PGG Wrightson

For the year ended
30 June 2016

Annual Report

Helping grow the country

CALENDAR

Annual shareholders' meeting
18 October 2016

Half-year earnings announcement
21 February 2017

Year-end earnings announcement
8 August 2017

CONTENTS

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Financial performance highlights

OPERATING EBITDA OF

$70.2 million

↑ from $69.6 million for the prior year

NET PROFIT OF

$39.6 million

a 21% increase on the prior year

NET CASH FLOW FROM OPERATING ACTIVITIES IMPROVED

21%

year-on-year

FULLY IMPUTED DIVIDENDS OF

3.75 cents

per share for the year

2016 Snapshot

Water joined the Retail management structure on 1 August 2016 to form a new Retail & Water group.

A redeveloped maize seed facility in Gisborne, purpose-built store in Blenheim and a new Water site opened in Rangiora.

Our Real Estate business enjoyed a 16% increase in revenue along with a 123% increase in Operating EBITDA despite limited dairy-related sales for the year.

Horticulture in New Zealand had an excellent 2016. The Ministry of Primary Industries forecast export revenues in 2016 were 20% higher than 2015.

Fruitfed Supplies revenue was up $12.9 million on what was a record in the same period last year

In three years PGW has grown Operating EBITDA by over 50%.

Retail Operating EBITDA up

↑7%

Seed & Grain Operating EBITDA up

↑10%

287,000

bales of wool were handled through our network of four logistic centres

7.5million

head of livestock were transacted through the Livestock business

Third consecutive year of Operating EBITDA growth.

Guanglin (Alan) Lai
Chairman

Mark Dewdney
Chief Executive Officer

PGW Christchurch Wool Store, Blenheim Road

Chairman and Chief Executive Officer's Report

This result is impressive for a number of reasons. Not only is this the first time the business has exceeded $70 million in earnings since 2010 but it was achieved in a trading environment that was tougher than the previous year.

Operating EBITDA across the Group contributed to a higher net profit after tax of $39.6 million. This is a 21% increase on the 2015 financial year

Shareholders will receive a fully imputed final dividend of 2 cents per share payable on 4 October 2016, making a total of 3.75 cents per share for the year.

It is heartening to note that this result has been achieved when overall farm gate revenues in New Zealand are down and as a result spending is also down.

Our business has achieved this outstanding result because our people have helped our customers to improve the productivity of their farming operations. This is especially satisfying as that has been our strategic focus and something we have strived to achieve across the business. We believe we have the most engaged team in the market and their commitment and passion for agriculture and PGW is taking the Company to new levels.

We are also showing the benefit of having a diverse exposure within agriculture. While New Zealand dairy and our South American business has traded through a challenging period, other areas such as the horticulture sector in New Zealand are doing very well.

The parts of our business most exposed to dairy, such as Water, have had a tough year. However, a buoyant market for beef cattle helped Livestock offset the reduced market for dairy cattle and provided a strong finish to the year. Fruitfed Supplies, our market-leading supplier of inputs into the horticulture and viticulture sectors, and our Agritrade wholesaling business has helped Retail increase earnings year-on-year. Real Estate had a very good year with growing sales activity in the lifestyle and horticultural markets.

Our Seed & Grain business benefited from the continued shift towards proprietary seed with better technical performance. This trend, along with improved performance by our Australian Seed business in 2016 resulted in a strong result for our Seed & Grain group. South America was hit hard by a combination of low commodity prices, high rainfall and

$M	2016	2015
Revenue	**1,181.6**	1,202.8
Gross profit	**326.7**	317.1
Operating EBITDA	**70.2**	69.6
Net profit after tax	**39.6**	32.8
Net cash flow from operating activities	**35.2**	29.2

"The Board and I are very pleased with the operational performance of the Company. This has led to an outstanding financial result given market conditions over the year." – Alan Lai, Chairman

flooding in Uruguay in April. Despite these headwinds, our South American activities contributed positively to the Group result.

A Group focus on improving the value proposition to customers has helped boost market share, while product mix improvements and internal cost efficiency initiatives have also led to margin gains.

The increase in Operating EBITDA across the Group contributed to a higher net profit after tax of $39.6 million. This is a 21% increase on the 2015 financial year.

Net cash flow from operating activities also improved 21% year-on-year. After spending $44 million on capital expenditure and investments, and realising $31 million from the sale of non-strategic assets, net debt increased slightly to $127 million.

Our balance sheet remains strong and the investments made over the past year will be a key driver of earnings growth in the medium term. Furthermore, earnings growth will continue to be achieved through having the most highly skilled, engaged team in the sector.

Weather

As can be expected in agriculture, extremes of weather have an impact on our annual results and some of the key challenges faced during this financial year were weather related.

Strong El Niño conditions developed over the course of the financial year. During previous El Niño events of 1972/73, 1982/83 and 1997/98, severe drought occurred in some eastern parts of New Zealand. As El Niño conditions intensified, many farmers took steps to manage the increased risk of drought by reducing stocking rates. A relatively wet January for most parts of the country kept drought conditions away for most regions, and many farmers found themselves with an excess of feed in late summer.

In contrast, severe flooding affected the results of Seed & Grain's South American operations. The north and west of Argentina, south of Brazil and the whole of Uruguay were impacted by rainfall well above normal levels culminating in wide-spread flooding in early April. Argentina had more than 7 million hectares flooded and Uruguay declared a National Agriculture Emergency, with most agricultural activity halted from mid-March to early May. The livestock market did not operate for a month following the flood with most livestock auctions being cancelled. For PGW, this caused disruption to expected sales patterns given these events took place during a critical period for the summer crop harvest and sales of inputs into pasture and winter crops.

Market conditions

New Zealand dairy farmers continued to face extremely challenging conditions throughout 2016. World prices for dairy commodities stabilised at low levels not experienced for 10 years. Fonterra's forecast payout for the 2016 season opened at $5.25 per kilogram of milksolids but had fallen to $3.85 per kilogram by August 2015. In the period since the forecast dairy payout has been below the cost of production for most dairy farmers. In response to the low farm-gate prices and fearing drought, farmer spending was very cautious. The Ministry for Primary Industries (MPI) estimate that dairy production fell 1.6% from the previous year, with a 3.3% decrease in cow numbers.

Reduced demand for stock feed and low international prices saw New Zealand grain prices fall and resulted in a tough year for arable growers.

The meat and wool sector had a solid 2016, with high beef prices offsetting falling sheep meat prices. MPI estimate that the volume of beef produced in 2016 fell 2.2% from the high volumes recorded in 2015, while sheep meat volumes fell 5.5% due to a cold, wet spring that resulted in lower lambing rates.

Horticulture in New Zealand had an excellent 2016. MPI forecast export revenues in 2016 were 20% higher than 2015, due to a combination of Gold3 kiwifruit plantings reaching maturity, steady volume growth from pipfruit and a lower average New Zealand dollar over the year.

Within the context of dairy headwinds and the weather-related challenges over 2016, growing Operating EBITDA from the 2015 result, has been an outstanding achievement for PGW.

Growth strategy

In 2014 we shared our PGW Group strategic plan with our people and the market. Our staff and broader stakeholders have been receptive to the framework and initiatives outlined in that plan. We have made good progress in implementing many of the strategic imperatives identified, while also continuing to evolve our thinking as our business and the market change.

In early 2016 we undertook a re-examination of the macro drivers and economic forces that are at play in the markets in which we operate. As a result of that re-evaluation we have undertaken a strategy refresh to reset the priorities and objectives for the business. This process has assisted in retesting our thinking and our assumptions and in many cases revalidating our perspectives. While we see a number of significant opportunities and changes ahead for PGW it is pleasing that our strategic execution has been achieving results and that the thrust of this strategy refresh is largely an evolution of themes we identified in 2014.

Our people

Strong employee engagement is a key feature of every successful business, including PGW. Engaged employees who are clear about our values and strategic direction positively impact on customer engagement, which in turn leads to business growth.

Our PGW employee engagement survey 'Pulsecheck' indicated an overall Engagement Index score that confirms PGW as an industry leader. This is an outstanding result and a testament to the positive initiatives going on throughout our business, despite tougher market conditions. Staff feedback highlights that employees are aware of the steps PGW is taking to continue to perform well with a particular focus on the strategic theme of 'Improve' (business improvement initiatives) while also exploring growth opportunities. There is an ongoing focus to continue to build on the positive engagement results, including focusing on all areas of the business that offer opportunities for growth and improvement.

As part of our workforce and succession planning initiatives, over the past year a concerted effort has been applied to promoting a career with PGW to students and graduates. We have focused on engaging with Massey and Lincoln Universities as well as participating in the 'Get Ahead' and 'Inzone' career programmes with pleasing outcomes.

Aligned to our 'Improve' people strategy we are in the midst of rolling out new efficient and user friendly people systems in New Zealand and Australia. Incorporated into this 'PeopleLink' system is an online Health and Safety Risk Management System and a Talent Management System.

'One-PGW'

'One-PGW' is a key tenet of the 'Improve' strategic theme. This philosophical approach aims to put the customer at the centre of everything we do as an organisation. It asks our people to work together within and across the organisational structure to deliver the best experience for the customer.

Throughout the year the business has continued to demonstrate this approach through increasing the interactions between business units to meet and exceed customer expectations.

An example of the 'One-PGW' approach working well within the business was when a consultancy group, The AgriBusiness Group (TAG), was commissioned by the MPI to work on costings for the fencing of waterways throughout New Zealand. As part of this project, PGW through Wool Representative Peter McCusker, was contacted for information and he in turn passed on the request to our Fencing Category Manager, John Candy, who was able to provide TAG with the information they required. TAG also works for the New Zealand Government Aid Programme and it transpired during these interactions that they required farming materials to be shipped to Myanmar. John sent a list of requirements to the Retail business and in late December materials were loaded onto a container bound for Myanmar. Subsequently TAG has invited PGW to become involved in two dairy projects in South America (Colombia and Peru). A great outcome for everyone involved and a good demonstration of how PGW can access its diverse expertise and capability to meet customer needs.

Health & Safety

PGW's objective to continually improve our health and safety performance remained front of mind through the year. Safety is best ensured through a healthy culture, appropriate systems, processes and training that actively identify and eliminate/mitigate risk. Significant progress in this area has been made. While we have seen a reduction in the frequency and severity of lost-time injuries over the previous year, we acknowledge that there is more to be done. In conjunction with an increased focus on incident reporting, significant effort has been placed on training and communications to ensure our employees understand their obligations under the Health and Safety at Work Act 2015 regulatory framework. Across our diverse business activities, specific health and safety plans have been introduced, alongside representative structures to ensure strong employee input and participation. Continued effort is required to make further progress. Our key message remains that we will only achieve an improved health and safety performance and grow our health and safety culture by collectively working together and looking out for one another.

Balance sheet

Our balance sheet remains strong. Net cash flow from operating activities improved a further $6.0 million to $35.2 million over the financial year.

Investment has been a focus over the last twelve months, including the finalising of projects which have been in progress over the 2015 and 2016 financial years. In aggregate, we've spent $43.8 million over the year on strategic investments, including:

- In South America our investment in Agimol Corporation S.A. (AgroCentro Uruguay) gives our retail footprint a significant boost in that country. We have also moved into new offices and built a logistics centre in Montevideo that provides a good infrastructure platform for further volume growth in the region.
- In Gisborne, New Zealand we have built a maize seed processing facility to increase our capacity for processing maize for the domestic market and sweetcorn multiplications for the international market.

"The parts of our business most exposed to dairy had a tough year, and a more cautious spend from our dairy customers is the main reason for the small reduction in Group revenue this year." – Mark Dewdney, Chief Executive Officer

We have commissioned a purpose-built store in Blenheim, which opened in July 2016. This site encompasses two existing sites into a new store/office complex of over 2,700 square metres. This investment in a new site highlights the confidence we have in the thriving Marlborough economy, and particularly for our Fruitfed Supplies business.

A new Water site has also been opened in Rangiora in July 2016, to provide a purpose-built facility that will better meet the needs of our Water business in the area.

Rather than significantly increasing debt we have been working through a property divestment program. Over the year we've realised $19.9 million from selling mostly retail premises and leasing them back from the new owners. We determined that strategically this capital is better deployed in the business rather than being locked up in bricks-and-mortar. We also received a $9.4 million distribution from our investment in BioPacificVentures (BPV). This distribution resulted from the sale of one of the assets held by the BPV investment vehicle, which is a food and agriculture venture capital fund that we invested in 2005.

Net debt levels increased by $7.1 million from the 2015 financial year to close at $126.6 million.

Looking forward, 2017 will be another busy year of reallocating capital, although activity levels will be lower than 2016. With the bulk of the reallocation now behind us, our focus naturally shifts from making new investments to optimising the returns on the strategic portfolio of assets we have. That said, we remain open to new investment opportunities where the long-term fit with the Group makes sense.

Governance

The PGG Wrightson Limited Board remained stable throughout the year, with no changes to membership.

With the introduction of the Health and Safety at Work Act 2015 in April 2016, it was agreed that two Board members would attend regular PGW National Health and Safety Committee meetings. This role provides Board members with greater visibility and influence of health and safety practices within the business and input into the leaderships' role of ensuring that our people arrive home safe and well.

Dividends

The Board resolved in August 2016 to declare a fully imputed final dividend of 2 cents per share. This takes the total dividend for the 2016 financial year to 3.75 cents per share, fully imputed.

When considering the dividend, the Board balanced our strong financial results with the more challenging market conditions that the business is experiencing as we move into the new financial year. The Board also noted that the current dividend continues to place PGW among the leading stocks yield on the NZX.

Acknowledgements

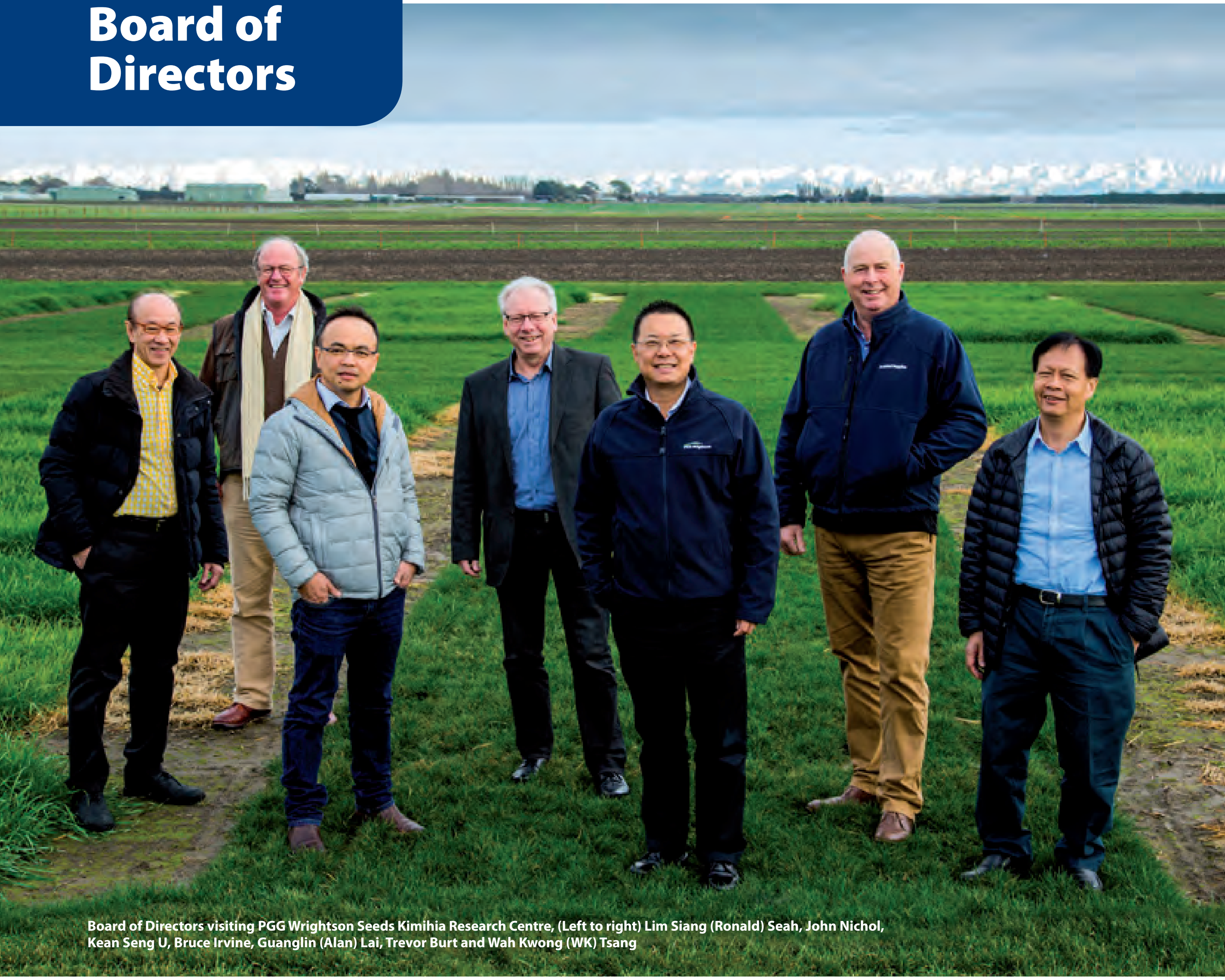
This year's outstanding result is an achievement that PGW's dedicated, hard-working and passionate people can feel proud of. We also acknowledge that as a business we cannot continue to achieve year-on-year growth in tough market conditions without the support of our loyal customers and supply partners.

On behalf of the Board and management team, we extend our thanks to all our people, customers and suppliers.

Alan Lai
Chairman

Mark Dewdney
Chief Executive Officer

Board of Directors



Board of Directors visiting PGG Wrightson Seeds Kimihia Research Centre, (Left to right) Lim Siang (Ronald) Seah, John Nichol, Kean Seng U, Bruce Irvine, Guanglin (Alan) Lai, Trevor Burt and Wah Kwong (WK) Tsang

GUANGLIN (ALAN) LAI
Bachelor of Business (Accounting), M.Fin, FCPA
Chairman

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

TREVOR BURT
B.Sc
Deputy Chairman

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

BRUCE IRVINE
B.Com, LLB, FCA, FNZIM, AF Inst D
Independent Director

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

JOHN NICHOL
CA
Independent Director

John Nichol was appointed to the PGG Wrightson Limited Board on 22 October 2013. John has been Managing Director of Optica Life Accessories Limited for the past 13 years. Prior to that he held a number of executive roles within the banking and finance sector and for 10 years was Managing Director of the investment company, Broadway Industries Limited.

John is a Director of Watson & Son Limited and he has been a director of a number of businesses within the primary sector including Fortex Group Limited, The New Zealand Salmon Company Limited, Alpine Dairy Products Limited, Craigpine Timber Limited, the New Zealand Dairy Board and The New Zealand Merino Company Limited. He has also been a director of a number of significant other New Zealand businesses including New Zealand Post Limited and State Insurance Limited.

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

Ronald Seah was appointed to the PGG Wrightson Limited Board on 4 December 2012. Ronald is a Singapore Citizen with a background in banking and fund management. Over a 26 year period between 1980 and 2005, he had held various senior positions within the AIG Group in Singapore, initially as AIA Singapore's Vice-President and Chief Investment Officer where he was responsible for managing the investment portfolio of AIA Singapore and later as AIG Global Investment Corporation (Singapore) Ltd's Vice President of Direct Investments. Between 2001 and 2005, Mr Seah was the Chairman of the Board of AIG Global Investment Corporation (Singapore) Ltd. From 1978 to 1980, Mr Seah managed the investment portfolio of Post Office Savings Bank as Deputy Head of the Investment and Credit Department. Prior to that, he worked at Singapore Nomura Merchant Bank as an Assistant Manager where he was responsible for the sale of bonds and securities and offshore (ACU) loan administration for the Bank. Between 2002 and 2003, Mr Seah served on the panel of experts of the Commercial Affairs Department of Singapore.

Mr Seah currently serves as independent director on the board of a number of listed companies in Singapore, namely Global Investment Limited, Yanlord Land Group Ltd; and Telechoice International Ltd. He is also a director of M&C REIT Management Limited and M&C Business Trust Management Limited. Ronald is Chairman of Nucleus Connect Pte Ltd, a fibre broadband company in Singapore.

Mr Seah graduated with a Bachelor of Arts and Social Sciences (Second Class Honours – Upper) in Economics from the then University of Singapore in 1975.

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

WK Tsang was reappointed to the Board of PGG Wrightson Limited and its Audit Committee on 15 November 2014 after previously serving on the Board from November 2011 to December 2012. WK is a former partner of the Hong Kong and China firm of PricewaterhouseCoopers and has over 30 years of professional experience in auditing listed and unlisted companies and providing support for initial public offerings and acquisition transactions. He is an Independent Director of Agria Corporation and the Chairman of its Audit Committee, Chairman of its Compensation Committee and a member of its Nomination Committee. Currently, WK is also an Independent Non-Executive Director of a number of companies listed on the Hong Kong Stock Exchange, including China Animation Characters Company Limited, China Merchant Direct Investments Limited, Ping An Securities Group (Holdings) Limited, Sihuan Pharmaceutical Holdings Group Ltd and TK Group (Holdings) Limited. WK was an Independent Non-executive Director of PanAsialum Holdings Company Limited from January 2013 to January 2016. He is a Fellow Member of the Hong Kong Institute of Certified Public Accountants, a Member of Chinese Institute of Certified Public Accountants and a Fellow Member of Association of Chartered Certified Accountants, UK.

KEAN SENG U
LLB (Hons), B.Ec

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

JOHN FULTON is an Alternate Director for Wah Kwong Tsang.

Executive Team

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

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

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

GRANT EDWARDS
General Manager Insurance and Financial Services
Grant is General Manager of Insurance and Financial Services which is a new position created in August 2016 and encompasses leading the growth of our insurance and finance product offerings alongside associated key relationships with Aon and Heartland. Grant holds a Bachelor of Agriculture Science from Lincoln University and began his career with Reid Farmers Limited within their Livestock Division. He has held positions as Pyne Gould Guinness Limited Wool Manager and recently General Manager Regions and Otago Regional Manager with PGG Wrightson Limited. He has also worked within rural banking and finance sectors, and holds his Real Estate papers.

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

STEPHEN GUERIN
Group General Manager Retail & Water
Stephen is responsible for all aspects of the Retail and Water Group business which includes Rural Supplies, Agritrade and Fruitfed Supplies. He has worked for PGG Wrightson Limited and its predecessor companies for 28 years. He holds a Bachelor in Business Studies (Accounting) from Massey University. Stephen is a Director of several Group subsidiaries and a Trustee of the PGG Wrightson Employee Benefits Plan Limited. Oversight of the Water Group was added to Stephen's responsibilities from August 2016.

1. **Mark Dewdney** Chief Executive Officer
2. **Cedric Bayly** General Manager Wool
3. **Julian Daly** General Manager Strategy and Corporate Affairs
4. **Grant Edwards** General Manager Insurance and Financial Services
5. **David Green** General Manager New Zealand Seeds
6. **Stephen Guerin** Group General Manager Retail & Water

JOHN MCKENZIE

Group General Manager Seed & Grain

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

PETER MOORE

General Manager Livestock

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

PETER NEWBOLD

General Manager Real Estate

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

JOHN PARKER

General Manager Water

John is responsible for all aspects of PGG Wrightson Water which includes Advanced Irrigation Systems (covering the Turf and Horticultural markets) and Aquaspec (covering the wholesale irrigation component market). John has led PGG Wrightson Water since July 2007 and is a Chartered Accountant holding a Bachelor of Commerce and Management from Lincoln University. John has held various commercial and management roles within the mining and manufacturing sectors prior to joining PGG Wrightson Limited in December 2005.

PETER SCOTT

Chief Financial Officer

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

RACHEL SHEARER

General Manager Human Resources

Rachel was appointed PGG Wrightson Limited's General Manager Human Resources in April 2016 to lead our Human Resources, Payroll and Health & Safety teams. In this role she holds ownership of the PGG Wrightson People Strategy with the foundations of this being performance, leadership and culture. Rachel also has oversight of Agriculture New Zealand, PGW's national multi-site Private Training Establishment. Previously Rachel was GM Human Resources of Solid Energy New Zealand Limited. She also has multinational experience across a broad spectrum of industries having spent 12 years working as an HR and Executive Recruitment Consultant in Australia, England, United States and her hometown of Christchurch.

BRENT SYCAMORE

General Manager Grain

Brent has held the position of General Manager Grain since 2006. He joined Wrightson Limited in 2001 and held various management roles in New Zealand and Australia prior to the formation of PGG Wrightson Limited. Prior to the Wrightson/PGG Wrightson roles Brent held positions with BP Limited, Pyne Gould Guinness Limited and Ernst & Young.

SUE HORO

General Manager Human Resources

Sue was General Manager Human Resources and resigned from the Company effective 21 April 2016.

7. **John McKenzie** Group General Manager Seed & Grain
8. **Peter Moore** General Manager Livestock
9. **Peter Newbold** General Manager Real Estate
10. **John Parker** General Manager Water
11. **Peter Scott** Chief Financial Officer
12. **Rachel Shearer** General Manager Human Resources
13. **Brent Sycamore** General Manager Grain

"We believe we've got the most engaged team of people in the market and their commitment and passion for agriculture and PGW is taking the Company to new levels."

– Mark Dewdney, Chief Executive Officer

The year in review

Retail

$M	2016	2015
Revenue	**479.8**	494.3
Operating EBITDA	**29.2**	27.3

The Retail business, which incorporates Rural Supplies, Fruitfed Supplies and Agritrade, achieved an uplift in Operating EBITDA of $1.8 million to $29.2 million in the period. These positive results are due to the improvement in performance at a customer level to drive results in a market challenged by depressed dairy returns.

The last 12 months saw a continuation of the infrastructure rollout, investment in sales tools and development of people to support our key point of differentiation; our technical offering and service – both in store and on-farm, along with a key account focus.

New product initiatives through Agritrade as part of the strategic plan is expected to deliver retained margin to the Retail group. We commenced the next stage of our technology strategy with regards to retail management systems. One of the initiatives, a fertiliser recommendation tool to enable our reps to set fields, blocks, crops, input soil tests and then generate a recommendation, was implemented and has been well received.

Te Puni Kōkiri and the MPI have recognised that Māori land performance in parts of Northland and the Waikato are below their potential. Improving the performance and productivity of Māori land will provide significant returns for the economic and cultural benefit of owners. Our key account team is focused on developing this area and is currently working with 26 trusts to assist them with increasing the productivity of their land.

The investment in our stores continues. We commenced a programme to strengthen our buildings to ensure we have a safe environment for our employees and customers. We have also completed the redevelopment of the Pio Pio and Cheviot stores. In addition, we opened a purpose-built site, which merges the two existing Blenheim facilities at Westwood, to better service the needs of the thriving Marlborough region.

Fruitfed Supplies

The strong Retail result was influenced by the thriving horticulture sector with Fruitfed Supplies revenue up $12.9 million on what was a record in same period last year. The major horticultural sectors benefited from good growing conditions, strong markets and higher returns than in recent seasons to post better than forecasted returns. This has enabled producers to retire debt, improve balance sheets and take on expansion programmes through acquisition and or further development as seen in the apple and grape sectors. Fruitfed Supplies is the clear market leader in the horticulture sector and has benefited from the favourable trading environment.

Rural Supplies

The Rural Supplies result was driven off a strong performance in the agronomy categories of agricultural chemicals and seed. While the maize market was back approximately 20 percent year-on-year there was strong performance in the fodder beet and brassica markets. A more conservative spending pattern from our dairy customers led to lower revenues than the previous year but did not materially impact margins. We have continued the focus on upskilling our sales teams in the more technical areas and we are continuing to see the resulting benefits.

Agritrade

The Agritrade sales team had a great result due largely to strong sales of the Time Capsule product following the worst facial eczema season in 20 years. While this product has performed very well through Rural Supplies, the Agritrade team were also able to move more volume through third party channels. This aligns with our strategy to build a sustainable business that brings product into our own sales channel and provides revenue streams beyond PGW, providing the Retail Group with a more well-rounded and resilient business model.

Water

Water joined the Retail management structure in August 2016. From the 2017 financial year, Water's results will be included with Retail's in the Retail & Water group.

Seed & Grain

$M	2016	2015
Revenue	**401.2**	400.9
Operating EBITDA	**44.6**	40.5

The Seed & Grain group overcame the challenging environment in 2016 to grow Operating EBITDA by 10%, up $4.1 million in 2016 to $44.6 million.

The main contributors to this increase in Operating EBITDA were Australia and New Zealand, which was partially offset by the South American result which was down on the previous year's performance.

New Zealand

Despite the challenges in the dairy sector, demand for seed in the supplementary feed area remained strong with fodder beet a standout in this area.

The reduced dairy payout has resulted in a more cautious approach from farmers with very little conversion activity occurring. In contrast, the focus of self-sufficiency and maximising the volumes of home grown feed has driven increased demand in some areas.

Corson maize seed hybrids continued to perform well for growers and as a consequence domestic market sales were strong during the planting season.

The New Zealand Turf business had a good year aided by revegetation projects and the continued work in the Canterbury earthquake rebuild.

Grain

Operating performance remained similar to last year. Total traded grain volumes increased despite a continuation of the soft dairy market and reduced supplementary feeding by farmers. Increased trading volumes of maize were offset by a decrease in Cereal Seed sales as reduced grain prices impacted on the cereal area planted in spring 2015 and autumn 2016.

International

Our seed export business had a strong finish to the year driven by strong sales in Chile, USA and South Africa.

Australia

Australian Seeds Operating EBITDA was $2.7 million up on last year as a result of increased proprietary and common seed sales sold at higher prices.

Forage seed sales to the sheep and beef market segments performed strongly on the back of good commodity prices and favourable seasonal conditions. Depressed dairy prices late in the year had little impact on the main autumn selling season.

Turf seed sales experienced good growth in southern pro-turf markets. Boxed lawn seed sales to the retail sector saw good growth. Mulch sales expanded into new revegetation markets, particularly the civil works segment.

The acquisition of Grainland Moree contributed to the strong result and supports a growth strategy to expand the group's footprint to include the cereal and pulse seed markets in northern New South Wales.

Increased seed production within Australia has resulted in a lower cost of goods, allowing better management of currency risk and lower production and freight costs. The majority of the increased seed production is under irrigation to address the variability often experienced with dryland production. A supply chain review during the period resulted in a number of outcomes, including the closing of two regional warehouses, supporting the Group's strategy to improve operational efficiency.

The Western Australian Government announced that PGG Wrightson Seeds (Australia) Pty Ltd would be acquiring the rights to their Pasture Breeding and Agronomy Programme, including the world's most extensive collection of subterranean clover germplasm. The Programme could prove to be a game changer with substantial markets both domestically and internationally for these uniquely Australian products.

South America

South America Operating EBITDA was down US$1 million on last year due to lower crop and pasture seed sales in Uruguay following extreme weather events. The result was further impacted by a depressed soybean market and poor climatic conditions in spring which significantly reduced crop planting.

Despite the challenging conditions we completed four key projects during the financial year; the construction of the PGG Wrightson Seeds technology and logistic centre, the relocation of the offices in Montevideo, the restructure of the long term bank funding facilities and the purchase of fifty percent of Agimol Corporation S.A. (AgroCentro Uruguay).

From a climate perspective the north and west of Argentina, south of Brazil and across Uruguay were impacted by El Niño with rain fall significantly above normal. Argentina had more than 7 million hectares flooded, with over 8.7 million tonnes of seed lost. The processing plant in Rosario, Uruguay flooded with the accompanying loss of seed inventory and material damage. The seed processing plant ceased operations for three weeks delaying seed cleaning for export and domestic sales in a critical month for the business.

Commodity prices dropped significantly in the region with different effects for each country. Argentina and Brazil had significant currency devaluations which resulted in increased competitiveness of the agriculture sector, however, the US-dollarised Uruguayan economy did not allow farmers to capitalise on the devaluation. The sector most affected was cropping with arable farmers losing money on both their winter and summer crops. Consequently the area planted in crops reduced, reducing demand for inputs.

Livestock

$M	2016	2015
Revenue	**73.1**	86.7
Operating EBITDA	**15.2**	15.4

Livestock

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

The Livestock business had a strong finish to the year with an Operating EBITDA of $15.2 million.

This result reflects the solid year that the domestic auction and agency part of the business had. While dairy tallies and prices were down, as were sheep prices, this was offset by the buoyant market for beef over the year.

Continuation of drought conditions in North Canterbury and developing dry conditions in parts of the North Island prompted many farmer destocking decisions and stock movements early in the season. In addition, declining Global Dairy Trade prices and payout forecasts impacted farmer confidence, resulting in less activity. An example of this is the greatly reduced number of herds traded by the business during the late May/June period.

Lack of dairy sector grazing increased activity in the store market with good demand for lamb and particularly cattle evident. There were record prices for store cattle this year. Overall tallies for all stock and all sales channels were lower than last year by 1%, all in the prime channel.

We continued to develop our new dairy grazing business despite the impact of the dairy downturn. The new 'Go' range of fattening products; Go-Lamb and Go-Beef have been received well by the market.

These gains, however, were offset by the tough year experienced by our Live Export business. Reduced international demand for dairy heifers has made the trading environment extremely competitive. The business undertook two small shipments during the year, one by air and one by ship. This decrease in activity is reflected in the $13.6 million drop in revenue for the Livestock business year-on-year. Looking ahead it is unlikely that there will be significant improvement in this part of the Livestock business until late 2017 at the earliest.

Other Rural Services

$M	2016	2015
Revenue	**218.8**	218.7
Operating EBITDA	**8.6**	11.8

Water

The performance of the Water business was adversely affected by farmers choosing to delay or cancel their water projects due to a depressed dairy market. Operating EBITDA was positive for the year, but well down on the record achieved in the 2014 financial year.

There has been a positive uplift in service revenue, which is over 10% up on last year – a continuing trend over a number of years. The change in the makeup of revenue this year (reduced projects and increased services) combined with a focus to improve margin retention in rural projects has meant that Water's margins have increased.

As well as managing operating expenses the business has been targeting performance in working capital and free cash flows. Working capital has reduced from $22.7 million to $15.2 million in the past year. While inventory can only be reduced slowly in a declining market, there has been process improvement that has allowed us to reduce our total receivables.

The acquisition of the assets and business of Advanced Irrigation Systems Ltd (AISL) was completed in July 2015 and the business has been integrated into the Water business over the year. The second phase of realising the benefits of purchasing AISL is to start growing this business and adding capability across New Zealand, partnering with both PGW Water and Turf.

In May 2016 the assets and business of FARMSPEC were acquired. This business, based in Dannevirke, will allow us to better service the Manawatu area.

While a depressed dairy market has negatively impacted the Water results for the year, there are a number of factors which we believe will benefit the business in the future. First, recently we have seen the influence that regulatory bodies such as territorial authorities will have in regulating farmers to irrigate and/or apply effluent across their farms. Some areas of New Zealand are now requiring the use of variable rate irrigation systems before consents are granted. Second, the implementation of irrigation schemes throughout the country are likely to provide a steady pipeline of work in the years ahead. Third, Water joined the Retail management structure in August 2016 to form a new Retail & Water group for PGW. There are many opportunities for Retail & Water to work closely together given they share customers and have a number of similar business processes. Grouping the two businesses allows us to integrate the best of both into one coordinated business unit.

Water joined the Retail management structure in August 2016. From the 2017 financial year, Water's results will be included with Retail's in the Retail & Water group.

Wool

In the last 12 months the Wool business had an increase in revenue while Operating EBITDA was maintained. While volumes transacted through the Wool business were lower than in the previous year due to declining sheep numbers, this was offset by higher wool prices and improved margins. Lamb wool was a standout performer both through quality and the resulting prices throughout the season.

The strong wool export market has continued to expand in part due to the greater range of products being produced from crossbreed wool. The traditional use of strong wool for carpet manufacture has been extended in recent years, to interior textiles including bedding, insulation and upholstery, of which there is increasing demand worldwide.

In the mid-micron and fine wool market segments prices held throughout the year. The business continued to develop export markets, particularly in the garment manufacturing area.

Real Estate

The Real Estate business enjoyed a 16% increase in revenue along with a 123% increase in Operating EBITDA for the year despite limited dairy-related sales.

The business experienced strong growth in its Lifestyle and Residential segments in what was a competitive real estate market. Horticultural sales were a standout. The business continued to perform well in sales of traditional sheep and beef properties. The business and industry as a whole was challenged with stock shortages of good, economic rural properties.

It was the second strongest Real Estate contribution in the last eight years. The business has focused on its margins along with its cost base after two years of investment (initiatives which included a new back office system and new management structure). Overall it was a strong result in a challenging rural market affected by drought, shortages of properties and limited dairy opportunities.

CUSTOMER RELATIONSHIP PROFILE

BUSINESS UNIT	Fruitfed Supplies
CUSTOMER	Mr Apple™
LOCATION	Hawkes Bay

Horticultural industry delivers positive returns

Over the last year the horticultural industry has been experiencing favourable market conditions and positive returns, and according to industry experts this is set to continue for some time.

With the industry booming it is unsurprising that PGW's horticultural specialists, Fruitfed Supplies, have contributed strongly to the organisation’s performance over the last twelve months.

Fruitfed Supplies

Fruitfed Supplies (Fruitfed) celebrates 100 years this year and is proud of the commitment and contribution its team has made since 1916 to the New Zealand horticultural industry.

Fruitfed has 18 stores in key horticultural regions around New Zealand. Supporting the Retail operation are specialist Technical Horticulture Field Representatives who work closely with growers to optimise their production outcomes.

PGW sees a strong future ahead for the New Zealand horticultural industry. As a result we have continued to invest in Fruitfed for the last 100 years, and will continue to do so in the decades ahead.

More recently, this investment has been in the form of a new purpose-built site in Blenheim, which opened in July 2016, to service the Marlborough area.

The favourable market conditions of the horticultural industry (which is contributing positively to the Marlborough economy) are not limited to this region, as explained in the Mr Apple™ customer profile (opposite) based in the Hawkes Bay.

CELEBRATING 100 Years 1916 - 2016 Fruitfed Supplies

Mr Apple™ CEO Andrew van Workum (right) with Andy McDougall, Sales Manager.

Mr Apple™

Mr Apple™ is New Zealand's largest vertically integrated grower, packer and exporter of apples. Based in 'apple country' in the Hawkes Bay, they export 25 percent of New Zealand's apples to over 40 countries.

Mr Apple™ CEO Andrew van Workum said, "we have been working with Fruitfed Supplies since 2001 and we have a very close working relationship. We export to 40 countries all of whom have specific needs, so we need to have confidence that our partners such as Fruitfed support our aim to deliver a high quality apple and help us to achieve the right fruit finish for each market.

"Our apples are 100 percent traceable, from the orchard to the store. Each of the countries we export to and indeed each of our 150 international trade customers have precise specifications and compliance requirements. Our operations team works closely with the Fruitfed Supplies technical horticulture specialists to ensure we produce apples that meet these high and exacting standards."

Fruitfed Supplies National Manager Max Spence said, "the dedication that Andrew and his team have to produce the best apples, with many different requirements for each of the countries they export to, provides us with the challenge of making sure we are always ahead of the game in terms of best practice internationally.

"We have an ongoing commitment to invest in research and development to ensure our advice and support of crop protection and plant health enhances our customers' expectations to maximise returns from both export and domestic markets."

MR APPLE™ EXPORTS

25%

OF NEW ZEALAND'S APPLES TO OVER 40 COUNTRIES

CUSTOMER RELATIONSHIP PROFILE

BUSINESS UNIT	Wool / Bloch & Behrens
BRAND PARTNER	TISCA (Austria)
GROWER	Allan Richardson
LOCATION	Otago

New Zealand's crossbred wool is highly respected by international markets

Bloch & Behrens General Manager Palle Petersen (left) with Rupert Aigner Chief Operating Officer of TISCA

Wool Integrity NZ™ journey

A growing trend in the global wool market is a focus on full traceability, with a spotlight on the integrity of the wool supply chain journey, which is being driven by consumer demand.

PGG Wrightson Wool has been meeting this global customer need by strictly managing the integrity journey, through its wool export arm Bloch & Behrens.

Bloch & Behrens, which supplies global customers in 30 countries, offers an integrity brand which applies to any wool sourced through the PGG Wrightson network (which is provided by growers who are signed up to the PGG Wrightson Wool Integrity Programme).

The traceability of the wool journey is increasingly important to wool buyers, so they can in turn pass on this information to the end user. One of many examples of this is the partnership between Bloch & Behrens and Austrian based TISCA.

In what is believed to be a world first, Bloch & Behrens Wool Integrity NZ™ brand partner TISCA, launched a Global Organic Textile Standard (GOTS) certified rug at the Domotex Trade Fair held in Germany in January 2016.

In conjunction with Bloch & Behrens, TISCA was able to source GOTS certified crossbred second-shear wool using the exclusive Integrity Programme launched by PGW's Bloch & Behrens in 2015. The Wool Integrity NZ™ brand plays an important part in the marketing of this highly-regarded TISCA product.

Knowing which organic sheep farm in New Zealand the wool was grown on has given TISCA the ability to satisfy their most discerning customers' requests for traceability, integrity and sustainability.

Fittingly, this new range of certified organic rugs is named RESPECT. This

Jack, Sonia and Allan Richardson.

Wool travels from the rolling hills of Otago to European markets

Allan Richardson is one of the New Zealand farmers who is supplying wool to TISCA via Bloch & Behrens

Allan farms 1,300 hectares of rolling to steep Otago hill country that has been 100 percent organic since 1998. His farm supplied 20,000kg of certified organic wool to TISCA. The wool comes from the eight-month early-shorn ewe fleece which is in the 34-36 micron range. He supplied crossbred wool through Bloch & Behrens which is off the backs of his self-titled 'Ultimate' breed of sheep (a mix of Perendale and Texel), which he has developed over many years.

Allan said, "it takes a lot of work to achieve fully organic status, so it is very rewarding to see how the wool we supply ends up in consumer's hands as a finished product. We were delighted to see how well the GOTS certificate rug was received by the market when it was launched at the Domotex Trade Fair in Germany in January."

Palle Petersen said, "the wool used to manufacture the rugs takes on a journey literally around the world. It starts life on the sheep's back at Allan's farm in Otago, the wool is shipped from New Zealand to Romania for spinning and then hand crafted into a high-end rug by TISCA in Romania.

"We are finding that end-use customers are more discerning about the wool journey. They want to know that the sheep are well treated and that they are using or wearing wool products that have followed an integrity journey throughout the entire supply chain. We now have these processes in place to ensure that New Zealand wool takes a journey of integrity and we are building a reputation for this. It is exciting to be able to have our wool being used and worn in the most discerning markets in the world".

reflects not only the respect TISCA has for its customers but for the entire supply chain, from paddock to market; including the sheep that grow the wool and the land they graze on in the South Island of New Zealand.

Rupert Aigner Chief Operating Officer of TISCA said, "being the first producer of GOTS hand woven rugs worldwide it was a challenge to find suppliers of GOTS raw materials. From the beginning it was very important for us to work with a trustworthy supplier of GOTS certified wool. In recent years consumers in Europe have become more and more concerned about animal welfare. Because of the traceability back to the farmer in New Zealand and the Wool Integrity NZ™ brand from Bloch & Behrens we are now able to address these customer concerns. We can now be confident that the wool used in our RESPECT rugs fulfills all requirements of the GOTS standard and our own high demands."

Bloch & Behrens General Manager Palle Petersen said, "we are very proud of our position as the leading exporter of GOTS certified organic wool from New Zealand. We have been developing international markets for over a decade and it is great to find ourselves in a position to reward organic sheep farmers for all their hard work and dedication by paying them a premium for their wool. It is a small market but we actively seek new export opportunities and we are grateful for the loyalty shown to us by our farmers and international customers."

CUSTOMER RELATIONSHIP PROFILE	
BUSINESS UNIT	Livestock
SPECIALIST TEAM	Genetics
FARM MANAGER	Guy Parkinson
LOCATION	Terawhiti Station

Livestock team has a strong national presence

The PGG Wrightson Livestock business unit has an extensive national network of 251 livestock agents who provide agency services for the sale and purchase of all categories of livestock at auction, private and on-farm sales, and online. They also have a dedicated team of genetics specialists and four other divisions that cover Standardbred, Velvet, Grazing and Live Export.

Our Livestock team has strong advisor relationships with its farmer clients, often across multiple generations.

PGG Wrightson Livestock General Manager Peter Moore said, "people are our most valuable resource. We have team members with many years of experience across all sub-sectors. Our customers need to know they are getting the best advice possible as the market needs and desired traits are constantly changing, and we need to keep up to date with trends to ensure our meat producers are meeting these needs and achieving the best possible prices for their stock.

"We are always evaluating our business model and resulting service offering. We have recently introduced a grazing team to support farmers and are currently undergoing a review of our sale-yard ownership model. If we are efficient then we can pass on those gains to our farming customers to deliver an efficient supply chain from paddock to plate."

Extensive national network of

251

livestock agents.

Genetics team add value

A highly valued team within PGG Wrightson Livestock, are genetics specialists who are located throughout New Zealand.

This nationwide network of livestock stud stock specialists work alongside breeders and commercial producers, along with the wider Livestock team. The team offers genetics and stud stock expertise, animal evaluation and long-term strategic advice for sheep, beef, dairy and deer farmers and breeders. The specialist advice the team offers assists farmers to improve livestock performance, resulting in enhanced long-term farm productivity.

PGG Wrightson National Genetics Manager Callum Stewart, who joined PGG Wrightson in 2007, leads the team. Callum began his livestock service career in 1998 and has 18 years of experience working with livestock farmers around the country having been based in Lawrence, Gisborne, East Coast, the King Country and more recently returning to his home town of Feilding in the Manawatu.

Callum said, "the team collectively has decades of experience across a range of livestock genetics specialist areas. They are very mobile, so if they are assisting a client with buying, for example a bull, to meet their specific needs they will travel around the country to view animals on behalf of their clients. This high-level of trust is built over time as our team continue to network and share market information from around the country to get the best outcome for all customers.

"The market is constantly changing. For example, the desired traits for beef genetics in recent years has been marbling, but next season it could be another trait. It is important for our team to be ahead of the game and provide the best advice to their customers.

"The role of the Genetics team is all about adding profit to their customer's bottom line. We aim to help both breeders and commercial producers to lift their performance and on-farm productivity through stud stock genetics. That's what our end goal is."

Callum Stewart, PGW National Genetics Manager (right) with Guy Parkinson of Terawhiti Station near Wellington.

Terawhiti Station focuses on beef genetics

Guy and Carolyn Parkinson are shareholders and farm managers of the picturesque Terawhiti Station located along the south coast of Wellington.

The 5,000 hectare hill country station has been in the hands of James McMenamen and his descendants for over 160 years. More recently Guy and Carolyn have bought into the farming operation.

Guy took on the role of manager in 2009 and has been managing his livestock programme with Callum Stewart for the last seven years. Guy runs an Angus beef breeding programme and his hill-country reared weaner steers and cows are highly sought after around the country. He also runs about 1500 head of Wiltshire sheep on the Station along with wild goats.

The farm became further diversified in 2009 when Meridian built a 34-turbine wind farm on Terawhiti Station. As well as providing income, the wind farm access-ways have created high-quality roads which allow Guy to muster now by vehicle rather than by horse.

Guy said, "when we started here in 2009 we had 3,000 stock units, now we have 10,000 (of which about 1,500 are sheep). Terawhiti Station used to be one of the biggest sheep stations in the country, but our focus is now on maximising the performance of our Angus breeding operation. It is tough country here, but you can still make a good business out of hard land if you are smart about the stock you run and you diversify. Our cattle do well on this tough country, so when we sell them and they move onto farms where there is good feed, they thrive.

"This is a low-input farm. Over the last seven years we have modified our genetics breeding programme to focus more on moderate-sized bulls, which allows us to leave the cows to take care of themselves during calving. Given the size and terrain of this farm we need to. Callum has assisted us in identifying and sourcing bulls from other Angus breeders around the country to help us achieve our ideal animal. We really rely on Callum to keep us up to date with what's happening in beef genetics and he's a valued member of the Terawhiti Station team."

Update on our Strategy

The strategy and the themes have resonated with the business and have been embraced by our people. They are applied within each business unit and function to challenge how we can better serve our customers, both now and into the future. These themes are also applied at the Group level, to challenge us to consider whether we have the right mix of businesses in our portfolio and whether we are getting the most out of our Group offering.

We recognise that nothing is static and our strategy must continue to evolve as market conditions change and as we implement the various initiatives that we have prioritised. This year we undertook a comprehensive review of our PGW Group strategy. This involved an environmental scan and the retesting of our assumptions and how we see the markets in which we operate changing. These pages summarise some of the high level observations coming out of our Strategy Refresh project.

The current PGW Group strategy was launched to the business in 2014 and structured around three core themes:

Improve

Our highly-competitive, volatile sector demands continuous improvement to stay ahead

Improve is about continually developing and adapting our business to perform better to meet the changing needs of our customers. The core strengths of PGW stem from our lead positions across multiple segments of the agricultural market, our market-leading portfolio of proprietary seed products and our relationships and technical advice-based delivery model. 'Improve' is about taking these great parts of our offering and making them even better.

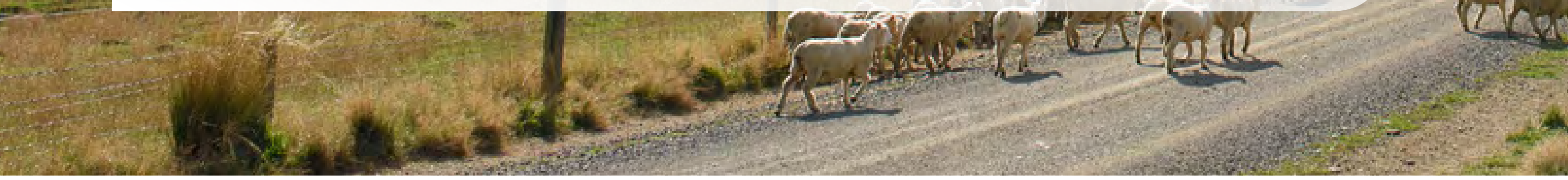
'One-PGW' remains a key tenet of the 'Improve' theme. 'One-PGW' aims to put the customer at the centre of everything we do as an organisation, looking for opportunities to make it easier for customers to do business with us and for customers to deal with multiple parts of our business. It asks our people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

A major part of implementing 'One-PGW' is taking a range of actions that give our people more opportunity to meet and work with colleagues from across other parts of the business. These relationships are ultimately the glue which will make the 'One-PGW' strategy a success.

Many of the activities that fall under the 'Improve' theme are operationally orientated; things we can do better and more efficiently to improve our day-to-day business. Technology has a large role to play with improving both our internal and our customer-facing systems. As we build business intelligence tools that analyse the wealth of data we collect we can leverage the expert advice our frontline staff provide to our customers, taking our offering to the next level.

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

- Our People Learning and Development programmes which aim to lift our overall capability, improve the quality of service we offer our customers and improve our resilience as a business.
- Our internal systems projects that are automating and re-engineering business processes, aiming to increase the efficiency with which we are able to run the business.
- Our mobility solutions, which focus on putting more technology in the hands of our people in the field to help them deliver a better service to our customers.
- Our focus on Health & Safety, aiming to get everyone home safe every day.
- Our commitment to be the preferred employer in the agricultural sector that helps us attract and retain the best people.



Grow

With volatility comes opportunity – we need to stay nimble to invest in that opportunity

Grow recognises that all our businesses have opportunities to grow profitability. By continuing to outperform our competitors we will continue to gain market share in the categories that matter. By being clear about the value that we add for both farmers and suppliers we can increase the value we obtain from facilitating these transactions.

A key tenet of the 'Grow' theme is our online offering. Many markets outside agriculture have seen a clear shift in consumer preferences towards increasing levels of digital commerce. In business-to-business commerce in general and in agricultural commerce in particular, demand for digital commerce has lagged behind other markets. However, we expect this demand to intensify in the coming years as farmers increasingly expect the same levels of ease and convenience in their on-farm transactions as they receive with their wider customer experiences. With targeted effort and investment, we aim to meet this demand and establish a strong position in these channels to market. While this investment may not be earnings-accretive in the short term, we consider that it is a necessary step to further cement the foundations to ensure PGW remains New Zealand's leading agricultural intermediary now and into the future.

Game-Changers

The world is changing – we must anticipate future customer needs and adapt our offering accordingly

Game changers are those strategies which have the potential to fundamentally alter the way we do business. Advances in precision agriculture, sensing, monitoring, data analytics and digital commerce all have the potential to be 'Game changers' in terms of how we operate our business, the types of products we sell and how we interact with farmers. Other opportunities involve new partnerships and business models that challenge the status quo.

The challenge for us is to ensure that we have the foresight and capability to introduce these 'Game changers' in a way that is complementary to our business and at a time when our customers are ready for them.

Being successful within this theme requires building an internal culture that recognises the opportunities and actively explores them. Often we may need to build partnerships with others who have skills or technologies that we may need. We may also need to further deepen our customer relationships and understanding so that we are able to anticipate their needs and recognise those innovations that have the potential to drive change. If we do this well these 'Game changers' will often feel like 'Grow' strategies. Taking a stake in AgroCentro for example fundamentally alters the way we interact with the Uruguayan market by adding retail distribution to the model yet is a natural extension of the growth we have enjoyed in the region.

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

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

PGW in the community

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

Chris Engel and Sam Kirk.

Throughout New Zealand, PGW supports a range of community and industry events including A&P shows, dog trials, horticulture sector events, shearing competitions, field days and equestrian events.

The 'Cash for Communities' partnership between PGW and Ballance Agri-Nutrients has raised over

$425,000

over four years

$27.9m

raised to date through the IHC Calf & Rural Scheme, now in its 32nd year

Supporting Charities

IHC Calf & Rural Scheme

The IHC Calf & Rural Scheme is in its 32nd year and supports the work of IHC in providing services to people with intellectual disabilities and their families by facilitating donations from farmers throughout New Zealand. To date, through this Scheme, we have helped IHC raise $27.9 million.

Cash for Communities

The 'Cash for Communities' programme is a partnership between PGW and Ballance Agri-Nutrients which has raised over $425,000 to date for rural communities throughout New Zealand.

Funds are raised by PGW who donate $1 for every tonne of Ballance fertiliser purchased by customers who have registered for the programme.

The sixth season of the programme ran in Spring 2015 and with the assistance of the 1,600 farmers who registered nationwide, over $56,000 was raised for community organisations.

Sheffield School in Canterbury were delighted to be one of the recipients of this year's programme. The donation will be used towards an on-site mural painting to reflect the school values and promote art among the students.

Supporting the Horticulture Sector

Fruitfed Supplies, PGW's specialist horticulture business, is celebrating 100 years of service to the industry in 2016. Fruitfed has a long association with programmes that recognise innovation, emerging leaders and excellence in the industry – including Young Horticulturalist of the Year and the Air New Zealand Wine Awards.

Young Horticulturalist of the Year

The Young Horticulturalist of the Year award aims to inspire and acknowledge the talents of young people employed in the horticultural industry. The competition embraces all aspects of the industry with finalists drawn from arboriculture, fruit growing, grape growing, nursery, vegetable growing, landscaping, cut flowers, floristry and turf sectors.

The Grand Final of the Young Horticulturalist of the Year (YHOTY), features seven sector winners including 'Young Viticulturalist of the Year' and 'Young Grower of the Year' (both of which are supported by PGW).

Air New Zealand Wine Awards

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

Left to right; Hamish Milner (PGW) and Jack Savage (Ballance Agri-Nutrients) presents the cheque to Sheffield School teachers and students.

Fruitfed Supplies National Manager Max Spence (right) with 2016 YHOTY winner Caleb Dennis who was also the winner of the Young Viticulturalist of the Year category.

Supporting Wool and Livestock industry events, A&P Shows and Regional Field Days

Golden Shears

PGW is proud to support Golden Shears, the world's premier shearing and wool handling championship, which is held every year in Masterton. The three-day event encompasses novice, junior, intermediate, senior and open shearing competitions along with wool handling and wool pressing events at a range of levels.

As part of the Golden Shears sponsorship, PGW is naming rights sponsor of the National Shearing Circuit which celebrates excellence in the skill of shearing.

Considered to be the 'iron man' of shearing events in New Zealand, the National Shearing Circuit requires shearers to prove their prowess across a variety of sheep breeds and wool types. The Circuit takes place at five events throughout New Zealand, with participants earning points at each round. The final, featuring six shearers, was held during the 2016 Golden Shears in Masterton.

This year, Rakaia shearer Tony Coster (pictured above) took out the title of PGG Wrightson National Shearing Champion for the fifth year in a row at the 2016 Golden Shears.

Beef Expo

PGW supports the Tru-Test Beef Expo which is held every year in May in Feilding, including the PGG Wrightson Champion of Champions Award. This prestigious competition is an integral part of New Zealand's 'beef bull season' and provides a unique occasion to connect with beef breeders and buyers alike.

A&P Shows, regional field days and NZ National Agricultural Fieldays

PGW is proud to be involved with agricultural and pastoral shows (A&P), regional field days throughout the year and the NZ National Agricultural Fieldays at Mystery Creek in June.

These events throughout the year bring the local rural community together and provide us the opportunity to thank our customers for their ongoing support and to showcase the latest in farming technology and product innovation.

Supporting Maori Excellence in Farming

The Ahuwhenua Trophy BNZ Māori Excellence in Farming Award, which PGW is proud to support, has a prestigious history dating back to 1932. The competition is held annually, alternating between dairy and sheep and beef. The 2016 competition focused on Māori dairy.

The presentation of the highly sought after Ahuwhenua Trophy in May each year comes at the end of more than six months of assessing the applications.

In 2016, for the first time in the 83 year history of the competition, a South Island dairy farm won the award. The winners were the Proprietors of Rakaia Incorporation whose farm Tahu a Tao, which was established in 1886, is located near Ashburton in Mid Canterbury.

Sustainability

PGW is committed to protecting our natural environment for future generations.

This commitment supports both a focus on our internal business activities, to ensure the way we conduct our business minimises the impact we place on our communities. We also focus on the products and services we offer to our farming customers, helping them in their sustainability goals. For example, many of our seed cultivar research programmes and our ongoing development of variable rate irrigation applications are designed to meet the demand for more sustainable farming practices.

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

Key Financial Disclosures

FOR THE YEAR ENDED 30 JUNE 2016

PGG WRIGHTSON LIMITED

DIRECTORS' RESPONSIBILITY STATEMENT

FOR THE YEAR ENDED 30 JUNE 2016

The Directors are responsible for ensuring that the financial statements give a true and fair view of the financial position of the Group as at 30 June 2016 and the financial performance and cash flows for the year ended on that date.

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

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Group and facilitate compliance of the financial statements with the Financial Reporting Act 2013 and the Financial Markets Conduct Act 2013.

The Directors are pleased to present the financial statements for PGG Wrightson Limited and its controlled entities (together the "Group") set out on pages 35 to 80 for the year ended 30 June 2016.

The financial statements contained on pages 35 to 80 have been authorised for issue on 8 August 2016.

For and on behalf of the Board.

Alan Lai Chairman

Bruce Irvine Director and Audit Committee Chairman

STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2016

Helping grow the country

	NOTE	2016 $000	2015 $000
Continuing operations			
Operating revenue	1	1,181,624	1,202,835
Cost of sales	2	(854,871)	(885,694)
Gross profit		326,753	317,141
Other income		725	403
Employee benefits expense		(156,148)	(149,276)
Research and development		(4,515)	(4,295)
Other operating expenses	3	(96,390)	(94,523)
Equity accounted earnings of investees	5	(244)	181
Operating EBITDA		**70,181**	**69,631**
Non-operating items		(1,684)	(2,097)
Fair value adjustments	6	(232)	(23)
EBITDA		**68,265**	**67,511**
Depreciation and amortisation expense		(9,170)	(7,948)
Results from continuing operating activities		59,095	59,563
Net interest and finance costs	7	(10,474)	(10,780)
Profit from continuing operations before income taxes		48,621	48,783
Income tax expense	8	(8,832)	(16,172)
Profit from continuing operations		39,789	32,611
Discontinued operations			
Profit from discontinued operations (net of income taxes)		(211)	142
Net profit after tax		**39,578**	**32,753**
Profit attributable to:			
Shareholders of the Company		38,823	31,869
Non-controlling interest		755	884
Net profit after tax		**39,578**	**32,753**
Earnings per share			
Basic earnings per share (New Zealand Dollars)	9	0.052	0.043
Continuing operations			
Basic earnings per share (New Zealand Dollars)		0.053	0.043

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

PGG WRIGHTSON LIMITED

STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2016

	NOTE	2016 $000	2015 $000
Net profit after tax		**39,578**	**32,753**
Other comprehensive income/(loss) for the period			
Items that will never be reclassified to profit or loss			
Changes in fair value of equity instruments		5,433	(2,278)
Remeasurements of defined benefit liability	19	(4,831)	(3,611)
Deferred tax on remeasurements of defined benefit liability		1,353	1,011
		1,955	(4,878)
Items that are or may be reclassified to profit or loss			
Foreign currency translation differences for foreign operations		(8,513)	13,628
Effective portion of changes in fair value of cash flow hedges		3,888	(2,390)
Income/deferred tax on changes in fair value of cash flow hedges		(1,088)	786
		(5,713)	12,024
Other comprehensive income/(loss) for the period, net of income tax		(3,758)	7,146
Total comprehensive income for the period		**35,820**	**39,899**
Total comprehensive income/(loss) attributable to:			
Shareholders of the Company		35,098	38,655
Non-controlling interest		722	1,244
Total comprehensive income for the period		**35,820**	**39,899**

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

SEGMENT REPORT

For the year ended / as at 30 June 2016

(a) Operating Segments

The Group has two primary operating divisions: Rural Services and Seed & Grain. Rural Services operates within New Zealand. Seed & Grain primarily operates within New Zealand with additional operations in Australia and South America.

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

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

Other non-segmented amounts relate to certain Corporate activities including Finance, Treasury, HR and other support services including corporate property services and include adjustments for discontinued operations (PGW Rural Capital Limited) and consolidation adjustments. In addition it includes marketing reward programmes transferred from the Retail segment from 1 July 2015.

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

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

(b) Geographical Segment Information

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

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

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

	2016 $000	2015 $000
Operating revenue by geography		
New Zealand	978,066	1,014,605
Australia	86,011	76,821
South America	117,547	111,409
Total operating revenue by geography	**1,181,624**	**1,202,835**
Non current assets excluding financial instruments and deferred tax		
New Zealand	93,981	115,207
Australia	12,373	13,684
South America	46,001	16,346
Total non current assets excluding financial instruments and deferred tax	**152,355**	**145,237**

PGG WRIGHTSON LIMITED

SEGMENT REPORT CONTINUED

For the year ended / as at 30 June 2016

(c) Operating Segment Information

	RURAL SERVICES					
	RETAIL		LIVESTOCK		OTHER RURAL SERVICES	
	2016 $000	2015 $000	2016 $000	2015 $000	2016 $000	2015 $000
Total segment revenue	479,772	494,327	73,111	86,700	218,764	218,714
Intersegment revenue	–	–	–	–	–	–
Total external operating revenues	479,772	494,327	73,111	86,700	218,764	218,714
Operating EBITDA	**29,154**	**27,323**	**15,234**	**15,440**	**8,591**	**11,755**
Non–operating items	390	(21)	(3,177)	(2)	(360)	47
Fair value adjustments	–	–	458	(23)	–	–
EBITDA	29,544	27,302	12,515	15,415	8,231	11,802
Depreciation and amortisation	(1,239)	(1,242)	(635)	(551)	(897)	(896)
Results from continuing operating activities	28,305	26,060	11,880	14,864	7,334	10,906
Net interest and finance costs	(660)	414	(269)	(283)	(770)	647
Profit/(loss) from continuing operations before income tax	27,645	26,474	11,611	14,581	6,564	11,553
Income tax (expense) / income	(7,892)	(7,413)	(3,251)	(4,016)	(1,839)	(3,427)
Profit/(loss) from continuing operations	19,753	19,061	8,360	10,565	4,725	8,126
Discontinued operations	–	–	–	–	–	–
Net profit/(loss) after tax	**19,753**	**19,061**	**8,360**	**10,565**	**4,725**	**8,126**
Segment assets	101,630	111,701	78,816	63,910	72,183	76,108
Equity accounted investees	–	–	–	–	–	–
Assets held for sale	763	–	56	–	–	–
Total segment assets	102,393	111,701	78,872	63,910	72,183	76,108
Segment liabilities	(51,854)	(63,843)	(49,656)	(50,326)	(31,683)	(41,721)
Capital expenditure (including intangibles)	3,956	1,511	849	437	1,435	613

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

		SEED & GRAIN		TOTAL OPERATING SEGMENTS		OTHER		TOTAL	
TOTAL RURAL SERVICES									
2016 $000	2015 $000	2016 $000	2015 $000	2016 $000	2015 $000	2016 $000	2015 $000	2016 $000	2015 $000
771,647	799,741	453,168	469,081	1,224,815	1,268,822	8,729	2,229	1,233,544	1,271,051
–	–	(51,920)	(68,216)	(51,920)	(68,216)	–	–	(51,920)	(68,216)
771,647	799,741	401,248	400,865	1,172,895	1,200,606	8,729	2,229	1,181,624	1,202,835
52,979	**54,518**	**44,621**	**40,506**	**97,600**	**95,024**	**(27,419)**	**(25,393)**	**70,181**	**69,631**
(3,147)	24	(418)	346	(3,565)	370	1,881	(2,467)	(1,684)	(2,097)
458	(23)	(19)	–	439	(23)	(671)	–	(232)	(23)
50,290	54,519	44,184	40,852	94,474	95,371	(26,209)	(27,860)	68,265	67,511
(2,771)	(2,689)	(4,397)	(3,478)	(7,168)	(6,167)	(2,002)	(1,781)	(9,170)	(7,948)
47,519	51,830	39,787	37,374	87,306	89,204	(28,211)	(29,641)	59,095	59,563
(1,699)	778	(3,845)	(6,760)	(5,544)	(5,982)	(4,930)	(4,798)	(10,474)	(10,780)
45,820	52,608	35,942	30,614	81,762	83,222	(33,141)	(34,439)	48,621	48,783
(12,982)	(14,856)	(10,262)	(10,072)	(23,244)	(24,928)	14,412	8,756	(8,832)	(16,172)
32,838	37,752	25,680	20,542	58,518	58,294	(18,729)	(25,683)	39,789	32,611
–	–	–	–	–	–	(211)	142	(211)	142
32,838	**37,752**	**25,680**	**20,542**	**58,518**	**58,294**	**(18,940)**	**(25,541)**	**39,578**	**32,753**
252,629	251,719	360,602	335,881	613,231	587,600	50,372	62,983	663,603	650,583
–	–	17,890	1,766	17,890	1,766	110	83	18,000	1,849
819	–	–	11	819	11	4,794	510	5,613	521
253,448	251,719	378,492	337,658	631,940	589,377	55,276	63,576	687,216	652,953
(133,193)	(155,890)	(183,293)	(160,715)	(316,486)	(316,605)	(96,431)	(68,980)	(412,917)	(385,585)
6,240	2,561	36,772	14,319	43,012	16,880	809	2,885	43,821	19,765

PGG WRIGHTSON LIMITED

STATEMENT OF CASH FLOWS

For the year ended 30 June 2016

	NOTE	2016 $000	2015 $000
Cash flows from operating activities			
Cash was provided from:			
Receipts from customers		1,242,386	1,267,554
Dividends received		6	7
Interest received		2,038	2,077
		1,244,430	1,269,638
Cash was applied to:			
Payments to suppliers and employees		(1,188,736)	(1,217,986)
Interest paid		(6,579)	(6,915)
Income tax paid		(13,903)	(15,569)
		(1,209,218)	(1,240,470)
Net cash flow from operating activities		**35,212**	**29,168**
Cash flows from investing activities			
Cash was provided from:			
Proceeds from sale of property, plant and equipment and assets held for sale		19,898	3,644
Net decrease in finance receivables		1,079	3,003
Net proceeds from sale of investments		9,692	202
		30,669	6,849
Cash was applied to:			
Purchase of property, plant and equipment		(30,750)	(17,169)
Purchase of intangibles		(2,176)	(2,488)
Net cash paid for purchase of investments		(10,895)	(819)
		(43,821)	(20,476)
Net cash flow from investing activities		**(13,152)**	**(13,627)**
Cash flows from financing activities			
Cash was provided from:			
Increase in external borrowings and bank overdraft		7,035	22,622
		7,035	22,622
Cash was applied to:			
Dividends paid to shareholders		(28,602)	(41,942)
Dividends paid to minority interests		(205)	(291)
		(28,807)	(42,233)
Net cash flow from financing activities		**(21,772)**	**(19,611)**
Net increase/(decrease) in cash held		288	(4,070)
Opening cash		7,273	11,343
Cash and cash equivalents	10	**7,561**	**7,273**

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

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

For the year ended 30 June 2016

Helping grow the country

	2016 $000	2015 $000
Net profit after tax	39,578	32,753
Add/(deduct) non-cash/non operating items:		
Depreciation, amortisation and impairment	9,170	7,948
Fair value adjustments	232	23
Net (profit)/loss on sale of assets/investments	(5,321)	(956)
Bad debts written off (net)	1,483	1,050
Change in deferred taxation	(2,001)	(1,296)
Earnings from equity accounted investees	244	(181)
Discontinued operations	211	(142)
Defined benefit expense	6,243	(2,484)
Transfer of fixed assets to assets held for sale	6,284	488
Effect of foreign exchange movements	(6,131)	10,271
Other non-cash/non-operating items	(2,281)	(2,816)
	47,711	44,658
Add/(deduct) movement in working capital items:		
Change in working capital due to sale/purchase of businesses	(583)	321
Change in inventories and biological assets	3,990	(13,251)
Change in accounts receivable and prepayments	(15,290)	1,335
Change in trade creditors, provisions and accruals	10,620	(7,071)
Change in income tax payable/receivable	(2,604)	765
Change in other current assets/liabilities	(8,632)	2,411
	(12,499)	(15,490)
Net cash flow from operating activities	**35,212**	**29,168**

The accompanying notes form an integral part of these financial statements

PGG WRIGHTSON LIMITED

STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	NOTE	2016 $000	2015 $000
ASSETS			
Current			
Cash and cash equivalents	10	7,561	7,273
Short-term derivative assets	11	3,743	2,036
Trade and other receivables	12	250,486	235,205
Finance receivables		–	1,430
Assets classified as held for sale		5,613	521
Biological assets		843	2,593
Inventories	13	244,074	246,313
Other investments	15	6,691	–
Total current assets		519,011	495,371
Non-current			
Long-term derivative assets	11	1,516	12
Biological assets		108	104
Deferred tax asset	8	14,334	12,333
Investments in equity accounted investees	5	18,000	1,849
Other investments	15	2,165	12,467
Intangible assets	16	7,079	6,660
Property, plant and equipment	17	125,003	124,157
Total non-current assets		168,205	157,582
Total assets		**687,216**	**652,953**
LIABILITIES			
Current			
Debt due within one year	10	36,623	57,411
Short-term derivative liabilities	11	1,438	3,266
Accounts payable and accruals	18	239,696	232,842
Income tax payable		2,392	3,834
Defined benefit liability	19	2,642	–
Total current liabilities		282,791	297,353
Non-current			
Long-term debt	10	97,511	69,328
Long-term derivative liabilities	11	940	1,980
Other long-term provisions	18	8,588	2,269
Defined benefit liability	19	23,087	14,655
Total non-current liabilities		130,126	88,232
Total liabilities		**412,917**	**385,585**
EQUITY			
Share capital	30	606,324	606,324
Reserves	30	2,033	4,768
Retained earnings	30	(336,101)	(346,534)
Total equity attributable to shareholders of the Company		272,256	264,558
Non-controlling interest		2,043	2,810
Total equity		**274,299**	**267,368**
Total liabilities and equity		**687,216**	**652,953**

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

Additional Financial Disclosures including Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2016

PGG WRIGHTSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

1 OPERATING REVENUE

	CONTINUING OPERATIONS		DISCONTINUED OPERATIONS		TOTAL	
	2016 $000	2015 $000	2016 $000	2015 $000	2016 $000	2015 $000
Sales	1,031,645	1,032,026	–	–	1,031,645	1,032,026
Commissions	105,536	101,289	–	–	105,536	101,289
Construction contract revenue	42,478	67,906	–	–	42,478	67,906
Interest revenue on finance receivables	–	–	268	280	268	280
Debtor interest charges	1,965	1,614	–	–	1,965	1,614
Total operating revenue	**1,181,624**	**1,202,835**	**268**	**280**	**1,181,892**	**1,203,115**

Income Recognition Accounting Policies

Recognition of Revenue

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

Sales Revenue

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

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

Construction Contracts

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

Management estimate the percentage of completion stage on construction contracts to determine the appropriate revenue to be recognised for each project. The percentage of completion is estimated based on detailed information on the status of projects.

Interest and Similar Income and Expense

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

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

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

Fee Income from Providing Transaction Services

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

2 COST OF SALES

	NOTE	2016 $000	2015 $000
Cost of Sales includes the following items by nature:			
Depreciation and amortisation		1,294	1,280
Employee benefits including commissions		35,110	32,465
Inventories, finished goods, work in progress, raw materials and consumables	13	794,665	813,703
Other		23,802	38,246
		854,871	**885,694**

3 OTHER OPERATING EXPENSES

	2016 $000	2015 $000
Other operating expenses includes the following items:		
Audit of annual financial statements of the Company – KPMG	240	290
Audit of annual financial statements of the subsidiaries and associates – KPMG	115	118
Other non-audit services provided by KPMG		
– Trust account audit of PGG Wrightson Real Estate Limited	11	11
– Review of charging group consolidation for bank syndicate	2	2
– Review of Agriculture New Zealand Limited for reporting to New Zealand Qualifications Authority	1	1
– IT Review	–	19
Directors' fees	770	760
Donations	5	19
Doubtful debts – (decrease)/increase in provision for doubtful debts	740	(555)
Net doubtful debts – bad debts written off/recovered	742	1,605
Marketing	8,849	9,138
Motor vehicle costs	6,860	7,316
Rental and operating lease costs	25,951	23,957
Other expenses	52,104	51,842
	96,390	**94,523**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2016

4 ACQUISITION OF EQUITY ACCOUNTED INVESTEE

Agrocentro Uruguay

On 31 August 2015 the Group acquired a 50% investment in Agrocentro Uruguay. The investment was made by acquiring 50% of the shares in Agimol Corporation S.A., the holding company for Agrocentro Uruguay. This jointly controlled entity is accounted for using the equity method and is included in the Group's Seed & Grain business segment. The acquisition involved an upfront payment and an earn out component of between nil and USD 11.50 million over the next three years based on the financial performance of the business. The initial investment recorded for the investee was $16.37 million which includes management's estimate of the fair value of the earn out. Agrocentro Uruguay is a rural servicing group that has four different business units consisting of retail and distribution of agricultural inputs, farming, logistics and consulting.

Basis of Consolidation Accounting Policies

Associates and Jointly Controlled Entities

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

5 EQUITY ACCOUNTED INVESTEES

Financial information for equity accounted investees

30 June 2016

	CURRENT ASSETS	NON-CURRENT ASSETS	TOTAL ASSETS	CURRENT LIABILITIES	NON-CURRENT LIABILITIES	TOTAL LIABILITIES
51% Forage Innovations Limited	1,173	–	1,173	(783)	–	(783)
50% Agimol Corporation S.A.	51,163	5,998	57,161	(53,459)	–	(53,459)
50% Canterbury Sale Yards (1996) Limited	193	8	201	(26)	–	(26)
50% Fertimas S.A.	11,936	–	11,936	(9,741)	–	(9,741)
	64,465	6,006	70,471	(64,009)	–	(64,009)

	REVENUES	EXPENSES	PROFIT / (LOSS) AFTER TAX	PGW SHARE
51% Forage Innovations Limited	1,403	(1,523)	(120)	(60)
50% Agimol Corporation S.A.	67,802	(67,562)	240	120
50% Canterbury Sale Yards (1996) Limited	544	(490)	54	27
50% Fertimas S.A.	27,812	(28,474)	(662)	(331)
	97,561	(98,049)	(488)	**(244)**

5 EQUITY ACCOUNTED INVESTEES (CONTINUED)

Financial information for equity accounted investees (continued)

30 June 2015

	CURRENT ASSETS	NON-CURRENT ASSETS	TOTAL ASSETS	CURRENT LIABILITIES	NON-CURRENT LIABILITIES	TOTAL LIABILITIES
51% Forage Innovations Limited	1,233	–	1,233	(688)	–	(688)
50% Canterbury Sale Yards (1996) Limited	146	22	168	(2)	–	(2)
50% Fertimas S.A.	18,298	–	18,298	(15,490)	–	(15,490)
	19,677	22	19,699	(16,180)	–	(16,180)

	REVENUES	EXPENSES	PROFIT / (LOSS) AFTER TAX	PGW SHARE
51% Forage Innovations Limited	1,443	(1,449)	(6)	(3)
50% Canterbury Sale Yards (1996) Limited	526	(540)	(14)	(7)
50% Fertimas S.A.	32,668	(32,286)	382	191
	34,637	(34,275)	362	**181**

Movement in carrying value of equity accounted investees

	2016 $000	2015 $000
Opening balance	1,849	1,364
Investment in Agimol Corporation S.A.	16,375	–
Currency translation	20	304
Share of profit/(loss)	(244)	181
Dividends received	–	–
Closing balance	**18,000**	**1,849**

There is goodwill of $13.24 million included in the carrying value of Agimol Corporation S.A. (2015: Nil).

Refer to Accounting Policies – page 46.

6 FAIR VALUE ADJUSTMENTS

	2016 $000	2015 $000
Assets held for sale	(670)	–
Biological assets	552	(23)
Investments	(114)	–
	(232)	**(23)**

PGG WRIGHTSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2016

7 INTEREST – FINANCE INCOME AND EXPENSE

	2016 $000	2015 $000
Finance income contains the following items:		
Other interest income	73	463
Finance income	73	463
Interest funding contains the following items:		
Interest on interest rate swaps	(282)	(10)
Interest on bank loans and overdrafts	(7,150)	(6,768)
Effective interest on expected earnout payments	(809)	–
Other interest expense	(3)	(98)
Bank facility fees	(845)	(1,508)
Interest funding expense	(9,089)	(8,384)
Foreign exchange contains the following items:		
Net gain/(loss) on foreign denominated items	(3,717)	(464)
Derivatives not in qualifying hedge relationships	2,259	(2,395)
Foreign exchange income/(expense)	(1,458)	(2,859)
Net interest and finance costs	**(10,474)**	**(10,780)**

8 INCOME TAXES

	2016 $000	2015 $000
Current tax expense		
Current year	(14,085)	(16,221)
Adjustments for prior years	3,517	550
	(10,568)	(15,671)
Deferred tax expense		
Origination and reversal of temporary differences	1,086	(111)
Recognition of previously unrecognised tax losses	296	–
Adjustments for prior years	354	(390)
	1,736	(501)
Income tax (expense)/income	**(8,832)**	**(16,172)**
Profit/(loss) for the year	39,578	32,753
Income tax (expense)/income	(8,832)	(16,172)
Tax on discontinued operations	82	(55)
Profit/(loss) excluding income tax	**48,328**	**48,980**

	2016 %	2016 $000	2015 %	2015 $000
Income tax using the Company's domestic tax rate	28.0%	(13,532)	28.0%	(13,714)
Effect of tax rates in foreign jurisdictions	(2.0%)	983	2.6%	(1,271)
Non-deductible expenses	4.5%	(2,178)	0.8%	(401)
Taxable income included in other comprehensive income	0.0%	–	0.0%	–
Tax effect of discontinued operations	(0.2%)	82	0.1%	(55)
Tax exempt income	(3.4%)	1,646	(0.4%)	208
Under/(over) provided in prior years	(8.0%)	3,871	(0.3%)	159
Recognition of previously unrecognised tax losses	(0.6%)	296	0.0%	–
Current year tax losses not recognised	0.0%	–	2.2%	(1,098)
	18.3%	**(8,832)**	**33.0%**	**(16,172)**

Income tax recognised directly in equity

	2016 $000	2015 $000
Income/deferred tax on changes in fair value of cash flow hedges	(1,088)	786
Deferred tax on movement of actuarial gains/losses on employee benefit plans	1,353	1,011
Total income tax recognised directly in equity	**265**	**1,797**

The Group has $1.12 million imputation credits as at 30 June 2016 (2015: $2.26 million). This balance includes the third provisional tax instalment made on 28 July 2016 in respect of the year ended 30 June 2016.

Refer to Accounting Policies – page 50.

PGG WRIGHTSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2016

8 INCOME TAXES (CONTINUED)

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	ASSETS 2016 $000	ASSETS 2015 $000	LIABILITIES 2016 $000	LIABILITIES 2015 $000	NET 2016 $000	NET 2015 $000
Group						
Property, plant and equipment	–	–	(2,335)	(5,216)	(2,335)	(5,216)
Intangible assets	–	–	(435)	(725)	(435)	(725)
Provisions	16,992	18,743	(1,609)	(1,425)	15,383	17,318
Other items	1,721	956	–	–	1,721	956
Tax asset/(liability)	**18,713**	**19,699**	**(4,379)**	**(7,366)**	**14,334**	**12,333**

Movement in deferred tax on temporary differences during the year

	BALANCE 1 JUL 2014 $000	RECOGNISED IN PROFIT OR LOSS $000	RECOGNISED IN OTHER COMPREHENSIVE INCOME $000	BALANCE 30 JUN 2015 $000	RECOGNISED IN PROFIT OR LOSS $000	RECOGNISED IN OTHER COMPREHENSIVE INCOME $000	BALANCE 30 JUN 2016 $000
Group							
Property, plant and equipment	(7,005)	1,789	–	(5,216)	2,881	–	(2,335)
Intangible assets	(112)	(613)	–	(725)	290	–	(435)
Employee benefits	9,508	(857)	1,011	9,662	1,341	1,353	12,356
Provisions	8,628	(1,758)	786	7,656	(3,541)	(1,088)	3,027
Other items	18	938	–	956	765	-	1,721
	11,037	(501)	1,797	**12,333**	1,736	265	**14,334**

Unrecognised tax losses / Unrecognised temporary differences

At 30 June 2016 the Group has $6.31 million of unrecognised deferred tax assets relating to unrecognised losses (2015: $7.08 million) and $2.32 million of unrecognised deferred tax assets relating to unrecognised temporary differences (2015: $2.28 million). These unrecognised deferred tax assets relate to the Australian subsidiaries of the Group.

Income Tax Accounting Policies

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

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

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

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

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

9 EARNINGS PER SHARE AND NET TANGIBLE ASSETS

Basic earnings per share

The calculation of basic earnings per share at 30 June 2016 was based on the profit/(loss) attributable to ordinary shareholders of $39,578,000 (2015: $32,753,000) by the weighted average number of shares, 754,848,774 (2015: 754,848,774) on issue. There are no dilutive shares or options (2015: Nil).

	2016 000	2015 000
Number of shares		
Weighted average number of ordinary shares	754,849	754,849
Number of ordinary shares	**754,849**	**754,849**

	2016 $000	2015 $000
Net Tangible Assets		
Total assets	687,216	652,953
Total liabilities	(412,917)	(385,585)
less intangible assets	(7,079)	(6,660)
less deferred tax	(14,334)	(12,333)
	252,886	**248,375**

	2016 $	2015 $
Net tangible assets per share	0.335	0.329
Earnings per share	0.052	0.043

Earnings per Share Accounting Policy

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2016

10 CASH AND FINANCING FACILITIES

	2016 $000	2015 $000
Cash and cash equivalents	7,561	7,273
Current financing facilities	(36,623)	(57,411)
Term financing facilities	(97,511)	(69,328)
	(126,573)	**(119,466)**

The Company has a syndicated facility agreement which provides bank facilities of up to $176.00 million. The agreement contains various financial covenants and restrictions that are standard for facilities of this nature, including maximum permissible ratios for debt leverage and operating leverage. The Company has granted a general security deed and mortgage over all its wholly-owned New Zealand and Australian assets to a security trust. These assets include the shares held in South American subsidiaries and equity accounted investees. ANZ Bank New Zealand Limited acts as security trustee for the banking syndicate (ANZ Bank New Zealand Limited, Bank of New Zealand and Westpac New Zealand Limited).

The Company's bank syndicate facilities include:

– A term debt facility of $116.00 million maturing on 1 August 2018.

– A working capital facility of up to $60.00 million maturing on 1 August 2018.

The syndicated facility agreement also allows the Group, subject to certain conditions, to enter into additional facilities outside of the Company syndicated facility. The additional facilities are guaranteed by the security trust. These facilities amounted to $19.37 million as at 30 June 2016 including:

– Overdraft facilities of $9.55 million.

– Guarantee and trade finance facilities of $6.53 million.

– Finance lease facilities of $3.29 million.

In addition, during the period, two of the Group's wholly-owned Uruguayan subsidiaries (Wrightson Pas S.A. and Agrosan S.A.) jointly and severally entered into a club structure to simplify the bank financing of the Group's South American operations. The club facilities contain various financial covenants and restrictions that are standard for facilities of this nature. The club facilities are denominated in USD, secured by a mortgage over the new Uruguay logistics centre and provide:

– An amortising logistics centre facility of $14.08 million (USD 10 million) maturing on 17 September 2022

– A committed facility of $16.90 million (USD 12 million) maturing on 17 September 2018.

Separate to the club facility, the Group's South American operations have various unsecured financing facilities that amounted to $23.02 million (USD 16.34 million) as at 30 June 2016.

11 DERIVATIVE FINANCIAL INSTRUMENTS

	2016 $000	2015 $000
Derivative assets held for risk management		
Current	3,743	2,036
Non-current	1,516	12
	5,259	2,048
Derivative liabilities held for risk management		
Current	(1,438)	(3,266)
Non-current	(940)	(1,980)
	(2,378)	(5,246)
Net derivatives held for risk management	**2,881**	**(3,198)**

Derivatives held for risk management

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

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

Derivative Financial Instruments Accounting Policies

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

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

Cash Flow Hedges

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

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

PGG WRIGHTSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2016

12 TRADE AND OTHER RECEIVABLES

	2016 $000	2015 $000
Accounts receivable	204,956	224,026
Trade receivables due from related parties	17,007	–
Less provision for doubtful debts	(6,072)	(5,557)
Net accounts receivable	215,891	218,469
Other receivables and prepayments	34,595	16,736
	250,486	**235,205**
Analysis of movements in provision for doubtful debts		
Balance at beginning of year	(5,557)	(5,537)
Movement in provision	(515)	(20)
Balance at end of year	**(6,072)**	**(5,557)**

The Group has transacted with its related party Agimol Corporation S.A. and its subsidiaries during the period ended 30 June 2016. The aggregate value of transactions between the Group and Agimol Corporation S.A. and its subsidiaries amounted to $29.35 million between the date of acquisition and the year ended 30 June 2016. The outstanding balance as at 30 June 2016 was $17.01 million. No provision is held in respect of the outstanding balance.

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

	TOTAL DEBTORS 2016 $000	PROVISION 2016 $000	TOTAL DEBTORS 2015 $000	PROVISION 2015 $000
Not past due	197,086	–	195,416	–
Past due 1 – 30 days	13,695	(245)	18,527	(218)
Past due 31 – 60 days	2,550	(2)	2,256	(152)
Past due 61 – 90 days	6,601	(3,854)	5,416	(2,803)
Past due 90 plus days	2,031	(1,971)	2,411	(2,384)
	221,963	**(6,072)**	**224,026**	**(5,557)**

Trade and Other Receivables Accounting Policies

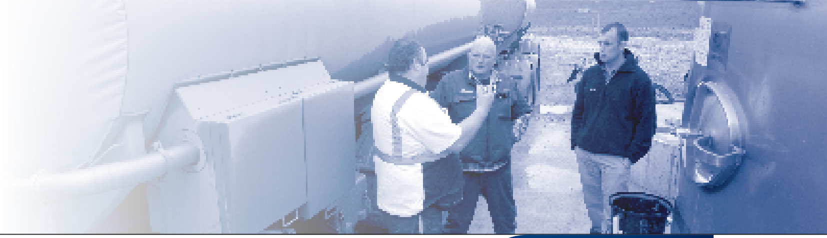
Determination of Fair Values

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

Impairment of Trade Receivables

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

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



13 INVENTORY

	2016 $000	2015 $000
Merchandise/finished goods	248,543	252,882
Work in progress	48	1,166
Less provision for inventory write down	(4,517)	(7,735)
	244,074	**246,313**

During the year ended 30 June 2016, finished goods, work in progress, raw materials and consumables included in cost of sales in the Statement of Profit or Loss amounted to $794.67 million (2015: $813.70 million) (see Note 2).

During the year ended 30 June 2016 inventories written down to net realisable value amounted to $4.43 million (2015: $3.11 million). The write-downs are included in cost of sales in the Statement of Profit or Loss. Consideration is given to factors such as age, germination levels and quality when assessing the net realisable value of seeds inventory.

Inventories Accounting Policies

Finished Goods

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

Wholesale Seeds

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

PGG WRIGHTSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2016

14 GROUP ENTITIES

SIGNIFICANT SUBSIDIARIES	COUNTRY OF INCORPORATION	DIRECT PARENT	OWNERSHIP INTEREST 2016 %	OWNERSHIP INTEREST 2015 %
PGG Wrightson Seeds Holdings Limited	New Zealand	PGG Wrightson Limited	100%	100%
PGW Rural Capital Limited	New Zealand	PGG Wrightson Limited	100%	100%
PGG Wrightson Employee Benefits Plan Trustee Limited	New Zealand	PGG Wrightson Limited	100%	100%
PGG Wrightson Real Estate Limited	New Zealand	PGG Wrightson Limited	100%	100%
Agriculture New Zealand Limited	New Zealand	PGG Wrightson Limited	100%	100%
PGG Wrightson Trustee Limited	New Zealand	PGG Wrightson Limited	100%	100%
PGW Corporate Trustee Limited	New Zealand	PGG Wrightson Limited	100%	100%
AgriServices South America Limited	New Zealand	PGG Wrightson Limited	100%	100%
PGW AgriServices Australia Pty Limited	Australia	PGG Wrightson Limited	100%	100%
PGG Wrightson Investments Limited	New Zealand	PGG Wrightson Limited	100%	100%
Bloch & Behrens Wool (NZ) Limited	New Zealand	PGG Wrightson Limited	100%	100%
NZ Agritrade Limited	New Zealand	PGG Wrightson Limited	100%	100%
Ag Property Holdings Limited	New Zealand	PGG Wrightson Investments Limited	100%	100%
PGG Wrightson Seeds New Zealand Limited	New Zealand	PGG Wrightson Seeds Holdings Limited	100%	100%
PGG Wrightson Seeds South America Holdings Limited	New Zealand	PGG Wrightson Seeds Holdings Limited	100%	100%
PGG Wrightson Seeds Australia Holdings Pty Limited	Australia	PGG Wrightson Seeds Holdings Limited	100%	100%
PGG Wrightson Seeds Limited	New Zealand	PGG Wrightson Seeds New Zealand Limited	100%	100%
PGG Wrightson Consortia Research Limited	New Zealand	PGG Wrightson Seeds Limited	100%	100%
Grasslands Innovation Limited	New Zealand	PGG Wrightson Seeds Limited	70%	70%
Agricom Limited	New Zealand	PGG Wrightson Seeds Limited	100%	100%
PGG Wrightson Genomics Limited	New Zealand	PGG Wrightson Seeds Limited	100%	100%
Wrightson Seeds Limited	New Zealand	PGG Wrightson Seeds Limited	100%	100%
PGG Wrightson Employee Benefits Plan Limited	New Zealand	PGG Wrightson Employee Benefits Plan Trustee Limited	100%	100%
PGG Wrightson Seeds (Australia) Pty Limited	Australia	PGG Wrightson Seeds Australia Holdings Pty Limited	100%	100%
PGW AgriTech South America S.A.	Uruguay	PGG Wrightson Seeds South America Holdings Limited	100%	100%
Wrightson Pas S.A.	Uruguay	PGG Wrightson Seeds South America Holdings Limited	100%	100%
Juzay S.A.	Uruguay	PGW AgriTech South America S.A.	100%	100%
Agrosan S.A.	Uruguay	PGW AgriTech South America S.A.	100%	100%
Alfalfares S.A.	Argentina	PGW AgriTech South America S.A.	100%	100%
NZ Ruralco Participacoes Ltda	Brazil	PGW AgriTech South America S.A.	100%	100%
Hunker S.A. (t/a Rural Centre)	Uruguay	Juzay S.A.	100%	100%
Lanelle S.A. (t/a Riegoriental)	Uruguay	Juzay S.A.	100%	100%
Afinlux S.A.	Uruguay	Juzay S.A.	51%	51%
Kroslyn S.A. Limited	Uruguay	Agrosan S.A.	100%	100%
Escritorio Romualdo Rodriguez Ltda	Uruguay	Afinlux S.A.	51%	51%

Acquisition of Business

On 5 August 2015 the Group purchased the assets and business of Grainland Moree Pty Limited (Grainland) for $0.79 million. Grainland is a seed production, cleaning and wholesale seed marketing business based in the northwest New South Wales town of Moree. The assets acquired included inventory, fixed assets and a fixed life intangible.

15 OTHER INVESTMENTS

	2016 $000	2015 $000
Current investments		
BioPacificVentures	3,170	–
Advances to equity accounted investees	3,521	–
	6,691	**–**
Non-current investments		
BioPacificVentures	–	7,134
Sundry other investments including saleyards	2,165	1,657
Advances to equity accounted investees	–	3,676
	2,165	**12,467**

Investment in BioPacificVentures

In 2005 the Group committed $14.00 million to an international fund established for investment in food and agriculture life sciences. The investment in BioPacificVentures has an anticipated total lifespan of 12 years. At 30 June 2016 $13.95 million has been drawn on the committed level of investment (30 June 2015: $13.95 million). A fair value gain of $5.43 million was recorded in the Statement of Other Comprehensive Income in the period to 30 June 2016 (2015: a fair value loss of $2.28 million). In addition the Group received a capital return of $9.68 million in respect of its BioPacificVentures investment in the period to 30 June 2016 (30 June 2015: $0.16 million).

Advances to equity accounted investees

This advance is a loan to the South American investee entity, Fertimas S.A..This loan matures in May 2017. Interest is payable on the balance and no provision for doubtful debts was recorded against the loan as at 30 June 2016 (2015: nil).

Sundry other investments including saleyards

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

Other Investments Accounting Policies

Determination of Fair Values

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

PGG WRIGHTSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2016

16 INTANGIBLE ASSETS

	SOFTWARE $000	TRADEMARKS, PATENTS & RIGHTS $000	TOTAL $000
Cost			
Balance at 1 July 2014	18,125	1,040	19,165
Additions	2,487	–	2,487
Disposals and reclassifications	–	–	–
Effect of movement in exchange rates	29	7	36
Balance at 30 June 2015	**20,641**	**1,047**	**21,688**
Balance at 1 July 2015	20,641	1,047	21,688
Additions	1,576	574	2,150
Added as part of a business combination/amalgamation	–	467	467
Disposals and reclassifications	–	–	–
Effect of movement in exchange rates	(66)	–	(66)
Balance at 30 June 2016	**22,151**	**2,088**	**24,239**
Amortisation and impairment losses			
Balance at 1 July 2014	12,897	584	13,481
Amortisation for the year	1,508	14	1,522
Disposals and reclassifications	–	–	–
Effect of movement in exchange rates	25	–	25
Balance at 30 June 2015	**14,430**	**598**	**15,028**
Balance at 1 July 2015	14,430	598	15,028
Amortisation for the year	2,011	145	2,156
Disposals and reclassifications	–	–	–
Effect of movement in exchange rates	(25)	1	(24)
Balance at 30 June 2016	**16,416**	**744**	**17,160**
Carrying amounts			
At 1 July 2014	**5,228**	**456**	**5,684**
At 30 June 2015	**6,211**	**449**	**6,660**
At 1 July 2015	**6,211**	**449**	**6,660**
At 30 June 2016	**5,735**	**1,344**	**7,079**

Intangible Assets Accounting Policies

Software

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

Rights

Manufacturing and production rights are finite life intangibles and are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over an estimated useful life between 3 and 5 years. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

Determination of Fair Values

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

Impairment

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

17 PROPERTY, PLANT AND EQUIPMENT

	LAND $000	BUILDINGS $000	PLANT AND EQUIPMENT $000	CAPITAL WORKS PROJECT* $000	TOTAL $000
Cost					
Balance at 1 July 2014	26,713	46,345	90,891	927	164,876
Additions	2,340	29	5,826	8,975	17,170
Added as part of a business combination/amalgamation	–	–	108	–	108
Disposals and transfers to other asset classes	(774)	(1,063)	(1,135)	–	(2,972)
Effect of movements in exchange rates	125	1,184	2,156	–	3,465
Balance at 30 June 2015	**28,404**	**46,495**	**97,846**	**9,902**	**182,647**
Balance at 1 July 2015	28,404	46,495	97,846	9,902	182,647
Additions	–	20,040	16,267	(5,557)	30,750
Added as part of a business combination/amalgamation	–	–	221	–	221
Disposals and transfers to other asset classes	(6,416)	(12,829)	(3,145)	–	(22,390)
Effect of movements in exchange rates	(153)	(1,020)	(1,777)	–	(2,950)
Balance at 30 June 2016	**21,835**	**52,686**	**109,412**	**4,345**	**188,278**
Depreciation and impairment losses					
Balance at 1 July 2014	–	4,362	46,072	–	50,434
Depreciation for the year	–	966	5,460	–	6,426
Depreciation recovered to COGS	–	–	1,280	–	1,280
Additions	–	–	–	–	–
Disposals and transfers to other asset classes	–	(199)	(893)	–	(1,092)
Effect of movements in exchange rates	–	243	1,199	–	1,442
Balance at 30 June 2015	**–**	**5,372**	**53,118**	**–**	**58,490**
Balance at 1 July 2015	–	5,372	53,118	–	58,490
Depreciation for the year	–	1,000	6,014	–	7,014
Depreciation recovered to COGS	–	–	1,294	–	1,294
Additions	–	–	–	–	–
Disposals and transfers to other asset classes	–	(562)	(1,944)	–	(2,506)
Effect of movements in exchange rates	–	(100)	(917)	–	(1,017)
Balance at 30 June 2016	**–**	**5,710**	**57,565**	**–**	**63,275**
Carrying amounts					
At 1 July 2014	**26,713**	**41,983**	**44,819**	**927**	**114,442**
At 30 June 2015	**28,404**	**41,123**	**44,728**	**9,902**	**124,157**
At 1 July 2015	**28,404**	**41,123**	**44,728**	**9,902**	**124,157**
At 30 June 2016	**21,835**	**46,976**	**51,847**	**4,345**	**125,003**

* Capital works projects are recorded net of transfers to other asset classes.

Capital gains on the sale of property, plant and equipment of $4.99 million were recognised in non operating expenses in the current period (2015: $0.96 million).

Refer to Accounting Policies – page 60.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2016

17 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Property, Plant & Equipment Accounting Policies

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

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

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

Subsequent Costs

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

Borrowing Costs

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

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each item of property, buildings, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives for the current and comparative periods are between 2 and 40 years for plant and equipment and 50 years for buildings. Depreciation methods, useful lives and residual values are reassessed at reporting date.

Determination of Fair Values

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

Impairment

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

18 TRADE AND OTHER PAYABLES

	2016 $000	2015 $000
Trade creditors	141,412	127,501
Loyalty reward programme	1,358	1,515
Deposits received in advance	2,584	1,253
Accruals and other liabilities	81,948	84,331
Employee entitlements	20,982	20,511
	248,284	**235,111**
Payable within 12 months	239,696	232,842
Payable beyond 12 months	8,588	2,269
	248,284	**235,111**

19 DEFINED BENEFIT ASSET / LIABILITY

	2016 $000	2015 $000
Present value of funded obligations	(73,417)	(72,153)
Fair value of plan assets	52,702	57,498
Net defined benefit asset / (liability)	(20,715)	(14,655)
ESCT on committed contributions – short-term	(2,642)	–
ESCT on committed contributions – long-term	(2,372)	–
Total defined benefit asset / (liability)	**(25,729)**	**(14,655)**

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

During the period the Group made a commitment to provide certain contributions to the two plans over a five year period. As a result of the commitment the defined benefit liability now includes the impact of ESCT (Employer Superannuation Contribution Tax) on the committed contributions.

	PGG WRIGHTSON EMPLOYMENT BENEFIT PLAN		WRIGHTSON RETIREMENT PLAN	
	2016	2015	2016	2015
Group / Company Plan assets consist of:				
Equities	79%	76%	79%	76%
Fixed interest	19%	21%	19%	21%
Cash	2%	3%	2%	3%
	100%	**100%**	**100%**	**100%**

Plan assets included exposure to the Company's ordinary shares of $1.66 million (2015: $1.84 million).

	PGG WRIGHTSON EMPLOYMENT BENEFIT PLAN		WRIGHTSON RETIREMENT PLAN	
	2016	2015	2016	2015
Actuarial Assumptions:				
Principal actuarial assumptions at the reporting date (expressed as weighted averages):				
Discount rate used (10 year New Zealand Government Bond rate)	2.34%	3.62%	2.34%	3.62%
Future salary increases	3.00%	3.00%	0.00%	0.00%
Future pension increases	2.00%	2.00%	1.40%	1.40%

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

	PGG WRIGHTSON EMPLOYMENT BENEFIT PLAN		WRIGHTSON RETIREMENT PLAN	
	2016	2015	2016	2015
Longevity at age 65 for current pensioners				
Males	21	21	21	21
Females	24	24	24	24
Longevity at age 65 for current members aged 45				
Males	24	24	24	24
Females	27	27	27	27

As at 30 June 2016 the weighted average duration of the defined benefit obligation was 7.7 years for the PGG Wrightson Employment Benefits Plan and 10.1 years for the Wrightson Retirement Plan (2015: 8.8 years for the PGG Wrightson Employment Benefits Plan and 10.5 years for the Wrightson Retirement Plan).

Refer to Accounting Policies – page 63.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2016

19 DEFINED BENEFIT ASSET / LIABILITY (CONTINUED)

Sensitivity analysis

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

	2016 IMPACT ON DBO WITH INCREASE IN ASSUMPTION $000	IMPACT ON DBO WITH DECREASE IN ASSUMPTION $000
Change in assumption		
Discount rate (0.50% movement)	2,039	(2,202)
Salary growth rate (0.50% movement)	(457)	392
Pension growth rate (0.25% movement)	(824)	816
Life expectancy (1 year movement)	(1,052)	1,126

	2016 $000	2015 $000	2014 $000	2013 $000	2012 $000
Historical information					
Present value of the defined benefit obligation	73,417	72,153	68,330	72,765	75,495
Fair value of plan assets	(52,702)	(57,498)	(54,802)	(51,946)	(49,231)
Deficit / (surplus) in the plan	**20,715**	**14,655**	**13,528**	**20,819**	**26,264**

The Group expects to pay $9.51 million in contributions to defined benefit plans in 2017 (2016: $1.08 million). Member contributions are expected to be $0.97 million (2016: $1.01 million).

Refer to Accounting Policies – page 63.

19 DEFINED BENEFIT ASSET / LIABILITY (CONTINUED)

	2016 $000	2015 $000
Movement in the liability for defined benefit obligations:		
Liability for defined benefit obligations at 1 July	72,153	68,330
Benefits paid by the plan	(3,482)	(5,304)
Current service costs	1,083	1,257
Interest costs	2,592	2,959
Member contributions	1,254	1,300
Actuarial (gains)/losses recognised in other comprehensive income arising from:		
(Gains)/losses from change in financial assumptions	4,820	3,335
Experience (gains)/losses	(5,003)	276
Liability for defined benefit obligations at 30 June	**73,417**	**72,153**
Movement in plan assets:		
Fair value of plan assets at 1 July	57,498	54,802
Contributions paid into the plan	1,204	1,301
Member contributions	1,254	1,300
Benefits paid by the plan	(3,482)	(5,304)
Current service costs and interest	2,063	2,362
Actuarial gains/(losses) recognised in equity	–	–
Expected return on plan assets	(5,835)	3,037
Fair value of plan assets at 30 June	**52,702**	**57,498**
Expense recognised in profit or loss:		
Current service costs	1,083	1,257
Interest	529	597
Expected return on plan assets	5,835	(3,037)
	7,447	**(1,183)**
Recognised in non operating items	6,243	(2,484)
Recognised in Employee Benefit Expense	1,204	1,301
	7,447	**(1,183)**
Gains and losses recognised in equity:		
Cumulative gains/(losses) at 1 July	(24,119)	(21,691)
Net profit and loss impact from current period costs	(7,447)	1,183
Recognised during the year	(4,831)	(3,611)
Cumulative gains/(losses) at 30 June	**(36,397)**	**(24,119)**

Employee Benefits Accounting Policies

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2016

20 FINANCIAL INSTRUMENTS

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

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

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

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

Liquidity Risk

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

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

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

The Group manages this risk by forecasting daily cash requirements, forecasting future funding requirements and maintaining an adequate liquidity buffer.

Market Risk

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

Foreign Currency Risk

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

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

Price and Interest Rate Risk

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

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

Floating rate borrowings are used for general funding activities. Interest rate swaps, interest rate options and forward rate agreements are used to hedge the floating rate exposure as deemed appropriate. The Group had $91.0 million of interest rate derivatives at balance date (2015: $17.0 million).

Funding Risk

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

Refer to Accounting Policies – page 70.

20 FINANCIAL INSTRUMENTS (CONTINUED)

Credit Risk

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

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

Capital Management

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

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

Sensitivity Analysis

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

The sensitivity of net profit after tax for the period to 30 June 2016, and shareholders equity at that date, to reasonably possible changes in conditions is as follows:

	INTEREST RATES INCREASE BY 1%		INTEREST RATES DECREASE BY 1%	
	2016 $000	2015 $000	2016 $000	2015 $000
Impact on net profit after tax	(1,167)	(1,068)	1,163	1,064
Members' equity	(1,167)	(1,068)	1,163	1,064

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

Refer to Accounting Policies – page 70.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2016

20 FINANCIAL INSTRUMENTS (CONTINUED)

Quantitative disclosures

(a) Liquidity Risk – Contractual Maturity Analysis

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

	WITHIN 12 MONTHS	1 TO 5 YEARS	BEYOND 5 YEARS	CONTRACTUAL CASH FLOW	BALANCE SHEET
2016					
Liabilities					
Bank facilities	45,532	106,608	12,969	152,140	134,134
Derivative financial instruments	1,438	940	–	2,378	2,378
Trade and other payables	239,696	8,588	–	248,284	248,284
	286,666	**116,136**	**12,969**	**402,802**	**384,796**
2015					
Liabilities					
Bank facilities	62,715	77,502	–	140,217	126,739
Derivative financial instruments	3,266	1,980	–	5,246	5,246
Trade and other payables	232,842	2,269	–	235,111	235,111
	298,823	**81,751**	**–**	**380,574**	**367,096**

(b) Liquidity Risk – Expected Maturity Analysis

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

Refer to Accounting Policies – page 70.

20 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Foreign Currency Exposure Risk

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

	GBP NZ$000	USD NZ$000	AUD NZ$000	EURO NZ$000
2016				
Cash and cash equivalents	11	2,451	178	13
Trade and other receivables	7,867	55,214	9,585	24,160
Bank facilities	–	(46,378)	–	–
Trade and other payables	(638)	(50,845)	(2,066)	(1,692)
Net balance sheet position	**7,240**	**(39,558)**	**7,697**	**22,481**
Forward exchange contracts				
Notional forward exchange cover	7,232	4,774	7,867	22,540
Net unhedged position	**8**	**(44,332)**	**(170)**	**(59)**
2015				
Cash and cash equivalents	9	3,914	695	30
Trade and other receivables	7,975	75,691	12,009	29,064
Bank facilities	–	(38,156)	–	–
Trade and other payables	(162)	(56,454)	(758)	(13,636)
Net balance sheet position	**7,822**	**(15,005)**	**11,946**	**15,458**
Forward exchange contracts				
Notional forward exchange cover	7,975	2,188	11,334	15,438
Net unhedged position	**(153)**	**(17,193)**	**612**	**20**

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

(d) Interest Rate Repricing Schedule

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

	WITHIN 12 MONTHS $000	1 TO 2 YEARS $000	OVER 2 YEARS $000	NON INTEREST BEARING $000	TOTAL $000
2016					
Liabilities					
Bank facilities	134,134	–	–	–	134,134
Derivative financial instruments	(76,000)	15,000	61,000	2,378	2,378
Trade and other payables	–	–	–	248,284	248,284
	58,134	**15,000**	**61,000**	**250,662**	**384,796**
2015					
Liabilities					
Bank facilities	126,739	–	–	–	126,739
Derivative financial instruments	–	–	–	5,246	5,246
Trade and other payables	–	–	–	235,111	235,111
	126,739	**–**	**–**	**240,357**	**367,096**

Refer to Accounting Policies – page 70.

PGG WRIGHTSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2016

20 FINANCIAL INSTRUMENTS (CONTINUED)

(e) Accounting classifications and fair values

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

	DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME $000	DESIGNATED AT FAIR VALUE THROUGH PROFIT AND LOSS $000	OTHER AMORTISED COST $000	TOTAL CARRYING AMOUNT $000	FAIR VALUE $000
2016					
Assets					
Cash and cash equivalents	–	–	7,561	7,561	7,561
Derivative financial instruments	2,630	2,629	–	5,259	5,259
Trade and other receivables	–	–	215,891	215,891	215,891
Other investments	3,170	–	5,686	8,856	8,856
	5,800	**2,629**	**229,138**	**237,567**	**237,567**
Liabilities					
Derivative financial instruments	75	2,303	–	2,378	2,378
Trade and other payables	–	–	248,284	248,284	248,284
Bank facilities	–	–	134,134	134,134	134,134
	75	**2,303**	**382,418**	**384,796**	**384,796**
2015					
Assets					
Cash and cash equivalents	–	–	7,273	7,273	7,273
Derivative financial instruments	91	1,957	–	2,048	2,048
Trade and other receivables	–	–	218,469	218,469	218,469
Other investments	7,134	–	5,333	12,467	12,467
Finance receivables	–	–	1,430	1,430	1,430
	7,225	**1,957**	**232,505**	**241,687**	**241,687**
Liabilities					
Derivative financial instruments	2,214	3,032	–	5,246	5,246
Trade and other payables	–	–	235,111	235,111	235,111
Bank facilities	–	–	126,739	126,739	126,739
	2,214	**3,032**	**361,850**	**367,096**	**367,096**

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

Refer to Accounting Policies – page 70.

20 FINANCIAL INSTRUMENTS (CONTINUED)

(e) Accounting classifications and fair values (continued)

Fair value hierarchy

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

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

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

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

There have been no material movements between the fair value hierarchy during the year ended 30 June 2016.

	NOTE	LEVEL 1 $000	LEVEL 2 $000	LEVEL 3 $000	TOTAL $000
2016					
Assets					
Derivative financial instruments		–	5,259	–	5,259
Other investments	15	–	–	3,170	3,170
		–	**5,259**	**3,170**	**8,429**
Liabilities					
Derivative financial instruments		–	2,378	–	2,378
		–	**2,378**	**–**	**2,378**
2015					
Assets					
Derivative financial instruments		–	2,048	–	2,048
Other investments	15	–	–	7,134	7,134
		–	**2,048**	**7,134**	**9,182**
Liabilities					
Derivative financial instruments		–	5,246	–	5,246
		–	**5,246**	**–**	**5,246**

(f) Credit Risk

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

	2016 $000	2015 $000
Total trade and other receivables		
New Zealand	163,519	152,069
Australia	14,051	7,060
South America	72,916	76,039
	250,486	**235,168**

Concentrations of Credit Risk

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

Refer to Accounting Policy – page 70.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2016

20 FINANCIAL INSTRUMENTS (CONTINUED)

Financial Instruments Accounting Policies

(i) Non-derivative Financial Assets

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

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

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

Financial assets measured at amortised cost

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

- the asset is held within a business model with an objective to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest.

Financial assets measured at fair value

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

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

Cash and cash equivalents

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

Trade and Other Receivables

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

(ii) Non-derivative Financial Liabilities

Interest-bearing Borrowings

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

Trade and Other Payables

Trade and other payables are stated at cost.

Determination of Fair Values

Determination of Fair Values for Derivatives

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

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

Determination of Fair Values for Non-derivative Financial Instruments

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

21 OPERATING LEASES

	2016 $000	2015 $000
Non-cancellable operating lease rentals are payable as follows:		
Within one year	19,938	20,435
Between one and five years	44,333	30,780
Beyond five years	14,045	8,821
	78,316	**60,036**

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

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

The Group also leases and subleases land and buildings from which it conducts operations. These leases range in length from 1 to 5 years with various rights of renewal. Where surplus properties are unable to be exited, sublease revenue is obtained where possible on a short-term temporary basis. During the year ended 30 June 2016 sublease revenue totalling $1.14 million (2015: $1.11 million) was received.

22 SEASONALITY OF OPERATIONS

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

23 COMMITMENTS

	NOTE	2016 $000	2015 $000
There are commitments with respect to:			
Capital expenditure not provided for		1,427	17,183
Investment in BioPacificVentures	15	51	51
Contributions to Primary Growth Partnership		1,429	2,374
		2,907	**19,608**

Primary Growth Partnership–seed and nutritional technology development

The Group announced on 18 February 2013 that it had completed the contracting process for the Primary Growth Partnership (PGP) programme with the Ministry of Primary Industries. The PGP programme is a Seed and Nutritional Technology Development Programme that aims to deliver innovative forages for New Zealand farms. As a result of entering into the partnership the Group is committed to contributions to the partnership over the six year life of the programme which ends on 31 December 2018. The total commitment in respect of the programme has been reassessed to $3.61 million in the current period (2015: total commitment of $3.95 million). As at 30 June 2016 total contributions of $2.18 million (2015: $1.58 million) have been made to the programme.

Forward purchase commitments

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

PGG WRIGHTSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2016

24 CONTINGENT LIABILITIES

PGG Wrightson Loyalty Reward Programme

The PGG Wrightson Loyalty Reward Programme is run in conjunction with the co-branded ASB Visa reward card. A provision is retained for the expected level of points redemption. A contingent liability of $0.13 million represents the balance of live points that do not form part of the provision (2015: $0.13 million). Losses are not expected to arise from this contingent liability.

25 RELATED PARTIES

Parent and ultimate controlling party

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

Transactions with key management personnel

	2016 $000	2015 $000
Key management personnel compensation comprised:		
Short-term employee benefits	5,798	6,211
Post-employment benefits	185	102
Termination benefits	–	208
	5,983	**6,521**

Directors fees incurred during the year are disclosed in Note 3 Other Operating Expenses.

Other Transactions with Key Management Personnel

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

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

Key Management Personnel/Director	Transaction	TRANSACTION VALUE 2016 $000	BALANCE OUTSTANDING 2016 $000	TRANSACTION VALUE 2015 $000	BALANCE OUTSTANDING 2015 $000
John Nichol	Purchase of retail goods	2	–	2	1
Trevor Burt	Purchase of retail goods and livestock transactions	902	6	837	1
Mark Dewdney	Purchase of retail goods and livestock transactions	487	11	611	9
Grant Edwards	Purchase of retail goods	–	–	1	–
David Green	Purchase of retail goods	114	4	98	1
Stephen Guerin	Purchase of retail goods and livestock transactions	15	–	29	–
John McKenzie	Purchase of retail goods, sale of seed under production contracts, sale of wool, water services and livestock transactions	4,223	2	4,594	14
Peter Newbold	Purchase of retail goods	13	–	72	1
Cedric Bayly	Purchase of retail goods	18	–	10	–

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

26 EVENTS SUBSEQUENT TO BALANCE DATE

Assets held for sale

Subsequent to 30 June 2016 the Group sold two properties recorded as assets held for sale. The sale of these properties resulted in a gain of $0.60 million.

Acquisition of Grainsearch

On 15 July 2016 the Group acquired the assets and business of Grainsearch Pty Limited. Grainsearch facilitates research for new varieties of cereal seeds and is based in Victoria, Australia. Management is determining the fair value of the assets acquired. The business is included in the Group's Seed & Grain business segment.

Dividend

On 8 August 2016 the Directors of PGG Wrightson Limited resolved to pay a final dividend of 2.00 cents per share on 4 October 2016 to shareholders on the Company's share register as at 5.00pm on 5 September 2016. This dividend will be fully imputed.

27 REPORTING ENTITY

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

Financial statements of PGG Wrightson Limited for the year ended 30 June 2016 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities. Financial statements have been prepared in accordance with the requirements of the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013.

The Group is primarily involved in the provision of goods and services within the agricultural sector.

28 BASIS OF PREPARATION

Statement of Compliance

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

These statements were approved by the Board of Directors on 8 August 2016.

Basis of Measurement

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2016

28 BASIS OF PREPARATION (CONTINUED)

Functional and Presentation Currency

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

Use of Estimates and Judgements

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

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

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

Note	Judgement
5	Acquisition of equity accounted investee
14	Business combinations
20	Classification and valuation of financial assets and instruments

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

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

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

29 OTHER SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Consolidation

Subsidiaries

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

Transactions Eliminated on Consolidation

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

(b) Foreign Currencies

Foreign Currency Transactions

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

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

Foreign Operations

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

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

(c) Impairment

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

Impairment of Equity Instruments

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2016

29 OTHER SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Impairment (continued)

Impairment of Finance Receivables

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

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

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

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

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

Non-financial Assets

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

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

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

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

(d) Determination of Fair Values

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

(e) Intangible Assets

Research and Development

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

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

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

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

29 OTHER SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Statement of Cash Flows

The statement of cash flows has been prepared using the direct approach modified by the netting of certain items as disclosed below. Deposits received less withdrawals are netted as the cash flows are received and disbursed on behalf of customers and reflect the activities of the customers rather than those of the Group.

(g) Disclosure of non-GAAP financial information

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

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

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

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

A number of new standards and interpretations are not yet effective for the year ended 30 June 2016 and have not been applied in preparing these consolidated financial statements. None of these standards are expected to have a significant impact on these financial statement except for:

- IFRS 9 (2014) *Financial Instruments* has been issued. The final component of IFRS 9 (2014) introduces a new expected credit loss model for calculating impairment. IFRS 9 (2014) is effective for annual periods beginning on or after 1 January 2018. The Group does not plan to adopt IFRS 9 (2014) early and the extent of the impact has not yet been determined. The Group early adopted IFRS 9 (2013) from 1 January 2015. IFRS 9 (2013) provides amended general hedge accounting requirements.
- IFRS 15 *Revenue from Contracts with Customers* has been issued. This standard introduced a new revenue recognition model for contracts with customers. The standard is effective for annual periods beginning on or after 1 January 2018. The Group does not plan to adopt IFRS 15 early and the extent of the impact has not yet been determined.
- IFRS 16 *Leases* has been issued. This standard eliminates the classification of leases as either operating leases or finance leases. The standard uses a single lessee model which requires a lessee to recognise on the Statement of Financial Position assets and liabilities for all leases with a term of more than 12 months. The standard is effective for annual periods beginning on or after 1 January 2019. The Group does not plan to adopt IFRS 16 early and the extent of the impact has not yet been determined.
- A variety of minor improvements to standards have been made in order to clarify various treatments of specific transactions. These are not expected to have an impact on the Group's financial results.

PGG WRIGHTSON LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2016

	SHARE CAPITAL $000	FOREIGN CURRENCY TRANSLATION RESERVE $000	REALISED CAPITAL AND OTHER RESERVES $000
Balance at 1 July 2014	606,324	(13,414)	23,320
Total comprehensive income for the period			
Profit or loss	–	–	–
Other comprehensive income			
Foreign currency translation differences	–	13,145	123
Effective portion of changes in fair value of equity instruments, net of tax	–	–	–
Effective portion of changes in fair value of cash flow hedges, net of tax	–	–	–
Defined benefit plan actuarial gains and losses, net of tax	–	–	–
Total other comprehensive income	–	13,145	123
Total comprehensive income for the period	–	13,145	123
Transactions with shareholders, recorded directly in equity			
Contributions by and distributions to shareholders			
Dividends to shareholders	–	–	–
Total contributions by and distributions to shareholders	–	–	–
Balance at 30 June 2015	**606,324**	**(269)**	**23,443**
Balance at 1 July 2015	606,324	(269)	23,443
Total comprehensive income for the period			
Profit or loss	–	–	–
Other comprehensive income			
Foreign currency translation differences	–	(8,480)	–
Effective portion of changes in fair value of equity instruments, net of tax	–	–	–
Effective portion of changes in fair value of cash flow hedges, net of tax	–	–	–
Defined benefit plan actuarial gains and losses, net of tax	–	–	–
Total other comprehensive income	–	(8,480)	–
Total comprehensive income for the period	–	(8,480)	–
Transactions with shareholders, recorded directly in equity			
Contributions by and distributions to shareholders			
Dividends to shareholders	–	–	–
Total contributions by and distributions to shareholders	–	–	–
Transfer to retained earnings	–	–	–
Balance at 30 June 2016	**606,324**	**(8,749)**	**23,443**

REVALUATION RESERVE $000	HEDGING RESERVE $000	DEFINED BENEFIT PLAN RESERVE $000	FAIR VALUE RESERVE $000	RETAINED EARNINGS $000	NON-CONTROLLING INTEREST $000	TOTAL EQUITY $000
556	272	(12,009)	(743)	(336,461)	1,857	269,702
–	–	–	–	31,869	884	32,753
–	–	–	–	–	360	13,628
–	–	–	(2,278)	–	–	(2,278)
–	(1,604)	–	–	–	–	(1,604)
–	–	(2,600)	–	–	–	(2,600)
–	(1,604)	(2,600)	(2,278)	–	360	7,146
–	(1,604)	(2,600)	(2,278)	31,869	1,244	39,899
–	–	–	–	(41,942)	(291)	(42,233)
–	–	–	–	(41,942)	(291)	(42,233)
556	**(1,332)**	**(14,609)**	**(3,021)**	**(346,534)**	**2,810**	**267,368**
556	(1,332)	(14,609)	(3,021)	(346,534)	2,810	267,368
–	–	–	–	38,823	755	39,578
–	–	–	–	–	(33)	(8,513)
–	–	–	5,433	–	–	5,433
–	2,800	–	–	–	–	2,800
–	–	(3,478)	–	–	–	(3,478)
–	2,800	(3,478)	5,433	–	(33)	(3,758)
–	2,800	(3,478)	5,433	38,823	722	35,820
–	–	–	–	(28,684)	(205)	(28,889)
–	–	–	–	(28,684)	(205)	(28,889)
–	–	990	–	(294)	(1,284)	–
556	**1,468**	**(17,097)**	**2,412**	**(336,101)**	**2,043**	**274,299**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2016

30 CAPITAL AND RESERVES

	No. OF SHARES 2016 000	No. OF SHARES 2015 000	2016 $000	2015 $000
On issue at 1 July	754,849	754,849	606,324	606,324
Share capital on issue at 30 June	**754,849**	**754,849**	**606,324**	**606,324**

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

Foreign currency translation reserve

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

Realised capital reserve

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

Revaluation reserve

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

Hedging reserve

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

Defined benefit plan reserve

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

Fair value reserve

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

Retained earnings

Retained earnings equals accumulated undistributed profit.

Dividends

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

A fully imputed 2016 interim dividend of 1.75 cents per share was paid on 5 April 2016 and a fully imputed 2015 final dividend of 2.0 cents per share was paid on 1 October 2015 (2015: Fully imputed 2015 interim dividend of 2.0 cents per share was paid on 8 April 2015 and a fully imputed 2014 final dividend of 3.5 cents per share was paid on 3 October 2014).

Share Capital Accounting Policies

Ordinary Share Capital

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

Repurchase of Share Capital

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

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF PGG WRIGHTSON LIMITED

We have audited the accompanying consolidated financial statements of PGG Wrightson Limited and its subsidiaries ("the group") on pages 35 to 80. The financial statements comprise the consolidated statement of financial position as at 30 June 2016, the consolidated profit or loss, other comprehensive income, cash flows and changes in equity for the year ended 30 June 2016, the segment report as at and for the year ended 30 June 2016 and additional financial disclosures including notes to the financial statements.

This report is made solely to the shareholders as a body. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in the auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company's shareholders as a body, for our audit work, this report or any of the opinions we have formed.

Directors' responsibility for the consolidated financial statements

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

Auditor's responsibility

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

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

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

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

Opinion

In our opinion, the consolidated financial statements on pages 35 to 80 comply with generally accepted accounting practice in New Zealand and present fairly, in all material respects, the consolidated financial position of PGG Wrightson Limited as at 30 June 2016 and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

KPMG

8 August 2016
Christchurch

1. Introduction

1.1 The Board of PGG Wrightson Limited is committed to acting with integrity and expects high standards of behaviour and accountability from all of PGG Wrightson's officers and staff. As part of this commitment, the Board has adopted this Corporate Governance Code which incorporates the Board Charter. The Code materially complies, where appropriate, with the NZX Corporate Governance Best Practice Code and the Financial Markets Authority Corporate Governance in New Zealand Principles and Guidelines December 2014 (FMA Guidelines).

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

2. Ethical Standards and Code of Conduct

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

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

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

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

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

2.4 The Code of Conduct provides mechanisms to report breaches of the Code including unethical behaviour, and specifies the disciplinary procedures in place for any breaches. It is the responsibility of the Board to review the Code of Conduct, to implement the Code and to monitor compliance. The Board receives reports on compliance with the Code of Conduct from its internal audit function. No instances of material breaches have been reported. PGG Wrightson is also implementing a Whistle-Blower policy that will allow any reports of serious wrongdoing including material breaches of the Code of Conduct to be made on a protected disclosure basis, which contains a process for direct access to an independent director, and which will further encourage a culture of promoting ethical behaviour and being able to speak up. Together, the Code of Conduct, PGW's Fraud Policy and the new Whistle-Blower policy cover all the matters recommended in the Ethical Standards section of the FMA Guidelines.

2.5 PGG Wrightson Limited maintains a Directors and Officers Interests Register which is regularly updated, documenting interests disclosed by all Board members and senior management. The statutory disclosures section in the 2016 Annual Report is compiled from entries in the Directors Interests Register during the reporting period. Directors may not participate in Board discussions nor vote on matters in which they have a personal interest.

3. Board Charter including Board Composition and Performance

3.1 This section 3 outlines the Board's Charter. The Board is committed to the principle that there should be a balance of independence, skills, knowledge and experience among Directors so that the Board works effectively. Directors are, except where permitted by law, required to act in the best interests of PGG Wrightson Limited. The Board is satisfied that the Directors commit the time needed to be fully effective in the role. Directors are entitled to seek independent professional advice to assist them in meeting their responsibilities.

3.2 As at 30 June 2016 the Board had seven Directors. Their experience, qualifications and the value that they contribute to the Board are listed in the Board of Directors biographies set out in the 2016 Annual Report. In addition, John Fulton, Chief Financial Officer of Agria Corporation, is an alternate Director for Wah Kwong (WK) Tsang. The Chief Executive is not a member of the Board of Directors.

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

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

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

3.4 The statutory disclosures section in the 2016 Annual Report lists the Company's Directors' independence status. The Board reviews any determination that it makes on a Director's independence on becoming aware of any information that indicates that a Director may have a relevant material relationship. Directors are required to immediately advise of any new or changed relationships so the Board can consider and determine its materiality. Directors' interests including other relevant directorships that they hold are listed on pages 88 and 89 of the 2016 Annual Report. None of the Directors sit on any PGG Wrightson Group companies apart from the parent PGG Wrightson Limited .

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

3.6 The Board has considered the recommendation contained in the NZX Corporate Governance Best Practice Code to establish a nomination committee to recommend director appointments to the Board and also to consider succession planning, and will do so as circumstances require. PGG Wrightson Limited has a formal and transparent method for the nomination and appointment of directors to the Board – nominations are publicly called for by notice on the NZX and considered at the Annual Meeting. Directors may be appointed by the Board between Annual Meetings as permitted by the Constitution but are required to seek re-election at the next Annual Meeting. The Board has a template Director Letter of Appointment available for use which sets out the written expectations of Directors.

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

3.8 The full Board met in person seven times in the year ended 30 June 2016. Directors also meet on other occasions for strategic planning and held conference calls from time to time as required.

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

4. Board Committees

4.1 The Board has delegated some of its powers to Board Committees. The Committees are made up of a minimum of three non-Executive Director members and each Committee has a written Board-approved charter which outlines that Committee's role, rights, responsibilities, membership requirements and relationship with the Board. The Board reviews the performance of each Committee from time to time in accordance with the relevant Committee's written charter. Proceedings of Committees are reported back to the full Board to allow other Directors to question Committee members.

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

4.3 As at 30 June 2016 the Board had two standing Committees - the Audit Committee and the Remuneration and Appointments Committee. Other Committees are formed as and when required.

4.4 **Audit Committee**

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

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

The main responsibilities of the Audit Committee are:

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

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

4.5 **Remuneration and Appointments Committee**

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

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

The main responsibilities of the Remuneration and Appointments Committee are:

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

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

5. Reporting and Disclosure

5.1 The Board endorses the principle that it should demand integrity both in financial reporting and in the provision by management of information of sufficient content, quality and timeliness to enable the Board to effectively discharge its duties.

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

5.3 PGG Wrightson has established and will maintain processes for the provision of information to the Board by management of sufficient content, quality and timeliness, as the Board considers necessary to enable the Board to effectively discharge its duties. The Board receives assurances from the Chief Executive Officer and Chief Financial Officer that the Directors' declaration provided in accordance with International Financial Reporting Standards (IFRS) and NZ IFRS is founded on a sound system of risk management and internal control, and that the system is operating effectively in all material respects in relation to financial reporting risks.

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

5.5 The Board's Diversity Policy is available at **www.pggwrightson.co.nz** under Investors > Governance. Attributes that are particularly relevant to PGG Wrightson are culture, ethnicity/nationality, gender and skills. The Board has evaluated PGG Wrightson's performance against its Diversity Policy objectives which relate to the working environment, employment and selection opportunities, Board appointment recommendations, leadership training and HR management support, and considers that these objectives have been met.

5.6 The table below lists the numerical quantitative breakdown of the gender composition of PGG Wrightson's Board of Directors and its Officers as at 30 June 2016 and comparative figures for 30 June 2015. An Officer means a person, however designated, who is concerned or takes part in the management of PGG Wrightson Limited 's business, but excludes a person who does not report directly to the Board or who does not report directly to a person who reports to the Board.

	PGG WRIGHTSON LTD'S BOARD OF DIRECTORS AS AT 30 JUNE 2016	PGG WRIGHTSON LTD'S BOARD OF DIRECTORS AS AT 30 JUNE 2015	PGG WRIGHTSON LTD'S OFFICERS AS AT 30 JUNE 2016	PGG WRIGHTSON LTD'S OFFICERS AS AT 30 JUNE 2015	PGG WRIGHTSON GROUP WORKFORCE* AS AT 30 JUNE 2016	PGG WRIGHTSON GROUP WORKFORCE* AS AT 30 JUNE 2015
Number of Males	7	7	12	12	1355	1322
Percentage of Males	100%	100%	93%	93%	68%	68%
Number of Females	0	0	1	1	643	617
Percentage of Females	0%	0%	7%	7%	32%	32%

* Calculation methodology excludes casuals, fixed term employees and independent commission agents/independent contractors.

6. Director and Executive Remuneration

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

6.2 The Board's Remuneration Policy for Directors is that Directors' fees in aggregate must be formally approved by shareholders, individual fees paid to Directors, including any Board Committee fees paid, are disclosed in the Statutory Disclosures section of the 2016 Annual Report, and there are no performance incentives for any Directors.

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

6.4 The Board acknowledges that it does not meet the FMA Guideline to publish its Executive Remuneration Policy on the Company's website. However all executive remuneration incentives align with financial and non-financial performance measures relating to PGG Wrightson's objectives, and are compatible with PGG Wrightson's risk management policies and systems.

7. Risk Management

7.1 It is the responsibility of the Board to monitor the broader risk management processes in place to identify and manage potential and relevant risks. Directors have a sound understanding of the key risks faced by the business.

7.2 In discharging this obligation the Board has:

- In conjunction with the Chief Executive, Audit Committee, internal and external audit, set up and monitored rigorous processes for risk management and internal controls to ensure that management prudently and efficiently manage resources, and the identification of the nature and magnitude of the Company's material risks. PGG Wrightson has a comprehensive Risk Policy and Group Risk Management Framework.
- Considered the nature and extent of risks the Board is willing to take to achieve its strategic objectives. The Company is committed to the management of risk to achieve sustainability of service, employment and profits, and therefore takes on controlled amounts of risk when considered appropriate;
- In conjunction with the Chief Executive and Audit Committee, reviewed the effectiveness and integrity of compliance and risk management systems within the business. The Board receives and reviews regular reports on the operation of the risk management framework that includes policies and internal control processes, as well as any developments in relation to key risks. Reports include oversight of the Company's risk register and highlight the main risks to the Company's performance and the steps being taken to manage these;
- Established a separate management Risk and Compliance Committee that is responsible for the oversight of business risks and future risk strategy.

7.3 The Board reports annually to investors and stakeholders in its Annual Report on risk identification, risk management and relevant internal controls.

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

8. Independent Auditors

8.1 The Board subscribes to the principle that it has a key function to ensure the quality and independence of the external audit process. The Board operates formal and transparent procedures for sustaining communication with PGG Wrightson's independent and internal auditors. The Board seeks to ensure that the ability, objectivity and independence of the auditors to carry out their statutory audit role is not compromised or impaired or could reasonably be perceived to be compromised or impaired. The auditors are invited to attend all Audit Committee meetings (except where auditor remuneration is discussed). This attendance can include invitations for private sessions between the Audit Committee and the external auditor without management present. In addition the lead audit partner of the external auditor is rotated at least every five years.

8.2 To ensure there is no conflict with other services that may be provided by the external auditors, the Company has adopted a policy whereby the external auditors will not provide any other services unless specifically approved by the Audit Committee. The external auditors KPMG did provide some small value non-financial statement audit work in the year ended 30 June 2016 which was pre-approved by the Audit Committee. The nature of the types of work completed and the remuneration received is disclosed on page 45 of the financial statements. The external auditors confirmed in their audit report on page 81 of this Annual Report that those matters did not impair their independence as auditor of the Group.

9. Shareholder Relations and Stakeholders

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

9.2 PGG Wrightson's website **www.pggwrightson.co.nz** has an Investors Section. This contains key governance documents and policies, contact details for investor matters, current and past Annual Reports, notices of meeting and other key dates in the investor schedule, a list of shareholders' frequently asked questions, media releases, periodic financial information, dividend histories and other information. PGG Wrightson lists its Business Unit descriptions and key activities on its website, and its releases contain information on business goals and performance. The Company encourages shareholder participation at the Annual Meeting, by providing as an item of General Business, the conducting of a shareholder discussion, where a reasonable opportunity is given for shareholders to question, discuss or comment on the management of the Company. During the year, the Company has continued to seek to improve shareholder participation, efficiency and cost effectiveness of communication with shareholders by again offering them its e-comms programme, where shareholders can elect to move all their security holder communication to full electronic communications for the future.

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

10. Annual Review

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

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

STATUTORY DISCLOSURES

The following particulars of notices were given by Directors of the Company pursuant to section 140(2) of the Companies Act 1993 for the year 1 July 2015 to 30 June 2016.

DIRECTOR	INTEREST	ORGANISATION
G Lai		
Chairman	Chairman	Softpower International Limited (HKSE:0380) (previously China Pipe Group)
		Agria Corporation (NYSE:GRO)
		Agria Corporation (New Zealand) Limited
		Brothers Capital Limited
	Director	Singapore Zhongxin Investments Co. Limited
	Vice Chairman	China Chamber of Commerce, New Zealand
		Shenzhen General Chamber of Commerce, China
T J Burt		
Deputy Chairman	Chairman	Ngai Tahu Holdings Corporation Limited
		Ngai Tahu Capital Limited
		Lyttelton Port Company Limited
	Director	Agria Asia Investments Limited
		Agria (Singapore) Pte Limited
		Landpower Holdings Limited
		Mainpower New Zealand Limited
		Silver Fern Farms Limited
	Director/Shareholder	Chambers at Hazeldean Limited
		Breakaway Investments Limited
		Hossack Station Limited
		Pile Bay Partners Limited
	Trustee	Burt Family Trust
		Tai Tapu Partners Limited
B R Irvine		
	Chairman	Christchurch City Holdings Limited
	Director	Heartland Bank Limited and Subsidiaries
		Godfrey Hirst NZ Limited and Subsidiaries
		House of Travel Holdings Limited
		Market Gardeners Limited and Subsidiaries
		Rakon Limited and Subsidiaries
		Scenic Hotels Limited
		Skope Industries Limited
	Director/Shareholder	BR Irvine Limited

DIRECTOR	INTEREST	ORGANISATION
J E Nichol	Director	Watson & Son Limited
	Director/Shareholder	Optica Life Accessories Limited
L S Seah	Chairman	Nucleus Connect Pte Limited
	Director	M&C Reit Management Limited
		M&C Business Trust Management Limited
		Global Investments Limited
		Telechoice International Limited
		Yanlord Land Group Limited
	Sole Proprietor	Soft Capital Sg
Wah Kwong (WK) Tsang	Director	Agria Corporation (NYSE:GRO)
		Agria (Singapore) Pte Ltd
		China Animation Characters Company Limited
		China Merchant Direct Investments Limited
		Ping An Securities Group (Holdings) Limited
		Sihuan Pharmaceutical Holdings Group Limited
		TK Group Holdings Limited
		PanAsialum Holdings Company Limited (interest ceased during the year)
Kean Seng U	Head of Corporate and Legal Affairs	Agria Corporation (NYSE:GRO)

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

Directors' Remuneration

The following persons held office, or ceased to hold office, as a Director during the year to 30 June 2016 and received the following remuneration (including the value of any benefits). Fees are not paid for membership of the Remuneration & Appointments Committee. Figures are gross and exclude GST (if any):

DIRECTOR		DIRECTOR'S FEES		AUDIT COMMITTEE	TOTAL REMUNERATION
G Lai	Chairman	$210,000.00		–	$210,000.00
T J Burt	Duty Chairman	$120,000.00		–	$120,000.00
B R Irvine		$80,000.00	Chairman	$20,000.00	$100,000.00
J E Nichol		$80,000.00		$10,000.00	$90,000.00
L S Seah		$80,000.00		–	$80,000.00
W K Tsang		$80,000.00		$10,000.00	$90,000.00
Kean Seng U		$80,000.00		–	$80,000.00

Directors' Shareholdings

No Directors of PGG Wrightson Limited hold shares in PGG Wrightson, however T J Burt, G Lai, W Y Tsang, W K Tsang, and Kean Seng U are associated persons of substantial security holders Agria (Singapore) Pte Ltd, Agria Asia Investments Limited, Agria Group Limited and Agria Corporation (together Agria Group), and Ngai Tahu Capital Limited, with Agria (Singapore) Pte Limited holding 379,068,619 shares as at 30 June 2016 (379,068,619 as at 30 June 2015).

Directors' Share Transactions

No Directors of the Company have notified the Company of any share transactions between 1 July 2015 and 30 June 2016.

Directors' Independence

The Board has determined that as at 30 June 2016, as defined under the NZSX Listing Rules:

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

NZX Waivers

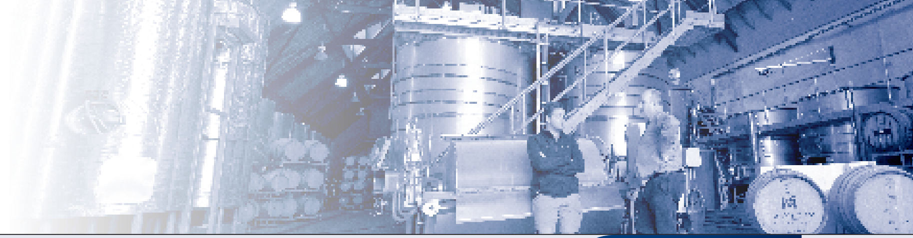
No waivers have been granted and published by the NZX during the 12 months ending 30 June 2016.

Directors' Indemnity and Insurance

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

Use of Company Information by Directors

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



Employee Remuneration

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

The schedule includes:

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

The schedule excludes:

- amounts paid post 30 June 2016 that related to services provided in the 2016 financial year;
- telephone concessions to some employees that can include free telephone line rental, national and international phone calls and online services;
- independent real estate/livestock commission agents;
- any benefits received by employees that do not have an attributable value.

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

REMUNERATION RANGE	NUMBER OF EMPLOYEES
$100,000 – 110,000	81
$110,001 – 120,000	51
$120,001 – 130,000	44
$130,001 – 140,000	36
$140,001 – 150,000	34
$150,001 – 160,000	19
$160,001 – 170,000	18
$170,001 – 180,000	20
$180,001 – 190,000	12
$190,001 – 200,000	17
$200,001 – 210,000	9
$210,001 – 220,000	8
$220,001 – 230,000	4
$230,001 – 240,000	8
$240,001 – 250,000	4
$250,001 – 260,000	5
$260,001 – 270,000	3
$270,001 – 280,000	2

REMUNERATION RANGE	NUMBER OF EMPLOYEES
$280,001 – 290,000	4
$290,001 – 300,000	3
$300,001 – 310,000	2
$310,001 – 320,000	1
$320,001 – 330,000	3
$330,001 – 340,000	1
$340,001 – 350,000	4
$350,001 – 360,000	1
$360,001 – 370,000	2
$370,001 – 380,000	1
$390,001 – 400,000	1
$410,001 – 420,000	1
$420,001 – 430,000	1
$460,001 – 470,000	1
$520,001 – 530,000	1
$610,001 – 620,000	1
$1,660,001 – 1,670,000	1

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

General Disclosures

Subsidiary Company Directors

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

LEGAL COMPANY NAME	PGG WRIGHTSON DIRECTORS
New Zealand Companies	
Agricom Limited	JS Daly, MB Dewdney, JD McKenzie
Agriculture New Zealand Limited	JS Daly, MB Dewdney
Ag Property Holdings Limited	JS Daly, MB Dewdney
AgriServices South America Limited	JS Daly, MB Dewdney
Bloch & Behrens Wool (NZ) Limited	JS Daly, CJ Bayly, MB Dewdney
Forage Innovations Limited (51%)	DHF Green, JD McKenzie
Grasslands Innovation Limited (70%)	AW Elliott, DHF Green, JD McKenzie
NZ Agritrade Limited *(formally known as PGW Agritrade Limited)*	JS Daly, MB Dewdney, SJ Guerin
PGG Wrightson Consortia Research Limited	JS Daly, MB Dewdney, JD McKenzie
PGG Wrightson Employee Benefits Plan Limited	Sir Selwyn Cushing, CD Adam, BR Burrough, JS Daly, GR Davis, SJ Guerin
PGG Wrightson Employee Benefits Plan Trustee Limited	Sir Selwyn Cushing, CD Adam, BR Burrough, JS Daly, GR Davis, SJ Guerin
PGG Wrightson Genomics Limited	JS Daly, MB Dewdney, JD McKenzie
PGG Wrightson Investments Limited	JS Daly, MB Dewdney
PGG Wrightson Real Estate Limited	JS Daly, MB Dewdney
PGG Wrightson Seeds Limited	JS Daly, MB Dewdney, JD McKenzie
PGG Wrightson Seeds Holdings Limited *(formally known as PGW AgriTech Holdings Limited)*	JD McKenzie, MB Dewdney
PGG Wrightson Seeds New Zealand Limited *(formally known as PGW AgriTech New Zealand Limited)*	JD McKenzie, MB Dewdney
PGG Wrightson Seeds South America Holdings Limited *(formally known as AgriTech South America Limited)*	JS Daly, MB Dewdney
PGG Wrightson Trustee Limited	Sir Selwyn Cushing, JS Daly, SJ Guerin
PGW Corporate Trustee Limited	JS Daly, MB Dewdney
PGW Rural Capital Limited	JS Daly, MB Dewdney
Sheffield Saleyards Co Limited (53.5%)	AL Orchard (R), FA Fowler (A)
Wrightson Seeds Limited	MB Dewdney, JD McKenzie

Helping grow the country

LEGAL COMPANY NAME	PGG WRIGHTSON DIRECTORS
Australian Companies	
AGR Seeds Pty Limited	MB Dewdney, JD McKenzie, J Stewart
Agricom Australia Seeds Pty Limited	MB Dewdney, JD McKenzie, J Stewart
AW Seeds Pty Limited	MB Dewdney, JD McKenzie, J Stewart
PGW AgriServices Australia Pty Limited	MB Dewdney, J Stewart
PGG Wrightson Seeds Australia Holdings Pty Ltd *(formally known as PGW AgriTech Australia Pty Limited)*	MB Dewdney, JD McKenzie, J Stewart
PGG Wrightson Seeds (Australia) Pty Limited	MB Dewdney, JD McKenzie, J Stewart
SP Seeds Pty Limited	MB Dewdney, JD McKenzie, J Stewart
South American Companies	
Afinlux S.A. (51.2%) (Uruguay)	M Banchero, R Rodriguez , JD McKenzie
Agrosan S.A. (Uruguay)	M Banchero, JD McKenzie, MB Dewdney
Alfalfares S.A. (Argentina)	M Banchero, JD McKenzie, R Moyano, E Beccar Varela, MD Auro
APL San Jose S.A. (60%) (Uruguay)	M Banchero, A Ponte, F Valverde
Escritorio Romualdo Rodriguez Ltda (99.6%) (Uruguay)	Administrator: Afinlux S.A.
Hunker S.A. (Uruguay)	M Banchero, JD McKenzie, MB Dewdney
Juzay S.A. (Uruguay)	M Banchero, JD McKenzie, MB Dewdney
Kroslyn S.A. (Uruguay)	M Banchero, JD McKenzie, MB Dewdney
Lanelle S.A. (Uruguay)	M Banchero, JD McKenzie, MB Dewdney
NZ Ruralco Participacoes Ltda (Brazil) (97.22%)	M Banchero, H De Boni
Patagonia Seeds Sociedad Anonima (75%) (Argentina)	M Banchero, JM Allonca
PGG Wrightson Uruguay Limited S.A. (Uruguay)	M Banchero, JD McKenzie, MB Dewdney
PGW AgriTech South America S.A. (Uruguay)	M Banchero, JD McKenzie, MB Dewdney
Wrightson Pas S.A. (Uruguay)	M Banchero, JD McKenzie, MB Dewdney

SHAREHOLDER INFORMATION

PGG Wrightson Limited is quoted on the New Zealand Stock Market of NZX Limited (code PGW). As at 31 July 2016, PGG Wrightson Limited had 754,848,774 ordinary shares on issue.

Substantial Security Holders

At 31 July 2016, the following security holder had given notice in accordance with the Securities Markets Act 1988 that it was a substantial security holder in the Company. The number of shares shown below are as advised in the substantial security holder notice to the Company.

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

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

Twenty Largest Registered Shareholders

The 20 largest shareholders in PGG Wrightson Limited as at 31 July 2016 were:

SHAREHOLDER	NUMBER OF SHARES HELD	% OF SHARES HELD
1. Agria (Singapore) Pte Limited	379,068,619	50.22
2. HSBC Nominees (New Zealand) Limited*	15,859,123	2.10
3. FNZ Custodians Limited	13,517,229	1.80
4. Forsyth Barr Custodians Limited	13,093,879	1.74
5. Masfen Securities Limited	8,244,837	1.09
6. Investment Custodial Services Limited	7,419,781	0.98
7. Citibank Nominees (New Zealand) Limited*	4,636,801	0.61
8. JP Morgan Chase Bank NA*	4,017,097	0.53
9. PGG Wrightson Employee Benefits Plan Limited	4,000,000	0.53
10. Leveraged Equities Finance Limited	3,731,442	0.49
11. National Nominees New Zealand Limited*	3,472,090	0.46
12. Philip Carter	3,358,702	0.44
13. Maxima Investments Limited	3,100,000	0.41
14. H & G Limited	3,067,323	0.41
15. Custodial Services Limited	2,720,027	0.36
16. Accident Compensation Corporation*	2,350,000	0.31
17. Robert Hunter and Shirley Hunter	2,311,760	0.31
18. ANZ Wholesale Australasian Share Fund*	2,077,016	0.28
19. Nicolaas Kaptein	2,000,410	0.27
20. Peter Muller and Norine Muller	2,000,000	0.26

* New Zealand Central Securities Depository Limited

Analysis of Shareholdings

Distribution of ordinary shares and shareholdings at 31 July 2016 was:

SIZE OF HOLDING	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES	% OF SHARES
1 – 499	711	206,335	0.03
500 – 999	1,830	1,263,964	0.17
1,000 – 4,999	4,457	10,801,362	1.43
5,000 – 9,999	1,803	12,109,755	1.60
10,000 – 49,999	3,407	72,295,485	9.58
50,000 – 99,999	638	41,144,200	5.45
100,000 – 499,999	466	78,789,395	10.44
500,000 – 999,999	42	27,571,713	3.65
1,000,000 and above	39	510,666,565	67.65
Total	**13,393**	**754,848,774**	**100.00**

Registered addresses of shareholders as at 31 July 2016 were:

ADDRESS	NUMBER OF SHAREHOLDERS	% OF SHAREHOLDERS	NUMBER OF SHARES	% OF SHARES
Singapore	11	0.08	379,523,754	50.28
New Zealand	13,117	97.94	368,170,073	48.77
Australia	147	1.10	3,781,241	0.50
Other	118	0.88	3,373,706	0.45
Total	**13,393**	**100.00**	**754,848,774**	**100.00**

CORPORATE DIRECTORY

Board of Directors
for the Year Ending 30 June 2016

Guanglin (Alan) Lai
Chairman

Trevor Burt
Deputy Chairman

Bruce Irvine

John Nichol

Lim Siang (Ronald) Seah

Wah Kwong (WK) Tsang
John Fulton is an Alternate Director for Wah Kwong Tsang

Kean Seng U

Company number 142962
NZBN 9429040323497

Chief Executive Officer

Mark Dewdney

Chief Financial Officer

Peter Scott

General Manager, Strategy and Corporate Affairs/Company Secretary

Julian Daly

Registered Office

PGG Wrightson Limited
57 Waterloo Road
Hornby
Christchurch 8140

PO Box 292
Christchurch 8042
Telephone:
0800 10 22 76 (NZ only)
+64 3 372 0800 (International)
Fax: +64 3 349 6176
Email: enquiries@pggwrightson.co.nz

Auditors

KPMG
62 Worcester Boulevard
PO Box 1739
Christchurch 8140
Telephone +64 3 363 5600

Managing your shareholding online:

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

www.investorcentre.com/nz

General enquiries can be directed to:

Computershare Investor Services Limited
Level 2, 159 Hurstmere Road
Takapuna, Auckland 0622

enquiry@computershare.co.nz

Private Bag 92119, Auckland 1142,
New Zealand

Telephone +64 9 488 8777

Facsimile +64 9 488 8787

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


PGG Wrightson
PGG Wrightson
Rural Supplies
via Saunders Street
Fruitfed Supplies
Real Estate
Livestock
Wool
Seed and Grain
PGG Wrightson
AON

www.pggwrightson.co.nz

Helping grow the country