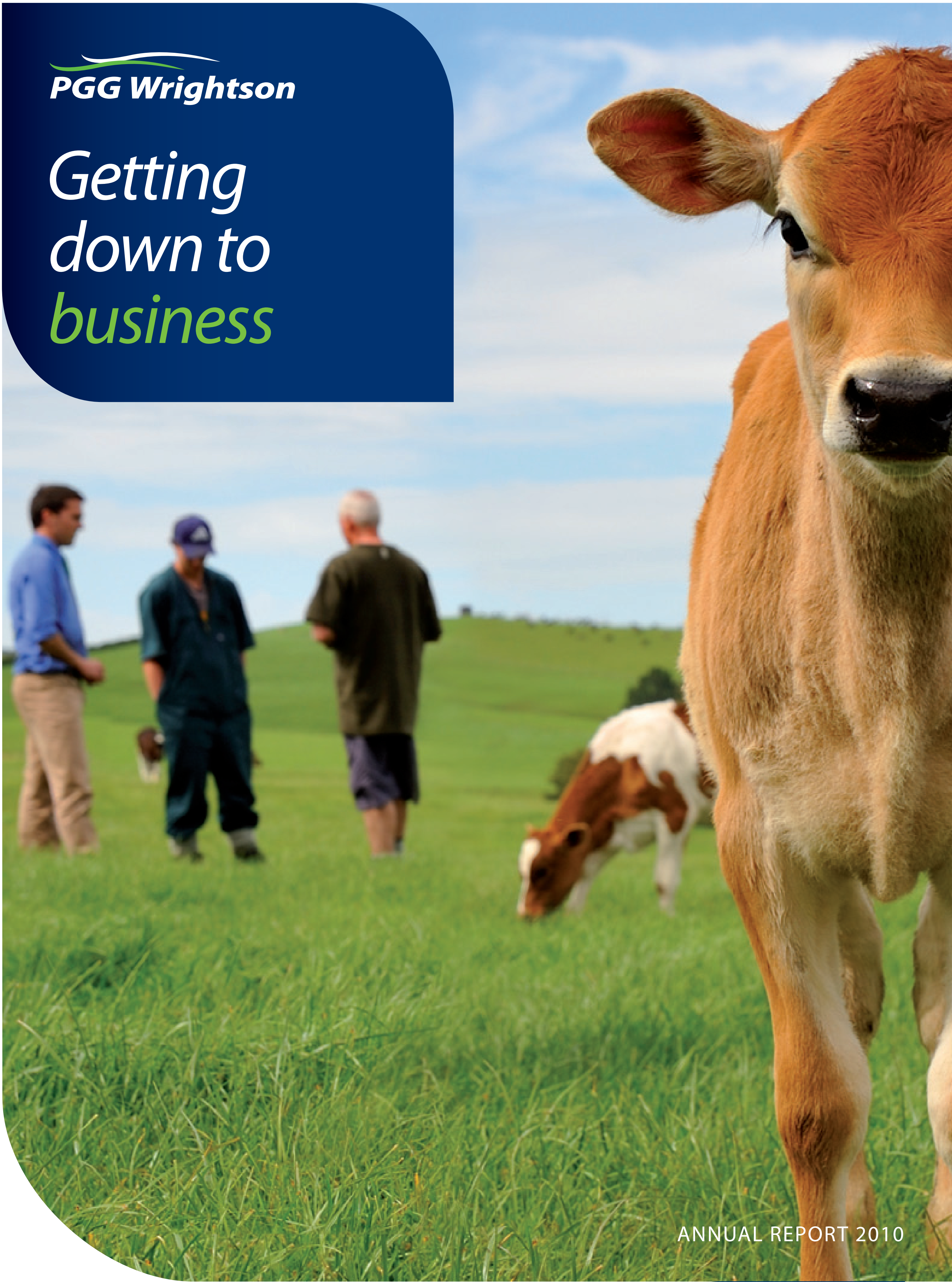
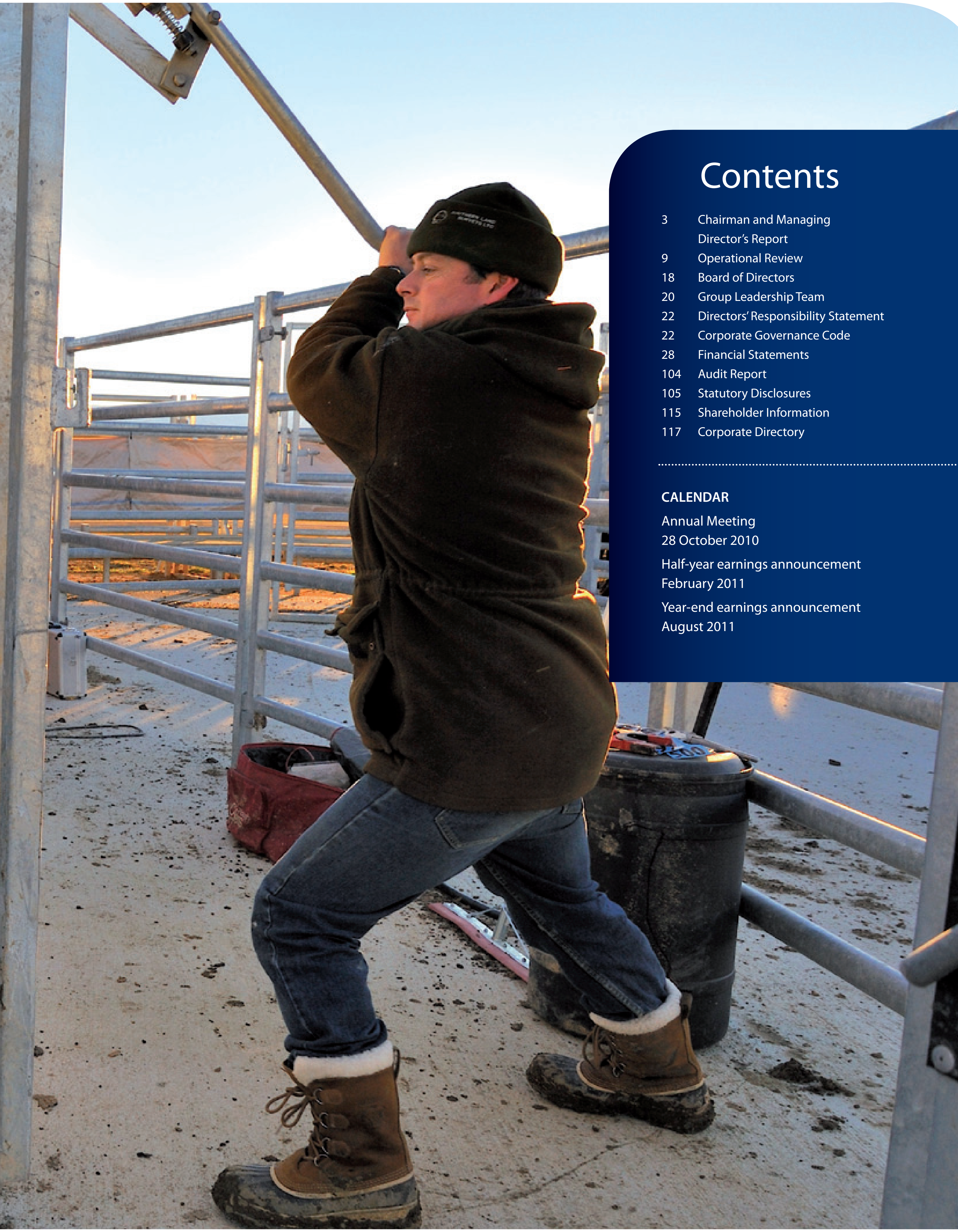
PGG Wrightson

Getting down to business



ANNUAL REPORT 2010

Helping grow the country



Contents

CALENDAR

Annual Meeting
28 October 2010

Half-year earnings announcement
February 2011

Year-end earnings announcement
August 2011


Helping grow the country

Chairman and Managing Director's Report

2010 SUMMARY

- Net profit after tax of $23.3 million on revenues of $1.15 billion, in line with expectations
- Strategic re-alignment of businesses into two clear launch pads for growth
- Positive results from Seeds business.

The company reported earnings before interest and tax (EBITDA) of $70.5 million and net operating earnings after tax of $23.3 million – $25.3 million excluding the Government's recent tax changes to building depreciation of $2 million – for the year ending 30 June 2010. The results are considered positive in light of tight liquidity on farm and with it a reduced appetite for expenditure on agricultural inputs as well as intensifying competition in our core markets.

The results were broadly in line with forecast of $73.4 million and $24.1 million made in the prospective financial information (PFI) published as part of the capital raising process in November 2009. The performance reflects tight attention to operating efficiencies, while reinforcing the benefits of having strength and diversity of underlying businesses in core sectors. This underwrites our commitment to be Leaders in the Field – Helping Grow the Country.

As noted at the half year stage, PGG Wrightson successfully completed a significant recapitalisation of the business, enabling the Group to retire $207 million of debt. Since December 2009, the Group had issued $33.85 million of convertible redeemable notes, the proceeds of which were invested in PGG Wrightson Finance. Bank debt (excluding the Finance company) was reduced by $243 million or by 54% to $211 million.

Net cash flow from operating activities had increased by $31.1 million to $43.3 million for the year.

Business environment

We support the view that medium to long term fundamentals for New Zealand and global agricultural production are positive.

Fundamentally the world's demand for food, and particularly, protein, is increasing at a faster rate than the world's farmers are able to supply. Driving the increase in food demand are the combined impacts of population expansion and economic growth which results in more mouths to feed and the ability to afford a higher quality diet.

On the supply chain side, the ability of the world's farmers to respond to this increase in demand is limited with significant pressure being placed globally on finite natural resources such as land, water and nutrients. While this outlook is somewhat sobering for the world at large, it can only be positive news for New Zealand given our top class farming environment.

MAF's recent 'Situation and Outlook for Agriculture and Forestry in New Zealand 2010' also gives rise to optimism for our main export markets for the next five years. MAF expects continued international price improvements for the majority of New Zealand's major export items, including dairy, beef, lamb, wool, wine and kiwifruit. Specifically the report highlights emerging market growth, primarily from China, as a key ingredient in the growth opportunities for those industries.

Reinforcing that is the news that primary product exports from New Zealand to China climbed by almost 50% to $2.2 billion this past year, and are likely to continue their upward momentum driven by favourable trade and business relationships. The economic prognosis is clearly positive, but would need to be tempered by a recent history of volatility particularly in the dairy sector.

Red Meat

Returns to red meat growers and farmers remain an area of concern. Along with dairy, the meat sector is one of the most important primary drivers of value in our economy. We are encouraged by the recently announced investment in the industry via the Primary Growth Partnership fund, which has earmarked $151 million for investment in the development of an integrated value chain under 'FarmIQ Systems', aiming to substantially improve returns in the industry by 50% by 2025.

REVENUE AND EARNINGS

	JUNE 2010 $M	FORECAST 2010 PFI $M	JUNE 2009 $M
Revenue	1,151.1	1,107.7	1,280.4
Cost of sales	(857.6)	(818.9)	(977.1)
Gross profit	293.5	288.8	303.3
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**70.5**	**73.4**	**81.1**
Depreciation and amortisation expense	(7.3)	(6.3)	(6.4)
Results from operating activities	**63.2**	**67.1**	**74.7**
Equity accounted earnings of associates, Non-operating items and FV adjustments	8.0	6.1	(88.8)
Net interest and finance costs	(36.5)	(37.3)	(31.4)
Income tax expense	(10.4)	(11.8)	(13.1)
Profit from continuing operations	**24.3**	**24.1**	**(58.6)**
Profit/(loss) from discontinued operations (net of income tax)	(1.0)	–	(7.8)
Profit for the period	**23.3**	**24.1**	**(66.4)**

In line with our commitment to be part of an industry wide solution, PGG Wrightson is partnering with Government, Silver Fern Farms, Landcorp Farming and a number of other associates to help drive this initiative – which we see as complementary to other industry strategies such as that being devised by the MIA / Beef and Lamb NZ.

Wool

While wool prices have seen some improvement, this can be ascribed to increased overseas demand rather than any structural change by the New Zealand industry. The failure to formulate a commercially viable agreement between Wool Grower Holdings and Primary Wool Cooperative, while disappointing, showed that there is a willingness to reposition wool in the market place to raise farmer returns.

We continue to believe that for true reform of the wool industry to occur, growers must invest to take direct control of their industry and the sale of their wool through to end customers. In line with this we continue to work with Wool Grower Holdings and Wool Partners International and are hopeful that growers will be given this opportunity in the next few months.

Strategy

PGG Wrightson has embarked on a number of strategic initiatives which are aimed at reinforcing our position as a leading provider of products, services and advice to improve clients' productivity and profitability.

We are working to streamline operating systems and processes and expand international markets via our network in South America and other international markets. We are also pursuing a number of opportunities as part of the cooperation agreement with Agria, including live export and development and commercialisation of seed cultivars in China.

In June 2010 we announced a realignment of the Group's business structure aimed at unlocking value for investors while strengthening our product and services offering for farmers, growers and partners. This has resulted in two of the existing New Zealand businesses of Customer Services and Financial Services being combined under an AgriServices division. PGG Wrightson's Seeds, Grain and Nutrition interests in New Zealand, Australia and South America have been placed under the AgriTech division. The structure supports the company's vision by providing investment focus, systems and management practices to successfully run each division.

The rationale for the realignment was based on tapping into the full value of the underlying businesses. In **AgriServices** the focus will be squarely on enhancing customer interactions, developing finance offerings, improved distribution offerings and further improved use of working capital.

In the **AgriTech** businesses the focus has been the further development of proprietary products to improve overall farm productivity and performance, while enhancing margins.

People

To support the significant nature of the realignment and prospects for growth, the company had made some key senior management changes, the majority of which took effect following year end.

- Michael Thomas has been appointed as Group GM AgriServices. Michael is the former PGG Wrightson Group GM Financial Services and has held GM positions at Landmark, Australia's largest agri-business
- John McKenzie has been appointed as Group GM AgriTech. John is the former PGG Wrightson Group GM Seed, Grain and Nutrition and was founder of specialist proprietary forage seed company Agricom Ltd
- Jason Dale was appointed as Group GM Transformation and Strategy on 13 August. Jason is the former CFO and his new role will focus on execution of Group strategy and change management programmes
- Rob Woodgate was appointed Chief Financial Officer on 13 August. Rob was formerly Group Financial Controller and he worked closely with the senior management team through the capital raise and more recently on the business strategy. He has held a number of senior finance roles in New Zealand and the UK
- Andrew McSweeney was appointed Group GM Human Resources and Corporate Services, with his previous role expanded to include Corporate Services.
- Julian Daly, PGG Wrightson General Counsel and Company Secretary was appointed as a member of the Group Leadership Team in July. Julian is a former General Counsel for DB Breweries and most recently worked in the Middle East as a Corporate Lawyer. He has been with PGG Wrightson since August 2008 and has played a valuable role in dealing with the often challenging commercial issues and decisions we have made over the past two years.

During the year we saw the departures of Mike Skilling, Group GM Customer Services, Bruce Gordon, Group GM Corporate Services and Barry Brook, Group GM South America. All three played an important role in setting the company's course and we thank them for their important contributions.

We also acknowledge the dedication of our staff and management across the business, for their hard work in servicing clients in often difficult conditions.

Photo by Bev Bell – *Murray Bell's sheep, Fairlie.*

Chairman and Managing Director's Report Continued

Governance and changes to the Board

Following the capital restructuring process Agria Corporation is the company's cornerstone shareholder with 19%. Pyne Gould Corporation moved to 18.3%. Former major shareholder Rural Portfolio Investments sold its holding in May.

To support the new ownership structure of PGG Wrightson, there were a number of changes to the Board of Directors during the financial year, including:

- The appointment of Alan Lai and Tao Xie as Directors on 30 December 2009
- The appointment of George Gould as a Director on 5 January 2010
- The appointment of Sir John Anderson as Independent Director and Chairman (replacing Keith Smith as Chairman) on 1 March 2010
- The stepping down of Craig Norgate, Baird McConnon and Murray Flett on 28 February 2010
- Retirement of Alan McConnon as Director on 5 May 2010.

Sam Maling also resigned as a Director on 30 October 2009. Sam had been a member of the PGG Wrightson Board since the merger with Pyne Gould Guinness and in that time made a valuable contribution to the Group.

On behalf of the Board, we would like to thank all past Directors for their commitment to PGG Wrightson and for their assistance and counsel for what was a redefining year.

**The biographies of the nine PGG Wrightson Directors can be found on pages 18 and 19 of this report.*

> This philosophy lies at the heart of our vision to be Leaders in the Field, and purpose of Helping Grow the Country in partnership with our people, our customers and the communities within which we operate.

Corporate Social Responsibility

Recent business challenges have reinforced the inherent value that exists in our commitment to making Corporate Social Responsibility (CSR) a core focus of our business, balancing interests of stakeholders in a way that contributes tangibly to the long-term growth of our country's economy.

This philosophy lies at the heart of our vision to be Leaders in the Field, and purpose of Helping Grow the Country in partnership with our people, our customers and the communities within which we operate.

In support of this in recent years PGG Wrightson has undertaken a number of activities including:

- Supporting 'industry good' proposals such as the development of an integrated model for the NZ red meat industry and development of deterrent grasses for wildlife and insect control, through the PGP process
- Development of crop monitoring systems in horticulture to enable more efficient and effective management of pests and disease
- Assisting with regional drought management programmes
- Shifting our vehicle fleet to diesel and minimising travel in favour of video conferencing for staff
- Sponsorship of the Farm Environmental Awards Trust Initiative
- Continued support of the Agrecovery programme to address on farm waste issues
- Development of an online livestock trading platform, the success of which will ultimately reduce the carbon footprint of livestock trading
- Facilitating the IHC Calf Scheme
- Supporting community driven A&P Shows and Field Days
- Assisting with worthwhile community based charities
- Sponsoring rural rugby and other community focused initiatives on the sports field.

In addition many of our core business activities are part of the essential infrastructure that supports the ongoing operation and development of agriculture in our core markets. These include substantive investments in research and development in areas as diverse as grass and forage development, evaluation of pest management solutions in horticulture and the training of technical staff to help customers with on-farm decision making.

We are undertaking a number of baseline measurements that we will develop for future measurement of improvements and intend including these in future reports.

Offer for NZFSU

Subsequent to the financial year end, PGG Wrightson confirmed that it had entered into a lock-up agreement with Singapore-based Olam International Limited (Olam) for the sale of its holding of 28.1m shares, representing an 11.5% stake in NZFSU. The offer is subject to the offer becoming unconditional, and is based on Olam achieving a 50.1% shareholding in NZFSU.

As NZFSU is under offer at the time of publication of this report, it is inappropriate for us to make further comment at this time.

Chairman and Managing Director's Report Continued

Looking ahead

As noted earlier in this review, we remain confident that the long term fundamentals for agriculture are sound. This view is mitigated somewhat by short and medium term business conditions in the rural sector which are expected to remain muted as a result of ongoing tight liquidity conditions and market volatility.

We will therefore continue to work towards transforming our business to ensure we are all in the best position possible to benefit from the prognosis for the global primary sector down the line.

Given the market outlook, the Board expects our trading performance to be in line with the prior reporting period, with earnings upside taking into account reduced interest costs. We are resoundingly confident however, that we are on the right path.

Sir John Anderson
Chairman

Tim Miles
Managing Director

Operational Review

*Agri*Services

Integrating a comprehensive range of product offerings to optimise growers' and farmer's returns, backed by innovative finance and client solutions.

- *Rural Supplies*
- *Fruitfed Supplies*
- *Livestock*
- *Real Estate*
- *Irrigation & Pumping*
- *Insurance*
- *PGG Wrightson Finance*
- *Agriculture New Zealand*

> "Moving into the current financial year, our focus is on capturing market share through strong commercially focused campaigns."

Operational Review Continued

Rural Supplies

Following a positive start to the year sales slowed markedly during the past six months on the back of variable seasonal conditions and farmer caution. Traditional strong categories of seed, Agchem and fertiliser came under pressure as competitors scrambled for business. There was also pressure on working capital and in the latter part of the year inventory levels were tightened along with a focus on debt recovery.

With the positive Fonterra payout forecast for this new season, it is hoped that farmer confidence will lift and new dairy conversions will offer opportunities to stimulate business in this sector. Moving into the current financial year, our focus is on capturing market share through strong commercially focused campaigns.

Fruitfed Supplies

A difficult year for Fruitfed Supplies as the horticultural industry was impacted by the worst spring growing conditions in 64 years, with greatly reduced returns for grape sector clients resulting in a lack of confidence in the industry. The grape industry is reporting a surplus 27,000 litres of wine above currently available market space, and growers have seen harvest volumes fall to 265,000 tonnes (2009: 285,000 tonnes).

In all crop sectors clients have been negatively impacted by a high exchange rate reducing grower returns, with reduced discretionary spend by clients. On the upside, the northern region experienced activity in the kiwifruit market as growers geared towards changed varietals.

The inputs of agri chemical into the New Zealand market have fallen year on year driven by unfavourable growing conditions and contracted spending due to international market returns. In this environment Fruitfed has maintained its market share in key markets despite reduced volumes through a continual focus on technical expertise and strategic initiatives to grow market share in the vegetable sector.

Livestock

The trading year was characterised as 'unusual' on the back of positive growing conditions for grass during the first half of the year, which promoted retention of stock and resulted in reduced tallies. During the latter six months dairy herd sales were back on prior years, which was consistent with the market place, though there was good support for contract procurement and livestock export programmes.

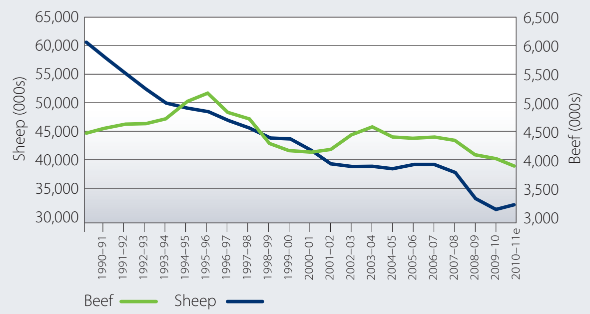
Following its launch in February 2009, Agonline, New Zealand's first dedicated livestock auction site, reported positive growth as the number of registrations climbed and breed specific auctions gained traction.

Sales volumes have accelerated following the launch of beef, lamb and deer trading in November 2009, and to date more than 30,000 people have visited and utilised the site.

PGG Wrightson continues to invest in supporting Agonline as the obvious next step in livestock trading, and we see true value for our farmer clients and customers as they realise the benefits of convenience and tapping into a larger potential market. Ultimately the success of this platform is dependent on the support of the field team and going forward more work will be done operationally to use this functionality and streamline costs within the Livestock division.

PGG Wrightson has identified a number of opportunities for the contract export of dairy heifers and other livestock into South East Asia, China and Mexico. The first shipments of export stock were successfully transacted into Asia, and with more shipments scheduled this is developing into a profitable business stream.

Sheep and Beef Cattle Trend - 1989 –2010



e = estimate
Source: Beef + Lamb New Zealand Economic Service, Statistics New Zealand

Operational Review Continued

Real Estate

- Continued to hold the market leading position in rural real estate and conduct some of the largest sales in New Zealand in the past year
- Appointment of some of the leading rural real estate professionals from major competitors in the Waikato
- Strong focus on cost reduction with operating expenditure down 20% in 09/10 following a 23% reduction the prior year
- Complete overhaul of all systems, processes and salespeople contracts to ensure compliance with the Real Estate Agents Act 2008 which came into force on 17 November 2009.

Annual Rural Market - Units

The rural real estate market suffered a second successive drop in the financial 2010 year, with a decline of 28% in net units sold following a 53% decline for the 2009 year compared to 2008. Market conditions were extremely difficult with the key economic farm segment down over 82% in volume in the past two years.

The market however would appear to have bottomed out in February 2010 and is making slow progress forward. Consistent with this the time on market has slowly declined from a peak of 180 days to 135 days at 30 June 2010 and PGG Wrightson has witnessed a steady increase in conditional sales in the last three months of the financial year - a strong barometer of future sales to come.

Irrigation and Pumping

As anticipated, the I&P division had a subdued year on the back of a reduced dairy payout, flat lifestyle market and stagnant bank lending to farmers which served to stifle capital expenditure for the year. As a result new installations were 76% down year on year, which saw revenues reduced by 46% and earnings before interest and tax down 51% from 2009. Service revenues showed improvement of 35% as the division focused on providing best technical advice and speed to market. Looking ahead, demand has increased for the 2010/11 year led by an improved forecast dairy payout and increased dairy conversions, and we are looking forward to a 'normalised' year.

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Insurance

The insurance business, a joint partnership with Aon, had a successful year with revenue up 10% from 2009. We believe this business has tremendous potential going forward, underpinned by a strong focus on new business and the development of new segmented products aimed at the rural sector including a new 'lifestyle' product.

Aon New Zealand is part of the global Aon Corporation, world leader in insurance broking, risk management and associated services. In New Zealand, Aon is the leading broker to the corporate, public, primary, manufacturing and transport sectors.

PGG Wrightson Finance

Significant events for 2010:

- Appointment of two independent Directors
- Achieving a BB (stable) credit rating from Standard & Poors
- Entry into the extended retail deposit guarantee scheme
- Renewal of $120 million two-year syndicated bank facility in December 2009.

PGG Wrightson Finance recorded a strong result in the year against the backdrop of the global financial crisis and challenging financial and agricultural markets. The loan book reduced 5% to $530 million as the company managed down assets in a more cautious approach in the current environment. Excellent support from retail investors continued with the debenture program growing 12% in the year, and reinvestment rates improving to 77%, with a record 90% achieved in June 2010.

While impairment losses were high at $8.9 million, this reflects the more difficult year particularly in the dairy sector, but was offset by an increase in interest income, to record an improved trading result.

The company is well positioned in the new NBDT regulatory environment and continues to meet all requirements.

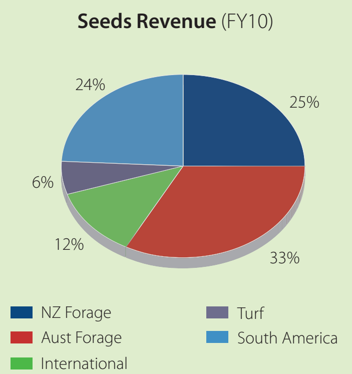
*Agri*Tech

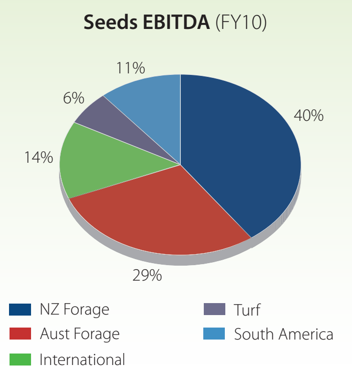
Combining advanced know how, pastoral technology and science as the Southern Hemisphere's leading player in forage seed and a strong provider in turf, grain and nutrition.

Core markets are New Zealand, Australia and South America.

- *Seeds*
- *South America Seeds*
- *Grain*
- *Research and Development*
- *Nutrition*

Operational Review Continued





Seeds

The New Zealand Seeds business had a positive year, with a performance that is considered particularly noteworthy in view of subdued international trading conditions.

Highlights of the year included:

- Widespread adoption of key endophyte Technology AR37. AR37 provides advantages on farm in the areas of pasture productivity and persistence
- Construction of a new distribution centre in Rolleston, Canterbury. This is a state of the art facility which is responding to the customer and Industry demands for a more robust and sophisticated supply chain
- Retained market share in turf in a volatile market with competitors under extreme pressure to exit stocks at very low margins.

The turf seed business also continued to develop environmental market opportunities, with growth in the hydro seeding reclamation type markets in New Zealand with targeted growth opportunities in Queensland and the Northern Territory in Australia in reclamation work utilising our expanding product range.

The Seeds business is starting to configure a strong team in Australia, with the introduction of new talent. A highlight of the year also included the successful opening of two new warehouse facilities as well as ongoing refinements to our logistics capability.

The international Seeds business experienced a good trading year, meeting or surpassing all revenue and EBITDA targets. This was led primarily by the excellent performance of the Multiplications and Pea Seed trading businesses.

"The international Seeds business experienced a good trading year, meeting or surpassing all revenue and EBITDA targets."

South America Seeds

PGG Wrightson Seeds continued to build and support the best technology package for our key customers, the farmers in Uruguay and Argentina, while NZ Ruralco gained traction in the Brazilian market. The business has set up some technical and commercial agreements for forage seeds with public and private institutions and companies. A number of seed cultivars are under registration and the protection process in Brazil is being tested in 5 different locations with excellent performance.

During the year we also finalised the development of the Kiyu Research and development farm facilities in Uruguay.

Grain

The grain business had a solid performance, and highlights of the year included:

- the acquisition of the Te Awamutu grain drying and storage site of Allied Grain Cooperative
- start of construction of additional storage at the Walton grain drying and storage site (Waikato region)
- Successful marketing of a significant volume of maize grain on behalf of growers caught out by the sharp decline in maize silage demand in 2009.

Research and Development

The Grasslands Innovation Shareholders Agreement was signed in June 2010. This agreement increases the PGG Wrightson Seeds ownership to 70% and consolidates all our grass and legume breeding into this joint venture.

Nutrition

Agri-feeds is the leading importer of cane molasses as a feed supplement for dairy farming in New Zealand. The company performed well in a very challenging environment, with sales significantly impacted by a low dairy payout forecast in the first half of the year.

On a positive front during the year, the company launched RumenX, a new calf rearing system from Argentina. Agri-feeds also completed a liquid feed technology licence with Westway from the USA. The first product into the market will be MolGlo, a feed mill product that improves the look and functionality of bagged loose feeds.

Board of Directors 2010

Sir John Anderson

KBE

Chairman
(appointed 1 March 2010)

Sir John is currently Chairman of Television New Zealand, Capital & Coast District Health Board, the New Zealand Venture Investment Fund and the Wellington Regional Strategy Committee, Commissioner of the Hawkes Bay District Health Board and serves as a Director on the Boards of Commonwealth Bank of Australia and the Wellington Regional Stadium Trust.

Sir John was formerly Chief Executive of the ANZ National Bank until his retirement in 2005, former Chairman of New Zealand Cricket, New Zealand's representative Director on the ICC – positions he held from 1995 until 2008, and former Chairman of the New Zealand Sports Foundation.

He has held advisory and governance roles for successive governments through the 1980s and 1990s and received the 1990 Commemoration Medal for Services to New Zealand and was knighted in 1994. In 1995 Sir John was awarded NBR "New Zealander of the Year", in 2003 he received the Deloitte Top 200 Company Award "New Zealand's Most Visionary Leader" and in 2005 was the inaugural winner of "The Blake Medal" for leadership contribution to New Zealand.

Tim Miles

Managing Director

Tim Miles joined PGG Wrightson Ltd on 18 March 2008 as Managing Director. Tim came to PGG Wrightson after returning to New Zealand, having spent two years in the United Kingdom with Vodafone UK and the Vodafone Group. He fulfilled a range of leadership roles in a six year career with Vodafone, including Chief Executive New Zealand, Chief Executive Officer UK, Chief Technology Officer Vodafone Group and member of the Group executive team. Prior to that, he worked in a range of executive and other leadership roles with Unisys, Data General Corporation and IBM. Since returning to New Zealand Tim has been a non executive Director of Goodman Property Trust and Chairman of Equity Partners Media and Communication. His is an advisory Trustee of Leadership New Zealand.

Sir Selwyn Cushing

KNZM, CMG

Sir Selwyn was appointed to the Wrightson Ltd Board in March 2005 following the acquisition of Williams & Kettle Ltd, of which he had been a Director for more than 20 years.

Sir Selwyn has extensive experience in the rural sector and has been involved with public companies for 40 years. He is currently Chairman of Rural Equities Ltd and New Zealand Rural Properties Trust Management Ltd. He has been a member of the New Zealand Exchange for 30 years and has been involved with many corporate investment projects.

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George Gould

LLB

George was appointed as a Director on 5 January 2010 and is Chairman of the Remuneration & Appointments Committee. George is a company Director and investor. He is Chairman and major shareholder of Christchurch based investment company Gould Holdings Ltd which has a successful track record in private equity and New Zealand listed equities.

George was Managing Director of NZX listed Pyne Gould Guinness Ltd, leading the management of the merger of that company with Reid Farmers Ltd from 2001 to 2003. Prior to that, he was Managing Director of NZX listed South Eastern Utilities Ltd, whose main achievement was the acquisition of Wairarapa Electricity Ltd in 1996 and its subsequent sale in 1999.

A qualified lawyer, George is a graduate of Canterbury University and London School of Economics. He is a fellow of the New Zealand Institute of Management and a member of the Institute of Directors. George is presently an independent Director of Orion New Zealand Ltd and Christchurch International Airport Ltd. He has interests in pastoral farming and commercial property.

Bruce Irvine

B Com, LLB, FCA, FNZIM, AF Inst D

Bruce was appointed to the PGG Wrightson Ltd Board in June 2009 and is Chairman of the Audit Committee. Bruce is also a Director of Pyne Gould Corporation Ltd and its subsidiaries including MARAC Finance Ltd and Perpetual Trust Ltd. Bruce was Managing Partner at Deloitte Christchurch from 1995 to 2007 before his retirement in May 2008. He now acts as an independent Director on various Boards including: Christchurch City Holdings Ltd, House of Travel Holdings Ltd, Godfrey Hirst NZ Ltd, Market Gardeners Ltd, Rakon Ltd, Scenic Circle Hotels Ltd and Skope Industries Ltd.

Guanglin Lai (Alan)

Bachelor of Business (Accounting)

Alan Lai was appointed as a Director on 30 December 2009.

Alan has served as the Chairman of Agria Corporation's Board of Directors since June 2007. Alan also served as Agria's Co-Chief Executive Officer from September 2007 to June 2008 and as Chief Executive Officer from November 2008 to September 2009 and as a member of Agria's Remuneration Committee. Alan is a Director of Brothers Capital Limited, which is Agria's largest shareholder. In 2002, Alan founded Ace Choice Management Ltd, a company that specialises in promoting business and investment activities between the Peoples Republic of China and other countries. From 2000 to 2002, he was Managing Director of Shenzhen Keding Venture Capital Management Co. Ltd, a venture investment management company. Alan is the Chairman of the Board of Directors and a member of the nomination committee of China Pipe Group Ltd, a Hong Kong-listed company that manufactures construction and energy related pipes in Asia. Alan holds a Bachelor's degree in accounting from Monash University, Melbourne, Australia and is a certified public accountant in Australia.

Keith Smith

B.Com, FCA

Keith Smith was appointed as a Director and Chairman of Wrightson Ltd in June 2004.

Keith is a chartered accountant, and until December 2005 was a partner in the national accounting practice BDO Spicers, specialising in Directorships. He is Chairman of Tourism Holdings Ltd and The Warehouse Group Ltd. He is also a Director of NZ Farming Systems Uruguay Ltd, Chairman of Goodman (NZ) Ltd, Mighty River Power Ltd and a number of private companies. He is a Past President of The New Zealand Institute of Chartered Accountants. He is Chairman of the PGG Wrightson Board's Audit Committee.

Bill Thomas

Bill Thomas farms Longbeach, the historic coastal flat land property 14km southeast of Ashburton. He is involved in irrigation development, arable, sheep and beef and dairy farming. Bill is a Director of PGG Wrightson Ltd, having become a Director of Pyne Gould Guinness Ltd in 1995.

Tao Xie (XT)

Bachelor's Degree

XT is currently Chief Executive Officer / Director of Agria Corporation. XT was appointed as a Director of PGG Wrightson Ltd on 30 December 2009.

XT was engaged in advisory practice at PricewaterhouseCoopers (PwC) for 20 years where he led PwC's China market corporate finance practice and served on the firm's governing Board. XT has extensive experience in China related cross-border investments and M & A and has helped structure many well-known China businesses. XT received his Bachelor's degree in physics from Beijing University in China and was a member of the United Kingdom Chartered Association of Certified Accountants.

Group Leadership Team

Jason Dale

Group General Manager
Transformation & Strategy

Rob Woodgate

Chief Financial Officer

Michael Thomas

Group General Manager,
AgriServices

John McKenzie

Group General Manager,
AgriTech

As the former group CFO, Jason was appointed as Group GM Transformation and Strategy on 13 August 2010. His role will focus on execution of Group strategy and change management programmes. Jason joined the company in August 2009 from the Auckland International Airport, where he was CFO. Prior to Auckland Airport, he had significant experience in senior executive financial positions, with Fonterra and KPMG. He also has relevant governance experience in New Zealand, Australia and South America.

Rob was appointed Chief Financial Officer on 13 August 2010. Rob was formerly Group Financial Controller and he worked closely with the senior management team through the capital raise and more recently on the business strategy. He has held a number of senior finance roles in New Zealand and the UK.

Michael was appointed as Group GM AgriServices for PGG Wrightson Ltd in June 2010. The former Group GM Financial Services, Michael joined PGG Wrightson Ltd in mid 2007, having spent 10 years in senior executive positions at Australia's leading agri-services company Landmark, and parent company AWB.

John was appointed as Group GM AgriTech in June 2010. He is the former PGG Wrightson Group GM Seed, Grain and Nutrition and was founder of specialist proprietary forage seed company Agricom Ltd. He has reporting to him the business units in New Zealand, Australia and South America together with R&D, production, international seed activities and Turf and Grain.

Carlos Miguel de León

Group General Manager
PGG Wrightson Uruguay

Carlos joined PGG Wrightson in April 1999 as Business Development Manager for Wrightson Pas in Uruguay. In 2005 he was appointed as General Manager South America for PGG Wrightson, and was subsequently appointed as Group General Manager South America in 2009, managing an operation achieving more than US$75 million in revenue.

Andrew McSweeney

Group General Manager
Human Resources &
Corporate Services

Andrew joined PGG Wrightson in 2009, following a career in New Zealand and overseas. Most recently he held executive positions in financial services, as General Manager Human Resources for National Bank and General Manager People Capital for ANZ National.

Julian Daly

General Counsel and
Company Secretary

Julian was appointed to the Group Leadership Team in July 2010. Julian is a former General Counsel for DB Breweries and most recently worked in the Middle East as a Corporate Lawyer. He has been with PGG Wrightson since August 2008 and has played a valuable role in dealing with the often challenging commercial issues and decisions the company has been involved with over the past two years.

Directors' Responsibility Statement

FOR THE YEAR ENDED 30 JUNE 2010

The Directors are responsible for ensuring that the financial statements give a true and fair view of the financial position of the Group as at 30 June 2010 and their financial performance and cash flows for the year ended on that date.

The Directors consider that the financial statements of the Group have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Group and facilitate compliance of the financial statements with the Financial Reporting Act 1993.

The Directors are pleased to present the financial statements for PGG Wrightson Limited set out on pages 28 to 103 for the year ended 30 June 2010.

For and on behalf of the Board.

Sir John Anderson
Chairman

Tim Miles
Managing Director

Corporate Governance Code

1. Introduction

1.1 The Board of PGG Wrightson Ltd is committed to acting with integrity and expects high standards of behaviour and accountability from all of PGG Wrightson's officers and staff. As part of this commitment, the Board has adopted this Corporate Governance Code relating to the composition and conduct of the Board. The Code substantially adheres, where appropriate, to the best practice guidelines of the New Zealand Securities Commission Governance Principles and Guidelines, the Securities Commission's general recommendations in its 2010 Review of Corporate Governance Disclosures by Selected Issuers and the NZX Corporate Governance Best Practice Code.

1.2 The Board's primary objective is the creation of shareholder value through following appropriate strategies and ensuring effective and innovative use of Group resources in providing customer satisfaction. The Group will be a good employer and a responsible corporate citizen.

1.3 To ensure efficiency, the Board has delegated to the Managing Director and subsidiary company boards (other than PGG Wrightson Finance Limited) the day to day management and leadership of the Group.

2. Code Of Ethics

2.1 Consistent with the principle that Directors should observe and foster high ethical standards, the Board has developed and adopted a written Code of Ethics. The Code of Ethics is available on the Company's website at www.pggwrightson.co.nz under Company Profile > for Investors > Corporate Governance.

2.2 It is the responsibility of the Board to review the Code of Ethics from time to time, to implement the Code and to monitor compliance. The Board receives reports on compliance with the Code of Ethics from its internal auditors. No instances of unethical behaviour have been reported to the Board.

2.3 The Board has also adopted a Fraud Prevention and Management Policy which is available on the Company's website at www.pggwrightson.co.nz under Company Profile > for Investors > Corporate Governance. No breaches of this Policy have been reported to the Board.

2.4 An interests register is maintained and regularly updated documenting interests disclosed by all Board members. The statutory disclosures section in this annual report is compiled from entries in the interests register during the reporting period.

2.5 Directors are entitled to seek independent professional advice to assist them in meeting their responsibilities.

3. Board Composition and Performance

3.1 The Board is committed to the principle that there should be a balance of independence, skills, knowledge and experience among Directors so that the Board works effectively.

3.2 The Board currently has nine Directors. Their qualifications and the value that they contribute to the Board are listed in the Board of Directors biographies contained in this annual report.

3.3 In accordance with NZX requirements, no less than one third of the total number of Directors are required to be Independent Directors. The Board currently has four Independent Directors. For the purposes of this Code, the Board defines an Independent Director as one who:–

- is not an executive of the Company; and
- has no disqualifying relationship within the meaning of the NZX Listing Rules.

3.4 The statutory disclosures section in this annual report lists the Company's Directors' independence status.

3.5 The Constitution contains no provisions for compulsory retirement or a fixed tenure for Directors, although Directors must periodically retire and seek re-election in accordance with the Constitution and Listing Rules. One third of the Directors or, if their number is not a multiple of three, then the number nearest to one third, shall retire from office at the annual meeting each year.

3.6 The Board will formally review the performance of each Director and the Board as a whole, not less than every two years. There was no remedial action arising from the last performance review undertaken.

3.7 The full Board met in person eleven times in the year ended 30 June 2010. Directors also meet on other occasions for strategic planning and hold conference calls as required.

4. Director/Executive Remuneration

4.1 The Board is committed to the principle that remuneration of Directors and executives should be transparent, fair and reasonable.

4.2. Directors fees in aggregate are approved by shareholders. Individual fees paid to Directors are disclosed in the Statutory Disclosures section of the annual report.

4.3 The Board supports Directors holding shares in the Company but it does not consider this should be compulsory.

4.4 The Group operates a Managing for Performance culture, and its executive remuneration approach reflects fundamental objectives of remuneration management being internal relativity, external competitiveness and pay for performance. Remuneration is intended to allow the Company to attract retain and motivate executives and is structured to reward operational delivery and strategic programmes, aligned to building shareholder value.

5. Board Committees

5.1 The Board has delegated some of its powers to Board operating committees – the Audit Committee and the Remuneration and Appointments Committee.

5.2 The Committees are made up of a minimum of three non-executive Director members and each Committee has a written Board-approved charter which outlines that Committee's authority, duties, responsibilities and relationship with the Board. The Board regularly reviews the performance of each Committee in accordance with the relevant Committee's written charter. Committees meet an average of four times a year, with additional meetings being convened when required.

Senior management are invited to attend Committee meetings as is considered appropriate. The Committees may appoint advisors as they see fit.

Other Committees of the Board are formed as and when required.

5.3 Audit Committee

The Audit Committee Charter is available on the Company's website at www.pggwrightson.co.nz under Company Profile > for Investors > Corporate Governance.

The majority of the members of the Audit Committee will be Independent Directors and at least one member will have an accounting or financial background. No member of the Audit Committee will be an Executive Director. The members of the Audit Committee are currently B R Irvine (Chairman), K R Smith and Sir Selwyn Cushing. The Chairman of the Audit Committee is not also Chairman of the Board. The Audit Committee has appropriate financial expertise, with all members having an accounting or financial background. The Audit Committee met four times during the financial year.

The main responsibilities of the Audit Committee are:

- Ensuring the effectiveness of the accounting and internal control systems
- Ensuring the Board is properly and regularly informed and updated on corporate financial matters.
- Monitoring and reviewing the independent and internal auditing practices.
- Recommending the appointment and removal of the external auditor and considering a change in the lead audit partner where the auditors continue in office for a period exceeding five years
- Ensuring that the ability and independence of the auditors to carry out their statutory audit role is not impaired, or could reasonably be perceived to be impaired.
- To interface with management, internal auditors and external auditors and review the financial reports, as well as advising all Directors whether they comply with the appropriate laws and regulations.
- Overseeing the Group management of operational risk and compliance.
- Overseeing matters relating to the values, ethics and financial integrity of the Group.

The Audit Committee is responsible for providing audit oversight of PGG Wrightson Finance Ltd, and is responsible to the PGG Wrightson Finance Board for providing the role and functions outlined in its Charter in respect of PGG Wrightson Finance business. One or more PGG Wrightson Finance Board members attend Audit Committee meetings for the duration of PGG Wrightson Finance audit business. The Audit Committee has the authority to appoint outside legal or other professional advisors if it considers necessary. The Audit Committee regularly meets with the internal auditors and external auditors without the Management present.

5.4 Remuneration and Appointments Committee

The Remuneration and Appointments Committee Charter is available on the Company's website at www.pggwrightson.co.nz under Company Profile > for Investors > Corporate Governance.

The members of the Remuneration and Appointments Committee are currently G A C Gould (Chairman), T Xie and Sir John Anderson. The Remuneration and Appointments Committee met three times during the financial year.

The main responsibilities of the Remuneration and Appointments Committee are:

- To undertake an annual performance appraisal of the Managing Director and review the appraisal of direct reports to the Managing Director.
- To review compensation policy and procedures, including employee benefits and superannuation, and recommend to the Board remuneration changes for the Managing Director and direct reports.
- To review succession planning and senior management development plans.

5.5 The Board notes best practice recommendations for the establishment of a Nominations Committee, but its preference is to appoint a subcommittee for this purpose as and when necessary.

6. Independent Auditors

6.1 The Board subscribes to the principle that it has a key function to ensure the quality and independence of the external audit process.

6.2 To ensure there is no conflict with other services that may be provided by the external auditors, the Company has adopted a policy whereby the external auditors will not provide any other services unless specifically approved by the Audit Committee. The external auditor's remuneration is disclosed in the financial statements.

7. Reporting and Disclosure

7.1 The Board endorses the principle that it should demand integrity both in financial reporting and in the timeliness and balance of disclosures on the Company's affairs.

7.2 The Company will provide timely and adequate disclosure of information on matters of material impact to shareholders and comply with the continuous disclosure and other listing requirements of the NZX relating to shareholder reporting. The Board has adopted a Continuous Disclosure Policy which is available on the Company's website at www.pggwrightson.co.nz under Company Profile > for Investors > Corporate Governance. The Company communicates through the interim and annual reports, releases to the NZX and media, and on the Group's website at www.pggwrightson.co.nz. The Company is regularly assessing options to improve communication with shareholders and all stakeholders.

7.3 PGG Wrightson has established and will maintain processes for the provision of information to the Board by management of sufficient content, quality and timeliness, as the Board considers necessary to enable the Board to effectively discharge its duties.

7.4 The Company has a detailed Insider Trading policy applying to all Directors and staff which incorporates all insider trading restraints. Directors and senior officers are able to trade in Company shares in accordance with that policy except when they are in possession of price-sensitive information not publicly available. The Insider Trading Policy is available on the Company's website at www.pggwrightson.co.nz under Company Profile > for Investors > Corporate Governance.

8. Shareholder Relations and Stakeholders

8.1 While the Company does not have a formal shareholder relations policy, the Board actively fosters constructive relationships with its shareholders, as appropriate. The Board is at all times fully cognisant of the need to protect and act in the best interests of the Company's shareholders.

8.2 The Company encourages shareholder participation at the Annual Meeting, by providing as an item of General Business the conducting of a shareholder discussion, where a reasonable opportunity is given for shareholders at the Annual Meeting to question, discuss or comment on the management of the Company.

8.3 The Company considers its significant stakeholders to be its shareholders (including institutional investors), its staff, its customers, suppliers and contractors. When undertaking its operations and activities, the Company respects the interests of its stakeholders within the context of its ownership type and the Company's fundamental purpose. The Board considers that the Company's conduct adheres to widely accepted ethical, social and environmental norms.

9. Risk Management

9.1 It is the responsibility of the Board to monitor the broader risk management processes in place to identify and manage potential and relevant risks.

9.2 In discharging this obligation the Board has:–

- In conjunction with the Managing Director, Audit Committee, internal and external audit, set up and monitored internal controls to ensure that management prudently and efficiently manage resources, and the identification of the nature and magnitude of the Company's material risks. The Company's primary financial risks are those of liquidity, market (foreign currency, price and interest rate), funding and credit risk.
- Considered the nature and extent of risks the Board is willing to take to achieve its strategic objectives. 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.
- In conjunction with the Managing Director and Audit Committee, reviewed the effectiveness and integrity of compliance and risk management systems within the business.

10. Annual Review

10.1 A review of this Corporate Governance Code and associated processes and procedures will be completed on an annual basis to ensure the Company adheres to best practice governance principles and maintains high ethical standards.

10.2 This review will include a consideration of any processes that materially differ from the principles set out in the NZX Corporate Governance Best Practice Code. Where the Company adopts a practice that materially differs from the NZX Best Practice Code, this will be identified and noted in the Company's annual report.

Financial Information

PGG WRIGHTSON LIMITED AND SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE

	NOTE	GROUP 2010 $000	GROUP 2009 $000	COMPANY 2010 $000	COMPANY 2009 $000
Continuing operations					
Operating revenue	4,5	1,151,061	1,280,409	676,403	802,291
Cost of sales		(857,523)	(977,130)	(526,077)	(633,426)
Gross profit		293,538	303,279	150,326	168,865
Other income	6	21	95	6,726	142
Employee benefits expense		(119,504)	(122,261)	(76,886)	(86,165)
Research and development		(3,630)	(2,988)	(12)	(68)
Other operating expenses	7	(99,961)	(97,033)	(60,224)	(62,899)
		(223,074)	(222,187)	(130,396)	(148,990)
EBITDA		**70,464**	**81,092**	**19,930**	**19,875**
Depreciation and amortisation expense		(7,255)	(6,351)	(4,817)	(4,078)
Results from operating activities		**63,209**	**74,741**	**15,113**	**15,797**
Equity accounted earnings of associates	8	1,959	(1,380)	–	–
Non operating items	9	(1,041)	(39,419)	(1,337)	719
Fair value adjustments	10	7,038	(47,984)	4,701	(8,107)
Profit before interest		71,165	(14,042)	18,477	8,409
Net interest and finance costs	11	(36,462)	(31,376)	(14,870)	(11,228)
Profit before income tax		34,703	(45,418)	3,607	(2,819)
Income tax expense	12	(10,428)	(13,136)	102	(12,534)
Profit from continuing operations		24,275	(58,554)	3,709	(15,353)
Discontinued operations					
Profit/(loss) from discontinued operations (net of income tax)	13	(971)	(7,890)	(971)	(4,970)
Profit for the year		**23,304**	**(66,444)**	**2,738**	**(20,323)**

STATEMENT OF COMPREHENSIVE INCOME CONTINUED

FOR THE YEAR ENDED 30 JUNE

	NOTE	GROUP 2010 $000	GROUP 2009 $000	COMPANY 2010 $000	COMPANY 2009 $000
Other comprehensive income					
Foreign currency translation differences for foreign operations		(3,890)	(4,871)	–	(566)
Realised capital reserve amendment on amalgamation		–	(389)	–	(389)
Retained earnings amendment on amalgamation		–	–	–	392
Subsidiary revaluation of property, plant and equipment		–	(16)	–	–
Effective portion of changes in fair value of cash flow hedges		(2,991)	5,147	–	–
Defined benefit plan actuarial gains / (losses)		(4,106)	(15,004)	(4,106)	(15,004)
Deferred tax on movement of actuarial gains / (losses) on employee benefit plans		1,054	4,104	1,054	4,104
Other comprehensive income for the period, net of income tax		(9,933)	(11,029)	(3,052)	(11,463)
Total comprehensive income for the period		**13,371**	**(77,473)**	**(314)**	**(31,786)**
Profit attributable to:					
Shareholders of the Company		22,670	(66,444)	2,738	(20,323)
Non-controlling interest		634	–	–	–
Profit for the year		**23,304**	**(66,444)**	**2,738**	**(20,323)**
Total comprehensive income attributable to:					
Shareholders of the Company		12,724	(77,473)	(314)	(31,786)
Non-controlling interest		647	–	–	–
Total comprehensive income for the year		**13,371**	**(77,473)**	**(314)**	**(31,786)**
Earnings per share					
Basic and diluted earnings per share (New Zealand Dollars)	14	0.04	(0.22)		
Continuing operations					
Basic and diluted earnings per share (New Zealand Dollars)	14	0.04	(0.20)		

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE

	SHARE CAPITAL $000	FOREIGN CURRENCY TRANSLATION RESERVE $000	REALISED CAPITAL AND OTHER RESERVES $000
GROUP			
Balance at 1 July 2008	374,508	4,549	24,931
Total comprehensive income for the period			
Profit or loss	–	–	–
Other comprehensive income			
Foreign currency translation differences	–	(3,346)	–
Amendment on amalgamation	–	–	(389)
Subsidiary revaluation of property, plant and equipment	–	–	–
Effective portion of changes in fair value of financial instruments	–	–	–
Defined benefit plan actuarial gains and losses, net of tax	–	–	–
Total other comprehensive income	–	(3,346)	(389)
Total comprehensive income for the period	–	(3,346)	(389)
Transactions with shareholders, recorded directly in equity			
Issue of ordinary shares	34,342	–	–
Dividends to shareholders	–	–	–
Total contributions by and distributions to shareholders	34,342	–	–
Balance at 30 June 2009	**408,850**	**1,203**	**24,542**
Balance at 1 July 2009	408,850	1,203	24,542
Total comprehensive income for the period			
Profit or loss	–	–	–
Other comprehensive income			
Foreign currency translation differences	–	(2,446)	555
Reclassification of subsidiary reserves	–	–	2,880
Effective portion of changes in fair value of financial instruments	–	–	–
Defined benefit plan actuarial gains and losses, net of tax	–	–	–
Total other comprehensive income	–	(2,446)	3,435
Total comprehensive income for the period	–	(2,446)	3,435
Transactions with shareholders, recorded directly in equity			
Contributions by and distributions to shareholders			
Issue of ordinary shares	216,854	–	–
Issue of convertible redeemable notes	33,850	–	–
Capital issue costs – ordinary shares	(9,900)	–	–
CRN issue costs	(1,133)	–	–
Treasury stock	(8,347)	–	–
Interest on convertible redeemable notes	–	–	–
Dividends to shareholders	–	–	–
Total contributions by and distributions to shareholders	231,324	–	–
Changes in ownership interests in subsidiaries			
Initial recognition of non-controlling interest	–	–	–
Total changes in ownership interests in subsidiaries	–	–	–
Balance at 30 June 2010	**640,174**	**(1,243)**	**27,977**

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

REVALUATION RESERVE $000	HEDGING RESERVE $000	DEFINED BENEFIT PLAN RESERVE $000	FAIR VALUE RESERVE $000	RETAINED EARNINGS $000	NON-CONTROLLING INTEREST $000	TOTAL EQUITY $000
2,979	121	1,288	(375)	72,500	–	480,501
–	–	–	–	(66,444)	–	(66,444)
297	–	–	–	(1,822)	–	(4,871)
–	–	–	–	–	–	(389)
(16)	–	–	–	–	–	(16)
–	5,147	–	–	–	–	5,147
–	–	(10,900)	–	–	–	(10,900)
281	5,147	(10,900)	–	(1,822)	–	(11,029)
281	5,147	(10,900)	–	(68,266)	–	(77,473)
–	–	–	–	–	–	34,342
–	–	–	–	(46,449)	–	(46,449)
–	–	–	–	(46,449)	–	(12,107)
3,260	**5,268**	**(9,612)**	**(375)**	**(42,215)**	**–**	**390,921**
3,260	5,268	(9,612)	(375)	(42,215)	–	390,921
–	–	–	–	22,670	634	23,304
410	–	–	–	(2,422)	13	(3,890)
(2,880)	–	–	–	–	–	–
–	(2,991)	–	–	–	–	(2,991)
–	–	(3,052)	–	–	–	(3,052)
(2,470)	(2,991)	(3,052)	–	(2,422)	13	(9,933)
(2,470)	(2,991)	(3,052)	–	20,248	647	13,371
–	–	–	–	–	–	216,854
–	–	–	–	–	–	33,850
–	–	–	–	–	–	(9,900)
–	–	–	–	–	–	(1,133)
–	–	–	–	–	–	(8,347)
–	–	–	–	(1,249)	–	(1,249)
–	–	–	–	–	(326)	(326)
–	–	–	–	(1,249)	(326)	229,749
–	–	–	–	–	1,429	1,429
–	–	–	–	–	1,429	1,429
790	**2,277**	**(12,664)**	**(375)**	**(23,216)**	**1,750**	**635,470**

STATEMENT OF CHANGES IN EQUITY CONTINUED

FOR THE YEAR ENDED 30 JUNE

	SHARE CAPITAL $000	FOREIGN CURRENCY TRANSLATION RESERVE $000	REALISED CAPITAL AND OTHER RESERVES $000
COMPANY			
Balance at 1 July 2008	374,508	638	24,931
Total comprehensive income for the period			
Profit or loss	–	–	–
Other comprehensive income			
Foreign currency translation differences	–	(638)	–
Amendment on amalgamation	–	–	(389)
Defined benefit plan actuarial gains and losses, net of tax	–	–	–
Total other comprehensive income	–	(638)	(389)
Total comprehensive income for the period	–	(638)	(389)
Transactions with shareholders, recorded directly in equity			
Issue of ordinary shares	34,342	–	–
Dividends to shareholders	–	–	–
Total contributions by and distributions to shareholders	34,342	–	–
Balance at 30 June 2009	**408,850**	**–**	**24,542**
Balance at 1 July 2009	408,850	–	24,542
Total comprehensive income for the period			
Profit or loss	–	–	–
Other comprehensive income			
Foreign currency translation differences	–	–	–
Defined benefit plan actuarial gains and losses, net of tax	–	–	–
Total other comprehensive income	–	–	–
Total comprehensive income for the period	–	–	–
Transactions with shareholders, recorded directly in equity			
Contributions by and distributions to shareholders			
Issue of ordinary shares	216,854	–	–
Issue of convertible redeemable notes	33,850	–	–
Capital issue costs – ordinary shares	(9,900)	–	–
CRN issue costs	(1,133)	–	–
Treasury stock	(8,347)	–	–
Interest on convertible redeemable notes	–	–	–
Total contributions by and distributions to shareholders	231,324	–	–
Balance at 30 June 2010	**640,174**	**–**	**24,542**

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

	REVALUATION RESERVE $000	HEDGING RESERVE $000	DEFINED BENEFIT PLAN RESERVE $000	FAIR VALUE RESERVE $000	RETAINED EARNINGS $000	NON-CONTROLLING INTEREST $000	TOTAL EQUITY $000
	–	993	1,288	(375)	33,643	–	435,626
	–	–	–	–	(20,323)	–	(20,323)
	–	–	–	–	72	–	(566)
	–	–	–	–	392	–	3
	–	–	(10,900)	–	–	–	(10,900)
	–	–	(10,900)	–	464	–	(11,463)
	–	–	(10,900)	–	(19,859)	–	(31,786)
	–	–	–	–	–	–	34,342
	–	–	–	–	(46,449)	–	(46,449)
	–	–	–	–	(46,449)	–	(12,107)
	–	**993**	**(9,612)**	**(375)**	**(32,665)**	**–**	**391,733**
	–	993	(9,612)	(375)	(32,665)	–	391,733
	–	–	–	–	2,738	–	2,738
	–	–	–	–	–	–	–
	–	–	(3,052)	–	–	–	(3,052)
	–	–	(3,052)	–	–	–	(3,052)
	–	–	(3,052)	–	2,738	–	(314)
	–	–	–	–	–	–	216,854
	–	–	–	–	–	–	33,850
	–	–	–	–	–	–	(9,900)
	–	–	–	–	–	–	(1,133)
	–	–	–	–	–	–	(8,347)
	–	–	–	–	(1,249)	–	(1,249)
	–	–	–	–	(1,249)	–	230,075
	–	**993**	**(12,664)**	**(375)**	**(31,176)**	**–**	**621,494**

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE

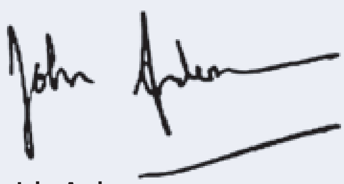
	NOTE	GROUP 2010 $000	GROUP 2009 $000	COMPANY 2010 $000	COMPANY 2009 $000
ASSETS					
Current					
Cash and cash equivalents	15	24,246	45,999	7,074	32,083
Short-term derivative assets	16	4,483	7,275	3,414	4,955
Trade and other receivables	17	208,510	188,197	364,401	369,258
Finance receivables	18	419,857	412,395	–	4,470
Income tax receivable		6,637	10,394	10,826	853
Assets classified as held for sale	19	44	8,017	44	8,017
Biological assets	20	23,029	3,630	23,029	3,630
Inventories	21	218,260	203,766	51,375	57,802
Total current assets		905,066	879,673	460,163	481,068
Non-current					
Long-term derivative assets	16	1,157	5,537	149	281
Finance receivables	18	110,262	151,726	–	–
Biological assets	20	184	231	184	231
Deferred tax asset	22	8,410	3,802	2,127	1,071
Investment in subsidiaries	23	–	–	104,627	70,781
Investments in equity accounted investees	24	3,759	3,268	2,266	3,150
Other investments	25	85,378	92,722	31,817	36,429
Intangible assets	26	335,506	340,133	304,551	305,696
Property, plant and equipment	27	77,160	67,054	51,766	49,520
Total non-current assets		621,816	664,473	497,487	467,159
Total assets		**1,526,882**	**1,544,146**	**957,650**	**948,227**

STATEMENT OF FINANCIAL POSITION CONTINUED

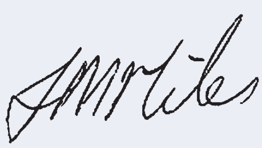
AS AT 30 JUNE

	NOTE	GROUP 2010 $000	GROUP 2009 $000	COMPANY 2010 $000	COMPANY 2009 $000
LIABILITIES					
Current					
Debt due within one year – PGW	15	23,809	455,040	–	453,966
Debt due within one year – PWF	15	–	71,500	–	–
Short-term derivative liabilities	16	1,704	6,802	1,555	5,687
Accounts payable and accruals	28	226,156	171,179	135,315	77,949
Finance current liabilities	29	361,292	249,922	–	–
Total current liabilities		612,961	954,443	136,870	537,602
Non-current					
Long-term debt – PGW	15	177,868	–	177,855	–
Long-term debt – PWF	15	21,000	–	–	–
Long-term derivative liabilities	16	3,049	6,585	2,970	5,212
Other long-term provisions	28	1,563	793	255	–
Finance term liabilities	29	56,765	177,724	–	–
Defined benefit liability	30	18,206	13,680	18,206	13,680
Total non-current liabilities		278,451	198,782	199,286	18,892
Total liabilities		891,412	1,153,225	336,156	556,494
EQUITY					
Share capital	31	640,174	408,850	640,174	408,850
Reserves	31	16,762	24,286	12,496	15,548
Retained earnings	31	(23,216)	(42,215)	(31,176)	(32,665)
Total equity attributable to shareholders of the Company		633,720	390,921	621,494	391,733
Non-controlling interest		1,750	–	–	–
Total equity		635,470	390,921	621,494	391,733
Total liabilities and equity		**1,526,882**	**1,544,146**	**957,650**	**948,227**

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



Sir John Anderson
Chairman



Tim Miles
Managing Director

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE

	NOTE	GROUP 2010 $000	GROUP 2009 $000	COMPANY 2010 $000	COMPANY 2009 $000
Cash flows from operating activities					
Cash was provided from:					
Receipts from customers		1,144,437	1,269,082	660,042	847,901
Dividends received		495	728	5,968	142
Interest received		69,938	59,557	9,929	4,150
		1,214,870	1,329,367	675,939	852,193
Cash was applied to:					
Payments to suppliers and employees		(1,083,573)	(1,250,673)	(633,139)	(830,335)
Interest paid		(76,296)	(62,116)	(14,627)	(9,908)
Income tax paid		(11,657)	(4,361)	(8,000)	(1,200)
		(1,171,526)	(1,317,150)	(655,766)	(841,443)
Net cash flow from operating activities	32	**43,344**	**12,217**	**20,173**	**10,750**
Cash flows from investing activities					
Cash was provided from:					
Proceeds from sale of property, plant and equipment		11,682	740	10,787	740
Net decrease in finance receivables		25,053	–	4,470	–
Proceeds from sale of investments		57	305	157	–
		36,792	1,045	15,414	740
Cash was applied to:					
Purchase of property, plant and equipment		(10,521)	(6,476)	(2,477)	(4,473)
Purchase of intangibles (software)		(2,079)	(12,436)	(1,859)	(10,991)
Net increase in finance receivables		–	(59,878)	–	(30)
Cash paid for purchase of investments		(5,810)	(21,959)	(34,045)	(4,829)
		(18,410)	(100,749)	(38,381)	(20,323)
Net cash flow from investing activities		18,382	(99,704)	(22,967)	(19,583)

STATEMENT OF CASH FLOWS CONTINUED

FOR THE YEAR ENDED 30 JUNE

	NOTE	GROUP 2010 $000	GROUP 2009 $000	COMPANY 2010 $000	COMPANY 2009 $000
Cash flows from financing activities					
Cash was provided from:					
Issue of share capital net of issue costs		206,954	–	206,954	–
Issue of convertible redeemable notes net of issue costs		32,717	–	32,718	–
Increase in bonds		–	78,488	–	–
Increase in external borrowings		21,000	180,287	–	95,237
Loans to related parties		1,322	–	21,009	–
Increase in secured debentures		26,531	48,122	–	–
		288,524	306,897	260,681	95,237
Cash was applied to:					
Dividends paid		–	(24,107)	–	(24,107)
Interest paid on convertible redeemable notes		(1,249)	–	(1,249)	–
Repayment of bonds		(25,233)	–	–	–
Net decrease in clients' deposit and current accounts		(12,214)	(12,308)	–	(2,454)
Finance facility fees		(8,444)	(14,350)	(5,537)	(14,350)
Repayment of external borrowings		(324,863)	(140,475)	(276,110)	–
Repayment of loans to related parties		–	(8,272)	–	(28,168)
		(372,003)	(199,512)	(282,896)	(69,079)
Net cash flow from financing activities		(83,479)	107,385	(22,215)	26,158
Net (decrease)/increase in cash held		(21,753)	19,898	(25,009)	17,325
Opening cash/(bank overdraft)		45,999	26,101	32,083	14,758
Cash and cash equivalents	15	24,246	45,999	7,074	32,083
Comprises:					
PGG Wrightson Finance Limited		9,277	3,779	–	–
Rest of the Group		14,969	42,220	7,074	32,083
		24,246	45,999	7,074	32,083

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE

1 REPORTING ENTITY

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

Financial statements for the Company (separate financial statements) and consolidated financial statements are presented. The consolidated financial statements of PGG Wrightson Limited as at and for the year ended 30 June 2010 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities.

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

2 BASIS OF PREPARATION

Statement of Compliance

The 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 as issued by IASB.

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 the following:

- derivative financial instruments are measured at fair value
- financial instruments at fair value through profit or loss are measured at fair value
- available-for-sale financial assets are measured at fair value
- biological assets are measured at fair value less point-of-sale costs
- assets classified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell.

Functional and Presentation Currency

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

Use of Estimates and Judgements

The preparation of the consolidated financial statements in conformity with NZ IFRS 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.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

Note	Judgement
35	Classification and valuation of financial instruments
36	Lease classification

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Note	Assumption or estimation uncertainty
18	Carrying value of finance receivables
21	Valuation of Seeds inventory
26	Goodwill impairment assessment
28	Provisions and contingencies
30	Measurement of defined benefit obligations
40	Measurement of share based payments

Changes in Accounting Policies

Accounting for borrowing costs. The Group capitalises borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset from 1 July 2009. Previously the Group immediately recognised all borrowing costs as an expense. This change in accounting policy is due to the revision of NZ IAS 23 *Borrowing Costs*, and had no material impact on assets, profit or earnings per share in the year to 30 June 2010.

Determination and presentation of operating segments. As of 1 July 2009 the Group determines and presents operating segments based on the information that is provided internally to the Managing Director, who is the Group's chief operating decision maker. This change in accounting policy is due to the adoption of NZ IFRS 8 Operating Segments. Previously operating segments were determined and presented in accordance with NZ IAS 14 *Segment Reporting*.

Comparative segment information has been re-presented in conformity with the transitional requirements of NZ IFRS 8. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Managing Director to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Managing Director include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and head office expenses.

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

Presentation of financial statements. The Group has applied revised NZ IAS 1 *Presentation of Financial Statements (2007)*, which became effective as of 1 January 2009. As a result, the Group presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the 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. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

Accounting for business combinations. The Group has adopted NZ IFRS 3 *Business Combinations (2008)* and NZ IAS 27 *Consolidated and Separate Financial Statements (2008)* for all business combinations occurring in the financial year starting 1 July 2009. All business combinations occurring on or after 1 July 2009 are accounted for by applying the acquisition method. The change in accounting policy is applied prospectively and had no material impact on earnings per share.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

The Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group.

The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Accounting for acquisitions of non-controlling interests. The Group has adopted NZ IFRS 3 *Business Combinations (2008)* and NZ IAS 27 *Consolidated and Separate Financial Statements (2008)* for acquisitions of non-controlling interests occurring in the financial year starting 1 July 2009. Under the new accounting policy, acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions.

The change in accounting policy was applied prospectively and had no material impact on earnings per share.

3 SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Consolidation

Subsidiaries

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

Associates and Jointly Controlled Entities

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

Transactions Eliminated on Consolidation

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

(b) Income Recognition

Recognition of Revenue

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

Sales Revenue

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

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

Interest and Fee Income

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

Irrigation Contracts

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

Investment Income

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

Interest and Similar Income and Expense

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

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

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

Fee and Commission Income

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

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

Fee Income from Providing Transaction Services

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

(c) Foreign Currencies

Foreign Currency Transactions

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

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

Foreign Operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to New Zealand dollars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated to New Zealand dollars at exchange rates at the date of the transactions.

Foreign currency differences are recognised in the Foreign Currency Translation Reserve ("FCTR"). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss.

(d) Financial Instruments

(i) Non-derivative Financial Instruments

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

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

Held-to-maturity Investments

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

Instruments at Fair Value through Profit or Loss

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

Loans and Receivables

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

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

Investments in Equity Securities

Investments in equity securities held by the Group are classified as available-for-sale or at fair value through profit or loss, except for investments in equity securities of subsidiaries, associates and joint ventures which are measured at cost in the separate financial statements of the Company.

Investments in Debt Securities

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

Trade and Other Receivables

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

Interest-bearing Borrowings

Interest-bearing borrowings are classified as liabilities.

Trade and Other Payables

Trade and other payables are stated at cost.

(ii) Derivative Financial Instruments

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

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

Cash Flow Hedges

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

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

(iii) Share Capital

Ordinary Share Capital

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

Convertible Redeemable Notes

Convertible Redeemable Notes (CRNs) issued by the Group are classified as equity for accounting purposes as the Board may elect at its sole discretion to suspend payment of any interest at any time. The CRNs are initially recognised at face value with any directly attributable issue costs recognised as a deduction from equity. Quarterly interest payments to CRN holders are recognised in 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. Repurchased shares are cancelled. Treasury stock for which unrestricted ownership has not yet been transferred are not cancelled.

Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. All other borrowing costs are expensed as they are incurred.

(e) Property, Plant & Equipment

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

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

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

Subsequent Costs

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

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each item of property, plant and equipment with the exception of motor vehicles where depreciation is recognised on a diminishing value basis. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated, and consistent with recent government budget changes, buildings are now estimated to be depreciated at 0%. The estimated useful lives for the current and comparative periods are between 3 and 40 years for plant and equipment. Depreciation methods, useful lives and residual values are reassessed at reporting date.

(f) Intangible Assets

Computer Software

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

Goodwill

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

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

Research and Development

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

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

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

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

(g) Leasing Commitments

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

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

(h) Inventories

Stock on Hand

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

Work in Progress

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

Wholesale Seeds

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

(i) Biological Assets

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

(j) Impairment

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

Impairment of Equity Instruments

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

Impairment of Debt Instruments and Receivables

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

Accounts receivable and finance receivables include accrued interest and are stated at estimated net realisable value after allowing for a provision for doubtful debts. Specific provisions are maintained to cover identified doubtful debts.

The recoverable amount of the Group's investments in held-to-maturity debt instruments and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with short duration are not discounted.

Impairment losses on an individual basis are determined by an evaluation of the exposures on an instrument by instrument basis. All individual instruments that are considered significant are subject to this approach.

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

Non-financial Assets

The carrying amounts of the Group's non-financial assets, other than biological assets, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the recoverable amount of the asset is estimated. For goodwill and intangible assets that have indefinite lives, the recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or the cash-generating unit to which it relates, exceeds the recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised with respect to cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units, then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or unit.

An impairment loss with respect to goodwill is not reversed. With respect to other assets losses recognised in prior periods are assessed at each reporting date for any indications that the loss may have decreased or no longer exist. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is only reversed to the extent that the carrying value of the asset does not exceed the carrying value that the asset would have had, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) Employee Benefits

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

Short-term employee benefit obligations are measured on an undiscounted basis and expensed as the related service is provided. A provision is recognised for the amount of outstanding short-term benefits at each reporting date.

Provisions made with respect to employee benefits which are not expected to be settled within twelve months are measured as the present value of the estimated future cash outflows to be made by the Group with respect to services provided by employees up to reporting date.

(l) Share-based Payment Transactions

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

(m) Discontinued Operations

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

(n) Income Tax

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

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

– the initial recognition of goodwill

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

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

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

(o) Earnings per Share

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

(p) Determination of Fair Values

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

Property, Plant and Equipment

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

Intangible Assets

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

Biological Assets

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

Investments in equity and debt securities

The fair value of financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets is determined by reference to the market price, unless other objective reliable evidence suggests a different value. The fair value of held-to-maturity investments is determined for disclosure purposes only. Other investments are held at historical cost.

Trade and Other Receivables

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

Derivatives

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

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

Non-derivative Financial Instruments

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

(q) Statement of Cash Flows

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

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

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

A number of new standards and interpretations are not yet effective for the year ended 30 June 2010, and have not been applied in preparing these consolidated financial statements:

– NZ IFRS 9 *Financial Instruments*. This standard is the first part of a wider project to replace NZ IAS 39 *Financial Instruments Recognition and Measurement*. It establishes two primary measurement categories for financial assets: amortised cost and fair value. The standard becomes effective in the Group's 2013 financial statements and is expected to have minimal impact.

– NZ IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*. This interpretations provides guidance on the accounting for debt for equity swaps and applies to the Group's 2011 financial statements. It is not expected to have an impact on the Group's financial results.

– A variety of improvements to standards have been made in order to clarify various treatments of specific transactions. These are not expected to have an impact on the Group's financial results.

4 SEGMENT REPORTING

(a) Operating Segments

The Group has two primary operating divisions, AgriServices and AgriTech, along with a Corporate segment capturing certain overhead activities. AgriServices is further separated into four reportable segments, as described below, which are that segment's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different skills, technology and marketing strategies. Within each segment, further business unit analysis may be provided to management where there are significant differences in the nature of activities. The Managing Director reviews internal management reports on each strategic business unit on at least a monthly basis.

– *Merchandising*. Includes Rural Supplies and Fruitfed retail operations.

– *Livestock*. This includes rural Livestock trading activities and export livestock, being commission based activities.

– *Finance*. This is the Finance operations of the subsidiary PGG Wrightson Finance Limited, which provides a variety of specialist finance loan and investment products to the rural sector.

– *Other AgriServices*. Includes Insurance, Real Estate, Irrigation and Pumping, AgNZ (training and consulting), Funds Management, South American activities to supply products and services into the Uruguayan rural services industry, Regional Admin and other related activities including the Group's investments into the Wool sector.

– *AgriTech*. Includes Seed and Grain (research and development, manufacturing and distributing forage seed, turn and grain), Agri-Feeds (purchasing, manufacturing and distributing liquid animal feeds and other animal nutritional products) and various related activities in the developing seeds markets in South America.

– *Corporate*. Includes Finance, Treasury, HR and other support services, including adjustments for discontinued operations and consolidation adjustments.

This alignment into the two primary groupings of AgriServices and AgriTech represents the Group's view of how future trading is best grouped. Historically the Group has provided information in addition to the segment reporting to further split elements of some segments, eg. Merchandising has often been separated into the Rural Supplies and Fruitfed operations. Separate reporting at this lower level of detail is expected to reduce over time, hence the additional analysis on key aspects of some of these historical segment components (as indicated by asterisks in the segment analysis) provided as additional tables to the segment note, is not expected to be repeated in future years.

4 SEGMENT REPORTING (CONTINUED)

(b) Operating Segment Information

	MERCHANDISING **(i)		LIVESTOCK		FINANCE (PWF)	
	2010 $000	2009 $000	2010 $000	2009 $000	2010 $000	2009 $000
Total segment revenue	541,678	668,052	87,337	75,997	59,655	59,765
Intersegment revenue	–	–	–	–	–	–
Total external operating revenues	541,678	668,052	87,337	75,997	59,655	59,765
EBITDA	22,162	26,069	12,555	12,709	13,293	10,898
Depreciation and amortisation	(1,551)	(1,507)	(477)	(450)	(198)	(185)
Results from operating activities	**20,611**	**24,562**	**12,078**	**12,259**	**13,095**	**10,713**
Equity earnings of associates	80	(100)	(19)	–	–	–
Non operating items	(205)	(4,128)	(1,704)	(422)	–	–
Fair value adjustments	–	–	–	(2,437)	(338)	1,002
Profit before interest	**20,486**	**20,334**	**10,355**	**9,400**	**12,757**	**11,715**
Net interest and finance costs*	(11,942)	(11,086)	(2,814)	(2,157)	–	27
Profit before income tax	**8,544**	**9,248**	**7,541**	**7,243**	**12,757**	**11,742**
Income tax expense*	(2,541)	–	(1,965)	(9)	(3,824)	(3,334)
Profit from continuing operations	**6,003**	**9,248**	**5,576**	**7,234**	**8,933**	**8,408**
Discontinued operations	–	–	–	–	–	–
Profit for the year	**6,003**	**9,248**	**5,576**	**7,234**	**8,933**	**8,408**
Segment assets	101,642	107,006	159,234	41,442	549,662	577,640
Equity accounted investees	30	–	428	316	–	–
Total segment assets	101,672	107,006	159,662	41,758	549,662	577,640
Segment liabilities	(37,104)	(28,266)	(53,799)	(9,929)	(449,287)	(506,579)
Capital expenditure (incl software)	589	2,345	367	2,969	33	1,781

* During 2010 the Group undertook a restructuring which resulted in net interest and finance costs (including internal interest recharges), and income tax expense, being allocated more directly to segments in 2010 than 2009. Prior year comparatives have not been restated.

OTHER AGRISERVICES **(ii)		AGRISERVICES		AGRITECH **(iii)		CORPORATE		TOTAL	
2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
76,723	90,897	765,393	894,711	450,504	435,562	1,948	(10,422)	1,217,845	1,319,851
–	–	–	–	(66,784)	(39,442)	–	–	(66,784)	(39,442)
76,723	90,897	765,393	894,711	383,720	396,120	1,948	(10,422)	1,151,061	1,280,409
(13,088)	(7,548)	34,922	42,128	42,411	44,891	(6,869)	(5,927)	70,464	81,092
(2,186)	(2,278)	(4,412)	(4,420)	(2,106)	(2,028)	(737)	97	(7,255)	(6,351)
(15,274)	**(9,826)**	**30,510**	**37,708**	**40,305**	**42,863**	**(7,606)**	**(5,830)**	**63,209**	**74,741**
1,845	(1,099)	1,906	(1,199)	54	(181)	(1)	(1)	1,959	(1,381)
1,991	15,023	82	10,473	87	(337)	(1,210)	(49,554)	(1,041)	(39,418)
–	–	(338)	(1,435)	91	–	7,285	(46,549)	7,038	(47,984)
(11,438)	**4,098**	**32,160**	**45,547**	**40,537**	**42,345**	**(1,532)**	**(101,934)**	**71,165**	**(14,042)**
(967)	(13,075)	(15,723)	(26,291)	(23,926)	(20,017)	3,187	14,932	(36,462)	(31,376)
(12,405)	**(8,977)**	**16,437**	**19,256**	**16,611**	**22,328**	**1,655**	**(87,002)**	**34,703**	**(45,418)**
4,832	5,014	(3,498)	1,671	(5,400)	(1,746)	(1,530)	(13,061)	(10,428)	(13,136)
(7,573)	**(3,963)**	**12,939**	**20,927**	**11,211**	**20,582**	**125**	**(100,063)**	**24,275**	**(58,554)**
–	–	–	–	–	–	(971)	(7,890)	(971)	(7,890)
(7,573)	**(3,963)**	**12,939**	**20,927**	**11,211**	**20,582**	**(846)**	**(107,953)**	**23,304**	**(66,444)**
148,913	79,435	959,451	805,523	520,185	347,777	43,487	387,578	1,523,123	1,540,878
3,240	2,834	3,698	3,150	61	118	–	–	3,759	3,268
152,153	82,269	963,149	808,673	520,246	347,895	43,487	387,578	1,526,882	1,544,146
(12,474)	(28,566)	(552,664)	(573,340)	(120,389)	(257,399)	(218,359)	(322,486)	(891,412)	(1,153,225)
4,691	2,292	5,680	9,387	2,838	7,968	(1,411)	10,478	7,107	27,833

4 SEGMENT REPORTING (CONTINUED)

(b) Operating Segment Information (continued)

** Further analysis of trading performance of segments, to assist with transition to new segment reporting:

(i) Merchandising

	RURAL SUPPLIES		FRUITFED		MERCHANDISING	
	2010 $000	2009 $000	2010 $000	2009 $000	2010 $000	2009 $000
Total segment revenue	426,673	518,558	115,005	149,494	541,678	668,052
Intersegment revenue	–	–	–	–	–	–
Total external operating revenues	426,673	518,558	115,005	149,494	541,678	668,052
EBITDA	16,068	16,196	6,094	9,873	22,162	26,069

(ii) Other AgriServices

	INSURANCE		REAL ESTATE		IRRIGATION & PUMPING	
	2010 $000	2009 $000	2010 $000	2009 $000	2010 $000	2009 $000
Total segment revenue	4,290	4,000	16,224	27,046	16,974	31,419
Intersegment revenue	–	–	–	–	–	–
Total external operating revenues	4,290	4,000	16,224	27,046	16,974	31,419
EBITDA	3,841	3,824	(1,959)	(1,642)	1,719	3,417

(iii) AgriTech

	SEEDS AND GRAIN		AGRIFEEDS		SOUTH AMERICA	
	2010 $000	2009 $000	2010 $000	2009 $000	2010 $000	2009 $000
Total segment revenue	321,428	279,741	43,598	72,617	85,478	83,204
Intersegment revenue	(66,784)	(39,442)	–	–	–	–
Total external operating revenues	254,644	240,299	43,598	72,617	85,478	83,204
EBITDA	33,557	31,774	5,152	9,755	3,702	3,362

AGNZ 2010 $000	AGNZ 2009 $000	FUNDS MANAGEMENT 2010 $000	FUNDS MANAGEMENT 2009 $000	SOUTH AMERICA 2010 $000	SOUTH AMERICA 2009 $000	REGIONAL OVERHEAD & SHARED SERVICES 2010 $000	REGIONAL OVERHEAD & SHARED SERVICES 2009 $000	OTHER AGRISERVICES 2010 $000	OTHER AGRISERVICES 2009 $000
6,297	7,499	4,217	3,208	20,768	12,410	7,953	5,315	76,723	90,897
–	–	–	–	–	–	–	–	–	–
6,297	7,499	4,217	3,208	20,768	12,410	7,953	5,315	76,723	90,897
1,815	1,567	3,942	2,955	2,051	1,242	(24,497)	(18,911)	(13,088)	(7,548)

AGRITECH 2010 $000	AGRITECH 2009 $000
450,504	435,562
(66,784)	(39,442)
383,720	396,120
42,411	44,891

4 SEGMENT REPORTING (CONTINUED)

(c) Geographical Segments

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

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

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

(d) Geographical Segment Information

	GROUP 2010 $000	GROUP 2009 $000
Revenue derived from outside the Group		
New Zealand	975,583	1,117,694
Australia	69,442	67,101
South America	106,036	95,614
Total revenue derived from outside the Group	1,151,061	1,280,409
Non current assets excluding financial instruments and deferred tax		
New Zealand	576,046	618,456
Australia	18,537	18,299
South America	17,666	18,379
Total non current assets excluding financial instruments and deferred tax	612,249	655,134

5 OPERATING REVENUE

	NOTE	CONTINUING OPERATIONS 2010 $000	CONTINUING OPERATIONS 2009 $000	DISCONTINUED OPERATIONS 2010 $000	DISCONTINUED OPERATIONS 2009 $000	TOTAL 2010 $000	TOTAL 2009 $000
Group							
Sales	13	994,424	1,097,297	138	12,548	994,562	1,109,845
Commissions		75,363	88,649	–	–	75,363	88,649
Construction contract revenue		13,556	27,961	–	–	13,556	27,961
NZFSU management fee		3,141	4,216	–	–	3,141	4,216
Interest revenue on finance receivables		64,577	62,286	–	–	64,577	62,286
Total operating revenue		1,151,061	1,280,409	138	12,548	1,151,199	1,292,957
Company							
Sales	13	586,740	684,344	138	10,834	586,878	695,178
Commissions		71,124	85,836	–	–	71,124	85,836
Construction contract revenue		13,556	27,961	–	–	13,556	27,961
Interest revenue on finance receivables		4,983	4,150	–	–	4,983	4,150
Total operating revenue		676,403	802,291	138	10,834	676,541	813,125

6 OTHER INCOME

	GROUP 2010 $000	GROUP 2009 $000	COMPANY 2010 $000	COMPANY 2009 $000
Dividend income	18	142	5,491	142
Interest income on preference share investment in PWF	–	–	1,232	–
Other investment income	3	(47)	3	–
	21	95	6,726	142

7 OPERATING EXPENSES

	GROUP 2010 $000	GROUP 2009 $000	COMPANY 2010 $000	COMPANY 2009 $000
Operating expenses include the following items:				
Audit of financial statements – KPMG	666	485	446	303
Other non-audit services for accounting opinions paid to KPMG (*)	31	13	7	12
Directors' fees	952	605	912	605
Donations	5	11	1	–
Doubtful debts – (decrease)/increase in provision for doubtful debts	10,723	2,231	2,382	(667)
Doubtful debts – bad debts written off	1,077	2,206	376	1,945
Foreign currency (profits)/losses	215	212	296	(664)
Marketing	10,386	12,208	6,572	8,075
Motor vehicle costs	8,000	8,613	5,811	6,579
Rental and operating lease costs	26,367	24,573	18,554	17,669
Other expenses	41,539	45,876	24,867	29,042
	99,961	97,033	60,224	62,899

(*) In addition to the other non-audit services paid to KPMG there were costs of $88,000 in relation to an independent accountant's report for the purposes of the December 2009 equity raise. These costs have been capitalised as part of capital issue costs in the Statement of Changes in Equity.

8 EQUITY ACCOUNTED EARNINGS OF ASSOCIATES

		CURRENT ASSETS	NON-CURRENT ASSETS	TOTAL ASSETS	CURRENT LIABILITIES	NON-CURRENT LIABILITIES	TOTAL LIABILITIES	REVENUES	EXPENSES	PROFIT / (LOSS)	PGW SHARE
30 June 2010											
49%	Wool Partners International Limited	32	32	64	(21)	(10)	(31)	93,029	(94,864)	(1,835)	967
50%	Agritranz Limited	314	–	314	(82)	–	(82)	1,837	(1,818)	19	90
50%	Northfuels Limited	2,870	1,102	3,972	(2,635)	(1,271)	(3,906)	25,343	(25,174)	169	80
33%	NZ Velvet Marketing Company Limited	50	3	53	(51)	–	(51)	–	(298)	(298)	(71)
50%	Velvet Logistics Limited	572	2,713	3,285	(52)	(3,063)	(3,115)	1,298	(1,131)	167	124
50%	Kelso Wrightson (2004) Limited	70	509	579	(146)	–	(146)	177	(376)	(199)	(100)
50%	The New Zealand Merino Company Limited	6,075	3,542	9,617	(1,580)	–	(1,580)	101,155	(99,610)	1,545	790
50%	Grasslands Innovation Limited	2,560	71	2,631	(1,524)	(1,007)	(2,531)	3,259	(3,091)	168	50
51%	Forage Innovations Limited	409	–	409	(429)	–	(429)	433	(430)	3	1
50%	Gramina Pty Limited	172	–	172	(128)	–	(128)	253	(255)	(2)	–
50%	Canterbury Sale Yards (1996) Limited	173	5	178	62	–	62	558	(484)	74	28
		13,297	7,977	21,274	(6,586)	(5,351)	(11,937)	227,342	(227,531)	(189)	1,959
30 June 2009											
49%	Wool Partners International Limited	26,896	30,087	56,983	(8,306)	(18,469)	(26,775)	102,137	(106,066)	(3,929)	(1,806)
50%	Agritranz Limited	402	–	402	(257)	–	(257)	2,002	(1,910)	92	66
50%	Northfuels Limited	1,812	974	2,786	(2,651)	(412)	(3,063)	22,469	(22,846)	(377)	(100)
50%	Kelso Wrightson (2004) Limited	42	600	642	(151)	–	(151)	187	(328)	(141)	(61)
50%	The New Zealand Merino Company Limited	6,211	3,434	9,645	(2,024)	–	(2,024)	101,933	(99,571)	2,362	702
50%	Grasslands Innovation Limited	2,272	73	2,345	(1,413)	(1,001)	(2,414)	3,166	(3,134)	32	45
50%	Gramina Pty Limited	332	–	332	(274)	–	(274)	297	(298)	(1)	–
51%	Alfalfares S.R.L.	9,697	594	10,291	(4,151)	(5,196)	(9,347)	20,089	(20,447)	(358)	(226)
		47,664	35,762	83,426	(19,227)	(25,078)	(44,305)	252,280	(254,600)	(2,320)	(1,380)

The Group's share of profit in its equity accounted investees for the year was $1.959 million (30 June 2009: $1.380 million loss). The Group has not recognised losses in the year relating to Northfuels Limited totalling $Nil (June 2009: $0.089 million) and Wool Partners International Limited totalling $1.728 million (June 2009: $Nil) including derecognition of losses previously recognised, since the Group has no obligation in respect of these losses. Unrecognised losses of $0.140 million have been recovered (June 2009: $Nil). Cumulatively, losses of $1.728 million have not been recognised (June 2009: $0.140 million).

The investment in Northfuels Limited is being sold to Southfuels Limited, the owner of the other 50% shareholding on 1 July 2010 for book value.

NZ Velvet Marketing Company Limited and Velvet Logistics Limited are joint ventures set up in July 2009 to create an improved collective sales platform and logistics structure for the velvet industry whilst creating operational efficiencies. Velvet assets previously owned by the Company were sold into the joint ventures.

8 EQUITY ACCOUNTED EARNINGS OF ASSOCIATES (CONTINUED)

Forage Innovations Limited is a joint venture formed in July 2009 between PGG Wrightson Seeds Limited and The New Zealand Institute for Plant and Food Research Limited. It is accounted for as an associate, as despite the 51% ownership, the Group does not have control over the financial and operating policies of the entity. Its primary purpose is developing new proprietary forage brassica technologies.

The Group considers that it has control over Alfalfares S.R.L. and as such now accounts for this entity as a subsidiary. The non-controlling interests are reflected in equity.

50% of the shares in Canterbury Saleyards (1996) Limited were sold in April 2010. From that date the Group ceased to account for this entity as a subsidiary and began recognising it as an equity accounted associate.

9 NON OPERATING ITEMS

	NOTE	GROUP 2010 $000	GROUP 2009 $000	COMPANY 2010 $000	COMPANY 2009 $000
Silver Fern Farms due diligence and settlement costs		–	(49,600)	–	(49,600)
Capital gains on sale of businesses, property plant and equipment		5,425	17,564	5,210	17,422
Gain on purchase of business	23	666	–	–	–
Defined benefit superannuation plan	30	(2,420)	501	(2,420)	501
Restructuring		(2,116)	(2,614)	(1,769)	(2,136)
Write off goodwill on closure of Australian Real Estate and Livestock operation		–	(227)	–	–
Management fee from subsidiaries	40	–	–	–	41,000
Other non operating items		(2,596)	(5,043)	(2,358)	(6,468)
		(1,041)	(39,419)	(1,337)	719

10 FAIR VALUE ADJUSTMENTS

	NOTE	GROUP 2010 $000	GROUP 2009 $000	COMPANY 2010 $000	COMPANY 2009 $000
Continuing Operations					
Gain/(loss) on investments designated at fair value through profit or loss	25	2,584	(40,880)	–	–
Assets held for sale		–	(3,200)	–	(3,200)
Derivatives not in qualifying hedge relationships		4,454	(4,001)	4,701	(4,907)
Risk share loan transfers		–	97	–	–
		7,038	(47,984)	4,701	(8,107)
Discontinued Operations					
Biological assets	20	–	(437)	–	(437)
Lease commitment		–	(2,000)	–	(2,000)
		–	(2,437)	–	(2,437)

11 INTEREST – FINANCE INCOME AND EXPENSE

	GROUP 2010 $000	GROUP 2009 $000	COMPANY 2010 $000	COMPANY 2009 $000
Finance income contains the following items:				
Interest earned on interest rate swaps	7	1,615	7	–
Interest received from Group companies	–	–	20,438	22,592
Other interest income	5,491	2,504	3,708	808
Finance income	5,498	4,119	24,153	23,400
Interest funding expense				
Interest on interest rate swaps	(7,829)	(5,250)	(7,829)	(5,250)
Interest on bank loans and overdrafts	(25,313)	(27,468)	(24,217)	(26,430)
Bank facility fees	(7,469)	(4,298)	(6,790)	(4,298)
Net loss on foreign denominated subsidiary loans	(1,419)	–	(257)	–
Finance expense	(42,030)	(37,016)	(39,093)	(35,978)
Less finance expenses from discontinued operations	70	1,521	70	1,350
Net interest and finance costs	(36,462)	(31,376)	(14,870)	(11,228)

12 INCOME TAX EXPENSE

	GROUP 2010 $000	GROUP 2009 $000	COMPANY 2010 $000	COMPANY 2009 $000
Current tax expense				
Current year	13,570	6,956	(109)	7,357
Tax on discontinued operations	69	2,341	69	1,184
Adjustments for prior years	(6,765)	7,843	(64)	7,651
	6,874	17,140	(104)	16,192
Deferred tax expense				
Origination and reversal of temporary differences	(4,657)	856	(1,664)	872
Effect of change in tax rates	1,988	–	1,996	–
Tax on discontinued operations	–	–	–	–
Adjustments for prior years	6,223	(4,860)	(330)	(4,530)
	3,554	(4,004)	2	(3,658)
Total income tax expense	10,428	13,136	(102)	12,534
Profit for the year	23,304	(66,444)	2,738	(20,323)
Total income tax expense	10,428	13,136	(102)	12,534
Profit excluding income tax	33,732	(53,308)	2,636	(7,789)

12 INCOME TAX EXPENSE (CONTINUED)

	GROUP 2010 %	GROUP 2010 $000	GROUP 2009 %	GROUP 2009 $000	COMPANY 2010 %	COMPANY 2010 $000	COMPANY 2009 %	COMPANY 2009 $000
Income tax using the Company's domestic tax rate	30.0%	10,120	30.0%	(15,992)	30.0%	791	30.0%	(2,337)
Effect of tax rates in foreign jurisdictions	2.8%	952	–1.6%	843	–	–	–	–
Non-deductible expenses	6.4%	2,169	–58.9%	31,384	78.1%	2,058	–228.9%	17,832
Effect of reduction in corporate tax rate	–1.2%	(412)	–	–	–15.3%	(403)	–	–
Adjustment to deferred tax on buildings	7.1%	2,400	–	–	91.0%	2,400	–	–
Deductible expenses included in other comprehensive income	–0.9%	(303)	–	–	–11.5%	(303)	–	–
Taxable dividends from equity accounted associates	0.6%	212	–	–	8.0%	212	–	–
Tax exempt income	–12.4%	(4,168)	11.4%	(6,082)	–169.3%	(4,463)	78.1%	(6,082)
Under/(over) provided in prior years	–1.6%	(542)	–5.6%	2,983	–14.9%	(394)	–40.1%	3,121
	30.9%	10,428	–24.6%	13,136	–3.9%	(102)	–160.9%	12,534

	GROUP 2010 $000	GROUP 2009 $000	COMPANY 2010 $000	COMPANY 2009 $000
Income tax recognised directly in equity				
Deferred tax on movement of actuarial gains/losses on employee benefit plans	1,054	4,104	1,054	4,104
Total income tax recognised directly in equity	1,054	4,104	1,054	4,104
Imputation credits				
Balance as at 1 July	(5,250)	2,960	(5,250)	2,960
Taxation paid (net of refunds)	6,500	9,200	6,500	9,200
Imputation credits/RWT attached to dividends received	229	288	229	288
Transfers, refunds and adjustments	1,113	–	1,113	–
Imputation credits attached to dividends paid	–	(17,698)	–	(17,698)
Balance as at 30 June	2,592	(5,250)	2,592	(5,250)

13 DISCONTINUED OPERATIONS

In May 2010 the Group signed an agreement to sell the assets and business of its Fecpak operations for asset value. The transaction settled on 30 June 2010.

At 30 June 2009 PGG Wrightson exited its Friesian live export business under its existing business model. The specialised Taurindicus business was retained to reflect the intellectual property investment in this business. In February 2009 the Australian Livestock and Real Estate activities were closed. The Group classified these operations as discontinued in the 2009 comparatives.

	GROUP 2010 $000	GROUP 2009 $000	COMPANY 2010 $000	COMPANY 2009 $000
Profits attributable to the discontinued operation were as follows:				
Results of discontinued operations				
Revenue	138	12,548	138	10,834
Expenses	(1,178)	(22,779)	(1,178)	(16,988)
Results from operating activities	(1,040)	(10,231)	(1,040)	(6,154)
Income tax expense	69	2,341	69	1,184
Results from operating activities, net of income tax	(971)	(7,890)	(971)	(4,970)
Gain on sale of discontinued operation	–	–	–	–
Profit/(loss) for the year	(971)	(7,890)	(971)	(4,970)
Basic and diluted earnings per share (New Zealand dollars)	0.00	–0.03	0.00	–0.02
Cash flows from discontinued operations				
Net cash from operating activities	(509)	(1,565)	(509)	(1,565)
Net cash from/(used in) discontinued operation	(509)	(1,565)	(509)	(1,565)
Effect of disposal on the financial position of the Group				
Property, plant and equipment	(588)	(248)	(588)	(248)
Intangibles	–	–	–	–
Goodwill	–	–	–	–
Inventories and biological assets	(41)	(815)	(41)	(815)
Trade and other receivables	–	(3,692)	–	(3,692)
Cash and cash equivalents	–	–	–	–
Trade and other payables	–	3,191	–	10,702
Income tax	–	–	–	–
Net identifiable assets and liabilities	(629)	(1,564)	(629)	5,947

14 EARNINGS PER SHARE AND NET TANGIBLE ASSETS

Basic and diluted earnings per share

The calculation of basic earnings per share at 30 June 2010 was based on the profit/(loss) attributable to ordinary shareholders of $23,304,000 (2009: loss of $66,444,000) by the weighted average number of shares, 549,601,194 (2009: 296,851,539) on issue. There are no dilutive shares or options (2009: Nil).

	GROUP 2010 000	GROUP 2009 000
Number of shares		
Weighted average number of ordinary shares for earnings per share calculation	549,601	296,852
Number of ordinary shares at year end	758,441	315,816

On 23 November 2009, 41,100,000 new ordinary shares were issued to Agria Corporation. On 26 November eligible shareholders including Agria Corporation were entitled to subscribe for 9 new shares for every 8 existing shares. This rights offer resulted in the issue of 401,524,927 new shares on 23 December 2009. As a result 758,440,543 shares were on issue at 30 June 2010.

On 15 January 2010 the Company issued 33,850,000 convertible redeemable notes to Agria Corporation.

	GROUP 2010 $000	GROUP 2009 $000
Net Tangible Assets		
Total assets	1,526,882	1,544,146
Total liabilities	(891,412)	(1,153,225)
less intangible assets	(335,506)	(340,133)
less deferred tax	(8,410)	(3,802)
	291,554	**46,986**

	GROUP 2010 $	GROUP 2009 $
Net tangible assets per security at year end	0.38	0.15
Earnings per share	0.04	(0.22)

15 CASH AND BANK FACILITIES

	GROUP 2010 $000	GROUP 2009 $000	COMPANY 2010 $000	COMPANY 2009 $000
Cash and cash equivalents	24,246	45,999	7,074	32,083
Current bank facilities	(23,809)	(526,540)	–	(453,966)
Term bank facilities	(198,868)	–	(177,855)	–
	(198,431)	**(480,541)**	**(170,781)**	**(421,883)**

The Company has bank facilities of $293.000 million (2009: $540.000 million), Group $413.000 million (2009: $720.000 million). The Company has granted to ANZ National Bank Limited a general security deed and mortgage over all its assets. ANZ National Bank Limited holds this security on trust firstly for the banking syndicate (ANZ National Bank Limited, Bank of New Zealand Limited and Westpac Banking Corporation Limited).

The Company bank syndicate facilities include:

– A term debt facility of $177.855 million that matures on 31 August 2012.

– A working capital facility of $75.000 million that matures on 31 August 2011.

– Overdraft and guarantee facilities of $40.000 million.

The Group bank facilities include a $120 million syndicated facility with security over PGG Wrightson Finance Limited assets that ranks equally with bond and debenture investors. The facility matures on 28 October 2011.

16 DERIVATIVE FINANCIAL INSTRUMENTS

	GROUP 2010 $000	GROUP 2009 $000	COMPANY 2010 $000	COMPANY 2009 $000
Derivative assets held for risk management	5,640	12,812	3,563	5,236
Derivative liabilities held for risk management	(4,753)	(13,387)	(4,525)	(10,899)
Net derivatives held for risk management	**887**	**(575)**	**(962)**	**(5,663)**

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.

17 TRADE AND OTHER RECEIVABLES

	GROUP 2010 $000	GROUP 2009 $000	COMPANY 2010 $000	COMPANY 2009 $000
Accounts receivable	179,441	154,975	108,312	85,030
Less provision for doubtful debts	(7,040)	(3,020)	(4,978)	(2,579)
Net accounts receivable	172,401	151,955	103,334	82,451
Other receivables and prepayments	36,109	36,242	27,811	28,272
Amounts owing from subsidiaries	–	–	231,341	257,722
Trade receivables due from related parties	–	–	1,915	813
	208,510	**188,197**	**364,401**	**369,258**
Analysis of movements in provision for doubtful debts				
Balance at beginning of year	(3,020)	(1,952)	(2,579)	(1,649)
Movement in provision	(4,020)	(1,068)	(2,399)	(930)
Balance at end of year	**(7,040)**	**(3,020)**	**(4,978)**	**(2,579)**

Receivables denominated in currencies other than the functional currency comprise $86.771 million (2009: $75.202 million) of trade receivables denominated in AUD $17.389 million (2009:$22.881 million), USD $59.518 million (2009: $44.879 million), EUR $9.318 million (2009: $7.266 million) and GBP $0.546 million (2009: $0.176 million).

18 FINANCE RECEIVABLES

	GROUP 2010 $000	GROUP 2009 $000	COMPANY 2010 $000	COMPANY 2009 $000
Finance receivables – less than one year	432,107	416,022	–	4,470
Finance receivables – greater than one year	110,262	151,726	–	–
	542,369	567,748	–	4,470
Less provision for doubtful debts	(12,250)	(3,627)	–	–
	530,119	**564,121**	**–**	**4,470**
Impairment:				
Balance at the beginning of the period	(3,627)	(1,329)	–	–
Impaired losses recognised in the income statement	(8,253)	(2,645)	–	–
Amounts written off in the income statement	(696)	(232)	–	–
Reversals of amounts previously recognised in the income statement	326	579	–	–
Movement in specific provision and bad debts written off	**(12,250)**	**(3,627)**	**–**	**–**

18 FINANCE RECEIVABLES (CONTINUED)

	GROUP NOT IMPAIRED 2010 $000	GROUP IMPAIRED 2010 $000	GROUP NOT IMPAIRED 2009 $000	GROUP IMPAIRED 2009 $000	COMPANY NOT IMPAIRED 2010 $000	COMPANY IMPAIRED 2010 $000	COMPANY NOT IMPAIRED 2009 $000	COMPANY IMPAIRED 2009 $000
The status of the receivables at the reporting date is as follows:								
Not past due	454,485	–	526,873	–	–	–	4,470	–
Past due 0 – 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**	**544,644**	**19,477**	**–**	**–**	**4,470**	**–**

	GROUP 2010 $000	GROUP 2009 $000	COMPANY 2010 $000	COMPANY 2009 $000
Asset Quality – Finance Loans and Receivables				
Neither past due or impaired	454,485	526,873	–	4,470
Individually impaired loans	65,368	23,104	–	–
Past due loans	22,516	17,771	–	–
Provision for credit impairment	(12,250)	(3,627)	–	–
Total carrying amount	**530,119**	**564,121**	**–**	**4,470**
Aging 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	–	–
Total past due but not impaired assets	**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 (2009: Nil)

19 ASSETS HELD FOR SALE

Discontinued Operations

The Fecpak discontinued operation does not hold any significant assets as at 30 June 2010.

Properties

In 2009 the Group classified buildings in Napier as held for sale. The Group has a perpetual 20 year lease on the 5.2ha of land that these buildings are located on. This property is no longer considered to be held for sale as the Group has a new potential use for the building and intends to fully assess this opportunity prior to considering a sale. The asset has been transferred back to property, plant and equipment for its carrying value of $4.0 million, which is considered to be the building's recoverable amount.

The only remaining asset held for sale is a residential property in Ruatoria currently rented by a staff member. This property is on the market and is held at book value.

No impairment loss (2009: $3.200 million) on the re-measurement of the disposal group to the lower of its carrying amount and its fair value less costs to sell has been recognised in Fair Value Adjustments.

	GROUP 2010 $000	GROUP 2009 $000	COMPANY 2010 $000	COMPANY 2009 $000
Assets classified as held for sale				
Property, plant and equipment	44	8,017	44	8,017
	44	**8,017**	**44**	**8,017**

20 BIOLOGICAL ASSETS

	NOTE	GROUP 2010 $000	GROUP 2009 $000	COMPANY 2010 $000	COMPANY 2009 $000
Livestock					
Opening balance		3,861	5,321	3,861	5,321
Increase due to acquisitions		42,858	10,466	42,858	10,466
Decrease due to sales		(23,817)	(11,432)	(23,817)	(11,432)
Net decrease due to births, deaths and category changes		311	(57)	311	(57)
Changes in fair value	10	–	(437)	–	(437)
Closing balance		**23,213**	**3,861**	**23,213**	**3,861**
Current		23,029	3,630	23,029	3,630
Non-current breeding stock		184	231	184	231
		23,213	**3,861**	**23,213**	**3,861**

As at 30 June 2010, livestock held for sale comprised 20,161 cattle, 95,195 sheep and 11,967 Other (consisting of Bulls, Deer and Semen) (2009: 1,695 cattle and 28,600 sheep). During the year the Group sold 10,548 cattle, 148,208 sheep and 1,079 Other (2009: 7,245 cattle and 34,789 sheep).

21 INVENTORY

	GROUP 2010 $000	GROUP 2009 $000	COMPANY 2010 $000	COMPANY 2009 $000
Merchandise/finished goods	195,319	191,569	51,006	56,691
Raw materials and work in progress	22,941	12,197	369	1,111
	218,260	**203,766**	**51,375**	**57,802**

Consideration is given to factors such as age, germination levels and quality when assessing the net realisable value of seeds inventory.

22 DEFERRED TAX ASSETS AND LIABILITIES

	ASSETS 2010 $000	ASSETS 2009 $000	LIABILITIES 2010 $000	LIABILITIES 2009 $000	NET 2010 $000	NET 2009 $000
Recognised deferred tax assets and liabilities						
Deferred tax assets and liabilities are attributable to the following:						
Group						
Property, plant and equipment	599	–	(8,628)	(6,964)	(8,029)	(6,964)
Intangible assets	–	–	(145)	(169)	(145)	(169)
Derivatives	–	–	–	–	–	–
Provisions	17,942	12,293	–	–	17,942	12,293
Other items	–	–	(1,358)	(1,358)	(1,358)	(1,358)
Tax (asset)/liability	**18,541**	**12,293**	**(10,131)**	**(8,491)**	**8,410**	**3,802**
Company						
Property, plant and equipment	–	–	(8,046)	(6,516)	(8,046)	(6,516)
Intangible assets	–	–	–	(169)	–	(169)
Derivatives	–	–	–	–	–	–
Provisions	11,531	9,114	–	–	11,531	9,114
Other items	–	–	(1,358)	(1,358)	(1,358)	(1,358)
Tax (asset)/liability	**11,531**	**9,114**	**(9,404)**	**(8,043)**	**2,127**	**1,071**

22 DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

	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
Movement in temporary differences during the year							
Group							
Property, plant and equipment	(4,951)	(2,013)	–	(6,964)	923	–	(6,041)
Change in deferred tax on buildings	–	–	–	–	(2,400)	–	(2,400)
Change in corporate tax rate	–	–	–	–	412	–	412
Intangible assets	377	(546)	–	(169)	24	–	(145)
Derivatives	226	(226)	–	–	–	–	–
Employee benefits	465	–	4,104	4,569	–	1,054	5,623
Provisions	7,635	89	–	7,724	4,595	–	12,319
Other items	(50)	(1,308)	–	(1,358)	–	–	(1,358)
	3,702	(4,004)	4,104	3,802	3,554	1,054	8,410
Company							
Property, plant and equipment	(4,697)	(1,819)	–	(6,516)	467	–	(6,049)
Change in deferred tax on buildings	–	–	–	–	(2,400)	–	(2,400)
Change in corporate tax rate	–	–	–	–	403	–	403
Intangible assets	294	(463)	–	(169)	169	–	–
Derivatives	345	(345)	–	–	–	–	–
Employee benefits	465	–	4,104	4,569	–	1,054	5,623
Provisions	4,211	334	–	4,545	1,363	–	5,908
Other items	7	(1,365)	–	(1,358)	–	–	(1,358)
	625	(3,658)	4,104	1,071	2	1,054	2,127

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

Change in tax rate
During the year the government announced that the company tax rate will reduce from 30% to 28% effective for years beginning on or after 1 April 2011. Deferred tax is recognised at the rates of tax that are expected to be in effect when the items giving rise to deferred tax crystallise.

23 GROUP ENTITIES

SIGNIFICANT SUBSIDIARIES	COUNTRY OF INCORPORATION	DIRECT PARENT	OWNERSHIP INTEREST 2010 %	2009 %
Agriculture New Zealand Limited	New Zealand	PGG Wrightson Limited	100%	100%
Agri-Feeds Limited	New Zealand	PGG Wrightson Limited	100%	100%
PGG Wrightson Consortia Research Limited	New Zealand	PGG Wrightson Limited	100%	100%
PGG Wrightson Employee Benefits Plan Trustee Limited	New Zealand	PGG Wrightson Limited	100%	100%
PGG Wrightson Finance Limited	New Zealand	PGG Wrightson Limited	100%	100%
PGG Wrightson Investments Limited	New Zealand	PGG Wrightson Limited	100%	100%
PGG Wrightson Seeds Limited	New Zealand	PGG Wrightson Limited	100%	100%
PGG Wrightson Trustee Limited	New Zealand	PGG Wrightson Limited	100%	100%
PGW Corporate Trustee Limited	New Zealand	PGG Wrightson Limited	100%	100%
PGG Wrightson Funds Management Limited	New Zealand	PGG Wrightson Investments Limited	100%	100%
Agricom Limited	New Zealand	PGG Wrightson Seeds Limited	100%	100%
PGG Wrightson Genomics Limited	New Zealand	PGG Wrightson Seeds Limited	100%	100%
Wrightson Seeds Limited	New Zealand	PGG Wrightson Seeds Limited	100%	100%
PGG Seeds Australia Pty Limited	Australia	PGG Wrightson Limited	100%	100%
PGG Wrightson Real Estate Australia Pty Limited	Australia	PGG Wrightson Limited	100%	100%
PGG Wrightson Seeds (Australia) Pty Limited	Australia	PGG Wrightson Limited	100%	100%
AusWest Seeds Pty Limited	Australia	PGG Wrightson Seeds (Australia) Pty Limited	100%	100%
Stephen Pasture Seeds Pty Limited	Australia	AusWest Seeds Pty Limited	100%	100%
Juzay S.A.	Uruguay	PGG Wrightson Investments Limited	100%	100%
Wrightson Pas S.A. Limited	Uruguay	PGG Wrightson Investments Limited	100%	100%
PGG Wrightson Uruguay Limited	Uruguay	Juzay S.A.	100%	100%
Hunker S.A. (t/a Rural Centre)	Uruguay	Juzay S.A.	100%	100%
Lanelle S.A. (t/a Riegoriental)	Uruguay	Juzay S.A.	70%	70%
Afinlux S.A. (t/a Romualdo Rodriguez)	Uruguay	Juzay S.A.	51%	51%
Idogal S.A. (t/a Veterinaria Lasplaces)	Uruguay	Juzay S.A.	51%	51%
Agrosan S.A.	Uruguay	Wrightson Pas S.A. Limited	100%	100%
Alfalfares S.R.L.	Argentina	Wrightson Pas S.A. Limited	51%	51%
NZ Ruralco Participacoes Ltda	Brazil	Wrightson Pas S.A. Limited	100%	100%

Acquisition of Subsidiaries or Businesses
During the year ending 30 June 2010, the Group made the following acquisitions;

– On 12 November 2009, the Group purchased the assets and business of Premier Seeds. Premier Seeds trades in the states of New South Wales and South Australia in Australia. It's operations cover seed procurement, sales and processing. In the year to 30 June 2010 Premier Seeds contributed a loss of $0.300 million.

– On 19 January 2010, the Group purchased the assets of Allied Grain Co-operative (Te Awamutu) Limited. Allied Grain's operations cover grain processing and drying. In the year to 30 June 2010 Allied Grain contributed a profit of $Nil.

If these acquisitions had occurred on 1 July 2009, the estimated Group revenue would have been $0.456 million higher and profit would have been $0.060 million higher for the year ended 30 June 2010.

23 GROUP ENTITIES (CONTINUED)

The significant acquisitions had the following effect on the assets and liabilities of the Group at the acquisition dates:

	NOTE	GROUP $000	COMPANY $000
Cash balances		2	–
Trade debtors and accruals		–	–
Inventory		–	–
Current assets		2	–
Intangible assets		92	–
Property plant and equipment		4,037	–
Non-current assets		4,129	–
Trade creditors and accruals		–	–
Current liabilities		–	–
Advances		–	–
Non-current liabilities		–	–
Net assets acquired		4,131	–
Goodwill arising on acquisition/(gain on purchase)	9	(666)	–
Cash paid		**2,276**	**–**

In addition, from 1 July 2009 Alfalfares, Romualdo Rodriguez, Veterinaria Lasplaces and Riegoriental have been accounted for as subsidiaries rather than equity accounted associates. Property, plant and equipment added to the group as part of this change are included in Net assets acquired (above) and in the Assets added as part of a business acquisition section as shown in the Intangible Assets and Property, Plant and Equipment notes.

24 EQUITY ACCOUNTED INVESTEES

	NOTE	GROUP 2010 $000	GROUP 2009 $000	COMPANY 2010 $000	COMPANY 2009 $000
Movement in carrying value of equity accounted investees					
Opening balance		3,268	3,141	3,150	2,651
New investments		141	100	131	100
Capitalisation of loan		–	378	–	378
Reclassification of investments in associates		(1,135)	1,615	(1,015)	21
Share of profit/(loss)	8	1,959	(1,380)	–	–
Dividends received		(474)	(586)	–	–
Closing balance		**3,759**	**3,268**	**2,266**	**3,150**

There is no goodwill included in the carrying value of equity accounted investees (2009: Nil).

25 OTHER INVESTMENTS

	NOTE	GROUP 2010 $000	GROUP 2009 $000	COMPANY 2010 $000	COMPANY 2009 $000
NZ Farming Systems Uruguay Limited		15,476	12,892	–	–
BioPacificVentures Limited	37	12,084	11,351	–	–
Sundry other investments including saleyards		6,280	12,019	226	8,551
Advances to associates		51,538	56,460	31,591	27,878
		85,378	92,722	31,817	36,429

PGG Wrightson's investment in NZ Farming Systems Uruguay Limited (NZFSU) is held at fair value through the profit and loss in accordance with NZIAS39 and recorded a gain of $2.584 million in the Statement of Comprehensive Income (2009: Loss $39.214m). No further capital investment (2009: $1.155 million) was made during the year.

NZFSU has a management contract with PGG Wrightson Funds Management Limited (a subsidiary of PGG Wrightson Investments Limited). Included within this is a performance fee element where a fee is payable to PGG Wrightson Funds Management Limited where shareholder returns exceed a compounding 10% per annum. The share price used for this calculation is the weighted average share price for April to June 2010. In line with NZ IFRS PGG Wrightson Funds Management Limited has earned a pre tax performance fee of $Nil (2009: $Nil) in the year based on a share price required of $1.96 (2009: $1.78).

BioPacificVentures Limited and other saleyards investments, which do not have a market price in an active market and whose fair value can not be reliably determined, are carried at cost.

Advances to associates includes a loan from the Company of $17.500 million, in the form of redeemable preference shares in Wool Partners International Limited. An advance of $11.924 million is held with Wool Grower Holdings Limited. $19.234 million is due to the Group from NZ Farming Systems Uruguay Limited relating to unpaid performance and management fees, with the balance being smaller loans to various saleyard entities, livestock and seeds activities.

26 INTANGIBLE ASSETS

	GROUP SOFTWARE $000	GROUP TRADEMARKS & PATENTS $000	GROUP GOODWILL $000	GROUP TOTAL $000	COMPANY SOFTWARE $000	COMPANY TRADEMARKS & PATENTS $000	COMPANY GOODWILL $000	COMPANY TOTAL $000
Cost								
Balance at 1 July 2008	10,089	500	334,033	344,622	6,499	–	307,246	313,745
Additions	14,737	–	13,879	28,616	12,991	–	–	12,991
Disposals	(355)	–	(7,081)	(7,436)	–	–	–	–
Write off on closure of Australian subsidiary	–	–	(227)	(227)	–	–	–	–
Effect of movement in exchange rates	–	–	(160)	(160)	–	–	–	–
Balance at 30 June 2009	**24,471**	**500**	**340,444**	**365,415**	**19,490**	**–**	**307,246**	**326,736**
Balance at 1 July 2009	24,471	500	340,444	365,415	19,490	–	307,246	326,736
Additions	1,358	–	–	1,358	1,209	–	–	1,209
Adjusted as part of a business combination	92	–	(4,552)	(4,460)	–	–	–	–
Disposals and reclassifications	(148)	–	–	(148)	(158)	–	–	(158)
Effect of movement in exchange rates	1	–	1,092	1,093	–	–	–	–
Balance at 30 June 2010	**25,774**	**500**	**336,984**	**363,258**	**20,541**	**–**	**307,246**	**327,787**
Amortisation and impairment losses								
Balance at 1 July 2008	7,861	75	17,080	25,016	4,427	–	16,498	20,925
Amortisation for the year	319	–	–	319	115	–	–	115
Additions	302	–	–	302	–	–	–	–
Disposals	(355)	–	–	(355)	–	–	–	–
Balance at 30 June 2009	**8,127**	**75**	**17,080**	**25,282**	**4,542**	**–**	**16,498**	**21,040**
Balance at 1 July 2009	8,127	75	17,080	25,282	4,542	–	16,498	21,040
Amortisation for the year	1,882	–	–	1,882	1,623	–	–	1,623
Additions	7	–	–	7	–	–	–	–
Disposals and reclassifications	581	–	–	581	573	–	–	573
Balance at 30 June 2010	**10,597**	**75**	**17,080**	**27,752**	**6,738**	**–**	**16,498**	**23,236**
Carrying amounts								
At 1 July 2008	**2,228**	**425**	**316,953**	**319,606**	**2,072**	**–**	**290,748**	**292,820**
At 30 June 2009	**16,344**	**425**	**323,364**	**340,133**	**14,948**	**–**	**290,748**	**305,696**
At 1 July 2009	**16,344**	**425**	**323,364**	**340,133**	**14,948**	**–**	**290,748**	**305,696**
At 30 June 2010	**15,177**	**425**	**319,904**	**335,506**	**13,803**	**–**	**290,748**	**304,551**

In 2009 the Group acquired Stephens Pasture Seeds Pty Limited and AusWest Seeds Pty Limited in Australia. Valuations of those companies' assets were performed at the time of acquisition and those assets have now been restated to reflect their fair values. This has resulted in a reduction in goodwill on consolidation of $4.552 million and a corresponding increase in property, plant and equipment.

26 INTANGIBLE ASSETS (CONTINUED)

Impairment testing for cash-generating units containing goodwill
For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes. The impairment tests for cash-generating units were based on the value in use, with the exception of Finance which was based on Net Tangible Assets.

	GROUP 2010 $000	GROUP 2009 $000
The aggregate carrying amounts of goodwill allocated to each unit are as follows:		
Merchandising	–	–
Livestock	80,000	–
Finance (PWF)	–	–
Other AgriServices	18,401	290,748
AgriTech	221,503	32,616
Corporate	–	–
	319,904	**323,364**

The value in use was determined by discounting the expected future cash flows generated from the continuing use of the unit. Cash flows were projected based on a combination of actual operating results, the 2011 budget, 2012 and 2013 forecasted results, and forecast results for a further two years assuming the growth rates below. At the end of the five year period a terminal year is added to represent a steady state operating position. A discount rate of 8.78% was applied. These rates were calculated internally and cross checked against those published in an independent Cost of Capital report.

Key assumptions

Growth rates used
2011 cash flows are based on the budget approved by the Board of Directors. These budgets were prepared by management based on a combination of actual results for 2010 and expectations of 2011 trading conditions. All growth forecasts are consistent with trading results from the current and preceding 3 trading periods.

2012 and 2013 cash flows are based on forecasts prepared on the same basis as the 2011 budgets, with the exception of Corporate and Regional Administration costs, which remain constant. This is considered to be appropriate due to the focus on the AgriServices and AgriTech divisional strategy.

2014 and 2015 cash flows were based on forecasts for AgriTech, and a growth rate of 5% for all other segments. Overhead costs were held constant.

In the terminal year, a growth rate of 2% was applied to approximate the effect of inflation.

Other Key Assumptions
- The capital asset base will remain constant. As capital assets reach the end of their useful lives, they will be replaced, meaning the depreciation charge will be offset by asset purchases. Further, working capital requirements will remain constant as rises in debtor and inventory balances will be offset by increases in creditors, improved stock management, and improved debtor recovery.
- Corporate overheads have been allocated to the business units reported above on the basis of the amount of revenue they generate divided by total group revenue. In addition, the Merchandising, Livestock and Other AgriServices units operate a regional administration structure whose costs have been allocated to these units on the same basis as corporate costs.
- The tax rate applying to these cash flows will be 30% for 2011 and 28% for the 2012 year onwards.
- Revenue growth and gross profit margins remain at levels consistent with the current and previous three years trading experience.

Sensitivity to changes in assumptions
There are no reasonably possible changes to the above assumptions which would see the carrying value of the units materially exceed the recoverable amounts.

27 PROPERTY, PLANT AND EQUIPMENT

	GROUP LAND $000	GROUP BUILDINGS $000	GROUP PLANT AND EQUIPMENT $000	GROUP CAPITAL WORKS PROJECT $000	GROUP TOTAL $000
Group					
Cost					
Balance at 1 July 2008	15,014	19,940	79,354	9,687	123,995
Additions	155	60	10,666	2,215	13,096
Disposals and transfers to other asset classes	(110)	(797)	(2,026)	(6,727)	(9,660)
Effect of movements in exchange rates	–	(36)	(192)	–	(228)
Balance at 30 June 2009	**15,059**	**19,167**	**87,802**	**5,175**	**127,203**
Balance at 1 July 2009	15,059	19,167	87,802	5,175	127,203
Additions	413	2,716	5,172	(2,552)	5,749
Added as part of a business combination	10	339	3,688	–	4,037
Disposals and transfers to other asset classes	(370)	7,099	(8,205)	(1,112)	(2,588)
Revalued on initial measurement (see note 26)	459	1,808	2,285	–	4,552
Effect of movements in exchange rates	29	344	(889)	–	(516)
Balance at 30 June 2010	**15,600**	**31,473**	**89,853**	**1,511**	**138,437**
Depreciation and impairment losses					
Balance at 1 July 2008	–	4,631	49,143	–	53,774
Depreciation for the year	–	456	5,827	–	6,283
Depreciation on discontinued operations	–	–	(177)	–	(177)
Depreciation recovered to COGS	–	–	(74)	–	(74)
Additions	–	–	1,200	–	1,200
Disposals and transfers to other asset classes	–	13	(764)	–	(751)
Effect of movements in exchange rates	–	(12)	(94)	–	(106)
Balance at 30 June 2009	**–**	**5,088**	**55,061**	**–**	**60,149**
Balance at 1 July 2009	–	5,088	55,061	–	60,149
Depreciation for the year	–	13	5,557	–	5,570
Depreciation on discontinued operations	–	–	(11)	–	(11)
Depreciation recovered to COGS	–	–	(186)	–	(186)
Additions	–	–	123	–	123
Added as part of a business combination	–	38	224	–	262
Disposals and transfers to other asset classes	–	(1,471)	(2,856)	–	(4,327)
Effect of movements in exchange rates	–	94	(397)	–	(303)
Balance at 30 June 2010	**–**	**3,762**	**57,515**	**–**	**61,277**
Carrying amounts					
At 1 July 2008	**15,014**	**15,309**	**30,211**	**9,687**	**70,221**
At 30 June 2009	**15,059**	**14,079**	**32,741**	**5,175**	**67,054**
At 1 July 2009	**15,059**	**14,079**	**32,741**	**5,175**	**67,054**
At 30 June 2010	**15,600**	**27,711**	**32,338**	**1,511**	**77,160**

27 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	COMPANY LAND $000	COMPANY BUILDINGS $000	COMPANY PLANT AND EQUIPMENT $000	COMPANY CAPITAL WORKS PROJECT $000	COMPANY TOTAL $000
Company					
Cost					
Balance at 1 July 2008	14,541	16,302	49,777	9,407	90,027
Additions	–	56	6,497	1,519	8,072
Disposals and transfers to other asset classes	(110)	(752)	(162)	(6,481)	(7,505)
Effect of movements in exchange rates	–	–	–	–	–
Balance at 30 June 2009	**14,431**	**15,606**	**56,112**	**4,445**	**90,594**
Balance at 1 July 2009	14,431	15,606	56,112	4,445	90,594
Additions	22	2,631	2,149	(2,016)	2,786
Added as part of a business combination	–	–	–	–	–
Disposals and transfers to other asset classes	(22)	8,438	(8,266)	(1,111)	(961)
Revalued on initial measurement (see note 26)	–	–	–	–	–
Effect of movements in exchange rates	–	–	–	–	–
Balance at 30 June 2010	**14,431**	**26,675**	**49,995**	**1,318**	**92,419**
Depreciation and impairment losses					
Balance at 1 July 2008	–	3,903	33,139	–	37,042
Depreciation for the year	–	372	3,644	–	4,016
Depreciation on discontinued operations	–	–	(53)	–	(53)
Depreciation recovered to COGS	–	–	–	–	–
Additions	–	–	–	–	–
Disposals and transfers to other asset classes	–	24	45	–	69
Effect of movements in exchange rates	–	–	–	–	–
Balance at 30 June 2009	**–**	**4,299**	**36,775**	**–**	**41,074**
Balance at 1 July 2009	–	4,299	36,775	–	41,074
Depreciation for the year	–	–	3,205	–	3,205
Depreciation on discontinued operations	–	–	(11)	–	(11)
Depreciation recovered to COGS	–	–	–	–	–
Additions	–	–	–	–	–
Added as part of a business combination	–	–	–	–	–
Disposals and transfers to other asset classes	–	(1,053)	(2,562)	–	(3,615)
Effect of movements in exchange rates	–	–	–	–	–
Balance at 30 June 2010	**–**	**3,246**	**37,407**	**–**	**40,653**
Carrying amounts					
At 1 July 2008	**14,541**	**12,399**	**16,638**	**9,407**	**52,985**
At 30 June 2009	**14,431**	**11,307**	**19,337**	**4,445**	**49,520**
At 1 July 2009	**14,431**	**11,307**	**19,337**	**4,445**	**49,520**
At 30 June 2010	**14,431**	**23,429**	**12,588**	**1,318**	**51,766**

Property, plant and equipment under construction

During the year ended 30 June 2010, the Group completed property projects to buildings in Waipapa, Hawera, Fielding (saleyards upgrade stage 2). Property projects have been committed for completion in the following year in Wellsford, Walton, Rolleston and Ashburton.

28 TRADE AND OTHER PAYABLES

	GROUP 2010 $000	GROUP 2009 $000	COMPANY 2010 $000	COMPANY 2009 $000
Trade creditors	146,800	97,380	96,296	41,894
Payable to Directors – retirement allowances	–	40	–	40
Loyalty reward programme	1,603	1,919	1,603	1,919
Deposits received in advance	11,619	–	11,398	–
Accruals and other liabilities	56,312	61,844	17,417	25,936
Employee entitlements	11,385	10,789	8,378	7,873
Amounts owing to subsidiaries	–	–	478	287
	227,719	**171,972**	**135,570**	**77,949**
Payable within 12 months	226,156	171,179	135,315	77,949
Payable beyond 12 months	1,563	793	255	–
	227,719	**171,972**	**135,570**	**77,949**

Payables denominated in currencies other than the functional currency comprise $77.523 million (2009: $90.817 million) of trade payables denominated in USD $53.668 million (2009: $47.145 million), AUD $21.527 million (2009: $41.049 million), EUR $1.734 million (2009: $2.487 million) and GBP $0.594 million (2009: $0.136 million).

Loyalty reward programme

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

Balance as at 1 July	1,919	1,910	1,919	1,910
Additional provision made	864	1,218	864	1,218
Amount utilised	(1,180)	(1,209)	(1,180)	(1,209)
Balance as at 30 June	**1,603**	**1,919**	**1,603**	**1,919**

29 LOANS AND BORROWINGS

	COUPON	GROUP FACE VALUE $000	GROUP AMORTISED COST 2010 $000	GROUP AMORTISED COST 2009 $000	COMPANY FACE VALUE $000	COMPANY AMORTISED COST 2010 $000	COMPANY AMORTISED COST 2009 $000
Non-current liabilities							
Secured bond issue due Oct 2010 (PWF030)		–	–	98,488	–	–	–
Secured debenture stock		–	56,765	79,236	–	–	–
		–	56,765	177,724	–	–	–
Current liabilities							
Secured bond issue due Oct 2010 (PWF030)	8.25%	100,000	99,658	–	–	–	–
Secured bond issue due May 2010 (PWF020)		–	–	25,076	–	–	–
Secured debenture stock		–	190,815	141,814	–	–	–
Client unsecured deposit and current accounts		–	70,819	83,032	–	–	–
		100,000	361,292	249,922	–	–	–
		100,000	**418,057**	**427,646**	**–**	**–**	**–**

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

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

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

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

30 DEFINED BENEFIT ASSET / LIABILITY

	GROUP 2010 $000	GROUP 2009 $000	COMPANY 2010 $000	COMPANY 2009 $000
Present value of funded obligations	(66,040)	(61,863)	(66,040)	(61,863)
Fair value of plan assets	47,834	48,183	47,834	48,183
Total defined benefit asset / (liability)	**(18,206)**	**(13,680)**	**(18,206)**	**(13,680)**

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

	PGG WRIGHTSON EMPLOYMENT BENEFITS PLAN 2010	2009	WRIGHTSON RETIREMENT PLAN 2010	2009
Group / Company				
Plan assets consist of:				
NZ equities	65%	64%	65%	64%
Fixed interest	33%	32%	33%	32%
Cash	2%	4%	2%	4%
	100%	100%	100%	100%

Actuarial Assumptions:

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2010	2009
Discount rate used (10 year New Zealand Government Bond rate)	5.35%	5.96%
Expected return on plan assets	6.00%	6.00%
Future salary increases	3.50%	3.50%
Future pension increases	2.50%	2.50%

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

	2010 $000	2009 $000	2008 $000	2007 $000	2006 $000
Historical information					
Present value of the defined benefit obligation	66,040	61,863	68,705	71,709	66,208
Fair value of plan assets	(47,834)	(48,183)	(69,528)	(74,662)	(67,394)
Deficit / (surplus) in the plan	**18,206**	**13,680**	**(823)**	**(2,953)**	**(1,186)**

The Group expects to pay $2.000 million (2009: $2.000 million in 2010) in contributions to defined benefit plans in 2011. Member contributions are expected to be $1.536 million (2009: $1.114 million in 2010).

30 DEFINED BENEFIT ASSET / LIABILITY (CONTINUED)

	NOTE	GROUP 2010 $000	GROUP 2009 $000	COMPANY 2010 $000	COMPANY 2009 $000
Movement in the liability for defined benefit obligations:					
Liability for defined benefit obligations at 1 July		61,863	68,705	61,863	68,705
Benefits paid by the plan		(5,631)	(11,111)	(5,631)	(11,111)
Current service costs and interest		5,236	3,363	5,236	3,363
Member contributions		1,651	1,556	1,651	1,556
Actuarial (gains)/losses recognised in equity		2,921	(650)	2,921	(650)
Liability for defined benefit obligations at 30 June		66,040	61,863	66,040	61,863
Movement in plan assets:					
Fair value of plan assets at 1 July		48,183	69,528	48,183	69,528
Contributions paid into the plan		3,127	1,709	3,127	1,709
Benefits paid by the plan		(5,631)	(11,111)	(5,631)	(11,111)
Expected return on plan assets		2,816	3,864	2,816	3,864
Actuarial gains/(losses) recognised in equity		(661)	(15,807)	(661)	(15,807)
Fair value of plan assets at 30 June		47,834	48,183	47,834	48,183
Expense recognised in profit or loss:					
Current service costs		2,939	714	2,939	714
Interest on obligation		2,297	2,649	2,297	2,649
Expected return on plan assets		(2,816)	(3,864)	(2,816)	(3,864)
Recognised in Non-Trading Items	9	**2,420**	**(501)**	**2,420**	**(501)**
Actual return on plan assets		2,126	(12,043)	2,126	(12,043)
Gains and losses recognised in equity:					
Cumulative (gains)/losses at 1 July		(14,416)	823	(14,416)	823
Net profit and loss impact from current period costs		(2,420)	501	(2,420)	501
Recognised during the year		(2,106)	(15,740)	(2,106)	(15,740)
Cumulative (gains)/losses at 30 June		(18,942)	(14,416)	(18,942)	(14,416)

31 CAPITAL AND RESERVES

	NO. OF SHARES 2010 000	NO. OF SHARES 2009 000	GROUP 2010 $000	GROUP 2009 $000	COMPANY 2010 $000	COMPANY 2009 $000
On issue at 1 July	315,816	289,324	408,850	374,508	408,850	374,508
Share placement and rights offer	442,625	–	216,854	–	216,854	–
Issue of convertible redeemable notes	–	–	33,850	–	33,850	–
Capital issue costs	–	–	(11,033)	–	(11,033)	–
Treasury stock	–	–	(8,347)	–	(8,347)	–
Bonus issues	–	16,492	–	22,342	–	22,342
Issued to Silver Fern Farms	–	10,000	–	12,000	–	12,000
Share capital on issue at 30 June	**758,441**	**315,816**	**640,174**	**408,850**	**640,174**	**408,850**

All shares are ordinary fully paid shares with no par value, carry equal voting rights and share equally in any profit on the winding up of the Group.

Convertible redeemable notes have a principal amount of $1 each, convertible by the Company after 15 July 2011. Interest is payable quarterly in arrears at 8% per annum. The NZDX has classified the Convertible Redeemable Notes as debt. The notes do not have a maturity date but it is expected that they will be redeemed within the next five years. They rank below debt and ahead of ordinary shares on liquidation of the Company.

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

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

Revaluation reserve
The revaluation reserve relates to historic revaluations of property, plant and equipment.

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.

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

Fair value reserve
The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

Retained earnings
Fair value adjustments are incorporated in the Retained Earnings Reserve unless they specifically relate to the Defined Benefit Plan or available-for-sale financial assets.

	GROUP 2010 $000	GROUP 2009 $000	COMPANY 2010 $000	COMPANY 2009 $000
Dividends				
The following dividends were declared and paid by the Group for the year ended 30 June:				
$Nil per qualifying ordinary share (2009: $0.16)	**–**	**46,449**	**–**	**46,449**

32 RECONCILIATION OF PROFIT AFTER TAX WITH NET CASH FLOW FROM OPERATING ACTIVITIES

	GROUP 2010 $000	GROUP 2009 $000	COMPANY 2010 $000	COMPANY 2009 $000
Profit after taxation	23,304	(66,444)	2,738	(20,323)
Add/(deduct) non-cash / non operating items:				
Depreciation, amortisation and impairment	7,255	6,578	4,817	4,078
Fair value adjustments	(7,038)	50,421	(4,701)	10,544
Net profit on sale of assets/shares	(6,099)	(17,564)	(6,059)	(17,422)
Bad debts written off (net)	1,077	2,206	376	1,945
Increase/(decrease) in provision for doubtful debts	10,723	2,231	2,382	(667)
(Increase)/decrease in deferred taxation	(4,608)	(101)	(1,056)	(446)
Equity accounted earnings from associates	(1,959)	1,380	–	–
Management fee from subsidiaries	–	–	–	(41,000)
Financing costs	8,444	14,350	5,537	14,350
Other non-cash items	(3)	(809)	(4,276)	(1,339)
	7,792	58,692	(2,980)	(29,957)
Add/(deduct) movement in working capital items:				
Movement in working capital due to sale/purchase of businesses	(349)	(8,119)	(787)	981
(Increase)/decrease in inventories and biological assets	(33,845)	(22,744)	(12,925)	15,597
(Increase)/decrease in accounts receivable and prepayments	(20,266)	52,763	(21,525)	40,802
(Increase)/decrease in assets held for sale	7,973	9,241	7,973	(817)
Increase/(decrease) in trade creditors, provisions and accruals	54,978	(7,807)	57,652	(14,005)
Increase/(decrease) in income tax payable/receivable	3,757	(3,365)	(9,973)	18,472
	12,248	19,969	20,415	61,030
Net cash flow from operating activities	**43,344**	**12,217**	**20,173**	**10,750**

The following 2009 historical cash flows have been reclassified from Investing Activities to Operating Activities:

– Restructuring costs of $2.614 million, now included within payments to suppliers and employees;

– Silver Fern Farms due diligence and settlement costs of $37.103 million, now included within payments to suppliers and employees.

The net increase in finance receivables reported in 2009 have been reclassified from Financing Activities to Investing Activities.

33 EMPLOYEE SHARE PURCHASE SCHEME

PGG Wrightson Limited Employee Share Purchase Scheme was established by PGG Wrightson Limited in 2006 to assist employees to become shareholders in the Company. Every current New Zealand based permanent full-time employee and every permanent part-time employee who is normally employed or deemed to be employed for not less than twenty working hours in each week is eligible to participate in the scheme.

Fully paid ordinary shares in PGG Wrightson Limited are offered, from time to time, for purchase by each eligible employee. There are two options for paying for the shares, either an interest free loan or cash payment. The interest free loan is for a term of three years and repayments are automatically deducted from employees salaries and wages.

There is a three year restrictive period applicable to shares purchased. This period commences on the date on which shares are purchased by the employees. During the restrictive period, the shares bought by the employees are registered in the name of the Trustee of the scheme and held by them on the employees behalf. At the end of the restrictive period, once any loan from the Trustee has been repaid in full, the shares are transferred to the employees. Employees are eligible for any dividends paid, or other distributions made by the Group to the holders of its ordinary shares during the restrictive period. Any voting rights attached to shares held by the Trustees shall, unless the Group otherwise determines, be exercised by the Trustees in such manner as they, in their absolute discretion, think fit.

The Trustees shall from time to time at the direction of the Group acquire shares by subscription, purchase or otherwise which are to be held by the Trustees for the purposes of the scheme and/or for the benefit of eligible employees. For shares issued to the Trust, the issue price is based on the market price of the shares quoted on the New Zealand Stock Exchange at the date of issue.

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

	GROUP 2010 000	GROUP 2009 000	COMPANY 2010 000	COMPANY 2009 000
Ordinary shares				
Allocated to employees (fully paid)	327	436	327	436
Not yet allocated to employees	52	166	52	166
Percentage of total ordinary shares	0.05%	0.19%	0.05%	0.19%

All shares held by the Scheme that are fully paid carry full voting rights. The Scheme acquired Nil shares during the year (2009: Nil).

Control of the Scheme
Non-beneficial control of the shares in the scheme not yet allocated to employees is vested in a Corporate Trustee, PGW Corporate Trustee Limited, the directors of which at balance date were Tim Miles, Managing Director, and Jason Dale, Chief Financial Officer. If the shares have voting rights, the Corporate Trustee is entitled to exercise that voting power.

	GROUP 2010 $000	GROUP 2009 $000	COMPANY 2010 $000	COMPANY 2009 $000
Financial Commitments				
Advances from PGG Wrightson Limited	170	260	170	260

Advances from PGG Wrightson Limited are interest free and are repayable on demand. There are no advances to the Trust from external sources. At balance date no shares (2009: Nil) had been pledged to external financial institutions as security.

34 COMPARISON TO PROSPECTIVE INFORMATION

On 20 November 2009 the Group issued a Simplified Disclosure Prospectus (“Offer Document”) for a rights offer to existing shareholders. Eligible shareholders were entitled to subscribe for 9 new shares for every 8 existing shares at an issue price of $0.45 per new share. This rights offer resulted in the issue of 401.5 million new shares on 23 December 2009, for consideration of $180.686 million.

The following provides an explanation of the variances between the prospective financial information (pfi) contained within the Offer Document and the actual financial position and results at 30 June 2010.

34 COMPARISON TO PROSPECTIVE INFORMATION (CONTINUED)

Statement of Comprehensive Income

	NOTE	GROUP ACTUAL $000	GROUP OFFER DOCUMENT $000	VARIANCE $000
Continuing operations				
Operating revenue	aa	1,151,061	1,107,712	43,349
Cost of sales	aa	(857,523)	(818,956)	(38,567)
Gross profit		293,538	288,756	4,782
Other income	n/m	21	5	16
Other operating expenses	ab	(223,095)	(215,348)	(7,747)
		(223,074)	(215,343)	(7,731)
EBITDA		**70,464**	**73,413**	**(2,949)**
Depreciation and amortisation expense	ac	(7,255)	(6,293)	(962)
Results from operating activities		**63,209**	**67,120**	**(3,911)**
Equity accounted earnings of associates	ad	1,959	1,127	832
Non operating items	ae	(1,041)	619	(1,660)
Fair value adjustments	af	7,038	4,301	2,737
Profit before interest		71,165	73,167	(2,002)
Net interest and finance costs	ag	(36,462)	(37,340)	878
Profit before income tax		34,703	35,827	(1,124)
Income tax expense	ah	(10,428)	(11,776)	1,348
Profit from continuing operations		24,275	24,051	224
Discontinued operations				
Profit/(loss) from discontinued operations (net of income tax)	ai	(971)	–	(971)
Profit for the year		**23,304**	**24,051**	**(747)**

aa Additional revenue was derived in the AgriServices and South American businesses, though driven by lower margin products resulting in a deterioration of average gross margin percentage.

ab Key components of the increased operating expenses were an additional $3.8 million receivable impairment expense taken by PGG Wrightson Finance and a further $1.8 million in the Company.

ac Depreciation has increased due to the capitalisation of the JDE and CRM software implementations.

ad The majority of the increase in equity accounted earnings of associates comes from the Group's interests in Wool Partners International.

ae Capital gains on sale of properties exceeded pfi by $3.0 million. This was offset by additional restructuring costs of $1.5 million and costs in relation to the defined benefit superannuation scheme of $2.4 million.

af The fair value adjustment is greater than that indicated in the pfi by $2.7 million. As discussed in the prospectus it is impossible to predict future market prices for foreign exchange, interest rates and listed investments with any degree of certainty. These market variances also impact on the related balance sheet assets and liabilities.

ag The Group reduced interest costs by $0.5 million by repaying the junior debt facility to South Canterbury Finance during the period and replacing it with senior debt from the Group's banking syndicate.

ah The pfi used a flat rate of 30% across the New Zealand businesses. Non-taxable capital gains on asset sales accounts for the majority of the reduction in tax expense shown.

ai The Fecpak business was sold at the end of the 2009/10 financial year and its operating loss has been moved to discontinued businesses.

34 COMPARISON TO PROSPECTIVE INFORMATION (CONTINUED)

Statement of Changes in Equity

	NOTE	GROUP ACTUAL $000	GROUP OFFER DOCUMENT $000	VARIANCE $000
Total equity at 1 July		390,921	390,921	–
Foreign currency translation differences	ba	(3,890)	(3,243)	(647)
Realised capital reserve	ba	–	431	(431)
Defined benefit plan actuarial gains / (losses)	bb	(4,106)	–	(4,106)
Deferred tax on movement of actuarial gains/losses on employee benefit plans	bb	1,054	–	1,054
Effective portion of changes in fair value of financial instruments	bc	(2,991)	(2,078)	(913)
Income and expense recognised directly in equity		(9,933)	(4,890)	(5,043)
Profit/(loss) for the year		**23,304**	**24,051**	**(747)**
Total recognised income/(expense) for the year		**13,371**	**19,161**	**(5,790)**
Issue of share capital, net of costs	n/m	206,954	207,000	(46)
Issue of convertible redeemable notes, net of costs	bd	32,717	32,500	217
Treasury stock	be	(8,347)	–	(8,347)
Dividends paid / interest on convertible redeemable notes	bf	(1,249)	–	(1,249)
Non-controlling interests	bg	1,103	–	1,103
Other movements in equity		**231,178**	**239,500**	**(8,322)**
Total equity at 30 June		635,470	649,582	(14,112)

ba This is the result of changes to foreign currency conversion rates on consolidation. The AUD and USD rates was assumed to be $0.80 and $0.72 in the pfi. Actual rates at 30 June were $0.815 and $0.695. Changes to the presentation of the Statement of Changes in Equity per NZ IAS 1 result in the foreign exchange adjustments to the realised capital reserve being included in the preceding line.

bb Actuarial gains and losses on the defined benefit plans, and associated deferred tax on these, were difficult to accurately forecast hence were assumed to be zero in the pfi.

bc Consistent with note (af) above, it is impossible to predict future market prices with any degree of certainty, hence the pfi used the October 2009 year-to-date figures.

bd The convertible redeemable notes issued to Agria were for the New Zealand dollar equivalent of US$25 million. Changes in foreign exchange rates up to the issue date of 15 January 2010 resulted in an increase in the final value of the convertible redeemable notes.

be Non-transferred shares included in the share and loan scheme with the Managing Director and senior executives have been reclassified to treasury stock from investments per note 40 *Related Parties*.

bf Analysis of the interest paid on the convertible redeemable notes confirmed that these should be reflected in equity and cash flows from financing activities, contrary to the assumption made in the pfi.

bg Much of the South American business was forecast using equity accounting, however from December 2009 these controlled companies were consolidated into the overall Group accounts. The variance of $1.1 million in the Statement of Changes in Equity reflects the initial recognition of the non-controlling interests, less dividends paid to minority owners. The $1.75 million variance in the Statement of Financial Position also includes the minority interest in the current year's profits.

34 COMPARISON TO PROSPECTIVE INFORMATION (CONTINUED)

Statement of Financial Position

	NOTE	GROUP ACTUAL $000	GROUP OFFER DOCUMENT $000	VARIANCE $000
ASSETS				
Current				
Cash and cash equivalents	ca	24,246	54,074	(29,828)
Short-term derivative assets	af	4,483	8,324	(3,841)
Trade and other receivables	cb	208,510	177,069	31,441
Finance receivables	cc	419,857	347,193	72,664
Income tax receivable	cd	6,637	8,790	(2,153)
Assets classified as held for sale	n/m	44	–	44
Biological assets	ce	23,029	7,955	15,074
Inventories	cf	218,260	198,279	19,981
Total current assets		905,066	801,684	103,382
Non-current				
Long-term derivative assets	af	1,157	4,311	(3,154)
Finance receivables	cc	110,262	125,686	(15,424)
Biological assets	n/m	184	226	(42)
Deferred tax asset	cd	8,410	4,341	4,069
Investments in equity accounted investees	n/m	3,759	3,758	1
Other investments	cg	85,378	77,653	7,725
Intangible assets	ch	335,506	339,191	(3,685)
Property, plant and equipment	ci	77,160	61,925	15,235
Total non-current assets		621,816	617,091	4,725
Total assets		**1,526,882**	**1,418,775**	**108,107**
LIABILITIES				
Current				
Debt due within one year – PGW	ca	23,809	–	23,809
Debt due within one year – PWF	cj	–	17,252	(17,252)
Short-term derivative liabilities	af	1,704	5,210	(3,506)
Accounts payable and accruals	cb,ck	226,156	178,793	47,363
Finance current liabilities	cc	361,292	303,874	57,418
Total current liabilities		612,961	505,129	107,832
Non-current				
Long-term debt – PGW	ca	177,868	185,269	(7,401)
Long-term debt – PWF	cj	21,000	–	21,000
Long-term derivative liabilities	af	3,049	5,214	(2,165)
Other long-term provisions	ck	1,563	799	764
Finance term liabilities	cc	56,765	59,102	(2,337)
Defined benefit liability	cl	18,206	13,680	4,526
Total non-current liabilities		278,451	264,064	14,387
Total liabilities		891,412	769,193	122,219
EQUITY				
Share capital	bd,be	640,174	648,350	(8,176)
Reserves	cm	16,762	17,766	(1,004)
Retained earnings	cm	(23,216)	(16,534)	(6,682)
Total equity attributable to shareholders of the Company		633,720	649,582	(15,862)
Non-controlling interest	bg	1,750	–	1,750
Total equity		635,470	649,582	(14,112)
Total liabilities and equity		**1,526,882**	**1,418,775**	**108,107**

34 COMPARISON TO PROSPECTIVE INFORMATION (CONTINUED)

ca The Group did not receive cash as expected from NZ Farming Systems Uruguay and from completion of all targeted property sales. As a result the Group repaid debt from cash at 30 June 2010. Other cash variances can be seen in the Statement of Cash Flows analysis.

cb Livestock credit balance debtors of $29.0 million have been reclassified from debtors to creditors. These had been netted off against each other in the pfi.

cc PWF expected to reduce the loan book as a result of divestment of loans and a managed reduction. PWF has been unable to reduce the loan book to the degree expected in the pfi and as a result holds correspondingly higher liabilities. Net Tangible Assets for PWF were comparable with the pfi.

cd Tax expense was lower than expected by $1.3 million per (ah) above, however additional tax was paid in South America due to timing requirements for local tax payments. In addition, deferred tax items totalling $2.2 million create a variance in both income tax receivable and deferred tax assets.

ce The Lambsure and Beefsure programs accelerated during the year, resulting in $9.5 million additional animals at 30 June 2010. Export livestock inventories are $5.6 million greater than forecast due to the requirement to procure stock for a new export contract.

cf Seed inventory increased $13.0 million on the pfi as the Group held more Field Dressed (FD) stock on hand at year end following the late harvest. South American inventory increased $7.9 million on the pfi in the Seeds business due to changes in accounting for these subsidiaries as discussed in (bg) above.

cg Other investments reduced by $8.3 million due to the transfer of shares to treasury stock as described in (be) above. NZ Farming Systems Uruguay did not repay the full amount of outstanding loans as expected in the pfi, resulting in $19.2 million remaining at 30 June 2010.

ch Intangible assets reduced by $4.6 million due to the revaluation on initial measurement of the Stephens Pasture Seeds and AusWest acquisitions. This was partially offset by an adjustment of $1.1 million due to the effect of changes in foreign exchange rates on consolidation of Australian and South American subsidiaries.

ci Fixed assets increased by $4.6 million on the initial measurement discussed in (ch) above. In addition, $7.5 million of properties targeted for sale in the pfi were not sold.

cj PGG Wrightson Finance renegotiated its bank facilities during the year, resulting in the reclassification of debt from short-term to long-term. PWF debt increased by $3.7 million due to not selling down its asset book as far as expected and holding $5.1 million additional cash at year end.

ck Increases to Seeds FD inventory (see cf above) resulted in a offsetting increase to creditors and provisions to add to the $29.0 million livestock reclassification (see cb above). Considerable work has also been done within AgriServices to gain more favourable payment terms from suppliers.

cl The present value of defined benefit obligations has grown more than anticipated due to the discount rate being particularly low at 5.35% at 30 June 2010 against 5.96% from June 2009.

cm See the Statement of Changes in Equity above for additional information on movements in equity.

34 COMPARISON TO PROSPECTIVE INFORMATION (CONTINUED)

Statement of Cash Flows

	NOTE	GROUP ACTUAL $000	GROUP OFFER DOCUMENT $000	VARIANCE $000
Cash flows from operating activities				
Cash was provided from:				
Receipts from customers	da	1,144,437	1,118,840	25,597
Dividends received	db	495	5	490
Interest received	ag	69,938	56,974	12,964
		1,214,870	1,175,819	39,051
Cash was applied to:				
Payments to suppliers and employees	da	(1,083,573)	(1,053,733)	(29,840)
Interest paid	ag	(76,296)	(61,337)	(14,959)
Income tax paid	cd	(11,657)	(10,172)	(1,485)
		(1,171,526)	(1,125,242)	(46,284)
Net cash flow from operating activities		43,344	50,577	(7,233)
Cash flows from investing activities				
Cash was provided from:				
Proceeds from sale of property, plant and equipment	ci	11,682	15,543	(3,861)
Net decrease in finance receivables	cc	25,053	84,318	(59,265)
Proceeds from sale of investments	n/m	57	–	57
		36,792	99,861	(63,069)
Cash was applied to:				
Purchase of property, plant and equipment	dc	(10,521)	(8,190)	(2,331)
Purchase of intangibles (software)	dc	(2,079)	–	(2,079)
Cash paid for purchase of investments	dd	(5,810)	(14,284)	8,474
		(18,410)	(22,474)	4,064
Net cash flow from investing activities		18,382	77,387	(59,005)

34 COMPARISON TO PROSPECTIVE INFORMATION (CONTINUED)

Statement of Cash Flows *(continued)*

	NOTE	GROUP ACTUAL $000	GROUP OFFER DOCUMENT $000	VARIANCE $000
Cash flows from financing activities				
Cash was provided from:				
Issue of share capital	n/m	206,954	207,000	(46)
Issue of convertible redeemable notes	bd	32,717	32,500	217
Receipt of deferred property settlement proceeds	de	–	4,470	(4,470)
Increase in external borrowings – PWF	cj	21,000	–	21,000
Loans to related parties	df	1,322	26,650	(25,328)
Increase in secured debentures	dg	26,531	–	26,531
		288,524	270,620	17,904
Cash was applied to:				
Interest paid on convertible redeemable notes	bf	(1,249)	–	(1,249)
Repayment of bonds	dg	(25,233)	–	(25,233)
Net decrease in clients' deposit and current accounts	cc	(12,214)	(64,671)	52,457
Finance facility fees	dh	(8,444)	(1,653)	(6,791)
Repayment of external borrowings – PWF	cj	(50,500)	(54,248)	3,748
Repayment of external borrowings – PGW	ca	(274,363)	(269,937)	(4,426)
		(372,003)	(390,509)	18,506
Net cash flow from financing activities		(83,479)	(119,889)	36,410
Net (decrease)/increase in cash held		(21,753)	8,075	(29,828)
Opening cash/(bank overdraft)		45,999	45,999	–
Cash and cash equivalents		24,246	54,074	(29,828)
Comprises:				
PGG Wrightson Finance Limited	cj	9,277	4,203	5,074
Rest of the Group	ca	14,969	49,871	(34,902)
		24,246	54,074	(29,828)

da Offsetting variances in receipts from customers, and payments to suppliers and employees, are due to differences in terms of trade from pfi expectations.

db The Group received dividends from it's equity accounted associates NZ Merino and Agritranz that were not forecast in the pfi.

dc Purchases of property, plant and equipment in the pfi included expected purchases of software, here shown separately. In 2009 the Group invested in hardware and software to support a JDE implementation. Final cash payments against this acquisition were deferred pending resolution of final post-implementation issues.

dd The Group expected to pay $14.3 million to purchase a farm in Brazil. This transaction is still outstanding and likely to occur in the 2011 financial year. The investments made during the year were for Premier Seeds in Australia and Allied Grain Co-operative (Te Awamutu) as disclosed in note 23, along with deferred payments against the South American subsidiaries.

de The pfi considered the repayment of this loan to be a financing activity. This loan was repaid in December 2009 and is reflected as part of the net decrease in finance receivables per (cc).

df NZ Farming Systems Uruguay made payments of $7.2 million against it's outstanding loans during the year, however full payment of the loans of $23.0 million was expected in the pfi. Additional loans of $3.5 million were forecast to be repaid by Wool Partners International, but this is now deferred until the following year. Other loan and investment movements of $2.0 million relate to the formation of Velvet Logistics Limited and NZ Velvet Marketing Limited.

dg Movements in PWF bonds and secured debentures were assumed to net off in the cashflow statement presented in the pfi. Bonds totalling $25.2 million were repaid in May 2010, with secured debentures increasing by $26.5 million to 30 June 2010.

dh Finance fees totalling $8.4 million were paid as part of the equity raising and facility renegotiation process. These are amortised over the term of the facility. The pfi anticipated the cash effect of one year's amortisation of these fees.

35 FINANCIAL INSTRUMENTS

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

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

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

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

Liquidity Risk

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

The objectives of the Group's funding and liquidity policy is to:

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

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

Market Risk

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

Foreign Currency Risk

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

The notional contract amounts of forward foreign exchange transactions outstanding at balance date are $85.401 million (2009: $86.074 million) for the Group and $35.281 million (2009: $12.861 million) for the Company. The cash settlement requirements of these contracts approximates the notional contract amount shown above.

The translation of independent foreign operations into the Group financial statements is not hedged, apart from the seasonal working capital exposure to PGG Wrightson Seeds Australia which is hedged with foreign exchange contracts.

Price and Interest Rate Risk

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

This risk is managed by operating within approved policy limits using an interest rate duration approach.

Floating rate borrowings are used for general funding activities. Interest rate swaps, interest rate options and forward rate agreements are used to hedge the floating rate exposure as deemed appropriate. The Group had $635.219 million (Company: $210.000 million) of interest rate contracts at balance date (2009: Group $807.281 million, Company $479.500 million).

35 FINANCIAL INSTRUMENTS (CONTINUED)

Funding Risk

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

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 monitors progress.
- The Credit Committee of subsidiary PGG Wrightson Finance Limited, comprising of Board representation and management appointees, meets regularly as required to review credit risk, new loans and provisioning.

Capital Management

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

The policy of the Group is to maintain a strong capital base so as to maintain investor, creditor and market confidence while providing the ability to develop future business initiatives. In addition, external funding arrangements currently limit the Group's ability to pay dividends due to debt ratio requirements. This policy is reviewed regularly by the Board and has not been changed during the period.

Sensitivity Analysis

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

The sensitivity of net profit after tax for the period to 30 June 2010, and shareholders equity at that date, to reasonably possible changes in conditions is as follows:

	INTEREST RATES INCREASE BY 1%		INTEREST RATES DECREASE BY 1%	
	2010 $000	2009 $000	2010 $000	2009 $000
Impact on net profit after tax	(250)	(1,401)	257	1,400
Members' equity	(2,325)	(1,334)	2,389	1,339

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

35 FINANCIAL INSTRUMENTS (CONTINUED)

Quantitative disclosures

(a) Liquidity Risk – Contractual Maturity Analysis

The following tables analyse the Group 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). Finance liabilities include substantial customer savings deposits and cheque accounts, which are at call, as well as with bonds and debentures. History demonstrates that such accounts provide a stable source of long term funding for the Group.

	WITHIN 12 MONTHS $000	1 TO 2 YEARS $000	2 TO 5 YEARS $000	OVER 5 YEARS $000	CONTRACTUAL CASH FLOW $000	BALANCE SHEET $000
Group 2010						
Assets						
Cash and cash equivalents	24,246	–	–	–	24,246	24,246
Derivative financial instruments	4,483	527	630	–	5,640	5,640
Trade and other receivables	172,401	–	–	–	172,401	172,401
Finance receivables	445,664	76,920	50,219	73	572,876	530,119
	646,794	**77,447**	**50,849**	**73**	**775,163**	**732,406**
Liabilities						
Bank facilities	23,809	198,868	–	–	222,677	222,677
Derivative financial instruments	1,704	2,634	415	–	4,753	4,753
Trade and other payables	216,100	–	–	–	216,100	216,100
Finance liabilities	375,744	35,616	26,713	–	438,073	418,057
	617,357	**237,118**	**27,128**	**–**	**881,603**	**861,587**
Group 2009						
Assets						
Cash and cash equivalents	45,999	–	–	–	45,999	45,999
Derivative financial instruments	7,275	4,742	795	–	12,812	12,812
Trade and other receivables	188,197	–	–	–	188,197	188,197
Finance receivables	418,599	120,713	59,965	–	599,277	564,121
	660,070	**125,455**	**60,760**	**–**	**846,285**	**811,129**
Liabilities						
Bank facilities	526,540	–	–	–	526,540	526,540
Derivative financial instruments	6,802	4,380	2,205	–	13,387	13,387
Trade and other payables	171,179	–	–	–	171,179	171,179
Finance liabilities	262,429	158,900	39,827	–	461,156	427,646
	966,950	**163,280**	**42,032**	**–**	**1,172,262**	**1,138,752**

35 FINANCIAL INSTRUMENTS (CONTINUED)

	WITHIN 12 MONTHS $000	1 TO 2 YEARS $000	2 TO 5 YEARS $000	OVER 5 YEARS $000	CONTRACTUAL CASH FLOW $000	BALANCE SHEET $000
Company 2010						
Assets						
Cash and cash equivalents	7,074	–	–	–	7,074	7,074
Derivative financial instruments	3,414	146	3	–	3,563	3,563
Trade and other receivables	336,590	–	–	–	336,590	336,590
	347,078	**146**	**3**	**–**	**347,227**	**347,227**
Liabilities						
Bank facilities	–	177,855	–	–	177,855	177,855
Derivative financial instruments	1,555	2,582	388	–	4,525	4,525
Trade and other payables	124,172	–	–	–	124,172	124,172
	125,727	**180,437**	**388**	**–**	**306,552**	**306,552**
Company 2009						
Assets						
Cash and cash equivalents	32,083	–	–	–	32,083	32,083
Derivative financial instruments	4,955	281	–	–	5,236	5,236
Trade and other receivables	369,258	–	–	–	369,258	369,258
Finance receivables	4,470	–	–	–	4,470	4,470
	410,766	**281**	**–**	**–**	**411,047**	**411,047**
Liabilities						
Bank facilities	453,966	–	–	–	453,966	453,966
Derivative financial instruments	5,687	3,225	1,987	–	10,899	10,899
Trade and other payables	77,949	–	–	–	77,949	77,949
	537,602	**3,225**	**1,987**	**–**	**542,814**	**542,814**

35 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Liquidity Risk – Expected Maturity Analysis

The following maturity analysis of the Group's finance receivables is based on their expected maturity dates. There is no material difference between contractual and expected maturity for all other categories of assets and liabilities. The liquidity profile will not agree to the contractual cashflow above because it is based on expected, not contractual, maturity.

	WITHIN 12 MONTHS $000	1 TO 2 YEARS $000	2 TO 5 YEARS $000	OVER 5 YEARS $000	TOTAL $000	CARRYING VALUE $000
Group 2010						
Finance receivables	436,616	87,524	54,592	353	579,085	530,119
	436,616	**87,524**	**54,592**	**353**	**579,085**	**530,119**
Group 2009						
Finance receivables	410,366	141,968	61,807	–	614,141	564,121
	410,366	**141,968**	**61,807**	**–**	**614,141**	**564,121**
Company 2010						
Finance receivables	–	–	–	–	–	–
	–	**–**	**–**	**–**	**–**	**–**
Company 2009						
Finance receivables	4,470	–	–	–	4,470	4,470
	4,470	**–**	**–**	**–**	**4,470**	**4,470**

35 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Foreign Currency Exposure Risk

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

	GBP NZ$000	USD NZ$000	AUD NZ$000	EURO NZ$000
Group 2010				
Cash and cash equivalents	4	5,569	2,955	305
Trade and other receivables	546	59,518	17,389	9,318
Trade and other payables	(594)	(53,668)	(21,530)	(1,734)
Net balance sheet position	(44)	11,419	(1,186)	7,889
Forward exchange contracts				
Notional forward exchange cover	(34)	1,838	(11,434)	7,686
Net unhedged position	**(10)**	**9,581**	**10,248**	**203**
Group 2009				
Cash and cash equivalents	–	4,192	665	–
Trade and other receivables	176	16,709	12,015	17,266
Trade and other payables	(136)	(6,942)	(37,092)	(3,092)
Net balance sheet position	40	13,959	(24,412)	14,174
Forward exchange contracts				
Notional forward exchange cover	(42)	13,874	(36,780)	14,498
Net unhedged position	**82**	**85**	**12,368**	**(324)**
Company 2010				
Cash and cash equivalents	–	31	–	–
Trade and other receivables	–	14,858	–	–
Trade and other payables	–	(18,620)	(1,104)	(407)
Net balance sheet position	–	(3,731)	(1,104)	(407)
Forward exchange contracts				
Notional forward exchange cover	–	(4,375)	(1,104)	(366)
Net unhedged position	**–**	**644**	**–**	**(41)**
Company 2009				
Cash and cash equivalents	–	4,459	1,307	37
Trade and other receivables	–	2,321	–	–
Trade and other payables	–	(2,956)	(1,445)	(273)
Net balance sheet position	–	3,824	(138)	(236)
Forward exchange contracts				
Notional forward exchange cover	–	4,992	(1,435)	(44)
Net unhedged position	**–**	**(1,168)**	**1,297**	**(192)**

The net balance sheet positions for the Group in AUD and USD include cash, trade and other receivables, and trade and other payables for the Australian and South American domiciled subsidiary companies and are therefore not hedged.

35 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Interest Rate Repricing Schedule

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

	WITHIN 12 MONTHS $000	1 TO 2 YEARS $000	OVER 2 YEARS $000	NON INTEREST BEARING $000	TOTAL $000
Group 2010					
Assets					
Cash and cash equivalents	24,246	–	–	–	24,246
Derivative financial instruments	(71,500)	35,250	36,250	5,640	5,640
Trade and other receivables	172,401	–	–	–	172,401
Finance receivables	515,018	13,106	1,995	–	530,119
	640,165	**48,356**	**38,245**	**5,640**	**732,406**
Liabilities					
Bank facilities	23,809	198,868	–	–	222,677
Derivative financial instruments	166,258	(133,000)	(33,258)	4,753	4,753
Trade and other payables	–	–	–	216,100	216,100
Finance liabilities	361,292	32,390	24,375	–	418,057
	551,359	**98,258**	**(8,883)**	**220,853**	**861,587**
Group 2009					
Assets					
Cash and cash equivalents	45,999	–	–	–	45,999
Derivative financial instruments	(147,050)	128,800	18,250	12,812	12,812
Trade and other receivables	188,197	–	–	–	188,197
Finance receivables	514,562	39,251	10,308	–	564,121
	601,708	**168,051**	**28,558**	**12,812**	**811,129**
Liabilities					
Bank facilities	526,540	–	–	–	526,540
Derivative financial instruments	117,731	(53,731)	(64,000)	13,387	13,387
Trade and other payables	–	–	–	171,179	171,179
Finance liabilities	249,922	141,784	35,940	–	427,646
	894,193	**88,053**	**(28,060)**	**184,566**	**1,138,752**

35 FINANCIAL INSTRUMENTS (CONTINUED)

	WITHIN 12 MONTHS $000	1 TO 2 YEARS $000	OVER 2 YEARS $000	NON INTEREST BEARING $000	TOTAL $000
Company 2010					
Assets					
Cash and cash equivalents	7,074	–	–	–	7,074
Derivative financial instruments	–	–	–	3,563	3,563
Trade and other receivables	336,590	–	–	–	336,590
	343,664	**–**	**–**	**3,563**	**347,227**
Liabilities					
Bank facilities	–	177,855	–	–	177,855
Derivative financial instruments	177,000	(143,000)	(34,000)	4,525	4,525
Trade and other payables	–	–	–	124,172	124,172
	177,000	**34,855**	**(34,000)**	**128,697**	**306,552**
Company 2009					
Assets					
Cash and cash equivalents	32,083	–	–	–	32,083
Derivative financial instruments	–	–	–	5,236	5,236
Trade and other receivables	369,258	–	–	–	369,258
Finance receivables	4,470	–	–	–	4,470
	405,811	**–**	**–**	**5,236**	**411,047**
Liabilities					
Bank facilities	453,966	–	–	–	453,966
Derivative financial instruments	120,000	(45,000)	(75,000)	10,899	10,899
Trade and other payables	–	–	–	77,949	77,949
	573,966	**(45,000)**	**(75,000)**	**88,848**	**542,814**

35 FINANCIAL INSTRUMENTS (CONTINUED)

(e) Accounting classifications and fair values

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

	FAIR VALUE $000	LOANS AND RECEIVABLES $000	OTHER AMORTISED COST $000	TOTAL CARRYING AMOUNT $000	FAIR VALUE $000
Group 2010					
Assets					
Cash and cash equivalents	–	24,246	–	24,246	24,246
Derivative financial instruments	5,640	–	–	5,640	5,640
Trade and other receivables	–	172,401	–	172,401	172,401
Other investments	15,476	51,538	18,364	85,378	85,378
Loans and receivables	–	530,119	–	530,119	528,653
	21,116	**778,304**	**18,364**	**817,784**	**816,318**
Liabilities					
Derivative financial instruments	4,753	–	–	4,753	4,753
Trade and other payables	–	–	216,100	216,100	216,100
Deposits and other borrowings	–	–	70,819	70,819	70,819
Debentures – secured	–	–	247,580	247,580	249,245
Bonds	–	–	99,658	99,658	97,382
Bank facilities	–	222,677	–	222,677	222,677
	4,753	**222,677**	**634,157**	**861,587**	**860,976**
Group 2009					
Assets					
Cash and cash equivalents	–	45,999	–	45,999	45,999
Derivative financial instruments	12,812	–	–	12,812	12,812
Trade and other receivables	–	188,197	–	188,197	188,197
Other investments	12,892	56,460	23,370	92,722	92,722
Finance receivables	–	564,121	–	564,121	564,762
	25,704	**854,777**	**23,370**	**903,851**	**904,492**
Liabilities					
Derivative financial instruments	13,387	–	–	13,387	13,387
Trade and other payables	–	–	171,179	171,179	171,179
Deposits and other borrowings	–	–	83,032	83,032	83,032
Debentures – secured	–	–	221,050	221,050	226,589
Bonds	–	–	123,564	123,564	133,409
Bank facilities	–	526,540	–	526,540	526,540
	13,387	**526,540**	**598,825**	**1,138,752**	**1,154,136**

35 FINANCIAL INSTRUMENTS (CONTINUED)

	FAIR VALUE $000	LOANS AND RECEIVABLES $000	OTHER AMORTISED COST $000	TOTAL CARRYING AMOUNT $000	FAIR VALUE $000
Company 2010					
Assets					
Cash and cash equivalents	–	7,074	–	7,074	7,074
Derivative financial instruments	3,563	–	–	3,563	3,563
Trade and other receivables	–	336,590	–	336,590	336,590
Other investments	–	31,591	226	31,817	31,817
	3,563	**375,255**	**226**	**379,044**	**379,044**
Liabilities					
Derivative financial instruments	4,525	–	–	4,525	4,525
Trade and other payables	–	–	124,172	124,172	124,172
Bank facilities	–	177,855	–	177,855	177,855
	4,525	**177,855**	**124,172**	**306,552**	**306,552**
Company 2009					
Assets					
Cash and cash equivalents	–	32,083	–	32,083	32,083
Derivative financial instruments	5,236	–	–	5,236	5,236
Trade and other receivables	–	369,258	–	369,258	369,258
Other investments	–	27,878	8,551	36,429	36,429
Finance receivables	–	4,470	–	4,470	4,470
	5,236	**433,689**	**8,551**	**447,476**	**447,476**
Liabilities					
Derivative financial instruments	10,899	–	–	10,899	10,899
Trade and other payables	–	–	77,949	77,949	77,949
Bank facilities	–	453,966	–	453,966	453,966
	10,899	**453,966**	**77,949**	**542,814**	**542,814**

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

35 FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie. as prices) or indirectly (ie. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

		LEVEL 1 $000	LEVEL 2 $000	LEVEL 3 $000	TOTAL $000
Group 2010					
Assets	– Derivative financial instruments	–	5,640	–	5,640
	– Other investments	–	15,476	–	15,476
		–	**21,116**	**–**	**21,116**
Liabilities	– Derivative financial instruments	–	4,753	–	4,753
		–	**4,753**	**–**	**4,753**
Group 2009					
Assets	– Derivative financial instruments	–	12,812	–	12,812
	– Other investments	12,892	–	–	12,892
		12,892	**12,812**	**–**	**25,704**
Liabilities	– Derivative financial instruments	–	13,387	–	13,387
		–	**13,387**	**–**	**13,387**
Company 2010					
Assets	– Derivative financial instruments	–	3,563	–	3,563
		–	**3,563**	**–**	**3,563**
Liabilities	– Derivative financial instruments	–	4,525	–	4,525
		–	**4,525**	**–**	**4,525**
Company 2009					
Assets	– Derivative financial instruments	–	5,236	–	5,236
		–	**5,236**	**–**	**5,236**
Liabilities	– Derivative financial instruments	–	10,899	–	10,899
		–	**10,899**	**–**	**10,899**

35 FINANCIAL INSTRUMENTS (CONTINUED)

	2010	2009
Interest rates used for determining fair value		
Loans and receivables	11.7%	8.5%
Debentures – secured	6.4%	5.1%
Bonds	8.5%	6.8%

(f) Credit Risk

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

	GROUP 2010 $000	GROUP 2009 $000
Total finance receivables, trade and other receivables		
New Zealand	692,381	707,338
Australia	11,179	20,236
South America	35,022	22,614
	738,582	750,188

Concentrations of Credit Risk

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

36 OPERATING LEASES

	GROUP 2010 000	GROUP 2009 000	COMPANY 2010 000	COMPANY 2009 000
Non-cancellable operating lease rentals are payable as follows:				
Within one year	23,756	17,942	20,069	15,456
Between one and five years	51,181	33,968	42,853	31,515
Beyond five years	30,410	33,058	29,473	32,898
	105,347	84,968	92,395	79,869

The Group leases a fleet of vehicles for use by employees, agents and representatives. Leases are typically for a period of three years.

The Group leases photocopiers and other office and computer equipment. Leases are typically for a period of three years.

The Group also leases and subleases land and buildings from which it conducts operations. These leases range in length from 1 to 15 years with various rights of renewal. Where surplus properties are unable to be exited, sublease revenue is obtained where possible on a short-term temporary basis, totalling $1.360 million (2009: $0.195 million).

37 SEASONALITY OF OPERATIONS

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

38 COMMITMENTS

	GROUP 2010 $000	GROUP 2009 $000
There are commitments with respect to:		
Capital expenditure not provided for	17,134	10,784
Commitments to extend credit	60,205	93,044
Investment in BioPacific Ventures	1,916	2,649
	79,255	106,477

Investment in BioPacific Ventures

The Group has committed $14 million to an international fund established for investment in food and agriculture life sciences. The Group's investment in BioPacific Ventures will be made over approximately six years. The investment has an anticipated total lifespan of 12 years. At 30 June 2010 $12.084 million has been drawn on the committed level of investment (2009: $11.351 million), which is included in other investments.

There are no material commitments relating to investment in associates.

Contract Commitments

The Group has entered into a number of commercial arrangements with customers including Alliance Group, Bernard Matthews, Silver Fern Farms and TH Milk. These contracts have regular review cycles with measurements against KPI's. Performance against these KPI's may result in penalties or enhanced revenue opportunities.

39 CONTINGENT LIABILITIES

	GROUP 2010 $000	GROUP 2009 $000
There are contingent liabilities with respect to:		
Guarantees	32,354	23,464
PGG Wrightson Loyalty Reward Programme	506	606
	32,860	24,070

Guarantees

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

PGG Wrightson Loyalty Reward Programme

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

No losses are expected to arise from these contingent liabilities.

There are no contingent liabilities relating to investments in associates.

40 RELATED PARTIES

Company and ultimate controlling party

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

Transactions with key management personnel

Share based payment to Managing Director and Executive Officers

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

Three additional share and loan schemes were entered into in 2009 with senior executives. The terms are the same as those for the Managing Director. In total 1,091,769 shares are available to these senior executives with a loan value of $3,000,000.

As at 30 June 2010 the loan balance outstanding for both Managing Director and Senior Officers was $Nil (2009: $Nil) and the number of shares for which unrestricted ownership has been transferred is Nil (2009: Nil). The cost of these non-transferred shares is included in equity as treasury stock (2009: included in investments).

Key Management Personnel compensation

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

	GROUP 2010 $000	GROUP 2009 $000
Key management personnel compensation comprised:		
Short-term employee benefits	4,414	5,508
Post-employment benefits	18	–
Termination benefits	309	1,160
Other long-term benefits	–	–
Share-based payments	–	–
	4,741	6,668

Directors fees incurred during the year are disclosed in Note 7 Operating Expenses, and in the Statutory Information.

40 RELATED PARTIES (CONTINUED)

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

The aggregate value of transactions and outstanding balances relating to directors, executive officers and entities over which they have control or significant influence were as follows:

KMP/Director	Transaction	TRANSACTION VALUE 2010 $000	BALANCE OUTSTANDING 2010 $000	TRANSACTION VALUE 2009 $000	BALANCE OUTSTANDING 2009 $000
Michael Thomas	Debenture and rural saver deposits	11	359	–	–
Barry Brook (retired October 2009)	Purchase of retail goods, debenture and rural saver deposits	57	118	56	–
John McKenzie	Purchase of retail goods, sale of seed under production contracts	1,822	–	1,411	–
Sir Selwyn Cushing	Purchase of retail goods, debentures	157	3,550	3	–

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

	TRANSACTION VALUE 2010 $000	BALANCE OUTSTANDING 2010 $000	TRANSACTION VALUE 2009 $000	BALANCE OUTSTANDING 2009 $000
Other Related Party Transactions				
Sale of goods and services				
NZFSU – Management and Investor Services	6,787	19,234	4,216	22,720

All transactions and outstanding balances with these related parties are priced on an arm's length basis and are expected to be settled in cash within six months of the reporting date. None of the balances are secured. The NZFSU outstanding balance is accruing interest at variable interest rates, being 9.42% as at 30 June 2010.

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

	2010 $000	2009 $000
Agriculture New Zealand Limited	–	2,000
Agri-Feeds Limited	–	2,000
PGG Wrightson Seeds Limited	–	20,000
PGG Wrightson Funds Management Limited	–	15,000
PGG Wrightson Investments Limited	–	2,000
	–	41,000

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

41 EVENTS SUBSEQUENT TO BALANCE DATE

Grasslands Innovations

The Group's investment in Grasslands Innovations via PGG Wrightson Seeds Limited has increased from 50% to 70% on 1 July 2010. This has required an additional equity investment of $0.020 million, plus a loan of $0.200 million. For the year ended 30 June 2011 this will require a change in accounting method from an equity accounted associate to a consolidated subsidiary.

Sale of NZFSU Investment

On 19 July 2010 the Company confirmed that it had entered into a lock-up agreement with Olam International Limited for PGW's 28,137,844 shares in NZ Farming Systems Uruguay as part of Olam's bid for control of that company. The offer is subject to regulatory approval and Olam obtaining not less than a 50.1% shareholding in NZFSU. The offer is at 55c per share.

PWF Bond Extension

On 12 August 2010 the Proposal was approved at a Special Meeting of Bondholders. This amended the Bond Trust Deed, allowing PGG Wrightson Finance Limited (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 PGG Wrightson Finance Limited to exercise the term extension option.

AUDIT REPORT

TO THE SHAREHOLDERS OF PGG WRIGHTSON LIMITED

We have audited the financial statements on pages 28 to 103. The financial statements provide information about the past financial performance and financial position of the company and group as at 30 June 2010. This information is stated in accordance with the accounting policies set out on pages 38 to 48.

Directors' responsibilities

The Directors are responsible for the preparation of financial statements which give a true and fair view of the financial position of the company and group as at 30 June 2010 and the results of their operations and cash flows for the year ended on that date.

Auditors' responsibilities

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

Basis of opinion

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

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

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

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

Unqualified opinion

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

In our opinion:

- proper accounting records have been kept by the company as far as appears from our examination of those records;
- the financial statements on pages 28 to 103:
  - comply with New Zealand generally accepted accounting practice;
  - comply with International Financial Reporting Standards as issued by the International Accounting Standards Board;
  - give a true and fair view of the financial position of the company and group as at 30 June 2010 and the results of their operations and cash flows for the year ended on that date.

Our audit was completed on 12 August 2010 and our unqualified opinion is expressed as at that date.

KPMG

Christchurch

STATUTORY DISCLOSURES

The following particulars of notices were given by Directors of the Company pursuant to Section 140(2) of the Companies Act 1993 for the year 1 July 2009 to 30 June 2010 (*Interest ceased during the year.)

DIRECTOR	INTEREST	ORGANISATION
Sir John Anderson	Chairman	Television New Zealand
Appointed 1 March 2010		Capital & Coast District Health Board
		New Zealand Venture Investment Fund
		Wellington Regional Strategy Committee
		Commissioner of the Hawke's Bay District Health Board
		International Festival of the Arts Trust
	Director	Commonwealth Bank of Australia
	Trustee	Wellington Regional Stadium Trust
	Secretary	New Zealand Cricket Foundation
Sir Selwyn Cushing	Chairman	NZ Rural Property Trust Management Limited
	Chairman/Shareholder	Rural Equities Limited
		Skellerup Holdings Limited
	Director/Shareholder	Forsyth Barr Esam Cushing Limited
		H & G Limited
		Makowai Farm Limited
	Governing Director	Whakamarumaru Station Limited
	Director	PGG Wrightson Employee Benefits Plan Trustee Limited
		PGG Wrightson Trustee Limited
		PGG Wrightson Finance Limited * (Director to 28 March 2010)
	Director/Trustee Shareholder	PGG Wrightson Employee Benefits Plan Limited
	Unit Holder	NZ Rural Property Trust
M J Flett	Director/Shareholder	Barkers Fruit Processors Limited and subsidiaries
Retired 28 February 2010		Blueprint Holdings 2006 Limited and subsidiaries
		Milkpride Holdings Limited and subsidiaries
		NZ Farming Systems Uruguay Limited
		Payton Holdings Limited and subsidiaries
		TCO Limited
	Director	PGG Wrightson Finance Limited * (Director to 28 February 2010)
	Shareholder	Alliance Group Limited
		Ballance Agri-Nutrients Limited
		CRT Limited
		Ravensdown Fertiliser Co-operative Limited
	Trustee	Liaki Trust
		Susan Flett Trust
G A C Gould	Director	Orion New Zealand Limited
Appointed 5 January 2010		Christchurch International Airport Limited
	Chairman/Shareholder	Gould Holdings Limited
		George Gould Limited
		Milford Dart Limited
		Southern Hemisphere Proving Grounds Limited
	Director/Shareholder	Pyne Gould Corporation Limited
		Glenmark Farms Limited

DIRECTOR	INTEREST	ORGANISATION
B R Irvine	Chairman	Christchurch City Holdings Limited
		House of Travel Holdings Limited
		MARAC Finance Limited
		Pyne Gould Corporation Limited
	Director	Godfrey Hirst NZ Limited
		Provencocadmus Limited *
		Market Gardeners Limited and subsidiaries
		Perpetual Trust Limited
		PGG Wrightson Finance Limited * (Director to 28 February 2010)
		Rakon Limited
		Scenic Circle Hotels Limited
		Skope Industries Limited
	Director/Shareholder	BR Irvine Limited
G Lai	Director / Shareholder	Ace Choice Management Limited
Appointed 30 December 2009		Brothers Capital Limited
		Singapore Zhongxin Investments Co. Ltd
	Director	PGG Wrightson Finance Limited * (Director to 28 February 2010)
	Chairman / Shareholder	China Pipe Group Limited (HKSE: 0380) and certain of its subsidiaries and associates
		Agria Corporation (NYSE:GRO) and certain of its subsidiaries and associates
S R Maling	Chairman	MARAC Finance Limited *
Retired 30 October 2009		Pyne Gould Corporation Limited *
	Shareholder	Pyne Gould Corporation Limited
	Director	Perpetual Trust Limited *
		PGG Wrightson Finance Limited * (Director to 30 October 2009)
	Director/Shareholder	NZ Farming Systems Uruguay Limited * (Director to 15 October 2009)
AE McConnon	Director	Aorangi Laboratories Limited
Retired 5 May 2010		Innovative Learning Holdings Limited
		Lifevent Medical Limited
		Mt Difficulty Wines Limited
		Sabcon Limited
		Vinpro Limited
		The New Zealand Merino Company Limited
		Wool Partners International Limited * (Director to 5 May 2010)
J B McConnon	Director/Shareholder	Aorangi Laboratories Limited
Retired 28 February 2010		SABCON Limited
	Chairman	Rural Portfolio Investments Limited (in liquidation)
	Director	D C Ross Limited
		PGG Wrightson Finance Limited * (Director to 28 February 2010)
		Rural Portfolio Capital Limited (in liquidation)
		Rural Portfolio Investments Securities Limited (in liquidation)
		45 South Exports Limited
		45 South Management Limited
T M Miles	Trustee	Eastbourne Trust
		MR Miles Trust
	Director	PGG Wrightson Finance Limited
	Director/Shareholder	Jeffries Miles Consulting Limited
		Jeffries Miles Property Limited

DIRECTOR	INTEREST	ORGANISATION
M C Norgate	Director	Aotearoa Fisheries Limited
Retired 28 February 2010		Centre for High Performance Work Limited *
		Kura Limited
		MCN Rural Investments Limited
		New Zealand Institute of Chartered Accountants
		NZ Farming Systems Uruguay Limited
		PGG Wrightson Finance Limited *
		(Chairman until 23 July 2010) (Director to 28 February 2010)
		Rural Portfolio Capital Limited (in liquidation)
		Rural Portfolio Investments Limited (in liquidation)
		Rural Portfolio Investments Securities Limited (in liquidation)
		Sealord Group Limited
		Port Taranaki Limited
		Wool Partners International Limited
	Director/Shareholder	C & J Custodian Limited
		MCN Holdings Limited
K R Smith	Chairman	Goodman (NZ) Limited (Chairman from 1 April 2010)
Chairman to 28 February 2010		Healthcare Holdings Limited (and subsidiaries)
		Mobile Surgical Services Limited
		PGG Wrightson Finance Limited*
		(Chairman from 23 July 2009 to 25 February 2010)
		(Director to 28 February 2010)
		The Warehouse Group Limited
		Tourism Holdings Limited
	Director	Electronic Navigation Limited
		Enterprise Motor Group Limited and subsidiaries and associates
		Gwendoline Holdings Limited (Non-trading investment company)
		James Raymond Holdings Limited (Non-trading investment company)
		Mighty River Power Limited
		NZ Farming Systems Uruguay Limited (Chairman to 17 December 2009)
		Wickliffe Limited *
	Director / Shareholder	Harpers Holding Limited
	Member	New Zealand Advisory Board of LEK Consulting Limited
W D Thomas	Chairman	NZ Velvet Marketing Co Limited
	Director	PGG Wrightson Finance Limited
		Velvet Logistics Limited
	Trustee	Longbeach Trust
T Xie	Director	Agria Corporation (NYSE: GRO) and certain of its subsidiaries
Appointed 30 December 2009		and associates
		PGG Wrightson Finance

In addition:

- Sir Selwyn Cushing, M J Flett, G A C Gould and W D Thomas advised that they each have interests in farming operations and may transact business with PGG Wrightson Group companies on normal terms of trade.
- PGG Wrightson Directors hold shares in NZ Farming Systems Uruguay Limited either directly or through an associated person. NZ Farming Systems Uruguay Limited transacts business with the PGG Wrightson Group through farming and management contracts.

DIRECTORS' REMUNERATION

The following persons held office, or ceased to hold office, as a Director during the year to 30 June 2010 and received the following gross remuneration (including the value of any benefits):

DIRECTOR	DIRECTOR'S FEES	AUDIT COMMITTEE	REMUNERATION & APPOINTMENTS COMMITTEE	CREDIT COMMITTEE	TOTAL REMUNERATION
Sir John Anderson (1)	$70,694		$1,250		$71,944
Sir Selwyn Cushing	$80,000	$10,000			$90,000
M J Flett	$53,111	$6,639			$59,750
G A C Gould	$39,111		$2,042		$41,153
B R Irvine (2)	$81,538	*Audit Member* $790 *Chairman* $18,804			$101,133
G Lai	$40,435				$40,435
S R Maling *Retirement Payment*	$26,522 $72,037	$3,315	$1,467		$31,304 $72,037
A E McConnon	$14,581				$14,581
J B McConnon	$53,111		$3,319		$56,430
T M Miles (3) *Managing Director*					$1,619,975
M C Norgate	$60,883		$4,979	$6,639	$72,501
K R Smith	*Chairman* $126,862 *Director* $31,672	*Chairman* $1,196 *Audit Member* $9,402			$169,132
W D Thomas	$80,000			$10,000	$90,000
T Xie	$40,435		$1,250		$41,685

(1) Appointed as Chairman on 1 March 2010 and appointed to Remuneration & Appointments Committee on 24 March 2010

(2) Appointed as Chairman to the Audit Committee on 23 July 2009

(3) The Managing Director does not receive Directors fees and his remuneration received in the year to 30 June 2010 listed above is comprised of base salary of $1,349,975 and a short term incentive of $270,000 paid on 15 November 2009 for performance during the year to 30 June 2009. The Managing Director also has a long term incentive in the form of a share based payment as disclosed in note 40 to the financial statements.

DIRECTORS' SHAREHOLDINGS

		30 JUNE 2010	30 JUNE 2009
Sir John Anderson	– Beneficial interest	150,000	
Sir Selwyn Cushing (4)	– Beneficially owned	108,264	50,948
	– Beneficial interest	5,900,251	2,776,589
M J Flett	– Beneficially owned	27,380	12,885
G A C Gould (5)			
B R Irvine (5)			
G Lai (6)			
S R Maling (5)	– Beneficially owned	11,152	5,248
A E McConnon (7)			
J B McConnon (7)			
T M Miles	– Beneficially owned	3,746,774	2,847,104
	– Beneficial interest	113,809	53,557
M C Norgate (7)	– Non beneficial interest	10,500	
K R Smith	– Beneficially owned	18,328	8,625
	– Non beneficial interest	154,760	25,770
W D Thomas	– Beneficially owned	24,501	6,824
	– Beneficial interest	24,450	11,506
T Xie (6)			

(4) Sir Selwyn Cushing is a Director and non beneficial Trustee for the PGG Wrightson Employee Benefits Plan Limited holding 5,819,138 ordinary shares as at 30 June 2010.

(5) B R Irvine and G A C Gould are associated persons, and S R Maling is a prior associated person, of substantial security holder Pyne Gould Corporation Limited which held 138,827,080 shares as at 30 June 2010.

(6) G Lai and T Xie are associated persons of substantial security holder Agria (Singapore) Pty Limited which holds 144,104,680 shares as at 30 June 2010.

(7) M C Norgate, A E McConnon and J B McConnon are associated persons of and have a beneficial interest in prior substantial security holder Rural Portfolio Investments Limited (in liquidation) and Rural Portfolio Investments Securities Limited (in liquidation).

DIRECTORS' SHARE TRANSACTIONS

The Directors of the Company have notified the Company of the following share transactions between 1 July 2009 and 30 June 2010:

DIRECTOR	TRANSACTION	DATE	NUMBER	PRICE PER SHARE OR TOTAL CONSIDERATION
Sir John Anderson	Beneficial interest in purchase of shares by JA & CM Anderson Family Trust No.2	26 Feb 2001	150,000	$0.62
Sir Selwyn Cushing	Beneficial ownership through allocation to and acceptance of renounceable rights by Sir Selwyn Cushing	3/23 Dec 2009	57,316	$0.45
	Beneficial interest through allocation to and acceptance of renounceable rights by H & G Limited	3/23 Dec 2009	3,123,662	$0.45
	Non beneficial interest through allocation to and acceptance of renounceable rights by PGG Wrightson Employee Benefits Plan Limited, nominee investment company of the PGG Wrightson Employee Benefits Plan	3/23 Dec 2009	3,080,720	$0.45

DIRECTORS' SHARE TRANSACTIONS (CONTINUED)

DIRECTOR	TRANSACTION	DATE	NUMBER	PRICE PER SHARE OR TOTAL CONSIDERATION
M J Flett	Beneficial ownership through allocation to and acceptance of renounceable rights by M F Flett	3/23 Dec 2009	14,495	$0.45
B R Irvine	Associated person interest through allocation to and acceptance of renounceable rights by substantial security holder Pyne Gould Corporation Limited	3/23 Dec 2009	73,496,689	$0.45
G Lai and **T Xie**	Associated person interest in issue of shares to substantial security holder Agria (Singapore) Pty Limited	23 Nov 2009	41,100,000	$0.88
	Associated person interest through allocation to and acceptance of renounceable rights by substantial security holder Agria (Singapore) Pty Limited	3/23 Dec 2009	103,004,680	$0.45
S R Maling	Beneficial ownership through allocation to and acceptance of renounceable rights by S R Maling	3/23 Dec 2009	5,904	$0.45
J B McConnon	Associated person interest in allocation of renounceable rights to substantial security holder Rural Portfolio Investments Limited	3 Dec 2009	97,647,010	
	Associated person interest in on-market sale of renounceable rights by substantial security holder Rural Portfolio Investments Limited	8 Dec 2009	87,017,180	$4,439,519.50
	Associated person interest in on-market sale of renounceable rights by substantial security holder Rural Portfolio Investments Limited	23 Dec 2009	2,204,853	$351,718.47
	Associated person interest in acceptance of renounceable rights by substantial security holder Rural Portfolio Investments Limited	28 Dec 2009	8,424,975	$0.45
	Associated person interest in sale of shares by substantial security holder Rural Portfolio Investments Securities Limited	26 April 2010	48,457,450	$27,136,172
	Associated person interest in transfer of shares by substantial security holder Rural Portfolio Investments Limited to receiver	6 May 2010	46,764,868	
	Associated person interest in disposal of shares by receiver of substantial security holder Rural Portfolio Investments Limited	13 May 2010	46,764,868	$24,317,731.36
T M Miles	Beneficial ownership through allocation of renounceable rights to T M Miles	3 Dec 2009	3,202,992	
	Beneficial ownership through on-market sale of renounceable rights by T M Miles	23 Dec 2009	2,303,322	$0.10
	Beneficial interest through acceptance of of renounceable rights by T M Miles	23 Dec 2009	899,670	$0.45
	Beneficial interest through allocation to and acceptance of renounceable rights by Eastbourne Trust	3/23 Dec 2009	60,252	$0.45

DIRECTORS' SHARE TRANSACTIONS (CONTINUED)

DIRECTOR	TRANSACTION	DATE	NUMBER	PRICE PER SHARE OR TOTAL CONSIDERATION
M C Norgate	Associated person interest in allocation of renounceable rights to substantial security holder Rural Portfolio Investments Limited	3 Dec 2009	97,647,010	
	Associated person interest in on-market sale of renounceable rights by substantial security holder Rural Portfolio Investments Limited	8 Dec 2009	87,017,180	$4,439,519.50
	Associated person interest in on-market sale of renounceable rights by substantial security holder Rural Portfolio Investments Limited	23 Dec 2009	2,204,853	$351,718.47
	Associated person interest in acceptance of renounceable rights by substantial security holder Rural Portfolio Investments Limited	28 Dec 2009	8,424,975	$0.45
	Non-beneficial interest in purchase of PGG Wrightson Limited shares by JF Norgate, DT Norgate & AG Norgate	9 April 2010	10,500	$0.58
	Associated person interest in sale of shares by substantial security holder Rural Portfolio Investments Securities Limited	26 April 2010	48,457,450	$27,136,172
	Associated person interest in transfer of shares by substantial security holder Rural Portfolio Investments Limited to receiver	6 May 2010	46,764,868	
	Associated person interest in disposal of shares by receiver of substantial security holder Rural Portfolio Investments Limited	13 May 2010	46,764,868	$24,317,731.36
K R Smith	Beneficial interest through allocation of renounceable rights to James Raymond Holdings Limited	3 Dec 2009	14,495	
	Beneficial interest through on-market purchase of renounceable rights by James Raymond Holdings Limited	9 Dec 2009	100,000	$0.145
	Beneficial ownership through allocation to and acceptance of renounceable rights by K R Smith	3/23 Dec 2009	9,703	$0.45
	Beneficial interest through allocation to and acceptance of renounceable rights by Gwendoline Holdings Limited	3/23 Dec 2009	14,495	$0.45
	Beneficial interest through acceptance of renounceable rights by James Raymond Holdings Limited	23 Dec 2009	114,495	$0.45
W D Thomas	Beneficial ownership through allocation of renounceable rights to W D Thomas	3 Dec 2009	7,677	
	Beneficial ownership through on-market purchase of renounceable rights by W D Thomas	23 Dec 2009	10,000	$0.10
	Beneficial ownership through acceptance of renounceable rights by W D Thomas	23 Dec 2009	17,677	$0.45
	Beneficial interest through allocation to and acceptance of renounceable rights by the Longbeach Trust	3/23 Dec 2009	12,944	$0.45

DIRECTORS' INDEPENDENCE

The Board has determined that as at 30 June 2010, the following Directors are Independent Directors as defined under the New Zealand Exchange rules:

Sir John Anderson, Sir Selwyn Cushing, K R Smith and W D Thomas

The following Directors are not Independent Directors by virtue of their association with a substantial security holder or by being an Executive Director:

B R Irvine, G A C Gould, G Lai, T Xie and T M Miles – Executive Director

NZX WAIVERS

Two waivers were granted and published by the NZX during the 12 months ending 31 July 2010.

The first was granted in November 2009 from NZSX Listing Rule 9.2.1 to enable:

- the Company to enter into a strategic partnership with Agria Corporation as part of the Company's capital raising initiatives, including Agria and RPI/PGC entering into a rights trading agreement and arrangements to terminate the RPI/PGC shareholders agreement, being a material transaction with a related party, without shareholder approval.
- Firm in relief arrangements to be entered into with existing eligible shareholders of the Company, and the potential placement of any shortfall on the rights issue being a material transaction, without shareholder approval.

As part of the first waiver an NZX ruling was obtained that convertible redeemable notes to be issued to Agria constituted debt securities.

The second was granted to PGG Wrightson Finance Ltd in February 2010 from NZSX Listing Rule 3.5.1 to enable PGG Wrightson Finance Ltd to appoint additional independent directors to its board and pay them directors fees without having to obtain shareholder approval from the Company.

In accordance with the NZSX Listing Rule 10.5.5(f), the full text of these waivers is available on the Company's website at http://www.pggwrightson.co.nz under Company Profile > Media Releases > NZX Releases. These waivers will remain on the Company's website for at least 12 months following publication of this annual report.

DIRECTORS' INDEMNITY AND INSURANCE

In accordance with section 162 of the Companies Act 1993 and the Constitution of the Company, the Company has insured Directors and Executives against liabilities to other parties that may arise from their positions as Directors of the Company, Subsidiaries and Associates. This insurance does not cover liabilities arising from criminal actions and deliberate and reckless acts or omissions by the Directors.

USE OF COMPANY INFORMATION BY DIRECTORS

The Board has implemented a protocol governing the disclosure of Company information to its substantial security holders. In accordance with this protocol and section 145 of the Companies Act 1993, G A C Gould, B R Irvine and S R Maling* had given notice that they may disclose certain information to Pyne Gould Corporation Limited in order to seek, and inform the Board of, its view as to the governance and operation of the Company and in order to enable Pyne Gould Corporation Limited to comply with certain statutory obligations. M C Norgate* and J B McConnon* had given notice that they may disclose certain information to Rural Portfolio Investments Limited* in order to seek, and inform the Board of, its view as to the governance and operation of the Company and in order to enable Rural Portfolio Investments Limited* to comply with certain statutory obligations. G Lai and T Xie have given notice that they may disclose certain information to Agria Corporation Limited in order to seek, and inform the Board of, its view as to the governance and operation of the Company and in order to enable Agria Corporation Limited to comply with certain statutory obligations. Agria Corporation Limited, Pyne Gould Corporation Limited and Rural Portfolio Investments Limited* have signed confidentiality agreements in favour of the Company.

*interest ceased during the year

EMPLOYEE REMUNERATION

Set out below are the numbers of employees of the Company and its subsidiaries who received remuneration and other benefits of $100,000 or more during the year, in their capacity as employees. Amounts paid include the employer's contributions to superannuation funds, retiring entitlements and payments to terminating employees (e.g. long service leave). Redundancy payments are not included. The schedule includes livestock staff who are remunerated on a commission basis and whose remuneration fluctuates materially from year to year.

REMUNERATION RANGE	NUMBER OF EMPLOYEES
$100,000 – $110,000	48
$110,001 – $120,000	38
$120,001 – $130,000	37
$130,001 – $140,000	16
$140,001 – $150,000	16
$150,001 – $160,000	14
$160,001 – $170,000	9
$170,001 – $180,000	5
$180,001 – $190,000	10
$190,001 – $200,000	9
$200,001 – $210,000	6
$210,000 – $220,000	2
$220,000 – $230,000	4
$230,001 – $240,000	3
$240,001 – $250,000	1
$260,001 – $270,000	2
$270,001 – $280,000	3
$280,001 – $290,000	2
$290,001 – $300,000	1
$310,001 – $320,000	1
$320,001 – $330,000	2
$330,001 – $340,000	1
$350,001 – $360,000	3
$370,001 – $380,000	2
$380,001 – $390,000	1
$400,001 – $410,000	1
$430,001 – $440,000	1
$440,001 – $450,000	1
$540,001 – $550,000	1
$630,001 – $640,000	1
$1,610,001 – $1,620,000	1

The Remuneration and Appointments Committee of the Company's Board approves the Group's remuneration policy. The Committee also reviews and recommends to the Board for approval the remuneration of the Managing Director and executives who report directly to the Managing Director.

GENERAL DISCLOSURES

Subsidiary Company Directors

The following persons held the office of Director of the respective subsidiaries during the year. Directors appointed (A) or who resigned (R) during the year are indicated. Staff appointments do not receive Director fees or other benefits as a Director. Unless otherwise indicated, Group ownership is 100%.

LEGAL COMPANY NAME	PGG WRIGHTSON DIRECTORS
New Zealand Companies	
Agricom Limited	J C Dale (A), T M Miles
Agriculture New Zealand Limited	J C Dale (A), T M Miles
Agri-Feeds Limited	J C Dale (A), T M Miles
Forage Innovations Limited (51%)	B R Campbell, D H F Green, W B Griffen, J D McKenzie
PGG Wrightson Consortia Research Limited	J C Dale (A), T M Miles
PGG Wrightson Employee Benefits Plan Ltd	C D Adam, B R Burrough, Sir Selwyn Cushing, J C Dale (A), G R Davis, M R Thomas
PGG Wrightson Employee Benefits Plan Trustee Limited	C D Adam, B R Burrough, Sir Selwyn Cushing, J C Dale (A), G R Davis, M R Thomas
PGG Wrightson Finance Limited	M Allen (Chairman)(A), N Bates (A), J B McConnon (R), Sir Selwyn Cushing (R), M J Flett (R), B R Irvine (A,R), G Lai (A,R), M C Norgate (R), K R Smith (R) M R Thomas(A), W D Thomas, T Xie (A),
PGG Wrightson Funds Management Limited	J C Dale (A), T M Miles
PGG Wrightson Genomics Limited	J C Dale (A), J McKenzie (A), T M Miles
PGG Wrightson Investments Limited	J C Dale (A), T M Miles
PGG Wrightson Real Estate Limited	T M Miles, M R Thomas
PGG Wrightson Seeds Limited	J C Dale (A), T M Miles
PGG Wrightson Trustee Limited	Sir Selwyn Cushing, J C Dale (A), M R Thomas
PGW Corporate Trustee Limited	J C Dale (A), T M Miles
Sheffield Saleyards Co Limited (53.5%)	L Clement, S L Dickson, R F James, W James, F Miller
Wrightson Seeds Limited	J C Dale (A), T M Miles
Australian Companies	
Agricom Australia Pty Limited	J C Dale (A), J D McKenzie, T M Miles, G Wade
AusWest Seeds Pty Limited	J C Dale, M Goddard, J McKenzie, T M Miles, G Wade
PGG Seeds Australia Pty Limited	J C Dale (A), M Goddard, J D McKenzie, T M Miles, G Wade
PGG Wrightson Real Estate Australia Pty Limited	J C Dale (A), A Gilmour , T M Miles, G Wade
PGG Wrightson Seeds (Australia) Pty Limited	J C Dale (A), M Goddard, J D McKenzie, T M Miles, G Wade
Stephen Pasture Seeds Pty Ltd (Australia)	J C Dale (A), M Goddard, J D McKenzie, T M Miles, G Wade
South Amercian Companies	
Afinlux S.A. (51.2%) (Uruguay)	C Miguel de León, R Puente, R Rodriguez
Agrosan S.A. (Uruguay)	J C Dale (A), C Miguel de León, M R Thomas (A)
Alfalfares S.A. (51%) (Argentina)	C Miguel de León, R Moyano
Guarneri y Ghilino Ltda (Uruguay)	Administrator: Idogal S.A.
Hunker S.A. (Uruguay)	B Brook (R), J C Dale (A), C Miguel de León, M R Thomas (A)
Idogal S.A. (51.52%) (Uruguay)	N Guarneri, C Miguel de León, R Puente
Juzay S.A. (Uruguay)	J Dale, C Miguel de León, M R Thomas
Kroslyn S.A. (Uruguay)	B Brook (R), C Miguel de León
Lanelle S.A. (70%) (Uruguay)	F Bachino, C Miguel de León, M R Thomas (A)
NZ Ruralco Participacoes Ltda (Brazil)	H De Boni Junior
PGG Wrightson Uruguay Limited S.A (Uruguay)	C Miguel de León
Romualdo Rodriguez Ltda (Uruguay)	Administrator: Afinlux S.A.
Wrightson Pas S.A. (Uruguay)	B A Brook (R), J C Dale (A), C Miguel de León, J D McKenzie, C Perez (R), M R Thomas

SHAREHOLDER INFORMATION

PGG Wrightson Limited is quoted on the New Zealand Stock Market of NZX Limited (code PGW). As at 31 July 2010, PGG Wrightson Limited had 758,440,543 ordinary shares on issue.

SUBSTANTIAL SECURITY HOLDERS

At 31 July 2010, the following security holders had given notice in accordance with the Securities Markets Act 1988 that they were substantial security holders in the Company. The number of shares shown below are as advised in the substantial security holder notice to the Company and may not be their holding as at 31 July 2010.

SHAREHOLDER	NUMBER OF SHARES	DATE OF NOTICE
AMP Capital Investors (New Zealand) Limited	52,098,695	21 April 2010
Pyne Gould Corporation Limited	138,827,080	23 December 2009
Agria (Singapore) Pte Limited	144,104,680	23 December 2009

TWENTY LARGEST REGISTERED SHAREHOLDERS

The 20 largest shareholders in PGG Wrightson Limited as at 31 July 2010 were:

	SHAREHOLDER	NUMBER OF SHARES HELD	% OF SHARES HELD
1.	Agria (Singapore) Pte Limited	144,104,680	19.00%
2.	Pyne Gould Corporation Limited	138,827,080	18.30%
3.	Accident Compensation Corporation*	30,298,957	3.99%
4.	AMP Investments Strategic Equity Growth Fund*	27,922,946	3.68%
5.	National Nominees New Zealand Limited*	25,401,107	3.35%
6.	New Zealand Superannuation Fund Nominees Limited*	22,349,854	2.95%
7.	Citibank Nominees (New Zealand) Limited *	20,867,828	2.75%
8.	HSBC Nominees (New Zealand) Limited*(A/C 90)	19,369,427	2.55%
9.	NZ Guardian Trust Investment Nominees Limited*	14,871,289	1.96%
10.	HSBC Nominees (New Zealand) Limited* (A/C 45)	13,615,265	1.80%
11.	NZGT Nominees Limited – AIF Equity Fund*	12,137,205	1.60%
12.	Custodial Services Limited (A/C 3)	10,477,796	1.38%
13.	Asteron Life Limited*	9,725,108	1.28%
14.	Tea Custodians Limited*	8,497,823	1.12%
15.	Forsyth Barr Custodians Limited	7,317,295	0.96%
16.	H & G Limited	5,900,251	0.78%
17.	PGG Wrightson Employee Benefits Plan Limited	5,819,138	0.77%
18.	Masfen Securities Limited	5,055,936	0.67%
19.	T M Miles	3,746,774	0.49%
20.	Leveraged Equities Finance Limited	3,188,055	0.42%

* Shares held in the name of New Zealand Central Securities Depository Limited

ANALYSIS OF SHAREHOLDINGS

Distribution of ordinary shares and shareholdings at 31 July 2010 was:

SIZE OF HOLDING	NUMBER OF SHAREHOLDERS	% OF SHAREHOLDERS	NUMBER OF SHARES	% OF SHARES
1 – 499	738	4.72%	214,409	0.03%
500 – 999	2,286	14.64%	1,549,657	0.20%
1,000 – 4,999	5,751	36.82%	14,309,050	1.89%
5,000 – 9,999	2,477	15.86%	16,911,586	2.23%
10,000 – 49,999	3,602	23.06%	75,440,674	9.95%
50,000 – 99,999	465	2.98%	29,896,455	3.94%
100,000 – 499,999	256	1.64%	44,790,206	5.91%
500,000 – 999,999	15	0.10%	9,745,433	1.28%
1,000,000 and over	28	0.18%	565,583,073	74.57%
Total	15,618	100.00%	758,440,543	100.00%

Registered addresses of shareholders as at 31 July 2010 were:

ADDRESS	NUMBER OF SHAREHOLDERS	% OF SHAREHOLDERS	NUMBER OF SHARES	% OF SHARES
New Zealand	15,401	98.61%	611,433,949	80.62%
Australia	110	0.70%	1,230,087	0.16%
Other	107	0.69%	145,776,507	19.22%
Total	15,618	100.00%	758,440,543	100.00%

CORPORATE DIRECTORY

COMPANY NUMBER 142962

BOARD OF DIRECTORS AS AT 30 JUNE 2010

Sir John Anderson, *Chairman (appointed 1 March 2010)*

Tim Miles

Sir Selwyn Cushing

George Gould

Bruce Irvine

Alan Lai

Keith Smith *(retired as Chairman 28 February 2010)*

Bill Thomas

Tao Xie

MANAGING DIRECTOR

Tim Miles

CHIEF FINANCIAL OFFICER

Rob Woodgate

GENERAL COUNSEL/COMPANY SECRETARY

Julian Daly

REGISTERED OFFICE

PGG Wrightson Limited
57 Waterloo Road
PO Box 292
Christchurch 8042
Telephone 64 3 372 0800
Fax 64 3 372 0801

AUDITOR

KPMG
62 Worcester Boulevard
PO Box 1739
Christchurch
Telephone 64 3 363 5600
Fax 64 3 363 5629

SHARE REGISTRY

Computershare Investor Services Limited
Level 2, 159 Hurstmere Road
Takapuna, North Shore City 0622
Private Bag 92119
Auckland 1142

Managing Your Shareholding Online:

To change your address, update your payment instructions and to view your investment portfolio, including transactions, please visit:

www.computershare.co.nz/investorcentre

General enquiries can be directed to:

enquiry@computershare.co.nz

Private Bag 92119, Auckland 1142, New Zealand

Telephone +64 9 488 8777 Facsimile +64 9 488 8787

Please assist our registrar by quoting your CSN or shareholder number.

www.pggwrightson.co.nz