GROWING CONFIDENCE

2014 ANNUAL REPORT

Ravensdown

Key Insights

1 *Balance sheet strength shows massive improvement with profitability increasing.*

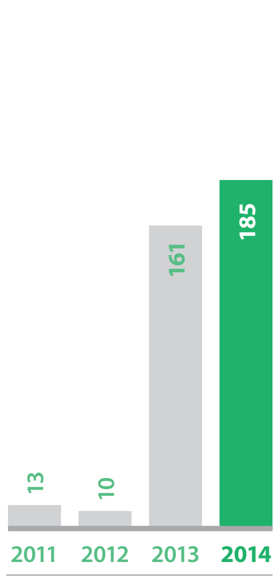
2 *Strategy is working and co-operative is well positioned to deliver returns, value and quality products to shareholders.*

3 *Investment in infrastructure and innovation such as stores improvement, Smart Maps and environmental consultancy.*

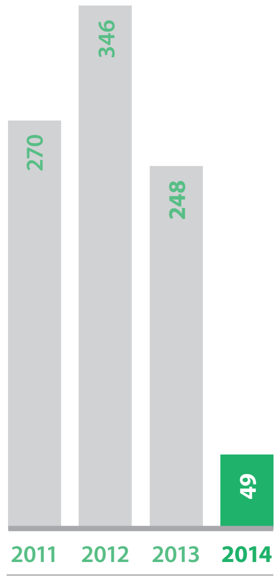
Contents

Financial Highlights

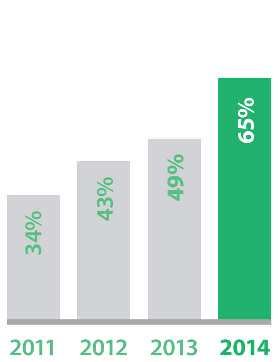
In New Zealand Dollars



Operating cashflow ($m)



Net bank debt ($m)

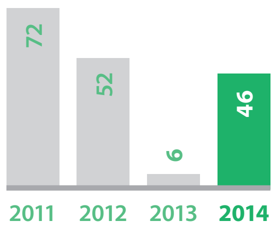


Equity ratio (%)

(including hedging reserve)

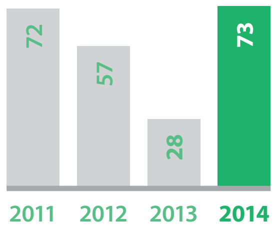
Shareholder return ($/t)

(including tax credits)



Profit before rebate and tax ($m)

(including discontinuing operations)



Profit before rebate and tax from continuing operations ($m)

Report from the Chairman

This is my first annual report as Chairman of the Ravensdown Board and the first complete year for Greg Campbell as Ravensdown's Chief Executive.

Since 2012, your Board has devoted its energies on a fresh strategy for the company which broadly entails simplifying our business and a focus on the basics of constant year-long certainty of supply and excellence of both product quality and shareholder service. I am pleased to report that our initiatives in that regard have, in the past 12 months, resulted in a considerable strengthening of the company's business and its financial performance. While we remain focused on our strategy, I have been thrilled by the progress made to date.

Of significance, the company has successfully sold its business in Western Australia. Additionally, it has ceased business operations in Queensland.

As we advised in last year's report, our foreign exchange policy has been revised. While we have several months to go before we are fully disengaged from the previous policy, the benefits of our change are beginning to flow through.

During the year there has also been increased attention given to inventory management, cashflow and cost control. A review of our balance sheet and profit and loss accounts clearly illustrates significant progress in that regard. The company has also intensified its focus on quality control and service to our shareholders.

The various components that I have mentioned have come together to produce a profit from continuing operations before tax and rebate of $73 million ($28 million 2013). This represents a 160% improvement.

Particularly heartening to your Board was the strengthening of the balance sheet. During the year, the company's core debt has been reduced significantly by $200 million to $49 million, which is the company's lowest debt level for a decade. While exit from our Australian businesses did contribute towards this reduction, strong demand within New Zealand was also a significant contributor, with tonnages increasing some 7% year on year.

The reduction in debt resulted in savings of approximately $8 million in terms of associated interest payments and fees whilst de-risking our business significantly from potential interest rate rises.

All in all, the company's improved profitability and the disciplines that have been initiated with respect to working capital, cost control and inventory management have improved our balance sheet equity ratio to 65% from 49% at year end 2013.

The co-operative is solely focused on New Zealand and no longer trading in Australia. Ravensdown's profit before rebate and tax of $46 million ($6 million 2013) was impacted by costs associated with its withdrawal from Australia.

In short, these changes to our business provide a good deal of resilience, confidence and optimism for the future. The Board has therefore resolved that a profit distribution of $41 million should be made to shareholders, being $37.38 per tonne, made up of a cash rebate to be paid to fully paid up shareholders of $15.00 per tonne and a fully imputed bonus share issue of $22.38 per tonne.

An analysis by the company of its 2013/2014 result indicates that, as a result of last year's initiatives, the company is in a strong competitive position to produce and supply nutrients, services and other farm inputs. Efficiencies will be enhanced as the Board's strategy is further implemented.

We are committed that the resultant benefits will flow through to shareholders.

The Board is conscious that there are many things ahead of us to improve and it has implemented a capital improvement programme to take forward over the next two or three years, which we are confident will see improved service and results for our shareholders. Chief among these items of capital spend will be improvements to our stores and to our dispatch systems.

Report from the Chairman *(continued)*

The improved financial health of Ravensdown is also illustrated on a number of other fronts. The improvement has allowed us to renegotiate our banking facilities to secure more advantageous terms.

We have also in recent times been able to deliver meaningful reductions in the price of many products, including urea, DAP, potash and superphosphate.

Subsidiary businesses
It is Ravensdown's policy to deliver products and services that enhance value to its shareholders. It is not our policy to pursue top line growth without corresponding profitability. I am pleased to report that our company has enjoyed positive results from its other business activities. ARL, C-Dax and our shipping division all contributed profits to our business, as did our fertiliser, ground spreading, agchem, lime, seeds and animal health activities.

I am also particularly proud of the company's award-winning Smart Maps tool and our Environmental Consultancy initiative. I am looking forward to these initiatives developing to provide an integrated recording and solutions facility for our shareholders.

Board restructure
As part of the Board's plan to simplify the company's business, in 2012 it decided to restructure the Board size from 14 directors to 10. After this year's annual meeting and with our withdrawal from Australia, the company's ward members drop to eight which, together with our two independent directors, takes the Board to a ten-director board.

During the past year our previous Chairman, Bill McLeod, resigned his directorship. I would like to take this opportunity to pay tribute to Bill and to thank him for his contribution to the company in the years he was a board member. Bill's enthusiasm and commitment to the company was unequalled. We wish him well for his future endeavours.

The company's withdrawal from Australia has also resulted in Gary Cosgrove and Rhys Turton, our two West Australian directors, resigning. Again, I would like to take this opportunity to thank Gary and Rhys for their contribution to our Board. Their steadfast commitment to what was often a tough task is to be applauded and I thank them for that.

Finally, this meeting is the last annual meeting for our independent director Liz Coutts. Liz has been part of our Board for five years and has had the responsibility of running our Audit Committee. Liz brought to our Board a fresh approach to these matters and we are indebted to her for the professional approach she gave that area of our governance. Liz, we wish you well and thank you for your contribution.

Acknowledgement to management and staff
In closing, I would like to convey the Board's appreciation to the company's management and staff for their commitment and dedication over the past 12 months and for the enthusiasm with which they have adopted the Board's fresh strategy. The past 12 months have had challenges for our management and staff but I pay tribute to their loyalty and steadfast promotion of our company during that period.

The fundamentals of our business are now more sound than ever. Our equity level is 65%, our debt level is at a ten-year low and our improving profitability means we are well-positioned for the current year. We have an exciting capital investment plan underway and have re-energised quality, cost and inventory control measures in place.

What is critical is that we now continue to deliver sustainable returns with high emphasis on providing value to our shareholders in terms of year-round product availability, quality and service.

With the progress that we have made in the past 12 months, the loyalty of our shareholders, the strength of our management and staff, the enthusiasm and quality of our Board, I look forward with confidence to driving further progress from the company over the next 12 months.

John Henderson
Chairman

Helping our customers with their nutrient stewardship needs is what the Ravensdown field-based team does best.

Our values in action

World-leading innovation
The co-operative's enduring values (see below) help guide decisions for the whole Ravensdown team and to prioritise what's important. Smart Maps is a great example of our values in action.

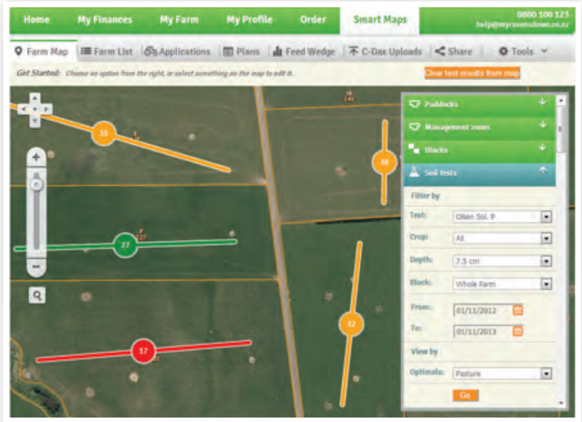
As a dynamic and award-winning solution for today's farming, Smart Maps demonstrates driving innovation and environmental leadership by providing nutrient traceability and digital proof of placement.

It empowers our customers with their decision-making, thereby building our long-term relationship with them. Smart Maps was designed with customers at the centre of the process and developed by our own focused team.

The tool is earning recognition locally and on the global stage. It is a finalist in the Champion Canterbury Innovation category and earned an international information technology award. Smart Maps won the 2014 Environment Systems Research Institute Inc (Esri) Special Achievement Award in Geographical Information Systems (GIS), ahead of 100,000 other nominees worldwide.

Special Achievement in GIS 2014 Award Winner

FINALIST EDC Innovation Award



Ravensdown's strategic framework

Safety first:
Our team, customers, suppliers, neighbours and contractors work safely and we all go home unharmed.

Purpose:
To support our customers' financial and environmental performance for a more prosperous nation.

Mission:
To provide competitively priced essential inputs and world-beating nutrient know-how based on sound science and sustainable practices.

Values:
Successful co-operative
We put the customer at the centre of everything we do

Empowered people
We choose the best people and enable them to do their best

Enduring relationships
We develop long-term relationships based on integrity and trust

Environmental leadership
We strive to lead in the field of sustainability

Driving innovation
We drive the business forward by finding better solutions

"I love meeting the farmers. We talk on the phone and they tell us how friendly and helpful we always are. It's great getting that fabulous feedback."
Pam Ferguson
Customer Services Representative

"Late last year a key fertiliser producer visited shareholders, stores and spreader operators, listened to what they wanted and has now delivered a high quality product. It shows we can make significant changes on the other side of the world that will benefit us all!"
Chad Gillespie
Procurement Manager

Well-positioned to capitalise on trends

Food chain integrity commands a premium
Ravensdown has the practical solutions, trained teams and technology to help Kiwi farmers meet growing consumer expectations.

In terms of global demand, food-consumers are expecting increasing transparency of their food supply chain. This means that traceability and environmental performance will be paramount for "New Zealand Food Inc" to command a premium in a competitive global market.

Ravensdown's state-of-the-art laboratory equipment, laser-scanning pasture measurement devices, interactive maps and GPS-controlled spreaders help farmers buy and apply only what they need. This gives more precision and traceability which is better for the environment, for farming's bottom line and for the integrity of the food supply chain.

Global fertiliser supply capacity increasing
In terms of global fertiliser supply, the capacity to create nitrogen and ammonium-based products is increasing every quarter. This would pose a substantial business risk if we were exposed upstream with investments in different urea-based production facilities instead of negotiating long term supplier partnerships.

By partnering with leading suppliers with the scale and proven track record, with quality products and who are prepared to innovate, Ravensdown is ensuring competitively-priced fertilisers are available at peak times.

The need for effective nutrient stewardship
Some in society are questioning land use intensification and the consequent potential for increased nutrient loading in water bodies. Whatever the outcome, more efficiently and effectively managed nutrients are absolutely vital for farmers and their communities.

Ravensdown's advisors are talking through nutrient options with farmers, consulting with customers on what they don't need to put on as well as what they do.

We will continue to assist farmers with their environmental compliance requirements as these increase due to regional regulations and national frameworks.

Farming's contribution to the nation's prosperity
Farming output and exports are targeted for growth and Ravensdown is committed to doing all it can to support this mission with essential farm inputs.

When it comes to quality fertilisers, seeds, agrichemicals, animal health and nutrition products, we will continue to innovate where we can add value and deliver appropriate shareholder returns.

A good example of this is the GrubOut U2 seed that was developed by our joint venture partner Cropmark. This product has proven a great way for customers to battle clover root weevil and other pests.

Investment in technology and innovation

Smart Maps wins international award
Since the launch of Smart Maps in June 2013, more than 3,400 farmers have transformed the way they record and monitor their businesses.

Smart Maps is an interactive mapping tool which helps with their decision making and acts as a visual / auditable record of farmers' nutrient plans and application history.

By accessing their personalised online service MyRavensdown, customers can manage their feed wedge making real time decisions on application rates based on growth response and soil test data. Our C-DAX subsidiary's award-winning pasture measurement tools integrate with Smart Maps so that grass growth is readily tracked.

The Smart Maps tool won an international information technology award, ahead of 100,000 other nominees worldwide. Smart Maps won the 2014 Environment Systems Research Institute Inc (Esri) Special Achievement Award in Geographical Information Systems (GIS). The annual award presented in San Diego recognises outstanding work in GIS technology and Ravensdown is the only New Zealand company to be named among the Institute's winners.

New ways to order online
Customers can now use the new online ordering system on MyRavensdown to organise their purchases of fertiliser, lime, mixes, agchem and animal health.

Creating favourite orders that can be used again and again will save time. The ability to order from a plan also keeps things simple. These fertiliser plans are the result of soil test results, a sound understanding of farm objectives and some good advice. Seeing these plans on a website where a customer can go on to place their order is also more convenient.

Our highly-rated Customer Centre is still available to help by phone, email or Live Help within MyRavensdown. This new tool allows farmers to choose when to place their orders and that can be any hour of the day.

Investing in the science
As well as delivering a host of papers and seminars throughout the country, the science research and development team worked on a new Primary Growth Partnership (PGP) programme which was formally agreed with the Ministry for Primary Industries (MPI).

The *Pioneering to Precision: Application of Fertiliser in Hill Country* PGP programme is a seven-year programme that aims to improve hill country sheep and beef farming productivity and protect the environment through more efficient and more precise use of fertiliser.

By doing this, the programme aims to improve the profitability of hill country farming and generate earnings of $120 million per year by 2030 from additional exports of meat and wool. MPI and Ravensdown are each investing approximately $5 million in the PGP programme.

The project will investigate the potential to combine remote-sensing of nutrient status on hill country farms with GPS-guided aerial topdressing. Support of the MPI and our research partners Massey University and AgResearch will enable the sampling, software development and data collection to take place.

Left: Ravensdown was proud to sponsor the New Zealand Dairy Industry Awards and ANZ Young Farmer Contest as well as a host of community causes.

Right: Ravensdown continues to fund future farming leadership through its scholarship programmes including the Hugh Williams Ravensdown Memorial University scholarship winner Zoe Haylock from Lincoln.

"With the operations benefiting from investment, a strengthening balance sheet and a determined and focused team, Ravensdown faces the future with growing confidence."

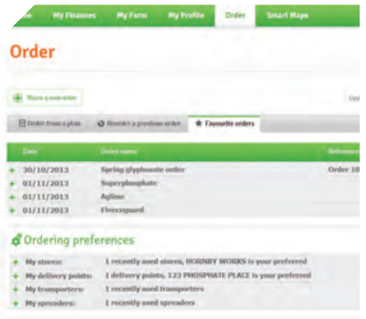
Greg Campbell
CEO

"I love it when I get out of the office and meet our shareholders on farm and they can see how Smart Maps can really make a difference to their farming business."

Erin Webley
Web Manager

Left: Online ordering capability was improved with easy dropdown menus and prompts for frequently used commands.

Right: Prime Minister John Key presents the 2013 American Chamber of Commerce in New Zealand Exporter of the Year award to Greig Shearer, Managing Director of Ravensdown subsidiary C-Dax.



Investment in quality products

Improving manufacturing
In Awatoto, we are committing capital to replace the existing sulphur burner with the latest technology in furnace construction. This will produce many benefits including improving the efficiency and operation of our sulphuric acid plant. We also installed a new 60,000 tonne fertiliser store.

In Hornby, we're starting to replace the quake-damaged stores and the whole materials handling system. We've installed a new fertiliser store and dispatch facility and we will also be installing a new blending plant to improve quality of product and efficiency of dispatch and service for all those who uplift their product from us.

Investing in infrastructure
Our team is focused on product and blend quality at our stores. This can mean small differences such as preventive maintenance up to larger capital items such as improved blending for stores like Manunui, structural improvements and new truck wash at Dargaville.

We have invested over $5m in upgrading our mobile plant fleet, including 17 new machines delivered in stores, works and quarries. Stores in Ashburton, Feilding, Woodlands, Stratford, Pukekohe, Rata, Methven, Timaru, Wanganui, Napier and New Plymouth have already received new loaders as part of a fleet upgrade throughout the network.

We're already seeing benefits in terms of reduced maintenance and replacement rentals. Other benefits include greater reliability, fuel savings and improved health and safety.

Forecasting and planning improvements
Enterprise resource planning (ERP) software is a vital part of any business. Ravensdown is upgrading our own mission-critical system so that it is better prepared for growth and change.

Despite spikes in demand for products like potash in the autumn, the team ensured good availability of quality product at key times.

Improving quality suppliers
After putting new procurement systems in place, we put them into practice last year. Any new suppliers must go through a rigorous process involving due diligence and product and site evaluation. This has resulted in a systematic approach to delivering quality products and resulted in improved product quality outcomes.

Strategic relationships with longstanding suppliers have delivered value in all commercial aspects including surety of supply, pricing, quality and a commitment to innovate.

Whether new or established, all products are checked against physical and chemical specifications such as granule sizing/ distribution, oversize fraction, dust fraction, size guide number (SGN), granule strength and granule attrition. Also suppliers and supply chains are tested and audited to ensure they meet biosecurity requirements.

Our biosecurity assessment processes were developed with MPI and are independently audited to ensure all products are thoroughly checked on loading and arrival.

Left: Tighter product specifications guide decisions on new suppliers of products such as Granular Ammonium Sulphate.

Right: Our lab teams crush and sieve the GAS samples to see if our spec was achieved.

"I enjoy the camaraderie at Ravensdown and the sense that the company really looks after their people and we help each other to get the job done properly and on time."

Pete "Phatty" Bradley
Quarry Worker

"After 10 months on the Ravensdown Graduate Programme I 'came home' to a role in Taranaki. I love spending time with our farmers, and providing them with efficient and effective advice to help their business succeed."

Nicole Murray
Agri Manager

Investment in quality advice

Training and recruitment
After working with the industry to set up the Advanced Nutrient Management Certification scheme, 37 Ravensdown advisors were certified with the rest on their way through the process.

This badge of certification gives farmers assurance that the person advising them on one of the most important aspects of their farming has been through a systematic training process.

We have continued to invest in the recruitment and training of new talent through the graduate recruitment programme and created a new role of Field Technician so these ambitious young people can learn their craft from more experienced advisors.

Dealing with regulatory reality
We have made submissions to various regulatory councils attempting to ensure that their decisions are based on sound nutrient science.

Our advisors already have access to the relevant farm data, soil test trends and OVERSEER experience to deliver the kind of nutrient budgets that will be expected under the new regimes installed by regional councils like Canterbury and Horizons.

When combined with Farm Environment Consultants, who can analyse different scenarios and recommend suitable mitigations, Ravensdown shareholders already have access to the tools, team and technology they need to navigate the regulatory maze.

Treating people well
The care taken in finding quality people and finding ways to retain them paid off in a year that followed a challenging 2012-13. Customer satisfaction results for our Customer Centre and field-based team continued to score highly.

Tragic incident underlines safety mission
It is with great sadness that we report a terrible loss of one of our customers who was killed during an Aerowork operation at his airstrip in June.

Whilst financial performance can be turned around, such loss is irreversible and has such profoundly devastating effects that it is hard to put into words.

Our condolences extend to the family and all those affected. The investigation continues, but the tragedy highlights the ever-present need for each of us, whether farmers or Ravensdown employees, to do all we can to stay safe.

Left: An intake of Ravensdown advisors celebrate their certification as part of the industry's Certified Nutrient Management Advisor scheme.

Right: Agri managers like Ryan Tate use Smart Maps to help farmers improve their traceability and audit trail.

Investing in environmental performance

Nutrient budgeting for more sustainable dairying
Ravensdown is an enabling signatory of the Sustainable Dairying: Water Accord and seeks to collaborate with others who want to manage their nutrients to secure better environmental outcomes. We've been working alongside DairyNZ and Fonterra in the first instance and, more recently, other dairy companies such as Synlait, Miraka, Westland, Tatua and Open Country Dairy in respect to the accord.

We have agreed with Fonterra and other dairy companies to prepare nutrient budgets where we have the data and permission. This means thousands more nutrient budgets than usual will need to be produced. We have geared up and organised the necessary resources to make this happen because it is a vital part of the nutrient stewardship role that we share with our customers.

The nutrient budget models the farm's operation and generates a view of the farm system's nitrogen use efficiency and nitrogen loss.

Regularly estimating these nitrogen measures will allow the industry to show progress over time as farmers adopt best practice management techniques.

ARL's environmental innovations
Analytical Research Laboratories delivered over 65,000 soil samples quickly and accurately last year. The wholly-owned testing facility is dedicated to efficient and accurate results for its customers. The 15% discount available for shareholders applies to plant tissue, feed quality and water analysis.

ARL's new Environmental Impact Suite enables measurement of surface water quality and is now conducting microbiological testing, for example, for total coliforms and E.Coli in-house.

Temperature control of samples (especially water samples) is a vital part of ensuring accurate test results. ARL also installed online temperature monitors in all of their laboratory fridges and ovens.

Cadmium mitigation where needed
For many years, Ravensdown superphosphate has been well under the 280mg Cd per kg P voluntary limit for cadmium which naturally occurs at trace levels in the phosphate rock used to make that fertiliser.

As part of industry's new Tiered Fertiliser Management System (TFMS) our advisors will be recommending mitigation measures for the very small number of specific farms which need to manage cadmium more carefully.

Industry data shows that 70% of New Zealand farms are in the tier zero bracket, that is, they have soil cadmium levels within the naturally-occurring range. Of the 30% of farms above that naturally-occurring level, only 1% are in tier 4 and require no further accumulation. Our Agri Managers can ensure those few shareholders are given appropriate support and products.

New environmental consultancy launched
We brought together specialist environmental consultants and a new team has been formed to help customers grapple with tougher compliance and regulatory frameworks.

This expertise has already proved valuable for many farmers facing compliance issues with their regional councils, wanting to improve their environmental performance, establish nutrient losses before a sale or consider a resource consent.

Charges for the new user-pays Optimiser™ service are based on the type of plan required and the complexity and detail needed.

Farm Scenario Plans contain analysis of various options for individual farm systems and Farm Environmental Plans present a full farm environmental risk assessment with mitigation strategies.

Our team has the practical insight into farm systems and a working knowledge of each region's evolving regulatory framework. Combined with their experience with the OVERSEER nutrient modeling software, this will deliver real value to farmers.

The Optimiser service can include interacting with the relevant agency, for example during a consent process, freeing farmers from the typical back-and-forth negotiations and requests for information that can occur.

Meanwhile, the existing network of Ravensdown Agri Managers continues to provide their customers with fertiliser recommendations, base system nutrient budgets to assist with fertiliser recommendations and farm production plans.

I am proud of the team's achievements, humbled by the support of our shareholders and confident that the prospects for our business are good.

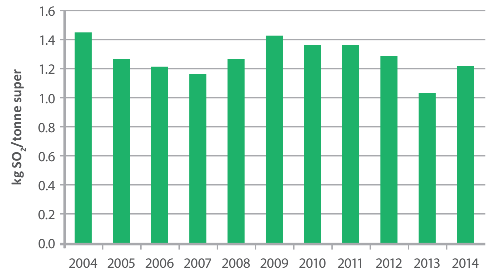
Thanks for your interest in your co-operative.

Greg Campbell
Chief Executive

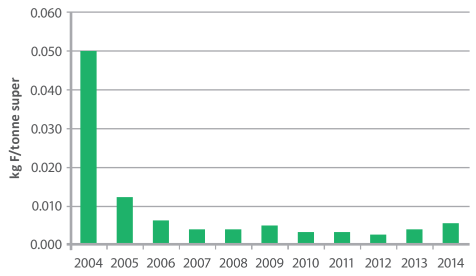
Left: SO_2 to air: the specific emission is slightly higher than the previous year, because the Awatoto plant represented a lower proportion of total production yet is the most efficient in terms of absorption.

Right: F to air: emission rates remain low and the small increase due to Awatoto's lower proportion in our total production.

Sulphur Dioxide discharged to air
(kg SO_2 per tonne of fertiliser manufactured)



Fluoride discharged to air
(kg F per tonne of fertiliser manufactured)



Left: The Hornby plant erected its new acid stack. At 64 metres it is 14 metres higher than mandated by air permit consent requirement because models indicated sulphur dioxide trace levels were reduced by the extra height.

Right: Ravensbourne installed a new truckwash which targets the wheels and undercarriage of all trucks leaving the site. It will clean 5,000 trucks a year with destinations from Timaru to Bluff.

"After 14 years with Ravensdown I still really enjoy coming to work! I've lived in the area all my life so have a strong work and social relationship with our shareholders – Ravensdown is a real part of the community."

Dave Moore
Store Manager

"It is great to feel like my ideas and input are listened to and valued. I feel I am part of a team focused on continuous improvement."

Hannah Morgan
Process Engineer

Left: Karen Cooper and Mae Smith completing the microbiological analysis on customers' water samples as part of ARL's new Environmental Impact suite.

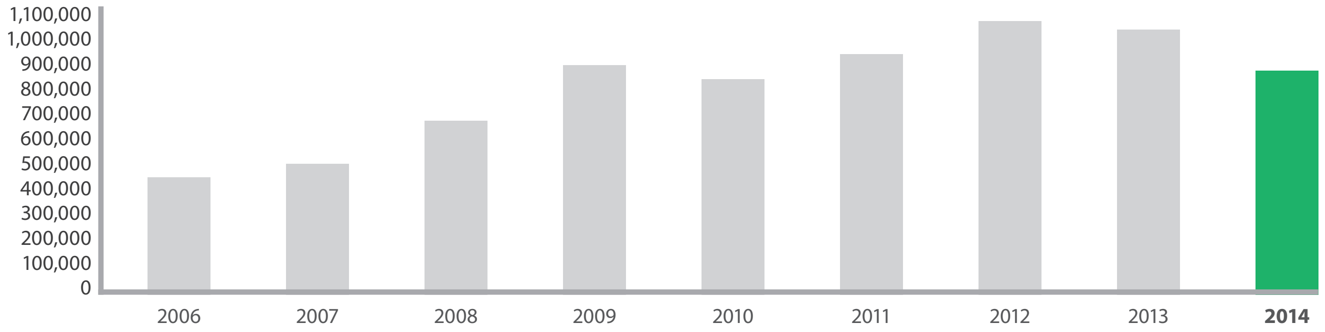
Right: Mark Crawford is one of the new team of Environmental Consultants.

Finance at a Glance

In New Zealand Dollars

Sales Revenue ($'000)

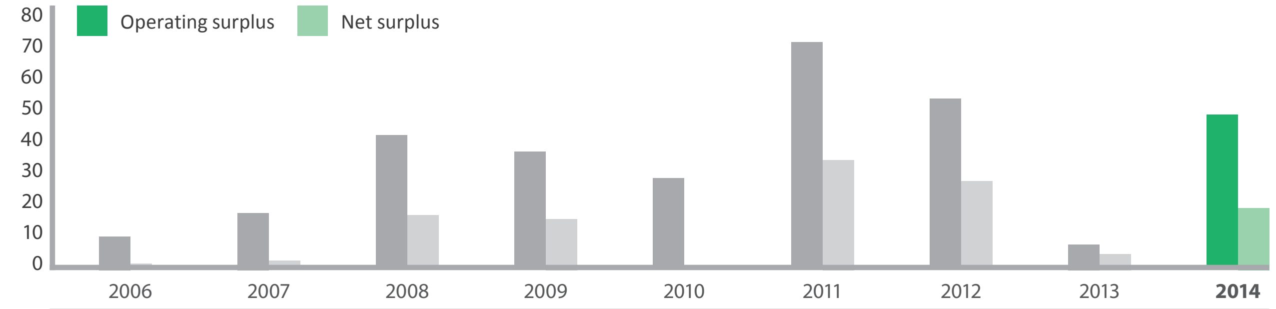
Total sales made by Ravensdown after removing inter-company transactions.



(Including results from discontinuing operations)

Operating surplus compared with net surplus after rebate and tax ($ million)

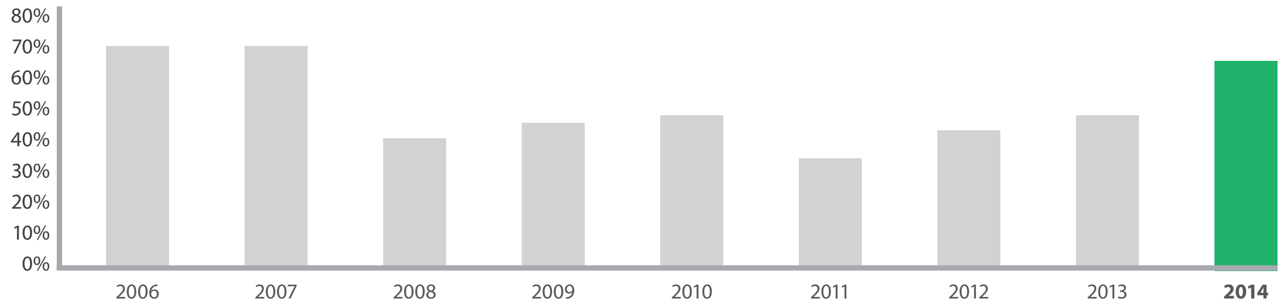
Compares the profit achieved by the company prior to rebate distribution and tax with the amount retained by the company.



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

Equity Ratio (%)

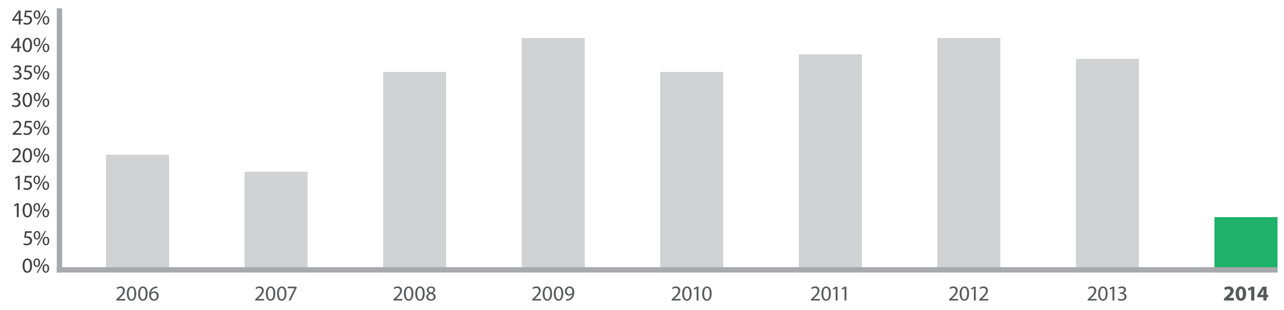
The ratio of equity to total assets compares the money creditors contribute to the business with the money owners contribute.



(including hedging reserve)

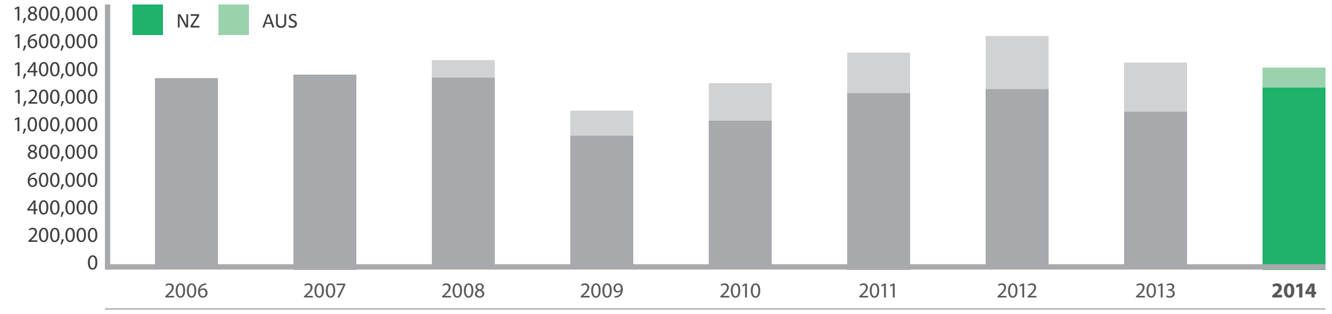
Debt Ratio (%)

Bank debt divided by total tangible assets - illustrates how much bank debt is used to fund assets.



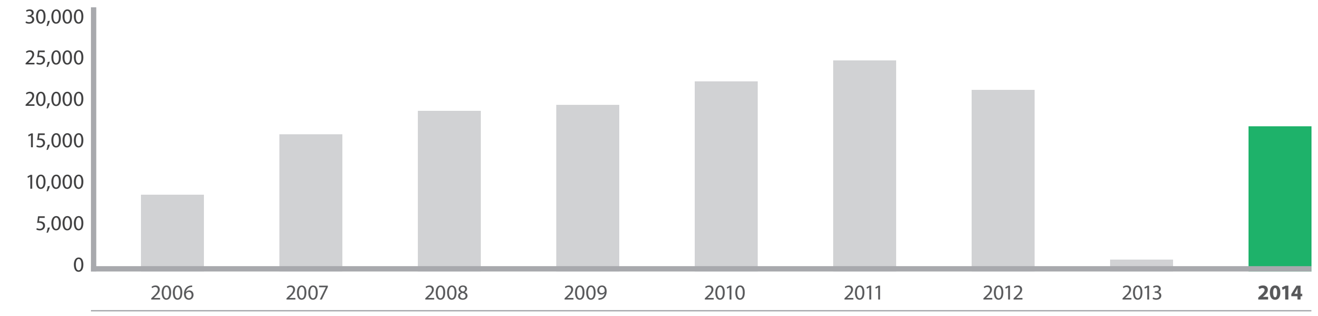
Fertiliser Sales (tonnes)

Total fertiliser purchases.



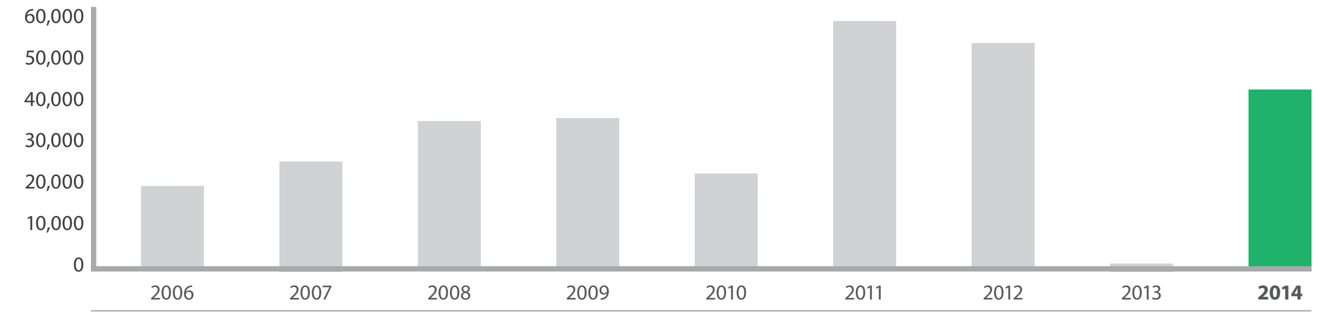
Value of Rebate to Shareholders ($'000)

Total dollar of distribution to shareholders comprising rebates.



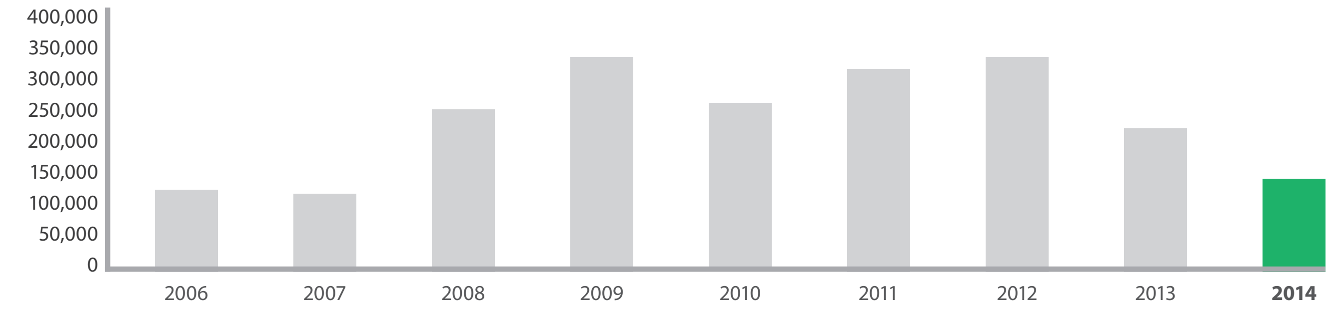
Value of Distribution to Shareholders ($'000)

Total dollar value of distribution to shareholders comprising rebates and bonus issues.



Inventory ($'000)

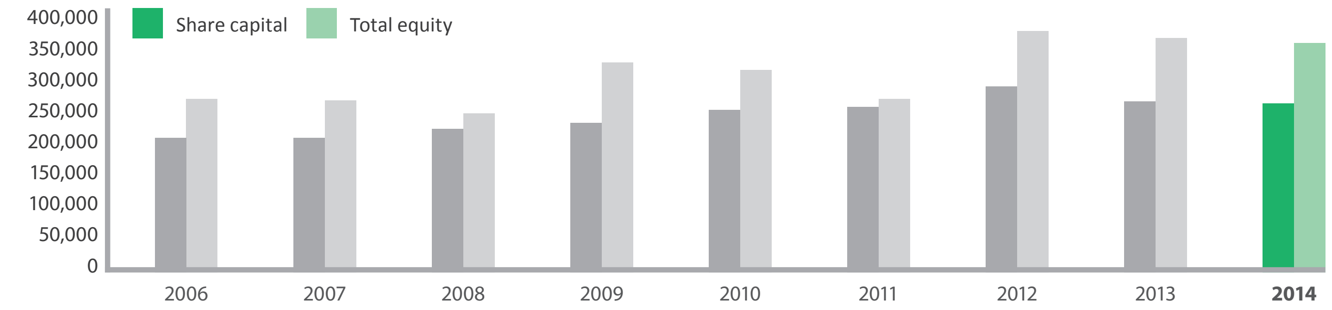
Total inventory held by Ravensdown including manufactured product, raw materials, stock in transit at balance date and spare parts.



(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.



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 & Risk 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 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 distribution
- 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 & Appointments 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
- Conduct the recruitment process for a new Chief Executive

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

During the past financial year the Board has been comprised of 13 directors, 11 of whom were elected to represent shareholders in the areas of the company's operations. Following the 2014 annual meeting the areas of the company's operation will reduce to 8 and there will accordingly be 8 elected directors. The Constitution requires that one-third of the elected directors must retire every year at the annual meeting and elections for the vacant positions are held prior to that meeting. 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 & RISK		REMUNERATION & APPOINTMENTS		SURRENDERS		BOARD & CO-OPERATIVE STRUCTURE		HUGH WILLIAMS SCHOLARSHIP	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
John Henderson	9	9	1	1	2	2			In recess	No meetings held		
Chris Dennison	9	9	4	4							2	2
Liz Coutts	9	9	4	4								
Gary Cosgrove	9	9										
Scott Gower	9	9					9	9				
Tony Howey	9	9										
Glen Inger	9	7	4	1								
Pete Moynihan *(appointed Sep 2013)*	5	5					2	2				
Tony Reilly	9	8			2	2						
Rhys Turton	9	9					9	8				
Patrick Willock	9	8	4	4	2	2						
Stuart Wright	9	9									2	2
Bevin Watt *(resigned Sep 2013)*	4	4					3	2				
Bill McLeod *(resigned Mar 2014)*	7	7	3	3	2	2						
Jim Williams *(resigned Sep 2013)*	4	4										

Board of Directors

John Henderson LLB Chairman

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 sheep and beef operation. John has been on the Ravensdown Board since 2004, and was elected Chairman in February 2014.

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

Chris Dennison B.Com.Ag Deputy Chairman

Chris Dennison is a dairy and arable farmer with a background in sheep and beef. Chris has been on the Ravensdown Board since 2005, and was elected as Deputy Chairman in February 2014.

Committees: Audit & Risk, Hugh Williams Scholarship

Peter Moynihan B.Ag.Sc

Pete Moynihan is an Invercargill-based Agribusiness Area Manager for a prominent bank. He also has farming interests specialising in dairying in NZ and has a farming investment in Chile. Pete was elected to the Ravensdown Board in 2013.

Committees: Share Surrenders

Patrick Willock

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 served as Deputy Chairman from Sept 2005 to Feb 2014.

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

Tony Howey

Tony Howey is an arable, vegetable and berry fruit grower from Timaru. He has been recently elected to the Horticulture New Zealand Board. Tony was elected to the Ravensdown Board in 2006.

Scott Gower

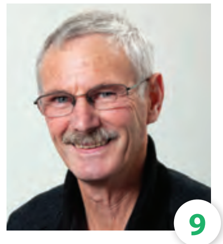
Scott Gower is a sheep and beef farmer in Ohura and is also a member of the Institute of Directors in New Zealand. Scott was elected to the Ravensdown Board in 2006.

Committees: Share Surrenders

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 & Appointments, Board & Co-operative Structure



Bill McLeod (Retired Feb 2014)

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. He served as Chairman from September 2005 and retired from the Board in February 2014.

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

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: Hugh Williams Scholarship

Independent Directors

Glen Inger

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

Committees: Audit & Risk

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.

Committees: Audit & Risk

Note: Ms Coutts will be resigning prior to the 2014 annual meeting

Note: as part of the Board's initiative to simplify its structure, New Zealand directors' wards change after the 2014 annual meeting

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 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 & Co-operative 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

Note: The Western Australian directors' area will cease to exist immediately after the 2014 annual meeting and accordingly the directors will retire from office

Leadership Team

Greg Campbell MBA(Dist), FNZIM, MIoD
Chief Executive
Greg has been CEO for 18 months and was formerly Chief Executive of Ngai Tahu Holdings. Greg has been Managing Director of Transpacific New Zealand, a director of various companies and a past director of PGG Wrightsons.

Sean Connolly B.Com, C.A
Chief Financial Officer (CFO)
Sean has been with Ravensdown for 10 years and has been CFO since 2005.

Kevin Gettins
General Manager Operations
Kevin has been with Ravensdown for 30 years and became Awatoto works manager in 2005. He has been in charge of all manufacturing operations across the three sites since 2011.

Bryan Inch
General Manager Customer Relationships
Bryan has been with Ravensdown for eight months and was previously CEO of Canterbury Building Society and held senior roles with Rabobank.

Mark McAtamney B.Com
Chief Information Officer (CIO)
Mark has been with Ravensdown for 13 years and for the last 11 as CIO has developed leading technologies that transformed the precision of our spreading services and interaction with customers.

Mike Manning B.Ag.Sc, CP Ag
General Manager Innovation and Strategy
Mike has been with Ravensdown for 33 years and held a variety of roles in marketing, sales supply and R&D.

Tracey Paterson B.A, Dip. PR, Dip Comm
General Manager Organisational Development
Tracey has been with Ravensdown for 12 years and her previous role was with meat processing company AFFCO and prior to that with the health sector.

Mike Whitty B. Com.Ag, C.A
General Manager Supply Chain
Mike has been with Ravensdown for 17 years holding a variety of roles in finance, sales, marketing, manufacturing and now the supply chain.

2014 Financial Statements

Directors' declaration
In the opinion of the directors of Ravensdown Fertiliser Co-operative Limited, the financial statements and notes, on pages 20 to 78:

- 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 2014 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 to 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 2014.

For and on behalf of the Board of Directors:

J F C Henderson
Director

C J Dennison
Director

Date: 6 August 2014

Income statement

for the year ended 31 May

In thousands of New Zealand dollars	*Note*	GROUP 2014	GROUP 2013	COMPANY 2014	COMPANY 2013
Continuing operations					
Revenue	8	770,098	778,177	749,710	748,972
Insurance proceeds	9	-	3,646	-	3,646
Cost of sales	10	(637,626)	(688,208)	(617,651)	(667,008)
Gross profit		132,472	93,615	132,059	85,610
Sales and marketing		(21,710)	(22,751)	(20,805)	(21,988)
Administrative expenses	11	(27,121)	(28,533)	(22,722)	(24,867)
Other operating expenses		(2,446)	(2,506)	(3,255)	(2,191)
Results from operating activities before transactions with shareholders and finance costs		81,195	39,825	85,277	36,564
Finance income		29	318	346	233
Finance expenses		(11,151)	(14,557)	(11,148)	(14,557)
Net finance costs	13	(11,122)	(14,239)	(10,802)	(14,324)
Share of profit of equity accounted investees (after tax)	18	3,264	2,718	-	-
Profit before rebate and income tax		73,337	28,304	74,475	22,240
Rebates		(16,641)	(167)	(16,641)	(167)
		56,696	28,137	57,834	22,073
Income tax expense	14	(13,840)	(8,444)	(13,281)	(7,788)
Profit for the year before bonus share issue		**42,856**	**19,693**	**44,553**	**14,285**
Bonus share issue		(18,366)	115	(18,366)	115
Profit for the year from continuing operations		**24,490**	**19,808**	**26,187**	**14,400**
Discontinuing operations					
Loss after rebate and tax for the year from discontinuing operations	6	(23,937)	(16,504)	(17,935)	(13,154)
Profit for the year attributable to the equity holders		**553**	**3,304**	**8,252**	**1,246**
Profit attributable to:					
Owners of the company		553	3,304	8,252	1,246
Non-controlling interest		-	-	-	-
Profit for the year		**553**	**3,304**	**8,252**	**1,246**

The notes on pages 31 to 78 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 2014	GROUP 2013	COMPANY 2014	COMPANY 2013
Profit for the year		**553**	**3,304**	**8,252**	**1,246**
Foreign currency translation differences for foreign operations		(404)	(377)	293	445
Revaluation of non current assets		2,912	(831)	(1,296)	(1,072)
Revaluation reserve transferred to retained earnings on disposal of property, plant and equipment		2,012	-	2,012	-
Effective portion of changes in fair value of cash flow hedges		(21,903)	(56,353)	(21,903)	(56,353)
Net change in fair value of cash flow hedges transferred to inventory		24,060	47,381	24,060	47,381
Net change in fair value of cash flow hedges transferred to profit or loss		1,378	1,437	1,378	1,437
Income tax on income and expense recognised directly in equity	14	1,314	3,196	1,314	3,196
Other comprehensive income for the year		**9,369**	**(5,547)**	**5,858**	**(4,966)**
Total comprehensive income for the year		**9,922**	**(2,243)**	**14,110**	**(3,720)**
Attributable to:					
Owners of the company		9,922	(2,243)	14,110	(3,720)
Non-controlling interest		-	-	-	-
Total comprehensive income for the year		**9,922**	**(2,243)**	**14,110**	**(3,720)**
Attributable to:					
Continuing operations		33,160	15,297	30,655	9,684
Discontinuing operations	6	(23,238)	(17,540)	(16,545)	(13,404)
		9,922	**(2,243)**	**14,110**	**(3,720)**

The notes on pages 31 to 78 are an integral part of these financial statements.

Statement of financial position

as at 31 May

In thousands of New Zealand dollars	*Note*	GROUP 2014	GROUP 2013	COMPANY 2014	COMPANY 2013
Assets					
Property, plant and equipment	15	243,804	245,664	215,320	211,007
Intangible assets	16	6,985	6,710	6,213	5,951
Mining deposits	17	14,958	14,959	14,958	14,959
Investments in equity accounted investees	18	13,821	16,790	8,662	9,472
Other financial assets	19	-	2,212	47,040	84,535
Total non-current assets		279,568	286,335	292,193	325,924
Inventories	21	142,607	171,298	134,955	156,642
Other financial assets	19	969	3,221	969	3,221
Trade and other receivables	22	101,950	122,024	103,551	112,683
Cash and cash equivalents	26	1,223	20,637	-	11,055
Assets held for sale	7	19,488	133,851	3,520	111,399
Total current assets		266,237	451,031	242,995	395,000
Total assets		545,805	737,366	535,188	720,924
Liabilities					
Loans and borrowings	27	-	188,957	-	188,957
Share capital of discontinuing operations	24	19,587	24,764	19,587	24,764
Other financial liabilities	28	-	4,947	-	4,947
Deferred tax liabilities	20	12,352	8,871	7,264	8,683
Total non-current liabilities		31,939	227,539	26,851	227,351

The notes on pages 31 to 78 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 2014	GROUP 2013	COMPANY 2014	COMPANY 2013
Cash and cash equivalents	26	-	-	1,696	-
Loans and borrowings	27	50,026	80,162	50,026	80,162
Share capital of discontinuing operations	24	14,849	3,650	10,417	3,650
Trade and other payables	30	42,589	36,916	41,370	35,348
Other financial liabilities	28	14,276	17,071	14,065	16,842
Current tax liabilities		1,777	1,540	5,059	906
Provision for rebate and bonus share issue	29	33,282	343	33,282	-
Liabilities held for sale	7	496	11,680	496	11,680
Total current liabilities		157,295	151,362	156,411	148,588
Total liabilities		189,234	378,901	183,262	375,939
Net assets		**356,571**	**358,465**	**351,926**	**344,985**
Equity					
Share capital	23	267,441	274,610	267,441	274,610
Redeemable preference shares	25	5,675	10,322	-	-
Reserves		46,147	38,790	42,584	38,738
Retained earnings		37,308	34,743	41,901	31,637
Equity attributable to owners of the company		**356,571**	**358,465**	**351,926**	**344,985**
Non-controlling interests		**-**	**-**	**-**	**-**
Total equity		**356,571**	**358,465**	**351,926**	**344,985**

The notes on pages 31 to 78 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 EQUITY
Balance at 1 June 2012	**284,757**	**9,610**	**1,196**	**(6,560)**	**49,701**	**31,439**	**370,143**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**3,304**	**3,304**
Foreign currency translation differences for foreign operations	-	-	(377)	-	-	-	(377)
Revaluation of property, plant and equipment	-	-	-	-	256	-	256
Effective portion of changes in fair value of cash flow hedges	-	-	-	(40,575)	-	-	(40,575)
Net change in fair value of cash flow hedges transferred to inventory	-	-	-	34,114	-	-	34,114
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	1,035	-	-	1,035
Total other comprehensive income	**-**	**-**	**(377)**	**(5,426)**	**256**	**-**	**(5,547)**
Total comprehensive income for the period	**-**	**-**	**(377)**	**(5,426)**	**256**	**3,304**	**(2,243)**
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
Redeemable preference shares issued	-	712	-	-	-	-	712
Reclassification of share capital on discontinuing operations	(31,834)	-	-	-	-	-	(31,834)
Total contributions by and distributions to owners	**(10,147)**	**712**	**-**	**-**	**-**	**-**	**(9,435)**
Balance at 31 May 2013	**274,610**	**10,322**	**819**	**(11,986)**	**49,957**	**34,743**	**358,465**
Balance at 1 June 2013	**274,610**	**10,322**	**819**	**(11,986)**	**49,957**	**34,743**	**358,465**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**553**	**553**
Foreign currency translation differences for foreign operations	-	-	(404)	-	-	-	(404)
Revaluation of property, plant and equipment, net of tax	-	-	-	-	5,772	-	5,772
Revaluation reserve transferred to retained earnings on disposal of property, plant and equipment	-	-	-	-	(2,012)	2,012	-
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	(14,314)	-	-	(14,314)
Net change in fair value of cash flow hedges transferred to inventory, net of tax	-	-	-	17,323	-	-	17,323
Net change in fair value of cash flow hedges transferred to profit or loss, net of tax	-	-	-	992	-	-	992
Total other comprehensive income	**-**	**-**	**(404)**	**4,001**	**3,760**	**2,012**	**9,369**
Total comprehensive income for the year	**-**	**-**	**(404)**	**4,001**	**3,760**	**2,565**	**9,922**
Co-operative shares issued	37	-	-	-	-	-	37
Co-operative shares surrendered	(7,206)	-	-	-	-	-	(7,206)
Redeemable preference shares surrendered	-	(215)	-	-	-	-	(215)
Reclassification of redeemable preference share capital on discontinuing operations	-	(4,432)	-	-	-	-	(4,432)
Total contributions by and distributions to owners	**(7,169)**	**(4,647)**	**-**	**-**	**-**	**-**	**(11,816)**
Balance at 31 May 2014	**267,441**	**5,675**	**415**	**(7,985)**	**53,717**	**37,308**	**356,571**

The notes on pages 31 to 78 are an integral part of these financial statements.

The notes on pages 31 to 78 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 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 income	**-**	**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**
Balance at 1 June 2013	**274,610**	**1,426**	**(11,986)**	**49,298**	**31,637**	**344,985**
Profit for the year	**-**	**-**	**-**	**-**	**8,252**	**8,252**
Foreign currency translation differences for foreign operations	-	293	-	-	-	293
Revaluation of property, plant and equipment, net of tax	-	-	-	1,564	-	1,564
Revaluation reserve transferred to retained earnings on disposal of property, plant and equipment	-	-	-	(2,012)	2,012	-
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	(14,314)	-	-	(14,314)
Net change in fair value of cash flow hedges transferred to inventory, net of tax	-	-	17,323	-	-	17,323
Net change in fair value of cash flow hedges transferred to profit or loss, net of tax	-	-	992	-	-	992
Total other comprehensive income	**-**	**293**	**4,001**	**(448)**	**2,012**	**5,858**
Total comprehensive income for the year	**-**	**293**	**4,001**	**(448)**	**10,264**	**14,110**
Co-operative shares issued	37	-	-	-	-	37
Co-operative shares surrendered	(7,206)	-	-	-	-	(7,206)
Total contributions by and distributions to owners	**(7,169)**	**-**	**-**	**-**	**-**	**(7,169)**
Balance at 31 May 2014	**267,441**	**1,719**	**(7,985)**	**48,850**	**41,901**	**351,926**

The notes on pages 31 to 78 are an integral part of these financial statements.

The notes on pages 31 to 78 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 2014	GROUP 2013	COMPANY 2014	COMPANY 2013
Cash flows from operating activities					
Cash receipts from customers		923,046	1,068,672	846,552	1,007,055
Dividend received		1,364	1,356	8,090	164
		924,410	1,070,028	854,642	1,007,219
Cash was applied to					
Cash paid to suppliers and employees		733,018	908,924	685,553	854,341
Income tax paid		6,043	329	5,151	81
		739,061	909,253	690,704	854,422
Net cash from operating activities		**185,349**	**160,775**	**163,938**	**152,797**
Cash flows from investing activities					
Proceeds from discontinued operations		46,371	-	46,371	-
Proceeds from sale of shares in associates		1,051	-	-	-
Proceeds from sale of property, plant and equipment		1,151	530	619	383
Proceeds from shares in subsidiaries		-	-	929	-
Insurance receipts		-	14,572	-	15,468
Cash received from held-to-maturity investments		522	-	-	-
Loans repaid by subsidiaries		-	-	68,292	137,001
Loans repaid by equity accounted investees		13,977	108,284	1,324	951
		63,072	123,386	117,535	153,803
Cash was applied to					
Acquisition of property, plant and equipment		21,020	40,553	14,438	28,913
Acquisition of other non-current assets		898	1,297	858	1,258
Purchase of investments		166	2,094	166	2,094
Acquisition of shares in subsidiary, net of cash acquired		-	-	334	-
Loans advanced to subsidiaries		-	-	42,741	145,238
Loans advanced to equity accounted investees		9,225	111,850	580	1,096
		31,309	155,794	59,117	178,599
Net cash from/(used in) investing activities		**31,763**	**(32,408)**	**58,418**	**(24,796)**

The notes on pages 31 to 78 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 2014	GROUP 2013	COMPANY 2014	COMPANY 2013
Cash flows from financing activities					
Interest received		576	2,714	1,337	2,671
Proceeds from issue of redeemable preference shares		-	22	-	-
Proceeds from issue of share capital		40	62	40	62
		616	2,798	1,377	2,733
Cash was applied to					
Interest paid		13,452	21,375	13,452	21,375
Repay share capital		7,810	8,031	7,810	8,031
Repay redeemable preference shares		557	-	-	-
Payment of rebates		-	12,623	-	12,266
Bank term loan repayments		217,379	75,521	217,379	75,521
		239,198	117,550	238,641	117,193
Net cash used in financing activities		**(238,582)**	**(114,752)**	**(237,264)**	**(114,460)**
Net increase/(decrease) in cash and cash equivalents		(21,470)	13,615	(14,908)	13,541
Cash and cash equivalents at 1 June		20,637	8,319	11,055	(2,110)
Effect of exchange rate fluctuations on cash held		2,056	(1,297)	2,157	(376)
Cash and cash equivalents at 31 May	26	**1,223**	**20,637**	**(1,696)**	**11,055**

The notes on pages 31 to 78 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 2014	GROUP 2013	COMPANY 2014	COMPANY 2013
Profit for the year after bonus issue	553	3,304	8,252	1,246
Adjustments for:				
Items classified as investing or financing activities				
Rebates to shareholders	16,651	451	16,641	90
Interest income	(576)	(2,714)	(1,337)	(2,671)
Interest expense	13,452	21,375	13,452	21,375
Proceeds from sale of shares in associates	(1,052)	-	-	-
Insurance receipts	-	(14,572)	-	(15,468)
Items not involving cash flows				
Depreciation and loss (gain) on disposals	27,454	20,742	24,630	16,725
Amortisation of intangible assets	639	409	597	397
Amortisation of deferred income	(2,864)	-	(2,864)	-
Net loss (gain) on financial instruments	(29)	164	(29)	164
Decrease in deferred taxation	4,495	(2,941)	(405)	(2,058)
Revaluation of Government Bond	(2)	(17)	-	-
Impairment of intercompany loans	-	-	5,667	7,101
Dividends not paid in cash	-	-	-	(55)
Provision for bonus share issue	18,366	(155)	18,366	(155)
Revaluation of fixed assets	574	6,990	446	5,392
Implied interest on discontinuing share capital	2,166	(3,420)	2,166	(3,420)
Equity accounted (profits) losses from associated companies	(1,901)	(1,094)	-	-
Income tax expense	(135)	5,146	3,791	4,767
Decrease (increase) in inventories	68,530	91,988	45,685	75,244
Decrease (increase) in trade and other receivables, prepayments and advances	49,177	43,330	39,037	55,767
(Decrease) in trade and other payables, deferred income	(10,149)	(8,211)	(10,157)	(11,644)
Net cash from operating activities	**185,349**	**160,775**	**163,938**	**152,797**

The notes on pages 31 to 78 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 (refer to note 2 (a)).

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 2014 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").

From 1 April 2014, the new Financial Reporting Act 2013 ("FRA 2013") has come into force replacing the Financial Reporting Act 1993, this is effective for all for-profit entities with reporting periods beginning on or after 1 April 2014. This will be effective for the Company's 31 May 2015 year end. It is expected that the change in legislation will have no material impact on the Company's obligation to prepare general purpose financial statements.

In addition to the change in legislation the External Reporting Board of New Zealand ("XRB") has released a new accounting standards framework which establishes the financial standards to be applied to entities with statutory financial reporting obligations. The Company is currently reporting under NZ IFRS. Under the new XRB framework Management expects that the Company is expected to continue to apply NZ IFRS as applicable for Tier 1 for-profit entities. Management expects that this will have no material impact on the preparation and disclosures included in the financial statements.

The financial statements were approved by the Board of Directors on 6 August 2014.

(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

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:
- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: Inputs other than quoted prices included in 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).

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)
- Trade receivables (note 22)
- Share capital of discontinuing operations (note 24)
- Fair value of derivatives (note 31)

Notes to the financial statements *(continued)*

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 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. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement rather than the rights to its assets and the obligations for its liabilities. 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.

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 shares rank in priority to any other class of share but are limited to the surplus assets or profits of Ravensdown Fertiliser Australia Limited, whether in a winding up or otherwise. Puttable instruments are considered each year to determine if they meet the definition of financial liability or equity instrument and are classified accordingly.

(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.

Notes to the financial statements *(continued)*

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 and fitout	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 wing aircraft	33 years	Straight line
Rotary aircraft	13 years	Straight line

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	14-35 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 32.

(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. 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.

Notes to the financial statements *(continued)*

(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 (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. Available resource is considered on a tonnage basis. 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
The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 June 2013:

- NZ IAS 1 Presentation of Financial Statements amends the presentation of items of other comprehensive income and renames the statement of comprehensive income.
- 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. There has been no material impact on the Group's 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. There has been no material impact on the Group's financial statements as all joint arrangements are joint ventures and have been accounted for using the equity method.
- 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. There has been no material impact on the Group's 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. There has been no material impact on the Group's 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. There has been no material impact on the Group's financial statements.

(t) New standards and interpretations adopted early
There have been no standards or interpretations adopted early for the year ended 31 May 2014.

(u) New standards and interpretations not yet adopted
A new standard is not yet effective for the year ended 31 May 2014 and may impact the Group but has 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.

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).

Notes to the financial statements *(continued)*

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

Ruralco NZ Limited
In July 2013, Ravensdown purchased 50% of the share capital of Ruralco NZ Limited. The consideration paid for the 50% shareholding has a value of $nil. Ruralco NZ Limited represents a 50:50 joint venture between Ashburton Trading Society (ATS) and Ravensdown.

Advanced Spreading Limited
In January 2014 Ravensdown purchased the remaining 67% of the share capital of its associate, Advanced Spreading Limited. The company operates a ground spreading business in Milton and North Oamaru. The goodwill is the recognition of the contribution of the former partners. The profit for the year recognised in the income statement is $73,000 after tax.

In thousands of New Zealand dollars		
Fair value of original 33% interest on acquisition date		164
Carrying amount of 33% interest		(168)
Fair value loss on the 33% interest (recognised in the income statement)		(4)
Consideration paid		334
Fair value of 33% interest on acquisition date		164
Total consideration of acquisition		498
Fair value of identifiable net assets acquired		
Assets	883	
Liabilities	(390)	
Total fair value of identifiable net assets acquired		493
Goodwill		5
Goodwill on acquisition (impaired through the income statement)		(5)

6. Discontinuing operations

In February 2013, it was announced that the Board had decided to exit the joint venture with Direct Farm Inputs Pty Limited ("DFI"). As part of this exit, the operations of Ravensdown Growing Media ("RGM") were also considered to be discontinuing. RGM is a 100% subsidiary which primarily held and sold stock to DFI. An Agreement for the Sale and Purchase of Shares to Louis Dreyfus Commodities Melbourne Holdings Limited was completed on 13 December 2013.

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 (note 24). A Business Sales Agreement was made between Ravensdown and Louis Dreyfus Commodities Asia Pte. Limited on 20 September 2013. The sale was completed on 13 December 2013.

On 30 July 2013 the Board approved a change to the insurance renewal program of the Group. It was decided that there was no longer sufficient economic justification for the captive insurance company, Ravensdown Fertiliser Insurance Company Limited. The Company was wound up in February 2014.

In May 2014 the Board of Ravensdown Fertiliser Australia Limited ("RFA") announced the planned orderly wind down of the Queensland based business. As at balance date the assets of the business are available for sale with expressions of interest currently being sought.

6. Discontinuing operations (continued)

Loss for the year from discontinued operations

In thousands of New Zealand dollars	GROUP 2014	GROUP 2013	COMPANY 2014	COMPANY 2013
Revenue (note 8)	107,354	262,574	73,006	222,562
Cost of sales (note 10)	(115,970)	(257,312)	(82,025)	(220,332)
Impairments* (note 10)	(1,387)	(15,120)	(5,829)	(10,895)
Audit fees (note 11)	(84)	(93)	(8)	(14)
Personnel expenses (note 12)	(3,918)	(6,241)	(2,251)	(4,966)
Net finance costs (note 13)	(3,906)	(1,133)	(3,450)	(1,124)
Share of equity accounted investees loss (note 18)	-	(269)	-	-
Other expenses	(9,454)	(4,577)	(2,115)	(3,494)
Loss before rebate and tax	(27,365)	(22,171)	(22,672)	(18,263)
Rebate and share bonus issue	(10)	(244)	-	118
Loss before tax	(27,375)	(22,415)	(22,672)	(18,145)
Attributable income tax (note 14)	3,438	5,911	4,737	4,991
Loss after rebate and tax for the year from discontinuing operations	**(23,937)**	**(16,504)**	**(17,935)**	**(13,154)**
Loss after rebate and tax for the year from discontinuing operations	(23,937)	(16,504)	(17,935)	(13,154)
Foreign currency translation differences for foreign operations	(399)	(341)	292	445
Revaluation of property, plant and equipment	(2,067)	(117)	(2,067)	(117)
Revaluation reserve transferred to retained earnings on disposal of property, plant and equipment	2,067	-	2,067	-
Income tax on income and expense recognised directly in equity	1,098	(578)	1,098	(578)
Income and expense recognised directly in equity	699	(1,036)	1,390	(250)
Total comprehensive income attributable to discontinuing operations	**(23,238)**	**(17,540)**	**(16,545)**	**(13,404)**

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

Notes to the financial statements *(continued)*

6. Discontinuing operations (continued)

Cash flows from discontinuing operations

In thousands of New Zealand dollars	GROUP 2014	GROUP 2013	COMPANY 2014	COMPANY 2013
Net cash flow from operating activities	48,678	40,940	36,873	34,120
Net cash flow from investing activities *	53,209	(10,257)	66,894	(4,541)
Net cash flow from financing activities	(111,037)	(30,633)	(110,205)	(29,876)
Net cash flows	**(9,150)**	**50**	**(6,438)**	**(297)**

* Includes proceeds from sale of property, plant, equipment and stock of $46.4 million (2013: nil).

7. Disposal group held for sale

The following assets and liabilities represent the reclassifications made as part of the discontinued operations discussed in Note 6.

Assets classified as held for sale

In thousands of New Zealand dollars	GROUP 2014	GROUP 2013	COMPANY 2014	COMPANY 2013
Property, plant and equipment	15,968	39,757	-	33,030
Inventories	68	64,610	68	48,884
Trade and other receivables	3,452	29,484	3,452	29,485
	19,488	**133,851**	**3,520**	**111,399**

Liabilities classified as held for sale

In thousands of New Zealand dollars	GROUP 2014	GROUP 2013	COMPANY 2014	COMPANY 2013
Trade and other payables	(467)	(10,803)	(467)	(10,803)
Employee entitlements	(29)	(877)	(29)	(877)
	(496)	**(11,680)**	**(496)**	**(11,680)**

8. Revenue

In thousands of New Zealand dollars	GROUP 2014	GROUP 2013	COMPANY 2014	COMPANY 2013
Sales	870,759	1,036,271	807,378	967,770
Dividends received	1	1	8,098	226
Other revenue	6,692	4,479	7,240	3,538
Total revenues	**877,452**	**1,040,751**	**822,716**	**971,534**
Attributable to:				
Continuing operations	770,098	778,177	749,710	748,972
Discontinuing operations (note 6)	107,354	262,574	73,006	222,562
	877,452	**1,040,751**	**822,716**	**971,534**

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 2014	GROUP 2013	COMPANY 2014	COMPANY 2013
Insurance proceeds received	-	3,646	-	3,646
Total insurance proceeds	**-**	**3,646**	**-**	**3,646**

All insurance proceeds relating to the 2010/2011 earthquakes have been claimed and received in prior years. The insurance receipts have and will be used to replace and/or improve both plant and storage facilities.

10. Cost of sales

In thousands of New Zealand dollars	GROUP 2014	GROUP 2013	COMPANY 2014	COMPANY 2013
Costs relating to sales during the period	754,059	957,065	705,460	895,579
Write-down of inventories to net realisable value (note 21)	924	3,575	45	2,656
Total cost of sales	**754,983**	**960,640**	**705,505**	**898,235**
Attributable to:				
Continuing operations	637,626	688,208	617,651	667,008
Discontinuing operations (includes impairments disclosed separately in note 6)	117,357	272,432	87,854	231,227
	754,983	**960,640**	**705,505**	**898,235**

Notes to the financial statements *(continued)*

11. Administrative expenses

The following items of expenditure are included in administrative expenses:

In thousands of New Zealand dollars	GROUP 2014	GROUP 2013	COMPANY 2014	COMPANY 2013
Auditor's remuneration to KPMG comprises:				
Audit of financial statements	223	202	147	109
Total auditor's remuneration	**223**	**202**	**147**	**109**

Audit of financial statements includes costs associated with the interim review required of Ravensdown Fertiliser Australia Limited.

Attributable to:				
Continuing operations	139	109	139	95
Discontinuing operations (note 6)	84	93	8	14
	223	**202**	**147**	**109**

12. Personnel expenses

In thousands of New Zealand dollars	GROUP 2014	GROUP 2013	COMPANY 2014	COMPANY 2013
Wages and salaries	54,977	55,062	44,321	45,303
Superannuation - defined contribution	3,015	3,154	2,625	2,786
(Decrease)/increase in liability for long-service leave	(240)	91	(240)	91
Total personnel expenses	**57,752**	**58,307**	**46,706**	**48,180**
Attributable to:				
Continuing operations	53,834	52,066	44,455	43,214
Discontinuing operations (note 6)	3,918	6,241	2,251	4,966
	57,752	**58,307**	**46,706**	**48,180**

13. Finance income and expense

In thousands of New Zealand dollars	GROUP 2014	GROUP 2013	COMPANY 2014	COMPANY 2013
Net change in fair value of derivatives designated at fair value through profit or loss	29	-	29	-
Interest income on held-to-maturity assets	-	28	-	-
Intercompany interest	-	-	1,273	2,303
Implied interest on discontinuing share capital	-	3,437	-	3,437
Interest income other	565	2,702	65	351
Finance income	594	6,167	1,367	6,091
Interest expense on financial liabilities measured at amortised cost	(12,078)	(19,938)	(12,075)	(19,938)
Fair value of cash flow hedges transferred from equity	(1,378)	(1,437)	(1,378)	(1,437)
Implied interest on discontinuing share capital	(2,166)	-	(2,166)	-
Net change in fair value of derivatives designated at fair value through profit or loss	-	(164)	-	(164)
Finance expense	(15,622)	(21,539)	(15,619)	(21,539)
Net finance costs	**(15,028)**	**(15,372)**	**(14,252)**	**(15,448)**
Net finance costs				
Continuing operations	(11,122)	(14,239)	(10,802)	(14,324)
Discontinuing operations (note 6)	(3,906)	(1,133)	(3,450)	(1,124)
	(15,028)	**(15,372)**	**(14,252)**	**(15,448)**

Notes to the financial statements *(continued)*

14. Income tax expense in the income statement

In thousands of New Zealand dollars	GROUP 2014	GROUP 2013	COMPANY 2014	COMPANY 2013
Current tax expense				
Current period	5,703	4,840	8,706	4,082
Adjustment for prior periods	(41)	292	66	526
	5,662	5,132	8,772	4,608
Deferred tax expense				
Origination and reversal of temporary differences	4,280	(3,380)	(161)	(2,389)
Adjustment for prior periods	460	781	(67)	578
	4,740	(2,599)	(228)	(1,811)
Total income tax expense	**10,402**	**2,533**	**8,544**	**2,797**
Attributable to:				
Continuing operations	13,840	8,444	13,281	7,788
Discontinuing operations (note 6)	(3,438)	(5,911)	(4,737)	(4,991)
	10,402	**2,533**	**8,544**	**2,797**

Reconciliation of tax expense

In thousands of New Zealand dollars	GROUP 2014	GROUP 2013	COMPANY 2014	COMPANY 2013
Profit for the year - continuing operations	24,490	19,808	26,187	14,400
Loss for the year - discontinuing operations	(23,937)	(16,504)	(17,935)	(13,154)
Total bonus share issue	18,366	(155)	18,366	(155)
Total income tax expense	10,402	2,533	8,544	2,797
Profit excluding income tax	29,321	5,682	35,162	3,888
Income tax using the Company's domestic tax rate	8,210	1,591	9,845	1,089
Non-deductible expenses	822	519	820	535
Derecognition of previously recognised tax losses	1,509	-	-	-
Tax exempt income	-	-	(2,519)	-
Share of profit of equity accounted investees	(914)	(761)	-	-
Other	356	111	399	69
Under/(over) provided in prior periods	419	1,073	(1)	1,104
Total income tax expense	**10,402**	**2,533**	**8,544**	**2,797**

Income tax recognised directly in equity

In thousands of New Zealand dollars	GROUP 2014	GROUP 2013	COMPANY 2014	COMPANY 2013
Derivatives	(466)	(2,109)	(466)	(2,109)
Revaluation of property, plant and equipment	(848)	(1,087)	(848)	(1,087)
Total income tax recognised directly in equity	**(1,314)**	**(3,196)**	**(1,314)**	**(3,196)**

Notes to the financial statements *(continued)*

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

Income tax recognised directly in other comprehensive income

In thousands of New Zealand dollars	GROUP 2014 BEFORE TAX	GROUP 2014 TAX (EXPENSE) / BENEFIT	GROUP 2014 NET OF TAX	GROUP 2013 BEFORE TAX	GROUP 2013 TAX (EXPENSE) / BENEFIT	GROUP 2013 NET OF TAX
Foreign currency translation differences for foreign operations	(404)	-	(404)	(377)	-	(377)
Net change in revaluation reserve	4,924	848	5,772	(831)	1,087	256
Effective portion of changes in fair value of cash flow hedges	(21,903)	7,589	(14,314)	(56,353)	15,778	(40,575)
Net change in fair value of cash flow hedges transferred to inventory	24,060	(6,737)	17,323	47,381	(13,267)	34,114
Net change in fair value of cash flow hedges transferred to profit or loss	1,378	(386)	992	1,437	(402)	1,035
	8,055	**1,314**	**9,369**	**(8,743)**	**3,196**	**(5,547)**

In thousands of New Zealand dollars	COMPANY 2014 BEFORE TAX	COMPANY 2014 TAX (EXPENSE) / BENEFIT	COMPANY 2014 NET OF TAX	COMPANY 2013 BEFORE TAX	COMPANY 2013 TAX (EXPENSE) / BENEFIT	COMPANY 2013 NET OF TAX
Foreign currency translation differences for foreign operations	293	-	293	445	-	445
Net change in revaluation reserve	716	848	1,564	(1,072)	1,087	15
Effective portion of changes in fair value of cash flow hedges	(21,903)	7,589	(14,314)	(56,353)	15,778	(40,575)
Net change in fair value of cash flow hedges transferred to inventory	24,060	(6,737)	17,323	47,381	(13,267)	34,114
Net change in fair value of cash flow hedges transferred to profit or loss	1,378	(386)	992	1,437	(402)	1,035
	4,544	**1,314**	**5,858**	**(8,162)**	**3,196**	**(4,966)**

Imputation credits

In thousands of New Zealand dollars	GROUP 2014	GROUP 2013	COMPANY 2014	COMPANY 2013
Imputation credits at 1 June	35,145	42,905	33,889	41,723
New Zealand tax payments, net of refunds	3,440	562	3,806	488
Imputation credits attached to bonus share issues	-	(8,322)	-	(8,322)
Imputation credits at 31 May	**38,585**	**35,145**	**37,695**	**33,889**

The imputation credits are available to shareholders of the Company:

Through the Company	37,695	33,889
Through subsidiaries	890	1,256
	38,585	**35,145**

Notes to the financial statements *(continued)*

15. Property, plant and equipment

	GROUP				
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 2012	44,266	102,740	264,560	27,857	439,423
Acquisitions through business combinations					
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	(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**
Balance at 1 June 2013	40,577	80,456	266,668	15,451	403,152
Acquisitions through business combinations	-	-	1,833	16	1,849
Additions	103	7,996	8,628	6,946	23,673
Transfer from capital works in progress	47	6	9,876	(9,929)	-
Revaluations	3,613	(1,433)	-	-	2,180
Disposals	-	(102)	(7,035)	-	(7,137)
Reclassification to assets held for sale	-	(8,912)	(2,429)	-	(11,341)
Effect of movements in exchange rates	-	(543)	(67)	(50)	(660)
Balance at 31 May 2014	**44,340**	**77,468**	**277,474**	**12,434**	**411,716**

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 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	-	(182)	(6,065)	-	(6,247)
Effect of movements in exchange rates	-	(30)	(469)	-	(499)
Balance at 31 May 2013	**-**	**71**	**157,417**	**-**	**157,488**
Balance at 1 June 2013	-	71	157,417	-	157,488
Acquisitions through business combinations	-	-	1,183	-	1,183
Depreciation for the year	2	2,725	15,717	-	18,444
Revaluations	(2)	(2,479)	-	-	(2,481)
Disposals/capitalised	-	(13)	(5,815)	-	(5,828)
Reclassification to assets held for sale	-	(563)	(277)	-	(840)
Effect of movements in exchange rates	-	365	(419)	-	(54)
Balance at 31 May 2014	**-**	**106**	**167,806**	**-**	**167,912**
Carrying amounts					
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**
At 1 June 2013	40,577	80,385	109,251	15,451	245,664
At 31 May 2014	**44,340**	**77,362**	**109,668**	**12,434**	**243,804**

Notes to the financial statements *(continued)*

15. Property, plant and equipment (continued)

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 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	(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**
Balance at 1 June 2013	40,140	71,347	225,804	14,599	351,890
Additions	103	4,161	5,849	6,510	16,623
Transfer from capital works in progress	47	8	9,121	(9,176)	-
Disposals	-	(90)	(4,872)	-	(4,962)
Revaluations	3,613	(1,528)	-	-	2,085
Balance at 31 May 2014	**43,903**	**73,898**	**235,902**	**11,933**	**365,636**

COMPANY					
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 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	-	(182)	(6,010)	-	(6,192)
Effect of movements in exchange rates	-	(29)	(431)	-	(460)
Balance at 31 May 2013	**-**	**44**	**140,839**	**-**	**140,883**
Balance at 1 June 2013	-	44	140,839	-	140,883
Depreciation for the year	2	2,457	13,421	-	15,880
Revaluations	(2)	(2,429)	-	-	(2,431)
Disposals	-	(2)	(4,014)	-	(4,016)
Balance at 31 May 2014	**-**	**70**	**150,246**	**-**	**150,316**
Carrying amounts					
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**
At 1 June 2013	40,140	71,303	84,965	14,599	211,007
At 31 May 2014	**43,903**	**73,828**	**85,656**	**11,933**	**215,320**

Revaluations

New Zealand land and buildings were independently valued as at 31 May 2014 by Mr H Doherty SNZPI, ANZIV, AREINZ of Harcourts Team Wellington.

Australian land and buildings were independently valued as at 31 May 2014 by Geoff Pyman 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 2014	GROUP 2013	COMPANY 2014	COMPANY 2013
Land	23,526	23,425	18,854	18,753
Buildings	68,716	72,756	69,507	67,865

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 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**
Balance at 1 June 2013	2,709	5,714	770	9,193
Acquisitions through business combinations	-	-	5	5
Other acquisitions	622	-	-	622
Balance at 31 May 2014	**3,331**	**5,714**	**775**	**9,820**
Amortisation				
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**
Balance at 1 June 2013	809	1,626	48	2,483
Amortisation for the year (Cost of sales)	30	317	5	352
Balance at 31 May 2014	**839**	**1,943**	**53**	**2,835**
Carrying amounts				
At 1 June 2012	1,261	3,965	722	5,948
At 31 May 2013	**1,900**	**4,088**	**722**	**6,710**
At 1 June 2013	1,900	4,088	722	6,710
At 31 May 2014	**2,492**	**3,771**	**722**	**6,985**

	COMPANY			
In thousands of New Zealand dollars	PATENTS AND REGISTRATIONS	RESOURCE CONSENTS	GOODWILL	TOTAL
Cost				
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**
Balance at 1 June 2013	1,786	5,714	722	8,222
Other acquisitions	587	-	-	587
Balance at 31 May 2014	**2,373**	**5,714**	**722**	**8,809**
Amortisation				
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**
Balance at 1 June 2013	645	1,626	-	2,271
Amortisation for the year (Cost of sales)	8	317	-	325
Balance at 31 May 2014	**653**	**1,943**	**-**	**2,596**
Carrying amounts				
At 1 June 2012	528	3,965	722	5,215
At 31 May 2013	**1,141**	**4,088**	**722**	**5,951**
At 1 June 2013	1,141	4,088	722	5,951
At 31 May 2014	**1,720**	**3,771**	**722**	**6,213**

Notes to the financial statements *(continued)*

16. Intangible assets (continued)

Total research and development expense recognised in profit and loss is $2.9 million (2013: $2.8 million)

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 7 years and 35 years.

Goodwill
Goodwill created through the step acquisition 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 2015 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 2014	GROUP 2013	COMPANY 2014	COMPANY 2013
Balance at 1 June	14,959	14,919	14,959	14,919
Other additions	246	272	246	272
Amortisation for the year (cost of sales)	(247)	(232)	(247)	(232)
Balance at 31 May	**14,958**	**14,959**	**14,958**	**14,959**

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

18. Equity accounted investees

In thousands of New Zealand dollars	*Note*	GROUP 2014	GROUP 2013	COMPANY 2014	COMPANY 2013
Interests in joint ventures	*(a)*	10,735	13,500	6,120	6,398
Interests in associates	*(b)*	3,086	3,290	2,542	3,074
		13,821	**16,790**	**8,662**	**9,472**

(a) Joint ventures
Movements in carrying value of joint ventures:

In thousands of New Zealand dollars	GROUP 2014	GROUP 2013	COMPANY 2014	COMPANY 2013
Balance at 1 June	13,500	9,096	6,398	5,807
Share of profit	2,884	2,288	-	-
Share of loss from joint venture discontinuing operations (note 6)	-	(269)	-	-
Joint venture capital supplied in the year	-	55	-	55
Dividends received from joint ventures	(1,215)	(1,314)	-	-
Movements in loans to joint ventures	(4,434)	3,644	(278)	536
Balance at 31 May	**10,735**	**13,500**	**6,120**	**6,398**

Summary financial information for joint ventures, not adjusted for the percentage ownership held by the Group:

In thousands of New Zealand dollars		TOTAL ASSETS	TOTAL LIABILITIES	REVENUES	PROFIT
2013	Equity accounted investments - joint ventures	36,847	31,378	168,921	(200)
2014	Equity accounted investments - joint ventures	43,655	28,550	206,289	8,076

(b) Associates
Movements in carrying value of associates:

In thousands of New Zealand dollars	GROUP 2014	GROUP 2013	COMPANY 2014	COMPANY 2013
Balance at 1 June	3,290	1,261	3,074	1,372
Share of profit	380	430	-	-
Associate becoming subsidiary in the year	(167)	-	(270)	-
Associate capital supplied in the year	166	-	166	-
New associate investment in the year	-	2,094	-	2,094
Dividends received from associates	(155)	(103)	-	-
Movements in loans to associates	(428)	(392)	(428)	(392)
Balance at 31 May	**3,086**	**3,290**	**2,542**	**3,074**

Notes to the financial statements *(continued)*

18. Equity accounted investees (continued)

Summary financial information for associates, not adjusted for the percentage ownership held by the Group:

In thousands of New Zealand dollars		TOTAL ASSETS	TOTAL LIABILITIES	REVENUES	PROFIT
2013	Equity accounted investments - associates	9,668	2,001	14,506	2,326
2014	Equity accounted investments - associates	10,476	3,003	17,378	898

On 31 January 2014, the Group's equity interest in one of its associates, Advanced Spreading Limited, increased from 33.3% to 100% and Advanced Spreading Limited became a subsidiary from that date (note 5). Accordingly, the information presented in the table above includes the results of Advanced Spreading Limited only for the period 1 June 2013 to 31 January 2014.

19. Other financial assets

In thousands of New Zealand dollars	GROUP 2014	GROUP 2013	COMPANY 2014	COMPANY 2013
Investments in subsidiaries	-	-	47,040	82,858
Held-to-maturity investments	-	535	-	-
Derivatives	-	1,677	-	1,677
Other financial assets - non-current	**-**	**2,212**	**47,040**	**84,535**
Derivatives	969	3,221	969	3,221
Other financial assets - current	**969**	**3,221**	**969**	**3,221**

Held-to-maturity investments consisted of a Government Bond which was held as a requirement of the Insurance Companies Deposits Act 1953 by Ravensdown Fertiliser Insurance Company Limited. It had an interest rate of 6% (2013: 6%) and had a maturity date of 15 April 2015. The Government Bond was sold in October 2013 in the process of the wind up of Ravensdown Fertiliser Insurance Company Limited in February 2014 (note 6).

20. Deferred tax assets and liabilities

Unrecognised deferred tax assets

As at 31 May 2014 a deferred tax asset of $1.2 million (2013: nil) relating to RFA was derecognised. The Group would be unable to utilise the future tax benefits following the planned orderly wind down of RFA.

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	GROUP					
In thousands of New Zealand dollars	ASSETS 2014	ASSETS 2013	LIABILITIES 2014	LIABILITIES 2013	NET 2014	NET 2013
Property, plant and equipment	-	-	14,144	14,765	14,144	14,765
Derivatives	(5,126)	(4,661)	-	-	(5,126)	(4,661)
Inventories	(101)	(67)	-	-	(101)	(67)
Trade and other payables	(1,615)	(2,052)	-	-	(1,615)	(2,052)
Other items	(605)	(4,421)	5,655	5,307	5,050	886
Tax (assets)/liabilities	**(7,447)**	**(11,201)**	**19,799**	**20,072**	**12,352**	**8,871**

	COMPANY					
In thousands of New Zealand dollars	ASSETS 2014	ASSETS 2013	LIABILITIES 2014	LIABILITIES 2013	NET 2014	NET 2013
Property, plant and equipment	-	-	11,101	11,972	11,101	11,972
Derivatives	(5,126)	(4,661)	-	-	(5,126)	(4,661)
Inventories	(101)	(67)	-	-	(101)	(67)
Trade and other payables	(1,432)	(1,759)	-	-	(1,432)	(1,759)
Other items	(2,832)	(2,108)	5,654	5,306	2,822	3,198
Tax (assets)/liabilities	**(9,491)**	**(8,595)**	**16,755**	**17,278**	**7,264**	**8,683**

Notes to the financial statements *(continued)*

20. Deferred tax assets and liabilities (continued)

Movement in temporary differences during the year

	GROUP					
In thousands of New Zealand dollars	PROPERTY, PLANT AND EQUIPMENT	DERIVATIVES	PAYABLES	PROVISIONS	OTHER	TOTAL
Balance 1 June 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**
Recognised in profit or loss	287	-	424	-	4,029	4,740
Recognised in other comprehensive income	(849)	(465)	-	-	-	(1,314)
Effect of movements in exchange rates	(59)	-	13	-	101	55
Balance 31 May 14	**14,144**	**(5,126)**	**(1,615)**	**-**	**4,949**	**12,352**

	COMPANY					
In thousands of New Zealand dollars	PROPERTY, PLANT AND EQUIPMENT	DERIVATIVES	PAYABLES	PROVISIONS	OTHER	TOTAL
Balance 1 June 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 movements in exchange rates	(55)	-	(13)	-	(47)	(115)
Balance 31 May 13	**11,972**	**(4,661)**	**(1,759)**	**-**	**3,131**	**8,683**
Recognised in profit or loss	37	-	314	-	(579)	(228)
Recognised in other comprehensive income	(849)	(465)	-	-	-	(1,314)
Effect of movements in exchange rates	(59)	-	13	-	169	123
Balance 31 May 14	**11,101**	**(5,126)**	**(1,432)**	**-**	**2,721**	**7,264**

21. Inventories

In thousands of New Zealand dollars	GROUP 2014	GROUP 2013	COMPANY 2014	COMPANY 2013
Finished goods	113,190	123,453	107,188	110,243
Raw materials	23,515	42,127	23,515	42,127
Plant spare parts	5,902	5,718	4,252	4,272
	142,607	**171,298**	**134,955**	**156,642**

At May 2014 following the Board of RFA's announcement of a planned orderly wind down of the Queensland based operation a sales process was put in place to liquidate the inventory on hand. Accordingly the inventory was impaired by $878,000 which reflects the expected realisable value of the inventory at balance date. In addition other inventories in the Group were impaired to net realisable value. During 2013, due to the suspension of eco-n, the Company impaired related inventories to their net realisable value, which resulted in a loss of $2.0 million. The impairments were included in cost of sales. Further during 2013 other inventories of discontinuing operations of $1.6 million in the Group were impaired to net realisable value (note 10).

22. Trade and other receivables

In thousands of New Zealand dollars	GROUP 2014	GROUP 2013	COMPANY 2014	COMPANY 2013
Trade receivables from related parties	267	9,180	6,511	6,319
Other trade receivables	97,973	108,983	93,888	102,876
Prepayments	3,710	3,861	3,152	3,488
	101,950	**122,024**	**103,551**	**112,683**

Information about the Group's exposure to credit and market risks, and impairment losses for trade and other receivables is included in note 31.

Notes to the financial statements *(continued)*

23. Share capital and reserves

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

Share capital
Ordinary co-operative shares

	ORDINARY CO-OPERATIVE SHARES	
In thousands of shares	**2014**	**2013**
On issue at 1 June	307,081	285,405
Shares allotted on bonus issue	-	21,668
Shares allotted during the year	41	8,039
Less: shares surrendered during the year	(7,810)	(8,031)
On issue at 31 May	**299,312**	**307,081**
Partly paid ordinary co-operative shares		
Partly paid up	279	632
Unpaid	631	285
Total partly paid and unpaid	**910**	**917**
Attributable to:		
Continuing operations	268,073	275,242
Discontinuing operations - reclassified to liabilities	31,239	31,839
	299,312	**307,081**

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 shares	*Note*	GROUP 2014	GROUP 2013	COMPANY 2014	COMPANY 2013
Non current liabilities					
Co-operative share capital of discontinuing operations	*(a)*	**19,587**	**24,764**	**19,587**	**24,764**
Current liabilities					
Co-operative share capital of discontinuing operations	*(a)*	10,417	3,650	10,417	3,650
Redeemable preference share capital of discontinuing operations	*(b)*	4,432	-	-	-
		14,849	**3,650**	**10,417**	**3,650**

(a) Co-operative share capital of discontinuing operations

In thousands of New Zealand dollars	*Years to maturity*	GROUP 2014	GROUP 2013	COMPANY 2014	COMPANY 2013
Non current liabilities					
Co-operative share capital of discontinuing operations	*Two or more years*	20,822	28,148	20,822	28,148
Implied interest on discontinuing share capital		(1,235)	(3,384)	(1,235)	(3,384)
		19,587	**24,764**	**19,587**	**24,764**
Current liabilities					
Co-operative share capital of discontinuing operations	*Within one year*	10,417	3,686	10,417	3,686
Implied interest on discontinuing share capital		-	(36)	-	(36)
		10,417	**3,650**	**10,417**	**3,650**

At May 2013 the co-operative share capital of discontinuing operations was 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. Following a meeting of the RFC Board in May 2014 a decision was made to redeem all of the Western Australian members shares and for payment to be made in three equal installments on 9 July 2014, July 2015 and July 2016. The liability is recorded at its present value discounted by an appropriate risk free rate of 3.67% (2013: 2.96%).

Notes to the financial statements *(continued)*

24. Share capital of discontinuing operations (continued)

(b) Redeemable preference share capital of discontinuing operations

In thousands of New Zealand dollars	*Years to maturity*	GROUP 2014	GROUP 2013	COMPANY 2014	COMPANY 2013
Current liabilities					
Redeemable preference share capital of discontinuing operations (note 25)	*Within one year*	4,432	-	-	-
		4,432	**-**	**-**	**-**

The redeemable preference share capital of discontinuing operations has been reclassified as a liability following the RFA Board's decision to commence a planned orderly wind down. The amount of redeemable preference shares classified as a liability is the fair value of the financial liability as measured at the date of reclassification.

25. Redeemable preference shares

	REDEEMABLE PREFERENCE SHARES	
In thousands of shares	**2014**	**2013**
On issue at 1 June	8,022	7,456
Shares allotted during the year	-	641
Less: shares surrendered during the year	(187)	(75)
On issue at 31 May	**7,835**	**8,022**

In thousands of New Zealand dollars	GROUP 2014	GROUP 2013
Balance at 1 June	10,322	9,610
Shares allotted during the year	-	806
Less: shares surrendered during the year	(215)	(94)
Redeemable preference share capital of discontinuing operations - reclassified to liabilities (note 24)	(4,432)	-
Balance at 31 May	**5,675**	**10,322**

As at 31 May 2014 7,835,868 redeemable preference shares were fully paid to the value of one Australian dollar (2013: 8,022,985).

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.

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 2014 no R Class redeemable preference shares were issued (2013: 641,055) and there were no Q Class redeemable preference shares issued (2013: nil).

26. Cash and cash equivalents

In thousands of New Zealand dollars	GROUP 2014	GROUP 2013	COMPANY 2014	COMPANY 2013
Bank balances	2,898	9,435	152	25
Foreign currency accounts	94	561	85	560
Call deposits	218	18,348	54	18,177
Cash and cash equivalents	3,210	28,344	291	18,762
Bank overdrafts with a right of offset against current accounts	(1,987)	(7,707)	(1,987)	(7,707)
Cash and cash equivalents in the statement of cash flows	**1,223**	**20,637**	**(1,696)**	**11,055**

27. Loans and borrowings

In thousands of New Zealand dollars	*Years to maturity*	GROUP 2014	GROUP 2013	COMPANY 2014	COMPANY 2013
Non current liabilities					
Loans and borrowings	*Two to three years*	-	188,957	-	188,957
Current liabilities					
Loans and borrowings	*Within one year*	50,026	80,162	50,026	80,162

The above loans are drawings on the Company's revolving credit facility. At 31 May 2014 the facility available was $300.0 million (2013: $520.0 million). The facility is made up of three tranches with expiration dates of May 2015, May 2016 and May 2017. The interest rate is currently 3.74% (2013: 3.58%).

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 2013 and 2014 financial years there were changes to the covenants to facilitate the discontinuance of certain operations in Australia.

Notes to the financial statements *(continued)*

28. Other financial liabilities

In thousands of New Zealand dollars	GROUP 2014	GROUP 2013	COMPANY 2014	COMPANY 2013
Non-current liabilities				
Derivatives	-	2,083	-	2,083
Deferred income	-	2,864	-	2,864
	-	**4,947**	**-**	**4,947**
Current liabilities				
Member deposits	211	229	-	-
Derivatives	14,065	16,842	14,065	16,842
	14,276	**17,071**	**14,065**	**16,842**

29. Provision for rebate and bonus share issue

In thousands of New Zealand dollars	GROUP 2014	GROUP 2013	COMPANY 2014	COMPANY 2013
Rebate	16,641	343	16,641	-
Bonus issue	16,641	-	16,641	-
	33,282	**343**	**33,282**	**-**

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.

30. Trade and other payables

In thousands of New Zealand dollars	GROUP 2014	GROUP 2013	COMPANY 2014	COMPANY 2013
Trade payables to related parties	1,357	985	3,574	3,157
Trade payables	31,339	29,330	30,983	26,916
Non-trade payables and accrued expenses	-	171	-	-
Employee benefits	9,893	6,430	6,813	5,275
	42,589	**36,916**	**41,370**	**35,348**

31. 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 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.

Notes to the financial statements *(continued)*

31. Financial instruments (continued)

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	2014	2013	2014	2013
Trade receivables				
Not past due	96,027	119,807	-	8,949
Past due 1 - 30 days	1,322	2,782	-	-
Past due more than 30 days	6,660	8,932	5,769	4,409
Total	**104,009**	**131,521**	**5,769**	**13,358**

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

In thousands of New Zealand dollars	2014	2013
Balance at 1 June	13,358	2,483
Impairment loss recognised	(7,589)	10,875
Balance at 31 May	**5,769**	**13,358**

The impairment loss as at 31 May 2014 has been calculated following management's assessment that the collectability of certain trade receivables was unlikely.

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

	GROUP 2014				
In thousands of New Zealand dollars	CARRYING VALUE	CONTRACTUAL CASH FLOWS	0-3 MONTHS	3-12 MONTHS	1-3 YEARS
Non-derivative financial liabilities					
Trade and other payables	42,589	42,589	42,589	-	-
Loans and borrowings	50,026	50,105	50,105	-	-
	92,615	92,694	92,694	-	-
Derivative financial instruments					
Gross settled cash flow hedge derivatives:					
Inflow		269,320	115,486	153,834	-
Outflow		(284,460)	(123,446)	(161,014)	-
	(11,579)	(15,140)	(7,960)	(7,180)	-
Net settled cash flow hedge derivatives	(1,517)	(2,298)	(260)	(591)	(1,447)
Periods in which the cash flows associated with derivatives that are cash flow hedges are expected to impact profit or loss		(284,460)	-	(248,388)	(36,072)

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

	GROUP 2013				
In thousands of New Zealand dollars	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)

Notes to the financial statements *(continued)*

31. Financial instruments (continued)

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

	COMPANY 2014				
In thousands of New Zealand dollars	CARRYING VALUE	CONTRACTUAL CASH FLOWS	0-3 MONTHS	3-12 MONTHS	1-3 YEARS
Non-derivative financial liabilities					
Trade and other payables	41,370	41,370	41,370	-	-
Loans and borrowings	50,026	50,105	50,105	-	-
	91,396	91,475	91,475	-	-
Derivative financial instruments					
Gross settled cash flow hedge derivatives:					
Inflow		269,320	115,486	153,834	-
Outflow		(284,460)	(123,446)	(161,014)	-
	(11,579)	(15,140)	(7,960)	(7,180)	-
Net settled cash flow hedge derivatives	(1,517)	(2,298)	(260)	(591)	(1,447)
Periods in which the cash flows associated with derivatives that are cash flow hedges are expected to impact profit or loss		(284,460)	-	(248,388)	(36,072)

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

	COMPANY 2013				
In thousands of New Zealand dollars	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)

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 2013.

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 2014			
In thousands of foreign currency	USD	EURO	GBP	AUD
Foreign currency risk				
Trade payables	(871)	(385)	-	-
Net balance sheet - foreign operations	-	-	-	4,905
Net balance sheet exposure before hedging activity	(871)	(385)	-	4,905
Forward exchange contracts relating to exposures	871	-	-	-
Net unhedged exposure	-	(385)	-	4,905
NZD equivalent	-	(618)	-	5,375
Sensitivity to 10% strengthening of NZD (pre tax):				
Increase/(decrease) on equity	(24,742)	-	-	(489)
Increase/(decrease) on profit	93	56	-	-
Sensitivity to 10% weakening of NZD (pre tax):				
Increase/(decrease) on equity	30,317	-	-	537
Increase/(decrease) on profit	(103)	(62)	-	-

Notes to the financial statements *(continued)*

31. Financial instruments (continued)

	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)	-	-

Classification and fair values

	GROUP 2014					
	HELD TO MATURITY	LOANS AND RECEIVABLES	DESIGNATED AT FAIR VALUE	OTHER AND AMORTISED COST	TOTAL CARRYING AMOUNT	FAIR VALUE
Assets						
Derivatives	-	-	969	-	969	969
Cash and cash equivalents	-	1,223	-	-	1,223	1,223
Trade and other receivables	-	98,240	-	-	98,240	98,240
Total current assets	-	99,463	969	-	100,432	100,432
Total assets	-	99,463	969	-	100,432	100,432
Liabilities						
Loans and borrowings	-	-	-	50,026	50,026	50,026
Derivatives	-	-	14,065	-	14,065	14,065
Trade and other payables	-	-	-	42,589	42,589	42,589
Net rebates payable	-	-	-	16,641	16,641	16,641
Total current liabilities	-	-	14,065	109,256	123,321	123,321
Total liabilities	-	-	14,065	109,256	123,321	123,321

Notes to the financial statements *(continued)*

31. Financial instruments (continued)

Classification and fair values (continued)

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

COMPANY 2014	HELD TO MATURITY	LOANS AND RECEIVABLES	DESIGNATED AT FAIR VALUE	OTHER AND AMORTISED COST	TOTAL CARRYING AMOUNT	FAIR VALUE
Assets						
Derivatives	-	-	969	-	969	969
Trade and other receivables	-	100,399	-	-	100,399	100,399
Total current assets	-	100,399	969	-	101,368	101,368
Total assets	-	100,399	969	-	101,368	101,368
Liabilities						
Loans and borrowings	-	-	-	50,026	50,026	50,026
Derivatives	-	-	14,065	-	14,065	14,065
Trade and other payables	-	-	-	41,370	41,370	41,370
Net rebates payable	-	-	-	16,641	16,641	16,641
Total current liabilities	-	-	14,065	108,037	122,102	122,102
Total liabilities	-	-	14,065	108,037	122,102	122,102

Notes to the financial statements *(continued)*

31. Financial instruments (continued)

Classification and fair values (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

Foreign exchange derivatives
There were no gains or losses on held-for-trading derivatives recognised in profit during 2014 or 2013.

Interest rate risk
Cashflow sensitivity
At 31 May 2014 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 $1.6 million (2013: $1.8 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 2014 it is estimated that a general increase of one percentage point in interest rates would increase the Group's equity (pre tax) by approximately $0.8 million (2013: $1.3 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)

Group financial instruments carried at fair value are defined as level 2 for valuation purposes for 2014 and 2013 except for Redeemable Preference Shares which are defined as level 3. At 31 May 2014 the fair value of the Group's financial instruments was a $13.0 million liability (2013: $14.0 million liability) and Redeemable Preference Shares was a $4.4 million liability (2013: nil).

Notes to the financial statements *(continued)*

32. Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

In thousands of New Zealand dollars	GROUP 2014	GROUP 2013	COMPANY 2014	COMPANY 2013
Less than one year	3,447	6,596	2,982	6,140
Between one and five years	3,515	10,843	2,754	10,028
More than five years	6,690	27,144	2,728	24,871
Total lease commitments	**13,652**	**44,583**	**8,464**	**41,039**

The Group leases motor vehicles and store premises. The Board decision to exit operations in Western Australia has had the effect of significantly reducing lease commitments.
During the year ended 31 May 2014 $6.4 million was recognised as an expense in the income statement in respect of operating leases (2013: $8.1 million).

33. Capital commitments

At 31 May 2014 the Group had capital commitments of $39.8 million (2013: $12.0 million). Capital commitments relate to investment in New Zealand assets and infrastructure. Capital commitments are recognised after a formal capital review and sign off process.

34. Contingent liabilities

The Company and the Group had no material contingent liabilities at balance date (2013: nil).

35. Related parties

In thousands of New Zealand dollars	GROUP 2014	GROUP 2013	COMPANY 2014	COMPANY 2013
Transactions with Subsidiaries				
Sales of goods and services	-	-	30,672	94,153
Purchases of goods and services	-	-	(5,291)	(5,733)
Trade receivables	-	-	6,511	5,963
Trade payables	-	-	(2,261)	(2,218)
Closing advances	-	-	39,321	70,565
Closing loans	-	-	-	-
Transactions with Associates				
Dividends received	1,370	1,417	263	225
Sales of goods and services	14,476	85,696	-	133
Purchases of goods and services	(63,487)	(58,391)	(63,487)	(58,391)
Trade receivables	267	9,180	267	356
Trade payables	(1,357)	(985)	(1,313)	(939)
Closing advances	2,645	7,540	2,645	3,384
Closing loans	-	-	-	-
Transactions with key management personnel (including directors)				
Sales of goods and services	3,295	4,036	3,295	4,036
Purchases of goods and services	-	(2)	-	(2)
Closing advances / receivables	402	-	402	-
Closing loans / payables	-	-	-	-
Key management personnel compensation comprised:				
Short-term employee benefits	(5,456)	(7,164)	(5,398)	(6,857)
Superannuation contributions	(297)	(358)	(297)	(344)

Key management personnel are the Ravensdown Fertiliser Co-operative Limited Leadership Team and the Ravensdown Board of Directors.

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 previously provided a letter of support in relation to trading operations with its 100% owned subsidiary Ravensdown Fertiliser Australia Limited. This letter of support was withdrawn on 17 June 2014 following the RFA Board decision to commence a planned orderly wind down of the operation in May 2014.

Notes to the financial statements *(continued)*

36. Group entities

Significant subsidiaries and associates

	COUNTRY OF OWNERSHIP INCORPORATION	INTEREST (%) 2014	INTEREST (%) 2013
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 (wound up February 2014)	New Zealand	0.0%	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%
Advanced Spreading Limited (previously equity accounted investee)	New Zealand	100.0%	33.3%
Equity accounted investees			
Joint ventures			
Ravensdown Windy Point Quarry Limited	New Zealand	50.0%	50.0%
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 (wound up August 2013)	New Zealand	0.0%	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	0.0%	50.0%
Ravensdown Shipping Services Pty Limited	Australia	50.0%	50.0%
Ruralco NZ Limited	New Zealand	50.0%	0.0%
Associates			
Southstar Fertilizers Limited	New Zealand	20.0%	20.0%
Cropmark Seeds Limited	New Zealand	25.1%	25.1%

*As at 1 June 2014 Analytical Research Laboratories Limited was amalgamated into the Parent.

37. Subsequent events

There have been no subsequent events following 31 May 2014 that require recognition or disclosure in the financial statements.

Resolution of Directors

RESOLVED that, in the opinion of the undersigned directors of Ravensdown Fertiliser Co-operative Limited (**Company**), The Company has throughout the financial year ended 31 May 2014 and since the date of registration of the Company under the Co-operative Companies Act 1996 (**Act**), been a co-operative Company within the meaning of the Act on the following grounds:

1. the Company has carried on, as its principal activity, a co-operative activity as that term is defined in the Act;
2. the constitution of the Company states its principal activities as being co-operative activities; and
3. not less than 60% of the voting rights of the Company have been held by transacting shareholders, as that term is defined in the Act.

Dated this **22nd day of July 2014**

John Francis Clifford Henderson

Antony Charles Howey

Allan Stuart Wright

Gary John Cosgrove

Scott Gordon Gower

Christopher John Dennison

Elizabeth Mary Coutts

Peter William Moynihan

Patrick David Willock

Antony Page Reilly

Peter Glen Inger

Rhys Trevor Turton

Independent Auditor's Report

KPMG

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 20 to 78. The financial statements comprise the statements of financial position as at 31 May 2014, the income statements and statement 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 and International Financial Reporting Standards 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.

Subject to certain restrictions, partners and employees of our firm may also deal with the company on normal terms within the ordinary course of trading activities of the business of the company. This matter has not impaired our independence as auditor of the company. The firm has no other relationship with, or interests in, the company.

Opinion

In our opinion the financial statements on pages 20 to 78:

- 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 2014 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 2014
Christchurch

Statutory Information

for the year ended 31 May 2014

Directors and remuneration

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

W.T. McLeod (resigned 19/03/14)*	$133,628
J.F.C. Henderson (elected Chairman 12/02/14)	$94,006
P.D. Willock**	$76,416
E.M. Coutts	$75,000
C.J. Dennison (elected Deputy Chairman 12/02/14)	$69,834
A.P. Reilly	$65,000
A.S. Wright	$65,000
A.C. Howey	$65,000
S.G. Gower	$65,000
P.G. Inger	$65,000
R.T. Turton	$65,514
G.J. Cosgrove	$65,514
P.W. Moynihan (elected Director 24/09/13)	$44,833
J.L. Williams (resigned 24/09/13)	$20,250
B.D. Watt (resigned 24/09/13)	$20,250

*The former Chairman also received Directors fees in relation to Ravensdown Fertiliser Australia Limited and these are included in the above.

** Deputy Chairman to 12/02/14

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:

J.F.C. Henderson

Director/Shareholder	Hinau Station 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
Vice Chairman	Race Incorporated
Director	New Zealand Phosphate Company

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.P. Reilly

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

S.G. Gower

Owner	High Glades Station
Trustee	Riverhills Trust
Trustee	SGG Family Trust

Statutory Information *(continued)*

for the year ended 31 May 2014

P.W. Moynihan

Director/Shareholder	Aerodrome Farm Ltd
Director/Shareholder	Rathmore Farm Ltd
Director/Shareholder	Hacienda Lochiel Ltd
Shareholder	Manuka S.A.
Trustee	Rathmore Trust
Trustee	Logan Pullar Trust

A.C. Howey

Director/Shareholder	Alpine Fresh Ltd
Director/Shareholder	Opuha Water Ltd
Director/Shareholder	Southern Packers Ltd
Director/Shareholder	Seedlands Ltd
Director/Shareholder	Seedlands Property Ltd
President	South Canterbury Chamber of Commerce
Director/Shareholder	Grainstor Ltd
Committee Member	Orari-Opihi-Pareora Water Zone Committee
Director/Shareholder	Farmers Mill Ltd
Director	Horticulture New Zealand
Director	SCFIS Ltd
Director/Shareholder	Viberi New Zealand Ltd
Director/Shareholder	Levels Plain Irrigation Company Ltd
Director	Levels Plain Holdings Ltd

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

A.S. Wright

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

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.

R.T. Turton

Director/Shareholder	Turton Partners
Councillor	Co-operative Federation of Western Australia
Director	York and Districts Financial Services Ltd
Director	Council of Grain Grower Organisations 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.

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	42
$110,000 - $120,000	28
$120,000 - $130,000	23
$130,000 - $140,000	10
$140,000 - $150,000	9
$150,000 - $160,000	10
$160,000 - $170,000	8
$170,000 - $180,000	6
$180,000 - $190,000	7
$190,000 - $200,000	1
$200,000 - $210,000	2
$250,000 - $260,000	1
$310,000 - $320,000	1
$320,000 - $330,000	1
$330,000 - $340,000	1
$340,000 - $350,000	1
$380,000 - $390,000	1
$390,000 - $400,000	1
$410,000 - $420,000	1
$490,000 - $500,000**	1
$690,000 - $700,000**	1
$740,000 - $750,000* **	1
$930,000 - $940,000	1

Executive remuneration includes salary, performance incentives and employer's contribution to superannuation and health schemes earned in their capacity as employees during the financial year. Company vehicles are provided to some employees and are included in the remuneration figures. The remuneration details of employees paid outside of New Zealand have been converted into New Zealand dollars.

*Australian dollars converted
** Includes contractual termination benefits

0800 100 123
www.ravensdown.co.nz

Ravensdown