PGG Wrightson Finance Limited

Income Statement

For the year ended 30 June 2008

	Note	2008 $000	2007 $000
Interest income	4	49,678	37,877
Interest expense	5	(34,322)	(25,064)
Net interest income		15,356	12,813
Other income	6	338	-
Net income/(loss) from derivative financial instruments	13	245	(207)
Operating income		15,939	12,606
Net impairment recovery / (losses) on financial assets	7	(266)	480
Operating expenses	8	(7,015)	(4,847)
Profit before income tax		8,658	8,239
Income tax expense	9	(2,839)	(2,787)
Profit for the year		**5,819**	**5,452**

Net tangible assets per security at year end		1.71	1.68

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 2008

	Share capital *$000*	Retained earnings *$000*	Hedging reserve *$000*	Total *$000*
Balance as at 1 July 2006	14,000	17,623	(412)	31,211
Issue of shares	10,000	-	-	10,000
Dividend paid	-	(5,500)	-	(5,500)
Net change in fair value of cash flow hedges net of tax	-	-	(538)	(538)
Profit for the year	-	5,452	-	5,452
Balance as at 30 June 2007	24,000	17,575	(950)	40,625
Issue of shares	7,500	-	-	7,500
Net change in fair value of cash flow hedges net of tax	-	-	(52)	(52)
Profit for the year	-	5,819	-	5,819
Balance as at 30 June 2008	**31,500**	**23,394**	**(1,002)**	**53,892**

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

PGG Wrightson Finance Limited
Balance Sheet
As at 30 June 2008

	Note	2008 $000	2007 $000
EQUITY			
Share capital	10	31,500	24,000
Retained earnings		23,394	17,575
Reserves	10	(1,002)	(950)
Total equity		**53,892**	**40,625**
LIABILITIES			
Cash and cash equivalents	11	-	475
Deposits and other borrowings	12	91,804	96,335
Derivative liabilities	13	1,259	2,486
Trade and other payables		1,062	702
Tax payable		1,768	2,347
Debentures - secured	14	172,928	136,854
Bonds	15	44,751	44,442
Term bank facility	16	140,000	74,000
Total liabilities		**453,572**	**357,641**
Total liabilities and equity		**507,464**	**398,266**
ASSETS			
Cash and cash equivalents	11	625	-
Derivative assets	13	295	760
Amounts due from group entities	26	2,033	742
Other receivables	17	1,544	1,247
Loans and receivables	18	502,591	394,443
Intangible assets	19	96	208
Deferred tax assets	20	280	866
Total assets		**507,464**	**398,266**

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

Craig Norgate
Chairman

Tim Miles
Managing Director

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

PGG Wrightson Finance Limited
Statement of Cash Flows
For the year ended 30 June 2008

	Note	2008 $000	2007 $000
Cash flows from operating activities			
Cash was provided from:			
Interest received		49,115	37,195
Lease and other income		338	-
Cash was applied to:			
Payments to suppliers and employees		(7,112)	(4,427)
Interest payments		(34,013)	(24,589)
Income tax paid		(2,832)	(640)
Net cash flow from operating activities	24	5,496	7,539
Cash flows from financing activities			
Cash was provided from:			
Draw down of term bank facility		66,000	74,000
Increase in client deposits		-	24,902
Increase in debentures		36,074	-
Shares issued		7,500	10,000
Cash was applied to:			
Decrease in client deposits		(4,531)	-
Dividends paid		-	(5,500)
Net cash flow from financing activities		105,043	103,402
Cash flows from investing activities			
Cash was applied to:			
Increase in finance receivables		(108,148)	(63,307)
Advances to parent		(1,291)	(49,578)
Net cash flow from investing activities		(109,439)	(112,885)
Net increase/(decrease) in cash held		1,100	(1,944)
Opening (bank overdraft)/cash		(475)	1,469
Cash and cash equivalents	11	625	(475)

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

PGG Wrightson Finance Limited

Notes to the financial statements

For the year ended 30 June 2008

1 Reporting Entity

PGG Wrightson Finance Limited (the "Company") is a company 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.

PGG Wrightson Finance Limited 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 appropriate. These are the Company's first NZ IFRS financial statements and NZ IFRS 1 First-time adoption of New Zealand equivalents to International Financial Reporting Standards has been applied.

An explanation of how the transition to NZ IFRS has affected the reported financial position, financial performance and cash flows of the Company is provided in note 29. This note includes reconciliations of equity and profit or loss for comparative periods reported under NZ GAAP (previously GAAP) to those reported for those periods under NZ IFRS.

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

Basis of Measurement

The financial statements have been prepared on the historical cost basis except for the following:

- derivative financial instruments are measured at fair value

Functional and Presentation Currency

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

Use of Estimates and Judgements

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

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

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies, that have the most significant effects on the amount recognised in the financial statements, include:

- Estimation of average loan lives used to defer fees
- Valuation of financial instruments
- Provisions and contingencies
- 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 using the effective interest rate method.

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 Income Statement 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) Foreign Currencies

Foreign Currency Transactions

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

(c) 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 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 equivalent.

Instruments at Fair Value through Profit or Loss

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

Loans and 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 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, recognition of any resultant gain or loss depends on the nature of the hedging relationship (see below).

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

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

(d) Intangible Assets
Computer Software
Computer software is a finite life intangible and is recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over 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.

(e) Leasing Commitments
Leases in terms of which the Company assumes substantially all of the risks and rewards of ownership are classed as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value or the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised on the balance sheet.

(f) 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 income statement.

Impairment of Loans and Receivables
Loans and receivables are considered past due when they have not been operated by the counterparty within key terms for at least 90 days.

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 that are considered significant 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 profit or loss.

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.

(g) 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
- differences relating to subsidiaries, associates and jointly controlled entities to the extent that they will probably not reverse in the foreseeable future.

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

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

(h) 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

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

Derivatives

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

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

(i) 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.

(j) 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 year ended 30 June 2008 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-8 'Operating Segments'	1-Jan-09	30-Jun-10
NZ IAS-1 'Presentation of Financial Statements (revised)'	1-Jan-09	30-Jun-10
NZ IAS-23 'Borrowing Costs'	1-Jan-09	30-Jun-10

The above standards are not likely to impact materially on the financial statements.

(k) Segment Reporting

A segment is a distinguishable component of the Company that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The primary format is the business segment and the Company operates in only one business segment, being financial services. The Company operates only in one geographical segment in New Zealand.

	Note	2008	2007
4 Interest Income		*$000*	*$000*
Loans and receivables		49,678	37,877

Interest income of $85,000 has been charged on impaired assets (2007:$81,000).

5 Interest Expense

Deposits and other borrowings		6,263	7,552
Debentures - secured		12,932	9,404
Bonds		4,699	4,110
Amortisation - bond costs		309	-
Amounts due to Group entities		40	708
Lease interest		3	-
Term loan facility		10,076	3,290
		34,322	**25,064**

6 Other Income

Transaction fees		338	-
		338	**-**

7 Impairment

Impairment changes:			
Movement in specific provision		430	(896)
Bad debts written off		(164)	416
		266	**(480)**

8 Operating Expenses

Operating expenses include:			
Salaries	26	3,786	3,443
Rental and operating lease costs	26	446	262
Amortisation - leases		2	-
Amortisation - intangibles		112	77
Amount paid to the auditor for:			
Audit - KPMG		51	25

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

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:

	2008	2007
Current income tax expense		
Current period	3,035	2,475
Deferred tax expense		
Origination and reversal of temporary differences	(196)	312
Total income tax expense	2,839	2,787

	2008	2008	2007	2007
Reconciliation of effective tax rate	%	*$000*	%	*$000*
Profit for the year		5,819		5,452
Total income tax expense		2,839		2,787
Profit excluding income tax		8,658		8,239
Income tax using Company's domestic tax rate	33.00%	2,857	33.00%	2,719
Non - deductible expenses	(0.20%)	(18)	0.83%	68
	32.80%	2,839	33.83%	2,787

Income tax recognised directly in equity	2008 *$000*	2007 *$000*
Derivatives	-	570
Total income tax recognised directly in equity	-	570

Imputation credit account		
Opening balance	638	638
Closing balance	638	638

This account is not recognised in the Financial Statements.

10 Capital and Reserves

Share Capital			No. of shares	
	2008	**2007**	**2008**	**2007**
	$000	*$000*	*000*	*000*
On issue at 1 July	24,000	14,000	24,000	14,000
Shares issued	7,500	10,000	7,500	10,000
On issue at 30 June	31,500	24,000	31,500	24,000

All 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.

Reserves	**2008** *$000*	**2007** *$000*
Hedge reserve	(1,002)	(950)

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

The following dividends were declared and paid by the Group for the year ended 30 June:		
$0.00 per qualifying ordinary share (2007:$0.23)	-	5,500

11 Cash and Cash Equivalents

Bank balances	625	-
Bank overdraft	-	(475)
Cash and cash equivalents in the statement of cash flows	**625**	**(475)**

12 Deposits and Other Borrowings

Rural Saver accounts	68,304	73,175
Client deposits	744	1,331
Client current accounts	22,756	21,829
Deposits and other borrowings due within one year	**91,804**	**96,335**

Client deposits are secured debenture stock consisting 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 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 quarterly or as otherwise specified. Funding is sourced from within New Zealand.

13 Derivative Financial Instruments

Derivative assets held for risk management	**2008** *$000*	**2007** *$000*
Interest rate swaps at fair value through profit or loss	28	-
Interest rate swaps designated as qualifying hedges	267	760
	295	760
Derivative liabilities held for risk management		
Interest rate swaps at fair value through profit or loss	120	337
Interest rate swaps designated as qualifying hedges	1,139	2,149
	1,259	2,486
Net derivatives held for risk management	**(964)**	**(1,726)**

Cash flow hedges of interest rate risk

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

The Company has interest rate swaps, designated in valid hedge relationships, with a notional contract amount of $245.0 million at 30 June 2008 (2007: $201.8 million).

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.

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

Income	245	-
Expense	-	(207)
Net income/(loss) from derivative financial instruments	**245**	**(207)**

14 Debentures - Secured

Amounts payable in less than one year	155,618	108,860
Amounts payable in more than one year	17,310	27,994
Debentures - secured	**172,928**	**136,854**

Debentures 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 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 quarterly or as otherwise specified. Funding is sourced from within New Zealand.

15 Bonds

	Coupon	Face value	2008 Amortised cost value	2007 Amortised cost value
		$000	*$000*	*$000*
PGG Wrightson Finance Limited 2009	8.25%	20,000	20,000	20,000
PGG Wrightson Finance Limited 2010	8.50%	25,216	24,751	24,442
		45,216	**44,751**	**44,442**

Both bond series are senior secured in terms of a Trust Deed dated 21 April 2005. They rank pari passu with secured deposits and bank funding with a 5% limitation on prior security. Interest is paid quarterly.

16 Term Bank Facility

	2008	2007
	$000	*$000*
Total term bank loans facility	180,000	120,000
Term bank loans drawn	140,000	74,000
Undrawn term bank loans	40,000	46,000
Risk Share bank facility	100,000	-
Risk Share facility drawn	40,470	-
Unutilised bank facility	59,530	-

The bank loan facilities expire on the 31 March 2010 and it is not intended to repay any advances in the coming year.

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.

The Company has entered into a Risk Share Agreement in the year. There have been $40.5 million of assets transferred to this facility with a further $59.5 million potential transfer. The nature of this facility is such that a portion of the assets are taken off balance sheet with the risk and reward associated with the portion of those assets transferred to a third party.

17 Other Receivables

	2008	2007
	$000	*$000*
Prepayments	-	80
Accrued income	1,544	1,167
	1,544	**1,247**

18 Loans and Receivables

Finance receivables - less than one year	308,179	228,569
Finance receivables - greater than one year	195,741	166,773
	503,920	395,342
Less provision for doubtful debts (note 21)	(1,329)	(899)
	502,591	**394,443**

19 Intangibles

Computer software

Opening book value	208	246
Amortisation	(112)	(38)
Closing book value	**96**	**208**

Historical cost summary		
Cost	355	355
Accumulated amortisation and impairment	(259)	(147)
Net book value	**96**	**208**

There were no additions or disposals of computer software during the year.

20 Deferred Tax Assets

Recognised deferred tax assets

Deferred tax assets are attributable to the following:

Financial instruments	-	570
Provisions and temporary differences	280	296
	280	866

Change in tax rate

During the previous financial year the corporate tax rate in New Zealand was changed from 33% to 30% with effect for the Company from 1 July 2008. Deferred tax is recognised at 30%.

Unrecognised tax losses / Unrecognised temporary differences

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

21 Provision for Doubtful Debts

Balance at beginning of year	(899)	(1,795)
Reversal of provisions	13	1,113
New provisions	(443)	(217)
Balance as at end of year	**(1,329)**	**(899)**

22 Asset Quality

Impaired assets

Balance as at beginning of year	1,244	1,795
Additions	283	626
Repayments	(213)	(1,177)
Balance as at end of year	**1,314**	**1,244**

Past due loans (arrears in excess of 3 months but not impaired)

Balance as at beginning of year	122	-
Additions	864	122
Deletions from past due status	(122)	-
Balance as at end of year	**864**	**122**

The loans are primarily secured by first and second mortgages and General Security agreements. The Company had no restructured loans at 30 June 2008 (2007: Nil).

The ageing of the above past due loans is as follows:

91 to 180 days	528	24
181 to 360 days	24	31
361 days plus	312	67
Total	**864**	**122**

23 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 credit, liquidity, funding and market (price and interest rate) 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.

Credit Risk

Management formally reports on all aspects of key risks to the Audit Committee at least two times each year. In addition, the following management committee reviews 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.

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:

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 reprice 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.

Funding Risk

Funding risk is the risk of over-reliance on a funding source to the extent that a charge 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.

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. This requirement is monitored on a daily basis by management. At no time during the period was this requirement breached.

Sensitivity Analysis

The sensitivity of net profit after tax for the period to 30 June 2008, and shareholders equity at that date, to reasonably possible changes in conditions is as follows:

	Interest rates increase by 100 basis points $000	Interest rates decrease by 100 basis points $000
Impact on net profit after tax	552	(552)
Members' equity	547	(547)

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

(a) 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.

As at 30 June 2008	**Effective interest rate %**	**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		625	-	-	-	-	625
Derivative financial instruments	8.09%	4,900	(11,000)	6,100	-	295	295
Amounts due from group entities	8.85%	2,033	-	-	-	-	2,033
Other receivables		-	-	-	-	1,544	1,544
Loans and receivables	11.0%	373,470	103,386	25,735	-	-	502,591
Total financial assets		**381,028**	**92,386**	**31,835**	**-**	**1,839**	**507,088**
Liabilities							
Deposits and other borrowings	8.22%	91,804	-	-	-	-	91,804
Derivative financial instruments	8.11%	12,434	(6,434)	(6,000)	-	1,259	1,259
Trade and other payables		-	-	-	-	1,062	1,062
Debentures - secured	8.45%	155,618	12,978	4,332	-	-	172,928
Bonds	9.06%	20,000	24,751	-	-	-	44,751
Term bank facility	9.01%	140,000	-	-	-	-	140,000
Total financial liabilities		**419,856**	**31,295**	**(1,668)**	**-**	**2,321**	**451,804**

As at 30 June 2007	**Effective interest rate %**	**Within 12 months** *$000*	**1-2 Years** *$000*	**2-5 Years** *$000*	**Over 5 Years** *$000*	**Non interest bearing** *$000*	**Total** *$000*
Assets							
Derivative financial instruments	7.37%	37,400	(34,400)	(3,000)	-	760	760
Amounts due from group entities	7.85%	742	-	-	-	-	742
Other receivables		-	-	-	-	1,247	1,247
Loans and receivables	10.70%	308,817	63,246	22,380	-	-	394,443
Total financial assets		**346,959**	**28,846**	**19,380**	**-**	**2,007**	**397,192**
Liabilities							
Bank overdraft	8.29%	475	-	-	-	-	475
Deposits and other borrowings	7.71%	96,335	-	-	-	-	96,335
Derivative financial instruments	7.85%	(43,716)	22,000	21,716	-	2,486	2,486
Trade and other payables		-	-	-	-	702	702
Debentures - secured	7.92%	108,860	23,007	4,987	-	-	136,854
Bonds	9.06%	-	20,000	24,442	-	-	44,442
Term bank facility	8.40%	74,000	-	-	-	-	74,000
Total financial liabilities		**235,954**	**65,007**	**51,145**	**-**	**3,188**	**355,294**

(b) Liquidity Risk - Maturity Analysis

The following tables analyse the Company assets and liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date (not including interest payments). 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.

As at 30 June 2008

	Within 12 months	1-2 Years	2-5 Years	Over 5 Years	Not Specified	Contractual cash flow
Assets	*$000*	*$000*	*$000*	*$000*	*$000*	*$000*
Cash and cash equivalents	625	-	-	-	-	625
Derivative financial instruments	216	42	37	-	-	295
Amounts due from group entities	2,033	-	-	-	-	2,033
Other receivables	1,544	-	-	-	-	1,544
Loans and receivables	308,179	131,610	62,802	-	-	502,591
Total financial assets	**312,597**	**131,652**	**62,839**	**-**	**-**	**507,088**
Liabilities						
Deposits and other borrowings	91,804	-	-	-	-	91,804
Derivative financial instruments	488	737	34	-	-	1,259
Trade and other payables	1,062	-	-	-	-	1,062
Debentures - secured	155,618	12,978	4,332	-	-	172,928
Bonds	20,000	24,751	-	-	-	44,751
Term bank facility	-	140,000	-	-	-	140,000
Total financial liabilities	**268,972**	**178,466**	**4,366**	**-**	**-**	**451,804**
Undrawn bank loans	40,000					40,000
Undrawn facility from Parent company	40,000					40,000
Unutilised bank facility	59,530					59,530
	139,530					139,530

As at 30 June 2007

	Within 12 months	1-2 Years	2-5 Years	Over 5 Years	Not specified	Contractual cash flow
Assets	*$000*	*$000*	*$000*	*$000*	*$000*	*$000*
Derivative financial instruments	-	-	-	-	760	760
Amounts due from group entities	742	-	-	-	-	742
Other receivables	-	-	-	-	1,247	1,247
Loans and receivables	228,569	97,058	68,816	-	-	394,443
Total financial assets	**229,311**	**97,058**	**68,816**	**-**	**2,007**	**397,192**
Liabilities						
Cash and cash equivalents	475	-	-	-	-	475
Deposits and other borrowings	96,335	-	-	-	-	96,335
Derivative financial instruments	5,434	(23,150)	17,716	-	2,486	2,486
Trade and other payables	702	-	-	-	-	702
Debentures - secured	108,860	23,007	4,987	-	-	136,854
Bonds	-	20,000	24,442	-	-	44,442
Term bank facility	-	74,000	-	-	-	74,000
Total financial liabilities	**211,806**	**93,857**	**47,145**	**-**	**2,486**	**355,294**
Undrawn bank loans	46,000					46,000
Undrawn facility from Parent company	38,600					38,600
	84,600					84,600

(c) 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.

Interest rates used for determining fair value	**2008**	**2007**
Loans and receivables	12%	10%
Deposits and other borrowings	12%	10%
Debentures - secured	12%	10%
Bonds	12%	10%

As at 30 June 2008	Trading at fair value	Loans and receivables	Other amortised cost	Total carrying amount	Fair value
Assets	*$000*	*$000*	*$000*	*$000*	*$000*
Cash and cash equivalents	-	625	-	625	625
Derivative financial instruments held for risk management	295	-	-	295	295
Amounts due from group entities	-	2,033	-	2,033	2,033
Loans and receivables	-	502,591	-	502,591	444,476
	295	505,249	-	505,544	447,429
Liabilities					
Deposits and other borrowings	-	-	91,804	91,804	86,747
Derivative financial instruments held for risk management	1,259	-	-	1,259	1,259
Trade and other payables	-	-	1,062	1,062	1,062
Debentures - secured	-	-	172,928	172,928	160,908
Bonds	-	-	44,751	44,751	39,780
Term bank facility	-	-	140,000	140,000	140,000
	1,259	-	450,545	451,804	429,756

As at 30 June 2007	Trading at fair value	Loans and receivables	Other amortised cost	Total carrying amount	Fair value
Assets	*$000*	*$000*	*$000*	*$000*	*$000*
Derivative financial instruments	760	-	-	760	760
Amounts due from group entities	-	742	-	742	742
Loans and receivables	-	394,443	-	394,443	351,357
	760	395,185	-	395,945	352,859
Liabilities					
Bank overdraft	-	-	475	475	475
Deposits and other borrowings	-	-	96,335	96,335	91,852
Derivative financial instruments held for risk management	2,486	-	-	2,486	2,486
Trade and other payables	-	-	702	702	702
Debentures - secured	-	-	136,854	136,854	127,308
Bonds	-	-	44,442	44,442	34,845
Term bank facility	-	-	74,000	74,000	74,000
	2,486	-	352,808	355,294	331,668

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

d) Credit Risk

Geographical distribution of loans and receivables	2008	2007
Loans and receivables	*$000*	*$000*
Auckland/Northland	23,776	14,476
King Country/Bay of Plenty/Waikato	45,212	37,258
Hawkes Bay/Gisborne	26,759	18,469
Taranaki/Manawatu	35,184	12,958
Wairarapa	13,710	5,310
Nelson/Marlborough	22,659	21,743
Canterbury	151,818	123,692
Southland/Otago	183,472	160,537
	502,591	394,443

Concentration of funding

The majority of Company funding is from within New Zealand.

Customer industry concentration of funding		
Retail investors	309,483	277,631
Wholesale investors	140,000	74,475
	449,483	352,106

Product concentration of funding		
Bank overdraft	-	475
Deposits and other borrowings	91,804	96,335
Debentures - secured	172,928	136,854
Bonds	44,751	44,442
Term bank facility	140,000	74,000
	449,483	352,106

Geographical distribution of deposits and other borrowings, secured debentures and bonds	2008 $000	2007 $000
Auckland/Northland	15,770	14,947
King Country/Bay of Plenty/Waikato	31,236	28,373
Hawkes Bay/Gisborne	18,065	15,008
Taranaki/Manawatu	7,957	6,322
Wairarapa	7,792	6,801
Nelson/Marlborough	15,877	15,510
Canterbury	116,736	108,268
Southland/Otago	95,866	82,218
Overseas	184	184
	309,483	277,631

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.

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.

All credit risks are within New Zealand.

Registered banks	920	760
Group entities	2,033	742
Rural property and farms	502,041	394,443
Loans for share purchases	550	-
	505,544	395,945

Concentration of credit exposures to individual counterparties	2008 $000	2007 $000
Amount owing by 10 largest borrowers	86,813	87,572
As a % of gross loans and receivables	17%	22%
As a % of total equity	161%	216%

% of total equity		
10% to 19%	8	1
20% to 29%	2	-
30% to 39%	-	-
40% to 49%	-	2
50% to 59%	-	-
60% to 69%	-	1
over 70%	-	-

The above tables have been complied 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:

	Limit $000	Balance $000	Loan to security value ratio %
First mortgage	421,403	391,663	35.64%
Second mortgage	27,758	23,488	49.70%
First general or specific security agreement	95,739	70,646	54.20%
Other security	14,526	11,560	79.30%
Unsecured	8,275	5,234	
	567,701	**502,591**	**46.15%**

24 Reconciliation of Profit After Taxation with Net Cash Flow from Operating Activities

	2008	2007
	$000	*$000*
Profit after taxation	**5,819**	**5,452**
Add/(deduct) non-cash items:		
Amortisation of intangibles	112	77
Amortisation - bond costs	309	309
Bad debts written off (net)	(164)	416
Increase/(decrease) in provision for doubtful debts	430	(896)
(Increase)/decrease in deferred taxation	586	312
	1,273	**218**
Add/(deduct) movement in working capital items:		
(Increase)/decrease in other receivables	(563)	322
(Increase)/decrease in derivative assets held for risk management	465	(723)
Increase/(decrease) in derivative liabilities held for risk management	(1,279)	930
Increase/(decrease) in accruals and other liabilities	360	(912)
Increase/(decrease) in income tax payable	(579)	2,252
	(1,596)	**1,869**
Net cash flow from operating activities	**5,496**	**7,539**

25 Commitments

	2008	2007
Credit related commitments:		
Commitments to extend credit	**65,110**	**26,787**

26 Related Party Transactions

Parent and ultimate controlling party

The immediate parent and ultimate controlling party of the Company is PGG Wrightson Ltd.

Amounts Due From Group Entities	Transaction value		Balance outstanding	
	2008	**2007**	**2008**	**2007**
	$000	*$000*	*$000*	*$000*
Parent of the Company	**360,212**	**475,120**	**2,033**	**742**

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

The transactions relate to payments and receipts into and from PGG Wrightson Finance Ltd client accounts made by PGG Wrightson Ltd on behalf of PGG Wrightson Finance Ltd. In addition PGG Wrightson Finance Limited repays PGG Wrightson Ltd for expenses incurred on behalf of PGG Wrightson Finance Limited including rent, administration charges, wages and salaries and Resident Withholding Tax.

Key management personnel compensation

The compensation of the directors and executives, being the key management personnel of the Company paid on its behalf by the Parent company is set out below:

	2008	2007
	$000	*$000*
Short term employee benefits	180	180

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

	Interest transaction value		Balance outstanding	
	2008	**2007**	**2008**	**2007**
Craig Norgate and Baird McConnon	*$000*	*$000*	*$000*	*$000*
Deposits	57	-	-	-
Baird McConnon				
Debentures - secured	36	-	500	-
Bonds	42	26	500	500
Brian Jolliffe				
Debentures - secured	3	3	60	60
Sir Selwyn Cushing				
Deposits and other borrowings	88	46	1,000	1,000

The Company has entered into certain transactions with its Parent company PGG Wrightson Limited as disclosed in note 8.

27 Contingent Liabilities

There were no contingent liabilities at balance date (30 June 2007: Nil).

28 Events Subsequent to Balance Date

There were no significant events subsequent to balance date.

29 Transition to NZ IFRS

These are the Company's first annual financial statements prepared in accordance with NZ IFRS.

The accounting policies set out in the notes to the financial statements have been applied in preparing financial statements for the year ended 30 June 2008, the comparative information for the year ended 30 June 2007 and in the preparation of an opening NZ IFRS balance sheet as at 1 July 2006, the Company's date of transition.

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

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

Reconciliation of NZ IFRS equity			**1 July 2006**			**30 June 2007**	
	Note	**NZ FRS**	**transition to**	**NZ IFRS**	**NZ FRS**	**transition to**	**NZ IFRS**
EQUITY		*$000*	*$000*	*$000*	*$000*	*$000*	*$000*
Share capital		14,000	-	14,000	24,000	-	24,000
Retained earnings		17,623	-	17,623	17,782	(207)	17,575
Reserves	c	-	(412)	(412)	-	(950)	(950)
Total equity		**31,623**	**(412)**	**31,211**	**41,782**	**(1,157)**	**40,625**
LIABILITIES							
Cash and cash equivalents		-	-	-	475	-	475
Deposits and other borrowings		206,045	-	206,045	96,335	-	96,335
Derivative financial instruments	c	-	650	650	-	2,486	2,486
Trade and other payables		1,614	-	1,614	702	-	702
Amounts due to group entities		49,578	-	49,578	-	-	-
Tax payable		78	-	78	2,330	17	2,347
Debentures - secured		-	-	-	136,854	-	136,854
Bonds	b	45,216	(1,083)	44,133	45,216	(774)	44,442
Term bank facility		-	-	-	74,000	-	74,000
Total liabilities		**302,531**	**(433)**	**302,098**	**355,912**	**1,729**	**357,641**
Total liabilities and equity		**334,154**	**(845)**	**333,309**	**397,694**	**572**	**398,266**
ASSETS							
Cash and cash equivalents		1,469	-	1,469	-	-	-
Derivative financial instruments	c	-	35	35	-	760	760
Amounts due from group entities		-	-	-	742	-	742
Other receivables		-	-	-	1,247	-	1,247
Loans and receivables	b	331,809	(1,083)	330,726	394,443	-	394,443
Capitalised bond costs		-	-	-	774	(774)	-
Property plant and equipment	a	284	(284)	-	208	(208)	-
Intangible assets	a	-	284	284	-	208	208
Deferred tax asset		592	203	795	280	586	866
Total assets		**334,154**	**(845)**	**333,309**	**397,694**	**572**	**398,266**

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

	Note	NZ FRS $000	transition to $000	NZ IFRS $000
Interest income	b	37,779	98	37,877
Interest expense	b	(24,755)	(309)	(25,064)
Net interest income		13,024	(211)	12,813
Other income	b	98	(98)	-
Net income/(loss) from derivative financial instruments	c	-	(207)	(207)
Operating income		13,122	(516)	12,606
Net impairment recovery (losses) on financial assets		-	480	480
Operating expenses	b	(4,676)	(171)	(4,847)
Profit before income tax		8,446	(207)	8,239
Income tax expense	d	(2,787)	-	(2,787)
Profit for the year		5,659	(207)	5,452

(a) Intangible Assets

Under the requirements of NZ IFRS computer software that was previously presented as property, plant and equipment has now been reclassified to intangible assets. The reclassification has no impact on the reported net assets of the Company.

(b) Deferred Fee Income/Expense

Under previous NZ GAAP, fee income and transaction costs were recognised immediately in the income statement.

Under the NZ IFRS directly attributable fee income and transaction costs will be amortised over the expected life of the loan using the effective interest rate.

The effective interest rate method is a method of calculating amortised cost of a financial asset or financial liability and of allocating fee income and fee expense over the relevant period.

The effect of this change is that certain transaction income and costs that were previously recognised under superseded NZ GAAP are now capitalised to the balance sheet and deferred over the life of the loan. All fee income and expense amortised using the effective interest rate is also presented as part of interest (income or expense). This has resulted in bond costs being included in the carrying value of the financial liability on an effective interest rate, rather than at straight line through the profit and loss but the financial impact has been minimal. There is also a reclassification from fee income / expense under previous NZ GAAP.

(c) Financial Instruments

In accordance with NZIFRS, all derivative financial instruments have been recognised as assets or liabilities at fair value. The measurement of all derivatives at fair value has created a hedge reserve of $ 412,000, Company assets of $35,000 and liabilities of $650,000 at transition on 1 July 2006.

The impact of the adoption of fair value accounting for derivatives in the year ended 30 June 2007, has been to increase the hedge reserve by $220,000. Fair value accounting resulted in the recognition of derivative assets held for risk management of $760,000 and recognition of derivative liabilities held for risk management of $ 2,486,000 as at 30 June 2007. The fair value losses on ineffective hedges of $207,000 was recorded in the profit and loss.

(d) Deferred Tax

The measurement of all derivatives at fair value has created a deferred tax asset recognised directly in equity of $ 203,000 at 1 July 2006.

In the year ended 30 June 2007 an additional $ 367,000 (from 1 July 2006) was recognised for deferred tax on financial instruments directly in equity, bringing the total IFRS adjustment related to deferred tax on financial instruments recognised directly in equity at 30 June 2007 to $570,000.