PGG Wrightson Limited

Consolidated Income Statement

For the year ended 30 June

	Note	Group 2009 $000	Group 2008 $000	Company 2009 $000	Company 2008 $000
Continuing operations					
Operating revenue	4,5	1,280,646	1,178,561	802,528	768,476
Cost of sales		(977,203)	(892,748)	(633,500)	(594,135)
Gross profit		303,443	285,813	169,028	174,341
Operating expenses	6	(228,957)	(208,303)	(153,532)	(147,423)
Other income	7	95	301	142	481
		(228,862)	(208,002)	(153,390)	(146,942)
Results from operating activities		74,581	77,811	15,638	27,399
Equity accounted earnings of associates	8	(1,380)	831	(1,199)	673
Non operating items	9	(39,419)	19,434	1,918	67,240
Fair value adjustments	10	(47,984)	17,483	(8,107)	(1,650)
Profit before interest		(14,202)	115,559	8,250	93,662
Net interest and finance costs	11	(31,423)	(22,606)	(11,275)	(20,351)
Profit before income tax		(45,625)	92,953	(3,025)	73,311
Income tax expense	12	(13,136)	(22,308)	(12,534)	347
Profit from continuing operations		(58,761)	70,645	(15,559)	73,658
Discontinued operation					
Profit/(loss) from discontinued operation (net of income tax)	13	(7,683)	2,561	(4,764)	1,927
Profit for the year		**(66,444)**	**73,206**	**(20,323)**	**75,585**
Profit attributable to:					
Shareholders of the Company		**(66,444)**	**73,206**	**(20,323)**	**75,585**
Earnings per share					
Basic and diluted earnings per share (New Zealand Dollars)	14	(0.22)	0.26		
Continuing operations					
Basic and diluted earnings per share (New Zealand Dollars)	14	(0.20)	0.25		

The accompanying notes form an integral part of these financial statements.

PGG Wrightson Limited

Consolidated Statement of Recognised Income and Expense

For the year ended 30 June

	Note	Group 2009 $000	Group 2008 $000	Company 2009 $000	Company 2008 $000
Foreign currency translation differences for foreign operations		(4,871)	4,592	(566)	638
Realised capital reserve		(405)	551	(389)	-
Net gain (loss) on fair value of assets held for sale transferred from subsidiary to parent		-	-	-	(375)
Actuarial gains/losses on employee benefit plans recognised directly in equity		(15,004)	(2,432)	(15,004)	(2,432)
Deferred tax on movement of actuarial gains/losses on employee benefit plans		4,104	-	4,104	-
Net gain (loss) on movement of fair value of financial instruments		5,147	647	-	-
Deferred tax on movement of fair value of financial instruments		-	(459)	-	-
Amalgamation of subsidiaries		-	-	392	-
Other movements in equity		-	36	-	36
Income and expense recognised directly in equity		(11,029)	2,935	(11,463)	(2,133)
Profit for the year		(66,444)	73,206	(20,323)	75,585
Total recognised income and expense for the year	32	(77,473)	76,141	(31,786)	73,452
Attributable to:					
Shareholders of the Company		(77,473)	76,141	(31,786)	73,452
Total recognised income and expense for the year		(77,473)	76,141	(31,786)	73,452

The accompanying notes form an integral part of these financial statements.

PGG Wrightson Limited
Consolidated Balance Sheet
As at 30 June

	Note	Group 2009 $000	Group 2008 $000	Company 2009 $000	Company 2008 $000
ASSETS					
Current					
Cash and cash equivalents	15	45,999	26,101	32,083	14,758
Short term derivative assets	16	7,275	1,975	4,955	1,759
Trade and other receivables	17	214,914	243,158	369,258	301,199
Finance receivables	19	408,213	324,365	4,470	-
Income tax receivable		10,394	7,030	853	18,473
Assets classified as held for sale	20	8,017	38,158	8,017	7,200
Biological assets	21	3,630	5,078	3,630	5,078
Inventories	22	203,766	175,593	57,802	68,016
Total current assets		902,208	821,458	481,068	416,483
Non-current					
Long-term derivative assets	16	5,537	100	281	21
Finance receivables	19	151,726	182,665	-	4,440
Biological assets	21	231	243	231	243
Deferred tax asset	23	3,802	3,702	1,071	625
Investment in subsidiaries	24	-	-	70,781	126,576
Defined benefit asset	25	-	823	-	823
Investments in equity accounted investees	26	3,268	3,141	3,150	2,651
Other investments	27	70,187	69,526	36,429	6,272
Intangible assets	28	340,133	319,606	305,696	292,820
Property, plant and equipment	29	67,054	70,221	49,520	52,985
Total non-current assets		641,938	650,027	467,159	487,456
Total assets		1,544,146	1,471,485	948,227	903,939
LIABILITIES					
Current					
Debt due within one year - PGW	15	455,040	174,294	453,966	194,727
Debt due within one year - PGWF	15	71,500	-	-	-
Short-term derivative liabilities	16	6,802	1,660	5,687	1,172
Liabilities classified as held for sale	20	-	20,900	-	-
Accounts payable and accruals	30	171,179	176,058	77,949	104,595
Finance current liabilities	31	249,922	269,876	-	2,454
Total current liabilities		954,443	642,788	537,602	302,948
Non-current					
Long-term debt - PGW	15	-	164,000	-	164,000
Long-term debt - PGWF	15	-	140,000	-	-
Long-term derivative liabilities	16	6,585	2,136	5,212	1,365
Defined benefit liability	25	13,680	-	13,680	-
Other long-term provisions	30	793	-	-	-
Finance term liabilities	31	177,724	42,060	-	-
Total non-current liabilities		198,782	348,196	18,892	165,365
Total liabilities		1,153,225	990,984	556,494	468,313
EQUITY					
Share capital	32	408,850	374,508	408,850	374,508
Reserves	32	19,370	33,747	14,930	26,857
Retained earnings	32	(37,299)	72,246	(32,047)	34,261
Total equity		390,921	480,501	391,733	435,626
Total liabilities and equity		1,544,146	1,471,485	948,227	903,939

These consolidated financial statements have been authorised for issue on 27 August 2009.

Keith Smith
Chairman

Tim Miles
Managing Director

The accompanying notes form an integral part of these financial statements.

PGG Wrightson Limited
Consolidated Statement of Cash Flows
For the year ended 30 June

	Note	Group 2009 $000	Group 2008 $000	Company 2009 $000	Company 2008 $000
Cash flows from operating activities					
Cash was provided from:					
Receipts from customers		1,269,082	1,212,010	848,044	899,315
Dividends received		728	831	142	643
Interest received		59,557	53,222	4,150	3,746
		1,329,367	1,266,063	852,336	903,704
Cash was applied to:					
Payments to suppliers and employees		(1,210,956)	(1,161,155)	(792,092)	(895,607)
Interest paid		(62,116)	(59,760)	(9,908)	(22,307)
Income tax paid		(4,361)	(18,855)	(1,200)	(17,912)
		(1,277,433)	(1,239,770)	(803,200)	(935,826)
Net cash flow from operating activities	33	51,934	26,293	49,136	(32,122)
Cash flows from investing activities					
Cash was provided from:					
Proceeds from sale of property, plant and equipment		740	14,149	740	2,019
Cash acquired on purchase of business		-	1,238	-	-
Proceeds from sale of investments		305	-	-	-
		1,045	15,387	740	2,019
Cash was applied to:					
Purchase of property, plant and equipment		(6,476)	(16,524)	(4,473)	(6,690)
Purchase of intangibles (software)		(12,436)	(821)	(10,991)	(1,067)
Restructure/merger expenses paid		(2,614)	(2,290)	(2,136)	(2,290)
Silver Fern Farms due diligence and settlement costs		(37,103)	-	(37,103)	-
Cash paid for purchase of investments		(21,959)	(82,056)	(4,829)	(28,993)
		(80,588)	(101,691)	(59,532)	(39,040)
Net cash flow from investing activities		(79,543)	(86,304)	(58,792)	(37,021)
Cash flows from financing activities					
Cash was provided from:					
Issue of share capital		-	15,063	-	15,063
Net decrease in finance receivables		-	-	(30)	-
Increase in bonds		78,488	-	-	-
Net increase in clients' deposit and current accounts		-	-	-	320
Increase in external borrowings		180,287	162,169	95,237	117,451
Repayment of loans to related parties		-	444	-	-
Increase in secured debentures		48,122	36,074	-	-
		306,897	213,750	95,207	132,834
Cash was applied to:					
Dividends paid		(24,107)	(37,043)	(24,108)	(36,906)
Net increase in finance receivables		(59,878)	(115,278)	-	(3,735)
Net decrease in clients' deposit and current accounts		(12,308)	(2,066)	(2,454)	-
Finance facility fees		(14,350)	-	(14,350)	-
Repayment of external borrowings		(140,475)	-	-	-
Repayment of loans to related parties		(8,272)	-	(27,314)	(13,878)
		(259,390)	(154,387)	(68,226)	(54,519)
Net cash flow from financing activities		47,507	59,363	26,981	78,315
Net (decrease)/increase in cash held		19,898	(648)	17,325	9,172
Opening cash/(bank overdraft)		26,101	10,626	14,758	5,586
Less (cash)/bank overdraft classified as held for sale	20	-	16,123	-	-
Cash and cash equivalents		45,999	26,101	32,083	14,758
Comprises:					
PGG Wrightson Finance Limited		3,779	625	-	-
Rest of the Group		42,220	25,476	32,083	14,758
		45,999	26,101	32,083	14,758

The accompanying notes form an integral part of these financial statements.

1 Reporting Entity

PGG Wrightson Limited (the "Company") is a company domiciled in New Zealand, registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange. The Company is an issuer in terms of the Financial Reporting Act 1993.

Financial statements for the Company (separate financial statements) and consolidated financial statements are presented. The consolidated financial statements of PGG Wrightson Limited as at and for the year ended 30 June 2009 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities.

The Company is primarily involved in the provision of rural services.

2 Basis of Preparation

Statement of Compliance
The consolidated financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with the New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards as applicable for profit orientated entities. The financial statements comply with International Financial Reporting Standards.

These statements were approved by the Board of Directors on 27 August 2009.

Basis of Measurement
The financial statements have been prepared on the historical cost basis except for the following:
- derivative financial instruments are measured at fair value
- financial instruments at fair value through profit or loss are measured at fair value
- available-for-sale financial assets are measured at fair value
- biological assets are measured at fair value less point-of-sale costs
- assets classified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell.

Functional and Presentation Currency
These financial statements are presented in New Zealand dollars ($), which is the Group's functional currency. All financial information is presented in New Zealand dollars and has been rounded to the nearest thousand.

Use of Estimates and Judgements
The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates and assumptions.

Estimates and assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies, that have the most significant effects on the amount recognised in the financial statements, include:
- Measurement of recoverable amounts of cash generating units
- Estimation of average loan lives used to defer fees
- Measurement of defined benefit obligations
- Fund management performance fee accrual
- Valuation of financial instruments
- Business combinations
- Provisions and contingencies
- Valuation of Seeds inventory
- Carrying value of finance receivables
- Measurement of share based payments

3 Significant Accounting Policies

Unless otherwise stated, the accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

(a) Basis of Consolidation
Subsidiaries
Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Associates
Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Associates are accounted for using the equity method. The consolidated financial statements include the Group's share of the income and expenses of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence starts. Where the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Transactions Eliminated on Consolidation
Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Revenue Recognition

Recognition of Revenue

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

Sales Revenue

Sales revenue comprises the sale value of transactions where the Group acts as a principal and the commission for transactions where the Group acts as an agent.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

Interest and Fee Income

Interest income is accrued on a daily basis on the principal outstanding. Other fees (other than fees relating to financial instruments) are brought to account when charged to customers.

Irrigation Contracts

The revenue on work-in-progress is recognised when it can be estimated reliably. The percentage of completion method is used to determine the appropriate amount to recognise in each year. The full amount of any anticipated loss, including that relating to work on the contract, is recognised as soon as it is foreseen.

Investment Income

Investment income is recognised when earned. Dividends are recognised when received, or accrued when declared and approved for distribution prior to balance date.

Interest and Similar Income and Expense

For all financial instruments measured at amortised cost, interest income or expense is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the original effective interest rate applied to the new carrying amount.

The Group recognises interest revenue, management fees, and establishment fees on an accruals basis when the services are rendered using the effective interest rate method.

Fee and Commission Income

The Group earns fee and commission income from a diverse range of services it provides to customers. Fee income can be divided into the following two categories:

- Fee income earned from services that are provided over a certain period of time. Fees earned for the provision of services over a period of time are accrued over that period. Loan commitment fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognised as an adjustment to the effective interest rate on the loan.
- Discharge fees and deferred establishment fees are received by the Group upon early termination of mortgage loans. On a consolidated basis these are treated as a recoupment of the transaction costs spent by the Group in establishing the mortgage loans. These fees form part of the interest effective yield on the loans and are accrued and recognised in the Income Statement over the weighted average expected life of the mortgage loans using the effective interest method.

Fee Income from Providing Transaction Services

Fees arising from negotiating or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transactions. Fees or components of the fees that are linked to certain performance are recognised after fulfilling the corresponding criteria.

(c) Foreign Currencies

Foreign Currency Transactions

Transactions in foreign currencies are translated to the respective functional currencies of the group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss.

Foreign Operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to New Zealand dollars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated to New Zealand dollars at exchange rates at the date of the transactions. Foreign currency differences are recognised in the Foreign Currency Translation Reserve ("FCTR"). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss.

(d) Financial Instruments

Non-derivative Financial Instruments

Non-derivative financial instruments comprise investments in equity and debt securities, finance receivables, trade and other receivables, cash and cash equivalents, intercompany advances, loans and borrowings and trade and other payables. Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as set out below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group is no longer entitled to cash flows generated by the asset, or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial instruments arising from the normal course of business are recognised at the trade date, i.e. the date that the Group commits to the purchase or sale of the asset. Financial liabilities are derecognised if the obligations of the Group lapse, expire, are discharged or cancelled.

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents.

Held-to-maturity Investments

If the Group has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses to date.

Instruments at Fair Value through Profit or Loss

An instrument is classified at fair value through profit or loss if it is held for trading or is designated as fair value through profit and loss upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Loans and Receivables

Subsequent to initial recognition, other non-derivative financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

Derivative Financial Instruments

The Group uses derivative financial instruments to manage its exposure to interest rate and foreign currency risks arising from operational, financing and investment activities. In accordance with Treasury policy, the Group does not hold or issue derivative instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value and transaction costs are expensed immediately. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the hedging relationship (see below).

Cash Flow Hedges

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

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in equity is transferred to profit or loss in the same period that the hedged item affects profit or loss.

Investments in Equity Securities

Investments in equity securities held by the Group are classified as available-for-sale or at fair value through profit or loss, except for investments in equity securities of subsidiaries, associates and joint ventures which are measured at cost in the separate financial statements of the Company. The fair value of equity investments classified as available-for-sale and at fair value through profit or loss is the weighted average share price of the last million shares traded prior to balance date.

Investments in Debt Securities

Investments in debt securities held by the Group are classified as held-to-maturity.

Trade and Other Receivables

Trade and other receivables are stated at their amortised cost less impairment losses.

Interest-bearing Borrowings

Interest-bearing borrowings are classified as other non-derivative financial instruments.

Trade and Other Payables

Trade and other payables are stated at cost.

Share Capital

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

Repurchase of Share Capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. These repurchased shares are cancelled.

Borrowing Costs

Borrowing costs are expensed as they are incurred.

(e) Property, Plant & Equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of day-to-day servicing of property, plant and equipment is recognised in profit or loss as incurred.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each item of property, plant and equipment with the exception of motor vehicles where depreciation is recognised on a diminishing value basis. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives for the current and comparative periods are as follows:

- Buildings	50 years
- Plant and machinery	3 to 40 years

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

(f) Intangible Assets

Computer Software

Computer software is a finite life intangible and is recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over an estimated useful life between 3 and 10 years. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

Goodwill

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Goodwill is measured at cost less accumulated impairment losses. Impairment loss with respect to goodwill is not reversed. With respect to equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment.

Research and Development

The principal research and development activities are in the development of systems, processes and new seed cultivars.

Research expenditure on the development of new systems and processes is recognised in the income statement as incurred. Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in the income statement when incurred.
Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

Research and development expenditure on the development of new seed cultivars is recognised in profit and loss as incurred. Development costs of seed cultivars are substantially indistinguishable from the cultivar research costs.

(g) Leasing Commitments

Leases in terms of which the Group assumes substantially all of the risks and rewards of ownership are classed as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value or the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.
Other leases are operating leases and are not recognised on the balance sheet.

(h) Inventories

Stock on Hand

Raw materials and finished goods are stated at the lower of cost or net realisable value. Cost is determined on a first in, first out basis, and, in the case of manufactured goods, includes direct materials, labour and production overheads.

Work in Progress

Work in Progress is stated at cost plus the profit recognised to date, less amounts invoiced to customers. Costs include all expenses directly related to specific contracts.

Wholesale Seeds

Wholesale seeds inventory is stated at the lower of cost or net realisable value and comprises costs of purchase and other direct costs incurred to bring the inventory to its present location and condition.

(i) Biological Assets

Biological assets are measured at fair value less point-of-sale costs, with any change therein recognised in profit or loss. Point-of-sale costs include all costs that would be necessary to sell the assets.

(j) Impairment

The carrying value of the Group's assets are reviewed at each balance sheet date to determine whether there is any objective evidence of impairment. An impairment loss is recognised whenever the carrying amount exceeds its recoverable amount. Impairment losses directly reduce the carrying value of assets and are recognised in the income statement.

Impairment of Equity Instruments

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the Income Statement - is removed from equity and recognised in the income statement.

Impairment of Debt Instruments and Receivables

Loans and receivables are considered past due when they have been operated by the counterparty out of key terms, the facility has expired, and in managements view there is no possibility of the counterparty operating the facility within key terms. When forming a view management considers the counterparty's ability to pay, the level of security and the risk of loss

Accounts receivable and finance receivables include accrued interest and are stated at estimated net realisable value after allowing for a provision for doubtful debts. Specific provisions are maintained to cover identified doubtful debts.
The recoverable amount of the Group's investments in held-to-maturity debt instruments and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with short duration are not discounted.
Impairment losses on an individual basis are determined by an evaluation of the exposures on an instrument by instrument basis. All individual instruments that are considered significant are subject to this approach.
All known losses are expensed in the period in which it becomes apparent that the receivables are not collectable.

Non-financial Assets

The carrying amounts of the Group's non-financial assets, other than biological assets, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the recoverable amount of the asset is estimated. For goodwill and intangible assets that have indefinite lives, the recoverable amount is estimated at each reporting date.
An impairment loss is recognised if the carrying amount of an asset or the cash-generating unit to which it relates, exceeds the recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised with respect to cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units, then to reduce the carrying amount of the other assets in the unit on a pro rata basis.
The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or unit.
An impairment loss with respect to goodwill is not reversed. With respect to other assets losses recognised in prior periods are assessed at each reporting date for any indications that the loss may have decreased or no longer exist. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is only reversed to the extent that the carrying value of the asset does not exceed the carrying value that the asset would have had, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) Employee Benefits

The Group's net obligation with respect to defined benefit pension plans is calculated by estimating the future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and any unrecognised past service costs and the fair value of any plan assets is deducted. The discount rate is the yield at the reporting date on bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the lower of the net assets of the plan or the current value of the contributions holiday that is expected to be generated. Actuarial gains and losses are recognised directly in equity.

Short-term employee benefit obligations are measured on an undiscounted basis and expensed as the related service is provided. A provision is recognised for the amount of outstanding short-term benefits at each reporting date.
Provisions made with respect to employee benefits which are not expected to be settled within twelve months are measured as the present value of the estimated future cash outflows to be made by the Group with respect to services provided by employees up to reporting date.

(l) Share-based Payment Transactions

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

(m) Discontinued Operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is restated as if the operation had been discontinued from the start of the comparative period.

(n) Income Tax

Income tax expense comprises current and deferred taxation and is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised directly in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable with respect to previous periods.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- the initial recognition of goodwill
- differences relating to subsidiaries, associates and jointly controlled entities to the extent that they will probably not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantially enacted at the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be recognised.

(o) Earnings per Share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to shareholders by the weighted average number of shares outstanding during the period. Diluted EPS is determined by adjusting the number of shares outstanding to include the effects of all dilutive potential shares.

(p) Determination of Fair Values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made is disclosed in the notes specific to that asset or liability.

Property, Plant and Equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which the property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of items of plant, equipment, fixtures and fittings is based on the quoted market prices for similar items.

Intangible Assets

The fair value of intangible assets acquired on a business combination is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

Biological Assets

The fair value of biological assets is based on the market price of the asset at the reporting date. This is determined by an independent external valuer. Stock counts of livestock quantities are performed by an independent party at each reporting date.

Investments in equity and debt securities

The fair value of financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets is determined by reference to the average of the last one million trades prior to the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes only. Other investments are held at historical cost.

Trade and Other Receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Derivatives

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate based on government bonds.

The fair value of interest rate swaps is based on broker quotes. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract using market interest rates for a similar instrument at the reporting date.

Non-derivative Financial Instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

(q) Statement of Cash Flows

The statement of cash flows has been prepared using the direct approach modified by the netting of certain items as disclosed below.

Deposits received less withdrawals are netted as the cash flows are received and disbursed on behalf of customers and reflect the activities of the customers rather than those of the Company.

(r) Standards and Interpretations That Have Been Issued or Amended But Are Not Yet Effective

A number of new standards and interpretations are not yet effective for the year ended 30 June 2009, and have not been applied in preparing these consolidated financial statements:

- NZ IFRS 8 Operating Segments addresses the identification and disclosure of segments in the financial statements. The standard requires entities to disclose segments in the manner that they are disclosed to decision making members of the entity. NZ IFRS 8 will become mandatory for the Group's 2010 financial statements and is expected to have little impact on the financial statements as segments are already reported in this manner.
- NZ IAS 1 Presentation of Financial Statements (revised) addresses the naming of financial statements and the presentation of changes in equity. It also includes changes to the way income tax expenses are disclosed. NZ IAS 1 will become mandatory for the Group's 2010 financial statements and is expected to have minimal impact on the financial statements.
- NZ IFRS 4 Insurance Contracts - Amendments addresses the reporting of insurance contracts. NZ IFRS 4 will become mandatory for the Group's 2010 financial statements and is expected to have no impact on the financial statements as the Group does not issue insurance contracts.
- NZ IAS 23 Borrowing Costs (revised) removes the option to expense borrowing costs of assets under construction. NZ IAS 23 will become mandatory for the Group's 2010 financial statements and is expected to have no impact on the financial statements.
- NZ IFRS 2 Share-based Payment - Group cash-settled share-based payment transactions. Revisions to this standard clarify vesting conditions and require attribution of group share-based payment transactions to the entity that receives the goods or services. These revisions will become effective for the 2011 Group financial statements and are expected to have no impact.
- NZ IFRS 7 Improve Disclosure about Financial Instruments. This standard has been amended to enhance disclosure around fair value measurements relating to financial instruments, primarily around the inputs to the valuation process. Amendments are also made to the disclosures around liquidity risk. All amendments become effective in the Group's 2010 financial statements and are expected to have minimal impact.
- Revisions to NZ IAS 27 Consolidated and Separate Financial Statements (amended) and NZIFRS 3 Business Combinations (revised) - both address issues surrounding control of subsidiaries. These revisions become mandatory for the Group's 2010 financial statements and are expected to have minimal, if any, impact.
- NZ IAS 39 Eligible Hedged Items and NZ IAS 39 Embedded Derivatives. Two amendments to NZ IAS 39 have been approved and become effective for the Group's 2010 financial statements. The first amendment clarifies the designation of hedges where only one side of a risk is hedged, and how inflation in hedged items is designated. The second amendment relates to the separation of embedded derivatives on reclassification of hybrid financial instruments. Neither amendment is expected to have any impact on the Group financial statements.

(s) Segment Reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format for segment reporting is based on business segments.

4 Segment Reporting

Segment information is presented with respect to the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly goodwill, loans and borrowings and related expenses, corporate assets (primarily the Company's head office) and head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

(a) Industry Segments

The Group operates in the following business segments, its primary business being the supply of products and services to the rural sector.

- Customer Services, including;
  - Rural merchandise
  - Irrigation and pumping services
  - Wool procurement, warehousing, marketing and export (sold 1 July 2008)
  - Livestock marketing and supply
- Seed, Grain and Nutrition including farm consultancy and supply of seeds, grains and feed supplements
- Financial Services including farm finance, fund management, real estate and insurance services
- Corporate Services including other unallocated items
- South America

(b) Geographical Segments

The Group operates predominantly in New Zealand with some operations in Australia and South America.

The Australian and South American business units facilitate the export sales and services of New Zealand operations in addition to their own seed trading operations. Inter-segment pricing is determined on an arm's length basis.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

(c) Industry Segment Information

Group 2009	Customer Services $000	Seed, Grain and Nutrition $000	Financial Services $000	Corporate Services $000	South America $000	Total $000	Less Discontinued Operations $000	Continuing Operations $000
Total segment revenue	777,154	399,537	94,025	(33,884)	95,567	1,332,399	12,311	1,320,088
Intersegment revenue	-	39,442	-	-	-	39,442	-	39,442
Total external revenues	777,154	360,095	94,025	(33,884)	95,567	1,292,957	12,311	1,280,646
Segment earnings before interest and tax	31,180	41,576	14,722	(21,438)	4,128	70,168	(4,414)	74,582
Equity earnings of associates						(1,380)	-	(1,380)
Non operating items						(41,118)	(1,699)	(39,419)
Fair value adjustments						(50,421)	(2,437)	(47,984)
Interest						(32,897)	(1,474)	(31,423)
Income tax expense						(10,796)	2,341	(13,137)
Profit for the year						(66,444)	(7,683)	(58,761)
Segment assets	188,559	267,880	608,452	396,278	79,709	1,540,878	4,755	1,536,123
Equity accounted investees	3,150	56	-	-	62	3,268	-	3,268
Total assets	191,709	267,936	608,452	396,278	79,771	1,544,146	4,755	1,539,391
Segment liabilities	174,986	221,769	531,875	154,775	69,820	1,153,225	3,191	1,150,034
Total liabilities	174,986	221,769	531,875	154,775	69,820	1,153,225	3,191	1,150,034
Capital expenditure	21,063	7,177	1,781	-	791	30,812	-	30,812
Depreciation	2,475	1,539	325	1,394	476	6,209	165	6,044
Amortisation/impairment of intangible assets	38	64	370	74	-	546	-	546

Group 2008	Customer Services $000	Seed, Grain and Nutrition $000	Financial Services $000	Corporate Services $000	South America $000	Total $000	Less Discontinued Operations $000	Continuing Operations $000
Total segment revenue	819,485	356,737	117,532	2,720	55,644	1,352,118	116,739	1,235,379
Intersegment revenue	-	56,818	-	-	-	56,818	-	56,818
Total external revenues	819,485	299,919	117,532	2,720	55,644	1,295,300	116,739	1,178,561
Segment earnings before interest and tax	39,283	35,436	22,497	(16,634)	2,499	83,081	5,270	77,811
Equity earnings of associates						831	-	831
Non operating items						20,343	909	19,434
Fair value adjustments						17,484	1	17,483
Interest						(25,335)	(2,729)	(22,606)
Income tax expense						(23,198)	(890)	(22,308)
Profit for the year						73,206	2,561	70,645
Segment assets	561,086	84,285	505,116	289,216	28,641	1,468,344	30,958	1,437,386
Equity accounted investees	2,935	6	-	-	200	3,141	-	3,141
Total assets	564,021	84,291	505,116	289,216	28,841	1,471,485	30,958	1,440,527
Segment liabilities	483,340	31,420	452,475	-	23,749	990,984	20,900	970,084
Total liabilities	483,340	31,420	452,475	-	23,749	990,984	20,900	970,084
Capital expenditure	10,437	9,249	629	-	1,895	22,210	159	22,051
Depreciation	3,657	1,407	167	-	454	5,685	137	5,548
Amortisation/impairment of intangible assets	214	51	112	-	-	377	-	377

(d) Geographical Segment Information

	Group 2009 $000	Group 2008 $000
Revenue derived from outside the Group		
New Zealand	1,117,978	1,069,504
Australia	67,101	57,054
South America	95,567	52,003
Total revenue derived from outside the Group	1,280,646	1,178,561
Segment assets		
New Zealand	1,416,713	1,404,730
Australia	51,885	37,914
South America	75,548	28,841
Total assets	1,544,146	1,471,485
Capital expenditure		
New Zealand	28,167	12,553
Australia	1,854	7,762
South America	791	1,895
Total capital expenditure	30,812	22,210

5 Operating Revenue

Group

	Continuing operations		Discontinued operations (see note 13)		Group	
	2009	2008	2009	2008	2009	2008
	$000	$000	$000	$000	$000	$000
Sales	1,097,534	1,058,740	12,311	19,372	1,109,845	1,078,112
Commissions	88,649	35,845	-	97,367	88,649	133,212
Construction contract revenue	27,961	27,317	-	-	27,961	27,317
NZFSU management fee	4,216	3,437	-	-	4,216	3,437
Interest revenue on finance receivables	62,286	53,222	-	-	62,286	53,222
Total operating revenue	1,280,646	1,178,561	12,311	116,739	1,292,957	1,295,300

Company

	Continuing operations		Discontinued operations (see note 13)		Group	
	2009	2008	2009	2008	2009	2008
	$000	$000	$000	$000	$000	$000
Sales	684,581	695,824	10,597	16,131	695,178	711,955
Commissions	85,836	41,589	-	88,934	85,836	130,523
Construction contract revenue	27,961	27,317	-	-	27,961	27,317
Interest revenue on finance receivables	4,150	3,746	-	-	4,150	3,746
Total operating revenue	802,528	768,476	10,597	105,065	813,125	873,541

6 Operating Expenses

		Group		Company	
Operating expenses include the following items:	Note	2009 $000	2008 $000	2009 $000	2008 $000
Audit of financial statements - KPMG		485	265	303	200
Other audit-related services for NZIFRS transition and accounting opinions paid to KPMG		13	72	12	-
Depreciation - Buildings		429	681	372	542
Depreciation - Plant and Equipment		5,615	5,004	3,602	3,114
Directors' fees		605	648	605	648
Donations		11	1	-	-
Doubtful debts - (decrease)/increase in provision for doubtful debts	18	2,231	(369)	(667)	(788)
Doubtful debts - bad debts written off		2,206	784	1,945	382
Foreign currency (profits)/losses		212	(93)	(664)	-
Impairment of intangible assets - software		319	377	115	130
Rental and operating lease costs		24,366	26,999	17,625	17,524
Research and development costs		2,988	1,904	68	(14,323)
Other expenses		189,477	172,030	130,216	139,994
		228,957	208,303	153,532	147,423

7 Other Income

	Group		Company	
	2009 $000	2008 $000	2009 $000	2008 $000
Dividend income	142	301	142	481
Other investment income	(47)	-	-	-
	95	301	142	481

8 Equity Accounted Earnings of Associates

See note (26)	Wool Partners International Limited (Associate)	Northfuels Limited (Joint Venture)	Agritranz Limited (Joint Venture)	Grasslands Innovation Limited (Joint Venture)	Gramina Pty Limited (Joint Venture)	Alfalfares S.R.L (Associate)	The New Zealand Merino Company Limited (Associate)	Kelso Wrightson (2004) Limited (Associate)	Total
2009	$000	$000	$000	$000	$000	$000	$000	$000	$000
Ownership	49%	50%	50%	50%	50%	51%	50%	50%	
Current assets	26,896	1,812	402	2,272	332	9,697	6,211	42	47,664
Non current assets	30,087	974	-	73	-	594	3,434	600	35,762
Total assets	56,983	2,786	402	2,345	332	10,291	9,645	642	83,426
Current liabilities	8,306	2,651	257	1,413	274	4,151	2,024	151	19,228
Non current liabilities	18,469	412	-	1,001	-	5,196	-	-	25,078
Total liabilities	26,775	3,064	257	2,414	274	9,347	2,024	151	44,306
Revenues	102,137	22,469	2,002	3,166	297	20,089	101,933	187	252,280
Expenses	(106,066)	(22,846)	(1,910)	(3,134)	(298)	(20,447)	(99,571)	(328)	(254,600)
Profit/(Loss)	(3,929)	(378)	92	32	(1)	(358)	2,362	(141)	(2,320)
PGW Share	(1,806)	(100)	66	45	-	(226)	702	(61)	(1,380)
2008									
Ownership	0%	0%	0%	50%	50%	51%	50%	50%	
Current assets	-	-	-	3,246	75	7,503	7,596	145	18,565
Non current assets	-	-	-	73	-	502	1,817	510	2,902
Total assets	-	-	-	3,319	75	8,005	9,413	655	21,467
Current liabilities	-	-	-	2,399	3	6,537	2,510	23	11,472
Non current liabilities	-	-	-	1,022	-	-	-	-	1,022
Total liabilities	-	-	-	3,421	3	6,537	2,510	23	12,494
Revenues	-	-	-	3,139	253	17,614	94,243	297	115,546
Expenses	-	-	-	(3,135)	(257)	(17,241)	(93,006)	(336)	(113,975)
Profit/(Loss)	-	-	-	4	(4)	373	1,237	(39)	1,571
PGW Share	-	-	-	2	(1)	187	643	-	831

9 Non Operating Items

	Note	Group 2009 $000	Group 2008 $000	Company 2009 $000	Company 2008 $000
Silver Fern Farms due diligence and settlement costs		(49,600)	-	(49,600)	-
Capital gains on sale of businesses, property plant and equipment		17,564	7,132	17,422	1,668
NZFSU performance fee		-	17,782	-	-
Defined benefit superannuation plan	25	501	302	501	302
Restructuring		(2,614)	(1,839)	(2,136)	(1,942)
Write off goodwill on closure of Australian Real Estate and Livestock operation		(227)	-	-	-
Management fee from subsidiaries	40	-	-	41,000	71,000
Other non operating items		(5,043)	(3,943)	(5,269)	(3,788)
		(39,419)	19,434	1,918	67,240

10 Fair Value Adjustments

	Group 2009 $000	Group 2008 $000	Company 2009 $000	Company 2008 $000
Continuing Operations				
Gain/(loss) on investments	(40,880)	18,856	-	(32)
Assets held for sale	(3,200)	-	(3,200)	-
Derivatives not in qualifying hedge relationships	(4,001)	(1,373)	(4,907)	(1,618)
Risk share loan transfers	97	-	-	-
	(47,984)	17,483	(8,107)	(1,650)
Discontinued Operations				
Biological assets	(437)	1	(437)	1
Lease commitment	(2,000)	-	(2,000)	-
	(2,437)	1	(2,437)	1

11 Interest - Finance Income and Expense

	Group 2009 $000	Group 2008 $000	Company 2009 $000	Company 2008 $000
Finance income contains the following items:				
Interest earned on interest rate swaps	-	2,056	-	2,056
Interest received from Group companies	-	-	22,592	3,181
Other interest income	2,504	1,391	809	757
Finance income	2,504	3,447	23,401	5,994
Interest funding expense				
Interest on interest rate swaps	(3,635)	-	(5,250)	-
Interest on bank loans and overdrafts	(27,468)	(27,651)	(26,431)	(26,746)
Bank Facility Fees	(4,298)	(1,131)	(4,298)	(1,140)
Finance expense	(35,401)	(28,782)	(35,979)	(27,886)
Less finance expenses from discontinued operations	1,474	2,729	1,303	1,541
Net interest and finance costs	(31,423)	(22,606)	(11,275)	(20,351)

12 Income Tax Expense

	Group 2009 $000	Group 2008 $000	Company 2009 $000	Company 2008 $000
Current tax expense				
Current year	6,956	21,749	7,357	(1,047)
Tax on discontinued operations	2,341	(890)	1,184	(566)
Adjustments for prior years	2,983	(107)	3,121	-
	12,280	20,752	11,662	(1,613)
Deferred tax expense				
Origination and reversal of temporary differences	856	1,100	872	820
Effect of change in Company tax rate on deferred tax asset	-	456	-	446
Total income tax expense	13,136	22,308	12,534	(347)
Profit for the year	(66,444)	73,206	(20,323)	75,585
Total income tax expense	13,136	22,308	12,534	(347)
Profit excluding income tax	(53,308)	95,514	(7,789)	75,238

	Group 2009 %	Group 2009 $000	Group 2008 %	Group 2008 $000	Company 2009 %	Company 2009 $000	Company 2008 %	Company 2008 $000
Income tax using the Company's domestic tax rate	30.0%	(15,992)	33.0%	31,520	30.0%	(2,337)	33.0%	24,829
Effect of tax rates in foreign jurisdictions	-1.6%	843	0.4%	373	0.0%	-	-0.1%	(69)
Non-deductible expenses	-58.9%	31,384	1.4%	1,305	-228.9%	17,832	1.5%	1,117
Tax exempt income	11.4%	(6,082)	-11.3%	(10,783)	78.1%	(6,082)	-34.9%	(26,224)
Under/(over) provided in prior years	-5.6%	2,983	-0.1%	(107)	-40.1%	3,121	0.0%	-
	-24.6%	13,136	23.4%	22,308	-160.9%	12,534	-0.5%	(347)

	Group 2009 $000	Group 2008 $000	Company 2009 $000	Company 2008 $000
Income tax recognised directly in equity				
Derivatives	-	459	-	-
Total income tax recognised directly in equity	-	459	-	-
Imputation credits				
Balance as at 1 July	2,960	(3,350)	2,960	(3,350)
Taxation paid (net of refunds)	9,200	17,913	9,200	17,913
Imputation credits/RWT attached to dividends received	288	-	288	-
Transfers, refunds and adjustments	-	(1,000)	-	(1,000)
Imputation credits attached to dividends paid	(17,698)	(10,603)	(17,698)	(10,603)
Balance as at 30 June	(5,250)	2,960	(5,250)	2,960

13 Discontinued Operations

At 30 June 2009 PGG Wrightson exited it's Friesian live export business under it's existing business model. The specialised Taurindicus business has been retained to reflect the intellectual property investment in this business.

In February 2009 the Australian Livestock and Real Estate activities were closed. No assets or liabilities remain at 30 June 2009.

PGG Wrightson entered into a transaction with a new wool growers co-operative on 1 July 2008, Wool Grower Holdings Limited, to form The Wool Company Limited. This joint venture is owned 50% by Wool Grower Holdings Limited and 50% by PGG Wrightson. PGG Wrightson's 50% will dilute as other industry participants join the new venture. The Group classified its wool operation as a discontinued operation and held for sale in the 2008 comparatives.

	Group		Company	
Profits attributable to the discontinued operation were as follows:	2009	2008	2009	2008
Results of discontinued operations	$000	$000	$000	$000
Revenue	12,311	116,739	10,597	105,065
Expenses	(22,335)	(114,197)	(16,545)	(103,350)
Results from operating activities	(10,024)	2,542	(5,948)	1,715
Income tax expense	2,341	(890)	1,184	(566)
Results from operating activities, net of income tax	(7,683)	1,652	(4,764)	1,149
Gain on sale of discontinued operation	-	909	-	778
Profit/(loss) for the year	(7,683)	2,561	(4,764)	1,927
Basic and diluted earnings per share (New Zealand dollars)	-0.03	0.01	-0.02	0.01
Cash flows from discontinued operations				
Net cash from operating activities	(1,565)	3,024	(1,565)	1,229
Net cash from/(used in) discontinued operation	(1,565)	3,024	(1,565)	1,229
Effect of disposal on the financial position of the Group				
Property, plant and equipment	(248)	(2,408)	(248)	-
Intangibles	-	(83)	-	-
Goodwill	-	(250)	-	-
Inventories and biological assets	(815)	(11,358)	(815)	-
Trade and other receivables	(3,692)	(16,859)	(3,692)	-
Cash and cash equivalents	-	16,123	-	-
Trade and other payables	3,191	4,212	10,702	-
Income tax	-	565	-	-
Net identifiable assets and liabilities	(1,564)	(10,058)	5,947	-

14 Earnings Per Share and Net Tangible Assets

Basic earnings per share

The calculation of basic earnings per share at 30 June 2009 was based on the profit/(loss) attributable to ordinary shareholders of $(66,444,000) (2008: profit $73,206,000) by the weighted average number of shares, 296,851,539 (2008: 286,766,181) on issue.

Diluted earnings per share

There are no dilutive shares or options (2008: Nil).

On 3 October 2008 the Group issued 12,638,542 new ordinary shares under the PGG Wrightson Limited distribution plan as a bonus issue. Shareholders could elect to have the Group buy back shares issued to them under the plan at $2.5193 each, and 9,490,297 were repurchased at a cost of $23,908,905. All of the repurchased shares have been cancelled. This has resulted in an additional 3,148,245 shares being issued and the shareholding of 292,472,722 ordinary shares as at 31 December 2008.

On 1 April 2009 the Group issued 13,342,894 new ordinary shares under the PGG Wrightson Limited distribution plan as a fully imputed taxable bonus issue. The buyback option was not offered to shareholders to enable funds to be applied to debt repayment. As a result 305,815,616 shares were on issue as at 1 April 2009. On 24 April 2009 10,000,000 shares were issued to Silver Fern Farms Limited as part settlement of it's failed investment transaction. As a result 315,815,616 shares were on issue as at 30 June 2009.

	2009	2008
Weighted average number of ordinary shares	000	000
Weighted average number of ordinary shares	296,852	286,766
Net tangible assets per security at year end	0.19	0.54

	2009	2008
Net Tangible Assets	$000	$000
Total assets	1,544,146	1,471,485
Total liabilities	(1,153,225)	(990,984)
less Intangible assets	(340,133)	(319,606)
less Deferred tax	(3,802)	(3,702)
plus Defined benefit (asset) / liability	13,680	(823)
	60,666	156,370

15 Cash and Bank Facilities

	Group 2009 $000	Group 2008 $000	Company 2009 $000	Company 2008 $000
Cash and cash equivalents	45,999	26,101	32,083	14,758
Current bank facilities	(526,540)	(174,294)	(453,966)	(194,727)
Term bank facilities	-	(304,000)	-	(164,000)
	(480,541)	(452,193)	(421,883)	(343,969)

The Company has bank facilities of $540 million (2008: $423 million), Group $720 million (2008: $603 million). The Company has granted to ANZ National Bank Limited a general security deed and mortgage over all its assets. ANZ National Bank Limited holds this security on trust firstly for the banking syndicate (ANZ National Bank Limited, Bank of New Zealand Limited and Westpac Banking Corporation Limited) and secondly for South Canterbury Finance Limited.
The Company bank syndicate facilities include:

- A term debt facility of $275 million that matures on 30 September 2011.
- An amortising debt facility of $125 million due to be fully repaid by 31 December 2010.
- A working capital facility of $75 million that matures on 30 April 2010.
- Overdraft and guarantee facilities of $40 million.

Additionally there is a South Canterbury Finance Limited facility of $25 million that matures on 24 April 2012.

On 27 August the Company finalised and accepted amended facilities with the banking syndicate. These include:

- A term debt facility of $197.9 million that matures on 31 August 2012.
- An amortising debt facility of $200 million to be fully repaid by 31 March 2010.
- A working capital facility of $75 million that matures on 30 April 2010.
- Overdraft and guarantee facilities of $40 million.

The South Canterbury Finance Limited facility of $25 million now matures on 28 February 2013.

The Company and Group have debts of $375,966,000 owing to the bank syndicate and South Canterbury Finance that have been included in current bank facilities at 30 June 2009. These debts had been considered term, however in June 2009 the Company notified the syndicate of a potential breach of its financial covenants at 30 June due to adverse trading conditions expected from the last four months of the financial year. On 31 July 2009 a waiver of financial covenants was received from both the banking syndicate and South Canterbury Finance, before the finalisation of the Company's results for the 2009 financial year. The conditions giving rise to the breach are expected to be temporary.

The Group bank facilities include a $120 million Commonwealth Bank of Australia facility and a $60 million Bank of New Zealand Limited facility with security over PGG Wrightson Finance Limited assets that ranks equally with bond and debenture investors. Both facilities mature on 24 March 2010.

16 Derivative Financial Instruments

	Group 2009 $000	Group 2008 $000	Company 2009 $000	Company 2008 $000
Derivative assets held for risk management	12,812	2,075	5,236	1,780
Derivative liabilities held for risk management	(13,387)	(3,796)	(10,899)	(2,537)
Net derivatives held for risk management	(575)	(1,721)	(5,663)	(757)

Cash flow hedges of interest rate risk

The Company uses interest rate swaps to hedge its exposure to changes in the market rates of variable and fixed interest rates.

The Company has interest rate swaps, designated in valid hedge relationships, with a notional contract amount of $807.281 million Group ($479.500 million Company) at 30 June 2009 (2008: $414.24 million Group, $299.75 million Company).

Other derivatives held for risk management

The Company also uses interest rate swaps, not designated in a qualifying hedge relationship, to manage its exposure to the timing mismatch of assets and liabilities.

	Group 2009 $000	Group 2008 $000	Company 2009 $000	Company 2008 $000
The profit and loss impact of derivatives not designated as qualifying hedges is as follows:				
Income	4,394	970	3,455	966
Expense	(8,395)	(2,343)	(8,362)	(2,584)
Net income/(loss) from derivative financial instruments	**(4,001)**	**(1,373)**	**(4,907)**	**(1,618)**

17 Trade and Other Receivables

	Note	Group 2009 $000	Group 2008 $000	Company 2009 $000	Company 2008 $000
Accounts receivable		159,157	212,772	85,030	146,494
Less provision for doubtful debts	18	(3,020)	(1,952)	(2,579)	(1,649)
Net accounts receivable		156,137	210,820	82,451	144,845
Other receivables and prepayments		58,777	32,338	28,272	7,374
Amounts owing from subsidiaries		-	-	257,722	148,980
Trade receivables due from related parties		-	-	813	-
		214,914	243,158	369,258	301,199

Receivables denominated in currencies other than the functional currency comprise $75,202,000 (2008: $29,531,000) of trade receivables denominated in AUD $22,881,000 (2008:$3,178,000), USD $44,879,000 (2008: $24,503,000), EUR $7,266,000 (2008: $1,702,000), GBP $176,000 (2008: $Nil) and CAD $Nil (2008: $148,000).

18 Provision for Doubtful Debts

	Group 2009 $000	Group 2008 $000	Company 2009 $000	Company 2008 $000
Analysis of movements in provision for doubtful debts				
Balance at beginning of year	(3,281)	(3,650)	(1,649)	(2,437)
Movement in provision	(3,366)	369	(930)	788
Balance at end of year	(6,647)	(3,281)	(2,579)	(1,649)
Consists of:				
Provision against finance receivables	(3,627)	(1,329)	-	-
Provision against accounts receivables	(3,020)	(1,952)	(2,579)	(1,649)
	(6,647)	(3,281)	(2,579)	(1,649)

19 Finance Receivables

	Note	Group 2009 $000	Group 2008 $000	Company 2009 $000	Company 2008 $000
Finance receivables - less than one year		411,840	325,694	4,470	-
Finance receivables - greater than one year		151,726	182,665	-	4,440
		563,566	508,359	4,470	4,440
Less provision for doubtful debts	18	(3,627)	(1,329)	-	-
		559,939	507,030	4,470	4,440
Impairment:					
Balance at the beginning of the period		1,329	899	-	-
Impaired losses recognised in the income statement		2,645	462	-	-
Amounts written off in the income statement		232	(2)	-	-
Reversals of amounts previously recognised in the income statement		(579)	(30)	-	-
Movement in specific provision and bad debts written off		3,627	1,329	-	-
Impairment of receivables due in less than one year:		3,627	1,329	-	-
Impairment of receivables due in greater than one year:		-	-	-	-
		3,627	1,329	-	-

The status of the receivables at the reporting date is as follows:

	30 Jun 2009 $000 Not impaired	30 Jun 2009 $000 Impaired	30 Jun 2008 $000 Not impaired	30 Jun 2008 $000 Impaired
Not past due	522,691	-	486,704	-
Past due 0 - 90 days	972	3,499	6,121	282
Past due 91 - 365 days	12,124	11,875	13,817	71
Past due more than 1 year	4,675	7,730	26	1,338
Impairment	-	(3,627)	-	(1,329)
	540,462	**19,477**	**506,668**	**362**

	Group 2009 $000	Group 2008 $000	Company 2009 $000	Company 2008 $000
Asset Quality - Finance Loans and Receivables				
Neither past due or impaired	522,691	486,704	4,470	4,440
Individually impaired loans	23,104	1,691	-	-
Past due loans	17,771	19,964	-	-
Provision for credit impairment	(3,627)	(1,329)	-	-
Total carrying amount	**559,939**	**507,030**	**4,470**	**4,440**
Aging of Past Due but not impaired				
Past due 1-90 days	972	6,121	-	-
Past due 91-180 days	5,846	13,758	-	-
Past due 180-365 days	6,278	59	-	-
Past due more than 365 days	4,675	26	-	-
Total Past due assets	**17,771**	**19,964**	**-**	**-**
90 Day Past Due Assets				
Balance at the beginning of the year	15,252	1,100	-	-
Additions to 90 day past due assets	35,685	14,231	-	-
Reduction in 90 day past due assets	(14,533)	(79)	-	-
Balance at the end of the year	**36,404**	**15,252**	**-**	**-**
Impaired Assets				
Balance at the beginning of the year	1,691	1,795	-	-
Additions to individually impaired assets	22,110	(104)	-	-
Amounts written off	(697)	-	-	-
Transfer to productive ledger	-	-	-	-
Balance at the end of the year	**23,104**	**1,691**	**-**	**-**
Provision for credit impairment	(3,627)	(1,329)	-	-
Net carrying amount of impaired assets	**19,477**	**362**	**-**	**-**

There were no restructured loans at balance date (2008: Nil)

20 Assets Held for Sale

Discontinued Operations

The discontinued operations referred to in note (13) do not hold any significant assets as at 30 June 2009.

On 1 July 2008, PGG Wrightson Limited sold it's wool operations to a newly setup company Wool Partners International Limited. The 2008 assets and liabilities held for sale represent the items sold as part of that transaction.

As at 30 June 2009 the disposal group comprised assets of $Nil (2008: $38.158 million) less liabilities of $Nil (2008: $20.900 million).

Properties

The Group has a perpetual 20 year lease on 5.2ha of land in Napier. The Company also owns buildings on this property. This property is on the market and is held for sale.

The Group has entered into an unconditional contract to sell and lease back 46-54 Wynen Street, Blenheim. The contract settles on 1 July 2009.

The Group is marketing the Ceres Farm property. This consists of 20.5ha in two lots on the corner of Shands and Marshes Road, Christchurch.

The Group owns buildings constructed on leasehold land at 149 Vogel Street, Dunedin. The Group is marketing this property for sale with the intention to lease it back from the purchaser.

An impairment loss of $3.200 million (2008: $Nil) on the re-measurement of the disposal group to the lower of its carrying amount and its fair value less costs to sell has been recognised in Fair Value Adjustments.

	Group		Company	
	2009 $000	2008 $000	2009 $000	2008 $000
Assets classified as held for sale				
Property, plant and equipment	8,017	9,608	8,017	7,200
Intangibles	-	83	-	-
Inventories	-	11,358	-	-
Trade and other receivables	-	16,859	-	-
Goodwill	-	250	-	-
	8,017	38,158	8,017	7,200
Liabilities classified as held for sale				
Income tax	-	565	-	-
Bank debt	-	16,123	-	-
Trade and other payables	-	4,212	-	-
	-	20,900	-	-

21 Biological Assets

	Group		Company	
Livestock	2009 $000	2008 $000	2009 $000	2008 $000
Opening balance	5,321	2,772	5,321	2,772
Increase due to acquisitions	10,466	12,804	10,466	12,804
Decrease due to sales	(11,432)	(10,316)	(11,432)	(10,316)
Net decrease due to births or deaths	(57)	60	(57)	60
Changes in fair value	(437)	1	(437)	1
Closing balance	3,861	5,321	3,861	5,321
Current	3,630	5,078	3,630	5,078
Non-current breeding stock	231	243	231	243
	3,861	5,321	3,861	5,321

As at 30 June 2009, livestock held for sale comprised 1,695 cattle and 28,600 sheep (2008: 4,746 cattle and 7,145 sheep). During the year the Group sold 7,245 cattle and 34,789 sheep (2008: 10,314 cattle and 12,397 sheep).

There are no significant financial risks involved in holding livestock in the current market.

22 Inventory

	Group		Company	
	2009 $000	2008 $000	2009 $000	2008 $000
Merchandise/finished goods	202,655	172,762	56,691	65,185
Raw materials and work in progress	1,111	2,831	1,111	2,831
Inventories stated at net realisable value	203,766	175,593	57,802	68,016

23 Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2009 $000	2008 $000	2009 $000	2008 $000	2009 $000	2008 $000
Property, plant and equipment	-	-	(6,964)	(4,951)	(6,964)	(4,951)
Intangible assets	-	377	(169)	-	(169)	377
Derivatives	-	226	-	-	-	226
Provisions	12,293	8,100	-	-	12,293	8,100
Other Items	-	118	(1,358)	(168)	(1,358)	(50)
Tax (asset)/liabilities	12,293	8,821	(8,491)	(5,119)	3,802	3,702

Company	Assets		Liabilities		Net	
	2009 $000	2008 $000	2009 $000	2008 $000	2009 $000	2008 $000
Property, plant and equipment	-	-	(6,516)	(4,697)	(6,516)	(4,697)
Intangible assets	-	294	(169)	-	(169)	294
Derivatives	-	345	-	-	-	345
Provisions	9,114	4,676	-	-	9,114	4,676
Other Items	-	7	(1,358)	-	(1,358)	7
Tax (asset)/liabilities	9,114	5,322	(8,043)	(4,697)	1,071	625

Change in tax rate

During the previous financial year the corporate tax rate in New Zealand was changed from 33% to 30% with effect for the Company from 1 July 2008. Deferred tax is recognised at the rates of tax that are expected to be in effect when the items giving rise to deferred tax crystallise.

Unrecognised tax losses / Unrecognised temporary differences

The Company does not have any unrecognised tax losses or unrecognised temporary differences.

24 Group entities

Significant Subsidiaries	Country of Incorporation	Direct Parent	Ownership interest 2009 %	2008 %
Agriculture New Zealand Limited	New Zealand	PGG Wrightson Limited	100%	100%
Agri-Feeds Limited	New Zealand	PGG Wrightson Limited	100%	100%
Canterbury Sale Yards (1996) Limited	New Zealand	PGG Wrightson Limited	100%	100%
PGG Wrightson Consortia Research Limited	New Zealand	PGG Wrightson Limited	100%	100%
PGG Wrightson Employee Benefits Plan Trustee Limited	New Zealand	PGG Wrightson Limited	100%	100%
PGG Wrightson Finance Limited	New Zealand	PGG Wrightson Limited	100%	100%
PGG Wrightson Investments Limited	New Zealand	PGG Wrightson Limited	100%	100%
PGG Wrightson Seeds Limited	New Zealand	PGG Wrightson Limited	100%	100%
PGG Wrightson Trustee Limited	New Zealand	PGG Wrightson Limited	100%	100%
PGW Corporate Trustee Limited	New Zealand	PGG Wrightson Limited	100%	-
PGG Wrightson Funds Management Limited	New Zealand	PGG Wrightson Investments Limited	100%	100%
Agricom Limited	New Zealand	PGG Wrightson Seeds Limited	100%	100%
PGG Wrightson Genomics Limited	New Zealand	PGG Wrightson Seeds Limited	100%	100%
Wrightson Seeds Limited	New Zealand	PGG Wrightson Seeds Limited	100%	100%
New Zealand Wool Handlers Limited	New Zealand	Sold to WPI	-	100%
PGG Wrightson Property Holdings Limited	New Zealand	Amalgamated	-	100%
PGG Seeds Australia Pty Limited	Australia	PGG Wrightson Limited	100%	100%
PGG Wrightson Real Estate Australia Pty Limited	Australia	PGG Wrightson Limited	100%	100%
PGG Wrightson Seeds (Australia) Pty Limited	Australia	PGG Wrightson Limited	100%	100%
Stephen Pasture Seeds Pty Limited	Australia	AusWest Seeds Pty Limited	100%	-
AusWest Seeds Pty Limited	Australia	PGG Wrightson Seeds (Australia) Pty Limi	100%	100%
PGG Wrightson Uruguay Limited	Uruguay	PGG Wrightson Investments Limited	100%	100%
Wrightson Pas S.A. Limited	Uruguay	PGG Wrightson Investments Limited	100%	100%
Hunker S.A. (t/a Rural Centre)	Uruguay	PGG Wrightson Uruguay Limited	100%	100%
Lanelle S.A. (t/a Riegoriental)	Uruguay	PGG Wrightson Uruguay Limited	70%	-
Afinlux S.A. (t/a Romualdo Rodriguez)	Uruguay	PGG Wrightson Uruguay Limited	51%	-
Idogal S.A. (t/a Veterinaria Lasplaces)	Uruguay	PGG Wrightson Uruguay Limited	51%	-
Agar Cross S.A. (t/a Agrosan)	Uruguay	Wrightson Pas S.A. Limited	100%	100%
Alfalfares S.R.L.	Argentina	Wrightson Pas S.A. Limited	51%	51%
NZ Ruralco Participacoes Ltda	Brazil	PGG Wrightson Uruguay Limited	100%	-

On 7 April 2009 a number of non-trading subsidiaries were amalgamated with the Company. This amalgamation has not had any impact on either the trading or financial position of the Group.

Acquisition of Subsidiaries

During the year ending 30 June 2009, the Group made the following acquisitions;

- On 31 October 2008, the Group purchased 100% of the shares in Stephens Pasture Seeds Pty Limited. Stephens Pasture Seeds Pty Limited trades in the states of Victoria and South Australia in Australia. It's operations cover seed distribution, sales, marketing, seed cleaning, mixing and coating. In the year to 30 June 2009 Stephens Pasture Seeds Pty Limited contributed a profit of $0.408 million.
- On 1 July 2008, the Group purchased 51% of the shares in Romualdo Rodriguez Limited. Romualdo Rodriguez Limited is located in Uruguay. It's operations cover livestock, wool and real estate including procurement for meat processing companies and internet based livestock auctions. In the year to 30 June 2009 Romualdo Rodriguez Limited contributed a profit of $0.453 million.
- On 30 July 2008, the Group announced the purchase of 51% of the shares in Veterinaria Lasplaces, a leading animal health and rural supplies business in Uruguay. In the year to 30 June 2009 Veterinaria Lasplaces contributed a profit of $0.808 million.

If these acquisitions had occurred on 1 July 2008, the estimated Group revenue would have been $2.648 million higher and profit would have been $0.072 million higher for the year ended 30 June 2009.

During the year ended 30 June 2009, the Company made other minor acquisitions of both subsidiaries and asset acquisitions. No restructuring provisions or other expenses such as the disposal of an operation will be required. The significant acquisitions had the following effect on the assets and liabilities of the Group at the acquisition dates:

	Group $000	Company $000
Current assets		
Cash balances	(163)	-
Trade debtors and accruals	1,124	-
Inventory	1,527	-
	2,488	-
Non - current assets		
Intangible assets	546	-
Property plant and equipment	411	-
	957	-
Current liabilities		
Trade creditors and accruals	1,654	-
	1,654	-
Non - current liabilities		
Advances	283	-
	283	-
Net assets acquired	1,508	-
Goodwill arising on acquisition	5,741	-
Cash paid	7,249	-

25 Defined Benefit Asset / Liability

	Group / Company 2009 $000	2008 $000
Present value of unfunded obligations	-	-
Present value of funded obligations	(61,863)	(68,705)
Total present value of obligations	(61,863)	(68,705)
Fair value of plan assets	48,183	69,528
Total defined benefit asset / (liability)	(13,680)	823

The Group makes contributions to two defined benefit plans that provide a range of superannuation and insurance benefits for employees and former employees. The Plan's retired employees who are entitled to receive an annual pension payment payable on their life and in some cases on the life of a surviving spouse.

	Group / Company			
	PGG Wrightson Employment Benefits Plan		Wrightson Retirement Plan	
Plan assets consist of:	2009	2008	2009	2008
NZ equities	64%	69%	64%	69%
Fixed interest	32%	23%	32%	23%
Cash	4%	8%	4%	8%
	100%	100%	100%	100%

Actuarial Assumptions:

Principal actuarial assumptions at the reporting date (expressed as weighted averages):	Group / Company 2009	2008
Discount Rate Used	5.96%	6.35%
Expected Return on Plan Assets	6.00%	6.00%
Future Salary Increases	3.50%	3.50%
Future Pension Increases	2.50%	2.50%

Assumptions regarding future mortality are based on published statistics and mortality tables. The average life expectancy of an individual retiring at age 65 is 19 for males and 22 for females. The overall expected long-term rate of return on assets is 6 percent. The expected long-term return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based on expected future returns of the different asset classes and the investment policies for the Plans.

	Group / Company			
Historical information	2009 $000	2008 $000	2007 $000	2006 $000
Present value of the defined benefit obligation	61,863	68,705	71,709	66,208
Fair value of plan assets	(48,183)	(69,528)	(74,662)	(67,394)
Deficit (surplus) in the plan	13,680	(823)	(2,953)	(1,186)

The Group expects to pay $2.500 million (2008: $Nil) in contributions to defined benefit plans in 2010. Member contributions are expected to be $1.114 million (2008: $1.192 million).

	Note	Group / Company 2009 $000	2008 $000
Movement in the liability for defined benefit obligations:			
Liability for defined benefit obligations at 1 July		68,705	71,709
Benefits paid by the plan		(11,111)	(12,265)
Current service costs and interest		3,363	3,936
Member contributions		1,556	1,664
Actuarial (gains)/losses recognised in equity		(650)	3,661
Liability for defined benefit obligations at 30 June		61,863	68,705
Movement in plan assets:			
Fair value of plan assets at 1 July		69,528	74,662
Contributions paid into the plan		1,709	1,721
Benefits paid by the plan		(11,111)	(12,265)
Expected return on plan assets		3,864	4,238
Actuarial gains/(losses) recognised in equity		(15,807)	1,172
Fair value of plan assets at 30 June		48,183	69,528
Expense recognised in profit or loss:			
Current service costs		714	996
Interest on obligation		2,649	2,940
Expected return on plan assets		(3,864)	(4,238)
Recognised in Non-Trading items	9	(501)	(302)
Actual return on plan assets		(12,043)	7,431
Actuarial gains and losses recognised directly in equity:			
Cumulative (gains)/losses at 1 July		823	2,953
Net profit and loss impact from current period costs		501	302
Recognised during the year		(15,740)	(2,432)
Cumulative (gains)/losses at 30 June		(14,416)	823

26 Equity Accounted Investees

	Group		Company	
Movement in carrying value of equity accounted investees	2009 $000	2008 $000	2009 $000	2008 $000
Opening balance	3,141	22,266	2,651	2,459
New investments	10,100	-	10,100	-
Gain on sale write down	(10,000)		(10,000)	
Capitalisation of loan	378	-	378	-
Reclassification of investments in associates	1,615	(19,475)	1,806	-
Share of profit/(loss)	(1,380)	831	(1,199)	673
Dividends received	(586)	(481)	(586)	(481)
Closing balance	3,268	3,141	3,150	2,651

There is no goodwill included in the carrying value of equity accounted investees (2008: Nil).

27 Other Investments

	Group 2009 $000	Group 2008 $000	Company 2009 $000	Company 2008 $000
Non-current investments				
Other investments	36,262	69,088	8,551	5,518
Advances to associates	33,925	438	27,878	754
Other investments	70,187	69,526	36,429	6,272

The majority of the other investments balance is made up as follows, with the balance being smaller, immaterial investments in other companies.

	Note	Group 2009 $000	Group 2008 $000
New Zealand Farming Systems Uruguay Limited		12,892	50,951
BioPacificVentures Limited	37	11,351	7,780
Sundry other investments including saleyards		12,019	10,357
		36,262	69,088

PGG Wrightson's investment in NZ Farming Systems Uruguay Limited (NZFSU) is held at fair value through the profit and loss in accordance with NZIAS39 and recorded a loss of $39.214 million in the Income Statement (2008: Gain $18.888m). A further capital investment of $1.155 million (2008: $0.678 million) was made during the year. NZFSU has a management contract with PGG Wrightson Funds Management Limited (a subsidiary of PGG Wrightson Investments Limited). Included within this is a performance fee element where a fee is payable to PGG Wrightson Funds Management Limited where shareholder returns exceed a compounding 10% per annum. The share price used for this calculation is the weighted average share price for April to June 2009. In line with NZ IFRS PGG Wrightson Funds Management Limited has earned a pre tax performance fee of $Nil (2008: $17.8 million) in the year based on a share price required of $1.78 (2008: $1.62).

BioPacificVentures Limited and other saleyards investments are carried at cost.

Advances to associates includes a loan from the Company of $17.5 million, in the form of redeemable preference shares in Wool Partners International Limited. An advance of $10 million is held with Wool Grower Holdings Limited, with the balance being smaller loans to various entities in South America.

28 Intangible Assets

	Group Software $000	Group Trademarks & Patents $000	Group Goodwill $000	Group Total $000	Company Software $000	Company Trademarks & Patents $000	Company Goodwill $000	Company Total $000
Cost								
Balance at 1 July 2007	9,142	500	315,141	324,783	5,303	-	309,109	314,412
Additions	1,197	-	19,141	20,338	1,196	-	2,872	4,068
Transfer to assets held for sale	(250)	-	-	(250)	-	-	-	-
Effect of movement in exchange rates	-	-	(249)	(249)	-	-	(4,735)	(4,735)
Balance at 30 June 2008	10,089	500	334,033	344,622	6,499	-	307,246	313,745
Balance at 1 July 2008	10,089	500	334,033	344,622	6,499	-	307,246	313,745
Additions	14,737		13,879	28,616	12,991	-	-	12,991
Disposals	(355)		(7,081)	(7,436)	-	-	-	-
Write off on closure of Australian subsidiary	-		(227)	(227)	-	-	-	-
Effect of movement in exchange rates	-		(160)	(160)	-	-	-	-
Balance at 30 June 2009	24,471	500	340,444	365,415	19,490	-	307,246	326,736
Amortisation and impairment losses								
Balance at 1 July 2007	7,651	75	17,080	24,806	4,297	-	16,498	20,795
Amortisation for the year	377	-	-	377	130	-	-	130
Transfer to assets held for sale	(167)	-	-	(167)	-	-	-	-
Balance at 30 June 2008	7,861	75	17,080	25,016	4,427	-	16,498	20,925
Balance at 1 July 2008	7,861	75	17,080	25,016	4,427	-	16,498	20,925
Amortisation for the year	319	-	-	319	115	-	-	115
Additions	302	-	-	302	-	-	-	-
Disposals	(355)	-	-	(355)	-	-	-	-
Balance at 30 June 2009	8,127	75	17,080	25,282	4,542	-	16,498	21,040
Carrying amounts								
At 1 July 2007	1,491	425	298,061	299,977	1,006	-	292,611	293,617
At 30 June 2008	2,228	425	316,953	319,606	2,072	-	290,748	292,820
At 1 July 2008	2,228	425	316,953	319,606	2,072	-	290,748	292,820
At 30 June 2009	16,344	425	323,364	340,133	14,948	-	290,748	305,696

Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill allocated to each unit are as follows:	Group 2009 $000	Group 2008 $000	Company 2009 $000	Company 2008 $000
Customer Services	290,748	297,827	290,748	290,748
Seed, Grain and Nutrition	22,800	17,823	-	-
Financial Services	9,816	1,303	-	-
	323,364	316,953	290,748	290,748

The impairment tests for all cash-generating units were based on the value in use. The value in use was determined by discounting the future cash flows generated from the continuing use of the unit. Cash flows were projected based on actual operating results, the 2010 budget, 2011 and 2012 forecasted results, and forecast results for a further two years assuming a 5% growth rate. A discount rate of 13% was applied.

The carrying amounts of the units were determined to be lower than their recoverable amount and no impairment loss was recognised (2008: Nil).

The renewable trademarks and patent have been separated out from goodwill. They have been assessed on the same basis as goodwill and no impairment loss was recognised (2008: Nil).

29 Property, Plant and Equipment

Group

	Land $000	Buildings $000	Plant and equipment $000	Capital works project $000	Total $000
Cost					
Balance at 1 July 2007	14,301	18,368	70,539	9,811	113,019
Additions	1,135	5,991	13,168	1,915	22,209
Disposals and transfers to other asset classes	(302)	(3,550)	(3,701)	(1,617)	(9,170)
Transfer to assets held for sale	(120)	(874)	(992)	(422)	(2,408)
Effect of movements in exchange rates	-	5	340	-	345
Balance at 30 June 2008	15,014	19,940	79,354	9,687	123,995
Balance at 1 July 2008	15,014	19,940	79,354	9,687	123,995
Additions	155	60	10,666	2,215	13,096
Disposals and transfers to other asset classes	-	(48)	(2,026)	(6,727)	(8,801)
Transfer to assets held for sale	(110)	(749)	-	-	(859)
Effect of movements in exchange rates	-	(36)	(192)	-	(228)
Balance at 30 June 2009	15,059	19,167	87,802	5,175	127,203
Depreciation and impairment losses					
Balance at 1 July 2007	-	4,291	43,492	-	47,783
Depreciation for the year	-	681	5,127	-	5,808
Additions	-	393	2,624	-	3,017
Disposals and transfers to other asset classes	-	(624)	(1,689)	-	(2,313)
Transfer to assets held for sale	-	(110)	(601)	-	(711)
Effect of movements in exchange rates	-	-	190		190
Balance at 30 June 2008	-	4,631	49,143	-	53,774
Balance at 1 July 2008	-	4,631	49,143	-	53,774
Depreciation for the year	-	456	5,650	-	6,106
Additions	-	-	1,200	-	1,200
Disposals and transfers to other asset classes	-	(11)	(838)	-	(849)
Transfer to assets held for sale	-	24	-	-	24
Effect of movements in exchange rates	-	(12)	(94)	-	(106)
Balance at 30 June 2009	-	5,088	55,061	-	60,149
Carrying amounts					
At 1 July 2007	14,301	14,077	27,047	9,811	65,236
At 30 June 2008	15,014	15,309	30,211	9,687	70,221
At 1 July 2008	15,014	15,309	30,211	9,687	70,221
At 30 June 2009	15,059	14,079	32,741	5,175	67,054

Company

	Land $000	Buildings $000	Plant and equipment $000	Capital works project $000	Total $000
Cost					
Balance at 1 July 2007	13,729	13,812	46,128	8,359	82,028
Additions	964	2,613	3,786	1,048	8,411
Disposals and transfers to other asset classes	(152)	(123)	(137)	-	(412)
Balance at 30 June 2008	14,541	16,302	49,777	9,407	90,027
Balance at 1 July 2008	14,541	16,302	49,777	9,407	90,027
Additions	-	56	6,497	1,519	8,072
Disposals and transfers to other asset classes	-	(3)	(162)	(6,481)	(6,646)
Transfer to assets held for sale	(110)	(749)	-	-	(859)
Balance at 30 June 2009	14,431	15,606	56,112	4,445	90,594
Depreciation and impairment losses					
Balance at 1 July 2007	-	3,363	29,971	-	33,334
Depreciation for the year	-	542	3,246	-	3,788
Disposals and transfers to other asset classes	-	(2)	(78)	-	(80)
Balance at 30 June 2008	-	3,903	33,139	-	37,042
Balance at 1 July 2008	-	3,903	33,139	-	37,042
Depreciation for the year	-	372	3,602	-	3,974
Disposals and transfers to other asset classes	-	-	34	-	34
Transfer to assets held for sale	-	24	-	-	24
Balance at 30 June 2009	-	4,299	36,775	-	41,074
Carrying amounts					
At 1 July 2007	13,729	10,449	16,157	8,359	48,694
At 30 June 2008	14,541	12,399	16,638	9,407	52,985
At 1 July 2008	14,541	12,399	16,638	9,407	52,985
At 30 June 2009	14,431	11,307	19,337	4,445	49,520

Property, plant and equipment under construction

During the year ended 30 June 2009, the Group completed property projects to buildings in Whangarei, Auckland, Mt Maunganui, Katikati, Fielding (saleyards upgrade stage 1), Levin, Richmond and Rakaia. Property projects have been committed for the following year in Waipapa, Hawera, Fielding (saleyards stage 2).

30 Trade and Other Payables

	Group 2009 $000	Group 2008 $000	Company 2009 $000	Company 2008 $000
Trade creditors	97,453	127,532	41,894	65,196
Payable to Directors - retirement allowances	40	40	40	40
Accruals and other liabilities (including loyalty reward programme)	63,750	39,026	27,855	15,250
Employee entitlements	10,729	9,460	7,873	7,190
Amounts owing to subsidiaries	-	-	287	16,919
	171,972	176,058	77,949	104,595
Payable within 12 months	171,179	176,058	77,949	104,595
Payable beyond 12 months	793	-	-	-
	171,972	176,058	77,949	104,595

Payables denominated in currencies other than the functional currency comprise $90,817,000 (2008: $29,520,000) of trade payables denominated in USD $47,145,000 (2008: $26,903,000), AUD $41,049,000 (2008: $2,617,000), EUR $2,487,000 (2008: $Nil) and GBP $136,000 (2008: $Nil).

Loyalty reward programme

The PGG Wrightson Loyalty Reward Programme is run in conjunction with the co-branded American Express card. A provision is retained for the expected level of points redemption.

	Group 2009	Group 2008	Company 2009	Company 2008
Balance as at 1 July	1,910	1,669	1,910	1,669
Additional provision made	1,218	1,166	1,218	1,166
Amount utilised	(1,209)	(925)	(1,209)	(925)
Balance as at 30 June	1,919	1,910	1,919	1,910

31 Loans and Borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Company's exposure to interest rate and foreign currency risk, see Financial Instruments note 35.

	Group $000	Group 2009 $000	Group 2008 $000	Company $000	Company 2009 $000	Company 2008 $000
	Face value	Amortised cost		Face value	Amortised cost	
Non-current liabilities						
Secured bond issues	100,000	98,488	24,751	-	-	-
Secured debenture stock		79,236	17,309	-	-	-
	100,000	177,724	42,060	-	-	-
Current liabilities						
Secured bond issues	25,216	25,076	20,000	-	-	-
Secured debenture stock		141,814	155,618	-	-	-
Client unsecured deposit and current accounts		83,032	94,258	-	-	2,454
	25,216	249,922	269,876	-	-	2,454
	125,216	427,646	311,936	-	-	2,454

All bond series are senior secured in terms of the PGG Wrightson Finance Trust Deed Relating to Bonds (including amendments) dated 21 April 2005. They rank equally with debenture stock and bank loans with a 5% limitation on prior security. Interest is paid quarterly. The carrying value includes the capitalised bond costs with are amortised over the life of the bonds.

Debentures consist of fixed interest debt securities which are of equal ranking with bonds, debentures and bank loans. They are secured by a first ranking security interest over all the assets of PGG Wrightson Finance Limited in terms of a Trust Deed dated 7 October 2004. The interest rate for the secured debenture stock is fixed for the term of the investment at the time of application and is paid either monthly, quarterly or annually. Funding is sourced from within New Zealand.

All deposits listed are unsecured deposits and rank equally with unsecured creditors of PGG Wrightson Finance Limited. The deposits are issued pursuant to the Trust Deed dated 7 October 2004. The interest rate for the deposits is fixed for the term of the investment at the time of application and is paid monthly or as otherwise specified. Funding is sourced from within New Zealand.

PGG Wrightson Finance Limited has a guarantee under the New Zealand deposit guarantee scheme. For further information about the New Zealand deposit guarantee scheme, refer to www.treasury.co.nz.

32 Capital and Reserves

Reconciliation of movements in equity

	Share capital $000	Foreign currency translation reserve $000	Realised capital reserve $000	Defined benefit plan reserve $000	Retained earnings $000	Total equity $000
Group						
Balance at 1 July 2007	359,445	(43)	24,931	3,720	38,150	426,203
Total recognised income and expense	-	-	551	(2,432)	73,430	71,549
Transfer to realised capital reserve	-	-	2,428	-	(2,428)	-
Issue ordinary shares	15,063	-	-	-	-	15,063
Foreign currency translation differences	-	4,592	-	-	-	4,592
Dividends to shareholders	-	-	-	-	(36,906)	(36,906)
Balance at 30 June 2008	**374,508**	**4,549**	**27,910**	**1,288**	**72,246**	**480,501**
Balance at 1 July 2008	374,508	4,549	27,910	1,288	72,246	480,501
Total recognised income and expense	-	-	(405)	(10,900)	(61,297)	(72,602)
Issue ordinary shares	34,342	-	-	-	-	34,342
Foreign currency translation differences		(3,369)	297	-	(1,799)	(4,871)
Dividends to shareholders	-	-	-	-	(46,449)	(46,449)
Balance at 30 June 2009	**408,850**	**1,180**	**27,802**	**(9,612)**	**(37,299)**	**390,921**
Company						
Balance at 1 July 2007	359,445	-	24,931	3,720	(4,079)	384,017
Total recognised income and expense	-	-	-	(2,432)	75,246	72,814
Issue ordinary shares	15,063	-	-	-	-	15,063
Foreign currency translation differences	-	638	-	-	-	638
Dividends to shareholders	-	-	-	-	(36,906)	(36,906)
Balance at 30 June 2008	**374,508**	**638**	**24,931**	**1,288**	**34,261**	**435,626**
Balance at 1 July 2008	374,508	638	24,931	1,288	34,261	435,626
Total recognised income and expense	-	-	(389)	(10,900)	(19,931)	(31,220)
Foreign currency translation differences	-	(638)	-	-	72	(566)
Issue ordinary shares	34,342	-	-	-	-	34,342
Dividends to shareholders	-	-	-	-	(46,449)	(46,449)
Balance at 30 June 2009	**408,850**	**-**	**24,542**	**(9,612)**	**(32,047)**	**391,733**

Share Capital	2009 $000	2008 $000	No. of shares 2009 000	No. of shares 2008 000
On issue at 1 July	374,508	359,445	289,324	281,304
Bonus issues	22,342	15,063	16,492	8,020
Issued to Silver Fern Farms	12,000	-	10,000	-
On issue at 30 June	408,850	374,508	315,816	289,324

All shares are ordinary fully paid shares, carry equal voting rights and share equally in any profit on the winding up of the Group.

Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations as well as from the translation of liabilities that hedge the Company's net investment in a foreign subsidiary.

Retained Earnings

Fair value adjustments are incorporated in the Retained Earnings Reserve unless they specifically relate to the Defined Benefit Plan.

Hedging Reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet settled, and is contained within Retained Earnings

Defined Benefit Plan Reserve

The defined benefit plan reserve contains actuarial gains and losses on plan assets and defined benefit obligations.

Realised capital reserve

The realised capital reserve comprises the cumulative net capital gains that have been realised.

Dividends	2009 $000	2008 $000
The following dividends were declared and paid by the Group for the year ended 30 June:		
$0.16 per qualifying ordinary share (2008: 0.12)	46,449	36,906
	46,449	36,906

33 Reconciliation of Profit After Tax With Net Cash Flow from Operating Activities

	Group		Company	
	2009 $000	2008 $000	2009 $000	2008 $000
Profit after taxation	(66,444)	73,206	(20,323)	75,585
Add/(deduct) non-cash / non operating items:				
Depreciation, amortisation and impairment	6,590	6,183	4,089	3,786
Fair value adjustments	50,421	(14,543)	10,544	4,590
Net (profit) on sale of assets/shares	(17,564)	(7,188)	(17,422)	(1,687)
Bad debts written off (net)	2,206	784	1,945	382
Increase/(decrease) in provision for doubtful debts	2,231	(369)	(667)	(788)
(Increase)/decrease in deferred taxation	(101)	2,012	(446)	1,215
NZFSU performance fee accrued	-	(17,782)	-	-
Equity accounted (earnings) from associates	1,380	(831)	1,199	(673)
Management fee from subsidiaries	-	-	(41,000)	(71,000)
Financing costs	14,350	-	(14,350)	-
Silver Fern due diligence and settlement costs	49,600	-	49,600	-
Other non-cash items	6,339	705	13,649	827
	115,452	(31,029)	7,141	(63,348)
Add/(deduct) movement in working capital items:				
Movement in working capital due to sale/purchase of businesses	(8,119)	41,890	981	18,091
(Increase)/decrease in inventories and biological assets	(22,744)	(33,080)	15,597	626
(Increase)/decrease in accounts receivable and prepayments	25,483	(39,955)	40,772	(26,986)
(Increase)/decrease in assets held for sale	9,241	(10,058)	(817)	(7,200)
Increase/(decrease) in trade creditors, provisions and accruals	(7,965)	23,294	(12,687)	(25,614)
Increase/(decrease) in income tax payable/receivable	7,030	2,025	18,472	(3,276)
	2,926	(15,884)	62,318	(44,359)
Net cash flow from operating activities	51,934	26,293	49,136	(32,122)

34 Employee Share Purchase Scheme

PGG Wrightson Limited Employee Share Purchase Scheme was established by PGG Wrightson Limited in 2006 to assist employees to become shareholders in the Company. Every current New Zealand based permanent full-time employee and every permanent part-time employee who is normally employed or deemed to be employed for not less than twenty working hours in each week is eligible to participate in the scheme.
Fully paid ordinary shares in PGG Wrightson Limited are offered, from time to time, for purchase by each eligible employee. There are two options for paying for the shares, either an interest free loan or cash payment. The interest free loan is for a term of three years and repayments are automatically deducted from employees salaries and wages.

There is a three year restrictive period applicable to shares purchased. This period commences on the date on which shares are purchased by the employees. During the restrictive period, the shares bought by the employees are registered in the name of the Trustee of the scheme and held by them on the employees behalf. At the end of the restrictive period, once any loan from the Trustee has been repaid in full, the shares are transferred to the employees. Employees are eligible for any dividends paid, or other distributions made by the Group to the holders of its ordinary shares during the restrictive period. Any voting rights attached to shares held by the Trustees shall, unless the Group otherwise determines, be exercised by the Trustees in such manner as they, in their absolute discretion, think fit.
The Trustees shall from time to time at the direction of the Group acquire shares by subscription, purchase or otherwise which are to be held by the Trustees for the purposes of the scheme and/or for the benefit of eligible employees. For shares issued to the Trust, the issue price is based on the market price of the shares quoted on the New Zealand Stock Exchange at the date of issue.

Shares held by the Scheme
The plan held the following ordinary shares at the end of the year:

	Company	
Ordinary shares	2009 000	2008 000
Allocated to employees (fully paid)	436	760
Not yet allocated to employees	166	52
Percentage of total ordinary shares	0.19%	0.28%

All shares held by the Scheme that are fully paid carry full voting rights. The Scheme acquired Nil shares during the year (2008: 166,795 at an average price of $2.04 per share).

Control of the Scheme
MC Norgate, JB McConnon and BJ Jolliffe, all directors of PGG Wrightson Limited are Trustees of the Scheme. As such, they have non-beneficial control of the shares in the Scheme not yet allocated to employees and, if the shares have voting rights, the Trustees are entitled to exercise that voting power. The Trustees are appointed by the Group's Board of Directors.

	2009 $000	2008 $000
Financial Commitments		
Advances from PGG Wrightson Limited	260	345

Advances from PGG Wrightson Limited are interest free and are repayable on demand. There are no advances to the Trust from external sources. At balance date no shares (2008: Nil) had been pledged to external financial institutions as security.

35 Financial Instruments

The Group is committed to the management of risk to achieve sustainability of service, employment and profits, and therefore, takes on controlled amounts of risk when considered appropriate.
The primary risks are those of credit, liquidity, foreign exchange and market (funding, price and interest rate) risk.
The Board of Directors is responsible for the review and ratification of the Group's systems of risk management, internal compliance and control, code of conduct and legal compliance.
The Board maintains a formal set of delegated authorities (including policies for credit and treasury), that clearly define the responsibilities delegated to management and those retained by the Board. The Board approves these delegated authorities and reviews them annually.

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulties in raising funds at short notice to meet commitments associated with financial instruments. The Group monitors its liquidity daily, weekly and monthly and maintains appropriate liquid assets and committed bank funding facilities to meet all obligations in a timely and cost efficient manner. Management of liquidity risk is designed to ensure that the Company has the ability to meet financial obligations as they fall due.
The objectives of the Group's funding and liquidity policy is to:

- ensure all financial obligations are met when due;
- provide adequate protection, even under crisis scenarios; and
- achieve competitive funding within the limitations of liquidity requirements.

The Group manages this risk by forecasting daily cash requirements, forecasting future funding requirements, maintaining an adequate liquidity buffer and ensuring long term lending is reasonably matched with long term funding.

Foreign Exchange Risk

The Group undertakes transactions denominated in foreign currencies and exposure to movements in foreign currency arises from these activities. It is the Group's policy to hedge foreign currency risks as they arise. In some circumstances foreign exchange options are used to hedge potential foreign exchange risk. The Group uses forward, spot foreign exchange contracts and foreign exchange options to manage these exposures.

The notional contract amounts of forward foreign exchange transactions outstanding at balance date are $86.074 million (2008: $105.900 million) for the Group and $12.861 million (2008: $34.100 million) for the Company. The cash settlement requirements of these contracts approximates the notional contract amount shown above.
The translation of independent foreign operations into the Group financial statements is not hedged, apart from the seasonal working capital exposure to PGG Wrightson Seeds Australia which is hedged with foreign exchange contracts.

Market Risk

Market risk, particularly for subsidiary PGG Wrightson Finance Limited, is the potential for change in the value of balance sheet positions caused by a change in the value, volatility or relationship between market risks and prices. Market risk arises from the mismatch between assets and liabilities, both on and off balance sheet. Market risk includes funding, price and interest rate risk which are explained as follows:

Funding Risk

Funding risk is the risk of over-reliance on a funding source to the extent that a change in that funding source could increase overall funding costs or cause difficulty in raising funds. The Group has a policy of funding diversification. The funding policy augments the Group's liquidity policy with it's aim to ensure the Group has a stable diversified funding base without over-reliance on any one market sector.

Price and Interest Rate Risk

Price risk is the risk that the value of financial instruments and the interest margin will fluctuate as a result of changes in market interest rates. The risk is that financial assets may be repriced at a different time and / or by a different amount than financial liabilities.
This risk is managed by operating within approved policy limits using an interest rate duration approach.
Floating rate borrowings are used for general funding activities. Interest rate swaps, interest rate options and forward rate agreements are used to hedge the floating rate exposure as deemed appropriate. The Group had $807.281 million (Company: $479.500 million) of interest rate contracts at balance date (2008: Group $414.240 million, Company $299.750 million).

Credit Risk

Management formally reports on all aspects of key risks to the Audit Committee at least two times each year. In addition, the following management committees review and manage key risks:

- The Senior Management Team meets regularly to consider new and emerging risks, reviews actions required to manage and mitigate key risks, and monitors progress.
- The Credit Committee of subsidiary PGG Wrightson Finance Limited, comprising of Board representation and management appointees, meets regularly as required to review credit risk, new loans and provisioning.

Capital Management

The capital of the Group consists of share capital, reserves, and retained earnings.

The policy of the Group is to maintain a strong capital base so as to maintain investor, creditor and market confidence while providing the ability to develop future business initiatives. The Board has determined that returning between 60 and 70% of after tax profit to shareholders by way of dividend achieves this policy while still providing significant returns. This policy is reviewed regularly by the Board and has not been changed during the period.

As a condition of external lines of funding, the Group must maintain a level of capital in excess of 10% of Total Tangible Assets. This requirement is monitored on a daily basis by management. At no time during the period was this requirement breached.

Sensitivity Analysis

The Treasury policy of the Group effectively insulates earnings from the effect of short-term fluctuations in either foreign exchange or interest rates. Over the longer term however, permanent changes in foreign exchange or interest rates will have an impact on profit.

The sensitivity of net profit after tax for the period to 30 June 2009, and shareholders equity at that date, to reasonably possible changes in conditions is as follows:

	Interest rates increase by 1%	Interest rates decrease by 1%
	$000	$000
Impact on net profit after tax	(1,401)	1,400
Members' equity	(1,334)	1,339

The stress test uses the existing balance sheet interest rate mismatch against the cumulative mismatch between repricing assets and liabilities out from one to five years. Other market risks such as pricing and foreign exchange are not considered likely to lead to material change over the next reporting period. For this reason sensitivity analysis of these market risks is not included.

Quantitative disclosures

Liquidity Risk - Maturity Analysis

The following tables analyse the Company assets and liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date (reported on an undiscounted basis). Deposits include substantial customer savings deposits and cheque accounts, which are at call.

	Within 12 months $000	1 to 2 years $000	Over 2 years $000	Contractual cash flow $000	Balance Sheet $000
Group 2009					
Assets					
Cash and cash equivalents	45,999	-	-	45,999	45,999
Derivative financial instruments	7,275	4,742	795	12,812	12,812
Trade and other receivables	214,914	-	-	214,914	214,914
Finance receivables	418,599	120,713	59,965	599,277	559,939
	686,787	**125,455**	**60,760**	**873,002**	**833,664**
Liabilities					
Bank facilities	526,540	-	-	526,540	526,540
Derivative financial instruments	6,802	4,380	2,205	13,387	13,387
Trade and other payables	171,179	-	-	171,179	171,179
Finance liabilities	262,429	158,900	39,827	461,156	427,646
	966,950	**163,280**	**42,032**	**1,172,262**	**1,138,752**
Group 2008					
Assets					
Cash and cash equivalents	26,101	-	-	26,101	26,101
Derivative financial instruments	1,975	63	37	2,075	2,075
Trade and other receivables	243,158	-	-	243,158	243,158
Finance receivables	308,179	136,049	62,802	507,030	507,030
	579,413	**136,112**	**62,839**	**778,364**	**778,364**
Liabilities					
Bank facilities	174,294	304,000	-	478,294	478,294
Derivative financial instruments	1,660	2,102	34	3,796	3,796
Trade and other payables	176,058	-	-	176,058	176,058
Finance liabilities	269,875	37,729	4,332	311,936	311,936
	621,887	**343,831**	**4,366**	**970,084**	**970,084**
Company 2009					
Assets					
Cash and cash equivalents	32,083	-	-	32,083	32,083
Derivative financial instruments	4,955	281	-	5,236	5,236
Trade and other receivables	369,258	-	-	369,258	369,258
Finance receivables	4,470	-	-	4,470	4,470
	410,766	**281**	**-**	**411,047**	**411,047**
Liabilities					
Bank facilities	453,966	-	-	453,966	453,966
Derivative financial instruments	5,687	3,225	1,987	10,899	10,899
Trade and other payables	77,949	-	-	77,949	77,949
Finance liabilities	-	-	-	-	-
	537,602	**3,225**	**1,987**	**542,814**	**542,814**
Company 2008					
Assets					
Cash and cash equivalents	14,758	-	-	14,758	14,758
Derivative financial instruments	1,759	21	-	1,780	1,780
Trade and other receivables	301,199	-	-	301,199	301,199
Finance receivables	-	4,440	-	4,440	4,440
	317,716	**4,461**	**-**	**322,177**	**322,177**
Liabilities					
Bank facilities	194,727	164,000	-	358,727	358,727
Derivative financial instruments	1,172	1,365	-	2,537	2,537
Trade and other payables	104,595	-	-	104,595	104,595
Finance liabilities	2,454	-	-	2,454	2,454
	302,948	**165,365**	**-**	**468,313**	**468,313**

Foreign Currency Exposure Risk

The Group's exposure to foreign currency risk can be summarised as:

	GBP NZ$000	Yen NZ$000	Canadian NZ$000	USD NZ$000	AUD NZ$000	Euro NZ$000
Group 2009						
Cash and cash equivalents	-	-	-	4,192	665	-
Trade and other receivables	176	-	-	16,709	12,015	17,266
Trade and other payables	136	-	-	6,942	37,092	3,092
Net balance sheet position	312	-	-	27,843	49,772	20,358
Forward exchange contracts						
Notional forward exchange cover	230	-	-	27,758	37,404	20,682
Net unhedged position	**82**	-	-	**85**	**12,368**	**(324)**
Group 2008						
Cash and cash equivalents	-	-	-	102	(822)	-
Trade and other receivables	76	66	247	19,651	2,393	17,504
Trade and other payables	-	-	-	27,234	36,801	2,592
Net balance sheet position	76	66	247	46,987	38,372	20,096
Forward exchange contracts						
Notional forward exchange cover	76	66	247	46,894	38,376	20,271
Net unhedged position	-	-	-	**93**	**(4)**	**(175)**
Company 2009						
Cash and cash equivalents	-	-	-	4,459	1,307	37
Trade and other receivables	-	-	-	2,321	-	-
Trade and other payables	-	-	-	2,956	1,445	273
Net balance sheet position	-	-	-	9,736	2,752	310
Forward exchange contracts						
Notional forward exchange cover	-	-	-	10,904	1,455	502
Net unhedged position	-	-	-	**(1,168)**	**1,297**	**(192)**
Company 2008						
Cash and cash equivalents	-	-	-	-	-	-
Trade and other receivables	76	66	-	9,556	1,412	175
Trade and other payables	-	-	-	22,233	538	133
Net balance sheet position	76	66	-	31,789	1,950	308
Forward exchange contracts						
Notional forward exchange cover	76	66	-	31,705	1,912	308
Net unhedged position	-	-	-	**84**	**38**	-

Accounting classifications and fair values

The tables below set out the Group's classification of each class of assets and liabilities, and their fair values.

Interest rates for determining fair values

	2009	2008
Loans and receivables	8.5%	12.0%
Debentures - secured	5.1%	12.0%
Bonds	6.8%	12.0%

	Trading at fair value $000	Loans and receivables $000	Other amortised cost $000	Total carrying amount $000	Fair value $000
Group 2009					
Assets					
Cash and cash equivalents	-	45,999	-	45,999	45,999
Derivative financial instruments	12,812	-	-	12,812	12,812
Trade and other receivables	-	156,137	-	156,137	156,137
Other investments	12,892	33,925	23,370	70,187	70,187
Loans and receivables	-	559,939	-	559,939	560,580
	25,704	796,000	23,370	845,074	845,715
Liabilities					
Derivative financial instruments	13,387	-	-	13,387	13,387
Trade and other payables	-	-	171,179	171,179	171,179
Deposits and other borrowings	-	-	83,032	83,032	83,032
Debentures - secured	-	-	221,050	221,050	226,589
Bonds	-	-	123,564	123,564	133,409
Bank facilities	-	526,540	-	526,540	526,540
	13,387	526,540	598,825	1,138,752	1,154,136
Group 2008					
Assets					
Cash and cash equivalents	-	26,101	-	26,101	26,101
Derivative financial instruments	2,075	-	-	2,075	2,075
Trade and other receivables	-	210,820	-	210,820	210,820
Other investments	50,951	438	18,137	69,526	69,526
Finance receivables	-	507,030	-	507,030	448,915
	53,026	744,389	18,137	815,552	757,437
Liabilities					
Derivative financial instruments	3,796	-	-	3,796	3,796
Trade and other payables	-	-	176,058	176,058	176,058
Deposits and other borrowings	-	-	94,258	94,258	89,201
Debentures - secured	-	-	172,927	172,927	160,907
Bonds	-	-	44,751	44,751	39,780
Bank facilities	-	478,294	-	478,294	478,294
	3,796	478,294	487,994	970,084	948,036
Company 2009					
Assets					
Cash and cash equivalents	-	32,083	-	32,083	32,083
Derivative financial instruments	5,236	-	-	5,236	5,236
Trade and other receivables	-	340,986	-	340,986	340,986
Other investments	-	27,878	8,551	36,429	36,429
Finance receivables	-	4,470	-	4,470	4,470
	5,236	405,417	8,551	419,204	419,204
Liabilities					
Derivative financial instruments	10,899	-	-	10,899	10,899
Trade and other payables	-	-	77,949	77,949	77,949
Bank facilities	-	453,966	-	453,966	453,966
	10,899	453,966	77,949	542,814	542,814
Company 2008					
Assets					
Cash and cash equivalents	-	14,758	-	14,758	14,758
Derivative financial instruments	1,780	-	-	1,780	1,780
Trade and other receivables	-	293,825	-	293,825	293,825
Other investments	-	754	5,518	6,272	6,272
Finance receivables	-	4,440	-	4,440	3,747
	1,780	313,777	5,518	321,075	320,382
Liabilities					
Derivative financial instruments	2,537	-	-	2,537	2,537
Trade and other payables	-	-	104,595	104,595	104,595
Deposits and other borrowings	-	-	2,454	2,454	2,454
Bank facilities	-	358,727	-	358,727	358,727
	2,537	358,727	107,049	468,313	468,313

The fair value of loans and advances are calculated using discounted cash flow models based on the interest rate re-pricing and maturity of the financial assets. Discount rates applied in this calculation are based on current market interest rates for Loans and Advances with similar credit profiles. The fair value of investment in securities is based on quoted market prices, where available, or calculated using discounted cash flow models based on current market rates. The fair value of all financial liabilities is calculated using discounted cash flow models based on the interest rate re-pricing and maturity of the instruments. The discount rate applied in this calculation is based on current market rates.

Interest Rate Repricing Schedule

The following tables include the Company's assets and liabilities at their carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

Group 2009	Within 12 months $000	1 to 2 years $000	Over 2 years $000	Non interest bearing $000	Balance Sheet $000
Assets					
Cash and cash equivalents	45,999	-	-	-	45,999
Derivative financial instruments	(147,050)	128,800	18,250	12,812	12,812
Trade and other receivables	214,914	-	-	-	214,914
Finance receivables	510,380	39,251	10,308	-	559,939
	624,243	168,051	28,558	12,812	833,664
Liabilities					
Bank facilities	526,540	-	-	-	526,540
Derivative financial instruments	117,731	(53,731)	(64,000)	13,387	13,387
Trade and other payables	-	-	-	171,179	171,179
Finance liabilities	249,922	141,784	35,940	-	427,646
	894,193	88,053	(28,060)	184,566	1,138,752

Group 2008	Within 12 months $000	1 to 2 years $000	Over 2 years $000	Non interest bearing $000	Balance Sheet $000
Assets					
Cash and cash equivalents	26,101	-	-	-	26,101
Derivative financial instruments	400	(6,500)	6,100	2,075	2,075
Trade and other receivables	243,158	-	-	-	243,158
Finance receivables	373,470	107,825	25,735	-	507,030
	643,129	101,325	31,835	2,075	778,364
Liabilities					
Bank facilities	174,294	304,000	-	-	478,294
Derivative financial instruments	(109,566)	80,566	29,000	3,796	3,796
Trade and other payables	-	-	-	176,058	176,058
Finance liabilities	269,875	37,729	4,332	-	311,936
	334,603	422,295	33,332	179,854	970,084

Company 2009	Within 12 months $000	1 to 2 years $000	Over 2 years $000	Non interest bearing $000	Balance Sheet $000
Assets					
Cash and cash equivalents	32,083	-	-	-	32,083
Derivative financial instruments	-	-	-	5,236	5,236
Trade and other receivables	369,258	-	-	-	369,258
Finance receivables	4,470	-	-	-	4,470
	405,811	-	-	5,236	411,047
Liabilities					
Bank facilities	453,966	-	-	-	453,966
Derivative financial instruments	120,000	(45,000)	(75,000)	10,899	10,899
Trade and other payables	-	-	-	77,949	77,949
Finance liabilities	-	-	-	-	-
	573,966	(45,000)	(75,000)	88,848	542,814

Company 2008	Within 12 months $000	1 to 2 years $000	Over 2 years $000	Non interest bearing $000	Balance Sheet $000
Assets					
Cash and cash equivalents	14,758	-	-	-	14,758
Derivative financial instruments	4,500	(4,500)	-	1,780	1,780
Trade and other receivables	301,199	-	-	-	301,199
Finance receivables	-	4,440	-	-	4,440
	320,457	(60)	-	1,780	322,177
Liabilities					
Bank facilities	194,727	164,000	-	-	358,727
Derivative financial instruments	122,000	(87,000)	(35,000)	2,537	2,537
Trade and other payables	-	-	-	104,595	104,595
Finance liabilities	2,454	-	-	-	2,454
	319,181	77,000	(35,000)	107,132	468,313

Credit Risk

The carrying amount of financial assets represents the Group's maximum credit exposure. The Group's maximum credit exposure to credit risk for receivables by geographic regions is as follows:

	Group 2009 $000	Group 2008 $000
Total finance receivables, trade and other receivables		
New Zealand	727,369	707,338
Australia	11,261	20,236
South America	36,223	22,614
	774,853	750,188

Concentrations of Credit Risk

Financial instruments which potentially subject the Group to concentrations of credit risk principally consist of bank balances, advances, trade debtors, and interest rate forward agreements. The Group places its cash and short term investments with three major trading banks. Concentrations of credit risk with respect to advances are limited due to the large number of customers included in the Group's farming customer base in New Zealand.

36 Operating Leases

Non-cancellable operating lease rentals are payable as follows:	Group 2009 $000	Group 2008 $000	Company 2009 $000	Company 2008 $000
Within one year	17,942	20,088	15,456	18,981
Between one and five years	33,968	43,605	31,514	39,440
Beyond five years	33,058	26,068	32,898	26,068
	84,968	89,761	79,869	84,489

The Group leases a fleet of vehicles for use by employees, agents and representatives. Leases are typically for a period of three years.
The Group leases photocopiers. Leases are typically for a period of three years.
The Group also leases and subleases land and buildings from which it conducts operations. These leases range in length from 1 to 15 years with various rights of renewal. Where surplus properties are unable to be exited, sublease revenue is obtained where possible on a short-term temporary basis, totalling $0.195m (2008: $0.311).

37 Commitments

There are commitments with respect to:	Group 2009 $000	Group 2008 $000
Capital expenditure not provided for	10,784	14,126
Commitments to extend credit	93,044	65,110
Investment in BioPacific Ventures	2,649	6,126
	106,477	85,362

Investment in BioPacific Ventures

The Group has committed $14 million to an international fund established for investment in food and agriculture life sciences. The Group's investment in BioPacific Ventures will be made over approximately six years. The investment has an anticipated total lifespan of 12 years. At 30 June 2009 $11.351 million has been drawn on the committed level of investment (2008: $7.780 million), which is included in other investments.

There are no material commitments relating to investment in associates.

38 Contingent Liabilities

There are contingent liabilities with respect to:	Group 2009 $000	Group 2008 $000
Guarantees	23,464	11,178
PGG Wrightson Loyalty Reward Programme	606	612
	24,070	11,790

Guarantees

The guarantees are provided to banks of subsidiary companies for borrowings and to other various third parties.

PGG Wrightson Loyalty Reward Programme

The PGG Wrightson Loyalty Reward Programme is run in conjunction with the co-branded American Express card. A provision is retained for the expected level of points redemption. The contingent liability represents the balance of live points that are not provided for.

No losses are expected to arise from these contingent liabilities.

There are no contingent liabilities relating to investments in associates.

39 Seasonality of Operations

The Group is subject to significant seasonal fluctuations. In particular Livestock and Seeds activity are significantly weighted to the second half of the financial year. Seeds revenues reflects the fact the Group operates in geographical zones that suit Autumn harvesting and sowing. New Zealand generally has spring calving and lambing and so Livestock trading is weighted towards the second half of the financial year in order for farmers to maximize their incomes. The Group recognises this is the nature of the industry and plans and manages its business accordingly.

40 Related Parties

Company and ultimate controlling party

The immediate Company and ultimate controlling party of the Group is PGG Wrightson Limited.

Transactions with key management personnel

Share based payment to Managing Director and Executive Officers

A share and loan scheme was entered into with the Managing Director in 2008. The scheme enables the Managing Director to acquire 2,500,000 shares in the Company in 5 annual tranches, with a $5,000,000 loan from the Company. Each loan tranche will be recognised when the associated performance criteria are met. No interest is payable by the Director while employed by the Company. The loan can be written off pro rata in five $1,000,000 instalments in February of each year subject to meeting performance criteria. Each year unrestricted ownership of one-fifth of the shares can transfer to the Managing Director.

Three additional share and loan schemes have been entered into in the current year with senior executives. The terms are the same as those for the Managing Director. In total 1,091,769 shares are available to these senior executives with a loan value of $3,000,000.

As at 30 June 2009 the loan balance outstanding for both Managing Director and Senior Officers was $Nil (2008: $Nil) and the number of shares for which unrestricted ownership has been transferred is Nil (2008: Nil). The cost of these non-transferred shares is included in investments.

Key Management personnel compensation

In addition to their salaries, the Group also provides non-cash benefits to directors and executive officers, and contributes to a post-employment defined benefit plan on their behalf. In accordance with the terms of the plan, executive officers retired at age 60, are entitled to receive a lump sum payment at the date of retirement from the plan.

	Group 2009 $000	Group 2008 $000
Key management personnel compensation comprised:		
Short term employee benefits	4,316	3,002
Termination benefits	2	13
	4,318	3,015

Directors fees incurred during the year are disclosed in Note 6 Operating Expenses, and in the Statutory Information.

Other Transactions with Key Management Personnel

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities. A number of these entities transacted with the Group during the reporting period. The terms and conditions of these transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

From time to time directors of the Group, or their related entities, may use the PGG Wrightson American Express credit card facility and/or purchase goods from the Group. These purchases are on the same terms and conditions as those entered into by other Group employees or customers and are trivial or domestic in nature.

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

Director	Transaction	Transaction Value 2009 $000	Transaction Value 2008 $000	Balance outstanding 2009 $000	Balance outstanding 2008 $000
C Norgate, B McConnon	Rural Saver account	-	57	-	-
B McConnon	Debentures - secured and bonds	79	78	1,025	1,000
B Joliffe (retired 24 June 2009)	Debentures - secured	3	3	75	60
S Cushing	Deposits and other borrowings	-	88	-	1,000

Other Related Party Transactions

	Transaction Value Year ended 30 June 2009 $000	Transaction Value Year ended 30 June 2008 $000	Balance outstanding As at 30 June 2009 $000	Balance outstanding As at 30 June 2008 $000
Sale of goods and services				
NZFSU - Management and Investor Services	4,216	21,219	22,720	18,118

All transactions and outstanding balances with these related parties are priced on an arm's length basis and are to be settled in cash within six months of the reporting date. None of the balances are secured.

Management fees from Subsidiaries

During the financial year, the Company received management fees from subsidiaries as follows. These management fees were eliminated on consolidation.

	2009 $000	2008 $000
Agricom Limited	-	1,000
Agriculture New Zealand Limited	2,000	6,000
Agri-feeds Limited	2,000	11,000
PGG Wrightson Seeds Limited	20,000	24,000
Wrightson Seeds Limited	-	29,000
PGG Wrightson Funds Management Limited	15,000	-
PGG Wrightson Investments Limited	2,000	-
	41,000	71,000

Subsidiary intercompany trading

A number of members of the Group transacted with other members of the Group in the reporting period. Balances on hand at balance date are disclosed in trade and other receivables, and trade and other payables. All intercompany transactions are eliminated on consolidation.

41 Events Subsequent to Balance Date

Chairman of the Board of Directors

On 23 July Keith Smith was appointed Chairman of the Board of Directors following Craig Norgate's resignation. Craig Norgate will remain a director on the Board.

Bank Facilities

Since balance date the Company has re-negotiated a revised banking package with it's banking syndicate. The revised terms are set out in Note 15. In conjunction with the re-negotiation of the terms of the Company's bank facilities the Company has been reviewing it's capital structure and evaluating options for meeting the new bank debt amortisation schedule. As part of this review, the Company is continuing to progress its previously announced debt reduction, the sale of selected assets and the potential equity raising involving both major exisiting shareholders and new investors, potentially including the introduction of a new cornerstone shareholder.

Audit report

To the shareholders of PGG Wrightson Limited

We have audited the financial statements on pages 1 to 31. The financial statements provide information about the past financial performance and financial position of the company and group as at 30 June 2009. This information is stated in accordance with the accounting policies set out on pages 5 to 10.

Directors' responsibilities

The Directors are responsible for the preparation of financial statements which give a true and fair view of the financial position of the company and group as at 30 June 2009 and the results of their operations and cash flows for the year ended on that date.

Auditors' responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the Directors and report our opinion to you.

Basis of opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Directors in the preparation of the financial statements;
- whether the accounting policies are appropriate to the company's and group's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Our firm has also provided other assurance services to the company and certain of its subsidiaries. Partners and employees of our firm may also deal with the company and group on normal terms within the ordinary course of trading activities of the business of the company and group. There are, however, certain restrictions on borrowings which the Partners and employees of our firm can have with the group. These matters have not impaired our independence as auditors of the company and group. The firm has no other relationship with, or interest in, the company or any of its subsidiaries.

Unqualified opinion

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by the company as far as appears from our examination of those records;

- the financial statements on pages 1 to 31:

  - comply with New Zealand generally accepted accounting practice;

  - give a true and fair view of the financial position of the company and group as at 30 June 2009 and the results of their operations and cash flows for the year ended on that date.

Our audit was completed on 27 August 2009 and our unqualified opinion is expressed as at that date.

KPMG

Christchurch