PGG Wrightson

KEY FINANCIAL DISCLOSURES

FOR THE YEAR ENDED 30 JUNE 2015

The financial statements contained on pages 1 – 46 have been authorised for issue on 10 August 2015.

Alan Lai
Chairman

Bruce Irvine
Director and Audit Committee Chairman

PGG WRIGHTSON LIMITED

STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2015

Helping grow the country

	NOTE	2015 $000	2014 $000
Continuing operations			
Operating revenue	1	1,202,835	1,219,383
Cost of sales	2	(885,694)	(914,467)
Gross profit		317,141	304,916
Other income		403	285
Employee benefits expense		(149,276)	(144,813)
Research and development		(4,295)	(4,839)
Other operating expenses	3	(94,523)	(96,802)
		(247,691)	(246,169)
Operating EBITDA (excluding earnings of associates)		**69,450**	**58,747**
Equity accounted earnings of associates	4	181	2,521
Operating EBITDA (including earnings of associates)		**69,631**	**61,268**
Non-operating items		(2,097)	6,422
Fair value adjustments	5	(23)	1,310
EBITDA		**67,511**	**69,000**
Depreciation and amortisation expense		(7,948)	(11,242)
Results from continuing operating activities		59,563	57,758
Net interest and finance costs	6	(10,780)	(7,926)
Profit from continuing operations before income taxes		48,783	49,832
Income tax expense	7	(16,172)	(8,472)
Profit from continuing operations		32,611	41,360
Discontinued operations			
Profit from discontinued operations (net of income taxes)	8	142	898
Profit for the period		**32,753**	**42,258**
Profit attributable to:			
Shareholders of the Company		31,869	42,249
Non-controlling interest		884	9
Profit for the period		**32,753**	**42,258**
Earnings per share			
Basic earnings per share (New Zealand Dollars)	9	0.043	0.056
Continuing operations			
Basic earnings per share (New Zealand Dollars)	9	0.043	0.055

The accompanying notes form an integral part of these financial statements.

PGG WRIGHTSON LIMITED

STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2015

	NOTE	2015 $000	2014 $000
Profit for the period		**32,753**	**42,258**
Other comprehensive income/(loss) for the period			
Items that will never be reclassified to profit or loss			
Changes in fair value of equity instruments		(2,278)	(842)
Remeasurements of defined benefit liability	20	(3,611)	5,117
Deferred tax on remeasurements of defined benefit liability		1,011	(1,433)
		(4,878)	2,842
Items that are or may be reclassified to profit or loss			
Foreign currency translation differences for foreign operations		13,628	(7,062)
Effective portion of changes in fair value of cash flow hedges		(2,390)	649
Income/deferred tax on changes in fair value of cash flow hedges		786	(269)
		12,024	(6,682)
Other comprehensive income/(loss) for the period, net of income tax		7,146	(3,840)
Total comprehensive income for the period		**39,899**	**38,418**
Total comprehensive income/(loss) attributable to:			
Shareholders of the Company		38,655	38,721
Non-controlling interest		1,244	(303)
Total comprehensive income for the period		**39,899**	**38,418**

The accompanying notes form an integral part of these financial statements.

PGG WRIGHTSON LIMITED

SEGMENT REPORT

For the year ended / as at 30 June 2015

Helping grow the country

(a) Operating Segments

The Group has two primary operating divisions: Rural Services and Seed & Grain. Rural Services is further separated into three reportable segments, as described below, which are that segment's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different skills, technology and marketing strategies. Within each segment, further business unit analysis may be provided to management where there are significant differences in the nature of activities. The Chief Executive Officer or Chairman of the Board reviews internal management reports on each strategic business unit on at least a monthly basis.

- ***Retail.*** Includes the Rural Supplies and Fruitfed retail operations, AgNZ (Consulting), Agritrade and ancillary sales support, supply chain and marketing functions.
- ***Livestock.*** Includes rural Livestock trading activities and Export Livestock.
- ***Other Rural Services.*** Includes Insurance, Real Estate, Wool, PGG Wrightson Water, AgNZ (Training), Regional Admin, Finance Commission and other related activities.
- ***Seed & Grain.*** Includes Australasia Seed (New Zealand and Australian manufacturing and distribution of forage seed and turf), Grain (sale of cereal seed and grain trading), South America (various related activities in the developing seeds markets including the sale of pasture and crop seed and farm inputs, together with operations in the areas of livestock, real estate and irrigation), and other Seed & Grain (research and development, international, production and corporate seeds).

Other non-segmented amounts relate to certain Corporate activities including Finance, Treasury, HR and other support services including corporate property services and include adjustments for discontinued operations (PGW Rural Capital Limited) and consolidation adjustments.

The profit/(loss) for each business unit combines to form total profit/(loss) for the Rural Services and Seed & Grain segments. Certain other revenues and expenses are held at the Corporate level for the Corporate functions noted above.

Assets allocated to each business unit combine to form total assets for the Rural Services and Seed & Grain business segments. Certain other assets are held at a Corporate level including those for the Corporate functions noted above.

(b) Geographical Segment Information

The Group operates predominantly in New Zealand with some operations in Australia and South America.

The Australian and South American business units facilitate the export sales and services of New Zealand operations in addition to their own seed trading operations. Inter-segment pricing is determined on an arm's length basis.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of operations. Segment assets are based on the geographical location of the assets.

	2015 $000	2014 $000
Revenue derived from outside the Group		
New Zealand	1,014,605	1,024,303
Australia	76,821	84,200
South America	111,409	110,880
Total revenue derived from outside the Group	**1,202,835**	**1,219,383**
Non current assets excluding financial instruments and deferred tax		
New Zealand	115,207	112,786
Australia	13,684	14,032
South America	16,346	5,465
Total non current assets excluding financial instruments and deferred tax	**145,237**	**132,283**

PGG WRIGHTSON LIMITED

SEGMENT REPORT CONTINUED

For the year ended / as at 30 June 2015

(c) Operating Segment Information

	RURAL SERVICES								SEED & GRAIN		TOTAL OPERATING SEGMENTS		OTHER		TOTAL	
	RETAIL		LIVESTOCK		OTHER RURAL SERVICES		TOTAL RURAL SERVICES									
	2015 $000	2014 $000	2015 $000	2014 $000	2015 $000	2014 $000	2015 $000	2014 $000	2015 $000	2014 $000	2015 $000	2014 $000	2015 $000	2014 $000	2015 $000	2014 $000
Total segment revenue	494,327	485,955	86,700	76,850	218,714	202,822	799,741	765,627	469,081	529,694	1,268,822	1,295,321	2,229	2,253	1,271,051	1,297,574
Intersegment revenue	–	–	–	–	–	–	–	–	(68,216)	(78,191)	(68,216)	(78,191)		–	(68,216)	(78,191)
Total external operating revenues	494,327	485,955	86,700	76,850	218,714	202,822	799,741	765,627	400,865	451,503	1,200,606	1,217,130	2,229	2,253	1,202,835	1,219,383
Operating EBITDA (excluding earnings of associates)	**27,323**	**25,509**	**15,440**	**13,389**	**11,755**	**14,090**	**54,518**	**52,988**	**40,318**	**33,965**	**94,836**	**86,953**	**(25,386)**	**(28,206)**	**69,450**	**58,747**
Equity earnings of associates	–	–	–	–	–	–	–	–	188	2,494	188	2,494	(7)	27	181	2,521
Operating EBITDA (including earnings of associates)	**27,323**	**25,509**	**15,440**	**13,389**	**11,755**	**14,090**	**54,518**	**52,988**	**40,506**	**36,459**	**95,024**	**89,447**	**(25,393)**	**(28,179)**	**69,631**	**61,268**
Non–operating items	(21)	(206)	(2)	171	47	1,062	24	1,027	346	3,378	370	4,405	(2,467)	2,017	(2,097)	6,422
Fair value adjustments	–	–	(23)	1,388	–	–	(23)	1,388	–	–	(23)	1,388	–	(78)	(23)	1,310
EBITDA	27,302	25,303	15,415	14,948	11,802	15,152	54,519	55,403	40,852	39,837	95,371	95,240	(27,860)	(26,240)	67,511	69,000
Depreciation and amortisation	(1,242)	(1,256)	(551)	(595)	(896)	(647)	(2,689)	(2,498)	(3,478)	(3,296)	(6,167)	(5,794)	(1,781)	(5,448)	(7,948)	(11,242)
Results from continuing operating activities	26,060	24,047	14,864	14,353	10,906	14,505	51,830	52,905	37,374	36,541	89,204	89,446	(29,641)	(31,688)	59,563	57,758
Net interest and finance costs	414	(139)	(283)	158	647	(724)	778	(705)	(6,760)	(2,894)	(5,982)	(3,599)	(4,798)	(4,327)	(10,780)	(7,926)
Profit/(loss) from continuing operations before income tax	26,474	23,908	14,581	14,511	11,553	13,781	52,608	52,200	30,614	33,647	83,222	85,847	(34,439)	(36,015)	48,783	49,832
Income tax (expense) / income	(7,413)	(6,817)	(4,016)	(4,119)	(3,427)	(3,740)	(14,856)	(14,676)	(10,072)	(9,780)	(24,928)	(24,456)	8,756	15,984	(16,172)	(8,472)
Profit/(loss) from continuing operations	19,061	17,091	10,565	10,392	8,126	10,041	37,752	37,524	20,542	23,867	58,294	61,391	(25,683)	(20,031)	32,611	41,360
Discontinued operations	–	–	–	–	–	–	–	–	–	–	–	–	142	898	142	898
Profit/(loss) for the period	**19,061**	**17,091**	**10,565**	**10,392**	**8,126**	**10,041**	**37,752**	**37,524**	**20,542**	**23,867**	**58,294**	**61,391**	**(25,541)**	**(19,133)**	**32,753**	**42,258**
Segment assets	111,701	104,659	63,910	66,289	76,108	67,326	251,719	238,274	335,881	319,194	587,600	557,468	62,983	74,502	650,583	631,970
Equity accounted associates	–	–	–	–	–	–	–	–	1,766	1,274	1,766	1,274	83	90	1,849	1,364
Assets held for sale	–	–	–	–	–	–	–	–	11	–	11	–	510	1,168	521	1,168
Total segment assets	111,701	104,659	63,910	66,289	76,108	67,326	251,719	238,274	337,658	320,468	589,377	558,742	63,576	75,760	652,953	634,502
Segment liabilities	(63,843)	(55,294)	(50,326)	(61,093)	(41,721)	(36,951)	(155,890)	(153,338)	(160,715)	(157,946)	(316,605)	(311,284)	(68,980)	(53,516)	(385,585)	(364,800)
Capital expenditure (incl software)	1,511	4,151	437	146	613	1,047	2,561	5,344	14,319	6,796	16,880	12,140	2,885	31,623	19,765	43,763

The accompanying notes form an integral part of these financial statements..

PGG WRIGHTSON LIMITED

STATEMENT OF CASH FLOWS

For the year ended 30 June 2015

	NOTE	2015 $000	2014 $000
Cash flows from operating activities			
Cash was provided from:			
Receipts from customers		1,267,554	1,284,428
Dividends received		7	9
Interest received		2,077	3,190
		1,269,638	1,287,627
Cash was applied to:			
Payments to suppliers and employees		(1,217,986)	(1,223,893)
Interest paid		(6,915)	(4,791)
Income tax paid		(15,569)	(4,119)
		(1,240,470)	(1,232,803)
Net cash flow from operating activities		**29,168**	**54,824**
Cash flows from investing activities			
Cash was provided from:			
Proceeds from sale of property, plant and equipment and assets held for sale		3,644	1,898
Net decrease in finance receivables		3,003	7,918
Net proceeds from sale of investments		202	21,109
		6,849	30,925
Cash was applied to:			
Purchase of property, plant and equipment		(17,169)	(38,006)
Purchase of intangibles (software)		(2,488)	(4,238)
Net cash paid for purchase of investments		(819)	(7,171)
		(20,476)	(49,415)
Net cash flow from investing activities		**(13,627)**	**(18,490)**
Cash flows from financing activities			
Cash was provided from:			
Increase in external borrowings and bank overdraft		22,622	3,725
Repayment of loans by related parties		–	1,803
		22,622	5,528
Cash was applied to:			
Dividends paid to shareholders		(41,942)	(22,906)
Dividends paid to minority interests		(291)	(995)
Repayment of external borrowings and bank overdraft		–	(12,463)
		(42,233)	(36,364)
Net cash flow from financing activities		**(19,611)**	**(30,836)**
Net increase in cash held		(4,070)	5,498
Opening cash		11,343	5,845
Cash and cash equivalents	10	**7,273**	**11,343**

The accompanying notes form an integral part of these financial statements.

RECONCILIATION OF PROFIT AFTER TAX WITH NET CASH FLOW FROM OPERATING ACTIVITIES

As at 30 June 2015

Helping grow the country

	2015 $000	2014 $000
Profit after taxation	32,753	42,258
Add/(deduct) non-cash/non operating items:		
Depreciation, amortisation and impairment	7,948	11,242
Fair value adjustments	23	(1,310)
Net (profit)/loss on sale of assets/investments	(956)	(5,829)
Bad debts written off (net)	1,050	90
(Increase)/decrease in deferred taxation	(1,296)	(1,615)
Equity accounted earnings from associates	(181)	(2,521)
Contractual obligations accrual	–	(160)
Discontinued operations	(142)	(898)
Effect of foreign exchange movements	10,271	(5,312)
Other non-cash/non-operating items	(5,300)	(1,599)
	44,170	34,346
Add/(deduct) movement in working capital items:		
Movement in working capital due to sale/purchase of businesses	321	5,890
(Increase)/decrease in inventories and biological assets	(13,251)	12,229
(Increase)/decrease in accounts receivable and prepayments	1,335	(18,752)
Increase/(decrease) in trade creditors, provisions and accruals	(7,071)	16,860
Increase/(decrease) in income tax payable/receivable	765	7,709
Increase/(decrease) in other assets/liabilities	2,899	(3,458)
	(15,002)	20,478
Net cash flow from operating activities	**29,168**	**54,824**

The accompanying notes form an integral part of these financial statements

PGG WRIGHTSON LIMITED

STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	NOTE	2015 $000	2014 $000
ASSETS			
Current			
Cash and cash equivalents	10	7,273	11,343
Short-term derivative assets	11	2,036	2,556
Trade and other receivables	12	235,205	236,529
Finance receivables	8	1,430	3,561
Assets classified as held for sale		521	1,168
Biological assets	13	2,593	6,198
Inventories	14	246,313	229,458
Total current assets		495,371	490,813
Non-current			
Long-term derivative assets	11	12	369
Biological assets	13	104	146
Deferred tax asset	7	12,333	11,037
Investments in equity accounted associates	4	1,849	1,364
Other investments	16	12,467	10,647
Intangible assets	17	6,660	5,684
Property, plant and equipment	18	124,157	114,442
Total non-current assets		157,582	143,689
Total assets		**652,953**	**634,502**
LIABILITIES			
Current			
Debt due within one year	10	57,195	35,573
Short-term derivative liabilities	11	3,266	887
Accounts payable and accruals	19	233,058	240,127
Income tax payable		3,834	3,071
Total current liabilities		297,353	279,658
Non-current			
Long-term debt	10	66,000	65,000
Long-term derivative liabilities	11	1,980	5
Other long-term provisions	19	5,597	6,609
Defined benefit liability	20	14,655	13,528
Total non-current liabilities		88,232	85,142
Total liabilities		**385,585**	**364,800**
EQUITY			
Share capital	31	606,324	606,324
Reserves	31	4,768	(2,018)
Retained earnings	31	(346,534)	(336,461)
Total equity attributable to shareholders of the Company		264,558	267,845
Non-controlling interest		2,810	1,857
Total equity		267,368	269,702
Total liabilities and equity		**652,953**	**634,502**

The accompanying notes form an integral part of these financial statements.

ADDITIONAL FINANCIAL DISCLOSURES INCLUDING NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

PGG WRIGHTSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

1 OPERATING REVENUE

	CONTINUING OPERATIONS 2015 $000	CONTINUING OPERATIONS 2014 $000	DISCONTINUED OPERATIONS 2015 $000	DISCONTINUED OPERATIONS 2014 $000	TOTAL 2015 $000	TOTAL 2014 $000
Sales	1,032,026	1,063,864	–	–	1,032,026	1,063,864
Commissions	101,289	106,256	–	–	101,289	106,256
Construction contract revenue	67,906	47,401	–	–	67,906	47,401
Interest revenue on finance receivables	–	–	280	950	280	950
Debtor interest charges	1,614	1,862	–	–	1,614	1,862
Total operating revenue	**1,202,835**	**1,219,383**	**280**	**950**	**1,203,115**	**1,220,333**

Income Recognition Accounting Policies

Recognition of Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Sales Revenue

Sales revenue comprises the sale value of transactions where the Group acts as a principal and the commission for transactions where the Group acts as an agent.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

Construction Contracts

The revenue on work-in-progress is recognised when it can be estimated reliably. The percentage of completion method is used to determine the appropriate amount to recognise in each year. The full amount of any anticipated loss, including that relating to work on the contract, is recognised as soon as it is foreseen.

Management estimate the percentage of completion stage on construction contracts to determine the appropriate revenue to be recognised for each project. The percentage of completion is estimated based on detailed information on the status of projects and, where available, assessments made by independent, qualified experts.

Interest and Similar Income and Expense

For all financial instruments measured at amortised cost, interest income or expense is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the original effective interest rate applied to the new carrying amount.

The Group recognises interest revenue, management fees, and establishment fees on an accruals basis when the services are rendered using the effective interest rate method.

Fee Income from Providing Transaction Services

Fees arising from negotiating or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transactions. Fees or components of the fees that are linked to certain performance are recognised after fulfilling the corresponding criteria.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2015

2 COST OF SALES

	NOTE	2015 $000	2014 $000
Cost of Sales includes the following items by nature:			
Depreciation and amortisation		1,280	1,238
Employee benefits including commissions		32,465	32,741
Inventories, finished goods, work in progress, raw materials and consumables	14	813,703	843,295
Other		38,246	37,193
		885,694	**914,467**

3 OTHER OPERATING EXPENSES

	2015 $000	2014 $000
Other operating expenses includes the following items:		
Audit of annual financial statements of the Company – KPMG	290	278
Audit of annual financial statements of the subsidiaries and associates – KPMG	118	287
Other non-audit services provided by KPMG		
– Trust account audit of PGG Wrightson Real Estate Limited	11	11
– Review of charging group consolidation for bank syndicate	2	2
– Review of Agriculture New Zealand Limited for reporting to New Zealand Qualifications Authority	1	2
– IT Review	19	–
Directors' fees	760	733
Donations	19	10
Doubtful debts – (decrease)/increase in provision for doubtful debts	(555)	(638)
Net doubtful debts – bad debts written off/recovered	1,605	728
Marketing	9,138	8,929
Motor vehicle costs	7,316	7,792
Rental and operating lease costs	23,957	27,477
Other expenses	51,842	51,191
	94,523	**96,802**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2015

4 EQUITY ACCOUNTED ASSOCIATES

	2015 $000	2014 $000
Earnings from associates		
Current assets	19,677	13,969
Non-current assets	22	3
Total assets	19,699	13,972
Current liabilities	(16,180)	(11,371)
Non-current liabilities	–	–
Total liabilities	(16,180)	(11,371)
Revenues	34,637	80,455
Expenses	(34,275)	(75,415)
Profit / (loss) after tax	362	5,040
The Group's Share	**181**	**2,521**

Movement in carrying value of equity accounted associates

	2015 $000	2014 $000
Opening balance	1,364	4,210
Currency translation	304	(201)
Divestment of associate	–	(1,663)
Share of profit/(loss)	181	2,521
Dividends received	–	(3,503)
Closing balance	**1,849**	**1,364**

The Group's equity accounted associates comprise Forage Innovation Limited, Canterbury Sale Yards (1996) Limited and Fertimas S. A. There is no goodwill included in the carrying value of equity accounted associates (2014: Nil).

Basis of Consolidation Accounting Policies

Associates and Jointly Controlled Entities

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Associates and jointly controlled entities are accounted for using the equity method. The consolidated financial statements include the Group's share of the income and expenses of equity accounted associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence starts. Where the Group's share of losses exceeds its interest in an equity accounted associate, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2015

Helping grow the country

5 FAIR VALUE ADJUSTMENTS

	NOTE	2015 $000	2014 $000
Continuing operations			
Assets held for sale		–	(78)
Biological assets	13	(23)	1,388
		(23)	**1,310**

6 INTEREST – FINANCE INCOME AND EXPENSE

	2015 $000	2014 $000
Finance income contains the following items:		
Other interest income	463	1,328
Finance income	463	1,328
Interest funding contains the following items:		
Interest on interest rate swaps	(10)	(59)
Interest on bank loans and overdrafts	(6,768)	(5,091)
Other interest expense	(98)	–
Bank facility fees	(1,508)	(2,440)
Interest funding expense	(8,384)	(7,590)
Foreign exchange contains the following items:		
Net gain/(loss) on foreign denominated items	(464)	(4,890)
Derivatives not in qualifying hedge relationships	(2,395)	3,226
Foreign exchange income/(expense)	(2,859)	(1,664)
Net interest and finance costs	**(10,780)**	**(7,926)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2015

7 INCOME TAXES

	2015 $000	2014 $000
Current tax expense		
Current year	(16,221)	(15,945)
Adjustments for prior years	550	4,425
	(15,671)	(11,520)
Deferred tax expense		
Origination and reversal of temporary differences	(111)	1,749
Adjustments for prior years	(390)	1,299
	(501)	3,048
Income tax (expense)/income	**(16,172)**	**(8,472)**
Profit/(loss) for the year	32,753	42,258
Income tax (expense)/income	(16,172)	(8,472)
Tax on discontinued operations	(55)	(350)
Profit/(loss) excluding income tax	**48,980**	**51,080**

	2015 %	2015 $000	2014 %	2014 $000
Income tax using the Company's domestic tax rate	28.0%	(13,714)	28.0%	(14,302)
Effect of tax rates in foreign jurisdictions	2.6%	(1,271)	2.4%	(1,225)
Non-deductible expenses	0.8%	(401)	(3.1%)	1,604
Taxable income included in other comprehensive income	0.0%	–	0.5%	(269)
Taxable dividends from equity accounted associates	0.0%	–	2.7%	(1,362)
Imputation credits received on taxable dividends from equity accounted associates	0.0%	–	(2.7%)	1,362
Tax effect of discontinued operations	0.1%	(55)	0.7%	(350)
Tax exempt income	(0.4%)	208	(4.6%)	2,352
Under/(over) provided in prior years	(0.3%)	159	(11.2%)	5,724
Current year tax losses not recognised	2.2%	(1,098)	3.9%	(2,006)
	33.0%	**(16,172)**	**16.6%**	**(8,472)**

Income tax recognised directly in equity

	2015 $000	2014 $000
Income /deferred tax on changes in fair value of cash flow hedges	786	(269)
Deferred tax on movement of actuarial gains/losses on employee benefit plans	1,011	(1,433)
Total income tax recognised directly in equity	**1,797**	**(1,702)**

The Group has $2.26 million imputation credits as at 30 June 2015 (2014: $5.19 million). This balance includes the third provisional tax instalment made on 28 July 2015 in respect of the year ended 30 June 2015.

Refer to Accounting Policies – page 15.

7 INCOME TAXES (CONTINUED)

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	ASSETS 2015 $000	ASSETS 2014 $000	LIABILITIES 2015 $000	LIABILITIES 2014 $000	NET 2015 $000	NET 2014 $000
Group						
Property, plant and equipment	–	–	(5,216)	(7,005)	(5,216)	(7,005)
Intangible assets	–	–	(725)	(112)	(725)	(112)
Provisions	18,743	18,136	(1,425)	–	17,318	18,136
Other items	956	479	–	(461)	956	18
Tax asset/(liability)	**19,699**	**18,615**	**(7,366)**	**(7,578)**	**12,333**	**11,037**

Movement in deferred tax on temporary differences during the year

	BALANCE 1 JUL 2013 $000	RECOGNISED IN PROFIT OR LOSS $000	RECOGNISED IN OTHER COMPREHENSIVE INCOME $000	BALANCE 30 JUN 2014 $000	RECOGNISED IN PROFIT OR LOSS $000	RECOGNISED IN OTHER COMPREHENSIVE INCOME $000	BALANCE 30 JUN 2015 $000
Group							
Property, plant and equipment	(7,903)	898	–	(7,005)	1,789	–	(5,216)
Intangible assets	(1,605)	1,493	–	(112)	(613)	–	(725)
Employee benefits	10,488	453	(1,433)	9,508	(857)	1,011	9,662
Provisions	7,535	1,093	–	8,628	(1,758)	786	7,656
Other items	907	(889)	–	18	938	–	956
	9,422	3,048	(1,433)	**11,037**	(501)	1,797	**12,333**

Unrecognised tax losses / Unrecognised temporary differences

At 30 June 2015 the Group has $7.08 million of unrecognised deferred tax assets relating to unrecognised losses (2014: $7.81 million) and $2.28 million of unrecognised deferred tax assets relating to unrecognised temporary differences (2014: Nil). These unrecognised deferred tax assets relate to the Australian subsidiaries of the Group.

Income Tax Accounting Policies

Income tax expense comprises current and deferred taxation and is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised directly in other comprehensive income or equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable with respect to previous periods.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- the initial recognition of goodwill
- differences relating to subsidiaries, associates and jointly controlled entities to the extent that they will probably not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantially enacted at the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be recognised.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2015

8 DISCONTINUED OPERATIONS

On 31 August 2011 the Group sold its finance subsidiary PGG Wrightson Finance Limited (PWF) to Heartland New Zealand Limited's wholly-owned subsidiary Heartland Building Society (Heartland). In connection with the PWF sale transaction the Group transferred certain excluded loans to its wholly owned subsidiary, PGW Rural Capital Limited (PGWRC), which has worked to realise or refinance these facilities over the short to medium term. As at 30 June 2015 gross loans of $12.49 million are held by PGWRC with a corresponding provision for doubtful debts of $11.06 million (2014: gross loans of $15.21 million held by PGWRC with a corresponding provision for doubtful debts of $11.65 million).

Discontinued Operations Accounting Policy

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative Statement of Profit or Loss is restated as if the operation had been discontinued from the start of the comparative period.

9 EARNINGS PER SHARE AND NET TANGIBLE ASSETS

Basic earnings per share

The calculation of basic earnings per share at 30 June 2015 was based on the profit/(loss) attributable to ordinary shareholders of $32,753,000 (2014: $42,258,000) by the weighted average number of shares, 754,848,774 (2014: 754,848,774) on issue. There are no dilutive shares or options (2014: Nil).

Number of shares

	2015 000	2014 000
Weighted average number of ordinary shares	754,849	754,849
Number of ordinary shares	754,849	754,849

	2015 $000	2014 $000
Net Tangible Assets		
Total assets	652,953	634,502
Total liabilities	(385,585)	(364,800)
less intangible assets	(6,660)	(5,684)
less deferred tax	(12,333)	(11,037)
	248,375	**252,981**

	2015 $	2014 $
Net tangible assets per share	0.329	0.335
Earnings per share	0.043	0.056

Earnings per Share Accounting Policy

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to shareholders by the weighted average number of shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to shareholders and the number of shares outstanding to include the effects of all potential dilutive shares.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2015

Helping grow the country

10 CASH AND BANK FACILITIES

	2015 $000	2014 $000
Cash and cash equivalents	7,273	11,343
Current bank facilities	(57,195)	(35,573)
Term bank facilities	(66,000)	(65,000)
	(115,922)	**(89,230)**

The Company entered into a new syndicated facility agreement on 20 December 2013. This agreement was amended and restated on 24 March 2015 and continues to provide bank facilities of up to $176.00 million. The agreement contains various financial covenants and restrictions that are standard for facilities of this nature, including maximum permissible ratios for debt leverage and operating leverage. The Company has granted a general security deed and mortgage over all its wholly-owned New Zealand and Australian assets to a security trust. These assets include the shares held in South American subsidiaries and associates. ANZ Bank New Zealand Limited acts as security trustee for the banking syndicate (ANZ Bank New Zealand Limited, Bank of New Zealand and Westpac New Zealand Limited).

The Company's bank syndicate facilities include:

- A term debt facility of $116.00 million maturing on 1 August 2018.
- A working capital facility of up to $60.00 million maturing on 1 August 2018.

The syndicated facility agreement also allows the Group, subject to certain conditions, to enter into additional facilities outside of the Company syndicated facility. The additional facilities are guaranteed by the security trust. These facilities amounted to $27.96 million as at 30 June 2015 including:

- Overdraft facilities of $9.63 million.
- Guarantee and trade finance facilities of $6.57 million.
- Standby letters of credit of NZ$11.76 million, denominated in USD, in respect of the current Uruguayan bank facilities outlined below.

The Group had current Uruguayan bank facilities amounting to NZ$38.32 million, denominated in USD, as at 30 June 2015, which are secured in part by the standby letters of credit outlined above.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2015

11 DERIVATIVE FINANCIAL INSTRUMENTS

	2015 $000	2014 $000
Derivative assets held for risk management		
Current	2,036	2,556
Non-current	12	369
	2,048	2,925
Derivative liabilities held for risk management		
Current	(3,266)	(887)
Non-current	(1,980)	(5)
	(5,246)	(892)
Net derivatives held for risk management	**(3,198)**	**2,033**

Derivatives held for risk management

The Group uses interest rate swaps to hedge its exposure to changes in the market rates of variable and fixed interest rates.

The Group also uses forward foreign exchange contracts, spot foreign exchange contracts and foreign exchange options to manage its exposure to foreign currency fluctuations.

Derivative Financial Instruments Accounting Policies

The Group uses derivative financial instruments to manage its exposure to interest rate and foreign currency risks arising from operational, financing and investment activities. In accordance with Treasury policy, the Group does not hold or issue derivative instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value and transaction costs are expensed immediately. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the hedging relationship (see below).

Cash Flow Hedges

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in the Statement of Other Comprehensive Income to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in equity is transferred to profit or loss in the same period that the hedged item affects profit or loss.

PGG WRIGHTSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2015

Helping grow the country

12 TRADE AND OTHER RECEIVABLES

	NOTE	2015 $000	2014 $000
Accounts receivable		224,026	224,284
Less provision for doubtful debts		(5,557)	(5,537)
Net accounts receivable		218,469	218,747
Other receivables and prepayments		16,736	14,925
Trade receivables due from related parties	16	–	2,857
		235,205	**236,529**
Analysis of movements in provision for doubtful debts			
Balance at beginning of year		(5,537)	(5,742)
Movement in provision		(20)	205
Balance at end of year		**(5,557)**	**(5,537)**

The aging status of the accounts receivable at the reporting date is as follows:

	ACCOUNTS RECEIVABLE 2015 $000	PROVISION 2015 $000	ACCOUNTS RECEIVABLE 2014 $000	PROVISION 2014 $000
Not past due	195,416	–	189,964	–
Past due 1 – 30 days	18,527	(218)	21,177	(448)
Past due 31 – 60 days	2,256	(152)	4,681	(534)
Past due 61 – 90 days	5,416	(2,803)	5,399	(1,492)
Past due 90 plus days	2,411	(2,384)	3,063	(3,063)
	224,026	**(5,557)**	**224,284**	**(5,537)**

Trade and Other Receivables Accounting Policies

Determination of Fair Values

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date

Impairment of Trade Receivables

Trade receivables are considered past due when they have been operated outside of the normal key trade terms. When forming a view management considers the counterparty's ability to pay, the level of security and the risk of loss.

Accounts receivables include accrued interest. Specific provisions are maintained to cover identified doubtful debts.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2015

13 BIOLOGICAL ASSETS

Net movements in livestock over the period amounted to a decrease of $3.65 million (2014: increase of $1.96 million) including a fair value decrease of $0.02 million (2014: fair value increase of $1.39 million) which was recorded in the Statement of Profit or Loss in respect of biological assets. Biological assets are classified as level 2 in the fair value hierarchy.

As at 30 June 2015, livestock held for sale comprised 2,136 cattle, 12,719 sheep and 134 other (consisting of bulls) (2014: 4,235 cattle, 16,332 sheep and 151 other (consisting of bulls)). During the year the Group sold 6,883 cattle, 51,790 sheep and 128 other (2014: 6,281 cattle, 46,619 sheep and 78 other).

Biological Assets Accounting Policies

Biological assets are measured at fair value less costs to sell, with any change therein recognised in profit or loss. Costs of selling include all costs that would be necessary to sell the assets including transportation costs. The fair value of biological assets intended for domestic processing is determined by applying the market price of stock weight offered by meat processors to the stock weight at the reporting date. Stock counts of livestock quantities are performed by the Group at each reporting date.

14 INVENTORY

	2015 $000	2014 $000
Merchandise/finished goods	252,882	231,922
Work in progress	1,166	3,744
Less provision for inventory write down	(7,735)	(6,208)
	246,313	**229,458**

During the year ended 30 June 2015, finished goods, work in progress, raw materials and consumables included in cost of sales in the Statement of Profit or Loss amounted to $813.70 million (2014: $843.29 million) (see Note 2).

During the year ended 30 June 2015 inventories written down to net realisable value amounted to $3.11 million (2014: $5.01 million). The write-downs are included in cost of sales in the Statement of Profit or Loss. Consideration is given to factors such as age, germination levels and quality when assessing the net realisable value of seeds inventory.

Inventories Accounting Policies

Finished Goods

Raw materials and finished goods are stated at the lower of cost or net realisable value. Cost is determined on a first in, first out basis, and, in the case of manufactured goods, includes direct materials, labour and production overheads.

Wholesale Seeds

Wholesale seeds inventory is stated at the lower of cost or net realisable value and comprises costs of purchase and other direct costs incurred to bring the inventory to its present location and condition.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2015

15 GROUP ENTITIES

SIGNIFICANT SUBSIDIARIES	COUNTRY OF INCORPORATION	DIRECT PARENT	OWNERSHIP INTEREST 2015 %	2014 %
PGW AgriTech Holdings Limited	New Zealand	PGG Wrightson Limited	100%	100%
PGW Rural Capital Limited	New Zealand	PGG Wrightson Limited	100%	100%
PGG Wrightson Employee Benefits Plan Trustee Limited	New Zealand	PGG Wrightson Limited	100%	100%
PGG Wrightson Real Estate Limited	New Zealand	PGG Wrightson Limited	100%	100%
Agriculture New Zealand Limited	New Zealand	PGG Wrightson Limited	100%	100%
PGG Wrightson Trustee Limited	New Zealand	PGG Wrightson Limited	100%	100%
PGW Corporate Trustee Limited	New Zealand	PGG Wrightson Limited	100%	100%
AgriServices South America Limited	New Zealand	PGG Wrightson Limited	100%	100%
PGW AgriServices Australia Pty Limited	Australia	PGG Wrightson Limited	100%	100%
PGG Wrightson Investments Limited	New Zealand	PGG Wrightson Limited	100%	100%
Bloch & Behrens Wool (NZ) Limited	New Zealand	PGG Wrightson Limited	100%	100%
PGW Agritrade Limited	New Zealand	PGG Wrightson Limited	100%	100%
Ag Property Holdings Limited	New Zealand	PGG Wrightson Investments Limited	100%	100%
PGW AgriTech New Zealand Limited	New Zealand	PGW AgriTech Holdings Limited	100%	100%
AgriTech South America Limited	New Zealand	PGW AgriTech Holdings Limited	100%	100%
PGW AgriTech Australia Pty Limited	Australia	PGW AgriTech Holdings Limited	100%	100%
PGG Wrightson Seeds Limited	New Zealand	PGW AgriTech New Zealand Limited	100%	100%
PGG Wrightson Consortia Research Limited	New Zealand	PGG Wrightson Seeds Limited	100%	100%
Grasslands Innovation Limited	New Zealand	PGG Wrightson Seeds Limited	70%	70%
Agricom Limited	New Zealand	PGG Wrightson Seeds Limited	100%	100%
PGG Wrightson Genomics Limited	New Zealand	PGG Wrightson Seeds Limited	100%	100%
Wrightson Seeds Limited	New Zealand	PGG Wrightson Seeds Limited	100%	100%
PGG Wrightson Employee Benefits Plan Limited	New Zealand	PGG Wrightson Employee Benefits Plan Trustee Limited	100%	100%
PGG Wrightson Seeds (Australia) Pty Limited	Australia	PGW AgriTech Australia Pty Limited	100%	100%
Agricom Australia Seeds Pty Limited	Australia	PGW AgriTech Australia Pty Limited	100%	100%
AGR Seeds Pty Limited	Australia	PGW AgriTech Australia Pty Limited	100%	100%
AW Seeds Pty Limited	Australia	PGG Wrightson Seeds (Australia) Pty Limited	100%	100%
SP Seeds Pty Limited	Australia	AW Seeds Pty Limited	100%	100%
PGW AgriTech South America S.A.	Uruguay	AgriTech South America Limited	100%	100%
Wrightson Pas S.A.	Uruguay	AgriTech South America Limited	100%	100%
Juzay S.A.	Uruguay	PGW AgriTech South America S.A.	100%	100%
Agrosan S.A.	Uruguay	PGW AgriTech South America S.A.	100%	100%
Alfalfares S.R.L.	Argentina	PGW AgriTech South America S.A.	100%	100%
NZ Ruralco Participacoes Ltda	Brazil	PGW AgriTech South America S.A.	100%	100%
PGG Wrightson Uruguay Limited	Uruguay	Juzay S.A.	100%	100%
Hunker S.A. (t/a Rural Centre)	Uruguay	Juzay S.A.	100%	100%
Lanelle S.A. (t/a Riegoriental)	Uruguay	Juzay S.A.	100%	100%
Afinlux S.A. (t/a Romualdo Rodriguez)	Uruguay	Juzay S.A.	51%	51%
Kroslyn S.A. Limited	Uruguay	Agrosan S.A.	100%	100%
Escritorio Romualdo Rodriguez Ltda	Uruguay	Afinlux S.A.	100%	100%

Acquisition of Business

On 30 June 2015 the Group acquired the assets and business of Advanced Irrigation Systems for a purchase consideration of $0.43 million. The operations of Advanced Irrigation Systems cover the sale of turf irrigators and related water management componentry.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2015

16 OTHER INVESTMENTS

	NOTE	2015 $000	2014 $000
Non-current investments			
BioPacificVentures	24	7,134	9,282
Sundry other investments including saleyards		1,657	1,365
Advances to associates	12	3,676	–
		12,467	**10,647**

Investment in BioPacificVentures

In 2005 the Group committed $14.00 million to an international fund established for investment in food and agriculture life sciences. The investment in BioPacificVentures has an anticipated total lifespan of 12 years. At 30 June 2015 $13.95 million has been drawn on the committed level of investment (30 June 2014: $13.57 million). A fair value loss of $2.28 million was recorded in the Statement of Other Comprehensive Income for the BioPacificVentures investment in the period to 30 June 2015 (2014: a fair value loss of $0.98 million).

Advances to associates

This advance is a loan to the South American associate entity, Fertimas S. A., previously disclosed as a current asset (see note 12 Trade and Other Receivables). This loan has been renewed until May 2017 and accordingly has been reclassed as a non current asset. Interest is payable on the balance and no provision for doubtful debts was recorded against the loan as at 30 June 2015 (2014: nil).

Sundry other investments including saleyards

Saleyard investments, which do not have a market price in an active market and whose fair value can not be reliably determined, are carried at cost.

Other Investments Accounting Policies

Determination of Fair Values

The fair value of financial assets at fair value through profit or loss and available-for-sale financial assets is determined by reference to the market price, unless other objective reliable evidence suggests a different value. Other investments where no active market exists are held at historical cost.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2015

17 INTANGIBLE ASSETS

	SOFTWARE $000	TRADEMARKS & PATENTS $000	TOTAL $000
Cost			
Balance at 1 July 2013	15,895	1,017	16,912
Additions	4,241	23	4,264
Disposals and reclassifications	(1,971)	–	(1,971)
Effect of movement in exchange rates	(40)	–	(40)
Balance at 30 June 2014	**18,125**	**1,040**	**19,165**
Balance at 1 July 2014	18,125	1,040	19,165
Additions	2,487	–	2,487
Disposals and reclassifications	–	–	–
Effect of movement in exchange rates	29	7	36
Balance at 30 June 2015	**20,641**	**1,047**	**21,688**
Amortisation and impairment losses			
Balance at 1 July 2013	9,622	575	10,197
Amortisation for the year	5,203	9	5,212
Disposals and reclassifications	(1,909)	–	(1,909)
Effect of movement in exchange rates	(19)	–	(19)
Balance at 30 June 2014	**12,897**	**584**	**13,481**
Balance at 1 July 2014	12,897	584	13,481
Amortisation for the year	1,508	14	1,522
Disposals and reclassifications	–	–	–
Effect of movement in exchange rates	25	–	25
Balance at 30 June 2015	**14,430**	**598**	**15,028**
Carrying amounts			
At 1 July 2013	**6,273**	**442**	**6,715**
At 30 June 2014	**5,228**	**456**	**5,684**
At 1 July 2014	**5,228**	**456**	**5,684**
At 30 June 2015	**6,211**	**449**	**6,660**

Intangible Assets Accounting Policies

Software

Software is a finite life intangible and is recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over an estimated useful life between 3 and 10 years. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

Determination of Fair Values

The fair value of intangible assets acquired in a business combination is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

Impairment

The carrying amounts of the Group's intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the recoverable amount of the asset is estimated. For intangible assets that have indefinite lives, the recoverable amount is estimated at each reporting date. An impairment loss is recognised in the profit or loss if the carrying amount of an asset exceeds the recoverable amount.

PGG WRIGHTSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2015

18 PROPERTY, PLANT AND EQUIPMENT

	LAND $000	BUILDINGS $000	PLANT AND EQUIPMENT $000	CAPITAL WORKS PROJECT $000	TOTAL $000
Cost					
Balance at 1 July 2013	14,234	27,481	88,304	2,452	132,471
Additions	12,794	21,073	7,009	(1,525)	39,351
Added as part of a business combination/amalgamation	–	–	171	–	171
Disposals and transfers to other asset classes	(243)	(1,754)	(2,244)	–	(4,241)
Effect of movements in exchange rates	(72)	(455)	(2,349)	–	(2,876)
Balance at 30 June 2014	**26,713**	**46,345**	**90,891**	**927**	**164,876**
Balance at 1 July 2014	26,713	46,345	90,891	927	164,876
Additions	2,340	29	5,826	8,975	17,170
Added as part of a business combination/amalgamation	–	–	108	–	108
Disposals and transfers to other asset classes	(774)	(1,063)	(1,135)	–	(2,972)
Effect of movements in exchange rates	125	1,184	2,156	–	3,465
Balance at 30 June 2015	**28,404**	**46,495**	**97,846**	**9,902**	**182,647**
Depreciation and impairment losses					
Balance at 1 July 2013	–	3,874	42,162	–	46,036
Depreciation for the year	–	640	5,390	–	6,030
Depreciation recovered to COGS	–	–	1,238	–	1,238
Additions	–	175	668	–	843
Disposals and transfers to other asset classes	–	(206)	(2,438)	–	(2,644)
Effect of movements in exchange rates	–	(121)	(948)	–	(1,069)
Balance at 30 June 2014	**–**	**4,362**	**46,072**	**–**	**50,434**
Balance at 1 July 2014	–	4,362	46,072	–	50,434
Depreciation for the year	–	966	5,460	–	6,426
Depreciation recovered to COGS	–	–	1,280	–	1,280
Additions	–	–	–	–	–
Added as part of a business combination/amalgamation	–	–	–	–	–
Disposals and transfers to other asset classes	–	(199)	(893)	–	(1,092)
Effect of movements in exchange rates	–	243	1,199	–	1,442
Balance at 30 June 2015	**–**	**5,372**	**53,118**	**–**	**58,490**
Carrying amounts					
At 1 July 2013	**14,234**	**23,607**	**46,142**	**2,452**	**86,435**
At 30 June 2014	**26,713**	**41,983**	**44,819**	**927**	**114,442**
At 1 July 2014	**26,713**	**41,983**	**44,819**	**927**	**114,442**
At 30 June 2015	**28,404**	**41,123**	**44,728**	**9,902**	**124,157**

Capital gains on the sale of property, plant and equipment of $0.96 million were recognised in non operating expenses in the current period (2014: $0.98 million).

Refer to Accounting Policies – page 25.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2015

18 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Property, Plant & Equipment Accounting Policies

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment

Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of day-to-day servicing of property, plant and equipment is recognised in profit or loss as incurred.

Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. All other borrowing costs are expensed as they are incurred.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each item of property, buildings, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives for the current and comparative periods are between 3 and 40 years for plant and equipment and 50 years for buildings. Depreciation methods, useful lives and residual values are reassessed at reporting date.

Determination of Fair Values

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which the property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of items of plant, equipment, fixtures and fittings is based on the quoted market prices for similar items.

Impairment

The carrying amounts of the Group's property, plant & equipment assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the recoverable amount of the asset is estimated. An impairment loss is recognised in the profit or loss if the carrying amount of an asset exceeds the recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2015

19 TRADE AND OTHER PAYABLES

	2015 $000	2014 $000
Trade creditors	127,501	149,718
Loyalty reward programme	1,515	1,527
Deposits received in advance	1,253	811
Accruals and other liabilities	87,875	73,843
Employee entitlements	20,511	20,837
	238,655	**246,736**
Payable within 12 months	233,058	240,127
Payable beyond 12 months	5,597	6,609
	238,655	**246,736**

Commerce Commission investigation

The Commerce Commission has undertaken an investigation in relation to allegations of price fixing by New Zealand livestock companies including the Group's Livestock segment in respect of fees associated with the implementation of the National Animal Identification and Tracing Act 2012 requirements. The Commerce Commission has reached a view that the requirements of the Commerce Act 1996 have been breached and has filed proceedings seeking a pecuniary penalty from the Group. Included within accruals and other liabilities is a provision in respect of the estimated financial impact of the proceedings. The information required by NZ IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* is not disclosed given that it could be expected to prejudice the outcome of the ongoing proceedings.

Silver Fern Farms supply contract

In June 2015 the Group announced that it had agreed with Silver Fern Farms (SFF) to terminate the supply contract entered into with SFF in 2009. The Group previously held a provision in respect of this contract which represented the anticipated costs to be borne under the contract over anticipated returns. The outstanding provision was released upon termination of the contract.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2015

20 DEFINED BENEFIT ASSET / LIABILITY

	2015 $000	2014 $000
Present value of funded obligations	(72,153)	(68,330)
Fair value of plan assets	57,498	54,802
Total defined benefit asset / (liability)	**(14,655)**	**(13,528)**

The Group makes contributions to two defined benefit plans that provide a range of superannuation and insurance benefits for employees and former employees. The two defined benefit plans are open by invitation, however the Group has not invited new members to the schemes since June 1995 and November 2000 respectively. The Group does not intend to invite new members to the scheme. The plan's retired employees are entitled to receive an annual pension payment payable on their life and in some cases on the life of a surviving spouse.

	PGG WRIGHTSON EMPLOYMENT BENEFIT PLAN		WRIGHTSON RETIREMENT PLAN	
	2015	2014	2015	2014
Group / Company Plan assets consist of:				
Equities	76%	72%	76%	72%
Fixed interest	21%	24%	21%	24%
Cash	3%	4%	3%	4%
	100%	100%	100%	100%

Plan assets included exposure to the Company's ordinary shares of $1.84 million (2014: $1.64 million).

	PGG WRIGHTSON EMPLOYMENT BENEFIT PLAN		WRIGHTSON RETIREMENT PLAN	
	2015	2014	2015	2014
Actuarial Assumptions:				
Principal actuarial assumptions at the reporting date				
(expressed as weighted averages):				
Discount rate used (10 year New Zealand Government Bond rate)	3.62%	4.42%	3.62%	4.42%
Future salary increases	3.00%	3.00%	0.00%	0.00%
Future pension increases	2.00%	2.00%	1.40%	1.40%

Assumptions regarding future mortality are based on published statistics and mortality tables. The current longevities underlying the values of the defined benefit obligation at the reporting date were as follows:

	PGG WRIGHTSON EMPLOYMENT BENEFIT PLAN		WRIGHTSON RETIREMENT PLAN	
	2015	2014	2015	2014
Longevity at age 65 for current pensioners				
Males	21	21	21	21
Females	24	24	24	24
Longevity at age 65 for current members aged 45				
Males	24	24	24	24
Females	27	27	27	27

As at 30 June 2015 the weighted average duration of the defined benefit obligation was 8.8 years for the PGG Wrightson Employment Benefits Plan and 10.5 years for the Wrightson Retirement Plan (2014: 9.2 years for the PGG Wrightson Employment Benefits Plan and 11.5 years for the Wrightson Retirement Plan).

Refer to Accounting Policies – page 29.

PGG WRIGHTSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2015

20 DEFINED BENEFIT ASSET / LIABILITY (CONTINUED)

Sensitivity analysis

The sensitivity of the defined benefit obligation (DBO) to changes in the weighted principal assumption is:

	2015	
	IMPACT ON DBO WITH INCREASE IN ASSUMPTION $000	IMPACT ON DBO WITH DECREASE IN ASSUMPTION $000
Change in assumption		
Discount rate (0.50% movement)	1,477	(2,273)
Salary growth rate (0.50% movement)	(451)	386
Pension growth rate (0.25% movement)	(1,000)	348
Life expectancy (1 year movement)	(1,297)	1,369

	2015 $000	2014 $000	2013 $000	2012 $000	2011 $000
Historical information					
Present value of the defined benefit obligation	72,153	68,330	72,765	75,495	69,145
Fair value of plan assets	(57,498)	(54,802)	(51,946)	(49,231)	(52,175)
Deficit / (surplus) in the plan	**14,655**	**13,528**	**20,819**	**26,264**	**16,970**

The Group expects to pay $1.08 million (2015: $1.16 million) in contributions to defined benefit plans in 2016. Member contributions are expected to be $1.01 million (2015: $1.08 million).

Refer to Accounting Policies – page 29.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2015

Helping grow the country

20 DEFINED BENEFIT ASSET / LIABILITY (CONTINUED)

	2015 $000	2014 $000
Movement in the liability for defined benefit obligations:		
Liability for defined benefit obligations at 1 July	68,330	72,765
Benefits paid by the plan	(5,304)	(4,709)
Current service costs	1,257	1,220
Interest costs	2,959	2,834
Member contributions	1,300	1,337
Actuarial (gains)/losses recognised in other comprehensive income arising from:		
(Gains)/losses from change in financial assumptions	3,335	(4,958)
Experience (gains)/losses	276	(159)
Liability for defined benefit obligations at 30 June	**72,153**	**68,330**
Movement in plan assets:		
Fair value of plan assets at 1 July	54,802	51,946
Contributions paid into the plan	1,301	1,427
Member contributions	1,300	1,337
Benefits paid by the plan	(5,304)	(4,709)
Current service costs and interest	2,362	2,105
Actuarial gains/(losses) recognised in equity	–	–
Expected return on plan assets	3,037	2,696
Fair value of plan assets at 30 June	**57,498**	**54,802**
Expense recognised in profit or loss:		
Current service costs	1,257	1,220
Interest	597	729
Expected return on plan assets	(3,037)	(2,696)
	(1,183)	**(747)**
Recognised in non operating items	(2,484)	(2,174)
Recognised in Employee Benefit Expense	1,301	1,427
	(1,183)	**(747)**
Gains and losses recognised in equity:		
Cumulative gains/(losses) at 1 July	(21,691)	(27,555)
Net profit and loss impact from current period costs	1,183	747
Recognised during the year	(3,611)	5,117
Cumulative gains/(losses) at 30 June	**(24,119)**	**(21,691)**

Employee Benefits Accounting Policies

The Group's net obligation with respect to defined benefit pension plans is calculated by estimating the future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and any unrecognised past service costs and the fair value of any plan assets is deducted. The discount rate is the yield at the reporting date on bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the lower of the net assets of the plan or the current value of the contributions holiday that is expected to be generated. Actuarial gains and losses are recognised directly in other comprehensive income and the defined benefit plan reserve in equity.

Short-term employee benefit obligations are measured on an undiscounted basis and expensed as the related service is provided. A provision is recognised for the amount of outstanding short-term benefits at each reporting date.

Provisions made with respect to employee benefits which are not expected to be settled within twelve months are measured as the present value of the estimated future cash outflows to be made by the Group with respect to services provided by employees up to reporting date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2015

21 FINANCIAL INSTRUMENTS

The Group is committed to the management of risk to achieve sustainability of service, employment and profits, and therefore, takes on controlled amounts of risk when considered appropriate.

The primary risks are those of liquidity, market (foreign currency, price and interest rate), funding and credit risk.

The Board of Directors is responsible for the review and ratification of the Group's systems of risk management, internal compliance and control, code of conduct and legal compliance.

The Board maintains a formal set of delegated authorities (including policies for credit and treasury), that clearly define the responsibilities delegated to management and those retained by the Board. The Board approves these delegated authorities and reviews them annually.

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulties in raising funds at short notice to meet commitments associated with financial instruments. The Group monitors its liquidity daily, weekly and monthly and maintains appropriate liquid assets and committed bank funding facilities to meet all obligations in a timely and cost efficient manner. Management of liquidity risk is designed to ensure that the Group has the ability to meet financial obligations as they fall due.

The objectives of the Group's funding and liquidity policy is to:

- ensure all financial obligations are met when due;
- provide adequate protection, even under crisis scenarios; and
- achieve competitive funding within the limitations of liquidity requirements.

The Group manages this risk by forecasting daily cash requirements, forecasting future funding requirements, maintaining an adequate liquidity buffer and ensuring long term lending is reasonably matched with long term funding.

Market Risk

Market risk is the potential for change in the value of balance sheet positions caused by a change in the value, volatility or relationship between market risks and prices. Market risk arises from the mismatch between assets and liabilities, both on and off balance sheet. Market risk includes funding, price, foreign currency and interest rate risk which are explained as follows:

Foreign Currency Risk

The Group undertakes transactions denominated in foreign currencies and exposure to movements in foreign currency arises from these activities. It is the Group's policy to hedge foreign currency risks as they arise. In some circumstances foreign exchange options are used to hedge potential foreign exchange risk. The Group uses forward, spot foreign exchange contracts and foreign exchange options to manage these exposures.

The translation of independent foreign operations into the Group financial statements is not hedged, apart from the seasonal working capital exposure to PGG Wrightson Seeds Australia which is hedged with foreign exchange contracts.

Price and Interest Rate Risk

Price risk is the risk that the value of financial instruments and the interest margin will fluctuate as a result of changes in market interest rates. The risk is that financial assets may be repriced at a different time and / or by a different amount than financial liabilities.

This risk is managed by operating within approved policy limits using an interest rate duration approach.

Floating rate borrowings are used for general funding activities. Interest rate swaps, interest rate options and forward rate agreements are used to hedge the floating rate exposure as deemed appropriate. The Group had $17.0 million of interest rate contracts at balance date (2014: Nil).

Funding Risk

Funding risk is the risk of over-reliance on a funding source to the extent that a change in that funding source could increase overall funding costs or cause difficulty in raising funds. The Group has a policy of funding diversification. The funding policy augments the Group's liquidity policy with it's aim to ensure the Group has a stable diversified funding base without over-reliance on any one market sector.

Refer to Accounting Policies – page 36.

21 FINANCIAL INSTRUMENTS (CONTINUED)

Credit Risk

Credit risk is the potential for loss that could occur as a result of a counterparty failing to discharge its obligations. This may be due to drought, bio-security issues or volatility in commodity prices. Management formally reports on all aspects of key risks to the Audit Committee at least two times each year. In addition, the following management committees review and manage key risks:

- The Senior Management Team meets regularly to consider new and emerging risks, reviews actions required to manage and mitigate key risks, and monitors progress.
- The Group has a Credit Committee, comprising of Board representation and management appointees, which meets regularly as required to review credit risk, new loans and provisioning.

Capital Management

The capital of the Group consists of share capital, reserves, and retained earnings.

The policy of the Group is to maintain a strong capital base so as to maintain investor, creditor and market confidence while providing the ability to develop future business initiatives. In addition, external funding arrangements currently limit the Group's ability to pay dividends due to debt ratio requirements. This policy is reviewed regularly by the Board and has not been changed during the period.

Sensitivity Analysis

The Treasury policy of the Group effectively insulates earnings from the effect of short-term fluctuations in either foreign exchange or interest rates. Over the longer term however, permanent changes in foreign exchange or interest rates will have an impact on profit.

The sensitivity of net profit after tax for the period to 30 June 2015, and shareholders equity at that date, to reasonably possible changes in conditions is as follows:

	INTEREST RATES INCREASE BY 1%		INTEREST RATES DECREASE BY 1%	
	2015 $000	2014 $000	2015 $000	2014 $000
Impact on net profit after tax	(1,068)	(869)	1,064	866
Members' equity	(1,068)	(869)	1,064	866

The stress test uses the existing balance sheet interest rate mismatch against the cumulative mismatch between repricing assets and liabilities out from one to five years. Other market risks such as pricing and foreign exchange are not considered likely to lead to material change over the next reporting period. For this reason sensitivity analysis of these market risks is not included.

Refer to Accounting Policies – page 36.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2015

21 FINANCIAL INSTRUMENTS (CONTINUED)

Quantitative disclosures

(a) Liquidity Risk – Contractual Maturity Analysis

The following tables analyse the Group financial assets and financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date (reported on an undiscounted basis). History demonstrates that such accounts provide a stable source of long term funding for the Group.

	WITHIN 12 MONTHS	1 TO 5 YEARS	CONTRACTUAL CASH FLOW	BALANCE SHEET
2015				
Liabilities				
Bank facilities	62,715	77,502	140,217	123,195
Derivative financial instruments	3,266	1,980	5,246	5,246
Trade and other payables	236,429	973	237,402	237,402
	302,410	**80,455**	**382,865**	**365,843**
2014				
Liabilities				
Bank facilities	41,847	68,239	110,086	100,573
Derivative financial instruments	887	5	892	892
Trade and other payables	243,297	–	243,297	243,297
	286,031	**68,244**	**354,275**	**344,762**

(b) Liquidity Risk – Expected Maturity Analysis

The expected cash flows of the Group's finance receivables equal their contractual cash flows.

Refer to Accounting Policies – page 36.

21 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Foreign Currency Exposure Risk

The Group's exposure to foreign currency risk can be summarised as:

	GBP NZ$000	USD NZ$000	AUD NZ$000	EURO NZ$000
2015				
Cash and cash equivalents	9	3,914	695	30
Trade and other receivables	7,975	75,691	12,009	29,064
Bank facilities	–	(38,156)	–	–
Trade and other payables	(162)	(56,454)	(758)	(13,636)
Net balance sheet position	**7,822**	**(15,005)**	**11,946**	**15,458**
Forward exchange contracts				
Notional forward exchange cover	7,975	2,188	11,334	15,438
Net unhedged position	**(153)**	**(17,193)**	**612**	**20**
2014				
Cash and cash equivalents	11	4,114	26	142
Trade and other receivables	1,812	69,160	1,045	38,274
Bank facilities	–	(29,657)	–	–
Trade and other payables	(461)	(56,903)	(243)	(2,832)
Net balance sheet position	**1,362**	**(13,286)**	**828**	**35,584**
Forward exchange contracts				
Notional forward exchange cover	1,525	5,480	841	35,448
Net unhedged position	**(163)**	**(18,766)**	**(13)**	**136**

The net balance sheet positions for the Group in AUD and USD include cash, trade and other receivables, and trade and other payables for the Australian and South American domiciled subsidiary companies and are therefore not hedged.

(d) Interest Rate Repricing Schedule

The following tables include the Group's assets and liabilities at their carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	WITHIN 12 MONTHS $000	1 TO 2 YEARS $000	OVER 2 YEARS $000	NON INTEREST BEARING $000	TOTAL $000
2015					
Liabilities					
Bank facilities	–	–	123,195	–	123,195
Derivative financial instruments	–	–	–	5,246	5,246
Trade and other payables	–	–	–	237,402	237,402
	–	**–**	**123,195**	**242,648**	**365,843**
2014					
Liabilities					
Bank facilities	100,573	–	–	–	100,573
Derivative financial instruments	–	–	–	892	892
Trade and other payables	–	–	–	243,297	243,297
	100,573	**–**	**–**	**244,189**	**344,762**

Refer to Accounting Policies – page 36.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2015

21 FINANCIAL INSTRUMENTS (CONTINUED)

(e) Accounting classifications and fair values

The tables below set out the Group's classification of each class of financial assets and liabilities, and their fair values.

	DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME $000	DESIGNATED AT FAIR VALUE THROUGH PROFIT AND LOSS $000	OTHER AMORTISED COST $000	TOTAL CARRYING AMOUNT $000	FAIR VALUE $000
2015					
Assets					
Cash and cash equivalents	–	–	7,273	7,273	7,273
Derivative financial instruments	91	1,957	–	2,048	2,048
Trade and other receivables	–	–	218,469	218,469	218,469
Other investments	7,134	–	5,333	12,467	12,467
Finance receivables	–	–	1,430	1,430	1,430
	7,225	**1,957**	**232,505**	**241,687**	**241,687**
Liabilities					
Derivative financial instruments	2,214	3,032	–	5,246	5,246
Trade and other payables	–	–	237,402	237,402	237,402
Bank facilities	–	–	123,195	123,195	123,195
	2,214	**3,032**	**360,597**	**365,843**	**365,843**
2014					
Assets					
Cash and cash equivalents	–	–	11,343	11,343	11,343
Derivative financial instruments	717	2,208	–	2,925	2,925
Trade and other receivables	–	–	218,747	218,747	218,747
Other investments	9,282	–	1,365	10,647	10,647
Finance receivables	–	–	3,561	3,561	3,561
	9,999	**2,208**	**235,016**	**247,223**	**247,223**
Liabilities					
Derivative financial instruments	39	853	–	892	892
Trade and other payables	–	–	243,297	243,297	243,297
Bank facilities	–	–	100,573	100,573	100,573
	39	**853**	**343,870**	**344,762**	**344,762**

The Group's banking facilities are based on floating interest rates. Therefore the fair value of the banking facilities equals the carrying value.

Refer to Accounting Policies – page 36.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2015

Helping grow the country

21 FINANCIAL INSTRUMENTS (CONTINUED)

(e) Accounting classifications and fair values (continued)

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

– Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
– Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie. as prices) or indirectly (ie. derived from prices)
– Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There have been no material movements between the fair value hierarchy during the year ended 30 June 2015.

	NOTE	LEVEL 1 $000	LEVEL 2 $000	LEVEL 3 $000	TOTAL $000
2015					
Assets					
Derivative financial instruments		–	2,048	–	2,048
Other investments	16	–	–	7,134	7,134
		–	**2,048**	**7,134**	**9,182**
Liabilities					
Derivative financial instruments		–	5,246	–	5,246
		–	**5,246**	**–**	**5,246**
2014					
Assets					
Derivative financial instruments		–	2,925	–	2,925
Other investments	16	–	–	9,282	9,282
		–	**2,925**	**9,282**	**12,207**
Liabilities					
Derivative financial instruments		–	892	–	892
		–	**892**	**–**	**892**

	2015	2014
Interest rates used for determining fair value		
Finance receivables	14.7%	14.2%

(f) Credit Risk

The carrying amount of financial assets represents the Group's maximum credit exposure. The Group's maximum credit exposure to credit risk for receivables by geographic regions is as follows:

	2015 $000	2014 $000
Total finance receivables, trade and other receivables		
New Zealand	152,069	168,302
Australia	7,060	10,793
South America	76,039	58,139
	235,168	**237,234**

Concentrations of Credit Risk

Financial instruments which potentially subject the Group to concentrations of credit risk principally consist of bank balances, advances, trade debtors, and forward foreign exchange contracts. The Group places its cash and short term investments with three major trading banks. Concentrations of credit risk with respect to advances are limited due to the large number of customers included in the Group's farming customer base in New Zealand.

Refer to Accounting Policy – page 36.

21 FINANCIAL INSTRUMENTS (CONTINUED)

Financial Instruments Accounting Policies

(i) Non–derivative Financial Assets

Non-derivative financial assets comprise investments in equity and debt securities, finance receivables, trade and other receivables, cash and cash equivalents and intercompany advances. The Group early adopted NZ IFRS 9 (2009) Financial Instruments from 1 January 2012. NZ IFRS 9 (2009) requires that an entity classifies its financial assets at either amortised cost of fair value depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The Group early adopted IFRS 9 (2013) Financial Instruments from 1 January 2015. IFRS 9 (2013) provides amended general hedge accounting requirements.

The Group initially recognises financial assets on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

Financial assets are initially measured at fair value. If the financial asset is not subsequently measured at fair value through profit and loss, the initial investment includes transaction costs that are directly attributable to the asset's acquisition or origination. The Group subsequently measures financial assets at either fair value or amortised cost.

Financial assets measured at amortised cost

A financial asset is subsequently measured at amortised cost using the effective interest method and net of any impairment loss, if:

– the asset is held within a business model with an objective to hold assets in order to collect contractual cash flows; and

– the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest.

The Group's policy on impairment is the same as that applied to its consolidated financial statements as at and for the year ended 30 June 2014 for loans and receivables .

Financial assets measured at fair value

Financial assets other than those classified as financial assets measured at amortised cost are subsequently measured at fair value with all changes recognised in profit or loss.

However, for investments in equity instruments that are not held for trading, the Group may elect at initial recognition to present gains and losses through other comprehensive income. For instruments measured at fair value through other comprehensive income gains and losses are never reclassified to profit and loss and no impairments are recognised in profit and loss. Dividends earned from such investments are recognised in profit and loss unless the dividends clearly represent a repayment of part of the cost of investment.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents.

Trade and Other Receivables

Trade and other receivables are stated at their amortised cost less impairment losses.

(ii) Non-derivative Financial Liabilities

Interest-bearing Borrowings

Interest-bearing borrowings are classified as other financial liabilities and are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest rate method.

Trade and Other Payables

Trade and other payables are stated at cost.

Determination of Fair Values

Determination of Fair Values for Derivatives

The fair value of forward exchange contracts is based on broker quotes, if available. If broker quotes are not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price at the reporting date for the residual maturity of the contract using a risk-free interest rate based on government bonds.

The fair value of interest rate swaps is based on broker quotes. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract using market interest rates for a similar instrument at the reporting date.

Determination of Fair Values for Non-derivative Financial Instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2015

Helping grow the country

22 OPERATING LEASES

	2015 $000	2014 $000
Non-cancellable operating lease rentals are payable as follows:		
Within one year	20,435	21,083
Between one and five years	30,780	37,180
Beyond five years	8,821	10,059
	60,036	**68,322**

The Group leases a fleet of vehicles for use by employees, agents and representatives. Leases are typically for a period of three years.

The Group leases office and computer equipment. Leases are typically for a period of three years.

The Group also leases and subleases land and buildings from which it conducts operations. These leases range in length from 1 to 13 years with various rights of renewal. Where surplus properties are unable to be exited, sublease revenue is obtained where possible on a short-term temporary basis. During the year ended 30 June 2015 sublease revenue totalling $1.11 million (2014: $0.95 million) was received.

23 SEASONALITY OF OPERATIONS

The Group is subject to significant seasonal fluctuations. The Retail business is weighted towards the first half of the financial year as demand for New Zealand farming inputs are generally weighted towards the Spring season. Livestock and Seed & Grain activities are significantly weighted to the second half of the financial year. Seed & Grain revenues reflect the fact the Group operates in geographical zones that suit Autumn harvesting and sowing. New Zealand generally has spring calving and lambing and so Livestock trading is weighted towards the second half of the financial year in order for farmers to maximize their incomes. Other business units have similar but less material cycles. The Group recognises that this seasonality is the nature of the industry and plans and manages its business accordingly.

24 COMMITMENTS

	NOTE	2015 $000	2014 $000
There are commitments with respect to:			
Capital expenditure not provided for		17,183	1,377
Investment in BioPacificVentures	16	51	429
Contributions to Primary Growth Partnership		2,374	3,017
		19,608	**4,823**

South American logistics centre
Included within capital expenditure not provided for is a commitment of $13.67 million in respect of contracted costs to complete the new logistics centre in Montevideo, South America.

Primary Growth Partnership – seed and nutritional technology development
The Group announced on 18 February 2013 that it had completed the contracting process for the Primary Growth Partnership (PGP) programme with the Ministry of Primary Industries. The PGP programme is a Seed and Nutritional Technology Development Programme that aims to deliver innovative forages for New Zealand farms. As a result of entering into the partnership the Group is committed to contributions to the partnership of $3.95 million over the six year life of the programme which ends on 31 December 2018. As at 30 June 2015 total contributions of $1.58 million (2014: $0.93 million) have been made to the programme.

25 CONTINGENT LIABILITIES

PGG Wrightson Loyalty Reward Programme

The PGG Wrightson Loyalty Reward Programme is run in conjunction with the co-branded ASB Visa reward card. A provision is retained for the expected level of points redemption. A contingent liability of $0.13 million represents the balance of live points that do not form part of the provision (2014: $0.13 million). Losses are not expected to arise from this contingent liability.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2015

26 RELATED PARTIES

Parent and ultimate controlling party

The immediate parent of the Group is Agria (Singapore) Pte Ltd and the ultimate controlling party of the Group is Agria Corporation.

Transactions with key management personnel

	2015 $000	2014 $000
Key management personnel compensation comprised:		
Short-term employee benefits	6,211	5,997
Post-employment benefits	102	93
Termination benefits	208	18
	6,521	**6,108**

Directors fees incurred during the year are disclosed in Note 3 Other Operating Expenses.

Other Transactions with Key Management Personnel

A number of Directors, senior executives or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities. A number of these entities transacted with the Group during the reporting period. The terms and conditions of these transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

The aggregate value of transactions and outstanding balances relating to Directors, senior executives and entities over which they have control or significant influence were as follows:

Key Management Personnel/Director	Transaction	TRANSACTION VALUE 2015 $000	BALANCE OUTSTANDING 2015 $000	TRANSACTION VALUE 2014 $000	BALANCE OUTSTANDING 2014 $000
John Nichol	Purchase of retail goods	2	1	–	–
Trevor Burt	Purchase of retail goods and livestock transactions	34	1	26	–
Mark Dewdney	Purchase of retail goods and livestock transactions	611	9	580	10
Grant Edwards	Purchase of retail goods	1	–	1	–
David Green	Purchase of retail goods	19	1	16	3
Stephen Guerin	Purchase of retail goods	29	–	12	–
John McKenzie	Purchase of retail goods, sale of seed under production contracts, sale of wool and livestock transactions	4,594	14	4,922	(47)
Peter Newbold	Purchase of retail goods	72	1	5	–
Cedric Bayly	Purchase of retail goods	10	–	–	–
Nigel Thorpe (resigned 30 June 2014)	Purchase of retail goods and livestock transactions	–	–	174	–

From time to time Directors and senior executives of the Group, or their related entities, may use the PGG Wrightson ASB Visa rewards credit card facility and/or purchase goods from the Group. These purchases are on the same terms and conditions as those entered into by other Group employees or customers and are minor or domestic in nature.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2015

27 EVENTS SUBSEQUENT TO BALANCE DATE

Acquisition of Agrocentro

On 15 July 2015 the Group announced that it had agreed to purchase fifty percent of the shares of Agrocentro Uruguay with a target settlement date of 31 August 2015. The transaction involves an upfront payment and a capped earn out component over the next three years based on the performance of the business. Agrocentro Uruguay is a rural servicing company that has four different business units consisting of retail and distribution of agricultural inputs, farming, logistics and consulting. During its last year Agrocentro Uruguay had revenues of USD 47.86 million and at the end of its last year had total assets of USD 21.56 million. This investment will be accounted for as an equity accounted associate in the next financial year and will fall within the Group's Seed & Grain business segment.

Acquisition of Grainland

On 23 July 2015 the Group announced that it has agreed to purchase the assets of Grainland Moree Pty Ltd (Grainland), an Australian seed business. Grainland is a seed production, cleaning and wholesale seed marketing business based in the North West New South Wales town of Moree.

Assets held for sale

Subsequent to 30 June 2015 the Group commenced marketing for the sale of six properties. The combined book value of these properties is $4.54 million.

Dividend

On 10 August 2015 the Directors of PGG Wrightson Limited resolved to pay a final dividend of 2.0 cents per share on 1 October 2015 to shareholders on the Company's share register as at 1 September 2015. This dividend will be fully imputed.

28 REPORTING ENTITY

PGG Wrightson Limited (the "Company") is a company domiciled in New Zealand, registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange. The Company is an FMC Entity in terms of the Financial Markets Conduct Act 2013.

Financial statements of PGG Wrightson Limited for the year ended 30 June 2015 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities. Financial statements have been prepared in accordance with the requirements of the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013.

The Group is primarily involved in the provision of rural services.

29 BASIS OF PREPARATION

Statement of Compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards as applicable for profit oriented entities. The financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board, as applicable for profit oriented entities.

These statements were approved by the Board of Directors on 10 August 2015.

Basis of Measurement

The financial statements have been prepared on the historical cost basis except for the following:

- derivative financial instruments are measured at fair value
- financial instruments at fair value through profit or loss are measured at fair value
- investments are measured at fair value
- biological assets are measured at fair value less point-of-sale costs
- assets classified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2015

29 BASIS OF PREPARATION (CONTINUED)

Functional and Presentation Currency

These financial statements are presented in New Zealand dollars ($), which is the Group's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest thousand.

Use of Estimates and Judgements

The preparation of the consolidated financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates and assumptions.

Estimates and assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

Note	Judgement
15	Business combinations
21	Classification and valuation of financial assets and instruments

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Note	Assumption or estimation uncertainty
1	Operating Revenue – construction contracts
12	Trade and Other Receivables
14	Valuation of seeds inventory
20	Measurement of defined benefit obligations: key actuarial assumptions

Certain comparative amounts have been reclassified to conform with the current period's presentation.

Change in Format and Presentation

During the year the Group changed the format of the presentation of the financial statements. These changes are designed to enhance reader comprehension and visibility of results and performance. The overall aim is to improve disclosure effectiveness.
The key changes include:

- Changing the order of the primary financial statements and other note disclosures.
- Separating the Statement of Comprehensive Income into the Statement of Profit or Loss and the Statement of Other Comprehensive Income.

30 OTHER SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out in these financial statements have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

(a) Basis of Consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Transactions Eliminated on Consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted associates are eliminated against the investment to the extent of the Group's interest in the associate. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign Currencies

Foreign Currency Transactions

Transactions in foreign currencies are translated to the respective functional currencies of the group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss.

Foreign Operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to New Zealand dollars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated to New Zealand dollars at exchange rates at the date of the transactions.

Foreign currency differences are recognised in other comprehensive income and the Foreign Currency Translation Reserve (FCTR). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss.

(c) Impairment

The carrying value of the Group's assets are reviewed at each reporting date to determine whether there is any objective evidence of impairment. An impairment loss is recognised whenever the carrying amount exceeds its recoverable amount. Impairment losses directly reduce the carrying value of assets and are recognised in profit or loss unless the asset is carried at a revalued amount in accordance with another standard.

Impairment of Equity Instruments

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of assets is impaired. In the case of equity instruments that are not held for trading, the Group may elect to present gains and losses through other comprehensive income. If no election is made fair value gains and losses are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2015

30 OTHER SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Impairment (continued)

Impairment of Finance Receivables

Finance receivables are considered past due when they have been operated by the counterparty out of key terms, the facility has expired, and in managements view there is no possibility of the counterparty operating the facility within key terms. When forming a view management considers the counterparty's ability to pay, the level of security and the risk of loss.

Finance receivables include accrued interest and are stated at estimated net realisable value after allowing for a provision for doubtful debts. Specific provisions are maintained to cover identified doubtful debts.

The recoverable amount of the Group's investments in held-to-maturity debt instruments and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with short duration are not discounted.

Impairment losses on an individual basis are determined by an evaluation of the exposures on an instrument by instrument basis. All individual instruments that are considered significant are subject to this approach.

All known losses are expensed in the period in which it becomes apparent that the receivables are not collectable.

Non-financial Assets

The carrying amounts of the Group's non-financial assets, other than biological assets, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the recoverable amount of the asset is estimated.

An impairment loss is recognised if the carrying amount of an asset or the cash-generating unit to which it relates, exceeds the recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or unit.

In determining the fair value using value in use, regard is given to external market evidence.

(d) Determination of Fair Values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made is disclosed in the notes specific to that asset or liability.

(e) Intangible Assets

Research and Development

The principal research and development activities are in the development of systems, processes and new seed cultivars.

Research expenditure on the development of new systems and processes is recognised in profit or loss as incurred. Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in profit or loss when incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

Research and development expenditure on the development of new seed cultivars is recognised in profit or loss as incurred. Development costs of seed cultivars are substantially indistinguishable from the cultivar research costs.

30 OTHER SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Statement of Cash Flows

The Statement of Cash Flows has been prepared using the direct approach modified by the netting of certain items as disclosed below.

Deposits received less withdrawals are netted as the cash flows are received and disbursed on behalf of customers and reflect the activities of the customers rather than those of the Group.

(g) Disclosure of non-GAAP financial information

Non-GAAP reporting measures have been presented in the Statement of Profit or Loss or referenced to in the notes to the financial statements. The following non-GAAP measures are relevant to the understanding of the Group financial performance:

– EBITDA (a non-GAAP measure) represents earnings before net interest and finance costs, income tax, depreciation, amortisation and the results from discontinued operations.

– Operating EBITDA (a non-GAAP measure) represents earnings before net interest and finance costs, income tax, depreciation, amortisation, results from discontinued operations, fair value adjustments, non-operating items and equity accounted earnings of associates.

The PGW Board and management consider the Operating EBITDA measure to promote a more meaningful communication of financial information. This measure is also the required information for certain stakeholders and for internal management reporting and review.

(h) Standards and Interpretations That Have Been Issued or Amended But Are Not Yet Effective

A number of new standards and interpretations are not yet effective for the year ended 30 June 2015 and have not been applied in preparing these consolidated financial statements. None of these standards are expected to have a significant impact on these financial statement except for:

– IFRS 9 *(2014) Financial Instruments* has been issued. The final component of IFRS 9 (2014) introduces a new expected credit loss model for calculating impairment. IFRS 9 (2014) is effective for annual periods beginning on or after 1 January 2018. The Group does not plan to adopt IFRS 9 (2014) early and the extent of the impact has not yet been determined. The Group early adopted IFRS 9 (2013) from 1 January 2015. IFRS 9 (2013) provides amended general hedge accounting requirements.

– IFRS 15 *Revenue from Contracts with Customers* has been issued. This standard introduced a new revenue recognition model for contracts with customers. The standard is effective for annual periods beginning on or after 1 January 2017. The Group does not plan to adopt IFRS 15 early and the extent of the impact has not yet been determined.

– A variety of minor improvements to standards have been made in order to clarify various treatments of specific transactions. These are not expected to have an impact on the Group's financial results.

PGG WRIGHTSON LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2015

	SHARE CAPITAL $000	FOREIGN CURRENCY TRANSLATION RESERVE $000	REALISED CAPITAL AND OTHER RESERVES $000	REVALUATION RESERVE $000	HEDGING RESERVE $000	DEFINED BENEFIT PLAN RESERVE $000	FAIR VALUE RESERVE $000	RETAINED EARNINGS $000	NON-CONTROLLING INTEREST $000	TOTAL EQUITY $000
Balance at 1 July 2013	606,324	(6,665)	23,629	686	(108)	(15,693)	3,570	(359,275)	3,638	256,106
Total comprehensive income for the period										
Profit or loss	–	–	–	–	–	–	–	42,249	9	42,258
Other comprehensive income										
Foreign currency translation differences	–	(6,749)	189	(190)	–	–	–	–	(312)	(7,062)
Effective portion of changes in fair value of equity instruments, net of tax	–	–	–	–	–	–	(842)	–	–	(842)
Effective portion of changes in fair value of cash flow hedges, net of tax	–	–	–	–	380	–	–	–	–	380
Reclassification upon sale of Heartland New Zealand Limited investment	–	–	–	–	–	–	(3,471)	3,471	–	–
Defined benefit plan actuarial gains and losses, net of tax	–	–	–	–	–	3,684	–	–	–	3,684
Total other comprehensive income	–	(6,749)	189	(190)	380	3,684	(4,313)	3,471	(312)	(3,840)
Total comprehensive income for the period	–	(6,749)	189	(190)	380	3,684	(4,313)	45,720	(303)	38,418
Transactions with shareholders, recorded directly in equity										
Contributions by and distributions to shareholders										
Sale to non–controlling interest	–	–	–	60	–	–	–	–	–	60
Buy out of non–controlling interest	–	–	(498)	–	–	–	–	–	(483)	(981)
Dividends to shareholders	–	–	–	–	–	–	–	(22,906)	(995)	(23,901)
Total contributions by and distributions to shareholders	–	–	(498)	60	–	–	–	(22,906)	(1,478)	(24,822)
Balance at 30 June 2014	**606,324**	**(13,414)**	**23,320**	**556**	**272**	**(12,009)**	**(743)**	**(336,461)**	**1,857**	**269,702**
Balance at 1 July 2014	606,324	(13,414)	23,320	556	272	(12,009)	(743)	(336,461)	1,857	269,702
Total comprehensive income for the period										
Profit or loss	–	–	–	–	–	–	–	31,869	884	32,753
Other comprehensive income										
Foreign currency translation differences	–	13,145	123	–	–	–	–	–	360	13,628
Effective portion of changes in fair value of equity instruments, net of tax	–	–	–	–	–	–	(2,278)	–	–	(2,278)
Effective portion of changes in fair value of cash flow hedges, net of tax	–	–	–	–	(1,604)	–	–	–	–	(1,604)
Defined benefit plan actuarial gains and losses, net of tax	–	–	–	–	–	(2,600)	–	–	–	(2,600)
Total other comprehensive income	–	13,145	123	–	(1,604)	(2,600)	(2,278)	–	360	7,146
Total comprehensive income for the period	–	13,145	123	–	(1,604)	(2,600)	(2,278)	31,869	1,244	39,899
Transactions with shareholders, recorded directly in equity										
Contributions by and distributions to shareholders										
Dividends to shareholders	–	–	–	–	–	–	–	(41,942)	(291)	(42,233)
Total contributions by and distributions to shareholders	–	–	–	–	–	–	–	(41,942)	(291)	(42,233)
Balance at 30 June 2015	**606,324**	**(269)**	**23,443**	**556**	**(1,332)**	**(14,609)**	**(3,021)**	**(346,534)**	**2,810**	**267,368**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2015

31 CAPITAL AND RESERVES

	No. OF SHARES 2015 000	No. OF SHARES 2014 000	2015 $000	2014 $000
On issue at 1 July	754,849	754,849	606,324	606,324
Share capital on issue at 30 June	**754,849**	**754,849**	**606,324**	**606,324**

All shares are ordinary fully paid shares with no par value, carry equal voting rights and share equally in any profit on the winding up of the Group.

Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations as well as from the translation of liabilities that hedge the Group's net investment in a foreign subsidiary.

Realised capital reserve

The realised capital reserve comprises the cumulative net capital gains that have been realised.

Revaluation reserve

The revaluation reserve relates to historic revaluations of property, plant and equipment.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet settled.

Defined benefit plan reserve

The defined benefit plan reserve contains actuarial gains and losses on plan assets and defined benefit obligations.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available–for–sale financial assets and equity investments elected at fair value through other comprehensive income until the investments are derecognised or impaired.

Retained earnings

Retained earnings equals accumulated undistributed profit.

Dividends

The following dividends were paid by the Company for the year ended 30 June:

A fully imputed 2015 interim dividend of 2.0 cents per share was paid on 8 April 2015 and a fully imputed 2014 final dividend of 3.5 cents per share was paid on 3 October 2014 (2014: Fully imputed 2014 interim dividend of 2.0 cents per share was paid on 2 April 2014)

Share Capital Accounting Policies

Ordinary Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

Repurchase of Share Capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares are cancelled. Treasury stock for which unrestricted ownership has not yet been transferred are not cancelled.

INDEPENDENT AUDITOR'S REPORT

KPMG

TO THE SHAREHOLDERS OF PGG WRIGHTSON LIMITED

We have audited the accompanying consolidated financial statements of PGG Wrightson Limited and its subsidiaries ("the group") on pages 1 to 46. The financial statements comprise of the consolidated statements of profit or loss, other comprehensive income, cash flows and changes in equity for the year ended 30 June 2015, the segment report as at and for the year ended 30 June 2015, the consolidated statement of financial position as at 30 June 2015, and additional financial disclosures including notes to the financial statements.

Directors' responsibility for the consolidated financial statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our firm has also provided other services to the group in relation to other assurance and IT advisory services. Subject to certain restrictions, partners and employees of our firm may also deal with the group on normal terms within the ordinary course of trading activities of the business of the group. These matters have not impaired our independence as auditor of the group. The firm has no other relationship with, or interest in, the group.

Opinion

In our opinion, the consolidated financial statements on pages 1 to 46 comply with generally accepted accounting practice in New Zealand and present fairly, in all material respects, the consolidated financial position of PGG Wrightson Limited as at 30 June 2015 and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

KPMG

10 August 2015

Christchurch