Ravensdown

Nutrient know-how for New Zealand

Annual Report 2013

Key Insights

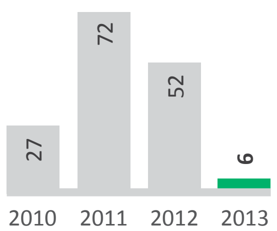
1
Decisive action was taken to exit WA once it was obvious that our operation could not be turned around

2
A strategy refresh has focused us back towards core business and nutrients best practice

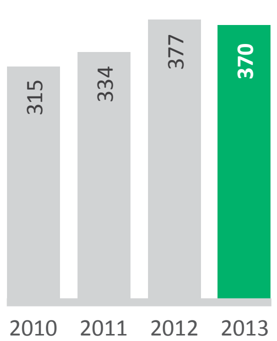
3
With changes made in our forex policy, lower debt and more competitive global prices for urea, we are in a much stronger position this spring

Financial Highlights

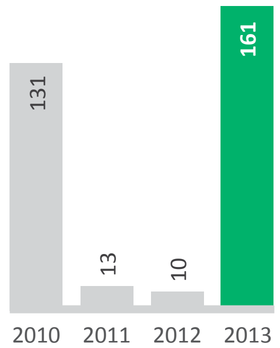
In New Zealand Dollars



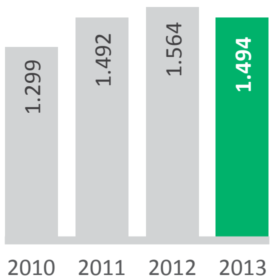
Profit before rebate and tax ($m)
(including discontinuing activities)



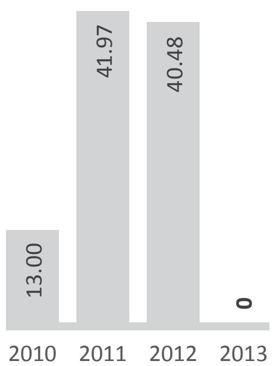
Total equity ($m)
(excludes hedging reserve)



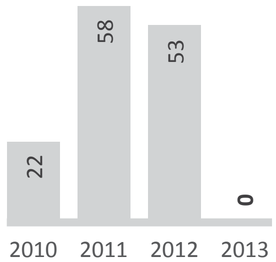
Operating cashflow ($m)



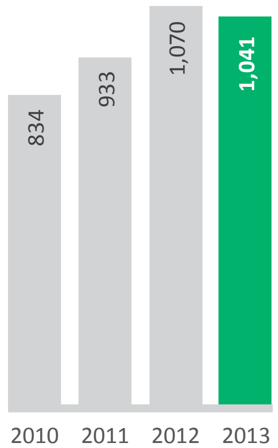
Fertiliser sales
(m tonnes)



Shareholder distribution ($/T)
(fully imputed)



Total distributed to shareholders ($m)



Total revenue ($m)
(including discontinuing activities)

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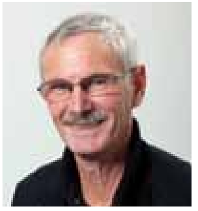
Report from the Chairman and CEO



Bill McLeod
Chairman

Greg Campbell
CEO

Last year was difficult for our shareholders, staff and the rural sector, leading to a far from ideal financial result.

Decisive action was called for and taken.
Your co-operative is already seeing the benefits.

The drought, our past foreign exchange position and a loss-making operation in Australia resulted in Ravensdown reporting a net profit before rebate and tax of $6m ($52m 2012) on stable revenues of $1.04 billion ($1.07 billion 2012) in a totally atypical year.

Several one-off factors hit the business in the financial year ending 31 May. As part of a wider-ranging strategic review, we have already taken several steps to correct this unacceptable position. Over the past few months, we announced we are selling our stake in the South Australian joint venture, DFI, and that we are exiting the loss-making Western Australia market. This will free up capital, reduce risk, increase operating profit and improve our debt position.

These steps have already had a significant impact, helping us reduce net debt requirements by $98m. This is just the start of that positive impact.

Positive cash-flow from operations was up from $10m in 2012 to $161m. All of this allows us to reinvest in the people, assets, and infrastructure of a business whose fundamentals remain strong.

Group fertiliser sales were down 4.4% to 1.49m tonnes.

The rebate situation

While we are not paying a rebate in this difficult year, we are strongly positioned to ensure we keep fertiliser prices competitive, contain costs and continue investment in nutrient science, research, technology and training.

Not paying a rebate on fertiliser purchases is very disappointing, because we've paid one in each of the 35 years since Ravensdown started. Measures have been taken to ensure this year's rebate situation is not repeated.

Continuing operations are profitable

When factoring out the Australian businesses that are being sold, the profit before tax for continuing operations was $29m. Shareholders' equity remained a solid $358m with improving balance sheet and other financial ratios.

The losses for the Australian operations, which are being sold, were $23m before tax and include an impairment of $15m. This comes on the back of a loss of $5m in 2012. Assets yet to be sold from the non-continuing operations amount to $134m , which are mostly in stock. This will further improve the financial position of your co-operative into the future.

The remaining operations in Australia are the joint shipping venture Ravensdown Shipping Services and the Queensland-based subsidiary Ravensdown Fertiliser Australia and the profit for these was $1.9m.

In a year when NZ farmers were suffering, access to keenly-priced animal health, agchem, seed and nutrition products from their co-operative was appreciated by shareholders. All those business units contributed to the overall profit.

Listening to NZ shareholders is a critical part of the strategy review.

Impact of eco-n and the drought

The suspension of eco-n had an effect on our results, which in terms of foregone profit and stock adjustments amounted to a swing of $4m. We knew there would be a financial hit by suspending eco-n, but New Zealand farm exports and its reputation are more important than our short-term bottom line.

Our core fertiliser business was hit by the once-in-30-year drought. Revenues were $1.04 billion ($1.07 billion 2012).

But the New Zealand fertiliser business remains strong with the recent change in our foreign currency policy and commodity movements putting Ravensdown in a solid financial position for the coming year. Certainly our nutrient know-how is in demand as farmers respond to environmental and regulatory pressures.

> "When I recently toured our suppliers throughout the world, I was impressed by their commitment to our quality drive. I saw first hand the support they are giving to our business and the NZ agri-sector in general."
>
> *Greg Campbell, CEO*

Product price and quality focus

We're continuing to tighten our quality specifications for fertiliser products and have undertaken to work with the Fertiliser Quality Council on a physical spreadability rating system. Our key focus on securing soil nutrients on the global stage is going well because of a better currency position, increased fertiliser production capacity globally and softening international demand for nutrients.

As well as this boost in global supply of urea and DAP, deteriorating economic factors in some markets such as India and China have lowered demand for fertiliser, leading to these softening prices globally.

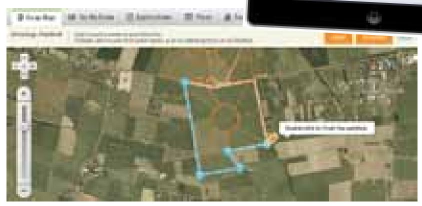
The Ravensdown research team collaborates with Professor Ian Yule of Massey University (second from left) and Dr Robyn Dynes, Senior Research Scientist at AgResearch (second from right).

Investing in NZ research and technology

The company continues to invest in research and development. Our recently-announced $12m investment in developing precision fertiliser application for NZ's hill country farmers is an example. This programme received $5.1m in government backing as part of the Primary Growth Partnership.

We've invested in on-farm information capture to help with key decisions.

Combining soil testing, mapping technology and aerial spreading precision could transform hill country farming.



Integrating mapping and soil testing technology with spreading and pasture management will play a key part in farmers managing environmental issues as well as improving profitability.

In March, Ravensdown launched Smart Maps, a new digital mapping tool where farmers can view an online aerial map and draw or alter fencelines for paddocks, blocks and management zones. All Ravensdown activities such as spreading and spraying applications can be clearly seen as well as paddock nutrient history. Relevant soil test results and fertiliser plans will also be displayed. More than 1,000 farmers have already mapped their farm in the first two months of its operation and feedback has been excellent.

Staying true to our mission of providing a steady stream of quality nutrients and advice.

Our strategic review shows people as a strength

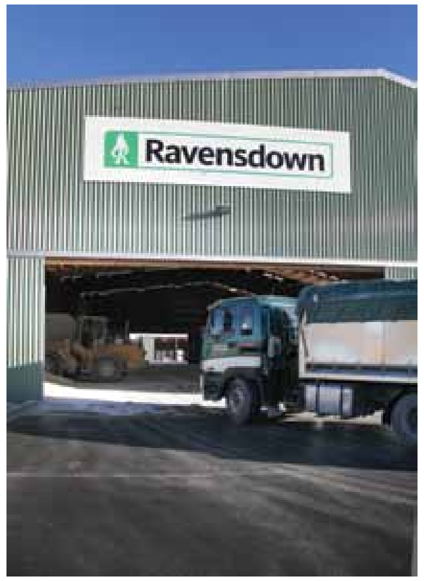
We have a strong platform for the future and we are committed to addressing shareholders' needs and supporting their performance. This is our sole reason for being.

The strategy review we've undertaken has underlined the quality and expertise of our people, those at the coalface who deal with our customers' needs on a day-to-day basis, and the team behind them that supports all our activities.

It was a tough year for staff, many of whom are part of rural communities. All our employees' commitment and tenacity shone through.

Our well-trained teams remain engaged and have worked hard despite not being paid staff incentives or bonuses this year. Our commitment to their training and development remains strong.

Through our umbrella organisation, the Fertiliser Association of New Zealand, we also helped develop the Nutrient Management certification programme which will increase the standard and consistency of all those in the industry who are giving nutrient advice.



Standing up for farmers' interests

Regulation and compliance costs were cited as farmers' biggest concern in Federated Farmers' survey of Farm Confidence (Jan – July 2013). Ravensdown continues to advocate and lobby on behalf of shareholders' interests.

Our Environment Court appeal of the Horizons One Plan was unsuccessful despite hundreds of man hours defending farmers' interests. Since then, our teams in the lower eastern North Island have been busy working on nutrient management planning with farmers who will be impacted.

This year, we are appealing the Otago Regional Water Plan which will involve presenting expert perspectives on soil nutrients.

We have spent several years gearing up for a world where there is increased regulation and establishment of nutrient limits. Several services will help with this including mapping and recording, precision spreading, traceability, soil assessment and pasture measurement. But nutrient budgets and helping with farm nutrient plans are probably the most significant way we assist farmers in responding to these pressures.

This year, we have started to develop a service that will help with the consent process (for example the nutrient planning associated with a change of use) and with plans that analyse various scenarios and identify environmental mitigators.

Spreading safety

With great sadness, we report the death of Darren Smith from a spreading truck roll-over. He was a staff member with our FBT spreading joint venture and was a valued member of the team for 20 years. Our condolences go out to his partner Rachael and family.

This is the saddest news to report because, while financial ratios can be turned around, there is no replacing a human life.

An investigation into those tragic circumstances is continuing, but it definitely highlights the importance of a culture of safety throughout all of our operations and the industry and we are committed to ensuring a safe and healthy work place.

Certainly we have completed significant work in this area and are developing leading health and safety systems and training for our spreading staff. We have been working in a consultative manner with the Groundspread Association and with the Civil Aviation Authority when it comes to aerial spreading.

Ground spreading ventures growing

We expanded our ground-spreading into the Wairarapa through the acquisition of Tait McKenzie and Jim Buckley, investing in equipment and technology to add to the existing quality service provided by these operations.

Total spreading hectares mapped were 801,768 which is a 15% increase on last year's 696,681ha.

Reflecting the environmental and bottom line benefits of precision application, we also saw the number of hectares being applied at a variable rate go from 3,169ha to 13,367ha in just two years.

Handling the farm's data efficiently as it passes from the lab through to the spreader and back to the smart maps tool reduces the chance for errors and provides a clean audit trail. This has required a great deal of work behind the scenes to integrate the information and technology.

More than 22,700 proof-of-placement maps were processed this year giving farmers peace of mind, a way to track progress and demonstrate compliance if necessary.

Aerial spreading a vital service

Our aerial spreading operation continues to provide a vital service to hill country farmers who have no other way to apply the nutrients needed on that steep and rugged terrain. Aerowork owns about one quarter of New Zealand's fleet of fixed wing agricultural aircraft yet it applies 40% of the country's aerial-applied fertiliser.

In terms of kilometres flown, our aircraft flew the equivalent of 33 times around the world last year. With the growth in hours and service, our maintenance and parts teams take on a crucial role in keeping the fleet in the air, pilots safe and the business operating efficiently.

Whether it's groundspreaders, specially adapted aeroplanes or helicopters, the spreading fleet invests in technology and people for peak efficiency.

Investment in manufacturing paying off

Upgrading our manufacturing plants over the past years has delivered gains in terms of reliability which, in turn, saves money by avoiding restarts and interrupted production.

This efficiency has also resulted in environmental gains such as recording our lowest ever year of sulphur dioxide emissions. The scrubbers we installed in all three of our facilities take fluoride out of our emissions. This year, this was down to only 30g of fluoride per tonne of superphosphate which would be equivalent to the weight of six pencils in proportion to the weight of a dairy cow.

We continue to improve our waste water management and all our manufacturing sites are working to consents and communicating regularly with their neighbours. More details are available on page 30.

Ruralco card to bring benefits

We worked with card specialist and farmer co-operative ATS to develop a charge card which gives shareholders the chance to support a variety of local retailers in their rural communities. The new Ruralco card will use ATS' 50-plus years of card experience including their staff and IT systems. The card service is set up to stand on its own feet from a financial point of view and bring benefits to shareholders.

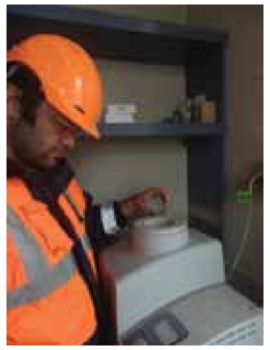
Ruralco shows how two farmer-owned co-operatives can work together for the mutual benefit of their shareholders. It will be introduced throughout the country in 2013/2014.

Supporting farming excellence

We continued our successful long-term sponsorships of the New Zealand Dairy Industry Awards, and also supported the national Ewe Hogget competition, the Pasture Renewal Trust, the Foundation for Arable Research, the New Zealand Grasslands Association, Federated Farmers and the South Island Farmer of the year.

On top of our sponsorship in terms of prizes and judging for the ANZ Young Farmer Contest, we launched a new Ultimate Fan competition to acknowledge the entrants' supporters who do so much to encourage their contestants.

Infrastructure investment is critical whilst support for farming excellence continues.



A time of change for your enduring partner

Ravensdown faced a pretty unique set of circumstances in 2012-13 and the management and the Board are absolutely committed to setting the co-operative on the right course. It was a disappointing result but we have acted decisively as part of a strategy review of the business.

Like farming, ours is a long-term business and Ravensdown's results are best viewed in the long term. The average total return to fully paid up shareholders was 13.8% per year across the five years up to and including this year.

"We welcomed Greg Campbell our new CEO in January 2013, part way through a hugely challenging year. Almost immediately, we appreciated his judgement and decisiveness when it became clear that eco-n could need to be suspended."

Bill McLeod, Chairman

This financial year was the year we farewelled Rodney Green who oversaw 16 years of development and growth. This included going direct to farmers, the expansion of our technical and science-based offer with a major focus on customer service through the likes of the Customer Centre and information technology. We wish Rodney well in his retirement.

We would like to acknowledge the passing of Andrew Grundy who had been with Ravensdown for 19 years in a wide range of roles and who made such a significant contribution to the co-operative.

Reorganising the Board

As a Board we will be taking two initiatives. Firstly, we are scaling down the number of directors so your Board is the right size for our organisation. Secondly, we've undertaken an independent review of our functioning as a Board.

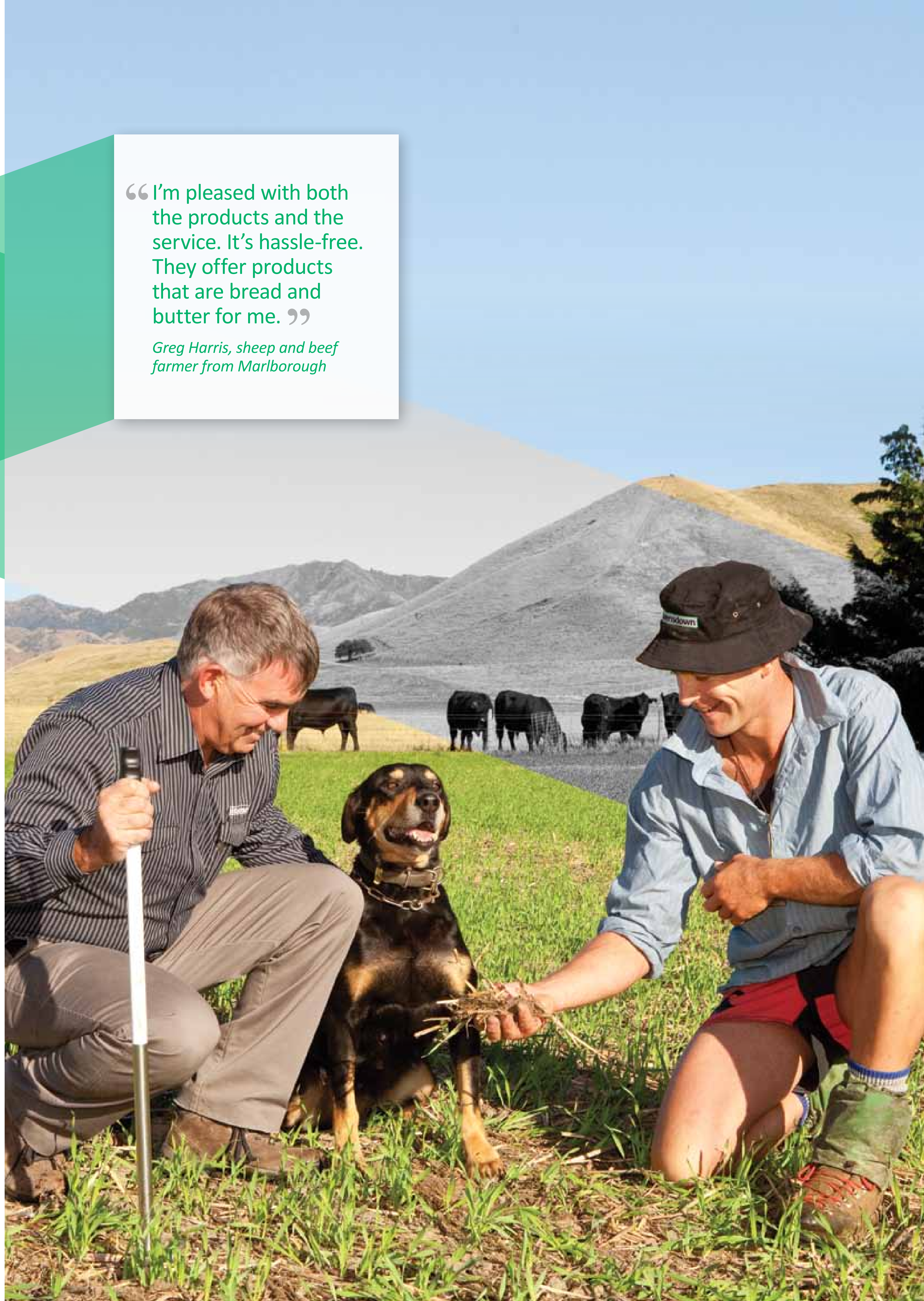
We have sought expert advice on the ideal-sized Board for an organisation such as Ravensdown. As a result, we intend to reduce the current number of New Zealand-based elected directors from ten to eight. This will take place in the following way:

1. Jim Williams (Lower North Island Area 6) retires in September 2013 and the North Island areas will be redrawn.
2. The South Island areas will be redrawn in September 2014.

By increasing the area sizes, we will ensure that farmers can vote for their representative just as they do now.

The two Board members from WA who currently sit on the Board will not be replaced when that business is sold.

Innovations making a difference include urea silos and C-DAX's new ways to spread, spray and measure.



"I'm pleased with both the products and the service. It's hassle-free. They offer products that are bread and butter for me."

Greg Harris, sheep and beef farmer from Marlborough

A record year for ARL
Our independently-accredited laboratory ARL enjoyed another record year in terms of sample numbers, driven mainly by increased interest in soil and water testing.

ARL continued to reinvest in leading technology to increase the efficiency and quality of its results.

An example of this was the purchasing of an instrument which was the first of its kind in New Zealand. This scanner proved to be critical in coping with the increase in soil samples. It also lowered sample-to-sample cost as it avoids using expensive argon gas on which many such instruments rely.

We also redesigned the way ARL extracts and filters its soil samples with a view to maintaining quality and turnaround times with an increasing workload.

Lime
Lime is a such a key input for improving farm productivity so your co-operative continues to own and operate lime quarries across the majority of the country in order to supply quality, cost-competitive agricultural lime and lime-based products to shareholders. The drought hit autumn sales, especially in the North Island.

This year will see an on-going focus to improve customer service and operating efficiencies so we can continue to provide sustainably competitive, quality aglime.

Stores team focused on service
For our network of stores, little improvements tend to add up. These can be things like altering the layout to cut queuing time or using new loaders or blenders to increase the speed of throughput.

Delivering excellent service for our customers is a real focus for our stores' teams and they are always interested in feedback and ideas.

One area which is a key focus for them is inventory control so that these assets are looked after.

Facing future with confidence
Our team is engaged, our financial health is strengthening and our quality products and nutrient know-how are in demand.

"I face my first full year as CEO knowing that your co-operative is already bouncing back."

Greg Campbell, CEO

New loaders and bagging machines speed up the service whilst the Nelson stores team show how they helped local birdlife.

ARL's new scanning instrument runs on air rather than expensive argon gas.

"We spread a lot of lime and a lot of fertiliser prior to planting. The simplicity of the operation really is a key point."

Managing Director, Mark Fausett at Kiwitahi Maize Growers in Morrinsville

Nutrient know-how for New Zealand: 1. The Services

We have the trained people, applied technology, proven R&D and nutrient expertise to help New Zealand farmers achieve great outcomes.

All our Customer Centre, Account and Spreading teams as well as technical and stores staff are focused on delivering a service with nutrient know-how at its heart.

22,708 PROOF OF PLACEMENT MAPS WERE GENERATED.

An easy way to manage your nutrients
Ravensdown's unique integration of advice, testing, planning, spreading and measuring into a simple nutrient management programme is about raising farmers' profitability and reducing their environmental impact.

The process starts by incorporating soil test analysis with GPS co-ordinates then deploying OVERSEER to produce a nutrient budget and then a farm plan that accounts for productivity goals, economic constraints and environmental impacts.

This plan is then fed electronically into ground and aerial spreaders' GPS equipment. Variable rate ground spreading can then ensure application rate and exclusion zones are adhered to, so that precious nutrients go where intended.

A proof-of-placement map guides future decisions and demonstrates compliance and is available online.

And finally, whether using a Ravensdown spreading company or spraying / application with a C-Dax unit, progress can be measured with a Pasture Meter and displayed visually on an interactive map.

Information is at the heart of the process. An integrated IT platform means more efficiency, less chance of error and better nutrient decisions.

Each of these stages makes use of Ravensdown's technology, expertise and nutrient know-how:

	SERVICE	EXAMPLE	BENEFIT	WHAT THIS MEANS FOR YOU
1	Testing	All paddock testing	Test all your paddocks so you can optimise your nutrient budget	GET THE FACTS
2	Planning	Nutrient management planning and technical support	Plan your nutrients so they are aligned with your soil type, your farm goals and your region's rules	GET ADVICE
3	Integration	Whole-farm inputs and technical advice	Manage seeds, agchem, nutrition, animal supplements and parasiticides to work best with your nutrients	GET WHAT YOU NEED
4	Application	Precision spreading	Evenly place the right amount of the right nutrient in the right place at the right time	GET IT ON
5	Measurement	Pasture measurement	Measure how your nutrients are impacting your yield targets and feed wedge	GET RESULTS

The five steps to Ravensdown service: unique lab-to-land nutrient management service keeps things simple

Nutrient know-how for New Zealand: 2. The Science

Farmers' livelihoods and the health of their animals and plants are too important to bet on and nutrient use should be driven by well-established science.

Ravensdown has invested in evidence-based soil science for more than three decades and collaborated with leaders in their fields to apply this to New Zealand conditions.

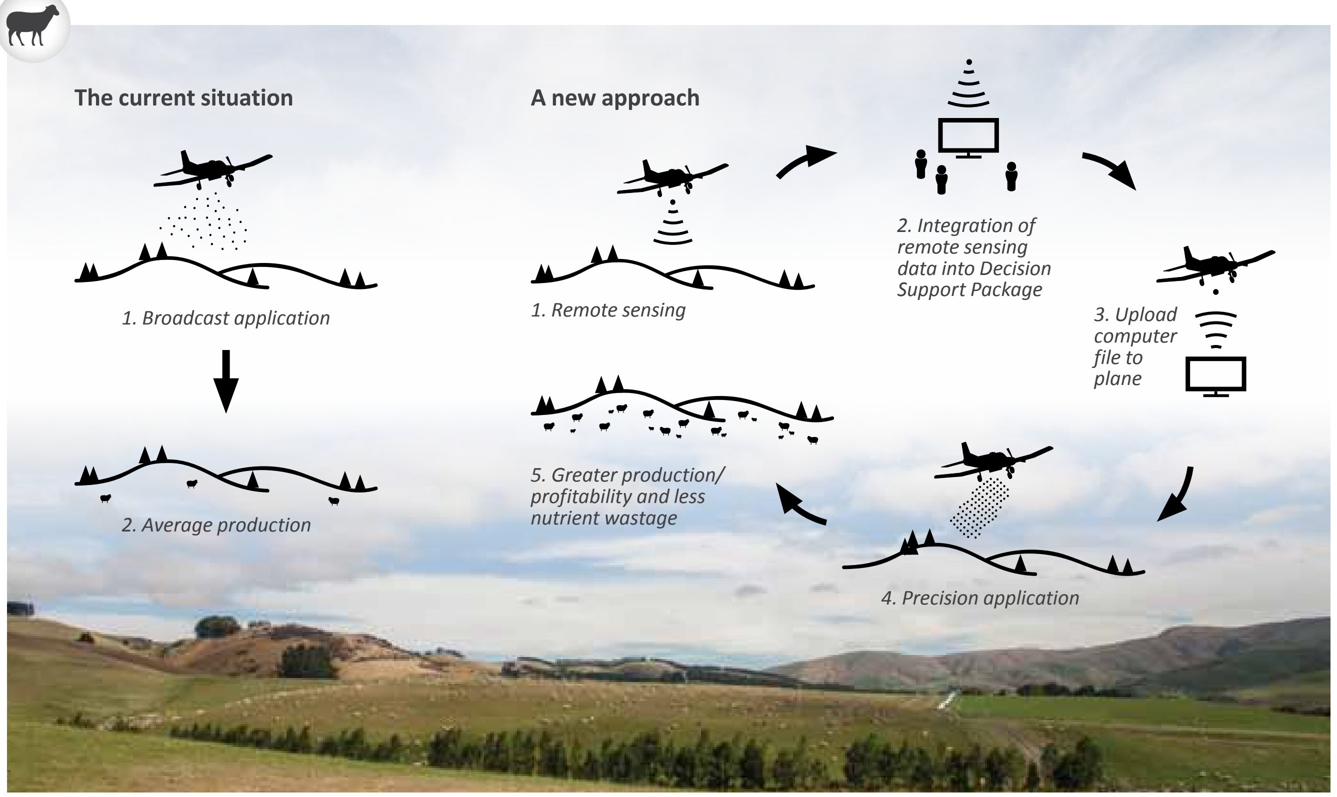
Research into airborne soil testing and variable rate application

Ravensdown prepared an application for Primary Growth Partnership funding for research into precision fertiliser application for NZ hill country and was successful in attracting $5.13m. The Ministry for Primary Industries' backing for the seven-year Ravensdown "Transforming hill country farming" PGP programme will be more than matched by Ravensdown, making the base funding for the project $12.3m.

The new PGP programme will combine remote-sensing of soil fertility on hills with GPS-guided aerial topdressing, to improve hill country productivity and reduce nutrient loss. It is centred around Ravensdown's core capabilities of diagnosing soil fertility, providing nutrient advice, manufacturing and supplying fertiliser, delivering aerial spreading services and integrating it all on one easy-to-use IT platform.

The programme expects to generate $120 million a year in economic benefits to New Zealand by 2030.

Collaboration in action: Ravensdown is working with partners to innovate.



Research into potato growth

Ravensdown helped potato growers kick off a $240,000 research project with Plant and Food to discover why tuber yields have remained static compared to other crops. The analysis is being co-funded by Potatoes New Zealand, McCain Foods, Ravensdown and conducted by Plant & Food Research. The study is looking at nutrient supply and fertiliser practice as well as looking at other issues such as incidence of pest and disease, seed quality, irrigation management and soil physical conditions.

Potato plateau: Ravensdown is helping researchers discover why yields are low.

Research into nitrate leaching

Ravensdown continues to support the Southland Demonstration Farm's research project into measuring nitrates through continuous stream monitoring. Stream inflow and outflow rates and level measurements are being monitored continuously at the Wallacetown dairy farm, thanks to funding from Ravensdown through Lincoln University. Ground water levels are measured by piezometer bores in parallel to stream flow measurements in order to calculate the localised water dynamics. Stream water samples are pumped continuously to the main farm shed where two UV absorption spectrometers measure nitrate concentrations in real time.

The high variability of stream water nitrate concentrations already shows that spot measurements and a failure to account for full water dynamics can lead to misleading conclusions about the environmental impact of the farm.

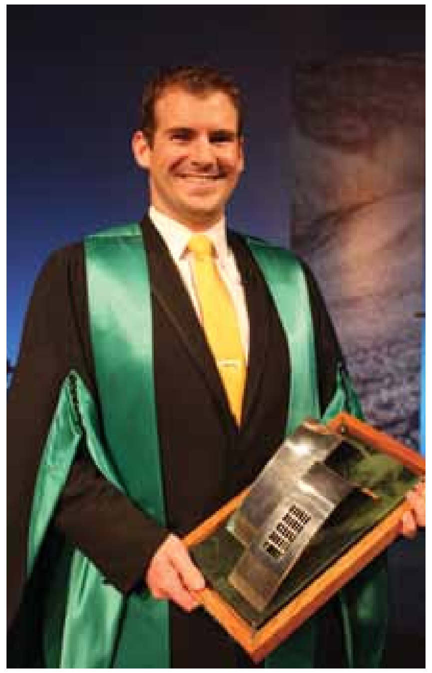
Professor Keith Cameron of Lincoln University inspects equipment measuring nitrate leaching in a project funded by Ravensdown.
Courtesy of Rural News Group.

Nutrient know-how for New Zealand: 3. The Future

Ravensdown supports farming excellence and this means giving back to those who will be New Zealand's farming leaders of the future.

Ravensdown is committed to rural futures; whether it's scholarships, research grants, work experience, training or judging and offering prizes for Young Farmers Contest or the NZ Dairy Industry Awards.

ON AVERAGE, OUR CUSTOMER CENTRE TOOK 15,250 CALLS A MONTH



Shane Harold, General Manager, Supply

Review

World supply of fertiliser has seen a year where fertiliser prices peaked in the June to August 2012 period as a result of the North American market shortage and large cereal plantings. Fast forward to May 2013 and we saw a weakening in the market because of new supply coming on stream particularly for urea and DAP combined with easing demand for fertiliser in India and China.

In the coming 12 months we expect fertiliser prices to remain under downward pressure as a result of world demand and supply. This may see some of the high-cost producers exit the market which may correct the current over-supply. Long-term, the demand curve will continue to increase as the world's population grows and a larger more prosperous middle class consume more protein.

This year we have fully implemented our biosecurity system for our major fertiliser lines. This system is accredited by the Ministry for Primary Industries and results in a complete independent audit of the manufacturer, the transport system between manufacturer and the port, port facilities and then the ships prior to loading fertiliser.

The audit involves pre-shipping samples of product from their port of departure to New Zealand, so we can test both for organics and chemistry. We now also test the pre-shipment samples to physical quality specifications which have been tightened significantly over the last 12 months.

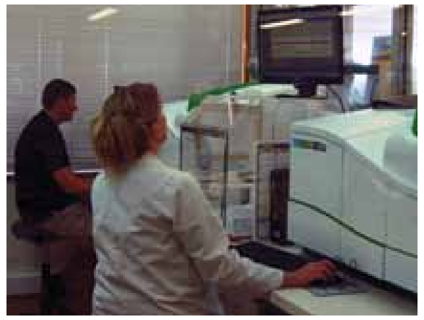
Physical quality has been a key focus for the supply team over the past year. Suppliers are now assessed as a result of their product supplied from both a chemical and physical perspective and their standing behind the products supplied.

RESULTS

- ✓ Physical quality focus: tighter specifications and testing and improved complaints process.
- ✓ New Ammonium Sulphate suppliers brought in.
- ✓ New compound product for more precise application.

ROAD AHEAD

- Improve stock turn to factor in fertiliser shelf life and enhance physical quality of fertiliser.
- Continued farmer feedback is important as we strive to improve the physical quality of fertilisers and recognise the opportunities for alternative fertiliser products.



An international audit of suppliers and lab testing of samples improves quality.

> “Having a Ravensdown silo means we can apply fertiliser at optimum times at our own convenience.”
>
> *Dale Picard, dairy farmer from Kakaramea*

Ross Aimer, General Manager, Sales

Review

The extensive drought felt across most of the country had a major impact on our customers and on our advice to them. Spring-sown crops suffered, pasture renewal was delayed and maintenance fertiliser was deferred by many farmers.

Ravensdown was able to assist farmers by helping prioritise budgets to focus on inputs that would meet essential feed demand. Nitrogen fertiliser was in strong demand, particularly late autumn after rain finally fell. The mild late autumn meant that many farmers were able to catch up on essential maintenance phosphate applications as pastures recovered.

The agronomy teams who focus on seed and agchem were busy helping farmers deal with insect pressure on crops. These were already under stress due to moisture deficits. The team also advised on pasture renewal strategies such as switching a lot of perennial rye grass sowing to annuals and Italian varieties to provide feed heading into the winter.

Our animal health and nutrition teams were also busy meeting customers and dealing with animal feed issues. Despite the massive demand for PKE over the autumn, Ravensdown worked hard to meet all contracted commitments to those who depended on that feed option.

A higher forecast dairy payout and rising cereal and meat prices meant that our advisors we're busy helping farmers to plan for maximum production.

Customers valued technical advice and access to quality products in a challenging year.

RESULTS

- Introduction of Cropmark's Grubout U2 perennial rye grass will improve pasture persistence.
- Successful launch of Ravcalf pellets in the North Island.
- Animal health sales continue to grow with our Abamectin pour-on now the third most popular cattle drench.
- Customer Centre hit their performance target of 97% of all calls answered in 30 seconds.

ROAD AHEAD

- Launching Premium 18, a new compound for more precise dust-free application of N, P and S during drilling.
- Introducing DAP Boron Plus, a boron-coated DAP to ensure even distribution of boron at the time of sowing.
- Launching Ravcow pelletised feed to complement the Ravcalf range for use with in-shed feeding systems.

"Good advice with a smile is knowledge and that's what I get from my Ravensdown Account Manager. Knowledge is power and power is freedom to make those timely decisions on farm that count!"

Mark Grace, Hunterville sheep and beef farmer

Mike Manning, General Manager Research and Development

Review

Ravensdown's investment in research across the decades is really paying off. In April, we presented to the 13th international symposium on soil and plant analysis in Queenstown. The message of raising profitability and reducing environmental impact through more precision in our nutrient application is a timely one.

Our record number of papers (10) delivered at the Fertiliser Lime and Research Centre conference also shows a high level of commitment.

It was in a year where the Winchmore trials celebrated 60 years of data on how best to feed New Zealand soils. These long-term continuous trials at Winchmore, Ballantrae and other research stations confirm that raising and maintaining soil fertility levels through annual application of the major nutrients P, S and K (where appropriate) increase pasture production and quality, animal production and soil biological activity and is profitable, as long as the pasture is efficiently utilised by productive livestock.

Nutrient impacts on water and nutrient management are vital topics as increasing regulatory pressure is applied. The OVERSEER nutrient budgeting tool is based on the best available science to estimate nutrient cycling in agricultural systems. But this science is always moving forward and the tool itself will move with it and develop.

In May, the year finished with the launch of the new Precision Agricultural Association of New Zealand of which Ravensdown is a proud member. The "Four Rs" idea is simple: right amount of the right fertiliser in the right place at the right time. To reap the benefits of this approach, New Zealand farmers will need a fifth "R" and that is research.

RESULTS

- By the end of May 2013, 8,581 dairy paddocks had been intensively soil tested: 25% of paddocks were above biologically-defined optimums with 58% below thus identifying further production and environmental opportunities.
- 40 technical presentations and shareholder meetings attended.
- Ants Roberts presented a plenary invited paper to the NZ and Australian Soil Science Societies (Tasmania) on the developments in soil fertility research in Australia and NZ.

ROAD AHEAD

- Precision agriculture advances.
- Working with the Foundation for Arable Research to improve OVERSEER for the arable model.
- Continue providing advice so decisions are made on sound evidence and latest good practice.
- Starting the seven-year study into hill country aerial application.

Advice in demand: Chief Scientific Officer Ants Roberts co-authored four papers for FLRC and attended shareholder technical meetings across the country last year.

Photo: Taranaki Daily News

"What it comes down to is getting the right product at the right price at the right time."

Neville Tidey, dairy farmer from Canterbury

Richard Christie, General Manager, Strategic Development

Review

This year farmers recognised the potential for significant constraints to be placed on their business through environmental, market and regulatory pressures. These pressures have been mounting for many years, but have become more focused with Environment Court decisions and nitrate loss caps more widely introduced.

We have always represented farmers' interests, working with the agricultural sector and regional councils, or, when required, opposing unworkable regulations. Ravensdown stood up for farmers' interests on many occasions throughout the year with the most high-profile being the appeal of the Horizons One Plan. However, the Environment Court outcome further restricted nitrate losses from farming and broadened the sectors and areas requiring consent to farm.

We will continue the technically-demanding work of trying to shape local regulations. As those regulations become binding, we will help our shareholders remain compliant by encouraging nutrient efficiency, good practice and effective mitigation.

Strides have been made with rapid roll out of nutrient budgets and nutrient management plans by the field team. We collaborate with Fonterra, other milk companies, our customers and DairyNZ to help achieve the dairy industry's commitment to environmental improvement.

To ensure the nutrient management work is done well and that our training is effective, Ravensdown has been actively involved in introducing an independent nutrient advisor certification scheme. This is even more crucial as more of our nutrient management work has to be signed off for resource consent or rule compliance purposes.

RESULTS

- ✓ Introduction of the Nutrient Advisor Certification Scheme
- ✓ Delivery of 6,227 nutrient budgets and 2,417 nutrient management plans.

ROAD AHEAD

- › Providing more support to the front line field staff to meet the increasing demands for their skills.
- › Introduce new comprehensive tailored Farm Environment Plans for consent and compliance purposes.
- › Continue defending farming interests including appeal of the Otago Regional Water Plan to the Environment Court.

Along with organisations below, Ravensdown developed a Nutrient Advisor Certification scheme.

Ministry for Primary Industries Manatū Ahu Matua · Massey University · Lincoln University · Federated Farmers of New Zealand · Fertiliser Association · Ravensdown

"We like to keep things simple, and not shop around 20 different shops,"

Brent Carter, manager at Attadale Station Ltd

Mark McAtamney, Chief Information Officer

Review

The past year saw great advances in the way Ravensdown is supporting farmers with our team and technology. We spent considerable time and effort to secure feedback from farmer groups, individual farmer interviews and comments to account managers.

Two needs emerged. First, farmers wanted nutrient budgeting and fertiliser supported from start to finish so they can create an audit trail and see the consequences of their nutrient decisions. Second, any system had to be easy to use, capturing the information automatically rather than relying on data entry.

As a result of this feedback, the enhancements to the secure and personalised myravensdown.co.nz website were introduced this year.

As well as making it easier to process, access and forward financial documentation, we introduced "Live Help" so customers can access the expertise of the Customer Centre then and there.

Smart Maps is a new digital mapping tool where farmers can view an online aerial map and draw or alter fencelines for paddocks, blocks and management zones. All Ravensdown activities can be clearly seen such as Ravensdown and C-Dax spreading and spraying applications as well as paddock nutrient history. Relevant soil test results and fertiliser plans will also be displayed.

C-Dax pasture meter data can be viewed either in a traditional feed wedge or in a table including total Kg/Dry Matter/Ha or Total BioMass by paddock.

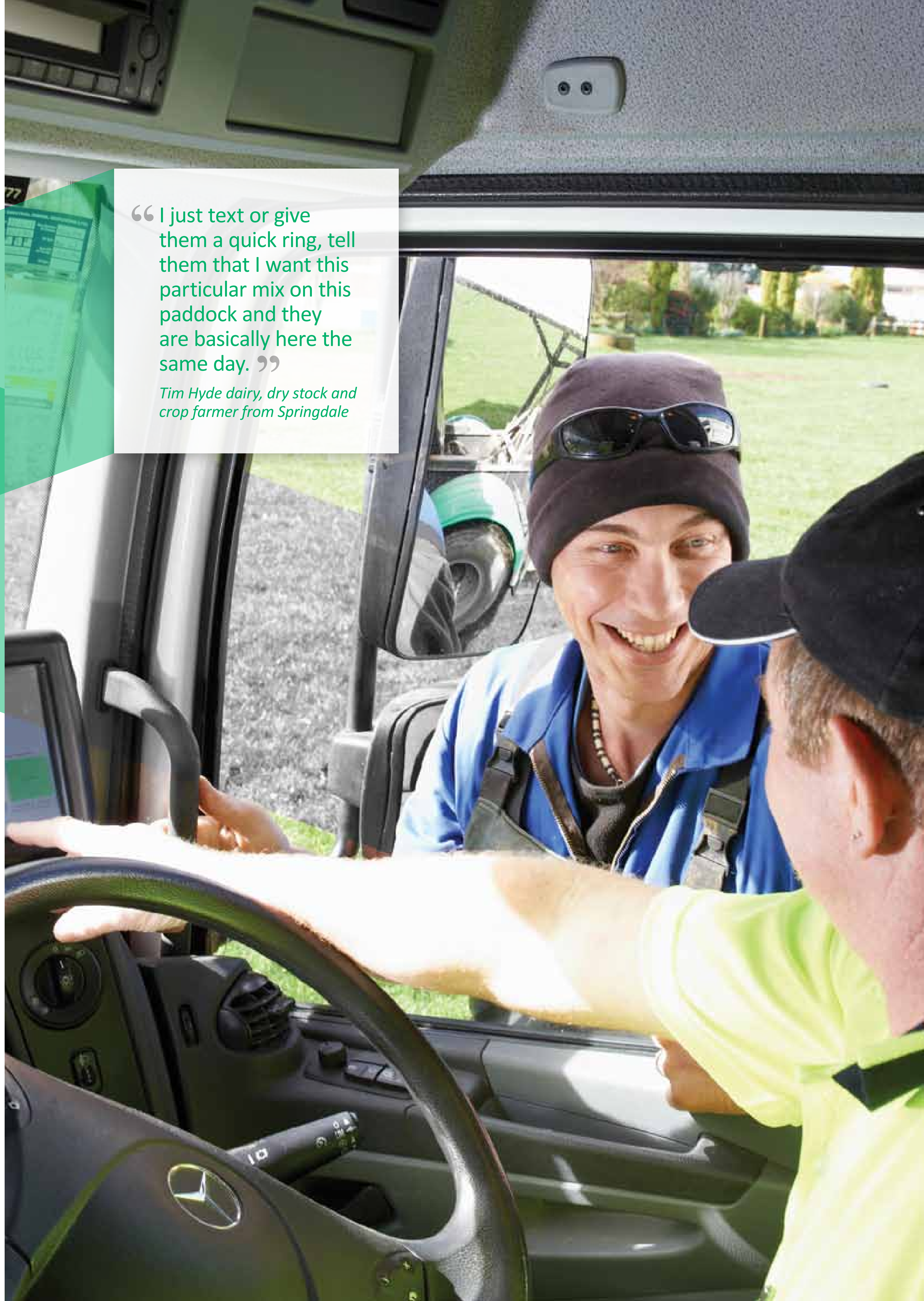
RESULTS

- Over 1,000 farmers loaded their farm map in the first two months of the Smart Map launch.
- 650 customers now prefer to get their statements on line rather than printed.
- Seamless integration with C-Dax's new XC3 control tablet.

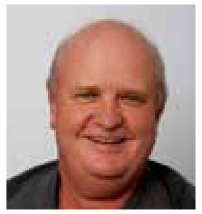
ROAD AHEAD

- Making it easier to order online with features like: favourite orders, order history and order from Fertiliser Plan.
- Capture irrigation and effluent applications in Smart Maps to give a more comprehensive view.
- Include costs per hectare for all events, complemented with revenue per hectare where appropriate to allow customers to see profitability by paddock or crop.

The new tablet controller from C-DAX makes spraying spreading and measuring much easier.



> "I just text or give them a quick ring, tell them that I want this particular mix on this paddock and they are basically here the same day."
>
> *Tim Hyde dairy, dry stock and crop farmer from Springdale*



Kevin Gettins
General Manager Manufacturing
Review

The sulphuric acid needed to produce plant-ready nutrients is manufactured at our three sites around the country. Our focus at Awatoto, Ravensbourne and Hornby is on safety, efficiency and reliability of these acid plants and the rest of our manufacturing operations.

Awatoto is the largest acid plant of its kind in New Zealand, capable of producing a maximum of 650 tonnes of acid a day. In Awatoto, $10.7m was invested in replacing equipment that had been in service since 1976. This included installing high efficiency acid mist filters to improve environmental performance and meet our new air discharge consent conditions.

In Ravensbourne, a significant achievement during the year was the granting of resource consent for shipping activities by the Otago Regional Council. The consent was granted for 35 years, which is the maximum term under the Resource Management Act. This will continue to provide the site and the company the current flexibility of having such a strategic asset as its own wharf.

In Hornby, a new 2,505m² store was constructed for high analysis product. On the environmental front, the main improvement will soon see the acid plant stack height increased to 64 metres, lowering ground level concentrations of sulphur dioxide.

Acid plant makeover: green shows some of the extent of the upgrade. The absorbing towers were made from Saramet, a new corrosive-resistant material.

Before: the ducting was suffering from corrosion. After: replacements will mean more reliable operation and less risk of leaks.

New walkways give more access for monitoring and staff access.

RESULTS

- Fluoride, sulphur dioxide emissions and phosphorus-to-water-per-tonne of fertiliser output continue to be at reduced levels.
- Annual open day held for local growers, Hawkes Bay Regional Council and Pipfruit NZ staff.
- Ravensbourne community day and support for the Dunedin Community Salmon Trust.

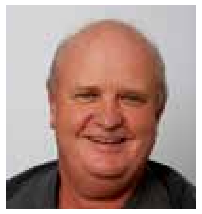
ROAD AHEAD

- New furnace in Awatoto as part of further upgrade.
- Demolish Hornby's quake-damaged stores and improve product intake system.
- New quake-proof office block in Ravensbourne and begin work on its acid plant upgrade.

Ravensbourne received shipping consent while Hornby's new shed took shape.

"When it comes to making superphosphate, we're investing in our dedicated team as well as the infrastructure."

Kevin Gettins, General Manager Manufacturing



Kevin Gettins
General Manager Manufacturing
Review - Environmental Performance

Emissions across all three superphosphate manufacturing sites are closely tracked.

Each has their ISO 14001 environmental standard and achieved the following highlights:

AWATOTO
- Discharge to water consent limits lowered with full achievement to date – total phosphorus was 35 mg/L and is now 17 mg/L whilst soluble reactive phosphorus was 30 mg/L and was halved to 15 mg/L.

HORNBY
- New store/load-out replaced an old load-out that was prone to generating dust that would stick to wheels.
- Enhanced site layout after earthquakes improved management of nutrient runoff especially reducing the risk around extreme rainfall events.

RAVENSBOURNE
- A new truck wash helps to ensure trucks leaving the site don't stain roadways.
- Three-yearly community odour survey was completed indicating a low level of annoyance.

All our stores across the country have implemented a liquid-removal protocol which requires documentation at the source and at the receiving end to ensure safe and compliant disposal of any contaminants. Each store in the network is also being externally reviewed to ensure the site is set up for good environmental compliance.

Across the company's network of 46 company-owned stores, two abatement notices were issued during the year. One notice, which was in New Plymouth, was served by the Taranaki Regional Council and related to a detection of nutrients in a monitoring bore. This is subsequently being addressed by a series of works to isolate potential sources and eliminate them from this old, complex site.

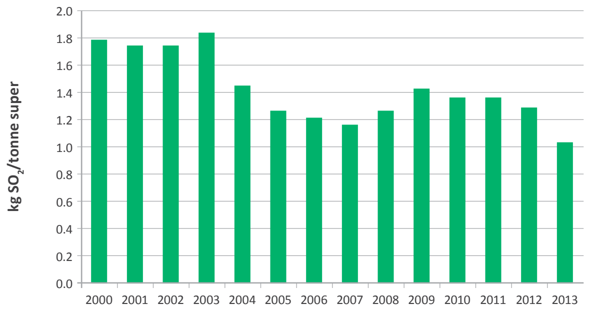
At the Mangatoki store, an abatement notice was also issued from the Taranaki Regional Council and related to site run-off. This was quickly resolved by installing a new trap.

For the network of Ravensdown lime quarries, Geraldine has been granted a new resource consent for discharge to air while Waikaretu has developed and implemented an Erosion & Sediment Control Plan which has been approved by Environment Waikato.

For Ravensdown's full Operations Environment Report 2013, please visit the 'About Ravensdown' section on the website.

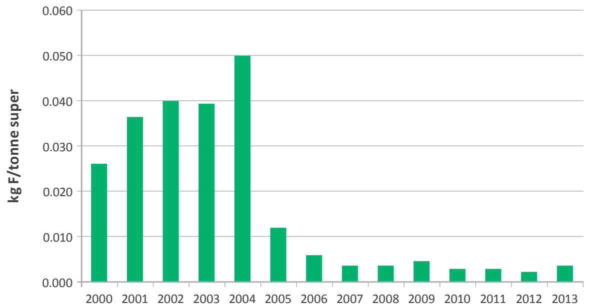
Sulphur dioxide discharge to air: The mass emission of sulphur dioxide per tonne of superphosphate has improved in 2013 due to investments in the Awatoto Acid Plant yielding lower emission rates.

Sulphur Dioxide Discharged to Air
(kg SO_2 per tonne of fertiliser manufactured)



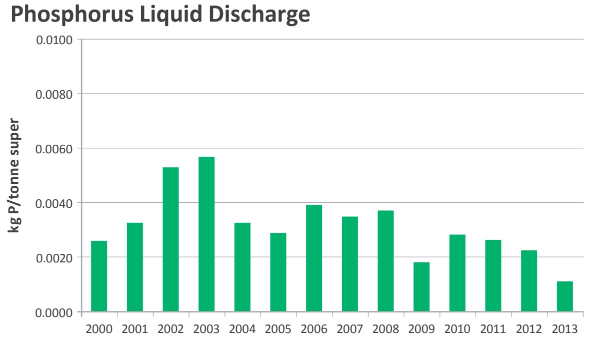
Fluoride discharge to air: The mass emission of fluoride per tonne of superphosphate is steady and at a very low level, reflecting excellent performance of the scrubbers at all three sites.

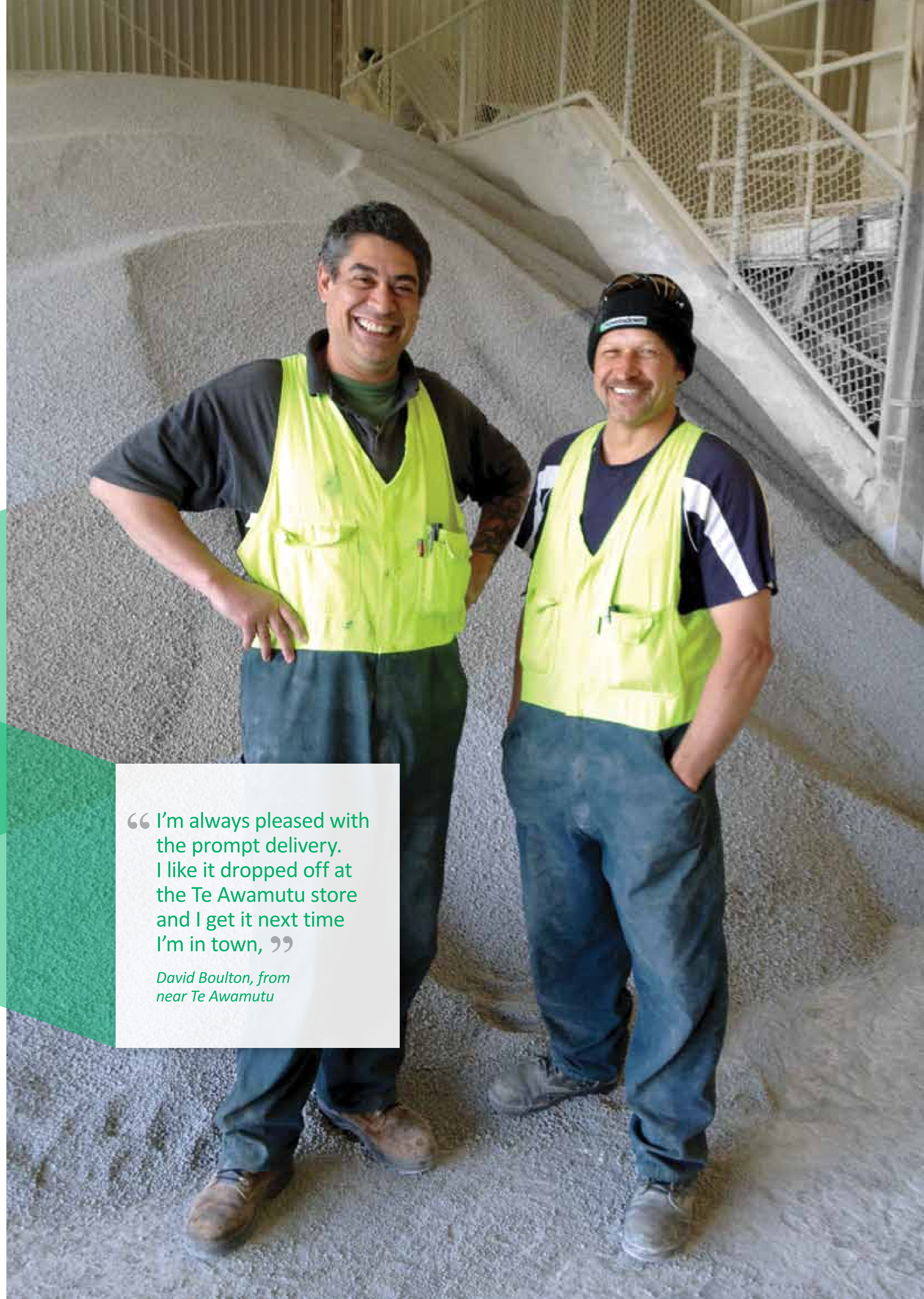
Fluoride Discharged to Air
(kg F per tonne of fertiliser manufactured)



Phosphate to water: The mass emission of phosphate to water per tonne of superphosphate remains at low levels with 2013 improvements coming from a strong focus on site management to reduce potential losses.

Phosphorus Liquid Discharge





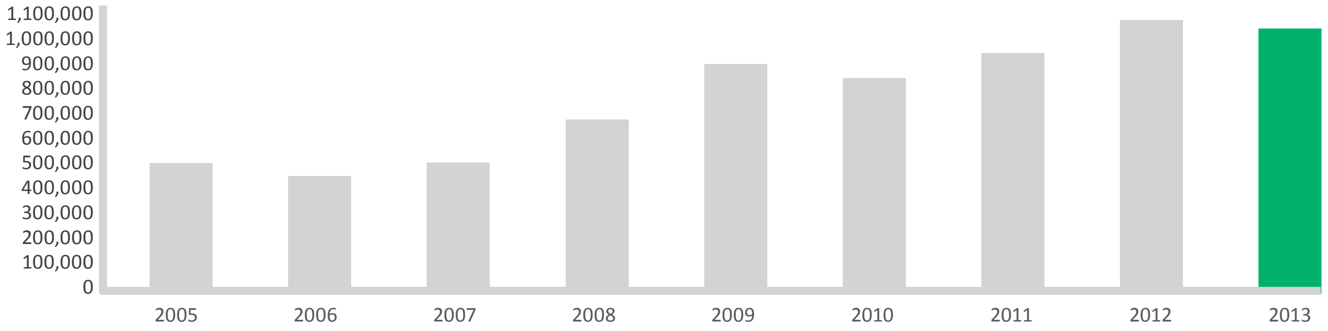
"I'm always pleased with the prompt delivery. I like it dropped off at the Te Awamutu store and I get it next time I'm in town,"

David Boulton, from near Te Awamutu

Finance at a Glance

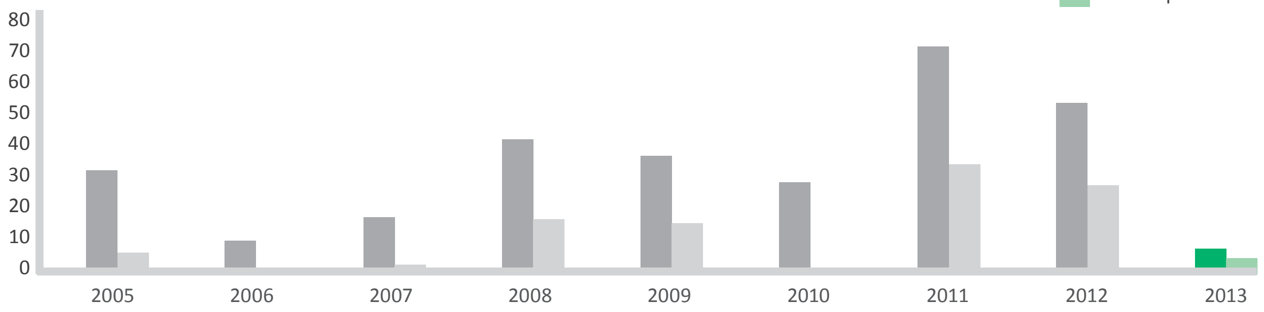
In New Zealand Dollars

Sales Revenue ($'000)
Total sales made by Ravensdown after removing inter-company transactions.



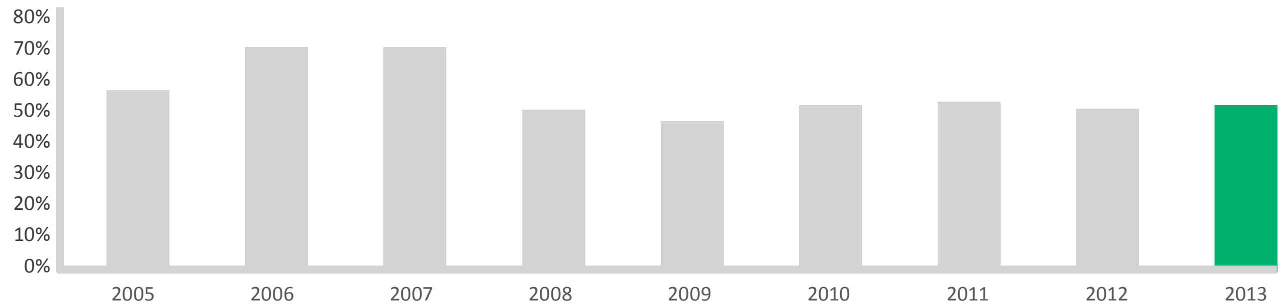
(Including results from discontinuing operations)

Operating surplus compared with net surplus after rebate and tax ($M)
Compares the profit achieved by the company prior to rebate distribution and tax with the amount retained by the company.



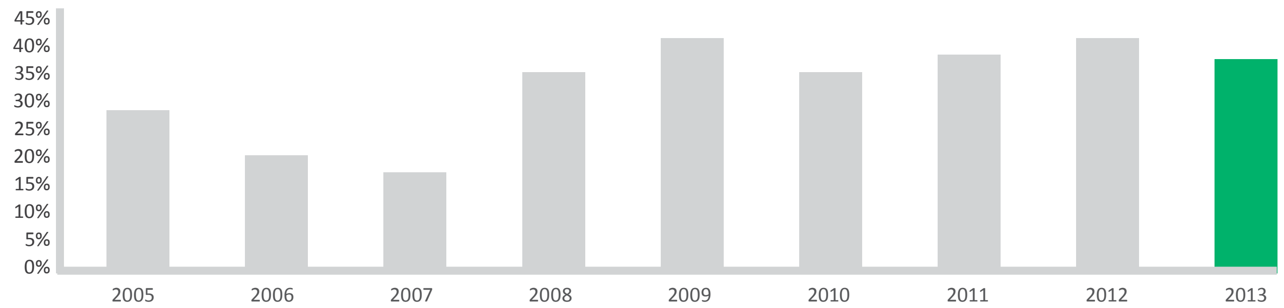
(2007 onwards in accordance with NZIFRS)
(Including results from discontinuing operations)

Equity Ratio (%)
The ratio of equity to total assets compares the money creditors contribute to the business with the money owners contribute.

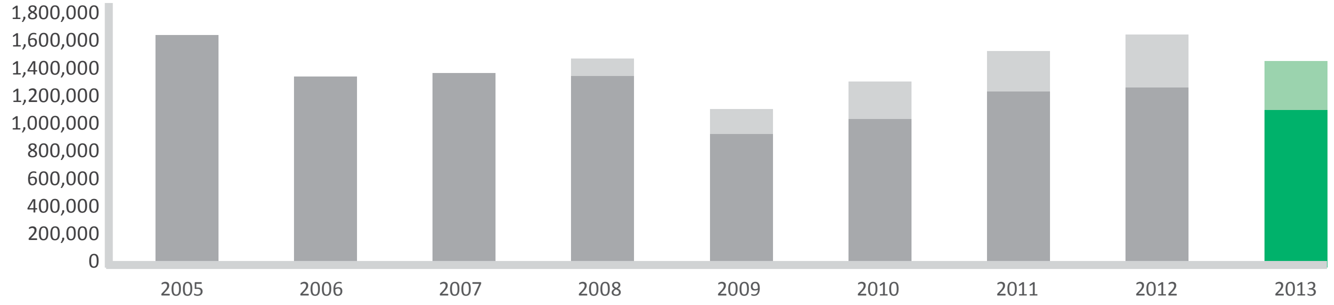


(Calculation excludes financial derivatives, provisions and deferred tax)

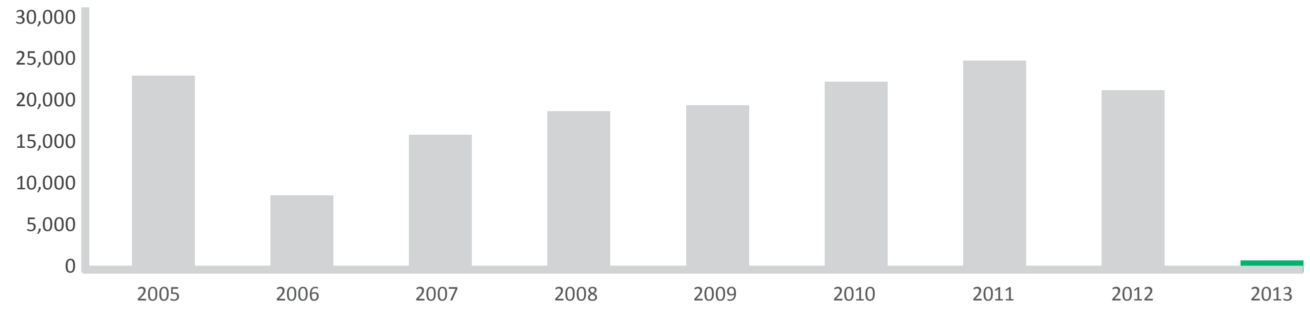
Debt Ratio (%)
Bank debt divided by total tangible assets - illustrates how much bank debt is used to fund assets.



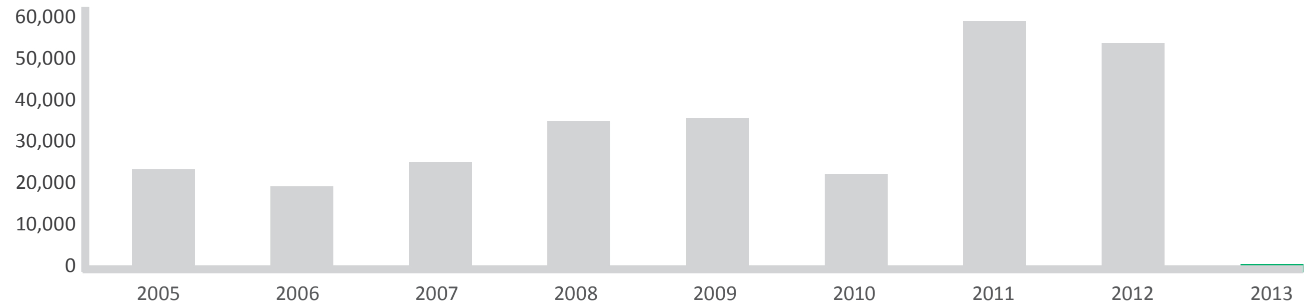
Fertiliser Sales (tonnes)
Total fertiliser purchases.



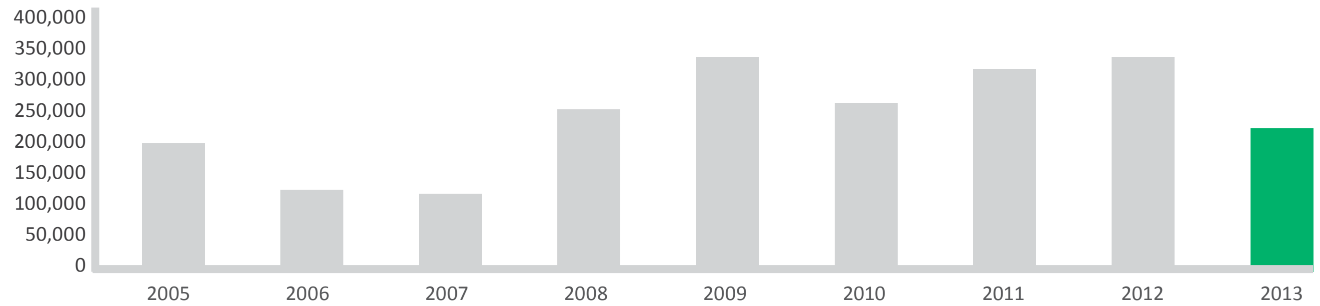
Value of Rebate to Shareholders ($'000)
Total dollar of distribution to shareholders comprising rebates.



Value of Distribution to Shareholders ($'000)
Total dollar value of distribution to shareholders comprising rebates and bonus issues.

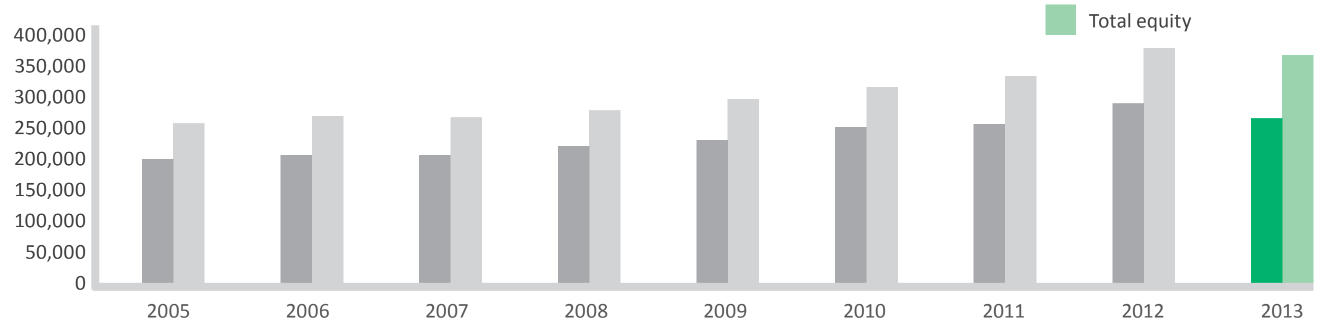


Inventory ($'000)
Total inventory held by Ravensdown including manufactured product, raw materials, stock in transit at balance date and spare parts.



(Including inventory reclassified as "Assets held for Sale")

Share Capital Relative to Total Equity ($'000)
Total dollar value contributed by owners compared to total equity. *(Total equity excludes hedging reserve)*



Corporate Governance Policy

The Board and management of Ravensdown are committed to maintaining the highest standards of corporate governance. This report outlines the policies and procedures under which Ravensdown is governed.

Code of Ethics

Ravensdown's Code of Ethics governs its conduct. It expects its employees and directors to maintain high ethical standards and has published a Code of Business Conduct to guide management and employees in carrying out their duties. The code sets out policies relating to discrimination, sensitive transactions, observance of relevant laws, confidentiality of company information and proper recording of transactions. Separate policies also set out high standards for environmental and health and safety performance. These policies are embodied in the Ravensdown's procedures and processes and are enforced by disciplinary action where necessary.

Responsibility of the Board of Directors

The Board is elected by and responsible to the shareholders for the performance of the Co-operative.

The Board's role is to:

- Establish the strategic direction and objectives of the company
- Set the policy framework within which the company will operate
- Appoint the Chief Executive Officer
- Delegate appropriate authority to the Chief Executive for the day-to-day management of the company
- Approve the company's systems of internal financial control; monitor and approve budgets; monitor monthly financial performance and approve rebates

Board committees

The Board has five standing committees, described below. Special project committees are formed when required.

Audit Committee

The committee comprises five directors one of whom is appointed chair and has appropriate financial experience and qualifications.

The meetings are attended by the Chief Executive Officer and Chief Financial Officer. The external auditor attends by invitation of the Chair. The committee meets a minimum of four times each year and its main responsibilities are:

- Review the annual budgets, financial statements, proposed rebates and pricing
- Advise the Board on accounting policies, practices and disclosure
- Review the scope and outcome of the external audit
- Review the effectiveness of the organisation's internal control environment
- Review the resourcing and scope of the internal audit function
- Review the risk management framework and the legislative compliance system and ensure there are adequate controls in place

The committee reports the proceedings of each of its meetings to the full Board.

Remuneration Committee

The committee comprises four directors. It meets as required to:

- Review the remuneration packages of the Chief Executive and senior managers
- Make recommendations in relation to director remuneration

Remuneration packages are reviewed annually. Independent external surveys and advice are used as a basis for establishing remuneration packages.

Share Surrenders Committee

This committee comprises three directors. It meets as required to consider and make recommendations to the Board regarding surrender, allotment and transfer applications from shareholders.

Board & Co-operative Structure Committee

This committee comprises five directors. The committee reviews governance developments internationally and also looks at Board size and composition. This is to ensure that as Ravensdown expands, we have the best possible co-operative governance structure.

Hugh Williams Scholarship Committee

This committee comprises three directors. The Hugh Williams Ravensdown Memorial Scholarship is offered annually to Ravensdown New Zealand shareholders' sons and daughters and aims to encourage undergraduate study in an agricultural or horticultural degree.

Founded jointly in 2000 by Ravensdown and the Williams family, the scholarship commemorates the late Hugh Williams, a Director of the co-operative from 1987 to 2000. Applicants are short-listed from an initial essay and application, and then interviewed by the committee.

Directors' independence and performance

Twelve of the 14 directors are elected to represent shareholders in the areas of the company's operations. The elected directors are required to retire every three years and elections for the vacant positions are held. Two independent directors are appointed by the Board to bring additional experience and skills. The Chief Executive Officer is not a member of the Board.

All directors' performances are evaluated using the Institute of Directors Evaluation System. The evaluation is designed to measure performance through peer review and self-assessment, and appropriate strategies for personal development are then agreed and actioned. The evaluation system also gives feedback on the Chairman's performance.

Risk identification and management

The company has developed a comprehensive risk management framework to identify, assess and monitor new and existing risks. Annual risk updates are performed and risk improvement plans created and acted on. The Chief Executive and the executive team are required to report on major risks affecting the business and to develop strategies to mitigate these risks. Additionally as part of this work, management is also responsible for ensuring an appropriate insurance programme exists.

External auditor independence

To ensure that the independence of the company's external auditor is maintained, the Board has agreed the external auditor should not provide any services which could affect its ability to perform the audit impartially. This is monitored by the Audit Committee which also reviews the quality and effectiveness of the external auditor.

Stakeholder relations

The company is committed to acting in a socially responsible manner with all stakeholders, including the wider community. The company constantly strives to lessen the environmental impact of its manufacturing and other sites. Staff are seen as key to the company's success and the company facilitates the development and training of its staff and actively pursues a policy of internal promotion where possible. All material contracts and purchases are awarded on a competitive bid basis where possible and the company aims to treat all potential suppliers fairly.

Duty to shareholders

Ravensdown keeps shareholders informed of all major developments affecting their company through regular communications.

Shareholders' input and participation is actively encouraged at the annual meeting and regional meetings. As shareholders make up the majority of the company's customers, individual interactions and communications with shareholders happen regularly.

Directors' meetings

The table below sets out the number of meetings and attendance for the Board and main committees throughout the financial year.

	BOARD OF DIRECTORS		AUDIT		REMUNERATION		SURRENDERS		BOARD & CO-OPERATIVE STRUCTURE		HUGH WILLIAMS SCHOLARSHIP	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
W T McLeod	8	8	4	4	2	2			2	2		
P D Willock	8	7	4	4	2	2			2	2		
J F C Henderson	8	8							2	2		
S G Gower	8	8					8	8				
J L Williams	8	8									1	1
A P Reilly	8	7			2	2			2	2		
C J Dennison	8	8	4	4	2	2					1	1
A S Wright	8	8					5	5				
A C Howey	8	7										
B D Watt	8	8					8	8			1	1
R T Turton	8	8					8	7				
G J Cosgrove	8	8							2	2		
E M Coutts	8	8	4	4								
P G Inger	8	6	4	3								

Board of Directors

10 Bill McLeod Chairman

Bill McLeod is a dairy, sheep and beef farmer and Managing Director of Morrinsville Transport and Regional Transport. Bill was elected to the Ravensdown Board in 2000 and was elected Chairman in September 2005 and is an accredited member of the Institute of Directors in New Zealand.

Committees: Audit, Remuneration, Board & Co-operative Structure

9 Patrick Willock Deputy Chairman

Patrick Willock is a retired sheep, beef and agroforestry farmer from Gisborne and is an accredited member of the Institute of Directors in New Zealand. Patrick was elected to the Ravensdown Board in 2000 and was elected Deputy Chairman in September 2005.

Committees: Audit, Remuneration, Board & Co-operative Structure

1 Bevin Watt Dip.Ag.MNZIPM

Bevin Watt is a sheep farmer in Gore and operates an oil wholesaling business in Otago and Southland. He was elected to the Ravensdown Board in 2001.

Committees: Share Surrenders

2 Chris Dennison B.Com.Ag

Chris Dennison is a dairy and arable farmer with a background in sheep and beef. Chris was elected to the Ravensdown Board in 2005.

Committees: Audit, Hugh Williams Scholarship, Remuneration

3 Tony Howey

Tony Howey is an arable farmer from Timaru. Tony was elected to the Ravensdown Board in 2006.

4 Tony Reilly

Tony Reilly is a dairy farmer from Takaka with additional dairy interests in Southland. He holds a Bachelor's degree in Agricultural Commerce and is a Nuffield Scholar. Tony was elected to the Ravensdown Board in 2004.

Committees: Remuneration, Board & Co-operative Structure

5 Stuart Wright B.Ag.Com

Stuart Wright runs a dryland mixed arable, seed potato and lamb-finishing operation at Sheffield, west of Christchurch. Stuart was elected to the Ravensdown Board in 2007.

Committees: Share Surrenders

6 Jim Williams

Jim Williams has been farming an arable/ finishing operation near Masterton since 1968. Two of his sons have taken ownership of the farms in recent years Jim was elected to the Ravensdown Board in 2007.

Committees: Hugh Williams Scholarship

7 John Henderson LLB

John Henderson has a legal practice in Marton, which specialises in farm conveyancing, overseas investment, estate planning, trust work and commercial law. John also runs a large farming operation with beef, deer and sheep. John was elected to the Ravensdown Board in 2004.

Committees: Remuneration, Board & Co-operative Structure

8 Scott Gower

Scott Gower is a sheep and beef farmer in Ohura and is also a member of the Institute of Directors in New Zealand. Scott was elected to the Ravensdown Board in 2006.

Committees: Share Surrenders

Independent Directors

Glen Inger

Glen Inger was a founding director of The Warehouse Group, is an entrepreneur and a Northland dairy, beef, sheep and forestry farmer. He joined the Ravensdown Board in 2007.

Committees: Audit

Elizabeth Coutts

Elizabeth Coutts is a Chartered Accountant and a Fellow and National Council member of the Institute of Directors in New Zealand. Liz joined the Ravensdown Board in 2009.

Ravensdown Committees: Audit

Western Australia Directors

Gary Cosgrove

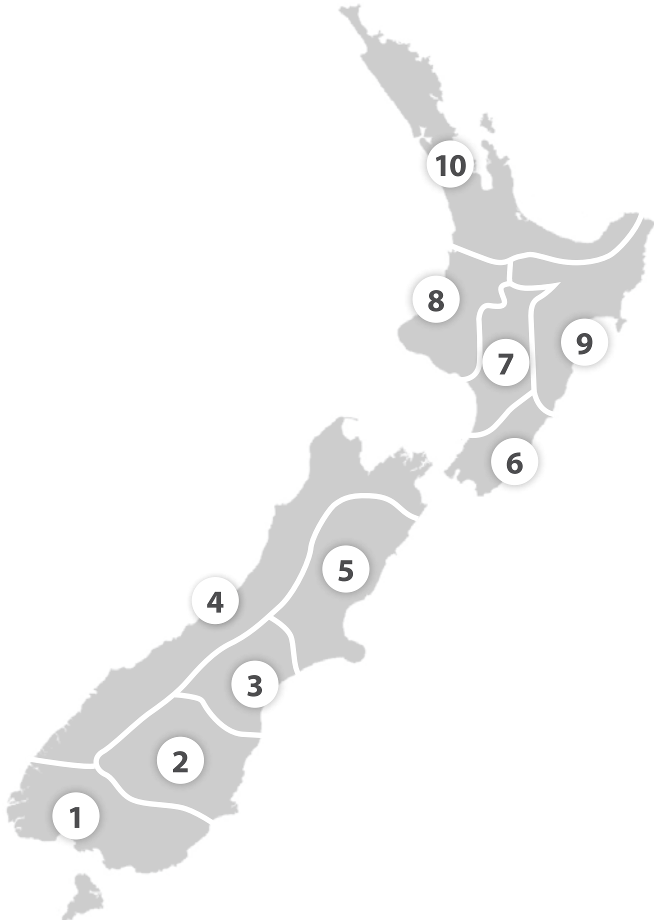
Gary Cosgrove runs a mixed farming operation growing wheat, lupins and canola on 9,200ha. He also runs merino sheep and angus beef cattle on the remaining 2,800ha's at Mingenew in the mid-west of Western Australia. Gary was appointed to the Ravensdown Board in 2008 following the United Farmers' Co-operative Company Limited merger.

Committees: Board & Cooperative Structure

Rhys Turton

Rhys Turton lives in York, Western Australia and runs grain and livestock properties totalling approximately 2,466ha. Rhys was appointed to the Ravensdown Board in 2008 following the United Farmers' Co-operative Company Limited merger.

Committees: Share Surrenders



Executive Team

Greg Campbell MBA(Dist), FNZIM, MIoD
Chief Executive Officer

Greg started as Chief Executive half way through the financial year. Greg was formerly Chief Executive of Ngai Tahu Holdings and has been managing director and Chief Executive of Transpacific New Zealand, a director of PGG Wrightsons as well as managing director of Red Bus.

Sean Connolly B.Com, C.A
Chief Financial Officer

Sean has been with Ravensdown for nine years, starting as Financial Controller - New Ventures. He has been CFO since 2005.

Ross Aimer B.C.A
General Manager Sales

Ross started with Ravensdown in 1998 as Chief Information Officer. He held this position for five years before spending four years as General Manager Lower North Island. He became General Manager Sales in 2007.

Richard Christie B.Ag.Sc, MBA
General Manager Strategic Development

Richard has worked in the fertiliser industry for 23 years, starting as a Field Officer. He has also worked in the dairy industry and for Federated Farmers. He has been in his current role since starting with Ravensdown in 1998.

Mike Manning B.Ag.Sc, CP Ag
General Manager Key Clients and R&D

Mike started work with Ravensdown in 1981 and has held a number of roles including Regional Manager, Product Manager, Marketing Manager, R & D Manager, Supply Manager and General Manager Upper North Island. He has been in his current role since 2007.

Mike Whitty B. Com.Ag, C.A
General Manager Marketing and NZ Distribution

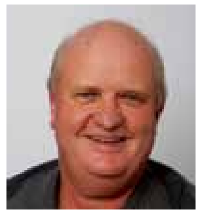
Mike has been with Ravensdown for 16 years. He started in 1997 as Chief Financial Officer and then became General Manager South Island. He was appointed General Manager Manufacturing and Stores in 2007 and became General Manager Marketing in 2009. Mike also took over management of NZ Distribution in 2012.

Tracey Paterson B.A, Dip. PR, Dip Comm
General Manager Human Resources

Tracey started working for Ravensdown in Human Resources 11 years ago moving from AFFCO – the meat processor based out of Auckland. Prior to working in primary industry based roles, she spent 10 years in health as an HR practitioner through a period of massive change and development.

Shane Harold B.Ag.
General Manager Supply

Shane joined Ravensdown as a Field Officer 25 years ago and became Sales Manager in Nelson in 1993. In 1998 he was Sales Manager for Upper North Island, helping us expand into this new area. Shane took over management of Lime and Spreading in 2002 and Manufacture and Lime in 2009. He took up his current role in 2012.



Kevin Gettins
General Manager Manufacturing and Lime

Kevin has been with Ravensdown for 29 years, starting in the despatch section of Awatoto works. He worked in various management positions in both manufacturing and distribution and he became Awatoto Works Manager in 2005. He was promoted to his current role in 2011.

Mark McAtamney B.Com
Chief Information Officer

Mark started with Ravensdown in 2001 as Business Systems Manager. For the last ten years he has been the Chief Information Officer responsible for developing our leading edge technologies.

Alan Thomson B.Com, Dip Ag
General Manager Australia

Alan joined Ravensdown in 1984 as a Field Officer. He was promoted to Sales Manager and then moved into marketing. He was General Manager Marketing for 10 years and was appointed General Manager Western Australia in January 2008. This was extended to General Manager Australia in 2009.

2013 Financial Statements

Directors' declaration

In the opinion of the directors of Ravensdown Fertiliser Co-operative Limited, the financial statements and notes, on pages 40 to 103:

- comply with New Zealand generally accepted accounting practice and give a true and fair view of the financial position of the Company and the Group as at 31 May 2013 and the results of their operations and cash flows for the year ended on that date
- have been prepared using appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.

The directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and the Group and facilitate compliance of the financial statements with the Financial Reporting Act 1993.

The directors consider that they have taken adequate steps to safeguard the assets of the Company and the Group, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide a reasonable assurance as the integrity and reliability of the financial statements.

The directors are pleased to present the financial statements of Ravensdown Fertiliser Co-operative Limited for the year ended 31 May 2013.

For and on behalf of the Board of Directors:

W T McLeod	P D Willock
Director	Director

Date: 6 August 2013

Income statement

For the year ended 31 May

In thousands of New Zealand dollars	*Note*	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
Continuing operations					
Revenue	8	826,054	850,106	748,972	781,872
Insurance proceeds	9	3,646	14,556	3,646	15,452
Cost of sales	10	(733,165)	(744,383)	(667,008)	(686,483)
Gross profit		96,535	120,279	85,610	110,841
Sales and marketing		(22,751)	(22,149)	(21,988)	(21,368)
Administrative expenses	11	(30,348)	(28,995)	(24,867)	(23,646)
Other operating expenses		(2,972)	(2,352)	(2,191)	(1,941)
Results from operating activities before transactions with shareholders and finance costs		40,464	66,783	36,564	63,886
Finance income		452	1,041	233	1,419
Finance expenses		(14,557)	(13,065)	(14,557)	(13,065)
Net finance costs	13	(14,105)	(12,024)	(14,324)	(11,646)
Share of profit of equity accounted investees (after tax)	18	2,718	2,247	-	-
Profit before rebate and income tax		29,077	57,006	22,240	52,240
Rebates		(529)	(19,169)	(167)	(18,321)
		28,548	37,837	22,073	33,919
Income tax expense	14	(8,889)	(5,901)	(7,788)	(5,435)
Profit for the year before bonus share issue		**19,659**	**31,936**	**14,285**	**28,484**
Bonus share issue		115	(20,762)	115	(20,762)
Profit for the year from continuing operations		**19,774**	**11,174**	**14,400**	**7,722**
Discontinuing operations					
Loss after rebate and tax for the year from discontinuing operations	6	(16,470)	(8,178)	(13,154)	(7,122)
Profit for the year attributable to the equity holders		**3,304**	**2,996**	**1,246**	**600**
Profit attributable to:					
Owners of the company		3,304	2,997	1,246	600
Non-controlling interest		-	(1)	-	-
Profit for the year		**3,304**	**2,996**	**1,246**	**600**

The notes on pages 51 to 103 are an integral part of these financial statements.

Statement of comprehensive income

For the year ended 31 May

In thousands of New Zealand dollars	*Note*	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
Profit for the year		**3,304**	**2,996**	**1,246**	**600**
Foreign currency translation differences for foreign operations		(377)	367	445	242
Revaluation of non current assets		(831)	3,365	(1,072)	3,276
Effect of amalgamation of subsidiary		-	-	-	4,871
Effective portion of changes in fair value of cash flow hedges		(56,353)	24,748	(56,353)	24,748
Net change in fair value of cash flow hedges transferred to inventory		47,381	56,961	47,381	56,961
Net change in fair value of cash flow hedges transferred to profit or loss		1,437	1,360	1,437	1,360
Income tax on income and expense recognised directly in equity	14	3,196	(24,285)	3,196	(25,483)
Other comprehensive income for the year		**(5,547)**	**62,516**	**(4,966)**	**65,975**
Total comprehensive income for the year		**(2,243)**	**65,512**	**(3,720)**	**66,575**
Attributable to:					
Owners of the company		(2,243)	65,513	(3,720)	66,575
Non-controlling interest		-	(1)	-	-
Total comprehensive income for the year		**(2,243)**	**65,512**	**(3,720)**	**66,575**
Attributable to:					
Continuing operations		14,498	73,566	9,684	73,569
Discontinuing operations (note 6)		(16,741)	(8,054)	(13,404)	(6,994)
		(2,243)	**65,512**	**(3,720)**	**66,575**

The notes on pages 51 to 103 are an integral part of these financial statements.

Statement of financial position

As at 31 May

In thousands of New Zealand dollars	*Note*	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
Assets					
Property, plant and equipment	15	245,664	276,991	211,007	241,245
Intangible assets	16	6,710	5,948	5,951	5,215
Mining deposits	17	14,959	14,919	14,959	14,919
Investments in equity accounted investees	18	16,790	10,356	9,472	7,179
Other financial assets	19	2,212	213	84,535	85,651
Total non-current assets		286,335	308,427	325,924	354,209
Inventories	21	171,298	333,729	156,642	284,928
Other financial assets	19	3,221	13,713	3,221	13,194
Taxation receivable		-	3,810	-	4,059
Trade and other receivables	22	122,024	201,786	112,683	203,621
Cash and cash equivalents	26	20,637	8,319	11,055	-
Assets held for sale	7	133,851	-	111,399	-
Total current assets		451,031	561,357	395,000	505,802
Total assets		737,366	869,784	720,924	860,011
Liabilities					
Loans and borrowings	27	188,957	195,064	188,957	195,064
Share capital of discontinuing operations	24	24,764	-	24,764	-
Other financial liabilities	28	4,947	3,184	4,947	3,184
Deferred tax liabilities	20	8,871	14,777	8,683	13,805
Total non-current liabilities		227,539	213,025	227,351	212,053

The notes on pages 51 to 103 are an integral part of these financial statements.

Statement of financial position *(continued)*

As at 31 May

In thousands of New Zealand dollars	*Note*	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
Cash and cash equivalents	26	-	-	-	2,110
Loans and borrowings	27	80,162	159,508	80,162	159,508
Share capital of discontinuing operations	24	3,650	-	3,650	-
Trade and other payables	31	36,916	61,832	35,348	63,375
Other financial liabilities	28	17,071	22,399	16,842	22,133
Current tax liabilities		1,540	-	906	-
Provision for rebate and bonus share issue	29	343	42,877	-	41,980
Liabilities held for sale	7	11,680	-	11,680	-
Total current liabilities		151,362	286,616	148,588	289,106
Total liabilities		378,901	499,641	375,939	501,159
Net Assets		**358,465**	**370,143**	**344,985**	**358,852**
Equity					
Share capital	23	274,610	284,757	274,610	284,757
Redeemable preference shares	25	10,322	9,610	-	-
Reserves		38,790	44,337	38,738	43,704
Retained earnings		34,743	31,439	31,637	30,391
Equity attributable to owners of the company		**358,465**	**370,143**	**344,985**	**358,852**
Non-controlling interests		-	-	-	-
Total equity		**358,465**	**370,143**	**344,985**	**358,852**

The notes on pages 51 to 103 are an integral part of these financial statements.

Statement of changes in equity

For the year ended 31 May

	GROUP (ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY)								
In thousands of New Zealand dollars	CO-OPERATIVE SHARES	REDEEMABLE PREFERENCE SHARES	TRANSLATION RESERVE	HEDGING RESERVE	REVALUATION RESERVE	RETAINED EARNINGS	TOTAL	NON-CONTROLLING INTEREST	TOTAL EQUITY
Balance at 1 June 2011	**256,895**	**-**	**829**	**(66,370)**	**47,362**	**28,442**	**267,158**	219	**267,377**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**2,997**	**2,997**	(1)	**2,996**
Foreign currency translation differences for foreign operations	-	-	367	-	-	-	**367**	-	**367**
Revaluation of property, plant and equipment, net of tax	-	-	-	-	2,339	-	**2,339**	-	**2,339**
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	17,819	-	-	**17,819**	-	**17,819**
Net change in fair value of cash flow hedges transferred to inventory, net of tax	-	-	-	41,012	-	-	**41,012**	-	**41,012**
Net change in fair value of cash flow hedges transferred to profit or loss, net of tax	-	-	-	979	-	-	**979**	-	**979**
Total other comprehensive income	**-**	**-**	**367**	**59,810**	**2,339**	**-**	**62,516**	-	**62,516**
Total comprehensive income for the year	**-**	**-**	**367**	**59,810**	**2,339**	**2,997**	**65,513**	(1)	**65,512**
Co-operative shares issued	11,543	-	-	-	-	-	**11,543**	-	**11,543**
Co-operative shares surrendered	(6,379)	-	-	-	-	-	**(6,379)**	-	**(6,379)**
Co-operative shares allotted on bonus issue	22,698	-	-	-	-	-	**22,698**	-	**22,698**
Redeemable preference shares	-	9,610	-	-	-	-	**9,610**	-	**9,610**
Effect of business combination - minority interest	-	-	-	-	-	-	**-**	**(218)**	**(218)**
Total contributions by and distributions to owners	**27,862**	**9,610**	**-**	**-**	**-**	**-**	**37,472**	**(218)**	**37,254**
Balance at 31 May 2012	**284,757**	**9,610**	**1,196**	**(6,560)**	**49,701**	**31,439**	**370,143**	**-**	**370,143**
Balance at 1 June 2012	**284,757**	**9,610**	**1,196**	**(6,560)**	**49,701**	**31,439**	**370,143**	-	**370,143**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**3,304**	**3,304**	-	**3,304**
Foreign currency translation differences for foreign operations	-	-	(377)	-	-	-	**(377)**	-	**(377)**
Revaluation of property, plant and equipment, net of tax	-	-	-	-	256	-	**256**	-	**256**
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	(40,575)	-	-	**(40,575)**	-	**(40,575)**
Net change in fair value of cash flow hedges transferred to inventory, net of tax	-	-	-	34,114	-	-	**34,114**	-	**34,114**
Net change in fair value of cash flow hedges transferred to profit or loss, net of tax	-	-	-	1,035	-	-	**1,035**	-	**1,035**
Total other comprehensive income	**-**	**-**	**(377)**	**(5,426)**	**256**	**-**	**(5,547)**	-	**(5,547)**
Total comprehensive income for the year	**-**	**-**	**(377)**	**(5,426)**	**256**	**3,304**	**(2,243)**	**-**	**(2,243)**
Co-operative shares issued	8,050	-	-	-	-	-	**8,050**	-	**8,050**
Co-operative shares surrendered	(8,031)	-	-	-	-	-	**(8,031)**	-	**(8,031)**
Co-operative shares allotted on bonus issue	21,668	-	-	-	-	-	**21,668**	-	**21,668**
Redeemable preference shares	-	712	-	-	-	-	**712**	-	**712**
Reclassification of share capital on discontinuing operations	(31,834)	-	-	-	-	-	**(31,834)**	-	**(31,834)**
Total contributions by and distributions to owners	**(10,147)**	**712**	**-**	**-**	**-**	**-**	**(9,435)**	**-**	**(9,435)**
Balance at 31 May 2013	**274,610**	**10,322**	**819**	**(11,986)**	**49,957**	**34,743**	**358,465**	**-**	**358,465**

The notes on pages 51 to 103 are an integral part of these financial statements.

Statement of changes in equity

For the year ended 31 May

	COMPANY					
In thousands of New Zealand dollars	CO-OPERATIVE SHARES	TRANSLATION RESERVE	HEDGING RESERVE	REVALUATION RESERVE	RETAINED EARNINGS	TOTAL EQUITY
Balance at 1 June 2011	**256,895**	**739**	**(66,370)**	**44,915**	**28,236**	**264,415**
Profit for the year	**-**	**-**	**-**	**-**	**600**	**600**
Foreign currency translation differences for foreign operations	-	242	-	-	-	242
Revaluation of property, plant and equipment, net of tax	-	-	-	2,250	-	2,250
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	17,819	-	-	17,819
Net change in fair value of cash flow hedges transferred to inventory, net of tax	-	-	41,012	-	-	41,012
Net change in fair value of cash flow hedges transferred to profit or loss, net of tax	-	-	979	-	-	979
Effect of amalgamation of subsidiary	-	-	-	2,118	1,555	3,673
Total other comprehensive income	**-**	**242**	**59,810**	**4,368**	**1,555**	**65,975**
Total comprehensive income for the year	**-**	**242**	**59,810**	**4,368**	**2,155**	**66,575**
Co-operative shares issued	11,543	-	-	-	-	11,543
Co-operative shares surrendered	(6,379)	-	-	-	-	(6,379)
Co-operative shares allotted on bonus issue	22,698	-	-	-	-	22,698
Total contributions by and distributions to owners	**27,862**	**-**	**-**	**-**	**-**	**27,862**
Balance at 31 May 2012	**284,757**	**981**	**(6,560)**	**49,283**	**30,391**	**358,852**
Balance at 1 June 2012	**284,757**	**981**	**(6,560)**	**49,283**	**30,391**	**358,852**
Profit for the year	**-**	**-**	**-**	**-**	**1,246**	**1,246**
Foreign currency translation differences for foreign operations	-	445	-	-	-	445
Revaluation of property, plant and equipment, net of tax	-	-	-	15	-	15
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	(40,575)	-	-	(40,575)
Net change in fair value of cash flow hedges transferred to inventory, net of tax	-	-	34,114	-	-	34,114
Net change in fair value of cash flow hedges transferred to profit or loss, net of tax	-	-	1,035	-	-	1,035
Total other comprehensive year	**-**	**445**	**(5,426)**	**15**	**-**	**(4,966)**
Total comprehensive income for the year	**-**	**445**	**(5,426)**	**15**	**1,246**	**(3,720)**
Co-operative shares issued	8,050	-	-	-	-	8,050
Co-operative shares surrendered	(8,031)	-	-	-	-	(8,031)
Co-operative shares allotted on bonus issue	21,668	-	-	-	-	21,668
Reclassification of share capital on discontinuing operations	(31,834)	-	-	-	-	(31,834)
Total contributions by and distributions to owners	**(10,147)**	**-**	**-**	**-**	**-**	**(10,147)**
Balance at 31 May 2013	**274,610**	**1,426**	**(11,986)**	**49,298**	**31,637**	**344,985**

The notes on pages 51 to 103 are an integral part of these financial statements.

Statement of cash flows

For the year ended 31 May

In thousands of New Zealand dollars	*Note*	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
Cash flows from operating activities					
Cash receipts from customers		1,068,672	1,039,896	1,007,055	955,192
Insurance receipts		-	3,630	-	3,630
Dividend received		1,356	632	164	25
		1,070,028	1,044,158	1,007,219	958,847
Cash was applied to					
Cash paid to suppliers and employees		908,924	1,026,197	854,341	992,477
Income tax paid		329	8,433	81	7,670
		909,253	1,034,630	854,422	1,000,147
Net cash from/(used in) operating activities		**160,775**	**9,528**	**152,797**	**(41,300)**
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		530	550	383	550
Insurance receipts		14,572	-	15,468	-
Loans repaid by subsidiaries		-	-	137,001	119,230
Loans repaid by equity accounted investees		108,284	28,186	951	2,865
		123,386	28,736	153,803	122,645
Cash was applied to					
Acquisition of property, plant and equipment		40,553	40,510	28,913	37,821
Acquisition of other non-current assets		1,297	435	1,258	91
Purchase of investments		2,094	-	2,094	4,066
Acquisition of shares in subsidiary, net of cash acquired		-	8,571	-	-
Loans advanced to subsidiaries		-	-	145,238	71,869
Loans advanced to equity accounted investees		111,850	27,525	1,096	871
		155,794	77,041	178,599	114,718
Net cash from/(used in) investing activities		**(32,408)**	**(48,305)**	**(24,796)**	**7,927**

The notes on pages 51 to 103 are an integral part of these financial statements.

Statement of cash flows *(continued)*

For the year ended 31 May

In thousands of New Zealand dollars	*Note*	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
Cash flows from financing activities					
Interest received		2,714	1,317	2,671	5,119
Bank advances		-	64,458	-	64,458
Proceeds from issue of redeemable preference shares		22	310	-	-
Proceeds from issue of share capital		62	65	62	65
		2,798	66,150	2,733	69,642
Cash was applied to					
Interest paid		21,375	23,880	21,375	23,880
Repay share capital		8,031	6,379	8,031	6,379
Payment of rebates		12,623	12,181	12,266	12,181
Bank term loan repayments		75,521	-	75,521	-
		117,550	42,440	117,193	42,440
Net cash from/(used in) financing activities		**(114,752)**	**23,710**	**(114,460)**	**27,202**
Net increase/(decrease) in cash and cash equivalents		13,615	(15,067)	13,541	(6,171)
Cash and cash equivalents at 1 June		8,319	23,018	(2,110)	3,893
Effect of exchange rate fluctuations on cash held		(1,297)	368	(376)	168
Cash and cash equivalents at 31 May	*26*	**20,637**	**8,319**	**11,055**	**(2,110)**

The notes on pages 51 to 103 are an integral part of these financial statements.

Reconciliation of the profit for the period with the net cash from operating activities

In thousands of New Zealand dollars	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
Profit for the year after bonus issue	3,304	2,996	1,246	600
Adjustments for:				
Items classified as investing or financing activities				
Rebates to shareholders	451	21,258	90	20,410
Interest income	(2,714)	(1,317)	(2,671)	(5,119)
Interest expense	21,375	23,880	21,375	23,880
Insurance receipts	(14,572)	-	(15,468)	-
Items not involving cash flows				
Depreciation and loss (gain) on disposals	20,742	18,978	16,725	16,240
Goodwill impairment	-	48	-	-
Amortisation of intangible assets	409	933	397	658
Net loss (gain) on financial instruments	164	(286)	164	(286)
Decrease in deferred taxation	(2,941)	(2,382)	(2,058)	(1,810)
Revaluation of Government Bond	(17)	11	-	-
Loss on sale of investments	-	3	-	3
Impairment of intercompany loans	-	-	7,101	-
Dividends not paid in cash	-	-	(55)	(512)
Provision for bonus share issue	(155)	23,147	(155)	23,147
Revaluation of fixed assets	6,990	-	5,392	-
Insurance receivable	-	(10,926)	-	(11,822)
Implied interest on discontinuing share capital	(3,420)	-	(3,420)	-
Equity accounted (profits) losses from associated companies	(1,094)	(983)	-	-
Income tax expense	5,146	(1,646)	4,767	(1,942)
Decrease (increase) in inventories	91,988	(18,732)	75,244	(32,811)
Decrease (increase) in trade and other receivables, prepayments and advances	43,330	(32,558)	55,767	(53,616)
(Decrease) in trade and other payables, deferred income	(8,211)	(12,896)	(11,644)	(18,320)
Net cash from operating activities	**160,775**	**9,528**	**152,797**	**(41,300)**

The notes on pages 51 to 103 are an integral part of these financial statements.

Notes to the financial statements

1. Reporting entity

Ravensdown Fertiliser Co-operative Limited (the "Company") is a company domiciled in New Zealand, registered under the New Zealand Companies Act 1993, the New Zealand Co-operative Companies Act 1996, the Australian Corporations Act 2001 and the Western Australia Companies Co-operative Act 1943. The Company is an issuer in terms of the Financial Reporting Act 1993.

Financial statements for the Company and consolidated financial statements are presented. The consolidated financial statements of Ravensdown Fertiliser Co-operative Limited as at and for the year ended 31 May 2013 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities.

Ravensdown Fertiliser Co-operative Limited is primarily involved in the supply of inputs and services to the agricultural sectors in New Zealand and Australia.

2. Basis of preparation

(a) Statement of compliance
The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand International Financial Reporting Standards ("NZ IFRS"), and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. The financial statements also comply with International Financial Reporting Standards ("IFRS").

The financial statements were approved by the Board of Directors on 6 Aug 2013.

(b) 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
- certain items of property, plant and equipment that are revalued in accordance with the Group's policy of revaluation
- available for sale assets are measured at the lower of fair value less costs to sell and carrying value

The methods used to measure fair values are disclosed further in note 4.

(c) Functional and presentation currency
These financial statements are presented in New Zealand dollars ($), which is the Company's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest thousand unless otherwise noted.

(d) Use of estimates and judgements
In the application of NZ IFRS management are required 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.

Estimates and underlying 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.

The following notes contain balances subject to significant estimates and judgements:
- Fair value of land and buildings (note 15)
- Share capital of discontinuing operations (note 24)
- Provisions (note 30)
- Fair value of derivatives (note 32)
- Contingencies (note 35)

3. Significant accounting policies

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

(a) Basis of consolidation

(i) 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.

(ii) Amalgamation transactions
Under a business combination where entities under common control are amalgamated, the carrying values of

Notes to the financial statements *(continued)*

the assets and liabilities of the entities are combined, with any gain or loss on amalgamation recognised in equity.

(iii) Associates and joint ventures (equity accounted investees)
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 joint ventures are accounted for using the equity method (equity accounted investees).
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 or joint control commences until the date that significant influence or joint control ceases. When 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.

(iv) 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 currency

(i) Foreign currency transactions
Transactions in foreign currencies are translated to the functional currency of the Group at 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 the exchange rate at that date.
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 the fair value was determined.
Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of a financial liability designated as a hedge of the net investment in a foreign operation (see (iii) below).

(ii) 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 exchange rates at the reporting date. The income and expenses of foreign operations are translated to New Zealand dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in 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 as an adjustment to the profit or loss on disposal.

(iii) Hedge of net investment in foreign operation
Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in foreign operation are recognised in other comprehensive income and presented within equity, in the FCTR, to the extent that a hedge is effective. To the extent that the hedge is ineffective, such differences are recognised in profit or loss. When the hedged net investment is disposed of, the cumulative amount in FCTR is transferred to profit or loss as an adjustment to the profit or loss on disposal.

(c) Financial instruments

(i) Non-derivative financial assets
The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Held-to-maturity financial assets
If the Group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity financial assets backing insurance liabilities are measured at fair value. The movement in fair value is recognised in the Income Statement. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Group from classifying investment securities as held-to-maturity for the current and the following two financial years.

Held-to-maturity financial assets consist of a Government Bond.

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits with original 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 for the purpose of the statement of cash flows.

Investments in equity securities
Investments in equity securities of subsidiaries, associates and joint ventures are measured at cost in the separate financial statements of the Company.

Available for sale financial assets
Available for sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Available for sale financial assets are recognised initially at fair value plus any directly attributable transaction costs.

(ii) Non-derivative financial liabilities
The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: loans and borrowings, bank overdrafts, and trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

(iii) Share capital
Ordinary shares
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Preference share capital
Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Board of Ravensdown Fertiliser Australia's option.
Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary.

Notes to the financial statements *(continued)*

(iv) Derivative financial instruments
The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational and financing activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However derivatives that do not qualify for hedge accounting are accounted for as held-for-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 remeasurement 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 equity 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. In the event that a hedging instrument is sold, terminated or exercised prior to maturity and the original forecast transaction is no longer forecast to occur, the resultant gain/loss is recognised immediately in the profit or loss.

(d) Property, plant and equipment
(i) Recognition and measurement
Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, except for land and buildings which are revalued with changes in fair value recognised directly in equity. 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 costs 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.

(ii) 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 the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation
Depreciation is recognised in profit or loss to allocate the cost or revalued amount of an asset, less any residual value, over the estimated useful lives of each part of an item of property, 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 and the depreciation methodology for the current and comparative periods are as follows:

Land	indefinite	
Land Improvements	25 years	Diminishing value
Buildings	30 years	Straight line
Fixed plant and equipment	15 years	Straight line
Mobile plant and motor vehicles	5 years	Diminishing value
Office equipment	2-10 years	Diminishing value
Fixed and rotary wing aircraft	7 years	Hours flown

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

(e) Intangible assets
(i) Resource consents
Costs incurred in obtaining resource consents for the three manufacturing sites owned by the Company are capitalised and amortised from the granting of the consent on a straight-line basis for the period of the consent.

(ii) Research and development
Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss when incurred.
Development costs are capitalised if they 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.

(iii) Goodwill
Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

(iv) Other intangible assets
Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

(v) Subsequent expenditure
Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.
All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss when incurred.

(vi) Amortisation
Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.
The estimated useful lives for the current and comparative periods are as follows:

Patents and registrations	6-20 years
Resource consents	14-20 years

(f) Leased assets
Leases where the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments.
Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Leases that are not finance leases are classified as operating leases, refer to note 33.

(g) Inventories
Inventories are measured at the lower of cost and net realisable value. The Group has used both the first-in first-out principle and the weighted average cost formulas to assign costs to inventories. The same cost formula has been used for all inventories having a similar nature or use to the Group. The cost includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Impairment
The carrying amounts of the Group's assets, with the exception of inventories and deferred tax assets are reviewed at each balance sheet date to determine whether there is any objective evidence of impairment.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the income statement.

(i) Impairment of receivables
The recoverable amount of the Group's 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 a short duration are not discounted.

Notes to the financial statements *(continued)*

Impairment losses on an individual basis are determined by an evaluation of the exposures on an instrument by instrument basis.

(ii) Non-financial assets
The carrying amounts of the Group's non-financial assets other than 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 asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash inflows that are largely independent from other assets and groups. Impairment losses are recognised in profit or loss, except to the extent they are used to offset a credit balance previously recognised directly in equity as a revaluation surplus. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

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.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.
An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Non-current assets held for sale
Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets or components of a disposal group are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets or employee benefit assets which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

(j) Employee benefits
(i) Defined contribution plans
Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due.

(ii) Long-term employee benefits
The Group provides certain employees with long service leave. An accrual is recognised on an actuarial basis over the period of service. The discount rate applied is the Government Bond rate for terms equivalent to the expected utilisation of the long service leave. Actuarial gains and losses are recognised in the profit or loss in the period in which they arise.

(k) Provisions
A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(l) Revenue
(i) Goods sold
Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances and trade discounts.
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.

(ii) Services
Revenue from services rendered is recognised in profit or loss at the date when the service is rendered.

(iii) Dividends received
Dividend income is recognised on the date that the right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(m) Lease payments
Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(n) Finance income and expenses
Finance income comprises interest income on funds invested. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions and gains or losses on interest rate hedging instruments that are recognised in profit or loss. All borrowing costs other than those relating to hedging instruments are recognised in profit or loss using the effective interest method.

(o) Discontinuing operations
Classification as a discontinuing operation occurs on disposal or when the operation meets the criteria to be classified as held for sale (see Note 3i). When an operation is classified as a discontinuing operation, the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative year.

(p) Income tax expense
Income tax expense comprises current and deferred tax. Income tax expense 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 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 in respect of previous years.

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 following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and equity accounted investees to the extent that they probably will 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 substantively enacted by 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 difference 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 realised.

(q) Mining deposits
The Group owns various lime quarries throughout New Zealand. These are measured at either fair value on acquisition or the costs associated with developing existing quarries to extend their economic life. The resources are amortised on a per tonne of extraction basis.

(r) Rebates and bonus share issues
Rebates are provided for based on the qualifying tonnage sold for the year at a rate determined by the Board. Shareholders who hold less than the quota shareholding as determined by the board may have a portion of their rebate paid in shares. For financial reporting purposes rebates are treated as an expense in the income statement.

Bonus share issues are provided for based on the qualifying tonnage sold for the year at a rate determined by the board. For financial reporting purposes bonus share issues are treated as an expense in the income statement. Co-operative shares allotted on bonus issue are disclosed in the statement of changes in equity.

(s) New standards and interpretations adopted early
There have been no standards or interpretations adopted early for the year ended 31 May 2013.

Notes to the financial statements *(continued)*

(t) New standards and interpretations not yet adopted
A number of new amendments and interpretations are not yet effective for the year ended 31 May 2013, may impact the Group and have not been applied in preparing these consolidated financial statements:

- NZ IFRS 9 Financial Instruments is the first standard issued as part of a wider project to replace NZ IAS 39. NZ IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. NZ IFRS 9 retained the requirements with respect to the classification and measurement of financial liabilities with the exception of fair value option and certain derivatives linked to unquoted equity instruments. The standard will be effective for the Group's 2015/2016 financial statements. The Group has not yet considered the impact of the standard on its financial statements.
- NZ IFRS 10 Consolidated Financial Statements introduces a new approach to determining which investees should be consolidated. NZ IFRS 10 provides a single model to be applied in the control analysis for all investees. This standard is effective for the Group's 2014 financial statements. The Group has not yet considered the impact of the standard on its financial statements.
- NZ IFRS 11 Joint Arrangements overhauls the accounting for joint ventures (now called joint arrangements). NZ IFRS 11 distinguishes between joint operations and joint ventures. Joint ventures no longer have the choice of using the equity method or proportionate consolidation; they must now use the equity method. This standard is effective for the Group's 2014 financial statements. The Group has not yet considered the impact of the standard on its financial statements.
- NZ IFRS 12 Disclosure of Interests in Other Entities combines, in a single standard, the disclosure requirements for subsidiaries, associates and joint arrangements, as well as unconsolidated structured entities. The standard will be effective for the Group's 2014 financial statements. The Group has not yet considered the impact of the standard on its financial statements.
- NZ IFRS 13 Fair Value Measurement defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. NZ IFRS 13 explains how to measure fair value when it is required by other IFRSs. This standard is effective for the Group's 2014 financial statements. The Group has not yet considered the impact of the standard on the Group financial statements.
- NZ IAS 28 Investments in Associates and Joint Ventures prescribes the accounting for investments in associates and contains the requirements for the application of the equity method to investments in associates and joint ventures. This standard is effective for the Group's 2014 financial statements. The Group has not yet considered the impact of the standard on the Group financial statements.
- NZ IAS 1 Presentation of Financial Statements amends the presentation of items of other comprehensive income and renames the statement of comprehensive income; however, an entity may continue to use a title other than that used in the standard. This standard is effective for the Group's 2014 financial statements. The Group has not yet considered the impact of the standard on the Group financial statements.
- NZ IAS 19 Employee Benefits introduces requirements to recognise actuarial gains and losses recognised immediately in other comprehensive income and to calculate expected returns on plan assets based on rate used to discount the defined benefit obligation. This standard is effective for the Group's 2014 financial statements. The Group has not yet considered the impact of the standard on the Group financial statements.

There are no other standards, amendments or interpretations to existing standards which have been issued, but are not yet effective, which are expected to impact the Company or Group.

4. 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 following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Property, plant and equipment
The fair value of property, plant and equipment is based on market values. The market value of property is the estimated amount for which a 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. External valuations are obtained to determine fair value.

(b) Inventory
The fair value of inventory acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventory.

(c) Trade and other receivables
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.

(d) Derivatives
The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price 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. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

(e) Non-derivative financial liabilities
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.

5. Acquisition of businesses

In thousands of New Zealand dollars

Cropmark Seeds Limited
In August 2012, Ravensdown purchased 25.1% of the share capital of Cropmark Seeds Limited. Based in Canterbury, Cropmark Seeds markets an extensive range of forage, brassica and cereal cultivars throughout New Zealand and worldwide. It is involved in various activities with the aim of improving pasture yield, and achieving higher nutritional values, better drought and disease resistance, and improved seasonal responses. This fits with Ravensdown's core business in assisting farmers to grow pasture, crops and animal products more cost effectively, efficiently and sustainably and is the primary reason for the investment.

The final consideration is subject to post settlement performance thresholds but is capped at a maximum settlement of $6.22 million over 4 years. To date, $2.094 million has been invested. The investment is accounted for using the equity method; the profit for the year recognised in the income statement attributable to Cropmark Seeds Limited is $272k.

6. Discontinuing operations

In the current year, the Board made the decision to discontinue several of the operations that were based in Australia.

In February 2013, it was announced that the Board had decided to exit the joint venture with Direct Farm Inputs Pty Limited ("DFI"). Ravensdown management is seeking a buyer for its 50% investment in this business which is based in South Australia. This investment has historically been equity accounted for so the value of the investment has been reclassified as held for sale. As part of this exit, the operations of Ravensdown Growing Media ("RGM") are also considered to be discontinuing. RGM is a 100% subsidiary which primarily holds and sells stock to DFI.

Ravensdown Australia Properties is a 100% subsidiary that was set up as a holding company for property owned in Australia. The fertiliser sheds and equipment are currently classified as held for sale. These operations are discontinuing as part of the overall plan to exit this part of the market mentioned above.

In May 2013, the decision was made to exit operations in Western Australia and sell the Ravensdown Western Australian business. As part of this exit the co-operative shares held by Western Australia members have been reclassified from share capital to current and non current liabilities. The share capital is discounted to its present value (see note 24 for further details). Ravensdown management is seeking a buyer for this business and expects to complete a sale.

Notes to the financial statements *(continued)*

6. Discontinuing operations *(continued)*

Loss for the year from discontinued operations

In thousands of New Zealand dollars	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
Revenue (note 8)	214,697	219,746	222,562	231,360
Cost of sales (note 10)	(212,385)	(205,511)	(220,332)	(220,218)
Impairments* (note 10)	(15,090)	-	(10,895)	-
Audit fees (note 11)	(16)	(13)	(14)	(11)
Personnel expenses (note 12)	(4,966)	(4,916)	(4,966)	(4,916)
Net finance costs (note 13)	(1,267)	(10,262)	(1,124)	(6,829)
Share of equity accounted investees loss (note 18)	(269)	(610)	-	-
Other expenses	(3,648)	(3,610)	(3,494)	(3,527)
Loss before rebate and tax	(22,944)	(5,176)	(18,263)	(4,141)
Rebate and share bonus issue	118	(4,475)	118	(4,474)
Loss before tax	(22,826)	(9,651)	(18,145)	(8,615)
Attributable income tax (note 14)	6,356	1,473	4,991	1,493
Loss after rebate and tax for the year from discontinuing operations	**(16,470)**	**(8,178)**	**(13,154)**	**(7,122)**
Loss after rebate and tax for the year from discontinuing operations	(16,470)	(8,178)	(13,154)	(7,122)
Foreign currency translation differences for foreign operations	424	240	445	244
Revaluation of property, plant and equipment	(117)	(216)	(117)	(216)
Income tax on income and expense recognised directly in equity	(578)	100	(578)	100
Income and expense recognised directly in equity	(271)	124	(250)	128
Total comprehensive income attributable to discontinuing operations	**(16,741)**	**(8,054)**	**(13,404)**	**(6,994)**

*Included are fair value impairments to receivables, property, plant and equipment and inventory.

Cash flows from discontinuing operations

In thousands of New Zealand dollars	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
Net cash flow from operating activities	39,769	(7,325)	34,120	864
Net cash flow from investing activities	(9,738)	5,529	(4,541)	626
Net cash flow from financing activities	(29,799)	(444)	(29,876)	2,505
Net cash flows	**232**	**(2,240)**	**(297)**	**3,995**

7. Disposal group held for sale

As part of the discontinued operations discussed in Note 6, Ravensdown management has a plan to exit and sell several of the businesses operating in Australia. The sales process has commenced.

Assets classified as held for sale

In thousands of New Zealand dollars	GROUP 2013	COMPANY 2013
Property, plant and equipment (note 15)	39,757	33,030
Inventories	64,610	48,884
Trade and other receivables	29,484	29,485
	133,851	111,399

Liabilities classified as held for sale

In thousands of New Zealand dollars	GROUP 2013	COMPANY 2013
Trade and other payables	(10,803)	(10,803)
Employee entitlements	(877)	(877)
	(11,680)	(11,680)

Notes to the financial statements *(continued)*

8. Revenue

In thousands of New Zealand dollars	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
Sales	1,036,271	1,067,202	967,770	1,009,794
Dividends received	1	1	226	560
Other revenue	4,479	2,649	3,538	2,878
Total revenues	**1,040,751**	**1,069,852**	**971,534**	**1,013,232**
Attributable to:				
Continuing operations	826,054	850,106	748,972	781,872
Discontinuing operations (note 6)	214,697	219,746	222,562	231,360
	1,040,751	**1,069,852**	**971,534**	**1,013,232**

9. Insurance proceeds

Following the 2010/11 Canterbury earthquakes the following insurance receipts were recorded in the financial statements

In thousands of New Zealand dollars	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
Insurance proceeds received	3,646	3,630	3,646	3,630
Insurance proceeds receivable	-	10,926	-	11,822
Total insurance proceeds	**3,646**	**14,556**	**3,646**	**15,452**

Ravensdown through its captive insurance company had claims lodged with its insurance underwriters in relation to the Canterbury earthquakes. In the year ended 31 May 2012 the Group had recognised $14.5 million of insurance proceeds of which $3.6 million was received in cash. In the year ended 31 May 2013 the Group recognised a further $3.6m of insurance proceeds in relation to these events. The insurance claims have all been settled for a total of $18.2 million for the Group and have been received in cash. The insurance proceeds will be used to replace and/or improve both plant and storage facilities.

10. Cost of sales

In thousands of New Zealand dollars	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
Costs relating to sales during the period	957,065	949,383	895,579	906,190
Write-down of inventories to net realisable value	3,575	511	2,656	511
Total cost of sales	**960,640**	**949,894**	**898,235**	**906,701**
Attributable to:				
Continuing operations	733,165	744,383	667,008	686,483
Discontinuing operations (includes impairments disclosed seperately in note 6)	227,475	205,511	231,227	220,218
	960,640	**949,894**	**898,235**	**906,701**

11. Administrative expenses

The following items of expenditure are included in administrative expenses:

In thousands of New Zealand dollars	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
Auditor’s remuneration to KPMG comprises:				
Audit of financial statements	185	193	109	115
Other audit related services	-	28	-	28
Total auditor’s remuneration	**185**	**221**	**109**	**143**

Audit of financial statements includes costs associated with the interim audit required of Ravensdown Fertiliser Australia Limited. Other audit related services include services in relation to internal audit and Australian prospectus reviews.

Attributable to:				
Continuing operations	169	208	95	132
Discontinuing operations (note 6)	16	13	14	11
	185	**221**	**109**	**143**

Notes to the financial statements *(continued)*

12. Personnel expenses

In thousands of New Zealand dollars	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
Wages and salaries	55,062	53,783	45,303	44,231
Superannuation - defined contribution	3,154	3,122	2,786	2,804
Increase in liability for long-service leave	91	68	91	68
Total personnel expenses	**58,307**	**56,973**	**48,180**	**47,103**
Attributable to:				
Continuing operations	53,341	52,057	43,214	42,187
Discontinuing operations (note 6)	4,966	4,916	4,966	4,916
	58,307	**56,973**	**48,180**	**47,103**

13. Finance income and expense

In thousands of New Zealand dollars	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
Interest income on held-to-maturity assets	28	29	-	-
Intercompany interest	-	-	2,303	4,043
Implied interest on discontinuing share capital	3,437	-	3,437	-
Interest income other	2,702	1,279	351	1,076
Finance income	6,167	1,308	6,091	5,119
Loss on realisation of financial derivatives	-	(187)	-	(187)
Interest expense on financial liabilities measured at amortised cost	(19,938)	(22,520)	(19,938)	(22,520)
Fair value of cash flow hedges transferred from equity	(1,437)	(1,360)	(1,437)	(1,360)
Net change in fair value of derivatives designated at fair value through profit or loss	(164)	473	(164)	473
Finance expense	(21,539)	(23,594)	(21,539)	(23,594)
Net finance costs	**(15,372)**	**(22,286)**	**(15,448)**	**(18,475)**
Attributable to:				
Continuing operations	(14,105)	(12,024)	(14,324)	(11,646)
Discontinuing operations (note 6)	(1,267)	(10,262)	(1,124)	(6,829)
	(15,372)	**(22,286)**	**(15,448)**	**(18,475)**

14. Income tax expense in the income statement

In thousands of New Zealand dollars	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
Current tax expense				
Current period	4,840	6,560	4,082	6,160
Adjustment for prior periods	292	248	526	(415)
	5,132	6,808	4,608	5,745
Deferred tax expense				
Origination and reversal of temporary differences	(3,380)	2,490	(2,389)	2,423
Change in building depreciation*	-	(4,253)	-	(4,253)
Adjustment for prior periods	781	(617)	578	27
	(2,599)	(2,380)	(1,811)	(1,803)
Total income tax expense	**2,533**	**4,428**	**2,797**	**3,942**
Attributable to:				
Continuing operations	8,889	5,901	7,788	5,435
Discontinuing operations (note 6)	(6,356)	(1,473)	(4,991)	(1,493)
	2,533	**4,428**	**2,797**	**3,942**

* On the 1st of March 2012 the IRD signed Determination DEP 81: Fertiliser storage facilities and remedial matters relating to the depreciation of buildings and grandparented structures. The effect of this determination has been that the previous tax position taken by management in the 2010 Financial Statements were reversed in 2012 as there is now clear guidance on the applicable depreciation rates of both Fertiliser works and Fertiliser storage facilities.

Notes to the financial statements *(continued)*

14. Income tax expense in the income statement *(continued)*

Reconciliation of tax expense

In thousands of New Zealand dollars	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
Profit for the year - continuing operations	19,774	11,174	14,400	7,722
Profit for the year - discontinuing operations	(16,470)	(8,178)	(13,154)	(7,122)
Total bonus share issue	(155)	23,147	(155)	23,147
Total income tax expense	2,533	4,428	2,797	3,942
Profit excluding income tax	5,682	30,571	3,888	27,689
Income tax using the Company's domestic tax rate	1,591	8,560	1,089	7,753
Non-deductible expenses	519	1,011	535	1,015
Share of profit of equity accounted investees	(761)	(458)	-	-
Other	111	(63)	69	(185)
Change in building depreciation	-	(4,253)	-	(4,253)
Under/(over) provided in prior periods	1,073	(369)	1,104	(388)
Total income tax expense	**2,533**	**4,428**	**2,797**	**3,942**

Income tax recognised directly in equity

In thousands of New Zealand dollars	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
Derivatives	(2,109)	23,259	(2,109)	23,259
Revaluation of property, plant and equipment	(1,087)	1,026	(1,087)	1,026
Effect of amalgamation of subsidiary	-	-	-	1,198
Total income tax recognised directly in equity	**(3,196)**	**24,285**	**(3,196)**	**25,483**

Income tax recognised directly in other comprehensive income

In thousands of New Zealand dollars	GROUP 2013			GROUP 2012		
	BEFORE TAX	TAX (EXPENSE) / BENEFIT	NET OF TAX	BEFORE TAX	TAX (EXPENSE) / BENEFIT	NET OF TAX
Foreign currency translation differences for foreign operations	(377)	-	(377)	367	-	367
Net change in revaluation reserve	(831)	1,087	256	3,365	(1,026)	2,339
Effective portion of changes in fair value of cash flow hedges	(56,353)	15,778	(40,575)	24,748	(6,929)	17,819
Net change in fair value of cash flow hedges transferred to inventory	47,381	(13,267)	34,114	56,961	(15,949)	41,012
Net change in fair value of cash flow hedges transferred to profit or loss	1,437	(402)	1,035	1,360	(381)	979
	(8,743)	**3,196**	**(5,547)**	**86,801**	**(24,285)**	**62,516**

In thousands of New Zealand dollars	COMPANY 2013			COMPANY 2012		
	BEFORE TAX	TAX (EXPENSE) / BENEFIT	NET OF TAX	BEFORE TAX	TAX (EXPENSE) / BENEFIT	NET OF TAX
Foreign currency translation differences for foreign operations	445	-	445	242	-	242
Net change in revaluation reserve	(1,072)	1,087	15	3,276	(1,026)	2,250
Effective portion of changes in fair value of cash flow hedges	(56,353)	15,778	(40,575)	24,748	(6,929)	17,819
Net change in fair value of cash flow hedges transferred to inventory	47,381	(13,267)	34,114	56,961	(15,949)	41,012
Effect of amalgamation of subsidiary	-	-	-	4,871	(1,198)	3,673
Net change in fair value of cash flow hedges transferred to profit or loss	1,437	(402)	1,035	1,360	(381)	979
	(8,162)	**3,196**	**(4,966)**	**91,458**	**(25,483)**	**65,975**

Notes to the financial statements *(continued)*

14. Income tax expense in the income statement *(continued)*

Imputation credits

In thousands of New Zealand dollars	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
Imputation credits at 1 June	42,905	42,590	41,723	41,388
New Zealand tax payments, net of refunds	562	8,876	488	8,622
Imputation credits attached to bonus share issues	(8,322)	(8,561)	(8,322)	(8,561)
Effect of amalgamation of subsidiary	-	-	-	274
Imputation credits at 31 May	**35,145**	**42,905**	**33,889**	**41,723**

The imputation credits are available to shareholders of the Company:		
Through the Company	33,889	41,723
Through subsidiaries	1,256	1,182
	35,145	**42,905**

15. Property, plant and equipment

In thousands of New Zealand dollars	GROUP LAND AND IMPROVEMENTS	BUILDINGS AND IMPROVEMENTS	PLANT, MACHINERY AND VEHICLES	CAPITAL WORKS IN PROGRESS	TOTAL
Cost or valuation					
Balance at 1 June 2011	42,303	99,496	248,483	14,585	404,867
Acquisitions through business combinations	551	1,276	4,058	-	5,885
Additions	260	359	5,866	33,077	39,562
Transfer from capital works in progress	1,055	3,080	15,633	(19,768)	-
Revaluations	95	(675)	-	-	(580)
Disposals	(50)	(243)	(9,054)	-	(9,347)
Effect of movements in exchange rates	52	(553)	(426)	(37)	(964)
Balance at 31 May 2012	**44,266**	**102,740**	**264,560**	**27,857**	**439,423**
Balance at 1 June 2012	44,266	102,740	264,560	27,857	439,423
Additions	1,502	6,616	6,232	27,339	41,689
Transfer from capital works in progress	677	10,244	28,739	(39,660)	-
Revaluations	(1,763)	(5,951)	-	-	(7,714)
Impairment	-	-	(3,623)	-	(3,623)
Disposals	-	(672)	(15,950)	-	(16,622)
Reclassification to assets held for sale (note 7)	(3,841)	(29,863)	(12,300)	-	(46,004)
Effect of movements in exchange rates	(264)	(2,658)	(990)	(85)	(3,997)
Balance at 31 May 2013	**40,577**	**80,456**	**266,668**	**15,451**	**403,152**

Notes to the financial statements *(continued)*

15. Property, plant and equipment *(continued)*

GROUP					
In thousands of New Zealand dollars	LAND AND IMPROVEMENTS	BUILDINGS AND IMPROVEMENTS	PLANT, MACHINERY AND VEHICLES	CAPITAL WORKS IN PROGRESS	TOTAL
Depreciation and impairment losses					
Balance at 1 June 2011	1	692	156,740	-	157,433
Depreciation for the year	(1)	4,210	13,320	-	17,529
Revaluations	-	(3,190)	-	-	(3,190)
Disposals/capitalised	-	(63)	(8,822)	-	(8,885)
Effect of movements in exchange rates	-	(349)	(106)	-	(455)
Balance at 31 May 2012	**-**	**1,300**	**161,132**	**-**	**162,432**
Balance at 1 June 2012	-	1,300	161,132	-	162,432
Depreciation for the year	83	2,730	15,783	-	18,596
Revaluations	(83)	(3,524)	-	-	(3,607)
Disposals/capitalised	-	(223)	(12,964)	-	(13,187)
Reclassification to assets held for sale (note 7)	-	(182)	(6,065)	-	(6,247)
Effect of movements in exchange rates	-	(30)	(469)	-	(499)
Balance at 31 May 2013	**-**	**71**	**157,417**	**-**	**157,488**
Carrying amounts					
At 1 June 2011	42,302	98,804	91,742	14,585	247,434
At 31 May 2012	**44,266**	**101,440**	**103,428**	**27,857**	**276,991**
At 1 June 2012	44,266	101,440	103,428	27,857	276,991
At 31 May 2013	**40,577**	**80,385**	**109,251**	**15,451**	**245,664**

COMPANY					
In thousands of New Zealand dollars	LAND AND IMPROVEMENTS	BUILDINGS AND IMPROVEMENTS	PLANT, MACHINERY AND VEHICLES	CAPITAL WORKS IN PROGRESS	TOTAL
Cost or valuation					
Balance at 1 June 2011	41,031	90,694	211,009	14,553	357,287
Effect of amalgamation of subsidiary	1,356	187	3,219	-	4,762
Additions	260	340	4,172	32,518	37,290
Transfer from capital works in progress	1,055	3,080	15,633	(19,768)	-
Disposals	(50)	(243)	(9,049)	-	(9,342)
Revaluations	95	(691)	-	-	(596)
Effect of movements in exchange rates	(39)	(444)	(145)	-	(628)
Balance at 31 May 2012	**43,708**	**92,923**	**224,839**	**27,303**	**388,773**
Balance at 1 June 2012	43,708	92,923	224,839	27,303	388,773
Additions	22	483	2,534	26,419	29,458
Transfer from capital works in progress	676	10,200	28,185	(39,061)	-
Disposals	-	(671)	(14,041)	-	(14,712)
Revaluations	(1,398)	(4,235)	-	-	(5,633)
Impairment	-	-	(3,623)	-	(3,623)
Reclassification to assets held for sale (note 7)	(2,662)	(25,365)	(11,195)	-	(39,222)
Effect of movements in exchange rates	(206)	(1,988)	(895)	(62)	(3,151)
Balance at 31 May 2013	**40,140**	**71,347**	**225,804**	**14,599**	**351,890**

Notes to the financial statements *(continued)*

15. Property, plant and equipment *(continued)*

In thousands of New Zealand dollars	COMPANY LAND AND IMPROVEMENTS	BUILDINGS AND IMPROVEMENTS	PLANT, MACHINERY AND VEHICLES	CAPITAL WORKS IN PROGRESS	TOTAL
Depreciation and impairment losses					
Balance at 1 June 2011	1	105	142,981	-	143,087
Effect of amalgamation of subsidiary	83	35	1,388	-	1,506
Depreciation for the year	(1)	3,939	11,072	-	15,010
Revaluations	-	(3,116)	-	-	(3,116)
Disposals	-	(63)	(8,822)	-	(8,885)
Effect of movements in exchange rates	-	(131)	57	-	(74)
Balance at 31 May 2012	**83**	**769**	**146,676**	**-**	**147,528**
Balance at 1 June 2012	83	769	146,676	-	147,528
Depreciation for the year	-	2,584	13,306	-	15,890
Revaluations	(83)	(2,876)	-	-	(2,959)
Disposals	-	(222)	(12,702)	-	(12,924)
Reclassification to assets held for sale (note 7)	-	(182)	(6,010)	-	(6,192)
Effect of movements in exchange rates	-	(29)	(431)	-	(460)
Balance at 31 May 2013	**-**	**44**	**140,839**	**-**	**140,883**
Carrying amounts					
At 1 June 2011	41,030	90,589	68,028	14,553	214,200
At 31 May 2012	**43,625**	**92,154**	**78,163**	**27,303**	**241,245**
At 1 June 2012	43,625	92,154	78,163	27,303	241,245
At 31 May 2013	**40,140**	**71,303**	**84,965**	**14,599**	**211,007**

Revaluations

New Zealand land and buildings were independently valued as at 31 May 2013 by Mr H Doherty SNZPI, ANZIV, AREINZ of Harcourts Team Wellington. Western Australia land and buildings were independently valued as at 31 May 2013 by Martin McEneaney of Aon Global Risk Consulting. The methods used by the valuer are described in note 4.

Had the Group's land and buildings been measured on a historical cost basis, their carrying amount would have been as follows:

In thousands of New Zealand dollars	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
Land	23,425	21,593	18,753	16,987
Buildings	72,756	61,955	67,865	62,273
Effect of amalgamation of subsidiary (land)	-	-	-	1,273
Effect of amalgamation of subsidiary (buildings)	-	-	-	152

Notes to the financial statements *(continued)*

16. Intangible assets

	GROUP			
In thousands of New Zealand dollars	PATENTS AND REGISTRATIONS	RESOURCE CONSENTS	GOODWILL	TOTAL
Cost				
Balance at 1 June 2011	1,356	5,225	722	7,303
Acquisitions through business combinations	694	-	48	742
Other acquisitions	61	63	-	124
Balance at 31 May 2012	**2,111**	**5,288**	**770**	**8,169**
Balance at 1 June 2012	2,111	5,288	770	8,169
Other acquisitions	598	426	-	1,024
Balance at 31 May 2013	**2,709**	**5,714**	**770**	**9,193**
Amortisation				
Balance at 1 June 2011	510	1,022	-	1,532
Amortisation for the year (Cost of sales)	340	301	48	689
Balance at 31 May 2012	**850**	**1,323**	**48**	**2,221**
Balance at 1 June 2012	850	1,323	48	2,221
Amortisation for the year (Cost of sales)	(41)	303	-	262
Balance at 31 May 2013	**809**	**1,626**	**48**	**2,483**
Carrying amounts				
At 1 June 2011	846	4,203	722	5,771
At 31 May 2012	**1,261**	**3,965**	**722**	**5,948**
At 1 June 2012	1,261	3,965	722	5,948
At 31 May 2013	**1,900**	**4,088**	**722**	**6,710**

	COMPANY			
In thousands of New Zealand dollars	PATENTS AND REGISTRATIONS	RESOURCE CONSENTS	GOODWILL	TOTAL
Cost				
Balance at 1 June 2011	1,206	5,225	-	6,431
Other acquisitions	20	63	-	83
Effect of amalgamation of subsidiary	-	-	722	722
Balance at 31 May 2012	**1,226**	**5,288**	**722**	**7,236**
Balance at 1 June 2012	1,226	5,288	722	7,236
Other acquisitions	560	426	-	986
Balance at 31 May 2013	**1,786**	**5,714**	**722**	**8,222**
Amortisation				
Balance at 1 June 2011	374	1,023	-	1,397
Amortisation for the year (Cost of sales)	324	300	-	624
Balance at 31 May 2012	**698**	**1,323**	**-**	**2,021**
Balance at 1 June 2012	698	1,323	-	2,021
Amortisation for the year (Cost of sales)	(53)	303	-	250
Balance at 31 May 2013	**645**	**1,626**	**-**	**2,271**
Carrying amounts				
At 1 June 2011	832	4,202	-	5,034
At 31 May 2012	**528**	**3,965**	**722**	**5,215**
At 1 June 2012	528	3,965	722	5,215
At 31 May 2013	**1,141**	**4,088**	**722**	**5,951**

Total research and development expense recognised in profit and loss is $2.8 million (2012: $2.4 million)

Notes to the financial statements *(continued)*

16. Intangible assets *(continued)*

Patents and registrations
Costs associated with acquiring patents and registrations are capitalised and amortised over the life of the assets. The assets primarily comprise patents and registrations that enable the Group to distribute animal health and agrochemical products throughout New Zealand and Australia.

Resource consents
Costs incurred in obtaining resource consents for the Group's three manufacturing sites are capitalised and amortised from the granting of the consent on a straight line basis for the period of the consent. The remaining life of the resource consents range between 10 years and 19 years.

Goodwill
The purchase of the remaining 50% share in Ravensdown Supreme Limited on 29 May 2009 resulted in goodwill of $722,000 being recognised on acquisition. Following the amalgamation of Ravensdown Supreme Limited on 31 May 2012 the goodwill of $722,000 is now recognised in the Company.

The recoverable amount of Ravensdown Supreme Limited was estimated based on its value in use. The key assumptions used to calculate the value in use include tonnes sold, price per tonne sold and average cost per tonne produced. Tonnes sold for the year are based on the 2013 budget which management view as a normalised year for the purposes of forecasting. Price and cost information is inflated at an expected rate of 3% per annum. The resulting cash flows are discounted at a rate per the current capital expenditure policy to determine the recoverable amount.

17. Mining deposits

Movements in carrying value of mining deposits:

In thousands of New Zealand dollars	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
Balance at 1 June	14,919	14,896	14,919	3,044
Effect of amalgamation of subsidiary	-	-	-	11,904
Other additions	272	317	272	18
Amortisation for the year (cost of sales)	(232)	(294)	(232)	(47)
Balance at 31 May	**14,959**	**14,919**	**14,959**	**14,919**

Amortisation of the mining deposits is on a per tonne extracted basis.

18. Equity accounted investees

Movements in carrying value of equity accounted investees:

In thousands of New Zealand dollars	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
Balance at 1 June	10,356	27,187	7,179	8,662
Share of profit	2,718	2,247	-	-
Share of loss from discontinuing operations (note 6)	(269)	(610)	-	-
Associate capital supplied in the year	55	512	55	512
New associate investment in the year	2,094	-	2,094	-
Dividends received from associates	(1,417)	(1,167)	-	-
Movements in loans to associates	3,253	(17,813)	144	(1,995)
Balance at 31 May	**16,790**	**10,356**	**9,472**	**7,179**

Summary financial information for equity accounted investees, not adjusted for the percentage ownership held by the Group:

In thousands of New Zealand dollars	TOTAL ASSETS	TOTAL LIABILITIES	REVENUES	PROFIT
2012 Equity accounted investments	72,127	61,078	229,279	4,932
2013 Equity accounted investments	46,515	33,380	183,427	2,126

Notes to the financial statements *(continued)*

19. Other financial assets

In thousands of New Zealand dollars	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
Investments in subsidiaries	-	-	82,858	85,438
Held-to-maturity investments	535	-	-	-
Derivatives	1,677	213	1,677	213
Other financial assets - non-current	**2,212**	**213**	**84,535**	**85,651**
Held-to-maturity investments	-	519	-	-
Derivatives	3,221	13,194	3,221	13,194
Other financial assets - current	**3,221**	**13,713**	**3,221**	**13,194**

Held-to-maturity investments consist of a Government Bond which is held as a requirement of the Insurance Companies Deposits Act 1953 by Ravensdown Fertiliser Insurance Company Limited. It has an interest rate of 6% (2012: 6.5%) and matures 15 April 2015.

20. Deferred tax assets and liabilities

Unrecognised deferred tax assets
The Company and Group do not have any unrecognised deferred tax assets.

Recognised deferred tax assets and liabilities
Deferred tax assets and liabilities are attributable to the following:

	GROUP					
In thousands of New Zealand dollars	ASSETS 2013	ASSETS 2012	LIABILITIES 2013	LIABILITIES 2012	NET 2013	NET 2012
Property, plant and equipment	-	-	14,765	15,438	14,765	15,438
Derivatives	(4,661)	(2,552)	-	-	(4,661)	(2,552)
Inventories	(67)	(462)	-	-	(67)	(462)
Trade and other payables	(2,052)	(1,285)	-	-	(2,052)	(1,285)
Other items	(4,421)	(1,237)	5,307	4,875	886	3,638
Tax (assets)/liabilities	**(11,201)**	**(5,536)**	**20,072**	**20,313**	**8,871**	**14,777**

	COMPANY					
In thousands of New Zealand dollars	ASSETS 2013	ASSETS 2012	LIABILITIES 2013	LIABILITIES 2012	NET 2013	NET 2012
Property, plant and equipment	-	-	11,972	12,974	11,972	12,974
Derivatives	(4,661)	(2,552)	-	-	(4,661)	(2,552)
Inventories	(67)	(462)	-	-	(67)	(462)
Trade and other payables	(1,759)	(952)	-	-	(1,759)	(952)
Other items	(2,108)	(78)	5,306	4,875	3,198	4,797
Tax (assets)/liabilities	**(8,595)**	**(4,044)**	**17,278**	**17,849**	**8,683**	**13,805**

Movement in temporary differences during the year

	GROUP				
In thousands of New Zealand dollars	PROPERTY, PLANT AND EQUIPMENT	DERIVATIVES	PAYABLES	OTHER	TOTAL
Balance 1 June 11	18,582	(25,811)	(1,384)	1,472	(7,141)
Recognised in profit or loss	(4,158)	-	98	1,680	(2,380)
Recognised in other comprehensive income	1,026	23,259	-	-	24,285
Effect of movements in exchange rates	(12)	-	1	24	13
Balance 31 May 12	**15,438**	**(2,552)**	**(1,285)**	**3,176**	**14,777**
Recognised in profit or loss	466	-	(754)	(2,311)	(2,599)
Recognised in other comprehensive income	(1,087)	(2,109)	-	-	(3,196)
Effect of movements in exchange rates	(52)	-	(13)	(46)	(111)
Balance 31 May 13	**14,765**	**(4,661)**	**(2,052)**	**819**	**8,871**

Notes to the financial statements *(continued)*

20. Deferred tax assets and liabilities *(continued)*

In thousands of New Zealand dollars	COMPANY				
	PROPERTY, PLANT AND EQUIPMENT	DERIVATIVES	PAYABLES	OTHER	TOTAL
Balance 1 June 11	16,485	(25,811)	(1,115)	(996)	(11,437)
Recognised in profit or loss	(4,783)	-	162	2,818	(1,803)
Recognised in other comprehensive income	1,026	23,259	-	-	24,285
Effect of amalgamation of subsidiary	258	-	-	2,511	2,769
Effect of movements in exchange rates	(12)	-	1	2	(9)
Balance 31 May 12	**12,974**	**(2,552)**	**(952)**	**4,335**	**13,805**
Recognised in profit or loss	140	-	(794)	(1,157)	(1,811)
Recognised in other comprehensive income	(1,087)	(2,109)	-	-	(3,196)
Effect of amalgamation of subsidiary	-	-	-	-	-
Effect of movements in exchange rates	(55)	-	(13)	(47)	(115)
Balance 31 May 13	**11,972**	**(4,661)**	**(1,759)**	**3,131**	**8,683**

21. Inventories

In thousands of New Zealand dollars	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
Finished goods	123,453	290,887	110,243	244,027
Raw materials	42,127	36,651	42,127	36,651
Plant spare parts	5,718	6,191	4,272	4,250
	171,298	333,729	**156,642**	284,928

22. Trade and other receivables

In thousands of New Zealand dollars	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
Trade receivables from related parties	9,180	33,960	6,319	41,278
Other trade receivables	108,983	148,782	102,876	142,694
Insurance proceeds receivable (refer to note 9)	-	10,926	-	11,822
Prepayments	3,861	8,118	3,488	7,827
	122,024	**201,786**	**112,683**	**203,621**

23. Share capital and reserves

The movement in shares for the Company and Group is as follows-:

Share capital

Ordinary co-operative shares

In thousands of shares	ORDINARY CO-OPERATIVE SHARES 2013	2012
On issue at 1 June	285,405	257,638
Shares allotted on bonus issue	21,668	22,698
Shares allotted during the year	8,039	11,448
Less: shares surrendered during the year	(8,031)	(6,379)
On issue at 31 May	**307,081**	**285,405**
Partly paid ordinary co-operative shares		
Partly paid up	632	722
Unpaid	285	644
Total partly paid and unpaid	**917**	**1,366**
Attributable to:		
Continuing operations	275,242	
Discontinuing operations - reclassified to liabilities	31,839	
	307,081	

Notes to the financial statements *(continued)*

23. Share capital and reserves *(continued)*

Voting rights are held by transacting shareholders being entitled to one vote per share held. For votes on Area issues no transacting shareholder shall vote more than 3.5% of the total number of shares held by transacting shareholders in respect of the relevant Area. On other issues no transacting shareholder shall vote more than that number of shares which equates to 0.125% of the shares held by all transacting shareholders.

The Company may redeem shares in accordance with the Companies Act 1993. Upon winding up, shares rank equally with regard to the Company's residual assets.
The share qualification quota is 219 shares per tonne. The shares have a par value of $1.

The co-operative shares are repayable under certain conditions, and will mature when shares are redeemable by the shareholder. Co-operative shares may be repaid when there is a deceased estate or when the shareholder has ceased farming. Shares may also be repaid if there has been a 5 year time lapse since the last transaction.

Reserves
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 Company's net investment in a foreign branch.

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 occurred.

Revaluation reserve
The revaluation reserve relates to the revaluation of freehold land and freehold buildings.

24. Share capital of discontinuing operations

In thousands of New Zealand dollars	*Years to maturity*	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
Non current liabilities					
Share capital of discontinuing operations	*Two or more years*	28,148	-	28,148	-
Implied interest on discontinuing share capital		(3,384)	-	(3,384)	-
		24,764	-	24,764	-
Current liabilities					
Share capital of discontinuing operations	*Within one year*	3,686	-	3,686	-
Implied interest on discontinuing share capital		(36)	-	(36)	-
		3,650	-	3,650	-

The co-operative share capital of discontinuing operations has been reclassified as a liability following the Board's decision to exit operations and sell the Ravensdown Western Australian business.

As required by section 8.2(b) of the company constitution the co-operative shares are obliged to be surrendered to shareholders over the next five years, dependant on when they last transacted with the Company, or such other period as may be determined by the Board. The liability is recorded at its present value discounted by an appropriate risk free rate of 2.96%.

25. Redeemable preference shares

In thousands of shares	REDEEMABLE PREFERENCE SHARES 2013	2012
On issue at 1 June	7,456	6,128
Shares allotted during the year	641	1,361
Less: shares surrendered during the year	(75)	(33)
On issue at 31 May	**8,022**	7,456

As at 31 May 2013 8,022,985 redeemable preference shares were fully paid to the value of one Australian dollar (2012: 7,455,947).

The R Class redeemable preference shares rank equally with the Q Class redeemable preference shares except for the Founding Member Rebate which is only applicable to Q Class.

Both the Q Class and R Class redeemable preference shares are classified as equity because holders of these shares can under certain circumstances request that Ravensdown Fertiliser Australia redeem any or all of its shares, but the final decision on redemption is solely at the discretion of the Board of Ravensdown Fertiliser Australia.

The holders of redeemable preference shares are not entitled to receive dividends but are entitled to receive rebates. Redeemable preference shares do not carry the right to vote. Preference shares rank ahead of ordinary shares but participate only to the extent of the face value of the shares. The shares are fully paid.

During the year ended 31 May 2013 641,055 of R Class redeemable preference shares were issued with a nominal value of one Australian dollar per share (2012: 1,300) and the were no Q Class redeemable preference shares issued (2012:1,360,831).

26. Cash and cash equivalents

In thousands of New Zealand dollars	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
Bank balances	9,435	10,221	25	486
Foreign currency accounts	561	1,977	560	1,977
Call deposits	18,348	5,132	18,177	4,438
Cash and cash equivalents	28,344	17,330	18,762	6,901
Bank overdrafts with a right of offset against current accounts	(7,707)	(9,011)	(7,707)	(9,011)
Cash and cash equivalents in the statement of cash flows	**20,637**	8,319	**11,055**	(2,110)

Notes to the financial statements *(continued)*

27. Loans and borrowings

In thousands of New Zealand dollars	*Years to maturity*	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
Non current liabilities					
Loans and borrowings	*Two to three years*	188,957	195,064	188,957	195,064
Current liabilities					
Loans and borrowings	*Within one year*	80,162	159,508	80,162	159,508

The above loans are drawings on the Company's revolving credit facility. At 31 May 2013 the facility available was $520 million (2012 $520 million).
The interest rate is currently 3.58% (2012 4%).

The revolving credit facility agreement is subject to a Negative Pledge agreement. Various covenants apply to the facility. There have not been any breaches of the banking covenants in the year. During the year there were changes to the covenants to facilitate the discontinuance of certain operations in Australia.

28. Other financial liabilities

In thousands of New Zealand dollars	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
Non-current liabilities				
Derivatives	2,083	234	2,083	234
Deferred income	2,864	2,950	2,864	2,950
	4,947	**3,184**	**4,947**	**3,184**
Current liabilities				
Member deposits	229	266	-	-
Derivatives	16,842	22,133	16,842	22,133
	17,071	**22,399**	**16,842**	**22,133**

29. Provision for rebate and bonus share issue

In thousands of New Zealand dollars	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
Rebate	343	21,057	-	20,160
Bonus issue	-	21,820	-	21,820
	343	**42,877**	**-**	**41,980**

Provisions for rebates and bonus share issues are recognised when the obligations and the amounts of the distributions can be measured reliably. The effect of any under or over provision, as a consequence of confirmed tonnages, is realised in the income statement the following year.

Rebates and bonus issues are provided for based on the qualifying tonnage sold for the year at a rate determined by the Board. For financial reporting purposes rebates and bonus issues are treated as an expense in the income statement. The issuance of the share capital is on the date of the distribution.

It is Board policy that approximately 80% of the Group equity, excluding the hedging reserve, is held by shareholders as share capital.

30. Provisions

	GROUP AND COMPANY	
In thousands of New Zealand dollars	2013	2012
Balance at start of period	-	3,356
Provisions made during the period	-	-
Unwinding of provisions during the period	-	(3,356)
Unwind of discount	-	-
Effects of movements in exchange rates	-	-
Deferred rebate provision	**-**	**-**

The provision for deferred rebate relates to the acquisition of United Farmers Co-operative Company Limited in 2008. The unwinding of the provision during the period is converted to share capital based on rebateable tonnes sold to shareholders.

Notes to the financial statements *(continued)*

31. Trade and other payables

In thousands of New Zealand dollars	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
Trade payables to related parties	985	460	3,157	4,097
Trade payables	29,330	44,119	26,916	43,052
Non-trade payables and accrued expenses	171	7,602	-	7,598
Employee benefits	6,430	9,651	5,275	8,628
	36,916	**61,832**	**35,348**	**63,375**

32. Financial instruments

Exposure to credit, interest rate, foreign currency, commodity price and liquidity risks arises in the normal course of the Group's business.

Credit risk

The Group's exposure to credit risk is mainly influenced by its customer base and banking counterparties. Management has a credit policy in place under which each new customer is rigorously analysed for credit worthiness. The Group's customer base is primarily concentrated in the agriculture sector.
The risk is mitigated through most customers also being shareholders of the Company. There is no material exposure to an individual counterparty.
Investments and derivatives are only made with reputable financial institutions or banks.

Liquidity risk

Liquidity risk represents the Group's ability to meet its contractual obligations. The Group evaluates its liquidity requirements on an on-going basis. In general, the Group generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has credit lines in place to cover potential shortfalls.

Market risk

The Group enters into derivative arrangements in the ordinary course of business to manage foreign currency and interest rate risks. A financial risk management committee provides oversight for risk management and derivative activities. The Board re-evaluates risk policies on a regular basis.

Foreign currency risk

The Group is exposed to foreign currency risk on purchases and borrowings that are denominated in a currency other than the Company's functional currency, New Zealand dollars ($), which is the presentation currency of the Group. The currencies in which transactions are primarily denominated is U.S. dollars (USD) and Australian dollars (AUD). The Group hedges up to 100% percent of all trade payables denominated in a foreign currency.
At any point in time, the Group also hedges up to 100% percent of its estimated foreign currency exposure in respect of forecasted purchases over a period that is approved by the Board. The Group uses forward exchange contracts to hedge its foreign currency risk.

The investment in the Australian branch is hedged by way of Australian dollar denominated borrowings.

Interest rate risk

Interest rate swaps and options have been entered into to achieve an appropriate mix of fixed and floating rate exposure within the Group's policy.

Commodity price risk

The Group is exposed to commodity price risk. This is partially mitigated through negotiated long term supply contracts and through geographical diversity of suppliers.

Quantitative disclosures

Credit risk

The carrying amount of financial assets represents the Group's maximum credit exposure.

The Group has not renegotiated the terms of any financial assets which would result in the carrying amount no longer being past due or avoid a possible past due status.

The status of the Group's trade receivables at the reporting date is as follows:

	GROSS RECEIVABLE		IMPAIRMENT	
In thousands of New Zealand dollars	**2013**	2012	**2013**	2012
Trade receivables				
Not past due	119,807	172,606	8,949	-
Past due 1 - 30 days	2,782	4,145	-	-
Past due more than 30 days	8,932	8,474	4,409	2,483
Total	**131,521**	**185,225**	**13,358**	**2,483**

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

In thousands of New Zealand dollars	2013	2012
Balance at 1 June	2,483	2,312
Impairment loss recognised	10,875	171
Balance at 31 May	**13,358**	**2,483**

The impairment loss as at 31 May 2013 has been calculated following management's assessment that the collectability of certain trade receivables was unlikely.

Notes to the financial statements *(continued)*

32. Financial instruments *(continued)*

Liquidity risk

The following table sets out the contractual cash flows for all financial liabilities and all derivatives.

In thousands of New Zealand dollars	GROUP 2013 CARRYING VALUE	CONTRACTUAL CASH FLOWS	0-3 MONTHS	3-12 MONTHS	1-3 YEARS
Non-derivative financial liabilities					
Trade and other payables	36,916	36,916	36,916	-	-
Loans and borrowings	269,119	279,838	82,541	5,039	192,258
	306,035	316,754	119,457	5,039	192,258
Derivative financial instruments					
Gross settled cash flow hedge derivatives:					
Inflow		557,371	163,848	200,222	193,301
Outflow		(578,575)	(164,573)	(213,586)	(200,416)
	(13,336)	(21,204)	(725)	(13,364)	(7,115)
Net settled cash flow hedge derivatives	(3,302)	(4,509)	(357)	(1,072)	(3,080)
Periods in which the cash flows associated with derivatives that are cash flow hedges are expected to impact profit or loss		(535,503)	-	(229,549)	(305,954)

The following table sets out the contractual cash flows for all financial liabilities and all derivatives.

In thousands of New Zealand dollars	GROUP 2012 CARRYING VALUE	CONTRACTUAL CASH FLOWS	0-3 MONTHS	3-12 MONTHS	1-3 YEARS
Non-derivative financial liabilities					
Trade and other payables	61,832	61,832	61,832	-	-
Loans and borrowings	354,572	368,489	162,979	5,916	199,594
	416,404	430,321	224,811	5,916	199,594
Derivative financial instruments					
Gross settled cash flow hedge derivatives:					
Inflow		620,852	121,116	213,567	286,169
Outflow		(636,219)	(129,917)	(224,953)	(281,349)
	(4,104)	(15,367)	(8,801)	(11,386)	4,820
Gross settled other foreign exchange derivatives					
Inflow		7,949	7,949	-	-
Outflow		(7,475)	(7,475)	-	-
	135	474	474	-	-
Net settled cash flow hedge derivatives	(4,991)	(6,132)	(371)	(1,112)	(4,649)
Periods in which the cash flows associated with derivatives that are cash flow hedges are expected to impact profit or loss		(636,219)	(3,378)	(229,195)	(403,646)

Notes to the financial statements *(continued)*

32. Financial instruments *(continued)*

The following table sets out the contractual cash flows for all financial liabilities and all derivatives.

In thousands of New Zealand dollars	COMPANY 2013 CARRYING VALUE	CONTRACTUAL CASH FLOWS	0-3 MONTHS	3-12 MONTHS	1-3 YEARS
Non-derivative financial liabilities					
Trade and other payables	35,348	35,348	35,348	-	-
Loans and borrowings	269,119	279,838	82,541	5,039	192,258
	304,467	315,186	117,889	5,039	192,258
Derivative financial instruments					
Gross settled cash flow hedge derivatives:					
Inflow		557,371	163,848	200,222	193,301
Outflow		(578,575)	(164,573)	(213,586)	(200,416)
	(13,336)	(21,204)	(725)	(13,364)	(7,115)
Net settled cash flow hedge derivatives	(3,302)	(4,509)	(357)	(1,072)	(3,080)
Periods in which the cash flows associated with derivatives that are cash flow hedges are expected to impact profit or loss		(535,503)	-	(229,549)	(305,954)

The following table sets out the contractual cash flows for all financial liabilities and all derivatives.

In thousands of New Zealand dollars	COMPANY 2012 CARRYING VALUE	CONTRACTUAL CASH FLOWS	0-3 MONTHS	3-12 MONTHS	1-3 YEARS
Non-derivative financial liabilities					
Trade and other payables	63,375	63,375	63,375	-	-
Loans and borrowings	354,572	368,489	162,979	5,916	199,594
	417,947	431,864	226,354	5,916	199,594
Derivative financial instruments					
Gross settled cash flow hedge derivatives:					
Inflow		620,852	121,116	213,567	286,169
Outflow		(636,219)	(129,917)	(224,953)	(281,349)
	(4,104)	(15,367)	(8,801)	(11,386)	4,820
Gross settled other foreign exchange derivatives					
Inflow		7,949	7,949	-	-
Outflow		(7,475)	(7,475)	-	-
	135	474	474	-	-
Net settled cash flow hedge derivatives	(4,991)	(6,132)	(371)	(1,112)	(4,649)
Periods in which the cash flows associated with derivatives that are cash flow hedges are expected to impact profit or loss		(636,219)	(3,378)	(229,195)	(403,646)

Notes to the financial statements *(continued)*

32. Financial instruments *(continued)*

Foreign currency exchange risk

A strengthening of the New Zealand dollar, as indicated below, against the USD would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis was performed on the same basis for 2012.

The following disclosures relate to the valuation of foreign exchange exposures as at 31 May. The Group has foreign exposures throughout the financial year which fluctuate both in terms of the amount of the exposures at any one time and the effect of movements in the exchange rate.

	GROUP AND COMPANY 2013			
In thousands of foreign currency	USD	EURO	GBP	AUD
Foreign currency risk				
Trade payables	(1,025)	(493)	-	-
Net balance sheet - foreign operations	-	-	-	(3,030)
Net balance sheet exposure before hedging activity	(1,025)	(493)	-	(3,030)
Forward exchange contracts relating to exposures	1,025	493	-	3,030
Net unhedged exposure	-	-	-	-
NZD equivalent	-	-	-	-
Sensitivity to 10% strengthening of NZD (pre tax):				
Increase/(decrease) on equity	(46,558)	(659)	-	659
Increase/(decrease) on profit	115	72	-	-
Sensitivity to 10% weakening of NZD (pre tax):				
Increase/(decrease) on equity	57,137	805	-	(725)
Increase/(decrease) on profit	(127)	(79)	-	-

	GROUP AND COMPANY 2012			
In thousands of foreign currency	USD	EURO	GBP	AUD
Foreign currency risk				
Trade payables	(1,079)	(753)	(3)	(16)
Net balance sheet - foreign operations	-	-	-	(8,600)
Net balance sheet exposure before hedging activity	(1,079)	(753)	(3)	(8,616)
Forward exchange contracts relating to exposures	1,079	-	-	-
Net unhedged exposure	-	(753)	(3)	(8,616)
NZD equivalent	-	(1,236)	(5)	(11,104)
Sensitivity to 10% strengthening of NZD (pre tax):				
Increase/(decrease) on equity	(57,047)	-	-	1,008
Increase/(decrease) on profit	130	112	-	2
Sensitivity to 10% weakening of NZD (pre tax):				
Increase/(decrease) on equity	69,990	-	-	(1,108)
Increase/(decrease) on profit	(143)	(124)	(1)	(2)

Notes to the financial statements *(continued)*

32. Financial instruments *(continued)*

Classification and fair values

GROUP 2013	HELD TO MATURITY	LOANS AND RECEIVABLES	DESIGNATED AT FAIR VALUE	OTHER AND AMORTISED COST	TOTAL CARRYING AMOUNT	FAIR VALUE
Assets						
Derivatives	-	-	1,677	-	1,677	1,677
Debt securities	535	-	-	-	535	535
Total non-current assets	535	-	1,677	-	2,212	2,212
Derivatives	-	-	3,221	-	3,221	3,221
Cash and cash equivalents	-	20,637	-	-	20,637	20,637
Trade and other receivables	-	118,163	-	-	118,163	118,163
Total current assets	-	138,800	3,221	-	142,021	142,021
Total assets	535	138,800	4,898	-	144,233	144,233
Liabilities						
Derivatives	-	-	2,083	-	2,083	2,083
Loans and borrowings	-	-	-	188,957	188,957	188,957
Total non-current liabilities	-	-	2,083	188,957	191,040	191,040
Loans and borrowings	-	-	-	80,162	80,162	80,162
Derivatives	-	-	16,842	-	16,842	16,842
Trade and other payables	-	-	-	36,916	36,916	36,916
Net rebates payable	-	-	-	343	343	343
Total current liabilities	-	-	16,842	117,421	134,263	134,263
Total liabilities	-	-	18,925	306,378	325,303	325,303

GROUP 2012	HELD TO MATURITY	LOANS AND RECEIVABLES	DESIGNATED AT FAIR VALUE	OTHER AND AMORTISED COST	TOTAL CARRYING AMOUNT	FAIR VALUE
Assets						
Derivatives	-	-	213	-	213	213
Total non-current assets	-	-	213	-	213	213
Derivatives	-	-	13,194	-	13,194	13,194
Debt securities	519	-	-	-	519	519
Cash and cash equivalents	-	8,319	-	-	8,319	8,319
Trade and other receivables	-	193,668	-	-	193,668	193,668
Total current assets	519	201,987	13,194	-	215,700	215,700
Total assets	519	201,987	13,407	-	215,913	215,913
Liabilities						
Derivatives	-	-	234	-	234	234
Loans and borrowings	-	-	-	195,064	195,064	195,064
Total non-current liabilities	-	-	234	195,064	195,298	195,298
Loans and borrowings	-	-	-	159,508	159,508	159,508
Derivatives	-	-	22,133	-	22,133	22,133
Trade and other payables	-	-	-	61,832	61,832	61,832
Net rebates payable	-	-	-	42,877	42,877	42,877
Total current liabilities	-	-	22,133	264,217	286,350	286,350
Total liabilities	-	-	22,367	459,281	481,648	481,648

Notes to the financial statements *(continued)*

32. Financial instruments *(continued)*

COMPANY 2013	HELD TO MATURITY	LOANS AND RECEIVABLES	DESIGNATED AT FAIR VALUE	OTHER AND AMORTISED COST	TOTAL CARRYING AMOUNT	FAIR VALUE
Assets						
Derivatives	-	-	1,677	-	1,677	1,677
Total non-current assets	-	-	1,677	-	1,677	1,677
Derivatives	-	-	3,221	-	3,221	3,221
Cash and cash equivalents	-	11,055	-	-	11,055	11,055
Trade and other receivables	-	109,195	-	-	109,195	109,195
Total current assets	-	120,250	3,221	-	123,471	123,471
Total assets	-	120,250	4,898	-	125,148	125,148
Liabilities						
Derivatives	-	-	2,083	-	2,083	2,083
Loans and borrowings	-	-	-	188,957	188,957	188,957
Total non-current liabilities	-	-	2,083	188,957	191,040	191,040
Loans and borrowings	-	-	-	80,162	80,162	80,162
Derivatives	-	-	16,842	-	16,842	16,842
Trade and other payables	-	-	-	35,348	35,348	35,348
Total current liabilities	-	-	16,842	115,510	132,352	132,352
Total liabilities	-	-	18,925	304,467	323,392	323,392

COMPANY 2012	HELD TO MATURITY	LOANS AND RECEIVABLES	DESIGNATED AT FAIR VALUE	OTHER AND AMORTISED COST	TOTAL CARRYING AMOUNT	FAIR VALUE
Assets						
Derivatives	-	-	213	-	213	213
Total non-current assets	-	-	213	-	213	213
Derivatives	-	-	13,194	-	13,194	13,194
Trade and other receivables	-	195,794	-	-	195,794	195,794
Total current assets	-	195,794	13,194	-	208,988	208,988
Total assets	-	195,794	13,407	-	209,201	209,201
Liabilities						
Derivatives	-	-	234	-	234	234
Loans and borrowings	-	-	-	195,064	195,064	195,064
Total non-current liabilities	-	-	234	195,064	195,298	195,298
Loans and borrowings	-	-	-	159,508	159,508	159,508
Derivatives	-	-	22,133	-	22,133	22,133
Cash and cash equivalents	-	-	-	2,110	2,110	2,110
Trade and other payables	-	-	-	63,375	63,375	63,375
Net rebates payable	-	-	-	41,980	41,980	41,980
Total current liabilities	-	-	22,133	266,973	289,106	289,106
Total liabilities	-	-	22,367	462,037	484,404	484,404

Notes to the financial statements *(continued)*

32. Financial instruments *(continued)*

Foreign exchange derivatives
There were no gains or losses on held-for-trading derivatives recognised in profit during 2013 or 2012.

Interest rate risk
Cashflow sensitivity
At 31 May 2013 it is estimated that a general increase of one percentage point in interest rates would decrease the Group's profit before income tax by approximately $1.8 million (2012: $4.4 million). A decrease of one percentage point would increase the Group's profit before income tax by the same amount.
Cashflow sensitivity for the Company is materially the same as the Group.

Fair value sensitivity
At 31 May 2013 it is estimated that a general increase of one percentage point in interest rates would increase the Group's equity (pre tax) by approximately $1.3 million (2012: $1.8 million). A decrease of one percentage point would decrease the Group's equity (pre tax) by the same amounts.
Fair value sensitivity for the Company is materially the same as the Group.

Capital management
The Group's capital includes share capital, reserves and retained earnings.
The Group's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business.
This target is achieved through balancing retention of certain reserves with the allocation of bonus issues and the Group's share rebate process.
The Group's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

There have been no material changes in the Group's management of capital during the period.

The Group is subject to external banking covenants. There have not been any breaches of the Group's banking covenants in the year.

Fair values
Carrying values approximate the fair values of all financial assets and liabilities.

Fair value hierarchy
The Group has financial instruments carried at fair value . The following hierarchy defines the valuation method used to value these instruments.

- 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 (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

All Group financial instruments carried at fair value are defined as level 2 for valuation purposes for 2013 and 2012. At 31 May 2013 the fair value of the Group's financial instruments was a $14 million liability (2012: $9 million liability).

33. Operating leases

Leases as lessee
Non-cancellable operating lease rentals are payable as follows:

In thousands of New Zealand dollars	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
Less than one year	6,596	6,919	6,140	6,458
Between one and five years	10,843	15,757	10,028	15,242
More than five years	27,144	30,232	24,871	27,783
Total lease commitments	**44,583**	**52,908**	**41,039**	**49,483**

The Group leases motor vehicles and store premises.

During the year ended 31 May 2013 $8.1 million was recognised as an expense in the income statement in respect of operating leases (2012: $6.9 million).

34. Capital commitments

At 31 May 2013 the Group had capital commitments of $12.0 million (2012: $30.1 million)

35. Contingent liabilities

The Company and the Group had no material contingent liabilities at balance date (2012: nil).

Notes to the financial statements *(continued)*

36. Related parties

In thousands of New Zealand dollars	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
Transactions with Subsidiaries				
Sales of goods and services	-	-	94,153	97,122
Purchases of goods and services	-	-	(5,733)	(10,079)
Trade receivables	-	-	5,963	40,817
Trade payables	-	-	(2,218)	(3,637)
Closing advances	-	-	70,565	73,155
Closing loans	-	-	-	-
Transactions with Associates				
Dividends received	1,417	1,167	225	559
Sales of goods and services	85,696	86,113	133	488
Purchases of goods and services	(58,391)	(80,395)	(58,391)	(80,395)
Trade receivables	9,180	33,960	356	462
Trade payables	(985)	(460)	(939)	(460)
Closing advances	7,540	4,242	3,384	3,194
Closing loans	-	-	-	-
Transactions with key management personnel (including directors)				
Sales of goods and services	4,036	3,795	4,036	3,795
Purchases of goods and services	(2)	(59)	(2)	(59)
Closing advances / receivables	-	2	-	2
Closing loans / payables	-	-	-	-
Key management personnel compensation comprised:				
Short-term employee benefits	(7,164)	(5,590)	(6,857)	(5,292)
Superannuation contributions	(358)	(370)	(344)	(348)

Transactions with subsidiaries and associates include the sale and purchase of fertiliser between entities. Related parties do not directly source fertiliser inputs from international suppliers.

All transactions with related parties are priced on an arm's length basis. Advances to associates are made at the Group's average cost of borrowings and are repayable on demand. Consignment agreements exist with associated parties.

The Company has provided a letter of support in relation to loans and advances made to its 100% owned subsidiary Ravensdown Fertiliser Australia Limited. The Company will not call upon any balance outstanding unless Ravensdown Fertiliser Australia Limited is in a financial position to make such repayments without prejudicing the ability of Ravensdown Fertiliser Australia Limited to conduct its normal business operations including its capacity to pay its liabilities.

Notes to the financial statements *(continued)*

37. Group entities

Significant subsidiaries and associates

	COUNTRY OF OWNERSHIP INCORPORATION	INTEREST (%) 2013	INTEREST (%) 2012
Subsidiaries			
Analytical Research Laboratories Limited	New Zealand	100.0%	100.0%
Ravensdown Growing Media Limited	New Zealand	100.0%	100.0%
Ravensdown Fertiliser Insurance Company Limited	New Zealand	100.0%	100.0%
Ravensdown Aerowork Limited (previously Wanganui Aero Work (2004) Limited)	New Zealand	100.0%	100.0%
Spreading Southland Limited	New Zealand	100.0%	100.0%
Spreading Waikato Limited	New Zealand	100.0%	100.0%
Ravensdown Fertiliser Australia Limited	Australia	100.0%	100.0%
Ravensdown Australian Holdings Limited	New Zealand	100.0%	100.0%
Aerial Sowing Limited	New Zealand	100.0%	100.0%
C-Dax Limited	New Zealand	100.0%	100.0%
Ravensdown Australia Properties Pty Limited	Australia	100.0%	100.0%
Equity accounted investees			
Ravensdown Windy Point Quarry Limited	New Zealand	50.0%	50.0%
Advanced Spreading Limited	New Zealand	33.3%	33.3%
Spreading Sandford Limited	New Zealand	50.0%	50.0%
Spreading Canterbury Limited	New Zealand	50.0%	50.0%
Spreading FBT Limited	New Zealand	50.0%	50.0%
Methane Reduction Technologies Limited	New Zealand	50.0%	50.0%
The New Zealand Phosphate Company Limited	New Zealand	50.0%	50.0%
Spreading Northland Limited	New Zealand	50.0%	50.0%
Direct Farm Inputs Pty Limited	Australia	50.0%	50.0%
Ravensdown Shipping Services Pty Limited	Australia	50.0%	50.0%
Southstar Fertilizers Limited	New Zealand	20.0%	20.0%
Cropmark Seeds Limited	New Zealand	25.1%	-

38. Subsequent events

There have been no subsequent events following 31 May 2013 that require recognition or disclosure in the financial statements.

Resolution of Directors

RESOLVED that in the opinion of the Board of Directors, Ravensdown Fertiliser Cooperative Limited has through the year ended 31 May 2013 and since that date of registration of the company under the Co-operative Companies Act 1996, been a Co-operative Company within the meaning of that Act on the following grounds:

1. Ravensdown Fertiliser Co-operative Limited carried on, as its principal activity, a Co-operative activity as that term is defined in the Co-operative Companies Act 1996;
2. The constitution of Ravensdown Fertiliser Co-operative Limited states its principal activities as being Cooperative activities; and
3. Not less than 60% of the voting rights of Ravensdown Fertiliser Co-operative Limited were held by Transacting Shareholders as that term is defined in the Co-operative Companies Act 1996.

Dated 30 July 2013

William Thomas McLeod

Patrick David Willock

Antony Charles Howey

Bevin David Watt

James Leonard Williams

Christopher John Dennison

Allan Stuart Wright

Scott Gordon Gower

Antony Page Reilly

John Francis Clifford Henderson

Rhys Trevor Turton

Gary John Cosgrove

Elizabeth Mary Coutts

Peter Glen Inger
(absent from meeting)

Independent Auditor's Report

To the Shareholders of Ravensdown Fertiliser Co-operative Limited

Report on the Company and Group Financial Statements

We have audited the accompanying financial statements of Ravensdown Fertiliser Co-operative Limited ("the company") and the group, comprising the company and its subsidiaries, on pages 40 to 103. The financial statements comprise the statements of financial position as at 31 May 2013, the income statements and statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, for both the company and the group.

Directors' responsibility for the company and group financial statements

The directors are responsible for the preparation of company and group financial statements in accordance with generally accepted accounting practice in New Zealand that give a true and fair view of the matters to which they relate, and for such internal control as the directors determine is necessary to enable the preparation of company and group 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 company and group 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 company and group financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the company and group financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company and group's preparation of the financial statements that give a true and fair view of the matters to which they relate 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 company and 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 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 assistance with other assurance services. Partners and employees of our firm may also deal with the company and group on normal terms within the ordinary course of trading activities of the business of the company and group. These matters have not impaired our independence as auditor of the company and group. The firm has no other relationship with, or interest in, the company and group.

Opinion

In our opinion the financial statements on pages 40 to 103:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the financial position of the company and the group as at 31 May 2013 and of the financial performance and cash flows of the company and the group for the year then ended.

Report on other legal and regulatory requirements

In accordance with the requirements of sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993, we report that:

- we have obtained all the information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by Ravensdown Fertiliser Co-operative Limited as far as appears from our examination of those records.

KPMG

6 August 2013
Christchurch

Statutory Information

for the year ended 31 May 2013

Directors and remuneration

Remuneration of Directors or former Directors of the company received during the year was as follows:

W.T. McLeod	$181,143
P.D. Willock	$91,250
J.F.C. Henderson	$65,000
A.P. Reilly	$65,000
B.D. Watt	$65,000
A.S. Wright	$65,000
C.J. Dennison	$65,000
A.C. Howey	$65,000
S.G. Gower	$65,000
P.G. Inger	$65,000
J.L. Williams	$65,000
R.T. Turton	$65,000
G.J. Cosgrove	$65,000
E.M. Coutts	$75,000

The Chairman is provided with a company motor vehicle. The Chairman also receives Directors fees in relation to Ravensdown Fertiliser Australia Limited and these are included in the above.

Entries recorded in the Interests Register

Per Section 140(2) of the Companies Act 1993 the Directors gave notice that they are Directors or Members of the following named organisations and will therefore be interested in all transactions between these organisations and Ravensdown Fertiliser Co-operative Limited and its subsidiaries:

W.T. McLeod

Chairman/Shareholder	Morrinsville Transport Ltd
Director/Shareholder	Regional Transport Ltd
Director/Shareholder	Morrinsville Transport Management Services Ltd
Director/Shareholder	MTL Properties Ltd
Shareholder	Fonterra Co-operative Group Ltd
Director	Fertiliser Association of New Zealand
Director/Shareholder	Dunvegan Farms Ltd
Director/Shareholder	New Skyes Agriculture Ltd
Director	New Zealand Phosphate Company

J.F.C. Henderson

Director/Shareholder	Hinau Station Ltd
Director/Shareholder	Hampton Road Holdings Ltd
Partner	Evans Henderson Woodbridge
Director	Athlumney Farms Ltd
Director	Clearsky Dairies Ltd
Director	Premier Dairies Ltd
Director	Tututotara Dairy Ltd
Trustee	Lagore Enterprises Trust
Director	Coronet Peak Station (Queenstown) Ltd
Trustee	Clarinbridge Trust

A.P. Reilly

Director	Cold Storage Nelson Ltd
Director/Shareholder	A.P. & K.M. Reilly Ltd
Director	Network Tasman Ltd
Director/Shareholder	Dos Rios Dairy Ltd
Director	Co-operative Business New Zealand

B.D. Watt

Partner	Independent Enterprises
Managing Director	The Grazing Bank Ltd
Managing Director	Southern Oil Ltd
Councillor	Gore District Council

Statutory Information CONT.

for the year ended 31 May 2013

A.S. Wright

Director/Shareholder	Annat Farms Ltd
Director/Shareholder	Otarama Investments Ltd
Chairman	Potato New Zealand

C.J. Dennison

Managing Director/ Shareholder	Dennison Farms Ltd
Chairman/Shareholder	Lower Waitaki Irrigation Company
Director	Waitaki Irrigators Collective
Director	Network Waitaki Ltd
Director	Network Waitaki Contracting Ltd

A.C. Howey

Director/Shareholder	Levels Plain Irrigation Company Ltd
Director/Shareholder	Alpine Fresh Ltd
Director/Shareholder	Opuha Water Ltd
Director/Shareholder	Southern Packers
Director/Shareholder	Meadowlinks Farm Estate Ltd
Chairman/Shareholder	Seedlands Ltd
Director/Shareholder	Seedlands Property Ltd
Director	South Canterbury Chamber of Commerce
Director	Levels Plain Holdings Ltd
Director/Shareholder	Taron Holdings Ltd
Director/Shareholder	Grainstor Ltd
Committee Member	Orari-Opihi-Pareora Water Zone Committee
Director/Shareholder	Farmers Mill Ltd

S.G. Gower

Owner	High Glades Station
Trustee	Riverhills Trust

P.G. Inger

Director/Shareholder	Journeys End Ltd
Director/Shareholder	Pukeko Creek Ltd
Director/Shareholder	Topuni Holdings Ltd
Director	Subway Investments Ltd
Director/Shareholder	The Promised Land 2005 Ltd
Director	Sleepy Hollow Farm Ltd
Director	Blue Moon Ltd
Director/Shareholder	Tall Kauri Ltd
Director/Shareholder	Stonebridge Investments Ltd
Director	Karoola Ltd
Trustee	The Tapora Trust
Trustee	The Stinger Trust
Director/Shareholder	Cresta Assets Ltd
Director/Shareholder	Cresta Mushrooms Ltd

J.L. Williams

Trustee	Michael Williams Trust
Trustee	Nathan Williams Trust

R.T. Turton

Director/Shareholder	Turton Partners
Councillor	Co-operative Federation of Western Australia
Director	York and Districts Financial Services Ltd
Trustee	Roshlar Trust

G.J. Cosgrove

Director/Shareholder	Irwin Valley Pty Ltd
Director/Shareholder	Cosgrove Farming Co
Director/Shareholder	Westwind Pty Ltd
Director/Shareholder	Depothill Pty Ltd

E.M. Coutts

Director	EBOS Group Ltd
Director	Skellerup Holdings Ltd
Chairman	Urwin & Co Ltd
Director	Ports of Auckland Ltd
Director	Sanford Ltd
Director	New Zealand Directories Holdings Ltd and subsidiaries
Member	Marsh New Zealand Advisory Board
Chair	Auckland Branch Institute of Directors
Member	National Council for Institute of Directors
Director	Tennis Auckland Region Inc.

Related party transactions

Like most co-operative companies, Ravensdown Fertiliser Co-operative Limited has frequent transactions with its farming Directors in the ordinary course of business. All transactions are conducted at arms length.

Share dealings of Directors

None of the Directors have acquired or disposed of any shares other than through the normal quota shareholding process.

Directors indemnity or insurance

The company has arranged policies of liability insurance which ensure that generally Directors and company executives will incur no monetary loss as a result of actions undertaken by them as Directors or employees. Certain actions are specifically excluded, for example the incurring of penalties and fines which may be imposed in respect of breaches of the law.

Loans to Directors

There were no loans by the group to Directors.

Use of company information

No notices from any Director were received by the Board during the year requesting use of company information received in their capacity as Directors which would not otherwise have been available to them.

Donations

No donations were made to any charities during the year.

Employees' remuneration

	No. of Employees
$100,000 - $110,000	38
$110,000 - $120,000	27
$120,000 - $130,000	22
$130,000 - $140,000	18
$140,000 - $150,000	15
$150,000 - $160,000	11
$160,000 - $170,000	8
$170,000 - $180,000	3
$180,000 - $190,000	3
$190,000 - $200,000	6
$200,000 - $210,000	2
$210,000 - $220,000	1
$260,000 - $270,000	1
$300,000 - $310,000	1
$310,000 - $320,000	2
$320,000 - $330,000	1
$350,000 - $360,000	1
$360,000 - $370,000	3
$380,000 - $390,000	2
$540,000 - $550,000*	1
$2,590,000 - $2,600,000**	1

Executive remuneration includes salary, bonuses, contractual retirement obligations and employer's contribution to superannuation and health schemes received in their capacity as employees. Company vehicles are provided to some employees and are included in the remuneration figures.

Included in the above remuneration are bonuses paid in relation to the previous financial year bonus scheme. No bonuses are payable in relation to this financial year.
The remuneration details of employees paid outside of New Zealand have been converted into New Zealand dollars.

*Australian dollars converted
**This amount includes base remuneration, at risk incentive and a payment of $1,688,000 in accordance with the previous Chief Executive's employment contract dated 1997.

Ravensdown

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www.ravensdown.co.nz