2022 Annual Report

ravensdown

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Separate to this Annual Report, Ravensdown has published an Integrated Report which is available on its website: https://rav.link/ir2022

The Board of Directors of Ravensdown Limited is pleased to present to shareholders the Annual Report and financial statements for Ravensdown Limited and its subsidiaries (together Ravensdown) and Ravensdown's interest in associates and joint ventures for the year ended 31 May 2022.

From left to right

Jane Montgomery
Dr Jacqueline Rowarth
David Biland
Bruce Wills – Chairman
Pete Moynihan
Jason Dale
Nicky Hyslop
Mike Davey

Finance at a Glance

$95m

Net profit before rebate, bonus shares and tax from continuing operations

2020 – 21 **$52m**

62%

Equity ratio

2020 – 21 **78%**

$(60)m

Operating cash flow

2020 – 21 **$37m**

While our sector faced immense international uncertainty during 2021-22, we reaped excellent rewards from prudent past decisions, resulting in the company's best financial performance. Among the highlights:

- $95 million Profit before rebate and taxes
- $609 million Total equity
- $36 million Capital investments.

Our heartening result proved the importance of prudent financial and risk management, and means we are well positioned for any challenges ahead. Our sound financial position and enduring relationships with bankers enabled us to raise additional working capital. Although commodity prices elevated sharply, that working capital set up a strong stock position, enabling us to hold some prices and protect our customers through the initial stages of a complex and challenging global cycle. It means we have the confidence to fund key fertiliser prices despite the ongoing volatility and that our financial position is sufficiently strong to support these demands. The increase in commodity prices saw us use more of our operating cash flow, -$60 million, as we funded those increases from debt.

At the same time, and despite the many challenges facing international logistics, Ravensdown Shipping Services, our bulk freight joint venture, had a strong overall profit.

Investment in physical infrastructure was similar to the previous year, with key projects being undertaken in our manufacturing sites and store network. Costs were marginally higher than the previous year as many of the activities that were slowed during the previous Covid-19 impacted year, restarted. Additionally, salary and wage costs rose slightly due to remuneration packages re-opening for review after being held through the prior year. Overall, we expect to continue to invest in projects and services that will ensure we meet our customers' needs of smarter farming.

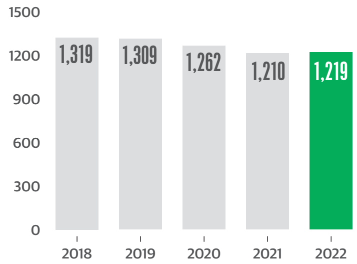
Each year we revalue all our freehold land and buildings with any change in their value recognised mainly as a reserve in the Statement of Financial Position. This year we have seen increases of over $43 million net of tax included in our Statement of Financial Position's reserves. Key drivers for the increases were new independent valuers applying different valuation methodologies and assumptions, along with a higher inflationary environment.

Given our concern over challenging and uncertain times ahead, and some promising opportunities to invest in activities that will further reinforce our position and the service we provide our customers, we are retaining a larger proportion of our profit than might otherwise be the case. This year's rebate of $25 per tonne will return a total of $26 million to transacting shareholders from the co-operative. We will be retaining $58 million to ensure we manage though the immediate global and domestic uncertainty. Overall, the equity has increased to $609 million, when we combine the retained profits with increases in our revaluations. Although total equity increased, the higher cost of our stock purchases resulted in our equity ratio reducing to 62%.

We're confident that choosing this long-term approach will help embed the financial success achieved this year and represents a more prudent use of capital than distributing a larger pay-out now. Retaining these resources will also mean we are better prepared for the company's strategic refresh, set for implementation during the 2022-23 year.

Finance at a glance continued

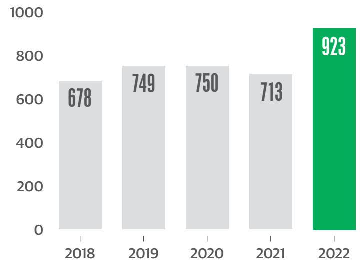
NEW ZEALAND FERTILISER SALES (thousand tonnes)



(includes lime used in mixes and animal health solids)

Fertiliser volumes were marginally up on last year. Holding superphosphate prices until May 2022 saw strong demand over autumn.

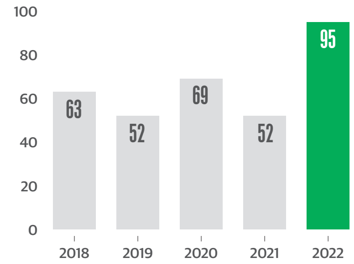
REVENUE ($M) (before rebates and bonus shares)



(including results from discontinued operations)

Revenue was up on prior years due to higher commodity prices.

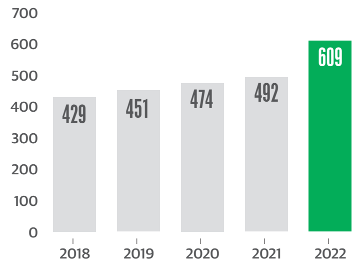
PROFIT FROM CONTINUING OPERATIONS BEFORE REBATE, BONUS SHARES & TAX ($M)



(from continuing operations)

Strong profit from continuing operations driven by recovering margin on higher commodity prices and the benefit from our shipping joint venture.

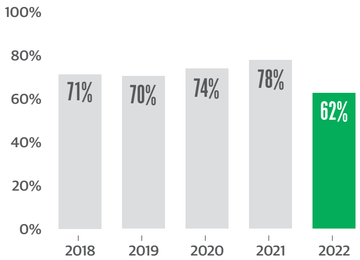
TOTAL EQUITY ($M)



Significant increase in total equity this year from retaining profits and fair value improvements.

EQUITY RATIO (%)

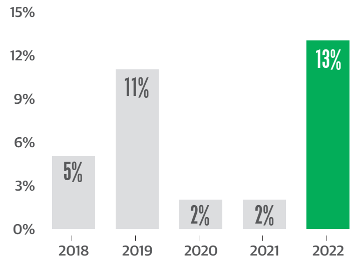
The ratio of equity to total assets compares the money creditors and banks contribute to the business with the money owners contribute



The equity ratio reflects the increased working capital requirements funded by creditors and banks.

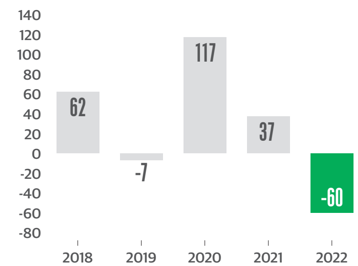
DEBT RATIO (%)

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



Higher commodity prices required more bank support to fund working capital.

OPERATING CASH FLOW ($M)

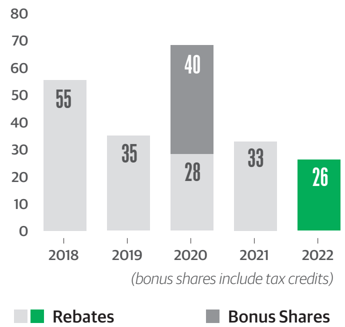


(after rebates to shareholders - 2018 to 2020 restated as rebates were previously classified as financing cash flows and are now included in operating cash flows.)

Operating cashflows reflect the higher cost of inventory being funded by increased debt levels and payables.

VALUE OF SHAREHOLDER DISTRIBUTIONS ($M)

Total dollar of distribution to shareholders comprising rebates and bonus shares

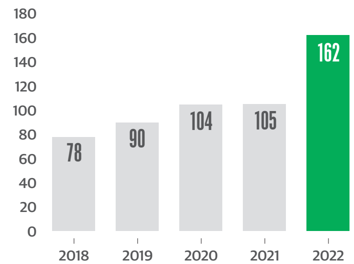


(bonus shares include tax credits)

In a volatile and uncertain market we took the prudent approach of retaining more profit in 2022 while declaring rebates of $26m back to shareholders.

WORKING CAPITAL ($M)

Current assets less current liabilities



Higher working capital in 2022 reflects the higher value of inventory relative to the increase in bank debt and creditors.

Financial Statements

Directors' Declaration

The Board of Directors of Ravensdown Limited is pleased to present to shareholders the financial statements for Ravensdown Limited and its subsidiaries (together Ravensdown) and Ravensdown's interest in associates and joint ventures for the year ended 31 May 2022.

In the opinion of the Directors, the financial statements and notes on pages 6 to 44:

- comply with New Zealand Generally Accepted Accounting Practice ("GAAP") and give a true and fair view of the financial position of Ravensdown as at 31 May 2022 and the results of its operations and cash flows for the year ended on that date; and
- 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 Ravensdown and facilitate compliance of the financial statements with the Financial Markets Conduct Act 2013.

The Directors consider that they have taken adequate steps to safeguard the assets of Ravensdown, 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 Board does not consider that there has been any change during the year ended 31 May 2022 in the nature of Ravensdown's business or the classes of business in which Ravensdown has an interest.

For and on behalf of the Board of Directors:

B. Wills
Chairman
27 July 2022

D. Biland
Deputy Chairman

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Consolidated Income Statement

For the year ended 31 May

In thousands of New Zealand dollars	Note	2022	2021
Continuing operations			
Revenue	A1	922,443	712,006
Rebates to shareholders	C1	(26,029)	(32,762)
Revenue after rebates and bonus shares issued		**896,414**	**679,244**
Cost of sales		(778,992)	(593,454)
Gross profit		**117,422**	**85,790**
Sales and marketing expenses		(30,159)	(29,941)
Administrative expenses		(36,132)	(33,352)
Other operating expenses		(6,075)	(5,733)
Operating expenses		**(72,366)**	**(69,026)**
Finance income		1,416	1,477
Finance expenses		(4,627)	(2,986)
Net finance costs	A2	**(3,211)**	**(1,509)**
Share of profit of equity accounted investees (after tax)	D2	26,670	4,117
Profit before income tax		**68,515**	**19,372**
Income tax (expense)	A4	(11,174)	(3,999)
Profit for the year from continuing operations		**57,341**	**15,373**
Discontinued operations			
Profit after tax for the year	D5	264	717
Profit for the year attributable to equity holders		**57,605**	**16,090**
Non-GAAP presentation for continuing operations			
Revenue		922,443	712,006
Cost of sales		(778,992)	(593,454)
Gross profit before rebates and bonus shares issued		**143,451**	**118,552**
Profit before income tax		**68,515**	**19,372**
Rebates to shareholders		26,029	32,762
Profit before rebate, bonus shares and income tax		**94,544**	**52,134**

The notes to the financial statements form an integral part of these financial statements.

Consolidated Statement of Other Comprehensive Income

For the year ended 31 May

In thousands of New Zealand dollars	Note	2022	2021
Profit for the year		**57,605**	**16,090**
Items that will not be reclassified subsequently to profit or loss			
Revaluation of property, plant and equipment		48,841	5,850
Related tax	A4	(5,317)	2,022
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations	A4	3,206	(1,629)
Net change in fair value of cash flow hedges	A4	20,239	(6,404)
Related tax	A4	(6,776)	1,790
Other comprehensive income for the year		**60,193**	**1,629**
Total comprehensive income for the year		**117,798**	**17,719**
Attributable to:			
Continuing operations		117,258	16,999
Discontinued operations	D5	540	720
		117,798	**17,719**

The notes to the financial statements form an integral part of these financial statements.

Consolidated Statement of Financial Position

As at 31 May

In thousands of New Zealand dollars	Note	2022	2021
Assets			
Cash and cash equivalents	C5	5,825	9,355
Trade and other receivables	C2	119,814	84,255
Inventories	B4	346,782	132,106
Derivative financial assets	C2	19,473	514
Assets held for sale		3,906	405
Total current assets		**495,800**	**226,635**
Property, plant and equipment	B1	392,619	335,284
Intangible assets	B2	24,027	24,785
Mining deposits	B3	14,155	14,122
Right of use assets	B5	11,730	11,349
Investments in equity accounted investees	D2	36,561	19,669
Investment property	D5	–	2,953
Total non-current assets		**479,092**	**408,162**
Total assets		**974,892**	**634,797**
Liabilities			
Trade and other payables	C2	164,111	55,034
Employee entitlements	A3	13,967	12,914
Lease liabilities	C3	3,726	3,339
Loans and borrowings	C6	118,500	9,663
Provision for rebate	C1	25,979	32,761
Derivative financial liabilities	C2	1,449	6,790
Current tax liabilities		6,266	1,424
Total current liabilities		**333,998**	**121,925**
Deferred tax liabilities	A4	22,645	11,044
Lease liabilities	C3	9,392	9,473
Other non-current liabilities		227	–
Total non-current liabilities		**32,264**	**20,517**
Total liabilities		**366,262**	**142,442**
Net assets		**608,630**	**492,355**

The notes to the financial statements form an integral part of these financial statements.

Consolidated Statement of Financial Position continued

As at 31 May

In thousands of New Zealand dollars	Note	2022	2021
Equity			
Co-operative shares	C7	335,921	337,444
Reserves		134,828	74,854
Retained earnings		137,881	80,057
Total equity		**608,630**	**492,355**

The notes to the financial statements form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 May

In thousands of New Zealand dollars	Note	2022	2021
Cash flows from operating activities			
Cash receipts from customers		882,647	719,442
Dividends received		12,070	1,087
Payments to suppliers and employees		(923,356)	(653,026)
Payment of rebates		(24,695)	(19,008)
Income tax paid		(6,791)	(11,877)
Net cash flows (used in)/from operating activities	C5	**(60,125)**	**36,618**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		726	208
Insurance proceeds		122	5,460
Net movements in loans provided to equity accounted investees		539	1,318
Acquisition of property, plant and equipment		(31,056)	(30,590)
Acquisition of other non-current assets		(5,360)	(5,504)
Net cash flows (used in) investing activities		**(35,029)**	**(29,108)**
Cash flows from financing activities			
Interest received		1,416	1,477
Proceeds from issue of share capital		17	25
Interest paid		(4,173)	(2,523)
Repayment of principal and interest on lease liabilities		(4,817)	(4,170)
Repayment of share capital		(9,656)	(8,614)
Net movements in loans and borrowings		108,837	-
Net cash flows (used in)/from financing activities		**91,624**	**(13,805)**
Net (decrease) in cash and cash equivalents		(3,530)	(6,295)
Cash and cash equivalents at 1 June		9,355	15,650
Cash and cash equivalents at 31 May		**5,825**	**9,355**

The notes to the financial statements form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 May

In thousands of New Zealand dollars	Note	Co-operative shares	Translation reserve	Hedging reserve	Revaluation reserve	Retained earnings	Total equity
Balance at 1 June 2020		**336,984**	**48**	**(2,174)**	**75,502**	**63,816**	**474,176**
Profit for the year attributable to equity holders		–	–	–	–	16,090	16,090
Foreign currency translation differences for foreign operations, net of tax		–	(1,632)	–	–	–	(1,632)
Revaluation of property, plant and equipment, net of tax		–	–	–	7,872	–	7,872
Revaluation reserve transferred to retained earnings on disposal of property, plant and equipment, net of tax		–	–	–	(151)	151	–
Net change in fair value of cash flow hedges, net of tax		–	–	(4,611)	–	–	(4,611)
Total comprehensive income for the year		**–**	**(1,632)**	**(4,611)**	**7,721**	**16,241**	**17,719**
Total contributions by and distributions to equity holders	C7	460	–	–	–	–	460
Balance at 31 May 2021		**337,444**	**(1,584)**	**(6,785)**	**83,223**	**80,057**	**492,355**
Balance at 1 June 2021		**337,444**	**(1,584)**	**(6,785)**	**83,223**	**80,057**	**492,355**
Profit for the year attributable to equity holders		–	–	–	–	57,605	57,605
Foreign currency translation differences for foreign operations, net of tax		–	3,234	–	–	–	3,234
Revaluation of property, plant and equipment, net of tax		–	–	–	43,524	–	43,524
Revaluation reserve transferred to retained earnings on disposal of property, plant and equipment, net of tax		–	–	–	(219)	219	–
Net change in fair value of cash flow hedges, net of tax		–	–	13,435	–	–	13,435
Total comprehensive income for the year		**–**	**3,234**	**13,435**	**43,305**	**57,824**	**117,798**
Total contributions by and distributions to equity holders	C7	(1,523)	–	–	–	–	(1,523)
Balance at 31 May 2022		**335,921**	**1,650**	**6,650**	**126,528**	**137,881**	**608,630**

The notes to the financial statements form an integral part of these financial statements.

Explanation of Reserves

Foreign Currency Translation Reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations as well as from the translation of Ravensdown's net investment in foreign operations.

Hedging Reserve

The hedging reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge relationship.

Revaluation Reserve

The revaluation reserve relates to the revaluation of freehold land and buildings in accordance with accounting policies stated in note B1.

Notes to the Consolidated Financial Statements

About this report

In this section

The notes to the consolidated financial statements include information which is considered relevant and material to assist the reader in understanding the financial performance and position of Ravensdown. Information is considered relevant and material if:

a) the amount is significant because of its size and nature;

b) it is important for understanding the results of Ravensdown;

c) it helps to explain changes in Ravensdown's business; or

d) it relates to an aspect of Ravensdown's operations that is important to future performance.

Reporting Entity

The parent company, Ravensdown Limited is a company domiciled in New Zealand, registered under the 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 a FMC Reporting Entity under the Financial Markets Conduct Act 2013 and prepares its financial statements in accordance with this Act.

These consolidated financial statements are for Ravensdown Limited and its subsidiaries (together referred to as "Ravensdown") and Ravensdown's interests in associates and joint ventures as at and for the year ended 31 May 2022.

Ravensdown is primarily involved in the supply of inputs and services to the agricultural sectors in New Zealand and is a profit-oriented entity.

Basis of Preparation

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("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").

Certain comparatives have been re-presented to conform with the current period's presentation. There has been no impact on comprehensive income, cashflows, or equity.

The financial statements are presented in New Zealand dollars rounded to the nearest thousand. The financial statements were authorised for issue by the directors on 27 July 2022.

Foreign Currency

Transactions in foreign currencies are translated at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated at the exchange rate at the date that the fair value was determined.

About this report continued

Critical Judgements and Estimates

In the process of applying Ravensdown's accounting policies and the application of accounting standards, Ravensdown has made a number of judgements and estimates. The estimates and underlying assumptions are based on historic experience and various other factors that are considered to be appropriate under the circumstances. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis.

Judgements and estimates which are considered material to understanding the performance of Ravensdown are found in the following notes:

Property, Plant and Equipment	Note B1
Inventories	Note B4

Measurement System

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 are revalued in accordance with Ravensdown's policy of revaluation.
- Assets held for sale are measured at the lower of fair value less costs to sell and carrying value.
- Investment properties are initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss.

Accounting Policies

The accounting policies set out in these financial statements have been applied consistently in all periods presented in these financial statements. Other accounting policies that are relevant to understanding the financial statements are provided within the notes to the financial statements.

Basis of Consolidation

Ravensdown's financial statements comprise the financial statements of Ravensdown Limited and its subsidiaries (being entities controlled by Ravensdown Limited), as contained in note D1 Subsidiaries.

The financial statements of members of Ravensdown are prepared for the same reporting period as Ravensdown Limited, using consistent accounting policies.

In preparing Ravensdown's financial statements, 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 Ravensdown'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.

A. Financial performance

In this section

This section explains the financial performance of Ravensdown, providing additional information about individual items in the income statements, including:

a) Accounting policies, judgements and estimates that are relevant for understanding items recognised in the income statements; and

b) Analysis of Ravensdown's performance for the year by reference to key areas including: rebates, expenses and taxation.

A1. Revenue

Measurement and recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Ravensdown recognises revenue from the sale of goods at the point when it transfers control of the goods over to the customer, which is when the goods are picked up by the customer or upon shipment of the goods to the customer. Where Ravensdown delivers product directly to customers, Ravensdown is responsible for care of the product until it is delivered. This is a performance obligation of Ravensdown, and therefore revenue for delivery is recognised gross in revenue, and costs of delivery are recognised within cost of sales. For services, Ravensdown recognises revenue over time using an input method to measure progress towards completing the satisfaction of the service.

Insurance proceeds are recognised when received or when receipt is highly probable. Recovery is considered to be highly probable when there is a loss event covered under an insurance contract and the amount recoverable can be estimated reliably and is not disputed.

Disaggregation of revenue

Set out below is the disaggregation of Ravensdown's revenue before rebates to shareholders:

	2022	2021
Revenue from contracts with customers	922,321	710,796
Insurance proceeds	122	1,210
Revenue before rebates to shareholders	**922,443**	**712,006**

A. Financial performance continued

A2. Finance Income and Expenses

	2022	2021
Interest income	1,416	1,477
Finance income	1,416	1,477
Interest expense on financial liabilities measured at amortised cost	(4,173)	(2,523)
Interest on lease liabilities	(688)	(728)
Finance expense	(4,861)	(3,251)
Net finance costs[1]	**(3,445)**	**(1,774)**

1 Included within net finance costs is $0.2 million of costs attributable to discontinued operations incurred in the year ended 31 May 2022 (2021: $0.3 million). The results of the discontinued operations are shown as a net figure in the Consolidated Income Statement.

Measurement and recognition

Finance income includes interest income on funds invested and deferred payment arrangements. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest expense on borrowings and the interest component of lease payments. All borrowing costs other than those relating to hedging instruments are recognised in profit or loss using the effective interest method.

A. Financial performance continued

A3. Personnel Expenses

	2022	2021
Wages and salaries	70,711	67,066
Superannuation - defined contribution	3,992	3,897
Increase in liability for long-service leave	313	25
Total personnel expenses	**75,016**	**70,988**
Transactions with entities that key management personnel have an interest		
Sales of goods and services	5,536	4,482
Purchases of goods and services	(2,060)	(2,192)
Closing receivables	689	954
Key management personnel compensation comprised:		
Employee benefits	4,944	4,924
Directors' fees	869	821
Superannuation contributions	355	381

Measurement and recognition – employee benefits

Provision is made for benefits owing to employees in respect of wages and salaries, annual leave, long service leave and short term and long term employee incentives for services rendered. Provisions are recognised when it is probable they will be settled and can be measured reliably. They are carried at the remuneration rate expected to apply at the time of settlement. Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due.

There is a Defined Contribution superannuation scheme that employees are entitled to join where Ravensdown matches their contributions up to specified limits.

Key management personnel are Ravensdown's Leadership Team and the Ravensdown Limited Board of Directors. Close family members of key management personnel have also been included within the transactions with key management personnel. Close family members are defined as their spouse or domestic partner and their respective children. All transactions with key management personnel were carried out on a commercial basis.

The Board of Directors do not receive superannuation contributions as part of their remuneration package.

A. Financial performance continued

A4. Taxation

Income tax expense recognised in the income statement	2022	2021
Current tax expense		
Current period tax charge	11,836	4,430
Adjustment for prior periods	(196)	210
	11,640	4,640
Deferred tax expense		
Origination and reversal of temporary differences	(448)	(439)
Adjustment for prior periods	(43)	(228)
	(491)	(667)
Total income tax expense	**11,149**	**3,973**
Reconciliation of tax expense		
Profit - continuing operations	57,341	15,373
Profit - discontinued operations	264	717
Total income tax expense - continuing operations	11,174	3,999
Total income tax (benefit) - discontinued operations	(25)	(26)
Profit before tax	**68,754**	**20,063**
Income tax using the Company's domestic tax rate of 28%	19,249	5,618
Non (taxable)/deductible items	(394)	(474)
Tax effect of post tax equity accounted earnings	(7,467)	(1,153)
(Over) provided in prior periods	(239)	(18)
Total income tax expense	**11,149**	**3,973**

Measurement and recognition

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.

Current income tax expenses

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.

Total income tax expense/(benefit) is net of the income tax benefit from the discontinued operations.

A. Financial performance continued

Income tax recognised directly in other comprehensive income	**2022**			**2021**		
	Before tax	**Tax benefit/ (expense)**	**Net of tax**	**Before tax**	**Tax benefit/ (expense)**	**Net of tax**
Foreign currency translation differences for foreign operations	3,206	28	3,234	(1,629)	(3)	(1,632)
Net change in revaluation reserve	48,841	(5,317)	43,524	5,850	2,022	7,872
Total movements attributable to revaluation reserves	**52,047**	**(5,289)**	**46,758**	**4,221**	**2,019**	**6,240**
Net change in fair value of cash flow hedges	20,239	(6,804)	13,435	(6,404)	1,793	(4,611)
Total movements attributable to derivatives	**20,239**	**(6,804)**	**13,435**	**(6,404)**	**1,793**	**(4,611)**
Total	**72,286**	**(12,093)**	**60,193**	**(2,183)**	**3,812**	**1,629**

A. Financial performance continued

Deferred tax	2022	2021
Balance at beginning of year	**11,044**	**15,654**
Temporary differences in profit or loss:		
Property, plant and equipment	(108)	1,121
Payables	(428)	(513)
Other items	45	(1,275)
	(491)	(667)
Temporary differences in other comprehensive income:		
Revaluation reserve movements	5,317	(2,153)
Derivatives	6,775	(1,790)
	12,092	(3,943)
Balance at end of year	**22,645**	**11,044**
Consisting of:		
Property, plant and equipment	21,289	16,079
Derivatives	5,047	–
Other items	308	231
Deferred tax liability	**26,644**	**16,310**
Trade and other payables	(3,887)	(3,431)
Derivatives	–	(1,757)
Other items	(112)	(78)
Deferred tax asset	**(3,999)**	**(5,266)**
Net deferred tax liability	**22,645**	**11,044**

Deferred tax

Deferred tax is income tax that is expected to be payable or recoverable in the future as a result of the unwinding of 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:

- *from the initial recognition of goodwill;*
- *from the initial recognition of assets and liabilities in a transaction (other than in a business combination) that affects neither the accounting nor taxable profit or loss; 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.

Deferred tax assets are recognised to the extent it is probable that future taxable profit will be available to use the asset. This is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available in the future to utilise the deferred tax asset.

Imputation credits

As at balance date imputation credits available for use in subsequent periods totalled $65.5 million (2021: $53.9 million).

B. Key operating assets

In this section

This section shows the assets Ravensdown uses to generate operating revenues, including:

a) Property, plant and equipment;
b) Intangible assets;
c) Mining deposits;
d) Inventories; and
e) Right of use assets

B1. Property, Plant and Equipment

	Land and improvements	Buildings and improvements	Plant, machinery and vehicles	Capital works in progress	Total
Cost or valuation					
Balance at 1 June 2020	57,042	123,736	320,501	26,206	527,485
Additions	4,755	8,169	7,649	10,356	30,929
Transfer from capital works in progress	4,215	604	9,932	(14,751)	–
Reclassification to software	–	–	–	(5,632)	(5,632)
Revaluations	4,392	(2,531)	–	–	1,861
Impairment	–	(358)	–	–	(358)
Disposals	(50)	(1,072)	(9,495)	–	(10,617)
Reclassification to assets held for sale	(405)	–	–	–	(405)
Balance at 31 May 2021	**69,949**	**128,548**	**328,587**	**16,179**	**543,263**
Balance at 1 June 2021	69,949	128,548	328,587	16,179	543,263
Additions	1,142	1,485	13,930	13,794	30,351
Transfer from capital works in progress	110	1,095	8,198	(9,403)	–
Revaluations	29,448	16,621	–	–	46,069
Impairment	–	185	(191)	–	(6)
Disposals	(215)	(463)	(4,773)	–	(5,451)
Reclassification to assets held for sale	(510)	(185)	(109)	–	(804)
Balance at 31 May 2022	**99,924**	**147,286**	**345,642**	**20,570**	**613,422**

B. Key operating assets continued

	Land and improvements	Buildings and improvements	Plant, machinery and vehicles	Capital works in progress	Total
Depreciation and impairment losses					
Balance at 1 June 2020	–	1,007	198,180	–	199,187
Depreciation for the year	305	3,824	17,336	–	21,465
Revaluations	(305)	(3,587)	–	–	(3,892)
Disposals	–	(3)	(8,778)	–	(8,781)
Balance at 31 May 2021	**–**	**1,241**	**206,738**	**–**	**207,979**
Balance at 1 June 2021	–	1,241	206,738	–	207,979
Depreciation for the year	80	3,779	16,994	–	20,853
Revaluations	(80)	(3,515)	5	–	(3,590)
Impairment	–	–	(90)	–	(90)
Disposals	–	(6)	(4,343)	–	(4,349)
Balance at 31 May 2022	**–**	**1,499**	**219,304**	**–**	**220,803**
Carrying amounts					
At 1 June 2020	57,042	122,729	122,321	26,206	328,298
At 31 May 2021	**69,949**	**127,307**	**121,849**	**16,179**	**335,284**
At 31 May 2022	**99,924**	**145,787**	**126,338**	**20,570**	**392,619**

Measurement and recognition

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. 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.

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.

B. Key operating assets continued

Impairment

The carrying amounts of Ravensdown'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. Cash-generating units are the lowest levels for which there are separately identifiable cash flows. Impairment losses are recognised in the income statement, unless the assets are carried at a revalued amount, in which case the impairment is treated as a revaluation decrease in equity. The recoverable amount is the higher of an asset or cash-generating unit's fair value less costs to sell and present value of future cash flows expected to be generated by the assets (value in use).

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 would have been determined had no impairment loss been recognised.

Key judgements and estimates useful lives

Ravensdown makes estimates of the remaining useful lives of assets, which are as follows:

Land	Indefinite		Fixed plant and equipment	3–40 years	Straight line
Land Improvements	25 years	Diminishing value	Mobile plant and motor vehicles	5 years	Diminishing value
Buildings and fitout	3–50 years	Straight line	Fixed wing aircraft	4–32 years	Straight line

Aircraft are subject to ongoing maintenance programmes, which include the use of rotable assets held as spare parts.

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

Valuation basis of land and buildings

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement dates.

The fair value of property 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. Given the judgments involved and the adjustments to inputs in valuing the land and buildings, the fair value of the land and buildings are not determined based on observable market data and is classified as Level 3 in the fair value hierarchy of NZ IFRS 13 Fair Value Measurement.

New Zealand land and buildings were independently valued as at 31 May 2022 by Nigel Fenwick (Registered Valuer, BBS(VPM), NZIV, MPINZ, MRICS) and Graeme McDonald (Registered Valuer, VP Urb, FPINZ, FNZIV, MRICS) of Jones Lang Lasalle. For the year-ended 31 May 2021, New Zealand land and buildings were independently valued by Mr Hilton Doherty of NAI Harcourts. The changes in valuation technique are covered at the end of this note.

B. Key operating assets continued

Key judgments, estimates and assumptions applied during the 2022 financial year:

The fair value of the land and buildings have been determined by the independent valuers, with reference to the following industry accepted methods of fair value measurement:

Depreciated replacement cost ("DRC") or cost approach:

A valuation technique that reflects the amount that would be required currently to replace the depreciated property. This approach considers the current replacement cost ("CRC") of assets and depreciates them based on a diminishing value ("DV") method across their estimated useful lives. This approach is generally used in the valuation industry for highly specialised assets where other market data is limited or unavailable, and therefore more highly informs the determination of fair value for Ravensdown's manufacturing sites, quarries and newer, more specialised stores.

The DV rate applied by the independent valuer is 10% DV, while CRC depends on the individual assets and their current condition. The relationship between DV/CRC and the fair value of land and buildings is summarised below:

	DV		CRC	
	Increase in DV	**Decrease in DV**	**Increase in CRC**	**Decrease in CRC**
Impact to fair value of land and buildings	Decrease	Increase	Increase	Decrease

Income approach:

The income approach uses rental rates generated by market transactions involving comparable properties and converts to a current (i.e. discounted) value based on an appropriate market derived rate of return (or capitalisation rate). This approach is generally used in the valuation industry when there are comparable properties, and therefore more highly informs the determination of fair value for Ravensdown's older, less specialised stores.

The capitalisation rates applied by the independent valuer ranges from 5.75% to 12.25%. The relationship between capitalisation/rental rates and the fair value of land and buildings is summarised below:

	Capitalisation rate		Rental rate	
	Increase in rate	**Decrease in rate**	**Increase in rate**	**Decrease in rate**
Impact to fair value of land and buildings	Decrease	Increase	Increase	Decrease

Judgment is required in respect of which methodology, or the weighting of each methodology, is applied. Assumptions are also required in respect of judgments such as land use and relevant market values, in addition to key valuation inputs for each approach as discussed above.

The independent valuers also considered comparable sales transactions and the discounted cash flow approach in combination with the above approaches, in determining the adopted fair value for land and buildings, based on their judgment and expertise. For this reason it is not possible to present specific sensitivity analysis. However, based on the DRC method only, and for the Ravensdown's key three manufacturing sites (which comprise $113.9 million of the total fair value of land and buildings) only:

- An increase of one percentage point in the DV rate would decrease Ravensdown's property by $1.7 million. A decrease of one percentage point would increase Ravensdown's property by the same amount.
- An increase to the current replacement cost of assets by one percentage point would increase Ravensdown's property by $0.5 million. A decrease by one percentage point would decrease Ravensdown's property by the same amount.

B. Key operating assets continued

Change in valuation techniques and application of valuation techniques:

During the year ended 31 May 2022 the independent valuer appointed by Ravensdown changed from NAI Harcourts to Jones Lang Lasalle. Professional judgment between valuers can vary, as can the determination of certain assumptions. Therefore, during the year ended 31 May 2022, there were some changes in the assumptions and methods used for the valuation for Ravensdown's land and buildings, outside of observable data inputs, which change year-to-year. These primarily relate to a reassessment of certain parcels of land that had been previously considered as having limited use, and therefore value, which Ravensdown now considers to have an alternative use; and reconsideration of certain valuation methodologies, or weightings thereof, which provide the most reliable estimates of value at 31 May 2022. Key significant changes are shown in the table below.

The valuation approach primarily referenced to measure fair value by the independent valuer is summarised by site type below:

Site Type	2022 Valuation Approach	2021 Valuation Approach
Manufacturing sites	Replacement cost approach	A combination of the replacement cost and market based approaches, with application of professional judgment by the valuer
Quarries	Replacement cost approach	
Store sites (with ground lease)	Replacement cost approach	
Store sites (owned freehold)	Market based approach	
Vacant land	Market based approach	
Sites identified for potential sale	Market based approach	
Labs, head office, other sites	Market based approach	

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

	2022	2021
Land and improvements	29,524	28,711
Buildings	77,156	78,147

B. Key operating assets continued

B2. Intangible Assets

	Patents and Registrations	Resource Consents	Goodwill	Software	Total
Balance at 1 June 2020	2,003	2,254	722	14,604	19,583
Additions	67	1,201	–	3,925	5,193
Reclassification from capital works in progress	–	–	–	5,632	5,632
Amortisation for the year	(286)	(316)	–	(4,390)	(4,992)
Impairment	(631)	–	–	–	(631)
Net book value at 31 May 2021	**1,153**	**3,139**	**722**	**19,771**	**24,785**
Additions	20	1,240	–	3,650	4,910
Amortisation for the year	(84)	(187)	–	(5,397)	(5,668)
Net book value at 31 May 2022	**1,089**	**4,192**	**722**	**18,024**	**24,027**
Cost	4,058	8,536	775	48,571	61,940
Less accumulated amortisation and impairment	(2,969)	(4,344)	(53)	(30,547)	(37,913)
Net book value at 31 May 2022	**1,089**	**4,192**	**722**	**18,024**	**24,027**

Measurement and recognition

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 Ravensdown to distribute animal health and agrochemical products throughout New Zealand.

Resource consents

Costs incurred in obtaining resource consents for Ravensdown'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 three and 26 years.

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.

B. Key operating assets continued

Software

Costs associated with acquiring software are capitalised at cost and amortised over the life of the assets. The costs of internally generated software comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management. Configuration and customisation costs are capitalised as software if they create an identifiable intangible asset controlled by Ravensdown where future economic benefits are expected to flow from the asset.

The assets primarily comprise software costs for Ravensdown's operating and information technology systems, aviation systems and customer centred applications based around farm management systems.

Amortisation and estimated useful lives

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. Ravensdown uses its judgement in determining the remaining useful lives and residual value of intangible assets. These are reviewed and, if appropriate, adjusted at each balance date. Amortisation rates selected are as follows:

Patents and registrations	4–20 years
Resource consents	14–35 years
Software	3–10 years

Intangible assets with an indefinite useful life are not amortised. Instead, they are assessed annually for any indication of impairment.

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 Ravensdown intends to and has sufficient resources to complete development and to use or sell the asset.

Ravensdown's primary focus of its research and development activities is the improvement of the science of cycling nutrients through pastoral and arable farming systems.

Total research and development expense recognised in the Consolidated Income Statement is $6.4 million (2021: $5.9 million). Net development costs capitalised to Work In Progress for the remote-sensing of soil fertility on hill country was $6.1 million over the life of the project, which is net of $5.6 million funding from the Primary Growth Partnership grant (2021: $5.8 million net, $5.2 million grant). Net Work In Progress for the remote-sensing of soil fertility on hill country capitalised is $0.4 million this year (2021: $5.6 million). During 2021, $5.6 million was reclassified from capital works in progress in property, plant and equipment (note B1) to software in intangible asset (note B2).

B3. Mining Deposits

	2022	2021
Balance at 1 June	14,122	14,500
Balance at 31 May	**14,155**	**14,122**

Mining deposits represent Ravensdown's ownership in limestone quarries throughout New Zealand, utilised for the production of lime fertiliser products.

At 31 May 2022, no lime resources were impaired in the Consolidated Income Statement (2021: $Nil).

Measurement and recognition

Ravensdown operates a mixed model; in some instances the resource is owned by Ravensdown, in others the resource is acquired on a royalty basis. The quarries 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.

Rehabilitation of lime quarry sites is provided for on the estimated life of the quarry and the potential rehabilitation cost, discounted to the present value of the future cost. At 31 May 2022, a $0.5 million provision for lime rehabilitation costs was included within the Statement of Consolidated Financial Position (2021: $0.8 million).

B. Key operating assets continued

B4. Inventories

	2022	2021
Finished goods	283,646	118,398
Raw materials	63,136	13,708
Total inventories	**346,782**	**132,106**

Inventories are reported as either finished goods or raw materials. All inventories are considered a finished good unless they are to be utilised in the production of superphosphate or its related products.

At 31 May 2022, a $0.3 million impairment to finished goods was recognised in the Consolidated Income Statement (2021: $0.3 million).

Measurement and recognition

Inventories are measured at the lower of cost and net realisable value. Ravensdown uses both the first-in first-out principle and the weighted average cost formula to assign costs to inventories. The cost includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

Key judgements and estimates

Ravensdown uses judgement in measuring the quantity of inventory on hand due to the nature of bulk fertiliser products and density factors.

Quantity of fertiliser on hand:

The measurement of bulk fertiliser products at year end is a function of each product's quantity on hand, unit cost, and relevant density factor. As bulk fertiliser is placed and drawn from storage, it settles in irregular shapes, and as a result Ravensdown's calculation of the quantity of fertiliser on hand requires estimation of the relevant shape and measurements for each storage pile.

Density factor:

The measurement of bulk fertiliser also requires the application of a density factor. The density factor represents the mass (weight) to volume ratio and this ratio changes with compaction and atmospheric conditions. Ravensdown determines the density factor to apply to its year end holdings of bulk fertiliser by reviewing and assessing historical density factor readings, as measured by Ravendown's analytical laboratory. As the determination of the density factor requires judgment, with different shipments having different density factors, there is estimation uncertainty because actual density factors may vary from Ravensdown's assessment.

The impact of changes in these assumptions on year end inventory value is as follows:

	Volume of fertiliser		Density factor	
	Increase in volume of fertiliser	**Decrease in volume of fertiliser**	**Increase in density factor**	**Decrease in density factor**
Impact to inventory value	Increase	Decrease	Increase	Decrease
Impact to cost of goods sold	Decrease	Increase	Decrease	Increase
Impact to profit and loss	Increase	Decrease	Increase	Decrease

Both of these factors require judgement and contribute to estimation uncertainty of the value of inventory reported in the financial statements.

B. Key operating assets continued

Bulk density sensitivity

At 31 May 2022, it is estimated that a general increase of one percentage point in bulk density would increase Ravensdown's inventories by approximately $3.1 million (2021: $0.8 million). A decrease of one percentage point would decrease Ravensdown's inventories by the same amount.

B5. Right of Use Assets

	2022			2021		
	Right of use land and buildings	**Right of use plant, machinery and vehicles**	**Total**	**Right of use land and buildings**	**Right of use plant, machinery and vehicles**	**Total**
Balance at 1 June	8,944	2,405	11,349	7,808	2,018	9,826
Additions	766	3,571	4,337	2,822	2,063	4,885
Disposals	–	–	–	–	(5)	(5)
Depreciation for the year	(1,937)	(2,019)	(3,956)	(1,686)	(1,671)	(3,357)
Net book value at 31 May 2022	**7,773**	**3,957**	**11,730**	**8,944**	**2,405**	**11,349**

Measurement and recognition

Right of use assets are initially measured at cost. This comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to restore properties to their original condition, less any lease incentives received. The right of use asset, excluding restorations costs, is depreciated on a straight-line basis over the lease term. The amount included within right of use assets relating to restoration costs is $Nil (2021:$Nil).
Right of use assets are considered for impairment. Refer to note B1 for the impairment basis.

C. Risk management and funding

In this section

This section explains the financial risks Ravensdown faces, how these risks affect Ravensdown's financial position and performance, and how Ravensdown manages these risks. In addition, this section explains how Ravensdown manages its capital structure, working capital and the various funding sources. In this section of the notes there is information about:

a) Ravensdown's approach to capital and financial risk management;
b) Net debt;
c) Cash and receivables; and
d) Equity and rebates.

C1. Rebates

Ravensdown exercises judgement in determining the level of rebates provided each year. Total rebates are determined with reference to the overall profitability of Ravensdown for the year and the need to ensure sufficient reserves, as considered necessary by the directors, are retained. Rebates for the year ended 31 May 2022 were issued at $25 per qualifying tonne on all qualifying tonnes of fertiliser purchased by transacting shareholders (2021: $30 per qualifying tonne).

Measurement and recognition

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 discounts to shareholders and offset against revenue in the Consolidated Income Statement.

Provision for rebates

	2022	2021
Rebate	25,979	32,761

Provisions for rebates 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 reflected in the Consolidated Income Statement the following year.

Capital management

Ravensdown's capital includes share capital, reserves and retained earnings. Ravensdown'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 Ravensdown's share rebate process.

Ravensdown's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors. There have been no material changes in Ravensdown's management of capital during the period.

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

C. Risk management and funding continued

C2. Financial Risk Management

Ravensdown's activities expose it to a variety of financial risks through the normal course of its business. The Board approves policies (including Ravensdown Treasury and Credit policies), which set appropriate principles and risk tolerance levels to guide management in carrying out financial risk management activities to minimise potential adverse effects on the financial performance and economic value of Ravensdown. In order to manage foreign exchange and interest rate risks arising from operational and financing activities, Ravensdown enters into derivative arrangements to hedge its exposure. A financial risk management committee, comprised of management, provides oversight for risk management and derivative activities. The Board re-evaluates risk policies on a regular basis. Ravensdown does not hold or issue derivative financial instruments for trading purposes.

Ravensdown is exposed to commodity price risk. This is partially mitigated through negotiated long term supply contracts with a geographically diverse range of suppliers and the use of commodity swaps to hedge commodity price risk.

Interest rate risk

Ravensdown is exposed to interest rate risk on the cash flows arising from borrowings held at floating rates. Ravensdown uses interest rate swaps to achieve an appropriate mix of fixed and floating rate exposure, as set out in policy guidelines established by the Board. At 31 May 2022 there were no interest rate derivatives held (2021: $Nil).

Cash flow sensitivity

At 31 May 2022 it is estimated that a general increase of one percentage point in interest rates would decrease Ravensdown's profit before income tax by approximately $2.8 million (2021: $0.9 million). A decrease of one percentage point would increase Ravensdown's profit before income tax by the same amount.

Foreign currency risk

Ravensdown is exposed to foreign currency risk on purchases and borrowings that are denominated in a currency other than the functional currency. The currencies in which transactions are usually denominated is US dollars (USD). Ravensdown uses forward exchange contracts and options to hedge its foreign currency risk.

In managing foreign currency risk, Ravensdown hedges up to 100% of all trade payables denominated in a foreign currency. Ravensdown also hedges up to 100% of its estimated foreign currency exposure in respect of forecasted purchases over a period that is approved by the Board. The investment in the Australian branch is no longer hedged by way of Australian dollar denominated borrowings as the amount of investment is below the Board approved threshold requiring hedging.

Measurement and recognition – derivative financial instruments

Derivative financial instruments comprise of forward exchange contracts, options, commodity cash settled swaps and interest rate swaps. Derivatives are initially recognised at fair value and are subsequently remeasured to their credit adjusted fair value using observable market prices as at reporting date, discounted cash flow models or option pricing models as appropriate. The resulting gain or loss is recognised in profit or loss immediately, unless the derivative is designated as an effective hedging instrument, in which event the timing of recognition or loss depends on the nature of the hedge relationship. Derivatives that do not qualify for hedge accounting are accounted for as held for trading instruments.

Cash flow hedges

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

If the hedging instrument no longer meets the criteria for hedge accounting, expires, or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount

C. Risk management and funding continued

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.

Sensitivity to movements in foreign currency

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 Ravensdown 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 following disclosures relate to the valuation of foreign exchange exposures as at 31 May. Ravensdown 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. As at 31 May 2022, the notional amount of USD foreign exchange contracts held were $300.4 million (2021: $229.5 million).

	2022			2021		
	USD	EURO	AUD	USD	EURO	AUD
Trade payables	(73,902)	(2)	(268)	(13,765)	(1)	(309)
Net balance sheet - foreign operations	–	–	9,615	–	–	10,429
Other balance sheet items	3,935	–	90	471	–	18
Net balance sheet exposure before hedging activity	(69,967)	(2)	9,437	(13,294)	(1)	10,138
Forward exchange contracts relating to exposures	69,967	–	–	13,294	–	–
Foreign denominated borrowings	–	–	–	–	–	(9,000)
Net unhedged exposure	–	(2)	9,437	–	(1)	1,138
NZD equivalent	–	(3)	10,403	–	(2)	1,221
Sensitivity to 10% strengthening of NZD (pre tax):						
Increase/(decrease) on equity	(40,824)	–	(964)	(28,535)	–	(139)
Increase/(decrease) on profit	9,753	–	18	1,672	–	28
Sensitivity to 10% weakening of NZD (pre tax):						
Increase/(decrease) on equity	49,896	–	1,178	34,876	–	170
Increase/(decrease) on profit	(11,920)	–	(22)	(2,044)	–	(35)

Credit risk

Ravensdown is exposed to credit risk from the possibility that a customer contract will result in a financial loss to Ravensdown or that a counter party will fail to perform their obligations. Ravensdown's exposure to credit risk is mainly influenced by its customer base and banking counterparties.

C. Risk management and funding continued

Ravensdown has a credit policy in place under which each new customer is analysed for credit worthiness. Credit risk is mitigated through most customers also being shareholders of Ravensdown Limited as their share capital may be utilised in cases of default. Ravensdown's customer base is primarily concentrated in the agriculture sector. Investments and derivatives are only made with reputable financial institutions or banks with a minimum Standard and Poor's credit rating of A or Moody's A2.

The carrying amount of financial assets represents Ravensdown's maximum credit exposure. Ravensdown does not have any material credit risk concentrations. Ravensdown has not renegotiated the terms of any financial assets that would result in the carrying amount no longer being past due or avoid a possible past due status.

Trade and other receivables

	2022	2021
Not past due	117,488	76,705
Past due 1 - 30 days	681	832
Past due more than 30 days	715	794
Less: Provision for impairment in receivables	(364)	(239)
Total trade receivables	**118,520**	**78,092**
Prepayments	1,294	6,163
Total trade and other receivables	**119,814**	**84,255**

Measurement and recognition

Trade receivables are measured on initial recognition at transaction price, and are subsequently carried at amortised cost. Transaction price is estimated as the present value of expected future cash flows.

Impairment of trade receivables

A provision for the impairment of receivables is established using the expected credit losses model, which is based on forward-looking analysis taking into account historical provision rates and relevant macroeconomic factors. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

Liquidity risk

Liquidity risk represents Ravensdown's ability to meet its contractual obligations. Ravensdown evaluates its liquidity requirements on an on-going basis. In general, Ravensdown 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.

C. Risk management and funding continued

The following tables analyse Ravensdown's financial liabilities, including net and gross settled financial instruments, into relevant maturity periods based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows and hence will not necessarily reconcile with the amounts disclosed in the Statement of Financial Position.

2022	Carrying value	Contractual cash flows	0-12 months	1-3 years
Non-derivative financial liabilities[1]				
Trade and other payables	164,111	164,112	164,112	–
Loans and borrowings	118,500	119,997	119,997	–
Other non-current liabilities	227	–	–	227
	282,838	**284,109**	**284,109**	**227**
Cash flow hedge derivatives				
Net foreign exchange contracts	18,446	18,187	18,187	–
Commodity swaps	(422)	(422)	(422)	–
Total net derivative assets/(liabilities)	**18,024**	**17,765**	**17,765**	**–**
Periods in which the cash flows associated with cash flow hedges expected to impact profit or loss	**18,024**	**17,765**	**15,731**	**2,034**

2021	Carrying value	Contractual cash flows	0-12 months	1-3 years
Non-derivative financial liabilities[1]				
Trade and other payables	55,034	55,034	55,034	–
Loans and borrowings	9,663	9,677	9,677	–
	64,697	**64,711**	**64,711**	**–**
Cash flow hedge derivatives				
Net foreign exchange contracts	(6,276)	(5,560)	(5,560)	–
Total net derivative assets/(liabilities)	**(6,276)**	**(5,560)**	**(5,560)**	**–**
Periods in which the cash flows associated with cash flow hedges expected to impact profit or loss	**(6,276)**	**(5,560)**	**(5,518)**	**(42)**

1 All contractual cash flows arising from non-derivative financial liabilities are expected to be settled within twelve months of balance date, unless classified as non-current liabilities.

C. Risk management and funding continued

C3. Lease Liabilities

	2022	2021
Opening balance	12,812	11,356
Net additions	4,337	4,885
Interest on lease liabilities	688	728
Repayments	(4,719)	(4,157)
Closing balance	**13,118**	**12,812**
Current	3,726	3,339
Non-current[1]	9,392	9,473

1 Non-current leases' maturity is reached between the range of 2-40 years.

Measurement and recognition

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using Ravensdown's incremental borrowing rate taking into account the duration of the lease. The lease liability is subsequently measured at amortised cost using the effective interest method, with the finance cost charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. It is remeasured when there is a change in future lease payments, or if Ravensdown changes its assessment of whether it will exercise an extension or termination option.

Lease expenses

The Consolidated Income Statement includes expenses relating to short term leases of $1.3 million (2021: $1.2 million). Depreciation of right of use assets are reported in note B5. Interest on lease liabilities are reported as financial expenses (see note A2).

Extension and termination options

Some leases contain extension and termination options exercisable by Ravensdown before the end of the non-cancellable contract period. The period covered by the options are only included in the lease term if Ravensdown is reasonably certain to exercise the option.

C. Risk management and funding continued

C4. Fair Value of Financial Assets and Liabilities

The carrying amounts of all financial assets and liabilities approximate their fair value and are categorised below:

	2022	2021
Assets		
Loans and receivables	124,345	87,447
Derivatives designated at fair value	19,473	514
Total assets	**143,818**	**87,961**
Liabilities		
Derivatives designated at fair value	1,449	6,790
Other liabilities at amortised cost	322,558	110,372
Total liabilities	**324,007**	**117,162**

Loans and receivables consist of: cash and cash equivalents, and trade and other receivables. Other liabilities at amortised cost consist of: loans and borrowings, trade and other payables, employee entitlements, rebates payable and other non-current liabilities.

Measurement and recognition – trade payables

Trade payables are recognised initially at fair value on the trade date at which Ravensdown becomes a party to the contractual provisions of the instrument. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

Fair value is calculated based on the expected future cash outflows required to settle the contractual obligations at the reporting date.

Fair value hierarchy

Ravensdown 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).

Ravensdown financial instruments carried at fair value are defined as level 2 for valuation purposes for 2022 and 2021. At 31 May 2022, the fair value of Ravensdown's derivative financial instruments was an $18.0 million asset (2021: $6.3 million liability).

C. Risk management and funding continued

C5. 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 Ravensdown's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Advances and repayments in the banking facilities are reported in the statement of cash flows on a net basis because the turnover is quick, the amounts are large and the maturities are short.

Reconciliation of operating cash flows

	2022	2021
Profit for the year	57,605	16,090
Adjustments for:		
Items classified as investing or financing activities		
Interest income	(1,416)	(1,477)
Interest expense	4,173	2,523
Insurance proceeds	(122)	(5,460)
Repayment of interest on lease liabilities	688	728
Items not involving cash flows		
Depreciation, amortisation and loss on disposals	31,680	30,884
(Increase) in deferred tax	(491)	(797)
Impairment of non current assets	21	1,321
Financial instruments	(234)	-
(Increase) in equity accounted investees	(14,600)	(3,032)
Income tax expense	4,850	(7,106)
Changes in working capital		
(Increase)/decrease in inventories	(218,503)	3,466
(Increase)/decrease in trade and other receivables	(35,558)	10,448
Increase/(decrease) in trade and other payables	111,782	(10,970)
Net cash from operating activities	**(60,125)**	**36,618**

C. Risk management and funding continued

C6. Loans and Borrowings

	2022	2021
Current liabilities		
Loans and borrowings	**118,500**	**9,663**

Measurement and recognition

Borrowings are recognised initially at fair value on the drawn facility amount, net of transaction costs paid. Subsequent to this, borrowings are stated at amortised cost using the effective interest method.

The loans are drawings on Ravensdown's revolving credit facility. At 31 May 2022, the facility available was $450 million (2021: $230 million). The excess headroom in the facility is available to ensure sufficient cash flow during peak periods arising due to seasonality of operations. The facility is made up of five tranches with expiration dates of May 2023, November 2023, May 2024 and May 2025. The interest rate is currently 3.34% (2021: 1.04%).

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 these banking covenants in the year.

C. Risk management and funding continued

C7. Co-operative Shares

The movement in co-operative shares for Ravensdown is as follows:

In thousands of shares	2022	2021
On issue at 1 June	337,446	336,986
Shares allotted during the year	8,633	9,074
Less: co-operative shares surrendered	(9,656)	(8,614)
On issue at 31 May	**336,423**	**337,446**

Partly paid ordinary co-operative shares

	2022	2021
Partly paid up	10	9
Unpaid	502	2
Total partly paid and unpaid	**512**	**11**

Value of ordinary co-operative share capital

In thousands of New Zealand dollars	2022	2021
Balance at 1 June	337,444	336,984
Co-operative shares issued	8,133	9,074
Less: co-operative shares surrendered	(9,656)	(8,614)
Balance at 31 May	**335,921**	**337,444**

Co-operative shares

Voting rights are held by transacting shareholders being entitled to one vote per share held. For votes on Area issues (as defined in the Co-operative Constitution) 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.

Ravensdown Limited may redeem shares in accordance with the Companies Act 1993. Upon winding up, shares rank equally with regard to Ravensdown Limited's residual assets. The share qualification quota is 258 shares per tonne. The shares have a 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.

Measurement and recognition

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.

D. Group structure

In this section

This section provides information to help readers understand Ravensdown's structure and how it affects the financial position and performance of Ravensdown. In this section of the notes there is information about:

a) Subsidiaries;

b) Investments in Joint Ventures; and

c) Investments in Associate Entities.

D1. Subsidiaries

	Principal activity	Country of incorporation	Interest (%) 2022	Interest (%) 2021
Ravensdown Aerowork Limited	Aerial spreading	New Zealand	100%	100%
C-Dax Limited	Agricultural machinery manufacturer	New Zealand	100%	100%
Ravensdown Australian Holdings Limited	Investment holding company	New Zealand	100%	100%
Ravensdown Fertiliser Australia Pty Limited[1]	Fertiliser sales - discontinued	Australia	0%	100%
Ravensdown Australia Properties Pty Limited	Property investment - discontinued	Australia	100%	100%
Aerial Sowing Limited	Dormant	New Zealand	100%	100%
Soil Fertility Services Limited	Dormant	New Zealand	100%	100%

1 On 3 February 2022, Ravensdown Fertiliser Australia Pty Limited completed a members' voluntary liquidation.

Subsidiaries are entities controlled by Ravensdown Limited. Control exists when Ravensdown Limited is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Power arises when Ravensdown Limited has existing rights to direct the relevant activities of the investee, i.e. those that significantly affect the investee's returns. Subsidiaries are consolidated from the point at which control is transferred to Ravensdown Limited and until such point as that control ceases. Control is assessed on a continuous basis.

Acquisition related costs are expensed as incurred. On an acquisition-by-acquisition basis, Ravensdown Limited recognises non-controlling interests at either their fair value or proportionate share of the acquiree's net assets. Transactions with non-controlling interests that do not result in a change of control are recognised in equity.

D. Group structure continued

D2. Equity Accounted Investees

	2022	2021
Interests in joint ventures	31,208	14,700
Interests in associates[1]	5,353	4,969
	36,561	**19,669**

1 Ravensdown's share of profits after tax arising from its interests in associates was $0.5 million (2021: $0.5 million). All other movements in the carrying value of associates were not considered significant.

Measurement and recognition

Associates are those entities in which Ravensdown has significant influence, but not control, over the financial and operating policies. Joint ventures are those arrangements in which Ravensdown has contractually agreed joint control and has rights to the net assets of the venture rather than having rights to assets and obligations for its liabilities. Associates and joint ventures are accounted for using the equity method (equity accounted investees). The consolidated financial statements include Ravensdown's share of the income and expenses of equity accounted investees, after adjustments to align the accounting policies with those of Ravensdown, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

Selected information on equity accounted investees

Joint ventures

Movements in carrying value of joint ventures:

	2022	2021
Balance at 1 June	14,700	15,108
Share of profit after tax	26,120	3,605
Dividends received from joint ventures	(11,916)	(1,056)
Movements in loans to joint ventures	(539)	(1,318)
Impairment of loans to joint ventures[2]	(288)	–
Foreign currency translation differences for foreign operations	3,131	(1,639)
Balance at 31 May	**31,208**	**14,700**

2 Ravensdown impaired $0.3 million of loans to equity accounted investees, and is recognised in cost of sales (2021: $Nil).

Summary financial information for joint ventures (not adjusted for the interest held by Ravensdown):

	Total assets	Total liabilities	Revenues	Profit before tax
2022	**153,987**	**92,312**	**384,994**	**76,698**
2021	99,567	72,621	167,506	10,204

D. Group structure continued

D3. Joint Ventures (Equity Accounted)

	Principal activity	Country of incorporation	Interest (%) 2022	Interest (%) 2021
Spreading Sandford Limited	Ground spreading	New Zealand	50.0%	50.0%
Spreading Canterbury Limited	Ground spreading	New Zealand	50.0%	50.0%
Spreading FBT Limited	Ground spreading	New Zealand	50.0%	50.0%
Spreading Northland Limited	Ground spreading	New Zealand	50.0%	50.0%
Mainland Spreading Limited	Ground spreading	New Zealand	50.0%	50.0%
Ravensdown Shipping Services Pty Limited[1]	Shipping services	Australia	50.0%	50.0%
New Zealand Phosphate Company Limited	Fertiliser research	New Zealand	50.0%	50.0%
Hyperceptions Limited	Hyperspectral imaging	New Zealand	50.0%	50.0%

[1]D3(a). Material joint ventures (equity accounted)

	2022	2021
Percentage ownership interest	50%	50%
Carrying amount of interest in joint venture		
Non-current assets	45,107	62,365
Current assets*	93,421	23,397
Non-current liabilities**	11,897	32,464
Current liabilities***	75,159	35,794
Net assets (100%)	51,472	17,504
Group's share of net assets (50%)	**25,735**	**8,752**

** Including cash and cash equivalents - 2022 $50.5 million, 2021 $7.1 million*
*** Non-current liabilities other than trade and other payables and provisions - 2022 $11.9 million, 2021 $32.5 million*
**** Current liabilities other than trade and other payables and provisions - 2022 $58.2 million, 2021 $32.9 million*

Material joint ventures

Ravensdown Shipping Services Pty Limited (RSS) is an unlisted material joint venture in which the Group has joint control and a 50% ownership interest (2021: 50%), but in which day to day management resides with the local joint venture partner. RSS is one of Ravensdown's strategic partners. It is based in Melbourne, Australia and is principally engaged in marine freight chartering services.

RSS is structured as a separate vehicle and the Group has a residual interest in its net assets. Accordingly, the Group has classified its interest in RSS as an equity-accounted joint venture.

The adjacent table summarises the financial information of RSS as included in its own financial statements. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in RSS.

D. Group structure continued

Group's share of total comprehensive income	2022	2021
Revenue	368,137	152,280
Depreciation and amortisation	37,901	32,734
Interest expense	1,207	1,519
Income tax expense	21,861	3,586
Profit and total comprehensive income (100%)	53,494	7,507
Profit and total comprehensive income (50%)	**26,748**	**3,754**
Dividends received by the group	**11,716**	**841**

D4. Associates (Equity Accounted)

	Principal activity	Country of Incorporation	Interest (%) 2022	Interest (%) 2021
Cropmark Seeds Limited	Forage plant breeding and marketing	New Zealand	26.6%	25.6%
Southstar Technologies Limited	Fertiliser coatings and development	New Zealand	20.0%	20.0%

D. Group structure continued

D5. Discontinued Operations

Ravensdown Australia Properties Pty Limited is a 100% subsidiary that was set up as a holding company for property owned in Australia. In April 2022, the decision was made to sell the last remaining store in Australia. No impairment was recorded in discontinued operations (2021: $Nil). These operations are still considered discontinued as part of the overall plan to exit this market.

Assets classified as investment property and held for sale

As at 31 May 2022, property, plant and equipment classified as investment property totalled $Nil (2021: $3.0 million) having been reclassified as an asset held for sale as at 31 May 2022 totalling $3.0 million (2021: $Nil). No revaluation was recognised (2021: $0.7 million increase) in the Consolidated Income Statement for the year. The valuation of the building in the prior year was determined by independent valuers and consideration made by the directors.

Measurement and recognition – investment property

Investment property comprises property held to earn rental income from third parties or from capital appreciation. Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss. Any gain or loss on disposal of investment property is recognised in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings. Refer to note B1 for the valuation basis.

Profit for the year from discontinued operations

During the year total net income after tax arising from discontinued operations were $0.3 million (2021: $0.7 million). The total net comprehensive income arising from discontinued operations was $0.5 million (2021: $0.7 million).

Net cash flows from discontinued operations

	2022	2021
Operating activities	678	266
Investing activities	(19)	103
Financing activities	(366)	(389)
Net cash flows	**293**	**(20)**

Measurement and recognition – 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. The assets, or disposal group are measured at the lower of their carrying amount and fair value less costs of disposal. 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 and financial assets which continue to be measured in accordance with Ravensdown's accounting policies.

E. Other information

In this section
This section includes the remaining information relating to Ravensdown's financial statements that is required to comply with NZ IFRS.

E1. Related Parties

	2022	2021
Transactions with equity-accounted investees		
Dividends received	12,081	1,104
Sales of goods and services	323	291
Purchases of goods and services	(91,884)	(61,629)
Net trade receivables	465	185
Closing advances	614	1,611

During the year Ravensdown entered into a number of transactions for the sale and purchase of goods from its equity accounted investees. All transactions between companies were carried out on a commercial basis.

Related parties are the equity accounted investments disclosed in notes D3 and D4.

Transactions with key management personnel are disclosed in note A3.

E2. Auditor's Remuneration

	2022	2021
Auditor's remuneration to KPMG comprises:		
Audit of financial statements	233	171
Total auditor's remuneration	**233**	**171**

E3. Capital Commitments

At 31 May 2022, Ravensdown had capital commitments of $56.7 million (2021: $27.8 million). Capital commitments relate to investment in New Zealand assets and infrastructure. Capital commitments are recognised after a formal capital review and approval process.

E4. Contingent Liabilities

Ravensdown had no contingent liabilities at balance date (2021: $Nil).

E5. Subsequent Events

There have been no events subsequent to balance date which would have a material effect on Ravensdown's financial statements to 31 May 2022.

Resolution of directors

Resolution of directors pursuant to Section 10 of the Co-operative Companies Act 1996

RESOLVED that, in the opinion of the undersigned directors of Ravensdown Limited (Company), the Company has throughout the financial year ended 31 May 2022 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 it 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 20th day of June 2022

Bruce William Massy Wills

David Alexander Biland

Jason Colin Dale

Michael Gerard Davey

Nicola Alice Orbell Hyslop

Jane Montgomery

Peter William Moynihan

Jacqueline Sara Rowarth

Independent Auditor's Report

KPMG

To the shareholders of Ravensdown Limited

Report on the audit of the consolidated financial statements

Opinion

In our opinion, the consolidated financial statements of Ravensdown Limited (the 'company') and its subsidiaries (the 'group') on pages 6 to 44:

- Present fairly in all material respects, the group's financial position as at 31 May 2022 and its financial performance and cash flows for the year ended on that date in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

We have audited the accompanying consolidated financial statements which comprise:

- the consolidated statement of financial position as at 31 May 2022;
- the consolidated income statement, statements of other comprehensive income, changes in equity, and cash flows for the year then ended; and
- notes, including a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the group in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

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

Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the consolidated financial statements as a whole. The materiality for the consolidated financial statements as a whole was set at $3.5 million determined with reference to a benchmark of group's profit before tax and rebates. We chose the benchmark because, in our view, this is a key measure of the group's performance.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the shareholders as a body may better understand the process by which we arrived at our audit opinion. Our procedures were undertaken in the context of and solely for the purpose of our statutory audit opinion on the consolidated financial statements as a whole and we do not express discrete opinions on separate elements of the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
Measurement of bulk inventory on hand – note B4	
The group has inventory of $347 million at 31 May 2022, of this $330 million relates to bulk fertiliser stored at the group's manufacturing sites and stores across New Zealand. The carrying amount of bulk fertiliser is determined by multiplying the quantity on hand by the unit cost. Key judgments in this calculation are the estimation of volume and the selection of relevant density factors: ■ Volume: as bulk fertiliser is placed in and drawn from storage, it settles in irregular shapes. Management determines volume based on visual inspection and calculation of relevant volumes; and ■ Bulk density factors: the estimated volume is multiplied by a bulk density factor to calculate the quantity on hand. The bulk density factor is the estimated weight of a fertiliser product in a given volume. The density of fertiliser can change with compaction and atmospheric conditions. A pile of fertiliser may comprise multiple shipments of fertiliser, each with different bulk density factors. Due to the estimation required in calculating the volume of bulk fertiliser on hand, and selecting the appropriate bulk density factor, when combined with the magnitude of the overall balance at 31 May 2022, we consider the measurement of bulk inventory to be a key audit matter.	Our audit procedures included, amongst others: ■ Attending annual inventory counts at material manufacturing sites and other storage locations on a rotational basis. ■ Calculating volumes at those counts for all bulk inventory and comparing those with management's assessment and challenging where significant differences identified. ■ Checking that agreed volumes of bulk inventory inspected at annual inventory counts were reflected in the inventory records. ■ Agreeing a selection of bulk density factors from laboratory testing to those used in measuring the quantity of bulk inventory on hand. ■ Comparing bulk density factors applied against external comparatives and previous measurements for the same products. Investigating bulk density factors that fell outside our predetermined testing thresholds and challenging management's estimates and estimation policies. ■ Recalculating bulk density factors applied from underlying bulk density data for selected inventory items. ■ Validating the stated description of certain inventory products selected from annual inventory count attendance to results from laboratory testing. ■ Assessing management's count results from inventory counts not directly attended, including reviewing cyclical counts performed during the year and modifying our audit procedures as appropriate.

The key audit matter	How the matter was addressed in our audit
Valuation of land and buildings – note B1	
The group has land and buildings subject to revaluation of $238 million at 31 May 2022. Because the group does not have internal valuation expertise to perform these valuations, an independent valuation expert was engaged. During the year, this expert changed from NAI Harcourts to Jones Lang Lasalle (JLL). The independent valuation expert exercises professional judgment in determining the fair value adopted in the financial statements for a specified asset. This judgment relates to their assessment of fair value under the depreciated replacement cost, and income capitalisation methods (amongst others), and the related assumptions relating to depreciation, replacement cost, useful lives, market rentals, discount and capitalisation rates (amongst others). We consider the revaluation of land and buildings to be a key audit matter due to the magnitude of the resulting revaluation amounts, the carrying amount of the revalued assets, and the judgment applied by the independent valuer in determining the assets' fair values.	Our audit procedures included, amongst others: ■ Assessing the competence, objectivity, and integrity of the valuation expert engaged by the group, including an assessment of their professional qualifications, experience, and evaluation of their independence and scope of work. ■ Direct enquiries of the valuation expert to understand their approach to the valuation of assets, and to identify key areas of judgment. ■ Assessing the appropriateness of valuation techniques applied (including of any changes compared with previous valuations), and challenging key data and assumptions underlying certain valuations directly with the valuation expert for valuations that met our specified scoping criteria. Mechanical application of the methodologies was also checked for selected valuations. ■ Checking that the revalued amounts determined by the valuation expert, and any related deferred tax effects, were reflected in the underlying accounting records. ■ Assessing whether valuation decreases in individual assets, with revaluation reserves in a debit (negative) position, were recognised through profit or loss for the debit (negative) amount. ■ Checking the adequacy of disclosures relating to the valuation basis.

Other information

The Directors, on behalf of the group, are responsible for the other information included in the entity's Annual Report. Other information may include the Finance at a Glance, and corporate governance and statutory information. Our opinion on the consolidated financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

The Annual Report is expected to be made available to us after the date of this Independent Auditor's Report. Our responsibility is to read the Annual Report when it becomes available and consider whether the other information it contains is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appear misstated. If so, we are required to report such matters to the Directors.

Use of this independent auditor's report

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

Responsibilities of the Directors for the consolidated financial statements

The Directors, on behalf of the company, are responsible for:

- the preparation and fair presentation of the consolidated financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards;
- implementing necessary internal control to enable the preparation of a consolidated set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objective is:

- to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of these consolidated financial statements is located at the External Reporting Board (XRB) website at:
http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/

This description forms part of our independent auditor's report.

The engagement partner on the audit resulting in this independent auditor's report is Matt Kinraid.

For and on behalf of

KPMG

KPMG
Christchurch

27 July 2022

Corporate Governance

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

Code of Business Conduct

Ravensdown has recently published its Code of Business Conduct on the Ravensdown website **www.ravensdown.co.nz**.

The Code of Business Conduct encompasses Ravensdown's commitment to keep our people safe, and to safeguard our culture, placing social and environmental governance at the core of everything we do. It explains the expectations of conduct within our business, and also for our engagements with our customers, suppliers and local communities.

The Code of Business Conduct draws together Ravensdown's internal policies and our renewed environmental, social, and governance ("ESG") commitments to provide a transparent and evolving Code. To this end our Code sets out our commitments to human rights, to conducting business fairly, to upholding the principles of Te Tiriti o Waitangi, to community development, to environmental protection and to reducing climate change.

The Board has approved the Code of Business Conduct and considers reports dealing with compliance. The General Counsel, with the assistance of the Risk and Assurance Manager, is responsible for recording and evaluating compliance with the Code and reporting on all breaches to the Board.

Set out in the Code are details of Ravensdown's protected disclosures policy which encourages employees to report any known or suspected incidents of wrongdoing within the company. Reports can be made internally or to a confidential service operated by Report–it-Now.

Responsibility of the Board of Directors

The Board of Directors is elected by and responsible to the shareholders. Its primary objective is to build long term shareholder value and in doing so act in the best interests of the company. The Board acts as the focal point for, and custodian of, corporate governance by managing its relationship with management, the shareholders and other stakeholders of Ravensdown and following sound corporate governance principles.

The Board's role and responsibilities are set out in its charter. In summary these are to:

- Engage in creating, approving and monitoring the strategic direction and objectives of the company.
- Appoint the Chief Executive Officer.
- Delegate appropriate authority to the Chief Executive Officer for the day-to-day management of the company.
- Approve the company's systems of internal financial control and risk framework, including monitoring and approving budgets, monitoring monthly financial performance and non-financial KPIs and approving rebates.
- Select the external auditors and ensure their professional merit and independence.

Board Committees

The Board has four standing committees, described below. Special project committees are formed when required. All committees report the proceedings of each of their meetings to the full Board.

Audit and Risk Committee

The committee comprises five to six Directors, including the two independently Appointed Directors, one of whom is appointed as chair and has appropriate financial experience and qualifications. The meetings are attended by the Chief Executive Officer and Chief Financial Officer. The external auditor attends by invitation of the Chairman along with Ravensdown's Risk and Assurance Manager and General Counsel. The committee meets a minimum of four times each year and its objectives are to assist the board in discharging its responsibilities in relation to:

- Audit processes, both internal and external.
- Financial reporting and controls, including the delegated authority framework.
- Maintaining oversight of financial systems and controls, including the annual audit process and annual report.
- Recommending annual draft budgets and rebates to the board.
- Risk management, including mitigation assessment, internal controls and insurance.
- Integrated thinking and reporting.

Board Appointments and Remuneration Committee

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

- Review the remuneration packages of the Chief Executive Officer and senior managers.
- Make recommendations in relation to Director remuneration.
- Make recommendations in relation to Appointed Directors to the Board.

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

Share Registry Committee

This committee comprises three to four Directors. It meets prior to each Board meeting, as required, to consider and make recommendations to the Board regarding share surrender, allotment and transfer applications from shareholders.

Governance Excellence Committee

This committee was set up in 2021 and comprises five Directors. Its objectives are to:

- Assist the Board in the establishment of a governance and training programme to promote governance skills and experience within the Ravensdown shareholder base for the benefit of the New Zealand agriculture industry.
- Maintain oversight and manage performance of the programme when it is set up.

Composition of Board

During the past financial year the Board was comprised of eight Directors before the Annual Meeting on 14 September 2021 and nine Directors after the meeting. Having served more than 12 years in office, John Henderson did not stand for re-election in Area 5 at the 2021 election. Instead, with the agreement of the Board he stayed on for the remainder of the financial year as Chairman and as an appointed Director to oversee the transition with the new Chief Executive Officer, Garry Diack. John Henderson retired on 31 May 2022 and was succeeded in the role of Chairman by Bruce Wills.

Shareholder-elected Directors are required to retire after three years in office. Retiring Directors are eligible to stand for re-election, but cannot remain in office for more than 12 years. Elections for the vacant director positions are held prior to the Annual Meeting.

Appointed Directors are re-appointed each year after the Annual Meeting and cannot remain in office for more than 12 years. Following the resignation of John Henderson, the Board currently has two independently Appointed Directors, but it is permitted under the constitution to have up to three Appointed Directors in order to bring additional experience and skills to the Board.

The Chief Executive Officer is not a member of the Board.

Risk Identification and Management

The company has a comprehensive risk management framework to identify, assess and monitor new and existing risks. Annual risk updates are performed and risk improvements plans created and acted on. The Chief Executive Officer and the Leadership Team are required to report to the Board and Audit and Risk Committee on high risks affecting the business and to develop strategies to mitigate these risks. Additionally, management is responsible for ensuring an appropriate insurance programme is in place and reviewed annually.

External Auditor Independence

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

Directors' Meetings

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

Board and Committee Attendance FY22

Board

Meetings: 21-22 June 2021; 26-27 July 2021; 27 September 2021; 1 November 2021; 13 December 2021; 14 February 2022; 28 March 2022; 16 May 2022 (special meeting), 23-24 May 2022

Director	Eligible to attend	Present	Absent
John Henderson (Chairman)	9	9	–
David Biland (Deputy Chairman)	9	9	–
Jason Dale	9	9	–
Nicky Hyslop	9	9	–
Pete Moynihan	9	9	–
Jacqueline Rowarth	9	9	–
Bruce Wills	9	9	–
Jane Montgomery	9	9	–
Mike Davey (from 27 September 2021)	6	6	–

Audit and Risk Committee

Meetings: 21 July 2021; 6 September 2021; 17 November 2021; 22 March 2022; 16 May 2022

Director	Eligible to attend	Present	Absent
Jason Dale (Chairman)	5	5	–
Nicky Hyslop (from 1 November 2021)	3	3	–
David Biland	5	5	–
John Henderson	5	5	–
Pete Moynihan	5	5	–
Bruce Wills	5	5	–

Share Registry Committee

Meetings: 14 June 2021; 19 July 2021; 20 September 2021; 26 October 2021; 6 December 2021; 8 February 2022; 21 March 2022; 16 May 2022; 31 May 2022.

Director	Eligible to attend	Present	Absent
Bruce Wills (Chairman until 12 May 2022)	7	7	–
Jacqueline Rowarth (Member from 14 June 2021 to 1 November 2021 and rejoined as Chair from 12 May 2022)	6	4	2
Mike Davey (from 1 November 2021)	5	4	1
Nicky Hyslop (from 14 June 2021 to 1 November 2021)	4	3	1
Jane Montgomery	9	9	–

Board Appointments and Remuneration Committee

Meetings: 13 July 2021; 23 May 2022

Director	Eligible to attend	Present	Absent
Pete Moynihan (Chairman)	2	2	–
David Biland	2	2	–
John Henderson	2	2	–
Nicky Hyslop	2	2	–
Jacqueline Rowarth	2	2	–
Bruce Wills	2	2	–

Governance Excellence Committee

Meetings: 14 December 2021; 8 February 2022; 21 March 2022

Director	Eligible to attend	Present	Absent
Nicky Hyslop (Chair)	3	3	–
Mike Davey	3	3	–
Jane Montgomery	3	3	–
Jacqueline Rowarth	3	2	1
Bruce Wills	3	3	–

Statutory Information

Directors

The Directors of Ravensdown Limited as at 31 May 2022 were as follows:

- John Henderson (Chairman)*
- David Biland (Deputy Chairman)
- Jason Dale
- Pete Moynihan
- Bruce Wills**
- Nicky Hyslop
- Jacqueline Rowarth
- Jane Montgomery
- Mike Davey***

** John Henderson retired from the Board effective from 31 May 2022*

*** Bruce Wills was appointed as Chairman of the Board effective from 1 June 2022*

**** Mike Davey was appointed to the Board effective from the Annual Meeting on 27 September 2021*

Directors and remuneration

Remuneration and benefits received by Directors or former Directors of Ravensdown Limited during the year were as follows :

Director	Total remuneration and value of other benefits received
John Henderson (Chairman)	$199,750
David Biland (Deputy Chairman)	$101,625
Jason Dale (Audit and Risk Committee Chairman)	$97,000
Pete Moynihan (Board Appointments and Remuneration Committee Chairman)	$87,000
Bruce Wills	$82,000
Nicky Hyslop	$82,000
Jacqueline Rowarth	$82,000
Jane Montgomery	$82,000
Mike Davey*	$55,917

** Mike Davey joined the Board effective 27 September 2021*

Entries recorded in the Interests Register

Per Section 140(2) of the Companies Act 1993, the Directors gave the following general disclosures of interests that they are Directors or Members of the following named organisations as at 31 May 2022:

Director	Position	Entity Name
John Henderson	Partner	Evans Henderson Woodbridge
	Director/Shareholder	Hinau Station Limited
	Director/Shareholder	Vanderwood Trustees & Agency Limited
	Director/Shareholder	Waimaria Farms Limited
	Director/Shareholder	Clearsky Agriculture Limited
	Shareholder	Ngatahaka Dairies Limited
	Shareholder	Tikapu Station Limited
	Shareholder	Rewa Rewa Farm Limited
	Shareholder	Hiwinui Station Limited
	Shareholder	Dochroyle Limited
	Shareholder	Ferriby Land Company Limited
	Shareholder	Mount Drake Farm Limited
	Director	Athlumney Farms Limited
	Director	Tutu Totara Dairy Limited
	Director	New Zealand Phosphate Company Limited
	Director	Coronet Peak Station Queenstown Limited
	Director	Goodwin Trustees & Agency Limited
	Trustee	Lagore Enterprises Trust
	Trustee	Holtby No. 2 Trust
	Trustee	The Beechmont Trust
	Trustee	Bushybank Trust
	Trustee	Carter Trust
	Trustee	Ernscliffe Trust
	Trustee	Clarinbridge Trust
	Trustee	A D Glasgow Family Trust
	Trustee	Otiwhiti Westoe Trust
	Executor	Estate James Gregor Waswo

Director	Position	Entity Name
Jason Dale	Director/Chair	Crest Licensing Systems Limited
	Chief Commercial and Financial Officer New Zealand and Pacific Islands	BlueScope New Zealand and Pacific Islands
	General Manager – Pacific Islands	BlueSope New Zealand and Pacific Islands
	Director	New Zealand Steel Holdings Limited
	Director	New Zealand Steel Limited
	Director	BlueScope Steel Finance NZ Limited
	Director	BlueScope Steel Trading NZ Limited
	Director	New Zealand Steel Development Limited
	Director	Pacific Steel (NZ) Limited
	Director	Steltech Structural Limited
	Director	Toward Industries Limited
	Director	Waikato North Head Mining Limited
	Director	SteelServ Limited
	Director	BlueScope Acier Nouvelle Caledonie SA
	Director	BlueScope Lysaght (Vanuatu) Limited
	Director	BlueScope Pacific Steel (Fiji) Pty Limited
	Director	BlueScope Lysaght (Fiji) Limited
	Director	Tasman Steel Holdings Limited
	Director	Southbase Group Limited
	Director/Chair	Crest Commercial Cleaning Limited
	Director/Chair	Westphalia Properties Limited
	Director/Chair	Southbase Construction Limited
	Member	ResolvePay Advisory Board
Pete Moynihan	Director/Shareholder	Aerodrome Farm Limited
	Director/Shareholder	Rathmore Farm Limited
	Director/Shareholder	AgriStrategy Limited
	Director	Last Tango Limited
	Director	The Power Company Limited

Statutory Information continued

Director	Position	Entity Name
Pete Moynihan *continued*	Director	PowerNet Limited
	Indirect Shareholder	Manukau S.A.
	Trustee	Rathmore Trust
Bruce Wills	Director/Shareholder	Trelinnoe Limited
	Director	Remarkables Station National Trust Limited
	Chair	QE II National Trust
	Chair	Apiculture NZ
	Chair	Deer PGP
	Chair	Primary ITO
	Chair	Biodiversity Hawkes Bay
	Independent Chair	Mt Cook Alpine Salmon SFFF (Project Nautilus)
David Biland	Director/Shareholder	Hughland Limited
	Trustee	The Davinzi Trust
	Client of Hughland Limited	SVS Veterinary Supplies Limited
	Client of Hughland Limited	EIDNZ Limited
Jacqueline Rowarth	Director	DairyNZ Limited
	Director /Shareholder	Oraka Farming Limited
	Shareholder	Scott Holdings (Tirau) Limited
	Shareholder	Knewe Biosystems NZ Limited
	Indirect Shareholder (via Scott Holdings (Tirau) Ltd	Fonterra Co-operative Group
	Indirect Shareholder (via Scott Holdings (Tirau) Ltd	Silver Fern Farms Co-operative Limited
	Indirect Shareholder (via Scott Holdings (Tirau) Ltd	Livestock Improvement Corporation
	Trustee	New Zealand Grassland Trust
	Adjunct Professor	Lincoln University

Director	Position	Entity Name
Nicky Hyslop	Director/Shareholder	Levels Estate Company Limited
	Director	Beef + Lamb New Zealand Limited
	Director	New Zealand Meat Board
	Director	Meat and Wool Trust Limited
	Director	Pastoral Genomics Limited
	Director (Vice Chair) / Shareholder	Opuha Water Limited
	Independent Chair	Hunter Dairies Limited
	Independent Chair	Nind Family Advisory Board
	Indirect Shareholder via Level Estate Company Ltd	Farmland Co-operative Society Limited
	Indirect Shareholder via Level Estate Company Ltd	Silver Fern Farms Co-operative Limited
	Independent Member	New Zealand Agricultural Greenhouse Gas Research Centre
	Council Member/ Stakeholder	Ospri
Jane Montgomery	Director/Shareholder	Kotare Headwaters Limited
	Director/Indirect Shareholder	Gower Brae Limited
	Indirect Shareholder via Gower Brae Limited	Farmlands Co-operative Society Limited
Mike Davey *Commenced September 2021*	Director	Taranaki Health Board
	Deputy Chair	Taranaki Electricity Trust
	Shareholder	Ravensdown Limited
	Trustee	Taranaki Health Foundation
	Councillor	Taranaki Regional Council
	Financial Member	Federated Farmers NZ

Related party transactions

Like most co-operative companies, Ravensdown Limited has frequent transactions with its farming Directors in the ordinary course of business. All transactions with the Directors are carried out on a commercial basis and they are not advantaged with prior notice of price changes.

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 Ravensdown 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

There were no donations made to various charities during the year (2021: $2,500).

Employees' remuneration

Remuneration	No. of Employees
$100,000 - $109,999	68
$110,000 - $119,999	38
$120,000 - $129,999	39
$130,000 - $139,999	30
$140,000 - $149,999	26
$150,000 - $159,999	18
$160,000 - $169,999	16
$170,000 - $179,999	15
$180,000 - $189,999	5
$190,000 - $199,999	6
$200,000 - $209,999	2
$210,000 - $219,999	2
$220,000 - $229,999	5
$230,000 - $239,999	2
$240,000 - $249,999	3
$250,000 - $259,999	2
$260,000 - $269,999	2
$270,000 - $279,999	2
$290,000 - $299,999	1
$380,000 - $389,999	1
$390,000 - $399,999	1
$440,000 - $449,999	1
$450,000 - $459,999	2
$460,000 - $469,999	1
$510,000 - $519,999	1
$650,000 - $659,999	1
$1,240,000 - $1,249,999	1

Employee's 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.

Subsidiaries

Persons holding office as Directors of Ravensdown Limited's wholly owned subsidiaries as at 31 May 2022 were as follows:

Subsidiary	Directors
Ravensdown Aerowork Limited	Mike Whitty Garry Diack* Bruce Magee**
C-Dax Limited	Mike Whitty Anna Stewart Greig Shearer
Ravensdown Australian Holdings Limited	Sean Connolly Anna Stewart Garry Diack***
Ravensdown Australia Properties Pty Limited	Sean Connolly Allister Burton Anna Stewart****
Aerial Sowing Limited	Mike Whitty Mike Manning
Soil Fertility Services Limited	Mike Manning

** Garry Diack was appointed Director of Ravensdown Aerowork Limited on 19 July 2021*

*** Bruce Magee was appointed Director of Ravensdown Aerowork Limited on 1 January 2022*

**** Garry Diack was appointed Director of Ravensdown Australian Holdings Limited on 19 July 2021*

***** Anna Stewart was appointed Director of Ravensdown Australia Properties Pty Limited on 22 September 2021*

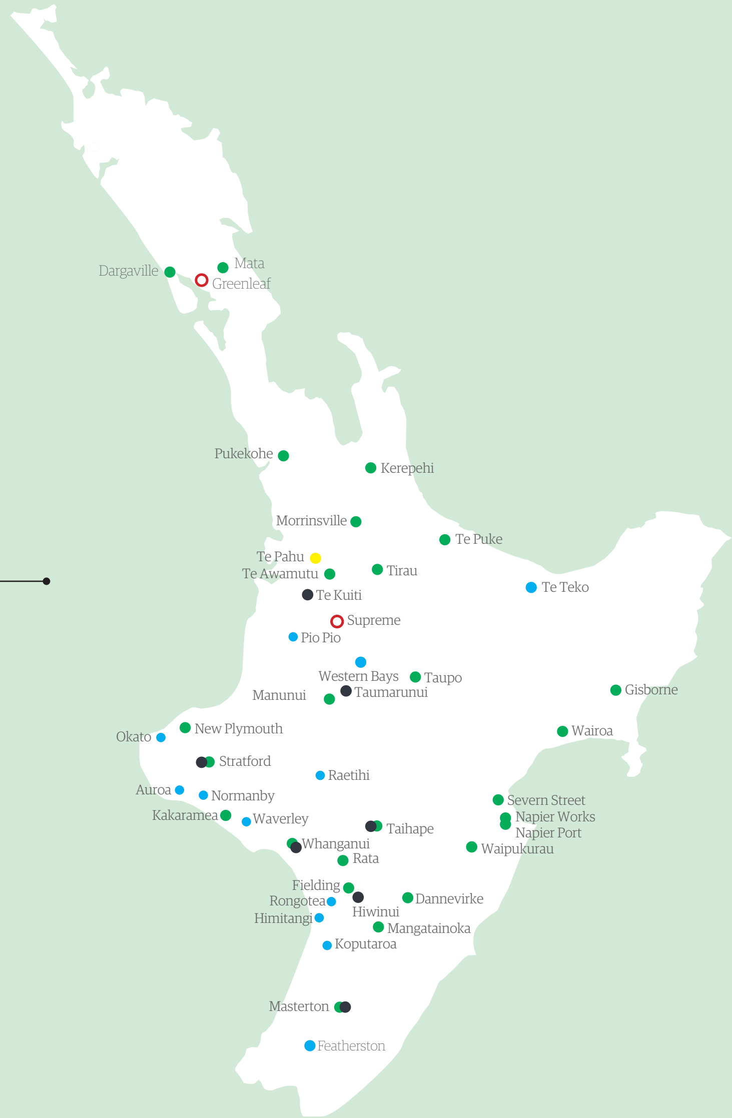
Except for Allister Burton and Bruce Magee, all of the current Directors are employees of Ravensdown Limited or C-Dax Limited. This is the only general disclosures of interest by each Director of Ravensdown Limited's subsidiaries as at 31 May 2022, pursuant to s 140(2) of the Companies Act 1993.

Allister Burton has received remuneration of AUD $6,500 during the financial year.

Bruce Magee has received remuneration of $14,583 during the financial year.

Smarter farming throughout New Zealand

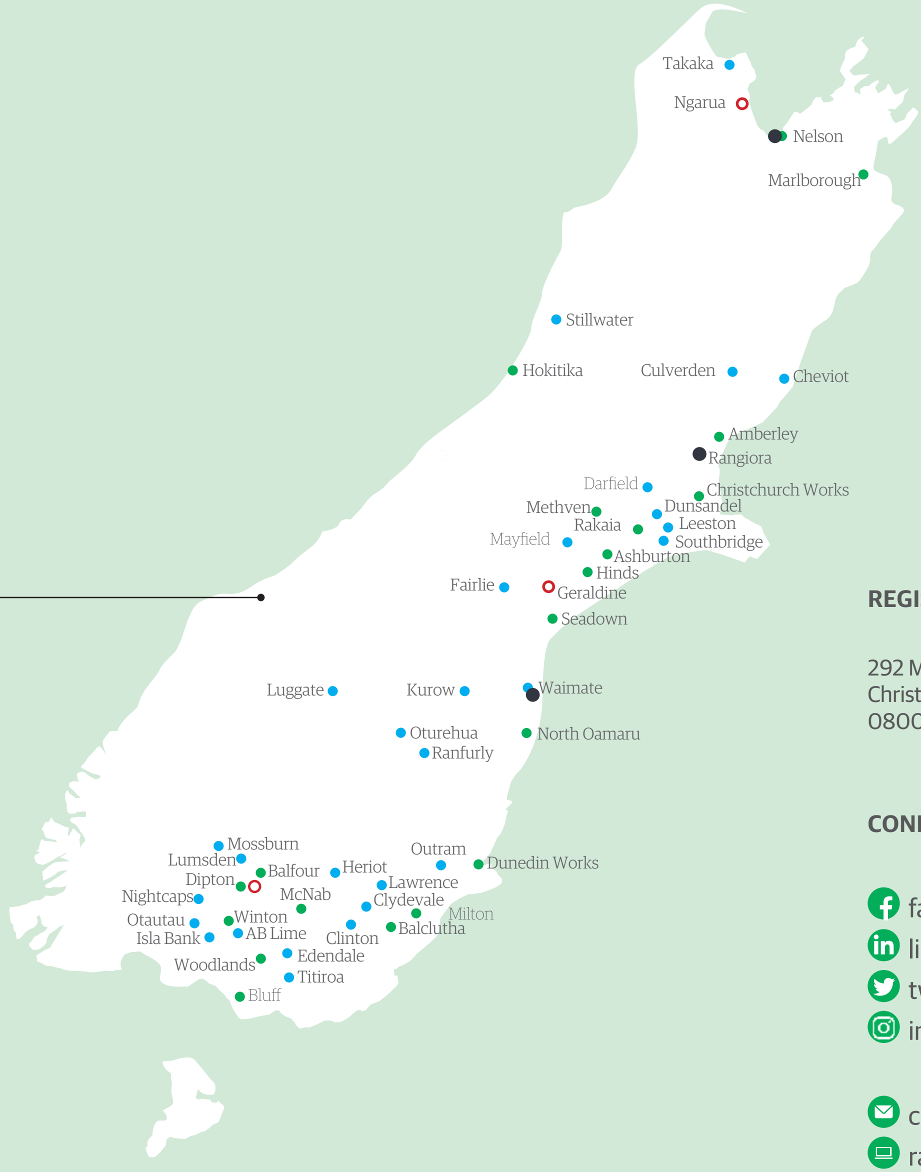
Ravensdown stores – North



KEY

- Ravensdown-owned stores
- Ravensdown consignment stores
- Ravensdown aglime quarries
- Lime processing plant
- Aerowork

Ravensdown stores – South



REGISTERED OFFICE

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Ka pūkekotia a Rongomātāne, ka poho kererū a Aotearoa

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