

Ingham Holdings I Pty Limited
ABN 39 162 709 506

Annual Report
For the year ended 27 June 2015

Ingham Holdings I Pty Limited
Director's report
For the year ended 27 June 2015

Your directors present their report on the consolidated entity (referred to hereafter as the group) consisting of Ingham Holdings I Pty Limited and the entities it controlled at the end of, or during, the financial year.

Directors

The following persons were directors of Ingham Holdings I Pty Limited during the whole of the financial year and up to the date of this report:

Ricky Wai Kei Lau
 Kevin Fraser McBain
 Bernard Joseph Brookes

Michael Peter McMahon was appointed director on 28 January 2015 and continues in office at the date of this report.

Principal activities

The principal activities of the group during the year consisted of breeding, growing and processing poultry, stockfeed, ingredients for pet food and research and development.

Dividends

Dividends paid to members during the financial year were as follows:

	2015
	\$'000
Ordinary dividend for the year ended 27 June 2015 of 98 cents per fully paid share was paid on 24 November 2014.	314,643

Review of operations

The net profit of the group for the year was \$146,878,000 (2014 \$80,000) after income tax expense of \$51,068,000 (2014 \$21,980,000).

Significant changes in the state of affairs

No significant changes in the state of affairs of the group occurred during the financial year.

Events since the end of the financial year

No matter or circumstance has arisen since 27 June 2015 that has significantly affected, or may significantly affect the group's operations, results on state of affairs, in future financial years.

Likely developments and expected results of operations

There are no material expected developments in the operations of the group.

Environmental regulation

The group is subject to particular and significant environmental regulations. All relevant authorities have been provided with regular updates, and to the best of the directors' knowledge all activities have been undertaken in compliance with or in accordance with a process agreed with the relevant authority.

Ingham Holdings I Pty Limited
Director's report
For the year ended 27 June 2015

Shares on issue

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant Date	Expiry Date	Exercise price	2015	Exercise price	2014
			Number of shares		Number of shares
1 July 2013	30 September 2014 to 30 September 2019	\$1.00	12,940,000	\$1.00	13,280,000
17 October 2014	16 October 2015 to 16 October 2019	\$1.13	1,637,000	-	-
12 January 2014	11 January 2016 to 20 January 2019	\$0.81	565,125	-	-
21 January 2015	20 January 2016 to 20 January 2019	\$0.81	3,088,174	-	-
18 May 2015	17 May 2016 to 17 May 2020	\$0.81	1,481,482	-	-
			<u>19,711,781</u>		<u>13,280,000</u>

No shareholder has any right to participate in any other share issue of the company or any other entity.

Included in the above were options granted as remuneration to the following directors and officers of the company and the group during the period:

Name of officer	Date granted	Issue price of shares	Number of shares
A Clarke	17 October 2014	\$1.13	1,337,000
M P McMahon	21 January 2015	\$0.81	3,088,174
I Brannan	18 May 2015	\$0.81	1,481,482

No options were granted to the directors or officers of the company since the end of the financial year.

Insurance of officers

During the financial year, a subsidiary paid a premium of \$46,639 to insure the directors and officers ("the officers") of the group.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Indemnity of auditors

The group has agreed to indemnify their auditors, PricewaterhouseCoopers, to the extent permitted by law, against any claim by a third party arising from Ingham Holdings I Pty Limited breach of their agreement. The indemnity stipulates that Ingham Holdings I Pty Limited will meet the full amount of such liabilities including a reasonable amount of legal costs.

Auditor's independence declaration

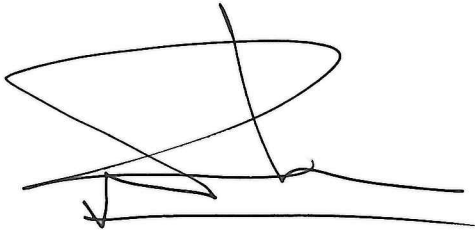
A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

Ingham Holdings I Pty Limited
Director's report
For the year ended 27 June 2015

Rounding of amounts

The group is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of directors.

A handwritten signature in black ink, consisting of a large, stylized loop followed by a horizontal line and a small downward tick.

Michael Peter McMahon
Director

A handwritten signature in blue ink, appearing to read "K Frasier McBain" in a cursive style.

Kevin Frasier McBain
Director

Liverpool
3 September 2015



Auditor's Independence Declaration

As lead auditor for the audit of Ingham Holdings I Pty Limited for the year ended 27 June 2015, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Ingham Holdings I Pty Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'D Wiadrowski', written over a light blue horizontal line.

David Wiadrowski
Partner
PricewaterhouseCoopers

Sydney
3 September 2015

Contents	Page
Financial statements	
Consolidated income statement	7
Consolidated statement of comprehensive income	8
Consolidated statement of financial position	9
Consolidated statement of changes in equity	10
Consolidated statement of cash flows	11
Notes to the consolidated financial statements	12
Directors' declaration	49
Independent auditor's report to the members	50

These financial statements are consolidated financial statements for the group consisting of Ingham Holdings I Pty Limited and its subsidiaries. A list of subsidiaries is included in note 23.

The financial statements are presented in the Australian currency.

The financial statements were authorised for issue by the directors on 3 September 2015. The directors have the power to amend and reissue the financial statements.

Ingham Holdings I Pty Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

C/- TPG Capital (Australia) Pty Ltd
Level 31/101 Collins Street
Melbourne Victoria 3000

Ingham Holdings I Pty Limited
Consolidated income statement
For the year ended 27 June 2015

	Notes	2015 \$'000	2014 \$'000
Revenue from continuing operations			
Sales revenue	4	2,279,769	2,275,101
Other revenue	4	4,445	3,782
		2,284,214	2,278,883
Other income	5	195,947	322
Expenses			
Cost of sales		(1,937,739)	(1,891,922)
Other expenses from ordinary activities			
Distribution		(140,265)	(143,065)
Selling		(33,222)	(23,722)
Administration		(81,527)	(76,712)
Other		(16,844)	(61,429)
Finance costs	5	(72,984)	(60,665)
Share of net profit of joint venture accounted for using the equity method		366	370
Profit before income tax		197,946	22,060
Income tax expense	6	(51,068)	(21,980)
Profit for the year attributable to:			
Owners of Ingham Holdings I Pty Limited		146,878	80

The above consolidated income statement should be read in conjunction with the accompanying notes.

Ingham Holdings I Pty Limited
Consolidated statement of comprehensive income
For the year ended 27 June 2015

	Notes	2015 \$'000	2014 \$'000
Profit for the year		146,878	80
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Change in the fair value of cash flow hedges	21(a)	1,873	(11,847)
Exchange differences on translation of foreign operations	21(a)	(5,306)	16,892
Income tax relating to changes in fair value of cash flow hedges	21(a)	(562)	3,563
Other comprehensive income for the year, net of tax		(3,995)	8,608
Total comprehensive income for the year is attributable to:			
Owners of Ingham Holdings I Pty Limited		142,883	8,688

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Ingham Holdings I Pty Limited
Consolidated statement of financial position
As at 27 June 2015

	Notes	2015 \$'000	2014 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	7	96,279	101,565
Trade and other receivables	8	197,321	206,704
Inventories	9	263,580	279,661
Assets classified as held for sale	10	4,488	337,417
Derivate financial instruments	17	2,691	-
Total current assets		564,359	925,347
Non-current assets			
Investments accounted for using the equity method	11	1,489	1,436
Property, plant and equipment	12	300,254	311,177
Deferred tax assets	13	27,907	62,814
Total non-current assets		329,650	375,427
Total assets		894,009	1,300,774
LIABILITIES			
Current liabilities			
Trade and other payables	14	219,634	199,759
Borrowings	15	12,460	16,394
Current tax liability		18,620	3,870
Provisions	16	93,498	89,367
Derivate financial instruments	17	6,179	5,401
Total current liabilities		350,391	314,791
Non-current liabilities			
Trade and other payables	14	2,705	2,492
Borrowings	15	537,836	602,232
Provisions	16	20,481	20,505
Derivative financial instruments	17	4,828	4,790
Deferred tax liabilities	18	33,191	41,225
Total non-current liabilities		599,041	671,244
Total liabilities		949,432	986,035
(Net liabilities)/Net assets		(55,423)	314,739
EQUITY			
Contributed equity	19	106,533	305,469
Other reserves	21(a)	5,729	9,190
(Accumulated losses)/Retained earnings	21(b)	(167,685)	80
(Deficiency of equity)/Total equity		(55,423)	314,739

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Ingham Holdings I Pty Limited
Consolidated statement of changes in equity
For the year ended 27 June 2015

		Attributable to owners of Ingham Holdings I Pty Limited			Total Equity/ (Deficiency of equity) \$'000
		Contributed equity \$'000	Other reserves \$'000	Retained Earnings/ (Accumulated losses) \$'000	
	Notes				
Profit for the period		-	-	80	80
Other comprehensive income		-	8,608	-	8,608
Total comprehensive income for the period		-	8,608	80	8,688
Transactions with owners in their capacity as owners:					
Contributions of equity	19	305,469	-	-	305,469
Employee share scheme	21(a)	-	582	-	582
		305,469	582	-	306,051
Balance at 28 June 2014		305,469	9,190	80	314,739
Profit for the year		-	-	146,878	146,878
Other comprehensive income		-	(3,995)	-	(3,995)
Total comprehensive income for the year		-	(3,995)	146,878	142,883
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	20	-	-	(314,643)	(314,643)
Contribution of equity	19	20,549	-	-	20,549
Capital redemption	19	(215,326)	-	-	(215,326)
Treasury shares	19	(4,159)	-	-	(4,159)
Employee share scheme	21(a)	-	534	-	534
		(198,936)	534	(314,643)	(513,045)
Balance at 27 June 2015		106,533	5,729	(167,685)	(55,423)

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Ingham Holdings I Pty Limited
Consolidated statement of cash flows
For the year ended 27 June 2015

	2015	2014
Notes	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	2,399,482	2,388,919
Payments to suppliers and employees (inclusive of goods and services tax)	(2,253,745)	(2,279,682)
	145,737	109,237
Interest and finance charges paid	(40,374)	(51,414)
Income taxes paid	(10,017)	(11,118)
Net cash inflows from operating activities	22 95,346	46,705
Cash flows from investing activities		
Payment for acquisition of subsidiary, net of cash acquired	-	(367,570)
Payments for property, plant and equipment	(44,401)	(37,605)
Proceeds from sale of property, plant and equipment	2,005	2,185
Proceeds from sale of assets held for sale	556,906	-
Net cash inflows/ (outflows) from investing activities	514,510	(402,990)
Cash flows from financing activities		
Dividends paid	(314,643)	-
Proceeds from issue of shares	-	305,469
Proceeds from borrowings	519,816	615,308
Repayment of borrowings	(597,520)	(460,996)
Finance lease payments	(21,009)	(6,469)
Repayment of capital	(215,326)	-
Issue of shares	16,389	-
Net cash (outflows)/inflows from financing activities	(612,293)	453,312
Net increase in cash and cash equivalents	(2,437)	97,027
Cash and cash equivalents at the beginning of the financial year	101,565	-
Effects of exchange rate changes on cash and cash equivalents	(2,849)	4,538
Cash and cash equivalents at end of year	7 96,279	101,565

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the group consisting of Ingham Holdings I Pty Limited and its subsidiaries.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Ingham Holdings I Pty Limited is a for-profit entity for the purpose of preparing the financial statements.

(i) *Compliance with Australian Accounting Standards – Reduced Disclosure Requirements*

The consolidated financial statements of the Ingham Holdings I Pty Limited group comply with Australian Accounting Standards – Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

(ii) *Historical cost convention*

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

- Financial assets and liabilities (including derivative instruments), certain classes of property, plant and equipment and investment property – measured at fair value.
- Assets held for sale – measured at fair value less cost of disposal.

(iii) *Critical accounting estimates and judgements*

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

(iv) *Adoption of accounting standards*

The group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2014:

- AASB 2013-3 *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*
- AASB 2013-4 *Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting*
- Interpretation 21 *Accounting for Levies*
- AASB 2014-1 *Amendments to Australian Accounting Standards*

The adoption of AASB 2013-3 had a small impact on the impairment disclosures. Other than that, the adoption of these standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

Ingham Holdings I Pty Limited
Notes to the consolidated financial statements
As at 27 June 2015

1 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(v) Deficiency of shareholder's equity

The consolidated financial statements of the Inghams Holding I Pty Limited group at 27 June 2015 have a deficiency of shareholders equity of \$55,423,000 which reflects a number of one-off transactions and events that occurred during the period. The directors believe that it is appropriate to prepare the financial statements on a going concern basis and the group will be able to meet its debts and commitments as they fall due for the following reasons:

- The group has a surplus of current asset over current liabilities of \$231,968,000.
- The group is well within its banking covenants.
- The group will generate sufficient cash flows in 2016 to recoup this shortfall.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the financial statements of the group and its subsidiaries as at 27 June 2015 and the results of all subsidiaries for the year then ended. Inghams Holdings I Pty Limited and its subsidiaries together are referred to in these financial statements as the group.

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group (refer to note 1(g)).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

(ii) Joint ventures

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from a joint venture are recognised as a reduction in the carrying amount of the investment.

1 Summary of significant accounting policies (continued)

(c) Foreign currency translation

(i) *Functional and presentation currency*

Items included in the consolidated financial statements of each of the group's entities are measured using the currency of the primary economic environment in which it operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Ingham Holdings I Pty Limited's functional and presentation currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation, at period end exchange rates, of monetary assets and liabilities denominated in foreign currencies, are recognised in consolidated income statement, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

(iii) *Group companies*

The results and financial position of foreign operations of the group (none of which has the currency of a hyperinflationary economy), that have a functional currency different from the presentation currency are translated into the presentation currency as follows

- assets and liabilities for the statement of financial position are translated at the closing rate at the date of that balance sheet
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates, and
- All resulting exchange differences are recognised in other comprehensive income.

(d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the group's activities as described below. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities:

(i) *Sale of goods*

A sale is recorded when goods have been dispatched to a customer pursuant to a sales order and the associated risks have passed to the carrier or customer.

(ii) *Dividends*

Dividends are recognised as revenue when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits.

1 Summary of significant accounting policies (continued)

(e) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income. In this case, the tax is also recognised in other comprehensive income.

Ingham Holdings I Pty Limited
Notes to the consolidated financial statements
As at 27 June 2015

1 Summary of significant accounting policies (continued)

(e) Income tax (continued)

(i) Tax consolidation legislation

Ingham Holdings I Pty Limited, the ultimate Australian controlling entity, and its subsidiaries, have implemented the tax consolidation legislation.

Ingham Holdings I Pty Limited and its subsidiaries in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right. In addition to its own current and deferred tax amounts, Ingham Holdings I Pty Limited, the ultimate Australian controlling entity, also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from subsidiaries in the tax consolidated group.

Assets or liabilities arising under tax funding arrangements within the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the group. Under the tax funding arrangement the members of the tax consolidated group compensate Ingham Holdings I Pty Limited for any current tax payable assumed, and are compensated by Ingham Holdings I Pty Ltd for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Ingham Holdings I Pty Limited.

(f) Leases

Leases of property, plant and equipment where the group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases. Payments made under operating leases are charged to profit and loss on a straight-line basis over the period of the lease.

Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the balance sheet based on their nature.

1 Summary of significant accounting policies (continued)

(g) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

The excess of the consideration transferred and the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in consolidated income statement as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in consolidated income statement.

(h) Impairment of assets

Assets are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(i) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

1 Summary of significant accounting policies (continued)

(j) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. Trade receivables are due for settlement within an average of 40 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired.

The amount of the provision is recognised in the consolidated income statement within selling expenses.

(k) Inventories

Poultry, feed and other classes of inventories are stated at the lower of cost and net realisable value. Cost comprises all overheads except selling, distribution, general administration and interest. Net realisable value is the estimated selling price in the ordinary course of business less the estimate costs of completion and the necessary costs to make the sale.

(l) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges) or
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

The group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in note 17. Movements in the hedging reserve in shareholders' equity are shown in note 21. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

1 Summary of significant accounting policies (continued)

(l) Derivatives and hedging activities (continued)

(i) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in comprehensive income statement, together with any changes in the fair value of the hedge asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps and hedging fixed rate borrowings is recognised in the comprehensive income statement within finance costs, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in comprehensive income statement within other income or other expenses. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to the consolidated income statement over the period to maturity using a recalculated effective interest rate.

(ii) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in comprehensive income statement within other income or other expense.

Amounts accumulated in equity are reclassified to the comprehensive income statement in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss within 'finance costs'. The gain or loss relating to the effective portion of forward foreign exchange contracts hedging export sales is recognised in profit or loss within 'sales'. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset, the gains and losses previously deferred in equity are reclassified from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in profit or loss as cost of goods sold in the case of inventory, or as depreciation or impairment in the case of fixed assets.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

(m) Property, plant and equipment

Land and buildings are shown at fair value based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Ingham Holdings I Pty Limited
Notes to the consolidated financial statements
As at 27 June 2015

1 Summary of significant accounting policies (continued)

(m) Property, plant and equipment (continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

Buildings and leasehold buildings	5-50 years
Plant and equipment	1-20 years
Leased plant and equipment	5-15 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

As asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

(n) Assets classified as held for sale

Assets classified as held for sale are stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. Assets are not depreciated or amortised while they are classified as held for sale.

(o) Investments

Investments in subsidiaries and joint venture entities are accounted for at cost. Dividends received from subsidiaries and joint venture entities are recognised in the parent entity's profit, rather than being deducted from the carrying amount of these investments.

(p) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial period which are unpaid. The amounts are unsecured and are usually paid within 45 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

1 Summary of significant accounting policies (continued)

(q) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(r) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(s) Provisions

Provisions for make good obligations are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of each reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Workers compensation provisions are determined by actuarial assessment every financial period. The provision represents the expected liability of the entity in relation to each states self-insurance licence.

1 Summary of significant accounting policies (continued)

(t) Employee benefits

(i) *Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is presented as provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) *Other long-term employee benefit obligations*

The liabilities for long service leave and annual leave which is not expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the consolidated statement of financial position if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) *Share-based payments*

Share-based compensation benefits are provided to directors and select key management under the Long Term Management Incentive Plan.

Select key management of the group have been granted an interest-free loan to subscribe to shares of Ingham Holdings I Pty Limited. This loan is non-recourse other than to the shares held by that employee, and the proceeds of the loan must be used to buy shares. As the only recourse on the loans is the shares and there is vesting conditions, the arrangement has been accounted for as share options, as required under accounting standards. The shares vest based on earnings and length of service.

The fair value of shares granted under the Ingham Long Term Management Incentive Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the shares granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting condition.

1 Summary of significant accounting policies (continued)

(t) Employee benefits (continued)

(iii) Share-based payments (continued)

Non-market vesting conditions are included in assumptions about the number of shares that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of shares that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The Employee Option Plan is administered by the Ingham 2 Pty Ltd Share Trust, which is consolidated in accordance with the principles in note 1(b)(i). When the options are exercised, the trust transfers the appropriate amount of shares to the employee. The proceeds received net of any directly attributable transaction costs are credited directly to equity.

(iv) Short term incentive scheme

The group recognises a liability and an expense for bonuses based on a formula that takes into consideration the earnings of the entity after certain adjustments.

(u) Contributed equity

Ordinary shares are classified as equity.

(v) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(w) Good and Services Tax (GST)

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Ingham Holdings I Pty Limited
Notes to the consolidated financial statements
As at 27 June 2015

1 Summary of significant accounting policies (continued)

(x) Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

(y) Parent entity financial information

The financial information for the parent entity, Ingham Holdings I Pty Limited, has been prepared on the same basis as the consolidated financial statements.

Ingham Holdings I Pty Limited
Notes to the consolidated financial statements
As at 27 June 2015

2 Financial risk management

The group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and commodity price risk), credit risk and liquidity risk. The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the group.

Risk management is carried out by a central treasury department. Treasury identifies, evaluates and hedges financial risks in close co-operation with the group's operating units. Treasury provides overall risk management, covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments in accordance with the group's facilities agreement and company policies.

The group uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures. Derivatives are exclusively used for economic hedging purposes and not as trading or speculative instruments. The group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, and aging analysis for credit risk.

(a) Market risk

(i) Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Management has a policy requiring group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their foreign exchange risk exposure arising from future commercial transactions and recognised assets and liabilities using forward contracts.

(ii) Cash flow and fair value interest rate risk

The group's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates, expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the group to fair value interest rate risk if the borrowings are carried at fair value. Group policy is to maintain at least 75% of its borrowings at fixed rate using interest rate swaps to achieve this. During the year ending 27 June 2015, the group's borrowings at variable rate were denominated in Australian Dollars.

As at the end of the reporting period, the group had the following variable rate borrowings and interest rate swap contracts outstanding:

	2015		2014	
	Weighted average interest rate		Weighted average interest rate	
	%	\$'000	%	\$'000
Bank loans	6.0582	523,400	6.8130	592,920
Interest rate swaps (notional principal amount)	7.0424	(410,000)	7.7699	(475,000)
Net exposure to cash flow interest rate risk		113,400		117,920

Ingham Holdings I Pty Limited
Notes to the consolidated financial statements
As at 27 June 2015

2 Financial risk management (continued)

(a) Market risk (continued)

(iii) *Cash flow and fair value interest rate risk*

The group's fixed rate borrowings and receivables are carried at amortised cost. They are therefore not subject to interest rate risk as defined in AASB 7, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

(iv) *Commodity Price*

The group's exposure to commodity price risk arises from commercial transactions required for the operations of the business. To manage its commodity price risk the group enters into forward contracts to purchase grain. This is performed through monitoring movements in price.

(b) Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The group has a credit policy which provides guidelines for the management of credit risk. The guidelines provide for the manner in which the credit risk of customers is assessed and the use of credit ratings and other information in order to set appropriate account limits. Customers that do not meet minimum credit criteria are required to pay up front. Customers who fail to meet their account terms are reviewed for continuing credit worthiness.

The maximum exposure to credit risk at the reporting date is the carrying amount of the accounts receivable. The group does not consider that there is any significant concentration of credit risk.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. At the end of the reporting period the group held deposits of \$70,000,000 (2014 \$75,000,000) on 30 day and 60 day terms which are readily available to generate cash inflows for managing liquidity risk.

Management monitors rolling forecasts of the group's liquidity reserve (comprising the group's undrawn re-drawable term cash advance facility below) and cash and cash equivalents on the basis of expected cash flows. In addition, the group's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios.

The group had access to the following undrawn borrowing facilities at the end of the reporting period:

	2015 \$'000	2014 \$'000
Floating rate		
- Expiring within one year (bank overdraft)	7,738	7,511
- Expiring beyond one year (cash advance facility)	42,262	92,489
	<u>50,000</u>	<u>100,000</u>

The bank overdraft facilities may be drawn at any time. The re-drawable term cash advance facility may be drawn at any time. These facilities are available until the earlier of the date which is 30 days before termination date of the facilities agreement or the commitments are cancelled in full.

3 Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that the directors believe to be reasonable under the circumstance.

(i) Taxes

The Australian Taxation Office is currently undertaking a risk review of the previous tax consolidation that occurred during January 2009. Ingham Holdings I Pty Limited tax consolidated group is indemnified against any liability arising from this review.

The landholder duty payable in respect of assets acquired in June 2013 remains unresolved with a number of state revenue authorities. The Company is liaising with these authorities to resolve the matter. The Company is indemnified against any liability arising above the amount provided for in the financial statements.

(ii) Held-for-sale assets

The group follows the guidance in *AASB 5 Non-current assets held for sale and discontinued operations* to determine when an asset is classified as held for sale. This determination requires judgement. In making this judgement, the directors evaluate, among other factors, whether the sale is highly probable and if it will be completed within 1 year from date of classification. In addition, at present, the directors believe that the fair value less costs to sell off assets in this category is higher than the current value, and as such no impairment is required through this reclassification.

(iii) Business combination – Identifiable net assets

The group followed the guidance in *AASB 3 Business combination* to determine the net identifiable assets on acquisition of Ingham Enterprises Pty Limited. The directors specifically used its judgement and made assumptions that were mainly based on market conditions in the valuation of property, plant and equipment. It obtained independent valuations to assist in this process.

Ingham Holdings I Pty Limited
Notes to the consolidated financial statements
As at 27 June 2015

	2015	2014
	\$'000	\$'000
4 Revenue from operations		
<i>Sales revenue</i>		
Sale of goods	2,279,769	2,275,101
<i>Other revenue</i>		
Interest	2,502	1,464
Dividends	8	8
Rent	1,935	2,310
	4,445	3,782
	2,284,214	2,278,883
5 Other Income and Expenses		
(a) Other Income		
Net gain on disposal of assets held for sale and property sales	195,508	-
Net gain on commodity trading	439	322
	195,947	322
(b) Breakdown of expenses by nature		
<i>Employee benefits expenses</i>		
Employee benefits expense	538,342	538,888
Employee benefits expense related to acquisition	-	9,100
Total employee benefits expenses	538,342	547,988
<i>Depreciation and amortisation</i>		
Buildings and leasehold buildings	1,098	4,253
Plant and equipment	30,202	38,579
	31,300	42,832
Make good provision amortisation	1,992	2,523
Total depreciation and amortisation	33,292	45,355
<i>Finance costs</i>		
Expensed	43,386	53,585
Amortisation of deferred finance costs	29,598	7,080
Total finance costs	72,984	60,665
<i>Impairment losses – financial assets</i>		
Trade receivables	478	204
Inventories	6,571	3,207
Net loss on disposal of property, plant and equipment	147	143
Net loss on sale of piggery business	377	-
Rental expense relating to operating leases	46,874	14,392
Transformation costs	13,734	-
Acquisition costs	-	49,206
Monitoring fee paid to ultimate parent entity	3,110	3,033
Share-based payments	534	582

Ingham Holdings I Pty Limited
Notes to the consolidated financial statements
As at 27 June 2015

	2015 \$'000	2014 \$'000
6 Income tax expense		
(a) Income tax expense:		
Current tax	59,360	(17,824)
Deferred tax	(4,000)	39,626
Adjustments for current tax of prior periods	(4,292)	178
	<u>51,068</u>	<u>21,980</u>
Deferred income tax (revenue) expense included in income tax expenses comprised:		
Increase in deferred tax assets (note 13)	3,903	(1,887)
Increase in deferred tax liabilities (note 18)	(7,903)	41,513
	<u>(4,000)</u>	<u>39,626</u>
(b) Numerical reconciliation of income tax expense to prima facie tax payable:		
Profit from continuing operations before income tax expense	197,946	22,060
Tax at the Australian tax rate of 30% (2014 – 30%)	59,384	6,618
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible expenses	(481)	2,536
Reassessment of income losses	3,110	-
Share of net profit of joint venture	(110)	(112)
	<u>61,903</u>	<u>9,042</u>
Net tax differential and legislative adjustment of overseas operations	(5,985)	(1,534)
Difference in overseas tax rates	(558)	(627)
Adjustments for current tax of prior periods	(4,292)	178
Income tax expense applicable to continuing activities	<u>51,068</u>	<u>7,059</u>
Income tax expense applicable to acquisition of subsidiaries:		
Non-deductible acquisition costs	-	14,921
Income tax expense	<u>51,068</u>	<u>21,980</u>
(c) Tax (benefit)/expense relating to items of other comprehensive income:		
Cash flow hedges	<u>(562)</u>	<u>3,563</u>

Ingham Holdings I Pty Limited
Notes to the consolidated financial statements
As at 27 June 2015

	2015	2014
	\$'000	\$'000
7 Cash and cash equivalents		
Current assets		
Cash at bank and in hand	3,122	3,818
Deposit at call	93,157	97,747
	96,279	101,565

(a) Classification as cash equivalents

Term deposits are presented as cash equivalents as they have a maturity of less than three months.

8 Trade and other receivables

Current assets

Trade receivables	189,781	196,367
Provision for impairment	(363)	(411)
	189,418	195,956
Other receivables	4,326	10,436
Prepayments	3,577	312
	197,321	206,704

(a) Fair value of trade and other receivables

Due to the short-term nature of current receivables, their carrying amount is assumed to approximate their fair value.

Ingham Holdings I Pty Limited
Notes to the consolidated financial statements
As at 27 June 2015

	2015	2014
	\$'000	\$'000
9 Inventories		
Poultry	200,150	202,127
Feed	43,003	50,074
Other	31,383	32,165
	274,536	284,366
Provision for impairment of inventories	(10,956)	(4,705)
	263,580	279,661

Inventories on hand include processed poultry. Sale of poultry to outside parties occur at all stages and consequently it is not possible to identify any part of inventories as 'work in progress'. Other inventories include eggs, medication, packaging and sundry inventories.

10 Assets classified as held for sale

Assets classified as held for sale	4,488	337,417
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- (a) In March 2014, the directors decided to sell a portfolio of properties conditional upon a lease back arrangement for a minimum 20 years. The sale was settled by the end of November 2014.
- (b) The carrying amount of assets classified as held for sale in 2015 represents poultry land which is surplus to business requirements and is actively being marketed for sale.

11 Investments accounted for using the equity method

Interest in joint venture (note 24)	1,489	1,436
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Ingham Holdings I Pty Limited
Notes to the consolidated financial statements
As at 27 June 2015

12 Property, plant and equipment

	Freehold land \$'000	Freehold buildings \$'000	Leasehold buildings \$'000	Plant and equipment \$'000	Leasehold properties \$'000	Total \$'000
Period ended 28 June 2014						
Business combination acquisition	202,065	186,331	8,334	234,704	15,280	646,714
Exchange differences	1,635	5,014	179	5,130	-	11,958
Additions	106	3,696	-	33,803	-	37,605
To assets held for sale	(142,414)	(161,569)	(6,365)	(20,869)	(6,200)	(337,417)
Disposals	(1,004)	(918)	-	(406)	-	(2,328)
Depreciation charge	-	(3,982)	(271)	(38,579)	(2,523)	(45,355)
Closing net book amount	60,388	28,572	1,877	213,783	6,557	311,177
At 28 June 2014						
Cost or fair value	60,388	29,870	1,995	260,128	9,080	361,461
Accumulated depreciation	-	(1,298)	(118)	(46,345)	(2,523)	(50,284)
Net book amount	60,388	28,572	1,877	213,783	6,557	311,177
Year ended 27 June 2015						
Opening net book amount	60,388	28,572	1,877	213,783	6,557	311,177
Exchange differences	(89)	(355)	(190)	(1,644)	-	(2,278)
Additions	774	277	4,432	38,648	270	44,401
Reclassification	-	(98)	98	-	-	-
From assets held for sale	1,375	2,409	-	66	-	3,850
To assets held for sale	(3,380)	(1,108)	-	-	-	(4,488)
Disposals	(10,458)	(4,105)	(22)	(4,531)	-	(19,116)
Depreciation charge	-	(797)	(301)	(30,202)	(1,992)	(33,292)
Closing net book amount	48,610	24,795	5,894	216,120	4,835	300,254
At 27 June 2015						
Cost or fair value	48,610	26,159	6,262	280,581	9,350	370,962
Accumulated depreciation	-	(1,364)	(368)	(64,461)	(4,515)	(70,708)
Net book amount	48,610	24,795	5,894	216,120	4,835	300,254

Ingham Holdings I Pty Limited
Notes to the consolidated financial statements
As at 27 June 2015

12 Property, plant and equipment (continued)

(a) Assets in the course of construction

The carrying amounts of the assets disclosed above includes the following expenditure recognised in relation to property, plant and equipment which is in the course of construction.

	2015	2014
	\$'000	\$'000
Land	769	-
Buildings and leasehold buildings	2,830	2,381
Plant and equipment	9,559	17,953
	13,158	20,334

(b) Valuations of land and buildings

The valuation basis of land and buildings is fair value being the amounts for which the assets could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition. The group and the Directors determined that the carrying value of the land and buildings represent its fair value considering land and buildings were valued at market value on the acquisition of Inghams Enterprises Pty Limited two years ago and the majority of land and buildings were sold through a sale/leaseback arrangement in the current year. The 2015 and 2014 valuations were therefore made by the directors on existing use values. Any valuation surplus was credited to other reserves in shareholders' equity.

(c) Assets pledged as security

Refer to note 15 for information on assets pledged as security by the group.

13 Deferred tax assets

	2015	2014
	\$'000	\$'000
The balance comprises temporary differences attributable to:		
Amounts recognised directly in profit and loss		
Tax losses	-	33,475
Employee benefits	23,671	24,210
Accruals	1,632	1,961
Doubtful debts	109	111
	25,412	59,757
Amounts recognised directly in equity		
Cash flow hedges	2,495	3,057
	27,907	62,814

Ingham Holdings I Pty Limited
Notes to the consolidated financial statements
As at 27 June 2015

13 Deferred tax assets (continued)

Movements:

	Tax losses \$'000	Doubtful debts \$'000	Employee benefits \$'000	Cash flow hedges \$'000	Other accruals \$'000	Total \$'000
Period ended 28 June 2014						
Acquired through business combination	3,909	105	23,492	(506)	639	27,639
(Charged)/credited						
-to profit or loss	29,566	5	573	-	1,309	31,453
-to other comprehensive income	-	-	-	3,563	-	3,563
Exchange differences	-	1	145	-	13	159
Carrying amount at 28 June 2014	<u>33,475</u>	<u>111</u>	<u>24,210</u>	<u>3,057</u>	<u>1,961</u>	<u>62,814</u>
Year ended 27 June 2015						
Carrying amount at 28 June 2014	33,475	111	24,210	3,057	1,961	62,814
(Charged)/credited						
-losses utilised current year	(30,365)	-	-	-	-	(30,365)
-to profit or loss	(3,110)	(2)	(476)	-	(315)	(3,903)
-to other comprehensive income	-	-	-	(562)	-	(562)
Exchange differences	-	-	(63)	-	(14)	(77)
Carrying amount at 27 June 2015	<u>-</u>	<u>109</u>	<u>23,671</u>	<u>2,495</u>	<u>1,632</u>	<u>27,907</u>

Ingham Holdings I Pty Limited
Notes to the consolidated financial statements
As at 27 June 2015

14 Trade and other payables

	2015			2014		
	Current \$'000	Non-Current \$'000	Total \$'000	Current \$'000	Non-Current \$'000	Total \$'000
Trade payables	198,372	-	198,372	171,958	-	171,958
Other payables	21,262	2,705	23,967	27,801	2,492	30,293
	219,634	2,705	222,339	199,759	2,492	202,251

(a) Risk exposure

The carrying amounts of trade and other payables are assumed to be the same as their fair values due to their short term nature.

15 Borrowings

	2015			2014		
	Current \$'000	Non-Current \$'000	Total \$'000	Current \$'000	Non-Current \$'000	Total \$'000
<i>Secured</i>						
Bank loans	12,460	501,516	513,976	10,420	554,179	564,599
Lease liabilities (note 26)	-	-	-	710	1,785	2,495
Total secured borrowings	12,460	501,516	513,976	11,130	555,964	567,094
<i>Unsecured</i>						
Deferred payment	-	36,320	36,320	-	33,018	33,018
Other loans	-	-	-	5,264	13,250	18,514
Total unsecured borrowings	-	36,320	36,320	5,264	46,268	51,532
Total borrowings	12,460	537,836	550,296	16,394	602,232	618,626

(a) Secured liabilities and assets pledged as security

Bank loans are secured by first mortgages over the group's freehold land and buildings and assets classified held for sale. The carrying amounts of assets pledged as security for current and non-current borrowings are \$880,125,000 (2014 \$1,251,446,000) which represents total assets of the group adjusted for leasehold properties and excluding insurance entities.

Ingham Holdings I Pty Limited
Notes to the consolidated financial statements
As at 27 June 2015

15 Borrowings (continued)

(b) Fair value

For external borrowings, the fair values are not materially different to their carrying amounts, since the interest payable on the borrowings is either close to current market rates or the borrowings are of a short-term nature. The group has entered into interest rate swaps in relation to the interest payable.

(c) Deferred payment

This loan bears interest at 10% per annum and has a maturity date, the earliest to occur of the following:

- (a) TPG ceases to directly or indirectly control more than 50% of the shares representing the economic ownership of Ingham Enterprises Pty Limited, or:
- (b) The date that is six years after the completion date (27 June 2013).

16 Provisions

	2015			2014		
	Current \$'000	Non-Current \$'000	Total \$'000	Current \$'000	Non-Current \$'000	Total \$'000
Workers compensation						
Queensland	6,357	-	6,357	-	-	-
New South Wales	5,710	-	5,710	6,542	-	6,542
South Australia	5,701	-	5,701	5,209	-	5,209
Victoria	4,778	-	4,778	4,472	-	4,472
Western Australia	1,442	-	1,442	2,431	-	2,431
Tasmania	541	-	541	374	-	374
	24,529	-	24,529	19,028	-	19,028
Employee benefits	68,969	11,131	80,100	70,339	11,425	81,764
Make good provision	-	9,350	9,350	-	9,080	9,080
	93,498	20,481	113,979	89,367	20,505	109,872

(a) Workers compensation

Workers compensation provisions are determined by actuarial assessment by Mr William Szuch Bsc, BA, MBA, FIA. FIAA Principle of WSA Financial Consulting Pty Limited and Mr Bruce Harris, BEng(Hons) FIAA Consultant of am actuaries, considering the liability for reported claims still outstanding, settled claims that may be reopened in the future, claims incurred but not reported as at balance date and a provision for future expenses, adjustments for claims cost escalation and investment earnings on the claims provision.

(b) Make good provision

Inghams Enterprises Pty Limited and its controlled entities are required to restore certain leased premises to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the shorter of the term of the lease or the useful life of the assets.

Ingham Holdings I Pty Limited
Notes to the consolidated financial statements
As at 27 June 2015

16 Provisions (continued)

(c) Movements

Movements in each class of provision during the financial year other than employee benefits are set out below:

	Workers Compensation \$'000	Make good Provisions \$'000	Total \$'000
Period ended 28 June 2014			
Acquired through business combination	20,793	9,080	29,873
Charged/(credited) to profit or loss			
- Additional provisions recognised	7,014	-	7,014
Amounts used during the period	(8,779)	-	(8,779)
Carrying amount at 28 June 2014	19,028	9,080	28,108
Year ended 27 June 2015			
Carrying amount at 28 June 2014	19,028	9,080	28,108
Received from WorkCover Queensland	6,997	-	6,997
Charged/(credited) to profit or loss			
- Additional provisions recognised	9,579	270	9,849
Amounts used during the period	(11,075)	-	(11,075)
Carrying amount at 27 June 2015	24,529	9,350	33,879

17 Derivative financial instruments

(a) Derivatives

Derivatives are only used for economic hedging purposes and not as trading or speculative instruments. The group has the following derivative financial instruments:

	2015			2014		
	Current \$'000	Non-Current \$'000	Total \$'000	Current \$'000	Non-Current \$'000	Total \$'000
Interest rate swap contracts						
- Cash flow hedges	6,179	4,828	11,007	4,666	4,790	9,456
Forward foreign exchange contracts						
- Cash flow hedges	(2,691)	-	(2,691)	735	-	735
	3,488	4,828	8,316	5,401	4,790	10,191

(i) Classification of derivatives

Derivatives are classified as held for trading and accounted for at fair value through profit or loss unless they are designated as hedges. They are presented as current assets or liabilities if they are expected to be settled within 12 months after the end of the reporting period.

The group's accounting policy for its cash flow hedges is set out in note 1(l). For hedged forecast transactions that result in the recognition of a non-financial asset, the group has elected to include related hedging gains and losses in the initial measurement of the cost of the asset.

Ingham Holdings I Pty Limited
Notes to the consolidated financial statements
As at 27 June 2015

18 Deferred tax liabilities

	2015 \$'000	2014 \$'000
The balance comprises temporary differences attributable to:		
Property, plant and equipment	(2,168)	6,463
Borrowing costs	-	125
Inventories	35,359	34,637
Total deferred tax liabilities	<u>33,191</u>	<u>41,225</u>
Deferred tax liabilities expected to be settled within 12 months	35,359	43,182
Deferred tax liabilities expected to be settled after more than 12 months	(2,168)	(1,957)
Net deferred tax liabilities	<u>33,191</u>	<u>41,225</u>

Movements:

	Property, plant and equipment \$'000	Inventories \$'000	Borrowing costs \$'000	Total \$'000
Period ended 28 June 2014				
Acquired through business combination	167	(576)	(210)	(619)
Charged/(credited)				
- to profit or loss	6,110	35,068	335	41,513
Exchange differences	186	145	-	331
Carrying amount at 28 June 2014	<u>6,463</u>	<u>34,637</u>	<u>125</u>	<u>41,225</u>
Year ended 27 June 2015				
Carrying amount at 28 June 2014	6,463	34,637	125	41,225
Charged/(credited)				
- to profit or loss	(8,577)	799	(125)	(7,903)
- Exchange differences	(54)	(77)	-	(131)
Carrying amount at 27 June 2015	<u>(2,168)</u>	<u>35,359</u>	<u>-</u>	<u>33,191</u>

19 Equity

(a) Contributed equity

	2015 Shares	2014 Shares	2015 \$	2014 \$
(i) Share capital				
Ordinary shares				
Issued	327,038,914	305,469,109	110,692,000	305,469,000
(ii) Other equity securities				
Treasury shares	(19,711,781)	-	(4,159,000)	-
Total equity			<u>106,533,000</u>	<u>305,469,000</u>

Ingham Holdings I Pty Limited
Notes to the consolidated financial statements
As at 27 June 2015

19 Equity (continued)

(iii) Movements in ordinary shares

	Number of shares	\$'000
Shares issued	305,469,109	305,469
Balance at 28 June 2014	305,469,109	305,469
Balance at 28 June 2014	305,469,109	305,469
Shares issued	21,569,805	20,549
Capital redemption	-	(215,326)
Balance at 27 June 2015	327,038,914	110,692

(iv) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and to share the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

(v) Treasury shares

Treasury shares are shares in Ingham Holdings I Pty Limited that are held in trust by Ingham 2 Pty Limited, a subsidiary, for the purpose of issuing shares under the employee share scheme. Information relating to the Ingham Long Term Management Incentive Plan, including details of shares issued, exercised and lapsed during the financial period and outstanding at the end of the reporting period, is set out in note 29.

	Number of shares	\$'000
Acquisition of shares held in trust	20,051,781	19,289
Forfeit of shares held in trust	(340,000)	(340)
Capital return	-	(9,792)
Repayment of employee loans	-	(4,998)
Balance at 27 June 2015	19,711,781	4,159

20 Dividends

	2015 \$'000	2014 \$'000
(a) Ordinary shares		
Dividends paid during the year of 98 cents per fully paid share	314,643	-
(b) Dividends payable		
Included in other payables (note 14) is a dividend payable relating to the Ingham Long Term Management Incentive Plan		
Dividend declared 25 November 2014	14,308	-
Dividend paid applied to employee loans	(4,998)	-
Dividend paid to employees	(4,544)	-
	4,766	-

Ingham Holdings I Pty Limited
Notes to the consolidated financial statements
As at 27 June 2015

21 Other reserves and (accumulated losses)/retained earnings

	2015 \$'000	2014 \$'000
(a) Other reserves		
Foreign currency translation	3,713	9,019
Cash flow hedges	(5,822)	(7,133)
Share-based payments	1,116	582
Acquisition reserves	6,722	6,722
	<u>5,729</u>	<u>9,190</u>

Movements:

Foreign currency translation reserve

Balance at beginning of financial year	9,019	-
Business combination acquisition	-	(7,873)
Currency translation differences arising during the period	(5,306)	16,892
Balance at end of financial year	<u>3,713</u>	<u>9,019</u>

Cash flow hedges reserve

Balance at beginning of financial year	(7,133)	-
Business combination acquisition	-	1,151
Revaluation - gross	1,873	(11,847)
Deferred tax	(562)	3,563
Balance at end of financial year	<u>(5,822)</u>	<u>(7,133)</u>

Share-based payments reserve

Balance at beginning of financial year	582	-
Option and deferred share plan expense	534	582
Balance at end of financial year	<u>1,116</u>	<u>582</u>

Acquisition reserves

Balance at beginning of financial year	6,722	-
Business combination acquisition	-	6,722
Balance at end of financial year	<u>6,722</u>	<u>6,722</u>

(b) (Accumulated losses)/retained earnings

Balance at beginning of financial year	80	-
Movements in (accumulated losses)/retained earnings were as follows:		
Net profit for the period	146,878	80
Dividends	(314,643)	-
Balance at end of financial year	<u>(167,685)</u>	<u>80</u>

Ingham Holdings I Pty Limited
Notes to the consolidated financial statements
As at 27 June 2015

21 Other reserves and (accumulated losses)/retained earnings (continued)

(c) Nature and purpose of other reserves

(i) Foreign currency translation

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in note 1(c) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

(ii) Cash flow hedges

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised in other comprehensive income, as described in note 1(l). Amounts are reclassified to profit or loss when the associated hedged transaction affects profit or loss.

(iii) Share-based payments

The share-based payments reserve is used to recognise the grant date fair value of shares are issued to employees but not vested.

	2015	2014
	\$'000	\$'000
22 Cash flow information		
(a) Reconciliation of profit after income tax to net cash inflows from operating activities		
Profit for the year	146,878	80
Depreciation	33,292	45,355
Non-cash employee benefits expense – share based payment	534	582
Dividend and interest income	(2,516)	(1,245)
Net loss on sale of non-current assets	147	143
Net gain on sale of assets held for sale	(195,508)	-
Loss on sale of piggery business	377	-
Share of net profit of joint venture	(53)	(370)
Change in operating assets and liabilities		
Decrease/(increase) in trade other receivables and prepayments	9,383	(7,304)
Decrease/(increase) in inventories	16,124	(15,026)
Decrease in deferred tax assets	34,268	751
Increase in trade payables	8,527	4,878
Increase/(decrease) in provision for income taxes payable	14,790	(2,446)
(Decrease)/increase in deferred tax liabilities	(7,903)	13,510
Increase/(decrease) in other provisions	37,006	7,797
Net cash inflows from operating activities	95,346	46,705

Ingham Holdings I Pty Limited
Notes to the consolidated financial statements
As at 27 June 2015

23 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following principal subsidiaries in accordance with the accounting policy described in note 1(b).

Name of entity	Country of Incorporation	Equity holding	
		2015 %	2014 %
Directly controlled by Ingham Holdings I Pty Limited Ingham Holdings II Pty Limited	Australia	100	100
Directly controlled by Ingham Holdings II Pty Limited Ingham Holdings III Pty Limited (a)	Australia	100	100
Directly controlled by Ingham Holdings III Pty Limited Adams Bidco Pty Limited (a)	Australia	100	100
Directly controlled by Adam Bidco Pty Limited Ingham Enterprises Pty Limited (a)	Australia	100	100
Directly controlled by Ingham Enterprises Pty Limited Inghams Enterprises Pty Limited (a)	Australia	100	100
Ingham Finco Pty Limited (b)	Australia	100	100
Ingham 2 Pty Limited (b)	Australia	100	100
Directly controlled by Inghams Enterprises Pty Limited Agnidla Pty Limited (b)	Australia	100	100
Aleko Pty Limited (b)	Australia	100	100
Inghams Enterprises (NZ) Pty Limited (a)	Australia	100	100
Inghams Property Management Pty Limited (b)	Australia	100	100
Ovoid Insurance Limited	Bermuda	100	100
Ovoid Insurance Pty Limited (b)	Australia	100	100
Directly controlled by Agnidla Pty Limited Inadnam Pty Limited (b)	Australia	100	100
Directly controlled by Inghams Enterprises (NZ) Pty Limited Harvey Farms Pty Limited	New Zealand	100	100

- (a) These subsidiaries have been granted relief from the necessity to prepare financial reports in accordance with Class Order 98/1418 issued by the Australian Securities and Investments Commission.
- (b) These subsidiaries are not audited as they are small proprietary companies which are not required to prepare audited financial statements.

Ingham Holdings I Pty Limited
Notes to the consolidated financial statements
As at 27 June 2015

24 Interests in joint ventures

A subsidiary has a 50% interest in the joint venture entity, AFB International Pty Limited, the principal activity of which is the supply of high quality, high performance palatability products under Bioproducts BioFlavor brand name to the pet food industry in Australia, New Zealand and the Pacific rim. Information relating to the joint venture entity, presented in accordance with the accounting policy described in note 1(b), is set out below.

	Ownership interest		Carrying value of investment	
	2015	2014	2015	2014
	%	%	\$'000	\$'000
Name and principal activity				
AFB International Pty Limited				
Pet food manufacture	50	50	1,489	1,436

25 Contingencies

	2015	2014
	\$'000	\$'000
Details and estimates of maximum amounts of contingent liabilities are as follows:		
Secured guarantees in respect of bank guarantees for supply of services supporting normal business activities of the consolidated entity	46,318	38,894
Less: Workers compensation claims costs provided for in the consolidated financial statements	(24,529)	(19,028)
	21,789	19,866

Ingham Holdings I Pty Limited
Notes to the consolidated financial statements
As at 27 June 2015

26 Commitments

(a) Capital commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	2015	2014
	\$'000	\$'000
Property, plant and equipment	22,246	16,542

(b) Lease commitments

(i) Non-cancellable operating leases

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	2015	2014
	\$'000	\$'000
Within one year	67,138	13,403
Later than one year but not later than five years	249,211	27,789
Later than five years	803,534	23,769
	1,119,883	64,961

(ii) Finance leases

Commitments in relation to finance leases are payable as follows:

Within one year	-	864
Later than one year but not later than five years	-	1,943
Later than five years	-	-
Minimum lease payments	-	2,807
Less: Future finance charges	-	(312)
Total lease liabilities	-	2,495

Ingham Holdings I Pty Limited
Notes to the consolidated financial statements
As at 27 June 2015

27 Related party transactions

(a) Parent entities

Name	Type	Place of Incorporation	Ownership interest	
			2015	2014
TPG	Ultimate controlling entity	United States	100%	100%

(b) Subsidiaries

Interests in subsidiaries are set out in note 23.

(c) Key management personnel compensation

	2015 \$'000	2014 \$'000
Short term employee benefits	16,845	15,049
Share based payments	534	431
Dividend paid	22,086	-
Capital return	15,114	-
	<u>54,579</u>	<u>15,480</u>

(d) Transactions with other related parties

The following transactions occurred with related parties:

Other transactions

Monitoring fees /monitoring fees and acquisitions costs paid to ultimate parent entity	3,110	20,377
Dividend paid to ultimate parent entity	292,557	-
Capital return to ultimate parent entity	200,212	-
	<u>495,879</u>	<u>20,377</u>

(e) Transactions with related parties

Remuneration paid to external directors	<u>128</u>	<u>86</u>
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Ingham Holdings I Pty Limited
Notes to the consolidated financial statements
As at 27 June 2015

28 Remuneration of auditors

During the period the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firm.

	2015 \$	2014 \$
(a) PricewaterhouseCoopers Australia		
(i) Audit and other assurance services		
Audit and review of financial statements	866,323	781,645
Other services performed	15,000	21,400
Total remuneration for audit and other assurance services	<u>881,323</u>	<u>803,045</u>
(ii) Taxation services		
Tax compliance service	68,850	353,100
Tax advice on transactions	541,810	48,000
Total remuneration for taxation services	<u>610,660</u>	<u>401,100</u>
(b) Network firms of PricewaterhouseCoopers Australia		
(i) Taxation services		
Tax compliance services	32,309	22,326
Tax advice on transactions	205,052	-
Total remuneration for taxation services	<u>237,361</u>	<u>22,326</u>
(c) Non PricewaterhouseCoopers audit firms		
(i) Other services		
Other services performed	578,096	350,029
Total remuneration for other services	<u>578,096</u>	<u>350,029</u>
Total remuneration	<u>2,307,440</u>	<u>1,576,500</u>

29 Share based payments

Select key management of the group have been granted an interest-free loan to subscribe to shares of Ingham Holdings I Pty Limited. This loan is non-recourse other than to the shares held by that employee, and the proceeds of the loan must be used to buy shares. As the only recourse on the loans is the shares and there are vesting conditions, the arrangement has been accounted for as share options, as required under accounting standards. The shares vest based on earnings and length of service as follows:

- (a) Performance based – which only vest if certain performance standards are met
- (b) Time based – will vest on each anniversary of the transaction close date.

Shares under this scheme are held in trust for employees by a subsidiary, Ingham 2 Pty Limited.

Ingham Holdings I Pty Limited
Notes to the consolidated financial statements
As at 27 June 2015

29 Share based payments (continued)

Set out below summarises options granted under the scheme:

	2015			2014	
	Issue price	Number of shares	Issue price	Number of shares	
Balance at beginning of financial year	\$1.00	13,280,000	-	-	
Granted during the year	\$1.00	1,337,000	\$1.00	13,280,000	
Granted during the year	\$1.13	300,000	-	-	
Granted during the year	\$0.81	5,134,781	-	-	
Forfeited during the year	\$1.00	(340,000)	-	-	
Balance at end of financial year	\$0.97	19,711,781	\$1.00	13,280,000	

No options expired during these periods.

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant Date	Expiry Date	2015		2014	
		Exercise price	Number of shares	Exercise price	Number of shares
1 July 2013	30 September 2014 to 30 September 2019	\$1.00	12,940,000	\$1.00	13,280,000
17 October 2014	16 October 2015 to 16 October 2019	\$1.13	1,637,000	-	-
12 January 2014	11 January 2016 to 20 January 2019	\$0.81	565,125	-	-
21 January 2015	20 January 2016 to 20 January 2019	\$0.81	3,088,174	-	-
18 May 2015	17 May 2016 to 17 May 2020	\$0.81	1,481,482	-	-
			19,711,781		13,280,000

(i) Fair value of options granted

Grant Date	Exercise price at grant date	Fair value at grant date
1 July 2013	\$1.00	\$0.13
17 October 2014	\$1.13	\$0.08
12 January 2014	\$0.81	\$0.05
21 January 2015	\$0.81	\$0.05
18 May 2015	\$0.81	\$0.05

The fair value at grant date is independently determined using an adjusted form of the Black Scholes Model.

The model inputs for options granted during the year ended included:

- (a) Exercise price \$0.81 to \$1.13 (2014 \$1.00)
- (b) Share price at grant date \$0.81 to \$1.13 (2014 \$1.00)
- (c) Expected price volatility 34.54% to 39% (2014 34.54%)
- (d) Expected dividend yield NIL (2014 NIL)
- (e) Risk-free interest rate 1.76% to 3.17% (2014 3.17%)

Ingham Holdings I Pty Limited
Notes to the consolidated financial statements
As at 27 June 2015

30 Parent entity financial information

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

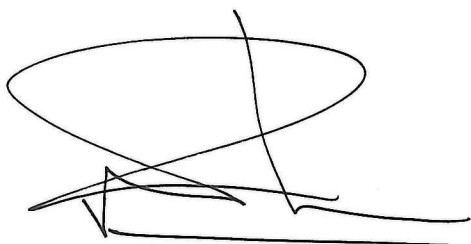
	2015 \$'000	2014 \$'000
Balance Sheet		
Current assets	78,143	-
Non-current assets	-	250,054
Total assets	78,143	250,054
Current liabilities	22,603	3,870
Non-current liabilities	36,320	33,018
Total liabilities	58,923	36,888
Net assets	19,220	213,166
<i>Equity</i>		
Contributed equity	110,692	305,469
Accumulated losses	(91,472)	(92,303)
	19,220	213,166
 Profit/(loss) for the year	 315,474	 (92,303)
 Total comprehensive income	 315,474	 (92,303)

Ingham Holdings I Pty Limited
Notes to the consolidated financial statements
As at 27 June 2015

In the directors' opinion:

- (a) The financial statements and notes set out on pages 7 to 48 are in accordance with the Corporations Act 2001, including:
- (i) Complying with Accounting Standard, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - (ii) Giving a true and fair view of the consolidated entity's financial position as at 27 June 2015 and of its performance for the financial period ended on that date, and
- (b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable, and

This declaration is made in accordance with a resolution of the directors.



Michael Peter McMahon
Director



Kevin Frasier McBain
Director

Liverpool
3 September 2015

Independent auditor's report to the members of Ingham Holdings I Pty Limited

Report on the financial report

We have audited the accompanying financial report of Ingham Holdings I Pty Limited (the company), which comprises the consolidated statement of financial position as at 27 June 2015, the consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Ingham Holdings I Pty Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.



Auditor's opinion

In our opinion, the financial report of Ingham Holdings I Pty Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 27 June 2015 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

D Wiadrowski

David Wiadrowski
Partner

Sydney
3 September 2015