PLATE TO PASTURE®

OUR CONSUMERS NEEDS

DRIVE HOW WE DO THINGS

SILVER FERN® FARMS

ANNUAL REPORT 2014

100% MADE OF NEW ZEALAND

OUR STRATEGY RELIES ON LISTENING AND RESPONDING.

Contents

Annual Meeting of Shareholders

The 2014 Annual Meeting of Silver Fern Farms Limited Shareholders will be held at 11:30am on 18 February 2015 in Dunedin at:

Silver Fern Farms Head Office
283 Princes Street
Dunedin.

The Notice of Annual Meeting will be provided separately to Shareholders.

MARKET FOCUSED PLATE TO PASTURE STRATEGY

Our strategy is focused on creating value by listening and responding to the needs of consumers in markets around the globe. The Silver Fern Farms brand tells the story of the land, the farmers in our co-operative and the care taken at every point in the process of creating inspirational food. Through our story we are building a growing following of loyal, high-end consumers.

Building brands consumers trust and pay a premium for, locally and in offshore markets, takes time. Our strategy is a long-term approach to how we are re-engineering our co-operative. It is supported by people in our business who continually improve the everyday things we do – from increasing yields in plants, to finding the most effective freight options to get our food to market.

Our strategy relies on the business listening to the needs of our farmer partners and responding in ways that help them farm to meet our consumers' needs.

We want to put the farmers in our co-operative in a position to take advantage of the growing opportunities on offer for those who produce high quality food.

CHAIRMAN AND CHIEF EXECUTIVE REVIEW

EXAMPLES OF OUR PLATE TO PASTURE STRATEGY WORKING:

1. Launch of branded Lamb retail packs into China. Strong focus on premium prices to gain maximum return. Innovative new consumer channels including e-commerce home delivery, TV shopping channel, along with high-end supermarkets
2. Continued strong growth in the USA via Marx Foods with Grass-fed Premier Selection Reserve and Angus Beef along with SILERE® alpine origin merino
3. Launch and expansion of Reserve Beef and Silere into key cities in the Middle East targeting high priced retail and restaurant channels
4. Expansion of branded Venison retail packs into Australia, Singapore and Hong Kong markets. New Zealand market experienced strong growth of +25%
5. Launch of branded Beef retail packs into NZ. Premium priced based on new Eating Quality System, convenient cuts and the Silver Fern Farms brand promise. Strong interest from other international markets to grow significant volumes.

Rob Hewett
Chairman

Dean Hamilton
Chief Executive

2014 was a positive year with the co-operative returning to profitability and making strong progress on debt reduction and our long-term value creation strategy.

Earnings Before Interest and Tax (EBIT) were $39.3m, up a creditable $47.8m on the prior year. However, debt financing costs at $37.4m meant that net profit before tax was only $1.8m for the year.

Debt levels at year end were down $99m (from $387.6m to $288.6m); a 25% reduction on 2013. The equity ratio lifted to 45.2% from 38.7%.

Our pathway to profit has come from a stable market for key commodity products, a strong focus on production excellence and inventory management, a new regional procurement structure and good progress for high value products in new markets.

Whilst the return to profitability and reduction in debt were both positives, we are acutely aware both require further improvement to deliver a sustainable financial position for the co-operative.

THE YEAR IN REVIEW

It was important that we investigated and responded appropriately to last season's performance. Our response started with listening – to you our shareholders, to our people in the business, to our customers and our consumers.

We know many of our farmer shareholders saw our profitability and our debt reduction as a priority for the company this past season – which is what we have delivered.

Focusing On Our Core Business

What was clear was that to get to that profitable position we needed to get better at the core of what we do.

Our sales team found market conditions more favourable than in previous years. An organisational realignment to a regional focus enabled us to deepen our customer relationships.

Our traditional commodity business performed steadily over the period. Lamb and mutton sales into China in particular were positive, and enabled a focus on reducing the balance of our carry-over inventory. This contrasted with 2013 where we managed a large inventory of sheepmeat to market in the face of fragile consumer demand.

Beef prices continued to lift through the year, reaching historic highs at year end. The US beef market underpinned this good performance and beef sales to China also grew strongly.

Venison sales also recovered to provide a consistent return. Our chilled programme performed well and our customers are working through their in-market stocks.

Pelts and hides struggled with depressed market demand, which had an impact on farm gate returns.

We have made a determined effort to make our assets and existing capital work for us as effectively and efficiently as possible. Our commodity business found efficiency gains. A strong focus on excellence in processing generated improved yields and our Te Aroha plant moved from its commissioning phase to record breaking performance.

We finished the season with a much improved inventory position. This stands us in good stead for the year ahead. The success of this focus contributed to the significant reduction in year-end debt.

Continued growth from value creating business

Our initial aim is to build 10 percent of revenue through innovative value creating products by 2017. Our consumer and food service ranges make up a large proportion of those products.

The year started strongly with the addition of our aged beef range in February. Beef completes the consumer range in joining venison and lamb on supermarket shelves in our New Zealand home market.

FIVE TOP FACTORS BEHIND SUCCESSFUL YEAR:

1. Efficient plants – general reduction in running costs, many plants setting records
2. Strong commodity product demand seen in 2014 – especially for beef in USA and lamb in China
3. Continued focus on managing inventory levels
4. Realised capital/reduced debt with sales of underperforming assets and collaboration with others (e.g. Shannon, Leathers, redundant land and reduced livestock assets)
5. Continued growth in value-added sales through new products and markets.

With the benefit of our New Zealand experience we have progressively launched consumer retail products into international markets. Customers in Shanghai, Singapore and Hong Hong have since taken on our Silver Fern Farms branded retail product. We have a foothold in these markets which we intend to progress through active investment and management.

Our Silver Fern Farms Premier Selection food service range has had good growth with the Silver Fern Farms Premier Selection Reserve beef range making significant gains in the one year since its launch. It is now available in all of our key target markets and is being sold into high-end restaurants through our customers who understand the value proposition that comes with our branded range.

The food service sector has seen a growth in demand for SILERE® alpine origin merino which launched into Dubai and Saudi Arabia in September. Our Hotel, Restaurant and Café strategy saw restaurant cuts of lamb feature on menus of Mumbai's Taj Mahal Palace, a five star hotel well known for breaking new ground. In the 12 months to September Silver Fern Farms lamb exports to India made up 47% of total lamb exports to the market. Empire Foods are an excellent partner for us in the India market because they understand how to meet the high quality service expectations of five star hotels and fine dining restaurant customers.

In addition to our consumer and food service ranges, we continue to make progress in our pharmaceutical value added strategy. We continue to expand our customer base and range of products across the pharmaceutical sector in Europe and the US. China is a key future market for us which we intend to develop once they lift their short-term hold on imports of blood products from New Zealand.

We are pleased with the growth in our value-added sales however, there is still a great deal to do to achieve our ambitions in this area. We are now half way towards our initial goal of having 10% of revenue in value-added sales.

This is important to our co-operative. We believe it will be a large part of our future. It is adding additional value (above cost), is creating premiums we can share with our farmer partners who supply the sought after specifications, is reducing revenue volatility and is a positively differentiated strategy to other New Zealand processors.

Making the tough calls

Innovation is not without points where you realise the best intended activities are not going to be as successful as they need to be. This year we made the call to phase out the Dairy Bull Beef Programme. Over the last 5 years nearly 100,000 bulls and over 600 farmers have participated in this programme aiming to produce a more sustainable production system of high quality lean beef. While the system has delivered on many fronts we were unable to create a programme that delivered the right risk and return at each part of the supply chain.

We sold assets which were not returning on their investment. These included a cold store in Gore, and surplus farmland at our Fairton plant in Ashburton. We partnered with Lowe Corporation through the sales of the Shannon fellmongery and Napier Leathers sites and entered into toll processing and marketing agreements for hides and pelts.

This transaction is an excellent example of collaboration for mutual benefit. It followed a strategic review of the North Island pelt and hides processing area of our business with a view to optimising returns and reducing costs. The gains we can make together out of this agreement from creating efficiencies of scale and a pooling of expertise should see a healthier sector in the long-run.

Partnerships

Crucial partnerships were struck this year. These developments are set to provide us with long-term benefits as an exporter and an investor.

Kotahi (our freight and logistics joint venture with Fonterra Cooperative) and New Zealand's freight gateway Port of Tauranga struck a strategic ten-year freight alliance. Combined with a separate long-term agreement between Kotahi and Maersk Line, the world's largest container shipping company, the agreement will deliver a 'step-change' for New Zealand's international trade sector. This partnership will ensure our customers continue to receive a sustainable, high quality transport solution directly from New Zealand. The benefits for Silver Fern Farms are the long-term retention of direct ocean freight vessel calls for New Zealand, increased reliability, reduced cost and carbon footprint of shipping and long-term stability of the supply chain.

In June we signed a Memorandum of Understanding with the Federation of Māori Authorities to deepen our understanding of the Māori dry-stock farming sector. There are approximately 950,000 hectares of productive rural land in Māori hands, two-thirds of it in pasture supporting dry stock operations. Almost 90% of that land is under the governance of 363 mostly Ahu Whenua Trusts or Incorporations which either are members of the Federation or are eligible to be. These entities represent the core of the Māori agri-business sector that has lifted its performance noticeably over the past five years. This is a genuine partnership centered around listening to their needs so we can leverage our collective scale and influence, and to develop the capacity and capability of people and communities represented by the Federation.

"It makes sense that we work together; we each have a national legacy, the courage to create history and work for the collective good – and to work to a long-term time horizon."

MoU between the Federation of Māori Authorities and Silver Fern Farms.

We also joined forces with the NZ Customs service in joining the Secure Export Scheme. New Zealand's Secure Export Scheme is a world-leading programme that meets global supply chain security standards, and aims to make the international trade of legitimate goods easier. The scheme ensures there is minimal intervention at export, and gives our overseas trade partners greater assurance of security. For us it demonstrates our high level of diligence as an exporter around risk management plans that assure our goods are packed and transported securely to the place of shipment without interference.

THE YEAR AHEAD

The 2014/15 season has started with your co-operative in stronger health than we have seen in the past three seasons.

We made progress on a number of fronts in 2013/14, however there remains much work to be done and opportunities to grasp.

At a high level, our objectives for the current season are purposefully simple:

- To further improve our profitability in a material and sustainable way
- To achieve our milestones towards our initial target of 10% of revenue through value-added sales by 2017
- To create a sustainable capital structure for the co-operative
- To make real progress towards our goal of Zero Harm in the workplace.

In terms of profitability, we have reorganised the business along species lines to provide greater visibility and accountability to drive improved performance for the whole co-operative. We will continue to manage our sales and procurement efforts regionally. We start the year without the financial hangover of the 3-year Backbone contracts. Our plants have started up where they left off and continue to improve efficiencies and benefit from selected capital expenditure. Whilst a number of end markets gradually eased off over the first quarter, we have maintained a tight rein on inventory and have passed these price signals on to our suppliers.

It is going to be a busy year for our value-added business. We have international market launches planned for this year, we are putting people on the ground in China, range extensions have been agreed to with a number of customers, and we plan further investment in our digital platform to support our global partners, to name just some of the activity.

It is important that we move to a more sustainable capital structure. The debt that accumulated through 2012 and 2013 as a result of the international lamb market dislocation, the subsequent build up in inventory and our associated losses, is not sustainable. It creates a high interest burden, increases our risk profile, and limits our ability and pace to pursue opportunities.

We are focused on reducing debt under our own steam – through further improvements in working capital, releasing capital as we wind down our Dairy Bull Beef scheme, and operating profitably.

As previously announced we want to potentially accelerate this reduction through introducing new capital. We intend to canvas a wide range of opportunities in order to understand what options exist to achieve our goals. The Board of Directors has a strong desire to maintain the co-operative status and farmer control, and we will continue to keep you, our shareholders, informed through this process.

Ora is our internal health and safety programme. We call it "mates keeping mates safe". Whilst the nature of our operations have inherent risks, we are committed to Zero Harm. We have made a lot of progress with making safety important, identifying risks, changing processes and having positive safety conversations in the workplace. This is a cultural journey and will take time. We are committed to it as it is the right thing to do.

We would like to thank all of our employees for their dedication and effort last year.

Specifically, we would like to thank Keith Cooper who retired as Chief Executive in December. Keith has made a significant contribution to the business over the past 25 years, the most recent eight years as Chief Executive. We give him a special farewell later in this report.

Our strategy has not changed. We are determined to focus on the consumer to find areas where we can extract greater value for your red meat and to move more of our business away from cyclical commodity markets. The time is right for our co-op to take advantage of premiums for high-end red-meat protein products and firmly establish our credentials in this area globally.

Rob Hewett
Chairman

Dean Hamilton
Chief Executive

MARKET OUTLOOK

The market outlook for red meat remains fundamentally sound despite a softening in demand for sheepmeats and beef in the first quarter of the production season.

BEEF

As anticipated, US manufacturing beef markets have softened off their peak season prices. This is due to the record Australian kill and heavy volumes coming out of NZ. US prices remain above long-run averages however, and we believe the fundamentals are still strong. Steak cuts have also come back from their highs, though we are forecasting continued positive sales in the medium-term. The stronger US$ is positive for farm gate returns.

We are seeing a very positive response to our Eating Quality System graded Premier Selection Reserve Beef across a range of markets in the US, Asia, Europe and Middle East. The fact that it is also free of antibiotics, has no HGPs and is raised on New Zealand's open pastures creates a fantastic story that high-end restaurants and hotels value. Come winter we will be looking for more committed suppliers who have cattle that qualify for the Reserve Beef criteria to meet the growing global demand.

SHEEP

Sheepmeat demand has fallen back due to reduced demand from the China market as they work through an increase in domestically supplied inventory. We are also seeing heavy volumes out of Australia into the Middle Eastern markets at a lower price point and consumer demand has softened, resulting in lower demand for New Zealand product. Mutton is similarly affected.

Demand into the traditional UK chilled Christmas and Easter programmes has been in-line with last year.

For Europe, a softer market and weaker Euro suggest caution in the near-term.

Once China has worked through its domestic Sheepmeats glut, the outlook for Sheepmeats will be positive, as we are seeing demand for protein through their strong beef orders.

DEER

Venison remains stable with a strong forward position with customers who were willing to commit to volumes earlier than is usual this season. Chilled programmes are performing well and customers are working through their in-market stocks. The industry is looking to open up opportunities in non-traditional markets. Moves in this area should assist in diversifying where venison returns come from in future. This is something we are also doing at a company level with recent developments in Australia and Asia for FMCG ranges.

We have commenced sales into China following plant certification in 2014. Our main focus for premium growth is the US hotel and restaurant sector.

LISTENING
TO OUR CONSUMERS

RESPONDING

LISTENING TO consumers new purchasing habits and demand for quality, grass-fed red-meat

RESPONDING WITH new channels to consumers and a commitment to quality and safety that's 100% Made of New Zealand

A dedication to understanding our consumers has seen us better tailor our products to their needs and the way we go to market. Through market research we gained an understanding of how high-end Shanghai consumers are by-passing the TV age and are moving to on-line shopping channels at scale.

China is Silver Fern Farms' largest market by volume off the back of commodity exports of lamb and beef. This move will diversify our product range into China, as well as diversifying our channels to market. The Silver Fern Farms retail range of lamb is being sold in frozen form direct to consumers on-line and in supermarkets via distribution and marketing partner NZ Focus who sell a strong range of New Zealand made branded products in China.

Selling on-line, direct, makes sense as we get meaningful feedback from consumers on what they want from our products. That is critical for us as we are positioning our red meat as a premium, imported, safe food from New Zealand.

The Shanghai on-line segment of the China consumer market is where we expect some strong gains over time. We have invested in consumer research and new product development to create the range for China that consumers will trust for its quality and safety.

The range has generated significant interest and is now being sold into high-end supermarkets in Shanghai. A key ingredient is the 100% Made of New Zealand story which provides consumers with confidence of the authenticity of its source and safety.

LISTENING TO consumer demand for guaranteed quality aged beef

RESPONDING WITH beef ranges backed by the science-based Eating Quality System®

In March we answered consumers' needs for guaranteed quality beef with a new retail range of premium aged beef cuts available through supermarkets. It is the first red meat range in New Zealand with a science-backed Eating Quality System® which guarantees consumers that the product meets the highest standards of taste, tenderness and juiciness, for an exceptional eating experience every time.

To create the retail beef range and the Silver Fern Farms Premier Selection Reserve Beef range for food service customers range we listened to consumers to discover their taste preferences. Consumer taste tests were carried out in New Zealand and the United States on over 97,000 samples of beef by 13,900 consumers to determine the factors affecting eating quality. The research was carried out by a team of 38 scientists from Texas Tech University in the US and Otago University. The grading system has been developed using a scientific process to determine taste preferences and then matching these with animal data to guarantee consumers premium quality red meat. This work has been made possible as part of Government's Primary Growth Partnership and the Farm^{IQ} programme.

100% MADE OF NEW ZEALAND

LISTENING
TO OUR CUSTOMERS

"We are proud of the fact that all our red meats are Silver Fern Farms and make it clear to customers on the menu. The cuts are of consistently high quality and require the least amount of trimming waste".

Chef, Christchurch

"Silver Fern Farms products offer me peace of mind that we are working with products that are sustainably raised in an eco-friendly NZ clean green way. Also consistency in product that makes it a profitable menu item. e.g. no wastage".

Chef, Auckland

RESPONDING

LISTENING TO customer concerns around food safety and security

RESPONDING WITH world-leading systems

New Zealand Customs and Silver Fern Farms signed a partnership under the NZ Customs Secure Export Scheme (SES) endorsing our supply chain security standards this year.

Joining the Secure Export Scheme is a good step for the co-operative as it has refined processes through our chain of care which will make exporting easier. Working with Customs in this partnership means we can demonstrate to our international trading partners that we listen to their concerns around security, and are committed to ensuring the integrity of the goods we provide them.

New Zealand's SES is a world-leading programme that meets global supply chain security standards, and aims to make the international trade of legitimate goods easier. The scheme ensures there is minimal intervention at export, and gives our overseas trade partners greater assurance of security.

Containers are secured with a tamper-proof Customs-approved seal to show they can be considered secure by other overseas customs administrations. Customs conducts audits to assure these standards are maintained.

This partnership shows international regulators that they can have a high level of confidence in the security of our supply chain. It will speed up border clearance processes as the endorsement is recognised by countries we share mutual recognition arrangements with including the United States, Japan and the Republic of Korea.

LISTENING TO OUR CHEFS

In 2014 we established the Silver Fern Farms Premier Selection Awards to recognise chefs' craft and expertise with red meat, and to learn from their experiences.

Chefs are key customers. We are learning valuable information from our discussions with them. Here's what they say about our red meat. We call it Kitchen Wisdom.

"The best products are the ones you have to do little to make them taste great; consistency too.

Cooking is challenging enough, to not to have to worry about the quality of the product makes my job easier.

The quality of the meat is exceptional. The freshness and packaging is great and of course the flavour is the best.

It means a great deal. It shows that we are doing our job well and to be associated with the Silver Fern Farms brand is an honour and we feel humble that we are chosen as one of the finalists.

We source as much local produce as possible. I feel it's so important to use New Zealand products as they are among the best in the world.

The quality is excellent and the grading system has a lot of integrity.

Any good meat starts from farming. I think cooking depends 70% on the quality of the product and 30% on talent.

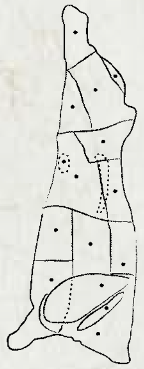
Convenience, quality, variety, sourced locally and grass-fed. Also the stories i.e. SILERE merino."

**PROUD.
PROGRESSIVE.
PARTNERSHIP.**

LISTENING
TO OUR PEOPLE






RESPONDING

LISTENING TO A NEED TO CREATE A COMPELLING CULTURE FOR OUR PEOPLE

RESPONDING WITH – inspirational food created by passionate people

Our Food People are at the heart of our business. They are passionate about creating inspirational food and delivering the world's best red meat experiences for everyone to share.

We have an emphasis in our business on having the right people in the right places working in the right way. At the heart of the business we are a spirited co-operative, proud of our people, progressive in our approach and firm in our partnerships – and we believe this will make the real difference.

LISTENING TO our peoples' concerns around health, safety and wellbeing

RESPONDING WITH ORA – mates keep mates safe

In June we stopped the chains at all our plants to make a statement on the importance of the health, safety and welfare of our people at Silver Fern Farms. It was part of ORA, a programme in our business to lift the way we work to make Silver Fern Farms a safe and healthy place to work.

Health & Safety is paramount in all we do. We believe every injury is preventable and getting this area right is a key priority for the business.

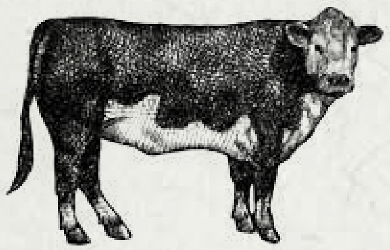
We want this culture to extend to the way we act when we work with our contractors, our farmers, and our communities.

Our Ora values – What we believe in:

- Safety first – in all that we do 24/7
- We believe all injuries are preventable
- Safe behaviours will build our safety culture
- We will go beyond compliance – so we are best in class
- Health and Safety is our responsibility and our accountability
- Evaluation and learning is critical for continuous improvement
- We believe in zero tolerance of hazards.

ORA MATES KEEP MATES SAFE
BECAUSE OUR PEOPLE COME FIRST

LISTENING
TO OUR FARMER PARTNERS



"There's no point in having 150% lambing if there's nobody wanting to eat it."

Farmer Partner - Canterbury

RESPONDING

LISTENING TO the farmers in our co-operative

RESPONDING WITH initiatives for our Farmer Partners

One of the ways we ensure our understanding keeps up with our farmers and their businesses is through our regular farmer feedback programme. Our online survey has been complemented by smaller face to face research projects. Our Board, Leadership Team and field team all meet with our farmer partners to listen, learn and act on information on how the co-operative is progressing and where we can do better.

A number of different initiatives have been put in place as a result of listening. Recent examples of this include:

- Inaugural Plate to Pasture Awards to recognise farmers' efforts
- Regional livestock model to increase service excellence and competitiveness
- Short cycle livestock programmes to reduce exposure to long-term volatility
- Empowering livestock reps with better information systems through the 'Pasture' livestock booking system
- Stronger promotion of farmers' stories in our consumer marketing
- Wider coverage of daily peak-season bobby calf collection and txt messaging service to provide convenience to dairy farming suppliers.

We can put these initiatives into place by understanding more about you and what you need from us.

In addition, assisting us by passing on your views ensures that we fully understand what you expect from us, and how we are performing against those expectations, which is essential to the long-term success of your co-operative.

TRACTOR WISDOM

Our response is to listen. Here are some words of wisdom from our shareholders who took part in our research programme this year:

"I love seeing these kinds of things [Premier Selection Awards] and thinking that could be our product right there!

When dealing with a co-operative processor I feel we get better communications on why they take decisions for the Company.

The contract for us was a real turning point. It made us look carefully at what we produce in relation to the market. We worked on that project with Silver Fern Farms and we're still 100% working with them.

I'm a shareholder so it's in my interest to supply my co-operative. I haven't always agreed with their actions but they are doing some good stuff now. I supplied 100% of my stock this year.

We like to think we are a part of the business, and they have our best interests at heart.

There are advantages in dealing with a company that is heading in the same direction as I am.

Silver Fern Farms is doing a great job of marketing our products and including the shareholders with information and openness on pricing."

• CO-OPERATIVE PARTNERSHIP •

In 2014 Silver Fern Farms celebrated the efforts of the the talented and committed chefs and farmer partners who bring our Plate to Pasture strategy to life for our consumers.


WINNER – MAT MCLEAN, PALATE

SILVER FERN FARMS PREMIER SELECTION AWARDS 2014

Mat McLean's combination of Silver Fern Farms Premier Selection Reserve beef eye-fillet and slow cooked short rib earned him the title of 'Premier Master of Fine Cuisine' at the inaugural Silver Fern Farms Premier Selection Awards 2013.

Mat is the owner and Head Chef of Hamilton restaurant, Palate. His dish beat strong competition from a field of 73 chefs from across New Zealand.

PLATE TO PASTURE AWARDS 2014

This year we held our inaugural Plate to Pasture Awards to recognise the contributions our farmer partners make to our co-operative.

This year's winners were Karen and William Oliver of Te Kuiti – who demonstrated great consumer awareness.


WINNERS – KAREN & WILLIAM OLIVER

FAREWELL TO KEITH COOPER

MIDDLEMARCH

"I am immensely proud of what we have collectively achieved, what we have created.

It has been a privilege to have been part of this company and to have led it for the past eight years."

Keith Cooper

Keith Cooper has been a committed servant to our co-operative business since joining in 1989.

In the past 8 years as Chief Executive Keith saw the company through a volatile global market, while delivering a forward-looking strategy to insulate our business from future downturns in the commodity cycle.

Under his leadership Silver Fern Farms started its development towards becoming a market focused food company with a brand consumers and customers trust.

"I am immensely proud of what we have collectively achieved, what we have created. It has been a privilege to have been part of this company and to have led it for the past eight years."

He steered the company through significant challenges including the global financial crisis, plant rationalisations, the potential investment by PGG Wrightson, and a subsequent recapitalisation plan.

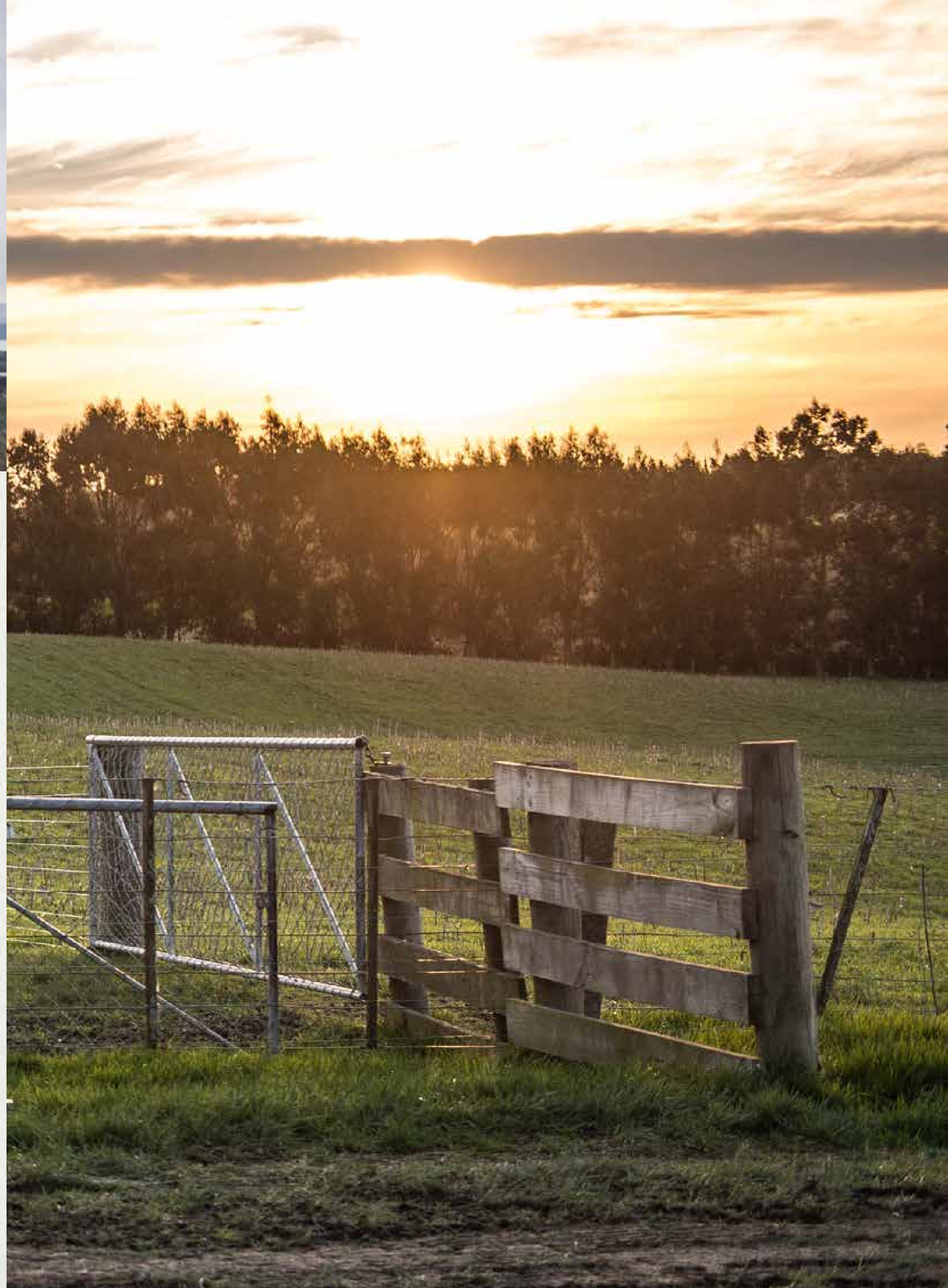
"Gladly human nature remembers the high points – of which there have been so many – but most importantly it's been about the people in the business, our farmers and our customers.

"The business has made good progress this financial year following two very challenging years, however there is still much work to do. I have thoroughly enjoyed leading the creation of a co-operative food company; however the timing is right for change, for someone with different skill sets and a high level of energy to take Silver Fern Farms through its next phase of development."

During his tenure Silver Fern Farms also partnered with Government through the Primary Growth Partnership to create Farm^{IQ} a 7 year, $151 million investment to create a demand-driven integrated value chain for red meat which links consumers with farmers.

The programme stimulated innovation in food processing, marketing, research and data use within the business. It also established the Eating Quality System, as well as on farm tools through the development of the Farm^{IQ} farm management system.

The company appreciates his contribution, commitment, vision and leadership. He leaves us in good hands and heart and we wish him well for the future.



BOARD OF DIRECTORS

ROB HEWETT
Chairman

Rob became the Chairman of Silver Fern Farms in December 2013. He was elected to the Board in February 2008. Rob currently farms 9,250 stock units, on a 960 hectare sheep and beef breeding and finishing unit in Manuka Gorge, South Otago. Rob is a Graduate of Lincoln University, holding an M.Com in marketing and a B.Com (Ag) in Economics.

TONY BALFOUR
Independent

Tony joined the Silver Fern Farms' Board in August 2009. He is a globally experienced senior executive in a wide range of industries and categories with a strong track record of success leading innovation and market/category development. His experience across various industries ensures Silver Fern Farms has a diverse knowledge base across the board. Tony is also a Director of The Warehouse Group Ltd and Les Mills International, and is Chair of Boosted (the digital wing of the NZ Arts Foundation).

TREVOR BURT
Independent

Trevor joined the Board in August 2009 and is Chairman of the Remuneration and Appointments Committee. Trevor has high-level experience in the strategic leadership of large and complex corporate organisations and a proven record of implementing change and achieving results. Trevor is currently Chairman of Ngai Tahu Holdings Corporation Ltd and Lyttleton Port of Christchurch Ltd, Director of New Zealand Lamb Company Ltd, PGG Wrightson Ltd, MainPower NZ Ltd, Landpower NZ Ltd as well as a former member of the Executive Board of the Munich based Linde Group.

RICHARD YOUNG

Richard operates a 300ha sheep and cropping property at Tapanui, West Otago. He was elected to the Board in 2013. Richard is a past Chairman of the Meat Industry Excellence Group. He has a Bachelor of Commerce in Economics from Otago University. He completed the Kellogg Rural Leaders Programme in 2011 and the Leading Board co-operative governance course in 2013.

HERSTALL ULRICH

Herstall Farms 6,000 stock units near Cave in South Canterbury and is dedicated to raising happy, healthy livestock. Elected to the Board in February 2008 he was a participant in the Kellogg leadership course in 2008. He is a graduate of Lincoln University and former Chairman of the Northern South Island Sheep and Beef Council.

JANE TAYLOR
Independent

Jane was appointed to the Board in June 2013 and is the Chair of the Board's Audit, Risk Assessment and Mitigation Committee. Her experience as a barrister, chartered accountant and as an Independent Hearings Commissioner (chair) under the Resource Management Act are a valuable addition to the Directorate. Jane is currently Deputy Chairman of Landcare Research New Zealand Ltd, Director of Heartland New Zealand Ltd, Hirepool Group Ltd and Radio New Zealand Ltd, and is a Board Member of the External Reporting Board and the Accounting Standards Board. She was previously a Director of GNS Science, Scion and the former Forestry Corporation of New Zealand Ltd.

DAN JEX-BLAKE

Dan was elected to the Board in 2013. He is the Managing Director of Mangapoike Ltd, a 24,000 stock unit pastoral farming company near Gisborne. Dan is the immediate past Chair of the Waipaoa Stn Farm Cadet Training Trust, has had extensive industry involvement through the NZ Sheep Council, Industry Mentor Groups and WONZ. He took part in the 2014 Rabobank Global Farmers' Masterclass and is a participant in the 2014/2015 Fonterra Governance Development Programme.

ANGUS MABIN

Angus was appointed to the Board in September 2007. He farms bull-beef on a 1,000 ha property in Waipukurau, Central Hawke's Bay. Angus has held a number of positions in the deer industry during the 1990s. He is a graduate of Massey University.

YOUR LEADERSHIP TEAM

KEVIN WINDERS
Chief Operating Officer

Kevin is responsible for ensuring Silver Fern Farms' operations including livestock procurement, processing and logistics run smoothly and efficiently on a daily basis. He recognises that globally integrated value chains are Silver Fern Farms' future. Kevin was first appointed Chief Financial Officer in August 2009 and then Chief Operating Officer in 2011. Kevin has a strong financial and strategic skill set based on a wide exposure to a variety of sectors as a senior executive, including roles with PGG Wrightson, Contact and KPMG. He is also a past director of the NZ Merino Company and a Director of Kotahi Logistics Ltd.

ERIC GAMPERLE
Human Resources Manager

Having worked in the food manufacturing, agriculture and energy sector for many years Eric brings considerable knowledge and experience in human resource management, particularly in HR policy, recruitment, remuneration, performance & talent management, learning and development, health and safety, HRIS, and HR metrics. Eric holds a Bachelor of Applied Business Management-Strategic Management, is a professional member of the Human Resource Institute of New Zealand (MHRINZ) and a NZ Institute of Management Mentor.

GRANT HOWIE
General Manager Sales

Grant leads the sales team at Silver Fern Farms. He is responsible for customer focus, discovery and development, inventory management and sales of value added brands. This involves a broad range of activities, including; developing new category management programmes with key global customers, leading our Discovery & Development team in creating differentiated products. Grant joined the company in August 2008 after a sales and marketing career in a number of fast-moving consumer goods (FMCG) companies including Mainland Products, Fonterra and Cadbury Confectionery.

JEREMY ABSOLOM
General Manager Livestock Key Accounts

Jeremy is responsible for Silver Fern Farms' key accounts and livestock programmes. Jeremy joined the company in May 2009, with a broad range of experience in integrated value chain businesses locally and internationally, animal genetics and farm systems. He has various related directorships and on-going involvement in the family farm. Jeremy holds a Bachelor of Commerce from Otago University.

GRANT PEARSON
Technical Innovation Manager
(retired Dec 2014)

Grant has been a long-standing team member of Silver Fern Farms having joined the company in 1986. He was responsible for the group R&D programme and cross-business innovation projects. He will continue to be involved with Silver Fern Farms through his Directorships of Robotics Technologies Limited and Ovine Automation Ltd.

PHIL BUCK
General Manager Plant Operations

Phil Buck has over 30 years' of knowledge of the meat industry. As General Manager Plant Operations he is responsible for all processing operations across the group. Phil has worked for Silver Fern Farms since 2007 both in the UK and New Zealand. Phil's previous roles include running numerous sites and overseeing operations in the UK and Australia where he gained a broad understanding of processing beef, lamb, pork and chicken.

DEAN HAMILTON
Chief Executive

Dean took on the role as acting Chief Executive of Silver Fern Farms in November after holding the position of Chief Strategy Officer. Dean has significant experience at Chief Executive level including in the red meat food sector with Riverlands foods, then a subsidiary of Brierley Investments. Dean was formerly a Managing Director for Deutsche Bank for Australia & New Zealand. Dean worked for 13 years with Deutsche Bank in Auckland and more recently Melbourne. Dean brings a wealth of expertise and experience across both the New Zealand and Australian corporate landscapes.

ROB WOODGATE
Chief Financial Officer

Rob was appointed to the role of Chief Financial Officer at the beginning of 2015, he is responsible for the finance, accounting and support functions. He has held a number of senior finance roles and joins us after over five years as CFO at PGG Wrightson, where he was responsible for accounting, IT, audit, property and procurement. Rob gained his degree and accounting qualification in the UK, where he worked in a number of organisations before moving to NZ in 2001. Since in NZ he has gained experience across a number of sectors including manufacturing, logistics, utilities and, of course, the primary sector.

SHARON ANGUS
General Manager Marketing

Sharon is passionate about the Silver Fern Farms brand and works on developing products that consumers want. She is responsible for the growth and strategic development of the Silver Fern Farms brand. Sharon brings with her more than 20 years' experience in senior FMCG marketing roles. She joined the company in 2009. Sharon has worked with Mainland Products Limited/Fonterra and has owned her own consultancy business, providing strategic marketing advice on significant projects to various divisions of Fonterra. Sharon holds a marketing management degree from the University of Otago.

GOVERNANCE

SILVER FERN FARMS' GOVERNANCE POLICIES ARE REVIEWED TO ENSURE THEY ARE CONSISTENT WITH BEST PRACTICE.

Silver Fern Farms Limited is a limited liability company registered under the New Zealand Companies Act 1993 and the Co-operative Companies Act 1996. The company is a co-operative owned primarily by suppliers of livestock to the company.

The company has a class of shares called New Ordinary Shares which are traded under the code "SFF" on Unlisted. Unlisted is a cost efficient trading facility and is not a registered stock exchange under the Securities Markets Act 1988.

Silver Fern Farms' Constitution is available on the company's website or on request.

ROLE OF BOARD OF DIRECTORS

The Board of Directors is responsible for the company's corporate governance and strategic direction. The Board is committed to undertaking this role in accordance with best practice appropriate to the company's business. The Board is responsible for determining the company's policies and objectives, managing risk, developing major strategies, and monitoring the performance of management. The Board has delegated certain powers to committees of the Board and the day-to-day management of the company to the Chief Executive.

POLICIES

Silver Fern Farms' policies are designed to enhance Silver Fern Farms' overall performance and assist the company in reaching its objectives.

DIRECTOR INDEPENDENCE

Silver Fern Farms currently has three Independent Directors.

BOARD COMPOSITION

The company's Constitution determines that:

a. Silver Fern Farms will have a Board of between six and eight directors;

b. up to five directors are to be elected by shareholders who are suppliers of livestock to the Company ('Farmer Elected Directors');

c. up to three directors may be appointed by the Board ('Board Appointed Directors').

To qualify for election or appointment, a director need only not be an employee of Silver Fern Farms or any of its subsidiaries. The Board currently comprises, and at 30 September 2014 comprised, five supplier-elected Directors and three Board-appointed Independent Directors as follows:

Rob Hewett	Chairman, shareholder-elected
Tony Balfour	Independent
Trevor Burt	Independent
Dan Jex-Blake	Shareholder-elected
Angus Mabin	Shareholder-elected
Jane Taylor	Independent
Herstall Ulrich	Shareholder-elected
Richard Young	Shareholder-elected

Biographies of current Directors are set out in the Board of Directors section of this report.

DIRECTOR NOMINEE PROCESS

Director nominees must be nominated by two current suppliers. The Director nominee process involves an independent evaluation of those nominated, against a range of skill set requirements for the business, with the independent evaluator advising shareholders of each candidate's fit against that framework.

The Board will not be involved in the process, apart from establishing the framework and appointing the independent evaluator. The Directors believe in encouraging the creation of a pool of director capability relevant to the business.

In addition to working with organisations such as the NZ Co-operative Association and the Institute of Directors to encourage director training, during 2008/2009 the company established the Burnside-Hart Co-operative Education Trust to further such an outcome.

Applications for funding should be addressed to:
The Trustees
Burnside-Hart Co-operative Education Trust
c/o General Counsel
PO Box 941
Dunedin 9054

COMMITTEES

The Board has appointed two committees, established to work on behalf of the board on specific issues, reporting back to the Board. The Audit, Risk Assessment and Mitigation Committee assists the Board in matters relating to auditing, reporting and risk. It provides the Board with assurance regarding the credibility of financial reporting and assurance regarding the discharge of its responsibilities related to financial reporting and regulatory compliance.

The Remuneration and Appointments Committee reviews the performance of the Chief Executive, sets the remuneration of the Leadership Team and recommends remuneration of Directors to the shareholders. In addition, the Committee oversees the Elected Director process.

OPERATION OF THE BOARD

The Silver Fern Farms Board meets formally 12 times each year, and as otherwise required. The Board's Audit, Risk Assessment and Mitigation Committee is scheduled to meet quarterly or as otherwise required. The Remuneration and Appointments Committee meets at least once a year.

The Chairman and Chief Executive establish the agenda for each Board meeting. The Chief Executive prepares a monthly management report that includes a summary of the company's activities together with financial and other reports. The Board also receives regular briefings on key strategic issues from management.

New Directors receive induction training which includes written and oral presentations by the Chairman, Chief Executive and senior management team on the key strategic and operational business issues facing Silver Fern Farms. External training providers are also utilised.

AUDITOR INDEPENDENCE

The company requires its Auditor to maintain independence in accordance with best practice. The Audit, Risk Assessment and Mitigation Committee reviews the independence and objectivity of the Auditor.

DIRECTORS' FEES

The current total Directors' fee pool is $586,409 per annum.

PUBLIC RELEASE OF MATERIAL INFORMATION

Silver Fern Farms has developed processes for release of material information to Unlisted and for the public release of information and the publication of information on the company's website.

ATTENDANCE AT MEETINGS

During the financial year ended 30 September 2014, the Board met 10 times (plus 6 telephone conferences) as follows:

DIRECTOR	BOARD*	ANNUAL MEETING	BOARD COMMITTEE#
Tony Balfour	12	–	1
Trevor Burt	12	–	5
Eoin Garden	3	1	–
Rob Hewett	14	1	2
Dan Jex-Blake	11	-	2
Angus Mabin	14	1	3
David Shaw	3	1	–
Jane Taylor	12	1	5
Herstall Ulrich	14	1	–
Richard Young	11	–	–

* Eight teleconference meetings were also held during the year

Board committee meetings include Audit, Risk Assessment & Mitigation, Remuneration & Appointments

STATUTORY INFORMATION

DIRECTORS

The Directors of Silver Fern Farms as at 30 September 2014 are:

- Robert James Hewett (Chairman)
- Trevor John Burt
- Angus Collis Mabin
- Peter Herstall Ulrich
- Antony John Balfour
- Dan Charles Jex-Blake
- Deborah Jane Taylor
- Richard George Young

DIRECTORS' INTEREST IN TRANSACTIONS

For the year ended 30 September 2014, no Director caused to be entered in the company's interest register any transaction or proposed transaction with the company. Also, no director of any subsidiary of the company disclosed any such interest.

CO-OPERATIVE STATUS

The following resolution was unanimously passed by the Board on 21 January 2015:

"In the opinion of the Board, Silver Fern Farms Limited has throughout the year ended 30 September 2014 been a co-operative company under the Co-operative Companies Act 1996 for the following reasons:

a. More than 60% of the shareholders of the Company entitled to vote are transacting business with the Company and are transacting shareholders as set out in Section 4 of the said Act;

b. The Company carries on a co-operative activity as set out in Section 3 of the said Act."

INFORMATION DISCLOSURE

For the year ended 30 September 2014, no Director requested to use Company information received by them in their capacity as Directors.

REMUNERATION AND APPOINTMENTS COMMITTEE

The Committee comprises T J Burt – Chairman, R J Hewett and D J Taylor.

AUDIT, RISK ASSESSMENT AND MITIGATION COMMITTEE

The Committee comprises D J Taylor – Chairman, T J Burt, A C Mabin and D C Jex-Blake.

DIRECTORS' INSURANCE

Directors' and officers' liability insurance is taken out and paid for by the company. In the event of a claim, the Directors may benefit under the terms of these policies.

DONATIONS

During the financial year ended 30 September 2014, Silver Fern Farms made no donations (2013: $nil).

AUDITOR

The amount payable by the Silver Fern Farms Group to Ernst & Young as audit fees in respect of the financial year ended 30 September 2014 was $306,000. Fees payable to Ernst & Young for tax advisory and other services in respect of the financial year ended 30 September 2014 were $42,000.

DIRECTORS' INTERESTS IN SILVER FERN FARMS SHARES

The shares held in Silver Fern Farms by each director as at 30 September 2014 are set out in the following table.

DIRECTOR	FULLY PAID NEW ORDINARY SHARES Holding as at 30 Sept 2014
Tony Balfour	–
Trevor Burt	18,166
Rob Hewett	70,000
Dan Jex-Blake	120,000
Angus Mabin	137,146
Jane Taylor	–
Herstall Ulrich	76,189
Richard Young	30,768

DIRECTORS' FEES (NZD ($))

DIRECTOR	POSITION	YEAR ENDED 30 SEPT 2014
Tony Balfour	Director	62,004
Trevor Burt	Director and Chairman Remuneration and Appointments Committee	74,201
Eoin Garden	Director and Chairman (retired)	34,998
Rob Hewett	Director and Chairman	120,503
Dan Jex-Blake	Director	46,501
Angus Mabin	Director	62,004
David Shaw	Director (retired)	15,501
Jane Taylor	Director and Chairman Audit, Risk Assessment and Mitigation Committee	84,701
Herstall Ulrich	Director	62,004
Richard Young	Director	46,501
Total Directors' fees		**608,918**

No Director of the Company has, since the end of the previous financial year, received or become entitled to receive a benefit other than Directors' fees and insurances. Various Directors were remunerated for additional duties as directors included in the figures above. No Director of any of the company's subsidiaries received any fees or other remuneration arising from those directorships. The total pool for directors' fees was $608,918.

REMUNERATION OF EMPLOYEES

The following table shows the number of Silver Fern Farms employees and former employees of Silver Fern Farms and its subsidiaries who in their capacity as employees received remuneration and other benefits or entitlements (including non-recurring payments to employees on leaving the Group) during the year ended 30 September 2014, the value of which was or exceeded $100,000. The Chief Executive's salary has been determined based on advice from an external consultant and has been set at the median of the market for the role. It contains an at-risk element which is not paid unless certain criteria have been met.

All directors' fees earned by the Chief Executive from external organisations are paid to Silver Fern Farms and are included in revenue.

REMUNERATION RANGE	PARENT	SUBSIDIARIES	CESSATIONS	TOTAL
100,000 - 110,000	24	-	5	29
110,001 - 120,000	21	2	2	25
120,001 - 130,000	25	2	1	28
130,001 - 140,000	12	2	-	14
140,001 - 150,000	12	1	1	14
150,001 - 160,000	4	-	-	4
160,001 - 170,000	5	1	1	7
170,001 - 180,000	5	1	1	7
180,001 - 190,000	7	-	-	7
190,001 - 200,000	2	-	-	2
200,001 - 210,000	3	-	-	3
210,001 - 220,000	4	-	-	6
220,001 - 230,000	2	-	1	3
230,001 - 240,000	3	2	1	6
240,001 - 250,000	2	-	-	2
250,001 - 260,000	1	-	-	1
310,001 - 320,000	1	-	-	1
350,001 - 360,000	-	-	1	1
490,001 - 500,000	1	-	-	1
960,001 - 970,000	1	-	-	1

DIRECTORS' STATEMENT

This Annual Report is dated 23 December 2014 and is signed on behalf of the Board by

R J HEWETT
Chairman

D J Taylor
Chairman – Audit, Risk Asssessment and Mitigation Committee

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 September 2014

NZD IN THOUSANDS ($000)	Notes	PARENT Year ended 30 Sept 14	Year ended 30 Sept 13	CONSOLIDATED Year ended 30 Sept 14	Year ended 30 Sept 13
Sale of goods		2,284,989	1,977,289	2,309,317	1,993,236
Other revenue	5	7,539	1,475	77	398
Revenue		**2,292,528**	**1,978,764**	**2,309,394**	**1,993,634**
Other income	6	11,818	7,938	11,546	7,578
Total income		**2,304,346**	**1,986,702**	**2,320,940**	**2,001,212**
Raw materials and consumables used		1,634,132	1,373,517	1,647,953	1,378,010
Employee benefits expense	7	322,804	312,196	324,855	315,130
Depreciation and amortisation		28,169	29,731	28,829	30,500
Finance costs	7	37,413	27,964	37,483	28,019
Other operational expenses	7	280,234	289,050	287,118	292,210
Share of loss/(profit) of associates	26	-	-	(7,117)	(6,135)
Profit/(loss) before income tax		**1,594**	**(45,756)**	**1,819**	**(36,522)**
Income tax expense/(benefit)	8	1,895	(8,309)	1,345	(7,971)
Net profit/(loss) for the year		**(301)**	**(37,447)**	**474**	**(28,551)**
Profit/(loss) attributable to shareholders of the parent		**(301)**	**(37,447)**	**474**	**(28,551)**
Other comprehensive income					
Foreign currency translation gain/(loss)		-	-	1,113	543
Revaluation gain on land		18,100	-	18,100	-
Income tax on items of other comprehensive income - (charged)/credited		1,652	157	1,652	157
Other comprehensive income for the period net of tax		**19,752**	**157**	**20,865**	**700**
Total comprehensive income for the year attributable to shareholders of the parent		**19,451**	**(37,290)**	**21,339**	**(27,851)**
Earnings/(loss) per share attributable to the shareholders of the parent				**Cents**	**Cents**
Basic earnings/(loss) per ordinary share	9			0.47	(28.44)
Diluted earnings/(loss) per ordinary share	9			0.47	(28.44)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

For and on behalf of the Board, who authorised the issue of these financial statements on 23 December 2014.

R J HEWETT
Chairman

D J TAYLOR
Chairman – Audit, Risk Assessment and Mitigation Committee

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2014

PARENT NZD IN THOUSANDS ($000)	Share Capital	Retained Earnings	Asset Revaluation Reserve	Total Equity
Opening balance at 1 October 2012	**136,495**	**101,854**	**100,388**	**338,737**
Net profit/(loss) for the year	-	(37,447)	-	(37,447)
Other comprehensive income	-	561	(404)	157
Total comprehensive income for the year	**-**	**(36,886)**	**(404)**	**(37,290)**
Closing balance at 30 September 2013	**136,495**	**64,968**	**99,984**	**301,447**
Opening balance at 1 October 2013	**136,495**	**64,968**	**99,984**	**301,447**
Net profit/(loss) for the year	-	(301)	-	(301)
Transfer on sale of assets	-	9,850	(9,850)	-
Revaluation in the year	-	-	19,752	19,752
Total comprehensive income for the year	**-**	**9,549**	**9,902**	**19,451**
Closing balance at 30 September 2014	**136,495**	**74,517**	**109,886**	**320,898**

CONSOLIDATED NZD IN THOUSANDS ($000)	Share Capital	Retained Earnings	Foreign Currency Reserve	Asset Revaluation Reserve	Total Equity
Opening balance at 1 October 2012	**136,495**	**100,497**	**(13,527)**	**102,303**	**325,768**
Net profit/(loss) for the year	-	(28,551)	-	-	(28,551)
Other comprehensive income	-	561	543	(404)	700
Total comprehensive income for the year	**-**	**(27,990)**	**543**	**(404)**	**(27,851)**
Closing balance at 30 September 2013	**136,495**	**72,507**	**(12,984)**	**101,899**	**297,917**
Opening balance at 1 October 2013	**136,495**	**72,507**	**(12,984)**	**101,899**	**297,917**
Net profit/(loss) for the year	-	474	-	-	474
Foreign currency translation gain/loss	-	-	1,113	-	1,113
Transfer on sale of assets	-	9,850	-	(9,850)	-
Revaluation in the year	-	-	-	19,752	19,752
Total comprehensive income for the year	**-**	**10,324**	**1,113**	**9,902**	**21,339**
Closing balance at 30 September 2014	**136,495**	**82,831**	**(11,871)**	**111,801**	**319,256**

*Refer to note 19 for additional information regarding the Groups Capital position in the current year

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

BALANCE SHEET

as at 30 September 2014

NZD IN THOUSANDS ($000)	NOTES	PARENT As at 30 Sept 14	PARENT As at 30 Sept 13	CONSOLIDATED As at 30 Sept 14	CONSOLIDATED As at 30 Sept 13
ASSETS – Current Assets					
Cash and cash equivalents	21	150	56	978	1,068
Derivative financial instruments	23	435	10,244	435	10,244
Trade and other receivables	13	192,268	186,531	183,350	167,456
Financial assets	22	1,309	1,324	1,309	1,324
Inventories	11	76,075	133,879	99,277	165,379
Livestock	12	55,597	54,883	55,597	54,883
Tax receivable	8	-	-	11	72
Assets held for sale	15	15,189	3,557	15,189	3,557
Total Current Assets		**341,023**	**390,474**	**356,146**	**403,983**
ASSETS – Non-current Assets					
Available for sale financial assets	14	82	82	82	82
Trade and other receivables	13	12,158	11,298	12,158	11,298
Financial assets	22	-	-	-	-
Investments in subsidiaries	27	56,026	56,026	-	-
Investments in associates	26	7,393	6,228	20,700	19,393
Property, plant and equipment	15	355,676	383,540	364,173	392,712
Intangible assets	25	3,069	1,271	7,588	5,811
Total Non-current Assets		**434,404**	**458,445**	**404,701**	**429,296**
TOTAL ASSETS		**775,427**	**848,919**	**760,847**	**833,279**
LIABILITIES – Current Liabilities					
Bank overdraft	17	1,446	-	3,601	1,495
Derivative financial instruments	23	10,343	953	10,343	953
Trade and other payables	16	96,952	101,849	90,236	95,895
Provisions	18	20,678	17,316	20,819	17,451
Advances from subsidiaries		8,543	8,542	-	-
Tax provision	8	-	-	25	31
Interest bearing loans and borrowings	17	285,511	387,139	285,511	387,139
Total Current Liabilities		**423,473**	**515,799**	**410,535**	**502,964**
LIABILITIES – Non-current Liabilities					
Provisions	18	9,102	9,314	9,102	9,314
Interest bearing loans and borrowings	17	499	37	499	37
Deferred income tax	8	-	-	-	725
Total Non-current liabilities excluding members' shares		**9,601**	**9,351**	**9,601**	**10,076**
TOTAL LIABILITIES EXCLUDING MEMBERS' SHARES		**433,074**	**525,150**	**420,136**	**513,040**
NET ASSETS EXCLUDING MEMBERS' SHARES		**342,353**	**323,769**	**340,711**	**320,239**
Supplier investment shares	19	5,548	5,692	5,548	5,692
Members' ordinary shares	19	15,907	16,630	15,907	16,630
Total Members' Shares		**21,455**	**22,322**	**21,455**	**22,322**
NET ASSETS		**320,898**	**301,447**	**319,256**	**297,917**
EQUITY – Equity attributable to equity holders of the parent					
New ordinary shares	19	136,495	136,495	136,495	136,495
Retained earnings		74,517	64,968	82,831	72,507
Other reserves	20	109,886	99,984	99,930	88,915
TOTAL EQUITY		**320,898**	**301,447**	**319,256**	**297,917**

The above Balance Sheet should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENT

for the year ended 30 September 2014

NZD IN THOUSANDS ($000)	NOTES	PARENT Year ended 30 Sept 14	PARENT Year ended 30 Sept 13	CONSOLIDATED Year ended 30 Sept 14	CONSOLIDATED Year ended 30 Sept 13
Cash flows from operating activities					
Receipts from customers		2,307,026	1,969,051	2,321,047	1,974,950
Payments to suppliers and employees		(2,182,521)	(1,951,836)	(2,197,505)	(1,957,222)
Interest received		260	447	263	294
Dividends received		6,852	963	6,852	963
Finance costs paid		(38,771)	(25,119)	(38,841)	(25,174)
Tax refund received/(tax paid)		(243)	1,393	(362)	1,118
Net cash flows (used in)/from operating activities	**10**	**92,603**	**(5,101)**	**91,454**	**(5,071)**
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		18,728	639	18,840	631
Purchase of property, plant and equipment and intangibles		(10,448)	(38,623)	(10,204)	(38,454)
Proceeds from/(advance to) associates		107	300	107	300
Investment in associates		(550)	(476)	(553)	(670)
Net cash flows (used in)/from investing activities		**7,837**	**(38,160)**	**8,190**	**(38,193)**
Cash flows from financing activities					
Deferred proceeds from the issue of New ordinary shares		16	1,217	16	1,217
Loans repaid		225	3,012	225	3,012
(Repayment)/Advance of borrowings		(101,166)	38,238	(101,166)	38,238
Members' ordinary shares surrendered		(723)	(782)	(723)	(782)
Supplier investment shares surrendered		(144)	(143)	(144)	(143)
Net cash flows (used in)/from financing activities		**(101,792)**	**41,542**	**(101,792)**	**41,542**
Net increase/(decrease) in cash and cash equivalents		(1,352)	(1,719)	(2,148)	(1,722)
Effects of exchange rate changes on the balance of cash held in foreign currencies		-	(45)	(48)	27
Cash and cash equivalents at the beginning of the year		56	1,820	(427)	1,268
Cash and cash equivalents at the end of the year		**(1,296)**	**56**	**(2,623)**	**(427)**
Represented by:					
Cash	22	150	56	978	1,068
Bank overdraft	22	(1,446)	-	(3,601)	(1,495)
Cash at the end of the year		**(1,296)**	**56**	**(2,623)**	**(427)**

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

1 CORPORATE INFORMATION

The financial statements of Silver Fern Farms Limited for the year ended 30 September 2014 were authorised for issue in accordance with a resolution of the directors on 23 December 2014.

Silver Fern Farms Limited (the Parent) is registered under the Companies Act 1993 and the Co-operative Companies Act 1996. Silver Fern Farms Limited is an issuer for the purposes of the Financial Reporting Act 1993. The company is domiciled in New Zealand.

The nature of the operations and principal activities of the Group are described in note 4.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A BASIS OF PREPARATION

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP) and the requirements of the Companies Act 1993 and the Financial Reporting Act 1993. The company is domiciled in New Zealand.

The financial statements have also been prepared on a historical cost basis, except for a number of balances including operational land and buildings, livestock, derivative financial instruments and available for sale financial assets which are measured at fair value.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($'000).

B STATEMENT OF COMPLIANCE

The financial statements comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. These financial statements comply with International Financial Reporting Standards (IFRS).

C NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

i. Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except as follows. The Group has adopted the following new and amended New Zealand Equivalents to International Financial Reporting Standards and interpretations as of 1 October 2014.

- Amendments to NZ IAS 19 Employee Benefits
- Amendments to NZ IAS 27 Separate Financial Statements
- Amendments to NZ IAS 28 Investments in Associates and Joint Ventures
- Amendments to NZ IFRS 7 Financial Instruments: Disclosures
- Amendments to NZ IFRS 10 Consolidated Financial Statements
- Amendments to NZ IFRS 11 Joint Arrangements
- Amendments to NZ IFRS 12 Disclosure of Interests in Other Entities
- Amendments to NZ IFRS 13 Fair Value Measurement
- Amendments to NZ IFRS 1 First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards.

The new standards, if applicable, have no measurement impact upon the Group's financial statements. The Group has not elected to early adopt any new standards or interpretations that are issued but not yet effective.

ii. Accounting standards and interpretations issued but not yet effective

The following standards and Interpretations have recently been issued or amended and could have a material impact on the Group's financial statements. These standards are not yet effective and have not been adopted by the Group for the reporting year ended 30 September 2014. An assessment at a time closer to the application date will be carried out to ensure the Group is complying with the new standards.

- NZ IFRS 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets, financial liabilities, impairment of financial assets and hedge accounting
- NZ IFRS 15 Revenue from Contracts with Customers establishes a single comprehensive framework for revenue recognition.

There are no other new or amended standards that are issued but not yet effective that would be expected to have a material impact on the Group.

D BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of Silver Fern Farms Limited and its subsidiaries and associates as at each period end ('the Group').

Interests in associates are equity accounted and are not part of the consolidated Group.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. A list of subsidiaries appears in note 27 to the financial statements.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. Investments in subsidiaries are accounted for at cost in the parent company financial statements.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

E FOREIGN CURRENCY TRANSLATION

i. Functional and presentation currency

Both the functional and presentation currency of Silver Fern Farms Limited and its New Zealand subsidiaries is New Zealand dollars ($). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

ii. Transactions and balances

Foreign currency transactions are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange ruling at the balance sheet date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

All exchange differences noted above in the consolidated financial statements are taken to profit or loss for the year.

iii. Foreign operations

On consolidation, the assets and the liabilities of the Group's overseas operations are translated into the presentation currency of Silver Fern Farms Limited at the exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period. The exchange differences arising on the retranslation are taken directly to the foreign currency translation reserve, a separate component of other comprehensive income.

On disposal of a foreign entity, the deferred cumulative amount recognised in other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

F CASH AND CASH EQUIVALENTS

Cash and short-term deposits on the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and bank balances are categorised as fair value through profit and loss assets.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

G TRADE AND OTHER RECEIVABLES

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance is made for estimated impairments when there is objective evidence that the Group will not be able to collect the receivable. This is determined by reference to past default experience and certain other indicators that the receivable may be impaired, such as financial difficulties of the debtor or default payments or debts more than 60 days overdue. Trade receivables are monitored on a weekly basis by sales account managers. Individual debts that are known to be uncollectible are written off when identified.

H INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Cost is calculated on a first-in-first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

The cost of meat and associated products includes the price of livestock, plus processing and other expenses incurred to bring it to a saleable condition and location. Costs include direct and indirect overheads.

I LIVESTOCK (BIOLOGICAL ASSETS)

Livestock consists of sheep and cattle. The group purchases sheep and cattle for the following purposes:

Livestock programmes

Lamb and cattle are purchased from breeders and are placed with growers/finishers until they reach optimal weights. Finishers are paid on a liveweight gain basis as livestock is delivered within specification for processing.

Other

Additional sheep and cattle are held on land owned or leased by Silver Fern Farms adjacent to processing facilities.

Livestock is valued at fair value less costs to sell and the resulting gains or losses are recognised in profit and loss. Point of sale costs include any necessary costs to dispose of livestock, excluding costs incurred to get the livestock to market. Fair values are determined by reference to published livestock purchase data at the balance date, using market prices appropriate to each category of livestock, considering age, weight, sex, grade, location and other relevant factors.

J DERIVATIVE FINANCIAL INSTRUMENTS

The group enters into foreign currency forward exchange contracts and options to economically hedge trading transactions to reduce exposure to fluctuations in foreign currency exchange rates.

Derivatives are initially recognised at fair value on the date the derivative contract is entered into, and are subsequently remeasured to fair value. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Derivatives are classified as fair value through profit and loss financial assets or liabilities.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss for the year.

K NON-CURRENT ASSETS HELD FOR SALE

Non-current assets and disposal groups are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction. They are not depreciated or amortised. For an asset or disposal group to be classified as held for sale, it must be available for immediate sale in its present condition and its sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

L INVESTMENTS AND OTHER FINANCIAL ASSETS

Investments and financial assets are categorised as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available for sale financial assets. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year end.

Financial assets are derecognised when the right to receive the cash flows from the financial assets have expired or been transferred.

i. Financial assets at fair value through profit and loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term with the intention of making a profit. Derivatives are also classified as held for trading. Gains or losses on investments held for trading are recognised in profit or loss.

ii. Loans and receivables

Loans and receivables, including deferred payments due from shareholders, are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

iii. Available for sale-investments

Available for sale investments are those non-derivative financial assets that are designated as available for sale or are not classified as any of the two preceding categories. After initial recognition available for sale investments are measured at fair value with gains or losses being recognised as a separate component of other comprehensive income until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

M INVESTMENT IN ASSOCIATES

The Group's investments in associates are accounted for using the equity method of accounting in the consolidated financial statements. Associates are entities in which the Group has significant influence and which are neither subsidiaries nor joint ventures.

Under the equity method, the investment in the associate is carried on the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates (in the parent balance sheet, investments in associates are carried at cost less any impairment write down). Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After the application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in associates.

The Group's share of its associates post acquisition profits or losses is recognised in profit or loss, and its share of post acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's profit or loss, while in the consolidated financial statements they reduce the carrying amount of the investment.

Where reporting dates of the associate and the Group are different, financial statements have been prepared by the associate for the same reporting dates as the Group. Both the group and its associates use consistent accounting policies.

Where there has been a change recognised directly in the associate's other comprehensive income, the Group recognises its share of any changes and discloses this, when applicable in other comprehensive income.

N PROPERTY, PLANT AND EQUIPMENT

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred.

Operational land and buildings are measured at fair value, based on periodic but at least five yearly valuations by external independent valuers who apply the International Valuations Standards Committee International Valuation Standards, less accumulated depreciation on buildings and less any impairment losses recognised after the date of the revaluation.

Depreciation is calculated on a straight-line basis over the estimated useful life of the specific assets as follows:

- Land Improvements – 5 to 50 years
- Buildings – 5 to 50 years
- Plant and equipment – 3 to 25 years
- Motor Vehicles – 5 to 20 years

Certain assets are depreciated on a diminishing value basis.

Revaluations

Following initial recognition at cost, operational land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and accumulated impairment losses.

Revaluations are performed on a periodic but at least five yearly cycle. Therefore land and buildings purchased inside the revaluation cycle are recognised at cost until they are subsequently revalued.

Any revaluation increment is credited to the asset revaluation reserve included in other comprehensive income, except to the extent that it reverses a revaluation decrement for the same asset previously recognised in profit or loss, in which case the increment is recognised in profit or loss.

Any revaluation decrement is recognised in profit or loss, except to the extent that it offsets a previous revaluation increment for the same asset, in which case the decrement is debited directly to the asset revaluation reserve and included in other comprehensive income to the extent of the credit balance existing in the revaluation reserve for that asset.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the assets.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in profit or loss.

Upon disposal or derecognition, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Fair value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

Disposals

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year the item is derecognised.

O LEASES

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Group as lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are included in the statement of comprehensive income as finance costs.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term. These assets are measured at cost.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases.

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

Group as lessor

Leases in which the Group retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Rental income is recognised over the life of the lease.

P IMPAIRMENT

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

For an asset that does not generate largely independent inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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

If the recoverable amount of an asset (cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Q TRADE AND OTHER PAYABLES

Trade payables and other accounts payable and accrued expenses are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services.

Trade payables and other payables are recognised at amortised cost. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the cost of goods and services. The amounts are unsecured and usually paid in 30 days of recognition.

R INTANGIBLE ASSETS

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred. Following initial recognition, all intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Currently finite life intangible assets are amortised over a period of 3 to 4 years on a straight line basis. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

i. Goodwill

Goodwill acquired in a business combination is initially measured at cost of the business combination being the excess of the consideration transferred over the fair value of the Group's net identifiable assets acquired and liabilities assumed. If this consideration transferred is lower than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at the amount recognised at acquisition date less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. The Group performs its impairment testing as at 30 September each year using discounted cash flows under the value in use methodology. When the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. Impairment losses recognised for goodwill are not subsequently reversed.

ii. Research and software development costs

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefit from the related project. The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use, or more frequently when an indication of impairment arises during the reporting period.

S INTEREST-BEARING LOANS AND BORROWINGS

Loans and borrowings are measured initially at the fair value of the consideration received net of transaction costs. Subsequent to initial recognition, loans and borrowings are measured at amortised cost using the effective interest method which allocates the cost through the expected life of the loan or borrowing. Amortised cost is calculated taking into account any issue costs.

Bank loans are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs are expensed as incurred except when they are directly attributable to the acquisition or construction of a qualifying asset. When this is the case, they are capitalised as part of the cost of that asset.

T PROVISIONS AND EMPLOYEE LEAVE BENEFITS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employee's services up to the reporting date. They are measured at the amounts expected to be paid when liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long service leave

The liability for long service leave is recognised and measured in the balance sheet at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to the expected future wage and salary levels, experience of employee departures, and periods of service.

U CONVERTIBLE REDEEMABLE PREFERENCE SHARES

The convertible preference shares exhibit characteristics of a liability, and are therefore recognised as a liability in the balance sheet.

The convertible redeemable preference shares are measured initially at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, these shares are subsequently measured at amortised cost using the effective interest method which allocates the cost through the expected life of the loan or borrowing. Amortised cost is calculated taking into account any issue costs.

V MEMBERS' SHARES

i. Members' ordinary shares

The Co-operative's share capital includes the amount of shares issued to the members of the Co-operative. From time to time, existing members leave the Co-operative and new members join the Co-operative. Members who leave the Co-operative are entitled, after a length of time, to have their share capital amounts repaid to them. New members are required to subscribe to shares in the Co-operative.

Silver Fern Farms Limited has two classes of Members' shares: Members' ordinary shares which are issued to suppliers who supply stock under the Silver Fern Farms rebate system and Supplier investment shares, which are issued to all suppliers of stock to Silver Fern Farms (subject to certain restrictions). All Members' shares have a nominal value of one dollar per share. Supplier investment shares are paid to ninety cents by the supplier with the balance of ten cents being paid by way of a dividend from retained earnings.

Members' ordinary shares carry full voting rights subject to the shareholder being a Current Supplier (as defined in Silver Fern Farms constitution) at the time of voting. Supplier investment shares carry voting rights in relation to director elections only. Members' shares participate equally on winding up.

The current maximum shareholdings for Members' ordinary shares and Supplier investment shares are 17,500 and 15,000 respectively.

Members' shares are eligible to receive a dividend subject to profitability, although any such dividend is likely to be restricted to fully paid Supplier investment shares. Holders of Members' ordinary shares are eligible to receive a rebate based on the profit earned from stock supplied.

Due to the obligations of the Co-operative set out above, the Co-operative share capital meets the definition of a financial liability as per NZ IAS 32: Financial Instruments Disclosure and Presentation, and hence, the issued and paid up capital is classified as a financial liability.

ii. New ordinary shares

New ordinary shares are classified as equity. Incremental costs attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

W SEGMENT REPORTING

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the CODM – being the Chief Executive Officer. Since segment assets and liabilities are not included in measures used by the CODM during the year, they are not reported within note 4.

The group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Nature of the products and services
- Nature of the production processes
- Type or class of customer for the products and services
- Methods used to distribute the products or provide the services; and if applicable
- Nature of the regulatory environment.

Operating segments that meet the quantitative criteria as prescribed by NZ IFRS 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

X REVENUE RECOGNITION

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

i. Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of shipment.

ii Interest income

Revenue is recognised as the interest accrues (using the effective interest rate). This is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

iii Dividends

Revenue is recognised when the shareholders' right to receive the payment is established.

Y INCOME TAX AND OTHER TAXES

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- when the taxable temporary differences are associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income tax relating to items recognised directly in other comprehensive income are recognised in other comprehensive income and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Z OTHER TAXES

Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

AA EARNINGS PER SHARE

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- Costs of servicing equity (other than dividends) and preference share dividends
- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses
- Other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In applying the Group's accounting policies, management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgements, estimates and assumptions. Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

i Significant accounting judgements

Going concern

Management and the directors have considered the going concern assumption in the preparation of these financial statements and have concluded that the going concern basis of financial statements preparation remains appropriate. See also note 17, interest bearing loans and borrowings.

Impairment of non-financial assets

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include product performance, technology, economic and political environment and future product expectations. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves value in use calculations which incorporate a number of key estimates and assumptions. Management have performed value in use impairment assessments for two plants where indicators of possible impairment existed at balance date, and have assessed that no impairment write downs are required. In addition an assessment of goodwill was conducted. No impairment write down was required.

ii. Significant accounting estimates and assumptions

Long service leave provision

As discussed in note 2(t), the liability for the long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at balance date. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

ACC provision

The liability for the future costs of ACC claims outstanding is recognised and measured at the present value of the estimated future cash flows to be made in respect of all claims outstanding at balance date. In determining the present value of the liability, historical accident rates and average costs per accident and cost inflation assumptions have been taken into account.

Estimate of useful lives of assets

The estimation of useful lives of assets has been based on historical experience as well as manufacturer's warranties (for plant and equipment), lease terms (for leased equipment) and turnover policies (for motor vehicles). In addition, the condition of the assets is assessed at least once a year and considered against the remaining useful life. Adjustments to useful life are made when considered necessary.

Stock margin calculation

At each reporting date meat inventory is valued using the discounted selling price method. This method uses the last sales price, or committed sales price, and converts these factors back to New Zealand dollars, less expenses incurred to bring the inventory to a saleable location. A margin deduction is made from stock on hand based on the margin achieved on sales during the year.

Livestock valuation

Livestock fair values at balance date are determined by reference to published livestock purchase data at the balance date, using market prices appropriate to each category of livestock, considering age, estimated weight, sex, grade, location and other relevant factors.

Land and buildings revaluation

Operational land and buildings are periodically revalued to fair value by an independent valuer. As there is no active market for the buildings held by the Group, Depreciated Replacement Cost (DRC) is used to establish a fair value; this fair value is then optimised via economic adjustments. Certain economic adjustments are applied to a buildings DRC to allow for any idle capacity included in the operation of the building. If any economic adjustments are required, these are completed by the independent valuer and included in the final valuation.

4 SEGMENT INFORMATION

The group has identified its operating segments based on the internal reports that are reviewed and used by the Chief Executive Officer during the year in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the nature and use of the end product(s).

Discrete financial information about each operating segment is reported to the Chief Executive Officer on at least a monthly basis. The reportable segments are based on aggregated operating segments determined by the similarity of the products produced and sold and their channels to market, as these are the sources of the Group's major risks and have the most effect on the rates of return.

Types of products and services

Food

The Food business segment incorporates all meat production and sales (both domestic and international). It includes, amongst other things, all sales to independent meat wholesalers and distributors, and all sales to retailers and food service industry participants.

Associated Products

The Associated Products business segment incorporates all non-meat by-products that are sold locally and internationally. It includes amongst other things skins, hides, wool, tallow and meal.

Accounting policies

The accounting policies used by the Group in reporting segments internally are the same as those contained in note 2 to the accounts and in the prior period except as detailed below.

The following items are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Dividend revenue
- Interest revenue
- Fair value gains/losses on financial instruments
- Net gains on disposal of available-for-sale investments
- Finance costs - including adjustments on provisions due to discounting

Assets and liabilities are not allocated to segments for reporting purposes.

Major customers

No individual external customer represented greater than 10% of group revenue in either the year ended 30 September 2014 or year ended 30 September 2013.

Business segments

The following tables present revenue and profit information for reportable segments for the year ended 30 September 2014 and year ended 30 September 2013.

NZD IN THOUSANDS ($000)	Food	Associated Products	Unallocated Items	Year ended 30 Sept 14 Total	Food	Associated Products	Unallocated Items	Year ended 30 Sept 13 Total
Revenue								
Sales to external customers	1,994,912	314,405	-	2,309,317	1,704,773	288,463	-	1,993,236
Total segment revenue				**2,309,317**				**1,993,236**
Segment net operating (loss)/profit before tax	**23,911**	**3,768**	**-**	**27,679**	**(14,133)**	**(2,391)**	**-**	**(16,524)**
Interest revenue	-	-	77	77	-	-	360	360
Interest expense	-	-	(25,844)	(25,844)	-	-	(20,391)	(20,391)
Depreciation and amortisation	(24,904)	(3,925)	-	(28,829)	(26,086)	(4,414)	-	(30,500)
Share of profit/(loss) of associates	1,414	5,703	-	7,117	1,300	4,835	-	6,135

i. Segment revenue reconciliation to the statement of comprehensive income

CONSOLIDATED NZD IN THOUSANDS ($000)	Year ended 30 Sept 14	Year ended 30 Sept 13
Total segment revenue	2,309,317	1,993,236
Other revenue from continuing activities	77	398
Total revenue	**2,309,394**	**1,993,634**

Revenue from external customers by geographical locations is detailed below. Revenue is attributed to geographic location based on the location of the customers. The company does not have any material external revenues from external customers that are attributable to any foreign country other than as shown.

CONSOLIDATED NZD IN THOUSANDS ($000)	Year ended 30 Sept 14	Year ended 30 Sept 13
China	385,616	332,376
New Zealand	347,752	228,967
USA	312,241	263,873
United Kingdom	184,678	172,346
Australia	177,916	135,396
Germany	142,962	132,865
Japan	93,958	92,600
Italy	60,872	74,041
Saudi Arabia	59,061	38,730
Korea	54,928	53,910
Other - Asia / Middle East	215,818	191,370
Other - Europe	194,539	194,144
Other - Rest of World	79,053	83,016
Total revenue	**2,309,394**	**1,993,634**

ii. Segment net operating profit/(loss) before tax reconciliation to the statement of comprehensive income

The Leadership team meets on a monthly basis to assess the performance of each segment by analysing the segment's net operating profit/(loss) before tax. A segment's net operating profit/(loss) before tax excludes non operating income and expense such as dividends received, fair value gains and losses, gains and losses on disposal of assets and impairment charges.

Reconciliation of segment net operating profit / (loss) after tax to net profit/(loss) before tax:

CONSOLIDATED NZD IN THOUSANDS ($000)	Year ended 30 Sept 14	Year ended 30 Sept 13
Segment net operating profit/(loss) before tax	27,679	(16,524)
Other revenue	77	398
Other income (excluding foreign exchange gains)	11,546	7,578
Fair value gain/(loss) on financial instruments	-	45
Finance costs	(37,483)	(28,019)
Net profit/(loss) before tax per the statement of comprehensive income	**1,819**	**(36,522)**

5 OTHER REVENUE

	PARENT		CONSOLIDATED	
NZD IN THOUSANDS ($000)	Year ended 30 Sept 14	Year ended 30 Sept 13	Year ended 30 Sept 14	Year ended 30 Sept 13
Interest revenue	74	513	77	360
Dividend revenue	7,465	962	-	38
Total other revenue	**7,539**	**1,475**	**77**	**398**

6 OTHER INCOME

	PARENT		CONSOLIDATED	
NZD IN THOUSANDS ($000)	Year ended 30 Sept 14	Year ended 30 Sept 13	Year ended 30 Sept 14	Year ended 30 Sept 13
Rental revenue	963	1,045	963	984
Gain on sale of property, plant and equipment, net of related costs	4,527	199	4,639	199
Sundry income	6,328	6,694	5,944	6,395
Total other income	**11,818**	**7,938**	**11,546**	**7,578**

7 EXPENSES

NZD IN THOUSANDS ($000)	PARENT Year ended 30 Sept 14	Year ended 30 Sept 13	CONSOLIDATED Year ended 30 Sept 14	Year ended 30 Sept 13
Employee benefits expense				
Wages and salaries	306,811	299,647	308,564	302,331
Wages and salaries capitalised	(118)	(730)	(118)	(730)
Workers' compensation costs	7,884	6,355	8,016	6,473
Superannuation costs	8,227	6,924	8,393	7,056
Total employee benefits expense	**322,804**	**312,196**	**324,855**	**315,130**
Finance costs				
Bank facility fees	11,639	7,628	11,639	7,628
Bank interest cost	25,400	20,083	25,472	20,128
Other interest cost	374	253	372	263
Total finance costs	**37,413**	**27,964**	**37,483**	**28,019**
Other expenses				
Audit fees	231	190	306	268
Bad debt expense/(recovery)	25	(244)	(4)	(259)
Energy costs	31,292	33,818	31,313	33,841
Internal freight	6,907	8,229	10,405	11,964
Leasing costs	5,773	6,390	6,006	6,614
Loss on sale of plant, property and equipment	88	1,306	88	1,315
Loss/(gain) on fair value of financial instruments	-	(45)	-	(45)
Restructuring costs	-	461	628	461
Impairment of advance to subsidiaries	-	3,623	-	-
Rental costs	2,838	2,669	2,928	2,755
Other operating costs	233,080	232,653	235,448	235,296
Total other expenses	**280,234**	**289,050**	**287,118**	**292,210**

An advance to a subsidiary, Titan Meat Company Limited, was impaired during 2013. The advance was impaired so that the balance represents the net assets of the subsidiary.

8 INCOME TAX

The major components of income tax expense are current income tax, deferred income tax and amounts charged or credited directly to other comprehensive income.

NZD IN THOUSANDS ($000)	PARENT Year ended 30 Sept 14	Year ended 30 Sept 13	CONSOLIDATED Year ended 30 Sept 14	Year ended 30 Sept 13
Income tax expense				
Current income tax charge	243	-	417	197
Deferred income tax				
Adjustments in respect of deferred income tax of previous years	222	721	222	814
Relating to origination and reversal of temporary differences	1,430	(9,030)	706	(8,982)
Income tax expense/(benefit) reported in profit or loss	**1,895**	**(8,309)**	**1,345**	**(7,971)**
Amounts charged or credited directly to other comprehensive income				
Revaluation of buildings - charged/ (credited)	(1,652)	(157)	(1,652)	(157)
Income tax expense/(benefit) reported in other comprehensive income	**(1,652)**	**(157)**	**(1,652)**	**(157)**

Numerical reconciliation between aggregate tax expense recognised in profit or loss and tax expense calculated per the statutory income tax rate

A reconciliation between the tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:

NZD IN THOUSANDS ($000)	PARENT Year ended 30 Sept 14	Year ended 30 Sept 13	CONSOLIDATED Year ended 30 Sept 14	Year ended 30 Sept 13
Total accounting profit/(loss) before income tax	**1,594**	**(45,756)**	**1,819**	**(36,522)**
At the parent entity's statutory income tax rate of 28%	446	(12,812)	508	(10,227)
Adjustments in respect of current/deferred income tax of previous years	222	721	222	813
Non-deductible impairment of investments	93	1,014	93	-
Non-deductible entertainment expenditure, legal expense and rebates	169	150	169	150
Partnership profits/losses	163	158	163	158
Write off of foreign withholding tax	243	-	243	-
Losses not recognised for deferred tax	1,160	2,371	466	2,371
Other differences	(601)	89	(519)	(1,236)
Aggregate income tax expense/(benefit)	**1,895**	**(8,309)**	**1,345**	**(7,971)**

Recognised current/deferred tax assets and liabilities

NZD IN THOUSANDS ($000)	PARENT As at 30 Sept 14 Current Income Tax	As at 30 Sept 14 Deferred Income Tax	As at 30 Sept 13 Current Income Tax	As at 30 Sept 13 Deferred Income Tax	CONSOLIDATED As at 30 Sept 14 Current Income Tax	As at 30 Sept 14 Deferred Income Tax	As at 30 Sept 13 Current Income Tax	As at 30 Sept 13 Deferred Income Tax
Opening asset/(liability)	-	-	1,393	(8,466)	41	(725)	1,360	(9,054)
Charged to income	(243)	(1,652)	-	8,309	(417)	(928)	(196)	8,172
(Charged)/credited to other comprehensive income	-	1,652	-	157	-	1,652	-	157
Other payments/movements	243 -	(1,393)	-	362	1	(1,123)	-	
Closing asset/(liability)	**-**	**-**	**-**	**-**	**(14)**	**-**	**41**	**(725)**
Tax expense/(benefit) in statement of comprehensive income	243	1,652	-	(8,309)	419	928	-	(7,971)
Amounts recognised in the balance sheet:								
Current/deferred tax asset	-	31,612	-	34,775	11	32,306	72	34,775
Current/deferred tax liability	-	(31,612)	-	(34,775)	(25)	(32,306)	(31)	(35,500)
Closing asset/(liability)	**-**	**-**	**-**	**-**	**(14)**	**-**	**41**	**(725)**

This deferred taxation balance has been calculated at the corporate tax rate of 28%.

Deferred income tax at balance date

NZD IN THOUSANDS ($000)	PARENT As at 30 Sept 14	As at 30 Sept 13	CONSOLIDATED As at 30 Sept 14	As at 30 Sept 13
i **Deferred tax liabilities**				
Fixed assets	31,612	34,775	32,306	35,500
Gross deferred tax liabilities	**31,612**	**34,775**	**32,306**	**35,500**
Set-off of deferred tax assets	(31,612)	(34,775)	(32,306)	(34,775)
Net deferred tax liabilities	**-**	**-**	**-**	**725**
ii **Deferred tax assets**				
ACC provision	897	1,003	897	1,003
Annual/long service leave	4,252	4,425	4,252	4,425
Bad debts provision	188	192	188	192
Bonus adjustment/admin provision	58	(205)	58	(205)
IRD investigation adjustments	60	80	60	80
Livestock procurement provision	608	502	608	502
Livestock revaluation	(2,006)	(231)	(2,006)	(231)
Losses carried forward	26,591	28,827	27,285	28,827
Other accruals	-	(1)	-	(1)
Quota	-	83	-	83
Restructure accruals	951	103	951	103
Other	-	(16)	-	(16)
Stock provision	13	13	13	13
Gross deferred tax assets	**31,612**	**34,775**	**32,306**	**34,775**
Set-off of deferred tax liabilities	(31,612)	(34,775)	(32,306)	(34,775)
Net deferred tax assets	**-**	**-**	**-**	**-**

Unrecognised temporary difference

At balance date there are no unrecognised temporary differences associated with the Group's investments in subsidiaries or associates, as the Group has no liability for additional taxation should unremitted earnings be remitted (2013: $nil). The company has tax losses carried forward of $107,728,000 (2013: $111,421,000) of which $12,611,000 (2013: $8,469,000) are not recognised.

Imputation credit balance

PARENT NZD IN THOUSANDS ($000)	Year ended 30 Sept 14	Year ended 30 Sept 13
Balance at beginning of the year	**49**	**1,442**
Other adjustments	-	(1,393)
Balance at end of the year	**49**	**49**

At balance date the imputation credits available to the shareholders of the parent were:

PARENT NZD IN THOUSANDS ($000)	Year ended 30 Sept 14	Year ended 30 Sept 13
Through direct shareholding in the parent	49	49
Through indirect interest in subsidiaries	186	186

9 EARNINGS PER SHARE

The following reflects the income used in the basic and diluted earnings per share computations:

CONSOLIDATED NZD IN THOUSANDS ($000)	Year ended 30 Sept 14	Year ended 30 Sept 13
a Earnings used in calculating earnings per share		
For basic earnings per share:		
Profit/(loss) attributable to New ordinary shareholders of the parent	474	(28,551)
For diluted earnings per share:		
Profit/(loss) attributable to New ordinary shareholders of the parent (from basic EPS)	474	(28,551)

CONSOLIDATED NZD IN THOUSANDS ($000)	Year ended 30 Sept 14	Year ended 30 Sept 13
b Weighted average number of shares		
Weighted average number of New ordinary shares for basic earnings per share	100,379	100,379
Effect of dilution:		
Partly paid New ordinary shares	-	-
Weighted average number of New ordinary shares adjusted for the effect of dilution	**100,379**	**100,379**

There have been no transactions involving New ordinary shares that would significantly change the number of New ordinary shares outstanding between the reporting date and the date these financial statements have been signed.

10 CASH FLOW STATEMENT RECONCILIATION

Reconciliation of net profit/(loss) after tax to net cash flows from operations

NZD IN THOUSANDS ($000)	PARENT Year ended 30 Sept 14	Year ended 30 Sept 13	CONSOLIDATED Year ended 30 Sept 14	Year ended 30 Sept 13
Net profit/(loss)	(301)	(37,447)	474	(28,551)
Adjustments for:				
Depreciation and amortisation	28,169	29,731	28,829	30,500
Foreign exchange movements in cash	-	-	(322)	181
Net (gain)/loss on disposal of property, plant and equipment	(4,438)	107	(4,550)	116
Net movement in fair market value of derivatives	19,199	4,000	19,199	4,000
Associate dividends	-	-	7,464	924
Dividend Income classified as investing activity	(613)	253	(613)	-
Trade and other receivables movement classified as investing activities	(253)	(1,367)	(253)	(1,548)
Trade and other receivables movement classified as financing activities	(225)	-	(225)	-
Provisions, trade and other payables movement classified as investing activities	739	-	739	-
Share of associate income	-	-	(7,117)	(6,135)
Other items	36	157	(291)	157
	42,313	**(4,566)**	**43,334**	**(356)**
Changes in assets and liabilities:				
(Increase)/decrease in inventories	57,090	9,514	65,388	16,341
(Increase)/decrease in trade and other receivables	(6,703)	(5,272)	(16,861)	(18,779)
(Decrease)/increase in tax balance	1,652	(7,073)	983	(7,010)
(Decrease)/increase in provisions, trade and other payables	(1,749)	2,296	(1,390)	4,733
	50,290	**(535)**	**48,120**	**(4,715)**
Net cash flows (used in)/ from operating activities	**92,603**	**(5,101)**	**91,454**	**(5,071)**

11 INVENTORIES

NZD IN THOUSANDS ($000)	PARENT As at 30 Sept 14	As at 30 Sept 13	CONSOLIDATED As at 30 Sept 14	As at 30 Sept 13
Meat and associated product inventory	67,411	124,507	90,613	156,007
Consumables and packaging	8,664	9,372	8,664	9,372
Total inventories	**76,075**	**133,879**	**99,277**	**165,379**

The amount expensed in other operating costs for obsolete packaging was $45,000 (2013: $47,500) for the Parent and Group.

12 LIVESTOCK

PARENT AND CONSOLIDATED NZD IN THOUSANDS ($000)	As at 30 Sept 14	As at 30 Sept 13
Opening balance	**54,883**	**56,477**
Net movements in livestock	(5,624)	(4,313)
Changes in livestock fair value less estimated selling cost	6,338	2,719
Closing balance	**55,597**	**54,883**

The inputs in the fair value calculation of livestock are level 2 in the classification hierarchy under NZ IFRS 13. The fair value has been determined by reference to published livestock purchase data at balance date, using market prices appropriate to each category of livestock, considering age, weight, sex, grade, location and other relevant factors.

Livestock consists of sheep and cattle.

The Group purchases sheep and cattle through Lambplan, Beefplan and other procurement plans, as part of its normal operations, and also carries livestock on its own farms at plant. Sheep and cattle are valued at fair value according to the accounting policy for livestock at note 2(j). At the end of the year the group held 42,830 head of cattle (2013: 75,068) and 56,692 head of sheep (2013: 54,018).

13 TRADE AND OTHER RECEIVABLES

NZD IN THOUSANDS ($000)	PARENT As at 30 Sept 14	As at 30 Sept 13	CONSOLIDATED As at 30 Sept 14	As at 30 Sept 13
Trade receivables	127,189	116,158	149,130	138,794
Allowance for impairment loss	(670)	(686)	(749)	(718)
Total trade receivables excluding related parties	**126,519**	**115,472**	**148,381**	**138,076**
Related party receivables				
Trade receivables due from Associates	10,899	7,515	10,899	7,515
Trade receivables due from Subsidiaries	31,001	41,879	-	-
Total related party receivables	**41,900**	**49,394**	**10,899**	**7,515**
Total trade receivables	**168,419**	**164,866**	**159,280**	**145,591**
Other receivables				
Advances due from Associates	5,360	5,467	5,360	5,467
Other prepayments and receivables	30,647	27,496	30,868	27,696
Total other receivables	**36,007**	**32,963**	**36,228**	**33,163**
Total trade and other receivables	**204,426**	**197,829**	**195,508**	**178,754**
Current	192,268	186,531	183,350	167,456
Non-Current	12,158	11,298	12,158	11,298
Total trade and other receivables	**204,426**	**197,829**	**195,508**	**178,754**

Trade receivables are non-interest bearing and are generally on 30-90 day terms. An allowance has been made for estimated impairments from the sale of goods, determined by reference to past default experience.

The carrying amount of trade receivables disclosed above is a reasonable approximation of fair value.

For terms and conditions relating to related party receivables, refer to note 27.

Allowance for impairment loss

Movements in the provision for impairment loss were as follows:

NZD IN THOUSANDS ($000)	PARENT As at 30 Sept 14	As at 30 Sept 13	CONSOLIDATED As at 30 Sept 14	As at 30 Sept 13
Opening balance	**686**	**1,133**	**718**	**1,178**
Charge for the year	40	24	12	35
Utilised	(41)	(203)	35	(201)
Unused amounts reversed	(15)	(268)	(16)	(294)
Closing balance	**670**	**686**	**749**	**718**

At balance date the aging analysis of trade receivables is as follows:

NZD IN THOUSANDS ($000)	Total	0 – 30 Days	31 – 60 Days	61 – 90 Days PDNI*	91+ Days PDNI*
As at 30 Sept 14					
Consolidated	159,280	120,832	32,010	4,756	1,682
Parent	168,419	114,947	40,686	10,384	2,402
As at 30 Sept 13					
Consolidated	145,591	109,752	29,898	5,842	99
Parent	164,866	107,095	35,607	15,303	6,861

* Past due not impaired ('PDNI').

Receivables past due but not considered impaired are: Consolidated $6,438,000 (2013: $5,941,000); Parent $12,786,000 (2013: $22,164,000).

Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Group's policy to transfer (on sell) receivables to special purpose entities.

Detail regarding foreign exchange exposure and interest rate risk exposure is disclosed in note 23 and note 21.

14 AVAILABLE FOR SALE FINANCIAL ASSETS

PARENT AND CONSOLIDATED NZD IN THOUSANDS ($000)	As at 30 Sept 14	As at 30 Sept 13
At fair value:		
Shares – New Zealand unlisted	82	82
Total available for sale financial assets	**82**	**82**
Current	-	-
Non-Current	82	82
Total available for sale financial assets	**82**	**82**

Available for sale financial assets consist of investments in ordinary shares, and therefore have no fixed maturity date or coupon rate.

The fair value of unlisted available for sale investments has been estimated based upon an assessment of the underlying net asset value of the company and its future prospects. The fair value of listed available for sale investments has been determined directly by reference to published price quotations in an active market.

15 PROPERTY, PLANT AND EQUIPMENT

a Reconciliation of the carrying amounts at the beginning and end of the year

PARENT NZD IN THOUSANDS ($000)	Land	Buildings	Plant and Equipment	Vehicles	Work in progress	Total
Year ended 30 Sept 2014						
At 1 October 2013, net of accumulated depreciation	59,573	171,648	138,631	466	13,222	383,540
Additions	5	2,239	5,942	-	1,771	9,957
Disposals	(4,865)	(7,881)	(60,224)	(381)	5	(73,346)
Revaluations	18,100	-	-	-	-	18,100
Impairment of assets	(333)	-	-	-	-	(333)
Reclassification of assets	-	30	8,174	52	(8,256)	-
Reclassification from WIP to Intangibles	-	-	-	-	(2,902)	(2,902)
Transfers (to)/from assets held for sale	(12,567)	458	477	-	-	(11,632)
Depreciation charge for the year	(158)	(10,527)	(17,050)	(75)	954	(26,856)
Depreciation on disposals	211	1,406	57,154	377	-	59,148
At 30 Sept 2014, net of accumulated depreciation	**59,966**	**157,373**	**133,104**	**439**	**4,794**	**355,676**
Cost or fair value	61,198	197,416	395,130	3,650	4,818	662,212
Accumulated depreciation and impairment	(1,232)	(40,043)	(262,026)	(3,211)	(24)	(306,536)
Net carrying value	**59,966**	**157,373**	**133,104**	**439**	**4,794**	**355,676**

b Reconciliation of the carrying amounts at the beginning and end of the year

CONSOLIDATED NZD IN THOUSANDS ($000)	Land	Buildings	Plant and Equipment	Vehicles	Work in progress	Total
Year ended 30 Sept 2014						
At 1 October 2013, net of accumulated depreciation	60,281	177,339	141,404	466	13,222	392,712
Additions	5	2,239	5,947	-	1,772	9,963
Disposals	(4,935)	(7,880)	(60,487)	(402)	5	(73,699)
Revaluations	18,170	-	-	-	-	18,170
Impairment of assets	(333)	-	-	-	-	(333)
Reclassification of assets	-	30	8,174	52	(8,256)	-
Reclassification from WIP to Intangibles	-	-	-	-	(2,902)	(2,902)
Transfers (to)/from assets held for sale	(12,563)	457	478	-	-	(11,628)
Depreciation charge for the year	(158)	(10,740)	(17,474)	(75)	954	(27,493)
Depreciation on disposals	211	1,406	57,368	398	-	59,383
At 30 Sept 2014, net of accumulated depreciation	**60,678**	**162,851**	**135,410**	**439**	**4,795**	**364,173**
Cost or fair value	61,910	203,585	398,894	3,680	4,819	672,888
Accumulated depreciation and impairment	(1,232)	(40,734)	(263,484)	(3,241)	(24)	(308,715)
Net carrying value	**60,678**	**162,851**	**135,410**	**439**	**4,795**	**364,173**

c Reconciliation of the carrying amounts at the beginning and end of the year

PARENT NZD IN THOUSANDS ($000)	Land	Buildings	Plant and Equipment	Vehicles	Work in progress	Total
Year ended 30 Sept 2013						
At 1 October 2012, net of accumulated depreciation	61,804	152,666	86,328	492	79,117	380,407
Additions	83	6,965	16,446	60	13,689	37,243
Disposals	(658)	(468)	(1,555)	(341)	-	(3,022)
Reclassification of assets	207	23,546	54,854	-	(78,607)	-
Transfers (to)/from assets held for sale	(1,696)	(458)	(746)	-	-	(2,900)
Depreciation charge for the year	(167)	(10,638)	(17,352)	(80)	(977)	(29,214)
Depreciation on disposals	-	35	656	335	-	1,026
At 30 Sept 2013, net of accumulated depreciation	**59,573**	**171,648**	**138,631**	**466**	**13,222**	**383,540**
Cost or fair value	60,019	202,801	441,387	3,979	14,199	722,385
Accumulated depreciation and impairment	(446)	(31,153)	(302,756)	(3,513)	(977)	(338,845)
Net carrying value	**59,573**	**171,648**	**138,631**	**466**	**13,222**	**383,540**

d Reconciliation of the carrying amounts at the beginning and end of the year

CONSOLIDATED NZD IN THOUSANDS ($000)	Land	Buildings	Plant and Equipment	Vehicles	Work in progress	Total
Year ended 30 Sept 2013						
At 1 October 2012, net of accumulated depreciation	62,522	158,248	89,888	493	79,117	390,268
Additions	83	6,965	16,484	60	13,689	37,281
Disposals	(667)	(160)	(2,062)	(342)	-	(3,231)
Reclassification of assets	207	23,546	54,854	-	(78,607)	-
Transfers (to)/from assets held for sale	(1,696)	(458)	(746)	-	-	(2,900)
Depreciation charge for the year	(168)	(10,856)	(17,836)	(80)	(977)	(29,917)
Depreciation on disposals	-	35	795	335	-	1,165
Exchange adjustment	-	19	27	-	-	46
At 30 Sept 2013, net of accumulated depreciation	**60,281**	**177,339**	**141,404**	**466**	**13,222**	**392,712**
Cost or fair value	60,727	208,735	444,628	4,028	14,199	732,317
Accumulated depreciation and impairment	(446)	(31,396)	(303,224)	(3,562)	(977)	(339,605)
Net carrying value	**60,281**	**177,339**	**141,404**	**466**	**13,222**	**392,712**

e Revaluation of operational land and buildings

The Group engaged Darroch Limited to determine the fair value of its operational buildings at 30 September 2010 and Crighton Anderson to determine the fair value of land at 30 September 2014. Both parties are accredited independent valuers that use the International Valuation Standards Committee, International Valuation Standards as a reference.

The revalued land and buildings consist of operational land and buildings in New Zealand. Based on the method of valuation used for these assets, the inputs in the fair value calculation are classified as level 2 for land and level 3 for buildings in accordance with the the classification hierarchy under NZ IFRS 13.

Fair value is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date. Fair value is determined by direct reference to recent market transactions on arm's length terms for land and buildings comparable in size and location to those held by the Group, and to market based yields for comparable properties. Rawlinsons New Zealand Construction Handbook has also been used as a reference when determining fair value of land and buildings. Where there is limited information available relating to specialised assets that are rarely, if ever, sold on the open market, the Depreciated Replacement Cost (DRC) method is normally applied. DRC is based on an estimate of current gross replacement (or reproduction) cost less allowances for physical deterioration and all relevant forms of obsolescence. Economic adjustments have been applied when using the DRC method to revalue certain specialised plants. The adjustment rates range from -30% to -10%.

The effective date of the building revaluation was 30 September 2010. Additions since that date of $42,751,000 have been initially recorded at cost. The effective date of the land valuation was 30 September 2014.

If operational land and buildings were measured using the cost model the carrying amounts would be as follows:

NZD IN THOUSANDS ($000)	PARENT As at 30 Sept 14	 As at 30 Sept 13	CONSOLIDATED As at 30 Sept 14	 As at 30 Sept 13
Cost	196,803	201,477	198,688	203,362
Accumulated depreciation	(78,615)	(78,857)	(79,328)	(79,569)
Net carrying amount	**118,188**	**122,620**	**119,360**	**123,793**

f Assets held for sale

PARENT AND CONSOLIDATED NZD IN THOUSANDS ($000)	As at 30 Sept 14 Cost/ Valuation	Accum. Deprec.	Writedown	Book Value	As at 30 Sept 13 Cost/ Valuation	Accum. Deprec.	Writedown	Book Value
Freehold land (at valuation)	14,921	-	-	14,921	2,382	(29)	-	2,353
Freehold buildings (at valuation)	-	-	-	-	693	(183)	(52)	458
Plant and equipment	352	(84)	-	268	7,537	(6,791)	-	746
Total assets held for sale	**15,273**	**(84)**	**-**	**15,189**	**10,612**	**(7,003)**	**(52)**	**3,557**

g Carrying value of plant and equipment under finance leases

The carrying value of plant and equipment held under finance leases and hire purchase contracts at 30 September 2014 is $37,000 (2013: $178,000).

h Expenditure recognised in the course of construction

Work in Progress at 30 September 2014 relates to buildings and site developments currently under construction. This includes additions in connection with the rebuild of the Te Aroha plant where costs have yet to be allocated to assets.

16 TRADE AND OTHER PAYABLES

NZD IN THOUSANDS ($000)	PARENT As at 30 Sept 14	 As at 30 Sept 13	CONSOLIDATED As at 30 Sept 14	 As at 30 Sept 13
Trade payables	53,230	63,546	55,423	66,050
Other payables	29,485	24,540	29,641	24,673
Subsidiaries	9,065	8,591	-	-
Associates	5,172	5,172	5,172	5,172
Total trade and other payables	**96,952**	**101,849**	**90,236**	**95,895**

Trade payables are non-interest bearing and are normally settled on 30 day terms. Livestock purchases are paid in 6-14 days, except for 10% of the purchase price under the retention system which is paid up to 120 days after purchase. Other payables are non-interest bearing and have an average term of 3 months.

17 INTEREST BEARING LOANS AND BORROWINGS

NZD IN THOUSANDS ($000)	Average Effective Interest Rate (%)	Maturity	PARENT As at 30 Sept 14	 As at 30 Sept 13	CONSOLIDATED As at 30 Sept 14	 As at 30 Sept 13
Current						
NZ bank overdraft (9.5m)	11.02%	On demand	1,446	-	1,446	-
GBP bank overdraft (GBP 1.5m)	3.53%	On demand	-	-	2,155	1,495
Total overdrafts			**1,446**	**-**	**3,601**	**1,495**
Obligations under finance leases	1.74%	Current	479	139	479	139
Discounted bills of exchange	3.37%	Current	11,133	37,500	11,133	37,500
Secured loan	6.01%	Current	273,899	349,500	273,899	349,500
Total interest bearing loans and borrowings - current			**285,511**	**387,139**	**285,511**	**387,139**
Non-current						
Obligations under finance leases	1.74%		499	37	499	37
Total interest bearing loans and borrowings - non-current			**499**	**37**	**499**	**37**

Although the secured facilities are classified as current liabilities at balance date, the ability of the group to remain in compliance with its obligations under its banking facilities, and the assumptions inherent in forming that view have been carefully considered by the directors. The directors have considered the achievability of the 2015 financial year budgeted financial performance and cash flows, and the underlying assumptions. The key budget assumptions include satisfactory seasonal conditions, improved sheep and beef operating margins and further significant reductions in net working capital resulting in improved cash inflows. Achievement of these budgets, which would deliver an improvement on the 2014 financial performance, is subject to a number of factors outside the company's control (including the risks inherent in the industry) as well as the successful implementation of planned initiatives to improve financial performance.

The Board has recognised the need to further reduce debt, and accordingly is not solely basing its assessments on planned operational initiatives. To this end, and following the PricewaterhouseCoopers strategic review referred to in the 2013 Financial Statements at note 18, the Board has appointed Goldman Sachs to identify potential capital transactions that would enable a material reduction in the group's bank borrowings and create a more sustainable capital structure to support, amongst other things, investment in improving the efficiencies of the company's existing plant and accelerating the company's value added product strategy. The directors consider the completion of a capital transaction, or transactions, to achieve a more sustainable capital base and materially reduce its bank borrowings is likely, but not certain. A timetable to identify capital transactions, and receive offers for consideration by the Board, is in place. The outcome of this process is not expected to be known earlier than 31 May 2015.

Should the group substantially achieve its 2015 budgeted financial performance and budgeted cash flows, or conclude a capital transaction, the directors expect that satisfactory banking facilities will be negotiated to take effect at the expiry of the facilities in October 2015 or earlier.

a Fair values and security

The carrying amount of the Group's current and non-current borrowings approximate their fair value. For interest rate, foreign exchange and liquidity risk, refer note 21.

The Group grants to Westpac Banking Corporation, as security agent for the banking syndicate, a security interest in all of its personal property and a fixed charge over all of its non-personal property, as security for the due payment of the secured money and for the due performance and observance of, and compliance with, the secured obligations.

NZD IN THOUSANDS ($000)	PARENT As at 30 Sept 14	 As at 30 Sept 13	CONSOLIDATED As at 30 Sept 14	 As at 30 Sept 13
Current assets	341,023	390,474	356,146	403,983
Non-current assets	434,404	458,445	404,701	429,296
Total assets pledged as security	**775,427**	**848,919**	**760,847**	**833,279**

The security interest and the fixed charge created by the deed are each first ranking charges except where the security agent otherwise consents in writing.

Each Group company jointly and severally guarantees to the security agent unconditionally and irrevocably the due payment of the secured money, and the due performance of, and compliance with, the secured obligations.

Each Group company acknowledges and agrees with the provisions set out in the terms of the General Security deed.

18 PROVISIONS

PARENT NZD IN THOUSANDS ($000)	Accident Future Costs	Livestock Procurement Provision	Employee Entitlements	Restructuring	Total
At 1 October 2013	**2,880**	**1,794**	**21,590**	**366**	**26,630**
Arising during the year	2,324	2,383	82,790	30	87,527
Utilised	(1,997)	(2,301)	(79,713)	(217)	(84,228)
Excess provision released	-	-	-	(149)	(149)
At 30 September 2014	**3,207**	**1,876**	**24,667**	**30**	**29,780**
Current 2014	2,340	1,876	16,432	30	20,678
Non-Current 2014	867	-	8,235	-	9,102
Total provisions 2014	**3,207**	**1,876**	**24,667**	**30**	**29,780**
Current 2013	1,841	1,794	13,315	366	17,316
Non-Current 2013	1,039	-	8,275	-	9,314
Total provisions 2013	**2,880**	**1,794**	**21,590**	**366**	**26,630**

CONSOLIDATED NZD IN THOUSANDS ($000)	Accident Future Costs	Livestock Procurement Provision	Employee Entitlements	Restructuring	Total
At 1 October 2013	**2,880**	**1,795**	**21,724**	**366**	**26,765**
Arising during the year	2,324	2,382	82,797	30	87,533
Utilised	(1,997)	(2,301)	(79,713)	(217)	(84,228)
Excess provision released	-	-	-	(149)	(149)
At 30 September 2014	**3,207**	**1,876**	**24,808**	**30**	**29,921**
Current 2014	2,340	1,876	16,573	30	20,819
Non-Current 2014	867	-	8,235	-	9,102
Total provisions 2014	**3,207**	**1,876**	**24,808**	**30**	**29,921**
Current 2013	1,841	1,795	13,449	366	17,451
Non-Current 2013	1,039	-	8,275	-	9,314
Total provisions 2013	**2,880**	**1,795**	**21,724**	**366**	**26,765**

a Accident future cost provision

The group participates in the ACC Partnership Programme, Full Self Cover Plan. The provision for the future cost of accidents related to the estimated future cost of accidents incurred by employees that the Group will have to bear. These payments are ongoing throughout the lifetime of the rehabilitation period.

ACC PARTNERSHIP PROGRAMME: OVERVIEW

Responsibilities and Accountabilities

The General Manager Human Resources is responsible for the development and ongoing review of injury management policy and procedures in consultation with relevant parties. This includes the establishment and monitoring of the partnership programme contract with ACC and notification to them of changes in the Silver Fern Farms Limited injury management operations or personnel.

Risks are managed by ensuring the manager has a working knowledge of the relevant legislation and information and communication requirements. Rehabilitation is managed as soon as practicable through liaising with treatment providers, claims administrators and the claimant.

Assumptions and methodology used

The chain ladder is used to project the ultimate number of claims expected from each accident period using historic cumulative ratios of claims. An approach called the Payments Per Claim Incurred (PPCI) Method has been used to determine suitable expected claim payment patterns for the average claim.

In the development of Claim Payment Patterns and projecting claim payment liabilities the following economic assumptions have been made:

Pre valuation date claim inflation has been taken as 50% (2013: 50%) of movements in the Consumer Price Index (CPI) and 50% (2013: 50%) of the movements in the Average Weekly Earnings (AWE) Index. This assumes that increases in claim costs are equally affected by general price increases and by wage increases.

Post valuation date claim inflation has been taken as 2.5% (2013: 2.2%) pa. Most claims are of a short to medium term duration and we are currently in an environment where inflation and wage increases are likely to run above the norm in the short to medium term.

The Discount Rate used is 2.95% (2013: 2.6%) pa. This is approximately the average gross yield on Government Bonds of short to medium term duration consistent with the duration of the liabilities.

The actuarial assessment of the provision for future claims was prepared by Marcelo Lardies (BSc Hons) of AON New Zealand Limited, effective 30 September 2014. The assessment is dated 17 October 2014 (2013: 7 October 2013).

b Employee entitlements

Included in employee entitlements is wages and salaries payable, annual leave due and long service leave payable. Wages, salaries and annual leave are measured at the amounts expected to be paid when liabilities are settled. Long service leave is recognised at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. These provisions will reduce as the entitlements fall due.

An independent actuarial valuation was undertaken as at 30 September 2014 to estimate the present value of long service leave.

The present value of the long service leave obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Two key assumptions used in calculating the liability include the discount rate and the salary inflation factor. Any changes in these assumptions will impact on the carrying amount of the liability.

The weighted average yields on NZ Government stock with terms of maturity that match closely to the estimated future cash outflows have been used in determining the discount rate. The discount rates applied to the anticipated annual future cashflows range from 3.7% to 5.5% (2013: 2.8% to 5.5%).

The historical salary and wage growth patterns have been used in determining the salary and wage inflation factor after obtaining advice from an independent actuary. The growth rates applied to salary and wages costs range from 2.0% to 3.0% (2013: 0.0% to 3.0%).

The actuarial assessment of the provision for the long service leave liability was prepared by Marcelo Lardies (BSc Hons) of AON New Zealand Limited, effective 30 September 2014. The assessment is dated 10 October 2014 (2013: 23 October 2013).

c Other provisions

The livestock procurement provision relates to incentive payments made in addition to schedule payments for certain classes of livestock. Payments are made on a six monthly basis and annual basis. The restructuring provision was established for obligations at year end relating to the reconfiguration of operations. The residual in the restructuring provision will be utilised during the 2014/2015 financial year.

19 Members' Shares and New Ordinary Shares

PARENT AND CONSOLIDATED NZD IN THOUSANDS ($000)	Supplier Investment Shares	Members' Ordinary Shares	New Ordinary Shares	Total
Balance as at 1 October 2012	**5,834**	**17,412**	**136,495**	**159,741**
Shares surrendered	(142)	(782)	-	(924)
Balance as at 30 September 2013	**5,692**	**16,630**	**136,495**	**158,817**
Shares surrendered	(144)	(723)	-	(867)
Balance as at 30 September 2014	**5,548**	**15,907**	**136,495**	**157,950**
Called / Uncalled				
15.907m Members' ordinary shares of $1 each	-	15,907	-	15,907
98.075m New ordinary shares - fully paid	-	-	112,033	112,033
2.304m New ordinary shares - partly paid	-	-	24,462	24,462
Issued and fully paid	**-**	**15,907**	**136,495**	**152,402**

a Members' shares

Silver Fern Farms Limited has two classes of Members' shares: Members' ordinary shares which are issued to suppliers who supply stock under Silver Fern Farms Limited's rebate system and Supplier Investment Shares, which are issued to all suppliers of stock to Silver Fern Farms (subject to certain restrictions). All Members' shares have a nominal value of one dollar per share. Supplier investment shares are paid to ninety cents by the supplier with the balance of ten cents being paid by way of a dividend from retained earnings. Members' shares are currently classified as a financial liability as Silver Fern Farms does not have the unconditional right to refuse redemption.

Members' ordinary shares carry full voting rights subject to the shareholder being a Current Supplier (as defined in the constitution of Silver Fern Farms Limited) at the time of voting. Supplier investment shares carry voting rights in relation to director elections only. Ordinary Shares participate equally on winding up.

The maximum shareholding for Members' ordinary shares and Supplier investment shares is 17,500 (2013: 17,500) and 15,000 (2013: 15,000) respectively.

Silver Fern Farms Limited's Members' shares are eligible to receive a dividend subject to profitability, although any such dividend is likely to be restricted to fully paid Supplier investment shares. Members' ordinary shares shareholders are eligible to receive a rebate based on the profit earned from stock supplied.

b New ordinary shares issued

As part of the change in the capital structure, shareholders could elect to exchange Members' ordinary shares and Supplier investment shares for New ordinary shares on a one for one basis; no cash was payable on exchange. In addition to the exchange of shares, shareholders could elect to participate in a two for one rights issue. Under the terms of the rights issue, shareholders were entitled to subscribe in cash for two New ordinary shares for every one New ordinary share issued to them under the exchange offer.

The rights issue price per New ordinary share of $1.00 was payable either in full on application or under a deferred payment option, over a period of approximately three years by way of deduction from proceeds of the sale of livestock.

PARENT AND CONSOLIDATED NZD IN THOUSANDS ($000)	As at 30 Sept 14	As at 30 Sept 13
Deferred payments due within 12 months	1,309	1,324
Total deferred payments	**1,309**	**1,324**

20 RESERVES

Nature and purpose of reserves

The asset revaluation reserve is used to record increments and decrements in the fair value of operational land and buildings to the extent that they offset one another.

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

21 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise trade debtors, trade creditors, bank loans, redeemable preference shares, finance leases, and cash. The Group also enters into derivative transactions consisting principally of forward currency contracts and options. The purpose is to manage the foreign currency risks arising from the Group's operations.

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

The Group also monitors the market price risk arising from all financial instruments. The Group's accounting policies in relation to derivatives are set out in note 2(j).

Interest rate risk management

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to market risk for changes in interest rates relates primarily to the Group's long-term debt obligations. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debt. Interest rate swaps have not been used to manage interest rate risk. The Group's policy is to keep between 0% and 100% of its borrowings at fixed rates of interest. At 30 September 2014, none of the Group's borrowings were at a fixed rate of interest (2013: 0%). If interest rates on borrowings at balance date had fluctuated by plus or minus 0.5%, the effect would have been to increase or decrease the net profit/loss and equity for both the Parent and Group by $1,369,500 (2013: $1,748,000).

At balance date, the Group had the following mix of financial assets and liabilities exposed to New Zealand interest rate risk:

NZD IN THOUSANDS ($000)	PARENT As at 30 Sept 14	 As at 30 Sept 13	CONSOLIDATED As at 30 Sept 14	 As at 30 Sept 13
Financial Assets				
Cash and cash equivalents	150	56	978	1,068
Financial Liabilities				
Bank overdrafts	(1,446)	-	(3,601)	(1,495)
Discounted bills of exchange	(11,133)	(37,500)	(11,133)	(37,500)
Bank loans	(273,899)	(349,500)	(273,899)	(349,500)
Advance from subsidiary	(8,543)	(8,542)	-	-
Net exposure to interest rate risk	**(294,871)**	**(395,486)**	**(287,655)**	**(387,427)**

Foreign currency risk management

Currency Risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group has exposure to foreign currency risk as a result of transactions denominated in foreign currencies arising from normal trading activities. Where exposures are certain, or able to be forecast with reasonable accuracy, it is Group's policy to economically hedge these risks as they arise. The Group uses foreign exchange contracts to manage these exposures. If exchange rates at balance date had fluctuated by plus or minus 5%, the effect would have been to increase or decrease the profit or loss by $5,314,000 (2013: $5,400,000) for both the Parent and the Group and other comprehensive income by $5,314,000 (2013: $5,400,000) for the Group.

The net exposure of other financial instruments is detailed below:

CONSOLIDATED NZD IN THOUSANDS ($000)	AUD	CAD	EUR	GBP	SGD	USD
As at 30 September 2014						
Cash at bank/(overdraft)	-	-	4	(2,139)	11	591
Debtors	212	5,558	21,826	21,839	517	77,933
Foreign payables - marine freight and commission	-	-	(795)	-	-	(2,522)
Net exposure to currency risk	**212**	**5,558**	**21,035**	**19,700**	**528**	**76,002**
Foreign exchange cover	**-**	**2,000**	**46,848**	**27,638**	**-**	**171,285**
As at 30 September 2013						
Cash at bank/(overdraft)	32	6	1	(929)	185	32
Debtors	60	2,981	25,977	22,577	631	76,645
Foreign payables - marine freight and commission	-	-	(1,251)	-	-	(2,302)
Net exposure to currency risk	**92**	**2,987**	**24,727**	**21,648**	**816**	**74,375**
Foreign exchange cover	**-**	**4,000**	**74,002**	**41,016**	**-**	**206,810**

As part of Silver Fern Farms Limited's normal business operations the company engages in forward exchange cover. This cover also includes the company's foreign currency risk in relation to inventory and livestock.

Credit risk management

Credit risk is the risk that a third party will default on its obligation to the Group, causing the Group to incur a loss. Financial instruments which potentially subject the Group to credit risk consist of bank balances, accounts receivable, foreign exchange contracts and other instruments.

The Group manages this risk by only trading with recognised, creditworthy third parties.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, trade and other receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the Group. The carrying amount of financial assets that would otherwise be past due or impaired, whose terms have been negotiated is $nil (2013: $nil). No collateral is held on the above amounts.

At balance date, the Group had the following net financial assets exposed to credit risk:

NZD IN THOUSANDS ($000)	PARENT As at 30 Sept 14	 As at 30 Sept 13	CONSOLIDATED As at 30 Sept 14	 As at 30 Sept 13
Assets				
Cash and cash equivalents	150	56	978	1,068
Accounts receivable	204,426	197,829	195,508	178,754
Financial assets	1,309	1,324	1,309	1,324
Derivative financial instruments	435	10,244	435	10,244
Maximum exposure to credit risk	**206,320**	**209,453**	**198,230**	**191,390**
Liabilities				
Bank overdraft	(1,446)	-	(3,601)	(1,495)
Derivative financial instruments	(10,343)	(953)	(10,343)	(953)
Net exposure to credit risk	**194,531**	**208,500**	**184,286**	**188,942**

Liquidity risk management

Liquidity risk is the risk that Silver Fern Farms will encounter difficulty raising liquid funds to meet commitments as they fall due.

Liquidity risk is managed to meet known and reasonable unforeseen funding requirements by arranging and structuring long term funding for the company from debt lenders and optimising flexibility and spread of debt maturity within the funding risk limits established by the treasury policy statement.

On 10 September 2014 the company did not make a scheduled loan repayment of $20m for Tranche C of its debt facilities. The scheduled repayment was waived by the company's lenders on 16 September 2014, by a variation to the scheduled repayments for Tranche C of the debt facilities.

On 30 September 2014 the company did not make a scheduled loan repayment of $21m for Tranche B of its debt facilities. The scheduled loan repayment was waived by the company's lenders on 31 October 2014 when the facility agreement was amended to provide banking facilities for the 2015 financial year.

The carrying amount of loans payable in technical breach, pending agreement of new facilities, at balance date was $286m (2013: nil). Under the new facilities signed on 31 October 2014, the company has total facilities available at peak for the 2014/15 season of $481m.

Refer to note 22(b) for a contractual analysis of financial liabilities.

Price risk

The Group is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

If equity prices had been 5% higher or lower the effect would have been to increase or decrease other comprehensive income by $nil (2013: $nil).

Capital management

The company recognises its corporate and financial governance responsibilities for the efficient and prudent management of capital to ensure sufficient cashflow (internal or external) is available to execute business strategy and plans, despite potential periods of unfavourable cashflow movement whilst maximising shareholder returns and profitability of the business. Capital management includes consideration of appropriate levels of issued ordinary, rebate, supplier investment and redeemable preference shares, retained earnings and reserves together with bank and other borrowing initiatives.

Capital optimisation is considered in light of Industry best practices for a company the size and business type of Silver Fern Farms Limited and the risk bearing ability and tolerance levels of the underlying business, shareholders and lenders. Financial risk management actions are undertaken to minimise the cost of funds through proactive interest rate risk management within approved treasury policy risk control limits that meet debt lender(s) and shareholder requirements.

The company has agreed to certain capital requirements with the banking syndicate. Minimum Shareholder Funds and Debt to Equity ratios are regularly monitored. There were no breaches during the year.

22 FINANCIAL INSTRUMENTS

Detail of the significant accounting policies and methods adopted, including the criteria for recognition and the basis in which income and expenses are recognised, in respect of each class of financial asset and financial liability instrument, are disclosed in the Statement of Accounting Policies.

a Categories of Financial Instruments

NZD IN THOUSANDS ($000)		PARENT As at 30 Sept 14	PARENT As at 30 Sept 13	CONSOLIDATED As at 30 Sept 14	CONSOLIDATED As at 30 Sept 13
Financial Assets	**Category**				
Cash and bank	Fair value through profit and loss	150	56	978	1,068
Derivatives	Fair value through profit and loss	435	10,244	435	10,244
Financial assets	Loans and receivables	1,309	1,324	1,309	1,324
Financial assets (non-current)	Loans and receivables	-	-	-	-
Trade & other receivables	Loans and receivables	192,268	186,531	183,350	167,456
Trade and other receivables (non-current)	Loans and receivables	12,158	11,298	12,158	11,298
Available for sale financial assets	Available for sale financial assets	82	82	82	82
Total financial assets		**206,402**	**209,535**	**198,312**	**191,472**
Financial Liabilities					
Bank overdraft	Fair value through profit and loss	1,446	-	3,601	1,495
Derivatives	Fair value through profit and loss	10,343	953	10,343	953
Trade and other payables	Recorded at amortised cost	96,952	101,849	90,236	95,895
Members' shares	Recorded at amortised cost	21,455	22,322	21,455	22,322
Interest bearing loans and borrowings	Recorded at amortised cost	285,511	387,139	285,511	387,139
Interest bearing loans and borrowings (non-current)	Recorded at amortised cost	499	37	499	37
Total financial liabilities		**416,206**	**512,300**	**411,645**	**507,841**
Net Exposure		**(209,804)**	**(302,765)**	**(213,333)**	**(316,369)**

b Maturity Profile in Contractual Cashflow Order

PARENT NZD IN THOUSANDS ($000)	6 months or less	Between 6 – 12 months	Between 1 – 5 years	>5 years	Total
As at 30 September 2014					
Financial Assets					
Cash and cash equivalents	150	-	-	-	150
Derivatives	435	-	-	-	435
Financial assets	1,309	-	-	-	1,309
Trade and other receivables	191,894	348	7,472	4,712	204,426
Available for sale financial assets	-	-	82	-	82
Total financial assets	**193,788**	**348**	**7,554**	**4,712**	**206,402**
Financial Liabilities					
Bank overdraft	1,446	-	-	-	1,446
Derivatives	10,343	-	-	-	10,343
Trade and other payables	96,952	-	-	-	96,952
Interest bearing loans and borrowings	285,511	-	499	-	286,010
Supplier investment shares	-	-	-	5,548	5,548
Members' ordinary shares	-	-	-	15,907	15,907
Total financial liabilities	**394,252**	**-**	**499**	**21,455**	**416,206**
Net maturity	**(200,464)**	**348**	**7,055**	**(16,743)**	**(209,804)**

CONSOLIDATED NZD IN THOUSANDS ($000)	6 months or less	Between 6 – 12 months	Between 1 – 5 years	>5 years	Total
As at 30 September 2014					
Financial Assets					
Cash and cash equivalents	978	-	-	-	978
Derivatives	435	-	-	-	435
Financial assets	1,309	-	-	-	1,309
Trade and other receivables	182,977	347	7,472	4,712	195,508
Available for sale financial assets	-	-	82	-	82
Total financial assets	**185,699**	**347**	**7,554**	**4,712**	**198,312**
Financial Liabilities					
Bank overdraft	3,601	-	-	-	3,601
Derivatives	10,343	-	-	-	10,343
Trade and other payables	90,236	-	-	-	90,236
Interest bearing loans and borrowings	285,511	-	499	-	286,010
Supplier investment shares	-	-	-	5,548	5,548
Members' ordinary shares	-	-	-	15,907	15,907
Total financial liabilities	**389,691**	**-**	**499**	**21,455**	**411,645**
Net maturity	**(203,992)**	**347**	**7,055**	**(16,743)**	**(213,333)**

PARENT NZD IN THOUSANDS ($000)	6 months or less	Between 6 – 12 months	Between 1 – 5 years	>5 years	Total
As at 30 September 2013					
Financial Assets					
Cash and cash equivalents	56	-	-	-	56
Derivatives	10,244	-	-	-	10,244
Financial assets	1,324	-	-	-	1,324
Trade and other receivables	186,406	124	9,021	2,278	197,829
Available for sale financial assets	-	-	82	-	82
Total financial assets	**198,030**	**124**	**9,103**	**2,278**	**209,535**
Financial Liabilities					
Derivatives	953	-	-	-	953
Trade and other payables	101,849	-	-	-	101,849
Interest bearing loans and borrowings	387,176	-	-	-	387,176
Supplier investment shares	-	-	-	5,692	5,692
Members' ordinary shares	-	-	-	16,630	16,630
Total financial liabilities	**489,978**	**-**	**-**	**22,322**	**512,300**
Net maturity	**(291,948)**	**124**	**9,103**	**(20,044)**	**(302,765)**

CONSOLIDATED NZD IN THOUSANDS ($000)	6 months or less	Between 6 – 12 months	Between 1 – 5 years	>5 years	Total
As at 30 September 2013					
Financial Assets					
Cash and cash equivalents	1,068	-	-	-	1,068
Derivatives	10,244	-	-	-	10,244
Financial assets	1,324	-	-	-	1,324
Trade and other receivables	167,332	124	9,021	2,278	178,755
Available for sale financial assets	-	-	82	-	82
Total financial assets	**179,968**	**124**	**9,103**	**2,278**	**191,473**
Financial Liabilities					
Bank overdraft	1,495	-	-	-	1,495
Derivatives	953	-	-	-	953
Trade and other payables	95,895	-	-	-	95,895
Secured loans	387,176	-	-	-	387,176
Supplier investment shares	-	-	-	5,692	5,692
Members' ordinary shares	-	-	-	16,630	16,630
Total financial liabilities	**485,519**	**-**	**-**	**22,322**	**507,841**
Net maturity	**(305,551)**	**124**	**9,103**	**(20,044)**	**(316,368)**

As at 30 September 2014 the Parent and Group each report financial liabilities in excess of financial assets. Over time, inventory that is not recorded as a financial asset will convert to trade receivables. Refer to Note 17 for Bank funding facilities details. Longer term members' ordinary shares, classified as financial liabilities by virtue of their terms of issue will remain on issue, convert to ordinary shares or be redeemed and replaced based on a shareholders livestock supply.

The financial instruments in the table above are prioritised in order of payment.

Members who leave the Co-operative are entitled, after a length of time, to have their share capital amounts repaid to them. This requires the recognition of the outstanding shares as a financial liability. Due to the uncertain timing of the surrender of shares, and the small levels of redemption each year, members ordinary shares have been classified as having a maturity date of over five years.

c Fair values of financial instruments

Set out below is a comparison of carrying amounts and fair values of all of the Group's financial instruments that are carried in the financial statements at other than fair values.

The fair value for members' ordinary shares has been calculated by applying a discount factor of 10% (2013: 10%), with an estimated repayment date of 10 years (2013: 10 years).

The carrying values of all other financial assets and financial liabilities recorded in the financial statements approximates their fair values.

PARENT AND CONSOLIDATED	Carrying amount		Fair value	
NZD IN THOUSANDS ($000)	As at 30 Sept 14	As at 30 Sept 13	As at 30 Sept 14	As at 30 Sept 13
Financial liabilities				
Members' ordinary shares	15,907	16,630	6,133	6,412

d Fair values of financial assets and financial liabilities

The fair values of the Group's financial instruments are disclosed in hierarchy levels depending on the nature of the inputs used in determining the fair values as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs for the asset or liability that are not based on observable market data.

The Group measures the fair value of foreign currency forward exchange contract based on dealer quotes of market forward rates and reflects the amount that the Group would receive or pay at their maturity dates for contracts involving the same currencies and maturity dates.

The Group does not have any significant financial assets or liabilities measured at fair value using Level 3 inputs as of 30 September 2014 or 30 September 2013.

PARENT AND CONSOLIDATED NZD IN THOUSANDS ($000)	Level 1	Level 2	Level 3	Total
As at 30 September 2014				
Financial Assets				
Forward currency contracts	-	435	-	435
Financial Liabilities				
Forward currency contracts	-	(10,343)	-	(10,343)
Net fair values of financial assets and financial liabilities	**-**	**(9,908)**	**-**	**(9,908)**

PARENT AND CONSOLIDATED NZD IN THOUSANDS ($000)	Level 1	Level 2	Level 3	Total
As at 30 September 2013				
Financial Assets				
Forward currency contracts	-	10,244	-	10,244
Financial Liabilities				
Forward currency contracts	-	(953)	-	(953)
Net fair values of financial assets and financial liabilities	**-**	**9,291**	**-**	**9,291**

23 DERIVATIVE FINANCIAL INSTRUMENTS

PARENT AND CONSOLIDATED NZD IN THOUSANDS ($000)	As at 30 Sept 14	As at 30 Sept 13
Current Assets		
Forward currency contracts	435	10,244
Current Liabilities		
Forward currency contracts	(10,343)	(953)
Net derivative financial instruments	**(9,908)**	**9,291**

Derivative financial instruments are used by the Group in the normal course of business in order to mitigate exposure to foreign exchange rates arising from the sale of food and associated products in foreign currencies. The Group has entered into forward exchange contracts and options which are economic hedges but are not hedge accounted. During the year net foreign exchange gains arising from all foreign exchange transactions totalled $13.6m (2013: $5.3m).

Foreign currency risk

Information regarding foreign currency risk exposure is set out in note 21.

Credit risk

Credit risk arises from the potential failure of counterparties to meet their obligations at maturity of contracts. This arises on derivative financial instruments with unrealised gains.

PARENT AND CONSOLIDATED		Notional Amounts		Average forward exchange rate	
NZD IN THOUSANDS ($000)		As at 30 Sept 14	As at 30 Sept 13	As at 30 Sept 14	As at 30 Sept 13
Sell USD / Buy NZD	Maturity 0 - 12 months	171,285	206,810	0.8261	0.7915
Sell GBP / Buy NZD	Maturity 0 - 12 months	27,638	41,016	0.4979	0.5067
Sell CAD / Buy NZD	Maturity 0 - 12 months	2,000	4,000	0.8873	0.8484
Sell EUR / Buy NZD	Maturity 0 - 12 months	46,848	74,002	0.6216	0.5984

These contracts are fair valued by comparing the contracted rate to the market rates for contracts with the same length of maturity. All movements in fair value are recognised in profit or loss in the period they occur.

24 COMMITMENTS AND CONTINGENCIES

Operating lease commitments – Group as lessee

The Group has entered into commercial leases on certain motor vehicles and items of machinery, office space, processing and coolstore facilities where it is not in the best interest of the Group to purchase these assets. These leases have an average life of between 1 and 16 years with renewal terms included in the contracts. Renewals are at the option of the specific entity that holds the lease. There are no restrictions placed upon the lessee by entering into these leases. Future minimum rentals payable under non-cancellable operating leases at balance date are as follows:

	PARENT		CONSOLIDATED	
NZD IN THOUSANDS ($000)	As at 30 Sept 14	As at 30 Sept 13	As at 30 Sept 14	As at 30 Sept 13
Operating leases				
Within one year	7,882	6,966	7,939	7,052
After one year but not more than five years	15,085	12,557	15,275	12,718
More than five years	9,153	7,766	9,153	7,766
Total operating lease commitments	**32,120**	**27,289**	**32,367**	**27,536**

Finance lease and hire purchase commitments

The Group has finance leases for various items of plant and machinery, these leases have no terms of renewal or purchase options and escalation clauses. Future minimum lease payments under finance leases and hire purchase contracts together with the present value of the net minimum lease payments are as follows:

PARENT AND CONSOLIDATED NZD IN THOUSANDS ($000)	As at 30 Sept 14 Minimum payments	As at 30 Sept 13 Minimum payments
Finance lease and hire purchase commitments		
Within one year	490	154
After one year but not more than five years	490	38
Total minimum lease payments	**980**	**192**
Less amounts representing finance charges	(2)	(16)
Present value of minimum payments	**978**	**176**

Operating lease commitments – Group as lessor

The Group has entered into commercial property leases of the Group's surplus office and manufacturing buildings. These properties held under operating leases are measured under the fair value model as the properties are held to earn rentals. These non-cancellable leases have remaining non-cancellable lease terms of between one and six years. Future minimum rentals receivable under non-cancellable operating leases at balance date are as follows:

	PARENT		CONSOLIDATED	
NZD IN THOUSANDS ($000)	As at 30 Sept 14	As at 30 Sept 13	As at 30 Sept 14	As at 30 Sept 13
Within one year	287	322	287	322
Total operating lease commitments (as lessor)	**287**	**322**	**287**	**322**

Contingent asset

At 30 September 2014 the Parent and Group had no contingent assets (30 September 2013: nil).

Capital commitments

As at 30 September 2014 the Parent and Group has capital commitments of $95,000 (30 September 2013: $948,000).

Contingent liabilities

Silver Fern Farms Limited has the following contingent liabilities at 30 September 2014:

At the end of the year the company had received various ACC claims which the company disputes. If the claims are pursued and are successful then the company will be liable, though the sum is currently non-quantifiable and has therefore not been provided for.

The company is in dispute with two unrelated parties in relation to claims over the effects of legal agreements and their consequential impact on transactions between the company and the parties. The company rejects the claims, and is currently unable to determine the financial effects, if any, of the claims. The maximum contingent liabilities are $5.4m and are subject to significant counter claims.

Guarantees

The Group has the following bank guarantees at 30 September 2014:

Details	Entity	In favour of	Amount
Import guarantee	Subsidiary	RP Agency	GBP 30,000
Import guarantee	Subsidiary	RP Agency	EUR 36,000
Import guarantee	Subsidiary	RP Agency	EUR 2,400

25 NON-CURRENT ASSETS – INTANGIBLE ASSETS & GOODWILL

PARENT	As at 30 Sept 14			As at 30 Sept 13		
NZD IN THOUSANDS ($000)	Software	Goodwill	Total	Software	Goodwill	Total
Opening balance net of accumulated amortisation and impairment	**999**	**272**	**1,271**	**1,012**	**272**	**1,284**
Additions - including internal development	219	-	219	503	-	503
Disposals	(7,072)	-	(7,072)		-	- -
Reclassifications between asset categories	2,902	-	2,902	-	-	-
Amortisation	(1,313)	-	(1,313)	(516)	-	(516)
Amortisation on disposals	7,062	-	7,062	-	-	-
Closing balance net of accumulated amortisation and impairment	**2,797**	**272**	**3,069**	**999**	**272**	**1,271**
Cost (gross carrying amount)	10,832	272	11,104	14,784	272	15,056
Accumulated amortisation and impairment	(8,035)	-	(8,035)	(13,785)	-	(13,785)
Net carrying amount	**2,797**	**272**	**3,069**	**999**	**272**	**1,271**

CONSOLIDATED	As at 30 Sept 14			As at 30 Sept 13		
NZD IN THOUSANDS ($000)	Software	Goodwill	Total	Software	Goodwill	Total
Opening balance net of accumulated amortisation and impairment	**1,036**	**4,775**	**5,811**	**1,116**	**4,775**	**5,891**
Additions - including internal development	220	-	220	503	-	503
Disposals	(7,101)	-	(7,101)	-	-	-
Impairment	2,902	-	2,902	-	-	-
Amortisation	(1,336)	-	(1,336)	(583)	-	(583)
Amortisation on disposals	7,092	-	7,092	-	-	-
Closing balance net of accumulated amortisation and impairment	**2,813**	**4,775**	**7,588**	**1,036**	**4,775**	**5,811**
Cost (gross carrying amount)	10,975	4,775	15,750	14,950	4,775	19,725
Accumulated amortisation and impairment	(8,162)	-	(8,162)	(13,914)	-	(13,914)
Net carrying amount	**2,813**	**4,775**	**7,588**	**1,036**	**4,775**	**5,811**

Carrying value of intangible assets under finance leases

The carrying value of intangible assets held under finance leases and hire purchase contracts at 30 September 2014 is $40,000 (2013: nil).

26 NON-CURRENT ASSETS – INVESTMENTS IN ASSOCIATES

The Group has ownership in the following entities:

CONSOLIDATED	Principal Activity	Place of Incorporation	As at 30 Sept 14	As at 30 Sept 13
NZ Lamb Group				
New Zealand Lamb Holdings Limited	Holding company	Canada	31.5%	31.5%
New Zealand and Australian Lamb Company Limited	Sale of lamb	Canada	21.9%	22.3%
The Lamb Co-Operative, Inc	Sale of lamb	USA	25.4%	24.5%
Other Associates				
Robotic Technologies Limited	Manufacturing	New Zealand	50.0%	50.0%
Livestock Logistics Nationwide Limited	Transport	New Zealand	50.0%	50.0%
Farm Brands Limited	Processing	New Zealand	50.0%	50.0%
Kotahi Logistics LP (i)	Export Logistics	New Zealand	12.0%	11.6%
Ovine Automation Limited	R&D ovine systems	New Zealand	28.8%	28.8%
Farm^{IQ} Systems Limited (ii)	R&D red meat IVC	New Zealand	82.0%	82.0%
Alpine Origin Merino Limited	Marketing	New Zealand	50.0%	50.0%
Primary Collaboration NZ Limited (iii)	Marketing	New Zealand	16.7%	0.0%
Red Meat Profit Partnership LP (iii)	Marketing	New Zealand	4.8%	0.0%

All of the above associates are accounted for using the equity method in the Group's consolidated financial statements because the Group considers that it has significant influence over, but does not control, those entities. The following factors are relevant to this conclusion.

(i) The Group's beneficial interest in Kotahi Logistics LP is based upon freight volumes put through the entity but it owns 50% of the shares in Kotahi GP Ltd, the general partner which is charged with managing the entity, and has board representation.

(ii) The Group owns 82% of the issued shares in Farm^{IQ} Systems Ltd but does not control the entity, since, under the terms of the Shareholders' Agreement, the Group has a right to appoint only two out of five directors and certain other decisions require the approval of all participants.

(iii) Primary Collaboration NZ Ltd and Red Meat Profit Partnership LP are collaborative enterprises, giving rights to all participants.

a Investment details

	PARENT		CONSOLIDATED	
NZD IN THOUSANDS ($000)	As at 30 Sept 14	As at 30 Sept 13	As at 30 Sept 14	As at 30 Sept 13
Unlisted				
NZ Lamb Group	1,605	991	8,011	6,731
Robotic Technologies Limited	10	10	544	436
Livestock Logistics Nationwide Limited	-	-	1,647	1,254
Farm Brands Limited	4,500	4,500	6,025	6,445
Kotahi Logistics LP	-	-	944	2,513
Ovine Automation Limited	862	381	(76)	(76)
Farm^{IQ} Systems Limited	246	246	3,377	1,906
Alpine Origin Merino Limited	100	100	158	184
Primary Collaboration NZ Limited	70	-	70	-
Red Meat Profit Partnership LP	-	-	-	-
Total investments in associates	**7,393**	**6,228**	**20,700**	**19,393**

b Movements in the carrying amount of the Group's investment in associates

CONSOLIDATED NZD IN THOUSANDS ($000)	As at 30 Sept 14	As at 30 Sept 13
Opening balance	**19,393**	**13,515**
Share of profits of associates	7,117	6,135
New investments	70	100
Exchange revaluations	236	(90)
Share of dividends	(6,852)	(924)
Increase in shareholding	736	657
Closing balance	**20,700**	**19,393**

c Summarised financial information

The following table illustrates summarised financial information relating to the Group's associates:

CONSOLIDATED NZD IN THOUSANDS ($000)	As at 30 Sept 14	As at 30 Sept 13
Extract from associates' balance sheets:		
Current assets	119,531	114,157
Non-current assets	46,002	44,431
Total assets	**165,533**	**158,588**
Current liabilities	93,718	83,127
Non-current liabilities	8,531	25,849
Total liabilities	**102,249**	**108,976**
Net assets	**63,284**	**49,612**
Share of associates' net assets	23,232	21,925
Less impairments	(2,532)	(2,532)
Total investment in associates	**20,700**	**19,393**
Extract from the associates' income statements:		
Revenue	1,145,460	1,197,294
Net Profit	45,417	30,111
Share of profits of associates	**7,117**	**6,135**

27 RELATED PARTY DISCLOSURES

a Subsidiaries

The consolidated financial statements include the financial statements of Silver Fern Farms Limited (the parent entity) and the significant subsidiaries listed in the following table:

NAME	Country of Incorporation	% EQUITY INTEREST As at 30 Sept 14	% EQUITY INTEREST As at 30 Sept 13
Richmond Group Holdings	New Zealand	100%	100%
Richmond (NZ) Singapore Pte Ltd	Singapore	100%	100%
Richmond New Zealand Ltd	UK	100%	100%
Silver Fern Farms NV	Belgium	100%	100%
Silver Fern Farms GmbH	Belgium	100%	100%
Venison Rotorua Limited	New Zealand	100%	100%
Farm Enterprises (Otago) Ltd	New Zealand	100%	100%
Waitotara Europe BV	New Zealand	100%	100%
Silver Fern Farms (UK) Limited	UK	100%	100%
PPCS USA Inc	USA	100%	100%
Global Technologies Limited	New Zealand	100%	100%
Frasertown Meat Co Ltd	New Zealand	100%	100%
Titan Meat Co Ltd	New Zealand	100%	100%

b Ultimate Parent

Silver Fern Farms Limited is the ultimate New Zealand parent entity and the ultimate parent of the Group. Silver Fern Farms Limited is incorporated in New Zealand.

c Transactions with related parties

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year (for information regarding outstanding balances on related party trade receivables and payables at year-end, refer to notes 13 and 16 respectively):

PARENT	Year ended 30 Sept 14			Year ended 30 Sept 13		
NZD IN THOUSANDS ($000)	Sales to related parties	Purchases from related parties	Other transactions	Sales to related parties	Purchases from related parties	Other transactions
Subsidiaries	199,823	212	2,349	201,823	5,559	515
Directors - current	-	3,026	-	-	4,302	-
Directors - resigned during the year	-	2,555	-	-	281	-
Associates	92,102	135,247	7,465	89,849	125,799	1,077
Key Management Personnel	-	889	-	-	909	-

The company purchased livestock and made other livestock related payments to the farming businesses of directors and key management personnel on the same terms and conditions as all other suppliers.

Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made in arm's length transactions at both normal market prices and normal commercial terms. There have been no guarantees provided or received for any related party receivables. Related party receivables are non interest bearing. There have been no related party bad debts throughout the year.

28 KEY MANAGEMENT PERSONNEL

PARENT AND CONSOLIDATED NZD IN THOUSANDS ($000)	Year ended 30 Sept 14	Year ended 30 Sept 13
Short-term employee benefits	3,109	3,085
Directors' fees	609	585
Contributions to defined contribution plans	75	71

29 EVENTS AFTER THE BALANCE SHEET DATE

On 1 October, the Group reorganised the business into three species-based units, transferring certain assets and liabilities from the parent company to two new 100% subsidiaries, Silver Fern Farms Beef Ltd and Silver Fern Farms Venison Ltd.

On 31 October 2014, the Group entered into a new banking agreement with the existing syndicate (see note 17).

In December 2014, the Employment Relations Authority determined that a technical redundancy position had arisen in connection with the Group's decision not to reopen the Silverstream plant during the 2013/14 season. The Group has provided $3.3m as the potential maximum liability at balance date. The Group has yet to agree its response to the decision.

30 AUDITOR'S REMUNERATION

NZD IN THOUSANDS ($000)	PARENT Year ended 30 Sept 14	PARENT Year ended 30 Sept 13	CONSOLIDATED Year ended 30 Sept 14	CONSOLIDATED Year ended 30 Sept 13
Ernst & Young: Audit of consolidated entities	231	190	306	268
Ernst & Young: Tax advisory	23	37	87	85
Ernst & Young: Other services	7	5	7	5
Total remuneration to Ernst & Young	**261**	**232**	**400**	**358**
Total remuneration to auditors other than Ernst & Young	**-**	**-**	**-**	**-**

Chartered Accountants

Independent Auditor's Report

To the Shareholders of Silver Fern Farms Limited

Report on the Financial Statements

We have audited the financial statements of Silver Fern Farms Limited and its subsidiaries on pages 26 to 63 which comprise the balance sheet of Silver Fern Farms Limited and the group as at 30 September 2014, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended of the company and group, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the company's shareholders, as a body, in accordance with section 207B of the Companies Act 1993. Our audit has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Directors' Responsibility for the Financial Statements
The directors are responsible for the preparation of the financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Ernst and Young provide taxation and other assurance related services to the group.

Opinion
In our opinion, the financial statements on pages 26 to 63:

- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards; and
- give a true and fair view of the financial position of Silver Fern Farms Limited and the group as at 30 September 2014 and the financial performance and cash flows of the company and group for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the Financial Reporting Act 1993, we report that:

- We have obtained all the information and explanations that we have required.
- In our opinion proper accounting records have been kept by Silver Fern Farms Limited as far as appears from our examination of those records.

Ernst + Young

23 December 2014
Christchurch

FIVE YEAR HISTORICAL SUMMARY

as at 30 September 2014

NZD IN MILLIONS ($M)	NOTES	Year ended 30 Sept 14	Year ended 30 Sept 13	Year ended 30 Sept 12	13 months ended 30 Sept 11	Year ended 31 Aug 10
Income Statement						
Total income		**2,320.9**	**2,001.2**	**2,034.9**	**2,110.9**	**1,878.7**
Operating earnings before interest, tax, depreciation and amortisation (EBITDA)		68.1	22.0	9.0	87.7	39.8
Operating earnings before interest and tax (EBIT)		39.3	(8.5)	(16.2)	60.9	14.4
Net operating profit before tax		1.8	(36.5)	(42.3)	40.7	(8.4)
Non-recurring items		-	-	-	-	(6.9)
Income tax benefit/(expense)		(1.3)	8.0	11.2	(9.8)	1.4
Net profit after tax		**0.5**	**(28.6)**	**(31.0)**	**30.9**	**(13.9)**
Less member distributions		-	-	(0.1)	(0.1)	(0.1)
Net profit after member distributions		**0.5**	**(28.6)**	**(31.1)**	**30.8**	**(14.0)**
Financial Position						
Total assets		760.8	833.3	828.5	708.2	613.5
Net working capital	1	233.7	288.6	294.5	213.6	147.9
Net debt	2	288.6	387.6	347.7	153.2	130.2
Total equity including members' shares		340.7	320.2	349.0	394.8	367.8
Cash Flow						
Net cash flows (used in)/from operating activities		91.5	(5.1)	(104.0)	12.9	58.6
Key Ratios						
EBIT to total income	3	1.7%	-0.4%	-0.8%	2.9%	0.8%
Return on assets	4	5.2%	-1.0%	-2.0%	8.6%	2.3%
Return on equity	5	0.1%	-8.9%	-8.9%	7.8%	-3.8%
Equity ratio	6	45.2%	38.7%	42.4%	56.2%	60.2%

NOTES:

1 Current assets less current liabilities (exclusive of net debt items)

2 Total interest bearing debt less cash and cash equivalents

3 EBIT / total income

4 EBIT / total assets

5 Net profit after tax / closing equity (including members' shares)

6 Equity (including members' shares) / total assets excluding intangibles

Certain comparatives within the five year historical summary have been restated for comparative purposes, to ensure consistency with the current year.

DIRECTORY

BOARD OF DIRECTORS

- **Rob Hewett**
  Chairman
- **Tony Balfour**
- **Trevor Burt**
- **Dan Jex-Blake**
- **Angus Mabin**
- **Jane Taylor**
- **Herstall Ulrich**
- **Richard Young**

LEADERSHIP TEAM

- **Dean Hamilton**
  Chief Executive
- **Kevin Winders**
  Chief Operating Officer
- **Rob Woodgate**
  Chief Financial Officer
- **Sharon Angus**
  General Manager Marketing
- **Grant Howie**
  General Manager Sales
- **Eric Gamperle**
  Human Resources Manager
- **Jeremy Absolom**
  General Manager Livestock
  Key Accounts
- **Phil Buck**
  General Manager Plant Operations

HEAD OFFICE

Silver Fern Farms Limited

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REGIONAL OFFICES

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F: +64 6 872 6715

Silver Fern Farms Christchurch

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PO Box 283, Christchurch 8140
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F: +64 3 366 4412

COMMUNICATIONS

Justin Courtney
Communications Manager

T: +64 3 477 3980
E: justin.courtney@silverfernfarms.co.nz

INTERNATIONAL OFFICES

Silver Fern Farms has an international marketing network including offices or representatives in Belgium, Germany, Greece, Hong Kong, Italy, Japan, Korea, Middle East and UK. Contact details are available on the company's website www.silverfernfarms.com

SHAREHOLDER ENQUIRIES

For enquiries regarding new Ordinary Shares, Members' Ordinary Shares and Supplier Investment Shares, contact:

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LISTED SECURITIES

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Wellington 6145

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SHARE REGISTRAR

Link Market Services
PO Box 91976
Auckland 1142

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F: +64 9 375 5990

BANKERS

- The Hongkong and Shanghai Banking Corporation Limited
- Westpac New Zealand Limited
- Rabobank New Zealand Branch
- Commonwealth Bank of Australia

AUDITOR

Ernst & Young

TAX ADVISORS

PWC

LEGAL ADVISORS

Harmos Horton Lusk

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