	INCREASE (DECREASE)	% CHANGE
<b>OPERATING REVENUE</b>	<b>33,452</b>	<b>30,980</b>	<b>2,472</b>	<b>8.0%</b>	<b>36,617</b>	<b>(3,165)</b>	<b>(8.6)%</b>
<b>EBITDA</b>	<b>10,255</b>	<b>7,649</b>	<b>2,606</b>	<b>34.1%</b>	<b>9,772</b>	<b>483</b>	<b>4.9%</b>
<b>EBIT</b>	<b>8,116</b>	<b>6,365</b>	<b>1,751</b>	<b>27.5%</b>	<b>8,496</b>	<b>(380)</b>	<b>(4.5)%</b>

Our Agri division was somewhat insulated from the effects of the global recession, as the majority of its products are essential consumables for the dairy industry. As a result, sales increased by a more modest 8.0% for the six months to 31 December 2010 relative to the first half year in 2009.

Agri earnings for the six months were up on the corresponding period in 2009 by a pleasing 27.5%. This result was supported by improved factory efficiencies, growth in our international and local markets for dairy liners and filters, and some improvement in demand for products

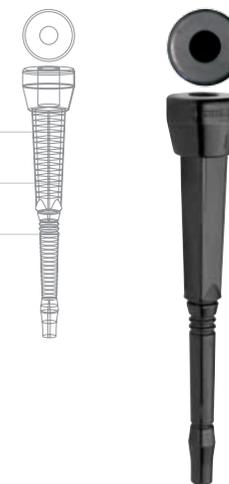
of a more capital nature. There is on-going improvement in milk solid prices and an associated increase in confidence in the dairy industry world wide.

Our Christchurch-based Development team provides an important role for the Group's range of dairy related technical polymer products. Particularly notable success has been achieved through this team's development of a silicone formulation suitable for dairy liners. These are currently being sold into the European market, and are on trial in the North American market.

ANTI-SLIP BARREL MILKING LINER INCREASES AIR-FLOW & ENHANCES MILK FLOW

CORRUGATED FOR CUP ALIGNMENT

VACUUM SHUT-OFF GROOVE



VACPLUS  
SQUARE LINERS

There are signs of improving demand for our range of dairy related products of a more capital nature from our New Zealand and European customer base. Indications are that demand in the Australian market is also increasing, as the recent flooding has necessitated partial or complete milking shed refits in certain areas.

Overall, trading conditions for the Agri division continue to be positive going in to the second half of the financial year.

INDUSTRIAL DIVISION TRADING RESULTS

TRADING RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2010  
(Continuing Operations Basis)

\$000'S	ACTUAL 2010	ACTUAL 2009	INCREASE (DECREASE)	% CHANGE	ACTUAL 2008	INCREASE (DECREASE)	% CHANGE
<b>OPERATING REVENUE</b>	<b>62,749</b>	<b>54,284</b>	<b>8,465</b>	<b>15.6%</b>	<b>62,110</b>	<b>639</b>	<b>1.0%</b>
<b>EBITDA</b>	<b>11,115</b>	<b>5,641</b>	<b>5,474</b>	<b>97.0%</b>	<b>7,856</b>	<b>3,259</b>	<b>41.5%</b>
<b>EBIT</b>	<b>9,766</b>	<b>3,848</b>	<b>5,918</b>	<b>153.4%</b>	<b>6,205</b>	<b>3,561</b>	<b>57.4%</b>

Industrial division revenue, for the six months under review, increased by 15.6% to \$62.7m. This represents 65.2% of group revenue for the period. Earnings before Interest and Tax (EBIT) for the same period was \$9.8m, – well over double our EBIT for the previous corresponding period.

This was an excellent performance for the Industrial division. Our initiatives to reduce costs and improve operational efficiencies have contributed to this result, together with increased demand over a broad range of our industrial products.

The introduction of new products and an expanded sales team based in Italy has increased

our profile as a solution provider for technical polymer products in significant European markets that we had not previously serviced (particularly Germany and France). This resulted in improved sales and profitability for this period.

We achieved strong growth in revenue and earnings from the sale of industrial vacuum pumps into the US oil and gas exploration markets on the back of the more recent rise in the price of oil. This growth is expected to continue well into the second half of the year.

Sales of Dektite flexible roof flashings and plumbing products into the North American market have grown significantly, following our decisions to broaden the distributor base. Our

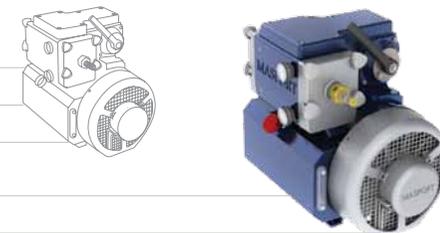
AN INTEGRATED PRE FILTER ON PUMP

A BUILT IN VACUUM RELIEF VALVE

MODIFIED PORT DESIGN ALLOWING THE PUMP TO RUN COOLER

CAN BE MOUNTED IN CLOCKWISE AND ANTICLOCKWISE POSITIONS VERY EASILY

FORCED FAN COOLING

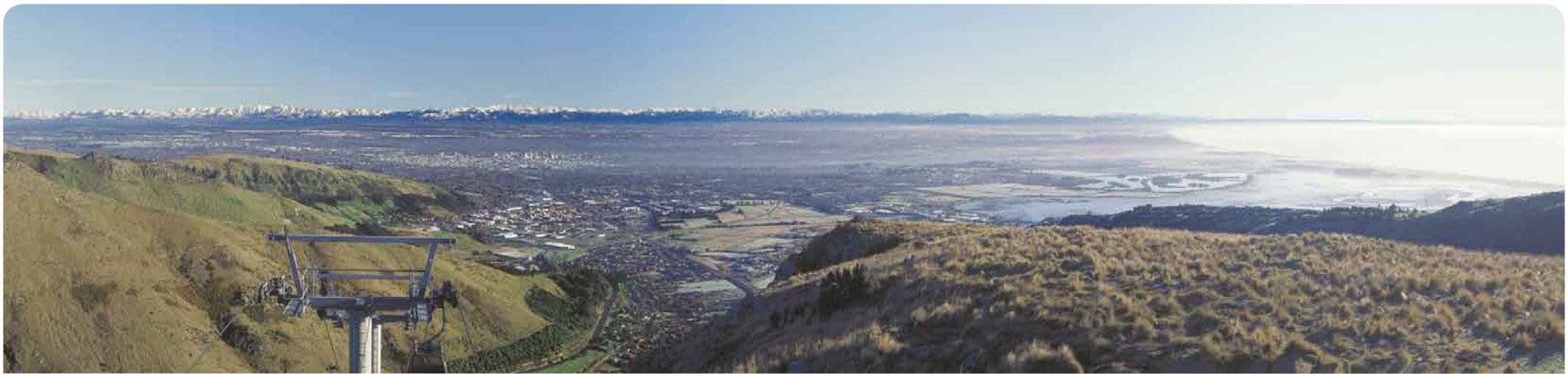


MASPORT HIGH PERFORMANCE AIR-COOLED ROTARY VANE VACUUM PUMP

Australian market for these products has also continued to gain momentum.

Gulf Rubber continues to achieve its objectives in the driveshaft coupling market; and demand for other technical products, such as pipe gaskets, continues to increase, as our offshore markets recover from the impact of the global recession.

Our Auckland-based Development team continues to be a valuable resource, actively delivering innovative industrial polymer products to a broad range of international markets.



## FINANCIAL POSITION

The Company has continued to improve its financial position during the six months under review. The gearing ratio (net debt to net debt-plus-equity) improved from 21% at 30 June 2010 to 16%. Net debt at 31 December 2010 had reduced to \$19.9m.

## FINANCIAL RETURN

The Directors are pleased that the underlying performance of the business has been reflected in the Company's share price. The NZX website recently reported that Skellerup was a 'standout' performer in 2010, with a share price 'gain of more than 130 percent'. The total shareholder return attributable to the Company's 5,000 shareholders for the calendar year was 145 percent.

For the six months to 31 December 2010, the Directors have declared an interim dividend of two cents per share, fully imputed, which will be paid on 31 March 2011 to shareholders on the register at 5pm on 18 March 2011.

Given the current strong financial position, the Dividend Reinvestment Plan will not be operative for this dividend payment.

## CHRISTCHURCH EARTHQUAKE

The February earthquake struck at the heart of Skellerup's 'home town'; and its effects will be felt within the region and across New Zealand for many years. We were extremely fortunate to have no serious injuries amongst our 200+ Christchurch-based staff or their immediate families.

Our Woolston facilities – two factories and a separate distribution centre – were very close to the epicentre of the quake. We are extremely fortunate that they have been reported sound, with little or no significant damage to buildings or machinery.

There has, however been some superficial damage, with some racking falling over, as well as broken windows and lights.

As this report goes to print, we are in the process of reinstating the facilities on the site, aiming to ensure all site hazards have been identified and managed, arranging temporary water and sanitary facilities, and doing whatever is needed to get our business back up and running as quickly as possible.

Our existing inventories are healthy, and should cope with any immediate customer demand until production resumes.

In the meantime, our staff have mobilised to make sure, as they did after the September 2010 quake, that deliveries resumed to our customers within a few days of the quake.

I take this opportunity to commend the courage and the sterling efforts of our Christchurch-based staff in looking after our customers and returning to work despite their difficult personal situations in an environment that has been extremely challenging.

All staff (including temporary staff) have been paid on time.

Our material damage and business interruption insurance cover is comprehensive.

Not only will there be no jobs lost; we have recently won new orders that means we will be hiring additional staff in the near future.

Many of our shareholders are based in the Canterbury area, and we hope that those who were affected by the quake will be able to survive this difficult period and rebuild over the coming months.

Skellerup has a proud history in Christchurch, and we remain committed to the future of the city as one of its longest established, most successful companies.

## OUTLOOK

Although economic recovery is slow within the European and US markets (in particular), the worst effects of the global recession appear to have abated.

We believe our pleasing result this half year, given the steady recovery in the majority of our markets, is proof that our plans and efforts are effective in improving the business.

We are also seeing further growth opportunities in both the Agri and Industrial divisions. Further capital investment in more dairy conversions would boost sales of our product range that are of a capital nature.

The profit achieved for this half year to 31 December 2010 has given your Board continued confidence in its forecast of \$18.5 - \$19.5m Net Profit after Tax for the 2011 financial year. This is consistent with the market guidance given during December 2010.

In summary, this half year has seen a solid recovery, particularly in our Industrial division that was most affected by global recessionary conditions. We expect to see continued growth and sound financial performance for the balance of this financial year despite the disruption of the Christchurch earthquake on the 22nd of February.

Sir Selwyn Cushing  
Chairman

11 March 2011

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NOTES

FINANCIAL STATEMENTS

INCOME STATEMENT  
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	CONSOLIDATED	
	HALF YEAR ENDED 31 DEC 2010 \$000 (UNAUDITED)	HALF YEAR ENDED 31 DEC 2009 \$000 (UNAUDITED)
<b>CONTINUING OPERATIONS</b>		
<b>REVENUE</b>		
Sale of goods	96,201	85,264
Rental revenue	92	39
<b>Total Revenue</b>	<b>96,293</b>	<b>85,303</b>
Cost of sales	57,757	54,735
<b>Gross profit</b>	<b>38,536</b>	<b>30,568</b>
Plus other income	365	813
Less distribution expenses	3,503	3,256
Less marketing expenses	7,998	7,199
Less administrative expenses	11,928	13,560
<b>Profit from continuing operations before income tax and finance costs</b>	<b>15,472</b>	<b>7,366</b>
Less finance costs	1,370	2,430
<b>Profit from continuing operations before income tax</b>	<b>14,102</b>	<b>4,936</b>
Less income tax expense	4,273	1,661
<b>Net profit from continuing operations after income tax</b>	<b>9,829</b>	<b>3,275</b>
<b>EARNINGS PER SHARE (CENTS PER SHARE)</b>		
From continuing operations		
- Basic earnings per share	5.12	2.03
- Diluted earnings per share	5.12	2.03
<b>Net Tangible Assets per Share (cents per share)</b>	<b>28.84</b>	<b>25.57</b>

## FINANCIAL STATEMENTS (continued)

### BALANCE SHEET AS AT 31 DECEMBER 2010

	CONSOLIDATED		
	AS AT	AS AT	AS AT
	31 DEC 2010	31 DEC 2009	30 JUNE 2010
	\$000	\$000	\$000
	(UNAUDITED)	(UNAUDITED)	(AUDITED)
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	10,034	7,278	9,567
Trade and other receivables	31,749	28,549	39,312
Inventories	32,245	28,268	28,159
Income tax receivable	-	77	329
Derivative financial assets	740	15	275
<b>Total Current Assets</b>	<b>74,768</b>	<b>64,187</b>	<b>77,642</b>
<b>Non-current Assets</b>			
Property, plant and equipment	38,399	40,561	38,652
Deferred tax assets	2,853	2,165	2,536
Goodwill and other intangible assets	50,274	52,540	50,908
Derivative financial assets	-	-	40
Investments and advances	3,000	3,000	3,000
<b>Total Non-current Assets</b>	<b>94,526</b>	<b>98,266</b>	<b>95,136</b>
<b>Total Assets</b>	<b>169,294</b>	<b>162,453</b>	<b>172,778</b>
<b>Current Liabilities</b>			
Trade and other payables	17,992	16,078	22,634
Provisions	7,656	6,407	6,273
Interest bearing loans and borrowings	64	129	115
Income tax payable	3,169	854	1,976
Derivative financial liabilities	1,020	1,757	1,012
<b>Total Current Liabilities</b>	<b>29,901</b>	<b>25,225</b>	<b>32,010</b>
<b>Non-current Liabilities</b>			
Provisions	1,282	1,492	1,140
Interest bearing loans and borrowings	29,947	41,471	36,380
Derivative financial liabilities	152	590	359
Deferred tax liabilities	1,931	1,215	1,999
<b>Total Non-current Liabilities</b>	<b>33,312</b>	<b>44,768</b>	<b>39,878</b>
<b>Total Liabilities</b>	<b>63,213</b>	<b>69,993</b>	<b>71,888</b>
<b>Net Assets</b>	<b>106,081</b>	<b>92,460</b>	<b>100,890</b>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital	69,732	66,760	68,198
Reserves	(6,711)	(7,386)	(5,314)
Retained earnings	43,060	33,086	38,006
<b>Total Equity</b>	<b>106,081</b>	<b>92,460</b>	<b>100,890</b>

### CASH FLOW STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	CONSOLIDATED	
	HALF YEAR ENDED	HALF YEAR ENDED
	31 DEC 2010	31 DEC 2009
	\$000	\$000
	(UNAUDITED)	(UNAUDITED)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	103,126	85,582
Interest received	248	190
Payments to suppliers and employees	(85,051)	(68,977)
Interest paid	(1,760)	(2,546)
Income tax paid	(3,299)	(1,651)
<b>Net cash flows from operating activities</b>	<b>13,264</b>	<b>12,598</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(3,117)	(2,087)
<b>Net cash flows from/(used in) investing activities</b>	<b>(3,117)</b>	<b>(2,087)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	-	20,735
Repayment of borrowings	(6,483)	(30,531)
Equity dividends paid	(3,241)	-
<b>Net cash flows from/(used in) financing activities</b>	<b>(9,724)</b>	<b>(9,796)</b>
Net increase/(decrease) in cash and cash equivalents	423	715
Cash and cash equivalents at beginning of the period	9,567	6,853
Effect of exchange rate fluctuations	44	(290)
<b>Cash and cash equivalents at end of the period</b>	<b>10,034</b>	<b>7,278</b>

## FINANCIAL STATEMENTS (continued)

### STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	CONSOLIDATED	
	HALF YEAR ENDED 31 DEC 2010 \$'000 (UNAUDITED)	HALF YEAR ENDED 31 DEC 2009 \$'000 (UNAUDITED)
Net profit after tax for the period	9,829	3,275
<b>OTHER COMPREHENSIVE INCOME</b>		
Net gains/(losses) on hedge of net investments	(1,794)	(2,859)
Exchange movements on translation of foreign operations	80	(1,468)
Net gains/(losses) on cash flow hedges	471	1,924
Deferred tax relating to components of other comprehensive income	(154)	(577)
<b>Other comprehensive income net of tax</b>	<b>(1,397)</b>	<b>(2,980)</b>
<b>Total comprehensive income for the period</b>	<b>8,432</b>	<b>295</b>
<b>ATTRIBUTABLE TO:</b>		
Equity holders of parent	8,432	295
Minority interests	-	-
	8,432	295

### STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	FULLY PAID ORDINARY SHARES \$'000 (UNAUDITED)	CASH FLOW HEDGE RESERVE \$'000 (UNAUDITED)	FOREIGN CURRENCY TRANSLATION RESERVE \$'000 (UNAUDITED)	RETAINED EARNINGS \$'000 (UNAUDITED)	TOTAL \$'000 (UNAUDITED)
<b>AT 1 JULY 2010</b>	<b>68,198</b>	<b>(307)</b>	<b>(5,007)</b>	<b>38,006</b>	<b>100,890</b>
Net profit after tax for the period	-	-	-	9,829	9,829
Other comprehensive income	-	332	(1,729)	-	(1,397)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>332</b>	<b>(1,729)</b>	<b>9,829</b>	<b>8,432</b>
<b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS</b>					
Issue of shares – dividend reinvestment	1,534	-	-	-	1,534
Dividends paid	-	-	-	(4,775)	(4,775)
<b>Balance at 31 December 2010</b>	<b>69,732</b>	<b>25</b>	<b>(6,736)</b>	<b>43,060</b>	<b>106,081</b>

### STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	FULLY PAID ORDINARY SHARES \$'000 (UNAUDITED)	CASH FLOW HEDGE RESERVE \$'000 (UNAUDITED)	FOREIGN CURRENCY TRANSLATION RESERVE \$'000 (UNAUDITED)	RETAINED EARNINGS \$'000 (UNAUDITED)	TOTAL \$'000 (UNAUDITED)
<b>AT 1 JULY 2009</b>	<b>46,025</b>	<b>(2,740)</b>	<b>(1,666)</b>	<b>29,811</b>	<b>71,430</b>
Net profit after tax for the period	-	-	-	3,275	3,275
Other comprehensive income	-	1,347	(4,327)	-	(2,980)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>1,347</b>	<b>(4,327)</b>	<b>3,275</b>	<b>295</b>
<b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS</b>					
Issue of shares	21,536	-	-	-	21,536
Transaction costs on share issue	(801)	-	-	-	(801)
Dividends paid	-	-	-	-	-
<b>Balance at 31 December 2009</b>	<b>66,760</b>	<b>(1,393)</b>	<b>(5,993)</b>	<b>33,086</b>	<b>92,460</b>

FOR THE HALF YEAR ENDED 31 DECEMBER 2010

**1 CORPORATE INFORMATION**

The financial statements of Skellerup Holdings Limited for the half year ended 31 December 2010, were authorised for issue in accordance with a resolution of the directors dated 16 February 2011.

Skellerup Holdings Limited is registered under the Companies Act 1993, incorporated in New Zealand, and listed on the New Zealand Exchange.

Skellerup Holdings Limited is an issuer for the purposes of the Financial Reporting Act 1993.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*(a) Basis of Preparation*

This general purpose condensed financial report for the half year ended 31 December 2010 has been prepared in accordance with NZ IAS 34 Interim Financial Reporting and IAS 34 Interim Financial Reporting.

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half year financial report be read in conjunction with the annual report for the year ended 30 June 2010 and considered together with any public announcements made by Skellerup Holdings Limited during the half year ended 31 December 2010 in accordance with the continuous disclosure obligations of the NZX listing rules.

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).

*(b) Changes in Accounting Policy*

There have been no changes to accounting policies during the reported period.

*(c) Comparatives*

Certain prior year balances have been reclassified to be consistent with the current period's presentation.

**2 OPERATING SEGMENTS**

The Group's operating segments are Agri, Industrial and Corporate, being the divisions reported to the executive management and Board of Directors to assess performance of the Group and allocate resources.

The principal measure of performance for each segment is EBIT (earnings before interest and tax). As a result, finance costs and taxation have not been allocated to each segment.

*Agri Segment*

The Agri segment manufactures and distributes dairy rubberware which includes milking liners, tubing, filters and feeding teats, together with other related agricultural products and dairy vacuum pumps to global agricultural markets.

*Industrial Segment*

The Industrial segment manufactures and distributes technical polymer products across a number of industrial markets, including construction, infrastructure, automotive, mining and general industrial, together with industrial vacuum pump equipment for a variety of industrial applications worldwide.

*Corporate Segment*

The Corporate segment includes the parent company and other central administration expenses that have not been allocated to the Agri and Industrial segments. With the Group operating a central treasury function, finance costs and costs relating to fair value derivatives have been retained in the corporate segment.

**INTER SEGMENT REVENUE**

Inter segment transfer prices are set on an arm's length basis. Such inter segment revenue for the year was \$1.245 million (2009, \$0.996 million) and relates to a range of Vacuum Pumps which the Industrial segment manufactures and transfers to the Agri segment to fulfill the sales demand for Agri customers.

Intra segment revenue and expenses within each segment are eliminated prior to disclosing the consolidated result for the individual segment.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

The following table presents revenue, expenditure and certain asset information regarding the Operating Segments.

Half Year ended 31 December 2010	2010 CONTINUING OPERATIONS				
	AGRI \$000	INDUSTRIAL \$000	CORPORATE \$000	ELIMINATIONS \$000	TOTAL \$000
<b>REVENUE</b>					
Sales to customers	33,452	62,749	-	-	96,201
Inter segment revenue	8,130	5,979	-	(14,109)	-
Intra segment revenue	-	1,245	-	(1,245)	-
Rental revenue	-	-	92	-	92
<b>Total revenue</b>	<b>41,582</b>	<b>69,973</b>	<b>92</b>	<b>(15,354)</b>	<b>96,293</b>
<b>RESULT</b>					
Segment EBIT	8,116	9,766	(2,410)	-	15,472
Less Finance costs					1,370
Profit before income tax					14,102
Less Income tax expense					4,273
<b>Net profit after tax</b>					<b>9,829</b>
<b>ASSETS AND LIABILITIES</b>					
Total segment assets	42,549	104,734	22,011	-	169,294
Total segment liabilities	5,245	20,799	37,169	-	63,213
<b>Net Assets</b>	<b>37,304</b>	<b>83,935</b>	<b>(15,158)</b>	<b>-</b>	<b>106,081</b>
<b>OTHER SEGMENT INFORMATION</b>					
Capital expenditure	1,376	1,721	20	-	3,117
Depreciation and amortisation	2,139	1,349	181	-	3,669
Impairment losses	-	-	-	-	-
<b>CASHFLOW</b>					
Segment EBIT	8,116	9,766	(2,410)	-	15,472
Plus depreciation and amortisation	2,139	1,349	181	-	3,669
Movement in working capital	3,185	(1,260)	(3,127)	-	(1,202)
<b>Segment cash flow</b>	<b>13,440</b>	<b>9,855</b>	<b>(5,356)</b>	<b>-</b>	<b>17,939</b>
Finance expenses and tax					(4,675)
<b>Net Cash flow from/(used in) operating activities</b>					<b>13,264</b>

Half Year ended 31 December 2009	2009 CONTINUING OPERATIONS				
	AGRI \$000	INDUSTRIAL \$000	CORPORATE \$000	ELIMINATIONS \$000	TOTAL \$000
<b>REVENUE</b>					
Sales to customers	30,980	54,284	-	-	85,264
Inter segment revenue	7,544	4,628	-	(12,172)	-
Intra segment revenue	-	996	-	(996)	-
Rental revenue	-	-	39	-	39
<b>Total revenue</b>	<b>38,524</b>	<b>59,908</b>	<b>39</b>	<b>(13,168)</b>	<b>85,303</b>
<b>RESULT</b>					
Segment EBIT	6,365	3,848	(2,847)	-	7,366
Less Finance costs					2,430
Profit before income tax					4,936
Less Income tax expense					1,661
<b>Net profit after tax</b>					<b>3,275</b>
<b>ASSETS AND LIABILITIES</b>					
Total segment assets	43,035	101,561	17,857	-	162,453
Total segment liabilities	6,191	18,411	45,391	-	69,993
<b>Net Assets</b>	<b>36,844</b>	<b>83,150</b>	<b>(27,534)</b>	<b>-</b>	<b>92,460</b>
<b>OTHER SEGMENT INFORMATION</b>					
Capital expenditure	1,488	636	(37)	-	2,087
Depreciation and amortisation	1,284	1,793	176	-	3,253
Impairment losses	-	-	-	-	-
<b>CASHFLOW</b>					
Segment EBIT	6,365	3,848	(2,847)	-	7,366
Plus depreciation and amortisation	1,284	1,793	176	-	3,253
Movement in working capital	5,133	2,163	(1,120)	-	6,176
<b>Segment cash flow</b>	<b>12,782</b>	<b>7,804</b>	<b>(3,791)</b>	<b>-</b>	<b>16,795</b>
Finance expenses and tax					(4,197)
<b>Net Cash flow from/(used in) operating activities</b>					<b>12,598</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 3 DIVIDENDS PAID

	HALF YEAR ENDED 31 DEC 2010 \$000	HALF YEAR ENDED 31 DEC 2009 \$000	YEAR ENDED 30 JUN 2010 \$000
<b>DECLARED AND PAID DURING THE PERIOD</b>			
<b>FINAL DIVIDEND – JUNE 2010 YEAR</b>			
Dividend on ordinary shares - 2.5 cents per share – fully imputed paid on 21 October 2010	4,775	-	-
Less reinvested under the dividend reinvestment plan 1,657,879 shares @ 92.53 cents	1,534	-	-
<b>Net dividend paid</b>	<b>3,241</b>	-	-
<b>INTERIM DIVIDEND – JUNE 2010 YEAR</b>			
Dividend on ordinary shares - 2 cents per share – fully imputed paid on 31 March 2010	-	-	3,769
Less reinvested under the dividend reinvestment plan 2,711,814 shares @ 53.04 cents	-	-	1,438
<b>Net dividend paid</b>	-	-	<b>2,331</b>

Subsequent to the six month period, the Board of Directors resolved to pay a fully imputed interim dividend of 2.0 cents per share, a total of \$3,856k. The dividend will be paid on 31 March 2011 to shareholders on the register at 5 pm on 18 March 2011. The Dividend Reinvestment Plan will not be operative for this particular dividend payment.

### 4 SHARE CAPITAL

On 21 October 2010 the company issued an additional 1,657,879 shares under the Dividend Reinvestment Plan. This increased the total number of ordinary shares on issue to 192,805,807 shares as at 31 December 2010 (2009, 188,436,114 shares).

### 5 BANK FACILITY

The company has in place a term loan facility with the ANZ National Bank Limited which provides Group funding requirements to September 2012. With the lower level of term debt utilised, the Group has arranged with the ANZ National Bank during the reporting period, to reduce the total term loan facility to NZD 40.0 million.

As at 31 December 2010 the company was compliant with all covenant ratios.

### 6 EVENTS AFTER THE BALANCE SHEET DATE

On 22 February 2011, the Christchurch operations of Skellerup Holdings Limited experienced a serious earthquake which disrupted trading activities for approximately 10 days. Business operations have returned to normal, and the earthquake is not expected to have a financial impact on the total years result.

## DIRECTORY

### BOARD OF DIRECTORS

Sir Selwyn Cushing, KNZM, CMG  
CHAIRMAN

E.M. Coutts, B.MS, C.A.

D.W. Mair, B.E., M.B.A.

J.C. Thompson

### MANAGEMENT

D.W. Mair, B.E., M.B.A.  
ACTING CHIEF EXECUTIVE

G.P. Keogh, C.A.  
CHIEF FINANCIAL OFFICER

J.H. Greenwood, B.Com F.C.A.  
COMPANY SECRETARY

### REGISTERED OFFICE

Skellerup Holdings Limited  
1-37 Mt Wellington Highway  
Mt Wellington  
Auckland  
New Zealand

PO Box 14-537  
Panmure  
Auckland 1741  
New Zealand

Telephone +64 9 571 1208  
Facsimile +64 9 571 5896  
Email info@skellerupholdings.co.nz  
Website www.skellerupholdings.co.nz

### LEGAL ADVISORS

Chapman Tripp  
23-29 Albert Street  
Auckland  
New Zealand

### BANKERS

ANZ National Bank Limited  
23-29 Albert Street  
Auckland  
New Zealand

### AUDITOR

Ernst & Young  
41 Shortland Street  
Auckland  
New Zealand

### SHARE REGISTRAR

Computershare Investor Services Limited  
Private Bag 92119  
Auckland 1142  
159 Hurstmere Road  
Takapuna, North Shore City 0622  
New Zealand

### MANAGING YOUR SHAREHOLDING ONLINE:

To change your address, update your payment instructions and to view your investment portfolio including transactions, please visit:  
[www.computershare.co.nz/investorcentre](http://www.computershare.co.nz/investorcentre)

General enquiries can be directed to:  
enquiry@computershare.co.nz  
Private Bag 92119, Auckland 1142  
Telephone +64 9 488 8777  
Facsimile +64 9 488 8787

Please assist our registrar by quoting your CSN or shareholder number.



**REGISTERED OFFICE**

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