

Key Financial Disclosures

For the six months ended 31 December 2018

The financial statements contained on pages 2 – 23 have been approved by the Board of Directors on 26 February 2019.



Trevor Burt
Deputy Chair



Bruce Irvine
Director and Audit
Committee Chair



The team at Peak Hill Station and PGW Livestock agents prepare for its annual onfarm lamb sale in January 2019 in the Rakaia Gorge.

INTERIM STATEMENT OF PROFIT OR LOSS

For the six months ended 31 December 2018

	NOTE	UNAUDITED DEC 2018 \$000	AUDITED JUN 2018 \$000	UNAUDITED DEC 2017 \$000
Continuing operations				
Operating revenue		473,765	811,055	468,161
Cost of sales		(355,226)	(590,960)	(353,003)
Gross profit		118,539	220,095	115,158
Other income/(expense)		(8)	221	4
Employee benefits expense		(63,812)	(117,935)	(57,559)
Research and development		(17)	(97)	(22)
Other operating expenses		(36,863)	(67,697)	(34,202)
Equity accounted earnings of investees		-	(21)	(19)
		(100,700)	(185,529)	(91,798)
Operating EBITDA		17,839	34,566	23,360
Non-operating items		(1,005)	136	1,041
Holidays Act 2003 remediation costs		2,478	(7,160)	-
Fair value adjustments	1	22	(1,086)	(18)
Depreciation and amortisation expense		(4,205)	(6,918)	(3,204)
EBIT		15,129	19,538	21,179
Net interest and finance costs	2	(3,186)	(6,901)	(3,866)
Profit from continuing operations before income taxes		11,943	12,637	17,313
Income tax expense		(2,920)	(3,582)	(5,374)
Profit from continuing operations		9,023	9,055	11,939
Discontinued operations				
Profit/(loss) from discontinued operations (net of income taxes)	3	(8,703)	9,832	2,701
Net profit after tax		320	18,887	14,640
Profit attributable to:				
Shareholders of the Company		140	17,964	14,488
Non-controlling interest		180	923	152
Net profit after tax		320	18,887	14,640
Earnings per share				
Basic earnings per share (New Zealand Dollars)	4	0.000	0.025	0.019
Continuing operations				
Basic earnings per share (New Zealand Dollars)	4	0.012	0.012	0.016

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

INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2018

	UNAUDITED DEC 2018 \$000	AUDITED JUN 2018 \$000	UNAUDITED DEC 2017 \$000
Net profit after tax	320	18,887	14,640
Other comprehensive income/(loss) for the period			
Items that will never be reclassified to profit or loss			
Remeasurements of defined benefit liability	(3,399)	2,746	1,992
Deferred tax on remeasurements and change of defined benefit liability	803	(961)	(550)
	(2,596)	1,785	1,442
Items that are or may be reclassified to profit or loss			
Foreign currency translation differences for foreign operations	(1,290)	6,408	3,885
	(1,290)	6,408	3,885
Other comprehensive income/(loss) for the period, net of income tax	(3,886)	8,193	5,327
Total comprehensive income for the period	(3,566)	27,080	19,967
Total comprehensive income/(loss) attributable to:			
Shareholders of the Company	(3,875)	26,307	19,818
Non-controlling interest	309	773	149
Total comprehensive income for the period	(3,566)	27,080	19,967

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

INTERIM SEGMENT REPORT

For the six months ended / as at 31 December 2018

(a) Operating Segments

Following the reclassification of Seed and Grain to discontinued operations, the Group has two primary operating segments: Agency and Retail and Water which are the Group's strategic divisions.

Agency and Retail and Water operate within New Zealand.

The two operating segments offer different products and services, and are managed separately because they require different skills, technology and marketing strategies. There is also a Group General Manager for each segment. 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 Chair of the Board reviews internal management reports on each strategic business unit on at least a monthly basis.

- **Agency.** Includes rural Livestock trading activities, Wool, Insurance, Real Estate and Finance Commission.
- **Retail and Water.** Includes the Rural Supplies and Fruitfed retail operations, PGG Wrightson Water, PGW Consulting, Agritrade and ancillary sales support, supply chain and marketing functions.
- **Other.** Other non-segmented amounts relate to certain Group Corporate activities including Finance, Treasury, HR and other support services including corporate property services and include consolidation/elimination adjustments.
- **Discontinued operations.** The discontinued operations pertain to PGG Wrightson Seeds Holdings Limited together with its subsidiaries and investments in jointly controlled entities (formerly the Seed and Grain segment), and PGW Rural Capital Limited. Seed and Grain includes Australasia Seed (New Zealand and Australian manufacturing and distribution of forage seed and turf, sale of cereal seed and grain trading, international trading and seed production), 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 and Grain (research and development and corporate seeds).

Assets allocated to each business unit combine to form total assets for the Agency and Retail and Water business segments. Certain other assets are held at a Corporate level including those for the Corporate functions noted above.

The profit/(loss) for each business unit combines to form total profit/(loss) of the Agency and Retail and Water segments. Certain other revenues and expenses are held at the Corporate level for the Corporate functions noted above.

Other cost allocation

The Group has adopted an allocation methodology which allocates certain corporate costs where they can be directly attributed to the operating segment or attributed based on the use of the following methods:

- IT hardware, support, licence and other costs attributed on a per user basis.
- Property costs allocated, where not directly attributable, on a property space utilisation basis.
- Business operations costs (Accounts Payable, Accounts Receivable, Credit Services, Call Centre) allocated based on FTE usage by each operating segment, transactional volumes or for Credit Services allocated based on the operating segment to which overdue accounts relate to.

Other costs including non-operating items, fair value adjustments, net interest and finance costs, income tax expense as well as the reporting of discontinued operations are not fully allocated by the Group. Accordingly, these items have not been fully allocated across the operating segments. The Group Finance, Risk and Assurance, Treasury, HR, Credit and the Executive Team functions continue to be reported outside of the operating segments.

(b) Operating Segment Information

	AGENCY			RETAIL AND WATER			OTHER			DISCONTINUED OPERATIONS			TOTAL		
	UNAUDITED DEC 2018 \$000	AUDITED JUN 2018 \$000	UNAUDITED DEC 2017 \$000	UNAUDITED DEC 2018 \$000	AUDITED JUN 2018 \$000	UNAUDITED DEC 2017 \$000	UNAUDITED DEC 2018 \$000	AUDITED JUN 2018 \$000	UNAUDITED DEC 2017 \$000	UNAUDITED DEC 2018 \$000	AUDITED JUN 2018 \$000	UNAUDITED DEC 2017 \$000	UNAUDITED DEC 2018 \$000	AUDITED JUN 2018 \$000	UNAUDITED DEC 2017 \$000
Total external operating revenues	85,767	200,574	84,304	385,866	606,176	381,732	2,132	4,305	2,125	–	–	–	473,765	811,055	468,161
Operating EBITDA	1,614	20,112	4,633	22,970	23,810	23,621	(6,745)	(9,356)	(4,894)	–	–	–	17,839	34,566	23,360
Non-operating items	(10)	688	350	151	590	600	(1,146)	(1,142)	92	–	–	–	(1,005)	136	1,041
Holidays Act 2003 remediation costs	752	(2,441)	–	1,724	(3,422)	–	2	(1,297)	–	–	–	–	2,478	(7,160)	–
Fair value adjustments	22	(1,087)	(18)	–	–	–	–	1	–	–	–	–	22	(1,086)	(18)
Depreciation and amortisation expense	(715)	(1,086)	(513)	(1,793)	(3,097)	(1,445)	(1,697)	(2,735)	(1,246)	–	–	–	(4,205)	(6,918)	(3,204)
EBIT	1,663	16,186	4,452	23,052	17,881	22,776	(9,586)	(14,529)	(6,048)	–	–	–	15,129	19,538	21,179
Net interest and finance costs	1,145	(1,388)	(1,370)	(321)	385	291	(4,010)	(5,898)	(2,787)	–	–	–	(3,186)	(6,901)	(3,866)
Profit/(loss) from continuing operations before income taxes	2,808	14,798	3,082	22,731	18,266	23,067	(13,596)	(20,427)	(8,834)	–	–	–	11,943	12,637	17,314
Income tax (expense)/income	(559)	(4,366)	(584)	(6,003)	(4,680)	(6,354)	3,642	5,464	1,565	–	–	–	(2,920)	(3,582)	(5,373)
Profit/(loss) from continuing operations	2,249	10,432	2,498	16,728	13,586	16,712	(9,954)	(14,963)	(7,271)	–	–	–	9,023	9,055	11,939
Profit/(loss) from discontinued operations (net of income taxes)	–	–	–	–	–	–	–	–	–	(8,703)	9,832	2,701	(8,703)	9,832	2,701
Net profit/(loss) after tax	2,249	10,432	2,498	16,728	13,586	16,712	(9,954)	(14,963)	(7,271)	(8,703)	9,832	2,701	320	18,887	14,640
Segment assets	144,546	161,378	142,539	314,375	149,107	275,372	22,207	16,599	39,429	1,209	414,603	361,062	482,337	741,687	818,402
Investment in equity accounted investees	–	–	–	–	–	–	59	59	62	–	14,264	24,234	59	14,323	24,296
Assets held for sale	–	–	–	218	218	218	2,290	2,398	2,398	446,451	–	–	448,959	2,616	2,616
Total segment assets	144,546	161,378	142,539	314,593	149,325	275,590	24,556	19,056	41,890	447,660	428,867	385,296	931,355	758,626	845,314
Segment liabilities	(49,367)	(87,182)	(39,283)	(194,439)	(82,109)	(171,920)	(223,917)	(137,427)	(168,128)	–	(164,446)	(171,849)	(467,723)	(471,164)	(551,180)
Liabilities held for sale	–	–	–	–	–	–	–	–	–	(189,562)	–	–	(189,562)	–	–
Total segment liabilities	(49,367)	(87,182)	(39,283)	(194,439)	(82,109)	(171,920)	(223,917)	(137,427)	(168,128)	(189,562)	(164,446)	(171,849)	(657,285)	(471,164)	(551,180)

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

INTERIM STATEMENT OF CASH FLOWS

For the six months ended 31 December 2018

	NOTE	UNAUDITED DEC 2018 \$000	AUDITED JUN 2018 \$000	UNAUDITED DEC 2017 \$000
Cash flows from operating activities				
Cash was provided from:				
Receipts from customers		644,442	1,214,939	543,007
Dividends received		2	3	2
Interest received		2,525	5,225	2,403
		646,969	1,220,167	545,412
Cash was applied to:				
Payments to suppliers and employees		(686,660)	(1,190,563)	(582,712)
Contributions to defined benefit plans (ESCT inclusive)		(1,481)	(2,842)	(1,340)
Interest paid		(4,894)	(8,550)	(4,049)
Income tax paid		(12,535)	(12,446)	(7,090)
		(705,570)	(1,214,401)	(595,191)
Net cash inflow/(outflow) from operating activities		(58,601)	5,766	(49,779)
Cash flows from investing activities				
Cash was provided from:				
Proceeds from sale of property, plant and equipment and assets held for sale		612	3,407	2,426
Cash acquired on purchase of investment		1,523	–	–
Net proceeds from sale of investments		–	111	111
		2,135	3,518	2,537
Cash was applied to:				
Purchase of property, plant and equipment		(5,446)	(15,183)	(5,268)
Purchase of intangibles		(1,964)	(7,974)	(3,940)
Net cash paid for purchase of investments		–	(1,215)	(1,056)
		(7,410)	(24,372)	(10,264)
Net cash flow from investing activities		(5,275)	(20,854)	(7,727)
Cash flows from financing activities				
Cash was provided from:				
Increase in external borrowings and bank overdraft		83,857	42,499	84,298
Repayment of loans from related parties		–	3,441	3,596
		83,857	45,940	87,894
Cash was applied to:				
Dividends paid to shareholders		(9,688)	(28,570)	(15,234)
Dividends paid to minority interests		(138)	(759)	(310)
		(9,826)	(29,329)	(15,544)
Net cash flow from financing activities		74,031	16,611	72,350
Net increase in cash held		10,155	1,523	14,844
Opening cash		10,926	9,403	9,403
Cash and cash equivalents	5	21,081	10,926	24,247
Cash and cash equivalents attributable to continuing operations	5	3,884	10,926	24,247
Cash and cash equivalents attributable to assets held for sale	6	17,197	–	–
		21,081	10,926	24,247

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

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

For the six months ended 31 December 2018

	UNAUDITED DEC 2018 \$000	AUDITED JUN 2018 \$000	UNAUDITED DEC 2017 \$000
Profit after taxation	320	18,887	14,640
Add/(deduct) non-cash/non operating items:			
Depreciation, amortisation and impairment	7,786	12,974	6,115
Fair value adjustments	2,028	3,877	106
Net (profit)/loss on sale of assets/investments	(282)	(1,746)	(1,327)
Bad debts written off (net)	925	429	561
Change in deferred taxation	(5,714)	(1,114)	(3,834)
Earnings of equity accounted investees	6,243	1,885	312
Discontinued operations	–	(492)	3
Effect of foreign exchange movements	(2,389)	3,618	(98)
Pension contributions (operating cash) not expensed through profit and loss	(1,481)	(2,842)	(1,340)
Other non-cash/non-operating items	(2,002)	(1,857)	117
	5,434	33,619	15,255
Add/(deduct) movement in working capital items:			
Change in working capital due to sale/purchase of businesses	5,741	(2,683)	(2,683)
Change in inventories and biological assets	(25,998)	(7,374)	10,634
Change in accounts receivable and prepayments	(116,337)	(45,081)	(132,215)
Change in trade creditors, provisions and accruals	86,293	19,360	53,479
Change in income tax payable/receivable	(10,939)	3,326	4,357
Change in other current assets/liabilities	(2,795)	4,599	1,394
	(64,035)	(27,853)	(65,034)
Net cash flow from operating activities	(58,601)	5,766	(49,779)

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

INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	NOTE	UNAUDITED DEC 2018 \$000	AUDITED JUN 2018 \$000	UNAUDITED DEC 2017 \$000
ASSETS				
Current				
Cash and cash equivalents	5	3,884	10,926	24,247
Short-term derivative assets		464	827	1,501
Trade and other receivables		256,118	267,627	365,924
Go livestock receivables		30,958	39,419	28,683
Finance receivables		–	733	–
Income tax receivable		4,139	–	–
Assets classified as held for sale	6	448,959	2,615	2,616
Biological assets		264	911	1,897
Inventories		114,313	262,538	242,677
Other investments	7	30	30	30
Intangible assets		1,637	2,641	–
Total current assets		860,766	588,267	667,575
Non-current				
Long-term derivative assets		400	20	122
Biological assets		31	–	78
Deferred tax asset		11,566	16,259	18,979
Investments in equity accounted investees		59	14,323	24,296
Other investments	7	465	2,520	2,140
Intangible assets		12,545	13,017	11,162
Property, plant and equipment	8	45,523	124,220	120,962
Total non-current assets		70,589	170,359	177,739
Total assets		931,355	758,626	845,314
LIABILITIES				
Current				
Debt due within one year	5	79,635	30,806	91,215
Short-term derivative liabilities		476	3,645	2,724
Accounts payable and accruals		244,385	267,096	301,837
Income tax payable		–	6,751	8,115
Liabilities classified as held for sale	6	189,562	–	–
Defined benefit liability	10	969	905	1,046
Total current liabilities		515,027	309,203	404,937
Non-current				
Long-term debt	5	130,000	149,205	130,634
Long-term derivative liabilities		492	966	824
Other long-term liabilities		200	2,121	3,107
Defined benefit liability	10	11,566	9,669	11,678
Total non-current liabilities		142,258	161,961	146,243
Total liabilities		657,285	471,164	551,180
EQUITY				
Share capital		606,324	606,324	606,324
Reserves		5,162	8,647	4,980
Retained earnings		(340,065)	(329,987)	(319,473)
Total equity attributable to shareholders of the Company		271,421	284,984	291,831
Non-controlling interest		2,649	2,478	2,303
Total equity		274,070	287,462	294,134
Total liabilities and equity		931,355	758,626	845,314

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

Additional Financial Disclosures

including Notes to the Financial Statements for the
six months ended 31 December 2018

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 31 December 2018

1 FAIR VALUE ADJUSTMENTS

	UNAUDITED DEC 2018 \$000	AUDITED JUN 2018 \$000	UNAUDITED DEC 2017 \$000
Property, plant and equipment impairment	–	(1,070)	–
Biological assets	22	(16)	(18)
	22	(1,086)	(18)

2 NET INTEREST AND FINANCE COSTS

	UNAUDITED DEC 2018 \$000	AUDITED JUN 2018 \$000	UNAUDITED DEC 2017 \$000
Finance income contains the following items:			
Other interest income	42	214	177
Finance income	42	214	177
Interest funding contains the following items:			
Interest on loans and overdrafts	(2,827)	(4,257)	(1,778)
Net interest on interest rate derivatives	(182)	(533)	(338)
Fair value change on interest rate derivatives	59	(42)	(75)
Effective interest on expected defined benefit pension ESCT payments	(166)	(401)	(208)
Other interest expense	(61)	369	(16)
Bank facility fees	(975)	(1,215)	(373)
Interest funding expense	(4,152)	(6,079)	(2,788)
Foreign exchange contains the following items:			
Net gain/(loss) on foreign denominated items	(23)	12	(327)
Fair value change on foreign exchange derivatives	947	(1,048)	(928)
Foreign exchange income/(expense)	924	(1,036)	(1,255)
Net interest and finance costs	(3,186)	(6,901)	(3,866)

3 DISCONTINUED OPERATIONS

Seed and Grain segment

In August 2018, the Group announced that it had signed a sale and purchase agreement for the sale of its subsidiary, PGG Wrightson Seeds Holdings Limited (PGW Seeds). The agreement represents the sale of the Group's Seed and Grain segment. The sale price was approximately \$413 million subject to various adjustments until settlement. The sale is conditional on various approvals including:

- New Zealand Overseas Investment Act approval
- New Zealand Commerce Commission clearance, Australian Competition and Consumer Commission approval and receipt of applicable regulatory approvals in South America
- Change of control consents from several of PGW Seeds' joint venture partners

3 DISCONTINUED OPERATIONS (CONTINUED)

As at 31 December 2018 and based on progress of the approvals, management is of the view that the sale is considered highly probable, with the sale expected to be settled before 30 June 2019. The Group has therefore reclassified the Seed and Grain segment as a disposal group and treated its assets and liabilities as held for sale as at 31 December 2018 (refer to Note 6).

The Group has also reclassified the Seed and Grain segment as a discontinued operation. The statement of profit or loss for the current and comparative periods have been restated to show the Seed and Grain segment within discontinued operations, disclosed separately from continuing operations.

PGW Rural Capital Limited (PGWRC)

The discontinued operations also pertain to the Group's wholly owned subsidiary PGWRC which was established during 2012 to hold and recover certain excluded loans related to the sale of the Group's finance subsidiary, PGG Wrightson Finance Limited.

Results from discontinued operations were as follows:

	SEED AND GRAIN			PGWRC			TOTAL		
	UNAUDITED DEC 2018 \$000	AUDITED JUN 2018 \$000	UNAUDITED DEC 2017 \$000	UNAUDITED DEC 2018 \$000	AUDITED JUN 2018 \$000	UNAUDITED DEC 2017 \$000	UNAUDITED DEC 2018 \$000	AUDITED JUN 2018 \$000	UNAUDITED DEC 2017 \$000
Results of discontinued operations									
Total segment revenue	233,052	449,495	208,790	–	1	–	233,052	449,496	208,790
Intersegment revenue	(44,045)	(63,532)	(46,954)	–	–	–	(44,045)	(63,532)	(46,954)
Total external operating revenue	189,007	385,963	161,836	–	1	–	189,007	385,964	161,836
Total external cost of sales	(127,488)	(256,369)	(104,237)	–	–	–	(127,488)	(256,369)	(104,237)
Gross profit	61,519	129,594	57,599	–	1	–	61,519	129,595	57,599
Other operating expenses	(54,068)	(92,123)	(47,117)	(110)	690	4	(54,178)	(91,433)	(47,113)
Equity accounted earnings of investees	(6,242)	(1,864)	331	–	–	–	(6,242)	(1,864)	331
Operating EBITDA	1,209	35,607	10,813	(110)	691	4	1,099	36,298	10,817
Non-operating items	(612)	(217)	253	–	–	–	(612)	(217)	253
Holidays Act 2003 remediation costs	323	(1,066)	–	–	–	–	323	(1,066)	–
Fair value adjustments	(2,050)	(2,790)	(88)	–	–	–	(2,050)	(2,790)	(88)
Depreciation and amortisation expense	(3,581)	(6,056)	(2,912)	–	–	–	(3,581)	(6,056)	(2,912)
EBIT	(4,711)	25,478	8,066	(110)	691	4	(4,821)	26,169	8,070
Net interest and finance costs	(2,191)	(7,261)	(4,131)	–	–	–	(2,191)	(7,261)	(4,131)
Profit/(loss) from discontinued activities before tax	(6,902)	18,217	3,935	(110)	691	4	(7,012)	18,908	3,939
Income tax expense	(1,722)	(8,878)	(1,231)	31	(199)	(7)	(1,691)	(9,077)	(1,238)
Profit/(loss) from discontinued activities, net of tax	(8,624)	9,339	2,704	(79)	492	(3)	(8,703)	9,831	2,701
Basic and diluted earnings per share (New Zealand dollars)	(0.011)	0.012	0.004	(0.000)	0.001	(0.000)	(0.012)	0.013	0.004
Cash flows from discontinued operations									
Net cash from operating activities							4,203	(29,465)	(8,887)
Net cash from investing activities							(2,334)	(9,181)	(3,528)
Net cash from financing activities							7,064	38,866	15,860
Net cash from/(used in) discontinued operations							8,933	220	3,445

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2018

4 EARNINGS PER SHARE AND NET TANGIBLE ASSETS

	UNAUDITED DEC 2018 000	AUDITED JUN 2018 000	UNAUDITED DEC 2017 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 2018 \$000	AUDITED JUN 2018 \$000	UNAUDITED DEC 2017 \$000
Net Tangible Assets			
Total assets	931,355	758,626	845,314
Total liabilities	(657,285)	(471,164)	(551,180)
less intangible assets	(27,886)	(13,017)	(11,162)
less deferred tax	(22,775)	(16,259)	(18,979)
	223,409	258,186	263,993
	UNAUDITED DEC 2018 \$	AUDITED JUN 2018 \$	UNAUDITED DEC 2017 \$
Net tangible assets per share	0.296	0.342	0.350
Earnings per share	0.000	0.025	0.019

5 CASH AND FINANCING FACILITIES

	UNAUDITED DEC 2018 \$000	AUDITED JUN 2018 \$000	UNAUDITED DEC 2017 \$000
Cash and cash equivalents	3,884	10,926	24,247
Current financing facilities	(79,635)	(30,806)	(91,215)
Term financing facilities	(130,000)	(149,205)	(130,634)
Net interest bearing debt	(205,751)	(169,085)	(197,602)
Go range of livestock product receivables	30,958	39,419	28,683
Net interest-bearing debt less Go livestock receivables	(174,793)	(129,666)	(168,919)

New Zealand facilities

The Company has a syndicated facility agreement which provides bank facilities of \$210.00 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 equity accounted investees. ANZ Bank New Zealand Limited acts as security trustee for the banking syndicate (ANZ Bank New Zealand Limited, Bank of China (New Zealand) Limited, Bank of New Zealand, MUFG Bank Ltd and Westpac New Zealand Limited).

The Company's bank syndicate facilities include:

- Term debt facilities of \$150.00 million maturing on 31 July 2020
- A working capital facility of up to \$60.00 million maturing on 31 July 2020

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. Excluding the finance facilities of the Seed and Grain segment classified as held for sale, these facilities amounted to \$45.18 million as at 31 December 2018 providing:

- Overdraft facilities of \$8.50 million
- A revolving credit facility of \$30.00 million
- Guarantee and trade finance facilities of \$6.68 million

The syndicated facilities fund the general corporate activities of the Group, the seasonal fluctuations in working capital, and the Go range of livestock product receivables.

The Company intends to repay and cancel the syndicated facilities using the sale proceeds of approximately \$413.00 million (refer to Note 3) from the conditional sale of the Seed and Grain segment. Settlement is expected by 30 June 2019.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2018

6 ASSETS AND LIABILITIES HELD FOR SALE

Properties

The Group currently has four properties classified as held for sale. These properties are on the market and are valued at the lower of their carrying amount and fair value less costs to sell. The total value of the relevant properties is \$2.51 million (30 June 2018: \$2.62 million, 31 December 2017: \$2.62 million).

Seed and Grain segment

In August 2018, the Group announced that it had signed a sale and purchase agreement for the sale of its subsidiary, PGG Wrightson Seeds Holdings Limited (PGW Seeds). The agreement represents the sale of the Group's Seed and Grain segment (refer to Note 3). Accordingly, the assets and liabilities of that segment are presented as a disposal group held for sale.

	UNAUDITED DEC 2018 \$000	AUDITED JUN 2018 \$000	UNAUDITED DEC 2017 \$000
Assets classified as held for sale			
Properties	2,508	2,616	2,616
	2,508	2,616	2,616
Seed and Grain segment			
Cash and cash equivalents	17,197	–	–
Derivatives	1,731	–	–
Trade and other receivables	135,383	–	–
Biological assets	7,784	–	–
Inventories	167,374	–	–
Investments	4,509	–	–
Intangibles	13,704	–	–
Property, plant and equipment	87,043	–	–
Other assets	11,726	–	–
	446,451	–	–
Total assets classified as held for sale	448,959	2,616	2,616
Liabilities classified as held for sale			
Seed and Grain segment			
Debt	(68,956)	–	–
Derivatives	(1,571)	–	–
Accounts payable and accruals	(109,187)	–	–
Other liabilities	(9,848)	–	–
	(189,562)	–	–
Total liabilities classified as held for sale	(189,562)	–	–

6 ASSETS AND LIABILITIES HELD FOR SALE (CONTINUED)

Acquisition of Agimol Corporation S.A. (AgroCentro Uruguay Group)

Included within the assets and liabilities of the Seed and Grain segment above are all assets and liabilities pertaining to Agimol Corporation S.A. (AgroCentro Uruguay Group).

On 31 August 2018, the Group increased its investment in the AgroCentro Uruguay Group from 50% to 100% and obtained control of the AgroCentro Uruguay Group. The Group previously equity accounted its investment in the AgroCentro Uruguay Group. As a result of obtaining control of the company from 31 August 2018, the Group has consolidated the AgroCentro Uruguay Group.

Following an impairment of \$6.00 million (USD 3.64 million) the fair value of the Group's pre-existing equity accounted interest in the AgroCentro Uruguay Group was \$5.83 million (USD 3.95 million). This fair value was supported by the value attributed to the AgroCentro Uruguay Group as part of the conditional sale of PGG Wrightson Seeds Holdings Limited. Consideration provided for the remaining 50% of the investment amounted to \$1.25 million (USD 0.85 million).

Upon consolidation, the Group recorded goodwill of \$13.74 million (USD 9.27 million), representing the difference between the fair value of the net liability acquired of \$6.66 million (USD 4.47 million), the pre-existing equity interest held of \$5.83 million (USD 3.95 million) and the consideration provided of \$1.25 million (USD 0.85 million). An impairment of \$1.19 million (USD 0.85 million) was then recorded against the goodwill to align the carrying value of the AgroCentro Uruguay Group to that supported by the conditional sale of PGG Wrightson Seeds Holdings Limited of \$5.83 million (USD 3.95 million). Goodwill of \$12.55 million (USD 8.42 million) is included within the intangible assets held for sale above.

Financing facilities

The following financing facilities relate to the assets and liabilities classified as held for sale above:

South American facilities

Two of the Group's wholly-owned Uruguayan subsidiaries (Wrightson Pas S.A. and Agrosan S.A.) are jointly and severally financed by a club structure. The club facilities contain various financial covenants and restrictions that are standard for facilities of this nature. The club facilities are denominated in USD, secured by a mortgage over the logistics centre in Uruguay and provide:

- An amortising logistics centre facility of \$11.18 million (USD 7.50 million) maturing on 17 September 2022
- A committed facility of \$17.89 million (USD 12.00 million) maturing on 29 June 2021
- Finance lease facilities of \$0.17 million

Separate to the club facility, the Group's South American operations have various financing facilities that amounted to \$36.96 million (USD 24.80 million) as at 31 December 2018.

New Zealand and Australia facilities

The New Zealand and Australia facilities provide:

- An overdraft facility of \$1.05 million.
- Guarantees of \$15.91 million.
- Finance lease facilities of \$2.76 million.

Other investments

During the period, the Group recorded an impairment of \$1.57 million (USD 1.06 million) against the carrying value of its investments in the South American entities Arauca Seeds Sociedad Anonima and Patagonia Seeds Sociedad Anonima. These investments are held within the Seed and Grain segment and are included within the assets classified as held for sale above.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2018

6 ASSETS AND LIABILITIES HELD FOR SALE (CONTINUED)

Property Plant and Equipment

Acquisitions and disposals

During the period to 31 December 2018, the disposal group acquired assets with a cost of \$4.76 million, together with assets acquired through a business combination of \$9.25 million. These assets are included within the assets classified as held for sale above.

Assets with a net book value of \$0.12 million were disposed of by the disposal group during the period to 31 December 2018, resulting in a gain on disposal of \$0.18 million.

Commitments

	UNAUDITED DEC 2018 \$000	AUDITED JUN 2018 \$000	UNAUDITED DEC 2017 \$000
There are commitments with respect to:			
Capital expenditure not provided for	2,092	2,463	2,631
Contributions to Primary Growth Partnership	517	277	572
	2,609	2,740	3,203

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. The programme, which was expected to end on 31 December 2018, has been varied and extended to 31 December 2019 during the period.

The extension to the programme resulted in an increase of the total contribution commitments to the partnership from \$3.61 million to \$4.11 million. As at 31 December 2018, total contributions of \$3.59 million (30 June 2018: \$3.33 million, 31 December 2017: \$3.04 million) have been made to the programme.

Forward purchase commitments

The Seed and Grain segment, as part of its ordinary course of business, enters into forward purchase agreements with seed growers. These commitments extend for periods of up to 3 years. These commitments are at varying stage of execution, therefore uncertainty exists with respect to yield, quality and market price. The Group is unable to sufficiently quantify the value of these commitments.

Contingent liabilities

	UNAUDITED DEC 2018 \$000	AUDITED JUN 2018 \$000	UNAUDITED DEC 2017 \$000
There are contingent liabilities with respect to:			
Guarantees	15,910	3,693	3,487
	15,910	3,693	3,487

The guarantees pertain to standby letters of credit issued by the Seed and Grain segment in respect of its New Zealand and South American operations.

7 OTHER INVESTMENTS

	NOTE	UNAUDITED DEC 2018 \$000	AUDITED JUN 2018 \$000	UNAUDITED DEC 2017 \$000
Current investments				
BioPacificVentures	11	30	30	30
		30	30	30
Non-current investments				
Sundry investments including saleyards		465	2,370	2,140
Advances to equity accounted investees		–	150	–
		465	2,520	2,140

Sundry 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. The comparative period sundry investments include investments which have been reclassified to assets held for sale as at 31 December 2018 (refer to Note 6).

8 PROPERTY, PLANT AND EQUIPMENT

Acquisitions and disposals

During the period to 31 December 2018, the Group acquired assets with a cost of \$7.25 million (30 June 2018: \$15.18 million, 31 December 2017: \$4.64 million), together with assets acquired through business combinations of \$nil (30 June 2018: nil, 31 December 2017: \$0.66 million). Refer to Note 6 for information on acquisitions and disposals of property, plant and equipment during the period to 31 December 2018 for the Seed and Grain disposal group.

Assets with a net book value of \$0.19 million were disposed during the period to 31 December 2018 (30 June 2018: \$0.90 million, 31 December 2017: \$0.02 million), resulting in a gain on disposal of \$0.27 million (30 June 2018 Gain: \$1.69 million, 31 December 2017 Gain: \$1.48 million).

9 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 the Australian and South American Seed and Grain activities are significantly weighted to the second half of the financial year. Seed and 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 maximise their income. 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. The Seed and Grain segment is presented as a discontinued operation and as assets held for sale as at 31 December 2018 (refer to Note 3).

10 DEFINED BENEFIT ASSET / LIABILITY

The Group made lump sum cash contributions of \$1.48 million (gross including employer superannuation contribution tax) to the PGG Wrightson Employee Benefits Plan during the period (30 June 2018: \$2.84 million, 31 December 2017: \$1.34 million).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2018

11 COMMITMENTS

	NOTE	UNAUDITED DEC 2018 \$000	AUDITED JUN 2018 \$000	UNAUDITED DEC 2017 \$000
There are commitments with respect to:				
Capital expenditure not provided for		45	–	650
Investment in BioPacificVentures	7	51	51	51
		96	51	701

Forward purchase commitments

The Group as part of its ordinary course of business enters into forward purchase agreements with wool growers. These commitments extend for periods of up to 3 years. These commitments are at varying stages of execution, therefore uncertainty exists with respect to yield, quality and market price. The Group is unable to sufficiently quantify the value of these commitments.

Refer to Note 6 for commitments in relation to the Seed and Grain segment.

12 CONTINGENT LIABILITIES

	UNAUDITED DEC 2018 \$000	AUDITED JUN 2018 \$000	UNAUDITED DEC 2017 \$000
There are contingent liabilities with respect to:			
PGG Wrightson Loyalty Reward Programme	92	102	100
	92	102	100

Guarantees

Refer to Note 6 for contingent liabilities in relation to the Seed and Grain segment.

PGG Wrightson Loyalty Reward Programme

PGG Wrightson operates the Max Rewards loyalty programme. A provision is retained for the expected level of points redemption. A contingent liability of \$0.09 million represents the balance of unexpired points that do not form part of the provision (30 June 2018: \$0.10 million, 31 December 2017: \$0.10 million). Losses are not expected to arise from this contingent liability.

13 RELATED PARTIES

Parent and ultimate controlling party

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

Transactions with key management personnel

	UNAUDITED DEC 2018 \$000	AUDITED JUN 2018 \$000	UNAUDITED DEC 2017 \$000
Key management personnel compensation comprised:			
Short-term employee benefits	3,761	6,079	5,018
Post-employment benefits	73	151	95
Termination benefits	–	–	–
	3,834	6,230	5,113

14 EVENT SUBSEQUENT TO END OF INTERIM PERIOD

Dividend

On 26 February 2019 the Directors of PGG Wrightson Limited resolved to pay an interim dividend of 0.75 cents per share on 5 April 2019 to the shareholders on the Company's share register as at 5.00pm on 15 March 2019. This dividend will be fully imputed.

Conditional sale of PGG Wrightson Seeds Holdings Limited

On 13 February 2019 the New Zealand Commerce Commission issued clearance for DLF Seeds A/S to acquire PGG Wrightson Seeds Holdings Limited (PGW Seeds). On 14 February 2019 the Australian Competition and Consumer Commission (ACCC) released a statement noting that they had decided that they will not oppose DLF Seeds A/S proposed acquisition of PGW Seeds. On 15 February 2019 DLF Seeds A/S confirmed that counterparty consents required from research and development joint venture partners have been obtained.

The transaction for the sale of PGW Seeds now only remains conditional upon New Zealand Overseas Investment Office approval and the completion of required regulatory filings in Uruguay.

15 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.

The interim financial statements of PGG Wrightson Limited for the six months ended 31 December 2018 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 goods and services within the agricultural sector.

16 BASIS OF PREPARATION

Statement of Compliance

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

The interim financial statements do not include all of the information required for full annual financial statements. The same accounting policies and methods of computation are followed in the interim financial statements as applied in the Group's latest annual audited financial statements. Certain comparative amounts have been reclassified to conform with the current period's presentation.

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 period ended 31 December 2018 and have not been applied in preparing these interim financial statements. The impact of these new standards and interpretations to the Group is as follows:

- IFRS 16 Leases has been issued. This standard eliminates the classification of leases as either operating leases or finance leases. The standard uses a single lessee model which requires a lessee to recognise on the Statement of Financial Position assets and liabilities for all leases with a term of more than 12 months. The standard is effective for annual periods beginning on or after 1 January 2019. The Group does not plan to adopt IFRS 16 early. Initial review has determined that this new standard will likely have a significant financial impact on both the balance sheet and profit and loss given the extent of operating leases the Group is exposed to.
- 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.

These statements were approved by the Board of Directors on 26 February 2019.

PGG WRIGHTSON LIMITED

INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2018

	SHARE CAPITAL \$000	FOREIGN CURRENCY TRANSLATION RESERVE \$000	REALISED CAPITAL AND OTHER RESERVES \$000	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
Balance at 1 July 2017	606,324	(10,281)	23,443	556	–	(14,087)	(2,587)	(316,121)	2,464	289,711
Total comprehensive income for the period										
Profit or loss	–	–	–	–	–	–	–	14,488	152	14,640
Other comprehensive income										
Foreign currency translation differences	–	3,888	–	–	–	–	–	–	(3)	3,885
Defined benefit plan actuarial gains and losses, net of tax	–	–	–	–	–	1,442	–	–	–	1,442
Total other comprehensive income	–	3,888	–	–	–	1,442	–	–	(3)	5,327
Total comprehensive income for the period	–	3,888	–	–	–	1,442	–	14,488	149	19,967
Transactions with shareholders, recorded directly in equity										
Contributions by and distributions to shareholders										
Dividends to shareholders	–	–	–	–	–	–	–	(15,234)	(310)	(15,544)
Total contributions by and distributions to shareholders	–	–	–	–	–	–	–	(15,234)	(310)	(15,544)
Transfer to retained earnings	–	–	–	–	–	2,606	–	(2,606)	–	–
Balance at 31 December 2017	606,324	(6,393)	23,443	556	–	(10,039)	(2,587)	(319,473)	2,303	294,134
Balance at 1 January 2018	606,324	(6,393)	23,443	556	–	(10,039)	(2,587)	(319,473)	2,303	294,134
Total comprehensive income for the period										
Profit or loss	–	–	–	–	–	–	–	3,476	771	4,247
Other comprehensive income										
Foreign currency translation differences	–	2,670	–	–	–	–	–	–	(147)	2,523
Defined benefit plan actuarial gains and losses, net of tax	–	–	–	–	–	343	–	–	–	343
Total other comprehensive income	–	2,670	–	–	–	343	–	–	(147)	2,866
Total comprehensive income for the period	–	2,670	–	–	–	343	–	3,476	624	7,113
Transactions with shareholders, recorded directly in equity										
Contributions by and distributions to shareholders										
Dividends to shareholders	–	–	–	–	–	–	–	(13,336)	(449)	(13,785)
Total contributions by and distributions to shareholders	–	–	–	–	–	–	–	(13,336)	(449)	(13,785)
Transfer to retained earnings	–	–	–	–	–	654	–	(654)	–	–
Balance at 30 June 2018	606,324	(3,723)	23,443	556	–	(9,042)	(2,587)	(329,987)	2,478	287,462

PGG WRIGHTSON LIMITED

INTERIM STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 31 December 2018

	SHARE CAPITAL \$000	FOREIGN CURRENCY TRANSLATION RESERVE \$000	REALISED CAPITAL AND OTHER RESERVES \$000	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
Balance at 1 July 2018	606,324	(3,723)	23,443	556	–	(9,042)	(2,587)	(329,987)	2,478	287,462
Total comprehensive income for the period										
Profit or loss	–	–	–	–	–	–	–	140	180	320
Other comprehensive income										
Foreign currency translation differences	–	(1,419)	–	–	–	–	–	–	129	(1,290)
Defined benefit plan actuarial gains and losses, net of tax	–	–	–	–	–	(2,596)	–	–	–	(2,596)
Total other comprehensive income	–	(1,419)	–	–	–	(2,596)	–	–	129	(3,886)
Total comprehensive income for the period	–	(1,419)	–	–	–	(2,596)	–	140	309	(3,566)
Transactions with shareholders, recorded directly in equity										
Contributions by and distributions to shareholders										
Dividends to shareholders	–	–	–	–	–	–	–	(9,688)	(138)	(9,826)
Total contributions by and distributions to shareholders	–	–	–	–	–	–	–	(9,688)	(138)	(9,826)
Transfer to retained earnings	–	–	–	–	–	530	–	(530)	–	–
Balance at 31 December 2018	606,324	(5,142)	23,443	556	–	(11,108)	(2,587)	(340,065)	2,649	274,070