PGG Wrightson Finance Limited

Statement of Comprehensive Income

For the year ended 30 June

	Note	2010 $000	2009 $000
Interest income	4	58,730	56,685
Interest expense and other costs of funding	5	(30,357)	(37,758)
Net interest income		28,373	18,927
Other income	6	925	916
Net impairment losses on financial assets	13	(8,949)	(2,877)
Operating expenses	7	(7,056)	(6,708)
		(15,080)	(8,669)
EBITDA		13,293	10,258
Depreciation and amortisation expense		(198)	(148)
Results from operating activities		13,095	10,110
Fair value adjustments	8	(338)	1,002
Profit before income tax		12,757	11,112
Income tax expense	9	(3,824)	(3,334)
Profit for the period		**8,933**	**7,778**
Other Comprehensive Income			
Effective portion of changes in fair value of cash flow hedges		(2,992)	5,146
Income tax on other comprehensive income		-	-
Other comprehensive income for the period, net of income tax		**(2,992)**	**5,146**
Total comprehensive income for the period		**5,941**	**12,924**
Earnings per share and net tangible assets			
Basic and diluted earnings per share (New Zealand dollars)		0.28	0.25
Net tangible assets per security at period end		3.03	2.05

The accompanying notes form an integral part of these financial statements

PGG Wrightson Finance Limited

Statement of Changes in Equity

For the year ended 30 June

	Share Capital $000	Hedging Reserve $000	Retained Earnings $000	Total $000
Balance at 1 July 2008	31,500	(1,002)	23,394	53,892
Profit or loss	-	-	7,778	7,778
Reclassification of opening deferred tax adjustment on financial instruments	-	130	(130)	-
Net change in fair value of cash flow hedges net of tax	-	5,146	-	5,146
Total comprehensive income for the period	**-**	**5,276**	**7,648**	**12,924**
Balance as at 30 June 2009	**31,500**	**4,274**	**31,042**	**66,816**
Balance as at 1 July 2009	31,500	4,274	31,042	66,816
Profit or loss	-	-	8,933	8,933
Net change in fair value of cash flow hedges net of tax	-	(2,992)	-	(2,992)
Total comprehensive income for the period	**-**	**(2,992)**	**8,933**	**5,941**
Issue of preference shares	33,850	-	-	33,850
Interest paid on preference shares	-	-	(1,232)	(1,232)
Ordinary share dividends paid	-	-	(5,000)	(5,000)
Total contributions by and distributions to shareholders	**33,850**	**-**	**(6,232)**	**27,618**
Balance as at 30 June 2010	**65,350**	**1,282**	**33,743**	**100,375**

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

PGG Wrightson Finance Limited

Statement of Financial Position

As at 30 June

	Note	2010 $000	2009 $000
ASSETS			
Cash and cash equivalents		9,277	3,779
Derivative assets	10	1,979	7,575
Other receivables	11	3,364	1,767
Amounts due from Group entities	12	-	224
Loans and receivables	13	530,119	559,659
Property, plant and equipment	14	75	80
Intangible assets	15	1,180	1,163
Deferred tax assets	16	3,668	1,228
Total assets		**549,662**	**575,475**
LIABILITIES			
Deposits and other borrowings	17	70,819	83,032
Derivative liabilities	10	222	2,488
Amounts due to Group entities	12	290	-
Trade and other payables		3,454	4,943
Tax payable		6,264	2,082
Term bank facility	18	21,000	71,500
Bonds	19	99,658	123,564
Secured debentures	20	247,580	221,050
Total liabilities		**449,287**	**508,659**
EQUITY			
Share capital	21	65,350	31,500
Cash flow hedge reserve		1,282	4,274
Retained earnings		33,743	31,042
Total equity		**100,375**	**66,816**
Total liabilities and equity		**549,662**	**575,475**

These financial statements have been authorised for issue on 12 August 2010.

Director

Director

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

PGG Wrightson Finance Limited

Statement of Cash Flows

For the year ended 30 June

	Note	2010 $000	2009 $000
Cash flows from operating activities			
Cash was provided from:			
Interest received		58,947	56,685
Lease and other income		654	744
Cash was applied to:			
Payments to suppliers and employees		(7,660)	(6,049)
Interest payments		(29,222)	(33,179)
Income tax paid		(2,081)	(3,969)
Net cash flow from operating activities	22	**20,638**	**14,232**
Cash flows from investing activities			
Cash was provided from:			
Sale of property, plant and equipment		-	-
Decrease in finance receivables		20,583	-
Cash was applied to:			
Purchase of property, plant and equipment		(20)	(86)
Purchase of intangible assets		(190)	(1,209)
Increase in finance receivables		-	(59,848)
Net cash flow from investing activities		**20,373**	**(61,143)**
Cash flows from financing activities			
Cash was provided from:			
Drawdown of term bank facility		21,000	71,975
Increase in debentures		26,531	48,122
Issue of preference shares		33,850	-
Increase in bonds		-	77,405
Advances from parent		514	1,809
Cash was applied to:			
Repayment of term bank facility		(71,500)	(140,475)
Decrease in debentures		-	-
Interest on preference shares		(1,232)	-
Decrease in client deposits		(12,214)	(8,771)
Finance facility fees		(2,229)	-
Repayment of bonds		(25,233)	-
Advances to parent		-	-
Dividends paid		(5,000)	-
Net cash flow from financing activities		**(35,513)**	**50,065**
Net increase/(decrease) in cash held		5,498	3,154
Opening (bank overdraft)/cash		3,779	625
Cash and cash equivalents		**9,277**	**3,779**

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

1 Reporting Entity

PGG Wrightson Finance Limited (the "Company") is domiciled in New Zealand, registered under the Companies Act 1993 and has bonds listed on the New Zealand Stock Exchange. The Company is an issuer in terms of the Financial Reporting Act 1993. The Company is a wholly owned subsidiary of PGG Wrightson Limited. The Company is primarily involved in the provision of financial services.

2 Basis of Preparation

Statement of Compliance
The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with the New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards as applicable for profit oriented entities. The financial statements comply with International Financial Reporting Standards.
These statements were approved by the Board of Directors on 12 August 2010.

Basis of Measurement
The financial statements have been prepared on the historical cost basis except for derivative financial instruments, which are measured at fair value.

Functional and Presentation Currency
These financial statements are presented in New Zealand dollars ($), which is the Company's functional currency. All financial information presented in New Zealand dollars 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:
- Estimation of average loan lives used to defer fees
- Valuation of financial instruments
- Carrying value of finance receivables.

3 Significant Accounting Policies

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

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

Finance Revenue and Expense Recognition
For all financial instruments measured at amortised cost, interest income or expense is recorded at the effective interest rate, which is the rate that 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 Company recognises interest revenue, management fees, and establishment fees on an accruals basis when the services are rendered.

Fee and Commission Income
The Company earns fee and commission income from a diverse range of services it provides to customers. Fee income can be divided into the following three 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 are received by the Company upon early termination of mortgage loans. On a consolidated basis these are treated as a recoupment of the transaction costs spent by the Company in establishing the mortgage loans. These fees form part of the interest effective yield on the loans and are accrued and recognised in the statement of comprehensive income over the weighted average expected life of the mortgage loans using the effective interest method.
- Fees or components of the fees that are linked to certain performance are recognised after fulfilling the corresponding criteria.

(b) Financial Instruments

Non-derivative Financial Instruments

Non-derivative financial instruments comprise; other receivables, cash and cash equivalents, loans and receivables, intercompany advances, deposits, debentures, bonds, bank loans, 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 Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company is no longer entitled to cash flows generated by the asset, or if the Company 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 Company commits to the purchase or sale of the asset. Financial liabilities are derecognised if the obligations of the Company lapse, expire, are discharged or cancelled.

Cash and cash equivalents

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 Company's cash management are included as a component of cash and cash equivalents.

Loans and Other Receivables

Subsequent to initial recognition, other non-derivative financial instruments, including other receivables, loans and receivables and inter-company advances are measured at amortised cost using the effective interest method, less any impairment losses.

Interest-bearing Borrowings

Interest-bearing borrowings are classified as other non-derivative financial liabilities and are stated at amortised cost. Interest-bearing borrowings include debentures, client deposits, bonds and bank loans.

Trade and Other Payables

Trade and other payables are stated at cost.

Derivative Financial Instruments

The Company uses derivative financial instruments to manage its exposure to interest rate risks arising from operational, financing and investment activities. In accordance with Company Treasury policy, the Company 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, refer below for treatment of cash flow hedges. Fair value movements of cash flow hedges in the Statement of Comprehensive Income are recognised in Interest Expense on maturity of the instrument.

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 the 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.

Share Capital

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

(c) Intangible Assets

Computer Software

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

(d) Impairment

The carrying value of the Company'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 statement of comprehensive income.

Past Due Assets

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

Impairment of Loans and Receivables

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

The recoverable amount of the Company's investments in 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 a 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 are subject to this approach.

Non-financial Assets

The carrying amounts of the Company's non-financial assets, other than 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.

An impairment loss is recognised if the carrying amount of an asset exceeds the recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

The recoverable amount of an asset 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.

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.

(e) Income Tax

Income tax expense comprises current and deferred taxation and is recognised in profit or loss 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 in respect of 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.

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.

(f) Determination of Fair Values

A number of the Company'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.

Loans and Receivables, Debentures, Bonds and Deposits

The fair value of loans and receivables, debentures, bonds and deposits is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Derivatives

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.

(g) Earnings per Share

The Company 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.

(h) Statement of Cash Flows

The Statement of Cash Flows has been prepared using the direct approach modified by netting of certain items. Certain cash flows have been netted in order to provide more meaningful disclosure, as many of the cash flows are received and disbursed on behalf of customers and reflect the activities of the customers rather than those of the Company. These include client deposits and financial receivables.

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

Standards and interpretations that have been issued or amended but are not yet effective and have not been adopted by the Company for the period ended 30 June 2010 are as follows:

Standard	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
NZ IFRS-9 'Financial Instruments'	1 Jan 2013	30 Jun 2014
NZ IAS-24 'Related Party Disclosures'	1 Jul 2011	30 Jun 2012

To date the Company has not made an assessment of the impact on the financial statements.

(j) Segment Reporting

The Company has one reportable segment, being financial services within the New Zealand rural sector. Although the Company offers different products, these are managed through analysis contained within the asset and liability segments of the Statement of Financial Position, and through interest income and expense sections of the Statement of Comprehensive Income. The Chief Executive Officer reviews internal management reports on the Company at the total Company level. No relevant segment structure is in place for regular reporting. Although analysis is periodically done on various customer and product profiles, these ad hoc reports are not representative of how the business is managed. The Company operates within geographical regions in New Zealand and limited analysis is utilised for those regions.

(k) Changes in Accounting Policy

The same accounting policies, presentation and methods of computation are followed as applied in the Company's latest annual audited financial statements, with the following exception:

Presentation of Financial Statements

The Company applied revised IAS 1 Presentation of Financial Statements (2007), which became effective as of 1 January 2009. As a result, the Company presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. This presentation has been applied in these financial statements as of and for the year ended on 30 June 2010. Comparative information has been re-presented so that it also is in conformity with the revised standard and current period classifications. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

4 Interest Income

	2010 $000	2009 $000
Current accounts	18,878	15,592
Term loans	32,456	37,159
Loans and other receivables	7,396	3,934
	58,730	**56,685**

Interest income of $6,683,912 has been charged on impaired assets (30 June 2009: $464,413).

5 Interest Expense and Other Costs of Funding

	2010 $000	2009 $000
Deposits and other borrowings	2,545	4,395
Secured debentures	15,599	18,787
Bonds	10,153	7,518
Amortisation - bond costs	1,327	943
Bank loans - secured	2,536	5,094
Net swap costs	(5,119)	(1,437)
Bank/brokerage costs	4,326	1,074
Crown Guarantee Fee	(1,010)	1,384
	30,357	**37,758**

On 17 February 2010 the Company was advised that Standard & Poor's issued a BB stable credit rating. Costs relating to the Crown Guarantee Scheme have been paid based on an unrated status. Achieving this credit rating has allowed the Company to apply to The Treasury for a part of refund of $2.0 million.

6 Other Income

	2010 $000	2009 $000
Loan fees	572	759
Other income	353	157
	925	**916**

7 Operating Expenses

	2010 $000	2009 $000
Operating expenses include:		
Employee benefits expense	4,385	4,542
Rental and operating lease costs	505	237
Directors' fees	40	-
Amount paid to the auditor for audit fees - KPMG	84	58
Other expenses	2,042	1,871
	7,056	**6,708**

Operating expenses include amounts that have been recharged from the Company's parent for rent, employee salaries and administration services.

8 Fair Value Adjustments

	2010 $000	2009 $000
Derivatives not in qualifying hedge relationships	(338)	906
Risk share loan transfers	-	96
	(338)	**1,002**

9 Taxation

Income tax expense

The prima facie income tax expense on pre tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

	2010 $000	2009 $000
Current income tax expense	6,264	4,166
Deferred tax expense - origination and reversal of temporary differences	(2,431)	(832)
Deferred tax expense - reduction in tax rate	(9)	-
Total income tax expense	**3,824**	**3,334**

Reconciliation of effective tax rate	2010 %	2010 $000	2009 %	2009 $000
Profit for the period		8,933		7,778
Total income tax expense		3,824		3,334
Profit excluding income tax		12,757		11,112
Income tax using Company's domestic tax rate	30.00%	3,827	30.00%	3,334
Non - deductible expenses	-0.02%	(3)	0.00%	-
	29.98%	**3,824**	**30.00%**	**3,334**

	2010 $000	2009 $000
Imputation credit account	638	638

This account is not recognised in the Financial Statements.

On 27 May 2010 the Government passed legislation to reduce the Company tax rate from 30% to 28% effective for tax years beginning on or after 1 April 2011. The financial effect of the change in tax rate is a reduction in deferred tax assets / liabilities.

10 Derivative Financial Instruments

	2010 $000	2009 $000
Fair Value		
Interest rate swaps at fair value through profit or loss	504	866
Interest rate swaps designated as qualifying hedges	1,475	6,709
Derivative assets held for risk management	1,979	7,575
Interest rate swaps at fair value through profit or loss	28	54
Interest rate swaps designated as qualifying hedges	194	2,434
Derivative liabilities held for risk management	222	2,488
Net derivatives held for risk management	**1,757**	**5,087**
Nominal Value		
Interest rate swaps at fair value through profit or loss	44,050	15,300
Interest rate swaps designated as qualifying hedges	267,800	314,766
Derivative assets held for risk management	311,850	330,066
Interest rate swaps at fair value through profit or loss	17,000	9,000
Interest rate swaps designated as qualifying hedges	96,369	124,715
Derivative liabilities held for risk management	113,369	133,715
Net derivatives held for risk management	**198,481**	**196,351**

The profit and loss impact of derivatives not designated as qualifying hedges is as follows:

	2010 $000	2009 $000
Income	-	906
Expense	(338)	-
Net income/(loss) from derivative financial instruments	**(338)**	**906**

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.

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.

11 Other Receivables

	2010 $000	2009 $000
Prepayments	1,620	86
Accrued income	1,388	1,605
Sundry debtors	356	76
	3,364	**1,767**

12 Related Party Transactions

	2010 $000	2009 $000
Amounts Due From / (To) Group Entities - Balance Outstanding		
Parent of the Company	(290)	224

There is no other related party lending. All transactions and outstanding balances with these related parties are priced on an arm's length basis and are to be settled in cash on a monthly basis. None of the balances are secured.

The transactions relate to payments and receipts into and from the Company client accounts made by PGG Wrightson Limited on behalf of the Company. In addition the Company repays PGG Wrightson Limited for expenses incurred on behalf of the Company including wages and salaries.

Key Management Personnel Compensation

Key management personnel received compensation in the form of total remuneration including employee benefits, as set out below:

	2010 $000	2009 $000
Short term employee benefits	990	995
Post employment benefits including contributions to defined contribution schemes	8	-
Other long term benefits	-	-
Termination benefits	-	65
Share based payments	1	-
	999	1,060

Directors fees incurred during the year are disclosed in Note 7 Operating Expenses.

Other Transactions with Key Management Personnel

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:

		Transaction value 2010 $000	2009 $000	Balance outstanding 2010 $000	2009 $000
B Jolliffe (retired 24 June 2009)	Bonds	-	3	-	75
B McConnon (retired 28 February 2010)	Secured debentures and bonds	59	79	1,000	1,025
M Darrow	Secured debentures	-	-	16	16
M Thomas	Secured debentures and rural save	11	-	359	-
Sir Selwyn Cushing	Secured debentures	157	-	3,550	-

Cost Reimbursement to Parent

The Company has a policy to reimburse the parent company for all costs incurred on behalf of the Company. In the year to 30 June 2010 the total costs incurred by the parent on behalf of the Company was $7,101,422 (30 June 2009: $6,624,685). This was in part offset by the Company's share of gross profit earned for managing the client debtor accounts for the parent. The total recharge made for the year to 30 June 2010 was $7,101,422 (30 June 2009: $6,042,931).

13 Loans and Receivables

	2010 $000	2009 $000
Finance receivables - less than one year	432,107	411,560
Finance receivables - greater than one year	110,262	151,726
	542,369	563,286
Less provision for doubtful debts	(12,250)	(3,627)
	530,119	**559,659**
Impairment.		
Balance at the beginning of the period	3,627	1,329
Impaired losses recognised in the statement of comprehensive income	8,253	2,645
Amounts written off in the statement of comprehensive income	696	232
Net impairment losses on financial assets	8,949	2,877
Reversals of previously recognised provisions	(326)	(579)
Balance at the end of the period	12,250	3,627

The status of the receivables at the reporting date is as follows:	Not impaired 2010 $000	Impaired 2010 $000	Not impaired 2009 $000	Impaired 2009 $000
Not past due	454,485	-	522,411	-
Past due 1 - 90 days	564	12,925	972	3,499
Past due 91 - 365 days	11,411	28,410	12,124	11,875
Past due more than 1 year	10,541	24,033	4,675	7,730
Impairment	-	(12,250)	-	(3,627)
	477,001	**53,118**	**540,182**	**19,477**

Asset Quality - Loans and Receivables	2010 $000	2009 $000
Neither past due nor impaired	454,485	522,411
Individually impaired loans	65,368	23,104
Past due loans	22,516	17,771
Provision for credit impairment	(12,250)	(3,627)
	530,119	**559,659**
Ageing of Past Due but not impaired		
Past due 1-90 days	564	972
Past due 91-180 days	560	5,846
Past due 180-365 days	10,851	6,278
Past due more than 365 days	10,541	4,675
	22,516	**17,771**
90 Day Past Due Assets (includes Impaired Assets)		
Balance at the beginning of the year	36,404	15,252
Additions to 90 day past due assets	44,008	35,685
Reduction in 90 day past due assets	(6,017)	(14,533)
Balance at the end of the year	**74,395**	**36,404**
Impaired Assets		
Balance at the beginning of the year	23,104	1,691
Additions to individually impaired assets	42,960	22,110
Amounts written off	(696)	(697)
Transfer to productive ledger	-	-
Balance at the end of the year	65,368	23,104
Provision for credit impairment	(12,250)	(3,627)
Net Carrying amount of impaired assets	**53,118**	**19,477**

There were no restructured loans at balance date (30 June 2009: $Nil).
Collateral held against past due loans includes properties, deposits, livestock, shares and other assets. The Company's security documents are used to maximise the recovery of outstanding loan amounts. The gross amount of past due assets at balance date was $87.9 million (30 June 2009: $40.9 million), and it has been estimated collateral held is equal to the net carrying amount of these impaired loans.

14 Property, Plant and Equipment

	IT Hardware $000	Motor Vehicles $000	Furniture and Fittings $000	Office Equipment $000	Total $000
Cost					
Balance at 1 July 2008	-	-	-	-	-
Transfers in from PGG Wrightson Limited	165	46	44	44	299
Balance at 30 June 2009	**165**	**46**	**44**	**44**	**299**
Balance at 1 July 2009	165	46	44	44	299
Additions	29	-	-	4	33
Disposals and transfers to other asset classes	(1)	(23)	-	-	(24)
Balance at 30 June 2010	**193**	**23**	**44**	**48**	**308**
Depreciation and impairment losses					
Balance at 1 July 2008	-	-	-	-	-
Transfers in from PGG Wrightson Limited	99	32	38	44	213
Depreciation for the period	5	1	-	-	6
Balance at 30 June 2009	**104**	**33**	**38**	**44**	**219**
Balance at 1 July 2009	104	33	38	44	219
Depreciation for the period	23	-	1	1	25
Disposals and transfers to other asset classes	-	(11)	-	-	(11)
Balance at 30 June 2010	**127**	**22**	**39**	**45**	**233**
Carrying amounts					
At 1 July 2008	-	-	-	-	-
At 30 June 2009	61	13	6	-	80
At 1 July 2009	61	13	6	-	80
At 30 June 2010	66	1	5	3	75

15 Intangibles

	2010 $000	2009 $000
Computer software		
Cost		
Opening balance	1,482	355
Additions	190	1,482
Disposals	-	(355)
Closing balance	1,672	1,482
Amortisation		
Opening balance	319	259
Amortisation for the period	173	142
Additions	-	273
Disposals	-	(355)
Closing balance	492	319
Net book value	**1,180**	**1,163**

16 Deferred Tax Assets

	2010 $000	2009 $000
Recognised deferred tax assets		
Deferred tax assets are attributable to the following:		
Provision for impairment losses on loans and receivables	3,675	1,088
Property, plant and equipment	6	(5)
Intangible assets	(130)	(56)
Provisions and employee entitlements	117	201
	3,668	**1,228**

Movement in temporary differences during the year	Balance 1 Jul 2008 $000	Recognised in profit or loss $000	Recognised in other comprehensive income $000	Balance 30 Jun 2009 $000	Recognised in profit or loss $000	Recognised in other comprehensive income $000	Balance 30 Jun 2010 $000
Impairment losses	399	689	-	1,088	2,587	-	3,675
Property, plant and equipment	-	(5)	-	(5)	11	-	6
Intangible assets	(78)	22	-	(56)	(74)	-	(130)
Provisions and employee entitlements	75	126	-	201	(84)	-	117
	396	832	-	1,228	2,440	-	3,668

During the comparative period, employee entitlements for Company personnel, along with their associated deferred tax effect, were transferred from the parent. The 1 July 2008 figures have been adjusted to reflect this transfer.

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

17 Deposits and Other Borrowings

	2010 $000	2009 $000
Rural Saver accounts	52,474	59,695
Client deposits	91	248
Client current accounts	18,254	23,089
Deposits and other borrowings due within one year	70,819	83,032

All deposits listed above are unsecured deposits and rank equally with unsecured creditors of the Company. The deposits are issued pursuant to the Trust Deed dated 7 October 2004. The interest rate for the deposits is fixed for the term of the investment at the time of application and is paid monthly or as otherwise specified. Funding is sourced from within New Zealand.
The Company has a guarantee under the New Zealand deposit guarantee scheme. For further information about the New Zealand deposit guarantee scheme, refer to www.treasury.govt.nz.

18 Term Bank Facility

The bank loan facility expires on 28 October 2011. The facility limit is $120 million (30 June 2009: $180 million) and the drawn amount at balance date was $21.0 million (30 June 2009: $71.5 million). There is also an overdraft facility of $1 million (30 June 2009: $Nil) and the drawn amount at balance date was $Nil. Security stock has been issued to two banks as security for advances to the Company. The security stock is debenture stock which secures all liabilities owed by the Company to the banks, including principal, interest and costs in terms of a Trust Deed dated 7 October 2004 and ranks equally with debenture stock and bonds.

The Company has entered into a risk share facility. The nature of this facility is that a percentage of loans with certain characteristics are sold to the facility counterparty, an institutional bank. In the case of default, the Company has first loss exposure up to the Company's share of the loan. The sold element of the loan is not held on the Company's balance sheet. At 30 June 2010 $56.9 million (30 June 2009: $71.9 million) of assets had been transferred to the Risk Share facility with a further $23.1 million (30 June 2009: $28.1 million) potential transfer.

19 Bonds

	Coupon	Face Value $000	Amortised Cost 2010 $000	Amortised Cost 2009 $000
PGG Wrightson Finance Limited 2010 (PWF020)	8.50%	25,216	-	25,076
PGG Wrightson Finance Limited 2010 (PWF030)	8.25%	100,000	99,658	98,488
		125,216	99,658	123,564

All bond series are secured in terms of the Trust Deed Relating to Bonds (including amendments) dated 21 April 2005. They rank equally with debenture stock and bank loans with a 5% limitation on prior security. Interest is paid quarterly. The carrying value includes the capitalised bond costs which are amortised over the life of the bonds. PWF020 was fully repaid in May 2010.

20 Secured Debentures

	2010 $000	2009 $000
Amounts payable in less than one year	190,815	141,814
Amounts payable in more than one year	56,765	79,236
Secured debentures	247,580	221,050

Debentures consist of fixed interest debt securities which are of equal ranking with bonds, debentures and bank loans. They are secured by a first ranking security interest over all the assets of the Company in terms of a Trust Deed dated 7 October 2004. The interest rate for the secured debenture stock is fixed for the term of the investment at the time of application and is paid either monthly, quarterly or annually. Funding is sourced from within New Zealand.
The Company has a guarantee under the New Zealand deposit guarantee scheme. For further information about the New Zealand deposit guarantee scheme, refer to www.treasury.govt.nz.

21 Capital and Reserves

	2010 $000	2009 $000	Number of Redeemable Preference Shares 2010 000	Number of Redeemable Preference Shares 2009 000	Number of Ordinary Shares 2010 000	Number of Ordinary Shares 2009 000
Share Capital						
On issue at beginning of period	31,500	31,500	-	-	31,500	31,500
Preference shares issued	33,850	-	33,850	-	-	-
On issue at end of period	65,350	31,500	33,850	-	31,500	31,500

Ordinary Shares
Ordinary shares are fully paid, have no par value, carry equal voting rights and share equally in any profit on the winding up of the Company.

Preference Shares
On 16 January 2010 33.85 million preference shares were issued to PGG Wrightson Limited. Preference shares are fully paid, have a principal amount of $1.00 per share and no par value. Voting rights are limited to class voting rights and liquidation resolutions. The preference shares mature when the PGG Wrightson convertible redeemable notes are either converted or redeemed or on the sale of a controlling interest in PGG Wrightson Finance. Interest is payable quarterly in arrears at 8% per annum at the sole discretion of the Company directors. Unpaid interest does not accumulate interest. All interest to date has been paid. They rank below debt and ahead of ordinary shares on liquidation of the Company.

Hedging Reserve
The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet settled.

Dividends
A dividend of $5.0 million was declared and paid by the Company in June 2010 (30 June 2009: $Nil).

22 Reconciliation of Profit After Taxation with Net Cash Flow From Operating Activities

	2010 $000	2009 $000
Profit after taxation	8,933	7,778
Add/(deduct) non-cash items:		
Depreciation and amortisation of property, plant & equipment and software	198	148
Amortisation - bond costs	1,327	943
Bad debts written off (net)	8,949	2,877
Fair value adjustments	338	(1,002)
(Increase)/decrease in deferred taxation	(2,440)	(948)
Other non-cash and financing items	2,230	1,890
	10,602	3,908
Add/(deduct) movement in working capital items:		
(Increase)/decrease in trade and other receivables	(1,589)	(2,114)
Increase/(decrease) in accruals and other liabilities	(1,490)	4,346
Increase/(decrease) in income tax payable	4,182	314
	1,103	2,546
Net cash flow from operating activities	20,638	14,232

23 Commitments

	2010 $000	2009 $000
Commitments to extend credit	60,205	93,044

24 Contingent Liabilities

There were no contingent liabilities at balance date (30 June 2009: $Nil).

25 Financial Instruments

Introduction

The Company is committed to the management of risk to achieve sustainability of service, employment and profits, and therefore, takes on controlled amounts of risk when considered appropriate.

The primary risks are those of liquidity, market (funding, price and interest rate) and credit risk.

The Board of Directors is responsible for the review and ratification of the Company's systems of risk management, internal compliance and control, code of conduct and legal compliance.

The Board maintains a formal set of delegated authorities (including policies for credit and treasury), that clearly define the responsibilities delegated to management and those retained by the Board. The Board approves these delegated authorities and reviews them annually.

Liquidity Risk

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

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

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

Market Risk

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

Funding Risk

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

Price and Interest Rate Risk

Price risk is the risk that the value of financial instruments and the interest margin will fluctuate as a result of changes in market interest rates. The risk is that financial assets may be repriced at a different time and / or by a different amount than financial liabilities.

This risk is managed by operating within approved policy limits using an interest rate duration approach. When required to maintain interest rate risk within policy, the Company uses interest rate hedging instruments including interest rate swaps.

Credit Risk

Credit risk is the potential for loss that could occur as a result of a counterparty failing to discharge its obligations. Management formally reports on all aspects of key risks to the Audit Committee at least two times each year. In addition, the following management committees review and manage key risks:

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

Foreign Currency Risk

Foreign currency risk is the risk of loss to the Company arising from adverse changes in foreign currency rates. The Company does not normally have exposure to foreign currency.

Derivatives

Derivative instruments are contracts whose value is derived from one or more underlying financial instruments or indices defined in the contract. The Company may enter into derivative transactions including interest rate swaps, forward rate agreement, futures, options and combinations of these instruments.

Capital Management

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

The policy of the Company 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.

As a condition of external lines of funding, the Company must maintain a level of capital in excess of 10% of Total Tangible Assets. The Company also has a requirement under the Trust Deed to ensure Total Liabilities do not exceed 92% of Total Tangible Assets. Both these requirements are monitored on an ongoing basis by management. At no time during the period were either of these requirements breached.

On 1 December 2010, the Company will be subject to Deposit Takers (Credit Ratings, Capital Ratios, and Related Party Exposures) Regulations 2010, passed by Order in Council on 12 June 2010. The Regulations require adherence to capital adequacy ratios. The Company has not yet made a full assessment of the impact of these regulations.

Sensitivity Analysis

The sensitivity of net profit after tax for the period, and shareholders' equity, to reasonably possible changes in conditions is as follows:

	Interest rates increase by 1%		Interest rates decrease by 1%	
	2010 $000	2009 $000	2010 $000	2009 $000
Impact on net profit after tax	(244)	(179)	251	178
Shareholders' equity	(2,319)	(112)	2,383	117

The stress test uses the existing balance sheet interest rates. The effect of financial instruments designated at fair value also impacts on net profit after tax and Shareholders' equity.

(a) Liquidity Risk - Contractual Maturity Analysis

The following tables analyse the Company financial assets and financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date (reported on an undiscounted basis). Deposits include substantial customer savings deposits and cheque accounts, which are at call. History demonstrates that such accounts provide a stable source of long term funding for the Company.

2010	Within 12 months $000	1-2 Years $000	2-5 Years $000	Over 5 Years $000	Contractual Cash Flow $000	Carrying Value $000
Assets						
Cash and cash equivalents	9,277	-	-	-	9,277	9,277
Derivative financial instruments	971	381	627	-	1,979	1,979
Other receivables	3,364	-	-	-	3,364	3,364
Amounts due from Group entities	-	-	-	-	-	-
Loans and receivables	445,674	76,920	50,219	73	572,886	530,119
Total financial assets	**459,286**	**77,301**	**50,846**	**73**	**587,506**	**544,739**
Liabilities						
Deposits and other borrowings	70,819	-	-	-	70,819	70,819
Derivative financial instruments	143	51	28	-	222	222
Trade and other payables	3,454	-	-	-	3,454	3,454
Term bank facility	-	21,000	-	-	21,000	21,000
Bonds	104,125	-	-	-	104,125	99,658
Secured debentures	200,800	35,616	26,713	-	263,129	247,580
Total financial liabilities	**379,341**	**56,667**	**26,741**	**-**	**462,749**	**442,733**
Undrawn bank loans	99,000					99,000
Unutilised bank facility	23,057					23,057
	122,057					122,057
Loans and receivables commitments	60,205					60,205

2009	Within 12 months $000	1-2 Years $000	2-5 Years $000	Over 5 Years $000	Contractual Cash Flow $000	Carrying Value $000
Assets						
Cash and cash equivalents	3,779	-	-	-	3,779	3,779
Derivative financial instruments	2,319	4,460	796	-	7,575	7,575
Other receivables	1,767	-	-	-	1,767	1,767
Amounts due from Group entities	224	-	-	-	224	224
Loans and receivables	418,319	120,713	59,965	-	598,997	559,659
Total financial assets	**426,408**	**125,173**	**60,761**	**-**	**612,342**	**573,004**
Liabilities						
Deposits and other borrowings	83,032	-	-	-	83,032	83,032
Derivative financial instruments	1,725	677	86	-	2,488	2,488
Trade and other payables	4,943	-	-	-	4,943	4,943
Term bank facility	71,500	-	-	-	71,500	71,500
Bonds	27,181	111,000	-	-	138,181	123,564
Secured debentures	152,216	47,900	39,827	-	239,943	221,050
Total financial liabilities	**340,597**	**159,577**	**39,913**	**-**	**540,087**	**506,577**
Undrawn bank loans	108,500					108,500
Unutilised bank facility	28,016					28,016
	136,516					136,516
Loans and receivables commitments	93,044					93,044

(b) Liquidity Risk - Maturity Analysis (Expected Maturity)

The following maturity analysis of the Company's Loans and receivables is based on their expected maturity dates. There is no material difference between contractual and expected maturity for all other categories of asset and liabilities. The liquidity profile will not agree to the contractual cash flow above because it is based on expected not contractual maturity.

	Within 12 months $000	1-2 Years $000	2-5 Years $000	Over 5 Years $000	Total $000	Carrying Value $000
2010						
Loans and receivables	436,616	87,524	54,592	353	579,085	530,119
2009						
Loans and receivables	405,896	141,968	61,807	-	609,671	559,659

(c) Interest Rate Repricing Schedule

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

2010	Within 12 months $000	1-2 Years $000	2-5 Years $000	Over 5 Years $000	Non Interest Bearing $000	Total $000
Assets						
Cash and cash equivalents	9,277	-	-	-	-	9,277
Derivative financial instruments	(71,500)	35,250	36,250	-	1,979	1,979
Other receivables	-	-	-	-	3,364	3,364
Amounts due from Group entities	-	-	-	-	-	-
Loans and receivables	515,018	13,106	1,995	-	-	530,119
	452,795	**48,356**	**38,245**	**-**	**5,343**	**544,739**
Liabilities						
Deposits and other borrowings	70,819	-	-	-	-	70,819
Derivative financial instruments	(10,742)	10,000	742	-	222	222
Trade and other payables	-	-	-	-	3,454	3,454
Amounts due to Group entities	-	-	-	-	290	290
Term bank facility	-	21,000	-	-	-	21,000
Bonds	99,658	-	-	-	-	99,658
Secured debentures	190,815	32,390	24,375	-	-	247,580
	350,550	**63,390**	**25,117**	**-**	**3,966**	**443,023**
2009						
Assets						
Cash and cash equivalents	3,779	-	-	-	-	3,779
Derivative financial instruments	(147,050)	128,800	18,250	-	7,575	7,575
Other receivables	-	-	-	-	1,767	1,767
Amounts due from Group entities	-	-	-	-	224	224
Loans and receivables	510,100	39,251	10,308	-	-	559,659
	366,829	**168,051**	**28,558**	**-**	**9,566**	**573,004**
Liabilities						
Deposits and other borrowings	83,032	-	-	-	-	83,032
Derivative financial instruments	(2,269)	(8,731)	11,000	-	2,488	2,488
Trade and other payables	-	-	-	-	4,943	4,943
Amounts due to Group entities	-	-	-	-	-	-
Term bank facility	71,500	-	-	-	-	71,500
Bonds	25,076	98,488	-	-	-	123,564
Secured debentures	141,814	43,296	35,940	-	-	221,050
	319,153	**133,053**	**46,940**	**-**	**7,431**	**506,577**

(d) Accounting classifications and fair values

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

2010	Trading at fair value $000	Loans and receivables $000	Other amortised cost $000	Total carrying amount $000	Fair value $000
Assets					
Cash and cash equivalents	-	9,277	-	9,277	9,277
Derivative financial instruments held for risk management	1,979	-	-	1,979	1,979
Other receivables	-	3,364	-	3,364	3,364
Amounts due from Group entities	-	-	-	-	-
Loans and receivables	-	530,119	-	530,119	528,653
	1,979	**542,760**	**-**	**544,739**	**543,273**
Liabilities					
Deposits and other borrowings	-	-	70,819	70,819	70,819
Derivative financial instruments held for risk management	222	-	-	222	222
Trade and other payables	-	-	3,454	3,454	3,454
Amounts due to Group entities	-	-	290	290	290
Term bank facility	-	-	21,000	21,000	21,000
Bonds	-	-	99,658	99,658	101,523
Secured debentures	-	-	247,580	247,580	249,245
	222	**-**	**442,801**	**443,023**	**446,553**

2009	Trading at fair value $000	Loans and receivables $000	Other amortised cost $000	Total carrying amount $000	Fair value $000
Assets					
Cash and cash equivalents	-	3,779	-	3,779	3,779
Derivative financial instruments held for risk management	7,575	-	-	7,575	7,575
Other receivables	-	1,767	-	1,767	1,767
Amounts due from Group entities	-	224	-	224	224
Loans and receivables	-	559,659	-	559,659	560,300
	7,575	**565,429**	**-**	**573,004**	**573,645**
Liabilities					
Deposits and other borrowings	-	-	83,032	83,032	83,032
Derivative financial instruments held for risk management	2,488	-	-	2,488	2,488
Trade and other payables	-	-	4,943	4,943	4,943
Term bank facility	-	-	71,500	71,500	71,500
Bonds	-	-	123,564	123,564	113,719
Secured debentures	-	-	221,050	221,050	226,589
	2,488	**-**	**504,089**	**506,577**	**502,271**

The fair value of loans and receivables 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 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.

Fair Value Hierarchy

All financial instruments that are recognised in the Statement of Financial Position at fair value are valued using valuation models that are based on observable market inputs (level 2 inputs).

Interest rates used for determining fair value	2010 $000	2009 $000
Loans and receivables	11.7%	8.5%
Secured debentures	6.4%	5.1%
Bonds	8.5%	6.8%

(e) Credit Risk

Geographical distribution of loans and receivables	2010 $000	2009 $000
Auckland/Northland	18,606	29,783
King Country/Bay of Plenty/Waikato	57,201	57,729
Hawkes Bay/Gisborne	28,595	26,487
Taranaki/Manawatu	33,690	37,917
Wairarapa	18,074	16,599
Nelson/Marlborough	22,788	24,199
Canterbury	154,122	167,777
Southland/Otago	197,043	199,168
	530,119	**559,659**

Concentration of credit exposures

Credit risk is the risk of loan defaults. Collateral is obtained, where necessary, by the Company to cover credit risk exposures and such collateral includes properties, deposits, livestock, shares and other assets. All credit risks are within New Zealand.

The Company is selective in targeting credit risk exposures and avoids exposures to any high risk area. Before approving a loan, the Company generally undertakes an independent credit check, seeks an asset valuation where appropriate and assesses the customer's capacity to make repayments, their financial position and their credit history with the Company. Following any loan approval, the Company regularly monitors loan repayment arrears, takes prompt action to address arrears/default situations and takes fair but firm action to realise securities and minimise losses in the event of default. Financial assets are presented at their carrying values.

	2010 $000	2009 $000
Sheep and beef	289,887	298,217
Dairy	137,853	147,997
Arable	30,241	32,265
Horticulture / viticulture	25,414	28,131
Deer	16,438	14,924
Other	30,286	38,124
	530,119	559,659

	2010	2009
Concentration of credit exposures to individual counterparties		
Amount owing by 10 largest borrowers	111,069	96,981
As a % of net loans and receivables	21.0%	17.3%
As a % of total equity	110.7%	145.1%
% of total equity		
10% to 19%	5	7
20% to 29%	1	1
over 30%	-	-

The above tables have been compiled using gross exposures and do not include any guarantee arrangements.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The Company's material credit risk arises from loans and advances. The maximum exposure to credit risk on loans and advances at the reporting date was:

	Loan to security value ratio 2010 %	Limit 2010 $000	Balance 2010 $000	Loan to security value ratio 2009 %	Limit 2009 $000	Balance 2009 $000
First mortgage	56.7%	491,039	457,527	49.0%	503,295	456,679
Second mortgage	63.8%	30,992	25,665	62.8%	41,093	32,514
First general or specific security agreement	60.6%	64,760	37,385	56.8%	91,691	57,143
Other security	100.0%	11,295	7,794	90.5%	15,615	10,109
Unsecured	0.0%	6,131	1,748	0.0%	9,695	3,214
	58.3%	604,217	530,119	50.4%	661,389	559,659

(f) Concentration of funding

The majority of Company funding is from within New Zealand.

	2010 $000	2009 $000
Customer industry concentration of funding		
Retail investors	418,057	427,646
Wholesale investors	21,000	71,500
	439,057	499,146
Product concentration of funding		
Deposits and other borrowings	70,819	83,032
Secured debentures	247,580	221,050
Bonds	99,658	123,564
	418,057	427,646
Term bank facility	21,000	71,500
	439,057	499,146
Geographical distribution of deposits and other borrowings, secured debentures and bonds		
Auckland/Northland	26,183	29,019
King Country/Bay of Plenty/Waikato	26,203	28,903
Hawkes Bay/Gisborne	29,024	25,993
Taranaki/Manawatu	21,454	17,166
Wairarapa	19,474	21,494
Nelson/Marlborough	19,135	19,196
Canterbury	138,898	151,311
Southland/Otago	136,759	133,958
Overseas	927	606
	418,057	427,646

26 Events Subsequent to Balance Date

On 12 August 2010 the Proposal was approved at a Special Meeting of Bondholders. This amended the Bond Trust Deed, allowing the Company (at its election) to extend the term of the Bonds by up to 12 months. The extension had been available under the Bond Trust Deed, but only if the conditions of the extended Crown Guarantee were not materially different from the original Crown Guarantee. Amongst other matters, the guaranteed amount under the extended Guarantee Scheme was materially lower ($250,000 compared to $1 million under the original Crown Guarantee for eligible investors). Therefore, Bondholders were required to approve the Proposal by way of an Extraordinary Resolution, which, in turn, amended the Bond Trust Deed to again allow the Company to exercise the term extension option.

There were no other significant events subsequent to balance date (30 June 2009: Nil).