

Ingham Holdings I Pty Limited
ABN 39 162 709 506

Annual Report
for the period ended 28 June 2014

Ingham Holdings I Pty Limited
Directors' report
28 June 2014

The directors present their report on the company, Ingham Holdings I Pty Limited, for the financial period from the date of incorporation, 6 March 2013 to 28 June 2014.

Directors

The following persons were directors of Ingham Holdings I Pty Limited during the financial period, and up to the date of this report:

Director	Date appointed	Date resigned
Simon Edward Harle	6 March 2013	27 June 2013
Ronald Cami	6 March 2013	27 June 2013
Steven Joseph Schneider	27 June 2013	29 October 2013
Kevin Fraser McBain	27 June 2013	
Bernard Joseph Brookes	29 October 2013	
Ricky Wai Kei Lau	29 October 2013	

Principal activities

The principal activity of the company during the period is to act as the holding company for the Inghams Group, a major Australian poultry producer. No significant change in the nature of those activities occurred during the period.

Review of operations

The net loss of the company for the year was \$92,303,000 after income tax benefit of \$931,000.

Significant changes in the state of affairs

The company acquired the Inghams Group, a major Australian poultry producer during the financial period.

Events since the end of the financial period

No matter of circumstance has arisen since 28 June 2014 that has significantly affected, or may significantly affect the company's operations, results or state of affairs, in future financial years.

Likely developments and expected results of operations

There are no material expected developments in the operations of the company.

Environmental regulation

Due to the nature of its core business, Ingham Holdings I Pty Limited is not subject to significant environmental regulation.

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28 June 2014

Insurance of officers

During the financial period, a subsidiary paid a premium of \$39,859 to insure the directors and officers of the company.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Indemnity of auditors

The company has agreed to indemnify their auditors, PricewaterhouseCoopers, to the extent permitted by law, against any claim by a third party arising from Ingham Holdings I Pty Limited breach of their agreement. The indemnity stipulates that Ingham Holdings I Pty Limited will meet the full amount of such liabilities including a reasonable amount of legal costs.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.



Kevin Fraser McBain
Director

Liverpool
26 August 2014



Auditor's Independence Declaration

As lead auditor for the audit of Ingham Holdings I Pty Limited for the period ended 28 June 2014, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read "D Wiadrowski", written over a light blue horizontal line.

David Wiadrowski
Partner
PricewaterhouseCoopers

Sydney
26 August 2014

Ingham Holdings I Pty Limited
ABN 39 162 709 506

Annual Financial Report
28 June 2014

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The financial statements are presented in the Australian currency.

The financial statements were authorised for issue by the directors on 26 August 2014. The directors have the power to amend and reissue the financial statements.

Ingham Holdings I Pty Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is

c/- TPG Capital (Australia) Pty Ltd
 Level 31/101 Collins Street
 Melbourne Victoria 3000

Ingham Holdings I Pty Limited
Income statement and statement of comprehensive income
For the period ended 28 June 2014

	Notes	2014 \$'000
Expenses		
Finance costs	2	(3,018)
Fair value adjustment on loans to related parties	2	(90,130)
Directors fees	2	(86)
Loss before income tax		(93,234)
Income tax benefit	3	931
Loss from continuing operations		(92,303)
Loss and total comprehensive income for the period – attributable to owners of Ingham Holdings I Pty Limited		(92,303)

The above income statement and statement of comprehensive income should be read in conjunction with the accompanying notes.

Ingham Holdings I Pty Limited
Statement of financial position
As at 28 June 2014

	Notes	2014 \$'000
ASSETS		
Non-current assets		
Deferred tax assets	5	33,476
Other receivables	4	<u>216,578</u>
Total assets		<u>250,054</u>
LIABILITIES		
Current liabilities		
Current tax liabilities		<u>3,870</u>
Total current liabilities		<u>3,870</u>
Non-current liabilities		
Borrowings	6	<u>33,018</u>
Total non-current liabilities		<u>33,018</u>
Total liabilities		<u>36,888</u>
Net assets		<u>213,166</u>
EQUITY		
Contributed equity	7	305,469
Accumulated losses	8	<u>(92,303)</u>
Total equity		<u>213,166</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

Ingham Holdings I Pty Limited
Statement of changes in equity
For the period ended 28 June 2014

	Attributable to owners of Ingham Holdings I Pty Limited		
	Contributed equity 2014 \$'000	Accumulated Losses 2014 \$'000	Total Equity 2014 \$'000
Loss for the period	-	(92,303)	(92,303)
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	(92,303)	(92,303)
Transactions with owners in their capacity as owners:			
Contributions of equity (note 7)	305,469	-	305,469
Balance at 28 June 2014	305,469	(92,303)	213,166

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Ingham Holdings I Pty Limited
Statement of cash flows
For the period ended 28 June 2014

	2014 \$'000
Cash flows from operating activities	
Payments to directors	(86)
Interest paid	(3,018)
Net cash outflow from operating activities	<u>(3,104)</u>
 Cash flows from investing activities	
Loans to related parties	(335,383)
Net cash outflow from investing activities	<u>(335,383)</u>
 Cash flows from financing activities	
Proceeds from issue of shares	305,469
Proceeds from borrowings	33,018
Net cash inflow from financing activities	<u>338,487</u>
 Cash and cash equivalent at end of period	<u>-</u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Ingham Holdings I Pty Limited
Notes to the financial statements
As at 28 June 2014

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the period presented, unless otherwise stated. The financial statements are for Ingham Holdings I Pty Limited. The financial period covers the period, from incorporation, 6 March 2013 to 28 June 2014.

(a) Basis of preparation

In the directors' opinion, the company is not a reporting entity because there are no users dependent on general purpose financial statements.

This is a special purpose financial report that has been prepared for the sole purpose of complying with the *Corporations Act 2001* requirements to prepare and distribute a financial statement to the members and must not be used for any other purpose. The directors have determined that the accounting policies adopted are appropriate to meet the needs of the members. Ingham Holdings I Pty Limited is a for-profit entity for the purpose of preparing the financial statements.

The financial report has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards and other mandatory professional requirements in Australia. It contains only those disclosures considered necessary by the directors to meet the needs of the members.

(i) Historical cost convention

The financial statements have been prepared in accordance with the historical cost convention, except for certain assets which, as noted, are at fair value.

(ii) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

(iii) Deficiency of Capital

As at 28 June 2014, the company has a working capital deficiency of \$3,870,000. Included in the company's liabilities are amounts representing current tax liabilities. Tax funding arrangements are in place whereby parties to the agreement have committed to settle any amounts owing in relation to tax within the group.

Based on the reliance on this arrangement, the directors have concluded that no material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Accordingly the directors' have prepared the financial report on a going concern basis in the belief that the company will realise its assets and settle its liabilities and commitments in the normal course of business and for at least the amounts stated in the financial report.

(b) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Ingham Holdings I Pty Limited
Notes to the financial statements
As at 28 June 2014

1 Summary of significant accounting policies (continued)

(b) Income tax (continued)

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income. In this case, the tax is also recognised in other comprehensive income respectively.

(i) Tax consolidation legislation

Ingham Holdings I Pty Limited, the ultimate Australian controlling entity, and its subsidiaries, have implemented the tax consolidation legislation.

The subsidiaries in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right. In addition to its own current and deferred tax amounts, Ingham Holdings I Pty Limited, the ultimate controlling entity, also recognises the current tax liabilities and the deferred tax assets arising from unused tax losses and unused tax credits assumed from subsidiaries in the tax consolidated group.

Assets or liabilities arising under tax funding arrangements within the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the group. Under the tax funding arrangement the members of the tax consolidated group compensate Ingham Holdings I Pty Limited for any current tax payable assumed, and are compensated by Ingham Holdings I Pty Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Ingham Holdings I Pty Limited.

Ingham Holdings I Pty Limited
Notes to the financial statements
As at 28 June 2014

1 Summary of significant accounting policies (continued)

(c) Investments

Investments in subsidiaries are accounted for at cost. Dividends received from the subsidiaries are recognised in the parent entity profit or loss, rather than being deducted from the carrying amount of these investments.

(d) Contributed equity

Ordinary shares are classified as equity.

(e) Deferred shares

Under the Ingham Long Term Management Incentive Plan a select group of employees, of subsidiary companies, have been issued shares, subject to vesting conditions, in Ingham Holdings I Pty Limited which is recognised as an employee benefits expense with a corresponding increase in equity in the subsidiary. As these individuals are employed by subsidiary companies and are being provided these shares in relation to their employment in those subsidiary companies, the amount of this expense is recognised in the consolidated accounts of Ingham Holdings II Pty Limited and no expense or associated reserve is required to be recognised in these accounts.

(f) Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(g) Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Ingham Holdings I Pty Limited
Notes to the financial statements
As at 28 June 2014

2014
\$'000

2 Expenses

Loss before Income tax includes the following specific expenses:

Finance costs	3,018
Fair value adjustment on loans to related parties	90,130
Directors fees	<u>86</u>

The impairment on fair value of loans to related parties will reverse over the term of the loan (see note 4).

3 Income tax benefit

(a) Income tax benefit:

Current tax	<u>(931)</u>
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(b) Numerical reconciliation of income tax benefit to prima facie tax receivable

Loss from continuing operations before income tax benefit	<u>(93,234)</u>
Tax at the Australian tax rate of 30%	(27,970)
Non-deductibility of fair value adjustment on related party loans within tax consolidation group	27,039
Income tax benefit	<u>(931)</u>

4 Other receivables

Loans to related parties	<u>216,578</u>
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This amount reflects the fair value adjustment on loans to related parties. This loan is non-interest bearing with a repayment date 10 years from date of drawdown (27 June 2013).

Ingham Holdings I Pty Limited
Notes to the financial statements
As at 28 June 2014

2014
\$'000

5 Deferred tax assets

The balance comprises temporary differences attributable to:

Tax losses	<u>33,476</u>
Total deferred tax assets	<u>33,476</u>

6 Borrowings

Other loans	<u>33,018</u>
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This loan bears interest at 10% per annum and has a maturity date, the earliest to occur of the following:

- (a) TPG ceases to directly or indirectly control more than 50% of the shares representing the economic ownership of Ingham Enterprises Pty Limited, or:
- (b) The date that is six years after the Completion date (27 June 2013).

7 Contributed equity

(a) Share Capital

	2014 Shares	2014 \$'000
Ordinary shares		
Fully paid	<u>305,469,109</u>	<u>305,469</u>

Movements in ordinary share capital:

Date	Details	2014 Shares	2014 \$'000
6 March 2013	Share issue	1	-
27 June 2013	Share issue	298,046,108	298,046
17 June 2014	Share issue	7,423,000	7,423
28 June 2014	Balance	<u>305,469,109</u>	<u>305,469</u>

(b) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

Ingham Holdings I Pty Limited
Notes to the financial statements
As at 28 June 2014

8 Accumulated losses

2014
\$'000

Movements in accumulated losses were as follows:

Net loss for the period	<u>(92,303)</u>
Balance 28 June 2014	<u>(92,303)</u>

9 Related party transactions

(a) Parent entities

Name	Type	Place of incorporation	Ownership interest 2014 %
TPG	Ultimate parent entity and controlling party	United States	100%

(b) Subsidiaries

Interests in subsidiaries are set out in note 10.

(c) Transactions with related parties

2014
\$'000

Remuneration paid to directors	<u>86</u>
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10 Subsidiaries

Name of entity	Country of incorporation	Equity holding 2014 %
Directly controlled by Ingham Holdings I Pty Limited		
Ingham Holdings II Pty Limited	Australia	<u>100</u>

11 Cash flow information

(a) Reconciliation of loss after income tax to net cash outflow from operating activities.

2014
\$'000

Loss for the period	(92,303)
Fair value adjustment on loans to related parties	90,130
Increase in deferred tax asset	(931)
Net cash outflow from operating activities	<u>(3,104)</u>

Ingham Holdings I Pty Limited
Directors' declaration
As at 28 June 2014

As stated in note 1(a) to the financial statements, in the directors' opinion, the company is not a reporting entity because there are no users dependent on general purpose financial reports. This is a special purpose financial report that has been prepared to meet *Corporations Act 2001* requirements.

The financial statements have been prepared in accordance with Accounting Standards and mandatory professional reporting requirements to the extent described in note 1(a).

In the directors' opinion:

- (a) the financial statements and notes set out on pages 6 to 15 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards and other mandatory professional reporting requirements as detailed above, and the *Corporations Regulations 2001*; and
 - (ii) giving a true and fair view of the company's financial position as at 28 June 2014 and of its performance for the financial period ended on that date, and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the directors.



Kevin Fraser McBain
Director

Liverpool
26 August 2014



Independent auditor's report to the members of Ingham Holdings I Pty Limited

Report on the financial report

We have audited the accompanying financial report, being a special purpose financial report, of Ingham Holdings I Pty Limited (the company), which comprises the statement of financial position as at 28 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members.

The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

PricewaterhouseCoopers, ABN 52 780 433 757

Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171

T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

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Auditor's opinion

In our opinion, the financial report of Ingham Holdings I Pty Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 28 June 2014 and of its performance for the period ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1 and complying with the *Corporations Regulations 2001*.

Basis of accounting and restriction on distribution and use

Without modifying our opinion, we draw attention to Note 1, to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the members of Ingham Holdings I Pty Limited.

PricewaterhouseCoopers

PricewaterhouseCoopers

D Wiadrowski

David Wiadrowski
Partner

Sydney
26 August 2014