PGG Wrightson

Half Year Report

FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

Helping grow the country

CONTENTS

GUANGLIN (ALAN) LAI
CHAIRMAN

MARK DEWDNEY
CHIEF EXECUTIVE OFFICER

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S REPORT

FINANCIAL PERFORMANCE HIGHLIGHTS

Operating EBITDA of $22.3 million, up
24%
$4.3 million from $18.0 million for the corresponding period in the prior year.

Net profit after tax of $13.4 million, up
$8.6 million
from $4.8 million for the corresponding period in the prior year.

Net cash flow from operating activities of
$10.5 million,
up $8.8 million from $1.7 million for the corresponding period in the prior year.

Fully imputed interim dividend of
2 cents per share.

Strong improvements for both Rural Services and the Seed & Grain divisions, up
22% and **14%** respectively
at the Operating EBITDA level.

STRONG GROWTH

Operating earnings for PGG Wrightson Limited ("PGG Wrightson", "the Group" or "the Company") before interest, tax, depreciation and amortisation (Operating EBITDA) for the six months to 31 December 2013 was $22.3 million. Net profit after tax was $13.4 million as compared to $4.8 million for the corresponding six month period to 31 December 2012.

Almost all businesses demonstrated year-on-year improvements, achieved through a combination of market share gains, executing solid strategies and delivering better customer solutions and service through our dedicated teams.

Group revenue increased by 8%, with the largest gains being made in Retail and the Seed & Grain businesses.

Retail Operating EBITDA increased from $19.2 million to $21.7 million, achieved through market share gains in the major categories and favourable market conditions through the key spring and summer sales periods. Key growth categories included agricultural chemicals where revenue was $15.4 million ahead, seed and grain up $6.4 million with increased plantings of maize, fodder beet together with strong brassica sales. Stock feed revenues were $10 million ahead of last year supported by the high forecast dairy pay out and the impacts of the drought.

Retail revenues up 12% through overall market growth and increased market share.

The Seed & Grain business reported increased revenues and Operating EBITDA, being up 7% and 14% respectively.

New Zealand Seed sales up with the focus on new products including the CleanCrop™ Brassica system, and increased sales of Corson maize products in addition to volumes of proprietary products through spring.

The Real Estate market saw the best conditions for several years and had an Operating EBITDA result of almost $2 million compared to a break-even position last year.

The 2013 drought, Growers' wool held from 2012 but sold in 2013 and land-use conversion from sheep to dairy and dairy support, all impacted on the Wool business and explains the majority of the $1.0 million reduction in Operating EBITDA.

Livestock revenue fell from $51.0 million to $29.5 million reflecting the completion of the live heifer export contract to Vietnam, however Livestock maintained strong Operating EBITDA in the period. Sheep tallies were down with de-stocking going on as a response to the drought and an underlying trend of land-use change from sheep and beef trading and finishing towards dairy and dairy support. Overall pricing schedules remained firm throughout the period for beef and sheep.

The Seed & Grain business reported increased revenues and Operating EBITDA, being up 7% and 14% respectively. Changes to the business included combining the South American Rural Services and Seed & Grain businesses into a single management team.

New Zealand performance was underpinned by continued strong volumes in proprietary seeds, and continued success with the CleanCrop™ Brassica system. In Australia revenue increased on last year through an uplift in legumes and pulses, higher Lucerne sales and increased Turf activity. For Australia the Operating EBITDA performance is tracking closely to last year's performance.

Earnings from our international seed trading activities were favourable by almost $1 million as the Company achieved greater volumes in multiplications, peas and commons sales.

South American operating results have been very similar to the same period in the prior year. A combination of gains made in sorghums for dairy and cattle, and higher volumes through Brazil, were countered with weaker performances through a reduction in maize planting and a drought impacting fungicide and insecticide sales.

In its first full year the Primary Growth Partnership programme for Seed and Nutritional Technology Development continues to build on existing research capability within the Group. This assistance will be valuable in further enhancing our research and development programmes going forward.

In August 2013 the Water Dynamics and Aquaspec businesses were acquired and these are being integrated into PGG Wrightson's Water business. During the period the Canterbury region was impacted by a series of major storm events which damaged over 100 of our clients' pivot irrigators just as these were being required for the upcoming summer season. Despite having an unprecedented amount of repair activity to complete at a key time, the Water business was able to provide solutions in most instances allowing many pivots to operate for the start of the irrigation season. The majority of repairs were largely complete by December 2013.

PEOPLE, INFRASTRUCTURE & "ONE PGW"

PGG Wrightson's core strength continues to be our ability to service customers through appropriately trained and qualified field staff who understand farming and our customers' businesses. This is supported through having access to the right products, operating an efficient and responsive supply chain and nationwide coverage through our regional infrastructure.

Much of our strategic emphasis remains on supporting our people in the field to ensure they have the expertise and tools needed to deliver the highest level of technical skills and service for our customers. We continue to invest in our core IT systems, with work on establishing a resilient systems network largely complete. This will assist with delivering stable services today and allow the business to develop mobile solutions going forward. The store refurbishment programme commenced last year is well advanced and notable new store openings include facilities in Ashburton and Culverden together with the Rangiora store which re-opened following earthquake strengthening repairs.

The Company has also launched an internal 'One PGW' initiative. At the heart of this is the concept of thinking of the businesses within PGG Wrightson as one group when it comes to how we work with our customers and also how the operational teams address challenges. Businesses will continue to maintain their operational independence whilst increasing focus on developing new ways of working across teams, reducing inefficient processes, looking to create new leads and improving customer service experience.

CHINA & SOUTH AMERICA

In December 2012 the Group was pleased to announce that Seed & Grain had entered into three memoranda of understanding (MOU) in conjunction with Agria Corporation (indirectly the largest shareholder in PGG Wrightson) and a number of relevant provincial Chinese entities. These MOU provide a platform where we can develop and show case pastoral style agriculture technology in China, with a longer term goal of selecting and developing a portfolio of seed products suitable for use in China.

OPERATING PERFORMANCE

REVENUE AND EARNINGS

Comparative half year performance	DEC 2013 $M	DEC 2012 $M
Revenue	634.9	589.1
Operating EBITDA	22.3	18.0
Segmental Operating EBITDA		
Rural Services	28.0	23.0
Seed and Grain	9.7	8.6
Other	(15.4)	(13.6)
Operating EBITDA	**22.3**	**18.0**
Equity accounted earnings of associates	1.2	0.7
Non-operating items	(1.0)	(2.9)
Fair value adjustments	3.1	(0.6)
Depreciation and amortisation expense	(3.7)	(4.0)
Net interest and finance costs	(7.6)	(5.5)
Income tax expense	(2.3)	(0.9)
Profit/(loss) from discontinued operations (net of income tax)	1.4	0.0
Profit for the period	**13.4**	**4.8**

Note:

a) *Numbers rounded to the nearest $0.1 million.*

b) *During the period South American Rural Services was integrated into the South American Seed & Grain business. This changes the prior period segment amounts.*

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

CASH FLOW

Operating cash flow	DEC 2013 $M	DEC 2012 $M
Cash was provided from:		
Receipts from customers	572.7	543.8
Dividends received	0.0	0.2
Interest received	0.8	2.5
	573.5	**546.5**
Cash was applied to:		
Payments to suppliers & employees	(556.8)	(540.3)
Interest paid	(2.4)	(3.2)
Income tax paid	(3.8)	(1.3)
	(563.0)	**(544.8)**
Net cash from operating activities	**10.5**	**1.7**

DIVISIONAL OVERVIEW

	REVENUE		Operating EBITDA	
	DEC 2013 $M	DEC 2012 $M	DEC 2013 $M	DEC 2012 $M
Livestock	29.5	51.0	1.0	0.6
Retail	297.1	264.5	21.7	19.2
Other Rural Services*	98.8	77.9	5.3	3.2
Total Rural Services	425.4	393.4	28.0	23.0
Australasia Seed	61.3	56.2	12.7	9.3
Grain	65.2	52.9	3.1	2.4
South America	58.6	57.3	1.1	2.2
Other Seed & Grain	23.3	27.7	(7.1)	(5.3)
Total Seed & Grain	208.4	194.1	9.8	8.6
Results from operating activities	633.9	587.5	37.8	31.6
Other**	1.0	1.6	(15.5)	(13.6)
Total	**634.9**	**589.1**	**22.3**	**18.0**

* *"Other Rural Services" comprises Insurance, Real Estate, Wool, PGG Wrightson Water, AgNZ (Training), Regional Admin, Finance Commission and other related activities.*

** *"Other" relates to certain corporate activities including finance, treasury, HR and other support services including corporate property services and includes adjustments for discontinued operations and consolidation adjustments.*

China is an important part of PGG Wrightson's strategy going forward. Currently the Wool business procures wool for the Chinese market and the Livestock business is engaged in the export of dairy cattle to China. The business is also actively working on developing further supply arrangements for a range of products and offerings through our network of retail stores.

Significant growth opportunities for PGG Wrightson's operations in South America have been identified where the business is building on a platform of more than fifteen years in the region. The market potential for growth in Uruguay, Brazil and elsewhere in the region remains attractive, and these are potentially the largest growth markets that the Group has access to today.

CASH FLOW & DEBT

Net cash flow from operating activities was $10.5 million for the six months to 31 December 2013. This is a pleasing result given that the seasonality of the Group usually results in little cash being generated in the first six months of a financial year. The Group banking facilities were refinanced during December 2013 and provide increased flexibility to support business growth.

During the period PGG Wrightson divested its shareholding in Heartland yielding cash of $11.2 million. At the same time the Company paid a final 1 cent dividend in September 2013, and acquired the Water Dynamics and Aquaspec businesses.

The overall debt position (net of cash on hand) has remained at similar levels to December 2013. Movement in the debt position since 30 June 2013 was largely related to the seasonal working capital demands from spring.

As at 31 December 2013 the Group had $11.9 million of loan assets and a further $1.1 million under the guarantee with Heartland and progress continues with a significant portion of these assets expected to be collected prior to 30 June 2014. The loans guaranteed to Heartland are recorded in the accounts as a contingent liability which stood at $1.1 million at 31 December 2013, down from $21.6 million as at 31 December 2012. Substantially all loans guaranteed to Heartland have now been repaid or refinanced and this contingent liability will be cleared by 30 June 2014.

DISTRIBUTIONS

The Board of Directors declared a fully imputed interim dividend of 2.0 cents per share to be paid to shareholders on 2 April 2014.

GOVERNANCE

The Board of Directors announced a number of changes at the annual shareholder meeting in October 2013 including the retirement of Sir John Anderson as Chairman. Alan Lai was appointed Chairman, and John Nichol joined the Board as an independent director and member of the Audit Committee.

Mark Dewdney joined the Company as Chief Executive Officer, replacing George Gould who stepped down from the Managing Director position effective 30 June 2013.

Significant growth opportunities for PGG Wrightson's operations in South America have been identified where the business is building on a platform of more than fifteen years in the region.

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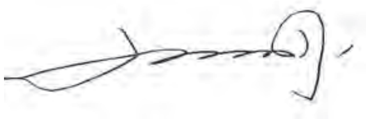
OUTLOOK

A review of the Group's business unit strategies and capabilities is being undertaken. The review includes analysis of where PGG Wrightson expects key markets to develop in order to provide a strategic framework which will set the platform for future growth and profitability. It is expected that PGG Wrightson will be in a position to share outcomes from this review with investors and customers in the near future.

At the time of the annual shareholders meeting in October 2013 guidance was provided for the season ahead, and Operating EBITDA of between $52–$56 million was forecast for the financial year ending 30 June 2014. While the Company has had a strong first half performance for the year and was $4 million ahead of the same period in the prior year, it has not changed its full-year forecast. When trading performance through the key autumn period is known, especially for the Livestock and Seed and Grain businesses, guidance will be reassessed and any update shared with the market.

On behalf of the Board of Directors and Management team we acknowledge the support of our customers, suppliers and employees and thank them for their on-going commitment to the Company.



Alan Lai
Chairman

Mark Dewdney
Chief Executive Officer

FINANCIAL STATEMENTS
PGG WRIGHTSON LIMITED AND SUBSIDIARIES

CORPORATE DIRECTORY

COMPANY NUMBER 142962 NZBN 9429040323497

BOARD OF DIRECTORS

as at 31 December 2013

Guanglin (Alan) Lai, *Chairman*
(appointed as Chairman 22 October 2013)

Trevor Burt

Bruce Irvine

John Nichol *(appointed 22 October 2013)*

Lim Siang (Ronald) Seah

Wai Yip (Patrick) Tsang

Kean Seng U

LEADERSHIP TEAM

as at 31 December 2013

Mark Dewdney
Chief Executive Officer

Cedric Bayly
General Manager Wool

Julian Daly
General Manager Strategy & Corporate Affairs

Grant Edwards
General Manager Regions

David Green
General Manager New Zealand Seeds

Stephen Guerin
General Manager Retail

Sue Horo
General Manager Human Resources

John McKenzie
Group General Manager Seed & Grain

Peter Newbold
General Manager Real Estate

John Parker
General Manager Water

Brent Sycamore
General Manager Grain

Nigel Thorpe
General Manager Livestock

Rob Woodgate
Chief Financial Officer

REGISTERED OFFICE

PGG Wrightson Limited
57 Waterloo Road
PO Box 292
Christchurch 8140

Telephone 64 3 372 0800
Fax 64 3 372 0801

AUDITOR

KPMG
62 Worcester Boulevard
PO Box 1739
Christchurch

Telephone 64 3 363 5600
Fax 64 3 363 5629

SHARE REGISTRY

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

MANAGING YOUR SHAREHOLDING ONLINE:

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

www.computershare.co.nz/investorcentre

General enquiries can be directed to:

enquiry@computershare.co.nz

Private Bag 92119, Auckland 1142, New Zealand

Telephone +64 (09) 488 8777

Facsimile +64 (09) 488 8787

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 DECEMBER

	NOTE	UNAUDITED DEC 2013 $000	AUDITED JUN 2013 $000	UNAUDITED DEC 2012 $000
Continuing operations				
Operating revenue	3	634,892	1,131,847	589,120
Cost of sales		(489,331)	(845,875)	(450,135)
Gross profit		145,561	285,972	138,985
Other income		192	1,267	1,008
Employee benefits expense		(71,545)	(137,728)	(69,576)
Research and development		(2,275)	(4,355)	(2,650)
Other operating expenses		(49,619)	(99,359)	(49,787)
		(123,247)	(240,175)	(121,005)
Operating EBITDA		**22,314**	**45,797**	**17,980**
Equity accounted earnings of associates		1,246	1,483	713
Impairment losses on goodwill		–	(321,143)	–
Non operating items	4	(1,089)	(7,134)	(2,931)
Fair value adjustments	5	3,136	(5,151)	(577)
EBITDA		25,607	(286,148)	15,185
Depreciation and amortisation expense		(3,696)	(7,642)	(3,945)
Results from continuing operating activities		21,911	(293,790)	11,240
Net interest and finance costs	6	(7,554)	(6,102)	(5,467)
Profit/(loss) from continuing operations before income taxes		14,357	(299,892)	5,773
Income tax (expense)/income		(2,304)	(5,029)	(944)
Profit/(loss) from continuing operations		12,053	(304,921)	4,829
Discontinued operations				
Profit/(loss) from discontinued operations (net of income taxes)	7	1,353	(1,584)	–
Profit/(loss) for the period		**13,406**	**(306,505)**	**4,829**

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME CONTINUED

FOR THE SIX MONTHS ENDED 31 DECEMBER

	NOTE	UNAUDITED DEC 2013 $000	AUDITED JUN 2013 $000	UNAUDITED DEC 2012 $000
Other comprehensive income/(loss) for the period				
Foreign currency translation differences for foreign operations		(5,116)	(4,568)	(1,533)
Buy out of non-controlling interest		(981)	(2,060)	(1,411)
Effective portion of changes in fair value of cash flow hedges		(36)	(711)	(259)
Changes in fair value of equity instruments		(3,433)	5,120	4,139
Reclassification upon sale of Heartland New Zealand Limited investment		3,471	–	–
Defined benefit plan actuarial gains/(losses)		8,116	6,278	1,357
Deferred tax on movement of actuarial gains/(losses) on employee benefit plans		(2,273)	(1,758)	(380)
Other comprehensive income/(loss) for the period, net of income tax		(252)	2,301	1,913
Total comprehensive income/(loss) for the period		**13,154**	**(304,204)**	**6,742**
Profit/(loss) attributable to:				
Shareholders of the Company		13,082	(307,992)	4,247
Non-controlling interest		324	1,487	582
Profit/(loss) for the period		**13,406**	**(306,505)**	**4,829**
Total comprehensive income/(loss) attributable to:				
Shareholders of the Company		13,496	(305,681)	6,241
Non-controlling interest		(342)	1,477	501
Total comprehensive income/(loss) for the period		**13,154**	**(304,204)**	**6,742**
Earnings/(loss) per share				
Basic earnings per share (New Zealand Dollars)	8	0.02	(0.41)	0.01
Continuing operations				
Basic earnings per share (New Zealand Dollars)	8	0.02	(0.40)	0.01

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER

	SHARE CAPITAL $000	FOREIGN CURRENCY TRANSLATION RESERVE $000	REALISED CAPITAL AND OTHER RESERVES $000
Balance at 1 July 2012	606,324	(2,155)	25,668
Total comprehensive income for the period			
Profit or loss	–	–	–
Other comprehensive income			
Foreign currency translation differences	–	(1,824)	(33)
Buy out of non-controlling interest	–	–	(1,411)
Effective portion of changes in fair value of financial instruments, net of tax	–	–	–
Defined benefit plan actuarial gains and losses, net of tax	–	–	–
Total other comprehensive income	–	(1,824)	(1,444)
Total comprehensive income for the period	–	(1,824)	(1,444)
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 31 December 2012	**606,324**	**(3,979)**	**24,224**
Balance at 1 January 2013	606,324	(3,979)	24,224
Total comprehensive income for the period			
Profit or loss	–	–	–
Other comprehensive income			
Foreign currency translation differences	–	(2,686)	(49)
Buy out of non-controlling interest	–	–	(546)
Effective portion of changes in fair value of financial instruments, net of tax	–	–	–
Defined benefit plan actuarial gains and losses, net of tax	–	–	–
Total other comprehensive income	–	(2,686)	(595)
Total comprehensive income for the period	–	(2,686)	(595)
Transactions with shareholders, recorded directly in equity			
Contributions by and distributions to shareholders			
Dividends to shareholders	–	–	–
Total contributions by and distributions to shareholders	–	–	–
Balance at 30 June 2013	**606,324**	**(6,665)**	**23,629**

	REVALUATION RESERVE $000	HEDGING RESERVE $000	DEFINED BENEFIT PLAN RESERVE $000	FAIR VALUE RESERVE $000	RETAINED EARNINGS $000	NON-CONTROLLING INTEREST $000	TOTAL EQUITY $000
	681	603	(20,213)	(1,550)	(34,339)	2,754	577,773
	–	–	–	–	4,247	582	4,829
	(32)	–	–	–	437	(81)	(1,533)
	–	–	–	–	–	–	(1,411)
	–	(259)	–	4,139	–	–	3,880
	–	–	977	–	–	–	977
	(32)	(259)	977	4,139	437	(81)	1,913
	(32)	(259)	977	4,139	4,684	501	6,742
	–	–	–	–	–	(130)	(130)
	–	–	–	–	–	(130)	(130)
	649	**344**	**(19,236)**	**2,589**	**(29,655)**	**3,125**	**584,385**
	649	344	(19,236)	2,589	(29,655)	3,125	584,385
	–	–	–	–	(312,238)	905	(311,333)
	37	–	–	–	(513)	176	(3,035)
	–	–	–	–	–	(103)	(649)
	–	(452)	–	981	–	–	529
	–	–	3,543	–	–	–	3,543
	37	(452)	3,543	981	(513)	73	388
	37	(452)	3,543	981	(312,751)	978	(310,945)
	–	–	–	–	(16,869)	(465)	(17,334)
	–	–	–	–	(16,869)	(465)	(17,334)
	686	**(108)**	**(15,693)**	**3,570**	**(359,275)**	**3,638**	**256,106**

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CONTINUED

FOR THE SIX MONTHS ENDED 31 DECEMBER

	SHARE CAPITAL $000	FOREIGN CURRENCY TRANSLATION RESERVE $000	REALISED CAPITAL AND OTHER RESERVES $000
Balance at 1 July 2013	606,324	(6,665)	23,629
Total comprehensive income for the period			
Profit or loss	–	–	–
Other comprehensive income			
Foreign currency translation differences	–	(6,243)	85
Buy out of non-controlling interest	–	–	(498)
Effective portion of changes in fair value of financial instruments, net of tax	–	–	–
Reclassification upon sale of Heartland New Zealand Limited investment	–	–	–
Defined benefit plan actuarial gains and losses, net of tax	–	–	–
Total other comprehensive income	–	(6,243)	(413)
Total comprehensive income for the period	–	(6,243)	(413)
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 31 December 2013	**606,324**	**(12,908)**	**23,216**

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

REVALUATION RESERVE $000	HEDGING RESERVE $000	DEFINED BENEFIT PLAN RESERVE $000	FAIR VALUE RESERVE $000	RETAINED EARNINGS $000	NON-CONTROLLING INTEREST $000	TOTAL EQUITY $000
686	(108)	(15,693)	3,570	(359,275)	3,638	256,106
–	–	–	–	13,082	324	13,406
(94)	–	–	–	1,319	(183)	(5,116)
–	–	–	–	–	(483)	(981)
–	(36)	–	38	–	–	2
–	–	–	(3,471)	3,471	–	–
–	–	5,843	–	–	–	5,843
(94)	(36)	5,843	(3,433)	4,790	(666)	(252)
(94)	(36)	5,843	(3,433)	17,872	(342)	13,154
–	–	–	–	(7,642)	(64)	(7,706)
–	–	–	–	(7,642)	(64)	(7,706)
592	**(144)**	**(9,850)**	**137**	**(349,045)**	**3,232**	**261,554**

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER

	NOTE	UNAUDITED DEC 2013 $000	AUDITED JUN 2013 $000	UNAUDITED DEC 2012 $000
ASSETS				
Current				
Cash and cash equivalents	9	24,246	5,845	29,335
Short-term derivative assets		952	662	1,204
Trade and other receivables		326,184	217,821	272,502
Finance receivables		11,921	11,477	3,721
Income tax receivable		5,533	4,092	3,138
Assets classified as held for sale		21	801	4,801
Biological assets		2,979	4,233	9,878
Inventories		210,108	243,650	202,643
Total current assets		581,944	488,581	527,222
Non-current				
Long-term derivative assets		120	3	81
Biological assets		145	147	297
Deferred tax asset		6,908	9,422	15,875
Investments in equity accounted investees		5,363	4,210	1,982
Other investments	10	13,632	23,995	29,622
Intangible assets		6,571	6,715	327,312
Property, plant and equipment	11	85,697	86,435	84,881
Total non-current assets		118,436	130,927	460,050
Total assets		**700,380**	**619,508**	**987,272**

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION CONTINUED

AS AT 31 DECEMBER

	NOTE	UNAUDITED DEC 2013 $000	AUDITED JUN 2013 $000	UNAUDITED DEC 2012 $000
LIABILITIES				
Current				
Debt due within one year	9	62,245	47,702	49,722
Short-term derivative liabilities		1,344	2,451	459
Accounts payable and accruals		295,716	222,723	239,408
Total current liabilities		359,305	272,876	289,589
Non-current				
Long-term debt	9	60,000	62,000	82,650
Long-term derivative liabilities		34	623	203
Defined benefit liability	12	12,974	20,819	24,695
Other long-term provisions		6,513	7,084	5,750
Total non-current liabilities		79,521	90,526	113,298
Total liabilities		438,826	363,402	402,887
EQUITY				
Share capital		606,324	606,324	606,324
Reserves		1,043	5,419	4,591
Retained earnings		(349,045)	(359,275)	(29,655)
Total equity attributable to shareholders of the Company		258,322	252,468	581,260
Non-controlling interest		3,232	3,638	3,125
Total equity		261,554	256,106	584,385
Total liabilities and equity		**700,380**	**619,508**	**987,272**

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

Alan Lai
Chairman

Bruce Irvine
Director

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 DECEMBER

	NOTE	UNAUDITED DEC 2013 $000	AUDITED JUN 2013 $000	UNAUDITED DEC 2012 $000
Cash flows from operating activities				
Cash was provided from:				
Receipts from customers		572,658	1,161,211	543,786
Dividends received		2	645	200
Interest received		810	6,667	2,473
		573,470	1,168,523	546,459
Cash was applied to:				
Payments to suppliers and employees		(556,833)	(1,123,433)	(540,271)
Interest paid		(2,349)	(5,830)	(3,180)
Income tax received / (paid)		(3,739)	12	(1,290)
		(562,921)	(1,129,251)	(544,741)
Net cash flow from operating activities	13	**10,549**	**39,272**	**1,718**
Cash flows from investing activities				
Cash was provided from:				
Proceeds from sale of property, plant and equipment		1,699	1,659	822
Net decrease in finance receivables		321	11,383	22,100
Proceeds from sale of investments		11,448	2,713	2,665
		13,468	15,755	25,587
Cash was applied to:				
Purchase of property, plant and equipment		(4,633)	(6,745)	(3,381)
Purchase of intangibles (software)		(512)	(938)	(247)
Net cash paid for purchase of investments		(5,133)	(5,476)	682
		(10,278)	(13,159)	(2,946)
Net cash flow from investing activities		3,190	2,596	22,641

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS CONTINUED

FOR THE SIX MONTHS ENDED 31 DECEMBER

	NOTE	UNAUDITED DEC 2013 $000	AUDITED JUN 2013 $000	UNAUDITED DEC 2012 $000
Cash flows from financing activities				
Cash was provided from:				
Increase in external borrowings and bank overdraft		24,910	17,994	20,013
Repayment of loans by related parties		160	310	310
		25,070	18,304	20,323
Cash was applied to:				
Dividends paid to shareholders		(7,642)	(16,869)	–
Dividends paid to minority interests		(64)	(595)	(130)
Repayment of external borrowings and bank overdraft		(11,977)	(49,500)	(28,850)
Repayment of loans to related parties		(725)	(3,274)	(2,278)
		(20,408)	(70,238)	(31,258)
Net cash flow from financing activities		4,662	(51,934)	(10,935)
Net (decrease)/increase in cash held		18,401	(10,066)	13,424
Opening cash/(bank overdraft)		5,845	15,911	15,911
Cash and cash equivalents		24,246	5,845	29,335

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER

1 REPORTING ENTITY

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

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

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

2 BASIS OF PREPARATION

The condensed interim consolidated financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with the New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") as applicable for interim financial statements for profit orientated entities, and in particular NZ IAS 34. The financial statements comply with International Financial Reporting Standards as issued by the IASB, as applicable for profit oriented entities.

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

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

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

3 SEGMENT REPORTING

(a) Operating Segments

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

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

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

3 SEGMENT REPORTING (CONTINUED)

(b) Operating Segment Information

	RETAIL *(i)			LIVESTOCK			OTHER RURAL SERVICES *(ii)		
	UNAUDITED DEC 2013 $000	AUDITED JUN 2013 $000	UNAUDITED DEC 2012 $000	UNAUDITED DEC 2013 $000	AUDITED JUN 2013 $000	UNAUDITED DEC 2012 $000	UNAUDITED DEC 2013 $000	AUDITED JUN 2013 $000	UNAUDITED DEC 2012 $000
Total segment revenue	297,144	433,411	264,481	29,494	98,500	51,033	98,786	156,595	77,881
Intersegment revenue	–	–	–	–	–	–	–	–	–
Total external operating revenues	297,144	433,411	264,481	29,494	98,500	51,033	98,786	156,595	77,881
Operating EBITDA	**21,679**	**23,224**	**19,246**	**1,026**	**12,182**	**607**	**5,343**	**9,030**	**3,215**
Equity earnings of associates	–	–	–	–	–	–	–	–	–
Impairment losses on goodwill	–	–	–	–	(80,000)	–	–	(22,045)	–
Non operating items	(206)	(74)	(3)	–	21	2	(6)	(1,971)	(189)
Fair value adjustments	(63)	51	(13)	1,641	(2,228)	203	(188)	130	(68)
EBITDA	21,410	23,201	19,230	2,667	(70,025)	812	5,149	(14,856)	2,958
Depreciation and amortisation	(551)	(1,097)	(574)	(303)	(645)	(333)	(320)	(626)	(324)
Results from continuing operating activities	20,859	22,104	18,656	2,364	(70,670)	479	4,829	(15,482)	2,634
Net interest and finance costs	–	–	–	(103)	(537)	8	(112)	(204)	(107)
Profit/(loss) from continuing operations before income tax	20,859	22,104	18,656	2,261	(71,207)	487	4,717	(15,686)	2,527
Income tax (expense) / income	(4,694)	(6,171)	(5,272)	(203)	(2,543)	(137)	(1,933)	(4,816)	(2,061)
Profit/(loss) from continuing operations	16,165	15,933	13,384	2,058	(73,750)	350	2,784	(20,502)	466
Discontinued operations	–	–	–	–	–	–	–	–	–
Profit/(loss) for the period	**16,165**	**15,933**	**13,384**	**2,058**	**(73,750)**	**350**	**2,784**	**(20,502)**	**466**
Segment assets	199,964	92,451	164,149	55,535	58,332	142,050	59,490	72,752	115,594
Equity accounted investees	–	–	–	–	–	30	–	1,174	–
Assets held for sale	–	–	–	–	–	–	–	–	–
Total segment assets	199,964	92,451	164,149	55,535	58,332	142,080	59,490	73,926	115,594
Segment liabilities	(115,550)	(34,206)	(106,482)	(31,044)	(43,610)	(41,691)	(33,734)	(38,752)	(57,025)

* The table on pages 22 – 23 provides information in addition to the segment reporting to further split elements of some segments. This analysis on key aspects of the segment components (as indicated by asterisks in the segment analysis) is provided as additional tables to the segment note.

RURAL SERVICES			SEED & GRAIN *(iii)			TOTAL OPERATING SEGMENTS			OTHER *(iv)			TOTAL		
UNAUDITED DEC 2013 $000	AUDITED JUN 2013 $000	UNAUDITED DEC 2012 $000	UNAUDITED DEC 2013 $000	AUDITED JUN 2013 $000	UNAUDITED DEC 2012 $000	UNAUDITED DEC 2013 $000	AUDITED JUN 2013 $000	UNAUDITED DEC 2012 $000	UNAUDITED DEC 2013 $000	AUDITED JUN 2013 $000	UNAUDITED DEC 2012 $000	UNAUDITED DEC 2013 $000	AUDITED JUN 2013 $000	UNAUDITED DEC 2012 $000
425,424	688,506	393,395	254,682	486,289	217,655	680,106	1,174,795	611,050	1,035	3,273	1,566	681,141	1,178,068	612,616
–	–	–	(46,249)	(46,221)	(23,496)	(46,249)	(46,221)	(23,496)	–	–	–	(46,249)	(46,221)	(23,496)
425,424	688,506	393,395	208,433	440,068	194,159	633,857	1,128,574	587,554	1,035	3,273	1,566	634,892	1,131,847	589,120
28,048	**44,436**	**23,068**	**9,722**	**26,488**	**8,560**	**37,770**	**70,924**	**31,628**	**(15,456)**	**(25,127)**	**(13,648)**	**22,314**	**45,797**	**17,980**
–	–	–	1,241	1,405	658	1,241	1,405	658	5	78	55	1,246	1,483	713
–	(102,045)	–	–	(219,098)	–	–	(321,143)	–	–	–	–	–	(321,143)	–
(212)	(2,024)	(190)	(974)	(3,413)	(2,540)	(1,186)	(5,437)	(2,730)	97	(1,697)	(201)	(1,089)	(7,134)	(2,931)
1,390	(2,047)	122	1,747	(3,220)	(666)	3,137	(5,267)	(544)	(1)	116	(33)	3,136	(5,151)	(577)
29,226	(61,680)	23,000	11,736	(197,838)	6,012	40,962	(259,518)	29,012	(15,355)	(26,630)	(13,827)	25,607	(286,148)	15,185
(1,174)	(2,368)	(1,231)	(1,645)	(3,550)	(1,833)	(2,819)	(5,918)	(3,064)	(877)	(1,724)	(881)	(3,696)	(7,642)	(3,945)
28,052	(64,048)	21,769	10,091	(201,388)	4,179	38,143	(265,436)	25,948	(16,232)	(28,354)	(14,708)	21,911	(293,790)	11,240
(215)	(741)	(99)	(4,143)	1,915	(843)	(4,358)	1,174	(942)	(3,196)	(7,276)	(4,525)	(7,554)	(6,102)	(5,467)
27,837	(64,789)	21,670	5,948	(199,473)	3,336	33,785	(264,262)	25,006	(19,428)	(35,630)	(19,233)	14,357	(299,892)	5,773
(6,830)	(13,530)	(7,470)	(1,531)	(6,284)	(2,204)	(8,361)	(19,814)	(9,674)	6,057	14,785	8,730	(2,304)	(5,029)	(944)
21,007	(78,319)	14,200	4,417	(205,757)	1,132	25,424	(284,076)	15,332	(13,371)	(20,845)	(10,503)	12,053	(304,921)	4,829
–	–	–	–	–	–	–	–	–	1,353	(1,584)	–	1,353	(1,584)	–
21,007	**(78,319)**	**14,200**	**4,417**	**(205,757)**	**1,132**	**25,424**	**(284,076)**	**15,332**	**(12,018)**	**(22,429)**	**(10,503)**	**13,406**	**(306,505)**	**4,829**
314,989	223,535	421,793	313,200	309,096	476,656	628,189	532,631	898,449	66,807	81,866	82,040	694,996	614,497	980,489
–	1,174	30	5,295	2,972	1,799	5,295	4,146	1,829	68	64	153	5,363	4,210	1,982
–	–	–	–	–	–	–	–	–	21	801	4,801	21	801	4,801
314,989	224,709	421,823	318,495	312,068	478,455	633,484	536,777	900,278	66,896	82,731	86,994	700,380	619,508	987,272
(180,328)	(116,568)	(205,198)	(137,810)	(140,486)	(95,149)	(318,138)	(257,054)	(300,347)	(120,688)	(106,348)	(102,540)	(438,826)	(363,402)	(402,887)

3 SEGMENT REPORTING (CONTINUED)

(b) Operating Segment Information (continued)

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

(i) Retail

	RURAL SUPPLIES			FRUITFED			OTHER RETAIL **		
	UNAUDITED DEC 2013 $000	AUDITED JUN 2013 $000	UNAUDITED DEC 2012 $000	UNAUDITED DEC 2013 $000	AUDITED JUN 2013 $000	UNAUDITED DEC 2012 $000	UNAUDITED DEC 2013 $000	AUDITED JUN 2013 $000	UNAUDITED DEC 2012 $000
Total segment revenue	301,630	455,474	264,730	101,277	132,312	85,998	(105,763)	(154,375)	(86,247)
Intersegment revenue	–	–	–	–	–	–	–	–	–
Total external operating revenues	301,630	455,474	264,730	101,277	132,312	85,998	(105,763)	(154,375)	(86,247)
Operating EBITDA	**16,723**	**23,650**	**16,285**	**8,385**	**6,006**	**6,343**	**(3,429)**	**(6,432)**	**(3,382)**

(ii) Other Rural Services

	INSURANCE			REAL ESTATE			PGG WRIGHTSON WATER		
	UNAUDITED DEC 2013 $000	AUDITED JUN 2013 $000	UNAUDITED DEC 2012 $000	UNAUDITED DEC 2013 $000	AUDITED JUN 2013 $000	UNAUDITED DEC 2012 $000	UNAUDITED DEC 2013 $000	AUDITED JUN 2013 $000	UNAUDITED DEC 2012 $000
Total segment revenue	1,225	3,028	1,355	14,514	24,178	10,341	33,633	45,161	25,419
Intersegment revenue	–	–	–	–	–	–	–	–	–
Total external operating revenues	1,225	3,028	1,355	14,514	24,178	10,341	33,633	45,161	25,419
Operating EBITDA	**1,015**	**2,644**	**1,161**	**1,962**	**1,251**	**174**	**3,409**	**5,024**	**3,184**

(iii) Seed & Grain

	AUSTRALASIA SEED			GRAIN			SOUTH AMERICA		
	UNAUDITED DEC 2013 $000	AUDITED JUN 2013 $000	UNAUDITED DEC 2012 $000	UNAUDITED DEC 2013 $000	AUDITED JUN 2013 $000	UNAUDITED DEC 2012 $000	UNAUDITED DEC 2013 $000	AUDITED JUN 2013 $000	UNAUDITED DEC 2012 $000
Total segment revenue	86,255	184,197	79,083	65,222	110,440	52,926	58,572	125,277	57,278
Intersegment revenue	(24,930)	(38,492)	(22,937)	–	–	–	–	(6,603)	–
Total external operating revenues	61,325	145,705	56,146	65,222	110,440	52,926	58,572	118,674	57,278
Operating EBITDA	**12,723**	**19,685**	**9,302**	**3,081**	**6,734**	**2,432**	**1,050**	**6,376**	**2,164**

(iv) Other

	CORPORATE & SHARED SERVICES			PGW RURAL CAPITAL (DISCONTINUED)			GROUP ELIMINATION / CONSOLIDATION & DISCONTINUED OPERATIONS ADJUSTMENT		
	UNAUDITED DEC 2013 $000	AUDITED JUN 2013 $000	UNAUDITED DEC 2012 $000	UNAUDITED DEC 2013 $000	AUDITED JUN 2013 $000	UNAUDITED DEC 2012 $000	UNAUDITED DEC 2013 $000	AUDITED JUN 2013 $000	UNAUDITED DEC 2012 $000
Total segment revenue	1,036	3,272	1,566	643	1,991	1,482	(644)	(1,990)	(1,482)
Intersegment revenue	–	–	–	–	–	–	–	–	–
Total external operating revenues	1,036	3,272	1,566	643	1,991	1,482	(644)	(1,990)	(1,482)
Operating EBITDA	**(14,826)**	**(25,227)**	**(13,214)**	**1,352**	**(2,200)**	**–**	**(1,982)**	**2,300**	**(434)**

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

RETAIL		
UNAUDITED DEC 2013 $000	AUDITED JUN 2013 $000	UNAUDITED DEC 2012 $000
297,144	433,411	264,481
–	–	–
297,144	433,411	264,481
21,679	**23,224**	**19,246**

AGNZ			WOOL			REGIONAL ADMIN			FINANCE COMMISSION			OTHER RURAL SERVICES		
UNAUDITED DEC 2013 $000	AUDITED JUN 2013 $000	UNAUDITED DEC 2012 $000	UNAUDITED DEC 2013 $000	AUDITED JUN 2013 $000	UNAUDITED DEC 2012 $000	UNAUDITED DEC 2013 $000	AUDITED JUN 2013 $000	UNAUDITED DEC 2012 $000	UNAUDITED DEC 2013 $000	AUDITED JUN 2013 $000	UNAUDITED DEC 2012 $000	UNAUDITED DEC 2013 $000	AUDITED JUN 2013 $000	UNAUDITED DEC 2012 $000
1,677	4,083	2,447	47,292	79,485	38,017	–	–	–	445	660	302	98,786	156,595	77,881
–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
1,677	4,083	2,447	47,292	79,485	38,017	–	–	–	445	660	302	98,786	156,595	77,881
565	**1,135**	**844**	**1,386**	**7,382**	**2,372**	**(3,353)**	**(8,815)**	**(4,683)**	**359**	**409**	**163**	**5,343**	**9,030**	**3,215**

OTHER SEED & GRAIN			SEED & GRAIN		
UNAUDITED DEC 2013 $000	AUDITED JUN 2013 $000	UNAUDITED DEC 2012 $000	UNAUDITED DEC 2013 $000	AUDITED JUN 2013 $000	UNAUDITED DEC 2012 $000
44,633	66,375	28,368	254,682	486,289	217,655
(21,319)	(1,126)	(559)	(46,249)	(46,221)	(23,496)
23,314	65,249	27,809	208,433	440,068	194,159
(7,132)	**(6,307)**	**(5,338)**	**9,722**	**26,488**	**8,560**

OTHER		
UNAUDITED DEC 2013 $000	AUDITED JUN 2013 $000	UNAUDITED DEC 2012 $000
1,035	3,273	1,566
–	–	–
1,035	3,273	1,566
(15,456)	**(25,127)**	**(13,648)**

4 NON OPERATING ITEMS

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

5 FAIR VALUE ADJUSTMENTS

	UNAUDITED DEC 2013 $000	AUDITED JUN 2013 $000	UNAUDITED DEC 2012 $000
Continuing operations			
Assets held for sale	–	(140)	(140)
Biological assets	1,385	(1,739)	288
Derivatives not in qualifying hedge relationships	1,751	(3,272)	(725)
	3,136	**(5,151)**	**(577)**

6 INTEREST – FINANCE INCOME AND EXPENSE

	UNAUDITED DEC 2013 $000	AUDITED JUN 2013 $000	UNAUDITED DEC 2012 $000
Finance income contains the following items:			
Other interest income	–	214	34
Finance income	–	214	34
Interest funding expense			
Interest on interest rate swaps	(48)	(280)	(175)
Interest on bank loans and overdrafts	(2,313)	(5,537)	(2,987)
Other interest expense	(37)	–	(307)
Bank facility fees	(1,695)	(4,240)	(2,490)
Net gain / (loss) on foreign denominated items	(3,461)	3,741	458
Finance expense	(7,554)	(6,316)	(5,501)
Net interest and finance costs	**(7,554)**	**(6,102)**	**(5,467)**

7 DISCONTINUED OPERATIONS

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

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

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

Profits attributable to the discontinued operation were as follows:

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

8 EARNINGS PER SHARE AND NET TANGIBLE ASSETS

	UNAUDITED DEC 2013 $000	AUDITED JUN 2013 $000	UNAUDITED DEC 2012 $000
Number of shares			
Weighted average number of ordinary shares	754,849	754,849	754,849
Number of ordinary shares	754,849	754,849	754,849

	UNAUDITED DEC 2013 $000	AUDITED JUN 2013 $000	UNAUDITED DEC 2012 $000
Net Tangible Assets			
Total assets	700,380	619,508	987,272
Total liabilities	(438,826)	(363,402)	(402,887)
less intangible assets	(6,571)	(6,715)	(327,312)
less deferred tax	(6,908)	(9,422)	(15,875)
	248,075	239,969	241,198

	UNAUDITED DEC 2013 $000	AUDITED JUN 2013 $000	UNAUDITED DEC 2012 $000
Net tangible assets per security	0.33	0.32	0.32
Earnings per share	0.02	(0.41)	0.01

9 CASH AND BANK FACILITIES

	UNAUDITED DEC 2013 $000	AUDITED JUN 2013 $000	UNAUDITED DEC 2012 $000
Cash and cash equivalents	24,246	5,845	29,335
Bank overdraft	(2,487)	(12,463)	–
Current bank facilities	(59,758)	(35,239)	(49,722)
Term bank facilities	(60,000)	(62,000)	(82,650)
	(97,999)	**(103,857)**	**(103,037)**

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

The Company's bank syndicate facilities include:

– Term debt facilities of $120.00 million maturing on 1 August 2016.

– A working capital facility of up to $60.00 million maturing on 1 August 2016.

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

– Overdraft facilities of $9.59 million.

– Guarantee and trade finance facilities of $6.55 million.

– Standby letters of credit of $9.73 million in respect of the current Uruguayan bank facilities outlined below.

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

10 OTHER INVESTMENTS

	NOTE	UNAUDITED DEC 2013 $000	AUDITED JUN 2013 $000	UNAUDITED DEC 2012 $000
BioPacificVentures	15	10,027	9,987	10,786
Heartland New Zealand Limited		–	11,067	9,200
Sundry other investments including saleyards		1,418	1,479	5,792
Advances to associates		2,187	1,462	3,844
		13,632	**23,995**	**29,622**

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

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

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

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

11 PROPERTY, PLANT AND EQUIPMENT

Acquisitions and disposals

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

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

12 DEFINED BENEFIT ASSET / LIABILITY

The Group's net obligation with respect to defined benefit pension plans is calculated by estimating the future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value.

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

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

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

14 BUSINESS ACQUISITIONS

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

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

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

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

15 COMMITMENTS

	UNAUDITED DEC 2013 $000	AUDITED JUN 2013 $000	UNAUDITED DEC 2012 $000
There are commitments with respect to:			
Capital expenditure not provided for	959	983	2,517
Investment in BioPacificVentures	551	704	839
Contributions to Primary Growth Partnership	3,335	3,642	–
Purchase of land – Corson Maize	–	1,800	1,800
	4,845	**7,129**	**5,156**

Investment in BioPacificVentures

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

Primary Growth Partnership – Seed and Nutritional Technology Development Programme

The Group is a Partner in the Primary Growth Partnership (PGP) programme with the Ministry of Primary Industries. The PGP programme is a Seed and Nutritional Technology Development Programme that aims to deliver innovative forages for New Zealand farms. As a member of the Partnership the Group is committed to contributions to the partnership of $3.95 million over the six year life of the programme which ends on 31 December 2018. As at 31 December 2013 total contributions of $0.6 million (30 June 2013: $0.3 million) have been made to the programme.

There are no material commitments relating to investment in associates.

16 CONTINGENT LIABILITIES

	UNAUDITED DEC 2013 $000	AUDITED JUN 2013 $000	UNAUDITED DEC 2012 $000
There are contingent liabilities with respect to:			
Guarantees	1,100	16,840	31,939
PGG Wrightson Loyalty Reward Programme	124	313	111
	1,224	**17,153**	**32,050**

Guarantees

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

PGG Wrightson Loyalty Reward Programme

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

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

17 SEASONALITY OF OPERATIONS

The Group is subject to significant seasonal fluctuations. In particular Livestock and Seeds activities are significantly weighted to the second half of the financial year. Seeds revenues reflects the fact that the Group operates in geographical zones that suit autumn harvesting and sowing. New Zealand generally has spring calving and lambing and so Livestock trading is weighted towards the second half of the financial year in order for farmers to maximise their incomes. The Group recognises these seasonal fluctuations are the nature of the industry and plans and manages its business accordingly.

18 RELATED PARTIES

Key Management Personnel compensation

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

	UNAUDITED DEC 2013 $000	AUDITED JUN 2013 $000	UNAUDITED DEC 2012 $000
Short-term employee benefits	2,998	4,824	2,235
Post-employment benefits	45	58	–
Termination benefits	–	–	–
Other long-term benefits	–	–	–
Share-based payments	–	–	–
	3,043	4,882	2,235

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

19 EVENTS SUBSEQUENT TO END OF INTERIM PERIOD

Dividend

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

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