PGG Wrightson Limited
Consolidated Income Statement
For the year ended 30 June

in thousands of New Zealand dollars	Note	Group 2008 $000	Group 2007 $000	Company 2008 $000	Company 2007 $000
Continuing operations					
Operating revenue	4,5	1,217,319	948,632	859,695	679,511
Cost of sales		(904,276)	(700,056)	(606,493)	(522,450)
Gross profit		313,043	248,576	253,202	157,061
Operating expenses	6	(220,000)	(190,476)	(156,481)	(131,718)
Other income	7	6,320	12,579	950	11,688
Equity accounted earnings of associates	8	831	515	673	-
		(212,849)	(177,382)	(154,858)	(120,030)
Profit before interest, fair value adjustments and income tax		100,194	71,194	98,344	37,031
Fair value adjustments	9	17,484	(119)	(1,649)	112
Profit before interest		117,678	71,075	96,695	37,143
Finance income	10	3,445	4,184	5,994	5,541
Finance expenses	10	(28,739)	(23,266)	(28,953)	(22,926)
Net finance (costs)		(25,294)	(19,082)	(22,959)	(17,385)
Profit before income tax		92,384	51,993	73,736	19,758
Income tax expense	11	(22,189)	(13,033)	206	(251)
Profit from continuing operations		70,195	38,960	73,942	19,507
Discontinued operation					
Profit from discontinued operation (net of income tax)	12	3,011	1,613	1,643	811
Profit for the year		73,206	40,573	75,585	20,318
Profit attributable to:					
Shareholders of the Company		73,206	40,573	75,585	20,318
Earnings per share					
Basic earnings per share (New Zealand Dollars)	13	0.25	0.14		
Continuing operations					
Basic earnings per share (New Zealand Dollars)	13	0.24	0.14		
Net tangible assets per security at year end		3.98	3.12		

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

in thousands of New Zealand dollars	Note	Group 2008 $000	Group 2007 $000	Company 2008 $000	Company 2007 $000
Net gain (loss) on interest rate swaps		-	-	-	-
Foreign currency translation differences for foreign operations		4,592	(1,799)	638	-
Net gain (loss) on fair value of movement in financial instruments		647	(904)	-	-
Deferred tax on movement of fair value of financial instruments		(459)	458	-	-
Subsidiary asset revaluation reserve		551	-	-	-
Net gain (loss) on fair value of assets held for sale		-	-	(375)	-
Other movements in equity		36	(474)	36	50
Actuarial gains on employee benefit plans recognised directly in equity		(2,432)	2,534	(2,432)	2,534
Income and expense recognised directly in equity		2,935	(185)	(2,133)	2,584
Profit for the year		73,206	40,573	75,585	20,318
Total recognised income and expense for the year	14	76,141	40,388	73,452	22,902
Attributable to:					
Shareholders of the Company		76,141	40,388	73,452	22,902
Total recognised income and expense for the year		76,141	40,388	73,452	22,902

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

PGG Wrightson Limited
Consolidated Balance Sheet
As at 30 June

in thousands of New Zealand dollars	Note	Group 2008 $000	Group 2007 $000	Company 2008 $000	Company 2007 $000
EQUITY					
Share capital	14	374,508	359,445	374,508	359,445
Retained earnings	14	74,928	38,592	33,643	(5,072)
Reserves	14	31,065	28,166	27,475	29,644
Total equity		480,501	426,203	435,626	384,017
LIABILITIES					
Current					
Current bank facilities	15	174,294	242,125	194,727	241,276
Trade and other payables	16	171,858	148,541	100,395	106,624
Provisions	17	4,200	6,666	4,200	6,666
Liabilities classified as held for sale	18	20,900	-	-	-
Derivative financial instruments	19	1,660	2,135	1,172	1,675
Loans and borrowings	20	269,876	203,101	2,454	2,134
Total current liabilities		642,788	602,568	302,948	358,375
Non-current					
Term bank facilities	15	304,000	74,000	164,000	-
Derivative financial instruments	19	2,136	2,047	1,365	22
Loans and borrowings	20	42,060	72,385	-	-
Total non-current liabilities		348,196	148,432	165,365	22
Total liabilities		990,984	751,000	468,313	358,397
Total liabilities and equity		**1,471,485**	**1,177,203**	**903,939**	**742,414**
ASSETS					
Current					
Cash and cash equivalents	15	26,101	10,626	14,758	5,586
Income tax receivable		7,030	9,181	18,473	15,195
Assets classified as held for sale	18	38,158	7,200	7,200	-
Derivative financial instruments	19	1,975	1,308	1,759	1,297
Finance receivables	21	324,365	234,360	-	5,499
Inventories	22	175,593	145,121	68,016	71,250
Biological assets	23	5,078	2,470	5,078	2,470
Trade and other receivables	24	243,158	193,627	301,199	176,468
Total current assets		821,458	603,893	416,483	277,765
Non-current					
Investments in equity accounted investees	8	3,141	22,266	2,651	2,459
Derivative financial instruments	19	100	2,009	21	1,261
Finance receivables	21	182,665	167,956	4,440	4,441
Biological assets	23	243	302	243	302
Defined benefit asset	25	823	2,953	823	2,953
Property, plant and equipment	26	70,221	65,229	52,985	48,694
Intangible assets	27	319,606	299,977	292,820	293,617
Other investments	28	69,526	7,101	132,848	109,082
Deferred tax asset	29	3,702	5,517	625	1,840
Total non-current assets		650,027	573,310	487,456	464,649
Total assets		**1,471,485**	**1,177,203**	**903,939**	**742,414**

These consolidated financial statements have been authorised for issue on 19 August 2008.

Craig Norgate
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

in thousands of New Zealand dollars	Note	Group 2008 $000	Group 2007 $000	Company 2008 $000	Company 2007 $000
Cash flows from operating activities					
Cash was provided from:					
Net receipts from customers		1,212,010	1,020,409	899,315	782,291
Dividends received		831	1,053	643	7,822
Interest received		53,222	42,309	3,746	2,435
		1,266,063	1,063,771	903,704	792,548
Cash was applied to:					
Payments to suppliers and employees		(1,161,155)	(970,621)	(895,607)	(776,408)
Interest paid		(59,760)	(44,773)	(22,307)	(16,494)
Income tax paid		(18,855)	(7,278)	(17,912)	(4,724)
		(1,239,770)	(1,022,672)	(935,826)	(797,626)
Net cash flow from operating activities	37	26,293	41,099	(32,122)	(5,078)
Cash flows from investing activities					
Cash was provided from:					
Proceeds from sale of property, plant and equipment		14,149	7,007	2,019	7,007
Cash acquired on purchase of business		1,238	-	-	-
Proceeds from sale of investments		17,934	19,975	-	19,939
		33,321	26,982	2,019	26,946
Cash was applied to:					
Purchase of property, plant and equipment		(16,524)	(11,527)	(6,690)	(11,411)
Purchase of intangibles		(821)	-	(1,067)	-
Merger expenses paid		(2,290)	(6,577)	(2,290)	(6,577)
Cash paid for purchase of investments		(82,056)	(12,761)	(28,993)	(16,075)
		(101,691)	(30,865)	(39,040)	(34,063)
Net cash flow from investing activities		(68,370)	(3,883)	(37,021)	(7,117)
Cash flows from financing activities					
Cash was provided from:					
Issue of share capital		15,063	-	15,063	-
Net increase in clients' deposit and current accounts		-	-	320	-
Increase in external borrowings		162,169	-	117,451	-
Repayment of loans to related parties		444	-	-	100,227
Increase in secured debentures		36,074	37,684	-	-
		213,750	37,684	132,834	100,227
Cash was applied to:					
Dividends paid		(37,043)	(28,698)	(36,906)	(28,697)
Net increase in finance receivables		(115,278)	(67,650)	(3,735)	(5,299)
Repayment of external borrowings		-	(4,011)	-	(58,769)
Repayment of loans to related parties		-	-	(13,878)	-
Net decrease in clients' deposit and current accounts		(2,066)	(15,850)	-	(2,729)
		(154,387)	(116,209)	(54,519)	(95,494)
Net cash flow from financing activities		59,363	(78,525)	78,315	4,733
Net (decrease)/increase in cash held		17,286	(41,309)	9,172	(7,462)
Opening cash/(bank overdraft)		10,626	51,935	5,586	13,048
Less (cash)/bank overdraft classified as held for sale	18	16,123	-	-	-
Cash and cash equivalents		44,035	10,626	14,758	5,586
Comprises:					
PGG Wrightson Finance Limited		625	(475)	-	-
Rest of the Group		25,476	11,101	14,758	5,586
		26,101	10,626	14,758	5,586

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 2008 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 appropriate. These are the Group's first NZ IFRS consolidated financial statements and NZ IFRS 1 First-time adoption of New Zealand equivalents to International Financial Reporting Standards has been applied.

An explanation of how the transition to NZ IFRS has affected the reported financial position, financial performance and cash flows of the Group is provided in note 43. This note includes reconciliations of equity and profit or loss for comparative periods reported under NZ GAAP (previous GAAP) to those reported for those periods under NZ IFRS.

These statements were approved by the Board of Directors on 19 August 2008.

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 13 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

Finance receivables are considered past due when they have not been operated by the counterparty within key terms for at least 90 days.

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.

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 2008, 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 IFRIC 12 Service Concession Arrangements relates to the operation of infrastructure assets by private entities under contract. NZ IFRIC 12 will become mandatory for the Group's 2009 financial statements and is expected to have no impact on the financial statements as the Group does not participate in any such arrangements.
- NZ IFRIC 13 Customer Loyalty Programmes addresses the accounting for programmes whereby customers accumulate reward credits. NZ IFRIC 13 will become mandatory for the Group's 2009 financial statements and is expected to have minimal impact on the financial statements.
- NZ IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction addresses the interaction between minimum funding requirements of defined benefit plans, and the recognition of a defined benefit asset under such a plan. NZ IFRIC 14 will become mandatory for the Group's 2009 financial statements. As the Group's defined benefit plans have no minimum funding requirement there is expected to be no impact on the financial statements.

- Revisions to NZ IAS 27 Consolidated and Separate Financial Statements (amended) 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.
- Revisions to NZ IAS 3 Business Combinations (revised) address issues surrounding accounting for the acquisition of other entities. These revisions become mandatory for the Group's 2010 financial statements and are expected to have minimal, if any, impact.
- Revisions to NZ IFRS 1 First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards and NZ IAS 27 Consolidated and Separate Financial Statements address situations where it is not practicable to apply the cost method in accordance with NZ IAS 27 when transitioning to IFRS. These revisions become mandatory for the Group's 2010 financial statements and as the Group has already transitioned to IFRS, will have no impact on the 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.

- Rural Services, including;
  - Rural merchandise
  - Irrigation and pumping services
  - Wool procurement, warehousing, marketing and export (this segment is to be sold 1 July 2008)
  - Livestock marketing and supply
- Technology Services 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 Uruguay.

The Australian and Uruguay 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 2008

in thousands of New Zealand dollars	Rural Services $000	Technology Services $000	Financial Services $000	Corporate Services $000	South America $000	Total $000	Less Discontinued Operations $000	Continuing Operations $000
Total segment revenue	818,099	355,776	135,270	6,718	55,642	1,371,505	97,368	1,274,137
Intersegment revenue	-	56,818	-	-	-	56,818	-	56,818
Total external revenues	818,099	298,958	135,270	6,718	55,642	1,314,687	97,368	1,217,319
Segment net profit before tax	24,532	38,902	40,755	(10,204)	2,419	96,404	4,020	92,384
Income tax expense						(23,198)	(1,009)	(22,189)
Profit for the year						73,206	3,011	70,195
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	3,778	1,407	167	-	454	5,806	137	5,669
Amortisation of intangible assets	214	51	112	-	-	377	-	377

Group 2007

in thousands of New Zealand dollars	Rural Services $000	Technology Services $000	Financial Services $000	Corporate Services $000	South America $000	Total $000	Less Discontinued Operations $000	Continuing Operations $000
Total segment revenue	715,559	267,870	84,704	4,813	18,295	1,091,241	85,085	1,006,156
Intersegment revenue	-	57,524	-	-	-	57,524	-	57,524
Total external revenues	715,559	210,346	84,704	4,813	18,295	1,033,717	85,085	948,632
Segment net profit before tax	17,819	27,468	16,189	(8,535)	1,408	54,349	2,356	51,993
Income tax expense						(13,776)	(743)	(13,033)
Profit for the year						40,573	1,613	38,960
Segment assets	324,419	167,295	361,703	289,216	14,177	1,156,810	-	1,156,810
Equity accounted investees	2,459		17,934		-	20,393	-	20,393
Total assets	326,878	167,295	379,637	289,216	14,177	1,177,203	-	1,177,203
Segment liabilities	343,846	36,322	359,418	-	11,414	751,000	-	751,000
Total liabilities	343,846	36,322	359,418	-	11,414	751,000	-	751,000
Capital expenditure	11,234	3,951	600	-	578	16,363	37	16,326
Depreciation	3,690	1,203	80	-	32	5,005	355	4,650
Amortisation of intangible assets	506	38	76	-	-	620	-	620

(d) Geographical Segment Information

in thousands of New Zealand dollars	Group 2008 $000	Group 2007 $000
Revenue derived from outside the Group		
New Zealand	1,197,197	972,197
Australia	65,487	43,225
Uruguay	52,003	18,295
Total revenue derived from outside the Group	1,314,687	1,033,717
Segment assets		
New Zealand	1,404,730	1,137,296
Australia	37,914	25,730
Uruguay	28,841	14,177
Total assets	1,471,485	1,177,203
Capital expenditure		
New Zealand	12,553	12,755
Australia	7,762	3,030
Uruguay	1,895	578
Total capital expenditure	22,210	16,363

5 Operating Revenue

Group *in thousands of New Zealand dollars*	Continuing operations		Discontinued operations (see note 12)		Group	
	2008 $000	2007 $000	2008 $000	2007 $000	2008 $000	2007 $000
Sales	1,008,154	782,965	-	-	1,008,154	782,965
Services	8,704	12,615	-	-	8,704	12,615
Commissions	98,402	89,979	97,368	85,085	195,770	175,064
Construction contract revenue	27,317	20,114	-	-	27,317	20,114
NZFSU performance fee	17,782	-	-	-	17,782	-
NZFSU management fee	3,437	975	-	-	3,437	975
	1,163,796	906,648	97,368	85,085	1,261,164	991,733
Interest revenue on finance receivables	53,222	40,931	-	-	53,222	40,931
Dividend income - other	301	1,053	-	-	301	1,053
Total operating revenue	1,217,319	948,632	97,368	85,085	1,314,687	1,033,717

Company *in thousands of New Zealand dollars*	**Note**	Continuing operations		Discontinued operations (see note 12)		Company	
		2008 $000	2007 $000	2008 $000	2007 $000	2008 $000	2007 $000
Sales		661,833	568,945	-	-	661,833	568,945
Services		52	9	-	-	52	9
Commissions		95,266	81,564	88,934	84,014	184,200	165,578
Construction contract revenue		27,317	20,114	-	-	27,317	20,114
Management fee from subsidiaries	38	71,000	-	-	-	71,000	-
		855,468	670,632	88,934	84,014	944,402	754,646
Interest revenue on finance receivables		3,746	1,057	-	-	3,746	1,057
Dividend income							
Dividends - subsidiary companies		-	6,500	-	-	-	6,500
Dividends - associate companies		-	269	-	-	-	269
Dividends - other		481	1,053	-	-	481	1,053
		481	7,822	-	-	481	7,822
Total operating revenue		859,695	679,511	88,934	84,014	948,629	763,525

6 Operating Expenses

in thousands of New Zealand dollars	Note	Group		Company	
		2008 $000	2007 $000	2008 $000	2007 $000
Operating expenses contains the following items:					
Auditor's remuneration to KPMG comprises:					
audit of financial statements		265	215	200	190
other audit-related services for NZIFRS transition and accounting opinions		72	5	-	-
Depreciation					
Buildings		681	807	542	590
Plant and equipment		5,125	4,198	3,246	2,794
Directors' fees		648	776	648	776
Donations		1	1	-	-
Doubtful debts					
(Decrease)/increase in provision for doubtful debts	31	(369)	(1,370)	(788)	(491)
Bad debts written off		784	127	382	33
Foreign currency (profits)/losses		(93)	(280)	-	-
Impairment of intangible assets		377	620	130	423
Rental and operating lease costs		26,999	26,633	17,524	16,963
Research and development costs		1,904	2,330	(14,323)	-

7 Other Income

in thousands of New Zealand dollars	Group		Company	
	2008 $000	2007 $000	2008 $000	2007 $000
Net gain on sale of property, plant and equipment	6,260	12,536	890	11,645
Net increase in value of biological assets due to births/(deaths)	60	43	60	43
	6,320	12,579	950	11,688

8 Equity Accounted Investees

In thousands of New Zealand dollars

	Gramina Pty Limited (Joint Venture)	Alfafares S.R.L (Associate)	The New Zealand Merino Company Limited (Associate)	Kelso Wrightson (2004) Limited (Associate)	Total
2008	$000	$000	$000	$000	$000
Ownership	50%	51%	50%	50%	
Current assets	75	7,503	7,596	145	15,319
Non current assets	-	502	1,817	510	2,829
Total assets	75	8,005	9,413	655	18,148
Current liabilities	3	6,537	2,510	23	9,073
Non current liabilities	-	-	-	-	-
Total liabilities	3	6,537	2,510	23	9,073
Revenues	253	17,614	94,243	297	112,407
Expenses	(257)	(17,241)	(93,006)	(336)	(110,840)
Profit/(Loss)	(4)	373	1,237	(39)	1,567
2007					
Ownership	50%	51%	50%	50%	
Current assets	157	811	8,240	423	9,631
Non current assets	-	32	1,873	513	2,418
Total assets	157	843	10,113	936	12,049
Current liabilities	101	703	3,648	24	4,476
Non current liabilities	-	-	-	240	240
Total liabilities	101	703	3,648	264	4,716
Revenues	303	1,891	96,222	1,034	99,450
Expenses	(266)	(1,852)	(94,938)	(1,073)	(98,129)
Profit/(Loss)	37	39	1,284	(39)	1,321

Movement in carrying value of equity accounted investees

In thousands of New Zealand dollars

	Group		Company	
	2008	2007	2008	2007
	$000	$000	$000	$000
Opening balance	22,266	2,932	2,459	2,459
New investments	-	19,088	-	-
Reclassification of investments	(19,475)	-	-	-
Share of profit/(loss)	831	515	673	-
Dividends received	(481)	(269)	(481)	
Closing balance	3,141	22,266	2,651	2,459

There is no goodwill included in the carrying value of equity accounted investees (2007: Nil).

9 Fair Value Adjustments

In thousands of New Zealand dollars

	Group		Company	
	2008	2007	2008	2007
	$000	$000	$000	$000
Fair value gain on investments	18,856	-	(32)	-
Fair value adjustment on derivatives	(1,373)	(527)	(1,618)	(296)
Change in fair value of biological assets	1	408	1	408
	17,484	(119)	(1,649)	112

10 Finance Income and Expense

In thousands of New Zealand dollars

	Group		Company	
	2008	2007	2008	2007
	$000	$000	$000	$000
Finance income contains the following items:				
Interest earned on interest rate swaps	2,056	871	2,056	847
Interest earned on finance operations	1,390	3,313	-	-
Interest received from Group companies	-	-	3,938	4,694
Finance income	3,446	4,184	5,994	5,541
Less finance income from discontinued operations	(1)	-	-	-
Finance income from continuing operations	3,445	4,184	5,994	5,541
Interest funding expense				
Interest on bank loans and overdrafts	(27,641)	(21,591)	(26,747)	(20,494)
Interest on defined benefit plan	(2,940)	(2,937)	(2,940)	(2,937)
Finance expense	(30,581)	(24,528)	(29,687)	(23,431)
Less finance expenses from discontinued operations	1,842	1,262	734	505
Finance expense from continuing operations	(28,739)	(23,266)	(28,953)	(22,926)
Net finance (costs)	(25,294)	(19,082)	(22,959)	(17,385)

11 Income Tax Expense

in thousands of New Zealand dollars

	Group 2008 $000	Group 2007 $000	Company 2008 $000	Company 2007 $000
Current tax expense				
Current year	21,749	7,928	(1,046)	(3,056)
Tax on discontinued operations	(1,009)	(743)	(426)	(399)
Adjustments for prior years	(107)	(234)		(50)
	20,633	6,951	(1,472)	(3,505)
Deferred tax expense				
Origination and reversal of temporary differences	1,100	6,082	820	3,756
Effect of change in Company tax rate on deferred tax asset	456	-	446	-
Total income tax expense	22,189	13,033	(206)	251
Profit for the year	73,206	40,573	75,585	20,318
Total income tax expense	22,189	13,033	(206)	251
Profit excluding income tax	95,395	53,606	75,379	20,569

	Group 2008 %	Group 2008 $000	Group 2007 %	Group 2007 $000	Company 2008 %	Company 2008 $000	Company 2007 %	Company 2007 $000
Income tax using the Company's domestic tax rate	33%	31,480	33%	17,690	33%	24,875	33%	6,788
Effect of tax rates in foreign jurisdictions	0.4%	373	-0.1%	(75)	-0.1%	(69)	0.0%	-
Non-deductible expenses	1.4%	1,305	4.2%	2,256	1.5%	1,117	24.4%	5,014
Tax exempt income	-11.4%	(10,862)	-12.3%	(6,604)	-34.7%	(26,129)	-56.2%	(11,551)
Under/(over) provided in prior years	-0.1%	(107)	-0.4%	(234)	0.0%	-	0.0%	-
	23%	22,189	24%	13,033	0%	(206)	1.2%	251

	Group 2008 $000	Group 2007 $000	Company 2008 $000	Company 2007 $000
Income tax recognised directly in equity				
Derivatives	171	(458)	-	-
Total income tax recognised directly in equity	171	(458)	-	-
Imputation credits				
Balance as at 1 July	(3,350)	1,998	(3,350)	1,998
Taxation paid (net of refunds)	17,913	7,279	17,913	7,279
Imputation credits attached to dividends received	-	756	-	756
Transfers, refunds and adjustments	-	(96)	-	(96)
Imputation credits attached to dividends paid	(10,603)	(13,287)	(10,603)	(13,287)
Balance as at 30 June	3,960	(3,350)	3,960	(3,350)

12 Discontinued Operation

In May 2008 the Group classified its wool operation as held for sale. The segment was not a discontinued operation or classified as held for sale as at 30 June 2007 and the comparative income statement has been re-presented to show the discontinued operation separate from the continuing operations.

PGG Wrightson have 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 will be owned 60% by Wool Grower Holdings Limited and 40% by PGG Wrightson. PGG Wrightson's 40% will dilute as other industry participants join the new venture.

Profits attributable to the discontinued operation were as follows:

In thousands of New Zealand dollars	Group		Company	
	2008	2007	2008	2007
	$000	$000	$000	$000
Results of discontinued operation				
Revenue	97,368	85,085	88,934	84,014
Expenses	(94,257)	(82,729)	(87,643)	(82,804)
Results from operating activities	3,111	2,356	1,291	1,210
Income tax expense	(1,009)	(743)	(426)	(399)
Results from operating activities, net of income tax	2,102	1,613	865	811
Gain on sale of discontinued operation	909	-	778	-
Profit/(loss) for the year	3,011	1,613	1,643	811
Basic earnings per share (New Zealand dollars)	0.01	0.01	0.01	0.00
Cash flows from discontinued operation				
Net cash from operating activities	3,024	2,142	1,229	1,141
Net cash from/(used in) discontinued operation	3,024	2,142	1,229	1,141
Effect of disposal on the financial position of the Group				
Property, plant and equipment	(2,408)	-	-	-
Intangibles	(83)	-	-	-
Goodwill	(250)	-	-	-
Inventories	(11,358)	-	-	-
Trade and other receivables	(16,859)	-	-	-
Cash and cash equivalents	16,123	-	-	-
Trade and other payables	4,212	-	-	-
Income tax	565	-	-	-
Net identifiable assets and liabilities	(10,058)	-	-	-

13 Earnings Per Share

Basic earnings per share

The calculation of basic earnings per share at 30 June 2008 was based on the profit attributable to ordinary shareholders of $73,206,000 (2007: $40,573,000) by the weighted average number of shares, 283,303,545 (2007: 281,303,893) on issue.

Profit attributable to ordinary shareholders	Group	
In thousands of New Zealand dollars	2008	2007
	$000	$000
Net profit for the year	73,206	40,573
Net profit/(loss) attributable to ordinary shareholders	73,206	40,573

Number of ordinary shares	Group	
In thousands of shares	2008	2007
	000	000
Issued ordinary shares at 1 June	281,304	281,304
Effect of shares issued	8,020	-
Number of ordinary shares at 30 June 2008	289,324	281,304

Diluted earnings per share

There are no dilutive shares or options (2007: Nil).

On 5 October 2007 the Group issued 12,580,510 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 $1.79 each, and 7,091,358 were repurchased at a cost of $12,693,531. All of the repurchased shares have been cancelled. This has resulted in an additional 5,489,152 shares being issued and the shareholding of 286,793,045 ordinary shares as at 31 December 2007.

On 1 April 2008 the Group issued 6,840,337 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 $2.0992 each, and 4,308,905 were repurchased at a cost of $9,045,253. All of the repurchased shares have been cancelled. This has resulted in an additional 2,531,432 shares being issued and shareholding of 289,324,477 ordinary shares as at 30 June 2008.

Weighted average number of ordinary shares

In thousands of shares

	Group 2008 000	Group 2007 000
Weighted average number of ordinary shares	286,766	281,304

14 Capital and Reserves

Reconciliation of movements in equity

Group

In thousands of New Zealand dollars

	Attributable to shareholders of the Company							
	Share capital $000	Foreign currency translation reserve $000	Fair value reserve $000	Realised capital reserve $000	Actuarial gains on defined benefit plan $000	Retained earnings $000	Minority interest $000	Total equity $000
Balance at 1 July 2006	359,445	1,756	4	16,356	1,186	35,248	518	414,513
Total recognised income and expense	-	(1,799)	(446)	-	2,534	40,617	(518)	40,388
Transfer to realised capital reserve	-	-	-	8,575	-	(8,575)		-
Dividends to shareholders	-	-	-	-	-	(28,698)	-	(28,698)
Balance at 30 June 2007	**359,445**	**(43)**	**(442)**	**24,931**	**3,720**	**38,592**	**-**	**426,203**
Balance at 1 July 2007	359,445	(43)	(442)	24,931	3,720	38,592	-	426,203
Total recognised income and expense	-	4,592	188	551	(2,432)	73,242	-	76,141
Issue ordinary shares	15,063	-	-	-	-	-	-	15,063
Dividends to shareholders	-	-	-	-	-	(36,906)	-	(36,906)
Balance at 30 June 2008	**374,508**	**4,549**	**(254)**	**25,482**	**1,288**	**74,928**	**-**	**480,501**

Company

In thousands of New Zealand dollars

	Share capital $000	Foreign currency translation reserve $000	Fair value reserve $000	Realised capital reserve $000	Actuarial gains on defined benefit plan $000	Retained earnings $000	Total equity $000
Balance at 1 July 2006	359,445	-	993	16,356	1,186	11,833	389,813
Total recognised income and expense	-	-	-	-	2,534	20,368	22,902
Transfer to realised capital reserve	-	-	-	8,575	-	(8,575)	-
Dividends to shareholders	-	-	-	-	-	(28,698)	(28,698)
Balance at 30 June 2007	**359,445**	**-**	**993**	**24,931**	**3,720**	**(5,072)**	**384,017**
Balance at 1 July 2007	359,445	-	993	24,931	3,720	(5,072)	384,017
Total recognised income and expense	-	638	(375)	-	(2,432)	75,621	73,452
Issue ordinary shares	15,063	-	-	-	-	-	15,063
Dividends to shareholders	-	-	-	-	-	(36,906)	(36,906)
Balance at 30 June 2008	**374,508**	**638**	**618**	**24,931**	**1,288**	**33,643**	**435,626**

Share Capital

	2008 $000	2007 $000	No. of shares 2008 000	No. of shares 2007 000
On issue at 1 July	359,445	359,445	281,304	281,304
Bonus issue	15,063	-	8,020	-
On issue at 30 June	374,508	359,445	289,324	281,304

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.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale assets until the investment is de-recognised.

Realised capital reserve

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

Dividends

The following dividends were declared and paid by the Group for the year ended 30 June:

In thousands of New Zealand dollars

	Group 2008 $000	Group 2007 $000
$0.12 per qualifying ordinary share (2007: 0.12)	36,906	28,698
	36,906	28,698

After 30 June 2008 a dividend was proposed by the directors for 2008. The dividends have not been provided for and there are no income tax consequences. The dividend was proposed at $0.11 per qualifying ordinary share, equating to $31,826,000.

15 Cash and Bank Facilities

in thousands of New Zealand dollars

	Group 2008 $000	Group 2007 $000	Company 2008 $000	Company 2007 $000
Cash and cash equivalents	26,101	10,626	14,758	5,586
Current bank facilities	(174,294)	(242,125)	(194,727)	(241,276)
Term bank facilities	(304,000)	(74,000)	(164,000)	-
	(452,193)	(305,499)	(343,969)	(235,690)

The Company has bank facilities of $402 million (2007: $279 million), Group $582 million (2007: $399 million). The Group has entered into a deed of negative pledge, guarantee and undertaking. The Group also has seasonal facilities available from 15 August to 15 May each year of $39 million (2007: $39 million).

16 Trade and Other Payables

in thousands of New Zealand dollars

	Group 2008 $000	Group 2007 $000	Company 2008 $000	Company 2007 $000
Trade creditors	127,532	98,139	65,196	61,269
Payable to Directors - retirement allowances	520	344	520	344
Accruals and other liabilities	34,826	38,733	11,050	12,782
Employee entitlements	8,980	11,325	6,710	9,704
Amounts owing to subsidiaries	-	-	16,919	22,525
	171,858	148,541	100,395	106,624

Payables denominated in currencies other than the functional currency comprise $29,520,000 (2007: $9,643,000) of trade payables denominated in USD $26,903,000 (2007: $8,505,000) and AUD $2,617,000 (2007: $1,138,000).

17 Provisions

Group / Company

in thousands of New Zealand dollars

	2008 $000 Restructuring	2008 $000 Loyalty reward programme	2008 $000 Total	2007 $000 Restructuring	2007 $000 Loyalty reward programme	2007 $000 Total
Balance as at 1 July	4,997	1,669	6,666	12,375	2,705	15,080
Acquired as part of business combination	-	-	-	-	-	-
Additional provision made	-	1,166	1,166	3,134	1,199	4,333
Amount utilised	(2,707)	(925)	(3,632)	(10,512)	(2,235)	(12,747)
Balance as at 30 June	2,290	1,910	4,200	4,997	1,669	6,666

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.

Restructuring

The merger of Wrightson Limited and PGG Wrightson Limited (formerly Pyne Gould Guinness Limited) in October 2005 resulted in the restructuring of the Group's operations. The amount provided for has been determined from an analysis of the restructuring plans and its impacts on the Group's operations.

Due to restructuring of activities, the Group no longer occupies facilities which are subject to non-cancellable leases. Facilities are sublet where possible. For empty premises and where subleased rental income is less than the rental expense being incurred, the net obligation under the lease agreement has been provided for and is included in the provision for restructuring. The lease liability will be incurred through to 2009.

18 Assets Held for Sale

Wool operations

On 15 May 2008, PGG Wrightson Limited entered into a Heads of Agreement to combine the majority of its wool business with a new growers co-operative, Wool Grower Holdings Limited. PGG Wrightson will hold up to 40% shareholding in Wool Grower Holdings Limited, depending on participation from other organisations. The new company will acquire the PGG Wrightson operations for a net of $37.5 million. Consideration will be a combination of debt and equity in the new entity.

Napier Property

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.

As at 30 June 2008 the disposal group comprised assets of $38,158,000 (2007: $7,200,000) less liabilities of $20,900,000 (2007: $Nil).

An impairment loss of $Nil (2007: $426,667) 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 equity.

During the current financial year the Napier property ($7,200,000) was transferred to the Company from New Zealand Wool Handlers Limited.

In thousands of New Zealand dollars	Group		Company	
	2008	2007	2008	2007
	$000	$000	$000	$000
Assets classified as held for sale				
Property, plant and equipment	9,608	7,200	7,200	-
Intangibles	83	-	-	-
Inventories	11,358	-	-	-
Trade and other receivables	16,859	-	-	-
Goodwill	250	-	-	-
	38,158	7,200	7,200	-
Liabilities classified as held for sale				
Income tax	(565)	-	-	-
Bank debt	(16,123)	-	-	-
Trade and other payables	(4,212)	-	-	-
	(20,900)	-	-	-

19 Derivative Financial Instruments

In thousands of New Zealand dollars	Group		Company	
	2008	2007	2008	2007
	$000	$000	$000	$000
Derivative assets held for risk management				
Interest rate swaps designated as qualifying hedges	2,075	3,317	1,780	2,558
Derivative liabilities held for risk management				
Interest rate swaps designated as qualifying hedges	(3,796)	(4,182)	(2,537)	(1,697)
Net derivatives held for risk management	(1,721)	(865)	(757)	861

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 $414.24 million Group ($299.75 million Company) at 30 June 2008 (2007: $250.82 million Group, $222.00 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.

In thousands of New Zealand dollars	Group		Company	
	2008	2007	2008	2007
The profit and loss impact of derivatives not designated as qualifying hedges is as follows:	$000	$000	$000	$000
Income	970	937	966	937
Expense	(2,373)	(1,276)	(2,584)	(1,069)
Net income/(loss) from derivative financial instruments	(1,403)	(339)	(1,618)	(132)

20 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 note 33.

in thousands of New Zealand dollars	Group 2008	Group 2007	Company 2008	Company 2007
	$000	$000	$000	$000
Non-current liabilities				
Secured bank loans	-	-	-	-
Secured bond issues	24,751	44,442	-	-
Secured debenture stock	17,309	27,943	-	-
	42,060	72,385	-	-
Current liabilities				
Secured bond issues	20,000	-	-	-
Secured debenture stock	155,618	108,911	-	-
Client unsecured deposit and current accounts	94,258	94,190	2,454	2,134
	269,876	203,101	2,454	2,134

Terms and debt repayment schedule

Group *in thousands of New Zealand dollars*	Currency	Nominal interest rate	Year of maturity	Face value 2008	Carrying amount 2008	Face value 2007	Carrying amount 2007
				$000	$000	$000	$000
Secured bond issues	NZD	8.25%	2009	20,000	20,000	20,000	20,000
Secured bond issues	NZD	8.50%	2010	25,216	24,751	25,216	24,442
Secured debenture stock	NZD	7.92%	2007	-	-	80,331	80,331
Secured debenture stock	NZD	8.96%	2008	105,347	105,347	45,788	45,788
Secured debenture stock	NZD	9.25%	2009	57,758	57,758	8,670	8,670
Secured debenture stock	NZD	8.89%	2010	6,561	6,561	1,698	1,698
Secured debenture stock	NZD	9.06%	2011	2,298	2,298	295	295
Secured debenture stock	NZD	8.65%	2012	326	326	72	72
Secured debenture stock	NZD	9.27%	2013	637	637	-	-
Client current accounts	NZD	2.50%	On call	22,756	22,756	21,829	21,829
Client debtor accounts	NZD	0.00%	On call	2,454	2,454	-	-
Client deposits	NZD	8.25%	On call	68,304	69,047	71,029	72,360
Total interest-bearing liabilities				311,657	311,935	274,928	275,485
Company							
Client debtor accounts		0.00%	On call	2,454	2,454	2,134	2,134
Total interest-bearing liabilities				2,454	2,454	2,134	2,134

21 Finance Receivables

in thousands of New Zealand dollars	Note	Group 2008	Group 2007	Company 2008	Company 2007
		$000	$000	$000	$000
Current					
Current accounts		325,694	235,260	-	5,499
Less provision for doubtful debts	31	(1,329)	(900)	-	-
		324,365	234,360	-	5,499
Non-current					
Term loans		182,665	167,956	4,440	4,441
		182,665	167,956	4,440	4,441

22 Inventory

in thousands of New Zealand dollars	Group 2008	Group 2007	Company 2008	Company 2007
	$000	$000	$000	$000
Merchandise/finished goods	172,762	143,863	65,185	69,992
Raw materials and work in progress	2,831	1,258	2,831	1,258
Inventories stated at net realisable value	175,593	145,121	68,016	71,250

During the year the Group reversed a previous write-down of finished goods inventory as the inventory was subsequently sold or dumped. The value of the stock sold was $798,944, and dumped was $387,451, giving a total movement in provision of $1,186,395. There was no reversal of the write-down of inventory recognised during the year ended 30 June 2007.

23 Biological Assets

In thousands of New Zealand dollars

Livestock	Group 2008 $000	Group 2007 $000	Company 2008 $000	Company 2007 $000
Opening balance	2,772	5,239	2,772	5,239
Increase due to acquisitions	12,806	9,372	12,806	9,372
Decrease due to sales	(10,316)	(11,474)	(10,316)	(11,474)
Net decrease due to births or deaths	60	43	60	43
Changes in fair value	(1)	(408)	(1)	(408)
Closing balance	5,321	2,772	5,321	2,772
Current	5,078	2,470	5,078	2,470
Non-current breeding stock	243	302	243	302
	5,321	2,772	5,321	2,772

As at 30 June 2007, livestock held for sale comprised 4,746 cattle and 7,145 sheep (2007: 4,208 cattle and Nil sheep). During the year the Group sold 10,314 cattle and 12,397 sheep (2007: 11,974 cattle and Nil sheep).

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

24 Trade and Other Receivables

In thousands of New Zealand dollars

	Note	Group 2008 $000	Group 2007 $000	Company 2008 $000	Company 2007 $000
Accounts receivable		212,772	177,426	146,494	137,083
Less provision for doubtful debts	31	(1,952)	(2,750)	(1,649)	(2,437)
Net accounts receivable		210,820	174,676	144,845	134,646
Other receivables and prepayments		32,338	18,149	7,374	12,954
Amounts owing from subsidiaries		-	-	148,980	28,066
Trade receivables due from related parties		-	373	-	373
Amounts owing from other companies		-	429	-	429
		243,158	193,627	301,199	176,468

Receivables denominated in currencies other than the functional currency comprise $29,531,000 (2007: $19,990,000) of trade receivables denominated in AUD $3,178,000 (2007:$765,000), USD $24,503,000 (2007: $16,997,000), EUR $1,702,000 (2007: $2,228,000) and CAD $148,000 (2007: $Nil).

25 Defined Benefit Asset

In thousands of New Zealand dollars

	Group / Company 2008 $000	Group / Company 2007 $000
Present value of unfunded obligations	-	-
Present value of funded obligations	(68,705)	(71,709)
Total present value of obligations	(68,705)	(71,709)
Fair value of plan assets	69,528	74,662
Total defined benefit asset	823	2,953

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:	2008	2007	2008	2007
	%		%	
NZ equities	69%	83%	69%	68%
Fixed interest	23%	17%	23%	24%
Cash	8%	0%	8%	8%
	100%	100%	100%	100%

Movement in the liability for defined benefit obligations:	Group / Company 2008 $000	Group / Company 2007 $000
Liability for defined benefit obligations at 1 July	71,709	66,208
Benefits paid by the plan	(12,265)	(6,031)
Current service costs and interest	3,936	4,855
Member contributions	1,664	1,157
Actuarial (gains)/losses recognised in equity	3,661	(2,480)
(Gains)/losses on curtailments (Settlements)	-	(27,053)
Liabilities assumed on plan transfers	-	35,053
Liability for defined benefit obligations at 30 June	68,705	71,709

Movement in plan assets:

Fair value of plan assets at 1 July	74,662	67,394
Contributions paid into the plan	1,721	1,748
Benefits paid by the plan	(12,265)	(6,031)
Expected return on plan assets	4,238	3,915
Actuarial gains/(losses) recognised in equity	1,172	(237)
(Gains)/losses on curtailments (Settlements)	-	(24,916)
Assets received on plan transfers	-	32,789
Fair value of plan assets at 30 June	69,528	74,662

Expense recognised in profit or loss:

Current service costs	996	1,745
Interest on obligation	2,940	2,937
Expected return on plan assets	(4,238)	(3,915)
	(302)	767

The expense is recognised in the following income or expense amounts:

Other income	(4,238)	(3,915)
Operating expenses	996	1,745
Finance expenses	2,940	2,937
	(302)	767

Actual return on plan assets	7,431	6,270

Actuarial gains and losses recognised directly in equity:

Cumulative (gains)/losses at 1 July	2,953	1,186
Net profit and loss impact from current period costs	302	(767)
Recognised during the year	(2,432)	2,534
Cumulative (gains)/losses at 30 June	823	2,953

Actuarial Assumptions:

	Group / Company	
Principal actuarial assumptions at the reporting date (expressed as weighted averages):	2008	2007
Discount Rate Used	6.35%	6.71%
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.

Historical information

	Group / Company	
	2008	2007
	$000	$000
Present value of the defined benefit obligation	68,705	71,709
Fair value of plan assets	(69,528)	(74,662)
Deficit (surplus) in the plan	(823)	(2,953)

The Group expects to pay $1,192,000 (2008: $878,000) in contributions to defined benefit plans in 2009.

26 Property, Plant and Equipment

Group

in thousands of New Zealand dollars	Land	Buildings	Plant and equipment	Capital works project	Total
	$000	$000	$000	$000	$000
Cost					
Balance at 1 July 2006	33,753	27,743	66,589	3,533	131,618
Additions	1,466	1,096	7,191	6,610	16,363
Disposals	(17,361)	(2,558)	(7,424)	-	(27,343)
Transfer to assets held for sale	(2,600)	(5,027)	-	-	(7,627)
Balance at 30 June 2007	15,258	21,254	66,356	10,143	113,011
Balance at 1 July 2007	15,258	21,254	66,356	10,143	113,011
Additions	1,135	5,991	13,168	1,916	22,210
Disposals	(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	15,971	22,826	75,171	10,020	123,988
Depreciation and impairment losses					
Balance at 1 July 2006	-	3,776	43,639	-	47,415
Depreciation for the year	-	807	4,198	-	5,005
Disposals	-	(292)	(4,346)	-	(4,638)
Balance at 30 June 2007	-	4,291	43,491	-	47,782
Balance at 1 July 2007	-	4,291	43,491	-	47,782
Depreciation for the year	-	681	5,125	-	5,806
Additions	-	393	1,779	-	2,172
Disposals	-	(624)	(848)	-	(1,472)
Transfer to assets held for sale	-	(110)	(601)	-	(711)
Effect of movements in exchange rates	-	-	190	-	190
Balance at 30 June 2008	-	4,631	49,136	-	53,767
Carrying amounts					
At 1 July 2006	33,753	23,967	22,950	3,533	84,203
At 30 June 2007	15,258	16,963	22,865	10,143	65,229
At 1 July 2007	15,258	16,963	22,865	10,143	65,229
At 30 June 2008	15,971	18,195	26,035	10,020	70,221

Company

in thousands of New Zealand dollars	Land	Buildings	equipment	project	Total
	$000	$000	$000	$000	$000
Cost					
Balance at 1 July 2006	18,030	18,893	43,086	3,477	83,486
Additions	1,442	322	3,949	5,215	10,928
Disposals	(4,786)	(2,517)	(5,083)	-	(12,386)
Balance at 30 June 2007	14,686	16,698	41,952	8,692	82,028
Balance at 1 July 2007	14,686	16,698	41,952	8,692	82,028
Additions	964	2,613	3,785	1,049	8,411
Disposals	(152)	(123)	(137)	-	(412)
Balance at 30 June 2008	15,498	19,188	45,600	9,741	90,027
Depreciation and impairment losses					
Balance at 1 July 2006	-	3,060	30,709	-	33,769
Depreciation for the year	-	590	2,794	-	3,384
Disposals	-	(287)	(3,532)	-	(3,819)
Balance at 30 June 2007	-	3,363	29,971	-	33,334
Balance at 1 July 2007	-	3,363	29,971	-	33,334
Depreciation for the year	-	542	3,246	-	3,788
Disposals	-	(2)	(78)	-	(80)
Balance at 30 June 2008	-	3,903	33,139	-	37,042
Carrying amounts					
At 1 July 2006	18,030	15,833	12,377	3,477	49,717
At 30 June 2007	14,686	13,335	11,981	8,692	48,694
At 1 July 2007	14,686	13,335	11,981	8,692	48,694
At 30 June 2008	15,498	15,285	12,461	9,741	52,985

Property, plant and equipment under construction

During the year ended 30 June 2008, the Group entered into property projects comprising of upgrades and extensions to buildings in Rakaia and Whangerei.

27 Intangible Assets

In thousands of New Zealand dollars

	Group			Company		
	Software	Goodwill	Total	Software	Goodwill	Total
	$000	$000	$000	$000	$000	$000
Cost						
Balance at 1 July 2006	8,526	303,432	311,958	5,009	297,819	302,828
Acquisitions	616	3,319	3,935	294	2,400	2,694
Adjustment to goodwill arising in prior year	-	8,890	8,890	-	8,890	8,890
Balance at 30 June 2007	9,142	315,641	324,783	5,303	309,109	314,412
Balance at 1 July 2007	9,142	315,641	324,783	5,303	309,109	314,412
Goodwill arising on acquisition of subsidiaries	1,197	19,141	20,338	1,196	2,872	4,068
Transfer to assets held for sale	(250)	-	(250)	-	-	-
Adjustment to goodwill arising in prior year	-	(249)	(249)	-	(4,735)	(4,735)
Balance at 30 June 2008	10,089	334,533	344,622	6,499	307,246	313,745
Amortisation and impairment losses						
Balance at 1 July 2006	7,031	17,155	24,186	3,874	16,498	20,372
Amortisation for the year	620	-	620	423	-	423
Balance at 30 June 2007	7,651	17,155	24,806	4,297	16,498	20,795
Balance at 1 July 2007	7,651	17,155	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	17,155	25,016	4,427	16,498	20,925
Carrying amounts						
At 1 July 2006	1,495	286,277	287,772	1,135	281,321	282,456
At 30 June 2007	1,491	298,486	299,977	1,006	292,611	293,617
At 1 July 2007	1,491	298,486	299,977	1,006	292,611	293,617
At 30 June 2008	2,228	317,378	319,606	2,072	290,748	292,820

Amortisation and impairment charge

The amortisation is allocated to the cost of inventory and is recognised in cost of sales as inventory is sold. The impairment loss is recognised in cost of sales in the income statement.

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.

	Group		Company	
	2008	2007	2008	2007
The aggregate carrying amounts of goodwill allocated to each unit are as follows:	$000	$000	$000	$000
Rural Services	297,827	292,754	290,748	292,611
Technology Services	18,248	3,931	-	-
Financial Services	1,303	1,801	-	-
	317,378	298,486	290,748	292,611

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 and the forecasted results extrapolated to five years assuming a zero 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 (2007: Nil).

28 Other Investments

In thousands of New Zealand dollars

	Note	Group		Company	
		2008	2007	2008	2007
		$000	$000	$000	$000
Non-current investments					
Investments in subsidiaries	39	-	-	126,576	107,872
Other investments		69,088	7,101	5,518	1,210
Advances to associates		438	-	754	-
		69,526	7,101	132,848	109,082

Other investments

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

In thousands of New Zealand dollars

	Note	Group	
		2008	2007
New Zealand Farming Systems Uruguay Limited		$000	$000
Investment cost at 30 June 2008	42	50,951	-
BioPacific Ventures			
Investment cost at 30 June 2008	35	7,780	5,737

29 Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are attributable to the following:

in thousands of New Zealand dollars

Group	Assets		Liabilities		Net	
	2008	2007	2008	2007	2008	2007
	$000	$000	$000	$000	$000	$000
Property, plant and equipment	-	-	(4,951)	(6,578)	(4,951)	(6,578)
Intangible assets	377	496	-	-	377	496
Derivatives	226	286	-	-	226	286
Provisions	7,903	11,085	-	-	8,100	11,085
Other Items	118	228	(168)	-	(50)	228
Tax (asset)/liabilities	8,624	12,095	(5,119)	(6,578)	3,702	5,517

Company	Assets		Liabilities		Net	
	2008	2007	2008	2007	2008	2007
	$000	$000	$000	$000	$000	$000
Property, plant and equipment	-	-	(4,697)	(6,472)	(4,697)	(6,472)
Intangible assets	294	496	-	-	294	496
Derivatives	345	-	-	(284)	345	(284)
Provisions	4,676	7,972	-	-	4,676	7,972
Other Items	7	128	-	-	7	128
Tax (asset)/liabilities	5,322	8,596	(4,697)	(6,756)	625	1,840

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.

30 Acquisition of Subsidiaries

During the year ending 30 June 2008, the Group made the following significant acquisitions;

- Auswest Seeds Pty Ltd formerly Kahibah Holdings Pty Ltd, 100% of the shares were purchased on 12 August 2007. Auswest Seeds Pty Ltd trades in New South Wales and Southern Queensland. Its operations cover seed distribution, sales, marketing, seed cleaning and mixing, and seed treating and coating. In the year to 30 June 2008 Auswest Seeds Pty Ltd contributed a profit of $886,299 to the consolidated profit for the year.
- 4 Seasons Molasses Ltd. The business operation was purchased as at 1 October 2007. The net profit contribution arising from the business combination is impracticable to calculate as the business operations have been absorbed into the normal course of business of the Agrifeeds subsidiary.
- Bloch and Behrens (NZ) Limited, 100% of the shares were purchased on 1 April 2008. Bloch and Behrens (NZ) Ltd is a niche exporter exporting wool to Europe, Scandinavia and the Middle East. In the year ended 30 June 2008 Bloch & Behrens (NZ) Limited contributed a loss of $116,724 for the year.

If these acquisitions had occurred on 1 July 2007, the estimated Group revenue would have been $1,244,282,000 and profit of $74,290,000 for the year ended 30 June 2008.

During the year ended 30 June 2008, 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:

in thousands of New Zealand dollars	Group		Company	
	2008	2007	2008	2007
	$000	$000	$000	$000
Current assets				
Cash balances	1,238	-	-	-
Trade debtors and accruals	13,837	-	-	-
Inventory	16,405	-	-	-
	31,480	-	-	-
Non - current assets				
Intangible assets	221	-	-	-
Property plant and equipment	2,726	-	-	-
	2,947	-	-	-
Current liabilities				
Trade creditors and accruals	5,063	-	-	-
	5,063	-	-	-
Non - current liabilities				
Advances	18,947	-	-	-
	18,947	-	-	-
Net assets acquired	10,417	-	-	-
Goodwill arising on acquisition	14,748	-	-	-
Cash paid	25,165	-	-	-

31 Provision for doubtful debts

in thousands of New Zealand dollars	Group		Company	
	2008	2007	2008	2007
Analysis of movements in provision for doubtful debts	$000	$000	$000	$000
Balance at beginning of year	(3,650)	(5,020)	(2,437)	(2,928)
Movement in provision	369	1,370	788	491
Balance at end of year	(3,281)	(3,650)	(1,649)	(2,437)
Consists of:				
Provision against finance receivables	(1,329)	(900)	-	-
Provision against accounts receivables	(1,952)	(2,750)	(1,649)	(2,437)
	(3,281)	(3,650)	(1,649)	(2,437)

32 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	
	2008	2007
Ordinary shares	000	000
Allocated to employees (fully paid)	760	599
Not yet allocated to employees	52	56
Percentage of total ordinary shares	0.28%	0.23%

All shares held by the Scheme that are fully paid carry full voting rights. The Scheme acquired 166,795 shares (2007: Nil shares) during the year at an average price of $2.04 per share (2007 $Nil).

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.

Financial Commitments

	Company	
	2008	2007
	$000	$000
Advances from PGG Wrightson Limited	345	1,112

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 (2007: Nil) had been pledged to external financial institutions as security.

33 Financial Instruments

Exposure to credit, interest rate, foreign currency, equity price and liquidity risks arise in the normal course of the Group's business. All activities and management policies with respect to financial instruments are carried out in accordance with treasury policies approved by the Board of Directors.

Credit Risk

In the normal course of business the Group incurs credit risk from financial institutions, trade debtors and advances to clients. The Group has a credit policy which is used to manage this exposure to credit risk. As part of this policy, limits on exposure have been set and are monitored on a regular basis. The Group requires collateral in the form of both mortgages over real property and general security agreements over stock and plant for the majority of advances made to clients.

Liquidity Risk

Liquidity risk arises from not having enough cash to meet financial obligations. This risk is managed by:

- ensuring any shortfall between maturing assets and liabilities is covered by committed undrawn credit facilities; and
- forecasting trend, seasonal and potential cyclical liquidity requirements.

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 $105.9 (2007: $68.5 million) for the Group and $34.1 million (2007: $21.5 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 Wrightson Seeds Australia which is hedged with foreign exchange contracts.

Interest Rate Risk

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 $414.2 million (Company: $299.75 million) of interest rate contracts at 30 June 2008 (2007: Group $250.8 million, Company $222.0 million).

Quantitative disclosures

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 finance receivables by geographic regions is as follows:

	Group	
In thousands of New Zealand dollars	2008	2007
	$000	$000
New Zealand	707,338	571,326
Australia	20,236	8,694
Uruguay	22,614	15,923
Total finance receivables, Trade and other receivables	750,188	595,943

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.

Liquidity Risk

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 (not including interest payments). Deposits include substantial customer savings deposits and cheque accounts, which are at call.

In thousands of New Zealand dollars

	Balance sheet	Contractual cash flow	Up to 12 months	1 to 2 years	More than 2 years
Group 2008	$000	$000	$000	$000	$000
Assets					
Accounts receivable	210,820	210,820	210,820	-	-
Other receivables	32,338	32,338	32,338	-	-
Finance receivables	507,030	507,030	308,179	136,049	62,802
Derivative financial instruments	2,075	2,075	1,736	302	37
	752,263	752,263	553,073	136,351	62,839
Liabilities					
Cash and cash equivalents	452,193	452,193	148,193	304,000	-
Trade and other payables	171,858	171,858	171,858	-	-
Client deposits	94,258	94,258	94,258	-	-
Secured debentures	172,927	172,927	155,617	12,978	4,332
Bonds	44,751	44,751	20,000	24,751	-
Derivative financial instruments	3,796	3,796	3,025	737	34
	939,783	939,783	592,951	342,466	4,366

	Balance sheet	Contractual cash flow	Up to 12 months	1 to 2 years	More than 2 years
Group 2007	$000	$000	$000	$000	$000
Assets					
Accounts receivable	174,676	174,676	174,676	-	-
Other receivables	18,149	18,149	18,149	-	-
Amounts owing from other companies	802	802	802	-	-
Finance receivables	402,316	402,316	232,001	97,058	73,257
Derivative financial instruments	3,317	3,317	3,144	76	97
	599,260	599,260	428,772	97,134	73,354
Liabilities					
Cash and cash equivalents	305,499	305,499	231,499	74,000	-
Trade and other payables	148,541	148,541	148,541	-	-
Client deposits	94,190	94,190	94,190	-	-
Secured debentures	136,854	136,854	108,911	22,880	5,063
Bonds	44,442	44,442	-	44,442	
Derivative financial instruments	4,182	4,182	3,264	918	-
	733,708	733,708	586,405	142,240	5,063

	Balance sheet	Contractual cash flow	Up to 12 months	1 to 2 years	More than 2 years
Company 2008	$000	$000	$000	$000	$000
Assets					
Accounts receivable	144,845	144,845	144,845	-	-
Other receivables	7,374	7,374	7,374	-	-
Amounts owing from subsidiaries	148,980	148,980	148,980	-	-
Finance receivables	4,440	4,440	-	4,440	-
Derivative financial instruments	1,780	1,780	1,520	260	-
	307,419	307,419	302,719	4,700	-
Liabilities					
Cash and cash equivalents	343,969	343,969	179,969	164,000	-
Trade and other payables	100,395	100,395	100,395	-	-
Client deposits	2,454	2,454	2,454	-	-
Derivative financial instruments	2,537	2,537	2,537	-	-
	449,355	449,355	285,355	164,000	-

Company 2007	Balance sheet	Contractual cash flow	Up to 12 months	1 to 2 years	More than 2 years
	$000	$000	$000	$000	$000
Assets					
Accounts receivable	134,646	134,646	134,646	-	-
Other receivables	12,954	12,954	12,954	-	-
Amounts owing from subsidiaries	28,066	28,066	28,066	-	-
Amounts owing from other companies	802	802	802	-	-
Finance receivables	9,940	9,940	5,499	-	4,441
Derivative financial instruments	2,558	2,558	2,558	-	-
	188,966	188,966	184,525	-	4,441
Liabilities					
Cash and cash equivalents	235,690	235,690	235,690	-	-
Trade and other payables	106,624	106,624	106,624	-	-
Client deposits	2,134	2,134	2,134	-	-
Derivative financial instruments	1,697	1,697	1,697	-	-
	346,145	346,145	346,145	-	-

Foreign Currency Exposure Risk

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

in thousands of New Zealand dollars

	GBP	Yen	Canadian	USD	AUD	Euro
	NZ$000	*NZ$000*	*NZ$000*	*NZ$000*	*NZ$000*	*NZ$000*
Group 2008						
Trade and other receivables	76	66	247	19,651	2,393	17,504
Cash and cash equivalents	-	-	-	102	(822)	-
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)
Group 2007						
Trade and other receivables	944	-	-	10,978	2,679	8,603
Cash and cash equivalents	2	-	-	161	124	22
Trade and other payables	(197)	-	-	(15,958)	(29,874)	(2,744)
Net balance sheet position	749	-	-	(4,819)	(27,071)	5,881
Forward exchange contracts						
Notional forward exchange cover	788			(5,184)	(27,009)	5,577
Net unhedged position	(39)	-	-	365	(62)	304
Company 2008						
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	-
Company 2007						
Trade and other receivables	709	-	-	5,844	2,462	-
Cash and cash equivalents	1	-	-	1	1	-
Trade and other payables	-	-	-	(11,024)	(378)	(83)
Net balance sheet position	710	-	-	(5,179)	2,085	(83)
Forward exchange contracts						
Notional forward exchange cover	709	-	-	(5,180)	2,084	(83)
Net unhedged position	1	-	-	1	1	-

Interest Rate Repricing Schedule

The following tables identify the weighted average interest rate of the financial assets and liabilities of the Group and Company and their repricing profiles.

in thousands of New Zealand dollars

Group 2008	Interest Rate %	Within 1 year $000	1 to 2 years $000	years $000	bearing $000	Total $000
Assets						
Derivative financial instruments	7.77%	400	(6,500)	6,100	2,075	2,075
Trade and other receivables					243,158	243,158
Finance receivables	11.47%	373,470	107,825	25,735	-	507,030
		373,870	101,325	31,835	245,233	752,263
Liabilities						
Cash and cash equivalents	8.87%	148,193	304,000	-	-	452,193
Trade and other payables		-	-	-	196,958	196,958
Derivative financial instruments	8.28%	(109,566)	80,566	29,000	3,796	3,796
Client deposits	8.25%	94,257	-	-	-	94,257
Secured debenture stock	8.45%	155,618	12,978	4,332		172,928
Bonds	9.06%	20,000	24,751	-	-	44,751
		308,502	422,295	33,332	200,754	964,883

Group 2007	Effective Interest Rate %	Within 1 year $000	1 to 2 years $000	More than 2 years $000	Non Interest bearing $000	Total $000
Assets						
Derivative financial instruments	7.85%	(86,100)	84,600	1,500	3,317	3,317
Amounts due from group entities		-	-	-	802	802
Trade and other receivables		-	-	-	193,627	193,627
Finance receivables	10.56%	312,249	63,246	26,821	-	402,316
		226,149	147,846	28,321	197,746	600,062
Liabilities						
Cash and cash equivalents	8.29%	231,499	74,000	-	-	305,499
Trade and other payables		-	-	-	154,433	154,433
Derivative financial instruments	7.72%	(43,716)	22,000	21,716	4,182	4,182
Client deposits	7.92%	94,190				94,190
Secured debenture stock	7.92%	108,911	22,880	5,063	-	136,854
Bonds	8.39%	-	-	44,442		44,442
		390,884	118,880	71,221	158,615	739,600

Company 2008	Effective Interest Rate %	Within 1 year $000	1 to 2 years $000	More than 2 years $000	Non interest bearing $000	Total $000
Assets						
Derivative financial instruments	7.72%	(4,500)	4,500	-	1,780	1,780
Amounts due from group entities	13.50%	148,980	-	-	-	148,980
Trade and other receivables		-	-	-	152,219	152,219
Finance receivables	9.23%	-	4,441	-	-	4,441
		144,480	8,941	-	153,999	307,420
Liabilities						
Derivative financial instruments	8.39%	(122,000)	87,000	35,000	2,537	2,537
Cash and cash equivalents	8.95%	179,969	164,000	-	-	343,969
Trade and other payables		-	-	-	100,395	100,395
Finance liabilities		2,454	-	-	-	2,454
		60,423	251,000	35,000	102,932	449,355

Company 2007	Effective Interest Rate %	Within 1 year $000	1 to 2 years $000	More than 2 years $000	Non Interest bearing $000	Total $000
Assets						
Derivative financial instruments	7.71%	(123,500)	119,000	4,500	2,558	2,558
Amounts due from group entities	7.85%	28,066	-	-	802	28,868
Trade and other receivables		-	-	-	147,600	147,600
Finance receivables	8.88%	5,499	-	4,441	-	9,940
		(89,935)	119,000	8,941	150,960	188,966
Liabilities						
Derivative financial instruments	8.39%	-	-	-	1,697	1,697
Cash and cash equivalents	8.30%	235,690	-	-	-	235,690
Trade and other payables		-	-	-	115,424	115,424
Finance liabilities		2,134	-	-	-	2,134
		237,824	-	-	117,121	354,945

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

	2008	2007
Loans and receivables	12%	10%
Deposits and other borrowings	12%	10%
Debentures - secured	12%	10%
Bonds	12%	10%

Group 2008	Trading at fair value	Loans and receivables	Other amortised cost	Total carrying amount	Fair value
Assets	$000	$000	$000	$000	$000
Derivative financial instruments	2,075	-	-	2,075	2,075
Trade and other receivables	-	-	243,158	243,158	243,158
Finance receivables	-	507,030	-	507,030	455,273
	2,075	507,030	243,158	752,263	700,506
Liabilities					
Cash and cash equivalents	-	148,193	-	148,193	148,193
Trade and other payables	-	-	171,858	171,858	171,858
Derivative financial instruments	3,796	-	-	3,796	3,796
Client deposits	-	-	94,258	94,258	93,514
Secured debenture stock	-	-	172,927	172,927	172,927
Bonds	-	-	44,751	44,751	45,216
Term bank facilities	-	304,000	-	304,000	304,000
	3,796	452,193	483,794	939,783	939,504

Group 2007	Trading at fair value	Loans and receivables	Other amortised cost	Total carrying amount	Fair value
Assets	$000	$000	$000	$000	$000
Derivative financial instruments	3,317	-	-	3,317	3,317
Trade and other receivables	-	-	193,627	193,627	193,627
Finance receivables	-	402,316	-	402,316	358,370
	3,317	402,316	193,627	599,260	555,314
Liabilities					
Cash and cash equivalents	-	231,499	-	231,499	231,499
Trade and other payables	-	-	148,541	148,541	148,541
Derivative financial instruments	4,182	-	-	4,182	4,182
Client deposits	-	-	94,190	94,190	92,858
Secured debenture stock	-	-	136,854	136,854	136,854
Bonds	-	-	44,442	44,442	45,216
Term bank facilities	-	74,000	-	74,000	74,000
	4,182	305,499	424,027	733,708	733,150

Company 2008	Trading at fair value	Loans and receivables	Other amortised cost	Total carrying amount	Fair value
Assets	$000	$000	$000	$000	$000
Derivative financial instruments	1,780	-	-	1,780	1,780
Trade and other receivables	-	-	301,199	301,199	301,199
Finance receivables	-	4,440	-	4,440	3,747
	1,780	4,440	301,199	307,419	306,726
Liabilities					
Cash and cash equivalents	-	179,969	-	179,969	179,969
Trade and other payables	-	-	100,395	100,395	100,395
Derivative financial instruments	2,537	-	-	2,537	2,537
Client deposits	-	-	2,454	2,454	2,454
Term bank facilities	-	164,000	-	164,000	164,000
	2,537	343,969	102,849	449,355	449,355

Company 2007	Trading at fair value $000	Loans and receivables $000	Other amortised cost $000	Total carrying amount $000	Fair value $000
Assets					
Derivative financial instruments	2,558	-	-	2,558	2,558
Trade and other receivables	-	-	176,468	176,468	176,468
Finance receivables	-	9,940	-	9,940	8,424
	2,558	9,940	176,468	188,966	187,450
Liabilities					
Cash and cash equivalents	-	235,690	-	235,690	235,690
Trade and other payables	-	-	106,624	106,624	106,624
Derivative financial instruments	1,697	-	-	1,697	1,697
Client deposits	-	-	2,134	2,134	2,134
	1,697	235,690	108,758	346,145	346,145

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.

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 2008, and shareholders equity at that date, to reasonably possible changes in conditions is as follows:

	Interest by 100 basis $000	Interest by 100 basis $000
Impact on net profit after tax	2,621	(2,621)
Members' equity	2,616	(2,616)

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 interest rate 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.

34 Operating Leases

in thousands of New Zealand dollars

Non-cancellable operating lease rentals are payable as follows:	Group 2008 $000	Group 2007 $000	Company 2008 $000	Company 2007 $000
Within one year	20,088	19,461	18,981	17,183
Between one and five years	43,605	42,483	39,440	35,096
Beyond five years	26,068	30,112	26,068	17,502
	89,761	92,056	84,489	69,781

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.

35 Commitments

in thousands of New Zealand dollars

	2008	2007
There are commitments with respect to:	$000	$000
Capital expenditure not provided for	14,126	1,873
Commitments to extend credit	34,495	26,787
Investment in BioPacificVentures	6,126	8,263
	54,747	36,923

Investment in BioPacificVentures

The Group has committed $14 million to a new international fund established for investment in food and agriculture life sciences.

The Group's investment in BioPacificVentures will be made over approximately six years. The investment has an anticipated total lifespan of 12 years. At 30 June 2008 $7.8 million has been drawn on the committed level of investment (2007: $5.7 million), which is included in other investments.

Investment in Keith Seeds Pty Limited

On 22 December 2007 the Company entered into a conditional sale and purchase agreement to buy the shares in Keith Seeds Pty Limited.

Keith Seeds is a breeder, producer, processor, and marketer of lucerne (alfafa), pasture and oil seeds, and specialised pulse and legume products in Keith, South Australia.

The Company entered into two separate contacts, on 21 December 2007 to purchase 79.56% of the share capital, and on 8th February 2008 to purchase the remaining 20.44% share capital.

The purchase was originally going to be settled in May 2008, but due to ongoing discussions with Keith Seeds this is not expected to take place until late 2009.

There are no material commitments relating to investment in associates.

36 Contingent Liabilities

in thousands of New Zealand dollars

	2008	2007
There are contingent liabilities with respect to:	$000	$000
Guarantees	11,178	10,226
PGG Wrightson Loyalty Reward Programme	612	527
	11,790	10,753

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.

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

in thousands of New Zealand dollars

	Group 2008	Group 2007	Company 2008	Company 2007
	$000	$000	$000	$000
Profit after taxation	73,206	40,573	75,585	20,318
Add/(deduct) non-cash items:				
Depreciation and amortisation	6,183	5,530	3,918	3,807
Fair value adjustments	(14,543)	(139)	4,590	(347)
Net (profit) on sale of assets/shares	(7,188)	(12,536)	(1,687)	(12,113)
Bad debts written off (net)	784	127	382	33
Increase/(decrease) in provision for doubtful debts	(369)	(409)	(788)	(233)
(Increase)/decrease in deferred taxation	2,012	9,021	1,215	10,081
NZFSU performance fee accrued	(17,782)	-	-	-
Equity accounted (earnings) from associates	(831)	(515)	-	-
Other non-cash items	705	-	22	-
	(31,029)	1,079	7,652	1,228
Add/(deduct) movement in working capital items:				
Movement in working capital due to purchase of businesses	41,890	-	18,091	-
(Increase)/decrease in inventories and biological assets	(33,080)	2,245	626	2,883
(Increase)/decrease in accounts receivable and prepayments	(50,013)	28,676	(105,186)	27,645
Increase/(decrease) in trade creditors, provisions and accruals	23,294	(34,558)	(25,614)	(50,400)
Increase/(decrease) in income tax payable/receivable	2,025	3,084	(3,276)	(6,752)
	(15,884)	(553)	(115,359)	(26,624)
Net cash flow from operating activities	26,293	41,099	(32,122)	(5,078)

38 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

A share and loan scheme has been entered into with the Managing Director. 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 is to be written off pro rata in five $1,000,000 installments in February of each year subject to meeting performance criteria. Each year unrestricted ownership of one-fifth of the shares will transfer to the Managing Director.

As at 30 June 2008 the loan balance outstanding was $Nil (2007: $Nil) and the number of shares for which unrestricted ownership has been transferred is nil (2007: 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.

in thousands of New Zealand dollars

Key Management Personnel Compensation comprised:	Group 2008	Group 2007
	$000	$000
Short Term Employee Benefits	3,002	1,946
Other long term benefits	13	17
	3,015	1,963

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:

in thousands of New Zealand dollars

		Transaction Value Year ended 30 June		Balance outstanding As at 30 June	
		2008	2007	2008	2007
Director	**Transaction**	$000	$000	$000	$000
C Norgate, B McConnon	Rural Saver account	57	-	-	-
B McConnon	Debentures - secured and bonds	78	26	1,000	500
B Joliffe	Debentures - secured	3	3	60	60
S Cushing	Deposits and other borrowings	88	46	1,000	1,000

Other Related Party Transactions

in thousands of New Zealand dollars

	Transaction Value Year ended 30 June		Balance outstanding As at 30 June	
	2008	2007	2008	2007
	$000	$000	$000	$000
Sale of goods and services				
NZFSU - Management and Investor Services	21,219	1,247	18,118	1,247

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:

in thousands of New Zealand dollars

	2008	2007
	$000	$000
Agricom Limited	1,000	-
Agriculture New Zealand Limited	6,000	-
Agri-feeds Limited	11,000	-
PGG Wrightson Seeds Limited	24,000	-
Wrightson Seeds Limited	29,000	-
	71,000	-

These management fees were eliminated on consolidation.

39 Group entities

		Ownership Interest	
		2008	2007
Significant Subsidiaries	**Country of Incorporation**	%	%
Agricom Limited	New Zealand	100%	100%
Agriculture New Zealand Limited	New Zealand	100%	100%
Agri-feeds Limited	New Zealand	100%	100%
New Zealand Wool Handlers Limited	New Zealand	100%	100%
PGG Seeds Australia Pty Limited	Australia	100%	100%
PGG Wrightson Consortia Research Limited	New Zealand	100%	100%
PGG Wrightson Finance Limited	New Zealand	100%	100%
PGG Wrightson Genomics Limited	New Zealand	100%	100%
PGG Wrightson Investments Limited	New Zealand	100%	100%
PGG Wrightson Property Holdings Limited	New Zealand	100%	100%
PGG Wrightson Real Estate Australia Pty Limited	Australia	100%	100%
PGG Wrightson Seeds Limited	New Zealand	100%	100%
Wrightson Seeds (Australia) Pty Limited	Australia	100%	100%
Wrightson Seeds Limited	New Zealand	100%	100%

40 Events Subsequent to Balance Date

Dividend

The Company's distribution/dividend policy is to issue bonus shares under the Distribution Plan, under which shareholders have the right to convert the bonus shares to cash by repurchase of the shares by the Company. Subsequent to balance date, on 19 August 2008, the Directors declared a bonus issue of 11 cents per share under the Distribution Plan to be issued on 3 October 2008.

The dividend has not been recognised as a liability in the financial statements.

Investment in Silver Fern Farms Limited

On 30 June 2008 the Company announced a partnership proposal between Silver Fern Farms (formerly PPCS) and PGG Wrightson Limited under which the Company would purchase a 50% shareholding in Silver Fern Farms.

Silver Fern Farms is a processor and marketer of livestock in New Zealand and overseas.

It is the industry leader, exporting sheep meat, beef and venison to almost 60 countries and is responsible for approximately 37 percent of New Zealand's sheep meat exports, 35 percent of beef exports and 54 percent of the country's venison exports.

It is proposed that PGG Wrightson invest $220 million in Silver Fern Farms in return for a 50 percent shareholding.

Joint Venture with Wool Grower Holdings Limited

In May 2008 the Company announced a joint venture between Wool Grower Holdings Limited PGG Wrightson Limited to form The Wool Company Limited. The wool operations of PGG Wrightson have been classified as held for sale and treated as a discontinued operation. The sale of the wool operations was settled on 1 July 2008.

Romualdo Rodriguez Limited

On 1 July 2008, the Company purchased 51% of the shares in Romualdo Rodriguez Ltd. Romualdo Rodriguez Ltd is located in Uruguay. Its operations cover livestock, wool and real estate including procurement for meat processing companies and internet based livestock auctions.

Veterinaria Lasplaces

On 30 July 2008, the Company announced the purchase of 51% of the shares in Veterinaria Lasplaces, a leading animal health and rural supplies business in Uruguay.

41 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.

42 Investment in NZ Farming Systems Uruguay Limited

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 records a gain of $18.86 million in the profit and loss account (2007: Nil). PGG Wrightson considered significant influence was lost, and hence ceased equity accounting, following the IPO of NZFSU in December 2007. A further capital investment of $9million 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 2008. In line with NZ IFRS PGG Wrightson Funds Management Limited has earned a pre tax performance fee of $17.8 million (2007: Nil) in the year based on a share price of $1.62.

43 Transition to NZ IFRS

These financial statements are the first set prepared by the Group in accordance with NZ IFRS. The accounting policies set out in note 3 have been applied in preparing the consolidated financial statements for the year ended 30 June 2008, the comparative information for the year ended 30 June 2007 and in the preparation of an opening NZ IFRS balance sheet at 1 July 2006, the Group's date of transition.

In preparing its opening NZ IFRS balance sheet, the Group has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (previous GAAP). An explanation of how the transition from previous GAAP to NZ IFRS has affected the Group's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Impacts of the Adoption of New Zealand Equivalents to International Financial Reporting Standards

Reconciliation of NZ IFRS equity as at 1 July 2006

in thousands of New Zealand dollars	Note	Group Previous NZ FRS	Group Effect of Transition to NZ IFRS	Group NZ IFRS	Company Previous NZ FRS	Company Effect of Transition to NZ IFRS	Company NZ IFRS
		$000	$000	$000	$000	$000	$000
EQUITY							
Share capital		359,445	-	359,445	359,445	-	359,445
Retained earnings	b, d, f	36,953	(1,705)	35,248	12,190	(357)	11,833
Reserves	a, i	18,112	1,190	19,302	42,516	(23,981)	18,535
Total equity attributable to the shareholders of the Company		414,510	(515)	413,995	414,151	(24,338)	389,813
Minority interest		518	-	518	-	-	-
Total equity		415,028	(515)	414,513	414,151	(24,338)	389,813
LIABILITIES							
Current							
Cash and cash equivalents		253,210	-	253,210	286,997	-	286,997
Trade and other payables		171,423	-	171,423	146,561	-	146,561
Provisions		15,080	-	15,080	14,279	-	14,279
Derivative financial instruments	f	-	1,519	1,519	-	1,391	1,391
Loans and borrowings		189,088	-	189,088	2,729	-	2,729
Total current liabilities		628,801	1,519	630,320	450,566	1,391	451,957
Non-current							
Derivative financial instruments	f	-	532	532	-	10	10
Loans and borrowings		65,338	-	65,338	-	-	-
Other liabilities		14,991	-	14,991	-	-	-
Total non-current liabilities		80,329	532	80,861	-	10	10
Total liabilities		709,130	2,051	711,181	450,566	1,401	451,967
Total liabilities and equity		1,124,158	1,536	1,125,694	864,717	(22,937)	841,780
ASSETS							
Current							
Income tax receivable		12,265	-	12,265	8,443	-	8,443
Assets classified as held for sale	a	-	7,962	7,962	-	-	-
Derivative financial instruments	f	-	1,891	1,891	-	1,880	1,880
Finance receivables		233,921	-	233,921	-	-	-
Inventories	g	150,137	(5,239)	144,898	76,905	(5,239)	71,666
Biological assets	g	-	5,239	5,239	-	5,239	5,239
Trade and other receivables		220,139	-	220,139	290,613	-	290,613
Total current assets		616,462	9,853	626,315	375,961	1,880	377,841
Non-current							
Investments in equity accounted investees		2,459	-	2,459	2,459	-	2,459
Derivative financial instruments	f	-	539	539	-	515	515
Finance receivables		96,022	-	96,022	-	-	-
Biological assets		-	-	-	-	-	-
Defined benefit asset	d	-	1,186	1,186	-	1,186	1,186
Property, plant and equipment	a, c	86,368	(9,831)	76,537	50,853	(1,135)	49,718
Intangible assets	c	286,278	1,494	287,772	279,974	2,482	282,456
Other investments	i	22,031	-	22,031	143,090	(26,160)	116,930
Deferred tax asset	b	14,538	(1,705)	12,833	12,380	(1,705)	10,675
Total non-current		507,696	(8,317)	499,379	488,756	(24,817)	463,939
Total assets		1,124,158	1,536	1,125,694	864,717	(22,937)	841,780

Reconciliation of NZ IFRS equity as at 30 June 2007

In thousands of New Zealand dollars	Note	Group Previous NZ FRS	Group Effect of Transition to NZ IFRS	Group NZ IFRS	Company Previous NZ FRS	Company Effect of Transition to NZ IFRS	Company NZ IFRS
		$000	$000	$000	$000	$000	$000
EQUITY							
Share capital		359,445	-	359,445	359,445	-	359,445
Retained earnings	a, b, d, e, f	25,911	12,681	38,592	(19,110)	14,038	(5,072)
Reserves	a, f, d, i	24,888	3,278	28,166	68,092	(38,448)	29,644
Total equity attributable to the shareholders of the Company		410,244	15,959	426,203	408,427	(24,410)	384,017
LIABILITIES							
Current							
Cash and cash equivalents		305,499	-	305,499	235,690	-	235,690
Trade and other payables		147,767	-	147,767	108,758	-	108,758
Provisions		6,666	-	6,666	6,666	-	6,666
Derivative financial instruments	f	-	2,135	2,135	-	1,675	1,675
Loans and borrowings		203,101	-	203,101	-	-	-
Total current liabilities		663,033	2,135	665,168	351,114	1,675	352,789
Non-current							
Derivative financial instruments	f	-	2,047	2,047	-	22	22
Loans and borrowings		73,159	-	73,159	-	-	-
Total non-current liabilities		73,159	2,047	75,206	-	22	22
Total liabilities		736,192	4,182	740,374	351,114	1,697	352,811
Total liabilities and equity		1,146,436	20,141	1,166,577	759,541	(22,713)	736,828
ASSETS							
Current							
Income tax receivable		9,181	-	9,181	15,195	-	15,195
Assets classified as held for sale	a	7,473	(273)	7,200	-	-	-
Derivative financial instruments	f	-	1,308	1,308	-	1,297	1,297
Finance receivables		234,360	-	234,360	5,499	-	5,499
Inventories	g	147,893	(2,772)	145,121	74,022	(2,772)	71,250
Biological assets	g	-	2,470	2,470	-	2,470	2,470
Trade and other receivables		193,627	-	193,627	176,468	-	176,468
Total current assets		592,534	733	593,267	271,184	995	272,179
Non-current							
Investments in equity accounted investees		22,266	-	22,266	2,459	-	2,459
Derivative financial instruments	f	-	2,009	2,009	-	1,261	1,261
Finance receivables		167,956	-	167,956	4,441	-	4,441
Biological assets		-	302	302	-	302	302
Defined benefit asset	d	-	2,953	2,953	-	2,953	2,953
Property, plant and equipment	a, c	66,719	(1,490)	65,229	49,701	(1,007)	48,694
Intangible assets	c, e	283,322	16,655	299,977	276,193	17,424	293,617
Other investments	i	7,101	-	7,101	152,243	(43,161)	109,082
Deferred tax asset	b	6,538	(1,021)	5,517	3,320	(1,480)	1,840
Total non-current		553,902	19,408	573,310	488,357	(23,708)	464,649
Total assets		1,146,436	20,141	1,166,577	759,541	(22,713)	736,828

Reconciliation of NZ IFRS profit for the year ended 30 June 2007

In thousands of New Zealand dollars	Note	Group Previous NZ FRS	Group Effect of Transition to NZ IFRS	Group NZ IFRS	Company Previous NZ FRS	Company Effect of Transition to NZ IFRS	Company NZ IFRS
		$000	$000	$000	$000	$000	$000
Continuing operations							
Operating revenue		1,035,095	(86,463)	948,632	764,903	(85,392)	679,511
Cost of sales		(764,720)	64,664	(700,056)	(599,125)	76,675	(522,450)
Gross profit		270,375	(21,799)	248,576	165,778	(8,717)	157,061
Operating expenses	a, e, d	(223,657)	33,181	(190,476)	(160,652)	22,413	(138,239)
Other income		11,926	653	12,579	11,645	43	11,688
Equity accounted earnings of associates		515	-	515	6,521	-	6,521
		(211,216)	33,834	(177,382)	(142,486)	22,456	(120,030)
Profit before interest, fair value adjustments and income tax		59,159	12,035	71,194	23,292	13,739	37,031
Fair value adjustments		-	(119)	(119)	-	112	112
Profit before interest		59,159	11,916	71,075	23,292	13,851	37,143
Finance income		(2,619)	(1,565)	(4,184)	4,000	1,541	5,541
Finance expenses		(21,591)	(1,675)	(23,266)	(20,494)	(2,432)	(22,926)
Net finance (costs)	d, f	(18,972)	(110)	(19,082)	(16,494)	(891)	(17,385)
Profit before income tax		40,187	11,806	51,993	6,798	12,960	19,758
Income tax expense	b	(14,001)	968	(13,033)	(875)	624	(251)
Profit from continuing operations		**26,186**	**12,774**	**38,960**	**5,923**	**13,584**	**19,507**
Discontinued operation							
Profit from discontinued operation (net of income tax)		-	1,613	1,613	-	811	811
Profit for the year		**26,186**	**14,387**	**40,573**	**5,923**	**14,395**	**20,318**
Profit attributable to:							
Shareholders of the Company		**26,186**	**14,387**	**40,573**	**5,923**	**14,395**	**20,318**

a Under NZ IFRS 5 assets that are classified as held for sale are recorded at fair value. At transition, land and buildings with a carrying value of $8,336,652 were designated as held for sale and restated to their fair value of $7,961,985. Gains and losses arising from changes in fair value are recognised directly in the available for sale revaluation reserve, until the asset is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in the available for sale revaluation reserve is included in profit or loss for the period.

b Under NZ IAS 12 deferred tax is determined using the balance sheet liability method with respect to temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and their corresponding tax bases. Previously the Group adopted tax effect accounting principles whereby income tax expense was calculated on pre-tax accounting profits after adjustment for permanent differences. The tax-effect of timing differences were recognised at current tax rates as deferred tax assets or deferred tax liabilities as applicable.

Additional deferred tax has arisen under the NZ IFRS basis of calculating deferred tax. The above changes have (increased)/decreased the deferred tax asset as follows:

	30 Jun 07	01 Jul 06
	$000	$000
Fair value of financial instruments (refer note f)	(286)	125
Reduction in fair value of held for sale assets	(124)	(124)
Tax depreciation claimed on held for sale assets	34	-
Historic property revaluations	1,561	1,704
Movements in provisions and other adjustments	(164)	-
	1,021	1,705

c Under NZ IAS 38 computer software that is not an integral part of the related hardware is treated as an intangible asset. Software that was previously presented as property, plant and equipment has now been reclassified to intangible assets on the balance sheet. This had no impact on the income statement.

d Under NZ IAS 19 the Group accounts for its obligations to its defined benefits schemes on an actuarial basis. As the schemes are in a net contributions holiday, an asset in relation to this benefit has been recognised in the balance sheet on transition of $1,186,000. The impact on the profit and loss account from adopting this method has been to recognise a service cost of $1,745,000, interest cost of $2,937,000, past service costs of $2,264,000, settlement gains of $2,264,000 and an investment return on plan assets of $3,915,000. Actuarial gains of $2,534,000 were recognised directly in equity during the period to 30 June 2007. The contributions holiday asset has therefore increased to $2,953,000 at the date of the last actuarial valuation, 30 June 2007.

e Under NZ IAS 38 goodwill is not amortised (as it was under old NZ GAAP), instead it is tested annually for impairment. The impact is to increase goodwill in the balance sheet and reduce amortisation expense in the income statement by $15.164 million in June 2007. The Group has taken the exemption not to reopen prior business combinations.

f Under NZ IAS 39 derivative financial instruments are now recognised at their fair value in the balance sheet. Any change in fair value is included in the profit or loss for the period or directly in equity. On transition this adjustment was made to equity.

	Group		Company	
	30 Jun 07	01 Jul 06	30 Jun 07	01 Jul 06
In thousands of New Zealand dollars	$000	$000	$000	$000
Changes in fair value recognised in profit or loss	340	-	133	-
Gains on contracts maturing within 12 months	1,308	1,891	1,297	1,880
Losses on contracts maturing within 12 months	(2,135)	(1,519)	(1,675)	(1,391)
Gains on contracts maturing after 12 months	2,009	539	1,261	515
Losses on contracts maturing after 12 months	(2,047)	(532)	(22)	(10)
	(525)	379	994	994

g Under NZ IAS 41 biological assets are measured at fair value less estimated point of sale costs. Under previous GAAP biological assets of export livestock were included in inventory. This is a reclassification in the balance sheet and has no impact on the income statement.

h The effect of the above adjustments on retained earnings is as follows:

	Group		Company	
	30 Jun 07	01 Jul 06	30-Jun-07	1-Jul-06
In thousands of New Zealand dollars	$000	$000	$000	$000
Recognition of fair value of financial instruments	(340)		(133)	
Deferred taxation	(1,705)	(1,706)	(1,705)	(1,705)
Depreciation claimed on held for sale assets	104	-		
Amortisation of goodwill	15,164	-	16,418	8,872
Net (gain)/loss on employee benefits	(767)	-	(767)	
Decrease in income tax payable	225	-	225	
	12,681	(1,706)	14,038	7,167

i Under NZ GAAP the Group was able to revalue its investments in subsidiary, resulting in an increase in investments, and the creation of a subsidiary revaluation reserve. Under NZ IFRS this revaluation reserve has been reversed.