

PGG Wrightson Limited
Condensed Interim Consolidated Statement of Comprehensive Income
For the six months ended 31 December

	Note	Unaudited Dec 2013 \$000	Audited Jun 2013 \$000	Unaudited Dec 2012 \$000
Continuing operations				
Operating revenue	3	634,892	1,131,847	589,120
Cost of sales		(489,331)	(845,875)	(450,135)
Gross profit		145,561	285,972	138,985
Other income		192	1,267	1,008
Employee benefits expense		(71,545)	(137,728)	(69,576)
Research and development		(2,275)	(4,355)	(2,650)
Other operating expenses		(49,619)	(99,359)	(49,787)
		(123,247)	(240,175)	(121,005)
Operating EBITDA		22,314	45,797	17,980
Equity accounted earnings of associates		1,246	1,483	713
Impairment losses on goodwill		-	(321,143)	-
Non operating items	4	(1,089)	(7,134)	(2,931)
Fair value adjustments	5	3,136	(5,151)	(577)
EBITDA		25,607	(286,148)	15,185
Depreciation and amortisation expense		(3,696)	(7,642)	(3,945)
Results from continuing operating activities		21,911	(293,790)	11,240
Net interest and finance costs	6	(7,554)	(6,102)	(5,467)
Profit/(loss) from continuing operations before income taxes		14,357	(299,892)	5,773
Income tax (expense)/income		(2,304)	(5,029)	(944)
Profit/(loss) from continuing operations		12,053	(304,921)	4,829
Discontinued operations				
Profit/(loss) from discontinued operations (net of income taxes)	7	1,353	(1,584)	-
Profit/(loss) for the period		13,406	(306,505)	4,829
Other comprehensive income/(loss) for the period				
Foreign currency translation differences for foreign operations		(5,116)	(4,568)	(1,533)
Buy out of non-controlling interest		(981)	(2,060)	(1,411)
Effective portion of changes in fair value of cash flow hedges		(36)	(711)	(259)
Changes in fair value of equity instruments		(3,433)	5,120	4,139
Reclassification upon sale of Heartland New Zealand Limited investment		3,471	-	-
Defined benefit plan actuarial gains/(losses)		8,116	6,278	1,357
Deferred tax on movement of actuarial gains/(losses) on employee benefit plans		(2,273)	(1,758)	(380)
Other comprehensive income/(loss) for the period, net of income tax		(252)	2,301	1,913
Total comprehensive income/(loss) for the period		13,154	(304,204)	6,742
Profit/(loss) attributable to:				
Shareholders of the Company		13,082	(307,992)	4,247
Non-controlling interest		324	1,487	582
Profit/(loss) for the period		13,406	(306,505)	4,829
Total comprehensive income/(loss) attributable to:				
Shareholders of the Company		13,496	(305,681)	6,241
Non-controlling interest		(342)	1,477	501
Total comprehensive income/(loss) for the period		13,154	(304,204)	6,742
Earnings/(loss) per share				
Basic earnings per share (New Zealand Dollars)	8	0.02	(0.41)	0.01
Continuing operations				
Basic earnings per share (New Zealand Dollars)	8	0.02	(0.40)	0.01

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

PGG Wrightson Limited

Condensed Interim Consolidated Statement of Changes in Equity

For the six months ended 31 December

	Share capital	Foreign currency translation reserve	Realised capital and other reserves	Revaluation reserve	Hedging reserve	Defined benefit plan reserve	Fair value reserve	Retained earnings	Non-controlling interest	Total equity
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 1 July 2012	606,324	(2,155)	25,668	681	603	(20,213)	(1,550)	(34,339)	2,754	577,773
Total comprehensive income for the period										
Profit or loss	-	-	-	-	-	-	-	4,247	582	4,829
Other comprehensive income										
Foreign currency translation differences	-	(1,824)	(33)	(32)	-	-	-	437	(81)	(1,533)
Buy out of non-controlling interest	-	-	(1,411)	-	-	-	-	-	-	(1,411)
Effective portion of changes in fair value of financial instruments, net of tax	-	-	-	-	(259)	-	4,139	-	-	3,880
Defined benefit plan actuarial gains and losses, net of tax	-	-	-	-	-	977	-	-	-	977
Total other comprehensive income	-	(1,824)	(1,444)	(32)	(259)	977	4,139	437	(81)	1,913
Total comprehensive income for the period	-	(1,824)	(1,444)	(32)	(259)	977	4,139	4,684	501	6,742
Transactions with shareholders, recorded directly in equity										
Contributions by and distributions to shareholders										
Dividends to shareholders	-	-	-	-	-	-	-	-	(130)	(130)
Total contributions by and distributions to shareholders	-	-	-	-	-	-	-	-	(130)	(130)
Balance at 31 December 2012	606,324	(3,979)	24,224	649	344	(19,236)	2,589	(29,655)	3,125	584,385
Balance at 1 January 2013	606,324	(3,979)	24,224	649	344	(19,236)	2,589	(29,655)	3,125	584,385
Total comprehensive income for the period										
Profit or loss	-	-	-	-	-	-	-	(312,238)	905	(311,333)
Other comprehensive income										
Foreign currency translation differences	-	(2,686)	(49)	37	-	-	-	(513)	176	(3,035)
Buy out of non-controlling interest	-	-	(546)	-	-	-	-	-	(103)	(649)
Effective portion of changes in fair value of financial instruments, net of tax	-	-	-	-	(452)	-	981	-	-	529
Defined benefit plan actuarial gains and losses, net of tax	-	-	-	-	-	3,543	-	-	-	3,543
Total other comprehensive income	-	(2,686)	(595)	37	(452)	3,543	981	(513)	73	388
Total comprehensive income for the period	-	(2,686)	(595)	37	(452)	3,543	981	(312,751)	978	(310,945)
Transactions with shareholders, recorded directly in equity										
Contributions by and distributions to shareholders										
Dividends to shareholders	-	-	-	-	-	-	-	(16,869)	(465)	(17,334)
Total contributions by and distributions to shareholders	-	-	-	-	-	-	-	(16,869)	(465)	(17,334)
Balance at 30 June 2013	606,324	(6,665)	23,629	686	(108)	(15,693)	3,570	(359,275)	3,638	256,106
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	-	-	-	-	-	-	-	13,082	324	13,406
Other comprehensive income										
Foreign currency translation differences	-	(6,243)	85	(94)	-	-	-	1,319	(183)	(5,116)
Buy out of non-controlling interest	-	-	(498)	-	-	-	-	-	(483)	(981)
Effective portion of changes in fair value of financial instruments, net of tax	-	-	-	-	(36)	-	38	-	-	2
Reclassification upon sale of Heartland New Zealand Limited investment	-	-	-	-	-	-	(3,471)	3,471	-	-
Defined benefit plan actuarial gains and losses, net of tax	-	-	-	-	-	5,843	-	-	-	5,843
Total other comprehensive income	-	(6,243)	(413)	(94)	(36)	5,843	(3,433)	4,790	(666)	(252)
Total comprehensive income for the period	-	(6,243)	(413)	(94)	(36)	5,843	(3,433)	17,872	(342)	13,154
Transactions with shareholders, recorded directly in equity										
Contributions by and distributions to shareholders										
Dividends to shareholders	-	-	-	-	-	-	-	(7,642)	(64)	(7,706)
Total contributions by and distributions to shareholders	-	-	-	-	-	-	-	(7,642)	(64)	(7,706)
Balance at 31 December 2013	606,324	(12,908)	23,216	592	(144)	(9,850)	137	(349,045)	3,232	261,554

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

PGG Wrightson Limited

Condensed Interim Consolidated Statement of Financial Position

As at 31 December

	Note	Unaudited Dec 2013 \$000	Audited Jun 2013 \$000	Unaudited Dec 2012 \$000
ASSETS				
Current				
Cash and cash equivalents	9	24,246	5,845	29,335
Short-term derivative assets		952	662	1,204
Trade and other receivables		326,184	217,821	272,502
Finance receivables		11,921	11,477	3,721
Income tax receivable		5,533	4,092	3,138
Assets classified as held for sale		21	801	4,801
Biological assets		2,979	4,233	9,878
Inventories		210,108	243,650	202,643
Total current assets		581,944	488,581	527,222
Non-current				
Long-term derivative assets		120	3	81
Biological assets		145	147	297
Deferred tax asset		6,908	9,422	15,875
Investments in equity accounted investees		5,363	4,210	1,982
Other investments	10	13,632	23,995	29,622
Intangible assets		6,571	6,715	327,312
Property, plant and equipment	11	85,697	86,435	84,881
Total non-current assets		118,436	130,927	460,050
Total assets		700,380	619,508	987,272
LIABILITIES				
Current				
Debt due within one year	9	62,245	47,702	49,722
Short-term derivative liabilities		1,344	2,451	459
Accounts payable and accruals		295,716	222,723	239,408
Total current liabilities		359,305	272,876	289,589
Non-current				
Long-term debt	9	60,000	62,000	82,650
Long-term derivative liabilities		34	623	203
Defined benefit liability	12	12,974	20,819	24,695
Other long-term provisions		6,513	7,084	5,750
Total non-current liabilities		79,521	90,526	113,298
Total liabilities		438,826	363,402	402,887
EQUITY				
Share capital		606,324	606,324	606,324
Reserves		1,043	5,419	4,591
Retained earnings		(349,045)	(359,275)	(29,655)
Total equity attributable to shareholders of the Company		258,322	252,468	581,260
Non-controlling interest		3,232	3,638	3,125
Total equity		261,554	256,106	584,385
Total liabilities and equity		700,380	619,508	987,272

These consolidated financial statements have been authorised for issue on 25 February 2014.



Alan Lai
Chairman



Bruce Irvine
Director

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

PGG Wrightson Limited
Condensed Interim Consolidated Statement of Cash Flows
For the six months ended 31 December

	Unaudited Dec 2013 \$000	Audited Jun 2013 \$000	Unaudited Dec 2012 \$000
Cash flows from operating activities			
Cash was provided from:			
Receipts from customers	572,658	1,161,211	543,786
Dividends received	2	645	200
Interest received	810	6,667	2,473
	<u>573,470</u>	<u>1,168,523</u>	<u>546,459</u>
Cash was applied to:			
Payments to suppliers and employees	(556,833)	(1,123,433)	(540,271)
Interest paid	(2,349)	(5,830)	(3,180)
Income tax received / (paid)	(3,739)	12	(1,290)
	<u>(562,921)</u>	<u>(1,129,251)</u>	<u>(544,741)</u>
Net cash flow from operating activities	13 10,549	39,272	1,718
Cash flows from investing activities			
Cash was provided from:			
Proceeds from sale of property, plant and equipment	1,699	1,659	822
Net decrease in finance receivables	321	11,383	22,100
Proceeds from sale of investments	11,448	2,713	2,665
	<u>13,468</u>	<u>15,755</u>	<u>25,587</u>
Cash was applied to:			
Purchase of property, plant and equipment	(4,633)	(6,745)	(3,381)
Purchase of intangibles (software)	(512)	(938)	(247)
Net cash paid for purchase of investments	(5,133)	(5,476)	682
	<u>(10,278)</u>	<u>(13,159)</u>	<u>(2,946)</u>
Net cash flow from investing activities	3,190	2,596	22,641
Cash flows from financing activities			
Cash was provided from:			
Increase in external borrowings and bank overdraft	24,910	17,994	20,013
Repayment of loans by related parties	160	310	310
	<u>25,070</u>	<u>18,304</u>	<u>20,323</u>
Cash was applied to:			
Dividends paid to shareholders	(7,642)	(16,869)	-
Dividends paid to minority interests	(64)	(595)	(130)
Repayment of external borrowings and bank overdraft	(11,977)	(49,500)	(28,850)
Repayment of loans to related parties	(725)	(3,274)	(2,278)
	<u>(20,408)</u>	<u>(70,238)</u>	<u>(31,258)</u>
Net cash flow from financing activities	4,662	(51,934)	(10,935)
Net (decrease)/increase in cash held	18,401	(10,066)	13,424
Opening cash/(bank overdraft)	5,845	15,911	15,911
Cash and cash equivalents	<u>24,246</u>	<u>5,845</u>	<u>29,335</u>

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

PGG Wrightson Limited
Notes to the Financial Statements
For the six months ended 31 December

1 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 issuer in terms of the Financial Reporting Act 1993.

The condensed interim consolidated financial statements of PGG Wrightson Limited for the six months ended 31 December 2013 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities.

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

2 Basis of Preparation

The condensed interim consolidated 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") as applicable for interim financial statements for profit orientated entities, and in particular NZ IAS 34. The financial statements comply with International Financial Reporting Standards as issued by the IASB, as applicable for profit orientated entities.

The condensed interim financial statements do not include all of the information required for full annual statements. The same accounting policies, presentation and methods of computation are followed in the condensed interim consolidated financial statements as applied in the Group's latest annual audited financial statements.

Certain comparative amounts in the statement of comprehensive income and the operating segment note have been reclassified to conform with the current period's presentation. In addition, the statement of comprehensive income has been re-presented as if an operation discontinued during the current period had been discontinued from the start of the comparative periods (see Note 7).

These statements were approved by the Board of Directors on 25 February 2014.

3 Segment Reporting

(a) Operating Segments

The Group has two primary operating divisions: Rural Services (formerly AgriServices) and Seed & Grain (formerly AgriTech). 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.

- Livestock. Includes rural Livestock trading activities and Export Livestock.
- Livestock. Includes rural Livestock trading activities and Export Livestock.
- Other Rural Services. Includes Insurance, Real Estate, Wool, FOG Wriginton Water (formerly Irrigation and Pumping), 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 (Agri-feeds, 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.

(b) Operating Segment Information

	Rural * (i)		Livestock		Other Rural Services * (ii)		Rural Services		Seed & Grain * (iii)		Total operating segments		Other * (iv)		Total		
	Audited Jun 2015 \$'000	Unaudited Dec 2015 \$'000	Audited Jun 2015 \$'000	Unaudited Dec 2015 \$'000	Audited Jun 2015 \$'000	Unaudited Dec 2015 \$'000	Audited Jun 2015 \$'000	Unaudited Dec 2015 \$'000	Audited Jun 2015 \$'000	Unaudited Dec 2015 \$'000	Audited Jun 2015 \$'000	Unaudited Dec 2015 \$'000	Audited Jun 2015 \$'000	Unaudited Dec 2015 \$'000	Audited Jun 2015 \$'000	Unaudited Dec 2015 \$'000	
Total segment revenue	433,411	264,481	98,500	51,033	98,786	156,595	77,881	425,424	688,506	393,395	254,682	486,289	217,655	680,106	1,174,795	611,050	612,616
Intersegment revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total external operating revenues	433,411	264,481	98,500	51,033	98,786	156,595	77,881	425,424	688,506	393,395	254,682	486,289	217,655	680,106	1,174,795	611,050	612,616
Operating EBITDA	23,224	19,246	12,182	607	5,343	9,030	3,215	28,048	44,436	23,068	9,722	26,488	8,560	37,770	70,924	31,628	17,980
Equity earnings of associates	-	-	-	-	-	-	-	-	-	-	1,241	1,405	658	1,241	1,405	658	713
Impairment losses on goodwill	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non operating items	(74)	(3)	(80,000)	-	-	(22,045)	(189)	(212)	(102,045)	(190)	(974)	(3,413)	(2,540)	(1,186)	(5,437)	(2,730)	(2,831)
Fair value adjustments	51	(13)	2,229	203	(188)	1,300	(68)	3,390	(2,047)	122	1,747	(3,220)	(666)	3,137	(5,267)	(544)	(577)
EBITDA	23,201	19,230	(70,025)	812	5,149	(14,856)	2,958	29,226	(61,680)	23,000	11,736	(197,838)	6,012	40,962	(259,518)	29,012	15,185
Results from continuing operations	(551)	(574)	(645)	(333)	(320)	(626)	(324)	(1,174)	(2,368)	(1,231)	(1,645)	(3,550)	(1,833)	(2,819)	(5,918)	(3,064)	(3,945)
Net interest and finance costs	22,104	18,656	(70,670)	479	4,829	(15,482)	2,634	28,052	(64,048)	21,769	10,091	(201,368)	4,179	36,143	(265,436)	25,948	11,240
Profit/(loss) from continuing operations before income tax	22,104	18,656	(71,207)	487	4,717	(15,686)	2,527	27,837	(64,789)	21,670	5,948	(199,473)	3,336	33,795	(264,262)	25,006	5,773
Income tax (expense) / income	(6,171)	(5,272)	(203)	(137)	(1,933)	(4,816)	(2,061)	(6,830)	(13,530)	(7,470)	(1,551)	(6,284)	(2,204)	(8,361)	(19,814)	(9,674)	(944)
Profit/(loss) from continuing operations	15,933	13,384	(73,750)	350	2,784	(20,502)	466	21,007	(78,319)	14,200	4,417	(205,757)	1,132	25,424	(284,076)	15,332	4,829
Discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit/(loss) for the period	15,933	13,384	(73,750)	350	2,784	(20,502)	466	21,007	(78,319)	14,200	4,417	(205,757)	1,132	25,424	(284,076)	15,332	4,829
Segment assets	92,451	164,149	58,332	142,050	59,490	72,752	115,594	314,989	223,535	421,793	313,200	309,096	476,656	628,189	532,631	898,449	980,489
Equity accounted investees	-	-	-	30	-	1,174	-	-	1,174	30	5,295	2,972	1,799	5,295	4,146	1,829	1,992
Assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total segment assets	92,451	164,149	58,332	142,080	59,490	73,926	115,594	314,989	224,709	421,823	318,495	312,068	478,455	633,484	536,777	900,278	982,481
Segment liabilities	(34,206)	(106,482)	(43,610)	(41,691)	(33,734)	(38,752)	(57,025)	(180,328)	(116,568)	(205,198)	(137,810)	(140,486)	(95,149)	(318,138)	(257,054)	(300,347)	(402,887)

The table below provides information in addition to the segment reporting to further split elements of some segments. This analysis on key aspects of the segment components (as indicated by asterisks in the segment analysis) is provided as additional tables to the segment note.

** Further analysis of trading performance of elements of some segments:

	Rural Supplies				Fruited				Other Retail ***				Retail				Regional Overhead				Finance Commission				Other Rural Services				
	Unaudited Dec 2013	Audited Jun 2013	Unaudited Dec 2012	Audited Jun 2012	Unaudited Dec 2013	Audited Jun 2013	Unaudited Dec 2012	Audited Jun 2012	Unaudited Dec 2013	Audited Jun 2013	Unaudited Dec 2012	Audited Jun 2012	Unaudited Dec 2013	Audited Jun 2013	Unaudited Dec 2012	Audited Jun 2012	Unaudited Dec 2013	Audited Jun 2013	Unaudited Dec 2012	Audited Jun 2012	Unaudited Dec 2013	Audited Jun 2013	Unaudited Dec 2012	Audited Jun 2012	Unaudited Dec 2013	Audited Jun 2013	Unaudited Dec 2012	Audited Jun 2012	
Total segment revenue	301,630	455,474	264,730	101,277	132,312	85,998	105,763	154,375	86,247	297,144	433,411	264,481																	
Intersegment revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total external operating revenues	301,630	455,474	264,730	101,277	132,312	85,998	105,763	154,375	86,247	297,144	433,411	264,481																	
Operating EBITDA	16,723	23,650	16,285	8,385	6,006	6,343	(3,429)	(6,432)	(3,382)	21,679	23,224	19,246																	
(ii) Other Rural Services																													
Total segment revenue	1,225	3,028	1,355	14,514	24,178	10,341	33,633	45,161	25,419	1,677	4,083	2,447																	
Intersegment revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total external operating revenues	1,225	3,028	1,355	14,514	24,178	10,341	33,633	45,161	25,419	1,677	4,083	2,447																	
Operating EBITDA	1,015	2,644	1,161	1,962	1,251	174	3,409	5,024	3,184	565	1,135	644																	
(iii) Seed & Grain																													
Total segment revenue	86,255	184,197	79,083	65,222	110,440	52,926	58,572	125,277	57,278	44,633	66,375	28,368																	
Intersegment revenue	(24,930)	(38,492)	(22,937)	-	-	-	-	(6,603)	-	(21,319)	(1,126)	(559)																	
Total external operating revenues	61,325	145,705	56,146	65,222	110,440	52,926	58,572	118,674	57,278	23,314	65,249	27,809																	
Operating EBITDA	12,723	19,685	9,302	3,081	6,734	2,432	1,050	6,376	2,164	(7,132)	(6,307)	(5,338)																	
(iv) Other																													
Total segment revenue	1,036	3,272	1,566	643	1,991	1,482	(644)	(1,990)	(1,482)	1,035	3,273	1,566																	
Intersegment revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total external operating revenues	1,036	3,272	1,566	643	1,991	1,482	(644)	(1,990)	(1,482)	1,035	3,273	1,566																	
Operating EBITDA	(14,828)	(25,227)	(13,214)	1,352	(2,200)	-	(1,982)	2,300	(434)	(15,456)	(25,127)	(13,648)																	

***Includes sales made via an agency relationship which are treated as revenue for management reporting purposes and are eliminated for statutory reporting purposes.

4 Non Operating Items

	Note	Unaudited Dec 2013 \$000	Audited Jun 2013 \$000	Unaudited Dec 2012 \$000
Capital gains/(losses) on sale of businesses, property plant and equipment		(326)	(3,612)	(3,081)
Defined benefit superannuation plan	12	(271)	(833)	212
Onerous property lease		(211)	(1,764)	-
Restructuring		(281)	(1,712)	(880)
Silver Fern Farms supply contract		-	147	-
Other non operating items		-	640	818
		(1,089)	(7,134)	(2,931)
Impairment losses on goodwill		-	(321,143)	-
		(1,089)	(328,277)	(2,931)

5 Fair Value Adjustments

Continuing operations

	Unaudited Dec 2013 \$000	Audited Jun 2013 \$000	Unaudited Dec 2012 \$000
Derivatives not in qualifying hedge relationships	1,751	(3,272)	(725)
Assets held for sale	-	(140)	(140)
Biological assets	1,385	(1,739)	288
	3,136	(5,151)	(577)

6 Interest - Finance Income and Expense

Finance income contains the following items:

Other interest income

	Unaudited Dec 2013 \$000	Audited Jun 2013 \$000	Unaudited Dec 2012 \$000
Other interest income	-	214	34
Finance income	-	214	34
Interest funding expense			
Interest on interest rate swaps	(48)	(280)	(175)
Interest on bank loans and overdrafts	(2,313)	(5,537)	(2,987)
Other interest expense	(37)	-	(307)
Bank facility fees	(1,695)	(4,240)	(2,490)
Net gain / (loss) on foreign denominated items	(3,461)	3,741	458
Finance expense	(7,554)	(6,316)	(5,501)
Net interest and finance costs	(7,554)	(6,102)	(5,467)

7 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). PGWRC has worked to realise or refinance these facilities over the short to medium term. In addition, certain PWF loans sold to Heartland were guaranteed by the Group with any loans put to it or called by the Group transferred to PGWRC. As at 31 December 2013 loans for seven clients remain in PGWRC (including guaranteed loans transferred to PGWRC by Heartland). One guaranteed loan remains as at 31 December 2013. The operations of PGWRC are treated as discontinued and are included within this note.

In the period to 31 December 2013 PGWRC contributed a profit after tax of \$1.35 million (30 June 2013: loss after tax of \$1.58 million, 31 December 2012: loss after tax of Nil).

Profits attributable to the discontinued operation were as follows:

Results of discontinued operations

	Unaudited Dec 2013 \$000	Audited Jun 2013 \$000	Unaudited Dec 2012 \$000
Revenue	643	1,991	1,482
Expenses	710	(4,191)	(1,482)
	1,353	(2,200)	-
Fair value adjustments	-	-	-
Results from operating activities	1,353	(2,200)	-
Income tax expense	-	616	-
Results from operating activities, net of income tax	1,353	(1,584)	-
Profit/(loss) for the period	1,353	(1,584)	-
Basic earnings per share (New Zealand dollars) <i>(refer to Note 8 for weighted average number of shares)</i>	0.00	0.00	0.00
Cash flows from discontinued operations			
Net cash from operating activities	617	11,383	1,523
Net cash from/(used in) discontinued operation	617	11,383	1,523

8 Earnings Per Share and Net Tangible Assets

	Unaudited Dec 2013	Audited Jun 2013	Unaudited Dec 2012
Number of shares			
Weighted average number of ordinary shares	754,849	754,849	754,849
Number of ordinary shares	754,849	754,849	754,849
	Unaudited Dec 2013 \$000	Audited Jun 2013 \$000	Unaudited Dec 2012 \$000
Net Tangible Assets			
Total assets	700,380	619,508	987,272
Total liabilities	(438,826)	(363,402)	(402,887)
less intangible assets	(6,571)	(6,715)	(327,312)
less deferred tax	(6,908)	(9,422)	(15,875)
	248,075	239,969	241,198
	Unaudited Dec 2013 \$000	Audited Jun 2013 \$000	Unaudited Dec 2012 \$000
Net tangible assets per security	0.33	0.32	0.32
Earnings per share	0.02	(0.41)	0.01

9 Cash and Bank Facilities

	Unaudited Dec 2013 \$000	Audited Jun 2013 \$000	Unaudited Dec 2012 \$000
Cash and cash equivalents	24,246	5,845	29,335
Bank overdraft	(2,487)	(12,463)	-
Current bank facilities	(59,758)	(35,239)	(49,722)
Term bank facilities	(60,000)	(62,000)	(82,650)
	(97,999)	(103,857)	(103,037)

The Company entered into a new syndicated facility agreement on 20 December 2013. This agreement provides bank facilities of up to \$180.00 million. The Company has granted a general security deed and mortgage over all its wholly-owned New Zealand and Australian assets to a security trust. ANZ Bank New Zealand Limited acts as security trustee for the banking syndicate (ANZ Bank New Zealand Limited, Bank of New Zealand Limited and Westpac New Zealand Limited).

The Company's bank syndicate facilities include:

- Term debt facilities of \$120.00 million maturing on 1 August 2016.
- A working capital facility of up to \$60.00 million maturing on 1 August 2016.

The syndicated facility agreement also allows the Group, subject to certain conditions, to enter into additional financial accommodation outside of the Company syndicated facility. The additional facilities are guaranteed by the security trust. These facilities amounted to \$34.37 million as at 31 December 2013 including:

- Overdraft facilities of \$9.59 million.
- Guarantee and trade finance facilities of \$6.55 million.
- Standby letters of credit of \$9.73 million in respect of the current Uruguayan bank facilities outlined below.

The Group also had current Uruguayan bank facilities amounting to \$26.01 million as at 31 December 2013 which are secured in part by the standby letters of credit outlined above.

10 Other Investments

	Note	Unaudited Dec 2013 \$000	Audited Jun 2013 \$000	Unaudited Dec 2012 \$000
Non-current investments				
BioPacificVentures	15	10,027	9,987	10,786
Heartland New Zealand Limited		-	11,067	9,200
Sundry other investments including saleyards		1,418	1,479	5,792
Advances to associates		2,187	1,462	3,844
		13,632	23,995	29,622

The Group sold its investment in Heartland New Zealand Limited on 29 August 2013. A fair value movement of \$0.14 million was recorded in other comprehensive income in the period to 31 December 2013. A cumulative fair value gain of \$3.47 million, held in the fair value reserve in equity in respect of this investment, has been reclassified to retained earnings. Investment disposal costs of \$0.03 million have been recognised in the Statement of Comprehensive Income with respect to the sale.

A fair value loss of \$0.10 million was recorded in other comprehensive income for the BioPacificVentures investment in the period to 31 December 2013.

Advances to associates includes the provision of funding to the Agri-feeds Limited joint venture company, 4Seasons Feeds Limited, and the provision of funding to Grasslands Innovation Limited from the other joint venture partner.

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.

11 Property, Plant and Equipment

Acquisitions and disposals

During the period to 31 December 2013, the Group acquired assets with a cost of \$4.63 million (30 June 2013: \$6.71 million, 31 December 2012: \$3.28 million), together with assets acquired through business combinations of \$0.22 million (30 June 2013: Nil, 31 December 2012: Nil).

Assets with a net book value of \$0.51 million were disposed during the period to 31 December 2013 (30 June 2013: \$1.22 million, 31 December 2012: \$0.62 million), resulting in a gain on disposal of \$0.59 million (30 June 2013 Loss: \$0.03 million, 31 December 2012 Gain: \$0.20 million).

12 Defined Benefit Asset / Liability

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.

The present value of the defined benefit obligation less the fair value of plan assets results in a liability of \$12.97 million (30 June 2013: \$20.82 million liability, 31 December 2012: \$24.69 million liability).

13 Reconciliation of Profit After Tax With Net Cash Flow from Operating Activities

	Unaudited Dec 2013 \$000	Audited Jun 2013 \$000	Unaudited Dec 2012 \$000
Profit after taxation	13,406	(306,505)	4,829
Add/(deduct) non-cash/non operating items:			
Depreciation, amortisation and impairment	3,696	7,642	3,945
Impairment losses on goodwill	-	321,143	-
Fair value adjustments	(3,136)	5,151	577
Net (profit)/loss on sale of assets/investments	326	3,612	2,896
Bad debts written off (net)	(15)	1,119	371
(Increase)/decrease in deferred taxation	2,514	5,036	(1,417)
Equity accounted earnings from associates	(1,246)	(1,483)	(713)
Financing costs	796	754	366
Discontinued operations	(1,353)	1,584	-
Contractual obligations accrual	-	(147)	-
Other non-cash/non-operating items	(3,514)	5,475	(812)
	11,474	43,381	10,042
Add/(deduct) movement in working capital items:			
Movement in working capital due to sale/purchase of businesses	2,467	(3,482)	(3,482)
(Increase)/decrease in inventories and biological assets	34,796	12,170	47,532
(Increase)/decrease in accounts receivable and prepayments	(108,634)	(10,715)	(63,649)
Increase/(decrease) in trade creditors, provisions and accruals	72,084	(3,173)	9,823
Increase/(decrease) in income tax payable/receivable	(1,638)	1,091	1,452
	(925)	(4,109)	(8,324)
Net cash flow from operating activities	10,549	39,272	1,718

14 Business Acquisitions

On 25 October 2013, the Group acquired the assets and business of Water Dynamics and Aquaspec from Pentair Flow Control Pacific Pty Limited (Pentair). The operations of Water Dynamics and Aquaspec cover the sale and installation of irrigators and related water management componentry. In the period to 31 December 2013 it contributed a profit of \$0.01 million.

If the acquisition had occurred on 1 July 2013, the estimated Group revenue would have been \$6.12 million higher and profit would have been \$0.17 million higher for the period to 31 December 2013.

As at 31 December 2013 consideration of \$4.33 million has been paid to Pentair. Final settlement of the purchase transaction is yet to be determined. Accordingly, the fair values of the assets acquired and any resulting goodwill or bargain gain upon acquisition is not able to be determined at the reporting date. It is expected that the final settlement of the purchase transaction will be completed by 30 June 2014.

On 24 July 2013 the wholly owned Group entities PGG Wrightson Wool Limited and New Zealand Wool Handlers Limited were amalgamated into PGG Wrightson Limited.

15 Commitments

There are commitments with respect to:

	Unaudited Dec 2013 \$000	Audited Jun 2013 \$000	Unaudited Dec 2012 \$000
Capital expenditure not provided for	959	983	2,517
Investment in BioPacificVentures	551	704	839
Contributions to Primary Growth Partnership	3,335	3,642	-
Purchase of land - Corson Maize	-	1,800	1,800
	4,845	7,129	5,156

Investment in BioPacificVentures

The Group has committed \$14.00 million to an international fund established for investment in food and agriculture life sciences. The Group's investment in BioPacificVentures began in June 2005. The investment has an anticipated total lifespan of 12 years. At 31 December 2013 \$13.45 million has been drawn on the committed level of investment (30 June 2013: \$13.30 million, 31 December 2012: \$13.16 million), which is included in other investments.

Primary Growth Partnership - seed and nutritional technology development

The Group is a Partner in 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 member of 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 31 December 2013 total contributions of \$0.6 million (30 June 2013: \$0.3 million) have been made to the programme.

There are no material commitments relating to investment in associates.

16 Contingent Liabilities

There are contingent liabilities with respect to:

Guarantees
PGG Wrightson Loyalty Reward Programme

Unaudited Dec 2013 \$000	Audited Jun 2013 \$000	Unaudited Dec 2012 \$000
1,100	16,840	31,939
124	313	111
1,224	17,153	32,050

Guarantees

Included in the contingent liabilities is a guarantee with respect to a loan acquired by Heartland Building Society as part of the PGG Wrightson Finance Limited sale transaction on 31 August 2011. The value of the guaranteed loan as at 31 December 2013 was approximately \$1.1 million. The guarantee is contingent upon the loan becoming impaired and put back to PGG Wrightson Limited during the three year guarantee period.

PGG Wrightson Loyalty Reward Programme

The PGG Wrightson Loyalty Reward Programme is run in conjunction with the co-branded ASB Visa card. A provision is retained for the expected level of points redemption. The contingent liability represents the balance of live points that are not provided for.

No losses are expected to arise from these contingent liabilities. There are no contingent liabilities relating to investments in associates.

17 Seasonality of Operations

The Group is subject to significant seasonal fluctuations. In particular Livestock and Seeds activities are significantly weighted to the second half of the financial year. Seeds revenues reflects the fact that 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 maximise their incomes. The Group recognises these seasonal fluctuations are the nature of the industry and plans and manages its business accordingly.

18 Related Parties

Key management personnel compensation

Key management personnel receive compensation in the form of total remuneration including employee benefits, as set out below:

	Unaudited Dec 2013 \$000	Audited Jun 2013 \$000	Unaudited Dec 2012 \$000
Short-term employee benefits	2,998	4,824	2,235
Post-employment benefits	45	58	-
Termination benefits	-	-	-
Other long-term benefits	-	-	-
Share-based payments	-	-	-
	3,043	4,882	2,235

The PGW Group Executive team was revised in September 2013 following the appointment of the Chief Executive Officer in July 2013. The executive team is responsible for leadership across the business together with decision making, direction setting and communication. This new team has resulted in an extended team from those previously considered key management personnel. No changes have been made to comparative information.

19 Events Subsequent to End of Interim Period

Dividend

On 25 February 2014 the Directors of PGG Wrightson Limited resolved to pay an interim dividend of 2.0 cents per share on 2 April 2014 to shareholders on the Company's share register as at 5:00pm on 12 March 2014. This dividend will be fully imputed.

There have been no other material events after the reporting date that would affect the interpretation of the interim financial statements or the performance of the Group.