



agri-nutrients
Ballance[®]

Together,
Creating the Best
Soil and Feed on Earth

Product Disclosure Statement

for an offer of ordinary nominal value shares in
Ballance Agri-Nutrients Limited

Dated 22 August 2019

This is a replacement PDS, replacing the PDS dated 26 July 2017.

This document gives you important information about this investment to help you decide whether you want to invest. There is other useful information about this offer on www.companiesoffice.govt.nz/disclose, offer number OFR 12038. Ballance Agri-Nutrients Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial adviser to help you to make an investment decision.

SECTION 1

Key Information Summary

1.1 What is this?

This is an offer of ordinary shares, being ordinary nominal value shares ("**Shares**"). Shares give you a stake in the ownership of Ballance Agri-Nutrients Limited ("**Ballance**", "**we**" or "**us**"). You could receive a return reflecting the performance of Ballance through rebates or other distributions declared by the directors of Ballance.

If Ballance runs into financial difficulties and is wound up, you will be paid only after all creditors have been paid. You may lose some or all of your investment.

1.2 About Ballance Agri-Nutrients Limited

Ballance is a farmer owned co-operative that carries on business as a fertiliser importer, manufacturer and distributor, and provides nutrient advisory services to farmers throughout New Zealand. Ballance has manufacturing plants at Mount Maunganui and Invercargill and a national distribution network of service centres. Ballance owns Ballance Agri-Nutrients (Kapuni) Limited, which operates a urea manufacturing plant at Kapuni.

Ballance and its subsidiaries (the "**Ballance Group**") are also involved in other activities including providing aerial spreading services, animal nutrition products and farm technology.

For more information, see section 2 (*Ballance and what it does*).

1.3 Purpose of this offer

The purpose of this offer is to enable purchasers of Ballance products to become shareholders in Ballance and subscribe for the number of Shares they are required to hold based on their fertiliser use. Shares are offered only to persons who are, or immediately after allotment of the Shares will be, "Transacting Shareholders" (i.e. a shareholder who purchases fertiliser or other goods and services from us), unless otherwise permitted by the Co-Operative Companies Act 1996.

Money raised under the offer will be used as general funds (including for working capital requirements and ongoing investment in infrastructure) rather than for a specific activity.

1.4 Key terms of the offer	
Description of securities	Fully paid ordinary shares in Ballance.
Offer Price	\$8.10 per Share.
Offer Open Date	27 July 2017
Offer close date	There is no offer close date, this is a continuous offer of Shares. However, Ballance reserves the right to refuse to accept any application or to suspend or to cease offering Shares at its discretion.
Shareholding requirements	<p>(i) Share Quota</p> <p>Under the Constitution, the Board may from time to time determine, and alter, a policy as to the number of shares which are required to be held by shareholders ("Share Quota").</p> <p>The Share Quota is currently 30 Shares per tonne of fertiliser purchased.</p> <p>For more information on the Share Quota, see section 4 (Terms of the Offer).</p>

	<p>(ii) Minimum shareholding</p> <p>Each Transacting Shareholder is currently required to hold a minimum of 30 Shares. This may be changed by the Board from time to time.</p> <p>(iii) Allotment of further Shares</p> <p>Pursuant to the power afforded under the Constitution, the Board may at any time allot to any shareholder who already holds Shares such number of Shares as are necessary to cause that shareholder to hold that shareholder's Share Quota, or such lesser number of Shares as the Board may determine. Transacting Shareholders are required to pay for these further Shares.</p> <p>The Constitution entitles the Board to apply rebates or dividends payable to a Transacting Shareholder towards payment for these further Shares.</p> <p>For more information on allotment of further Shares, see section 4 (Terms of the Offer).</p>
Other payments, fees or charges	<p>Other than payment of the Offer Price set out above, and the obligation to subscribe for further Shares in order to meet the Share Quota (as set out in further detail at section 4 (Terms of the Offer)), there are no entry, administration, management, termination or other charges payable by you in respect of the Shares.</p> <p>Holders of Shares will also be required to make payments for products and services purchased from the Ballance Group in their capacity as customers.</p>
Rebates and other distributions	<p>Rebates</p> <p>The Constitution gives the Board the discretion to declare or not declare a rebate or other form of distribution from Ballance to holders of Shares. In this section, a reference to a rebate includes other forms of distribution such as bonus Shares.</p> <p>Under the Constitution, any debt owed by a Transacting Shareholder may first be recovered from any distributions payable to that shareholder.</p> <p>Calculation of rebates</p> <p>Rebates are typically calculated on the basis of the level of transactions between the Ballance Group and Transacting Shareholders in respect of the relevant Financial Year. For more information on the calculation of rebates, see section 4 (Terms of the Offer).</p> <p>Payment of rebates</p> <p>Rebates may be paid in cash, bonus Shares, or a combination of both. Where rebates are paid in cash, the Board may require, at its sole discretion, that part or all of the cash is first applied towards ensuring each Transacting Shareholder satisfies the Share Quota (see the 'Shareholding requirements' section on page 1 for what this means.)</p> <p>See section 4 (Terms of the Offer) for information on the products that qualify for rebates.</p>

1.5 How you can get your money out

Ballance does not intend to quote these Shares on a market licensed in New Zealand and there is no other established market for trading them. This means that you may not be able to sell your Shares.

In general, persons investing in shares in a co-operative company do so in order to transact with the company and to be entitled to rebates based on their trading with the company, rather than to obtain gains in the value of the shares.

You may surrender, or Ballance may require you to surrender, the Shares in certain circumstances under the Constitution, the Companies Act, and the Co-operative Companies Act.

If you cease to be a Transacting Shareholder, Ballance may accept a surrender of your Shares. Where you have not been a Transacting Shareholder for a period fixed by the Board from time to time (currently five years) or you do not have the capacity to be a Transacting Shareholder, you can require Ballance to accept a surrender of the Shares.

Where:

- Ballance requires you to surrender your Shares, the amount payable in respect of each Share upon surrender will generally be the nominal value of the Shares on the date on which the surrender takes effect or, if less, the amount paid up on that Share; and
- you choose to surrender your Shares, the amount payable in respect of each Share upon surrender will be the nominal value of the Shares on the date on which the surrender takes effect, (in each case, the "**Nominal Value on Surrender**").

A shareholder surrendering Shares can elect to receive:

- the full Nominal Value on Surrender of each share in three equal instalments, which will be paid one third by the day falling 10 working days after the board meeting at which the request for Ballance to acquire the Shares is approved by the Board ("**Initial Instalment Date**"), one third on the day falling one year after the Initial Instalment Date, and one third on the day falling two years after the Initial Instalment Date; or
- immediate payment of 90% of the Nominal Value on Surrender of each Share, which will be paid by the day falling 10 working days after the Board meeting at which the request for us to acquire the Shares is approved by the Board.

However, if the payment of Nominal Value on Surrender would cause Ballance to fail the solvency test under the Companies Act, the Constitution sets out a special procedure for determining the consideration.

The Constitution provides that if you are in default on a payment to us and there is any debt that remains owed to us, this may first be deducted from the amounts payable to you in respect of your surrendered Shares.

1.6 Key drivers of returns

Ballance considers the following current and future aspects of the Ballance Group's business have the most impact on the financial performance of the business:

- **Market conditions:** Ballance is dependent on sales demand from the agriculture sector which may be subject to domestic and international economic conditions.
- **Market share:** Ballance's ability to maintain and grow market share is a key driver for underlying business performance.
- **Prices of key inputs:** Movements in the prices of raw materials, compound fertilisers and international urea prices.
- **Cost structure:** Maintaining an appropriate overhead and manufacturing cost structure relative to domestic and international competitors.
- **Effective distribution operations:** A nationwide distribution network places Ballance products close to customers and is required to operate effectively to meet customers' expectations.

Section 2 (*Ballance Group and what it does*) outlines these in more detail, along with the key strategies and plans for these aspects of the business.

1.7 Key risks affecting this investment

Ballance considers that the most significant risk factors that could affect the returns received from holding these Shares are:

Raw materials: Ballance purchases a majority of the raw materials used in its products from overseas suppliers. Ballance's business may be adversely impacted by material or sudden changes in the price or availability of raw materials (including shipping rates), which may affect the prices customers pay for Ballance products. A significant or sudden increase in Ballance's prices could result in lower demand for Ballance products, and may reduce the availability of rebates for shareholders.

Business operations: Ballance is reliant on the continued operation of its manufacturing plants. Both its ammonia urea plant and two super-phosphate manufacturing plants rely on continuity of production, and Ballance may lose customers in the event it is unable to meet customer demands for products due to a significant outage in operations at one or more of its plants.

New Zealand agricultural industry: Sales of Ballance products and services (and therefore profitability) are influenced by prevailing economic conditions, and may also be affected by unforeseeable or extreme events affecting the New Zealand agricultural industry. Such events could lower demand for Ballance products, and may reduce the availability of rebates for shareholders.

This summary does not cover all of the risks of investing in Shares. You should also read section 7 (*Risks to Ballance's business and plans*). That section includes the mitigation strategies adopted by Ballance in relation to particular risks.

1.8 Where you can find Ballance's financial information

The financial position and performance of Ballance are essential to an assessment of the offer. You should also read section 6 of this PDS (*Ballance Group's financial information*).

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Letter from the Chairman



The Ballance purpose statement is “Together, creating the best soil and feed on earth”!

On behalf of the Ballance Board, I am pleased to offer you this opportunity to subscribe for ordinary nominal value shares in Ballance.

This offer of ordinary nominal value shares in Ballance enables those subscribing to become Transacting Shareholders of Ballance. Transacting Shareholders of Ballance may be entitled to rebates paid by Ballance from time to time.

This Product Disclosure Statement provides an overview of the Ballance Group and details of the ordinary nominal value shares in Ballance being offered. We recommend you read it carefully. If you have any questions, please contact us or your usual professional advisers.

On behalf of the Board, I welcome your interest in becoming a shareholder in Ballance or increasing your shareholding in the company and joining us – together, creating the best soil and feed on earth.

David Peacocke

Chairman

Ballance Agri-Nutrients Limited

A handwritten signature in black ink that reads "D Peacocke". The signature is written in a cursive style and is underlined with a long, horizontal stroke.

SECTION 2

Ballance Group and what it does

2.1 Overview of Ballance

The Ballance Group has carried on business since 1955, and operates in the agricultural and horticultural sectors within New Zealand. The Ballance Group operates in three key areas – fertilisers, animal feed and nutrition and agricultural aviation.

The fertiliser market in New Zealand is supplied predominantly by two large farmer-owned fertiliser co-operatives of which Ballance is one. Ballance estimates that it has more than 50% of the total solid fertiliser market in New Zealand. There are other smaller suppliers that may provide competing fertiliser products or fertiliser-type products, including liquids, lime-based products and alternative nutrient sources.

Fertilisers

Ballance is the parent company of the Ballance Group and undertakes the majority of activities within the Ballance Group. These activities include the import, manufacture and storage of fertiliser products. Products sold by Ballance predominantly include fertiliser, trace elements and industrial chemicals. Ballance operates two super phosphate manufacturing plants, one in Mount Maunganui and the other in Awarua.

The manufacture of super phosphate requires phosphate rock and sulphuric acid. The Awarua plant imports both of these raw materials, while the Mount Maunganui plant imports phosphate rock and manufactures its own supply of sulphuric acid.

Through a subsidiary company, Ballance Agri-Nutrients (Kapuni) Limited, Ballance manufactures ammonia urea for sale to shareholders and customers. The ammonia urea is manufactured at Ballance's Kapuni plant, which requires a large volume of natural gas, both as a fuel and as a raw material. The natural gas undergoes a complex series of chemical reactions to manufacture ammonia, and then, urea.

The main services provided by Ballance comprise planning and advice (including in relation to nutrient management and environmental consultancy) and collection of soil and plant samples for testing. Fertiliser plans for Ballance customers are based on the customer's soil and plant nutrition needs.

Animal feed

Through a subsidiary company, Seales Winslow Limited, Ballance has three plants that manufacture compound animal feed pellets and animal nutrition products. These plants are located in Morrinsville, Whanganui and Ashburton.

Agricultural aviation

Through a subsidiary company, Super Air Limited, Ballance provides top dressing services within the central and upper north island.

The Ballance Group comprises the following significant subsidiaries as at the date of this PDS.

Subsidiary companies	Ballance interest	Principal activity	Year of acquisition
Ballance Agri-Nutrients (Kapuni) Limited	100%	Urea manufacture	1992
Seales Winslow Limited	100%	Animal feed and nutrition	2011 and 2013
Super Air Limited	100%	Agricultural aviation	1987

Key aspects of the business

Ballance considers the following current and future aspects of the Ballance Group's business have the most impact on the financial performance of the business. The key strategies and plans for these aspects of the business are also included.

Current and future aspects of Ballance's business that drive financial performance	Key strategies and plans
<p>Market conditions Ballance's operational and financial performance is dependent on sales demand from the agriculture sector which may be subject to domestic and international economic conditions, which provides both opportunities for growth and demand risk.</p>	<p>Ballance continually evaluates local and international market conditions and business performance, as well as investing in innovation for future growth opportunities and operational efficiencies.</p> <p>Management also reviews Ballance's operational performance, trading margins and capital investment in light of market fundamentals.</p>
<p>Market share While market conditions may change, Ballance's performance is also underpinned by its relative market share positions and ensuring that it delivers profitable growth.</p>	<p>Ballance actively maintains investment in customer service, customer satisfaction and new product development to ensure its products and services are relevant to the customers and markets that it serves.</p> <p>This includes assessments of customer profitability as well as Ballance's overall performance relative to the market.</p>
<p>Prices of key inputs Raw materials and compound fertilisers are some of Ballance's largest input costs. Most of these are sourced from outside New Zealand and are transported by ship, which subjects Ballance to a long supply chain period.</p> <p>Ballance manufactures urea in New Zealand through its subsidiary Ballance Agri-Nutrients (Kapuni) Limited, and then sells it to customers at the equivalent price of imported urea.</p> <p>Movements in the price of these raw materials, compound fertilisers and international urea price are a key driver of Ballance's profitability.</p>	<p>Ballance endeavours to build and maintain long-standing relationships with suppliers of raw materials and finished goods and attends international fertiliser conferences to keep informed of market trends. Where appropriate, Ballance tenders for supply or enters into commercial agreements that provide certainty of costs.</p> <p>While Ballance cannot influence the international commodity price of urea, it strives to ensure its existing urea plant assets operate as efficiently as possible, which includes significant maintenance overhauls of manufacturing plant.</p>
<p>Cost structure Maintaining an overhead and manufacturing cost structure appropriate for the scale of the business relative to domestic and international competitors is a key performance driver.</p>	<p>Ballance monitors and benchmarks its performance across all its operations and corporate support functions.</p> <p>Additionally Ballance invests in new plant, operating efficiencies and digital technologies to ensure its cost structures are effective.</p>
<p>Effective distribution operations Ballance operates a nationwide distribution network in the supply of products to customers, which provides opportunities by being close to Ballance's end customers, as well as challenges in ensuring the distribution network operates effectively in meeting customers' expectations.</p>	<p>Management reviews and monitors the performance of Ballance's distribution network, as well as investing in operational efficiencies in freight and overhead costs. Effective distribution includes customer self-service functionality, direct to site deliveries and digital customer management platforms to enable effective customer interactions and customer satisfaction.</p>

2.2 Ballance's Board of Directors

As at the date of this PDS, Ballance's Board of Directors comprises the following individuals.

The current Directors can be found on Ballance's website at www.ballance.co.nz/Our-People.

<p>David Peacocke</p> <p><i>BCom (Ag)</i></p> <p>Chairman and elected Ward N Director, first elected 2005</p>	<p>Dacey Balle</p> <p><i>BCom, CA member of CAANZ</i></p> <p>Elected Ward N Director, first elected 2018</p>	<p>Albert Brantley</p> <p><i>BSc, PGeol, Fellow of Australasian Institute of Mining and Metallurgy</i></p> <p>Appointed Director, appointed 2014</p>
<p>Kim Ellis</p> <p><i>BE (Hons) Chemical, BCom (Hons) Economics</i></p> <p>Appointed Director, appointed 2012</p> <p>Chairman of Remuneration Committee</p>	<p>Simon Robertson</p> <p><i>BCom, CA member of CAANZ, Chartered member of IOD</i></p> <p>Appointed Director, appointed 2017</p> <p>Chairman of Audit & Risk Committee</p>	<p>Andrew Morrison</p> <p><i>BCom (Ag)</i></p> <p>Elected Ward S Director, first elected 2011</p>
<p>Duncan Coull</p> <p>Elected Ward N Director, first elected 2018</p>	<p>Murray Taggart</p> <p><i>BAgrSc</i></p> <p>Elected Ward S Director, first elected 2009</p>	<p>Sarah von Dadelszen</p> <p><i>BAg</i></p> <p>Elected Ward N Director, first elected 2014</p>

2.3 Senior Managers

As at the date of this PDS, Ballance's Senior Managers comprise the following individuals.

The current Senior Managers can be found on Ballance's website www.ballance.co.nz/Our-People.

<p>Mark Wynne</p> <p>Chief Executive</p> <p><i>BAgrSc</i></p>	<p>Shane Dufaur</p> <p>General Manager Supply Chain and Operations</p> <p><i>BE</i></p>	<p>Sheena Henderson</p> <p>General Manager Customer Experience and Marketing</p> <p><i>BBS, BSc</i></p>	
<p>Matthew Skilton</p> <p>CFO</p> <p><i>BBS</i></p>	<p>Jason Minkhorst</p> <p>General Manager Sales</p> <p><i>BMS, MCom</i></p>	<p>Edith Sykes</p> <p>General Manager People and Capability</p> <p><i>BBS</i></p>	<p>David Scullin</p> <p>Chief Digital Officer</p>

2.4 Substantial Shareholdings

There are no Ballance shareholders that, during the 20 working day period prior to the date of this PDS, held a relevant interest in 5% or more of the Shares on issue.

2.5 Shareholdings of Ballance Directors and Senior Managers

All Shares held by Ballance's directors or senior managers have been acquired by the directors or senior managers in their capacity as Transacting Shareholders of Ballance. Their shareholding details are not material information.

2.6 Other equity securities of Issuer

The Constitution permits the Board to issue other classes of equity securities that would rank equally with, or in priority to, the Shares without a special resolution of the holders of the Shares. However, the Companies Act requires the Board to be satisfied that the terms and consideration of any such issue are fair and reasonable to Ballance and all existing shareholders. There is no current proposal to issue equity securities of another class.

2.7 Director Remuneration and Benefits

The table below sets out the total of the remuneration and the value of other benefits received by each director or proposed director of Ballance, in respect of Ballance or any other member of the Ballance Group during the most recent period (being the accounting period ending 31 May 2019). Details of director remuneration and other benefits for each accounting period are available in Ballance's annual report, which is published on Ballance's website at www.ballance.co.nz/Annual-Report.

All services provided by each director or proposed director of Ballance during the most recent period were provided in their capacity as a director.

Director	Total remuneration and value of other benefits received
Gray Baldwin	\$22,556 Retired as a director in September 2018.
Dacey Balle	\$50,833 Elected as a director in September 2018.
Albert Brantley	\$73,389
Duncan Coull	\$50,833 Elected as a director in September 2018.
Kim Ellis	\$78,389
Andrew Morrison	\$73,389
David Peacocke	\$156,133
Simon Robertson	\$83,389
Donna Smit	\$22,556 Resigned as a director in September 2018.
Murray Taggart	\$73,389
Sarah von Dadelszen	\$73,389

2.8 Employee Remuneration

There were 270 employees or former employees of Ballance, not being directors of the Ballance Group, who, during the accounting period ending 31 May 2019, received remuneration and other benefits in their capacity as employees, that in value was or exceeded \$100,000 per annum. Details of employee remuneration for each accounting period are available in Ballance's annual report, which is published on Ballance's website at www.ballance.co.nz/Annual-Report.

The table below sets out the number of such employees or former employees in brackets of \$10,000:

Remuneration	No. of Employees
\$100,000 - \$110,000	43
\$110,001 - \$120,000	37
\$120,001 - \$130,000	32
\$130,001 - \$140,000	38
\$140,001 - \$150,000	35
\$150,001 - \$160,000	11
\$160,001 - \$170,000	20
\$170,001 - \$180,000	13
\$180,001 - \$190,000	6
\$190,001 - \$200,000	6
\$200,001 - \$210,000	5
\$210,001 - \$220,000	5
\$220,001 - \$230,000	3
\$230,001 - \$240,000	1
\$240,001 - \$250,000	2
\$250,001 - \$260,000	1
\$310,001 - \$320,000	4
\$330,001 - \$340,000	2
\$340,001 - \$350,000	1
\$430,001 - \$440,000	2
\$490,001 - \$500,000	1
\$550,001 - \$560,000	1
\$1,410,001 - \$1,420,000	1

2.9 Material Interests

No director or senior manager of Ballance has any direct or indirect material interest in Ballance or any of its subsidiaries. All Shares held by Ballance's directors or senior managers have been acquired by the directors or senior management in their capacity as Transacting Shareholders of Ballance. Their shareholding details are not material information.

No director or senior manager of Ballance has, or has had, during the period commencing 1 June 2016 and ending on the date of this PDS, any direct or indirect material interest in any agreement entered into on behalf of, or in respect of, Ballance or any of its subsidiaries outside of the directors' director agreements or senior managers' employment agreements with Ballance, which are material to the directors or senior managers.

2.10 Other material governance disclosures

The Constitution sets out the process under which Ballance shareholders elect six of the Ballance directors. Directors are elected by shareholders in a Ward (being a geographic area designated as a voting area). There are two Wards. Ward N, the North Island is represented by four directors, and Ward S, the South Island is represented by two directors. Directors are elected for a term of three years and then must re-stand for election. Two positions retire by rotation each year. The ward system is intended to provide for director representation on the Board in respect of a Ward that is approximately proportionate to the number of Shares held by shareholders in that Ward relative to the total number of Shares.

In addition to the process set out above, the Constitution provides the Board with the following rights:

- If a shareholder has more than 100,000 Shares, the Board has the right to determine the Ward allocation of that Shareholder's Shares, in accordance with the process set out in the Constitution.
- The Board has the right to amend the number of directors allocated to each of the two Wards, where the Board determines that the number of directors in respect of a Ward is no longer appropriate (having regard to the intent detailed above).
- The Board has the right, by unanimous resolution, to remove the two Wards, with all shareholders then being able to vote on the election of each director.
- The Board has the right to appoint up to three further directors (in addition to those appointed by Ballance shareholders) as independent directors.

SECTION 3

Purpose of the offer

The purpose of this offer is to facilitate the offer and allotment of Shares to persons who are, or who are intending to be, Transacting Shareholders of Ballance. There is no specific intended use of the money raised under the offer. Instead funds will be used as general funds (including for working capital requirements and ongoing investment in infrastructure). The use of funds raised under the offer will not change depending on the total amount that is raised.

SECTION 4

Terms of the offer

A summary of the key terms of the offer can be found in the Key Information Summary under section 1.4 (*Key terms of the offer*). The Constitution sets out the terms of the Shares. You can find a copy of the Constitution on the Offer Register.

The table below sets out the terms of the offer.

What is the offer?	<p>This is an offer of ordinary shares in the capital of Ballance.</p> <p>Unless otherwise permitted by the Co-operative Companies Act, Shares are offered only to persons who are, or immediately after allotment of the Shares will be, "Transacting Shareholders" (i.e. a shareholder who purchases fertiliser or other goods and services from Ballance).</p> <p>Directors reserve the right to decline applications for the purchase of Shares and have final discretionary approval over the allotment of all Shares, including, for example, where an applicant is purchasing fertiliser products as a final product or as a raw material for on sale.</p>
Offer Price	<p>The price to be paid for the Shares is \$8.10 per share, being the nominal value of the Shares set out in the Constitution. The nominal value is reviewed annually by reference to the net tangible assets of the Ballance Group, and then discounted within a band.</p> <p>If an amendment to the nominal value is required, this may only be done by an amendment to the Constitution, which requires a special resolution of Ballance shareholders and the prior approval of the Board. Other than as described above, no independent or objective mechanism is used to set the price of the Shares.</p>
Number of Shares	<p>When you apply for Shares, you are required to provide information on your projected tonnage of fertiliser use. Based on this projection, Ballance will determine the minimum number of Shares you will be required to buy. The Share Quota is fixed by the Board and is presently 30 Shares per tonne of fertiliser purchased.</p> <p>Your average annual fertiliser purchases are referred to as the Quota tonnage, and your total shareholding requirement is the Share Quota times the Quota tonnage. For example if you purchase 100 tonnes on average, your shareholding requirement over time will be 3,000 shares.</p> <p>Average annual fertiliser use by each shareholder is currently reviewed at least every four years. Annual average fertiliser use is based on a shareholder's purchase history for each of the four years prior to the review. Shareholders may be required to purchase further shares as described below to align with the Share Quota.</p>
Allotment of Shares	<p>By applying for Shares, you acknowledge and agree that, pursuant to the Constitution, the Board may at any time allot to you such number of Shares as are necessary to cause you to hold the Share Quota, or such lesser number of Shares as the Board may determine. Each such allotment to a shareholder by the Board shall bind that shareholder as if that shareholder had applied and subscribed for such Shares.</p> <p>The Board may require payment of the amounts payable in respect of such allotted Shares, whether or not the Board exercises the power to make deductions as described below.</p> <p>The Board may deduct from moneys of any nature payable by Ballance to a shareholder (such as rebates or dividends), any amounts payable on Shares held by that shareholder (such as amounts payable on allotted Shares), and apply the amounts deducted on behalf of that shareholder in payment of the amounts payable on Shares. Any such deduction may take place at the time of allotment of the Shares, or subsequently, and may be made in one sum or by instalments</p>

Key Dates	<p>The opening date of the offer is 27 July 2017.</p> <p>As this is a continuous offer of Shares, there is no closing date for the offer. However, Ballance reserves the right to refuse to accept any application or to suspend or to cease offering Shares at its discretion.</p> <p>Ballance’s usual practice is to close the share register and not issue Shares during the period from 1 August each year to the date of its annual meeting (normally late September) in that year. If Ballance receives your application in that period and the nominal value of the Shares is changed at the annual meeting, then the number of Shares initially allotted to you will be adjusted to the nearest whole number to reflect the new nominal value. Any residual credit, or any further payment required for Shares to ensure that you hold the minimum number of Shares, will be added to, or deducted from, your rebate or dividend in the subsequent year.</p>
Allotment	<p>Shares will be allotted after an approving resolution of directors. Board meetings are held every month, with the exception of January, April and December. In addition, the share register may be closed in August and September, meaning that no shares will be issued during this period.</p> <p>Where an application for Shares is not received in sufficient time to be considered at a board meeting, the application will be held over for consideration at the next scheduled board meeting.</p>
Rebates	<p>Rebates are typically calculated on the basis of the level of transactions between the Ballance Group and Transacting Shareholders in respect of the relevant Financial Year. The Board has wide discretion to determine how this calculation is to be made, and is entitled to set different rebate rates for Transacting Shareholders (whether individually or as a group) and/or to exclude certain Transacting Shareholders (whether individually or as a group) having regard to factors considered appropriate by the Board.</p> <p>As at the date of this PDS, fertilisers containing nitrogen, phosphorus, potassium and/or sulphur (“NPKS”), and trace elements qualify for rebates.</p> <p>As lime does not qualify for rebates, shareholders will only be entitled to rebates on lime-containing blend products to the extent of the non-lime component. Feed products sold through our Seales Winslow Limited subsidiary do not receive a rebate.</p> <p>If you have any questions about the products that qualify for rebates, please contact us.</p>
Other payments, fees or charges	<p>Other than the obligation to subscribe for further Shares in order to meet the Share Quota, there are no entry, administration, management, termination, or other charges payable by you in respect of the Shares.</p>

SECTION 5

Key features of the Shares

Many of the key features of the Shares are set out in the KIS or in Section 4 (Terms of the offer).

These include:

- shareholding requirements in Ballance – see KIS (page 1);
- entitlements to rebates and other distributions – see KIS (page 2) and below; and
- transfer and surrender of Shares – see KIS (page 3) and below.

The key features of the Shares not set out in the KIS or Section 4 are outlined below.

Rights attaching to Shares

In addition to the key terms applying to Shares already set out in the KIS and in Section 4, each Share has the following rights attaching to it:

- (i) The right to an equal share in the distribution of the surplus assets of Ballance.
- (ii) The right to an equal share in dividends authorised by the Board. However, the Board has determined it will not pay dividends in respect of the Shares. This is always subject to the determination of directors.
- (iii) Where voting is conducted by poll, the right to one vote.

If Ballance is put into liquidation or wound up, the holders of Shares will rank equally, and all other claims on Ballance's assets (including by secured and unsecured creditors) will rank ahead of the claims of ordinary shareholders. Once such claims have been paid, any remaining assets will be available for distribution between shareholders, but there may be insufficient surplus assets to enable you to recover all or any of your investment.

The Constitution authorises the Board to allot Shares to you if you hold less than the Share Quota. The practice of the Board has been to exercise its power to issue Shares only to the extent that rebates and/or dividends are available in satisfaction of payment. However, the Constitution authorises the Board to issue Shares, and require payment, even if there are no rebates or dividends available, and this power may be exercised if we are insolvent. Other than this, you will not be liable to pay money to any person as a result of our insolvency.

Transfer of Shares

On completion of an appropriate instrument of transfer (obtainable on request from Ballance), and subject to directors' approval, Shares may be transferred between shareholders. This typically occurs when a farm is sold, and Shares are included in the sale of the business.

The Constitution sets out this process in full.

Surrender of Shares

The following outlines the circumstances in which Shares may be surrendered, and when payment for the surrender must be made.

Surrender at the holder's option

A holder may surrender their Shares where any of the following three circumstances apply:

- (i) the Shares are held by a personal representative of a deceased shareholder, as part of his or her estate, and the personal representative has ceased to be a Transacting Shareholder of Ballance;
- (ii) the holder has not been a Transacting Shareholder of Ballance for the immediate preceding five-year period (or such other period determined by the Board); or
- (iii) the holder has disposed of, or changed the use of, the holder's property and other assets with the result that the holder does not have the capacity to continue to be a Transacting Shareholder of Ballance.

You may also request the surrender of your Shares if you cease to be a Transacting Shareholder of Ballance but do not fall within one of the circumstances in (i) to (iii) above.

Ballance may agree to your request but is under no obligation to do so. In fairness to Ballance's other shareholders, in practice Ballance rarely approves a request of this nature.

For information on the amount payable in respect of each Share on surrender, refer to Section 1.5 (*How can you get your money out*).

Surrender at Ballance's option

Ballance may require you to surrender your Shares in the following circumstances:

- (i) you have ceased to be a Transacting Shareholder of Ballance;
- (ii) you have failed to comply with a material requirement of any transaction or agreement relating to the Ballance Group;
- (iii) the Board has formed the view that you (or a person having a relevant interest in your Shares);
 - (1) are in competition of any form with Ballance;
 - (2) have never been a Transacting Shareholder;
 - (3) are bringing Ballance into disrepute; or is causing significant loss or disruption to the business of Ballance, and the Board resolves that the surrender of the Shares is in Ballance's best interest; or
- (iv) you have not been a Transacting Shareholder throughout the immediately preceding period of 12 months.

The Constitution sets out this process in full.

For information on the amount payable in respect of each Share on surrender, refer to Section 1.5 (*How can you get your money out*).

Ballance is permitted under the Constitution to set off any amounts payable by Ballance on the surrender of Shares, against amounts due and payable to Ballance by the holder of the Shares and/or any entity related to the holder.

A shareholder will also forfeit their Shares in the event they are determined to be untraceable, following compliance by Ballance with the procedure set out in section 28 of the Co-operative Companies Act.

Restrictions on surrender

Any surrender is subject to Ballance being able to comply with any legal restrictions on surrender, including being able to meet the solvency test under the Companies Act after the surrender.

Dividend policy

With effect from 1 June 2016, the Board has determined it will not ordinarily pay dividends in respect of Shares. Instead, the rebate is the primary mechanism to reward Shareholders. Rebates enable the Board to take into account factors that are relevant to the trading activities of the Transacting Shareholders with the Ballance Group. This is a departure from historic practice, and follows a Board decision in 2016 to reward only Transacting Shareholders through profit distributions.

Non-transacting Shareholders will continue to benefit from any increases in the value of the Shares. Where a non-transacting Shareholder has exited farming, the Board anticipates that such Shareholders will apply for a surrender of their shares in accordance with the procedure set out above.

There is, therefore, no guarantee that any dividend will be paid to Shareholders in respect of a particular financial year. The payment of dividends is always at the discretion of the Board, and will only be declared upon Ballance meeting appropriate solvency requirements.

SECTION 6

Ballance's financial information

Selected financial information

Key financial information about the Ballance Group, including relevant full financial statements, is available on the Offer Register at www.disclose-register.companiesoffice.govt.nz. If you do not understand this financial information, you can seek advice from a financial adviser or an accountant.

The Offer Register contains a table outlining selected financial information for the most recent financial year of the Ballance Group as well as the two preceding financial years.

The Offer Register will be updated from time to time to ensure an up-to-date table outlining this information is available.

Full financial statements

The Offer Register contains full audited financial statements of the Ballance Group for the most recent financial year of the Ballance Group as well as the two preceding financial years.

SECTION 7

Risks to Ballance's business and plans

This section sets out a description of the circumstances that Ballance is aware of that exist or are likely to arise that significantly increase the risk to the Ballance Group's financial position, financial performance, or stated plans.

Included in this section are:

- particulars that will help you assess the nature, likelihood and potential magnitude of the impact of these circumstances; and
- the strategies that exist, or that have been adopted by the Ballance Group, to reduce or manage the risk of this impact arising.

This section is based on an assessment undertaken by the Ballance Group at the date of this PDS.

Cost and availability of raw materials

Description of risk	<p>Ballance purchases a majority of the finished goods and raw materials used in its products from overseas suppliers. This includes key materials for production, such as phosphate rock, sulphur and sulphuric acid.</p> <p>The price and availability of these raw materials is influenced by global demand and supply outside Ballance's control. Material or sudden changes in the price of raw materials may adversely affect the prices customers pay for Ballance products. In turn, increased product pricing could result in lower customer demand, and may reduce the availability of rebates for shareholders.</p> <p>Additionally, international shortages in key products such as phosphate rock, sulphur and sulphuric acid and products that are blended (e.g. potash) or sold as finished goods could constrain Ballance's ability to manufacture or cause significant cost increases. This could result in lower volumes of sales for Ballance when compared with its competitors, which could materially affect the profitability of the Ballance Group.</p> <p>Natural gas is a significant raw material cost in the manufacture of ammonia urea, and contracted domestic gas prices are a key determinant of profitability. A material change in the New Zealand domestic market for natural gas could increase costs of manufacture of urea and reduce profitability.</p>
Assessment of nature, likelihood and potential magnitude of risk	<p>Conventionally volatile input prices, including shipping rates, make the timing of procurement and management of inventory levels critical for Ballance's business and its profitability. Fertiliser raw materials and finished goods are globally traded commodities. Prices for these products can fluctuate rapidly when there are global demand and supply imbalances. To the extent that competitors are able to obtain cheaper input prices, they may be able to sell their products more cheaply, which could result in lower sales volumes for Ballance.</p> <p>As imported raw materials and products are primarily purchased by Ballance in US dollars, exchange rate fluctuations relative to Ballance's currency hedging arrangements may have a greater impact on Ballance's profitability, compared to other importers of raw materials.</p> <p>Ballance does not currently foresee any material changes in the domestic cost of natural gas sourced by the Ballance ammonia urea plant.</p>
Mitigation strategies	<p>Ballance mitigates this risk in a number of ways, including through the following:</p> <ul style="list-style-type: none"> ▪ purchasing raw materials from suppliers throughout the world, including in the Middle East, China, North America, Europe and North Africa. Ballance enters into long-term contracts with these suppliers, where possible, and seeks to develop strong and positive relationships with suppliers. ▪ undertaking currency hedging to mitigate the risk of fluctuations in the price of raw materials attributable to shifts in currency exchange rates. The hedging activity is reported to directors monthly and measured against compliance with the approved treasury policy. The treasury policy requires management to cover forecast currency exposures on a rolling 12-month basis. The policy does not permit hedging for exposures past 12 months without the approval of directors. ▪ forecasting sales demand and, to the extent cost increases will reduce demand, taking that into account when procuring for inventory. ▪ monitoring developments in the New Zealand gas market and entering into supply contracts where appropriate.

Business operations

Description of risk	<p>Ballance is reliant on the continued operation of its significant manufacturing sites. Specifically, Ballance has two super-phosphate manufacturing plants. If one of the sites was unable to produce to meet customers' seasonal demands, customers may purchase from other suppliers.</p> <p>Ballance is currently the only manufacturer of urea in New Zealand. If Ballance was unable to manufacture urea at its Kapuni urea plant, this may have a negative impact on the profitability of the Ballance Group.</p>
Assessment of nature, likelihood and potential magnitude of risk	<p>If one or more of Ballance's manufacturing sites were to cease production, Ballance may not be able to meet demand, and its customers may decide to use alternative suppliers, even after Ballance's operations resume in full. Any such loss of customer base may reduce the profitability of the Ballance Group.</p> <p>Additionally, if Ballance was unable to produce urea at its Kapuni plant, it would need to import urea in order to satisfy its customers' orders. This may affect Ballance's manufacturing margin. The magnitude of any impact of an interruption in production would depend on the international commodity price of urea at the time. Where the New Zealand dollar is low and the international commodity price of urea is high, any disruption to urea manufacture could have a significant detrimental impact on Ballance's profitability.</p> <p>As Ballance operates in a seasonal environment, the magnitude of risk presented to Ballance by a break down at any of its key manufacturing facilities depends on the time of year that the disruption takes place. Any breakdown immediately prior to, or during, spring would be more harmful to Ballance, given the demand for its products at that time of year.</p>
Mitigation strategies	<p>Ballance has a well-developed business continuity plan that is periodically scenario tested. This process is designed to facilitate a coordinated recovery from interruptions to the operations of the business.</p> <p>In the event of an interruption in the operations at one of Ballance's two super-phosphate plants and, to the extent the other plant has capacity, Ballance could relocate product to support demand and, if a sustained outage is forecast, could source alternative supplies of super-phosphate.</p> <p>In the event of an interruption in the operations at the Kapuni plant, Ballance would be able to support demand for urea through importing product.</p> <p>Fertiliser products are traded internationally, and alternative supplies to replace lost production may be available depending on the timing and duration of an outage.</p> <p>Ballance maintains appropriate insurance policies to cover sudden and unforeseen loss, subject to deductibles.</p> <p>Ballance operates preventative maintenance and asset care strategies to maintain the operational condition of the manufacturing sites.</p>

New Zealand agricultural industry

Description of risk	<p>Sales of Ballance products and services (and therefore profitability) may be negatively impacted by:</p> <ul style="list-style-type: none"> ▪ downturns in the agricultural industry arising from reductions in commodity prices; and ▪ extreme climactic or biosecurity events, including widespread drought, outbreaks of disease affecting crops or livestock (such as foot-and-mouth disease), or other biosecurity risks.
Assessment of nature, likelihood and potential magnitude of risk	<p>As both Ballance and its customers operate in the New Zealand agricultural industry, any impact on the industry caused by economic conditions or extreme events may not only affect the demand for Ballance products but also Ballance's profitability, and result in lower rebates for shareholders.</p> <p>The potential magnitude of this risk is dependent on the nature of the event. By way of illustration, an outbreak of a serious disease such as foot-and-mouth disease could have significant ramifications across the New Zealand agricultural industry, whereas a prolonged drought affecting one area of the country may have a material, but more localised, impact. In such cases, while Ballance's production may not be impacted, demand for Ballance products will likely decrease, resulting in decreased profitability for the Ballance Group.</p>
Mitigation strategies	<p>Economic factors</p> <p>As Ballance's customer base broadly represents different agricultural sectors, Ballance's exposure to the adverse effects of an economic event such as low commodity prices for particular commodities is limited. This risk may not be avoided, however, if the New Zealand agricultural industry is affected by economic factors more generally.</p> <p>Extreme events</p> <p>Ballance's fertiliser manufacturing operations are located at Mount Maunganui and Awarua. The urea plant located in Kapuni, Taranaki, is the only New Zealand manufacturing facility, however, urea is a globally traded commodity and alternate supplies can be sourced. Ballance has three manufacturing sites for animal nutrition products, one in Morrinsville, one in Whanganui and the third in Ashburton. The distribution of Ballance's manufacturing sites around New Zealand manages the risk of an extreme event having an overall material effect on Ballance's performance. This risk is not eliminated, however, if a substantial area of New Zealand is impacted by such events, or there are multiple weather events in New Zealand over a short period of time.</p> <p>The New Zealand Government recognises the importance of protecting the New Zealand agricultural industry against the introduction of diseases from overseas. This is reflected in the Government's introduction of biosecurity measures and the policies of the Ministry for Primary Industries.</p> <p>Ballance also imports products and ingredients into New Zealand via a number of ports, and operates a network of stores across the country. This reduces the possibility of an extreme event affecting Ballance's overall production or supply capability.</p> <p>Ballance maintains insurance of types and to an extent it considers appropriate for the industry in which it operates. However, this does not fully insure Ballance against all extreme events that could adversely affect Ballance's business.</p>

Environmental compliance

<p>Description of risk</p>	<p>The following aspects of environmental compliance may influence the profitability of the Ballance Group.</p> <p>Affecting Ballance’s operations</p> <p>Ballance’s manufacturing sites, stores and activities require consents to operate. Ballance is also subject to regulations that govern the use of certain ingredients in its products. Changes in environmental policy or laws may impact on Ballance’s ability to obtain consents for its operations or manufacturing processes.</p> <p>Ballance is also exposed to the risk of incurring liability or having claims made against it as a result of environmental matters or incidents, including in relation to its manufacturing and storage processes.</p> <p>Global climate change and the legislative response to address it is influenced by the political landscape. New or amended regulations in response to climate change risks could increase the domestic cost of Ballance’s products compared to an imported competing product if it is not subject to a carbon cost in its country of origin.</p> <p>Affecting Ballance’s customers</p> <p>Recent regulatory changes, particularly in the area of nutrient management, affect Ballance customers’ compliance obligations and have the potential to affect demand for Ballance products.</p> <p>Additional changes in environmental policy or laws may adversely affect demand for Ballance products. This could be exacerbated by new environmental standards being imposed on Ballance customers in conjunction with Ballance’s supply of products.</p>
<p>Assessment of nature, likelihood and potential magnitude of risk</p>	<p>Affecting Ballance’s operations</p> <p>Ballance must follow relevant environmental laws, including the Resource Management Act 1991, and the requirements of consents issued to Ballance in order to carry out its activities. Such activities include the manufacture and storage of products and the operation of stores. Given the nature of Ballance’s operations, non-compliance with industry standards can occur. Failure to comply with these obligations could adversely affect Ballance’s financial performance (including through the imposition of fines or other penalties) and/or damage Ballance’s brand and reputation.</p> <p>There are amendments proposed to the level of assistance provided by the government to Emissions Intensive Trade Exposed entities of which Ballance Agri-Nutrients (Kapuni) Limited is one. The impact for Ballance will depend on the New Zealand price of carbon and the number of carbon credits that Ballance is granted.</p> <p>Affecting Ballance’s customers</p> <p>Farmers are increasingly expected to demonstrate their social and environmental responsibility as a pre-condition to being allowed to carry out their preferred farming and commercial practices. Additionally, central and regional government are placing an increasingly strong focus on regulations to reduce pressures on natural resources such as fresh water and soils.</p> <p>This increased emphasis on social responsibility and minimising negative environmental impacts could have a detrimental impact on the profitability of Ballance, if customers seek to address these concerns through a reduction in fertiliser application and consumption. Given the increasing focus on these issues, the risk that demand for Ballance’s products may be affected is gradually increasing over time.</p>

<p>Mitigation strategies</p>	<p>Affecting Ballance's operations</p> <p>Ballance has systems in place to monitor compliance with the consents required for its manufacturing operations. Ballance works constructively to obtain appropriate consents or to remediate any identified non-compliance in a timely manner.</p> <p>In addition, Ballance has a legislative compliance programme, aimed at identifying Ballance's legal compliance obligations and enabling Ballance personnel to take steps to follow these. This programme includes compliance with environmental laws.</p> <p>Ballance monitors proposed changes in legislation relating to environmental policy and climate change and makes submissions explaining the risk to legislators. Ensuring the Kapuni plant is as efficient as possible and managing the carbon exposure for the Group help to mitigate risks relating to environmental compliance.</p>
	<p>Affecting Ballance's customers</p> <p>While Ballance is not responsible for its customers' compliance, Ballance helps its customers satisfy their obligations by employing a science-based approach to its technical and environment-related services. The systems and processes used include the following:</p> <ul style="list-style-type: none"> ▪ Ballance actively engages with customers, regulators and key stakeholders with regard to regional plan drafting, notification and implementation. ▪ Ballance also retains the services of specialist Resource Management consultants to advise on current and future rules, regulations and legislation which may have an impact on Ballance's customers. Ballance work with the consultants to produce submissions on plans and regulations which may impact operations. ▪ Ballance submissions and lobbying focus on agreement with farmers reaching the Good Management Practices standards; ensuring science informs & shapes the debate; the reduction of complexity, reduction in frequency of reporting / auditing; and ensuring sensible and achievable implementation timeframes. ▪ Ballance places a strong emphasis on delivering value to its shareholders and on the use of the best science to inform sustainable nutrient management. Reinforcing this, Ballance has extensive interest in the development of additional commercial services and tools to manage nutrient losses on farms.

New scientific developments

Description of risk	<p>Approximately 95% of Ballance's revenue comes from the sale of fertiliser products.</p> <p>Scientific developments could bring about new products that result in a material reduction in the application of NPKS fertilisers to land in New Zealand.</p> <p>Scientific developments in technology for the production of synthetic foods could also result in a reduction in traditional fertiliser use.</p> <p>In either case, this could result in a significant decrease in demand for Ballance products and reduce the profitability of the Ballance Group.</p>
Assessment of nature, likelihood and potential magnitude of risk	<p>These technologies are in their infancy and the magnitude of the risk they present is currently uncertain.</p> <p>Disruptive fertiliser technology which Ballance does not have access to is a long term risk, with microbial interventions the biggest risk for reducing demand. However, as these technologies have long development timeframes, the likelihood of such technologies entering the conventional agricultural market is low.</p> <p>The introduction of new plant technologies that make nutrient conversion more efficient and increase plant yields may result in a reduction in traditional fertiliser use.</p> <p>There may also be a transition in farming from activities and systems requiring higher fertiliser to those that have lower nutrient requirements.</p>
Mitigation strategies	<p>The disruptive microbial or novel fertiliser formulation risk is mitigated by forming strategic business partnerships with leading technology developers and fertiliser suppliers, and through the direct use of trademark and patent watches to identify technology developments at an early stage. Ballance is also investigating and developing microbial fertiliser solutions.</p> <p>As new technologies are introduced into the conventional agricultural market, Ballance is aware of the need to adapt its business model to continue to service its customers' needs. Ballance monitors the trends in its customer base and plans accordingly to meet their requirements.</p>

Capital/funding constraints

Description of risk	<p>As a co-operative, Ballance has limitations on its ability to raise equity capital if it wished to invest in a large-scale project or initiative.</p>
Assessment of nature, likelihood and potential magnitude of risk	<p>Due to limitations on its ability to raise equity capital, Ballance would likely need to obtain debt finance if it intended to make such an investment, and this would be dependent on the availability of debt finance at the relevant time.</p> <p>Consequently, Ballance may be unable to proceed with planned and/or publicly announced investments in the event it is unable to obtain sufficient capital investment or debt financing.</p>
Mitigation strategies	<p>Ballance has a degree of flexibility to raise additional equity capital while maintaining its co-operative status. Ballance also aims to keep debt levels at manageable levels to improve this flexibility.</p> <p>In the event that Ballance sought to invest in a major project, Ballance would adopt strategies at that time which enabled it to finance the investment in a sustainable manner.</p>

SECTION 8

Tax

Tax can have significant consequences for investments and can affect your return from the Shares. If you have queries relating to the tax consequences of investing in the Shares, you should obtain professional advice on those consequences.

SECTION 9

Where you can find more information

Further information relating to Ballance or the Shares (for example, Ballance's Constitution and financial statements) is available on the Offer Register. A copy of the information on the Offer Register is available on request to the Registrar (email registrar@fspr.govt.nz). The website for the Offer Register is www.disclose-register.companiesoffice.govt.nz.

Further information about Ballance is also available free of charge on our website www.ballance.co.nz.

Further information relating to Ballance is also available on the public register at the Companies Office of the Ministry of Business, Innovation and Employment. This information can be accessed on the Companies Office website at www.companiesoffice.govt.nz.

You will receive an annual review summarising the financial performance and activity for the financial year and other communications as and when required to update you on progress. You will also receive a notice stating the availability of the annual report and annual audited financial statements and how to obtain copies.

This information will be made available to you, free of charge, upon a written request to Ballance at Private Bag 12503 Tauranga 3143.

SECTION 10

How to apply

If you want to apply for Shares under the offer you must fill in the application form at www.ballance.co.nz. If you are not able to access the shareholder application form online, you may contact the Ballance Share Registry department on 0800 267 266 and they will send you a copy.

Completed and signed application forms must be forwarded to:

Ballance Agri-Nutrients Limited

Shares Department
Private Bag 12-503
Tauranga 3143
Or:

161 Hewletts Road
Mount Maunganui

Further information on how to apply for Shares and pay for them is set out in the application form.

Ballance reserves the right in its sole discretion to accept or reject any application in whole or in part without giving any reason.

You should read this PDS carefully before completing the application form.

SECTION 11

Contact Information

Ballance Agri-Nutrients Limited

161 Hewletts Road
Mount Maunganui
Private Bag 12-503
Tauranga

Freephone 0800 222 090

Phone +64 (7) 572 7900

Fax +64 (7) 575 6233

Ballance Agri-Nutrients Share Registry

Private Bag 12-503
Tauranga

Freephone 0800 267 266

Email shares@ballance.co.nz

Glossary

In this PDS, the following defined terms have the meanings set out next to the term, except where the context requires otherwise.

Ballance means Ballance Agri-Nutrients Limited (NZ registered company 178492).

Ballance Group means the Ballance group of companies, comprising Ballance and its subsidiaries as at the date of this PDS.

Board means the board of directors of Ballance.

Co-operative Companies Act means the Co-operative Companies Act 1996 (as may be amended or replaced from time to time).

Companies Act means the Companies Act 1993 (as may be amended or replaced from time to time).

Constitution means the constitution for Ballance (as may be amended or replaced from time to time). A copy of the current constitution is contained in the online register available at www.companiesoffice.govt.nz.

Nominal Value on Surrender means:

- (a) where Ballance requires you to surrender your Shares, the nominal value of the Shares on the date on which the surrender takes effect or, if less, the amount paid up on that Share; and
- (b) where you choose to surrender your Shares, the nominal value of the Shares on the date on which the surrender takes effect.

NPKS means Nitrogen, Phosphorous, Potassium and Sulphur. These four elements contained in fertiliser provide essential plant nutrition. The elements occur in fertiliser products at varying levels and combinations, depending on the fertiliser product.

Offer Register means the offer register at www.disclose-register.companiesoffice.govt.nz.

Shares means ordinary nominal value shares in Ballance.

Share Quota means the number of shares which are required to be held by shareholders, as determined by the Board from time to time.

Transacting Shareholder means a shareholder of Ballance who does one or more of the following:

- (a) supplies or provides goods or services to Ballance or, having ceased to provide goods or services to Ballance, is, in the reasonable opinion of the directors of Ballance, likely to resume doing so;
- (b) purchases or acquires goods or services from Ballance or, having ceased to purchase or acquire goods or services from Ballance, is, in the reasonable opinion of the directors of Ballance, likely to resume doing so;
- (c) enters into other commercial transactions with Ballance or, having ceased to enter into other commercial transactions with Ballance, is, in the reasonable opinion of the directors of Ballance, likely to resume doing so; and
- (d) has incurred an obligation to do an act referred to in any of paragraphs (a), (b), and (c).

Ward means a ward for the purposes of the election of directors of Ballance, determined in accordance with the Constitution.

