PGG Wrightson Limited

Statement of Financial Performance

For the year ended 30 June 2007

		Group		Parent	
		2007	2006	2007	2006
	Note	$000	$000	$000	$000
Operating revenue					
Operating revenue	1	1,035,095	849,073	764,903	664,410
Equity accounted earnings of associates	2	515	439	-	-
		1,035,610	849,512	764,903	664,410
Operating surplus before interest and taxation	3	59,106	51,301	23,292	27,227
Net funding expense	4	(18,919)	(14,018)	(16,494)	(12,860)
Operating surplus before taxation		**40,187**	**37,283**	**6,798**	**14,367**
Income tax expense	5	(14,001)	(10,269)	(875)	(2,441)
Net surplus for the year		**26,186**	**27,014**	**5,923**	**11,926**
Net surplus comprises					
Parent interest		26,186	26,869	5,923	11,926
Minority interest		-	145	-	-
		26,186	27,014	5,923	11,926
Net surplus attributable to parent company shareholders		**26,186**	**26,869**	**5,923**	**11,926**

Basic earnings per share were 9.31 cents for 2007, compared with 11.39 cents for 2006. These two figures are not comparable due to the issue of 181 million shares in 2006 pursuant to the merger of PGG and Wrightson (note 7).

PGG Wrightson Limited

Statement of Movements in Equity

For the year ended 30 June 2007

	Note	Group 2007 $000	Group 2006 $000	Parent 2007 $000	Parent 2006 $000
Total recognised revenues and expenses					
Net surplus for year					
Parent interest		26,186	26,869	5,923	11,926
Minority interest		-	145	-	-
		26,186	27,014	5,923	11,926
Movement in foreign currency translation reserve	10 (a)				
Parent interest		(1,799)	1,756	-	-
Minority interest		-	43	-	-
		(1,799)	1,799	-	-
Revaluation of investments in subsidiary companies	10 (b)	-	-	17,001	26,160
Other movements in equity		(473)	(453)	50	(7)
		(473)	(453)	17,051	26,153
Total recognised revenues and expenses		23,914	28,360	22,974	38,079
Contribution from owners					
Shares issued	7	-	294,047	-	294,047
		-	294,047	-	294,047
Total distributions to shareholders					
Interim 2007 dividend of 4 cents per share (2006: 4 cents)		(11,469)	(11,472)	(11,469)	(11,472)
Final 2006 dividend of 6.0 cents per share (2005: 7 cents)		(17,229)	(7,026)	(17,229)	(7,026)
Special Dividend 2007 of nil cents per share (2006: 2.75 cents)		-	(2,761)	-	(2,761)
		(28,698)	(21,259)	(28,698)	(21,259)
Movements in equity for the year		(4,784)	301,148	(5,724)	310,867
Represented by:					
Equity at beginning of year					
Parent interest		414,510	113,880	414,151	103,284
Minority interest		518	-	-	-
		415,028	113,880	414,151	103,284
Equity at end of year					
Parent interest		410,244	414,510	408,427	414,151
Minority interest		-	518	-	-
		410,244	415,028	408,427	414,151
Movements in equity for the year		(4,784)	301,148	(5,724)	310,867

PGG Wrightson Limited

Statement of Financial Position

As at 30 June 2007

	Note	Group 2007 $000	Group 2006 $000	Parent 2007 $000	Parent 2006 $000
EQUITY					
Share capital	7	359,445	359,445	359,445	359,445
Retained earnings	9	25,911	36,953	(19,110)	12,190
Other reserves	10	24,888	18,112	68,092	42,516
Minority interest		-	518	-	-
Total equity		410,244	415,028	408,427	414,151
LIABILITIES					
Current					
Finance Liabilities	11	203,101	189,088	-	2,729
Trade creditors and other	12	154,433	186,503	115,424	160,840
Bank overdrafts and term borrowings - secured	13	305,499	253,210	235,690	286,997
Total current		663,033	628,801	351,114	450,566
Non-current					
Finance liabilities	14	73,159	65,338	-	-
Other liabilities	15	-	14,991	-	-
Total non-current		73,159	80,329	-	-
Total liabilities		736,192	709,130	351,114	450,566
Total liabilities and equity		1,146,436	1,124,158	759,541	864,717
ASSETS					
Current					
Finance receivables	17	234,360	233,921	5,499	-
Inventories	18	147,893	150,137	74,022	76,905
Properties held for sale		7,473	-	-	-
Trade debtors and other	19	202,808	232,405	191,663	299,057
Total current		592,534	616,463	271,184	375,962
Non-current					
Finance receivables		167,956	96,022	4,441	-
Goodwill	20	283,322	286,277	276,193	279,973
Property, plant and equipment	21	66,719	86,368	49,701	50,853
Other assets	22	35,905	39,028	158,022	157,929
Total non-current		553,902	507,695	488,357	488,755
Total assets		1,146,436	1,124,158	759,541	864,717

These financial statements have been authorised for issue on 16 August 2007

Bill Baylis
Chairman

Keith Smith
Director

PGG Wrightson Limited
Statement of Cash Flows
For the year ended 30 June 2007

	Note	Group 2007 $000	Group 2006 $000	Parent 2007 $000	Parent 2006 $000
Cash flows from operating activities					
Cash was provided from:					
Net receipts from customers		1,020,409	824,769	782,291	661,053
Dividends received		1,053	624	7,822	8,124
Interest received		42,309	35,282	2,435	17,440
Cash was applied to:					
Payments to suppliers and employees		(970,621)	(802,700)	(776,408)	(615,887)
Interest paid		(44,773)	(36,244)	(16,494)	(22,533)
Income tax paid		(7,278)	(9,312)	(4,724)	(5,600)
Net cash flow from operating activities	26	41,099	12,419	(5,078)	42,597
Cash flows from investing activities					
Cash was provided from:					
Proceeds from sale of property, plant and equipment		7,007	44,031	7,007	36,053
Proceeds from sale of investments		19,975	-	19,939	-
Net cash from subsidiaries and associates		-	-	100,227	-
Cash was applied to:					
Purchase of property, plant and equipment		(11,527)	(15,388)	(11,411)	(8,634)
Net cash paid to subsidiaries, associates and other companies		-	(1,549)	-	(125,433)
Net increase in finance receivables		(67,650)	(53,395)	(5,299)	-
Merger expenses paid		(6,577)	(23,794)	(6,577)	(23,794)
Cash paid for purchase of investments		(12,761)	(11,292)	(16,075)	(11,292)
Net cash flow from investing activities		(71,533)	(61,387)	87,811	(133,100)
Cash flows from financing activities					
Cash was provided from:					
Increase in secured debentures and bonds		37,684	28,874	-	-
Bank mortgage borrowing		-	4,212	-	-
Cash was applied to:					
Dividends paid		(28,698)	(21,259)	(28,697)	(21,259)
Repayment of bank mortgage		(14,991)	-	-	-
Net decrease in clients' deposit and current accounts		(15,850)	(7,595)	(2,728)	(3,270)
Net cash flow from financing activities		(21,855)	4,232	(31,426)	(24,529)
Net (decrease)/increase in cash held		(52,289)	(44,736)	51,308	(115,032)
Opening cash/(bank overdraft)		(253,210)	(46,538)	(286,997)	(11,589)
Net cash from acquisition of businesses		-	(161,936)	-	(160,376)
Closing bank		(305,499)	(253,210)	(235,689)	(286,997)
Comprises:					
Cash and deposits		10,626	51,935	5,586	13,048
Bank overdrafts		(316,125)	(305,145)	(241,276)	(300,045)
Closing bank	13	(305,499)	(253,210)	(235,690)	(286,997)

PGG Wrightson Limited

Statement of Accounting Policies

For the year ended 30 June 2007

REPORTING ENTITIES

PGG Wrightson Limited is a company registered under the Companies Act 1993. The group consists of PGG Wrightson Limited, its subsidiaries and associates. PGG Wrightson Limited is an issuer for the purposes of the Financial Reporting Act 1993 and the Securities Act 1978. The financial statements of PGG Wrightson Limited have been prepared in accordance with the Financial Reporting Act 1993 and the Companies Act 1993.

As the principal activity of the parent and group is the business of rural service providers they are not financial institutions for financial reporting disclosure purposes.

As a consequence of the merger and amalgamation of Wrightson Limited on 7 October 2005 the comparatives in these financial statements include the financial performance and cashflows for the activities of the former Wrightson Limited Group for the 9 months to 30 June 2006.

MEASUREMENT BASE

The accounting principles recognised as appropriate for the measurement and reporting of financial performance, cash flows and the financial position on an historical cost basis are followed by the Group, modified by the revaluation of certain assets.

ACCOUNTING POLICIES

The financial statements are prepared in accordance with New Zealand generally accepted accounting policies. The following specific accounting policies which materially affect the measurement of financial performance, financial position and cash flows have been applied:

(a) Group Financial Statements

The group financial statements consolidate the financial statements of subsidiaries, using the purchase method, and include the results of associates using the equity method. Subsidiaries are entities that are controlled, either directly or indirectly, by the Parent. Associates are entities in which the Parent, either directly or indirectly, has significant influence but not control.

The results of subsidiaries acquired or disposed of during the year are included in the Group Statement of Financial Performance from the date of acquisition or up to the date of disposal.

All material transactions between Group companies are eliminated on consolidation.

For significant investments in associates, the Group's share of the financial performance within revenue is recognised in the surplus before interest and taxation. Dividends received are credited to the carrying amount of the investment.

(b) Operating Revenue

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.

Irrigation Contracts

The surplus 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 an 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 Income

Interest income is recognised as it is earned.

(c) Foreign Currencies

Foreign currency transactions are recorded at the exchange rate in effect at the date of the transaction. Transactions covered by short-term forward exchange contracts are translated at the exchange rate specified in those contracts. Monetary assets and liabilities arising from trading transactions are translated at closing rates or the appropriate forward contract rates where such contracts are in place.

The Statements of Financial Position of foreign subsidiaries are converted to New Zealand dollars at the rate of exchange ruling at balance date. The Statements of Financial Performance of foreign subsidiaries are translated at rates approximating the exchange rate ruling at the dates of the transactions. Translation gains and losses are taken to the foreign currency translation reserve. The costs of forward exchange hedge contracts are amortised to earnings over the life of the contract. Unamortised hedging costs are held against the related asset or liability.

(d) Investments
Investments in subsidiaries are stated at net asset value. Investments in associates are stated at cost in the Statement of Financial Position of the Parent. Other investments are stated at the lower of cost or net realisable value.

(e) Property, Plant & Equipment
Property, plant and equipment is stated at cost less accumulated depreciation and any impairment.

The cost of property, plant and equipment is the value of the consideration given to acquire the assets and the value of any other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service.

Impairment in the value of property, plant and equipment is deemed to occur when the amount recoverable falls below book value. The recoverable amount is calculated as the higher of net market value and 'value in use' (present value of future cash flows from continuing use and final disposal of the asset).

(f) Depreciation
Depreciation is provided on all depreciable assets to write off the cost or valuation of the assets to their estimated residual value, over their expected useful lives. Depreciation is calculated on a straight line basis for all depreciable assets except motor vehicles which use the diminishing value basis. The estimated useful lives are as follows:

Buildings	50 years
Plant and machinery	8 to 13 years
Computer equipment	3 to 10 years
Furniture and fittings	5 to 8 years
Motor vehicles	3 to 5 years

(g) 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 surplus recognised to date, less amounts invoiced to customers. Costs include all expenses directly related to specific contracts and an allocation of general overhead expenses incurred.

Wholesale Seeds
Wholesale seeds inventory comprises costs of purchase and other direct costs incurred to bring the inventory to its present location and condition. Inventories include partially completed services rendered but not yet recognised as service revenue.

Livestock
Costs of livestock inventory being raised for export market comprises of costs of purchase and other direct costs incurred during their rearing.

(h) Receivables
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.

All known losses are expensed in the period in which it becomes apparent that the receivables are not collectable.

(i) Income Tax
The income tax expense charged in the Statement of Financial Performance is the estimated liability in respect to the net surplus, adjusted for permanent differences between accounting and tax rules.

This is the comprehensive basis for the calculation of deferred taxation under the liability method. Future income tax benefits attributable to timing difference are recognised in the financial statements only when there is virtual certainty of realisation.

The provision for current taxation is the estimated amount owing at balance date. Future taxation benefits attributable to timing differences are recognised in the financial statements only where there is a virtual certainty that the benefits of the timing differences will be utilised by the group. Where available, Group tax offsets are utilised.

(j) Intangible Assets
Goodwill
The excess of cost over the fair value of the net tangible and identified intangible assets of subsidiaries and associated entities is capitalised as goodwill on acquisition and amortised to the Statement of Financial Performance over the period during which benefits are expected to be derived but not exceeding 20 years.

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 Statement of Financial Performance as incurred. Development expenditure is recognised as an asset and is stated at cost and amortised on a straight line basis over the period of expected benefits, not exceeding 5 years.

Research and development expenditure on the development of new seed cultivars is recognised in the Statement of Financial Performance as incurred. Development costs of seed cultivars are in the main indistinguishable from the cultivar research costs.

(k) Leasing Commitments
Expenditure arising from operating lease commitments is expensed to earnings in the period incurred. Where the benefits expected to be derived are lower than the unavoidable costs of the lease, a provision is recognised.

(l) Financial Instruments
Off Balance Sheet exposures
The Group has entered into off-balance sheet interest rate hedging transactions and foreign exchange contracts for the purpose of reducing exposure to fluctuations in interest rates and foreign currencies. All off-balance sheet transactions are accounted for on a settlement basis. In respect of interest rate hedging transactions, the differential to be paid or received is accrued on a daily basis over the life of the transaction and is recognised as a component of interest expense over the same period as the underlying exposure. Financial instruments entered into with no underlying exposure are recorded on a mark-to-market basis.

Collateral
The group requires collateral in the form of both mortgages over real property and securities over stock and plant for the majority of advances made to clients.

CHANGES IN ACCOUNTING POLICIES
There have been no material changes in accounting policies applied by the company or group during the year.

1 Operating Revenue

	Group 2007 $000	Group 2006 $000	Parent 2007 $000	Parent 2006 $000
Sales revenue	991,733	815,721	754,646	641,655
Interest revenue				
Finance receivables	40,931	31,100	1,057	13,370
Investments	694	825	694	825
Money market deposits	-	367	-	-
Hedging gains	684	436	684	436
	42,309	32,728	2,435	14,631
Dividend income				
Dividends - subsidiary companies	-	-	6,500	7,500
Dividends - associate companies	-	8	269	8
Dividends - other	1,053	616	1,053	616
	1,053	624	7,822	8,124
Total operating revenue	1,035,095	849,073	764,903	664,410

2 Equity Accounted Earnings of Associates

	Group 2007 $000	Group 2006 $000
Equity accounted earnings of associates		
Surplus before income tax	685	655
Income tax	(170)	(216)
Total recognised revenues and expenses	515	439

3 Operating Surplus Before Interest and Taxation

Operating expenses include:

	Group 2007 $000	Group 2006 $000	Parent 2007 $000	Parent 2006 $000
Rental and operating lease costs	26,633	12,730	16,963	11,244
Research and development costs	2,330	178	-	-
Depreciation				
Buildings	786	1,723	590	841
Plant and equipment	4,848	4,961	3,217	4,326
	5,634	6,684	3,807	5,167
Amortisation of intangible assets (note 3(a))				
Goodwill	15,164	10,582	15,070	10,479
Impairment of intangible assets	-	570	-	570
Interest incurred				
on clients' deposit and current accounts	16,027	14,241	1,806	6,864
on secured debenture stock	9,827	5,431	-	-
	25,854	19,672	1,806	6,864
Other restructuring costs (note 3(b))	610	8,836	468	8,836
Doubtful debts				
(Decrease)/increase in provision for doubtful debts	(409)	1,422	(233)	1,043
Bad debts written off	127	462	33	462
	(282)	1,884	(200)	1,505
Profit on sale of non current assets	(12,536)	(3,144)	(12,113)	(2,668)
Profit on sale of property - sale and leaseback	-	(8,794)	-	(6,495)
Gain on rationalisation of businesses restructured following merger	-	(3,971)	-	(3,971)
Foreign currency (profits)/losses	(280)	(1,075)	-	(698)
Auditors' remuneration - KPMG				
Audit fees	215	-	215	-
Other assurance services	40	-	23	-
	255	-	238	-
Auditors' remuneration - PricewaterhouseCoopers				
Audit fees	-	320	-	295
Other assurance services	-	52	-	52
	-	372	-	347
Directors' fees	776	757	776	757
Donations	1	-	-	-

(a) Goodwill amortisation

The increase in amortisation of goodwill was created from the merger with Wrightson Limited.

(b) Other restructuring costs

In October 2005, PGG Wrightson Limited (formerly Pyne Gould Guinness Limited) merged with Wrightson Limited. These costs relate to the subsequent restructuring and integration of business operations in New Zealand.

4 Net Funding Expense

	Group		*Parent*	
	2007	2006	2007	2006
	$000	*$000*	*$000*	*$000*
Interest funding expense				
Bank loans and overdrafts	21,538	16,548	20,494	15,669
Hedging costs	-	24	-	-
Attributed to fund finance operations	(2,619)	(2,554)	-	(859)
Amounts received from Group companies	-	-	(4,000)	(1,950)
Net funding expense	18,919	14,018	16,494	12,860

5 Income Tax Expense

	Group 2007 $000	*Group* 2006 $000	*Parent* 2007 $000	*Parent* 2006 $000
Surplus before taxation	40,187	37,283	6,798	14,367
Taxation at 33 percent	13,262	12,303	2,243	4,741
Adjusted for:				
Non-deductible expenses	5,280	5,147	5,144	4,955
Exempt income	(4,433)	(7,294)	(6,512)	(7,368)
Effect of different tax jurisdiction	(75)	-	-	-
Other permanent differences	(33)	113	-	113
Taxation expense	14,001	10,269	875	2,441
The taxation expense consists of:				
Current taxation	7,928	4,925	(3,455)	(1,263)
Deferred taxation	6,307	5,347	4,380	3,680
Underprovision/(overprovision) prior year	(234)	(3)	(50)	24
	14,001	10,269	875	2,441

6 Imputation Credit Account

	Group 2007 $000	Group 2006 $000	Parent 2007 $000	Parent 2006 $000
Balance as at 1 July	2,006	17,369	(4,470)	12,550
Taxation paid	7,182	9,350	4,724	5,600
Imputation credits attached to dividends received	505	330	505	330
Transfers, refunds and adjustments	(8)	(713)	-	(764)
Imputation credits attached to dividends paid	(13,287)	(10,116)	(13,287)	(10,116)
Imputation credits attached to bonus issue	-	(12,070)	-	(12,070)
Imputation credits acquired as part of business combination	-	(2,144)	-	-
Balance as at 30 June	(3,602)	2,006	(12,528)	(4,470)

7 Share capital

	Group/Parent 2007 $000	Group/Parent 2006 $000	Group/Parent 2007 No. shares	Group/Parent 2006 No. shares
Balance as at 1 July	359,445	65,398	281,303,893	100,022,741
Shares issued - merger with Wrightson Limited	-	294,047	-	168,779,338
Bonus Issue	-	-	-	12,501,814
Balance as at 30 June	359,445	359,445	281,303,893	281,303,893
Net Tangible Assets per Share (Group)			$ 0.43	$ 0.41

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

8 Employee Share Purchase Scheme

The Scheme

PGG Wrightson Limited Employee Share Purchase Scheme was established by PGG Wrightson Limited in 2006 to assist employees to become shareholders in the Parent. 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 Company to the holders of its ordinary shares during the restrictive period. Any voting rights attached to shares held by the Trustees shall, unless the Company 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 Company 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:

	2007 $000	2006 $000
Ordinary shares		
Allocated to employees (fully paid)	599	654
Not yet allocated to employees	56	1
Percentage of total ordinary shares	0.21%	0.23%

All shares held by the Scheme that are fully paid carry full voting rights. The Scheme acquired nil shares (2006 655,768 shares) during the year at an average price of nil per share (2006 $2.27).

Control of the Scheme

MC Norgate, JB McConnon, AW Baylis 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 Company's Board of Directors.

Financial Commitments

	2007 $000	2006 $000
Advances from PGG Wrightson Limited	1,112	1,438

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 (2006: nil) had been pledged to external financial institutions as security.

9 Retained Earnings

	Group		Parent	
	2007	2006	2007	2006
	$000	$000	$000	$000
Balance as at 1 July	36,953	40,551	12,190	29,955
Net surplus after taxation for the year	26,186	26,869	5,923	11,926
Transfer to realised capital reserves	(8,575)	(8,425)	(8,575)	(8,425)
Less dividend distributions	(28,698)	(21,259)	(28,698)	(21,259)
Unclaimed dividends transferred to equity	50	-	50	-
Opening minority interest from business combination	-	(330)	-	-
Other movements	(5)	(453)	-	(7)
Balance as at 30 June	25,911	36,953	(19,110)	12,190

10 Other Reserves

(a) Foreign currency translation reserve				
Balance as at 1 July	1,756	-	-	-
Movements during the year	(1,799)	1,756	-	-
Balance as at 30 June	(43)	1,756	-	-
(b) Subsidiary companies investment revaluation reserve				
Balance as at 1 July	-	-	26,160	-
Revaluation of investments	-	-	17,001	26,160
Balance as at 30 June	-	-	43,161	26,160
(c) Realised capital reserve				
Balance as at 1 July	16,356	7,931	16,356	7,931
Transfer from retained earnings	8,575	8,425	8,575	8,425
Balance as at 30 June	24,931	16,356	24,931	16,356
Total other reserves	24,888	18,112	68,092	42,516

11 Current Finance Liabilities

Client unsecured deposit and current accounts	94,190	110,039	-	2,729
Secured debenture stock (note 14(a))	108,911	79,049	-	-
	203,101	189,088	-	2,729

12 Trade Creditors and Other

Trade creditors	98,139	121,547	61,269	98,736
Payable to Directors - retirement allowances	344	384	344	384
Accruals and other liabilities	37,959	35,937	14,916	24,231
Employee entitlements	11,325	13,555	9,704	12,247
Provisions (note 16)	6,666	15,080	6,666	14,279
Amounts owing to subsidiaries	-	-	22,525	10,963
	154,433	186,503	115,424	160,840

13 Bank Overdrafts and Term Borrowings

The Parent company has bank facilities of $279 million, Group $399 million (2006: $309 million parent only). The Group has entered into a deed of negative pledge, guarantee and undertaking.

	Group 2007 $000	Group 2006 $000	Parent 2007 $000	Parent 2006 $000
Bank overdraft facilities:	19,000	11,000	19,000	11,000
Bank loan facilities:				
Expire within:				
One year	260,000	298,000	260,000	298,000
Later than one year	120,000	-	-	-
Total lines of credit	399,000	309,000	279,000	309,000
Utilised:				
Bank overdraft and loans	305,499	253,210	235,690	286,997
Unutilised	93,501	55,790	43,310	22,003

14 Non Current Finance Liabilities

	Group 2007 $000	Group 2006 $000	Parent 2007 $000	Parent 2006 $000
Secured debenture stock (note 14(a))	27,943	20,122	-	-
Bonds (note 14(b))	45,216	45,216	-	-
	73,159	65,338	-	-

(a) Secured debenture stock

Both current and non-current secured debenture stock consist of fixed interest debt securities which are of equal ranking and are secured by a first ranking security interest over all the assets of PGG Wrightson Finance Limited.

	Group 2007 $000	Group 2006 $000	Parent 2007 $000	Parent 2006 $000
Due within:				
Within one year	108,911	79,049	-	-
Between one and two years	22,880	10,175	-	-
Between two and three years	2,910	8,997	-	-
Between three and five years	2,153	950	-	-
	136,854	99,171	-	-

(b) Bonds

PGG Wrightson Finance Limited has issued Bonds of $45.2 million (2006: $45.2 million) to the public and institutional investors, which are secured by security stock issued to the Trustees for Bondholders.

Bonds comprise:

	Outstanding $000	Coupon Interest rate	Maturity
Wrightson Finance Limited 2009	20,000	8.25%	20 May 2009
Wrightson Finance Limited 2010	25,216	8.50%	20 May 2010

Both bonds are senior secured, ranking pari passu with secured deposits and bank funding with a 5% limitation on prior security.
Interest is paid quarterly.

15 Other Non Current Liabilities

	Group 2007 $000	Group 2006 $000	Parent 2007 $000	Parent 2006 $000
Bank mortgages - secured (note 15(a))	-	14,991	-	-

(a) Bank mortgages

The bank mortgages were repaid during the year. In 2006 the loans were secured over Group properties and were repayable in 2010.

16 Provisions

	Group		Parent	
	2007	2006	2007	2006
	$000	$000	$000	$000
Loyalty reward programme (note 16(a))	1,669	2,705	1,669	2,705
Restructuring (note 16(b))	4,997	12,375	4,997	11,574
	6,666	15,080	6,666	14,279

(a) Provision for loyalty reward programme

Balance as at 1 July	2,705	-	2,705	-
Acquired as part of business combination	-	2,862	-	2,862
Additional provision made	1,199	1,139	1,199	1,139
Amount utilised	(2,235)	(1,296)	(2,235)	(1,296)
Balance as at 30 June	1,669	2,705	1,669	2,705

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.

(b) Provision for restructuring

Balance as at 1 July	12,375	-	11,574	-
Acquired as part of business combination	-	34,089	-	33,193
Additional provision made	3,134	-	3,134	-
Amount utilised	(10,512)	(21,714)	(9,711)	(21,619)
Balance as at 30 June	4,997	12,375	4,997	11,574

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.

17 Finance Receivables

	Group		Parent	
	2007	2006	2007	2006
	$000	$000	$000	$000
Finance receivables	235,260	236,013	5,499	-
Less provision for doubtful debts (note 17(a))	(900)	(2,092)	-	-
	234,360	233,921	5,499	-

(a) Analysis of movements in provision for doubtful debts				
Specific provision				
Balance as at 1 July	(4,751)	(1,341)	(2,659)	(1,341)
Specific provision written off	961	149	258	149
Specific provision acquired as part of business combination	-	(1,506)	-	(1,091)
Specific provision transferred to subsidiary	-	-	-	1,298
Change in specific provision	140	(2,053)	(36)	(1,674)
Balance as at 30 June	(3,650)	(4,751)	(2,437)	(2,659)
General provision				
Balance as at 1 July	(269)	(100)	(269)	(100)
General provision acquired as part of business combination	-	(800)	-	(800)
Change in general provision	269	631	269	631
Balance as at 30 June	-	(269)	-	(269)
Total provision for doubtful debts	(3,650)	(5,020)	(2,437)	(2,928)
Consists of:				
Provision against finance receivables	(900)	(2,092)	-	-
Provision against accounts receivables	(2,750)	(2,928)	(2,437)	(2,928)
	(3,650)	(5,020)	(2,437)	(2,928)

18 Inventories

Merchandise/finished goods	146,635	146,496	72,764	73,264
Raw materials and work in progress	1,258	3,641	1,258	3,641
Total inventories	147,893	150,137	74,022	76,905

Certain inventories are subject to restriction of title as per the Personal Property Securities Act 1999.

19 Trade Debtors and Other

Accounts receivable	177,426	200,018	137,083	158,915
Less provision for doubtful debts (note 17(a))	(2,750)	(2,928)	(2,437)	(2,928)
Other receivables and prepayments	18,149	22,259	12,954	17,105
Income tax refundable	9,181	12,265	15,195	8,443
Amounts owing from subsidiaries	-	-	28,066	116,731
Amounts owing from associate companies	373	373	373	373
Amounts owing from other companies	429	418	429	418
	202,808	232,405	191,663	299,057

20 Goodwill

	Group 2007 $000	Group 2006 $000	Parent 2007 $000	Parent 2006 $000
Cost	315,071	303,432	307,191	296,471
Impairment	-	(570)	-	(570)
Accumulated amortisation	(31,749)	(16,585)	(30,998)	(15,928)
	283,322	286,277	276,193	279,973
Balance as at 1 July	286,277	14,968	279,973	14,968
Goodwill arising on acquisitions	3,319	211,160	2,400	209,818
Acquired as part of business combination	-	71,301	-	66,236
Adjustment to goodwill arising in prior period	8,890	-	8,890	-
Amortisation	(15,164)	(10,582)	(15,070)	(10,479)
Impairment	-	(570)	-	(570)
Balance as at 30 June	283,322	286,277	276,193	279,973

21 Property, Plant and Equipment

	Group 2007 $000	Group 2006 $000	Parent 2007 $000	Parent 2006 $000
Cost and revaluation				
Land at cost	15,089	32,484	14,517	17,861
Land at valuation	170	170	170	170
Buildings at cost	20,931	27,343	16,374	18,569
Buildings at valuation	324	324	324	324
Plant and equipment at cost	75,298	72,653	47,254	48,095
Capital works in progress	10,145	3,759	8,692	3,477
Total cost and revaluation	121,957	136,733	87,331	88,496
Accumulated depreciation				
Buildings	4,291	3,665	3,363	3,060
Plant and equipment	50,947	46,700	34,266	34,583
Total accumulated depreciation	55,238	50,365	37,629	37,643
Net book value				
Land	15,259	32,654	14,687	18,031
Buildings	16,964	24,002	13,335	15,833
Plant and equipment	24,351	25,953	12,987	13,512
Capital works in progress	10,145	3,759	8,692	3,477
Total net book value	66,719	86,368	49,701	50,853

The group properties stated at valuation are at 1985 to 1987 valuations, plus additions at cost, less depreciation. The latest valuations from Quotable Value New Zealand of land and buildings total $29.7 million.

During the financial year, an assessment was made on the useful life of certain motor vehicles, computer hardware and software. Based on this assessment, the useful life for computer hardware was changed to 5 years (previously 3 to 4 years) and software 10 (previously 3 years)
The financial effect of this was to decrease depreciation expense by approximately $647,873 in the 2007 financial year.

22 Other Non Current Assets

	Group		Parent	
	2007	2006	2007	2006
	$000	$000	$000	$000
Investments (note 22(a))	29,367	24,490	154,702	145,549
Deferred taxation benefit (note 22(b))	6,538	14,538	3,320	12,380
	35,905	39,028	158,022	157,929
(a) Investments				
Investments in subsidiaries (i)	-	-	151,033	124,121
Investments in associate companies (ii)	22,266	2,932	2,459	2,459
Other investments (iii)	7,101	21,558	1,210	18,969
Total investments	29,367	24,490	154,702	145,549

(i) Subsidiaries

The principal subsidiary company details are as follows:

(a) The following principal subsidiary companies are wholly owned and have a 30 June balance date:

Name of entity	**Principal activities**
Agricom Limited	Proprietary seeds
Agriculture New Zealand Limited	Training
Agri-feeds Limited	Stock feed
New Zealand Wool Handlers Limited	Wool Logistics
PGG Wrightson Finance Limited (formerly Wrightson Finance Limited)	Finance
PGG Wrightson Genomics Limited	Proprietary seeds
PGG Wrightson Investments Limited	Investment
Wrightson Seeds (Australia) Pty Limited	Seeds
Wrightson Seeds Limited	Seeds

Wrightson Seeds (Australia) Pty Limited was incorporated in Australia.

(b) The subsidiary company Wrightson PAS is a Uruguayan company, owned by PGG Wrightson Investments Limited. Wrightson PAS has a 30 November balance date and is involved in seed operations including facilitating the sales and service of New Zealand seed in Uruguay. Ownership at 30 November was 85% with the additional 15% purchased on 15 May 2007.

(c) The operating surplus after income tax of the subsidiaries Agricom Limited and New Zealand Wool Handlers Limited acquired in 2006 for the period to 30 June 2006 was $5.6 million.

(ii) Associates

In addition to the associate investments listed below, investments in associate companies comprise primarily of shareholdings in saleyard companies, the market value of which is difficult to determine. The Directors are of the view that, with the exception of the following investments, the value of these interests are individually immaterial.

The New Zealand Merino Company Limited - 50% shareholding.

Investment cost 30 June 2007 $2,458,961 (2006: $2,458,961)

The company is involved in the processing and marketing of merino wool.

NZ Farming Systems Uruguay Limited - 11.1% Shareholding

Investment cost 30 June 2007 $17,934,177 (2006: Nil)

The company is involved in the investment of farming properties in Uruguay. It qualifies as an associate as a result of significant influence due to a combination of shareholding, management contract and directors.

Alfalfares S.R.L - 51% Shareholding

Investment cost 30 June 2007 $907,527 (2006: Nil)

The company is incorporated in Argentina and is involved in Seed distribution in Argentina and Chile.

	Group	
	2007	2006
	$000	*$000*
Carrying amount of associates		
Balance as at 1 July	2,932	116
Acquired as part of a business combination	-	1,394
New investments	19,088	1,107
Equity accounted earnings of associates	515	439
Dividends received	(269)	(8)
Associate becoming a subsidiary	-	(116)
Balance as at 30 June	22,266	2,932

(iii) Other investments

Other investments include shareholding in other companies. The market values of these investments were not materially different from cost as at 30 June 2007 and 2006.

	Group		**Parent**	
	2007	2006	2007	2006
	$000	$000	$000	$000
(b) Deferred taxation benefit				
Balance as at 1 July	14,538	1,566	12,380	1,566
Current year (charges)	(6,307)	(5,347)	(4,380)	(3,680)
Transferred to subsidiary	-	-	34	(428)
Prior period adjustment	3,022	-	-	-
Acquired as part of business combination	(4,715)	18,319	(4,714)	14,922
Balance as at 30 June	6,538	14,538	3,320	12,380

23 Merger with Wrightson Limited

On 7 October 2005 PGG Wrightson Limited (formerly Pyne Gould Guinness Limited) acquired all the issued share capital of Wrightson Limited by issuing 168,779,338 shares to ex Wrightson Limited shareholders. Under the purchase, PGG Wrightson Limited took control of the assets and assumed responsibility for the liabilities of Wrightson Limited. Wrightson Limited was amalgamated into PGG Wrightson Limited on 7 October 2005.

The effect of the merger on the Parent and Group at 7 October 2005 was:

	Group	**Parent**
	$000	$000
Inventories	92,651	60,603
Future income tax benefit	18,319	14,922
Income tax refund due	1,325	2,366
Property, plant and equipment	73,828	55,307
Investment in subsidiaries	-	84,715
Investment in associates and other companies	22,867	20,443
Trade and sundry debtors	168,467	140,170
Finance receivables	63,439	1,611
Intangible assets	68,678	66,417
Owing by associates	5,533	5,533
	515,107	452,087
less		
Clients' unsecured deposit and current accounts	64,796	2,316
Bank overdraft and short term borrowings	150,272	160,609
Payables and accruals	202,169	166,101
Owing to subsidiaries	-	25,607
Minority interest	416	-
Net Assets	97,454	97,454
Purchase Price	295,263	295,263
Goodwill on merger	197,809	197,809

The effect on the Group arose from the merger and the effect on the Parent arose from amalgamation.

24 Acquisition of subsidiary

Agricom Limited

On 1 July 2005 the company purchased 100% of the share capital of the proprietary seed company Agricom Limited and its subsidiary company Agri Pro Seeds Limited.

The consideration for the purchase was cash $13,292,175 (of which $2,000,000 was paid by 30 June 2005).

The increase in each class of identifiable assets and liabilities to be recognised in the Group as a result of the acquisition is:

	Group
	2006
	$000
Inventories	4,502
Property, Plant and Equipment	6,021
Investments	52
Debtors	2,746
Brands	3,600
	16,921
less	
Bank Borrowings	11,892
Creditors	3,746
Net Assets	1,283
Purchase Price	13,292
Goodwill on acquisition	12,009

There were no material acquisitions of subsidiaries during the 2007 financial year

25 Financial Instruments

(A) Nature of activities and management policies with respect to financial instruments
All activities and management policies with respect to financial instruments are carried out in accordance with treasury policies approved by the Board of Directors.

(i) 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 $68.5 million (2006: $31.5 million) for the Group and $21.5 million (2006: $3.7 million) for the Parent. 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.

(ii) 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 $250.8 million (Parent: $222.0 million) of interest rate contracts at 30 June 2007 (2006: Group $162.8 million, Parent $90.0 million).

(iii) 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.

(iv) 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.

(a) Maximum exposures to credit risk as at balance date are

	Group		Parent	
	2007	2006	2007	2006
	$000	*$000*	*$000*	*$000*
Finance Receivables	403,216	332,035	9,940	-
Trade Debtors and Other Receivables	202,808	232,405	191,663	299,057

(b) 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 the 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.

(B) Fair value

The fair value of the following financial instruments materially differ from their carrying values shown in the Statement of Financial Position.

	Group			
	2007 Carrying Value	2007 Fair Value	2006 Carrying Value	2006 Fair Value
Assets:	$000	$000	$000	$000
Forward foreign exchange contracts	-	(687)	-	(976)
Foreign exchange options	-	78	-	(372)
Interest rate swaps	-	(145)	-	(412)
	Parent			
Assets:				
Forward foreign exchange contracts	-	(195)	-	(361)
Foreign exchange options	-	-	-	-
Interest rate swaps	-	(1,727)	-	206

The fair value of foreign exchange contracts, interest rate options and interest rate swaps is based on quoted market price.

All other financial instruments except finance receivables are carried at fair value. The fair value of finance receivables cannot be determined with an acceptable level of reliability within the constraints of timeliness and cost, because it is not practicable to consider all relevant factors to determine a fair value for each of them.

(C) Repricing analysis

The following tables identify the weighted average interest rate of the financial assets and liabilities of the Group and Parent and their maturity periods.

Group 2007	Weighted Average Interest Rate %	Total $000	Up to 12 months $000	1 to 2 years $000	Over 2 years $000	Non-Interest Bearing $000
Assets						
Accounts receivable	0.00%	177,426	-	-	-	177,426
Other receivables	0.00%	18,149	-	-	-	18,149
Finance receivables	10.56%	402,316	234,361	97,058	70,897	-
Amounts owing from other companies	0.00%	802	802	-	-	-
		598,693	235,163	97,058	70,897	195,575
Liabilities						
Bank overdrafts	8.29%	305,499	305,499	-	-	-
Trade Creditors and accruals	0.00%	154,433	-	-	-	154,433
Client deposits	7.92%	94,190	94,190	-	-	-
Secured debenture stock	7.92%	136,854	108,911	22,880	5,063	-
Bonds	8.39%	45,216	-	-	45,216	-
Bank mortgages	0.00%	-	-	-	-	-
		736,192	508,600	22,880	50,279	154,433
Net on-balance sheet financial position		(137,499)	(273,437)	74,178	20,618	41,142
Off-balance sheet financial instruments						
Interest rate swaps		-	(15,316)	(6,400)	21,716	-
Total off-balance sheet financial instruments		-	(15,316)	(6,400)	21,716	-
Net repricing profile		(137,499)	(288,753)	67,778	42,334	41,142

Group 2006	Weighted Average Interest Rate %	Total $000	Up to 12 months $000	1 to 2 years $000	Over 2 years $000	Non-Interest Bearing $000
Assets						
Accounts receivable	0.00%	200,018	-	-	-	200,018
Other receivables	0.00%	22,259	-	-	-	22,259
Finance receivables	10.86%	329,943	233,921	23,784	72,238	-
Amounts owing from associate companies	0.00%	791	791	-	-	-
		553,011	234,712	23,784	72,238	222,277
Liabilities						
Bank overdrafts	7.20%	253,210	253,210	-	-	-
Trade creditors and accruals	0.00%	186,503	-	-	-	186,503
Client deposits	7.08%	110,039	110,039	-	-	-
Secured debenture stock	7.10%	99,171	79,049	10,175	9,947	-
Bonds	8.39%	45,216	-	-	45,216	-
Bank mortgages	5.81%	14,991	-	-	-	14,991
		709,130	442,298	10,175	55,163	201,494
Net on-balance sheet financial position		(156,119)	(207,586)	13,609	17,075	20,783
Off-balance sheet financial instrument						
Interest rate swaps		-	(39,116)	9,800	29,316	-
Total off-balance sheet financial instruments		-	(39,116)	9,800	29,316	-
Net repricing profile		(156,119)	(246,702)	23,409	46,391	20,783

Parent 2007	Weighted Average Interest Rate %	Total $000	Up to 12 months $000	1 to 2 years $000	Over 2 years $000	Non-Interest Bearing $000
Assets						
Accounts receivable	0.00%	134,646	-	-	-	134,646
Other receivables	0.00%	12,954	-	-	-	12,954
Finance receivables	8.88%	9,940	5,499	-	4,441	-
Amounts owing from subsidiaries	7.85%	28,066	28,066	-	-	-
Amounts owing from other companies	0.00%	802	802	-	-	802
		186,408	34,367	-	4,441	148,402
Liabilities						
Bank overdrafts	8.30%	235,690	235,690	-	-	-
Trade creditors	0.00%	61,269	-	-	-	61,269
Client deposits	0.00%	-	-	-	-	-
Other liabilities	0.00%	54,155	-	-	-	54,155
		351,114	235,690	-	-	115,424
Net on-balance sheet financial position		(164,706)	(201,323)	-	4,441	32,978
Off-balance sheet financial instrument						
Interest rate swaps		-	(11,000)	11,000	-	-
Total off-balance sheet financial instruments		-	(11,000)	11,000	-	-
Net repricing profile		(164,706)	(212,323)	11,000	4,441	32,978

Parent 2006	Weighted Average Interest Rate %	Total $000	Up to 12 months $000	1 to 2 years $000	Over 2 years $000	Non-Interest Bearing $000
Assets						
Accounts receivable	0.00%	155,987	-	-	-	155,987
Other receivables	0.00%	17,105	-	-	-	17,105
Finance receivables	0.00%	-	-	-	-	-
Amounts owing from subsidiaries	7.20%	116,731	116,731	-	-	-
Amounts owing from associates	0.00%	791	791	-	-	-
		290,614	117,522	-	-	173,092
Liabilities						
Bank overdrafts	7.20%	286,997	286,997	-	-	-
Trade creditors	0.00%	98,736	-	-	-	98,736
Client deposits	0.00%	2,729	2,729	-	-	-
Other liabilities	0.00%	62,104	-	-	-	62,104
		450,566	289,726	-	-	160,840
Net on-balance sheet financial position		(159,952)	(172,204)	-	-	12,252
Off-balance sheet financial instrument						
Interest rate swaps		-	24,000	(13,000)	(11,000)	-
Total off-balance sheet financial instruments		-	24,000	(13,000)	(11,000)	-
Net repricing profile		(159,952)	(148,204)	(13,000)	(11,000)	12,252

26 Reconciliation of Surplus After Taxation With Net Cash Flow from Operating Activities

	Group		Parent	
	2007	2006	2007	2006
	$000	$000	$000	$000
Surplus after taxation	26,186	27,014	5,923	11,926
Add/(deduct) non-cash items:				
Depreciation	5,634	6,684	3,807	5,167
Intangibles amortisation and impairment	15,164	11,152	15,070	11,049
Net (profit) on sale of assets/shares	(12,536)	(11,938)	(12,113)	(9,163)
Bad debts written off (net)	127	462	33	462
Increase/(decrease) in provision for doubtful debts	(409)	1,422	(233)	1,043
(Increase)/decrease in deferred taxation	8,000	5,502	9,060	3,709
Equity accounted (earnings) from associates	(515)	(439)	-	-
	15,465	12,845	15,624	12,267
Add/(deduct) movement in working capital items:				
(Increase)/decrease in inventories	2,245	(9,540)	2,883	11,157
(Increase)/decrease in accounts receivable and prepayments	28,676	17,405	27,645	30,143
Increase/(decrease) in trade creditors, provisions and accruals	(34,557)	(23,025)	(50,401)	(19,636)
Increase/(decrease) in income tax payable/receivable	3,084	(12,280)	(6,752)	(3,260)
	(552)	(27,440)	(26,625)	18,404
Net cash flow from operating activities	41,099	12,419	(5,078)	42,597

27 Commitments

	Group		Parent	
	2007	2006	2007	2006
	$000	$000	$000	$000
There are commitments in respect of:				
Capital expenditure not provided for	1,873	3,887	1,673	2,347
Commitments to extend credit	26,787	15,801	-	-
Investment in BioPacificVentures (i)	8,263	11,672	-	-
	36,923	31,360	1,673	2,347

(i) Investment in BioPacificVentures

The Group has committed $14 million to a new international fund established for investment in food and agriculture life sciences. PGG Wrightson's investment in BioPacificVentures will be made over approximately six years. The investment has an anticipated total lifespan of 12 years. There have been drawdowns of $5.7 million on the committed level of investment to 30 June 2007 (2006: $2.3 million), which is included in other investments.

(ii) Investment in other associates

There are no material commitments relating to investment in other associates.

28 Contingent Liabilities

	Group 2007	Group 2006	Parent 2007	Parent 2006
There are contingent liabilities in respect of:				
Guarantees (i)	10,226	15,969	10,226	15,969
PGG Wrightson Loyalty Reward Programme (ii)	527	854	527	854
Discounted export bills (iii)	-	132	-	132
	10,753	16,955	10,753	16,955

(i) Guarantees

The guarantees are provided to the banks for subsidiary company borrowings and to other various third parties. The guarantees previously provided by the Parent over subsidiary company borrowings ceased during 2006.

(ii) 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.

(iii) Discounted export bills

PGG Wrightson have discounted export bills with the bank.

(iv) Retirement Plans

PGG Wrightson Limited has guaranteed the pension obligations of the PGG Wrightson Employee Benefits Plan. This Defined benefit was renamed from W&K Employee Benefits Plan in June 2007 following the amalgamation with Wrightson Retirement Plan. The last triennial valuation completed by the plan's independent actuary as at 31 March 2005 reported that W&K Employee Benefits Plan was in a strong financial position, with investment assets significantly in excess of both the current and projected pension liabilities.

No losses are expected to arise from these contingent liabilities.

There are no contingent liabilities relating to investments in associates.

29 Operating Lease Commitments

The expected future minimum rental payments required under operating leases that have initial or remaining non-cancellable lease terms at balance date are as follows:

	Group		Parent	
	2007	2006	2007	2006
	$000	*$000*	*$000*	*$000*
Within one year	19,461	13,232	17,183	12,209
One to two years	16,440	8,959	14,304	8,531
Two to five years	26,043	15,077	20,791	14,400
Beyond five years	30,112	23,519	17,502	23,519
	92,056	60,787	69,780	58,659

30 Amounts Owing to/from Directors

Some directors use the Wrightson American Express credit card facility and/or have farming interests where they enter into transactions with the Group in the normal course of business for those farming operations. Deposits includes amounts deposited by directors and associated family interests on normal commercial terms. These transactions are not material to the Group or Parent.

31 Related Parties

Types of related party transactions
The Parent company has entered into certain transactions with its subsidiaries. The types and values of transactions and balances are disclosed in notes 1,4,12,13,19 and 22.

PGG Wrightson is contracted to provide management services to NZFSU in relation to farm management, asset management and investor relations services to NZ Farming Systems Limited. The value of the management fee services provided is $1,247,000 (2006:Nil).

32 Segment Information

(a) Industry segments
The Group operates in the following industry segments, its primary business being the supply of products and services to the rural industry.

- Rural Services, including;
  - Real estate and insurance services
  - Rural merchandise
  - Farm consultancy
  - Irrigation and pumping services
  - Livestock marketing and supply
  - Wool procurement, warehousing, marketing and export
- Supply of seeds, grains and feed supplements
- Farm finance

		Industry		Consolidated	
		2007	2006	2007	2006
		$000	$000	$000	$000
Revenue derived from outside the Group					
	Rural Services	715,559	583,066		
	Technology Services	230,019	195,944		
	Financial Services	84,704	67,054		
	Corporate Services	4,813	2,645		
Inter-segment revenue (eliminated on consolidation)					
	Rural Services	-	-		
	Technology Services	57,524	45,262		
	Financial Services	-	-		
Total revenue				**1,035,610**	**849,512**
Segment net surplus					
	Rural Services	18,479	21,257		
	Technology Services	27,468	9,721		
	Financial Services	17,597	16,508		
	Corporate Services	(23,358)	(10,204)		
Total net surplus				**40,187**	**37,283**
Segment assets					
	Rural Services	584,852	681,925		
	Technology Services	167,295	110,099		
	Financial Services	394,289	332,134		
	Corporate Services	-	-		
Total assets				**1,146,436**	**1,124,158**

(b) Geographic segments

The Group operates predominantly in New Zealand, with one business unit in Australia and three business units in Uruguay.
The Australian business unit facilitates 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.

		Region		Consolidated	
		2007	2006	2007	2006
		$000	$000	$000	$000
Revenue derived from outside the Group					
	New Zealand	974,090	783,776		
	Australia	43,225	45,262		
	Uruguay	18,295	19,671		
Inter-segment revenue (eliminated on consolidation)					
	New Zealand	57,433	42,532		
	Australia	91	266		
	Uruguay	-	-		
Total revenue				**1,035,610**	**849,512**
Segment net surplus					
	New Zealand	35,263	30,319		
	Australia	3,472	5,871		
	Uruguay	1,452	1,093		
Total net surplus				**40,187**	**37,283**
Segment assets					
	New Zealand	1,106,529	1,062,305		
	Australia	25,730	24,486		
	Uruguay	14,177	37,367		
Total assets				**1,146,436**	**1,124,158**

33 Adoption of New Zealand Equivalents to International Financial Reporting Standards

In December 2002 The New Zealand Accounting Review Board announced that International Financial Reporting Standards (IFRS) will apply to all New Zealand entities for periods commencing on or after 1 January 2007. Entities will also have the option for early adoption of the new standards for the periods beginning on or after 1 January 2005.

Since this date New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) have been issued. In complying with these, New Zealand entities will be in compliance with IFRS.

Analysis of the potential impacts from the conversion to NZ IFRS commenced in August 2004. The Company has considered the impacts of NZ IFRS implementation, both from a reporting and an operational perspective. The objective of the company is to ensure the conversion to NZ IFRS occurs within agreed and required timelines (under the Financial Reporting Act 1993), ensuring:

- Minimal operational impact on the Group; and
- All relevant parties are consulted.

The Group intends to adopt NZ IFRS and report for the first time under these standards for the year ending 30 June 2008. Upon adoption of NZ IFRS, comparative information presented in the financial statements will be restated to conform to the requirements of the new standards, and the financial impact of that adoption will be disclosed.

The key differences in accounting policies that have been identified to date are as follows:

Intangible Assets - Indefinite life
- Under NZ IFRS 3 goodwill will no longer be amortised. However, it will be subject to regular reviews for impairment.
- Currently the Company records goodwill at cost less amortisation over periods not exceeding 20 years.

Financial instruments
- Under NZ IAS 39 all financial instruments will be fair valued through income statement
- Currently the Company records financial instruments at cost

Employee benefits - defined benefit obligation
- Under NZIAS 19 any gains or losses to be recognised as income or expense
- Currently the Company recognises any gains or losses as a contingency

Known or reliably estimated information about the impacts on the financial report, had it been prepared using NZ IFRS, have not yet been determined.

The actual impact of adopting NZ IFRS may vary from the information presented, and the variation may be material.

34 Events Subsequent to Balance Date

(i) Final dividend

Subsequent to balance date, on 16 August 2007, the Directors declared a final dividend of 8 cents per share to be paid 5 October 2007. The dividend has not been recognised as a liability in the financial statements.

(ii) Purchase of Auswest Seeds

On 31 July 2007 the Group acquired all the shares of Kahibah Holdings Pty. Ltd., which trades as Auswest Seeds in New South Wales and Southern Queensland. Its operations cover seed distribution, sales, marketing seed cleaning and mixing, and seed treating and coating. No restructuring provisions provisions or other expenses such as the disposal of an operations will be required. As the acquisition is a non-adjustable event the company has not been included in this year's Group financial statements, however the acquisition will have the following estimated effect in the 2008 consolidated financial position.

	2008 $000
Current assets	
Cash balances	682
Trade debtors	6,860
Inventory	7,189
	14,731
Non - current assets	
Goodwill	4,126
Property plant and equipment	550
	4,676
Current liabilities	
Trade creditors / accruals	7,886
	7,886
Net assets acquired	11,521
Cash Paid	16,274
Goodwill arising on acquisition	4,753