PGG Wrightson

Annual Report 2015

Helping grow the country

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CALENDAR

Annual Shareholders' Meeting
28 October 2015

Half-year earnings announcement
23 February 2016

Year-end earnings announcement
9 August 2016

leaders in the field

'One-PGW'

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Wayne Nichol
Technical Nutritionist and Agronomist,
PGG Wrightson Seeds

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Camron Meade
National Sales Manager,
PGG Wrightson Real Estate

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Ina Nukutai
National Logistics Manager,
PGG Wrightson Wool

TOTAL REVENUE OF

$1.2 billion

GROUP OPERATING EBITDA

(excluding earnings of associates)

$69.5 million

+18% on prior year

Seed & Grain	Livestock	Retail
19%	15%	7%

FULLY IMPUTED DIVIDENDS OF

4 cents

PER SHARE FOR THE YEAR

PGG Wrightson's results show sustained momentum in challenging times.

PGG WRIGHTSON SNAPSHOT

New/refreshed
Retail premises in Kaikohe, Pukekohe, Katikati, Stratford, Eketahuna, Murchison, Temuka, and Water premises in Cromwell and Real Estate in Te Anau

Announcement of the **acquisition** of a 50% interest in Agrocentro, a market-leading rural servicing business in Uruguay

Agritrade appointed as the **exclusive** distributor of agricultural quantities of Roundup® in New Zealand

Agritrade grows its wholesale distribution portfolio of products within New Zealand

Major IT systems **upgrade** project completed (Enterprise Resource Planning)

Roll-out of "Blue Note" customer relationship management system to Retail Field Representatives

Construction begins on logistics centre in Montevideo, Uruguay

PGG Wrightson Seeds **acquires** the business of Grainland Moree Pty Ltd in northwest New South Wales, Australia

PGG Wrightson Water acquires the Advanced Irrigation Systems business, **strengthening** its position in turf irrigation

New IT system implemented in Real Estate to help agents operate more effectively

Term of the New Zealand syndicated bank facilities extended at lower pricing

PGG Wrightson Ashburton Rural Supplies store **wins international** Environmental Respect Award for stewardship for the supply of inputs for safe and effective crop production

All New Zealand **leaders** received specialist Health & Safety training during the year

Launch of refreshed corporate website at www.pggwrightson.co.nz with the introduction of a customer online accounts section

New export sales of merino wool to leading Japanese suit maker, Konaka, and specialist USA sock maker, Point6

Refreshed look to the financial statements to improve disclosure effectiveness

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S REPORT

HIGHLIGHTS

- **Strongest operational performance of the business since merger**
- **Operating EBITDA (excluding earnings of associates) for the year was $69.5 million, compared with $58.7 million for the year to June 2014**
- **Shareholders will receive a fully imputed final dividend of 2 cents per share payable on 1 October 2015, making a total of 4 cents per share for the year**
- **Significant head winds in dairy sectors expected to slow agri performance in the short term but longer term sector fundamentals remain compelling**

Excellent earnings growth delivered during a tougher year

$M	2015	2014
Revenue	**1,202.8**	1,219.4
Gross profit	**317.1**	304.9
Operating EBITDA (excluding earnings of associates)	**69.5**	58.7
Operating EBITDA (including earnings of associates)	**69.6**	61.3
Profit/(loss) for the year	**32.8**	42.3
Net cash flow from operating activities	**29.2**	54.8

GUANGLIN (ALAN) LAI
CHAIRMAN

MARK DEWDNEY
CHIEF EXECUTIVE OFFICER

Introduction

The business achieved an excellent result in a year of mixed fortunes for our farming customers. Following an exceptional first half, results in the second half were broadly in line with the same period in the previous year despite the tightening economic conditions on-farm.

Our focus on building the capability of our people and strengthening the quality of relationships with our farming customers continues. This approach allows us to grow sales when the sector is buoyant and still do well when times are tough.

Although the short term business environment for dairy is challenging, the long term fundamentals remain compelling. Growth in the world population, and particularly in the number of middle class consumers, will continue to drive increased demand for quality food – a trend our customers are well positioned to benefit from.

The past 12 months have been challenging for agriculture globally, with aggregate food prices falling to their lowest levels in more than five years. This particularly impacted on dairy where the removal of production quotas in the European Union and the impact of the Russian Federation's import restrictions combined to force milk prices down to almost half the level they were the previous year. Other sectors fared much better. Global supplies of beef remain tight delivering better than average prices. Prices for the sheep industry were mixed, with meat prices largely in line with averages and wool prices continued to show steady gains. While prices in the horticulture sector were generally around average levels, New Zealand horticulture exports increased 20% on the prior year due partly to the rebuilding of kiwifruit exports as the industry rebounds following the PSA outbreak, together with ongoing production growth.

The fortunes of PGG Wrightson are closely tied to those of our farming customers. Commissions in our agency businesses are directly impacted by the prices transacted. Further, volumes and margins in our other businesses come under increased pressure when our customers face lower prices for their outputs.

The breadth and diversity of PGG Wrightson's offering provides some protection from the current volatility within certain segments of the agriculture industry. Our businesses provide farmers with both essential and discretionary farm inputs and with capital items needed to develop farms. Our businesses operate across all areas of land-based agriculture in New Zealand including: dairy, meat, wool, horticulture (fruit, vegetables and nuts), arable and viticulture. Our Seed & Grain business also operates extensively in Australia and South America, and exports internationally.

In the face of these challenges the operating result for the year was excellent and showed a continuation of the positive momentum of recent years. While revenue remained unchanged from the previous year there were significant increases in revenue

Global demand for quality food is forecasted to increase substantially over the next 30 years

from higher margin activities, offset by decreased revenue in lower margin trading activities. The net result was a 4% increase in gross profit (up $12.2 million to $317.1 million) and an increase in Operating EBITDA (excluding earnings of associates) of 18% (up $10.7 million to $69.5 million).

These gains were predominantly recorded in the first half of the year when on-farm expenditure is typically less discretionary and before the full impact of global soft commodity prices was apparent. Performance during the second half of the year was essentially comparable with the same period in the previous year. This was a pleasing result given the changing conditions on-farm and reflects an improvement in the fundamental resilience of our business.

Net cash flow from operating activities declined from $54.8 million last year to $29.2 million this year. The decrease is mainly due to a $15 million net increase in working capital. We continue to target working capital levels to correspond with our view of business prospects, and this year we elected to increase the inventory we hold in Uruguay to better meet early season sales demand. Timing differences also contributed to the increase in working capital, which is to be expected in a seasonal business such as PGG Wrightson. Other contributors to the change in cash flow are items such as cash tax paid, which increased from $4.1 million in 2014 to a more normalised $15.6 million in 2015.

Our focus over the last few years has been to continually build the capability of our people and to help them develop strong and trusted relationships with our farming customers. Stronger relationships between our staff and customers help both the business to optimise revenue opportunities when on-farm returns are strong, and our resilience when times are tough. Essentially we position our business to help our customers' businesses capitalise on their opportunities and we also benefit from their success.

While we expect the short term operating environment in agriculture will be challenging, the medium and long term outlook for our industry remains very positive. It appears increasingly likely that it may take more than a single season for supply and demand in the global dairy industry to rebalance to allow prices to correct and return to expected levels. It also appears that increased volatility in commodity prices in international markets for agricultural products is just part of the landscape in which we operate. However, global demand for quality food is forecast to increase substantially over the next 30 years as the overall world population grows to 9 billion people and the global middle class population grows from around 2 billion to 5 billion. As the global demand for food increases so too does the need for continued productivity gains in agriculture. These megatrends will continue to grow the markets in which we operate.

We expect the next year to be challenging for some of our customers and we will be working closely with them and our people to ensure we provide the best support that we can.

Climate

New Zealand experienced a warmer, drier summer than normal with most of New Zealand finishing summer in near drought conditions. Autumn rain alleviated this for major areas of the North Island but the eastern parts of Canterbury and some eastern areas in the North Island remained dry through autumn. North Canterbury was particularly hard hit with winter starting before any significant rains arrived, providing farmers with very little grass growth to get through the winter months. Many farmers in the area have had to substantially destock due to the lack of growth and it is expected that it may take two seasons for these farms to get back to full production, even if drought conditions are alleviated in the near future.

Hail storms destroyed horticultural crops in the Tasman district (apples and kiwifruit) in November and in the Teviot Valley of Central Otago (apples) in February. Although relatively localised, the storms are devastating for growers affected.

The worst flood on record hit the central North Island in June 2015, causing problems for farms and communities across Taranaki, Horowhenua, Manawatu, Rangitikei and Whanganui. For our farming customers in these regions, severe flooding can destroy on-farm infrastructure, result in animal losses and damage pastures.

Weather conditions across our key markets in Australia were largely consistent with seasonal averages. After a drier than normal spring, summer rainfalls were largely in line with or slightly wetter than normal and autumn conditions generally followed averages.

Our operations in South America experienced a particularly difficult year weather wise. The first half of the financial year saw significantly higher than usual rainfall with 1,500mm falling across eastern parts of Argentina, Uruguay and Southern Brazil, compared with averages of around 600mm. This badly impacted growing conditions for winter crops, resulting in lower yields and grain quality. The rain was then followed by one of the worst droughts recorded in the region with nine provinces in Uruguay declared drought zones.

PGG Wrightson is a leader in the Uruguayan agriculture sector and has operated in the market for more than 15 years

Growth Strategy

Over the last five years a key focus of the business has been to build strong foundations in order to prepare the business for future growth. This strategy has seen substantial investments in developing the capability of our people, building customer loyalty, updating our core information technology infrastructure and operating systems and refreshing of our physical stores and community presence. While this work will never fully cease, our business now operates with a much higher level of maturity and we are better positioned to take advantage of future growth opportunities.

Our 'One-PGW' approach remains a cornerstone strategy to drive internal growth through leveraging the breadth and scale of our business. While simple in concept, 'One-PGW' is part of a broader cultural change within the business, focused on our front-line staff helping our customers to more easily access the full range of products and services that we offer.

At its simplest, 'One-PGW' sees staff across different business units work together to cross-sell and make it easier for customers. A real estate agent selling a farm might ensure that the customer is introduced to our livestock team to handle the livestock sale. A livestock agent might ensure the customer is introduced to the insurance team to arrange appropriate insurance cover for the prize animal just purchased.

In other instances, staff from across different functions might pro-actively meet to discuss how they can work together to best help and support a specific customer. Collectively they work through the farm system and look for opportunities to help customers lift their on-farm performance.

Growth within South America is focused on increasing the geographical spread of the business, the depth of our product offering and the capability of our business. After more than 15 years in the Uruguayan market, PGG Wrightson is a leader in the agricultural sector. Built around our seeds business, our Uruguayan business is growing organically and through acquisition to become more of a full service provider. With the announcement in July 2015 of the agreement to purchase a 50% stake in Agrocentro, (a rural servicing and retail business in Uruguay and also our largest customer locally), our business in Uruguay will now look similar to our New Zealand operations.

Uruguay also provides a base from which to grow our broader South American footprint, with a focus on growing our presence in the neighbouring Paraguayan and Brazilian markets. While we also have some activities within Argentina, the instability of their broader economy limits our willingness to invest further in that market.

Our Australian business has grown significantly over the past six years through acquisition and in recent times has been focused on merging these businesses together into a strong, cohesive Australian seed business. Geographic coverage remains a priority as the business grows from servicing the southern temperate climates to the sub-tropical areas and the northern tropical areas. As we move into different climates the required product range changes and expansion within Australia and South America are co-ordinated, allowing products to flow between the two regions.

The purchase of the Grainland Moree Pty Ltd business in northwest New South Wales strengthens our ability to service that region and improves our presence across the market. The Grainland business is complementary to our existing business and fits well with our strategic plan to broaden the broadacre seed range and market footprint for our Australian operations.

Within New Zealand we maintain an active search for bolt-on acquisitions, smaller businesses which fit easily with our existing operations and strengthen our presence or add a niche part of the market. In June this year our Water business acquired the assets and business of Advanced Irrigation Systems Limited, a leader in the turf irrigation market. Not only does this acquisition strengthen our ability to sell irrigation systems into the sports and recreation markets, it also creates synergies with our Turf Seed business which sells grass seed and related products to these same sectors.

Our Agritrade wholesale business has gathered further momentum over the past year after taking on additional product offerings and becoming the exclusive New Zealand head agent for agricultural quantities of Roundup® by Monsanto, a market leading herbicide. Agritrade is a wholesale supplier and distributor of products to all New Zealand rural retailers and pulls together parts of activity that were previously run within the Retail business. Over a number of years, PGG Wrightson had taken on the distribution role in New Zealand on behalf of a number of international suppliers who did not wish to establish a dedicated presence in the market. Grouping these products under Agritrade allows better management of the supply chain, marketing and in-field support associated with these products. It also creates a platform for further growth as international and domestic partners entrust us with additional products. Another Agritrade success was becoming the wholesale distribution partner of the Vetmed range of animal health products developed and manufactured in New Zealand for the farming sector.

Regional Leadership programme attended by approximately 360 people leaders

Regions

Nationally we have eight Regional Managers across the country. Regional Managers have a key role in developing strong customer focus and overseeing the management of customer relationships within the regions and across business units. This responsibility incorporates realising opportunities across the business for clients, credit management, promotion of staff culture and engagement and leading health and safety initiatives etc. Their contributions in these areas have influenced the positive movements PGG Wrightson has seen in both customer and staff engagement in recent years.

An important focus for Regional Managers includes delivery of company strategies including advocacy for the 'One-PGW' approach and realising a united PGG Wrightson. They are accountable for their regional Operating EBITDA and hence play a role in the overall profitability of the company.

Our people

The engagement of our people is a key driver of performance within our business. Highly engaged people enjoy their jobs more, have a higher level of commitment to the organisation and, most importantly, provide a better service to our customers. A highly engaged workforce also helps us to attract and retain the best people in the industry.

Engagement of our people within the business continues to strengthen. For the last seven years we have tracked engagement through an annual survey across our entire workforce. Not only does this survey give us an overall measure of motivation and how connected our people feel they are to the business, it also allows us to identify issues that are holding us back so we can address them. Following steady increases over recent years, overall employee engagement is now significantly better than benchmark organisations within the agricultural sector and is close to the high levels of performance of New Zealand's very best workplaces.

Alongside the growth in engagement, we have invested steadily in the development of our people delivering significant training in technical knowledge, skills and leadership. These programmes and our engagement survey results show that we have now created a strong foundation in the business and our emphasis is now starting to shift towards sustaining the momentum we have created, fine tuning the programmes we have in place and looking for the opportunities to lift our performance to an even higher level.

Over the last four years the majority of leaders within the business have been through our "Growing Leaders" leadership development course. Our aspiration in this area is to build a company of leaders, and our attention is now turning to our "Emerging Leaders" programme, designed to build the next generation of leaders and our "Sustaining Leaders" programme, designed to help our leaders continue to build and develop their skills.

We introduced a new Regional Leadership Programme this year and approximately 360 people leaders from across New Zealand attended a two-day course in their region. The programme focused specifically on building the health and safety culture in the organisation and on lifting our people management capabilities.

We are continuing to build on the internal mentoring programme launched last year. This programme draws on the work we do around talent identification, management and succession planning. Participants in the programme are paired with a leader who can mentor and help them further develop their leadership skills. Leaders are purposely mentored by someone from another part of the business, helping increase the linkages and further build our 'One-PGW' culture.

Health & Safety and Compliance

All of our people come to work expecting to return safely to their friends and family. The consequences for people when that doesn't happen can vary from being inconvenient in the case of minor injuries to life-changing. As a business we are continually working to improve our performance in this area. Our approach involves working across the entire business to embed a culture of health and safety within the business. The 'she'll be right' attitude is not acceptable when it comes to workplace safety. In parallel with this cultural shift, we have improved risk identification and reporting processes and increased the skill level and awareness of our business leaders so that they are equipped to better manage health and safety within their teams.

During the year all of our leaders took part in the health and safety training focused on changing our health and safety culture, understanding the legislative requirements and implementing new health and safety processes throughout the business. No single measure will fundamentally improve our performance in this area, but continuous improvements over time will bring down our overall accident rate and make for safer work environments. One example of a simple change is asking our teams to ensure that every team meeting includes some time on health and safety, identifying ways to drive improvement.

Water business recorded sales growth on prior year of 32%

It was announced in July 2015 that the Commerce Commission had filed proceedings against PGG Wrightson's Livestock division in relation to sale yard fees introduced in 2012 in connection with the implementation of the National Animal Identification Tracing Act 2012 (NAIT). PGG Wrightson has cooperated fully with the Commission in its investigations in relation to the matter and is maintaining an ongoing dialogue in relation to the concerns raised about NAIT-related fees.

PGG Wrightson takes its responsibilities as a good corporate citizen very seriously. Moreover, PGG Wrightson's Code of Conduct requires that the organisation conduct business lawfully and ethically at all times. Accordingly, the Company is carefully reviewing the events subject to the Commission's concerns and re-evaluating its compliance training processes generally.

At the time of writing, this matter remains subject to court proceedings and accordingly PGG Wrightson cannot comment further other than to note that a provision has been made in the year-end financial statements to 30 June 2015 to cover the potential costs and outcomes of the proceedings.

Financing

PGG Wrightson renegotiated its banking facilities in March, extending the term of these facilities until August 2018. In recognition of the improvements made to the Company balance sheet, we were able to secure better facility pricing which reduced our cost of borrowing.

Governance

Wah Kwong (WK) Tsang rejoined the PGG Wrightson Board in November replacing Wai Yip (Patrick) Tsang who resigned from the Board in November 2014. Patrick also retired from Agria Corporation (indirectly PGG Wrightson's largest shareholder), where he held the role of Chief Financial Officer, at the same time.

WK was previously on the PGG Wrightson Board from November 2011 to December 2012. He is a former partner of PricewaterhouseCoopers and has over 30 years' experience in accounting and finance. John Fulton, Agria Corporation's Chief Financial Officer has been appointed as an alternate director for WK.

Dividends

The Company declared fully imputed dividends of 4 cents per share for the financial year. This comprised a 2 cent interim dividend paid in April and a 2 cent final dividend payable on 1 October 2015. While the performance of the business has been strong, given the less certain outlook for New Zealand agriculture, the Board determined it prudent to take a cautious approach to the final dividend. In its decision the Board also noted that PGG Wrightson's investment programme has gained momentum over the year as contemplated by its strategy. This programme will over time continue to lift results, add value to shareholders and ultimately lift cash distributions in the future.

Craig Norgate

It was with sadness that we acknowledged the death of Craig Norgate, who passed away suddenly in July 2015. Craig was instrumental in forming PGG Wrightson through the merger of our legacy organisations and served as Board Chairman from October 2007 until July 2009. On behalf of all of PGG Wrightson, we extend our condolences to his family and friends.

Acknowledgements

The dedication and hard work of our people and the loyalty of our customers and support of our suppliers ensure the ongoing success and growth of our business. On behalf of the Board and management team, we extend our thanks to all our staff, customers and suppliers.

Alan Lai
CHAIRMAN

Mark Dewdney
CHIEF EXECUTIVE OFFICER

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 Fellow certified public accountant in Australia. Mr Lai is a Fellow of Monash University and also a member of the Global Advisory Council of the Faculty of Business and Economics at Monash University and was appointed as Vice Chairman of China Chamber of Commerce in New Zealand on 30 May 2015.

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 Holdings 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 Limited 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

LIM SIANG (RONALD) SEAH
B.Soc.Sc (Hons in Economics)

Independent Director

WAH KWONG (WK) TSANG
BBA, HKICPA, FCCA, CICPA

KEAN SENG U
LLB (Hons), B.Ec

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.

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 funds 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.

WK Tsang was reappointed to the Board of PGG Wrightson Limited and its Audit Committee on 15 November 2014 after previously serving on the Board from November 2011 to December 2012. WK is a former partner of the Hong Kong and China firm of PricewaterhouseCoopers and has over 30 years of professional experience in auditing listed and unlisted companies and providing support for initial public offerings and acquisition transactions. He is an Independent Director of Agria Corporation and the Chairman of its Audit Committee, Chairman of its Compensation Committee and a member of its Nomination Committee. Currently, WK is also an Independent Non-Executive Director of a number of companies listed on the Hong Kong Stock Exchange, including China Animation Characters Company Limited, China Merchant Direct Investments Limited, PanAsialum Holdings Company Limited, Sihuan Pharmaceutical Holdings Group Ltd and TK Group (Holdings) Limited. He is a Fellow Member of the Hong Kong Institute of Certified Public Accountants, a Member of Chinese Institute of Certified Public Accountants and a Fellow Member of Association of Chartered Certified Accountants, UK.

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.

JOHN FULTON

John Fulton is an Alternate Director for Wah Kwong Tsang effective from 2 March 2015.

WAI YIP (PATRICK) TSANG

Patrick Tsang resigned from the Board of PGG Wrightson Ltd effective 15 November 2014.

EXECUTIVE TEAM

Mark Dewdney, Julian Daly and Peter Scott.

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.

JULIAN DALY

General Manager Strategy and Corporate Affairs

Julian is responsible for Group Strategy, Legal, Corporate Communications, Governance and the Risk & Assurance functions for PGG Wrightson Limited. He also held the role of Acting General Manager of PGG Wrightson Real Estate Limited during 2013. Julian has broad operational involvement across the business and is Chairman of the Credit and Risk Committees, Director of a number of Group subsidiaries and a Trustee of the PGG Wrightson Employee Benefits Plan. He is a former General Counsel of DB Breweries Limited and has previously worked for law firms in the Middle East and New Zealand.

PETER SCOTT

Chief Financial Officer

Peter was appointed as PGG Wrightson Limited's Chief Financial Officer in March 2015 and leads the finance function. Peter started his career at Fletcher Challenge and has broad multinational experience spending five years in Scandinavia where he was the Vice President of Accounting and Tax for Norske Skog, a large global newsprint and magazine paper producer. He relocated to Australia in 2005 and was appointed to the lead finance role for the Australasian region for Norske Skog. In 2008 Peter joined Gloucester Coal Limited, an ASX listed mining company as the Chief Financial Officer. In 2010 he joined the majority shareholder Noble Group, a leader in managing the supply chain of agriculture, energy, metals and mining resources, headquartered in Hong Kong and listed in Singapore. He was the Chief Financial Officer for Noble Group in Australia.

Brent Sycamore, David Green and John McKenzie.

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.

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 six 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.

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, John Parker and Cedric Bayly.

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.

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 is responsible for all aspects of the PGG Wrightson Water (previously Irrigation and Pumping) business, including Aquaspec. John is a Chartered Accountant and holds a Bachelor of Commerce and Management from Lincoln University. John has held various commercial management roles within a number of industries prior to joining PGG Wrightson Limited.

CEDRIC BAYLY

General Manager 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.

Stephen Guerin, Grant Edwards, Peter Newbold and Sue Horo.

STEPHEN GUERIN

General Manager Retail

Stephen has worked for PGG Wrightson Limited and its predecessor companies for 28 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. Stephen is a Director of some Group subsidiaries and a Trustee of the PGG Wrightson Employee Benefits Plan Limited.

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.

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.

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.

ROB WOODGATE Chief Financial Officer

Rob was Chief Financial Officer and resigned from the Company effective 30 November 2014.

DAIRY – SPECIAL REPORT

There is likely to be a significant reduction in capital development and the conversion of other farming types to dairying in the short-term at least. While some corporate investors may continue their capital investment programmes, many will slow these down and may instead see an opportunity to buy existing dairy farms forced onto the market. A slow-down in conversion activity will reduce demand for capital items such as fencing, water supply, irrigation systems, seed and agronomic products. As was seen in the year to 30 June 2015, it will also reduce demand for dairy herd purchases.

New Zealand dairy farmers face a challenging year ahead with Fonterra Co-operative Group Ltd having forecasted in August, a milk price for the 2015/16 season of $3.85 per kilogram milk-solids (kg MS). This is a decrease of 12.5% from the 2014/15 season price of $4.40 kg MS and about 40% below the 5-year average price of $6.46 kg MS.

The cash flow implications for dairy farmers will be even more pronounced. While last season's milk price was $4.40 kg MS, most dairy farmers received total payments of approximately $6.05 kg MS due to milk payments deferred from the prior season. In comparison, the cash income for dairy farmers this year is expected to be approximately $3.25 kg MS. Across New Zealand, the net impact of this reduction is expected to be a decrease in on-farm milk receipts of close to $5.5 billion.

In order to minimise their operating losses, it is expected that dairy farmers will scale back the intensity of their farming. This is likely to see a short term increase in culled cows sent to meat processors as they scale back herd numbers. The decrease in stock numbers will suppress the market for dairy cows and dairy cow values are expected to be softer in the coming year as a consequence. It is also expected that there will be a decrease in the volumes of feed supplements and less use of external grazing. Where possible, other expenditure will be deferred. It is expected that this may result in a decrease in dairy farmer expenditure of between 10-20% on average.

Whilst PGG Wrightson's business is diversified with exposure across the breadth of the agri-sector it is nevertheless a significant supplier to New Zealand dairy farmers and is therefore not immune to these market developments. We are monitoring this situation closely in order to ensure we are prepared and can support our customers through these challenging times. Although the above metrics are dramatic, the financial impact on PGG Wrightson, while significant, will be an order of magnitude less pronounced due to a number of influences:

- On-farm expenditure will reduce at a lesser rate than farm revenues. The number of hectares allocated to dairy should be broadly unchanged and milk production should moderate only slightly. For example, the Ministry for Primary Industries (MPI) in their June 2015 publication Situation and Outlook for Primary Industries predicts year on year milk production will decrease by only 1.3% for 2015/16 in spite of the price fall. Further, they forecast the 2016/17 season will set a new production record, surpassing the record 2014/15 season.
- It is anticipated that in the lower pay-out environment some farmers will reduce their use of external grazing and supplementary feed. Correspondingly, dairy farmers are likely to plant more winter crops on their own farms, potentially increasing sales to dairy farmers of winter crop seed (such as fodder beet and brassicas) and the associated agronomy products (fertiliser and agricultural chemicals). Where this is the case, PGG Wrightson's Seed & Grain and Retail divisions will be well placed to supply the required inputs. PGG Wrightson is relatively underweight in its exposure to New Zealand dairy. For example, in the same publication MPI estimates that dairy will be 48% of New Zealand's agriculture export revenues over the 2016 financial year. In contrast, PGG Wrightson estimates that approximately 25% of its revenues are derived from the New Zealand dairy sector.
- Confidence remains high in beef and horticulture, two sectors in which PGG Wrightson has historically been strong. Further, the combined effects of a lower New Zealand dollar and lower interest rates should be generally supportive of commodity prices and New Zealand agricultural exports.
- The dairy export market is less relevant to the dynamics of the Australian and Uruguayan sectors. The dairy sectors in these geographies will continue to respond to local conditions. These conditions are unlikely to mirror the scale of the downturn seen in New Zealand.

The current fortunes of the dairy sector highlight the benefit PGG Wrightson receives from maintaining a diversified portfolio of activities across agriculture. It is too early to accurately predict the effects of current milk prices on PGG Wrightson's financial results. The level of the forecast for the 2015/16 pay-out has not been seen since the 2006/07 season. Dairying in New Zealand has changed significantly over the intervening eight seasons with land use change, a large increase in the national dairy herd, a general intensification of farming systems and significant shifts in the financial strength of the typical dairy farmer.

The year in review

RETAIL

$M	2015	2014
Revenue	**494.3**	486.0
Operating EBITDA (excluding earnings of associates)	**27.3**	25.5

Continued growth in the Retail business resulted in sales revenue of $494.3 million, up 2% on the previous year, and Operating EBITDA of $27.3 million, up 7%.

These results are at least in part the outcome of investments made over recent years to improve the underlying culture of the business and refresh our Retail stores and infrastructure. These changes have seen an improvement in customer support of the business and growth in our overall market share.

Fruitfed Supplies performed strongly, buoyed by increased confidence across most of the horticulture and viticulture markets. Returns to growers in the major markets of grapes, apples and kiwifruit have all improved and are driving increased investment in land development and capital expenditure. Revenue and margin increases contributed to a 27% increase in Operating EBITDA.

Following the outbreak of the PSA virus in 2012, the kiwifruit market saw new, more resilient varieties of gold kiwifruit come into production this season, with further production expected next season.

Total grape production was comparable with historical volumes but well down on the previous, record-breaking season. This was due to a number of climatic factors in the Marlborough and Canterbury regions which reduced vineyard yields.

Rural Supplies showed steady year-on-year growth with strong revenues and better margins delivering an 11% increase in Operating EBITDA. Our ongoing focus on growing the technical expertise and customer service skills of our sales staff is seeing a continual improvement in the strength of our customer relationships. At the same time, greater engagement of our people and a better organisation culture is providing a stronger, more resilient foundation to the business which we are able to build on as we continue to evolve the business to meet the needs of the market.

The first half of the year was particularly strong with clients across all sectors anticipating a good year. The reduction in the forecast dairy pay-out in December, along with summer drought conditions in a number of areas, resulted in a tougher second half of the year. The dairy pay-out impacted not only on dairy farmers, but indirectly on the arable sector as demand from dairy farmers for grain weakened. This also impacted on sheep and beef farmers as demand for dairy grazing also declined.

Agritrade, our wholesale distribution business manages the procurement, importation, distribution and field marketing of a range of products in the agricultural chemical, animal health and animal nutrition categories. This pulls together activity that was previously done within the broader Retail business and allows a better focus on these activities within the business. From 1 February 2015, the business was awarded the head agency agreement for the distribution of agricultural quantities of the market leading Roundup® herbicide in New Zealand. Agritrade is also the distributor of the Vetmed range of animal health products.

Having the right infrastructure remains critical to our Retail business. During the year we moved to new Retail premises in Kaikohe, Pukekohe, Eketahuna, Murchison, Temuka and completed major upgrades to our premises in Katikati and Stratford. Our store network remains an important part of our customer interaction and product distribution and we have an ongoing programme of store upgrades to ensure that we maintain this channel. Our front-line sales team, call centre and website are the other channels through which we interact with customers. Ongoing technical training focused on both products and farm systems ensures that our sales team are well positioned to add value to their customers. In addition, the use of handheld computer tablets is allowing us to put more information into their hands and in front of our customers. During the year we rolled out "Blue Note", our primary application for field sales representatives which helps them to better tailor their advice to customers and better manage their customer interactions.

SEED & GRAIN

$M	2015	2014
Revenue	**400.9**	451.5
Operating EBITDA (excluding earnings of associates)	**40.5**	34.0

Continued strong performance in New Zealand and ongoing improvements in Australia contributed to a 19% increase in Operating EBITDA for Seed & Grain. Lower prices and reduced volumes in commodity grain and seed trading led to an 11% reduction in revenue. These activities are predominantly at lower margins and were more than offset by growth in our higher margin proprietary seed businesses.

Additionally, this year's results reflect the first full-year of trading since the sale of our Agrifeeds business in May 2014. Prior to its sale, Agrifeeds made a modest contribution to both revenue and Operating EBITDA for Seed & Grain.

New Zealand

Sales revenue in our New Zealand business grew by 7% from the previous year and Operating EBITDA by 9%. These gains were primarily due to increases in sales of fodder beet, and our proprietary herbs and legumes.

Fodder beet is a strong growing segment of the New Zealand market and, through partnerships with European breeders, we are well positioned to take advantage of this growth, growing our overall market share.

After a number of years of intensive product development and field trials, we are seeing growing adoption of specialist lamb finishing systems based on Tonic plantain, a proprietary forage herb.

Our Corson Maize business released several new cultivars to the New Zealand market this year. This business continues to enjoy strong year-on-year sales growth and market share gains.

Our Turf seed business in New Zealand continued to enjoy steady growth and we are seeing ongoing adoption of our Avanex Avian Deterrent grass seed by airports throughout New Zealand.

Australia

After several tough years, Operating EBITDA in our Australian seed business was more than double that of the previous year and is returning closer to expected levels. Sales revenue in the business was lower than the previous year due to reduced exports of lower margin commodity seeds, however these had limited impact on the overall earnings.

Following significant acquisition activity and market disruption over the last five years, the focus within the Australian business has been to reconfigure the organisational structure in order to grow the market and reduce costs. We continue to build our supply chain capability with the opening of a new warehouse in Tasmania and are increasingly working with industry organisations to raise farmer awareness and adoption of best practice regrassing strategies lifting overall product demand. We are also growing our seed production base in Australia which decreased our production and freight costs.

Increased interest in Australia's northern pastoral industry saw third-party investment in meat processing facilities near Darwin in the Northern Territory. This in turn has increased demand for pastures in the area and driven an increase in our tropical seed sales.

International

Our international seed business manages all of our global export sales, with the exception of sales to those countries where we have our own, on the ground presence; Australia, Uruguay, Argentina and Brazil.

Sales revenue and Operating EBITDA were lower than the previous year but aligned with expectations. Our export business is vulnerable to the international market, and uncertainty within the European economy caused a degree of caution from our European customer base. Better harvests within the European domestic seed industry also reduced their demand for imported product. Volumes were also adversely impacted by a high NZ dollar for much of the year.

Sales of our proprietary seeds into Chile, USA and South Africa performed well.

Grain

PGG Wrightson Grain operates across the grain supply chain in New Zealand. It develops and markets cereal seed cultivars and supplies seed and crop protection products to growers in the key arable production regions. The business also contracts with growers and end-users to supply bulk and processed grain to the market including livestock and dairy farmers, animal feed manufacturers and food producers.

Lower margin grain trading makes up a substantial proportion of the revenue of the Grain business but a much smaller proportion of the earnings. Sales revenues were down on the previous year due to reductions in both the value and volume of grain traded. This was largely the result of lower demand from dairy farmers, due to the downturn in milk prices. Earnings from cereal seed sales increased significantly due the successful market release of new wheat cultivars during the year.

This decrease in grain revenue was also the major driver of reduced revenues across the overall Seed & Grain business.

Higher margin cereal seed sales increased over previous years, reflecting the strength of our cereal seed portfolio. New cultivars released during the year received strong market support, performing well in both commercial crops and independent industry trials.

Wayne Nichol,

Technical Nutritionist and Agronomist, PGG Wrightson Seeds

Supporting pastoral farmers is the primary activity of PGG Wrightson Seeds. Animals in pastoral farming rely on in-situ grazing of pastures and other crops for the majority of their diet. This creates a complex, yet more cost effective system than feedlots but requires experts who understand both animal nutrition and plant agronomy to make it work. Wayne Nichol, of PGG Wrightson Seeds, is one such expert – assisting our customers in the field and helping our researchers develop products for the future.

"Talking with our farming customers about our seed products always starts with a conversation about their farming system," explains Wayne. "I need to understand what it is they are trying to achieve on-farm – what stock they are running and what their targets are. That determines the on-farm feed requirements and allows us to determine which species of plants (pastures and crops) are needed to deliver that feed."

Agronomy, the science of plant growth, determines how much the farm can grow using different species of pasture and crops. Agronomy alone is a complex field. Crop rotation, disease and pest management, and the impact of season and weather must all be considered in determining which species can be planted in which paddock. That must then be matched against the animal impacts. What type of animal is being farmed, how well the animal will grow on a specific crop, how much food is required at different times of the animal's life, the impact of the crop choice on the environment and any animal management issues are all factors which must be considered.

"In my role I'm an educator, an advisor, a trouble-shooter and an interpreter. Our immediate customers are the retailers who on-sell our seed products to farmers. A big part of my job is providing training and technical support to our retail partners in New Zealand, Australia and South America; teaching them so that they can help farmers make the right product choices for their farms. In more difficult cases, the retailer will invite me to meet directly with the farmer so we can work through their farming system and provide them with a specific recommendation and advice on what products they should be using."

"We also work very closely with key industry projects. There are a range of research projects, demonstration farms and monitor farms being examined by the agricultural industry in order to investigate a new opportunity or to help commercial farmers understand how to get better performance on-farm. We get involved with the design of the agronomy program and the interpretation of the results, helping to continually improve knowledge across the industry."

"Identifying and anticipating the needs of commercial farmers and helping translate those needs into specific breeding objectives that our research team can use to develop the next generation of products is the final part of my job. We must anticipate how broader industry trends will change land use and ensure that we have products developed that will help farmers manage those changes and get the best out of them. Finishing lambs on poorer quality hill country, the rise of specialised dairy grazing farms and new limits around the environmental impact of farming are all changes for which new solutions are being developed to deliver better on-farm performance."

"My role is relatively unique," admits Wayne, "but it's an important part of being able to offer the support that our retailers and farmers need. It's a key strength of PGG Wrightson Seeds that we bring together both expertise and a broad range of products to deliver our customers the best solutions available. And, with our ongoing investment in research, we're also working hard to develop the best solutions for the future."

South America

Both sales revenue and Operating EBITDA were down on the previous year. Climatic factors and commodity prices were the two biggest influencers on this result. Rainfall in our key markets in eastern parts of Argentina, Uruguay and Southern Brazil was much higher than usual with 1,500mm of rain recorded in the first half of the financial year compared with an average of 600mm. This put significant pressure on winter crops with both yields and quality poorer than expected. It also delayed summer plantings and reduced demand for pasture replacement. The wet first half of the year was followed by a dry second half, with Uruguay officially declaring a drought across approximately half of the country. In addition, agricultural commodity prices were significantly lower than the previous year, impacting on farmer incomes.

These factors particularly impacted on our irrigation business in Uruguay. The wet early half resulted in farmers initially deferring orders for irrigation systems and the low commodity prices seeing orders further delayed. Similarly, falling meat prices saw farmers delay livestock sales in the hope of price recovery, impacting on turnover through our Livestock business. Our crop seed and crop protection business, Agrosan, also had a difficult year as a consequence of the challenges faced by cropping farmers.

In general terms our seed and fertiliser businesses performed to expected levels. Our ability to supply treated seeds into the Uruguayan market continues to see growth in margins on our pasture seed products. Growing market investment in the Brazilian market saw year-on-year growth.

We continue to enjoy growing support in Uruguay and our seventh annual "Pasturas" field day was attended by more than 700 people, including the Uruguayan Minister for Agriculture.

Over the longer term, South America, remains a key growth area for the business. The purchase of a 50% share in Agrocentro, a significant rural servicing business in Uruguay, settled at the end of August 2015. We expect this business to contribute strongly to the results of our South American business. We are also building a new logistics centre in Montevideo which will be operational for the upcoming sales season. This will bolster our supply chain capability and represent a further stage in the growth and development of our Uruguayan business.

LIVESTOCK

$M	2015	2014
Revenue	**86.7**	76.9
Operating EBITDA (excluding earnings of associates)	**15.4**	13.4

Operating EBITDA for Livestock was 15% up on last year as a consequence of increased trading within export livestock and better prices on the beef market, offset by lower domestic trading in the dairy market and reduced lamb prices. Sales revenue also increased by 13% as a consequence of the export trading.

Livestock is principally an agency business, with revenue predominantly reflecting commissions earned on the trading of livestock in New Zealand. Consequently key drivers of business performance are the volume and value of livestock traded.

Overall volumes traded in the sheep and cattle markets were at similar levels to the previous season. While some regions experienced drought or other weather events, across New Zealand as a whole the season was fairly typical and climatic effects did not have a major bearing on the overall market. Weaker export meat prices for lamb saw average values down by 6% compared to the prior year, while strong export prices for beef resulted in 17% higher cattle values.

As part of the agency business, the Livestock business has arrangements to facilitate the supply of prime livestock to a number of meat processors. These arrangements are a mix of transactional relationships and on-going contracts. In June, it was agreed to terminate the formal contract with Silver Fern Farms and move to a transactional supply relationship. The contract was originally agreed in 2009 but lacked the flexibility to accommodate changes occurring within the market and the variability that arises from seasonal and climatic factors.

The drop in milk price impacted negatively on both the volume and value of dairy cattle trading, with volumes significantly down and average values down by 6%. This was partially offset by sales of cull-cows as dairy farmers responded to the lower milk price by culling more animals than usual and the higher beef price also driving a higher price of these animals.

The Commerce Commission commenced proceedings against the Company in relation to fees introduced in 2012 in connection with the implementation of the National Animal Identification and Tracing Act 2012 (NAIT) requirements at saleyards. A provision has been made in PGG Wrightson's accounts to cover the potential costs and outcomes of these proceedings. While significant, the provision is not materially price-sensitive for PGG Wrightson.

The livestock export business supplies (mostly) one-off contracts to international customers, taking ownership of the livestock through the shipment process. Two significant shipments were completed, an improvement over one smaller shipment the year before, and resulted in a significant revenue increase for the overall Livestock business though at lower gross margins than are recorded for the agency business.

Given the down-turn in global dairy markets we do not anticipate strong export demand in the year ahead.

Camron Meade,

National Sales Manager, PGG Wrightson Real Estate

We're driving improvements across our Real Estate business in order to ensure we are New Zealand's leading rural Real Estate company. Success in Real Estate demands that we are experts at connecting people with property. To do that we must attract and retain great people, give them the tools and training to deliver for clients, and then structure and run the business to get the best out of our people. Across each of these areas we've made significant changes to lift our performance to a higher level.

When it comes to selling a farm or other property, one of the most fundamental decisions a vendor makes is choosing which Real Estate agent to use. They need someone who will secure the best price, through attracting the widest selection of buyers, and they want someone who is experienced and easy to deal with.

For PGG Wrightson Real Estate, we need to ensure that vendors think of us and our agents first. National Sales Manager, Camron Meade is tasked with making sure that happens. With an extensive background in both Real Estate and sales management, he's well placed to drive the improvements being made to the business.

"Our core business is the rural market; farms, lifestyle blocks and houses in rural areas and smaller towns. Over the last year we've made significant changes across all areas of our Real Estate business which we expect to drive a improvement in our overall performance," says Camron.

"A lot of the most significant changes have happened behind the scenes."

"We've implemented an entirely new Real Estate IT system that provides a complete solution to managing the business: integrating client management, listings, marketing and financial management. It gives our agents the visibility they need to run their individual areas well and it provides us with the feedback to ensure the overall business is being run to its full potential."

Training and staff development is another key area of improvement.

"We're putting all of our sales staff through two full days of training, with a focus on improving sales skills and setting expectations on how we will operate as a business."

"Alongside this, we've also reviewed our internal management approach to ensure that we have defined our regional teams in the right way and that we have the necessary management processes in place to support and drive the performance of our front-line sales people".

"We've got a new look and feel to the Real Estate business that clients can see in the field. We developed a new Real Estate web-site and updated our marketing and advertising – giving clients a visible sign that the business is making big improvements."

"As part of the 'One-PGW' strategy, we're strengthening the linkages across the other PGG Wrightson businesses, actively looking for ways in which we can builder stronger ties with clients. Where we can, we're moving our agents back into the Retail stores and giving PGG Wrightson Real Estate a much higher profile within the store. We've started running barbecues at some of the key Livestock sales – raising the profile of our agents and giving clients the opportunity to catch-up with them in a relaxed way that strengthens and builds relationships and rapport."

"We're also actively recruiting new agents and investing in the development of future agents through the PGG Wrightson Real Estate Scholarship programme. Each year this programme helps fund a small number of people into a Real Estate career with PGG Wrightson".

While broader market conditions have made the year a tough one for rural real estate, Camron is confident we're on the right track.

"We're getting great feedback from our people and their engagement with the business is the best we've ever had in PGG Wrightson Real Estate. We can't control the overall market conditions, but with good people strongly connected into our rural client base, we're anticipating strong business growth once the overall market lifts."

OTHER RURAL SERVICES

$M	2015	2014
Revenue	**218.7**	202.8
Operating EBITDA (excluding earnings of associates)	**11.8**	14.1

The Water business experienced a busy year with growth in turnover and through acquisition.

Water

The Water business recorded sales growth of 32% from the prior year. This growth was primarily due to significantly higher sales within rural irrigation and recording the first full year of trading from acquisitions made in October 2013. Margins on some of this growth were below normal levels. A change in the sales mix within the business and a return to more normal volumes of higher margin servicing work, following the Canterbury wind storm in the prior year, resulted in a smaller increase in gross profits.

Sales in the Water business are now almost three times the level they were three years ago. This rapid growth has put considerable pressure on the business. Investment in the business has been increased in order to strengthen the core infrastructure to allow for further profitable growth. However, short term this increased expenditure has offset the benefit of higher sales resulting in a small decrease in the Operating EBITDA.

The business operates in three main areas: construction of farm irrigation systems, construction of turf irrigation systems and the wholesale supply of water and irrigation products.

The long term outlook for the rural water and irrigation business remains strong with growth in the area of irrigated land forecast and increased environmental requirements leading farmers to adopt more sophisticated irrigation technology and replace older, less efficient systems.

Expansion of the product range and improved capability in our wholesale operation is positioning the business to grow wholesale supply, both to internal and external customers.

In June the acquisition of the business and assets of Advanced Irrigation Systems Ltd was announced. This acquisition of a specialist provider of irrigation systems to the turf and golf-course market complements the existing PGG Wrightson Water business well. It strengthens our overall turf water offering, brings access to an exclusive range of key products and also, in conjunction the Turf seed business, allows the Group to provide customers with a complete turf offering.

Wool

Both revenue and Operating EBITDA for the Wool business were largely unchanged from the previous year. Overall volumes transacted through the Wool business were lower than in the previous year but these were offset by higher prices and internal cost reductions.

The business is making good progress following its re-entry into the fine (merino) wool market and has secured contracts with international customers, Konaka (a Japanese suit manufacturer) and Point6 (a USA sock manufacturer). Additionally, we continue to develop our grower wool contracts for supply to our European customers. These allow wool growers in New Zealand to contract the sale of their wool in advance of supply, giving them, and our in-market customers, increased certainty around price and supply.

Real Estate

National real estate listings in the rural market were down on the previous year. Although gains in market share partially offset this market decline, overall revenue was down by 8% year-on-year. Canterbury, Otago and Southland provinces were especially slow while the Waikato and Bay of Plenty continued to show growth.

A key focus in Real Estate has been to put in place the right business infrastructure to support sales growth once the market recovers. Camron Meade was appointed as National Sales Manager, implementing a new regional sales structure across the business. "Property Suite", a specialised Real Estate IT system, was implemented, giving our sales agents a better set of tools to manage listings and client relationships and providing a better suite of reports to help manage the business. All of our sales people attended a two-day sales training workshop – aiming to bring a common sales approach to the business and lift our overall performance. Where practicable, we are moving to relocate Real Estate offices back into the Retail stores, strengthening the connection with our core client base.

Insurance and Finance Commission

Operating EBITDA for our insurance business was consistent with the previous year. We provide insurance on a commission basis for Aon and Vero. The 'One-PGW' strategy provides opportunities for us to grow commission revenue through referring clients to Aon. This is assisted by Aon who employed a new National Rural Insurance Manager during the year to help us jointly grow the business.

Agriculture New Zealand

Agriculture New Zealand divested its holding in the Farmsafe Consortium (a joint venture with Primary ITO and Lincoln University) at the start of the year. This consortium was established a number of years ago to provide government-funded safety training to farm workers. Changes in funding meant the consortium approach was no longer needed and Lincoln University has now taken this operation over. A final distribution from Farmsafe was made in the previous year and the divestment has resulted in a modest decline in revenue and Operating EBITDA for Agriculture New Zealand.

Ina Nukutai,

National Logistics Manager, PGG Wrightson Wool

The effectiveness of our people is a key driver of success within PGG Wrightson. Ensuring that we have good people, that we keep them safe, train them and give them the tools they need to do their job is crucial. Continuous learning and upskilling are becoming increasingly important as the pace of change in business increases. An in-house mentoring programme is helping our people further develop their skills and increase their networks within the business.

Ina recently achieved 28 years' service working for PGG Wrightson, having joined one of our predecessor organisations in 1987. Initially employed as a barrow boy, his job was to help unload, sample, move, stack and load wool bales moving in and out of the Napier Wool Store. At the time most of this was still done by hand, with wool barrows used to wheel the 160-180 kg bales around the store and samples taken by hand from the wool bales. Automation, in the form of specialised sampling machines and forklifts, wouldn't become wide-spread until the late 1980's.

A natural leader, Ina was quickly promoted to Supervisor and then on to increasingly senior roles before being appointed National Logistics Manager for Wool in 2011. Still based in Napier, he now has responsibility for all of PGG Wrightson's Wool Stores throughout New Zealand and the staff that work in them.

Ina is one of the first people to go through the PGG Wrightson Mentoring Programme to help him further develop and refine his leadership skills.

"I came into the industry when the assumption was that everything you needed to know you learnt on the job," explains Ina. "I went through Growing Leaders, the PGG Wrightson in-house leadership training programme in 2012. It provided a great foundation, helping me to know what is expected of a leader and to understand the things I can do to be a better leader. But it was a one-off training course, whereas the mentoring is ongoing – my mentor and I meet or talk on a regular basis."

Ina's mentor is Ritchie Weightman, National Sales Manager for PGG Wrightson Rural Supplies.

"Working with Ritchie is helping me to think more about my leadership on a day-to-day basis and what I can do to keep on growing and improving. It's a bit like having a personal coach. There are some areas where Ritchie can give me a different perspective or suggest a different way of going about something, but a lot of the value comes from me thinking more about my game and what I can do to improve it."

"Fostering the right culture in the wool stores is one of my current areas of focus," says Ina. "With the machinery and wool bales, safety is always a key concern within the wool stores. We're working to get rid of the "she'll be right" attitude and are training our people to think instinctively about how their actions influence their own safety and the safety of those they work with."

The relationship has also been rewarding for Ritchie.

"Ina has worked in an area which historically has placed little formal emphasis on leadership or training. Working together we're able to help Ina to continue to enhance his leadership skills."

"Like a lot of our people, Ina is a good natural leader but we want him to be a great leader. If we are growing great leaders across our business then we'll support our people better which in turn means we'll deliver better service to our customers and achieve better results for our owners."

UPDATE ON OUR STRATEGY

The PGG Wrightson Group strategy, introduced in the 2014/15 financial year is structured around three core themes: Improve, Grow and Game-changers. These themes are applied at the business unit level to challenge each of our businesses to consider how they can better serve our customers, both now and into the future. These themes are also applied at the Group level, to challenge us to consider whether we have the right mix of businesses in our portfolio and whether we are getting the most out of our businesses.

The themes: Improve, Grow and Game-changers continue to guide the development and implementation of strategy within the Group. Over the past year we have executed upon a significant number of projects, initiatives and transactions that fit around our strategy. We touch on some of these in the following commentary.

Improve

Improve is about continually developing and adapting our business to perform better and to better meet the changing needs of our customers. Many of the activities which fall under the Improve theme are operationally orientated issues, things we can do better and more efficiently to improve our day-to-day business. Examples during the past year include the redevelopment of our PGG Wrightson New Zealand website (www.pggwrightson.co.nz), refinement of our Real Estate sales management structure and website (www.pggwre.co.nz), improvement to our systems and processes within PGG Wrightson Water, ongoing refresh of our Retail stores, the roll-out of new IT systems within Real Estate and Retail, implementation of new document management systems within Seed & Grain and a myriad of other projects which are run within our business units.

'One-PGW' remains a key tenet of the Improve theme. 'One-PGW' aims to put the customer at the centre of everything we do as an organisation, looking for opportunities to make it easier for customers to do business with us and for customers to deal with multiple parts of our business. It asks our people to work together within and across the organisational structure to deliver the best experience for the customer.

A major part of implementing 'One-PGW' is taking a range of actions that give our people more opportunity to meet and work with people from across other parts of the business. Our Regional Leadership Programme, a series of two-day workshops run across the country for our people leaders, is an example of this. While the primary purpose of these workshops was to train our people on health & safety and our internal performance management programme, the workshops were organised regionally and run in such a way that typically 15–25 leaders from within a region could attend the workshop together. This allowed these leaders time together to build and strengthen personal relationships. These relationships are ultimately the glue which will make the 'One-PGW' strategy a success.

At a Group level, other key parts of our Improve strategy included:

- Our People Learning and Development programmes which aim to lift our overall capability, improve the quality of service we offer our customers and improve our resilience as a business.
- Our IT Systems projects that are automating and re-engineering business processes, aiming to increase the efficiency with which we are able to run the business.
- Our mobility solutions, which focus on putting more technology in the hands of our people in the field to help them deliver a better service to our customers.
- Our focus on health & safety, aiming to get everyone home safe every day.

Grow

Grow recognises those opportunities within the business that require deliberate and focussed investment in order to drive market share gains and business expansion. While all our businesses have opportunities to grow, the following areas have been specifically identified as opportunities requiring focus:

- **Dairy** – despite the current short term challenges the dairy industry is facing (see special report on page 14), the long term future of dairying remains positive and we continue to seek to grow our share of this market. Last season we strengthened our dairy team within Livestock. Within Seed & Grain the rise of fodder beet as a crop within dairying is giving us added engagement with the dairy sector and the focus of our nutritional experts within Retail is helping build these dairying relationships.
- **Water** – a leader in rural irrigation, PGG Wrightson Water was created following the acquisition of two new businesses into our Irrigation & Pumping business. We have further built on this platform with the acquisition this year of the business and assets of Advanced Irrigation Systems, a leader in turf irrigation. Considerable effort is needed to fully integrate new businesses and to configure and optimise our operations. Ongoing investment into our Water business will accelerate this process and unlock the full potential and opportunities in this market.
- **South America** – built around our Seeds business, we have a strong and respected brand within the Uruguayan market and have been leveraging this to grow our seed businesses into bordering markets of Brazil, Paraguay and Argentina. In Uruguay we also leverage this into other market categories. With the investment in Agrocentro we add a fast growing retail offering to complement our seeds, real estate, livestock and irrigation platforms.
- **Agritrade** – while China is a major supplier of manufactured products to New Zealand, historically PGG Wrightson had little direct involvement in sourcing or importing product. The establishment of Agritrade gives us a vehicle to undertake more of this directly as we build our wholesale distribution capability.

Game-Changers

Game-changers are those strategies which have the potential to fundamentally alter the way in which we do business. Precision Agriculture and E-Commerce both have the potential to be game-changers in terms of how we operate our business, the types of products we sell and how we interact with farmers. Other such opportunities involve new partnerships and business models that challenge the status quo.

The challenge for us is to ensure that we have the foresight and capability to introduce these Game-changers in a way that is complementary to our business and at a time when our customers are ready for them. That in turn requires building an internal culture that recognises the opportunities and seeks to explore them, building partnerships with others who have skills or technologies that we may need and deepening our customer relationships and understanding so that we are able to anticipate their needs and recognise early those innovations that have the potential to drive change. Often if we do this well these "Game-changers" will feel like "Grow" strategies. Taking a stake in Agrocentro for example fundamentally alters the way we interact with the Uruguayan market by adding retail distribution to the model yet is a natural extension of the growth we have enjoyed in the region.

As we increase our expertise and portfolio of sub-tropical cultivars in South America and Australia and as we grow our footprint in temperate Brazil, a move into the sub-tropical forage market in these areas becomes a natural growth path. Through all of this we must ensure that we continue to understand deeply our customers and our markets so that PGG Wrightson continues to meet their needs into the future.

The Improve, Grow and Game-changers strategic framework remains under active review by the business and is continuously evolving. A number of ongoing projects are at various stages of implementation or assessment and the Company will announce and report on these as they progress.

PGG WRIGHTSON IN THE COMMUNITY

PGG Wrightson has a proud history of supporting rural communities. Our staff and customers live and work in these communities and we are committed to making a positive contribution to them.

Charity

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

IHC Calf & Rural Scheme

proudly supported by PGG Wrightson

The IHC Calf & Rural Scheme is in its 31st year and 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.

PGG Wrightson as the official sponsor has seen the equivalent of more than 128,000 calves donated to support the IHC.

Cash for Communities

Since its initiation four years ago the PGG Wrightson Cash for Communities programme has raised more than $365,000 for schools and community organisations across New Zealand. With PGG Wrightson donating $1 for every tonne of Ballance fertiliser sold, more than 1,300 farmers signed up to support the programme.

Community Events

With a business presence throughout New Zealand, PGG Wrightson touches many rural communities. We support the communities that support us through sponsoring community events ranging from A&P shows to equestrian events, dog trials to shearing competitions.

Our aim around sponsorship and event activity is to celebrate and promote excellence in farming.

Sponsorship

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

Key national 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 People in Agriculture Awards. 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 nga tikanga Maori.

PGG Wrightson National Shearing Circuit

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 in Masterton.

Beef Expo

Beef Expo is a five-day event consisting of a genetic sale, beef genetics workshops, farmer science & tech seminars, and more. PGG Wrightson sponsors the Beef Expo Genetic Sale, including the PGG Wrightson Champion of Champions Awards. This prestigious competition is an integral part of the Genetic Sale and provides a unique occasion to feature a line-up of seven National Breed Champions.

Equidays

Bringing industry, education and competition to New Zealand, Equidays is a unique event with a wide range of equine related demonstrations, exhibitions, activities and retail sites.

PGG Wrightson was proud to support this event in 2014; providing technical information to help horse enthusiasts use pasture and fertilisers to maximise paddock potential while keeping horses safe and healthy, teaching practical rural skills such as fixing fences and installing troughs, and promoting our wide range of products aimed at the equestrian market.

Golden Shears

Golden Shears is the world's premier shearing and woolhandling championship and takes place in Masterton. The three day event encompasses novice, junior, intermediate, senior and open shearing competitions along with wool handling and wool pressing events at a range of levels.

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 and growing international reputation.

AIR NEW ZEALAND WINE AWARDS

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 Viticulturist of the Year

Young Viticulturist of the Year is an annual competition recognised within the industry as a leading accomplishment for young viticulturists to aspire to and achieve. Regional competitions are held across the country with regional winners going forward to compete for the Young Viticulturist of the Year title at the Romeo Bragato Conference.

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.

Sustainability

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

This commitment supports both a focus on our internal business activities, to ensure that the way we conduct our business minimises the impact we have, and on the products and services we offer to our farming customers, helping them in their sustainability goals.

Energy use is a key area of internal focus with our vehicle fleet, transport operations, grain and seed processing, and building operations, being our key users of energy. Where possible more energy efficient technologies are employed, reducing our overall energy footprint and related greenhouse gas emissions. Vehicle efficiency is used as a key criteria in selecting our vehicle fleet and as processing operations and buildings are upgraded, more energy efficient technologies are incorporated.

Various products and programmes that we offer help our customers improve their environmental footprint. Our Water business, through a strategic partnership with IQ Irrigation, supplies a market-leading variable rate irrigation system to the New Zealand market. This helps farmers to precisely control the quantity of water irrigated onto the farm, varying this in response to a range of factors such as soil type and moisture levels. This in turn allows for improvements in the overall quantity of water applied, reducing nutrient run-off and leaching issues associated with over-watering, freeing up water to enhance the productivity of a greater land area and reducing the overall energy costs associated with pumping water.

PGG Wrightson Seeds is active in a number of programmes seeking to develop pastures and forages which improve environmental sustainability on-farm. PGG Wrightson is a member of the Pastoral Greenhouse Gas Research Consortium, an industry-wide group seeking to develop technologies to reduce methane emissions from ruminant livestock. The Company also participates in breeding and research programmes which aim to tackle issues such as: improved plant efficiency, increased drought tolerance and reduced nitrate leaching. Good stewardship also requires that farmers undertake crop rotation and PGG Wrightson works closely with our seed growers and with our farmer customers to ensure appropriate practices are in place on-farm.

Fruitfed Supplies operates one of the largest crop monitoring services in New Zealand. Comprehensive data on pest and disease levels is collected by crop monitoring scouts and loaded into Fruitfed's software system. Our crop monitoring protocols support numerous integrated pest management programmes for tree, vegetable and vine crops. These programmes help minimise the application of pest control chemicals, through careful monitoring of pest status, enabling pest controls to be timed for maximise effectiveness.

Our Retail stores handle a range of agricultural chemicals and adopt good practice in terms of storing chemicals and assisting farmers with management of these. Our Ashburton store was recently named winner of the South East Asian region and received a 2015 Environmental Respect award from Du Pont for its stewardship of the land in co-operation with our farmer customers. Store manager, Catherine McCormick received the award on behalf of the Company. In presenting this award, Du Pont noted that in addition to all staff in the store holding first aid certification and Approved Chemical Handlers Certificates, bi-monthly meetings are held with suppliers and staff to discuss best practices and once a year a mock exercise is held to train staff in dealing with a simulated chemical spill.

KEY FINANCIAL DISCLOSURES

FOR THE YEAR ENDED 30 JUNE 2015

Format change to financial statements

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

The 2015 financial statements have been broken into two sections being key financial disclosures and additional information including notes to the financial statements. Other key changes include separating the Statement of Comprehensive Income into the Statement of Profit or Loss and Statement of Other Comprehensive Income, changing the order of the primary financial statements and note disclosures and presenting, where relevant, the Group's accounting policies with their associated note disclosure.

PGG WRIGHTSON LIMITED

DIRECTORS' RESPONSIBILITY STATEMENT

FOR THE YEAR ENDED 30 JUNE 2015

The Directors are responsible for ensuring that the financial statements give a true and fair view of the financial position of the Group as at 30 June 2015 and the financial performance and cash flows for the year ended on that date.

The Directors consider that the financial statements of the Group have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates and that all of the 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 Group and facilitate compliance of the financial statements with the Financial Reporting Act 2013 and the Financial Markets Conduct Act 2013.

The Directors are pleased to present the financial statements for PGG Wrightson Limited and its controlled entities (together the "Group") set out on pages 29 to 74 for the year ended 30 June 2015.

The financial statements contained on pages 29 to 74 have been authorised for issue on 10 August 2015.

For and on behalf of the Board.

Alan Lai Chairman

Bruce Irvine Director and Audit Committee Chairman

STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2015

Helping grow the country

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

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

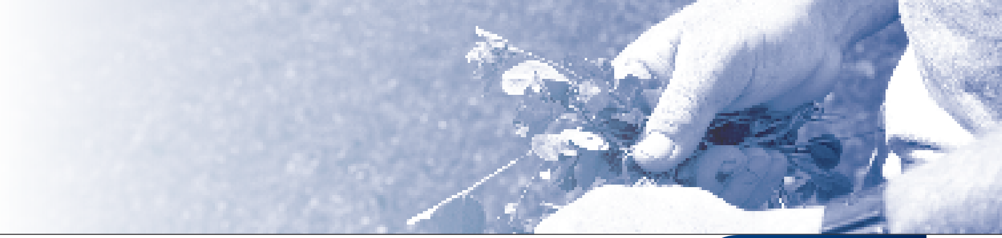
PGG WRIGHTSON LIMITED

STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2015

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

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



SEGMENT REPORT

For the year ended / as at 30 June 2015

Helping grow the country

(a) Operating Segments

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

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

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

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

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

(b) Geographical Segment Information

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

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

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

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

PGG WRIGHTSON LIMITED

SEGMENT REPORT CONTINUED

For the year ended / as at 30 June 2015

(c) Operating Segment Information

	RURAL SERVICES					
	RETAIL		LIVESTOCK		OTHER RURAL SERVICES	
	2015 $000	2014 $000	2015 $000	2014 $000	2015 $000	2014 $000
Total segment revenue	494,327	485,955	86,700	76,850	218,714	202,822
Intersegment revenue	–	–	–	–	–	–
Total external operating revenues	494,327	485,955	86,700	76,850	218,714	202,822
Operating EBITDA (excluding earnings of associates)	**27,323**	**25,509**	**15,440**	**13,389**	**11,755**	**14,090**
Equity earnings of associates	–	–	–	–	–	–
Operating EBITDA (including earnings of associates)	**27,323**	**25,509**	**15,440**	**13,389**	**11,755**	**14,090**
Non–operating items	(21)	(206)	(2)	171	47	1,062
Fair value adjustments	–	–	(23)	1,388	–	–
EBITDA	27,302	25,303	15,415	14,948	11,802	15,152
Depreciation and amortisation	(1,242)	(1,256)	(551)	(595)	(896)	(647)
Results from continuing operating activities	26,060	24,047	14,864	14,353	10,906	14,505
Net interest and finance costs	414	(139)	(283)	158	647	(724)
Profit/(loss) from continuing operations before income tax	26,474	23,908	14,581	14,511	11,553	13,781
Income tax (expense) / income	(7,413)	(6,817)	(4,016)	(4,119)	(3,427)	(3,740)
Profit/(loss) from continuing operations	19,061	17,091	10,565	10,392	8,126	10,041
Discontinued operations	–	–	–	–	–	–
Profit/(loss) for the period	**19,061**	**17,091**	**10,565**	**10,392**	**8,126**	**10,041**
Segment assets	111,701	104,659	63,910	66,289	76,108	67,326
Equity accounted associates	–	–	–	–	–	–
Assets held for sale	–	–	–	–	–	–
Total segment assets	111,701	104,659	63,910	66,289	76,108	67,326
Segment liabilities	(63,843)	(55,294)	(50,326)	(61,093)	(41,721)	(36,951)
Capital expenditure (incl software)	1,511	4,151	437	146	613	1,047

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

TOTAL RURAL SERVICES		SEED & GRAIN		TOTAL OPERATING SEGMENTS		OTHER		TOTAL	
2015 $000	2014 $000	2015 $000	2014 $000	2015 $000	2014 $000	2015 $000	2014 $000	2015 $000	2014 $000
799,741	765,627	469,081	529,694	1,268,822	1,295,321	2,229	2,253	1,271,051	1,297,574
–	–	(68,216)	(78,191)	(68,216)	(78,191)		–	(68,216)	(78,191)
799,741	765,627	400,865	451,503	1,200,606	1,217,130	2,229	2,253	1,202,835	1,219,383
54,518	**52,988**	**40,318**	**33,965**	**94,836**	**86,953**	**(25,386)**	**(28,206)**	**69,450**	**58,747**
–	–	188	2,494	188	2,494	(7)	27	181	2,521
54,518	**52,988**	**40,506**	**36,459**	**95,024**	**89,447**	**(25,393)**	**(28,179)**	**69,631**	**61,268**
24	1,027	346	3,378	370	4,405	(2,467)	2,017	(2,097)	6,422
(23)	1,388	–	–	(23)	1,388	–	(78)	(23)	1,310
54,519	55,403	40,852	39,837	95,371	95,240	(27,860)	(26,240)	67,511	69,000
(2,689)	(2,498)	(3,478)	(3,296)	(6,167)	(5,794)	(1,781)	(5,448)	(7,948)	(11,242)
51,830	52,905	37,374	36,541	89,204	89,446	(29,641)	(31,688)	59,563	57,758
778	(705)	(6,760)	(2,894)	(5,982)	(3,599)	(4,798)	(4,327)	(10,780)	(7,926)
52,608	52,200	30,614	33,647	83,222	85,847	(34,439)	(36,015)	48,783	49,832
(14,856)	(14,676)	(10,072)	(9,780)	(24,928)	(24,456)	8,756	15,984	(16,172)	(8,472)
37,752	37,524	20,542	23,867	58,294	61,391	(25,683)	(20,031)	32,611	41,360
–	–	–	–	–	–	142	898	142	898
37,752	**37,524**	**20,542**	**23,867**	**58,294**	**61,391**	**(25,541)**	**(19,133)**	**32,753**	**42,258**
251,719	238,274	335,881	319,194	587,600	557,468	62,983	74,502	650,583	631,970
–	–	1,766	1,274	1,766	1,274	83	90	1,849	1,364
–	–	11	–	11	–	510	1,168	521	1,168
251,719	238,274	337,658	320,468	589,377	558,742	63,576	75,760	652,953	634,502
(155,890)	(153,338)	(160,715)	(157,946)	(316,605)	(311,284)	(68,980)	(53,516)	(385,585)	(364,800)
2,561	5,344	14,319	6,796	16,880	12,140	2,885	31,623	19,765	43,763

PGG WRIGHTSON LIMITED

STATEMENT OF CASH FLOWS

For the year ended 30 June 2015

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

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

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

As at 30 June 2015

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

The accompanying notes form an integral part of these financial statements

PGG WRIGHTSON LIMITED

STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

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

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

ADDITIONAL FINANCIAL DISCLOSURES INCLUDING NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

PGG WRIGHTSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

1 OPERATING REVENUE

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

Income Recognition Accounting Policies

Recognition of Revenue

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

Sales Revenue

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

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

Construction Contracts

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

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

Interest and Similar Income and Expense

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

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

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

Fee Income from Providing Transaction Services

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

2 COST OF SALES

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

3 OTHER OPERATING EXPENSES

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2015

4 EQUITY ACCOUNTED ASSOCIATES

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

Movement in carrying value of equity accounted associates

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

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

Basis of Consolidation Accounting Policies

Associates and Jointly Controlled Entities

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

5 FAIR VALUE ADJUSTMENTS

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

6 INTEREST – FINANCE INCOME AND EXPENSE

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2015

7 INCOME TAXES

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

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

Income tax recognised directly in equity

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

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

Refer to Accounting Policies – page 43.

7 INCOME TAXES (CONTINUED)

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

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

Movement in deferred tax on temporary differences during the year

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

Unrecognised tax losses / Unrecognised temporary differences

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

Income Tax Accounting Policies

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2015

8 DISCONTINUED OPERATIONS

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

Discontinued Operations Accounting Policy

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

9 EARNINGS PER SHARE AND NET TANGIBLE ASSETS

Basic earnings per share

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

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

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

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

Earnings per Share Accounting Policy

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

10 CASH AND BANK FACILITIES

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

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

The Company's bank syndicate facilities include:

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2015

11 DERIVATIVE FINANCIAL INSTRUMENTS

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

Derivatives held for risk management

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

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

Derivative Financial Instruments Accounting Policies

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

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

Cash Flow Hedges

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

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

12 TRADE AND OTHER RECEIVABLES

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

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

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

Trade and Other Receivables Accounting Policies

Determination of Fair Values

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

Impairment of Trade Receivables

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

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

PGG WRIGHTSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2015

13 BIOLOGICAL ASSETS

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

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

Biological Assets Accounting Policies

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

14 INVENTORY

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

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

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

Inventories Accounting Policies

Finished Goods

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

Wholesale Seeds

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

15 GROUP ENTITIES

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

Acquisition of Business

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2015

16 OTHER INVESTMENTS

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

Investment in BioPacificVentures

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

Advances to associates

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

Sundry other investments including saleyards

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

Other Investments Accounting Policies

Determination of Fair Values

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

17 INTANGIBLE ASSETS

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

Intangible Assets Accounting Policies

Software

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

Determination of Fair Values

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

Impairment

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2015

18 PROPERTY, PLANT AND EQUIPMENT

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

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

Refer to Accounting Policies – page 53.

18 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Property, Plant & Equipment Accounting Policies

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

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

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

Subsequent Costs

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

Borrowing Costs

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

Depreciation

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

Determination of Fair Values

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

Impairment

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2015

19 TRADE AND OTHER PAYABLES

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

Commerce Commission investigation

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

Silver Fern Farms supply contract

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

20 DEFINED BENEFIT ASSET / LIABILITY

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

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

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

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

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

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

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

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

Refer to Accounting Policies – page 57.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2015

20 DEFINED BENEFIT ASSET / LIABILITY (CONTINUED)

Sensitivity analysis

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

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

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

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

Refer to Accounting Policies – page 57.

20 DEFINED BENEFIT ASSET / LIABILITY (CONTINUED)

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

Employee Benefits Accounting Policies

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

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

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

21 FINANCIAL INSTRUMENTS

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

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

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

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

Liquidity Risk

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

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

– ensure all financial obligations are met when due;

– provide adequate protection, even under crisis scenarios; and

– achieve competitive funding within the limitations of liquidity requirements.

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

Market Risk

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

Foreign Currency Risk

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

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

Price and Interest Rate Risk

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

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

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

Funding Risk

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

Refer to Accounting Policies – page 64.

21 FINANCIAL INSTRUMENTS (CONTINUED)

Credit Risk

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

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

Capital Management

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

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

Sensitivity Analysis

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

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

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

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

Refer to Accounting Policies – page 64.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2015

21 FINANCIAL INSTRUMENTS (CONTINUED)

Quantitative disclosures

(a) Liquidity Risk – Contractual Maturity Analysis

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

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

(b) Liquidity Risk – Expected Maturity Analysis

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

Refer to Accounting Policies – page 64.

21 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Foreign Currency Exposure Risk

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

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

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

(d) Interest Rate Repricing Schedule

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

	WITHIN 12 MONTHS $000	1 TO 2 YEARS $000	OVER 2 YEARS $000	NON INTEREST BEARING $000	TOTAL $000
2015					
Liabilities					
Bank facilities	38,320	–	84,875	–	123,195
Derivative financial instruments	–	–	–	5,246	5,246
Trade and other payables	–	–	–	237,402	237,402
	38,320	**–**	**84,875**	**242,648**	**365,843**
2014					
Liabilities					
Bank facilities	100,573	–	–	–	100,573
Derivative financial instruments	–	–	–	892	892
Trade and other payables	–	–	–	243,297	243,297
	100,573	**–**	**–**	**244,189**	**344,762**

Refer to Accounting Policies – page 64.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2015

21 FINANCIAL INSTRUMENTS (CONTINUED)

(e) Accounting classifications and fair values

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

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

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

Refer to Accounting Policies – page 64.

21 FINANCIAL INSTRUMENTS (CONTINUED)

(e) Accounting classifications and fair values (continued)

Fair value hierarchy

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

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

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

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

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

(f) Credit Risk

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

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

Concentrations of Credit Risk

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

Refer to Accounting Policy – page 64.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2015

21 FINANCIAL INSTRUMENTS (CONTINUED)

Financial Instruments Accounting Policies

(i) Non–derivative Financial Assets

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

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

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

Financial assets measured at amortised cost

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

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

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

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

Financial assets measured at fair value

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

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

Cash and cash equivalents

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

Trade and Other Receivables

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

(ii) Non-derivative Financial Liabilities

Interest-bearing Borrowings

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

Trade and Other Payables

Trade and other payables are stated at cost.

Determination of Fair Values

Determination of Fair Values for Derivatives

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

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

Determination of Fair Values for Non-derivative Financial Instruments

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

22 OPERATING LEASES

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

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

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

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

23 SEASONALITY OF OPERATIONS

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

24 COMMITMENTS

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

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

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

25 CONTINGENT LIABILITIES

PGG Wrightson Loyalty Reward Programme

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2015

26 RELATED PARTIES

Parent and ultimate controlling party

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

Transactions with key management personnel

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

Directors fees incurred during the year are disclosed in Note 3 Other Operating Expenses, and in the Statutory Information.

Other Transactions with Key Management Personnel

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

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

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

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

27 EVENTS SUBSEQUENT TO BALANCE DATE

Acquisition of Agrocentro

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

Acquisition of Grainland

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

Assets held for sale

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

Dividend

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

28 REPORTING ENTITY

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

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

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

29 BASIS OF PREPARATION

Statement of Compliance

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

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

Basis of Measurement

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2015

29 BASIS OF PREPARATION (CONTINUED)

Functional and Presentation Currency

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

Use of Estimates and Judgements

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

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

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

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

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

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

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

Change in Format and Presentation

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

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

30 OTHER SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Consolidation

Subsidiaries

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

Transactions Eliminated on Consolidation

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

(b) Foreign Currencies

Foreign Currency Transactions

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

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

Foreign Operations

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

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

(c) Impairment

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

Impairment of Equity Instruments

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2015

30 OTHER SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Impairment (continued)

Impairment of Finance Receivables

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

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

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

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

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

Non-financial Assets

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

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

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

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

(d) Determination of Fair Values

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

(e) Intangible Assets

Research and Development

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

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

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

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

30 OTHER SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Statement of Cash Flows

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

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

(g) Disclosure of non-GAAP financial information

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

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

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

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

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

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

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

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

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

PGG WRIGHTSON LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2015

	SHARE CAPITAL $000	FOREIGN CURRENCY TRANSLATION RESERVE $000	REALISED CAPITAL AND OTHER RESERVES $000
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	–	–	–
Defined benefit plan actuarial gains and losses, 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**
Balance at 1 July 2014	606,324	(13,414)	23,320
Total comprehensive income for the period			
Profit or loss	–	–	–
Other comprehensive income			
Foreign currency translation differences	–	13,145	123
Effective portion of changes in fair value of equity instruments, net of tax	–	–	–
Effective portion of changes in fair value of cash flow hedges, net of tax	–	–	–
Defined benefit plan actuarial gains and losses, net of tax	–	–	–
Total other comprehensive income	–	13,145	123
Total comprehensive income for the period	–	13,145	123
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 2015	**606,324**	**(269)**	**23,443**

REVALUATION RESERVE $000	HEDGING RESERVE $000	DEFINED BENEFIT PLAN RESERVE $000	FAIR VALUE RESERVE $000	RETAINED EARNINGS $000	NON-CONTROLLING INTEREST $000	TOTAL EQUITY $000
686	(108)	(15,693)	3,570	(359,275)	3,638	256,106
–	–	–	–	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**
556	272	(12,009)	(743)	(336,461)	1,857	269,702
–	–	–	–	31,869	884	32,753
–	–	–	–	–	360	13,628
–	–	–	(2,278)	–	–	(2,278)
–	(1,604)	–	–	–	–	(1,604)
–	–	(2,600)	–	–	–	(2,600)
–	(1,604)	(2,600)	(2,278)	–	360	7,146
–	(1,604)	(2,600)	(2,278)	31,869	1,244	39,899
–	–	–	–	(41,942)	(291)	(42,233)
–	–	–	–	(41,942)	(291)	(42,233)
556	**(1,332)**	**(14,609)**	**(3,021)**	**(346,534)**	**2,810**	**267,368**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2015

31 CAPITAL AND RESERVES

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

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

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

Realised capital reserve

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

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

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

Defined benefit plan reserve

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

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

Retained earnings
Retained earnings equals accumulated undistributed profit.

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

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

Share Capital Accounting Policies

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

Repurchase of Share Capital

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

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF PGG WRIGHTSON LIMITED

We have audited the accompanying consolidated financial statements of PGG Wrightson Limited and its subsidiaries ("the group") on pages 29 to 74. The financial statements comprise of the consolidated statements of profit or loss, other comprehensive income, cash flows and changes in equity for the year ended 30 June 2015, the segment report as at and for the year ended 30 June 2015, the consolidated statement of financial position as at 30 June 2015, and additional financial disclosures including notes to the financial statements.

Directors' responsibility for the consolidated financial statements

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

Auditor's responsibility

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

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

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

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

Opinion

In our opinion, the consolidated financial statements on pages 29 to 74 comply with generally accepted accounting practice in New Zealand and present fairly, in all material respects, the consolidated financial position of PGG Wrightson Limited as at 30 June 2015 and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

KPMG

10 August 2015

Christchurch

CORPORATE GOVERNANCE

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 which incorporates the Board Charter. The Code materially complies, where appropriate, with the NZX Corporate Governance Best Practice Code and the Financial Markets Authority (FMA) Corporate Governance in New Zealand Principles and Guidelines December 2014.

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.

2. Ethics and Code of Conduct

2.1 Directors recognise that it is their role to set high standards of ethical behaviour, model this behaviour and hold management accountable for observing, fostering and delivering high ethical standards throughout the PGG Wrightson Group. The Board has developed and adopted a written Code of Conduct which requires all members of the PGG Wrightson Group to observe the highest of standards of ethics and conduct, in alignment with these PGG Wrightson Group Values:

Accountability:	Stand by our word and meet commitments. Be accountable to our customers and each other.
Leadership:	Set standards and exceed expectations. Take action and strive to excel. Lead through innovation.
Integrity:	Operate ethically and with integrity. Treat others with respect. Act professionally.
Smarter:	Find ways to be more effective and efficient. Think, decide and act quickly (without compromising quality). Learn from mistakes and celebrate successes.
Teamwork:	Share knowledge and information. Work together to create solutions. Think and act as 'One-PGW'.

2.2 The Code of Conduct also requires members and staff of the PGG Wrightson Group to:

- Comply with standards including all applicable laws, regulations, codes, policies and procedures and lawful and reasonable directions;
- Behave in a professional manner in a way that upholds the PGG Wrightson Group Values and maintains public confidence in our professionalism and integrity;
- Use PGG Wrightson Group resources, assets, time, funds and information only for their authorised/intended purpose;
- Treat customers, suppliers, other PGG Wrightson personnel and third parties with respect, courtesy and dignity:
- Ensure their own and others' health and safety in the workplace, and protect the environment;
- Avoid and/or disclose any Conflicts of Interest (real or apparent). The PGG Wrightson Group has a detailed Conflicts of Interest Policy which contains good practice guidelines surrounding the identification, disclosure and management of staff conflicts of interest;
- Follow company policy on receiving and giving gifts and gratuities;
- Protect PGG Wrightson Group Assets and comply with our Group Fraud Prevention Policy;
- Give proper attention to all matters and create an open communication environment that results in all material items being brought to the attention of the appropriate management.;
- Protect the confidentiality of and intellectual property rights in all non-public information about our customers, suppliers, PGG Wrightson personnel and business.

2.3 The Code of Conduct is available to view on the PGG Wrightson's website at www.pggwrightson.co.nz under Investors > Governance. The Code of Conduct is included in staff training and inductions.

2.4 The Code of Conduct provides mechanisms to report breaches of the Code including unethical behaviour, and specifies the disciplinary procedures in place for any breaches. 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.

2.5 PGG Wrightson Ltd maintains a Directors and Officers Interests Register which is regularly updated, documenting interests disclosed by all Board members and senior management. The statutory disclosures section in the 2015 annual report is compiled from entries in the Directors Interests Register during the reporting period. Directors may not participate in Board discussions nor vote on matters in which they have a personal interest.

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

3. Board Charter

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. Directors are, except where permitted by law, required to act in the best interests of PGG Wrightson Limited. The Board is satisfied that the Directors commit the time needed to be fully effective in the role.

3.2 As at 30 June 2015 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 the 2015 annual report. In addition, John Fulton, Chief Executive of Agria Corporation, is an alternate Director for Wah Kwong (WK) Tsang.

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 meets this requirement as it currently has three Independent Directors. 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.

The Board acknowledges that it does not meet the FMA Guideline that the Chairperson should be independent as Guanglin (Alan) Lai has an association with substantial security holder, Agria (Singapore) Pte Limited and is therefore not an independent director.

3.4 The statutory disclosures section in the 2015 annual report lists the Company's Directors' independence status. The Board reviews any determination that it makes on a Director's independence on becoming aware of any information that indicates that a Director may have a relevant material relationship. Directors are required to immediately advise of any new or changed relationships so the Board can consider and determine its materiality. Directors' interests are listed on pages 81 and 82 of the 2015 annual report.

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, retire from office at the Annual Meeting each year.

3.6 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. PGG Wrightson has a formal and transparent method for the nomination and appointment of directors to the Board – nominations are publicly called for by notice on the NZX and considered at the Annual Meeting. Directors may be appointed by the Board between Annual Meetings as permitted by the Constitution but are required to seek re-election at the next Annual Meeting.

3.7 The Board formally reviews the performance of each Director and the Board as a whole, not less than every two years. Directors are expected to undertake appropriate training to remain current on how best to perform their duties as a director of a listed company. Directors are regularly updated on relevant industry and company issues, undertake visits to PGG Wrightson and customer branches and operations, and receive briefings from Executive Managers from all business units.

3.8 The full Board met in person six times in the year ended 30 June 2015. Directors also meet on other occasions for strategic planning and held conference calls from time to time as required.

3.9 The Board is responsible for employing the Chief Executive and approving the business strategy. To ensure efficiency, the Board has delegated to the Chief Executive and subsidiary company boards the day to day management and leadership of the PGG Wrightson Group operations. The Company has a formal delegated authority framework and policy that sets out matters reserved for the Board and sub-delegates certain authorities to the Chief Executive and Managers within defined limits. There is a clear understanding of the division of responsibilities between the Board and management.

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 2015 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 Security Compensation 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 investing a portion of their Directors' remuneration in purchasing shares in the Company but it does not consider this should be mandatory.

4.4 The Board acknowledges that it does not meet the FMA Guideline to publish its remuneration policy on the Company's website. However 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 role, rights, responsibilities, membership requirements and relationship with the Board. The Board reviews the performance of each Committee from time to time in accordance with the relevant Committee's written charter. Proceedings of Committees are reported back to the full Board to allow other Directors to question Committee members.

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 2015 the Board had two standing Committees - the Audit Committee and the Remuneration and Appointments Committee. Other Committees are formed as and when required.

5.4 Audit Committee

The Audit Committee Charter is available on the Company's website at www.pggwrightson.co.nz under Investors > 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 Wah Kwong (WK) 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 > Governance.

The Remuneration and Appointments Committee is chaired by Guanglin (Alan) 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, objectivity and independence of the auditors to carry out their statutory audit role is not compromised or impaired or could reasonably be perceived to be compromised or 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 in the year ended 30 June 2015 which was pre-approved by the Audit Committee. The nature of the types of work completed and the remuneration received is disclosed on page 39 of the financial statements. The external auditors confirmed in their audit report on page 75 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 provision by management of information of sufficient content, quality and timeliness to enable the Board to effectively discharge its duties.

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 > 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. The Securities Trading Policy is available at www.pggwrightson.co.nz under Investors > Governance. The Securities Trading Policy specifies that no Director or employee may buy or sell PGG Wrightson shares while in possession of inside information. Inside information is information that is not generally available and, if it were generally available, a reasonable person would expect it to have a material effect on the price or value of PGG Wrightson shares. The policy also states that Directors and staff in possession of inside information cannot directly or indirectly advise or encourage any person to deal in PGG Wrightson shares. Compliance with the Securities Trading Policy is monitored through the consent process and by education and notification by PGG Wrightson's share registrar Computershare when any Director or Officer engages in trading activities. All trading in PGG Wrightson shares by Directors and Officers is disclosed to the NZX.

7.5 In April 2014 the Board adopted a Diversity Policy which is available at www.pggwrightson.co.nz under Investors > Governance. The Board again reviewed the Diversity Policy when the NZX updated its Guidance Note on Diversity Policies and Disclosure in February 2015. Attributes that are particularly relevant to PGG Wrightson are culture, ethnicity/nationality, gender and skills:

- Culture: PGG Wrightson supports a diversity of culture throughout the business including at Board and Senior Management levels, while remaining proud of its own cultural background. PGG Wrightson has a strong long-standing tradition of service to the New Zealand agricultural sector dating back to 1841, championing the importance of, and being sympathetic to, agriculture and rural communities. PGG Wrightson also operates in many countries overseas including Uruguay, Brazil, Australia and China and has business relationships with American and European suppliers.
- Ethnicity/nationality: PGG Wrightson recognises that Board and organisational diversity is increasingly important. PGG Wrightson supports diversity of ethnic, national and international origins throughout all levels of the business, including representation of world views from the international markets that PGG Wrightson and its farming customers operate in where culture and business practices differ from New Zealand.
- Gender: PGG Wrightson supports gender diversity throughout the business including at Board and Senior Management levels while noting that some of our business activities conventionally attract a predominance of one gender over the other.
- Skills: PGG Wrightson also recognises that it is important to have the right people in the right roles. Skill set diversity is very important. Diversity of thinking is important - to get the best decisions we need the best skills from relevant disciplines.

The Board has evaluated PGG Wrightson's performance against its Diversity Policy objectives which relate to the working environment, employment and selection opportunities, Board appointment recommendations, leadership training and HR management support, and considers that these objectives have been met.

7.6 The table below lists the numerical quantitative breakdown of the gender composition of PGG Wrightson's Board of Directors and its Officers as at 30 June 2015 and comparative figures for 30 June 2014. An Officer means a person, however designated, who is concerned or takes part in the management of PGG Wrightson Ltd's business, but excludes a person who does not report directly to the Board or who does not report directly to a person who reports to the Board.

	PGG WRIGHTSON LTD'S BOARD OF DIRECTORS AS AT 30 JUNE 2015	PGG WRIGHTSON LTD'S BOARD OF DIRECTORS AS AT 30 JUNE 2014	PGG WRIGHTSON LTD'S OFFICERS AS AT 30 JUNE 2015	PGG WRIGHTSON LTD'S OFFICERS AS AT 30 JUNE 2014	PGG WRIGHTSON GROUP WORKFORCE* AS AT 30 JUNE 2015	PGG WRIGHTSON GROUP WORKFORCE* AS AT 30 JUNE 2014
Number of Males	7	7	12	12	1322	1352
Percentage of Males	100%	100%	93%	93%	68%	71%
Number of Females	0	0	1	1	617	558
Percentage of Females	0%	0%	7%	7%	32%	29%

* Calculation methodology excludes casuals, fixed term employees and independent commission agents/independent contractors. 2014 restated with current calculation methodology.

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 PGG Wrightson's website www.pggwrightson.co.nz has an Investors Section. This contains current and past Annual Reports, notices of meeting, a list of shareholders' frequently asked questions, media releases, periodic financial information, dividend histories, and other information. 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 shareholder participation, 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. Directors have a sound understanding of the key risks faced by the business.

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 rigorous processes for risk management and 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. The Board receives and reviews regular reports on the operation of the risk management framework that includes policies and internal control processes, as well as any developments in relation to key risks. Reports include oversight of the Company's risk register and highlight the main risks to the Company's performance and the steps being taken to manage these;
- 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 reports annually to investors and stakeholders in its Annual Report on risk identification, risk management and relevant internal controls.

9.4 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 is identified and noted in the Company's annual report.

STATUTORY DISCLOSURES

Helping grow the country

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 2014 to 30 June 2015.

DIRECTOR	INTEREST	ORGANISATION
G Lai		
Chairman	Chairman	China Pipe Group Limited (HKSE:0380)
		Agria Corporation (NYSE:GRO)
		Agria Corporation (New Zealand) Limited
		Brothers Capital Limited
	Director	Singapore Zhongxin Investments Co. Limited
	Vice Chairman	China Chamber of Commerce, New Zealand
T Burt		
Deputy Chairman	Chairman	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
	Director/Shareholder	Chambers at Hazeldean Limited
		Breakaway Investments Limited
		Hossack Station Limited
		Pile Bay Partners Limited
	Trustee	Burt Family Trust
		Tai Tapu Partners Limited
B R Irvine		
	Chairman	Christchurch City Holdings Limited
		Heartland Bank 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
		– Chairman: Risk Management Committee
		Global Investments Limited
		– Chairman: Remuneration Committee
		Telechoice International Limited
		Yanlord Land Group Limited
		– Chairman: Audit Committee

DIRECTOR	INTEREST	ORGANISATION
Wah Kwong (WK) Tsang		
	Director	Agria Corporation (NYSE:GRO) Agria (Singapore) Pte Ltd China Animation Characters Company Limited China Merchant Direct Investments Limited Pan Asialum Holdings Company Limited Sihuan Pharmaceutical Holdings Group Limited TK Group Holdings Limited
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 2015 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
G Lai	$210,000.00	–	$210,000.00
T Burt (1)	$107,826.28	–	$107,826.28
B R Irvine	$80,000.00	Chairman $20,000.00	$100,000.00
J E Nichol	$80,000.00	$10,000.00	$90,000.00
L S Seah	$80,000.00	–	$80,000.00
W Y Tsang (2)	$30,000.00	$3,750.00	$33,750.00
W K Tsang (3)	$50,217.33	$6,276.99	$56,494.32
Kean Seng U	$80,000.00	–	$80,000.00

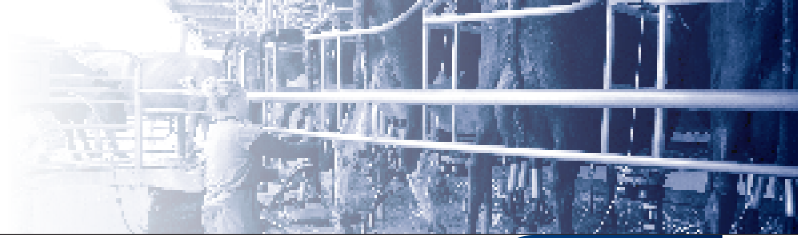
(1) Appointed Deputy Chair of Board and Remuneration & Appointments Committee 11 August 2014
(2) Retired 15 November 2014
(3) Appointed 15 November 2014

DIRECTORS' SHAREHOLDINGS

No directors of PGG Wrightson Ltd hold shares in PGG Wrightson, However T Burt, G Lai, W Y Tsang, W K 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 2015 (376,068,619 as at 30 June 2014).

DIRECTORS' SHARE TRANSACTIONS

No Directors of the Company have notified the Company of any share transactions between 1 July 2014 and 30 June 2015.



DIRECTORS' INDEPENDENCE

The Board has determined that as at 30 June 2015, 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 K Tsang and Kean Seng U.

NZX WAIVERS

No waivers have been granted and published by the NZX during the 12 months ending 30 June 2015.

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, WK Tsang (J Fulton as Alternate Director) 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 on the following page 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 employees 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 2015 that related to services provided in the 2015 financial year;
- telephone concessions to some employees that can include free telephone line rental, national and international phone calls and online services;
- independent real estate/livestock commission 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	72
$110,001 – 120,000	50
$120,001 – 130,000	40
$130,001 – 140,000	38
$140,001 – 150,000	27
$150,001 – 160,000	13
$160,001 – 170,000	14
$170,001 – 180,000	14
$180,001 – 190,000	22
$190,001 – 200,000	9
$200,001 – 210,000	9
$210,001 – 220,000	2
$220,001 – 230,000	8
$230,001 – 240,000	7
$240,001 – 250,000	7
$250,001 – 260,000	5
$260,001 – 270,000	2
$270,001 – 280,000	5
$280,001 – 290,000	6
$290,001 – 300,000	1
$310,000 – 320,000	1
$320,001 – 330,000	2
$330,001 – 340,000	2
$340,001 – 350,000	1
$350,001 – 360,000	1
$370,001 – 380,000	1
$390,001 – 400,000	2
$410,001 – 420,000	1
$470,001 – 480,000	1
$640,001 – 650,000	1
$660,001 – 670,000	1
$1,500,001 – 1,600,000	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, JD McKenzie, RJ Woodgate (R)
Agriculture New Zealand Limited	JS Daly, MB Dewdney, RJ Woodgate (R)
Ag Property Holdings Limited	JS Daly, MB Dewdney, RJ Woodgate (R)
AgriServices South America Limited	JS Daly, MB Dewdney, RJ Woodgate (R)
AgriTech South America Limited	JS Daly, MB Dewdney, RJ Woodgate (R)
Bloch & Behrens Wool (NZ) Limited	JS Daly, CJ Bayly, MB Dewdney, RJ Woodgate (R)
Canterbury Sale Yards (1996) Limited (50%)	AL Orchard, AJ Sellick
Forage Innovations Limited (51%)	DHF Green, JD McKenzie
Grasslands Innovation Limited (70%)	AW Elliott, DHF Green, JD McKenzie
PGG Wrightson Consortia Research Limited	JS Daly, MB Dewdney, JD McKenzie, RJ Woodgate (R)
PGG Wrightson Employee Benefits Plan Limited	Sir Selwyn Cushing, CD Adam, BR Burrough, JS Daly, GR Davis, RJ Woodgate (R), SJ Guerin (A)
PGG Wrightson Employee Benefits Plan Trustee Limited	Sir Selwyn Cushing, CD Adam, BR Burrough, JS Daly, GR Davis, RJ Woodgate (R), SJ Guerin (A)
PGG Wrightson Genomics Limited	JS Daly, MB Dewdney, JD McKenzie, RJ Woodgate (R)
PGG Wrightson Investments Limited	JS Daly, MB Dewdney, RJ Woodgate (R)
PGG Wrightson Real Estate Limited	JS Daly, MB Dewdney
PGG Wrightson Seeds Limited	JS Daly, MB Dewdney, JD McKenzie
PGG Wrightson Trustee Limited	Sir Selwyn Cushing, JS Daly, RJ Woodgate (R), SJ Guerin (A)
PGW AgriTech Holdings Limited	JD McKenzie, RJ Woodgate (R), MB Dewdney (A)
PGW AgriTech New Zealand Limited	JD McKenzie, RJ Woodgate (R), MB Dewdney (A)
PGW Agritrade Limited	JS Daly, MB Dewdney, SJ Guerin, RJ Woodgate (R)
PGW Corporate Trustee Limited	JS Daly, RJ Woodgate (R), MB Dewdney (A)
PGW Rural Capital Limited	JS Daly, MB Dewdney, RJ Woodgate (R)
Sheffield Saleyards Co Limited (53.5%)	D Cooke, W James, CF Miller, AL Orchard
Wrightson Seeds Limited	MB Dewdney, JD McKenzie, RJ Woodgate (R)
Australian Companies	
AGR Seeds Pty Limited	MB Dewdney, JD McKenzie, J Stewart
Agricom Australia Seeds Pty Limited	MB Dewdney, JD McKenzie, RJ Woodgate (R), J Stewart
AW Seeds Pty Limited	MB Dewdney, JD McKenzie, J Stewart
PGW AgriServices Australia Pty Limited	MB Dewdney, RJ Woodgate (R), J Stewart
PGW AgriTech Australia Pty Limited	M B Dewdney, JD McKenzie, RJ Woodgate (R), J Stewart
PGG Wrightson Seeds (Australia) Pty Limited	M B Dewdney, JD McKenzie, RJ Woodgate (R), J Stewart
SP Seeds Pty Limited	M B Dewdney, JD McKenzie, RJ Woodgate (R), J Stewart

LEGAL COMPANY NAME	PGG WRIGHTSON DIRECTORS
South American Companies	
Afinlux S.A (51%) (Uruguay)	M Banchero, R Rodriguez , JD McKenzie
Agrosan S.A. (Uruguay)	M Banchero, JD McKenzie, R J Woodgate (R), MB Dewdney (A)
Alfalfares S.A (Argentina)	M Banchero, JD McKenzie, R Moyano, E Beccar Varela, MD Auro
APL San Jose S.A. (60%) (Uruguay)	M Banchero, A Ponte, F Valverde (A)
Escritorio Romualdo Rodriguez Ltda (51%) (Uruguay)	Administrator: Afinlux S.A.
Hunker S.A. (Uruguay)	M BancheroJD McKenzie, RJ Woodgate (R), MB Dewdney (A)
Juzay S.A (Uruguay)	M Banchero, JD McKenzie, R J Woodgate (R), MB Dewdney (A)
Kroslyn S.A (Uruguay)	M Banchero, JD McKenzie, RJ Woodgate (R), M Dewdney (A)
Lanelle S.A (Uruguay)	M Banchero, JD McKenzie, RJ Woodgate (R), MB Dewdney (A)
Fertimas S.A (50%) (Uruguay)	M Banchero, A Ponte
NZ Ruralco Participacoes Ltda (Brazil)	M Banchero, H De Boni
Patagonia Seeds Sociedad Anonima (75%) (Argentina)	M Banchero, JM Allonca
PGG Wrightson Uruguay Limited S.A (Uruguay)	M Banchero, JD McKenzie, RJ Woodgate (R), MB Dewdney (A)
PGW AgriTech South America S.A. (Uruguay)	M Banchero, JD McKenzie, RJ Woodgate (R), MB Dewdney (A)
Wrightson Pas S.A. (Uruguay)	M Banchero, JD McKenzie, RJ Woodgate (R), MB Dewdney (A)

SHAREHOLDER INFORMATION

PGG Wrightson Limited is quoted on the New Zealand Stock Market of NZX Limited (code PGW). As at 31 July 2015, PGG Wrightson Limited had 754,848,774 ordinary shares on issue.

SUBSTANTIAL SECURITY HOLDERS

At 31 July 2015, 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 2015 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*	16,236,161	2.15
3.	FNZ Custodians Limited	14,312,637	1.89
4.	Forsyth Barr Custodians Limited	9,992,386	1.32
5.	ANZ Wholesale Australasian Share Fund*	9,559,712	1.27
6.	Investment Custodial Services Limited	8,437,645	1.12
7.	JP Morgan Chase Bank NA*	8,082,302	1.07
8.	Custodial Services Limited	7,562,128	1.00
9.	Maxima Investments Limited	6,508,509	0.86
10.	Masfen Securities Limited 4,469,837	4,469,837	0.59
11.	Philip Carter	4,358,702	0.58
12.	National Nominees New Zealand Limited*	4,070,061	0.54
13.	Citibank Nominees (New Zealand) Limited*	4,064,690	0.54
14.	PGG Wrightson Employee Benefits Plan Limited	4,000,000	0.53
15.	H & G Limited	3,067,323	0.41
16.	Leveraged Equities Finance Limited	3,010,854	0.40
17.	Accident Compensation Corporation*	2,863,924	0.38
18.	Robert Hunter and Shirley Hunter	2,122,760	0.28
19.	Peter Muller and Norine Muller	2,000,000	0.26
20.	Woolf Fisher Trust Incorporated	1,850,000	0.25

* New Zealand Central Securities Depository Limited

ANALYSIS OF SHAREHOLDINGS

Distribution of ordinary shares and shareholdings at 31 July 2015 was:

SIZE OF HOLDING	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES	% OF SHARES
1 – 499	805	231,989	0.03
500 – 999	1,935	1,336,840	0.18
1,000 – 4,999	4,774	11,600,025	1.54
5,000 – 9,999	1,882	12,697,226	1.68
10,000 – 49,999	3,458	72,924,911	9.66
50,000 – 99,999	589	37,756,475	5.00
100,000 – 499,999	441	72,846,662	9.65
500,000 – 999,999	42	27,452,330	3.64
1,000,000 and above	38	518,002,316	68.62
Total	**13,964**	**754,848,774**	**100.00**

Registered addresses of shareholders as at 31 July 2015 were:

ADDRESS	NUMBER OF SHAREHOLDERS	% OF SHAREHOLDERS	NUMBER OF SHARES	% OF SHARES
Singapore	11	0.08	380,586,754	50.42
New Zealand	13,684	97.99	366,953,161	48.61
Australia	155	1.11	3,931,703	0.52
Other	114	0.82	3,377,156	0.45
Total	**13,964**	**100.00**	**754,848,774**	**100.00**

CORPORATE DIRECTORY

COMPANY NUMBER 142962 NZBN 9429040323497

Board of Directors for the Year Ending 30 June 2015

Guanglin (Alan) Lai
Chairman

Trevor Burt
Appointed Deputy Chair (11 August 2014)

Bruce Irvine

John Nichol

Lim Siang (Ronald) Seah

Wah Kwong (WK) Tsang
(appointed 15 November 2014)
John Fulton is an Alternate Director for Wah Kwong Tsang effective from 2 March 2015

Kean Seng U

Wai Yip (Patrick) Tsang
(retired 15 November 2014)

Chief Executive Officer

Mark Dewdney

Chief Financial Officer

Peter Scott
(appointed 13 April 2015)

Fiona James
(Acting CFO from 30 November 2014 to 13 April 2015)

Robert Woodgate
(resigned 30 November 2014)

General Manager, Strategy and Corporate Affairs/Company Secretary

Julian Daly

Registered Office

PGG Wrightson Limited
57 Waterloo Road
Hornby
PO Box 292
Christchurch 8042
Telephone +64 0800 10 22 76
Fax +64 3 372 0801

Auditors

KPMG
62 Worcester Boulevard
PO Box 1739
Christchurch 8140
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.