PGG Wrightson

Annual Report 2014

Helping grow the country

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Annual Shareholders' Meeting
21 October 2014

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24 February 2015

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MAKING A DIFFERENCE
One-PGW

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PGG Wrightson delivers STRONGEST RESULT for several years

PGG Wrightson
by the numbers

TOTAL R&D SPEND OF

$10.3 million

includes R&D spend within operating expenditure, salaries and R&D joint ventures

OVER

43,000

training hours completed by staff

FACILITATED MORE THAN

7.6 million

head of livestock transactions

IN EXCESS OF

$1.3 billion

in real estate sold

SOLD

95 kilometres

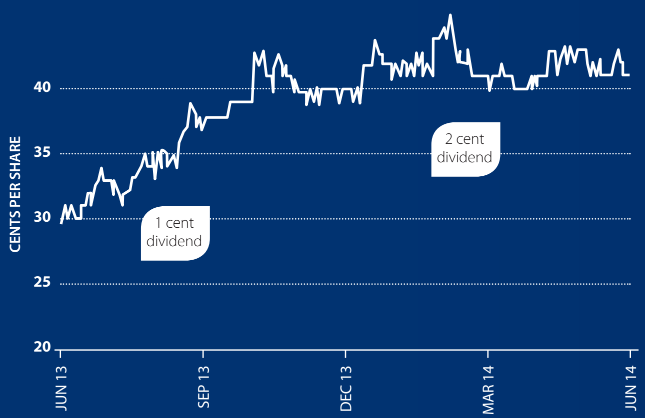
of pivot irrigation

APPROXIMATELY

16,217

truck and trailer loads of grain traded during the year

SHARE PRICE AND FULLY IMPUTED DIVIDENDS PAID DURING FINANCIAL YEAR



TOTAL SHAREHOLDER RETURNS (GROSS)

56%

PGG Wrightson SNAPSHOT

PGG Wrightson Irrigation & Pumping acquires Water Dynamics and Aquaspec to create PGG Wrightson Water. New stores opened in Ashburton, Waimate and Culverden and our store in Rangiora re-opened. **Divestment of interest in 4Seasons Feeds Joint Venture.** PGG Wrightson Real Estate engaged to sell Solid Energy farms in Southland. **PGG Wrightson joint premier partner for Fieldays 2014.** South American operations reconfigured with PGG Wrightson taking a 100% interest in its irrigation joint venture and divesting its interests in its veterinary supplies joint venture. **PGG Wrightson Real Estate scholarship launched.** Major Canterbury wind-storm causes significant damage to irrigators and PGG Wrightson Water plays key role in repairing damaged equipment. **PGG Wrightson partners with Ruralco livestock export subsidiary, Frontier International Agri Limited, to export dairy cattle to China.** PGG Wrightson Investments acquires Ag Property Holdings and obtains ownership of 40 properties previously leased by the Group. **New Wool Store opened in Mosgiel.** 13 new dairy positions established within PGG Wrightson Livestock. **Mobile tablet solution introduced for Technical Field Representatives.**

Mark Dewdney, Chief Executive Officer
and Alan Lai, Chairman.

CHAIRMAN AND CHIEF EXECUTIVE OFFICERS' REPORT

HIGHLIGHTS

- **Strong result delivered as investing in our people and focussing on our customers produce higher revenues in a good year for New Zealand agriculture.**
- **Operating earnings before interest, tax and depreciation (Operating EBITDA) for the year was $58.7 million, compared with $45.8 million for the year to June 2013.**
- **Shareholders will receive a fully imputed dividend of 3.5 cents per share payable on 3 October, making a total of 5.5 cents per share for the year.**

	2014 $M	2013 $M
Revenue	1,219.4	1,131.8
Costs of sales	(914.5)	(845.8)
Gross profit	304.9	286.0
Operating EBITDA	58.7	45.8
Profit/(loss) for the year excluding goodwill write-down	42.3	14.6
Profit/(loss) for the year	42.3	(306.5)
Net cash flow from operating activities	54.8	39.3

Introduction

Over the last four years PGG Wrightson has invested substantially in our people, our infrastructure and our products to ensure that we deliver a quality product and service-offering to our customers. We strive to be the trusted adviser to our farming customers, helping them achieve a better result in their farming business and ensuring that we are seen as key to their success.

Our success as a business is ultimately dependent on how successful we are in building these relationships with our customers and how successful our customers are in their own businesses. With a high dairy pay-out and relatively strong prices across many other agricultural categories, most of our customers enjoyed a good year in 2014. The growing strength of our customer relationships saw their success flow through into higher revenues, stronger earnings and increased profits for PGG Wrightson.

The result is pleasing and one that reflects the work and perseverance of our people and bodes well for our future outlook.

Operating environment

Strong commodity prices ensured a confident mood across most of New Zealand agriculture during the year. Dairy farmers enjoyed a record milk pay-out while beef farmers and wool growers received prices that were generally above long-term averages whilst lamb prices also performed well.

Climate played a smaller part on farm than it did in the previous year, with a mild 2013 winter leading to a very strong spring across most of New Zealand. A severe wind-storm hit Canterbury in September 2013, cutting power to many farms for a number of days and severely damaging irrigators across much of the Canterbury Plains. Fortunately a relatively wet spring and early summer period mitigated the on-farm impact of this event. The PGG Wrightson Water team worked tirelessly to get irrigators up and operating again as quickly as possible. While putting considerable strain on staff and farmers, the business benefited from the extra work this involved.

The North Island once again found itself having a drier than usual autumn, but drought conditions were more localised than the previous year. A regional drought was declared along the Northland west coast and although parts of the Waikato were very dry, no drought declaration was made.

A wetter than usual April and May led to tougher on-farm conditions in autumn for much of the South Island. The conditions were particularly challenging for the arable sector with some late maturing seed varieties unable to be harvested due to the wet weather.

The ongoing expansion of the dairy industry continues to impact our Livestock and Wool businesses, which are more strongly aligned to the sheep and beef industry. The Government released a new National Policy Statement for Freshwater Management during the year. This Statement (which builds on a 2011 Policy Statement) requires Regional Councils to protect New Zealand's freshwater resources, setting limits on water quality, allocation of water resources and management of water contaminants. Regional Councils throughout the country are at various stages of amending their plans to enforce these limits. Over the longer term, changes in farming practices, investment in on-farm infrastructure and the development of new technologies and approaches are expected to reduce the impact farming has on the environment sufficiently to meet these limits. However, in the short-term uncertainty around the rules, the speed with which new technologies and practices can be developed and the increased compliance costs are factors contributing to a degree of uncertainty on-farm and are expected to slow the pace of land change.

Our international Seed businesses all performed stronger than last year with increased sales in Australia, South America and across our other international export markets.

Strategic foundation

During the year a significant exercise was undertaken to develop and refine the PGG Wrightson Group strategic plan. This plan, detailed later in this report, is structured around three themes; improve, grow and change, which build on the strong foundation which we have been developing over recent years. This foundation is focused on delivering quality products and services to our customers in order to build deep and trusted relationships with them. Underpinning this is a focus on ensuring we have people who are committed to serving our customers, who have the training and expertise to assist customers and who are supported with the right store infrastructure and by the right information systems and technologies.

With a strong foundation the business is in a position where we can look to further develop our people, our processes and our technology offering and where we can also invest in opportunities which provide additional growth.

Customer satisfaction remains a key measure of the strength of this foundation and it is pleasing to see an ongoing, positive trend in both the level of commitment of our customers to the business and in the value they place on the PGG Wrightson brand.

CUSTOMER SATISFACTION
89%

BRAND MOMENTUM HAS RISEN
14%
ON PREVIOUS YEAR

2013–14 WORK PLACE ACCIDENTS REDUCED BY
21%

OUR STAFF ENGAGEMENT PERFORMANCE INDEX AT ALL TIME HIGH OF
72%

TRAINING SPEND FOR 2014
$1,469,877

SINCE 2010 PGG WRIGHTSON HAS INCREASED THIS COMMITMENT BY
283%

One-PGW

PGG Wrightson Group includes a diverse range of businesses, each focused on servicing different needs of our customers. One-PGW is a cornerstone of our strategic foundation and is an internal programme aimed at helping improve the co-ordination between our businesses in order to deliver a better result for our customers and the company. At its core, the One-PGW way of thinking encourages our people to consider our wider business from the customers' perspective and to utilise the diverse resources available within the company to better service our customers' needs.

In practical terms implementing One-PGW enables us to optimise the linkages between our businesses, to provide opportunities for our front-line staff to increase their understanding of other parts of the business and to ensure our local leaders seek out opportunities for our people to work together.

Our people

Well trained, motivated and committed people are critical to PGG Wrightson delivering a quality service to our customers. During the year we continued to invest significantly in our people development activities. Over the course of the last four years we have invested more than $5.3 million in the learning and development of our people.

During this time:

- 370 staff completed the six-day 'Growing Leaders' course.
- 550 staff completed 'Growing Sales' and 80 staff 'Sales Leadership.'
- 20 staff completed NZQA recognised qualifications (PGG Wrightson Academy) during the year.
- The PGG Wrightson on-line Technical College has been created, comprising approximately 100 individual training modules. 800 staff have registered onto the college and completed nearly 20,000 modules of training.

In addition, this year we launched a new 'Emerging Leaders' programme for staff with leadership potential but not yet in a position of leadership within the Group. This course teaches leadership fundamentals and aids our internal succession planning, ensuring that we have good succession options with people in place today and good people being developed to succeed them in the future. During the year 95 staff completed this course.

Our externally run annual survey of staff engagement highlights the positive gains we have made in this area. The performance index, which measures people's dedication and commitment to the organisation, continues to increase and our overall staff engagement score is now significantly above the benchmark for the agricultural sector and is in line with that seen in the best workplaces.

Health and safety

Improving our health and safety performance is a key area of focus for the company.

Total workplace accident and injury numbers showed a good improvement on the previous year. We are motivated to continue improving in this area and have implemented a number of initiatives over the past year to reduce the incidence of workplace accidents. A National Health & Safety Committee, chaired by the General Manager, Human Resources was formed in 2013 to lift management focus on this area. A dedicated project team has been established to look at how we can reduce the number of injuries caused by manual handling activities and we have developed and refined policies, guidelines and training to help ensure we adopt safer handling practices. These materials are included in the company induction programme and the team are reviewing how to embed these approaches across the business. In addition, in order to better understand and minimise the frequency and severity of Lost Time Injuries, we have adopted an increased level of investigation and reporting following the occurrence of an injury, with results fully investigated within five days and shared across the business concerned together with regular reporting to the Board.

PGG Wrightson is an accredited employer in the ACC Partnership Programme and is accordingly audited as part of the requirement of the programme on an annual basis. Following the last audit, PGG Wrightson improved to the secondary audit standard and we are working on the recommendations in order to improve further, to the tertiary standard.

With a large number of vehicles on the road, driver safety is another key area of focus. In May 2014 a company-wide SurePlan Driver Safety programme was implemented. This programme examines driver behaviour and assesses the level of risk with every vehicle incident reported and supports at risk drivers with targeted training. In addition, all PGG Wrightson people who use a company vehicle as part of their role have been asked to sign a PGG Wrightson Driver Pledge.

Infrastructure

A modern and efficient infrastructure is an important part of providing a quality service to our customers and a suitable workplace for our people. Our store refurbishment programme which was initiated several years ago and remains ongoing with refurbished stores supporting updated brand livery and refreshed internal layouts and signage. In addition, new stores were opened in Ashburton, Culverden and Waimate during the year and we moved back into our Rangiora store, which had been temporarily relocated to allow earthquake strengthening work to be completed.

Growth opportunities

The core strengths of our business in sheep, beef, arable, horticulture, wool and agronomy remain at the heart of our strategy and focus. However, we have also identified a number of opportunities where we consider PGG Wrightson is well placed for strong growth. Our operations in Water, South America, dairy and China have all been identified as key areas of growth and we are investing our energy and focus on executing the opportunities we see in these areas.

In October 2013 we purchased Water Dynamics and Aquaspec and merged these with our Irrigation and Pumping business to create PGG Wrightson Water. Irrigation has been one of our highest performing units in recent years and we see water management as a key challenge and opportunity in agriculture and horticulture in the foreseeable future. These acquisitions have been complementary to our existing business and add strength and coverage across the water management sector. The acquisitions broaden the footprint of the business adding representation in the North Island and reach into a number of new areas such as turf and the wholesale channel, together with access to more international brands.

In South America we have reconfigured our operations to refocus on the businesses where we have identified the greatest alignment to our strategy and longer term objectives. This reconfiguration has involved us buying out our minority partners in Riegoriental, our irrigation business in Uruguay. We see potential to grow the business as irrigation use in Uruguay continues to develop. This in turn aligns with the plans for our Seeds business as our customers increasingly take up our proprietary products and look to lift productivity. We see water and seed technology as critical elements to increasing productivity. We are also investing in the infrastructure in our Seeds business in Uruguay and planning is underway for new purpose built logistics and warehouse facilities in Uruguay to accommodate scope for future growth in South America.

Our growth in dairy is focused on strengthening existing capability we have in the business, specifically within our retail and livestock businesses. While we have pockets of dairy expertise within these businesses, we have not consistently had the level of expertise and support for dairy farmers that we believe we can deliver. Key steps toward building this capability have been improving our product range – making sure we stock essential dairy supplies, providing training and tools to ensure our people are equipped to assist dairy farmers and, where necessary, creating and filling new dairying focused roles.

In September 2012, we launched a new wholesale business within the Retail Group "Agritrade". This business has been put together to create logistic re-distribution efficiencies for our business and created a platform to manage our existing and future portfolio of internationally-sourced products. Already, within less than two years, Agritrade has become a large supplier to the Rural Supplies and Fruitfed stores supplying a range of exclusive products to the horticulture and pastoral markets.

When the Agri-feeds business was sold to International Nutritionals Limited in May 2014, Agritrade was pleased to inherit a small product portfolio to add to its existing product ranges and structure. As a result of this merger, a sales team was created to represent the Agritrade product initiatives in the PGG Wrightson store network and with external merchants.

Other matters

In June we announced that the Group had acquired the property company, Ag Property Holdings Limited, that owned 40 properties that were leased by PGG Wrightson. The properties include a combination of retail stores, seed processing sites and livestock saleyards located across New Zealand. A strategic review of the Group's property needs is currently ongoing and this acquisition provides the Group with the flexibility to review its property and lease needs and make decisions that are right for the business today and moving into the future.

During the year PGG Wrightson divested its shareholding in Heartland New Zealand for $11.2 million realising a gain of $3.47 million.

We continue to improve the strength of our balance sheet with overall debt levels similar to the prior year. The company entered into new syndicated bank facilities in December 2013 with terms through to August 2016.

Governance

Former Chairman, Sir John Anderson, announced his retirement from the Board in October 2013.

Sir John was appointed Chairman in February 2010 and led the Board through a challenging period in the Company's history. During his time as Chairman he oversaw the sale of the finance company, PGG Wrightson Finance Limited, a refocusing of the company on its core operating businesses, repayment of core debt and a resumption of dividends.

Sir John is one of New Zealand's most distinguished business leaders and on behalf of the Board and shareholders of PGG Wrightson we thank Sir John for his service to the Company.

Alan Lai was elected Chairman by the Board following Sir John's retirement.

Dividends

The Company declared fully imputed dividends of 5.5 cents per share for the financial year. This comprised a 2 cent interim dividend paid in April and a 2.5 cent ordinary dividend together with a 1 cent special dividend payable in October 2014. This represents a positive yield for shareholders and reinforces PGG Wrightson's position as a leading option for investors looking for broad based exposure to New Zealand agriculture and our growing international markets.

Acknowledgements

The strong operating performance outlined in this report is the result of the hard work of our people and the support of our customers throughout the year. On behalf of the Board and management team, we extend our thanks to all our staff and customers.

Alan Lai
CHAIRMAN

Mark Dewdney
CHIEF EXECUTIVE OFFICER

Left to right; John Nichol, Trevor Burt, Guanglin (Alan) Lai, Bruce Irvine, Kean Seng U, Lim Siang (Ronald) Seah, and Wai Yip (Patrick) Tsang.

BOARD OF DIRECTORS

Guanglin (Alan) Lai
Bachelor of Business (Accounting), M.Fin

Chairman

Alan Lai was appointed as Chairman of PGG Wrightson Limited on 22 October 2013 and has been a Director since 30 December 2009. Alan has served as the Chairman of Agria Corporation's Board of Directors since June 2007 and is a member of Agria's Remuneration Committee. Alan is the sole Director of Brothers Capital Limited, which is Agria's largest shareholder. Alan is the Chairman of the Board of Directors, Chairman of the Nomination Committee and a member of the Remuneration Committee of China Pipe Group Limited, a Hong Kong listed company. China Pipe Group Limited is a leading provider to the construction and infrastructure sector offering a wide range of pipe related product and services in Hong Kong and Macau. His wholly-owned investment vehicle, Singapore Zhongxin Investment Co Limited, is the largest controlling shareholder of China Pipe Group Limited. Alan holds a Masters degree in Finance from The Chinese University of Hong Kong, a Bachelor's degree in Accounting from Monash University, Melbourne and is a certified public accountant in Australia.

Trevor Burt
B.Sc

Deputy Chairman

Trevor Burt joined the PGG Wrightson Board on 11 December 2012, and was appointed as Deputy Chairman on 11 August 2014. Trevor has had extensive international experience in the industrial gas industry, joining BOC gases New Zealand in 1986 and retiring from the Executive Board of Linde AG in 2007 (Linde AG acquired BOC in 2006). During his time with BOC, he served as Managing Director China, Managing Director North Asia and later president for North America. As an executive Board member for Linde AG his accountabilities included overall responsibility for Asia-Pacific operations. In addition to chairing Ngai Tahu Holding Corporation Limited and Lyttelton Port Company Limited, Trevor is also a director on a number of other well-known New Zealand businesses including Silver Fern Farms Limited, Landpower Holdings Limited and Mainpower New Zealand Limited. He holds a Bachelor's degree in Science from Canterbury University, and has completed postgraduate studies in marketing and public relations.

Bruce Irvine
B.Com, LLB, FCA, FNZIM, AF Inst D

Independent Director

Bruce Irvine was appointed to the PGG Wrightson Board on 24 June 2009 and is Chairman of the Audit Committee. Bruce was Managing Partner at Deloitte Christchurch from 1995 to 2007 before his retirement in May 2008. He now acts as an independent director on various boards including: Chair of Christchurch City Holdings Limited and Heartland Bank and subsidiaries; Director of House of Travel Holdings Limited, Godfrey Hirst NZ Limited and subsidiaries, Market Gardeners Limited and subsidiaries, Rakon Limited and subsidiaries, Scenic Hotels Limited and Skope Industries Limited.

John Nichol
CA

Independent Director

John Nichol was appointed to the PGG Wrightson Board on 22 October 2013. John has been Managing Director of Optica Life Accessories Limited for the past 11 years. Prior to that he held a number of executive roles within the banking and finance sector and for 10 years was Managing Director of the investment company, Broadway Industries Limited.

He has been a director of a number of businesses within the primary sector including Fortex Group Limited, The New Zealand Salmon Company

Limited, Alpine Dairy Products Limited, Craigpine Timber Limited, the New Zealand Dairy Board and The New Zealand Merino Company Limited. He has also been a director of a number of significant other New Zealand businesses including New Zealand Post Limited and State Insurance Limited.

Lim Siang (Ronald) Seah
B.Soc.Sc (Hons in Economics)
Independent Director

Ronald Seah was appointed to the PGG Wrightson Board on 4 December 2012. Ronald is a Singaporean with a background in banking and funds management. His fund management career spanned 26 years with the AIG group of companies in Singapore, serving as Chairman of AIG Global Investment Corporation (Singapore) Limited until 2005. He is currently serving as independent director of a number of listed Singaporean companies including Yanlord Land Group Limited (Chairman of the Audit Committee), Global Investments Limited (Chairman of the Remuneration Committee), M&C Reit Management Limited and M&C Business Trust Management Limited (Chairman of the Risk Management Committee) and Telechoice International Limited. Ronald holds a Bachelor of Social Science Degree with Honours in Economics from the University of Singapore.

Wai Yip (Patrick) Tsang
FCPA, FCCA, ACA, BA (Hons)

Patrick Tsang was appointed to the PGG Wrightson Board on 4 December 2012. Patrick is the Chief Financial Officer for Agria Corporation (the parent company of PGG Wrightson's largest shareholder Agria (Singapore) Pte Limited) and began his career with PricewaterhouseCoopers as an auditor. He has held finance roles in a number of companies listed on the main board of the Hong Kong Stock Exchange, including China Resources Enterprises Limited and Tianjin Development Holdings Limited. Patrick is currently a director of China Pipe Group Limited, a Hong Kong listed company. He has over 20 years of experience in auditing, accounting, investor relations and corporate finance including initial public offerings, restructuring and merger and acquisition transactions. Patrick holds a Bachelor's degree in Accountancy (Honours) and is a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of Association of Chartered Certified Accountants and a member of the Institute of Chartered Accountants in England and Wales.

Kean Seng U
LLB (Hons), B.Ec

Kean Seng U was appointed to the PGG Wrightson Board on 4 December 2012. Kean Seng is Head of Corporate and Legal Affairs for Agria Corporation, a role he has held since December 2008. He has extensive experience in advising multi-national corporations and sovereign entities on direct investments in The People's Republic of China as well as offshore mergers and acquisitions of foreign assets by entities of The People's Republic of China. Kean Seng previously practiced as a partner at Singaporean law firm, Shooklin & Bok LLP, focused on East Asia, and he led a corporate finance team in Allen & Overy Shooklin & Bok, JLV, an international law venture partnership with London based Allen & Overy LLP. Kean Seng sits as an independent and non-executive director of several public listed corporations. He received a Bachelor of Laws (Honours) degree from Monash University (Australia). He is a Barrister and Solicitor, Supreme Court of Victoria, Australia; Advocate and Solicitor, Supreme Court of Singapore and Solicitor of England and Wales. In addition to his extensive legal knowledge, Kean Seng is also a qualified economist, having completed his degree majoring in Economics and Accounting, B.Ec at Monash University, Australia.

EXECUTIVE TEAM

Mark Dewdney
Chief Executive Officer

Mark was appointed as PGG Wrightson Limited's Chief Executive Officer in July 2013. Previously he was Chief Executive of Livestock Improvement Corporation Limited from 2006 to 2013, responsible for implementing a new strategic plan focused on innovation from investment in research and technology and providing integrated solutions for customers in New Zealand and internationally. Prior to that, Mark was Regional Managing Director of Fonterra Ingredients Asia following an extensive sales and marketing career in the New Zealand dairy industry. Mark also has ownership interests in dairy farms in both New Zealand and Australia and is a director of Waikato based, The Tatua Co-Operative Dairy Company Limited.

Cedric Bayly
General Manager PGG Wrightson Wool

Cedric was appointed as General Manager PGG Wrightson Wool Limited in August 2011. Previously, he was the National Manager of Elders Primary Wool Limited and for nine years was General Manager Wool at Williams and Kettle Limited, which amalgamated with Wrightson Limited just prior to the merger between Pyne Gould Guinness Limited and Wrightson Limited in 2005. Cedric is responsible for all aspects of the Wool business including procurement, logistics, sales and wool export.

Julian Daly
General Manager Strategy and Corporate Affairs

Julian is responsible for Group Strategy, Legal and Corporate Governance Affairs for PGG Wrightson Limited and also held the role of Acting General Manager of PGG Wrightson Real Estate Limited from May to September 2013. Julian has broad operational involvement across the business and is a Director of a number of Group subsidiaries and a Trustee of the PGG Wrightson Employee Benefits Plan Limited. He is a former General Counsel of DB Breweries Limited and has previously worked for law firms in the Middle East and New Zealand.

Grant Edwards
General Manager Regions

As General Manager of Regions, Grant is responsible for the management and support of the Company's Regional Managers and their businesses. He combines this role with managing the Otago Region. After his graduation from Lincoln University, Grant began with Reid Farmers Limited within their Livestock Division. He has held positions as Pyne Gould Guinness Limited Wool Manager and Divisional Manager of Otago. He has also worked within rural banking and finance sectors, and holds his Real Estate papers.

David Green
General Manager New Zealand Seeds

David is General Manager New Zealand Seeds at PGG Wrightson Seeds Limited, a position he has held for the last five years. He is responsible for all facets of the New Zealand Seed business and the Australasian and international Turf businesses. David graduated from Lincoln University in 1990 with a B.Com (Ag) degree and since then has worked in many roles for PGG Wrightson Seeds Limited and its predecessor companies. David is a former executive member of NZGSTA and a current executive member for the NZPBRA. He is a director of joint venture R&D companies Grasslands Innovation Limited and Forage Innovations Limited.

Stephen Guerin
General Manager Retail

Stephen has worked for PGG Wrightson Limited and its predecessor companies for 27 years. He is responsible for all aspects of the Retail Group business which includes Rural Supplies, Agritrade and Fruitfed Supplies. He holds a Bachelor in Business Studies (Accounting) from Massey University.

Sue Horo
General Manager Human Resources

Sue joined PGG Wrightson Limited in 2007 and has led the Human Resources and Payroll team since 2011. Through this role she is the owner of the PGG Wrightson's People Strategy, with the foundations of this being performance, leadership and culture. She has worked in the field of Human Resources for the last 15 years in New Zealand organisations.

John McKenzie
Group General Manager Seed & Grain

John started his career as a Farm Consultant in mid-Canterbury and was a founder of the specialist proprietary seed company Agricom Limited in 1985 which was purchased by Pyne Gould Guinness Limited in July 2005. At that time, he led the merger of Agricom Limited, PGG Wrightson Seeds Limited and Wrightson Seeds Limited. He continues to have responsibility for all aspects of the Seed and Grain business both domestically and off-shore for PGG Wrightson Limited and its subsidiaries. John is Chairman of PGG Wrightson's Joint Venture R&D companies Grasslands Innovation Limited and Forage Innovations Limited. He also has farming interests in Canterbury in arable and dairy.

Peter Moore
General Manager Livestock

Peter joined PGG Wrightson Limited in August 2014 as General Manager for Livestock. Prior to joining the business he headed up Fonterra's International Farming Ventures business from 2008 until 2013, responsible for developing and implementing the strategy to selectively invest in milk pools outside of New Zealand and Australia. His major focus was the development of the scale farms in China plus dairy development in Latin America and Asia. Prior to this Peter worked in Fonterra's risk management team and before joining Fonterra in 2005 he managed AgResearch farms across New Zealand. Peter grew up on the family hill country sheep and beef farm in the Waikato and spent a number of years managing this in partnership with his family.

Peter Newbold
General Manager Real Estate

Peter was appointed as General Manager Real Estate at PGG Wrightson Real Estate Limited in September 2013. Peter was previously General Manager of New Zealand Sotheby's International Realty. Peter was previously employed by Wrightson Limited from 1995-2005 during which time he held a range of roles including Marketing Manager and Business Development Manager.

John Parker
General Manager Water

John was appointed as General Manager Irrigation and Pumping in July 2007 after joining PGG Wrightson Limited in December 2005 as its Commercial Manager, Financial Services. John, a chartered accountant, held various commercial management roles prior to joining PGG Wrightson Limited over a number of different industries. John is responsible for all aspects of the PGG Wrightson Water (previously Irrigation and Pumping) business.

Brent Sycamore
General Manager Grain

Brent joined Wrightson Limited in 2001 and held various management roles in New Zealand and Australia prior to the formation of PGG Wrightson Limited. He was appointed as General Manager Grain in 2006 and was responsible for the merger of several businesses to form PGG Wrightson Grain. Prior to the Wrightson/PGG Wrightson roles Brent held positions with BP Limited, Pyne Gould Guinness Limited and Ernst & Young.

Rob Woodgate
Chief Financial Officer

Rob was appointed as Chief Financial Officer at PGG Wrightson Limited in August 2010. Prior to that he was the Group Financial Controller. He has been intimately involved in a number of significant transactions, having worked on the capital raise, takeover, and sale of assets. In addition to the Group's accounting, audit and treasury functions, Rob is also responsible for IT, Property and Procurement. Prior to joining the company Rob has held a number of senior finance roles in New Zealand and the UK.

Nigel Thorpe
General Manager Livestock

Nigel was General Manager Livestock and resigned from the Company effective 30 June 2014.

RETAIL

$M	2014	
Revenue	486.0	↑ 12.1%
Operating EBITDA	25.5	↑ 9.8%

SEED & GRAIN

$M	2014	
Revenue	451.5	↑ 2.6%
Operating EBITDA	34.0	↑ 28.2%

LIVESTOCK

$M	2014	
Revenue	76.9	↓ 22.0%
Operating EBITDA	13.4	↑ 9.9%

This year's strong financial result demonstrates the overall strength of the company.

WOOL

$M	2014	
Revenue	102.0	↑ 28.3%
Operating EBITDA	5.9	↓ 19.6%

WATER

$M	2014	
Revenue	63.6	↑ 40.7%
Operating EBITDA	6.6	↑ 31.7%

REAL ESTATE

$M	2014	
Revenue	30.2	↑ 25.0%
Operating EBITDA	3.3	↑ 165.6%

THE YEAR IN REVIEW

Retail

Strong sales growth drove an uplift in earnings for the retail business with sales of $486.0 million, up 12% on the previous year, and Operating EBITDA of $25.5 million, up 10%.

Sales from our Rural Supplies division are showing the benefit of our investment in developing the technical expertise and customer service skills of our teams. The strength of the dairy sector, with record high pay-outs announced in December 2013, helped drive confidence in the market, although sheep farmers remained cautious in their spending with lamb prices at average levels.

Parts of the North Island were challenged with dry conditions over summer but these were not as wide-spread as last year, and warm soil temperatures allowed farmers to plant crops later into autumn after the rain had come.

Arable farmers had a more challenging year with the September 2013 wind-storm damaging irrigators in Canterbury and the wet autumn challenging the harvesting of some crops at the tail end of the season.

Our specialist horticulture division, Fruitfed Supplies, also enjoyed strong growth, buoyed by confidence returning to key sectors of the market. Returns for grapes, apples and kiwifruit were all stronger than in recent years, which in turn is driving investment in land development and capital spend in the orchards. Of the major crop sectors, only vegetables remain constrained with ongoing viability a challenge in both the fresh and export markets for some crops.

New Zealand's grape plantings now sit at 33,500 hectares and a further 10% growth in area is expected over the next four years. As a leading supplier to the sector, our team has worked hard to capture a high market share of this development activity as well as continuing to grow our already high market share in the seasonal requirements.

Optimism within the pipfruit sector has increased with several large producers undertaking further orchard development. Activity in the tree nurseries provides a useful indicator of overall confidence in the sector. This activity has increased over the last two years pointing to further orchard development, much of it driven by the move to plant new varieties.

New gold varieties are starting to come into production within the kiwifruit market, following the outbreak of the PSA virus in 2010. This is welcome news for growers and we expect to see both a growth in production areas and renewed confidence in the market over the next few years.

Our store refurbishment programme continued during the year and in addition we moved to new premises in Ashburton, Culverden and Waimate and returned to our premises in Rangiora, which had been closed to allow for earthquake strengthening. We continue to invest strongly in our people in the field in three key areas: our technical expertise, key account management and front-line sales skills. Building our technical expertise is achieved through a core team of technical experts who are recognised by our customers as leading experts in their field and who help support our front-line staff through training and providing specialist advice. A small team of key account managers co-ordinate the work we do for our largest customers and provide those customers with a single point of contact who can ensure their needs are understood and met. Our front-line sales people are the key point of contact for most customers on a day-to-day basis. We continue to invest in growing both the technical and sales skills of these people in order to deliver a better result for our customers.

Our retail IT systems are a critical asset which allow the business to function and grow. During the year the point-of-sale systems in our branches were reconfigured to provide a more robust and resilient solution. We are also beginning to roll out mobility solutions for our front-line sales force. The development of these solutions is likely to be ongoing for some time, but the vision is for our front-line sales people to be able to access information to help them deliver expert advice to customers more efficiently and to be able to directly process orders in the field.

Seed & Grain

A strong performance in New Zealand, an improved result in Australia and better results in South America and International drove a 28% increase in Operating EBITDA for Seed & Grain. Overall revenue was up 3% year on year, largely as a consequence of increased grain trading in New Zealand. This was a strong result, especially given the high value of the New Zealand dollar, which reduces the competitiveness of New Zealand's seed exports and affects year-on-year comparisons for our South American businesses.

New Zealand

Sales growth in premium product lines resulted in an 18% increase in Operating EBITDA within the New Zealand seed business.

Sales of Herbicide Tolerant™ brassica, released to the market two years ago as part of our Clean Crop™ brassica system, continue to grow strongly as the market adopts this new technology. The system provides farmers with better opportunities for weed control which leads to increased crop yields.

Proprietary grass sales grew by 7% year-on-year. This growth reflects gains in market share achieved through an increased focus on the dairy market. Overall market turnover was also higher due to the strong spring growing conditions and planting activity in response to the 2013 North Island drought.

Corson™ Maize sales achieved pleasing growth. The Corson Maize Seed business was purchased in 2010 to access strong growth opportunities in the maize seed market and the medium term growth prospects for this business remain strong as we continue to grow market share from a relatively low base.

Australia

Stronger sales, increased margins and better cost control led to the Australian business delivering a much improved operating result than last year.

While better seasonal conditions on-farm saw increased sales of proprietary grass seed, the overall market is still suffering an overhang from the on-farm challenges of the last three seasons and still has some way to go to recover back to its full potential.

The Australian Turf business also enjoyed good growth. This growth came from an increase in hydromulch sales to industrial customers for mine reclamation and erosion control activities and from increased sales through to the retail sector, following the commissioning of a new packaging format.

John Stewart was appointed General Manager of the Australian Seeds division in July 2013. John was previously CEO of a publicly listed Australian farm investment company and has had an extensive career in the agricultural industry and from 2006-2007 was Research & Development Manager for PGG Wrightson Seeds in New Zealand.

International

The International seed business exports seed from our production bases in New Zealand and Australia to markets around the world. These exports include our own proprietary forage seed cultivars, commodity seed varieties, specialist crops grown under contract in New Zealand and edible seed crops.

Volumes in this business vary considerably year-on-year in response to market conditions and inventory levels. Overall revenue and volumes were down on the previous year. Key drivers of this were lower customer demand following a good harvest year and reduced yields this year as a consequence of the wet harvest conditions in late autumn.

Despite the lower revenue, overall earnings were 25% higher than last year, with more of the sales volume coming from higher returning business streams.

Grain

An 18% increase in the volume of grain traded in New Zealand and growth in cereal seed sales led to a 12% increase in earnings within the Grain business.

Maize volumes were significantly higher than last year, reflecting increased demand from the dairy industry. Wheat and barley volumes were also up on last year. This increase was largely a return to normal trading levels following lower trading volumes in the previous year. Increased cereal seed sales reflected the strength of the company's cereal seed portfolio. Three new cereal cultivars were added to the portfolio during the year.

These cultivars had performed well in independent Foundation for Arable Research trials and as a consequence had received good market interest and strong seed sales.

South America

Our seed operations in Uruguay, Brazil and Argentina and our rural servicing activities in Uruguay were amalgamated into a single business unit during the year, reporting to South American General Manager Marcelo Banchero. Previously our Uruguay rural services business was reported as a separate business unit.

A refocusing of activities was undertaken within the rural services group. PGG Wrightson bought out our minority partners to take full ownership of Riegoriental, a Uruguayan irrigation business, and sold out of two other joint ventures; Veterinaria Lasplaces – a veterinary supplies business and Di Santi – a livestock export business. This change in business mix resulted in a significant year-on-year reduction in revenue and earnings within the Uruguayan rural services portfolio but positions the business more strongly around a theme of land and pasture development.

James Sewell, Research & Development Manager PGG Wrightson Seeds, Australia

The Leigh Creek Research station, located on the outskirts of Ballarat, Victoria, is the centre of the research and extension activities for PGG Wrightson Seeds in Australia. Each year 40-50 pasture trials are carried out on the 24 hectare block as part of the company's testing programme for forage species.

Overseeing the work is James Sewell, Research & Development Manager for PGG Wrightson Seeds in Australia.

"Over the last 25 years, PGG Wrightson Seeds have introduced more than 100 proprietary pasture cultivars into Australia," says James. "Each one of these needs to undergo a programme of rigorous testing to ensure it delivers an improvement in production for the farmer. Leigh Creek is one of 15 trial sites we operate throughout our key regions in Australia and in total we run over 200 trials annually."

"Given the diversity of climatic and environmental conditions that we have across Australia it's important that we trial new products and technologies across a variety of locations. These trials provide the underlying data that our sales people use to advise farmers which cultivar will best suit their needs. Bringing sales agronomists, farm consultants and key customers to our sites to witness the trial results for themselves allows them to see first-hand the benefits of new cultivars."

The trial work undertaken in Australia feeds into the broader PGG Wrightson Seeds breeding and development programme. This programme is co-ordinated from the company's Kimihia Research & Development centre, near Lincoln, New Zealand and draws on genetic material sourced from New Zealand, Australia, South America and includes breeding partnerships with leading research organisations from around the world.

"Whether we're targeting improved drought tolerance, insect resistance or higher yield, our goal is always to develop new cultivars which increase on-farm productivity and profitability for farmers. Our dedicated team of 8 R&D staff in Australia work extensively with leading research and farmer groups and, over the years we've enjoyed some major successes. After screening 24 lines from North America and subsequent development over a seven year period, we developed the first grazing tolerant lucerne variety in Australia. We showed the value of new elite ryegrasses from northwest Spain which can be 300% more productive through the winter months than our traditional ryegrasses. In endophytes, we proved the benefits of the AR37 endophyte prior to its commercial release into Australia and are continually working with our partners, New Zealand government owned AgResearch, on endophytes which control our major pasture pests including root aphids."

"Our investment in research ensures that we can bring the best products to market. We operate one of the largest replicated pasture trial programme in Australia and it is this commitment to science which will see us stay ahead of our competitors and deliver new products onto market for our customers."

The Uruguayan seed business, which accounts for 80-90% of our activity in South America, continued to grow strongly with sales in local currency up 5% and earnings up a similar level. Seed sales volumes continue to grow in Uruguay and as the market matures we are seeing increased add-on sales from seed and crop protection products.

Our Argentinian business was restructured last year to move away from a focus on Argentina as a market towards using it as a supply base for the rest of the business. This move has been successful with a significant decrease in costs and the business now operating at a modest profit.

Our focus in Brazil is primarily on the southern three states which have temperate climate and similar growing conditions to those across the border in Uruguay. We remain in the early stages of building and developing this market and while early season growth was encouraging, an unfavourable Brazilian exchange rate later in the season saw farmers switch to cheaper commodity grass cultivars rather than using the higher value products which we are promoting. Overall revenue was up 40% and earnings remain profitable but at a low level.

Research and Development

PGG Wrightson Seeds has a strong emphasis on research and development, extensive experience in plant breeding and has developed management practices to ensure the best use of cultivars on farm. We invest in excess of 10% of our proprietory seed revenue in New Zealand. This research ensures that any cultivars introduced into the market will perform under temperate farming systems with the goal of increasing on-farm productivity and profitability. To support this objective, PGG Wrightson Seeds has developed relationships with key primary research partners; AgResearch (Grasslands Innovation Limited) and Plant & Food Research (Forage Innovations Limited), in New Zealand, as well as numerous research organisations overseas.

PGG Wrightson Seeds are world leaders in delivering forage innovations to our customers. Development of novel endohytes for ryegrass and tall fescue, in conjunction with AgResearch, has been a major technological breakthrough for the pastoral industry. The AR37 endophyte has provided greater ryegrass persistency through protection from five of New Zealand's key pests. Another example of delivering forage innovations is the Cleancrop™ Brassica System which delivers a herbicide tolerant forage brassica with a herbicide spray and a management package to help farmers establish and grow high yielding and weed free brassica crops.

Livestock

A strong market for both dairy and beef cattle, along with better prices in the sheep market drove an increase in earnings for the livestock business, with Operating EBITDA of $13.4m, up 10% on the previous year.

Our increased focus on the dairy market saw an increase in tallies of dairy cattle traded and together with the strong dairy pay-out, a higher average value per head led to a good uplift in earnings from the dairy sector. With the ongoing conversion of land to dairy farming, we are continuing to pursue opportunities to strengthen our footprint in this market. We have increased our facilitation of dairy grazing and as the opportunity arises we continue to recruit experienced dairy agents and develop new dairy cadets for the future.

Cattle prices and tallies were up on last year, with farmers enjoying good returns from the international markets. Sheep numbers across the country continue to decline as land is converted into dairying or dairy support. Overall sheep tallies were further down this year as farmers rebuild flocks following last year's North Island drought. However, with sheep values almost 20% higher than last year, overall earnings from sheep trading were up.

Our livestock export business had a relatively quiet year with only one significant shipment during year. The business completed its multi-shipment contract into Vietnam in the prior year and a similar supply contract was not in place for the 2014 year. This largely accounts for the difference in revenues when drawing comparisons between periods. In recent developments PGG Wrightson has entered into a strategic alliance with ASX Listed Ruralco Holdings Limited to work co-operatively with its specialist livestock export subsidiary Frontier International Agri PTY Limited for exports to China. The first shipment of dairy cattle from this strategic alliance sailed in August 2014 and planning is underway for further shipments over the coming year and beyond.

Trading activities, which make up most of the livestock earnings, are conducted on an agency basis with only commission income recorded as revenue. Livestock export and some lamb and cattle finishing operations are transacted as principal with the full value of the animal recorded as revenue. While a reduction in these activities during the year resulted in a decrease in year-on-year revenue, it had minimal impact on overall operating EBITDA.

Sandra Utting, Technical Field Representative
Rural Supplies, Southland

If you farm west of Invercargill, then chances are you might meet Sandra Utting, recent appointee as Technical Field Rep for PGG Wrightson Rural Supplies. While PGG Wrightson Rural Supplies has more than 120 Technical Field Reps and 15 in Southland, Sandra's is a new role, created to service the growing need in the area.

The role is fundamentally about providing solutions to customers to help them run their farming business more effectively and, through that, helping PGG Wrightson grow market share and grow sales.

"Every day is different," says Sandra. "I'm out on-farm most days, discussing what's coming up on the farm and helping the farmer with planning and advice. Ultimately I want my customers to see me as their trusted advisor, someone they can rely on."

"As a Technical Field Rep I'm required to have a broad knowledge of farming. I might be talking nutrition with a dairy farmer one moment, drench and dipping options in sheep the next and weed and disease prevention with a cropping farmer later. While I'm not an expert in all of those areas, one of the strengths of PGG Wrightson is the technical team we have across the country. I can take a photo of a weed I'm uncertain of and email it to our agronomy expert."

Sandra is a recent graduate and runner-up Dux of PGG Wrightson's Academy, a year-long in-house training programme which leads to a NZQA accredited Certificate in Rural Servicing.

"The Academy was full-on but incredibly valuable," Sandra says. "I joined PGG Wrightson as a sales person in the Invercargill store and then the opportunity came along to enrol in the Academy. Being in the Academy meant that shortly after, when a job as a trainee Technical Field Rep came up, I applied and got the job. As a trainee I was out visiting all the PGG Wrightson stores in Southland and spent time going out with the other Technical Field Reps, getting to know them and getting to observe first-hand how they each went about their job."

"At the same time the Academy provided the background learning I needed. I was part of a class of 20 PGG Wrightson employees from across New Zealand. We got together five times during the year for two-day workshops; a mix of classroom work and practical assignments. In between we had unit standards to complete."

On graduating from the Academy, Sandra was appointed a full-time Technical Field Rep.

"The educational side of the Academy gave me a great grounding in the technical aspects of farming and allows me to go on-farm and talk with confidence with my customers about the issues they're facing. Equally as valuable were the networks I gained – both the class mates I went through the Academy with and also meeting the key experts inside of PGG Wrightson and understanding what a valuable resource they are for us and for our customers".

"Sandra's story illustrates what we're trying to achieve from the Academy," said Richard Weightman, National Sales Manager Rural Supplies and in-house principal of the Academy. "We want our people to help their customers' access technical expertise they need to run their farm well. The training we provide through the Academy ensures our people have a solid understanding themselves and know where they can go to get expert support."

"You get out what you put in" is Sandra's philosophy. "When my customers trust me to look after their needs, that's one less thing they have to worry about. I can add value to their business and their custom adds value to ours".

Other Rural Services

Solid performances in Real Estate and Water contributed to total Operating EBITA in Other Rural Services of $14.1 million, up 56% on the previous year.

Wool

Long term decline in New Zealand's sheep population saw the sheep population drop below 30 million, down 3.2% on the previous year [Source: Beef & Lamb, Stock Number Survey, 2014]. As a consequence of this reduction and increased competition in the market, wool volumes managed through the procurement business were down on the previous year. While increased sales were recorded by Bloch & Behrens, our wool exporting business, these were not sufficient to fully offset the reduced procurement volumes and overall earnings within the business were down on the prior year. Higher average wool values and an increase in low margin trading activity saw overall revenue increase but had little impact on profitability.

During the year a new wool store was commissioned in Mosgiel, allowing the consolidation onto a single site of existing stores in Mosgiel and Dunedin and increasing the overall efficiency of the logistics operation.

Water

PGG Wrightson Water was formed in October 2013 from the amalgamation of PGG Wrightson's existing Irrigation & Pumping business with new acquisitions; Water Dynamics and Aquaspec. The acquisitions expanded the breadth and depth of the business, providing a nationwide footprint for our rural irrigation activities and bringing in a wholesale supply capability.

The September 2013 wind-storm in Canterbury caused substantial damage to on-farm irrigation infrastructure just before the start of the October – March irrigation season. A huge effort was put in by the PGG Wrightson Water servicing team in order to help affected farmers with teams working 7 days a week to get irrigators repaired as quickly as possible and minimise the loss of production on-farm.

Like-for-like revenue from new irrigation systems grew 4% year-on-year with strong growth from our new branch in Cromwell and continued ongoing demand in Canterbury and Otago. While installations in any given year depend on rural confidence and development levels, the medium term outlook is strong with irrigation a key part of the Government strategy to increase agricultural exports and positive progress is being made on irrigation schemes such as Canterbury's Central Plains project. In addition, increasing environmental standards are driving the conversion of traditional border-dyke flood irrigation across to the more efficient centre pivot irrigators which we supply.

Overall revenue was up 41% on the previous year. Of this, 13% was due to one-off servicing work associated with the wind-storm, 23% due to the new acquisition and the balance of 5% represented internally generated growth.

Earnings for the business were also significantly higher than last year.

Real Estate

Increased sales across all categories of the Real Estate business resulted in a 25% increase in sales revenue. Farm sales were the biggest contributor to this increase, with the record dairy pay-out leading to renewed confidence in the market, and PGG Wrightson Real Estate picking up an increased number of large farm sales, including being selected to market the Solid Energy farm portfolio in Southland.

Strategically, the Real Estate business has begun moving into a new growth phase. Following the Global Financial Crisis in 2008, the Real Estate business consolidated its operations in response to a substantial reduction in overall market volumes. With the appointment of Peter Newbold as the General Manager in September 2013, the business is now focused on a growth strategy with a renewed investment in sales and marketing activities and on agent recruitment. This included the launch of the PGG Wrightson Real Estate Scholarship, a structured programme of training and support to develop new real estate salespeople within the business.

Insurance and Finance Commissions

Operating EBITDA for our insurance business was consistent with the previous year. We provide insurance on a commission basis for Aon and Vero. We are looking to expand the Aon presence across our network, with a key focus on new business growth.

Agriculture New Zealand

Agriculture New Zealand is a specialist provider of agriculture and horticulture training courses at levels 1-6 on the New Zealand Qualifications framework. The courses are targeted towards school leavers or those looking to begin or extend careers in the agricultural or horticultural sectors.

Much of the funding for Agriculture New Zealand comes either directly or indirectly via the Tertiary Education Commission (TEC). The model for public funding of education is constantly under review and from January 2013 TEC made a number of changes that led to a reduction in funding to Agriculture New Zealand for the year. This led to a drop in earnings for the latter part of the 2013 calendar year and late notification of 2014 funding delayed the start-up of courses in the 2014 calendar year with the bulk of the courses programmed to start post 30 June 2014.

Shane Brady, Branch Manager, PGG Wrighton Water, Auckland

PGG Wrighton Water was formed in October 2013 when PGG Wrightson's existing Irrigation and Pumping was amalgamated with new acquisitions, Water Dynamics and Aquaspec.

Water Dynamics and Aquaspec had 45 staff located across branches in Auckland, Hastings, Christchurch and Cromwell. The acquisition broadened PGG Wrightson's reach into a number of new areas such as municipal and turf and with Aquaspec adding a wholesale supply business.

For Shane Brady, manager of PGG Wrighton Water's Auckland branch and one of the people who joined PGG Wrighton through the acquisition, it's a return to his roots.

"I spent the first 18 years of my professional career working for one of PGG Wrightson's predecessors and now, after 17 years later, I'm back with the company."

"It's great to be back in the business and I'm really impressed with culture of the company. At its core, the business is still about down-to-earth people servicing down-to-earth customers, and the One-PGW philosophy is building on that core and creating a much more powerful business."

"As a stand-along water business (before the acquisition) it was sometimes a struggle for us to hear about opportunities in the market. By the time we found out that a farmer was considering irrigation, the deal was done and we'd missed out. As part of the PGG Wrighton family we've got hundreds more people out on farm seeing what the customer is up to. It might be the livestock agent or the Rural Supplies Rep who talks to the customer, lets us know that the customer needs a hand with water or irrigation and lets the customer know we will be in touch."

"Ultimately it's all based on trust. If people in the other parts of the company know that we will keep our promises and not let the customer down then they're happy to recommend us to the customer."

"I think PGG Wrightson's Growing Leaders programme is very important in providing a structure around the One-PGW philosophy. I was invited to go on the course shortly after we were acquired and, as well as being a very good leadership programme, knowing that most other leaders in the company have been through the same course means that we have a common understanding of what we are trying to achieve and a common view of what to expect from one another."

"I'm excited about the opportunities we have to grow the water business. In the Auckland branch our focus has been predominantly on the landscaping and sports turf irrigation markets that you find in a big city; only a small part of our business was servicing agriculture. Now we're part of PGG Wrighton, we're seeing opportunities to expand into the agricultural markets of Northland, Waikato and even the Bay of Plenty – as long as there's water available there are customers keen to make use of it. We'll eventually need to open branches in these areas but, as we grow the market, we can service them from our beach-heads in Auckland and Hastings."

"Ultimately we want PGG Wrighton Water to be the best in the market. Farming is an inter-generational business and I see PGG Wrighton as an inter-generational company. We have long-term relationships with our customers which means we have to do what's right for them and maintains their trust and support over the long-term."

OUR STRATEGY

Over the last 12 months, the Executive team has led a significant project to develop and refine the Group strategy for PGG Wrightson. This involved undertaking macro analysis of the rural sector and the high level market drivers at play while also evaluating PGG Wrightson and each of its business units. Within PGG Wrightson, strategic planning takes place at both the Group level and at the level of our individual business units. Our individual business units have detailed plans and strategic objectives which map out how we see the markets in which we operate and how we intend to respond in order to capitalise on the opportunities we have identified.

At a high level our group strategy focuses on three strategic themes which translate across all of our businesses. These themes are:

Improve Grow Change

Improve is our mantra to continually strive to improve every part of our business and deliver a better customer experience.

We are an important business partner to our customers. Our customers depend on us to provide the products and services they need to run their businesses. In addition, customers rely on our experience and trust our expertise to help them achieve better results. As farming continues to become more complex and sophisticated, so too, the level of service we provide our customers must continue to develop and improve.

The Improve theme is embedded across every business and team within PGG Wrightson and is demonstrated in much of what we do including the following examples:

- **One-PGW** is about putting the customer first through acting seamlessly as One-PGW across all our offering and scale. While each of our businesses service a different aspect of our customers' on-farm needs, putting the customer first means considering how we work together across our business to deliver better service and results for the customer. It relies on staff who look for opportunities to work together to deliver superior customer service and systems that allow us to understand the sometimes complex relationships that exist between us and our customers.

- **Delivering a great customer experience** is about ensuring that we do the basics well. We strive to have systems and processes that are accurate and efficient and demonstrate a customer-driven culture.

- **Organisational efficiency** is about continuous productivity improvement and the elimination of waste.

- **Accessible expertise and mobility** is about using the best tools and technology to deliver service and advice to our customers. This requires our staff to be knowledgeable about the products and services they sell and how these fit into wider farm systems. Achieving this requires us to invest in the right people, providing them with the training they need and providing them with the tools and technology to support them in delivering this knowledge to customers.

Technology and people underpin each of the above programmes and remain key areas of investment for the business as we seek to differentiate from our competitors through the quality of the product and service we provide.

Grow recognises those opportunities within the business that require deliberate and focused investment in order to drive market share gains and demonstrate market leadership.

All our businesses have opportunities to grow within their respective markets. For example, both our Seeds and Retail businesses are continuously scanning their environment to determine what changes to make to their product ranges. In addition to these generalised opportunities, we have identified several areas that need specific focus and investment in order to realise their potential. These are our Grow opportunities and include the following:

- **Dairy** – while many parts of our business service the whole agricultural sector equally well, some parts of our business and underweight in their offering to dairy farmers and have not kept pace with the increasing importance of dairying. Accordingly, we are actively targeting an increased focus on addressing these gaps in our product and service offering and ensuring staff have the skills and training relevant to the community they work in.

- **Water** – during the year we moved to further strengthen our footprint and offering in the Water sector with the acquisitions of Water Dynamics and Aquaspec. These now give us nationwide coverage of the irrigation market and wholesale distribution capability. Water is critical to the growth of New Zealand's agricultural sector and a key area of focus in Government policy. The current market lacks a clear market leader. The fragmented market includes many small owner-operators and no entity providing an end-to-end solution from accessing water through to installing and maintaining irrigators. We believe there is an opportunity for PGG Wrightson Water to fill this gap and become the clear market leader.

- **South America** – PGG Wrightson entered South America in 1999 by acquiring a majority stake in Wrightson PAS – a Uruguayan seed wholesaler. Over the last 15 years, we have seen the South American market grow and we expect this to continue and increase in momentum. While we already have significant market share in seed and have a presence in other categories (such as irrigation, real estate and livestock), ongoing investment is required to ensure that we maintain our leadership and to maximise the opportunity that ongoing South American growth presents. In Uruguay we are investing in new warehousing and distribution infrastructure and positioning the business for future growth. In Brazil, a market we entered in 2010, we have grown rapidly from a small base and expect that growth to continue on a steep trajectory.

- **China** – New Zealand and China have enjoyed spectacular growth in trade over the last five years. China is the largest importer of New Zealand agricultural products and also supplies many of the inputs used on farm locally. While PGG Wrightson undertakes some direct trade with China, we do not directly participate in markets for those products that have undergone the greatest growth. Opportunities in wholesale and bulk importation from China of farm inputs and the development of PGG Wrightson owned 'house' brands are important growth objectives that are being targeted. However, we do believe there are unexplored opportunities for PGG Wrightson to build its New Zealand – China trade further, as well as to increase trade between the other regions in which we have a significant presence: Australia and South America, and elsewhere in Asia.

Change **or "Game-changers"** describes those strategies which have the potential to fundamentally alter the way in which we do business as new technology is adopted and new regulation is introduced, looking out 5-10 years into the future it is probable that some of our current business activities will be transacted and managed very differently. High level initiatives and "game-changer" opportunities that the company will actively seek out include the following:

- **Change capability** is about ensuring our internal culture is ready to explore new and developing market opportunities and is able to execute on those initiatives.

- **E-commerce** is about being ready to anticipate and move on alternative ways for customers to do business with us.

- **New partnerships and business models** is about seeking alliances or acquisition opportunities to grow into adjacent markets and to enhance scale. An example is the recent strategic alliance entered into with ASX-listed Ruralco Holdings Limited to work co-operatively with its specialist livestock export subsidiary Frontier International Agri Pty for live dairy cattle exports to China. In this venture both parties are collaborating to bring their respective capabilities to execute on an opportunity that individually neither party would be able to undertake as efficiently.

- **Precision agriculture** involves the measuring and managing of farm performance at an individual animal or sub-paddock level, using new tools and technologies to achieve this. New models will need to be developed in order to package, sell and support these technologies on-farm and we consider that PGG Wrightson will be uniquely positioned to deliver such technologies to its customers.

The key for PGG Wrightson in all of these areas is to ensure that we deeply understand our customers and the market so that we can anticipate their needs and develop the capability to meet these needs.

PGG WRIGHTSON IN THE COMMUNITY

PGG Wrightson and its predecessors have a proud history of supporting rural communities and this tradition continues today. Our staff and customers live and work in these communities and we are committed to making a positive contribution to them.

Sponsorship

Our national sponsorships target areas of importance to our customers and celebrate success within our customer base. In addition to the programmes outlined below, we also undertake a broad range of sponsorship at the community level, supporting local activities and events.

Key nationwide sponsorships include:

Ballance Farm Environment Award

PGG Wrightson has been a long term supporter of the New Zealand Farm Environment Trust and sponsors the National Ballance Farm Environment Awards through the PGG Wrightson Land and Life Award. The award, which is strongly aligned with the PGG Wrightson vision of helping grow the country, serves to promote a balance between farm profitability and environmental best practice on farm. Winners actively engage with their communities and have a keen understanding of the role they play in local and regional prosperity.

Ahuwhenua Trophy

The Ahuwhenua Trophy has a prestigious history dating back to 1932 when it was introduced by Sir Apirana Ngata and, the then Governor General, Lord Bledisloe. The Ahuwhenua Trophy – BNZ Māori Excellence in Farming Award acknowledges and celebrates business excellence in New Zealand's pastoral sector – in particular, successful approaches to governance, finance, management, innovation, environmental management and the recognition of ngā tikanga Māori.

PGG Wrightson National Shearing Circuit and Golden Shears

The PGG Wrightson National Shearing Circuit celebrates excellence in the skill of shearing. It gives up-and-comers the opportunity to mix with professionals, and provides rural New Zealand the chance to see the sport in action. The competition is made up of five heats held across New Zealand between October and February, with the final held at Golden Shears.

Air New Zealand Wine Awards

The Air New Zealand Wine Awards are New Zealand's premier wine competition, recognising excellence in winemaking. PGG Wrightson through Fruitfed Supplies is proud to sponsor the Syrah varietal category – a wine variety for which New Zealand has an excellent international reputation.

Young Grower of the Year

Young Grower of the Year is an annual competition run by Horticulture New Zealand to select the finest fruit or vegetable grower in the country. The focus of the competition is to give young people working in the industry recognition, develop their skills and foster individual young grower leadership. PGG Wrightson, through Fruitfed Supplies, sponsor the New Zealand Young Fruit Grower category.

Young Horticulturist of the Year

The Young Horticulturist of the Year aims to inspire and acknowledge the talents of young people employed in the horticultural industry. The competition embraces all aspects of the industry with finalists drawn from arboriculture, fruit growing, grape growing, nursery, vegetable growing, landscaping, cut flowers, floristry and turf sectors. PGG Wrightson, through Fruitfed Supplies, is a key partner to this competition and sponsors the Leadership Award.

PGG Wrightson salutes all those who entered these competitions and congratulate those who won category prizes and the overall winners. The commitment and passion shown by New Zealand's primary sector is an inspiration.

Charity

PGG Wrightson is proud to work with our farming customers to provide charitable support to the community.

PGG Wrightson IHC Calf & Rural Scheme

The PGG Wrightson IHC Calf & Rural Scheme supports the work of the IHC in providing services to people with intellectual disabilities and their families through facilitating donations from farmers throughout New Zealand.

The scheme was the brain-child of the late Norm Cashmore, who offered a pair of gumboots to every farmer donating a calf to the Taranaki branch of IHC. After trialling by six IHC branches the programme was adopted by the IHC as a national fundraising programme and PGG Wrightson became the official sponsor in 1987.

Since the nationwide launch of the PGG Wrightson IHC Calf & Rural Scheme 30 years ago, the farming community have raised more than $26 million.

Cash for Communities

Since its initiation four years ago the PGG Wrightson Cash for Communities programme has raised more than $320,000 for schools and community organisations across New Zealand. With PGG Wrightson donating $1 for every tonne of Ballance fertiliser sold in autumn, more than 850 farmers signed up to support the recent programme.

Disaster Recovery

PGG Wrightson is always on hand to help our farming customers and rural communities through natural disasters.

Droughts, floods, snow and wind-storms are all part of farming life in New Zealand and, in any given year, at least some of our customers are impacted by one of these events. As part of our involvement in the communities in which we live and work, PGG Wrightson staff are often some of the first called on to help provide an extra pair of hands on farm when needed. Whether it's the gruelling work of snow-raking to free isolated animals after a snow-storm or co-ordinating feed supplies and providing encouragement in the event of a drought, PGG Wrightson are privileged to help our customers out.

The September 2013 wind-storm in Canterbury resulted in wide-spread damage to the irrigation infrastructure across the region. Water is critical to the success of farming systems within the region and the inability to irrigate would have a significant financial cost on affected farmers. Staff at PGG Wrightson Water worked seven days a week to help get irrigators back up and running as quickly as possible.

Field Days

Delivering practical technical advice to farmers is a key goal of PGG Wrightson sales efforts.

Whether it is a group of local farmers assembled for a small on-farm field day, a larger gathering assembled in a community hall, an A&P show or regional field day, PGG Wrightson technical experts can generally be found helping deliver the latest in practical research findings and technical advice to farmers. These events are an effective means of helping farmers access this information while demonstrating the commitment PGG Wrightson has as a business to ensuring we have quality technical expertise within our team.

PGG Wrightson was proud to be a joint premier feature sponsor of the 2014 National Fieldays at Mystery Creek, Hamilton.

Sustainability

PGG Wrightson is committed to protecting our natural environment for future generations.

Greenhouse Gas Emissions

Internally produced greenhouse gas emissions are monitored within the business in New Zealand. As a predominantly service business, more than 80% of our emissions are associated with moving our people; visiting either customers or suppliers or for internal meetings. Vehicle efficiency is a key measure considered when upgrading our vehicle fleet and where possible, electronic communication is used to replace air travel. However, as the business grows, the level of activity of our people also increases and year-on-year emissions associated with people movement increased by 7%.

The balance of internally produced emissions arise from gas used to power grain dryers and electricity used through our stores, warehouses and processing facilities across the country. These tend to vary year-on-year in response to business volume and, in the case of grain drying, harvest conditions. When upgrading facilities, plant and equipment, energy efficiency is a key criteria considered.

On-farm greenhouse gas emissions remain an area of political focus within New Zealand. New Zealand farmers are some of the most efficient producers in the world and greenhouse gas emissions per unit of production show a long-term decline as farmers continue to become more efficient. However, growth in New Zealand's total food output has exceeded these efficiency gains leading to a net increase in Agricultural emissions. Countering this increase requires global solutions to further improve the efficiency of agricultural production. PGG Wrightson is proud to be a founding partner of the New Zealand Pastoral Greenhouse Gas Research Consortium which seeks to find tools for mitigating greenhouse gases through science.

Water Quality

The impact of agriculture on water quality is an issue of concern to many New Zealanders and is the subject of an updated National Policy Statement on Freshwater Management from the New Zealand Government. This statement requires New Zealand regional councils to manage water allocation within their catchments and to put plans in place to meet minimum water quality levels. Achieving these standards is expected to impose a significant cost on to both urban New Zealand, with major upgrades of town storm and waste water systems likely to be needed, and on-to farm where investment in new technologies and changes in farm practice will be required to minimise the loss of contaminants off-farm to waterways and groundwater.

PGG Wrightson is an active participant in developing solutions to help farmers overcome these challenges. In particular, PGG Wrightson Water has partnered with IQ Irrigation to install their market-leading variable rate irrigation system. Independent modelling shows that the use of this technology significantly reduces leachates from farm to groundwater. Water and nutrient use are key themes within our Seeds business which seek to promote species which are inherently more efficient and to develop new cultivars with improved water and nutrient performance.

DIRECTORS' RESPONSIBILITY STATEMENT

FOR THE YEAR ENDED 30 JUNE 2014

The Directors are responsible for ensuring that the financial statements give a true and fair view of the financial position of PGG Wrightson Limited as at 30 June 2014 and the financial performance and cash flows for the year ended on that date.

The Directors consider that the financial statements of PGG Wrightson Limited have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the PGG Wrightson Group and facilitate compliance of the financial statements with the Financial Reporting Act 1993.

The Directors are pleased to present the financial statements for PGG Wrightson Limited set out on pages 28 to 87 for the year ended 30 June 2014.

For and on behalf of the Board.

Alan Lai Chairman

Trevor Burt Deputy Chairman

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2014

	NOTE	GROUP 2014 $000	GROUP 2013 $000	COMPANY 2014 $000	COMPANY 2013 $000
Continuing operations					
Operating revenue	4,5	1,219,383	1,131,847	679,018	583,062
Cost of sales	6	(914,467)	(845,875)	(501,915)	(437,440)
Gross profit		304,916	285,972	177,103	145,622
Other income	7	285	1,267	285	975
Employee benefits expense		(144,813)	(137,728)	(99,327)	(83,625)
Research and development		(4,839)	(4,355)	(37)	(7)
Other operating expenses	8	(96,802)	(99,359)	(59,805)	(53,928)
		(246,169)	(240,175)	(158,884)	(136,585)
Operating EBITDA		**58,747**	**45,797**	**18,219**	**9,037**
Equity accounted earnings of associates	9	2,521	1,483	–	–
Impairment losses on goodwill	10	–	(321,143)	–	(91,323)
Non operating items	10	6,422	(7,134)	21,260	(214,176)
Fair value adjustments	11	1,310	(1,879)	1,310	(1,879)
EBITDA		69,000	(282,876)	40,789	(298,341)
Depreciation and amortisation expense		(11,242)	(7,642)	(7,845)	(3,584)
Results from continuing operating activities		57,758	(290,518)	32,944	(301,925)
Net interest and finance costs	12	(7,926)	(9,374)	(4,362)	(7,865)
Profit/(loss) from continuing operations before income taxes		49,832	(299,892)	28,582	(309,790)
Income tax (expense)/income	13	(8,472)	(5,029)	2,852	3,960
Profit/(loss) from continuing operations		41,360	(304,921)	31,434	(305,830)
Discontinued operations					
Profit/(loss) from discontinued operations (net of income taxes)	14	898	(1,584)	–	–
Profit/(loss) for the year		**42,258**	**(306,505)**	**31,434**	**(305,830)**

	NOTE	GROUP 2014 $000	GROUP 2013 $000	COMPANY 2014 $000	COMPANY 2013 $000
Other comprehensive income/(loss)					
Items that will never be reclassified to profit or loss					
Changes in fair value of equity instruments		(842)	5,120	138	4,000
Amalgamation of subsidiaries		–	–	894	–
Remeasurements of defined benefit liability	28	5,117	6,278	5,117	6,278
Deferred tax on remeasurements of defined benefit liability		(1,433)	(1,758)	(1,433)	(1,758)
		2,842	9,640	4,716	8,520
Items that are or may be reclassified to profit or loss					
Foreign currency translation differences for foreign operations		(7,062)	(4,568)	–	–
Effective portion of changes in fair value of cash flow hedges		649	(711)	–	–
Income tax on changes in fair value of cash flow hedges		(269)	–	–	–
		(6,682)	(5,279)	–	–
Other comprehensive income/(loss) for the period, net of income tax		(3,840)	4,361	4,716	8,520
Total comprehensive income/(loss) for the period		**38,418**	**(302,144)**	**36,150**	**(297,310)**
Profit/(loss) attributable to:					
Shareholders of the Company		42,249	(307,992)	31,434	(305,830)
Non-controlling interest		9	1,487	–	–
Profit/(loss) for the year		**42,258**	**(306,505)**	**31,434**	**(305,830)**
Total comprehensive income/(loss) attributable to:					
Shareholders of the Company		38,721	(303,724)	36,150	(297,310)
Non-controlling interest		(303)	1,580	–	–
Total comprehensive income/(loss) for the year		**38,418**	**(302,144)**	**36,150**	**(297,310)**
Earnings/(loss)per share					
Basic earnings per share (New Zealand Dollars)	15	0.056	(0.406)		
Continuing operations					
Basic earnings per share (New Zealand Dollars)		0.055	(0.404)		

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2014

	SHARE CAPITAL $000	FOREIGN CURRENCY TRANSLATION RESERVE $000	REALISED CAPITAL AND OTHER RESERVES $000
GROUP			
Balance at 1 July 2012	606,324	(2,155)	25,668
Total comprehensive income for the period			
Profit or loss	–	–	–
Other comprehensive income			
Foreign currency translation differences	–	(4,510)	(82)
Effective portion of changes in fair value of equity instruments, net of tax	–	–	–
Effective portion of changes in fair value of cash flow hedges	–	–	–
Remeasurements of defined benefit liability, net of tax	–	–	–
Total other comprehensive income	–	(4,510)	(82)
Total comprehensive income for the period	–	(4,510)	(82)
Transactions with shareholders, recorded directly in equity			
Contributions by and distributions to shareholders			
Buy out of non-controlling interest	–	–	(1,957)
Dividends to shareholders	–	–	–
Total contributions by and distributions to shareholders	–	–	(1,957)
Balance at 30 June 2013	**606,324**	**(6,665)**	**23,629**
Balance at 1 July 2013	606,324	(6,665)	23,629
Total comprehensive income for the period			
Profit or loss	–	–	–
Other comprehensive income			
Foreign currency translation differences	–	(6,749)	189
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	–	–	–
Remeasurements of defined benefit liability, net of tax	–	–	–
Total other comprehensive income	–	(6,749)	189
Total comprehensive income for the period	–	(6,749)	189
Transactions with shareholders, recorded directly in equity			
Contributions by and distributions to shareholders			
Sale to non-controlling interest	–	–	–
Buy out of non-controlling interest	–	–	(498)
Dividends to shareholders	–	–	–
Total contributions by and distributions to shareholders	–	–	(498)
Balance at 30 June 2014	**606,324**	**(13,414)**	**23,320**

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

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
681	603	(20,213)	(1,550)	(34,340)	2,756	577,774
–	–	–	–	(307,992)	1,487	(306,505)
5	–	–	–	(74)	93	(4,568)
–	–	–	5,120	–	–	5,120
–	(711)	–	–	–	–	(711)
–	–	4,520	–	–	–	4,520
5	(711)	4,520	5,120	(74)	93	4,361
5	(711)	4,520	5,120	(308,066)	1,580	(302,144)
–	–	–	–	–	(103)	(2,060)
–	–	–	–	(16,869)	(595)	(17,464)
–	–	–	–	(16,869)	(698)	(19,524)
686	**(108)**	**(15,693)**	**3,570**	**(359,275)**	**3,638**	**256,106**
686	(108)	(15,693)	3,570	(359,275)	3,638	256,106
–	–	–	–	42,249	9	42,258
(190)	–	–	–	–	(312)	(7,062)
–	–	–	(842)	–	–	(842)
–	380	–	–	–	–	380
–	–	–	(3,471)	3,471	–	–
–	–	3,684	–	–	–	3,684
(190)	380	3,684	(4,313)	3,471	(312)	(3,840)
(190)	380	3,684	(4,313)	45,720	(303)	38,418
60	–	–	–	–	–	60
–	–	–	–	–	(483)	(981)
–	–	–	–	(22,906)	(995)	(23,901)
60	–	–	–	(22,906)	(1,478)	(24,822)
556	**272**	**(12,009)**	**(743)**	**(336,461)**	**1,857**	**269,702**

STATEMENT OF CHANGES IN EQUITY CONTINUED

For the year ended 30 June 2014

	SHARE CAPITAL $000	REALISED CAPITAL AND OTHER RESERVES $000	DEFINED BENEFIT PLAN RESERVE $000
COMPANY			
Balance at 1 July 2012	606,324	24,542	(20,213)
Total comprehensive income for the period			
Profit or loss	–	–	–
Other comprehensive income			
Effective portion of change in fair value of financial instruments, net of tax	–	–	–
Remeasurements of defined benefit liability, net of tax	–	–	4,520
Total other comprehensive income	–	–	4,520
Total comprehensive income for the period	–	–	4,520
Transactions with shareholders, recorded directly in equity			
Contributions by and distributions to shareholders			
Dividends to shareholders	–	–	–
Total contributions by and distributions to shareholders	–	–	–
Balance at 30 June 2013	**606,324**	**24,542**	**(15,693)**
Balance at 1 July 2013	606,324	24,542	(15,693)
Total comprehensive income for the period			
Profit or loss	–	–	–
Other comprehensive income			
Effective portion of change in fair value of financial instruments, net of tax	–	–	–
Reclassification upon sale of Heartland New Zealand Limited investment	–	–	–
Remeasurements of defined benefit liability, net of tax	–	–	3,684
Amalgamation of subsidiaries	–	–	–
Total other comprehensive income	–	–	3,684
Total comprehensive income for the period	–	–	3,684
Transactions with shareholders, recorded directly in equity			
Contributions by and distributions to shareholders			
Dividends to shareholders	–	–	–
Total contributions by and distributions to shareholders	–	–	–
Balance at 30 June 2014	**606,324**	**24,542**	**(12,009)**

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

FAIR VALUE RESERVE $000	RETAINED EARNINGS $000	TOTAL EQUITY $000
(667)	(40,434)	569,552
–	(305,830)	(305,830)
4,000	–	4,000
–	–	4,520
4,000	–	8,520
4,000	(305,830)	(297,310)
–	(16,869)	(16,869)
–	(16,869)	(16,869)
3,333	**(363,133)**	**255,371**
3,333	(363,133)	255,371
–	31,434	31,434
138	–	138
(3,471)	3,471	–
–	–	3,684
–	894	894
(3,333)	4,365	4,716
(3,333)	35,799	36,150
–	(22,906)	(22,906)
–	(22,906)	(22,906)
–	**(350,240)**	**268,615**

STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	NOTE	GROUP 2014 $000	GROUP 2013 $000	COMPANY 2014 $000	COMPANY 2013 $000
ASSETS					
Current					
Cash and cash equivalents	16	11,343	5,845	6,059	326
Short-term derivative assets	17	2,556	662	32	279
Trade and other receivables	18	236,529	217,821	167,235	195,145
Finance receivables	19	3,561	11,477	–	–
Income tax receivable		–	4,092	7,462	5,747
Assets classified as held for sale	20	1,168	801	1,157	801
Biological assets	21	6,198	4,233	6,198	4,233
Inventories	22	229,458	243,650	47,871	49,662
Total current assets		490,813	488,581	236,014	256,193
Non-current					
Long-term derivative assets	17	369	3	–	–
Biological assets	21	146	147	146	147
Deferred tax asset	13	11,037	9,422	5,065	3,883
Investment in subsidiaries	23	–	–	221,727	225,282
Investments in equity accounted investees	9	1,364	4,210	–	–
Other investments	24	10,647	23,995	501	11,559
Intangible assets	25	5,684	6,715	4,824	5,688
Property, plant and equipment	26	114,442	86,435	42,652	36,481
Total non-current assets		143,689	130,927	274,915	283,040
Total assets		**634,502**	**619,508**	**510,929**	**539,233**

	NOTE	GROUP 2014 $000	GROUP 2013 $000	COMPANY 2014 $000	COMPANY 2013 $000
LIABILITIES					
Current					
Debt due within one year	16	35,573	47,702	–	9,514
Short-term derivative liabilities	17	887	2,451	376	429
Accounts payable and accruals	27	240,127	222,723	161,133	188,577
Income tax payable		3,071	–	–	–
Total current liabilities		279,658	272,876	161,509	198,520
Non-current					
Long-term debt	16	65,000	62,000	65,000	62,000
Long-term derivative liabilities	17	5	623	–	–
Other long-term provisions	27	6,609	7,084	2,277	2,523
Defined benefit liability	28	13,528	20,819	13,528	20,819
Total non-current liabilities		85,142	90,526	80,805	85,342
Total liabilities		364,800	363,402	242,314	283,862
EQUITY					
Share capital	29	606,324	606,324	606,324	606,324
Reserves	29	(2,018)	5,419	12,533	12,182
Retained earnings	29	(336,461)	(359,275)	(350,242)	(363,135)
Total equity attributable to shareholders of the Company		267,845	252,468	268,615	255,371
Non-controlling interest		1,857	3,638	–	–
Total equity		269,702	256,106	268,615	255,371
Total liabilities and equity		**634,502**	**619,508**	**510,929**	**539,233**

These consolidated financial statements have been authorised for issue on 11 August 2014.

Alan Lai
Chairman

Bruce Irvine
Director

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

STATEMENT OF CASH FLOWS

For the year ended 30 June 2014

	NOTE	GROUP 2014 $000	GROUP 2013 $000	COMPANY 2014 $000	COMPANY 2013 $000
Cash flows from operating activities					
Cash was provided from:					
Receipts from customers		1,284,428	1,161,211	658,351	584,586
Dividends received		9	645	9	480
Interest received		3,190	6,667	1,829	2,174
		1,287,627	1,168,523	660,189	587,240
Cash was applied to:					
Payments to suppliers and employees		(1,223,893)	(1,123,433)	(638,246)	(576,221)
Interest paid		(4,791)	(5,830)	(2,514)	(4,703)
Income tax received / (paid)		(4,119)	12	(5,205)	829
		(1,232,803)	(1,129,251)	(645,965)	(580,095)
Net cash flow from operating activities	30	**54,824**	**39,272**	**14,224**	**7,145**

	GROUP 2014 $000	GROUP 2013 $000	COMPANY 2014 $000	COMPANY 2013 $000
Cash flows from investing activities				
Cash was provided from:				
Proceeds from sale of property, plant and equipment	1,898	1,659	939	1,472
Net decrease in finance receivables	7,918	11,383	–	–
Proceeds from sale of investments, net of cash	21,109	2,713	11,205	–
	30,925	15,755	12,144	1,472
Cash was applied to:				
Purchase of property, plant and equipment	(38,006)	(6,745)	(2,691)	(3,427)
Purchase of intangibles (software)	(4,238)	(938)	(4,179)	(792)
Net cash paid for purchase of investments	(7,171)	(5,476)	(6,377)	–
	(49,415)	(13,159)	(13,247)	(4,219)
Net cash flow from investing activities	(18,490)	2,596	(1,103)	(2,747)
Cash flows from financing activities				
Cash was provided from:				
Increase in external borrowings and bank overdraft	3,725	17,994	3,000	9,514
Repayment of loans by related parties	1,803	310	22,032	161,987
	5,528	18,304	25,032	171,501
Cash was applied to:				
Dividends paid to shareholders	(22,906)	(16,869)	(22,906)	(16,869)
Dividends paid to minority interests	(995)	(595)	–	–
Repayment of loans to related parties	–	(3,274)	–	(115,523)
Extension/(repayment) of external borrowings	(12,463)	(49,500)	(9,514)	(49,500)
	(36,364)	(70,238)	(32,420)	(181,892)
Net cash flow from financing activities	(30,836)	(51,934)	(7,388)	(10,391)
Net increase/(decrease) in cash held	5,498	(10,066)	5,733	(5,993)
Opening cash/(bank overdraft)	5,845	15,911	326	6,319
Cash and cash equivalents	11,343	5,845	6,059	326

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

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.

Financial statements for the Company (separate financial statements) and consolidated financial statements are presented. The consolidated financial statements of PGG Wrightson Limited as at and for the year ended 30 June 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.

2 BASIS OF PREPARATION

Statement of Compliance

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

These statements were approved by the Board of Directors on 11 August 2014.

Basis of Measurement

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

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

Fair Value Hierarchy

Fair value are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

Functional and Presentation Currency

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

Use of Estimates and Judgements

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

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

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

Note	Judgement
23	Business combinations
31	Classification and valuation of financial assets and instruments

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

Note	Assumption or estimation uncertainty
22	Valuation of seeds inventory
27	Provisions and contingencies
28	Measurement of defined benefit obligations: key actuarial assumptions

Certain comparative amounts in the Statement of Comprehensive Income, Statement of Changes in Equity and the operating segment note have been reclassified to confirm 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 has been discontinued from the start of the comparative period (see Note 14).

3 SIGNIFICANT ACCOUNTING POLICIES

Except as noted below for employee benefits, the accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

(a) Basis of Consolidation

Subsidiaries

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

Associates and Jointly Controlled Entities

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

Transactions Eliminated on Consolidation

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

(b) Foreign Currencies

Foreign Currency Transactions

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

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

Foreign Operations

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

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

(c) Income Recognition

Recognition of Revenue

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

Sales Revenue

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

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

Irrigation Contracts

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

Investment Income

Investment income is recognised when earned. Dividends are recognised when received, or accrued when declared and approved for distribution prior to balance date.

Interest and Similar Income and Expense

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

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

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

Fee Income from Providing Transaction Services

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

(d) Income Tax

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

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

– the initial recognition of goodwill

– differences relating to subsidiaries, associates and jointly controlled entities to the extent that they will probably not reverse in the foreseeable future.

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

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

(e) Discontinued Operations

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

(f) Earnings per Share

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

(g) Financial Instruments

(i) Non-derivative Financial Assets

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

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

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

Financial assets measured at amortised cost

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

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

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

The Group's policy on impairment is the same as that applied to its consolidated financial statements as at and for the year ended 30 June 2013 for loans and receivables .

Financial assets measured at fair value

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

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

Investments in equity securities of subsidiaries, associates and joint ventures are measured at cost in the separate financial statements of the Company.

Cash and cash equivalents

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

Trade and Other Receivables

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

(ii) Non-derivative Financial Liabilities

Interest-bearing Borrowings

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

Trade and Other Payables

Trade and other payables are stated at cost.

(iii) Derivative Financial Instruments

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

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

Cash Flow Hedges

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

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

(h) Impairment

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

Impairment of Equity Instruments

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

Impairment of Trade Receivables

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

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

Impairment of Finance Receivables

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

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

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

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

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

Non-financial Assets (including goodwill)

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

An impairment loss is recognised if the carrying amount of an asset or the cash-generating unit to which it relates, exceeds the recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised with respect to cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units, then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

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

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

An impairment loss with respect to goodwill is not reversed. With respect to other assets losses recognised in prior periods are assessed at each reporting date for any indications that the loss may have decreased or no longer exist. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is only reversed to the extent that the carrying value of the asset does not exceed the carrying value that the asset would have had, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Determination of Fair Values

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

Property, Plant and Equipment

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

Intangible Assets

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

Biological Assets

The fair value of biological assets is based on the market price of similar assets at the reporting date. The market price of biological assets intended for export is determined by recent transactions in the market place. The fair value of biological assets intended for domestic processing is determined by applying the market price of stock weight offered by meat processors to the stock weight at the reporting date less any point of sale costs including transportation.

Stock counts of livestock quantities are performed by the Group at each reporting date.

Investments in equity

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

Trade and Other Receivables

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

Derivatives

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

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

Non-derivative Financial Instruments

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

(j) Biological Assets

Biological assets are measured at fair value less point-of-sale costs, with any change therein recognised in profit or loss. Point-of-sale costs include all costs that would be necessary to sell the assets including transportation costs.

(k) Inventories

Finished Goods

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

Wholesale Seeds

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

(l) Intangible Assets

Computer Software

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

Goodwill

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Goodwill is measured at cost less accumulated impairment losses. Impairment loss with respect to goodwill is not reversed. With respect to equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment.

Research and Development

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

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

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

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

(m) Property, Plant & Equipment

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

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

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

Subsequent Costs

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

Borrowing Costs

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

Depreciation

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

(n) Leasing Commitments

Leases in terms of which the Group assumes substantially all of the risks and rewards of ownership are classed as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value or the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised on the statement of financial position. Amounts payable under operating lease arrangements are recognised in profit or loss.

(o) Employee Benefits

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

The IFRS Interpretations Committee has provided clarification with regards to IAS 19 Employee Benefits (2011) as to whether the discount rate used to calculate a defined benefit liability should be a pre-tax or post-tax rate. The Committee observed that a pre-tax discount rate should be applied. Historically, the Group's actuarial calculations used a post-tax discount rate. In calculating the Group's defined benefit liability as at 30 June 2014 a pre-tax rate has been used. No changes have been made to the comparative periods.

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

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

(p) Share Capital

Ordinary Share Capital

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

Repurchase of Share Capital

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

(q) Statement of Cash Flows

The statement of cash flows has been prepared using the direct approach modified by the netting of certain items as disclosed below.

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

(r) Disclosure of Non-GAAP financial information

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

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

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

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

A number of new standards and interpretations are not yet effective for the year ended 30 June 2014 and have not been applied in preparing these consolidated financial statements. None of these standards are expected to have a significant impact on these financial statement except for:

- IFRS 9 *(2010) Financial Instruments* has been issued. This standard adds the requirements related to the classification and measurement of financial liabilities and derecognition of financial assets and liabilities to the version issued in 2009. It also includes details on how to measure fair value. This standard becomes effective in the Group's 2016 financial statements. The Group does not plan to adopt this standard early and the extent of the impact has not yet been determined.
- A variety of minor improvements to standards have been made in order to clarify various treatments of specific transactions. These are not expected to have an impact on the Group's financial results.

4 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.

- ***Retail***. Includes the Rural Supplies and Fruitfed retail operations, AgNZ (Consulting) 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 (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.

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

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

4 SEGMENT REPORTING (CONTINUED)

(b) Operating Segment Information

	RETAIL		LIVESTOCK		OTHER RURAL SERVICES	
	2014 $000	2013 $000	2014 $000	2013 $000	2014 $000	2013 $000
Total segment revenue	485,955	433,411	76,850	98,500	202,822	156,595
Intersegment revenue	–	–	–	–	–	–
Total external operating revenues	485,955	433,411	76,850	98,500	202,822	156,595
Operating EBITDA	**25,509**	**23,224**	**13,389**	**12,182**	**14,090**	**9,030**
Equity earnings of associates	–	–	–	–	–	–
Impairment losses on goodwill	–	–	–	(80,000)	–	(22,045)
Non operating items	(206)	(74)	171	21	1,062	(1,970)
Fair value adjustments	–	–	1,388	(1,739)	–	–
EBITDA	**25,303**	**23,150**	**14,948**	**(69,536)**	**15,152**	**(14,985)**
Depreciation and amortisation	(1,256)	(1,097)	(595)	(645)	(647)	(626)
Results from continuing operating activities	24,047	22,053	14,353	(70,181)	14,505	(15,611)
Net interest and finance costs	(139)	51	158	(1,026)	(724)	(74)
Profit/(loss) from continuing operations before income tax	23,908	22,104	14,511	(71,207)	13,781	(15,685)
Income tax (expense)/income	(6,817)	(6,171)	(4,119)	(2,543)	(3,740)	(4,816)
Profit/(loss) from continuing operations	17,091	15,933	10,392	(73,750)	10,041	(20,501)
Discontinued operations	–	–	–	–	–	–
Profit/(loss) for the year	**17,091**	**15,933**	**10,392**	**(73,750)**	**10,041**	**(20,501)**
Segment assets	104,659	92,451	66,289	58,332	67,326	72,752
Equity accounted investees	–	–	–	–	–	1,174
Assets held for sale	–	–	–	–	–	–
Total segment assets	104,659	92,451	66,289	58,332	67,326	73,926
Segment liabilities	(55,294)	(34,206)	(61,093)	(43,610)	(36,951)	(38,752)
Capital expenditure (incl software)	4,151	775	146	1,039	1,047	361

RURAL SERVICES 2014 $000	2013 $000	SEED & GRAIN 2014 $000	2013 $000	TOTAL OPERATING SEGMENTS 2014 $000	2013 $000	OTHER 2014 $000	2013 $000	TOTAL 2014 $000	2013 $000
765,627	688,506	529,694	486,289	1,295,321	1,174,795	2,253	3,273	1,297,574	1,178,068
–	–	(78,191)	(46,221)	(78,191)	(46,221)	–	–	(78,191)	(46,221)
765,627	688,506	451,503	440,068	1,217,130	1,128,574	2,253	3,273	1,219,383	1,131,847
52,988	**44,436**	**33,965**	**26,488**	**86,953**	**70,924**	**(28,206)**	**(25,127)**	**58,747**	**45,797**
–	–	2,494	1,405	2,494	1,405	27	78	2,521	1,483
–	(102,045)	1	(219,098)	1	(321,143)	(1)	–	–	(321,143)
1,027	(2,023)	3,377	(3,414)	4,404	(5,437)	2,018	(1,697)	6,422	(7,134)
1,388	(1,739)	–	–	1,388	(1,739)	(78)	(140)	1,310	(1,879)
55,403	**(61,371)**	**39,837**	**(194,619)**	**95,240**	**(255,990)**	**(26,240)**	**(26,886)**	**69,000**	**(282,876)**
(2,498)	(2,368)	(3,296)	(3,550)	(5,794)	(5,918)	(5,448)	(1,724)	(11,242)	(7,642)
52,905	(63,739)	36,541	(198,169)	89,446	(261,908)	(31,688)	(28,610)	57,758	(290,518)
(705)	(1,049)	(2,894)	(1,305)	(3,599)	(2,354)	(4,327)	(7,020)	(7,926)	(9,374)
52,200	(64,788)	33,647	(199,474)	85,847	(264,262)	(36,015)	(35,630)	49,832	(299,892)
(14,676)	(13,530)	(9,780)	(6,284)	(24,456)	(19,814)	15,984	14,785	(8,472)	(5,029)
37,524	(78,318)	23,867	(205,758)	61,391	(284,076)	(20,031)	(20,845)	41,360	(304,921)
–	–	–	–	–	–	898	(1,584)	898	(1,584)
37,524	**(78,318)**	**23,867**	**(205,758)**	**61,391**	**(284,076)**	**(19,133)**	**(22,429)**	**42,258**	**(306,505)**
238,274	223,535	319,194	309,096	557,468	532,631	74,502	81,866	631,970	614,497
–	1,174	1,274	2,972	1,274	4,146	90	64	1,364	4,210
–	–	–	–	–	–	1,168	801	1,168	801
238,274	224,709	320,468	312,068	558,742	536,777	75,760	82,731	634,502	619,508
(153,338)	(116,568)	(157,946)	(140,486)	(311,284)	(257,054)	(53,516)	(106,348)	(364,800)	(363,402)
5,344	2,175	6,796	3,375	12,140	5,550	31,623	2,149	43,763	7,699

4 SEGMENT REPORTING (CONTINUED)

(c) Geographical Segment Information

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

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

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

	GROUP 2014 $000	GROUP 2013 $000
Revenue derived from outside the Group		
New Zealand	1,024,303	926,526
Australia	84,200	86,647
South America	110,880	118,674
Total revenue derived from outside the Group	**1,219,383**	**1,131,847**
Non current assets excluding financial instruments and deferred tax		
New Zealand	112,786	98,812
Australia	14,032	16,091
South America	5,465	6,598
Total non current assets excluding financial instruments and deferred tax	**132,283**	**121,501**

5 OPERATING REVENUE

	NOTE	CONTINUING OPERATIONS 2014 $000	CONTINUING OPERATIONS 2013 $000	DISCONTINUED OPERATIONS 2014 $000	DISCONTINUED OPERATIONS 2013 $000	TOTAL 2014 $000	TOTAL 2013 $000
Group							
Sales		1,063,864	991,198	–	–	1,063,864	991,198
Commissions		106,256	97,839	–	–	106,256	97,839
Construction contract revenue		47,401	40,407	–	–	47,401	40,407
Interest revenue on finance receivables	14	–	–	950	1,991	950	1,991
Debtor interest charges		1,862	2,403	–	–	1,862	2,403
Total operating revenue		**1,219,383**	**1,131,847**	**950**	**1,991**	**1,220,333**	**1,133,838**
Company							
Sales		559,476	485,765	–	–	559,476	485,765
Commissions		74,954	56,020	–	–	74,954	56,020
Construction contract revenue		43,068	39,417	–	–	43,068	39,417
Debtor interest charges		1,520	1,860	–	–	1,520	1,860
Total operating revenue		**679,018**	**583,062**	**–**	**–**	**679,018**	**583,062**

6 COST OF SALES

	NOTE	GROUP 2014 $000	GROUP 2013 $000	COMPANY 2014 $000	COMPANY 2013 $000
Cost of Sales includes the following items by nature:					
Depreciation and amortisation		1,238	1,282	–	–
Employee benefits including commissions		32,741	25,258	11,645	7,869
Inventories, finished goods, work in progress, raw materials and consumables	22	843,295	785,497	464,672	409,226
Other		37,193	33,838	25,598	20,345
		914,467	**845,875**	**501,915**	**437,440**

7 OTHER INCOME

	GROUP 2014 $000	GROUP 2013 $000	COMPANY 2014 $000	COMPANY 2013 $000
Dividend income	9	586	9	480
Other investment income	276	681	276	495
	285	**1,267**	**285**	**975**

8 OTHER OPERATING EXPENSES

	GROUP 2014 $000	GROUP 2013 $000	COMPANY 2014 $000	COMPANY 2013 $000
Other operating expenses includes the following items:				
Audit of annual financial statements of the Company – KPMG	278	316	278	316
Audit of annual financial statements of the subsidiaries and associates – KPMG	287	293	–	–
Other non-audit services for accounting opinions paid to KPMG				
– Trust account audit of PGG Wrightson Real Estate Limited	11	11	–	–
– Review of SOX compliance requirements	–	27	–	27
– Review of charging group consolidation for bank syndicate	2	2	2	2
– Review of Agriculture New Zealand Limited for reporting to New Zealand Qualifications Authority	2	2	–	–
Directors' fees	733	862	731	823
Donations	10	8	2	3
Doubtful debts – (decrease)/increase in provision for doubtful debts	(638)	(992)	(654)	(1,940)
Doubtful debts – bad debts written off	728	2,111	624	2,100
Marketing	8,929	8,202	3,443	3,107
Motor vehicle costs	7,792	8,205	5,411	4,954
Rental and operating lease costs	27,477	28,072	19,656	16,263
Other expenses	51,191	52,240	30,312	28,273
	96,802	**99,359**	**59,805**	**53,928**

9 EQUITY ACCOUNTED ASSOCIATES

Earnings from associates

	CURRENT ASSETS	NON-CURRENT ASSETS	TOTAL ASSETS	CURRENT LIABILITIES	NON-CURRENT LIABILITIES	TOTAL LIABILITIES	REVENUES	EXPENSES	PROFIT / (LOSS) AFTER TAX	PGW SHARE
30 June 2014										
Continuing										
51% Forage Innovations Limited	1,086	–	1,086	(525)	–	(525)	1,346	(1,181)	165	83
50% Canterbury Sale Yards (1996) Limited	194	3	197	(17)	–	(17)	580	(526)	54	27
50% Fertimas S.A. (formerly Lounay S.A.)	12,689	–	12,689	(10,829)	–	(10,829)	23,337	(22,564)	773	387
Disposed										
50% 4Seasons Feeds Limited	–	–	–	–	–	–	55,192	(51,144)	4,048	2,024
20% Di Santi y Romualdo LTDA	–	–	–	–	–	–	–	–	–	–
50% Gramina Pty Limited	–	–	–	–	–	–	–	–	–	–
	13,969	3	13,972	(11,371)	–	(11,371)	80,455	(75,415)	5,040	**2,521**
30 June 2013										
Continuing										
51% Forage Innovations Limited	1,268	–	1,268	(872)	–	(872)	1,038	(944)	94	48
50% Gramina Pty Limited	34	–	34	(149)	–	(149)	8	(175)	(167)	–
50% Canterbury Sale Yards (1996) Limited	138	5	143	(16)	–	(16)	574	(512)	62	31
50% 4Seasons Feeds Limited	7,279	1,983	9,262	(1,425)	(3,651)	(5,076)	35,217	(33,031)	2,186	1,093
50% Lounay S.A.	11,843	136	11,979	(10,586)	–	(10,586)	21,760	(20,984)	776	691
20% Di Santi y Romualdo LTDA	7,789	115	7,904	(4,730)	–	(4,730)	27,305	(25,694)	1,611	(427)
Disposed										
50% Agritranz Limited	–	–	–	–	–	–	3,540	(3,445)	95	47
50% Kelso Wrightson (2004) Limited	–	–	–	–	–	–	–	–	–	–
	28,351	2,239	30,590	(17,778)	(3,651)	(21,429)	89,442	(84,785)	4,657	**1,483**

Movement in carrying value of equity accounted investees

	GROUP 2014 $000	GROUP 2013 $000	COMPANY 2014 $000	COMPANY 2013 $000
Opening balance	4,210	269	–	30
New investments	–	2,567	–	–
Reclassification	–	–	–	(30)
Currency translation	(201)	34	–	
Divestment of associate	(1,663)	(84)	–	–
Share of profit/(loss)	2,521	1,483	–	–
Dividends received	(3,503)	(59)	–	–
Closing balance	**1,364**	**4,210**	**–**	**–**

There is no goodwill included in the carrying value of equity accounted investees (2013: Nil).

On 31 May 2014 the Group sold its 50% investment in the 4Seasons Feeds Limited joint venture company to its partner International Nutritionals Limited. A gain on sale of the investment of $4.65 million has been included in non operating items in the Statement of Comprehensive Income. Associated with the investment sale was the sale of certain intellectual property and fixed assets to 4Seasons Feeds Limited. A gain on sale of these items of $0.20 million has also been included in non operating items in the Statement of Comprehensive Income.

The Group sold its investment in Di Santi y Romualdo LTDA on 27 January 2014. A gain on sale of $0.06 million has been recognised in non operating items in the Statement of Comprehensive Income in respect of this disposal. On 29 January 2014 the Group's Australian associate company Gramina Pty Limited was deregistered.

10 NON OPERATING ITEMS

	NOTE	GROUP 2014 $000	GROUP 2013 $000	COMPANY 2014 $000	COMPANY 2013 $000
Capital gains/(losses) on sale of businesses, property plant and equipment		(262)	(3,612)	511	(317)
Sale of investment in 4Seasons Feeds Limited	9	4,848	–	–	–
Bargain gain on acquisition of business	23	1,243	–	1,243	–
Onerous property lease	27	–	(1,764)	–	–
Silver Fern Farms supply contract	27	160	147	160	147
Defined benefit superannuation plan	28	2,174	(833)	2,174	(833)
Management fee from/(to) subsidiaries	36	–	–	17,525	(212,228)
Restructuring		(1,643)	(1,712)	(354)	(945)
Other non operating items		(98)	640	1	–
		6,422	**(7,134)**	**21,260**	**(214,176)**
Impairment losses on goodwill	25	–	(321,143)	–	(91,323)
		6,422	**(328,277)**	**21,260**	**(305,499)**

11 FAIR VALUE ADJUSTMENTS

	NOTE	GROUP 2014 $000	GROUP 2013 $000	COMPANY 2014 $000	COMPANY 2013 $000
Continuing Operations					
Assets held for sale	20	(78)	(140)	(78)	(140)
Biological assets	21	1,388	(1,739)	1,388	(1,739)
		1,310	**(1,879)**	**1,310**	**(1,879)**

12 INTEREST – FINANCE INCOME AND EXPENSE

	GROUP 2014 $000	GROUP 2013 $000	COMPANY 2014 $000	COMPANY 2013 $000
Finance income contains the following items:				
Other interest income	1,328	214	1,293	315
Finance income	1,328	214	1,293	315
Interest funding contains the following items:				
Interest on interest rate swaps	(59)	(280)	(59)	(280)
Interest on bank loans and overdrafts	(5,091)	(5,537)	(2,460)	(4,390)
Bank facility fees	(2,440)	(4,240)	(2,844)	(3,444)
Interest funding expense	(7,590)	(10,057)	(5,363)	(8,114)
Foreign exchange contains the following items:				
Net gain/(loss) on foreign denominated items	(4,890)	3,741	(46)	(14)
Derivatives not in qualifying hedge relationships	3,226	(3,272)	(246)	(52)
Foreign exchange income/(expense)	(1,664)	469	(292)	(66)
Net interest and finance costs	**(7,926)**	**(9,374)**	**(4,362)**	**(7,865)**

13 INCOME TAXES

	GROUP 2014 $000	GROUP 2013 $000	COMPANY 2014 $000	COMPANY 2013 $000
Current tax expense				
Current year	(15,945)	(5,584)	(3,625)	–
Adjustments for prior years	4,425	3,833	4,087	1,739
	(11,520)	(1,751)	462	1,739
Deferred tax expense				
Origination and reversal of temporary differences	1,749	(4,477)	1,051	(1,616)
Effect of change in tax rates	–	–	–	–
Adjustments for prior years	1,299	1,199	1,339	3,837
	3,048	(3,278)	2,390	2,221
Income tax (expense)/income	**(8,472)**	**(5,029)**	**2,852**	**3,960**
Profit/(loss) for the year	42,258	(306,505)	31,434	(305,830)
Income tax (expense)/income	(8,472)	(5,029)	2,852	3,960
Tax on discontinued operations	(350)	616	–	–
Profit/(loss) excluding income tax	**51,080**	**(302,092)**	**28,582**	**(309,790)**

	GROUP 2014 %	GROUP 2014 $000	GROUP 2013 %	GROUP 2013 $000	COMPANY 2014 %	COMPANY 2014 $000	COMPANY 2013 %	COMPANY 2013 $000
Income tax using the Company's domestic tax rate	28.0%	(14,302)	28.0%	84,586	28.0%	(8,003)	28.0%	86,741
Effect of tax rates in foreign jurisdictions	2.4%	(1,225)	0.5%	1,519	0.0%	–	0.0%	–
Non-deductible expenses	–3.1%	1,604	–30.2%	(91,323)	–17.8%	5,099	–10.6%	(32,717)
Taxable income included in other comprehensive income	0.5%	(269)	0.0%	–	0.0%	–	0.0%	–
Taxable dividends from equity accounted associates	2.7%	(1,362)	0.0%	–	0.0%	–	0.0%	–
Imputation credits received on taxable dividends from equity accounted associates	–2.7%	1,362	0.0%	–	0.0%	–	0.0%	–
Tax effect of discontinued operations	0.7%	(350)	–0.2%	(616)	0.0%	–	0.0%	–
Tax exempt income	–4.6%	2,352	0.4%	1,354	–1.2%	330	0.0%	(4)
Under/(over) provided in prior years	–11.2%	5,724	1.7%	5,032	–19.0%	5,426	1.8%	5,576
Group loss offsets	0.0%	–	0.0%	–	0.0%	–	–18.0%	(55,636)
Derecognition of carried forward tax losses and current year tax losses not recognised	3.9%	(2,006)	–1.8%	(5,581)	0.0%	–	0.0%	–
	16.6%	**(8,472)**	–1.7%	**(5,029)**	–10.0%	**2,852**	1.3%	**3,960**

13 INCOME TAXES (CONTINUED)

	GROUP 2014 $000	GROUP 2013 $000	COMPANY 2014 $000	COMPANY 2013 $000
Income tax recognised directly in equity				
Income tax on changes in fair value of cash flow hedges	(269)	–	–	–
Deferred tax on movement of actuarial gains/losses on employee benefit plans	(1,433)	(1,758)	(1,433)	(1,758)
Total income tax recognised directly in equity	**(1,702)**	**(1,758)**	**(1,433)**	**(1,758)**

The Group and Company have $5.19 million imputation credits as at 30 June 2014 (2013: $1.27 million). This balance includes the third provisional tax instalment made on 28 July 2014 in respect of the year ended 30 June 2014.

	ASSETS 2014 $000	ASSETS 2013 $000	LIABILITIES 2014 $000	LIABILITIES 2013 $000	NET 2014 $000	NET 2013 $000
Recognised deferred tax assets and liabilities						
Deferred tax assets and liabilities are attributable to the following:						
Group						
Property, plant and equipment	–	–	(7,005)	(7,903)	(7,005)	(7,903)
Intangible assets	–	–	(112)	(1,605)	(112)	(1,605)
Provisions	18,136	18,023	–	–	18,136	18,023
Other items	479	907	(461)	–	18	907
Tax asset / (liability)	**18,615**	**18,930**	**(7,578)**	**(9,508)**	**11,037**	**9,422**
Company						
Property, plant and equipment	–	–	(6,123)	(6,529)	(6,123)	(6,529)
Intangible assets	–	–	(34)	(1,592)	(34)	(1,592)
Provisions	11,222	12,004	–	–	11,222	12,004
Tax asset / (liability)	**11,222**	**12,004**	**(6,157)**	**(8,121)**	**5,065**	**3,883**

	BALANCE 1 JUL 2012 $000	RECOGNISED IN PROFIT OR LOSS $000	RECOGNISED IN OTHER COMPREHENSIVE INCOME $000	BALANCE 30 JUN 2013 $000	RECOGNISED IN PROFIT OR LOSS $000	RECOGNISED IN OTHER COMPREHENSIVE INCOME $000	AMALGAMATION OF SUBSIDIARIES $000	BALANCE 30 JUN 2014 $000
Movement in deferred tax on temporary differences during the year								
Group								
Property, plant and equipment	(3,566)	(4,337)	–	(7,903)	898	–	–	(7,005)
Intangible assets	(1,720)	115	–	(1,605)	1,493	–	–	(112)
Employee benefits	7,825	4,421	(1,758)	10,488	453	(1,433)	–	9,508
Provisions	7,291	244	–	7,535	1,093	–	–	8,628
Other items	4,628	(3,721)	–	907	(889)	–	–	18
	14,458	(3,278)	(1,758)	**9,422**	3,048	(1,433)	–	**11,037**
Company								
Property, plant and equipment	(2,037)	(4,492)	–	(6,529)	(192)	–	598	(6,123)
Intangible assets	(1,719)	127	–	(1,592)	1,558	–	–	(34)
Employee benefits	6,618	4,671	(1,758)	9,531	1,068	(1,433)	(373)	8,793
Provisions	558	1,915	–	2,473	(44)	–	–	2,429
	3,420	2,221	(1,758)	**3,883**	2,390	(1,433)	225	**5,065**

Unrecognised tax losses / Unrecognised temporary differences

The Group has unrecognised deferred tax assets of $7.81 million as at 30 June 2014 (2013: $5.58 million) and does not have any unrecognised temporary differences (2013: Nil). These unrecognised tax assets largely relate to carried forward and current year losses in Australian operations of the Group. The Company does not have any unrecognised tax losses or unrecognised temporary differences (2013: Nil).

14 DISCONTINUED OPERATIONS

On 31 August 2011 the Group sold its finance subsidiary PGG Wrightson Finance Limited (PWF) to Heartland New Zealand Limited's wholly-owned subsidiary Heartland Building Society (Heartland).

In connection with the PWF sale transaction the Group transferred certain excluded loans to its wholly owned subsidiary, PGW Rural Capital Limited (PGWRC), which has worked to realise or refinance these facilities over the short to medium term. 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 30 June 2014 loans for four clients remain in PGWRC (including guaranteed loans transferred to PGWRC by Heartland). As at 30 June 2014 there were no remaining guaranteed loans held by Heartland. The operations of PGWRC are treated as discontinued and are included within this note.

In the year ended 30 June 2014 PGWRC contributed a profit after tax of $0.90 million (2013: loss after tax of $1.58 million)

Profits attributable to the discontinued operation were as follows:

	NOTE	GROUP 2014 $000	GROUP 2013 $000
Results of discontinued operations			
Revenue	5	950	1,991
Expenses		298	(4,191)
		1,248	(2,200)
Fair value adjustments		–	–
Results from operating activities		1,248	(2,200)
Income tax expense		(350)	616
Results from operating activities, net of income tax		898	(1,584)
Profit/(loss) for the year		**898**	**(1,584)**
Basic and diluted earnings per share (New Zealand dollars) *(refer to Note 15 for weighted average number of shares)*		0.001	(0.002)
Cash flows from discontinued operations			
Net cash from operating activities		9,156	11,383
Net cash from/(used in) discontinued operation		9,156	11,383

15 EARNINGS PER SHARE AND NET TANGIBLE ASSETS

Basic earnings per share

The calculation of basic earnings per share at 30 June 2014 was based on the profit/(loss) attributable to ordinary shareholders of $42,258,000 (2013:($306,505,000)) by the weighted average number of shares, 754,848,774 (2013: 754,848,774) on issue. There are no dilutive shares or options (2013: Nil).

	GROUP 2014 000	GROUP 2013 000
Number of shares		
Weighted average number of ordinary shares for earnings per share calculation	754,849	754,849
Number of ordinary shares at year end	754,849	754,849

	GROUP 2014 $000	GROUP 2013 $000
Net Tangible Assets		
Total assets	634,502	619,508
Total liabilities	(364,800)	(363,402)
less intangible assets	(5,684)	(6,715)
less deferred tax	(11,037)	(9,422)
	252,981	**239,968**

	GROUP 2014 $	GROUP 2013 $
Net tangible assets per security at year end	0.335	0.318
Earnings per share	0.056	(0.406)

16 CASH AND BANK FACILITIES

	GROUP 2014 $000	GROUP 2013 $000	COMPANY 2014 $000	COMPANY 2013 $000
Cash and cash equivalents	11,343	5,845	6,059	326
Bank overdraft	–	(12,463)	–	(9,514)
Current bank facilities	(35,573)	(35,239)	–	–
Term bank facilities	(65,000)	(62,000)	(65,000)	(62,000)
	(89,230)	**(103,857)**	**(58,941)**	**(71,188)**

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 bank 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 $25.27 million as at 30 June 2014 including:
- Overdraft facilities of $9.58 million.
- Guarantee and trade finance facilities of $6.55 million.
- Standby letters of credit of $9.14 million in respect of the current Uruguayan bank facilities outlined below.

The Group also had current Uruguayan bank facilities amounting to $29.85 million as at 30 June 2014 which are secured in part by the standby letters of credit outlined above.

17 DERIVATIVE FINANCIAL INSTRUMENTS

	GROUP 2014 $000	GROUP 2013 $000	COMPANY 2014 $000	COMPANY 2013 $000
Derivative assets held for risk management				
Current	2,556	662	32	279
Non-current	369	3	–	–
	2,925	665	32	279
Derivative liabilities held for risk management				
Current	(887)	(2,451)	(376)	(429)
Non-current	(5)	(623)	–	–
	(892)	(3,074)	(376)	(429)
Net derivatives held for risk management	**2,033**	**(2,409)**	**(344)**	**(150)**

Cash flow hedges of interest rate risk
The Company uses interest rate swaps to hedge its exposure to changes in the market rates of variable and fixed interest rates.

Other derivatives held for risk management
The Company also uses forward exchange contracts, spot foreign exchange contracts and foreign exchange options to manage its exposure to foreign currency fluctuations.

18 TRADE AND OTHER RECEIVABLES

	GROUP 2014 $000	GROUP 2013 $000	COMPANY 2014 $000	COMPANY 2013 $000
Accounts receivable	224,284	204,755	116,656	87,520
Less provision for doubtful debts	(5,537)	(5,742)	(3,813)	(3,848)
Net accounts receivable	218,747	199,013	112,843	83,672
Other receivables and prepayments	14,925	15,607	7,610	9,839
Amounts owing from subsidiaries	–	–	44,844	99,696
Trade receivables due from related parties	2,857	3,201	1,938	1,938
	236,529	**217,821**	**167,235**	**195,145**
Analysis of movements in provision for doubtful debts				
Balance at beginning of year	(5,742)	(8,720)	(3,848)	(6,791)
Movement in provision	205	2,978	35	2,943
Balance at end of year	**(5,537)**	**(5,742)**	**(3,813)**	**(3,848)**

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

	GROUP NOT IMPAIRED 2014 $000	GROUP IMPAIRED 2014 $000	GROUP NOT IMPAIRED 2013 $000	GROUP IMPAIRED 2013 $000	COMPANY NOT IMPAIRED 2014 $000	COMPANY IMPAIRED 2014 $000	COMPANY NOT IMPAIRED 2013 $000	COMPANY IMPAIRED 2013 $000
Not past due	189,964	–	166,709	–	105,842	–	72,647	–
Past due 1 – 30 days	20,729	448	21,816	357	6,665	448	9,074	357
Past due 31 – 60 days	4,147	534	6,499	1,391	336	534	1,951	178
Past due 61 – 90 days	3,907	1,492	3,478	3,483	–	391	–	553
Past due 90 plus days	–	3,063	511	511	–	2,440	–	2,760
Impairment	–	(5,537)	–	(5,742)	–	(3,813)	–	(3,848)
	218,747	**–**	**199,013**	**–**	**112,843**	**–**	**83,672**	**–**

19 FINANCE RECEIVABLES

As part of the sale of the Group's finance subsidiary PGG Wrightson Finance Limited (PWF) to Heartland Building Society (Heartland), certain excluded loans were acquired by the Group's wholly owned subsidiary PGW Rural Capital Limited. In addition certain PWF loans sold to Heartland were guaranteed by the Group. Loans put to or called by the Group under the guarantee have been transferred to PGW Rural Capital Limited and are included within this note. As at 30 June 2014 there were no remaining guaranteed loans held by Heartland. All past due finance receivables are impaired.

	GROUP 2014 $000	GROUP 2013 $000
Finance receivables – less than one year	15,211	22,348
Finance receivables – greater than one year	–	–
	15,211	22,348
Less provision for doubtful debts	(11,650)	(10,871)
	3,561	**11,477**
Impairment:		
Balance at the beginning of the period	(10,871)	(18,246)
Impairment (losses)/recoveries recognised in the income statement	298	(4,103)
Interest charged on impaired accounts	(1,244)	(2,286)
Amounts written off in the income statement	167	13,764
Amounts written off not previously provided for	–	–
Movement in specific provision and bad debts written off	**(11,650)**	**(10,871)**

The status of the receivables at the reporting date is as follows:

IMPAIRED	GROUP NOT IMPAIRED 2014 $000	GROUP IMPAIRED 2014 $000	GROUP NOT IMPAIRED 2013 $000	GROUP 2013 $000
Past due more than 1 year	–	15,211	–	22,348
Impairment	–	(11,650)	–	(10,871)
	–	**3,561**	**–**	**11,477**

	GROUP 2014 $000	GROUP 2013 $000
Asset Quality – Finance Loans and Receivables		
Neither past due or impaired	–	–
Individually impaired loans	15,211	22,348
Past due loans	–	–
Provision for credit impairment	(11,650)	(10,871)
Total carrying amount	**3,561**	**11,477**
90 Day Plus Past Due Assets (includes impaired assets)		
Balance at the beginning of the year	22,348	47,494
Additions	2,338	15,567
Reduction	(9,475)	(40,713)
Balance at the end of the year	**15,211**	**22,348**
Impaired Assets		
Balance at the beginning of the year	22,348	47,494
Acquired impaired assets	–	10,979
Additions to individually impaired assets	2,338	4,588
Amounts written off	(167)	(13,764)
Repayments	(9,308)	(26,949)
Balance at the end of the year	**15,211**	**22,348**
Provision for credit impairment	(11,650)	(10,871)
Net carrying amount of impaired assets	**3,561**	**11,477**

20 ASSETS HELD FOR SALE

Properties

The Group currently has eight properties classed as held for sale. The properties are on the market and are held at market value (Note 11).

A total impairment loss of $0.08 million (2013: $0.14 million) on the re-measurement of the disposal groups to the lower of their carrying amount and fair value less costs to sell has been recognised in fair value adjustments in the Statement of Comprehensive Income.

	GROUP 2014 $000	GROUP 2013 $000	COMPANY 2014 $000	COMPANY 2013 $000
Assets classified as held for sale				
Property, plant and equipment	1,168	801	1,157	801
	1,168	**801**	**1,157**	**801**

21 BIOLOGICAL ASSETS

	NOTE	GROUP 2014 $000	GROUP 2013 $000	COMPANY 2014 $000	COMPANY 2013 $000
Livestock					
Opening balance		4,380	20,858	4,380	20,858
Increase due to acquisitions		13,022	15,390	13,022	15,390
Decrease due to sales		(12,444)	(30,076)	(12,444)	(30,076)
Net decrease due to births, deaths and category changes		(2)	(53)	(2)	(53)
Changes in fair value	11	1,388	(1,739)	1,388	(1,739)
Closing balance		**6,344**	**4,380**	**6,344**	**4,380**
Current		6,198	4,233	6,198	4,233
Non-current breeding stock		146	147	146	147
		6,344	**4,380**	**6,344**	**4,380**

A fair value movement of $1.39 million was recorded in the Statement of Comprehensive Income in respect of biological assets (2013: fair value movement of $1.74 million). Biological assets are classified as level 2 in the fair value hierarchy.

As at 30 June 2014, livestock held for sale comprised 4,235 cattle, 16,332 sheep and 151 other (consisting of bulls) (2013: 3,099 cattle, 9,453 sheep and 165 other (consisting of bulls and deer)). During the year the Group sold 6,281 cattle, 46,619 sheep and 78 other (2013: 14,560 cattle, 106,330 sheep and 91 other).

22 INVENTORY

	GROUP 2014 $000	GROUP 2013 $000	COMPANY 2014 $000	COMPANY 2013 $000
Merchandise/finished goods	231,922	244,109	49,702	48,389
Work in progress	3,744	6,047	–	2,627
Less provision for inventory write down	(6,208)	(6,506)	(1,831)	(1,354)
	229,458	**243,650**	**47,871**	**49,662**

During the year ended 30 June 2014, finished goods, work in progress, raw materials and consumables included in cost of sales in the Statement of Comprehensive Income amounted to $843.29 million (Group), $464.67 million (Company) (2013: $785.50 million (Group), $409.23 million (Company)) (see Note 6).

During the year ended 30 June 2014 inventories written down to net realisable value amounted to $5.01 million (Group), $0.81 million (Company) (2013: $4.45 million (Group), $2.15 million (Company)). The write-downs are included in cost of sales in the Statement of Comprehensive Income. Consideration is given to factors such as age, germination levels and quality when assessing the net realisable value of seeds inventory.

23 GROUP ENTITIES

SIGNIFICANT SUBSIDIARIES	COUNTRY OF INCORPORATION	DIRECT PARENT	OWNERSHIP INTEREST 2014 %	2013 %
PGW AgriTech Holdings Limited	New Zealand	PGG Wrightson Limited	100%	100%
PGW Rural Capital Limited	New Zealand	PGG Wrightson Limited	100%	100%
PGG Wrightson Employee Benefits Plan Trustee Limited	New Zealand	PGG Wrightson Limited	100%	100%
PGG Wrightson Real Estate Limited	New Zealand	PGG Wrightson Limited	100%	100%
Agriculture New Zealand Limited	New Zealand	PGG Wrightson Limited	100%	100%
PGG Wrightson Trustee Limited	New Zealand	PGG Wrightson Limited	100%	100%
PGW Corporate Trustee Limited	New Zealand	PGG Wrightson Limited	100%	100%
PGG Wrightson Wool Limited (amalgamated into PGG Wrightson Limited on 24 July 2013)	New Zealand	PGG Wrightson Limited	N/A	100%
AgriServices South America Limited	New Zealand	PGG Wrightson Limited	100%	100%
PGW AgriServices Australia Pty Limited	Australia	PGG Wrightson Limited	100%	100%
PGG Wrightson Investments Limited	New Zealand	PGG Wrightson Limited	100%	100%
Bloch & Behrens Wool (NZ) Limited	New Zealand	PGG Wrightson Limited	100%	100%
PGW Agritrade Limited (formerly Agri-feeds Limited)	New Zealand	PGG Wrightson Limited	100%	100%
Ag Property Holdings Limited	New Zealand	PGG Wrightson Investments Limited	100%	N/A
PGW AgriTech New Zealand Limited	New Zealand	PGW AgriTech Holdings Limited	100%	100%
AgriTech South America Limited	New Zealand	PGW AgriTech Holdings Limited	100%	100%
PGW AgriTech Australia Pty Limited	Australia	PGW AgriTech Holdings Limited	100%	100%
PGG Wrightson Seeds Limited	New Zealand	PGW AgriTech New Zealand Limited	100%	100%
PGG Wrightson Consortia Research Limited	New Zealand	PGG Wrightson Seeds Limited	100%	100%
Grasslands Innovation Limited	New Zealand	PGG Wrightson Seeds Limited	70%	70%
Agricom Limited	New Zealand	PGG Wrightson Seeds Limited	100%	100%
PGG Wrightson Genomics Limited	New Zealand	PGG Wrightson Seeds Limited	100%	100%
Wrightson Seeds Limited	New Zealand	PGG Wrightson Seeds Limited	100%	100%
New Zealand Wool Handlers Limited (amalgamated into PGG Wrightson Limited on 24 July 2013)	New Zealand	PGG Wrightson Wool Limited	N/A	100%
PGG Wrightson Employee Benefits Plan Limited	New Zealand	PGG Wrightson Employee Benefits Plan Trustee Limited	100%	100%
PGG Wrightson Seeds (Australia) Pty Limited	Australia	PGW AgriTech Australia Pty Limited	100%	100%
Agricom Australia Seeds Pty Limited	Australia	PGW AgriTech Australia Pty Limited	100%	100%
AGR Seeds Pty Limited (formerly Agricom Australia Pty Limited)	Australia	PGW AgriTech Australia Pty Limited	100%	100%
AW Seeds Pty Limited (formerly AusWest Seeds Pty Limited)	Australia	PGG Wrightson Seeds (Australia) Pty Limited	100%	100%
SP Seeds Pty Limited (formerly Stephen Pasture Seeds Pty Limited)	Australia	AW Seeds Pty Limited	100%	100%
PGW AgriTech South America S.A.	Uruguay	AgriTech South America Limited	100%	100%
Wrightson Pas S.A.	Uruguay	AgriTech South America Limited	100%	100%
Juzay S.A.	Uruguay	PGW AgriTech South America S.A.	100%	100%
Agrosan S.A.	Uruguay	PGW AgriTech South America S.A.	100%	100%
Alfalfares S.R.L.	Argentina	PGW AgriTech South America S.A.	100%	100%
NZ Ruralco Participacoes Ltda	Brazil	PGW AgriTech South America S.A.	100%	100%
PGG Wrightson Uruguay Limited	Uruguay	Juzay S.A.	100%	100%
Hunker S.A. (t/a Rural Centre)	Uruguay	Juzay S.A.	100%	100%
Lanelle S.A. (t/a Riegoriental)	Uruguay	Juzay S.A.	100%	70%
Afinlux S.A. (t/a Romualdo Rodriguez)	Uruguay	Juzay S.A.	51%	51%
Kroslyn S.A. Limited	Uruguay	Agrosan S.A.	100%	100%
Escritorio Romualdo Rodriguez Ltda	Uruguay	Afinlux S.A.	100%	100%

23 GROUP ENTITIES (CONTINUED)

Acquisition and disposal of Subsidiaries and Businesses

During the year ended 30 June 2014, the Group made the following acquisitions and disposals:

- 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.
- During the period the Group acquired the remaining 30% interest in Lanelle S.A. resulting in this entity now being fully consolidated into the Group.
- On 22 June 2014, the Group acquired the shares in Ag Property Holdings Limited (Ag Property) that owns a number of properties previously leased by the Group. These properties include retail stores, seed processing sites and livestock saleyards located across New Zealand.

Acquisition of Water Dynamics and Aquaspec

On 25 October 2013, the Group acquired the assets and businesses of Water Dynamics and Aquaspec from Pentair Flow Control Pacific Pty Limited (Pentair) for a purchase consideration of $6.38 million. The fair value of assets and liabilities acquired amounted to $7.62 million, resulting in a gain upon acquisition of $1.24 million which is included in non operating items in the Statement of Comprehensive Income. The operations of Water Dynamics and Aquaspec cover the sale and installation of irrigators and related water management componentry. In the year to 30 June 2014 Water Dynamics and Aquaspec contributed a profit of $1.08 million.

If the significant acquisition of Water Dynamics and Aquaspec 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 year to 30 June 2014.

The Water Dynamics and Aquaspec acquisition had the following effect on the asset and liabilities of the Group at the acquisition date:

	GROUP / COMPANY 2014 $000	GROUP / COMPANY 2014 $000	GROUP / COMPANY 2014 $000
	PRE-ACQUISITION CARRYING AMOUNTS	FAIR VALUE ADJUSTMENTS	RECOGNISED VALUES ON ACQUISITION
Trade debtors	2,454	(140)	2,314
Work in progress	3,879	(388)	3,491
Inventory	2,281	66	2,347
Property plant and equipment	171	–	171
Employee benefits	(253)	–	(253)
Trade creditors and accruals	(529)	79	(450)
	8,003	(383)	7,620
Discount on acquisition			(1,243)
Net cash outflow			**6,377**

The Group incurred acquisition-related costs of $0.36 million in respect of the Water Dynamics and Aquaspec acquisition. These acquisitions costs are disclosed in other operating expenses in the Statement of Comprehensive Income.

24 OTHER INVESTMENTS

	NOTE	GROUP 2014 $000	GROUP 2013 $000	COMPANY 2014 $000	COMPANY 2013 $000
BioPacificVentures	34	9,282	9,987	–	–
Heartland New Zealand Limited		–	11,067	–	11,067
Sundry other investments including saleyards		1,365	1,479	501	476
Advances to associates		–	1,462	–	16
		10,647	**23,995**	**501**	**11,559**

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 from 1 July 2013 until sale. The 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 following the sale of this investment. Investment disposal costs of $0.03 million have been recognised in respect to the sale. Prior to its sale the investment was classified as level 1 in the financial instruments note (Note 31).

A fair value loss of $0.98 million was recorded in other comprehensive income for the BioPacificVentures investment in the year ended 30 June 2014 (2013: fair value loss of $1.10 million). The investment is classified as level 3 in the financial instruments note (Note 31). During the year ended 30 June 2014 the Group invested an additional $0.28 million as part of its investment commitment.

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

25 INTANGIBLE ASSETS

	GROUP SOFTWARE $000	GROUP TRADEMARKS & PATENTS $000	GROUP GOODWILL $000	GROUP TOTAL $000	COMPANY SOFTWARE $000	COMPANY TRADEMARKS & PATENTS $000	COMPANY GOODWILL $000	COMPANY TOTAL $000
Cost								
Balance at 1 July 2012	14,996	1,025	347,192	363,213	10,581	–	112,246	122,827
Additions	990	–	–	990	844	–	–	844
Disposals and reclassifications	(12)	(8)	(4,750)	(4,770)	(61)	–	–	(61)
Effect of movement in exchange rates	(79)	–	206	127	–	–	–	–
Balance at 30 June 2013	**15,895**	**1,017**	**342,648**	**359,560**	**11,364**	**–**	**112,246**	**123,610**
Balance at 1 July 2013	15,895	1,017	342,648	359,560	11,364	–	112,246	123,610
Additions	4,241	23	–	4,264	4,179	–	–	4,179
Added as part of a business combination	–	–	–	–	33	–	–	33
Disposals and reclassifications	(1,971)	–	(342,648)	(344,619)	(1,757)	–	(112,246)	(114,003)
Effect of movement in exchange rates	(40)	–	–	(40)	–	–	–	–
Balance at 30 June 2014	**18,125**	**1,040**	**–**	**19,165**	**13,819**	**–**	**–**	**13,819**
Amortisation and impairment losses								
Balance at 1 July 2012	8,208	575	21,505	30,288	4,441	–	20,923	25,364
Amortisation for the year	1,432	–	–	1,432	1,244	–	–	1,244
Disposals and reclassifications	(18)	–	–	(18)	(9)	–	–	(9)
Impairment losses on goodwill	–	–	321,143	321,143	–	–	91,323	91,323
Balance at 30 June 2013	**9,622**	**575**	**342,648**	**352,845**	**5,676**	**–**	**112,246**	**117,922**
Balance at 1 July 2013	9,622	575	342,648	352,845	5,676	–	112,246	117,922
Amortisation for the year	5,203	9	–	5,212	5,052	–	–	5,052
Added as part of a business combination	–	–	–	–	23	–	–	23
Disposals and reclassifications	(1,909)	–	(342,648)	(344,557)	(1,756)	–	(112,246)	(114,002)
Effect of movement in exchange rates	(19)	–	–	(19)	–	–	–	–
Balance at 30 June 2014	**12,897**	**584**	**–**	**13,481**	**8,995**	**–**	**–**	**8,995**
Carrying amounts								
At 1 July 2012	**6,788**	**450**	**325,687**	**332,925**	**6,140**	**–**	**91,323**	**97,463**
At 30 June 2013	**6,273**	**442**	**–**	**6,715**	**5,688**	**–**	**–**	**5,688**
At 1 July 2013	**6,273**	**442**	**–**	**6,715**	**5,688**	**–**	**–**	**5,688**
At 30 June 2014	**5,228**	**456**	**–**	**5,684**	**4,824**	**–**	**–**	**4,824**

26 PROPERTY, PLANT AND EQUIPMENT

	GROUP LAND $000	GROUP BUILDINGS $000	GROUP PLANT AND EQUIPMENT $000	GROUP CAPITAL WORKS PROJECT $000	GROUP TOTAL $000	COMPANY LAND $000	COMPANY BUILDINGS $000	COMPANY PLANT AND EQUIPMENT $000	COMPANY CAPITAL WORKS PROJECT $000	COMPANY TOTAL $000
Cost										
Balance at 1 July 2012	13,864	22,324	88,338	1,369	125,895	12,238	16,605	21,939	1,258	52,040
Additions	–	122	5,501	1,086	6,709	–	12	2,291	1,083	3,386
Disposals and transfers to other asset classes	409	5,245	(3,921)	–	1,733	(123)	(1,140)	(247)	–	(1,510)
Effect of movements in exchange rates	(39)	(210)	(1,614)	(3)	(1,866)	–	–	–	–	–
Balance at 30 June 2013	**14,234**	**27,481**	**88,304**	**2,452**	**132,471**	**12,115**	**15,477**	**23,983**	**2,341**	**53,916**
Balance at 1 July 2013	14,234	27,481	88,304	2,452	132,471	12,115	15,477	23,983	2,341	53,916
Additions	12,794	21,073	7,009	(1,525)	39,351	–	1,346	2,888	(1,542)	2,692
Added as part of a business combination/amalgamation	–	–	171	–	171	–	4,000	3,902	–	7,902
Disposals and transfers to other asset classes	(243)	(1,754)	(2,244)	–	(4,241)	(244)	(1,544)	(528)	–	(2,316)
Effect of movements in exchange rates	(72)	(455)	(2,349)	–	(2,876)	–	–	–	–	–
Balance at 30 June 2014	**26,713**	**46,345**	**90,891**	**927**	**164,876**	**11,871**	**19,279**	**30,245**	**799**	**62,194**
Depreciation and impairment losses										
Balance at 1 July 2012	–	3,648	36,384	–	40,032	–	2,307	13,234	–	15,541
Depreciation for the year	–	586	5,624	–	6,210	–	330	2,010	–	2,340
Depreciation recovered to COGS	–	–	1,282	–	1,282	–	–	–	–	–
Additions	–	–	–	–	–	–	–	–	–	–
Disposals and transfers to other asset classes	–	(326)	(621)	–	(947)	–	(326)	(120)	–	(446)
Effect of movements in exchange rates	–	(34)	(507)	–	(541)	–	–	–	–	–
Balance at 30 June 2013	**–**	**3,874**	**42,162**	**–**	**46,036**	**–**	**2,311**	**15,124**	**–**	**17,435**
Balance at 1 July 2013	–	3,874	42,162	–	46,036	–	2,311	15,124	–	17,435
Depreciation for the year	–	640	5,390	–	6,030	–	409	2,384	–	2,793
Depreciation recovered to COGS	–	–	1,238	–	1,238	–	–	–	–	–
Additions	–	175	668	–	843	–	–	–	–	–
Added as part of a business combination/amalgamation	–	–	–	–	–	–	7	796	–	803
Disposals and transfers to other asset classes	–	(206)	(2,438)	–	(2,644)	–	(161)	(1,328)	–	(1,489)
Effect of movements in exchange rates	–	(121)	(948)	–	(1,069)	–	–	–	–	–
Balance at 30 June 2014	**–**	**4,362**	**46,072**	**–**	**50,434**	**–**	**2,566**	**16,976**	**–**	**19,542**
Carrying amounts										
At 1 July 2012	**13,864**	**18,676**	**51,954**	**1,369**	**85,863**	**12,238**	**14,298**	**8,705**	**1,258**	**36,499**
At 30 June 2013	**14,234**	**23,607**	**46,142**	**2,452**	**86,435**	**12,115**	**13,166**	**8,859**	**2,341**	**36,481**
At 1 July 2013	**14,234**	**23,607**	**46,142**	**2,452**	**86,435**	**12,115**	**13,166**	**8,859**	**2,341**	**36,481**
At 30 June 2014	**26,713**	**41,983**	**44,819**	**927**	**114,442**	**11,871**	**16,713**	**13,269**	**799**	**42,652**

Property, plant and equipment under construction

During the year ended 30 June 2014 the Group completed property projects in Ashburton, Culverden and Rangiora.

27 TRADE AND OTHER PAYABLES

	GROUP 2014 $000	GROUP 2013 $000	COMPANY 2014 $000	COMPANY 2013 $000
Trade creditors	149,718	140,189	75,711	6,243
Loyalty reward programme	1,527	1,253	1,527	1,253
Deposits received in advance	811	463	135	–
Provisions	2,628	2,956	2,628	1,192
Accruals and other liabilities	71,215	69,036	42,975	95,047
Employee entitlements	20,837	15,910	16,909	11,111
Amounts owing to subsidiaries	–	–	23,525	76,254
	246,736	**229,807**	**163,410**	**191,100**
Payable within 12 months	240,127	222,723	161,133	188,577
Payable beyond 12 months	6,609	7,084	2,277	2,523
	246,736	**229,807**	**163,410**	**191,100**

Provisions

Silver Fern Farms supply contract

In 2009 the Company entered into a supply contract with Silver Fern Farms Limited. The contract term expires in September 2019. The Company booked a provision in June 2011 which represented the anticipated excess of costs to be borne under the contract over anticipated returns. The Directors have reconsidered this provision as at 30 June 2014 in respect of the level of supply and current livestock market trends and consider that it is appropriate to hold a provision of approximately $1.03 million. This provision represents the Directors best estimate of the expected excess of costs over returns for the remaining term of the contract. See also contingent liabilities commentary in Note 35.

	GROUP 2014 $000	GROUP 2013 $000	COMPANY 2014 $000	COMPANY 2013 $000
Balance as at 1 July	1,192	1,339	1,192	1,339
Payment made under contract	–	–	–	–
Assessment of provision	(160)	(147)	(160)	(147)
Balance as at 30 June	**1,032**	**1,192**	**1,032**	**1,192**

Onerous lease

The Group exited a property, in respect of the Wool business, on 30 June 2013 with a lease that expires in August 2018. This lease is considered onerous and the provision represents the Directors best estimate of the expected excess of costs over returns for the remaining term of the lease contract.

	GROUP 2014 $000	GROUP 2013 $000	COMPANY 2014 $000	COMPANY 2013 $000
Balance as at 1 July	1,764	–	–	–
Amalgamation of subsidiary	–	–	1,764	–
Assessment of provision	(168)	1,764	(168)	–
Balance as at 30 June	**1,596**	**1,764**	**1,596**	**–**

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.

	GROUP 2014 $000	GROUP 2013 $000	COMPANY 2014 $000	COMPANY 2013 $000
Balance as at 1 July	1,253	1,405	1,253	1,405
Additional provision made	1,141	962	1,141	962
Amount utilised	(867)	(1,114)	(867)	(1,114)
Balance as at 30 June	**1,527**	**1,253**	**1,527**	**1,253**

28 DEFINED BENEFIT ASSET / LIABILITY

	GROUP / COMPANY 2014 $000	GROUP / COMPANY 2013 $000
Present value of funded obligations	(68,330)	(72,765)
Fair value of plan assets	54,802	51,946
Total defined benefit asset / (liability)	**(13,528)**	**(20,819)**

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

	PGG WRIGHTSON EMPLOYMENT BENEFITS PLAN		WRIGHTSON RETIREMENT PLAN	
	2014	2013	2014	2013
Group / Company				
Plan assets consist of:				
Equities	72%	65%	72%	67%
Fixed interest	24%	32%	24%	31%
Cash	4%	3%	4%	2%
	100%	100%	100%	100%

Plan assets included exposure to the Company's ordinary shares of $1.64 million (2013: $1.16 million).

	PGG WRIGHTSON EMPLOYMENT BENEFITS PLAN		WRIGHTSON RETIREMENT PLAN	
	2014	2013	2014	2013
Actuarial Assumptions:				
Principal actuarial assumptions at the reporting date (expressed as weighted averages):				
Discount rate used (10 year New Zealand Government Bond rate)	4.42%	4.03%	4.42%	4.03%
Future salary increases	3.00%	3.00%	0.00%	3.00%
Future pension increases	2.00%	2.50%	1.40%	2.50%

The IFRS Interpretations Committee has provided clarification with regards to IAS 19 *Employee Benefits* (2011) as to whether the discount rate used to calculate a defined benefit liability should be pre-tax or post tax. The Committee observed that a pre-tax discount rate should be applied. Historically, the Group's actuarial calculations used a post tax discount rate. In calculating the Group's defined benefit liability as at 30 June 2014 a pre-tax rate has been used. The impact of this change was a reduction in the net liability of $3.09 million. No change has been made to the comparative period.

28 DEFINED BENEFIT ASSET / LIABILITY (CONTINUED)

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

	PGG WRIGHTSON EMPLOYMENT BENEFITS PLAN YEARS		WRIGHTSON RETIREMENT PLAN YEARS	
	2014	2013	2014	2013
Longevity at age 65 for current pensioners				
Males	21	21	21	21
Females	24	24	24	24
Longevity at age 65 for current members aged 45				
Males	24	24	24	24
Females	27	27	27	27

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

Sensitivity analysis

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

	GROUP / COMPANY 2014	
Change in assumption	IMPACT ON DBO WITH INCREASE IN ASSUMPTION $000	IMPACT ON DBO WITH DECREASE IN ASSUMPTION $000
Discount rate (0.50% movement)	1,656	(1,808)
Salary growth rate (0.50% movement)	(243)	364
Pension growth rate (0.25% movement)	(654)	638
Life expectancy (1 year movement)	(1,095)	1,171

	2014 $000	2013 $000	2012 $000	2011 $000	2010 $000
Historical information					
Present value of the defined benefit obligation	68,330	72,765	75,495	69,145	66,040
Fair value of plan assets	(54,802)	(51,946)	(49,231)	(52,175)	(47,834)
Deficit / (surplus) in the plan	**13,528**	**20,819**	**26,264**	**16,970**	**18,206**

The Group expects to pay $1.16 million (2014: $2.93 million) in contributions to defined benefit plans in 2015. Member contributions are expected to be $1.08 million (2014: $1.15 million).

	NOTE	GROUP / COMPANY 2014 $000	GROUP / COMPANY 2013 $000
Movement in the liability for defined benefit obligations:			
Liability for defined benefit obligations at 1 July		72,765	75,495
Benefits paid by the plan		(4,709)	(6,412)
Current service costs		1,220	1,542
Interest costs		2,834	2,361
Member contributions		1,337	1,364
Actuarial (gains)/losses recognised in other comprehensive income arising from:			
(Gains)/losses from change in financial assumptions		(4,958)	(5,366)
Experience (gains)/losses		(159)	3,781
Liability for defined benefit obligations at 30 June		**68,330**	**72,765**
Movement in plan assets:			
Fair value of plan assets at 1 July		51,946	49,231
Contributions paid into the plan		1,427	1,402
Member contributions		1,337	1,364
Benefits paid by the plan		(4,709)	(6,412)
Current service costs and interest		2,105	–
Actuarial gains/(losses) recognised in equity		–	5,197
Expected return on plan assets		2,696	1,164
Fair value of plan assets at 30 June		**54,802**	**51,946**
Expense recognised in profit or loss:			
Current service costs		1,220	1,588
Interest		729	1,811
Expected return on plan assets		(2,696)	(1,164)
		(747)	**2,235**
Recognised in non operating items	10	(2,174)	833
Recognised in Employee Benefit Expense		1,427	1,402
		(747)	**2,235**
Gains and losses recognised in equity:			
Cumulative gains/(losses) at 1 July		(27,555)	(31,598)
Net profit and loss impact from current period costs		747	(2,235)
Recognised during the year		5,117	6,278
Cumulative gains/(losses) at 30 June		**(21,691)**	**(27,555)**

29 CAPITAL AND RESERVES

	No. OF SHARES 2014 000	No. OF SHARES 2013 000	GROUP / COMPANY 2014 $000	GROUP / COMPANY 2013 $000
On issue at 1 July	754,849	754,849	606,324	606,324
Share capital on issue at 30 June	**754,849**	**754,849**	**606,324**	**606,324**

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

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

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

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

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

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

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

Retained earnings
Retained earnings equals accumulated undistributed profit.

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

A fully imputed 2014 interim dividend of 2.0 cents per share was paid on 2 April 2014 (2013: Fully imputed 2013 interim dividend of 2.2 cents per share was paid on 28 March 2013, fully imputed 2013 final dividend of 1.0 cent per share was paid on 13 September 2013).

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

	GROUP 2014 $000	GROUP 2013 $000	COMPANY 2014 $000	COMPANY 2013 $000
Profit after taxation	42,258	(306,505)	31,434	(305,830)
Add/(deduct) non-cash / non operating items:				
Depreciation and amortisation expense	11,242	7,642	7,845	3,584
Impairment losses on goodwill	–	321,143	–	91,323
Fair value adjustments	(1,310)	5,151	(1,310)	1,931
Net (profit)/loss on sale of assets/investments	(5,829)	3,612	(1,754)	318
Bad debts written off (net)	90	1,119	(30)	160
(Increase)/decrease in deferred taxation	(1,615)	5,036	(1,181)	(464)
Equity accounted earnings from associates	(2,521)	(1,483)	–	–
Management fee from subsidiaries	–	–	(17,525)	212,228
Contractual obligations accrual	(160)	(147)	(160)	(147)
Discontinued operations	(898)	1,584	–	–
Financing costs	885	754	885	754
Effect of foreign exchange movements	(5,312)	3,910	–	–
Other non-cash items	(2,484)	1,565	(619)	(5,580)
	34,346	43,381	17,585	(1,723)
Add/(deduct) movement in working capital items:				
Movement in working capital due to sale/purchase of businesses	5,890	(3,482)	–	76
(Increase)/decrease in inventories and biological assets	12,229	12,170	(175)	17,295
(Increase)/decrease in accounts receivable and prepayments	(18,752)	(10,715)	(26,951)	9,063
Increase/(decrease) in trade creditors, provisions and accruals	16,860	(6,454)	25,286	(16,756)
Increase/(decrease) in income tax payable/receivable	7,709	1,091	(1,714)	(909)
Increase/(decrease) in other term liabilities	(3,458)	3,281	193	99
	20,478	(4,109)	(3,361)	8,868
Net cash flow from operating activities	**54,824**	**39,272**	**14,224**	**7,145**

31 FINANCIAL INSTRUMENTS

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

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

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

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

Liquidity Risk

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

31 FINANCIAL INSTRUMENTS (CONTINUED)

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

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

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

Market Risk

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

Foreign Currency Risk

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

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

Price and Interest Rate Risk

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

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

Floating rate borrowings are used for general funding activities. Interest rate swaps, interest rate options and forward rate agreements are used to hedge the floating rate exposure as deemed appropriate. The Group had Nil (Company: Nil) of interest rate contracts at balance date (2013: Group $67.0 million, Company $67.0 million).

Funding Risk

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

Credit Risk

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

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

Capital Management

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

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

Sensitivity Analysis

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

The sensitivity of net profit after tax for the period to 30 June 2014, and shareholders equity at that date, to reasonably possible changes in conditions is as follows:

	INTEREST RATES INCREASE BY 1%		INTEREST RATES DECREASE BY 1%	
	2014 $000	2013 $000	2014 $000	2013 $000
Impact on net profit after tax	(869)	(201)	866	205
Members' equity	(869)	(201)	866	205

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

Quantitative disclosures

(a) Liquidity Risk – Contractual Maturity Analysis

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

	WITHIN 12 MONTHS	1 TO 2 YEARS	CONTRACTUAL CASH FLOW	BALANCE SHEET
Group 2014				
Liabilities				
Bank facilities	41,847	68,239	110,086	100,573
Derivative financial instruments	887	5	892	892
Trade and other payables	243,297	–	243,297	243,297
	286,031	**68,244**	**354,275**	**344,762**
Group 2013				
Liabilities				
Bank overdraft	12,470	–	12,470	12,463
Bank facilities	35,835	64,038	99,873	97,239
Derivative financial instruments	2,451	623	3,074	3,074
Trade and other payables	229,344	–	229,344	229,344
	280,100	**64,661**	**344,761**	**342,120**
Company 2014				
Liabilities				
Bank facilities	3,954	68,006	71,960	65,000
Derivative financial instruments	376	–	376	376
Trade and other payables	160,647	–	160,647	160,647
	164,977	**68,006**	**232,983**	**226,023**
Company 2013				
Liabilities				
Bank overdraft	9,521	–	9,521	9,514
Bank facilities	–	64,038	64,038	62,000
Derivative financial instruments	429	–	429	429
Trade and other payables	191,100	–	191,100	191,100
	201,050	**64,038**	**265,088**	**263,043**

31 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Liquidity Risk – Expected Maturity Analysis

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

(c) Foreign Currency Exposure Risk

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

	GBP NZ$000	USD NZ$000	AUD NZ$000	EURO NZ$000
Group 2014				
Cash and cash equivalents	11	4,114	26	142
Trade and other receivables	1,812	69,160	1,045	38,274
Bank facilities	–	(29,657)	–	–
Trade and other payables	(461)	(56,903)	(243)	(2,832)
Net balance sheet position	1,362	(13,286)	828	35,584
Forward exchange contracts				
Notional forward exchange cover	1,525	5,480	841	35,448
Net unhedged position	**(163)**	**(18,766)**	**(13)**	**136**
Group 2013				
Cash and cash equivalents	141	1,951	564	56
Trade and other receivables	650	30,765	79	27,291
Bank overdraft	–	–	(2,767)	–
Trade and other payables	–	(9,283)	(2,255)	(3,207)
Net balance sheet position	791	23,433	(4,379)	24,140
Forward exchange contracts				
Notional forward exchange cover	656	21,466	(5,022)	23,445
Net unhedged position	**135**	**1,967**	**643**	**695**
Company 2014				
Cash and cash equivalents	–	99	10	39
Trade and other receivables	–	9,194	–	–
Trade and other payables	(461)	(17,275)	(243)	(5)
Net balance sheet position	(461)	(7,982)	(233)	34
Forward exchange contracts				
Notional forward exchange cover	(287)	(8,910)	(203)	–
Net unhedged position	**(174)**	**928**	**(30)**	**34**
Company 2013				
Cash and cash equivalents	–	28	–	–
Trade and other receivables	–	4,161	–	–
Trade and other payables	–	(5,463)	(794)	(86)
Net balance sheet position	–	(1,274)	(794)	(86)
Forward exchange contracts				
Notional forward exchange cover	–	(1,323)	(794)	(86)
Net unhedged position	**–**	**49**	**–**	**–**

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

(d) Interest Rate Repricing Schedule

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

	WITHIN 12 MONTHS $000	1 TO 2 YEARS $000	OVER 2 YEARS $000	NON INTEREST BEARING $000	TOTAL $000
Group 2014					
Liabilities					
Bank facilities	100,573	–	–	–	100,573
Derivative financial instruments	–	–	–	892	892
Trade and other payables	–	–	–	243,297	243,297
	100,573	**–**	**–**	**244,189**	**344,762**
Group 2013					
Liabilities					
Bank overdraft	12,463	–	–	–	12,463
Bank facilities	97,239	–	–	–	97,239
Derivative financial instruments	–	–	–	3,074	3,074
Trade and other payables	–	–	–	229,344	229,344
	109,702	**–**	**–**	**232,418**	**342,120**
Company 2014					
Liabilities					
Bank facilities	65,000	–	–	–	65,000
Derivative financial instruments	–	–	–	376	376
Trade and other payables	–	–	–	160,647	160,647
	65,000	**–**	**–**	**161,023**	**226,023**
Company 2013					
Liabilities					
Bank overdraft	9,514	–	–	–	9,514
Bank facilities	62,000	–	–	–	62,000
Derivative financial instruments	–	–	–	429	429
Trade and other payables	–	–	–	191,100	191,100
	71,514	**–**	**–**	**191,529**	**263,043**

31 FINANCIAL INSTRUMENTS (CONTINUED)

(e) Accounting classifications and fair values

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

	DESIGNATED AT FAIR VALUE $000	OTHER AMORTISED COST $000	TOTAL CARRYING AMOUNT $000	FAIR VALUE $000
Group 2014				
Assets				
Cash and cash equivalents	–	11,343	11,343	11,343
Derivative financial instruments	2,925	–	2,925	2,925
Trade and other receivables	–	218,747	218,747	218,747
Other investments	9,282	1,365	10,647	10,647
Finance receivables	–	3,561	3,561	3,561
	12,207	**235,016**	**247,223**	**247,223**
Liabilities				
Derivative financial instruments	892	–	892	892
Trade and other payables	–	243,297	243,297	243,297
Bank facilities	–	100,573	100,573	100,573
	892	**343,870**	**344,762**	**344,762**
Group 2013				
Assets				
Cash and cash equivalents	–	5,845	5,845	5,845
Derivative financial instruments	665	–	665	665
Trade and other receivables	–	199,013	199,013	199,013
Other investments	21,054	2,941	23,995	23,995
Finance receivables	–	11,477	11,477	11,477
	21,719	**219,276**	**240,995**	**240,995**
Liabilities				
Bank overdraft	–	12,463	12,463	12,463
Derivative financial instruments	3,074	–	3,074	3,074
Trade and other payables	–	229,344	229,344	229,344
Bank facilities	–	97,239	97,239	97,239
	3,074	**339,046**	**342,120**	**342,120**

	DESIGNATED AT FAIR VALUE $000	OTHER AMORTISED COST $000	TOTAL CARRYING AMOUNT $000	FAIR VALUE $000
Company 2014				
Assets				
Cash and cash equivalents	–	6,059	6,059	6,059
Derivative financial instruments	32	–	32	32
Trade and other receivables	–	159,625	159,625	159,625
Other investments	–	501	501	501
	32	**166,185**	**166,217**	**166,217**
Liabilities				
Derivative financial instruments	376	–	376	376
Trade and other payables	–	160,647	160,647	160,647
Bank facilities	–	65,000	65,000	65,000
	376	**225,647**	**226,023**	**226,023**
Company 2013				
Assets				
Cash and cash equivalents	–	326	326	326
Derivative financial instruments	279	–	279	279
Trade and other receivables	–	185,306	185,306	185,306
Other investments	11,067	492	11,559	11,559
	11,346	**186,124**	**197,470**	**197,470**
Liabilities				
Bank overdraft	–	9,514	9,514	9,514
Derivative financial instruments	429	–	429	429
Trade and other payables	–	191,100	191,100	191,100
Bank facilities	–	62,000	62,000	62,000
	429	**262,614**	**263,043**	**263,043**

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

31 FINANCIAL INSTRUMENTS (CONTINUED)

(e) Accounting classifications and fair values (continued)

Fair value hierarchy

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

– Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

– Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie. as prices) or indirectly (ie. derived from prices)

– Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There have been no material movements between the fair value hierarchy during the year ended 30 June 2014.

	NOTE	LEVEL 1 $000	LEVEL 2 $000	LEVEL 3 $000	TOTAL $000
Group 2014					
Assets					
Derivative financial instruments		–	2,925	–	2,925
Other investments	24	–	–	9,282	9,282
		–	**2,925**	**9,282**	**12,207**
Liabilities					
Derivative financial instruments		–	892	–	892
		–	**892**	**–**	**892**
Group 2013					
Assets					
Derivative financial instruments		–	665	–	665
Other investments	24	11,067	–	9,987	21,054
		11,067	**665**	**9,987**	**21,719**
Liabilities					
Derivative financial instruments		–	3,074	–	3,074
		–	**3,074**	**–**	**3,074**

	NOTE	LEVEL 1 $000	LEVEL 2 $000	LEVEL 3 $000	TOTAL $000
Company 2014					
Assets					
Derivative financial instruments		–	32	–	32
Other investments		–	–	–	–
		–	**32**	**–**	**32**
Liabilities					
Derivative financial instruments		–	376	–	376
		–	**376**	**–**	**376**
Company 2013					
Assets					
Derivative financial instruments		–	279	–	279
Other investments	24	11,067	–	–	11,067
		11,067	**279**	**–**	**11,346**
Liabilities					
Derivative financial instruments		–	429	–	429
		–	**429**	**–**	**429**

	2014	2013
Interest rates used for determining fair value		
Finance receivables	14.2%	14.4%

(f) Credit Risk

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

	GROUP 2014 $000	GROUP 2013 $000
Total finance receivables, trade and other receivables		
New Zealand	168,302	155,376
Australia	10,793	16,395
South America	58,139	54,282
	237,234	**226,053**

Concentrations of Credit Risk

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

32 OPERATING LEASES

	GROUP 2014 $000	GROUP 2013 $000	COMPANY 2014 $000	COMPANY 2013 $000
Non-cancellable operating lease rentals are payable as follows:				
Within one year	21,083	24,821	15,945	19,272
Between one and five years	37,180	55,445	28,961	41,639
Beyond five years	10,059	21,260	6,731	14,428
	68,322	**101,526**	**51,637**	**75,339**

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

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

The Group also leases and subleases land and buildings from which it conducts operations. These leases range in length from 1 to 13 years with various rights of renewal. Where surplus properties are unable to be exited, sublease revenue is obtained where possible on a short-term temporary basis. During the year ended 30 June 2014 sublease revenue totalling $0.95 million (2013: $1.44 million) was received.

33 SEASONALITY OF OPERATIONS

The Group is subject to significant seasonal fluctuations. In particular, Livestock and Seeds activity are significantly weighted to the second half of the financial year. Seeds revenues reflects 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 this is the nature of the industry and plans and manages its business accordingly.

34 COMMITMENTS

	GROUP 2014 $000	GROUP 2013 $000
There are commitments with respect to:		
Capital expenditure not provided for	1,377	983
Investment in BioPacificVentures	429	704
Contributions to Primary Growth Partnership	3,017	3,642
Purchase of land – Corson Maize Seed	–	1,800
	4,823	**7,129**

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 30 June 2014 $13.57 million has been drawn on the committed level of investment (2013: $13.30 million), which is included in other investments.

Primary Growth Partnership – Seed and nutritional technology development
The Group announced on 18 February 2013 that it had completed the contracting process for the Primary Growth Partnership (PGP) programme with the Ministry of Primary Industries. The PGP programme is a Seed and Nutritional Technology Development Programme that aims to deliver innovative forages for New Zealand farms. As a result of entering into the partnership the Group is committed to contributions to the partnership of $3.95 million over the six year life of the programme which ends on 31 December 2018. As at 30 June 2014 total contributions of $0.93 million (2013: $0.30 million) have been made to the programme.

There are no material commitments relating to investment in associates.

35 CONTINGENT LIABILITIES

	GROUP 2014 $000	GROUP 2013 $000
There are contingent liabilities with respect to:		
Guarantees	–	16,840
PGG Wrightson Loyalty Reward Programme	133	313
	133	**17,153**

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. The contingent liability represents the balance of live points that are not provided for.

Silver Fern Farms Supply Contract

In June 2011 a provision was booked in respect of the Silver Fern Farms supply contract. This provision was determined by the Directors to be the anticipated excess of costs to be borne under the contract over anticipated returns from the contract. Beyond the provision estimated in Note 27, the Directors consider that an additional liability is not probable based on the current level of livestock supply and livestock supply levels over the past three years.

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

36 RELATED PARTIES

Company and ultimate controlling party

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

Transactions with key management personnel

Key Management Personnel compensation

	GROUP 2014 $000	GROUP 2013 $000
Key management personnel compensation comprised:		
Short-term employee benefits	5,997	4,824
Post-employment benefits	93	58
Termination benefits	18	–
Other long-term benefits	–	–
Share-based payments	–	–
	6,108	**4,882**

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 enlarged group from those previously considered key management personnel. No changes have been made to comparative information.

Directors fees incurred during the year are disclosed in Note 8 Other Operating Expenses, and in the Statutory Information.

36 RELATED PARTIES (CONTINUED)

Other Transactions with Key Management Personnel

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

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

Key Management Personnel/Director	Transaction	TRANSACTION VALUE 2014 $000	BALANCE OUTSTANDING 2014 $000	TRANSACTION VALUE 2013 $000	BALANCE OUTSTANDING 2013 $000
Trevor Burt	Purchase of retail goods and livestock transactions	26	–	25	–
Mark Dewdney	Purchase of retail goods and livestock transactions	580	10	–	–
Grant Edwards	Purchase of retail goods	1	–	–	–
George Gould (retired 28 June 2013)	Purchase of retail goods	–	–	419	16
David Green	Purchase of retail goods	16	3	–	–
Stephen Guerin	Purchase of retail goods	12	–	7	–
John McKenzie	Purchase of retail goods, sale of seed under production contracts and livestock transactions	4,922	(47)	3,576	17
Peter Newbold	Purchase of retail goods	5	–	–	–
Bill Thomas (retired 24 October 2012)	Purchase of retail goods	–	–	24	7
Nigel Thorpe (resigned 30 June 2014)	Purchase of retail goods and livestock transactions	174	–	18	–

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

Management fees from Subsidiaries

During the financial year, the Company paid/(received) management fees with respect to the subsidiaries below. These management fees were eliminated on consolidation.

	2014 $000	2013 $000
Agriculture New Zealand Limited	(2,500)	(1,000)
PGW Agritrade Limited	–	(11,000)
PGW AgriTech Holdings Limited	(25)	207,728
PGG Wrightson Seeds Limited	(3,000)	(10,000)
PGW Rural Capital Limited	–	3,000
PGG Wrightson Wool Limited (amalgamated 24 July 2013)	–	8,000
PGG Wrightson Real Estate Limited	–	3,500
AgriServices South America Limited	(12,000)	12,000
	(17,525)	212,228

Subsidiary intercompany trading

A number of members of the Group transacted with other members of the Group in the reporting period. Balances on hand at balance date are disclosed in trade and other receivables, and trade and other payables. All intercompany transactions are eliminated on consolidation.

37 EVENTS SUBSEQUENT TO BALANCE DATE

Final Dividend

On 11 August 2014 the Directors of PGG Wrightson Limited resolved to pay a final dividend of 3.5 cent per share on 3 October 2014 to shareholders on the Company's share register as at 26 August 2014. This dividend will be fully imputed.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF PGG WRIGHTSON LIMITED

Report on the Company and Group financial statements

We have audited the accompanying financial statements of PGG Wrightson Limited ("the Company") and the Group, comprising the Company and its subsidiaries, on pages 28 to 87. The financial statements comprise the Statements of Financial Position as at 30 June 2014, the Statements of Comprehensive Income, Changes in Equity and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information, for both the Company and the Group.

Directors' responsibility for the Company and Group financial statements

The directors are responsible for the preparation of Company and Group financial statements in accordance with generally accepted accounting practice in New Zealand that give a true and fair view of the matters to which they relate, and for such internal control as the Directors determine is necessary to enable the preparation of Company and Group financial statements that are free from material misstatement whether due to fraud or error.

Auditor's responsibility

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

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

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

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

Opinion

In our opinion the financial statements on pages 28 to 87:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the financial position of the Company and the Group as at 30 June 2014 and of the financial performance and cash flows of the Company and the Group for the year then ended.

Report on other legal and regulatory requirements

In accordance with the requirements of sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993, we report that:

- we have obtained all the information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by PGG Wrightson Limited as far as appears from our examination of those records.

KPMG

11 August 2014

Christchurch

1. Introduction

1.1 The Board of PGG Wrightson Limited is committed to acting with integrity and expects high standards of behaviour and accountability from all of PGG Wrightson's officers and staff. As part of this commitment, the Board has adopted this Corporate Governance Code. The Code substantially adheres, where appropriate, to the NZX Corporate Governance Best Practice Code.

1.2 The Board's primary objective is the creation of shareholder value through following appropriate strategies and ensuring effective and innovative use of PGG Wrightson's resources in providing customer satisfaction. PGG Wrightson will be a good employer and a responsible corporate citizen.

1.3 To ensure efficiency, the Board has delegated to the CEO and subsidiary company boards the day to day management and leadership of the PGG Wrightson Group operations.

2. Ethics

2.1 Consistent with the principle that the PGG Wrightson Group should observe and foster high ethical standards, the Board has developed and adopted a written Code of Conduct. The Code of Conduct is available on the PGG Wrightson's website at www.pggwrightson.co.nz under Investors Centre > Governance.

2.2 It is the responsibility of the Board to review the Code of Conduct to implement the Code and to monitor compliance. The Board receives reports on compliance with the Code of Conduct from its internal audit function. No instances of material breaches have been reported.

2.3 An Interests Register is maintained and regularly updated documenting interests disclosed by all Board members. The statutory disclosures section in this annual report is compiled from entries in the Interests Register during the reporting period.

2.4 Directors are entitled to seek independent professional advice to assist them in meeting their responsibilities.

3. Board composition and performance

3.1 The Board is committed to the principle that there should be a balance of independence, skills, knowledge and experience among Directors so that the Board works effectively.

3.2 As at 30 June 2014 the Board had seven Directors. Their qualifications and the value that they contribute to the Board are listed in the Board of Directors biographies set out in this annual report.

3.3 In accordance with NZX requirements, no less than one third of the total number of Directors are required to be Independent Directors. The Board currently has three Independent Directors. For the purposes of this Code, the Board defines an Independent Director as one who:–

- is not an executive of the Company; and
- has no disqualifying relationship within the meaning of the NZX Listing Rules.

3.4 The statutory disclosures section in this annual report lists the Company's Directors' independence status.

3.5 The Constitution contains no provisions for compulsory retirement or a fixed tenure for Directors, although Directors must periodically retire and seek re-election in accordance with the Constitution and NZX Listing Rules. One third of the Directors or, if their number is not a multiple of three, then the number nearest to one-third, shall retire from office at the Annual Meeting each year.

3.6 The Board formally reviews the performance of each Director and the Board as a whole, not less than every two years.

3.7 The full Board met in person six times in the year ended 30 June 2014. Directors also meet on other occasions for strategic planning and held conference calls from time to time as required.

4. Director and Executive remuneration

4.1 The Board is committed to the policy that remuneration of Directors and executives should be transparent, fair and reasonable.

4.2 Directors' fees in aggregate are formally approved by shareholders. Individual fees paid to Directors are disclosed in the Statutory Disclosures section of the annual report. There are no performance incentives for any Directors.

4.3 The Board has considered the statements contained in the NZX Corporate Governance Best Practice Code that Directors are encouraged to take a portion of their remuneration under a performance based Equity-Compensation Security Plan, and/or to invest a portion of their cash directors' remuneration in purchasing PGG Wrightson Limited shares. The Board has not elected to create a performance based Equity-Compensation Security Plan. Further the Board supports Directors holding shares in the Company but it does not consider this should be mandatory.

4.4 All executive remuneration incentives align with financial and non-financial performance measures relating to PGG Wrightson's objectives, and are compatible with PGG Wrightson's risk management policies and systems.

5. Board Committees

5.1 The Board has delegated some of its powers to Board committees. The Committees are made up of a minimum of three non-Executive Director members and each Committee has a written Board-approved charter which outlines that Committee's authority, duties, responsibilities and relationship with the Board. The Board regularly reviews the performance of each Committee in accordance with the relevant Committee's written charter. Committees meet not less than four times a year, with additional meetings being convened when required.

5.2 Senior management are invited to attend Committee meetings as is considered appropriate. The Committees may appoint advisors as they see fit.

5.3 As at 30 June 2014 the Board had two standing Committees - the Audit Committee and the Remuneration and Appointments Committee. Other Committees are formed as and when required. The Board has considered the recommendation contained in the NZX Corporate Governance Best Practice Code to establish a nomination committee to recommend director appointments to the Board, and will do so as circumstances require.

5.4 Audit Committee

The Audit Committee Charter is available on the Company's website at www.pggwrightson.co.nz under Investors Centre > Governance.

The majority of the members of the Audit Committee will be Independent Directors and at least one member will have an accounting or financial background. No member of the Audit Committee will be an Executive Director. The members of the Audit Committee are currently B R Irvine (Chairman), J Nichol and W Y (Patrick) Tsang. The Audit Committee has appropriate financial expertise, with all members having an accounting or financial background. The Audit Committee met four times during the financial year.

The main responsibilities of the Audit Committee are:

- Ensuring the effectiveness of the accounting and internal control systems;
- Ensuring the Board is properly and regularly informed and updated on corporate financial matters;
- Monitoring and reviewing the independent and internal auditing practices;
- Recommending the appointment and removal of the external auditor and considering a change in the lead audit partner where the auditors continue in office for a period exceeding five years;
- Ensuring that the ability and independence of the auditors to carry out their statutory audit role is not impaired, or could reasonably be perceived to be impaired;
- To interface with management, internal auditors and external auditors and review the financial reports, as well as advising all Directors whether they comply with appropriate laws and regulations;
- Overseeing matters relating to the values, ethics and financial integrity of the Group.

The Audit Committee has the authority to appoint outside legal or other professional advisors if it considers necessary. The Audit Committee regularly meets with the internal auditors and external auditors without the management present.

5.5 Remuneration and Appointments Committee

The Remuneration and Appointments Committee Charter is available on the Company's website at www.pggwrightson.co.nz under Investors Centre > Governance.

The Remuneration and Appointments Committee is chaired by G Lai, and its members are the remainder of the Board. The Remuneration and Appointments Committee met three times during the financial year.

The main responsibilities of the Remuneration and Appointments Committee are:

- To undertake an annual performance appraisal of the Chief Executive and review the appraisal of direct reports to the Chief Executive;
- To review compensation policy and procedures, including employee benefits and superannuation, and recommend to the Board remuneration changes for the Chief Executive and direct reports to the Chief Executive;
- To review succession planning and senior management development plans.

The Board has considered the recommendation contained in the NZX Corporate Governance Best Practice Code that remuneration committees recommend remuneration packages for Directors to shareholders. The role of the Remuneration and Appointments Committee as set out in its charter will be expanded to include this function when such a recommendation to shareholders is put forward.

6. Independent Auditors

6.1 The Board subscribes to the principle that it has a key function to ensure the quality and independence of the external audit process. The Board operates formal and transparent procedures for sustaining communication with PGG Wrightson's independent and internal auditors. The Board seeks to ensure that the ability and independence of the auditors to carry out their statutory audit role is not impaired or could reasonably be perceived to be impaired.

6.2 To ensure there is no conflict with other services that may be provided by the external auditors, the Company has adopted a policy whereby the external auditors will not provide any other services unless specifically approved by the Audit Committee. The external auditors KPMG did provide some non-financial statement audit work. The nature of the types of work completed and the remuneration received is disclosed on page 51 of the financial statements. The external auditors confirmed in their audit report on page 88 of this report that those matters did not impair their independence as auditor of the Group.

7. Reporting and disclosure

7.1 The Board endorses the principle that it should demand integrity both in financial reporting and in the timeliness and balance of disclosures on the Company's affairs.

7.2 The Company will provide timely and adequate disclosure of information on matters of material impact to shareholders and comply with the continuous disclosure and other listing requirements of the NZX relating to shareholder reporting. The Board has adopted a Continuous Disclosure Policy which is available on the Company's website at www.pggwrightson.co.nz under Investors Centre > Governance. The Company communicates through the interim and annual reports, releases to the NZX and media, and on its website at www.pggwrightson.co.nz.

7.3 PGG Wrightson has established and will maintain processes for the provision of information to the Board by management of sufficient content, quality and timeliness, as the Board considers necessary to enable the Board to effectively discharge its duties.

7.4 The Company has a detailed securities trading policy applying to all Directors and staff which incorporates all insider trading restraints. Directors and senior officers are able to trade in Company shares in accordance with that policy except when they are in possession of price-sensitive information not publicly available. The Securities Trading Policy is available at www.pggwrightson.co.nz under Investors Centre > Governance.

7.5 In April 2014 the Board adopted a Diversity Policy which is available at www.pggwrightson.co.nz under Investors Centre > Governance. As this was only two months prior to the end of the financial year, the Board has not yet evaluated its performance against the Diversity Policy objectives. However the Board considers that the Diversity objectives in the areas of working environment, PGG Wrightson employment and selection opportunities, leadership training and HR management support will be met. There were no Board appointment recommendations during that time period to review against the objective, and the annual review of the Board's skill mix and the Board's regular review of diversity metrics across the business are yet to occur this calendar year.

7.6 At 30 June 2014 all members of PGG Wrightson's Board of Directors were male (as was the case at 30 June 2013), and one Officer (as defined in section 2 of the Securities Markets Act 1988) was female and 12 were male (as at 30 June 2013 all Officers were male). Across PGG Wrightson's entire workforce, as at 30 June 2014 35% were female (34% as at 30 June 2013) and 65% were male (66% as at 30 June 2013).

8. Shareholder relations and stakeholders

8.1 While the Company does not have a formal shareholder relations policy, the Board actively fosters constructive relationships with its shareholders, as appropriate. The Board is at all times cognisant of the need to protect and act in the best interests of the Company's shareholders.

8.2 The Company encourages shareholder participation at the Annual Meeting, by providing as an item of General Business, the conducting of a shareholder discussion, where a reasonable opportunity is given for shareholders to question, discuss or comment on the management of the Company. During the year, the Company has continued to seek to improve efficiency and cost effectiveness of communication with shareholders by again offering them its e-comms programme, where shareholders can elect to move all their security holder communication to full electronic communications for the future.

8.3 The Company considers its significant stakeholders to be its shareholders (including institutional investors), its staff, its customers, suppliers and contractors. When undertaking its operations and activities, the Company respects the interests of its stakeholders within the context of its ownership type and the Company's fundamental purpose. The Board considers that the Company's conduct adheres to widely accepted ethical, social and environmental norms.

9. Risk management

9.1 It is the responsibility of the Board to monitor the broader risk management processes in place to identify and manage potential and relevant risks.

9.2 In discharging this obligation the Board has:

- In conjunction with the Chief Executive, Audit Committee, internal and external audit, set up and monitored internal controls to ensure that management prudently and efficiently manage resources, and the identification of the nature and magnitude of the Company's material risks. The Company's primary financial risks are those of liquidity, market (foreign currency, price and interest rate), funding and credit risk;
- Considered the nature and extent of risks the Board is willing to take to achieve its strategic objectives. The Company is committed to the management of risk to achieve sustainability of service, employment and profits, and therefore takes on controlled amounts of risk when considered appropriate;
- In conjunction with the Chief Executive and Audit Committee, reviewed the effectiveness and integrity of compliance and risk management systems within the business;
- Established a separate management Risk and Compliance Committee that is responsible for the oversight of business risks and future risk strategy.

9.3 The Board maintains insurance coverage with reputable insurers for relevant insurable risks and recently renewed its insurance policies in accordance with the policy approach determined by the Board.

10. Annual review

10.1 A review of this Corporate Governance Code and associated processes and procedures is completed on an annual basis to ensure the Company adheres to best practice governance principles (as promulgated by the relevant authoritative bodies) and maintains high ethical standards.

10.2 This review will include a consideration of any processes that materially differ from the principles set out in the NZX Corporate Governance Best Practice Code. Where the Company adopts a practice that materially differs from the NZX Corporate Governance Best Practice Code, this will be identified and noted in the Company's annual report.

STATUTORY DISCLOSURES

The following particulars of notices were given by Directors of the Company pursuant to Section 140(2) of the Companies Act 1993 for the year 1 July 2013 to 30 June 2014.

DIRECTOR	INTEREST	ORGANISATION
G Lai		
Chairman	Chairman	China Pipe Group Limited (HKSE:0380)
		Agria Corporation (NYSE:GRO)
		Brothers Capital Limited
	Deputy Chairman	Chamber of Commerce in Shenzhen, China
	Director	Singapore Zhongxin Investments Co. Limited
T Burt		
Deputy Chairman (Appointed 11 August 2014)		
	Chairman	New Zealand Lamb Company (North America) Limited
		Ngai Tahu Holdings Corporation Limited
		Ngai Tahu Capital Limited
		Lyttelton Port Company Limited
	Director	Agria Asia Investments Limited
		Agria (Singapore) Pty Limited
		Landpower Holdings Limited
		Mainpower New Zealand Limited
		Silver Fern Farms Limited
		Chambers at Hazeldean Limited
		Breakaway Investments Limited
	Director/Shareholder	Hossack Station Limited
		Canterbury Fresh Limited (in Liquidation)
		Canterbury Fresh Processing Limited (in Liquidation)
		Pile Bay Partners Limited
	Trustee	Burt Family Trust
B R Irvine		
	Chairman	Christchurch City Holdings Limited
		Heartland NZ Limited and Subsidiaries
	Director	Godfrey Hirst NZ Limited and Subsidiaries
		House of Travel Holdings Limited
		Market Gardeners Limited and Subsidiaries
		Rakon Limited and Subsidiaries
		Scenic Hotels Limited
		Skope Industries Limited
	Director/Shareholder	BR Irvine Limited
J E Nichol		
	Director/Shareholder	Optica Life Accessories Limited
L S Seah		
	Director	M&C Reit Management Limited
		M&C Business Trust Management Limited
		Global Investments Limited
		Telechoice International Limited
		Yanlord Land Group Limited
W Y Tsang		
	Director	China Pipe Group Limited (HKSE:0320)
		Agria Corporation's subsidiaries
	Chief Financial Officer	Agria Corporation (NYSE:GRO)
Kean Seng U		
	Head of Corporate and Legal Affairs	Agria Corporation (NYSE:GRO)

In addition, T Burt and J Nichol advised that they hold interests in farming operations that transact business with PGG Wrightson Group companies on normal terms of trade.

DIRECTORS' REMUNERATION

The following persons held office, or ceased to hold office, as a Director during the year to 30 June 2014 and received the following remuneration (including the value of any benefits). Fees are not paid for membership of the Remuneration & Appointments Committee. Figures are gross and exclude GST (if any):

DIRECTOR	DIRECTOR'S FEES	AUDIT COMMITTEE	TOTAL REMUNERATION
Sir John Anderson (1)	$65,157.48	$2,500.00	$67,657.48
G Lai (2)	$170,081.52		$170,081.52
T Burt (3)	$80,000.00		$80,000.00
B R Irvine	$80,000.00	Chairman $20,000.00	$100,000.00
J E Nichol (4)	$55,434.78	$6,929.35	$62,364.13
L S Seah	$80,000.00		$80,000.00
W Y Tsang	$80,000.00	$10,000.00	$90,000.00
Kean Seng U	$80,000.00		$80,000.00

(1) Retired 22 October 2013

(2) Appointed Chairman 22 October 2013

(3) Appointed Deputy Chairman 11 August 2014

(4) Appointed Independent Director 22 October 2013

(5) R Finlay, while not a director of PGG Wrightson Limited, was a member of the AgriTech Committee until it was dissolved on 11 August 2013 and during the year to 30 June 2014 received fees of $5,706.52 including $3,000.00 expensed in the year to 30 June 2013.

DIRECTORS' SHAREHOLDINGS

No directors of PGG Wrightson Ltd hold shares in PGG Wrightson, However T Burt, G Lai, W Y Tsang and Kean Seng U are associated persons of substantial security holders Agria (Singapore) Pte Ltd, Agria Asia Investments Limited, Agria Group Limited and Agria Corporation (together Agria Group), and Ngai Tahu Capital Limited, with Agria (Singapore) Pte Limited holding 379,068,619 shares as at 30 June 2014 (376,068,619 as at 30 June 2013).

DIRECTORS' SHARE TRANSACTIONS

No Directors of the Company have notified the Company of any share transactions between 1 July 2013 and 30 June 2014.

DIRECTORS' INDEPENDENCE

The Board has determined that as at 30 June 2014, as defined under the NZSX Listing Rules:

- The following Directors are Independent Directors: B Irvine, J Nichol, and L S Seah.
- The following Directors are not Independent Directors by virtue of their association with a substantial security holder: G Lai, T Burt, W Y Tsang and Kean Seng U.

NZX WAIVERS

No waivers have been granted and published by the NZX during the 12 months ending 30 June 2014.

DIRECTORS' INDEMNITY AND INSURANCE

In accordance with section 162 of the Companies Act 1993 and the Constitution of the Company, the Company has insured Directors and Officers against liabilities to other parties that may arise from their positions as Directors and Officers of the Company, Subsidiaries and Associates. This insurance does not cover liabilities arising from criminal actions and deliberate and reckless acts or omissions.

USE OF COMPANY INFORMATION BY DIRECTORS

The Board has implemented a protocol governing the disclosure of Company information to its substantial security holders. In accordance with this protocol and section 145 of the Companies Act 1993, T Burt, G Lai, W Tsang and Kean Seng U have given notice that they may disclose certain information to Agria Corporation in order to seek, and inform the Board of, its view as to the governance and operation of the Company and in order to enable Agria Corporation to comply with certain statutory obligations.

EMPLOYEE REMUNERATION

Set out below are the numbers of employees of the Company and its subsidiaries who received remuneration and other benefits of $100,000 or more during the year, in their capacity as employees. The schedule includes:

- all monetary payments actually made during the year, including redundancies and the face value of any at-risk long-term incentives granted, where applicable;
- the employer's contributions to superannuation funds, retiring entitlements, health insurance schemes and payments to terminating employees (e.g. long service leave);
- livestock staff who are remunerated on a commission basis and whose remuneration fluctuates materially from year to year. Livestock remuneration includes incentives paid in the current year that were earned in respect of the prior year's performance.

The schedule excludes:

- amounts paid post 30 June 2014 that related to services provided in the 2014 financial year;
- telephone concessions to some employees that can include free telephone line rental, national and international phone calls and online services;
- real estate agents;
- any benefits received by employees that do not have an attributable value.

The remuneration details of employees paid outside of New Zealand have been converted into New Zealand dollars. No employees appointed as a director of a subsidiary company of PGG Wrightson Limited receives or retains any remuneration or other benefits from PGG Wrightson Limited for acting as such.

REMUNERATION RANGE	NUMBER OF EMPLOYEES
$100,000 – 110,000	48
$110,001 – 120,000	53
$120,001 – 130,000	40
$130,001 – 140,000	22
$140,001 – 150,000	22
$150,001 – 160,000	14
$160,001 – 170,000	12
$170,001 – 180,000	13
$180,001 – 190,000	10
$190,001 – 200,000	7
$200,001 – 210,000	9
$210,001 – 220,000	12
$220,001 – 230,000	7
$230,001 – 240,000	6
$240,001 – 250,000	11
$250,001 – 260,000	2
$260,001 – 270,000	6
$270,001 – 280,000	5
$280,001 – 290,000	5
$290,001 – 300,000	3
$300,001 – 310,000	1
$310,001 – 320,000	5
$320,001 – 330,000	2
$330,001 – 340,000	2
$340,001 – 350,000	2
$350,001 – 360,000	1
$370,001 – 380,000	1
$380,001 – 390,000	2
$400,001 – 410,000	3
$410,001 – 420,000	1
$420,001 – 430,000	2
$430,001 – 440,000	2
$450,001 – 460,000	1
$460,001 – 470,000	1
$490,001 – 500,000	1
$550,001 – 560,000	1
$570,001 – 580,000	1
$620,001 – 630,000	1
$680,001 – 690,000	2
$930,001 – 940,000	1
$1,200,001 – 1,300,000	1

The Board's Remuneration and Appointments Committee approves the Group's remuneration policy. The Committee also reviews and recommends to the Board for approval the remuneration of the Chief Executive Officer and the remuneration of the executives who report directly to the Chief Executive Officer.

GENERAL DISCLOSURES

Subsidiary Company Directors

The following persons held the office of Director of the respective subsidiaries (as defined in the Companies Act 1993) during the year on behalf of the Group. Directors appointed (A) or who resigned (R) during the year are indicated. Staff appointments do not receive Director fees or other benefits as a Director. Unless otherwise indicated, Group ownership is 100%.

LEGAL COMPANY NAME	PGG WRIGHTSON DIRECTORS
New Zealand Companies	
Agricom Limited	JS Daly, MB Dewdney (A), JD McKenzie, RJ Woodgate
Agriculture New Zealand Limited	JS Daly, MB Dewdney (A), RJ Woodgate
PGW Agritrade Limited *(previously known as Agri-feeds Limited until 30 May 2014)*	JS Daly, MB Dewdney (A), SJ Guerin (A), JD McKenzie (R), RJ Woodgate
Ag Property Holdings Limited	JS Daly (A), MB Dewdney (A), RJ Woodgate (A)
AgriServices South America Limited	JS Daly, MB Dewdney (A), RJ Woodgate
AgriTech South America Limited	JS Daly, MB Dewdney (A), RJ Woodgate
Bloch & Behrens Wool (NZ) Limited	JS Daly (A), CJ Bayly, MB Dewdney (A), RJ Woodgate (A)
Forage Innovations Limited (51%)	DHF Green, JD McKenzie
Grasslands Innovation Limited (70%)	AW Elliott, DHF Green, JD McKenzie
New Zealand Wool Handlers Limited *(amalgamated into PGG Wrightson Limited on 23 July 2013)*	CJ Bayly (R), J Daly (R)
NZ Natural Fibre Company Limited *(voluntary liquidation on 4 October 2013)*	CJ Bayly (R), J Daly (R)
PGG Wrightson Consortia Research Limited	JS Daly, MB Dewdney (A), JD McKenzie, RJ Woodgate
PGG Wrightson Employee Benefits Plan Limited	Sir Selwyn Cushing, CD Adam, BR Burrough, JS Daly, GR Davis, RJ Woodgate
PGG Wrightson Employee Benefits Plan Trustee Limited	Sir Selwyn Cushing, CD Adam, BR Burrough, JS Daly, GR Davis, RJ Woodgate
PGG Wrightson Genomics Limited	JS Daly, MB Dewdney (A), JD McKenzie, RJ Woodgate
PGG Wrightson Investments Limited	JS Daly, MB Dewdney (A), RJ Woodgate
PGG Wrightson Real Estate Limited	JS Daly, MB Dewdney (A)
PGG Wrightson Seeds Limited	JS Daly, MB Dewdney (A), JD McKenzie
PGG Wrightson Trustee Limited	Sir Selwyn Cushing, JS Daly, RJ Woodgate
PGG Wrightson Wool Limited *(amalgamated into PGG Wrightson Limited on 23 July 2013)*	JD Daly (R), RJ Woodgate (R)
PGW AgriTech Holdings Limited	JD McKenzie, RJ Woodgate
PGW AgriTech New Zealand Limited	JD McKenzie, RJ Woodgate
PGW Corporate Trustee Limited	JS Daly, RJ Woodgate
PGW Rural Capital Limited	Sir John Anderson (R), JS Daly, MB Dewdney (A), RJ Woodgate
Sheffield Saleyards Co Limited (53.5%)	D Cooke, W James, CF Miller, AL Orchard
Wrightson Seeds Limited	MB Dewdney (A), JD McKenzie, RJ Woodgate
4 Seasons Feeds Limited (50%) *(shares sold on 30.05.14)*	M B Dewdney (R), JD McKenzie (R)
Australian Companies	
AGR Seeds Pty Limited	M B Dewdney (A), J D McKenzie, J Stewart (A)
Agricom Australia Seeds Pty Limited	SD Carden (R), M B Dewdney (A), J D McKenzie, R J Woodgate, J Stewart (A)
AW Seeds Pty Limited	SD Carden (R), M B Dewdney (A), J D McKenzie, J Stewart (A)
PGW AgriServices Australia Pty Limited	SD Carden (R), M B Dewdney (A), R J Woodgate, J Stewart (A)
PGW AgriTech Australia Pty Limited	SD Carden (R), M B Dewdney (A), J D McKenzie, R J Woodgate, J Stewart (A)
PGG Wrightson Seeds (Australia) Pty Limited	SD Carden (R), M B Dewdney (A), J D McKenzie, R J Woodgate, J Stewart (A)
SP Seeds Pty Limited	SD Carden (R), M B Dewdney (A), J D McKenzie, R J Woodgate, J Stewart (A)

LEGAL COMPANY NAME	PGG WRIGHTSON DIRECTORS
South American Companies	
Afinlux S.A (51.2%) (Uruguay)	M Banchero, R Rodriguez , J D McKenzie (A)
Agrosan S.A. (Uruguay)	M Banchero, C Miguel de León (R), J D McKenzie, R J Woodgate
Alfalfares S.A (Argentina)	M Banchero, J D McKenzie, R Moyano, E Beccar Varela, M Dauro
Arauca Seeds Socieded Anonima	J M Allonca, E H Hijano
APL San Jose S.A. (60%) (Uruguay)	M Banchero, A Ponte
Escritorio Romualdo Rodriguez – Ltda (99.6%) (Uruguay)	Administrator: Afinlux S.A.
Guarneri y Ghilino Ltda (99.6%) (Uruguay) *(sold on 5 December 2013, back dated to 30 June 2013)*	Administrator: Idogal S.A.
Hunker S.A. (Uruguay)	M Banchero (A), C Miguel de León (R), GAC Gould (R), J D McKenzie R J Woodgate
Idogal S.A. (51.52%) (Uruguay) *(was a subsidiary company of Guarneri and since sold)*	C Miguel de León (R), M. Banchero (R), N Guarneri (R)
Juzay S.A (Uruguay)	M Banchero, C Miguel de León (R), GAC Gould (R), J D McKenzie R J Woodgate
Kroslyn S.A(Uruguay)	M Banchero, C Miguel de León (R), JD McKenzie, RJ Woodgate
Lanelle S.A (Uruguay)	M Banchero, C Miguel de León (R), F Bachino (R), GAC Gould (R), J D McKenzie, R J Woodgate
Fertimas SA (previously known as Lounay S.A.) (Uruguay)	M Banchero, A Ponte
NZ Ruralco Participacoes Ltda (97.22%) (Brazil)	M Banchero, H De Boni
Patagonia Seeds Sociedad Anonima (Argentina)	M Banchero, JM Allonca
PGG Wrightson Uruguay Limited S.A (Uruguay)	M Banchero, C Miguel de León (R), J D McKenzie, R J Woodgate
PGW AgriTech South America S.A. (Uruguay)	M Banchero, C Miguel de León (R), J D McKenzie, R J Woodgate
Wrightson Pas S.A. (Uruguay)	M Banchero, C Miguel de León (R), J D McKenzie, R J Woodgate

SHAREHOLDER INFORMATION

Helping grow the country

PGG Wrightson Limited is quoted on the New Zealand Stock Market of NZX Limited (code PGW). As at 31 July 2014, PGG Wrightson Limited had 754,848,774 ordinary shares on issue.

SUBSTANTIAL SECURITY HOLDERS

At 31 July 2014, the following security holder had given notice in accordance with the Securities Markets Act 1988 that it was a substantial security holder in the Company. The number of shares shown below are as advised in the substantial security holder notice to the Company.

SHAREHOLDER	NUMBER OF SHARES	DATE OF NOTICE
Agria Group, New Hope Group and Ngai Tahu Capital Ltd*	379,068,619	28 June 2011

* Nature of connection between parties associated with substantial security holder: Agria Group, New Hope Group and Ngai Tahu Capital Limited are each party to a shareholders agreement dated 17 April 2011 together with Agria (Singapore) Pte Limited and Agria Asia Investments Limited.

TWENTY LARGEST REGISTERED SHAREHOLDERS

The 20 largest shareholders in PGG Wrightson Limited as at 31 July 2014 were:

SHAREHOLDER		NUMBER OF SHARES HELD	% OF SHARES HELD
1.	Agria (Singapore) Pte Limited	379,068,619	50.22
2.	HSBC Nominees (New Zealand) Limited*	16,759,796	2.22
3.	Forsyth Barr Custodians Limited	15,725,091	2.08
4.	ANZ Wholesale Australasian Share Fund*	12,263,336	1.62
5.	Investment Custodial Services Limited	12,140,100	1.61
6.	FNZ Custodians Limited	12,022,829	1.60
7.	JP Morgan Chase Bank NA*	8,996,177	1.19
8.	Maxima Investments Limited	6,600,000	0.87
9.	Philip Carter	6,358,702	0.84
10.	National Nominees New Zealand Limited	6,320,567	0.84
11.	Custodial Services Limited	6,298,900	0.83
12.	Citibank Nominees (New Zealand) Limited*	4,862,474	0.64
13.	BN Paribas Nominees (NZ) Limited*	4,394,196	0.58
14.	PGG Wrightson Employee Benefits Plan Limited	4,000,000	0.53
15.	Leveraged Equities Finance Limited	3,553,162	0.47
16.	Accident Compensation Corporation*	3,400,000	0.45
17.	H & G Limited	3,067,323	0.41
18.	ANZ Wholesale NZ Share Fund	2,556,440	0.34
19.	Masfen Securities Limited	2,469,837	0.33
20.	Peter Muller and Norine Muller	2,000,000	0.26

* New Zealand Central Securities Depository Limited

ANALYSIS OF SHAREHOLDINGS

Distribution of ordinary shares and shareholdings at 31 July 2014 was:

SIZE OF HOLDING	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES	% OF SHARES
1 – 499	841	242,130	0.03
500 – 999	2,027	1,401,835	0.19
1,000 – 4,999	4,981	12,093,644	1.60
5,000 – 9,999	1,907	12,881,167	1.71
10,000 – 49,999	3,303	69,426,496	9.20
50,000 – 99,999	550	35,334,996	4.68
100,000 – 499,999	358	62,128,978	8.23
500,000 – 999,999	35	21,996,934	2.91
1,000,000 and above	41	539,342,594	71.45
Total	**14,043**	**754,848,774**	**100.00**

Registered addresses of shareholders as at 31 July 2014 were:

ADDRESS	NUMBER OF SHAREHOLDERS	% OF SHAREHOLDERS	NUMBER OF SHARES	% OF SHARES
New Zealand	13,777	98.10	370,274,046	49.00
Australia	153	1.10	3,142,442	0.49
Other	113	0.80	381,432,286	50.51
Total	**14,043**	**100.00**	**754,848,774**	**100.00**

CORPORATE DIRECTORY

COMPANY NUMBER 142962 NZBN 9429040323497

Board of Directors for the Year Ending 30 June 2014

Guanglin (Alan) Lai
(appointed Chairman 22 October 2013)

Trevor Burt
(appointed Deputy Chairman 11 August 2014)

Bruce Irvine

John Nichol
(appointed 22 October 2013)

Lim Siang (Ronald) Seah

Wai Yip (Patrick) Tsang

Kean Seng U

Sir John Anderson
(retired 22 October 2013)

Chief Executive Officer

Mark Dewdney

Chief Financial Officer

Robert Woodgate

Company Secretary

Julian Daly

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

General enquiries can be directed to:

enquiry@computershare.co.nz

Private Bag 92119, Auckland 1142, New Zealand

Telephone +64 9 488 8777

Facsimile +64 9 488 8787

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