



15,000 lambs and ewes on the move  
in the Airies Station sheep yards, near  
Burkes Pass, February 2018.

**PGG Wrightson**

# Key Financial Disclosures

*for the six months ended 31 December 2017*

The financial statements contained  
on pages 2–19 have been approved  
by the Board of Directors on  
26 February 2018.

**Alan Lai**  
Chairman

**Bruce Irvine**  
Director and Audit  
Committee Chairman



## INTERIM STATEMENT OF PROFIT OR LOSS

For the six months ended 31 December 2017

	NOTE	UNAUDITED DEC 2017 \$000	AUDITED JUN 2017 \$000	UNAUDITED DEC 2016 \$000
<b>Continuing operations</b>				
Operating revenue		628,177	1,132,963	607,771
Cost of sales		(457,241)	(804,317)	(450,308)
<b>Gross profit</b>		<b>170,936</b>	<b>328,646</b>	<b>157,463</b>
Other income		4	388	30
Employee benefits expense		(82,257)	(160,851)	(79,969)
Research and development		(2,811)	(4,542)	(2,650)
Other operating expenses		(52,012)	(99,268)	(49,215)
Equity accounted earnings of investees		312	126	323
		(136,764)	(264,147)	(131,481)
<b>Operating EBITDA</b>		<b>34,172</b>	<b>64,499</b>	<b>25,982</b>
Non-operating items		1,293	9,521	529
Fair value adjustments	1	(106)	(420)	(283)
Depreciation and amortisation expense		(6,115)	(10,733)	(5,188)
<b>EBIT</b>		<b>29,244</b>	<b>62,867</b>	<b>21,040</b>
Net interest and finance costs	2	(7,997)	(6,158)	(1,511)
<b>Profit from continuing operations before income taxes</b>		<b>21,247</b>	<b>56,709</b>	<b>19,529</b>
Income tax expense		(6,604)	(10,428)	(4,562)
<b>Profit from continuing operations</b>		<b>14,643</b>	<b>46,281</b>	<b>14,967</b>
<b>Discontinued operations</b>				
Profit / (loss) from discontinued operations (net of income taxes)		(3)	30	12
<b>Net profit after tax</b>		<b>14,640</b>	<b>46,311</b>	<b>14,979</b>
<b>Profit attributable to:</b>				
Shareholders of the Company		14,488	45,607	14,988
Non-controlling interest		152	704	(9)
<b>Net profit after tax</b>		<b>14,640</b>	<b>46,311</b>	<b>14,979</b>
<b>Earnings per share</b>				
Basic earnings per share (New Zealand Dollars)	3	0.019	0.061	0.020
<b>Continuing operations</b>				
Basic earnings per share (New Zealand Dollars)	3	0.019	0.061	0.020

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

## INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2017

	UNAUDITED DEC 2017 \$000	AUDITED JUN 2017 \$000	UNAUDITED DEC 2016 \$000
<b>Net profit after tax</b>	<b>14,640</b>	<b>46,311</b>	<b>14,979</b>
<b>Other comprehensive income/(loss) for the period</b>			
<b>Items that will never be reclassified to profit or loss</b>			
Changes in fair value of equity instruments	–	240	504
Remeasurements of defined benefit liability	1,992	3,121	4,745
Deferred tax on remeasurements and change of defined benefit liability	(550)	(2,389)	(2,956)
	1,442	972	2,293
<b>Items that are or may be reclassified to profit or loss</b>			
Foreign currency translation differences for foreign operations	3,885	(1,550)	942
Effective portion of changes in fair value of cash flow hedges	–	(2,039)	(2,039)
Income/deferred tax on changes in fair value of cash flow hedges	–	571	571
	3,885	(3,018)	(526)
<b>Other comprehensive income/(loss) for the period, net of income tax</b>	<b>5,327</b>	<b>(2,046)</b>	<b>1,767</b>
<b>Total comprehensive income for the period</b>	<b>19,967</b>	<b>44,265</b>	<b>16,746</b>
<b>Total comprehensive income/(loss) attributable to:</b>			
Shareholders of the Company	19,818	43,579	16,773
Non-controlling interest	149	686	(27)
<b>Total comprehensive income for the period</b>	<b>19,967</b>	<b>44,265</b>	<b>16,746</b>

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

PGG WRIGHTSON LIMITED

## INTERIM SEGMENT REPORT

For the six months ended / as at 31 December 2017

### (a) Operating Segments

During 2017 the Group reorganised its operating structure to have three primary operating segments: Agency, Retail and Water and Seed and Grain which are the Group's strategic divisions. Agency and Retail and Water operate within New Zealand. Seed and Grain primarily operates within New Zealand with additional operations in Australia and South America. Comparative segmental information has been restated in respect of the change in operating structure.

The three operating segments offer different products and services, and are managed separately because they require different skills, technology and marketing strategies. There is also a Group General Manager for each segment. 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.

- **Agency.** Includes rural Livestock trading activities, Export Livestock, Wool, Insurance, Real Estate and Finance Commission.
- **Retail and Water.** Includes the Rural Supplies and Fruitful retail operations, PGG Wrightson Water, AgNZ (Consulting), Agritrade and ancillary sales support, supply chain and marketing functions.
- **Seed and Grain.** Includes Australasia Seed and Grain (New Zealand and Australian manufacturing and distribution of forage seed and turf, sale of cereal seed and grain trading, international trading and seed production), 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 and Grain (research and development and corporate seeds).
- **Other.** Other non-segmented amounts relate to certain Group 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/elimination adjustments.

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

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

### Other cost allocation

The Group has adopted an allocation methodology which allocates certain corporate costs where they can be directly attributed to the operating segment or attributed based on the use of the following methods:

- IT hardware, support, licence and other costs attributed on a per user basis.
- Property costs allocated, where not directly attributable, on a property space utilisation basis.
- Business operations costs (Accounts Payable, Accounts Receivable, Credit Services, Call Centre) allocated based on FTE usage by each operating segment, transactional volumes or for Credit Services allocated based on the operating segment to which overdue accounts relate to.

Other costs including non-operating items, fair value adjustments, net interest and finance costs, income tax expense as well as the reporting of discontinued operations are not fully allocated by the Group. Accordingly, these items have not been allocated across the operating segments. The Group Finance, Risk and Assurance, Treasury, HR, Credit and the Executive Team functions continue to be reported outside of the operating segments.

### (b) Operating Segment Information

	AGENCY			RETAIL AND WATER			SEED AND GRAIN			OTHER			TOTAL		
	UNAUDITED DEC 2017 \$000	AUDITED JUN 2017 \$000	UNAUDITED DEC 2016 \$000	UNAUDITED DEC 2017 \$000	AUDITED JUN 2017 \$000	UNAUDITED DEC 2016 \$000	UNAUDITED DEC 2017 \$000	AUDITED JUN 2017 \$000	UNAUDITED DEC 2016 \$000	UNAUDITED DEC 2017 \$000	AUDITED JUN 2017 \$000	UNAUDITED DEC 2016 \$000	UNAUDITED DEC 2017 \$000	AUDITED JUN 2017 \$000	UNAUDITED DEC 2016 \$000
Total segment revenue	84,304	197,098	91,415	381,732	562,162	348,569	208,790	428,711	203,521	305	1,040	685	675,131	1,189,012	644,190
Intersegment revenue	–	–	–	–	–	–	(46,954)	(56,049)	(36,419)	–	–	–	(46,954)	(56,049)	(36,419)
Total external operating revenues	84,304	197,098	91,415	381,732	562,162	348,569	161,836	372,663	167,102	305	1,040	685	628,177	1,132,963	607,771
<b>Operating EBITDA</b>	<b>4,633</b>	<b>17,996</b>	<b>2,012</b>	<b>23,621</b>	<b>18,295</b>	<b>18,922</b>	<b>10,813</b>	<b>37,045</b>	<b>8,613</b>	<b>(4,895)</b>	<b>(8,836)</b>	<b>(3,565)</b>	<b>34,172</b>	<b>64,499</b>	<b>25,982</b>
Non-operating items	350	3,275	745	600	(12)	67	253	7,604	(118)	90	(1,347)	(165)	1,293	9,521	529
Fair value adjustments	(18)	26	17	–	–	–	(88)	(324)	(300)	–	(121)	–	(106)	(420)	(283)
Depreciation and amortisation expense	(513)	(1,130)	(561)	(1,445)	(1,737)	(863)	(2,912)	(5,517)	(2,658)	(1,245)	(2,349)	(1,106)	(6,115)	(10,733)	(5,188)
<b>EBIT</b>	<b>4,452</b>	<b>20,167</b>	<b>2,213</b>	<b>22,776</b>	<b>16,546</b>	<b>18,126</b>	<b>8,066</b>	<b>38,807</b>	<b>5,538</b>	<b>(6,050)</b>	<b>(12,654)</b>	<b>(4,837)</b>	<b>29,244</b>	<b>62,866</b>	<b>21,040</b>
Net interest and finance costs	(1,370)	472	1,134	291	272	592	(4,131)	(4,127)	(1,437)	(2,787)	(2,774)	(1,800)	(7,997)	(6,158)	(1,511)
Profit / (loss) from continuing operations before income taxes	3,082	20,639	3,347	23,067	16,819	18,719	3,935	34,680	4,101	(8,837)	(15,428)	(6,637)	21,247	56,709	19,529
Income tax (expense) / income	(584)	(4,171)	(1,925)	(6,354)	(5,253)	(7,411)	(1,231)	(7,513)	(2,831)	1,565	6,509	7,605	(6,604)	(10,428)	(4,562)
<b>Profit/(loss) from continuing operations</b>	<b>2,498</b>	<b>16,468</b>	<b>1,422</b>	<b>16,712</b>	<b>11,566</b>	<b>11,307</b>	<b>2,704</b>	<b>27,166</b>	<b>1,270</b>	<b>(7,272)</b>	<b>(8,920)</b>	<b>969</b>	<b>14,643</b>	<b>46,281</b>	<b>14,967</b>
Discontinued operations	–	–	–	–	–	–	–	–	–	(3)	30	12	(3)	30	12
<b>Net profit after tax</b>	<b>2,498</b>	<b>16,468</b>	<b>1,422</b>	<b>16,712</b>	<b>11,566</b>	<b>11,307</b>	<b>2,704</b>	<b>27,166</b>	<b>1,270</b>	<b>(7,275)</b>	<b>(8,890)</b>	<b>981</b>	<b>14,640</b>	<b>46,311</b>	<b>14,979</b>
Segment assets	142,539	145,410	114,303	275,372	137,081	241,042	361,463	367,753	324,870	39,028	27,704	38,588	818,402	677,949	718,803
Investment in equity accounted investees	–	–	–	–	–	–	24,234	20,892	21,107	62	81	78	24,296	20,973	21,185
Assets held for sale	–	37	88	218	500	264	–	–	5,497	2,398	2,690	2,311	2,616	3,227	8,160
<b>Total segment assets</b>	<b>142,539</b>	<b>145,447</b>	<b>114,391</b>	<b>275,590</b>	<b>137,581</b>	<b>241,306</b>	<b>385,697</b>	<b>388,645</b>	<b>351,475</b>	<b>41,488</b>	<b>30,475</b>	<b>40,977</b>	<b>845,314</b>	<b>702,148</b>	<b>748,148</b>
<b>Segment liabilities</b>	<b>(39,283)</b>	<b>(71,296)</b>	<b>(43,903)</b>	<b>(171,920)</b>	<b>(72,117)</b>	<b>(150,193)</b>	<b>(171,754)</b>	<b>(187,209)</b>	<b>(161,806)</b>	<b>(168,223)</b>	<b>(81,816)</b>	<b>(116,361)</b>	<b>(551,180)</b>	<b>(412,437)</b>	<b>(472,263)</b>

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

**INTERIM STATEMENT OF CASH FLOWS**

For the six months ended 31 December 2017

	NOTE	UNAUDITED DEC 2017 \$000	AUDITED JUN 2017 \$000	UNAUDITED DEC 2016 \$000
<b>Cash flows from operating activities</b>				
Cash was provided from				
Receipts from customers		543,007	1,201,273	566,771
Dividends received		2	10	1
Interest received		2,403	3,318	1,282
		545,412	1,204,601	568,054
Cash was applied to				
Payments to suppliers and employees		(582,712)	(1,159,853)	(567,335)
Lump sum contributions to defined benefit plans (ESCT inclusive)		(1,340)	(7,551)	(6,030)
Interest paid		(4,049)	(6,321)	(3,417)
Income tax paid		(7,090)	(10,408)	(7,465)
		(595,191)	(1,184,133)	(584,247)
<b>Net cash inflow / (outflow) from operating activities</b>		<b>(49,779)</b>	<b>20,468</b>	<b>(16,193)</b>
<b>Cash flows from investing activities</b>				
Cash was provided from				
Proceeds from sale of property, plant and equipment and assets held for sale		2,426	22,352	8,673
Net decrease in finance receivables		–	–	22
Net proceeds from sale of investments		111	4,424	4,424
		2,537	26,776	13,119
Cash was applied to				
Purchase of property, plant and equipment		(5,268)	(12,803)	(6,950)
Purchase of intangibles		(3,940)	(4,307)	(933)
Net cash paid for purchase of investments		(1,056)	(2,773)	(2,975)
		(10,264)	(19,883)	(10,858)
<b>Net cash flow from investing activities</b>		<b>(7,727)</b>	<b>6,893</b>	<b>2,261</b>
<b>Cash flows from financing activities</b>				
Cash was provided from				
Increase in external borrowings and bank overdraft		84,298	3,715	32,144
Repayment of loans from related parties		3,596	–	–
		87,894	3,715	32,144
Cash was applied to				
Dividends paid to shareholders		(15,234)	(28,588)	(15,252)
Dividends paid to minority interests		(310)	(646)	(289)
Repayment of loans to related parties		–	–	(163)
		(15,544)	(29,234)	(15,704)
<b>Net cash flow from financing activities</b>		<b>72,350</b>	<b>(25,519)</b>	<b>16,440</b>
Net increase in cash held		14,844	1,842	2,508
Opening cash		9,403	7,561	7,561
<b>Cash and cash equivalents</b>	4	<b>24,247</b>	<b>9,403</b>	<b>10,069</b>

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

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

For the six months ended 31 December 2017

	UNAUDITED DEC 2017 \$000	AUDITED JUN 2017 \$000	UNAUDITED DEC 2016 \$000
<b>Profit after taxation</b>	14,640	46,311	14,979
Add/(deduct) non-cash/non operating items			
Depreciation, amortisation and impairment	6,115	10,733	5,188
Fair value adjustments	106	420	283
Net (profit)/loss on sale of assets/investments	(1,327)	(9,630)	(1,636)
Bad debts written off (net)	561	1,244	494
Change in deferred taxation	(3,834)	(811)	(8,453)
Earnings of equity accounted investees	312	(126)	(323)
Discontinued operations	3	(30)	(12)
Effect of foreign exchange movements	(98)	(197)	(307)
Earn-out provision reassessment	(328)	(2,373)	–
Pension contributions (operating cash) not expensed through profit and loss	(1,340)	(7,551)	(6,030)
Other non-cash/non-operating items	445	1,988	4,189
	15,255	39,978	8,372
Add/(deduct) movement in working capital items			
Movement in working capital due to sale/purchase of businesses	(2,683)	(3,378)	(3,433)
Change in inventories and biological assets	10,634	(11,208)	29,739
Change in accounts receivable and prepayments	(132,215)	(12,364)	(83,702)
Change in trade creditors, provisions and accruals	53,479	5,856	27,337
Change in income tax payable/receivable	4,357	2,156	8,040
Change in other current assets/liabilities	1,394	(572)	(2,546)
	(65,034)	(19,510)	(24,565)
<b>Net cash flow from operating activities</b>	<b>(49,779)</b>	<b>20,468</b>	<b>(16,193)</b>

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

## INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	NOTE	UNAUDITED DEC 2017 \$000	AUDITED JUN 2017 \$000	UNAUDITED DEC 2016 \$000
<b>ASSETS</b>				
<b>Current</b>				
Cash and cash equivalents	4	24,247	9,403	10,069
Short-term derivative assets		1,501	3,528	2,595
Trade and other receivables		365,924	230,022	322,498
Go livestock receivables		28,683	32,371	12,816
Assets classified as held for sale		2,616	3,227	8,160
Biological assets		1,897	1,553	927
Inventories		242,677	253,600	214,251
Other investments		30	3,441	3,822
<b>Total current assets</b>		<b>667,575</b>	<b>537,145</b>	<b>575,138</b>
<b>Non-current</b>				
Long-term derivative assets		122	427	2,412
Biological assets		78	58	61
Deferred tax asset		18,979	15,145	22,787
Investments in equity accounted investees		24,296	20,973	21,185
Other investments	5	2,140	1,906	1,925
Intangible assets		11,162	9,129	6,655
Property, plant and equipment	7	120,962	117,365	117,985
<b>Total non-current assets</b>		<b>177,739</b>	<b>165,003</b>	<b>173,010</b>
<b>Total assets</b>		<b>845,314</b>	<b>702,148</b>	<b>748,148</b>
<b>LIABILITIES</b>				
<b>Current</b>				
Debt due within one year	4	91,215	26,719	70,034
Short-term derivative liabilities		2,724	991	748
Accounts payable and accruals		301,837	248,290	269,426
Income tax payable		8,115	4,115	10,555
Defined benefit liability	9	1,046	942	1,117
<b>Total current liabilities</b>		<b>404,937</b>	<b>281,057</b>	<b>351,880</b>
<b>Non-current</b>				
Long-term debt	4	130,634	110,925	96,283
Long-term derivative liabilities		824	661	762
Other long-term liabilities		3,107	4,909	9,138
Defined benefit liability	9	11,678	14,885	14,200
<b>Total non-current liabilities</b>		<b>146,243</b>	<b>131,380</b>	<b>120,383</b>
<b>Total liabilities</b>		<b>551,180</b>	<b>412,437</b>	<b>472,263</b>
<b>EQUITY</b>				
Share capital		606,324	606,324	606,324
Reserves		4,980	(2,956)	5,552
Retained earnings		(319,473)	(316,121)	(338,099)
<b>Total equity attributable to shareholders of the Company</b>		<b>291,831</b>	<b>287,247</b>	<b>273,777</b>
Non-controlling interest		2,303	2,464	2,108
<b>Total equity</b>		<b>294,134</b>	<b>289,711</b>	<b>275,885</b>
<b>Total liabilities and equity</b>		<b>845,314</b>	<b>702,148</b>	<b>748,148</b>

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





Fruited Supplies TFR Lara Dunningham  
inspects fruit trees near Hastings, October 2017.

PGG Wrightson



## ***Additional Financial Disclosures***

*including Notes to the Financial Statements for the  
six months ended 31 December 2017*



# NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 31 December 2017

## 1 FAIR VALUE ADJUSTMENTS

	UNAUDITED DEC 2017 \$000	AUDITED JUN 2017 \$000	UNAUDITED DEC 2016 \$000
Assets held for sale	–	(121)	–
Biological assets	(23)	28	10
Investments	(83)	(327)	(293)
	<b>(106)</b>	<b>(420)</b>	<b>(283)</b>

## 2 NET INTEREST AND FINANCE COSTS

	UNAUDITED DEC 2017 \$000	AUDITED JUN 2017 \$000	UNAUDITED DEC 2016 \$000
Finance income contains the following items:			
Other interest income	183	211	80
<b>Finance income</b>	<b>183</b>	<b>211</b>	<b>80</b>
Interest funding contains the following items:			
Interest on loans and overdrafts	(3,033)	(5,747)	(2,722)
Net interest on interest rate derivatives	(338)	(367)	(173)
Fair value change on interest rate derivatives	(75)	392	585
Effective interest on expected earnout payments	(420)	(27)	(558)
Effective interest on expected defined benefit pension ESCT payments	(208)	(122)	(229)
Other interest expense	(634)	(108)	(506)
Bank facility fees	(373)	(772)	(417)
<b>Interest funding expense</b>	<b>(5,081)</b>	<b>(6,751)</b>	<b>(4,020)</b>
Foreign exchange contains the following items:			
Net gain/(loss) on foreign denominated items	1,056	(924)	120
Fair value change on foreign exchange derivatives	(4,155)	1,306	2,309
<b>Foreign exchange income/(expense)</b>	<b>(3,099)</b>	<b>382</b>	<b>2,429</b>
<b>Net interest and finance costs</b>	<b>(7,997)</b>	<b>(6,158)</b>	<b>(1,511)</b>

## 3 EARNINGS PER SHARE AND NET TANGIBLE ASSETS

	UNAUDITED DEC 2017 000	AUDITED JUN 2017 000	UNAUDITED DEC 2016 000
<b>Number of shares</b>			
Weighted average number of ordinary shares	754,849	754,849	754,849
Number of ordinary shares	<b>754,849</b>	<b>754,849</b>	<b>754,849</b>

### 3 EARNINGS PER SHARE AND NET TANGIBLE ASSETS (CONTINUED)

	UNAUDITED DEC 2017 \$000	AUDITED JUN 2017 \$000	UNAUDITED DEC 2016 \$000
<b>Net Tangible Assets</b>			
Total assets	845,314	702,148	748,148
Total liabilities	(551,180)	(412,437)	(472,263)
less intangible assets	(11,162)	(9,129)	(6,655)
less deferred tax	(18,979)	(15,145)	(22,787)
	<b>263,993</b>	<b>265,437</b>	<b>246,443</b>
	UNAUDITED DEC 2017 \$	AUDITED JUN 2017 \$	UNAUDITED DEC 2016 \$
<b>Net tangible assets per share</b>	0.350	0.352	0.326
<b>Earnings per share</b>	0.019	0.061	0.020

### 4 CASH AND FINANCING FACILITIES

	UNAUDITED DEC 2017 \$000	AUDITED JUN 2017 \$000	UNAUDITED DEC 2016 \$000
Cash and cash equivalents	24,247	9,403	10,069
Current financing facilities	(91,215)	(26,719)	(70,034)
Term financing facilities	(130,634)	(110,925)	(96,283)
<b>Net interest bearing debt</b>	<b>(197,602)</b>	<b>(128,241)</b>	<b>(156,248)</b>
Go range of livestock product receivables	28,683	32,371	12,838
<b>Net interest-bearing debt less Go livestock receivables</b>	<b>(168,919)</b>	<b>(95,870)</b>	<b>(143,410)</b>

#### Australia and New Zealand facilities

The Company amended and restated its syndicated facility agreement on 15 December 2017. The facility agreement provides bank facilities of \$210.00 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 equity accounted investees. ANZ Bank New Zealand Limited acts as security trustee for the banking syndicate (ANZ Bank New Zealand Limited, Bank of China (New Zealand) Limited, Bank of New Zealand, Bank of Tokyo-Mitsubishi UFJ, Ltd and Westpac New Zealand Limited).

The Company's bank syndicate facilities include:

- Term debt facilities of \$150.00 million maturing on 31 July 2020.
- A working capital facility of up to \$60.00 million maturing on 31 July 2020.

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 \$22.59 million as at 31 December 2017 providing:

- Overdraft facilities of \$9.60 million.
- Guarantee and trade finance facilities of \$10.23 million.
- Finance lease facilities of \$2.76 million.

The syndicated facilities fund the general corporate activities of the Group, the seasonal fluctuations in working capital, and the Go range of livestock product receivables.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the six months ended 31 December 2017

**4 CASH AND FINANCING FACILITIES (CONTINUED)****South American facilities**

Two of the Group's wholly-owned Uruguayan subsidiaries (Wrightson Pas S.A. and Agrosan S.A.) are jointly and severally financed by a club structure. The club facilities contain various financial covenants and restrictions that are standard for facilities of this nature. The club facilities are denominated in USD, secured by a mortgage over the logistics centre in Uruguay and provide:

- An amortising logistics centre facility of \$12.23 million (USD 8.68 million) maturing on 17 September 2022.
- A committed facility of \$16.90 million (USD 12.00 million) maturing on 17 September 2018.
- Finance lease facilities of \$0.30 million.

Separate to the club facility, the Group's South American operations have various unsecured financing facilities that amounted to \$17.24 million (USD 12.24 million) as at 31 December 2017.

**5 OTHER INVESTMENTS**

	NOTE	UNAUDITED DEC 2017 \$000	AUDITED JUN 2017 \$000	UNAUDITED DEC 2016 \$000
<b>Current investments</b>				
BioPacificVentures	10	30	30	230
Advances to equity accounted investees		–	3,411	3,592
		<b>30</b>	<b>3,441</b>	<b>3,822</b>
<b>Non-current investments</b>				
Sundry other investments including saleyards		2,140	1,906	1,925
Advances to equity accounted investees		–	–	–
		<b>2,140</b>	<b>1,906</b>	<b>1,925</b>

**Advances to equity accounted investees**

This advance was a loan to the South American investee entity Fertimas S. A.. During the period the advance was repaid and replaced with external bank funding. The Group supports the bank funding by way of guarantee. See Note 11.

**Sundry other investments including saleyards**

Saleyards 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.

**6 EQUITY ACCOUNTED INVESTEE**

During the period the Group made an additional investment in the jointly controlled entity Agimol Corporation S.A. (AgroCentro Uruguay). The additional investment of \$3.07 million was matched by the other joint venture partner. Consideration for the additional investment was the capitalisation of amounts payable by AgroCentro to the Group.



## 7 PROPERTY, PLANT AND EQUIPMENT

### Acquisitions and disposals

During the period to 31 December 2017, the Group acquired assets with a cost of \$4.64 million (30 June 2017: \$12.86 million, 31 December 2016: \$4.26 million), together with assets acquired through business combinations of \$0.66 million (30 June 2017: nil, 31 December 2016: nil).

Assets with a net book value of \$0.02 million were disposed during the period to 31 December 2017 (30 June 2017: \$10.80 million, 31 December 2016: \$10.08 million), resulting in a gain on disposal of \$1.48 million (30 June 2017 Gain: \$8.74 million, 31 December 2016 Gain: \$1.10 million).

## 8 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 the Australian and South American Seed and Grain activities are significantly weighted to the second half of the financial year. Seed and 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.

## 9 DEFINED BENEFIT ASSET / LIABILITY

The Group made lump sum cash contributions of \$1.34 million (gross including employer superannuation contribution tax) to the PGG Wrightson Employee Benefits Plan during the period (30 June 2017: \$7.55 million, 31 December 2016: \$6.03 million).

## 10 COMMITMENTS

	NOTE	UNAUDITED DEC 2017 \$000	AUDITED JUN 2017 \$000	UNAUDITED DEC 2016 \$000
<b>There are commitments with respect to:</b>				
Capital expenditure not provided for		3,281	1,432	2,365
Investment in BioPacificVentures	5	51	51	51
Contributions to Primary Growth Partnership		572	867	1,167
		<b>3,904</b>	<b>2,350</b>	<b>3,583</b>

### 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 \$3.61 million over the six year life of the programme which ends on 31 December 2018. As at 31 December 2017 total contributions of \$3.04 million (30 June 2017: \$2.74 million, 31 December 2016: \$2.44 million) have been made to the programme.

### Forward purchase commitments

The Group as part of its ordinary course of business enters into forward purchase agreements with seed and wool growers. These commitments extend for periods of up to 3 years. These commitments are at varying stage of execution, therefore uncertainty exists with respect to yield, quality and market price. The Group is unable to sufficiently quantify the value of these commitments.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the six months ended 31 December 2017

**11 CONTINGENT LIABILITIES**

	UNAUDITED DEC 2017 \$000	AUDITED JUN 2017 \$000	UNAUDITED DEC 2016 \$000
<b>There are commitments with respect to:</b>			
Guarantees	3,487	–	–
PGG Wrightson Loyalty Reward Programme	100	140	120
	<b>3,587</b>	<b>140</b>	<b>120</b>

**Guarantees**

The guarantee is a standby letter of credit supporting external bank funding of the jointly controlled entity Fertimas S.A. Funding was previously provided by the respective joint venture partners. See Note 5.

**PGG Wrightson Loyalty Reward Programme**

PGG Wrightson operates the Max Rewards loyalty programme. A provision is retained for the expected level of points redemption. A contingent liability of \$0.10 million represents the balance of unexpired points that do not form part of the provision (30 June 2017: \$0.14 million, 31 December 2016: \$0.12 million). Losses are not expected to arise from this contingent liability.

**Holidays Act 2003 entitlements**

The Group has commenced a review of payroll payments made to determine the correctness of calculations in accordance with the Holidays Act 2003. As work on this review has not been completed to a level to reliably estimate the amount of the liability, no provision has been recognised in respect of this review as at 31 December 2017.

**12 RELATED PARTIES****Parent and ultimate controlling party**

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

**Transactions with key management personnel**

	UNAUDITED DEC 2017 \$000	AUDITED JUN 2017 \$000	UNAUDITED DEC 2016 \$000
Key management personnel compensation comprised:			
Short-term employee benefits	5,018	7,924	3,622
Post-employment benefits	95	121	64
Termination benefits	–	–	–
	<b>5,113</b>	<b>8,045</b>	<b>3,686</b>

## 13 EVENTS SUBSEQUENT TO END OF INTERIM PERIOD

### Dividend

On 26 February 2018 the Directors of PGG Wrightson Limited resolved to pay an interim dividend of 1.75 cents per share on 5 April 2018 to shareholders on the Company's share register as at 5.00pm on 16 March 2018. This dividend will be fully imputed.

## 14 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.

The interim financial statements of PGG Wrightson Limited for the six months ended 31 December 2017 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 goods and services within the agricultural sector.

## 15 BASIS OF PREPARATION

### Statement of Compliance

The interim 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, and in particular NZ IAS 34. The interim financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board, as applicable for profit oriented entities.

The interim financial statements do not include all of the information required for full annual financial statements. The same accounting policies and methods of computation are followed in the interim financial statements as applied in the Group's latest annual audited financial statements. Certain comparative amounts have been reclassified to conform with the current period's presentation.

### 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 period ended 31 December 2017 and have not been applied in preparing these interim financial statements. The impact of these new standards and interpretations to the Group is as follows:

- 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. Initial review has determined that this new standard will not have a significant financial impact on the Group's financial statements.
- 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 2018. Initial review has determined that this new standard will not have a significant financial impact on the Group's financial statements.
- IFRS 16 Leases has been issued. This standard eliminates the classification of leases as either operating leases or finance leases. The standard uses a single lessee model which requires a lessee to recognise on the Statement of Financial Position assets and liabilities for all leases with a term of more than 12 months. The standard is effective for annual periods beginning on or after 1 January 2019. The Group does not plan to adopt IFRS 16 early. Initial review has determined that this new standard will likely have a significant financial impact on both the balance sheet and profit and loss given the extent of operating leases the Group is exposed to.
- 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.

These statements were approved by the Board of Directors on 26 February 2018.



PGG WRIGHTSON LIMITED

## INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2017

	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 2016	606,324	(8,749)	23,443	556	1,468	(17,170)	2,412	(336,028)	2,043	274,299
<b>Total comprehensive income for the period</b>										
Profit or loss	–	–	–	–	–	–	–	14,988	(9)	14,979
<b>Other comprehensive income</b>										
Foreign currency translation differences	–	960	–	–	–	–	–	–	(18)	942
Effective portion of changes in fair value of equity instruments, net of tax	–	–	–	–	–	–	504	–	–	504
Effective portion of changes in fair value of cash flow hedges, net of tax	–	–	–	–	(1,468)	–	–	–	–	(1,468)
Defined benefit plan actuarial gains and losses, net of tax	–	–	–	–	–	1,789	–	–	–	1,789
Total other comprehensive income	–	960	–	–	(1,468)	1,789	504	–	(18)	1,767
<b>Total comprehensive income for the period</b>	–	960	–	–	(1,468)	1,789	504	14,988	(27)	16,746
<b>Transactions with shareholders, recorded directly in equity</b>										
<b>Contributions by and distributions to shareholders</b>										
Investment in minority interest	–	–	–	–	–	–	–	–	381	381
Dividends to shareholders	–	–	–	–	–	–	–	(15,252)	(289)	(15,541)
<b>Total contributions by and distributions to shareholders</b>	–	–	–	–	–	–	–	(15,252)	92	(15,160)
<b>Transfer to retained earnings</b>	–	–	–	–	–	1,807	–	(1,807)	–	–
<b>Balance at 31 December 2016</b>	<b>606,324</b>	<b>(7,789)</b>	<b>23,443</b>	<b>556</b>	<b>–</b>	<b>(13,574)</b>	<b>2,916</b>	<b>(338,099)</b>	<b>2,108</b>	<b>275,885</b>
Balance at 1 January 2017	606,324	(7,789)	23,443	556	–	(13,574)	2,916	(338,099)	2,108	275,885
<b>Total comprehensive income for the period</b>										
Profit or loss	–	–	–	–	–	–	–	30,619	713	31,332
<b>Other comprehensive income</b>										
Foreign currency translation differences	–	(2,492)	–	–	–	–	–	–	–	(2,492)
Effective portion of changes in fair value of equity instruments, net of tax	–	–	–	–	–	–	(264)	–	–	(264)
Effective portion of changes in fair value of cash flow hedges, net of tax	–	–	–	–	–	–	–	–	–	–
Defined benefit plan actuarial gains and losses, net of tax	–	–	–	–	–	(1,057)	–	–	–	(1,057)
Total other comprehensive income	–	(2,492)	–	–	–	(1,057)	(264)	–	–	(3,813)
<b>Total comprehensive income for the period</b>	–	(2,492)	–	–	–	(1,057)	(264)	30,619	713	27,519
<b>Transactions with shareholders, recorded directly in equity</b>										
<b>Contributions by and distributions to shareholders</b>										
Dividends to shareholders	–	–	–	–	–	–	–	(13,336)	(357)	(13,693)
<b>Total contributions by and distributions to shareholders</b>	–	–	–	–	–	–	–	(13,336)	(357)	(13,693)
<b>Transfer to retained earnings</b>	–	–	–	–	–	544	(5,239)	4,695	–	–
<b>Balance at 30 June 2017</b>	<b>606,324</b>	<b>(10,281)</b>	<b>23,443</b>	<b>556</b>	<b>–</b>	<b>(14,087)</b>	<b>(2,587)</b>	<b>(316,121)</b>	<b>2,464</b>	<b>289,711</b>

PGG WRIGHTSON LIMITED

**INTERIM STATEMENT OF CHANGES IN EQUITY (CONTINUED)**

For the six months ended 31 December 2017

	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 2017	606,324	(10,281)	23,443	556	–	(14,087)	(2,587)	(316,121)	2,464	289,711
<b>Total comprehensive income for the period</b>										
Profit or loss	–	–	–	–	–	–	–	14,488	152	14,640
<b>Other comprehensive income</b>										
Foreign currency translation differences	–	3,888	–	–	–	–	–	–	(3)	3,885
Effective portion of changes in fair value of equity instruments, net of tax	–	–	–	–	–	–	–	–	–	–
Defined benefit plan actuarial gains and losses, net of tax	–	–	–	–	–	1,442	–	–	–	1,442
Total other comprehensive income	–	3,888	–	–	–	1,442	–	–	(3)	5,327
<b>Total comprehensive income for the period</b>	–	3,888	–	–	–	1,442	–	14,488	149	19,967
<b>Transactions with shareholders, recorded directly in equity</b>										
<b>Contributions by and distributions to shareholders</b>										
Investment in minority interest	–	–	–	–	–	–	–	–	–	–
Dividends to shareholders	–	–	–	–	–	–	–	(15,234)	(310)	(15,544)
<b>Total contributions by and distributions to shareholders</b>	–	–	–	–	–	–	–	(15,234)	(310)	(15,544)
Transfer to retained earnings	–	–	–	–	–	2,606	–	(2,606)	–	–
<b>Balance at 31 December 2017</b>	<b>606,324</b>	<b>(6,393)</b>	<b>23,443</b>	<b>556</b>	<b>–</b>	<b>(10,039)</b>	<b>(2,587)</b>	<b>(319,473)</b>	<b>2,303</b>	<b>294,134</b>