

The logo for PGG Wrightson, featuring a stylized green and white wave above the company name in a white sans-serif font.

**PGG Wrightson**

# *Half Year Report*

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

A wide-angle photograph of a green and yellow harvester working in a lush green field. The harvester is pulling a large pile of cut grass. In the background, there are rolling hills and a range of large, rugged mountains with significant snow cover under a clear blue sky with some light clouds. A few birds are visible in the sky, and a white truck is parked in the distance.

*Helping grow  
the country*

**“Right across our diverse business we’ve got great people and great products. We are working hard to stay ahead of our competitors, and our customers are continuing to respond to our improving offering.”**

**MARK DEWDNEY**  
CHIEF EXECUTIVE OFFICER  
EXTRACT, MARKET RELEASE  
FEBRUARY 2015

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**OPERATING EBITDA**  
(excluding earnings of associates)  
of \$33.6 million,

**↑ 51%**

from \$22.3 million for the  
corresponding period in  
the prior year

**NET PROFIT OF**

**\$19.7** million

↑ \$6.3 million from \$13.4 million  
for the corresponding period in the  
prior year



**REVENUE OF**

**\$655** million

↑ \$20 million from \$635 million  
for the corresponding period in  
the prior year



## **FINANCIAL PERFORMANCE HIGHLIGHTS**

**CONTINUED STRONG  
IMPROVEMENTS**  
for both Rural Services and  
the Seed & Grain divisions,

**↑ 18%**

and

**↑ 37%**

respectively of Operating EBITDA  
(excluding earnings of associates)

**FULLY IMPUTED INTERIM  
DIVIDEND OF**

**2** cents per share



# CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S REPORT



**MARK DEWDNEY**  
CHIEF EXECUTIVE OFFICER

**GUANGLIN (ALAN) LAI**  
CHAIRMAN



INSTALLED AND SERVICED BY  
**PGG Wrightson**  
0800 864 774 SEE TO IRRIGATE

# Continued **STRONG GROWTH**

**Operating EBITDA (excluding earnings of associates) for PGG Wrightson Limited (“PGG Wrightson”, “the Group”, or “the Company”) for the six months to 31 December 2014 was \$33.6 million. Net profit was \$19.7 million as compared to \$13.4 million for the corresponding six month period to 31 December 2013.**

This result continues the strong growth of the business over recent years and comes at a time when the agriculture sector is facing a challenging period. Our ongoing investment in our staff development, our products and our core systems is delivering a better and more consistent level of service to our customers and driving ongoing gains in market share.

Group revenue increased by 3% over the first half of the financial year with the largest gains made in Retail, Water and Livestock.

## **Retail**

Operating EBITDA (excluding earnings of associates) increased from \$21.7 million to \$24.3 million with gains in market share evident. We continue to experience strong revenue growth in the more technical product categories, where our ongoing investment in the capability and expertise of our sales representatives is benefiting both our customers and the Company. Revenue for agricultural chemicals grew by

a further \$6.1 million and sales of seed and grain products were up by \$6.6 million with increased plantings of maize and fodder beet crops. Agritrade (see insert on page 4), a relatively new function established within the Retail business to manage the procurement, importation and distribution of specific products, has recently signed a multi-year agreement to become the exclusive and head agent for commercial quantities of Roundup® in New Zealand. Roundup® is a market leading weed spray used extensively in the agricultural market and the securing of this new distribution arrangement reflects the confidence that suppliers like the brand owners of Roundup® have in entrusting their products with us.

Farm-gate milk prices for the season are now forecast to be substantially below the pre-season forecast, applying short term pressure on the profitability of our dairy farming customers. While farms have limited ability to cut expenditure during the critical spring period, some softening of sales was noticeable towards the end of the calendar year and we expect a tougher autumn sales season.

**Livestock**

Peter Moore joined PGG Wrightson as General Manager of Livestock in August 2014. Livestock revenue was \$12.0 million up on the corresponding period in the prior year. Principally this was the result of a shipment of dairy heifers exported to China. The export of livestock is an irregular business with only a relatively small number of shipments leaving New Zealand each year. Consequently revenues from this source vary from period to period.

The livestock trading business had modest growth on last year. Market prices for beef cattle and sheep were higher, while tallies were in line with the prior period. Prices for beef cattle were particularly strong in response to reduced supply in the USA.

**Other Rural Services**

Reduced confidence in the dairy sector saw a decline in farm sales, reducing revenue in our Real Estate business. Our Agriculture New Zealand training business and AON Insurance business both produced results broadly in-line with the previous year.

**Water**

Sales in the Water business were more than 50% up on the corresponding period in the prior year. This result includes the full benefits of the purchase of Aquaspec and Water Dynamics acquired in October 2013. In addition, irrigation sales have been very strong across a number of regions, and sales of IQ Irrigation continue to grow as the economic and environmental benefits of optimising water application become better known and understood.

**Wool**

Overall the wool sector continues to contract year-on-year as more land is converted from sheep farming into dairying. Volumes traded through the wool auctions were down and export volumes were also lower, although stronger prices mitigated the impact of this on our Wool business. Wool revenues were slightly down on last year, but margin improvement and good cost control led to improved Operating EBITDA (excluding earnings of associates).

**Seed & Grain**

The Seed & Grain business reported increased Operating EBITDA (excluding earnings of associates), up 37% from a revenue base that was 12% lower than last year.

The lower revenue base was primarily the result of reduced trading in both volumes and prevailing commodity prices within the Grain business. This lower margin trading business had less of an impact on Operating EBITDA (excluding earnings of associates).

**New Zealand**

New Zealand seed sales were up 14% and Operating EBITDA (excluding earnings of associates) increased by 6%. The New Zealand Seed business experienced strong demand across most product categories. Fodder beet continues to be a growth segment in the New Zealand market and our market share, backed by comprehensive breeding programmes, has continued to grow. Utilisation of Tonic Plantain, a specialised lamb finishing system forage, is increasing steadily following several years of intensive development to help farmers understand how to incorporate this forage into their overall farm management system. The Corson Maize Seed business released several new cultivars onto the New Zealand market and experienced good growth to both domestic and export market customers. Airports throughout New Zealand are continuing to increase adoption of Avanex® grasses containing avian deterrent technology, developed as a spin-off from our pastoral research programmes.

**Australia**

Australian Operating EBITDA (excluding earnings of associates) was \$0.8 million up on the same period in the prior year. Branded forage seeds experienced good sales early in spring though dry conditions leading into the early summer months resulted in fewer sales at the end of the period. Sales of brassica, lucerne and tropical grass seeds were up on last year and turf continues to see strong growth in the revegetation category, although a weaker Australian dollar resulted in a reduction in product margins.



Agritrade has been established as a separate function operating within the Retail business, managing the procurement, importation, distribution and field marketing of a range of products. Through the years our Retail business has acquired or been licensed to promote various product brands, generally where the international distributor does not wish to establish a dedicated presence in New Zealand,

preferring to utilise PGG Wrightson's existing nationwide footprint and technical offering. Grouping these products together under Agritrade allows better management of the product supply chain, marketing and in-field support.

Agritrade is able to both supply the PGG Wrightson store network and distribute to other rural merchant channels. The business creates an ongoing opportunity to bring premium products and brands to our New Zealand rural customer base. Agritrade can also take a more active role in proactively identifying and sourcing products

that fill customer needs and gaps in the product offerings available to the market.

An example of this business is the new multi-year agreement to become the exclusive and head agent for commercial quantities of Roundup® for New Zealand from 1 February 2015. The agreement covers pack sizes of 5 litres and above (excluding small quantities sold for household use typically through Garden Centres or Hardware stores). Roundup® by Monsanto is the market-leading glyphosate weed killer and is a brand that Agritrade is proud to be associated with.

## Andrea Murphy, Dairy Nutritionist, Nationwide

**New Zealand farmers are widely regarded as some of the best farmers in the world. Over the last two decades they have made huge productivity gains; testament to their willingness to adopt new technology, try new ideas and invest in their own knowledge and skills.**

To remain relevant and add value to our farming customer base, PGG Wrightson aims to have the best technical sales force in the sector. Dairy nutritionist, Andrea Murphy, is part of a core team of eight technical experts charged with providing the internal training and support needed to make this happen. Comprising veterinarians, soil scientists, agronomists and animal nutritionists, each member of the team is well renowned in their field. Collectively their expertise helps our 120 Technical Sales Representatives and others in the business deliver quality, expert advice to our customers.

So what does it take to create the best technical sales force in the industry?

"There are several ingredients," explains Andrea. "Primarily our focus is on the training and support of our field representatives. Over the course of a three year period, each field representative will complete 48 modules of technical training. We bring the reps together once every three months for a full day of training covering four modules. Before that, they complete the PGG Wrightson Technical College, a series of online training modules. These help us maximise the benefit from the face-to-face training as everyone already has a good introduction into the subject."

"We also put in place more specific training and development programmes as the need arises. In my area of nutrition, we've established a series of Applied Nutrition Groups in key regions around the country. I get together with the field representatives in these regions every month or two and we undertake a 'need's analysis' on a specific customer's farm. As a group we analyse the

farm system, feed inputs, production outputs and observations of cows in the paddock to determine what opportunities there are to further improve farm performance. It helps our people to gain confidence in the knowledge they've learned through the formal training, to practice how to apply it with customers on-farm and to support each other within their local teams."

"One of the great things with PGG Wrightson is our ability to take a big picture approach to helping our customers. The breadth of products and services we sell and the long term perspective that PGG Wrightson takes allows us to truly consider what is best for the farm. That in turn builds customers confidence in us and helps us to become a key trusted advisor to their farming business."

That said, in the Waikato, which was the first region to assemble an Applied Nutrition Group, sales in the stock feed category have increased markedly.

"PGG Wrightson is dedicated to growing and developing all of its people. In my role, I'm generally the one providing training to others, but since joining PGG Wrightson I've been through the Company's leadership development programme and been able to access specific training to help my professional development."

In January, Andrea was named as one of four finalists in the Dairy Women's Network 2015 Dairy Woman of the Year awards. The Award recognises those who have specifically contributed to the dairy industry through passion, drive, innovation and leadership. It's no surprise to Andrea's friends and colleagues that she was named a finalist.



## Kevin Mortensen, Livestock Representative, Pio Pio

In many of PGG Wrightson's businesses, success is determined by the quality of the relationship that our people have with our customers. While the value of the offering and the breadth of services that PGG Wrightson provides are important, they are complemented by the respect and trust customers have for PGG Wrightson staff on a day-to-day basis.

PGG Wrightson has the largest livestock team in the country with more than 250 agents working on-farm and alongside customers throughout the country. Kevin Mortensen, livestock representative and auctioneer, based in Pio Pio in the King Country, is one such agent.

"When we're working with clients on-farm a lot of what we do comes down to the personal relationship we develop with them" says Kevin "I grew up in this area and after working in a number of other locations, I've been back working in this role for the last twenty years. Clients know who I am, they trust me and know that I am honest with them."

"When you think about it, we hold a very privileged position with the clients. Buying and selling livestock is one of the biggest transactions the farmer makes during the season. The profitability of their business depends on getting it right and getting the best possible price. But they're busy running the farm; making sure the animals are looked after and are growing well. It's our job to know what is happening in the broader market; to let them know how demand and prices are holding up. I can only help them if they respect me and trust the advice I'm giving them."

Our strategies at PGG Wrightson are designed to help us ensure that all of our field representatives deliver the same, consistently high level of service that Kevin does. Our investments in people development help to achieve this, with key training activities focused on technical knowledge, sales capabilities and leadership.

Kevin recently completed one of our leadership programmes in Christchurch. Together with 15 other people from across the business, they gathered for three workshops of two days each to learn and practice the skills of leadership.

"It was a great opportunity for people to hone and develop their leadership skills and to gain more confidence in themselves. In the past we've sometimes promoted people into leadership positions and then just expected they would know what to do. With these programmes we're giving people tuition on what leadership is and what it takes to do it well."

"It's not hard to provide our customers with the service they need. We just need good people who know what they're doing and have the right attitude to do it well. Leadership is vital. It is our local leaders in branches up and down the country who ensure this happens. They're the ones in the position to know how their local team is performing and to identify if anyone needs additional assistance in order to do their job well. It's the leader's job to make sure that we have the best people doing their best work for us and our customers."

With leaders like Kevin in the field and an ongoing focus on building our leadership capability, PGG Wrightson is on track to continually improve our service offering to customers and our overall business performance.



Consolidation of the business and ongoing refinement of the business model in Australia following acquisitions made over the last five years is strengthening the foundation for this business. Greater discipline in sales and marketing is driving increased margins in proprietary and commodity seed sales. A focus on better supporting rural merchants and sales agronomists is strengthening our relationship with these customers and increasing their confidence in promoting our products to their farmer clients. We continue to strengthen our Turf business with the creation of a new Business Development role, enhanced distribution agreements developed with key customers and a revamp of our turf evaluation and trial areas, which is used to showcase cultivars to distributors and key customers.

### International

Operating EBITDA (excluding earnings of associates) in our International seed business was \$0.7 million up on the corresponding period in the prior year. The International business undertakes a range of activities; contracting seed production (multiplication) on behalf of export customers, supplying pulse and legume seeds into export markets for both consumption and planting, and supplying proprietary and commodity forage seeds into markets where we do not have a dedicated in-market presence. Strong multiplication yields from the last two seasons' harvests have resulted in a surplus of product in some areas which will dampen demand over the short-term. Higher than expected demand for garden peas from Pakistan and Morocco led to stronger sales and stock shortages across several varieties. Several business development initiatives are being undertaken with key partners to deliver improved forage development programmes. These offer the potential to grow and secure valuable markets for the future.

### South America

South America experienced a difficult start to the year with both revenue and Operating EBITDA (excluding earnings of associates) down on last year. An unseasonably wet spring reduced the yield and quality of grain crops, delayed summer plantings and reduced overall market demand for pasture seeds. Lower prices for key commodities also impacted on farmer confidence and expenditure.

The main focus in South America remains on strengthening and building our stable of businesses with a focus on driving improved productivity from the land. Our seed businesses are core to this and within Uruguay work is underway on a new logistics centre to improve our service delivery to customers. Our research and development joint venture between INIA (the Uruguayan government research agency) and our New Zealand research and development partners is making good progress with five products being prepared for commercial release. Our annual field day to promote more intensive pastoral systems continues to enjoy strong support, with over 700 people in attendance including the participation of the Uruguayan Minister of Agriculture and specialists in plant and animal nutrition. We are also deepening our relationship with our key merchant channels, holding more joint field days with them in order to increase farmer understanding and improve the confidence of these merchants in selling our products. Our agri-chemicals business has registered several new products

for which we have exclusive sales rights in the market and further new products are in the pipeline. Our on-farm irrigation business, PGG Wrightson Water, is working with our merchant channel partners to improve our customer reach, but sales for the period were down as a consequence of the wet spring.

Expansion of seed sales into adjacent markets continues with sales now underway into Paraguay, new temperate seed cultivars introduced to the Brazilian market and a new warehouse facility leased in Brazil in order to give better control of our supply chain in the market. The new warehouse facility has also enabled us to repack product into smaller pack sizes, better suited to the needs of smaller farmers within the market. Our presence in Argentina remains focused on seed production rather than sales, reflecting the economic challenges of this market.

### Strategic Focus

In our most recent Annual Report and Annual Shareholders Meeting we articulated PGG Wrightson's strategy through the lens of three key themes: **Improving** our business, **Growing** our business and looking for **Game-changers** that will allow us to meet our changing customer needs and stay ahead of our competitors.

This is a focussing strategy that we can see gaining traction, both within individual businesses and across the Group. Individual business units have developed strategic objectives and plans applying consistent criteria and opportunities and initiatives are considered against this strategic framework. One-PGW remains our cornerstone strategy, seeking to increase the understanding our staff have of the full range of products and services the Group offers in order to provide better support to our customers and to increase the level of cross-selling within the business. Supporting this strategy are ongoing investments in staff development (technical knowledge, sales skills and leadership capabilities), in the use of technology and in our store network and sales infrastructure.

Tablets were rolled out to all of our Retail Technical Field Representatives and Arable Field Representatives during the year and have begun to be deployed to our Livestock Agents. Mobile tablets provide our field staff better access to technical support material and improved recording and access to our Customer Relationship Management system. Over time we expect a range of transactional systems to be added to these devices, providing further efficiency gains and improvements in customer service.

A staff mentoring programme has been developed and is being progressively implemented across the organisation. This complements the formal training programmes we have in place and aims to further build both our internal leadership capability and networks across the business.

The quality of relationship between our staff and clients is a key driver of customer loyalty and our market share. Staff engagement is used as a measure of the attitude of our people towards the company and provides an indicator of how we perform in front of customers. While we formally survey engagement at the end of each year, we recently introduced a mid-season update which confirms that staff engagement is at a high level and continues to grow stronger.

### Health and Safety

Health and safety remains an important area of focus within the business as we work to ensure the well-being of our staff. A driver training programme is being implemented recognising that, with a large contingent of field staff working across rural New Zealand, motor vehicle accidents are a key area of risk for our people. A wide range of other initiatives is also being implemented across the business to elevate and prioritise health and safety and to ensure that it is front of mind in the way we work at PGG Wrightson.

### Cash Flow & Debt

Net cash flows from operating activities were negative for the six months to 31 December 2014, with \$11.4 million more cash utilised than was generated. This was primarily the result of an increase in working capital including strategic investment in our South American operations made to support future growth and from strong Retail sales in December which has subsequently been collected in the new calendar year. Increased income tax payments also impacted operating cash flows.

Our balance sheet remains strong. In June 2014 we purchased 40 properties that we had been leasing. This increased debt by around \$30 million and resulted in a corresponding decrease in lease expense over the reporting period and accounted for a significant part of the lower corporate overhead cost at the Operating EBITDA (excluding earnings of associates) level.

### Distributions

With the strong operating performance in mind, the Board declared a fully imputed dividend of 2 cents per share, which will be paid to shareholders registered at the record date of 12 March 2015. The dividend will be paid on 8 April 2015.

### Governance

Wah Kwong (WK) Tsang was reappointed to the Board on 15 November 2014, having previously been a Director of PGG Wrightson during 2011 and 2012. WK is the current Chairman of Agria Corporation's Audit and Compensation Committees, and a member of its Nomination Committee. WK also joined the PGG Wrightson Audit Committee. WK is a non-independent Director being an associated person of our majority shareholder, Agria (Singapore) Pte Limited.

WK replaced Wai Yip (Patrick) Tsang. Patrick was Chief Financial Officer of Agria Corporation, and retired from both roles on 15 November 2014.

### Outlook

The strength of this first half result has given us confidence that the 2015 full year result will be solid. While the impact of a number of factors in the remainder of the financial year are yet to be determined, our full-year guidance for Operating EBITDA (excluding earnings of associates) has increased to a \$62 to \$68 million range. This represents a significant improvement on the last financial year's strong result of \$58.7 million.

There remains some uncertainty with respect to the second half of this financial year with economic and climatic conditions on farm creating challenges. The dairy pay-out in New Zealand is forecast to be at its lowest level in almost 10 years and a dry, hot summer has resulted in dry conditions across much of New Zealand. Drought was declared in Marlborough, Canterbury and parts of Otago in February 2015. This has put downward pressure on farm incomes and on livestock values. It is anticipated that this will flow through into more difficult trading conditions for PGG Wrightson for the balance of the financial year.

The weather over the next few months will also impact the trading results of our Australian and South American operations. The earnings of both businesses are weighted towards the second half of the year.

While these external factors influence our results in any year, both positively and negatively, the improvements in the PGG Wrightson's business that have been made over recent years sees the Company well placed to capitalise on the opportunities in the agricultural sector. The business is on the right track. We continue to believe that PGG Wrightson offers investors one of the best ways to get a broad based exposure to agriculture and technology in New Zealand and across the other territories in which we operate.

### Format change to Financial Statements

The Group has changed the presentation of the financial statements for the period. These changes are designed to enhance reader comprehension, visibility of the results and financial performance, and have an overall aim of improving disclosure effectiveness.

The financial statements are now broken into two sections being key financial disclosures and additional financial information including notes to the financial statements. Other key changes include separating the Interim Statement of Comprehensive Income into the Interim Statement of Profit or Loss and Interim Statement of Other Comprehensive income and the changing of the order of the primary financial statements and note disclosures.

On behalf of the Board and management team we would like to extend our thanks to our customers, suppliers, shareholders and all of our staff for their ongoing support of the Company.



**Alan Lai**

Chairman



**Mark Dewdney**

Chief Executive Officer



## KEY FINANCIAL DISCLOSURES

FOR THE SIX MONTHS ENDED  
31 DECEMBER 2014

The financial statements contained on pages 9 – 27 have been authorised for issue on 23 February 2015.

**Alan Lai**  
Chairman

**Bruce Irvine**  
Director and Audit Committee Chairman

**INTERIM STATEMENT OF PROFIT OR LOSS**

For the six months ended 31 December

	NOTE	UNAUDITED DEC 2014 \$000	AUDITED JUN 2014 \$000	UNAUDITED DEC 2013 \$000
<b>Continuing operations</b>				
Operating revenue		654,699	1,219,383	634,892
Cost of sales		(495,785)	(914,467)	(489,331)
<b>Gross profit</b>		<b>158,914</b>	<b>304,916</b>	<b>145,561</b>
Other income		336	285	192
Employee benefits expense		(75,667)	(144,813)	(71,545)
Research and development		(2,212)	(4,839)	(2,275)
Other operating expenses		(47,731)	(96,802)	(49,619)
		(125,274)	(246,169)	(123,247)
<b>Operating EBITDA (excluding earnings of associates)</b>		<b>33,640</b>	<b>58,747</b>	<b>22,314</b>
Equity accounted earnings of associates		159	2,521	1,246
<b>Operating EBITDA (including earnings of associates)</b>		<b>33,799</b>	<b>61,268</b>	<b>23,560</b>
Non-operating items	1	986	6,422	(1,089)
Fair value adjustments	2	282	1,310	1,385
<b>EBITDA</b>		<b>35,067</b>	<b>69,000</b>	<b>23,856</b>
Depreciation and amortisation expense		(3,708)	(11,242)	(3,696)
<b>Results from continuing operating activities</b>		<b>31,359</b>	<b>57,758</b>	<b>20,160</b>
Net interest and finance costs	3	(3,263)	(7,926)	(5,803)
<b>Profit from continuing operations before income taxes</b>		<b>28,096</b>	<b>49,832</b>	<b>14,357</b>
Income tax expense		(8,541)	(8,472)	(2,304)
<b>Profit from continuing operations</b>		<b>19,555</b>	<b>41,360</b>	<b>12,053</b>
<b>Discontinued operations</b>				
Profit from discontinued operations (net of income taxes)	4	162	898	1,353
<b>Profit for the period</b>		<b>19,717</b>	<b>42,258</b>	<b>13,406</b>
<b>Earnings per share</b>				
Basic earnings per share (New Zealand Dollars)	5	0.026	0.056	0.018
<b>Continuing operations</b>				
Basic earnings per share (New Zealand Dollars)	5	0.026	0.055	0.016

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

## INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME

For the six months ended 31 December

Helping grow the country

	UNAUDITED DEC 2014 \$000	AUDITED JUN 2014 \$000	UNAUDITED DEC 2013 \$000
<b>Profit for the period</b>	<b>19,717</b>	<b>42,258</b>	<b>13,406</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	(2,450)	(842)	38
Remeasurements of defined benefit liability	(3,127)	5,117	8,116
Deferred tax on remeasurements of defined benefit liability	876	(1,433)	(2,273)
	(4,701)	2,842	5,881
<b>Items that are or may be reclassified to profit or loss</b>			
Foreign currency translation differences for foreign operations	3,050	(7,062)	(5,116)
Effective portion of changes in fair value of cash flow hedges	(170)	649	(36)
Income tax on changes in fair value of cash flow hedges	269	(269)	–
	3,149	(6,682)	(5,152)
<b>Other comprehensive income/(loss) for the period, net of income tax</b>	<b>(1,552)</b>	<b>(3,840)</b>	<b>729</b>
<b>Total comprehensive income for the period</b>	<b>18,165</b>	<b>38,418</b>	<b>14,135</b>
<b>Profit attributable to:</b>			
Shareholders of the Company	19,477	42,249	13,082
Non-controlling interest	240	9	324
<b>Profit for the period</b>	<b>19,717</b>	<b>42,258</b>	<b>13,406</b>
<b>Total comprehensive income/(loss) attributable to:</b>			
Shareholders of the Company	17,634	38,721	13,994
Non-controlling interest	531	(303)	141
<b>Total comprehensive income for the period</b>	<b>18,165</b>	<b>38,418</b>	<b>14,135</b>

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

## INTERIM SEGMENT REPORT

For the six months ended 31 December

### (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.

### (b) Operating Segment Information

	RURAL SERVICES			SEED & GRAIN		
	UNAUDITED DEC 2014 \$000	AUDITED JUN 2014 \$000	UNAUDITED DEC 2013 \$000	UNAUDITED DEC 2014 \$000	AUDITED JUN 2014 \$000	UNAUDITED DEC 2013 \$000
Total segment revenue	470,086	765,627	425,424	215,240	529,694	254,682
Intersegment revenue	–	–	–	(31,656)	(78,191)	(46,249)
Total external operating revenues	470,086	765,627	425,424	183,584	451,503	208,433
<b>Operating EBITDA (excluding earnings of associates)</b>	<b>33,214</b>	<b>52,988</b>	<b>28,048</b>	<b>13,345</b>	<b>33,965</b>	<b>9,722</b>
Equity earnings of associates	–	–	–	189	2,494	1,241
<b>Operating EBITDA (including earnings of associates)</b>	<b>33,214</b>	<b>52,988</b>	<b>28,048</b>	<b>13,534</b>	<b>36,459</b>	<b>10,963</b>
Non-operating items	(34)	1,027	(212)	(159)	3,378	(974)
Fair value adjustments	282	1,388	1,390	–	–	–
<b>EBITDA</b>	<b>33,462</b>	<b>55,403</b>	<b>29,226</b>	<b>13,375</b>	<b>39,837</b>	<b>9,989</b>
Depreciation and amortisation	(1,362)	(2,498)	(1,174)	(1,640)	(3,296)	(1,645)
<b>Results from continuing operating activities</b>	<b>32,100</b>	<b>52,905</b>	<b>28,052</b>	<b>11,735</b>	<b>36,541</b>	<b>8,344</b>
Net interest and finance costs	235	(705)	(215)	(700)	(2,894)	(2,396)
<b>Profit/(loss) from continuing operations before income tax</b>	<b>32,335</b>	<b>52,200</b>	<b>27,837</b>	<b>11,035</b>	<b>33,647</b>	<b>5,948</b>
Income tax (expense) / income	(9,312)	(14,676)	(6,830)	(5,780)	(9,780)	(1,531)
<b>Profit/(loss) from continuing operations</b>	<b>23,023</b>	<b>37,524</b>	<b>21,007</b>	<b>5,255</b>	<b>23,867</b>	<b>4,417</b>
Discontinued operations	–	–	–	–	–	–
<b>Profit/(loss) for the period</b>	<b>23,023</b>	<b>37,524</b>	<b>21,007</b>	<b>5,255</b>	<b>23,867</b>	<b>4,417</b>
Segment assets	357,978	238,274	314,989	302,892	319,194	313,200
Equity accounted investees	–	–	–	1,603	1,274	5,295
Assets held for sale	–	–	–	11	–	–
Total segment assets	357,978	238,274	314,989	304,506	320,468	318,495
Segment liabilities	(214,114)	(153,338)	(180,328)	(144,657)	(157,946)	(137,810)

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

TOTAL OPERATING SEGMENTS					OTHER	TOTAL		
UNAUDITED DEC 2014 \$000	AUDITED JUN 2014 \$000	UNAUDITED DEC 2013 \$000	UNAUDITED DEC 2014 \$000	AUDITED JUN 2014 \$000	UNAUDITED DEC 2013 \$000	UNAUDITED DEC 2014 \$000	AUDITED JUN 2014 \$000	UNAUDITED DEC 2013 \$000
685,326	1,295,321	680,106	1,029	2,253	1,035	686,355	1,297,574	681,141
(31,656)	(78,191)	(46,249)	–	–	–	(31,656)	(78,191)	(46,249)
653,670	1,217,130	633,857	1,029	2,253	1,035	654,699	1,219,383	634,892
<b>46,559</b>	<b>86,953</b>	<b>37,770</b>	<b>(12,919)</b>	<b>(28,206)</b>	<b>(15,456)</b>	<b>33,640</b>	<b>58,747</b>	<b>22,314</b>
189	2,494	1,241	(30)	27	5	159	2,521	1,246
<b>46,748</b>	<b>89,447</b>	<b>39,011</b>	<b>(12,949)</b>	<b>(28,179)</b>	<b>(15,451)</b>	<b>33,799</b>	<b>61,268</b>	<b>23,560</b>
(193)	4,405	(1,186)	1,179	2,017	97	986	6,422	(1,089)
282	1,388	1,386	–	(78)	(1)	282	1,310	1,385
<b>46,837</b>	<b>95,240</b>	<b>39,211</b>	<b>(11,770)</b>	<b>(26,240)</b>	<b>(15,355)</b>	<b>35,067</b>	<b>69,000</b>	<b>23,856</b>
(3,002)	(5,794)	(2,819)	(706)	(5,448)	(877)	(3,708)	(11,242)	(3,696)
43,835	89,446	36,392	(12,476)	(31,688)	(16,232)	31,359	57,758	20,160
(465)	(3,599)	(2,607)	(2,798)	(4,327)	(3,196)	(3,263)	(7,926)	(5,803)
43,370	85,847	33,785	(15,274)	(36,015)	(19,428)	28,096	49,832	14,357
(15,092)	(24,456)	(8,361)	6,551	15,984	6,057	(8,541)	(8,472)	(2,304)
28,278	61,391	25,424	(8,723)	(20,031)	(13,371)	19,555	41,360	12,053
–	–	–	162	898	1,353	162	898	1,353
<b>28,278</b>	<b>61,391</b>	<b>25,424</b>	<b>(8,561)</b>	<b>(19,133)</b>	<b>(12,018)</b>	<b>19,717</b>	<b>42,258</b>	<b>13,406</b>
660,870	557,468	628,189	65,916	74,502	66,807	726,786	631,970	694,996
1,603	1,274	5,295	60	90	68	1,663	1,364	5,363
11	–	–	–	1,168	21	11	1,168	21
662,484	558,742	633,484	65,976	75,760	66,896	728,460	634,502	700,380
(358,771)	(311,284)	(318,138)	(108,718)	(53,516)	(120,688)	(467,489)	(364,800)	(438,826)

**INTERIM SEGMENT REPORT (CONTINUED)**

For the six months ended 31 December

**(b) Operating Segment Information continued**

			RETAIL		LIVESTOCK	
	UNAUDITED DEC 2014 \$000	AUDITED JUN 2014 \$000	UNAUDITED DEC 2013 \$000	UNAUDITED DEC 2014 \$000	AUDITED JUN 2014 \$000	UNAUDITED DEC 2013 \$000
Total segment revenue	314,303	485,955	297,144	41,454	76,850	29,494
Intersegment revenue	–	–	–	–	–	–
Total external operating revenues	314,303	485,955	297,144	41,454	76,850	29,494
<b>Operating EBITDA (excluding earnings of associates)</b>	<b>24,289</b>	<b>25,509</b>	<b>21,679</b>	<b>3,358</b>	<b>13,389</b>	<b>1,026</b>
Equity earnings of associates	–	–	–	–	–	–
<b>Operating EBITDA (including earnings of associates)</b>	<b>24,289</b>	<b>25,509</b>	<b>21,679</b>	<b>3,358</b>	<b>13,389</b>	<b>1,026</b>
Non-operating items	(35)	(206)	(206)	(1)	171	–
Fair value adjustments	–	–	–	282	1,388	1,386
<b>EBITDA</b>	<b>24,254</b>	<b>25,303</b>	<b>21,473</b>	<b>3,639</b>	<b>14,948</b>	<b>2,412</b>
Depreciation and amortisation	(632)	(1,256)	(551)	(282)	(595)	(303)
<b>Results from continuing operating activities</b>	<b>23,622</b>	<b>24,047</b>	<b>20,922</b>	<b>3,357</b>	<b>14,353</b>	<b>2,109</b>
Net interest and finance costs	123	(139)	(63)	(136)	158	152
<b>Profit/(loss) from continuing operations before income tax</b>	<b>23,745</b>	<b>23,908</b>	<b>20,859</b>	<b>3,221</b>	<b>14,511</b>	<b>2,261</b>
Income tax (expense) / income	(6,652)	(6,817)	(4,694)	(902)	(4,119)	(203)
<b>Profit/(loss) from continuing operations</b>	<b>17,093</b>	<b>17,091</b>	<b>16,165</b>	<b>2,319</b>	<b>10,392</b>	<b>2,058</b>
Discontinued operations	–	–	–	–	–	–
<b>Profit/(loss) for the period</b>	<b>17,093</b>	<b>17,091</b>	<b>16,165</b>	<b>2,319</b>	<b>10,392</b>	<b>2,058</b>
Segment assets	228,874	104,659	199,964	61,282	66,289	55,535
Equity accounted investees	–	–	–	–	–	–
Assets held for sale	–	–	–	–	–	–
Total segment assets	228,874	104,659	199,964	61,282	66,289	55,535
Segment liabilities	(146,499)	(55,294)	(115,550)	(36,813)	(61,093)	(31,044)

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



Helping grow the country

UNAUDITED DEC 2014 \$000	OTHER RURAL SERVICES			RURAL SERVICES		
	AUDITED JUN 2014 \$000	UNAUDITED DEC 2013 \$000	UNAUDITED DEC 2014 \$000	AUDITED JUN 2014 \$000	UNAUDITED DEC 2013 \$000	
114,329	202,822	98,786	470,086	765,627	425,424	
-	-	-	-	-	-	
114,329	202,822	98,786	470,086	765,627	425,424	
<b>5,567</b>	<b>14,090</b>	<b>5,343</b>	<b>33,214</b>	<b>52,988</b>	<b>28,048</b>	
-	-	-	-	-	-	
<b>5,567</b>	<b>14,090</b>	<b>5,343</b>	<b>33,214</b>	<b>52,988</b>	<b>28,048</b>	
2	1,062	(6)	(34)	1,027	(212)	
-	-	-	282	1,388	1,386	
<b>5,569</b>	<b>15,152</b>	<b>5,337</b>	<b>33,462</b>	<b>55,403</b>	<b>29,222</b>	
(448)	(647)	(320)	(1,362)	(2,498)	(1,174)	
5,121	14,505	5,017	32,100	52,905	28,048	
248	(724)	(300)	235	(705)	(211)	
5,369	13,781	4,717	32,335	52,200	27,837	
(1,758)	(3,740)	(1,933)	(9,312)	(14,676)	(6,830)	
3,611	10,041	2,784	23,023	37,524	21,007	
-	-	-	-	-	-	
<b>3,611</b>	<b>10,041</b>	<b>2,784</b>	<b>23,023</b>	<b>37,524</b>	<b>21,007</b>	
67,822	67,326	59,490	357,978	238,274	314,989	
-	-	-	-	-	-	
-	-	-	-	-	-	
67,822	67,326	59,490	357,978	238,274	314,989	
(30,802)	(36,951)	(33,734)	(214,114)	(153,338)	(180,328)	

**INTERIM STATEMENT OF CASH FLOWS**

For the six months ended 31 December

	UNAUDITED DEC 2014 \$000	AUDITED JUN 2014 \$000	UNAUDITED DEC 2013 \$000
<b>Cash flows from operating activities</b>			
Cash was provided from:			
Receipts from customers	571,092	1,284,428	572,658
Dividends received	2	9	2
Interest received	909	3,190	810
	572,003	1,287,627	573,470
Cash was applied to:			
Payments to suppliers and employees	(571,035)	(1,223,893)	(556,833)
Interest paid	(3,518)	(4,791)	(2,349)
Income tax paid	(8,887)	(4,119)	(3,739)
	(583,440)	(1,232,803)	(562,921)
<b>Net cash flow from operating activities</b>	<b>(11,437)</b>	<b>54,824</b>	<b>10,549</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	1,645	1,898	1,699
Net decrease in finance receivables	–	7,918	321
Net proceeds from sale of investments	222	21,109	11,448
	1,867	30,925	13,468
Cash was applied to:			
Purchase of property, plant and equipment	(4,145)	(38,006)	(4,633)
Purchase of intangibles (software)	(811)	(4,238)	(512)
Net cash paid for purchase of investments	(152)	(7,171)	(5,133)
Net increase in finance receivables	(264)	–	–
	(5,372)	(49,415)	(10,278)
Net cash flow from investing activities	(3,505)	(18,490)	3,190
<b>Cash flows from financing activities</b>			
Cash was provided from:			
Increase in external borrowings and bank overdraft	48,994	3,725	24,910
Repayment of loans by related parties	–	1,803	160
	48,994	5,528	25,070
Cash was applied to:			
Dividends paid to shareholders	(26,689)	(22,906)	(7,642)
Dividends paid to minority interests	(208)	(995)	(64)
Repayment of loans to related parties	(394)	–	(725)
Repayment of external borrowings and bank overdraft	–	(12,463)	(11,977)
	(27,291)	(36,364)	(20,408)
Net cash flow from financing activities	21,703	(30,836)	4,662
Net increase in cash held	6,761	5,498	18,401
Opening cash	11,343	5,845	5,845
<b>Cash and cash equivalents</b>	<b>18,104</b>	<b>11,343</b>	<b>24,246</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

Helping grow the country

	UNAUDITED DEC 2014 \$000	AUDITED JUN 2014 \$000	UNAUDITED DEC 2013 \$000
<b>Profit after taxation</b>	19,717	42,258	13,406
Add/(deduct) non-cash/non operating items:			
Depreciation, amortisation and impairment	3,708	11,242	3,696
Fair value adjustments	(282)	(1,310)	(1,385)
Net (profit)/loss on sale of assets/investments	(276)	(5,829)	326
Bad debts written off (net)	294	90	(15)
(Increase)/decrease in deferred taxation	(1,755)	(1,615)	2,514
Equity accounted earnings from associates	(159)	(2,521)	(1,246)
Contractual obligations accrual	–	(160)	–
Discontinued operations	(162)	(898)	(1,353)
Effect of foreign exchange movements	1,982	(5,312)	(3,401)
Other non-cash/non-operating items	(2,259)	(1,599)	(1,068)
	20,808	34,346	11,474
Add/(deduct) movement in working capital items:			
Movement in working capital due to sale/purchase of businesses	–	5,890	2,467
(Increase)/decrease in inventories and biological assets	30,581	12,229	34,796
(Increase)/decrease in accounts receivable and prepayments	(119,040)	(18,752)	(108,344)
Increase/(decrease) in trade creditors, provisions and accruals	56,079	16,860	73,191
Increase/(decrease) in income tax payable/receivable	340	7,709	(1,638)
Increase/(decrease) in other assets/liabilities	(205)	(3,458)	(1,397)
	(32,245)	20,478	(925)
<b>Net cash flow from operating activities</b>	<b>(11,437)</b>	<b>54,824</b>	<b>10,549</b>

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

**INTERIM STATEMENT OF FINANCIAL POSITION**

As at 31 December

	NOTE	UNAUDITED DEC 2014 \$000	AUDITED JUN 2014 \$000	UNAUDITED DEC 2013 \$000
<b>ASSETS</b>				
<b>Current</b>				
Cash and cash equivalents	6	18,104	11,343	24,246
Short-term derivative assets		2,430	2,556	952
Trade and other receivables		355,574	236,529	326,184
Finance receivables		3,377	3,561	11,921
Income tax receivable		–	–	5,533
Assets classified as held for sale		11	1,168	21
Biological assets		2,524	6,198	2,979
Inventories		202,551	229,458	210,108
Total current assets		584,571	490,813	581,944
<b>Non-current</b>				
Long-term derivative assets		157	369	120
Biological assets		99	146	145
Deferred tax asset		12,793	11,037	6,908
Investments in equity accounted associates		1,663	1,364	5,363
Other investments	7	8,242	10,647	13,632
Intangible assets		6,004	5,684	6,571
Property, plant and equipment	8	114,931	114,442	85,697
Total non-current assets		143,889	143,689	118,436
<b>Total assets</b>		<b>728,460</b>	<b>634,502</b>	<b>700,380</b>
<b>LIABILITIES</b>				
<b>Current</b>				
Debt due within one year	6	62,268	35,573	62,245
Short-term derivative liabilities		558	887	1,344
Accounts payable and accruals		296,038	240,127	295,716
Income tax payable		3,580	3,071	–
Total current liabilities		362,444	279,658	359,305
<b>Non-current</b>				
Long-term debt	6	83,000	65,000	60,000
Long-term derivative liabilities		28	5	34
Other long-term provisions		6,322	6,609	6,513
Defined benefit liability		15,696	13,528	12,974
Total non-current liabilities		105,046	85,142	79,521
<b>Total liabilities</b>		<b>467,490</b>	<b>364,800</b>	<b>438,826</b>
<b>EQUITY</b>				
Share capital		606,324	606,324	606,324
Reserves		(3,861)	(2,018)	1,043
Retained earnings		(343,673)	(336,461)	(349,045)
Total equity attributable to shareholders of the Company		258,790	267,845	258,322
Non-controlling interest		2,180	1,857	3,232
<b>Total equity</b>		<b>260,970</b>	<b>269,702</b>	<b>261,554</b>
<b>Total liabilities and equity</b>		<b>728,460</b>	<b>634,502</b>	<b>700,380</b>

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



**ADDITIONAL FINANCIAL DISCLOSURES  
INCLUDING NOTES TO THE FINANCIAL  
STATEMENTS**

FOR THE SIX  
MONTHS ENDED  
31 DECEMBER 2014

## NOTES TO THE FINANCIAL STATEMENTS

### 1 NON-OPERATING ITEMS

	UNAUDITED DEC 2014 \$000	AUDITED JUN 2014 \$000	UNAUDITED DEC 2013 \$000
Capital gains/(losses) on sale of businesses, property plant and equipment	275	(262)	(326)
Sale of investment in 4Seasons Feeds Limited	–	4,848	–
Bargain gain on acquisition of business	–	1,243	–
Defined benefit superannuation plan	959	2,174	(271)
Restructuring	(198)	(1,643)	(281)
Other non-operating items	(50)	62	(211)
	<b>986</b>	<b>6,422</b>	<b>(1,089)</b>

### 2 FAIR VALUE ADJUSTMENTS

	UNAUDITED DEC 2014 \$000	AUDITED JUN 2014 \$000	UNAUDITED DEC 2013 \$000
<b>Continuing operations</b>			
Assets held for sale	–	(78)	–
Biological assets	282	1,388	1,385
	<b>282</b>	<b>1,310</b>	<b>1,385</b>

### 3 INTEREST– FINANCE INCOME AND EXPENSE

	UNAUDITED DEC 2014 \$000	AUDITED JUN 2014 \$000	UNAUDITED DEC 2013 \$000
Finance income contains the following items:			
Other interest income	174	1,328	–
<b>Finance income</b>	174	1,328	–
Interest funding contains the following items:			
Interest on interest rate swaps	(1)	(59)	(48)
Interest on bank loans and overdrafts	(3,416)	(5,091)	(2,313)
Other interest expense	(77)	–	(37)
Bank facility fees	(887)	(2,440)	(1,695)
<b>Interest funding expense</b>	<b>(4,381)</b>	<b>(7,590)</b>	<b>(4,093)</b>
Foreign exchange contains the following items:			
Net gain/(loss) on foreign denominated items	734	(4,890)	(3,461)
Derivatives not in qualifying hedge relationships	210	3,226	1,751
<b>Foreign exchange income/(expense)</b>	<b>944</b>	<b>(1,664)</b>	<b>(1,710)</b>
<b>Net interest and finance costs</b>	<b>(3,263)</b>	<b>(7,926)</b>	<b>(5,803)</b>

### 4 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. 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 31 December 2014 four loans remain in PGWRC.

## 5 EARNINGS PER SHARE AND NET TANGIBLE ASSETS

	UNAUDITED DEC 2014 000	AUDITED JUN 2014 000	UNAUDITED DEC 2013 000
<b>Number of shares</b>			
Weighted average number of ordinary shares	754,849	754,849	754,849
Number of ordinary shares	754,849	754,849	754,849
<b>Net Tangible Assets</b>			
Total assets	728,460	634,502	700,380
Total liabilities	(467,490)	(364,800)	(438,826)
less intangible assets	(6,004)	(5,684)	(6,571)
less deferred tax	(12,793)	(11,037)	(6,908)
	242,173	252,981	248,075
<b>Net tangible assets per security</b>			
	0.321	0.335	0.329
<b>Earnings per share</b>			
	0.026	0.056	0.018

## 6 CASH AND BANK FACILITIES

	UNAUDITED DEC 2014 \$000	AUDITED JUN 2014 \$000	UNAUDITED DEC 2013 \$000
Cash and cash equivalents	18,104	11,343	24,246
Bank overdraft	–	–	(2,487)
Current bank facilities	(62,268)	(35,573)	(59,758)
Term bank facilities	(83,000)	(65,000)	(60,000)
	<b>(127,164)</b>	<b>(89,230)</b>	<b>(97,999)</b>

The Company entered into a new syndicated facility agreement on 20 December 2013. This agreement currently provides bank facilities of up to \$176.00 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. 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 Limited and Westpac New Zealand Limited).

The Company's bank syndicate facilities include:

- Term debt facilities of \$116.00 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 facilities outside of the Company syndicated facility. The additional facilities are guaranteed by the security trust. These facilities amounted to \$26.40 million as at 31 December 2014 including:

- Overdraft facilities of \$9.56 million.
- Guarantee and trade finance facilities of \$6.54 million.
- Standby letters of credit of \$10.30 million in respect of the current Uruguayan bank facilities outlined below.

The Group had current Uruguayan bank facilities amounting to \$29.78 million as at 31 December 2014 which are secured in part by the standby letters of credit outlined above.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****7 OTHER INVESTMENTS**

	NOTE	UNAUDITED DEC 2014 \$000	AUDITED JUN 2014 \$000	UNAUDITED DEC 2013 \$000
<b>Non-current investments</b>				
BioPacificVentures	9	6,806	9,282	10,027
Sundry other investments including saleyards		1,436	1,365	1,418
Advances to associates		–	–	2,187
		<b>8,242</b>	<b>10,647</b>	<b>13,632</b>

**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 31 December 2014 \$13.74 million has been drawn on the committed level of investment (30 June 2014: \$13.57 million, 31 December 2013: \$13.45 million). A fair value loss of \$2.44 million was recorded in the Statement of Other Comprehensive Income for the BioPacificVentures investment in the period to 31 December 2014.

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.

**8 PROPERTY, PLANT AND EQUIPMENT****Acquisitions and disposals**

During the period to 31 December 2014, the Group acquired assets with a cost of \$4.15 million (30 June 2014: \$39.35 million, 31 December 2013: \$4.63 million), together with assets acquired through business combinations of Nil (30 June 2014: \$0.17 million, 31 December 2013: \$0.22 million).

Assets with a net book value of \$0.16 million were disposed during the period to 31 December 2014 (30 June 2014: \$1.60 million, 31 December 2013: \$0.51 million), resulting in a gain on disposal of \$0.27 million (30 June 2014 Gain: \$0.71 million, 31 December 2013 Gain: \$0.59 million).

**9 COMMITMENTS**

	NOTE	UNAUDITED DEC 2014 \$000	AUDITED JUN 2014 \$000	UNAUDITED DEC 2013 \$000
<b>There are commitments with respect to:</b>				
Capital expenditure not provided for		1,380	1,377	959
Investment in BioPacificVentures	7	258	429	551
Contributions to Primary Growth Partnership		2,695	3,017	3,335
		<b>4,333</b>	<b>4,823</b>	<b>4,845</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 \$3.95 million over the six year life of the programme which ends on 31 December 2018. As at 31 December 2014 total contributions of \$1.25 million (30 June 2014: \$0.93 million, 31 December 2013: \$0.62 million) have been made to the programme.

**10 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 \$0.15 million represents the balance of live points that do not form part of the provision. Losses are not expected to arise from this contingent liability.

## 11 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 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.

## 12 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.

	UNAUDITED DEC 2014 \$000	AUDITED JUN 2014 \$000	UNAUDITED DEC 2013 \$000
<b>Key management personnel compensation comprised:</b>			
Short-term employee benefits	3,768	5,997	2,998
Post-employment benefits	59	93	45
Termination benefits	–	18	–
	<b>3,827</b>	<b>6,108</b>	<b>3,043</b>

## 13 EVENTS SUBSEQUENT TO END OF INTERIM PERIOD

### Dividend

On 23 February 2015 the Directors of PGG Wrightson Limited resolved to pay an interim dividend of 2.0 cents per share on 8 April 2015 to shareholders on the Company's share register as at 5.00pm on 12 March 2015. This dividend will be fully imputed.

### Fixed assets

In January 2015 the Group committed to building a new logistics centre in Montevideo, South America. This commitment included the purchase of land for \$2.1 million together with the payment of \$3.0 million in respect of initial design and building work in February 2015.

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.

## 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 issuer in terms of the Financial Reporting Act 2013.

The interim financial statements of PGG Wrightson Limited for the six months ended 31 December 2014 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.

## 15 BASIS OF PREPARATION

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") 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 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.

In the current period 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 Interim Statement of Comprehensive Income into the Interim Statement of Profit or Loss and the Interim Statement of Other Comprehensive Income.

**INTERIM STATEMENT OF CHANGES IN EQUITY**

For the six months ended 31 December

	SHARE CAPITAL \$000	FOREIGN CURRENCY TRANSLATION RESERVE \$000	REALISED CAPITAL AND OTHER RESERVES \$000
Balance at 1 July 2013	606,324	(6,665)	23,629
<b>Total comprehensive income for the period</b>			
Profit or loss	–	–	–
<b>Other comprehensive income</b>			
Foreign currency translation differences	–	(6,243)	85
Effective portion of changes in fair value of equity instruments, net of tax	–	–	–
Effective portion of changes in fair value of cash flow hedges, net of tax	–	–	–
Reclassification upon sale of Heartland New Zealand Limited investment	–	–	–
Defined benefit plan actuarial gains and losses, net of tax	–	–	–
Total other comprehensive income	–	(6,243)	85
<b>Total comprehensive income for the period</b>	–	(6,243)	85
<b>Transactions with shareholders, recorded directly in equity</b>			
<b>Contributions by and distributions to shareholders</b>			
Buy out of non-controlling interest	–	–	(498)
Dividends to shareholders	–	–	–
<b>Total contributions by and distributions to shareholders</b>	–	–	(498)
<b>Balance at 31 December 2013</b>	<b>606,324</b>	<b>(12,908)</b>	<b>23,216</b>
Balance at 1 January 2014	606,324	(12,908)	23,216
<b>Total comprehensive income for the period</b>			
Profit or loss	–	–	–
<b>Other comprehensive income</b>			
Foreign currency translation differences	–	(506)	104
Effective portion of changes in fair value of equity instruments, net of tax	–	–	–
Effective portion of changes in fair value of cash flow hedges, net of tax	–	–	–
Defined benefit plan actuarial gains and losses, net of tax	–	–	–
Total other comprehensive income	–	(506)	104
<b>Total comprehensive income for the period</b>	–	(506)	104
<b>Transactions with shareholders, recorded directly in equity</b>			
<b>Contributions by and distributions to shareholders</b>			
Sale to non-controlling interest	–	–	–
Dividends to shareholders	–	–	–
<b>Total contributions by and distributions to shareholders</b>	–	–	–
<b>Balance at 30 June 2014</b>	<b>606,324</b>	<b>(13,414)</b>	<b>23,320</b>

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
686	(108)	(15,693)	3,570	(359,275)	3,638	256,106
–	–	–	–	13,082	324	13,406
(94)	–	–	–	1,319	(183)	(5,116)
–	–	–	38	–	–	38
–	(36)	–	–	–	–	(36)
–	–	–	(3,471)	3,471	–	–
–	–	5,843	–	–	–	5,843
(94)	(36)	5,843	(3,433)	4,790	(183)	729
(94)	(36)	5,843	(3,433)	17,872	141	14,135
–	–	–	–	–	(483)	(981)
–	–	–	–	(7,642)	(64)	(7,706)
–	–	–	–	(7,642)	(547)	(8,687)
<b>592</b>	<b>(144)</b>	<b>(9,850)</b>	<b>137</b>	<b>(349,045)</b>	<b>3,232</b>	<b>261,554</b>
592	(144)	(9,850)	137	(349,045)	3,232	261,554
–	–	–	–	29,167	(315)	28,852
(96)	–	–	–	(1,319)	(129)	(1,946)
–	–	–	(880)	–	–	(880)
–	416	–	–	–	–	416
–	–	(2,159)	–	–	–	(2,159)
(96)	416	(2,159)	(880)	(1,319)	(129)	(4,569)
(96)	416	(2,159)	(880)	27,848	(444)	24,283
60	–	–	–	–	–	60
–	–	–	–	(15,264)	(931)	(16,195)
60	–	–	–	(15,264)	(931)	(16,135)
<b>556</b>	<b>272</b>	<b>(12,009)</b>	<b>(743)</b>	<b>(336,461)</b>	<b>1,857</b>	<b>269,702</b>

PGG WRIGHTSON LIMITED

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

For the six months ended 31 December

	SHARE CAPITAL \$000	FOREIGN CURRENCY TRANSLATION RESERVE \$000	REALISED CAPITAL AND OTHER RESERVES \$000
Balance at 1 July 2014	606,324	(13,414)	23,320
<b>Total comprehensive income for the period</b>			
Profit or loss	–	–	–
<b>Other comprehensive income</b>			
Foreign currency translation differences	–	2,759	–
Effective portion of changes in fair value of equity instruments, net of tax	–	–	–
Effective portion of changes in fair value of cash flow hedges, net of tax	–	–	–
Defined benefit plan actuarial gains and losses, net of tax	–	–	–
Total other comprehensive income	–	2,759	–
<b>Total comprehensive income for the period</b>	–	2,759	–
<b>Transactions with shareholders, recorded directly in equity</b>			
<b>Contributions by and distributions to shareholders</b>			
Buy out of non-controlling interest	–	–	–
Dividends to shareholders	–	–	–
<b>Total contributions by and distributions to shareholders</b>	–	–	–
<b>Balance at 31 December 2014</b>	<b>606,324</b>	<b>(10,655)</b>	<b>23,320</b>



Helping grow the country

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
556	272	(12,009)	(743)	(336,461)	1,857	269,702
-	-	-	-	19,477	240	19,717
-	-	-	-	-	291	3,050
-	-	-	(2,450)	-	-	(2,450)
-	99	-	-	-	-	99
-	-	(2,251)	-	-	-	(2,251)
-	99	(2,251)	(2,450)	-	291	(1,552)
-	99	(2,251)	(2,450)	19,477	531	18,165
-	-	-	-	-	-	-
-	-	-	-	(26,689)	(208)	(26,897)
-	-	-	-	(26,689)	(208)	(26,897)
<b>556</b>	<b>371</b>	<b>(14,260)</b>	<b>(3,193)</b>	<b>(343,673)</b>	<b>2,180</b>	<b>260,970</b>

## CORPORATE DIRECTORY

COMPANY NUMBER 142962 NZBN 9429040323497

### Board of Directors for the six months ended 31 December 2014

Guanglin (Alan) Lai  
*Chairman*

Trevor Burt  
*(appointed Deputy Chairman 11 August 2014)*

Bruce Irvine

John Nichol

Lim Siang (Ronald) Seah

Wai Yip (Patrick) Tsang  
*(resigned 15 November 2014)*

Wah Kwong (WK) Tsang  
*(appointed 15 November 2014)*

Kean Seng U

### Executive Team for the six months ended 31 December 2014

Mark Dewdney  
*Chief Executive Officer*

Cedric Bayly  
*General Manager Wool*

Julian Daly  
*General Manager Strategy and Corporate Affairs*

Grant Edwards  
*General Manager Regions*

David Green  
*General Manager New Zealand Seeds*

Stephen Guerin  
*General Manager Retail*

Sue Horo  
*General Manager Human Resources*

Fiona James  
*Acting Chief Financial Officer  
(appointed 1 December 2014)*

John McKenzie  
*Group General Manager Seed & Grain*

Peter Moore  
*General Manager Livestock*

Peter Newbold  
*General Manager Real Estate*

John Parker  
*General Manager Water*

Brent Sycamore  
*General Manager Grain*

Rob Woodgate  
*Chief Financial Officer  
(resigned 30 November 2014)*

### Registered Office

PGG Wrightson Limited  
57 Waterloo Road  
Hornby  
PO Box 292  
Christchurch 8042  
Telephone +64 3 372 0800  
Fax +64 3 372 0801

### Auditors

KPMG  
62 Worcester Boulevard  
PO Box 1739  
Christchurch  
Telephone +64 3 363 5600  
Fax +64 3 363 5629

### Share Registry

Computershare Investor Services Limited  
Level 2, 159 Hurstmere Road  
Takapuna, North Shore City 0622  
Private Bag 92119  
Auckland 1142

#### Managing your shareholding online:

To change your address, update your payment instructions and to view your investment portfolio, including transactions, please visit:

[www.computershare.co.nz/investorcentre](http://www.computershare.co.nz/investorcentre)

General enquiries can be directed to:

✉ [enquiry@computershare.co.nz](mailto:enquiry@computershare.co.nz)

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



