PGG Wrightson

Annual Report 2011

Contents

CALENDAR

Annual Meeting
2 November 2011

Half-year earnings announcement
February 2012

Year-end earnings announcement
August 2012


Helping grow the country

Chairman's Report

2011 KEY EVENTS

- Appointment of George Gould as Managing Director in February 2011 and appointment to new key roles in AgriServices
- Continued expansion of AgriTech businesses in New Zealand, Australia and South America
- Formation of PGG Wrightson Wool as wool brokering business following the unsuccessful capital raise by Wool Partners Co-operative
- Sale of NZ Farming Systems Uruguay and settlement of performance and management fees in December 2010
- Sale of stake in New Zealand Merino to grower owners in June 2011
- Completion of Agria's partial takeover in May 2011

POST YEAR END

- Sale of PGG Wrightson Finance to Heartland New Zealand completed 31 August 2011

Overview and Strategic Direction – Refocusing our core business

2011 was a defining year for the company and marked a continuation of the strategy embarked on in 2010, namely to strengthen our commercial position in our core markets, with a focus on positioning our company to take advantage of global opportunities. Our priority has been to ensure that our people, backed by PGG Wrightson's strong reputation and brand, are best positioned to support the evolving requirements of our client base across both our retail and wholesale markets.

Core businesses remain Grain, Seeds and Agri-feeds through the AgriTech division, and Livestock, Wool, Rural Supplies and Fruitfed through our AgriServices division. Many of these businesses are inter-reliant, and in each case our business model premise is earning margin through quality service to our farmer and producer clients at a competitive price.

This extends to ownership and control of key intellectual property and research and development assets particularly through our proprietary seeds business in New Zealand and Australia.

In addition to management appointments, which are addressed later, key transactions during the year included:

- The sale of NZ Farming Systems Uruguay and settlement of its performance and management fees in December;
- Continued expansion of our AgriTech businesses in New Zealand and Australia and progress in new South American markets including Brazil;
- Re-commitment to our wool broking business in June following the unsuccessful capital raise by Wool Partners Co-operative; and
- The sale of our stake in New Zealand Merino for $7.6 million to grower owners in June.

Immediately after the year end, on the 31st of August 2011, PGG Wrightson completed the divestment of PGG Wrightson Finance to Heartland New Zealand Limited ("Heartland"). We see the completion of this deal as an important milestone for both companies, marking the start of a significant new business relationship between two major supporters of the agriculture sector who together represent a compelling service proposition.

FINANCIAL PERFORMANCE	JUNE 2011 $M	JUNE 2010 $M
Revenue	1,243.4	1,091.4
Earnings before interest, tax, depreciation and amortisation (EBITDA)	49.4	57.2
Results from operating activities	39.3	50.1
(Loss)/Profit for the period	(30.7)	23.3

Financial Performance

The results were considered to be broadly in line with expectations at a trading level. Positive performances from livestock and rural supplies were offset by unseasonal and difficult market conditions experienced, particularly in Australia. Restructuring costs and the impact of the September 2010 Canterbury earthquake further affected results.

Factoring in the revaluation down of PGG Wrightson's wool interests ($18.3 million), supply contract provisions with Silver Fern Farms ($9.6 million) and other one-off adjustments, this translated to a net loss of $30.7 million for the year.

The balance sheet benefited from the receipt of $19.7 million from Olam International Limited in respect of its takeover of NZ Farming Systems Uruguay ("NZS") and by the settlement of amounts owing to PGG Wrightson by NZS amounting to $25.5 million. This combined with the proceeds of the sale of New Zealand Merino of $7.6 million saw bank core debt reduced to $124.5 million (2010: $177.9 million) at 30 June 2011.

People

Our ability to service our clients through recruitment and retention of top agribusiness talent is very much the backbone of our business. Our 'back to basics' approach reinforces this core tenet.

During the year we also acted to improve our responsiveness to client needs by streamlining our management team and providing enhanced 'line of sight' for senior management, both at national and regional level.

There is perhaps no better yardstick to the personality and resilience of an organisation than a natural disaster. With our head office in Christchurch PGG Wrightson employs approximately 450 staff at offices and stores spanning an area from Amberley to Ashburton. We are therefore acutely sensitive to the physical and psychological impact of earthquakes in the region to staff and operations.

On a relative scale PGG Wrightson escaped with minor operational disruption, though the recently commissioned seeds distribution centre at Rolleston sustained substantial damage to its storage racking systems in the September 4 earthquake. More traumatic was the impact on staff of associate company Pyne Gould Corporation Limited, whose building collapsed in the February 22 earthquake with horrific consequences.

We are proud of the manner in which management and staff throughout New Zealand and particularly in Canterbury responded through each of these events.

On behalf of the Board we would also like to acknowledge management's contribution and that of our staff for their unstinting commitment and hard work during a year of significant change.

Outlook

In May 2011 Agria successfully increased its stake in PGG Wrightson to 50.01%. Agria shares the desire to refocus on our core businesses and assist in achieving the full potential of the Group's considerable assets.

With the support of a strong and loyal shareholder base PGG Wrightson is focused on getting the basics right – ensuring that we build on our leading brand and are able to tap into the expertise that we have built up over more than 100 years of providing services and products to New Zealand and international farming businesses.

The Board and Management continue to work towards the goal of long term profitability and sustainable returns on behalf of our shareholders and employees.

John Anderson

Sir John Anderson
Chairman

Managing Director's Review

Overview

The 2011 results tell a story about a company that has taken stock of its position and moved on – not just operationally, but also in the form of one-off write downs and divesting from businesses such as PGG Wrightson Finance and New Zealand Merino where an ownership position is no longer a pre-requisite.

It shows a company that is refocusing on getting the basics right. These results were about the performance of our core businesses, the ones that are the cornerstone of our business. But it is equally our aligned businesses – and these include Real Estate, Irrigation and Pumping, Insurance, Agriculture New Zealand and Livestock Export that hold the potential for substantive growth in the coming years.

We are also awake to the potential opportunities afforded by expanding our Seeds business in core southern hemisphere markets such as Australia and Brazil, and in growth agricultural economies such as China.

With the support of our cornerstone shareholder we are confident that we have created a strong foundation for growth.

We are targeting improved returns in the coming years as our strategy gains momentum.

Strategic activity in the past year

PGG Wrightson Wool

PGG Wrightson's interests in strong wool have, for the last three years, been through its investment in Wool Partners International (WPI), which was established in 2008 with the intention of providing wool growers with the opportunity to invest in the wool business and take ownership of the international marketing and trading of their wool.

This opportunity was put to New Zealand wool growers during the year with a new company, Wool Partners Co-operative Ltd (WPC), which was independent from both PGG Wrightson and WPI, established by a group of wool growers as an independent business whose goal was to raise capital from wool growers and allow them to buy key parts of the WPI business. While receiving strong support from 30% of strong wool growers, this was below the minimum level which WPC required to succeed and consequently, the WPC transaction did not proceed.

Following the unsuccessful capital raise, PGG Wrightson moved to take full ownership of WPI and from 1 July 2011, rebranded the business as PGG Wrightson Wool. Ownership was achieved through PGG Wrightson acquiring the shares in WPI held by its former joint venture partner, Wool Grower Holdings Ltd.

In addition, Wools of New Zealand, which undertakes the international marketing of New Zealand wool, but which is largely funded via a voluntary fee charged to wool growers, is to be transferred to a new grower controlled entity for the benefit of wool growers. Wools of New Zealand essentially operates as a cost neutral operation and this transfer simplifies the overall wool business while providing our grower clients with the opportunity to take more direct control of their international marketing operations.

In keeping with PGG Wrightson Limited's strategy to refocus on core business streams and pursue strategic expansion opportunities 2011 saw the Company complete a number of other key transactions.

NZ Farming Systems Uruguay ("NZS")

In July 2010 PGG Wrightson accepted an offer for its holding of 28.1 million shares (11.5%) in NZS by Singapore based Olam International Limited. PGG Wrightson also received payment from NZS in December in respect of outstanding performance and management fees together with payment for the buyout of the management contract. The amounts paid by NZS were approximately \$20.9 million and \$4.6 million respectively. These funds were applied towards further reducing bank debt. PGG Wrightson is fully committed to its core business in Uruguay, which continues to be an important part of the PGG Wrightson Group operations. PGG Wrightson also remains NZS' preferred supplier for the purchase of farm inputs.

New Zealand Merino ("NZ Merino")

In June 2011 PGG Wrightson confirmed the sale of its 50% shareholding in NZ Merino to Merino Grower Investments Limited for \$7.6 million. The agreement supports the vision of merino growers to determine their own destiny through gaining outright control of NZ Merino while retaining an ongoing logistics agreement with PGG Wrightson.

Continued expansion of our AgriTech businesses in New Zealand and Australia

- The acquisition of Corson, a Gisborne based maize seed business involved in the development, production and marketing of maize increases our product range to include maize seed and is a natural extension of our core capabilities of technological development.
- The acquisition of Keith Seeds, a South Australian based business, builds on our existing presence in South Australia and brings further technical and logistical capability serving to complement both our Australian and International operations. The business is focused around key market segments of:
  - Pasture seed production, marketing of proprietary and commodity Lucerne, and annual Legume products. Keith Seeds exports approximately 40% of all the Lucerne grown in Australia;
  - Food grade pulses (peas, beans, lentils) production, processing and distribution into international markets, primarily Asia; and
  - Seed processing, cleaning and logistics through a new purpose built 4,800m^2 processing facility in Keith.
- The acquisition of Southedge Seeds, based in Queensland Australia, is focused on tropical forage seeds with sales predominantly in Queensland, Northern Territory and northern New South Wales. This transaction supports our strategy of diversifying the geographic and product base of the Australian Seeds business, while holding potential for significant market share growth leveraging our sales channels.

PGG Wrightson Finance ("PWF")

On 13 June 2011 an agreement was entered into between PGG Wrightson and Heartland for the sale of all of the shares in PWF. Effective 31 August 2011, all conditions required for the sale agreement were confirmed and settlement of the sale of PWF to Heartland was completed. The purchase price for the shares was \$99.5 million, representing an amount equal to the adjusted net tangible assets of PWF.

PGG Wrightson has also entered into a distribution agreement whereby Heartland will offer financial products and services to PGG Wrightson's farmer clients. PGG Wrightson will in turn make referrals to Heartland from its network of farmer clients and has granted a license to Heartland to use the PGG Wrightson Finance brand.

PGG Wrightson has established a special purpose vehicle - PGW Rural Capital to hold the loans not taken up by Heartland while they are either restructured and refinanced, or exited.

DIVISIONAL REVIEW

AgriServices

Rural Supplies

Reflecting enhanced spending confidence on the back of commodity price improvements Rural Supplies finished the year with revenue up 5% on the back of increased sales of fertiliser and fuel. This was in spite of a difficult start to the year as discretionary expenditure mirrored continued low farm gate returns. Climatic conditions also worked to the detriment of both drystock and dairy clients, with high lamb mortality in the King Country and Southland followed by a very dry late spring.

The New Year ushered in a rise in farm-gate returns for most sectors. Dairy prices remained firm while confidence and high returns returned to the sheep and beef sector. Lamb prices moved above $120/head for an average 17.5kg lamb and wool prices soared more than 70% year on year.

The result was improved capital spend in categories such as fencing and fertiliser. A very mild autumn also created favourable growing conditions and strong pasture renewal across most regions. This drove sales in core categories such as seeds and AgChem.

Fruitfed Supplies

Following a cold and wet start to the year for horticultural clients across the country, late spring conditions into October delayed client spend. Once this started the season quickly caught up. The advent of PSA in the Bay of Plenty accelerated sales in this region from Christmas. A warm and wet autumn assisted sales of stain removal products in kiwifruit while challenging vegetable growers with delays in onion planting limiting their need for spend.

Factors contributing to an overall positive result included the strong performances against last year in Bay of Plenty and market share gains in the vegetable sector.

Managing Director's Review Continued

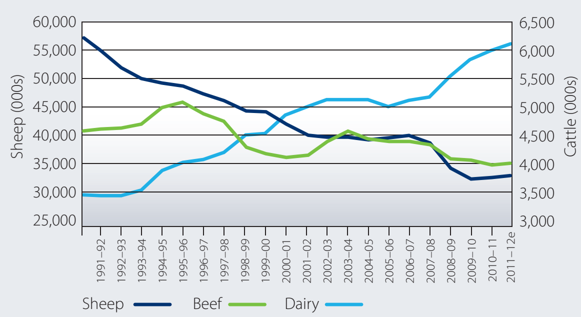
Livestock

Strong demand from meat processors in a climate of tight supply conditions translated to buoyant prices, with both sheep and beef prices achieving record pricing during the latter half of the year and motivating sheep and beef farmers to sell store stock to lock in returns. This resulted in more stock being taken to auction as opposed to being drafted directly by meat processors and exporters. An environment of high prices also saw older capital stock drawn into the market, supporting commission income.

Finishing programmes such as Lambsure and Beefsure saw good growth, reinforcing themselves as important tools in the livestock agents' 'toolbox'. Online livestock trading site AgOnline continues to be New Zealand's only dedicated livestock auction channel, giving customers convenient access to trading opportunities nationwide.

On the export front, PGG Wrightson successfully filled the terms of a live dairy heifer export contract into Vietnam and is evaluating other export opportunities.

Sheep, Beef and Cattle Trend -1990–2011



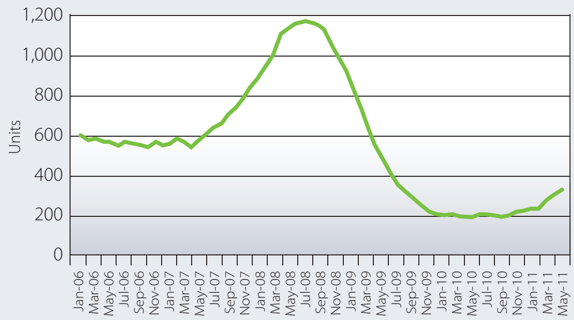
e = estimate
Source: Beef + Lamb New Zealand Economic Service, Statistics New Zealand

Real Estate

Having reached its lowest ebb in October 2010, with only 46 farm sales recorded nationally, a record low in over 16 years of data collection the real estate sector is still running around 900 units sold annually against 2,500 prior to the global financial crisis. However there has been a marked improvement in the area that PGG Wrightson specialises in, 'the economic farm segment', or properties with sale prices over $2.0 million.

The graph to the right illustrates the start of an improvement in this market.

Farm Sales over $2.0M - 2006–2011



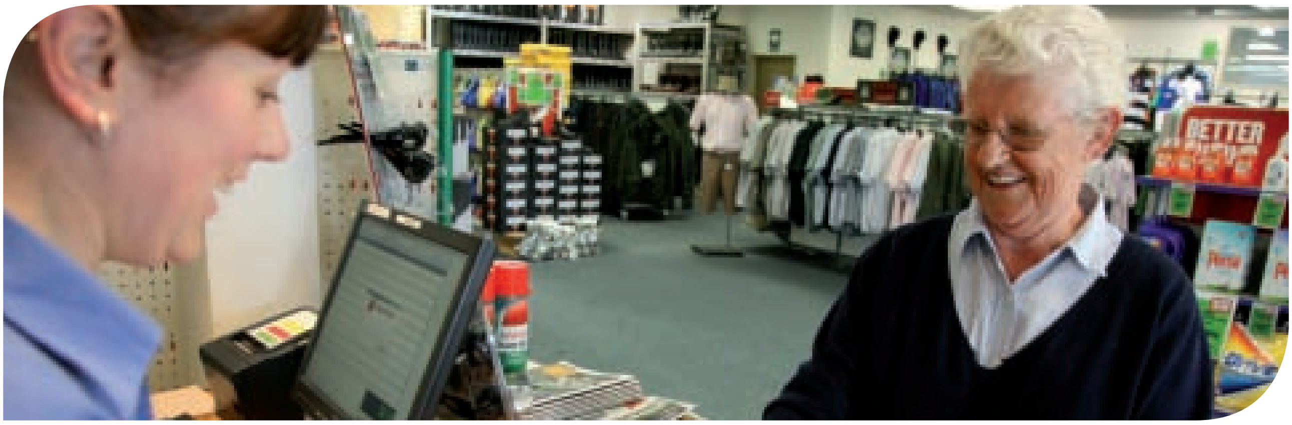
Data Ex REINZ Industry Statistics, Sales >$2.0M – 12 month Running Total

The Real Estate business is focused on having the best salespeople in the market, especially with new demands from new types of buyers. We continue to attract and recruit key salespeople nationally to service our clients. Supporting our staff, who are mostly commission based, through the difficult market has been a major focus as well as supporting them to meet much higher compliance standards due to the introduction of the Real Estate Agents Act.

Looking ahead the PGG Wrightson Real Estate business is well positioned to take advantage of an upturn in the market.

Irrigation and Pumping

The Irrigation and Pumping business traded above budget due to a surge in demand in the latter period of the year. This is as a result of the continued high dairy payout and renewed confidence in on-farm capital expenditure. With an increase in activity from the prior year the focus has been on increasing capacity as well as managing costs. We aim to increase capacity to accommodate continued demand during the current financial year.



Wool

The focus of PGG Wrightson Wool (formerly Wool Partners International or WPI) is on simplifying the business and restoring the underlying profitability of the wool brokering and handling business. Specific changes this year have included the company becoming a wholly owned subsidiary, with the restructuring of the management team and relocation of the management office into the Christchurch wool store, serving to reduce operating costs by around $1 million per year.

The core brokering and handling business continues to be profitable, but in the current season this was offset by losses incurred in the trading business and through one-off costs associated with the capital raise, adjustments as a consequence of PGG Wrightson's full acquisition of the business and consequent restructuring activities.

The wool market saw unprecedented price increases during the past year – with an uplift in prices from August 2010 leading to record prices in March. The trading section of the wool business, unprepared for this uplift, had exposures as a buyer in this market and consequently incurred losses as it had purchased wool at higher prices to satisfy existing sales commitments. Work in the second half of the year has seen a redevelopment of the overall trading business model, with a much greater focus on ensuring trading positions are matched-off as quickly as possible.

Insurance

PGG Wrightson Insurance continues to pursue joint opportunities in the insurance business stream through their networks. Aon New Zealand is part of the global Aon Corporation, a world leader in insurance broking, risk management and associated services.

PGG Wrightson Finance

PGG Wrightson Finance recorded another positive result for the year, albeit with a lower NPAT as the company focused on downsizing and reshaping the asset base in a difficult financial environment. Loan Assets reduced nearly $100 million from $530 million to $434 million in the year as part of a successful liquidity strategy. Deposits held well, increasing from $318 million to $320 million in the year, supported by a strong reinvestment rate and solid inflows of new deposits.

NPAT of approximately $4.5 million was achieved off a lower asset base against a previous year of $8.9 million.

As noted in the Chairman's Report, the sale of PGG Wrightson Finance to Heartland was successfully concluded on 31 August 2011. We look forward to the opportunities provided by the distribution agreement between the two companies, to the benefit of PGG Wrightson clients.

Agriculture New Zealand

In April 2011, Agriculture New Zealand signed an agreement with Aoraki Polytechnic to deliver training on its behalf in the North Island. At a time when many training providers are experiencing reduced funding, it is heartening that we continued to grow our business. In 2011 we will deliver Agricultural and Horticultural Training to about 3,000 New Zealanders, including delivery on behalf of Aoraki, Telford (a division of Lincoln University), Wintec (Waikato) and WITT (Taranaki).

Our Organic Horticulture Programme continues to be one of our most successful programmes with over 350 students enrolling in 2011 compared with 290 in 2010.

Agriculture New Zealand has achieved an excellent result with our 2010 performance being well above average for the Private Training Establishment subsector.

Uruguay

Farming in Uruguay has gone through a process of transformation over the past few years, pushed by high international commodity and agricultural product pricing. The entry of investment groups and companies into the farming mix has seen additional investment in on-farm infrastructure such as irrigation and additional expenditure on supplies.

Reflecting this growth trend our livestock and real estate company Romualdo Rodriguez reported an increase of 28% in livestock revenues for the year on the back of improved tallies and higher international meat prices. The company has also increased its market share, partially driven by Live Screen Auctions - currently the biggest livestock trading platform in Uruguay.

PGG Wrightson has an interest in the newly formed Di Santi Romualdo, a dairy livestock export business. The company successfully fulfilled a livestock export deal to China for 4,390 heifers and future direct exports to China are in the pipeline.

The irrigation business, Riegoriental, completed its second successful year selling 17 pivots in a country where irrigation is still underdeveloped. Producers are showing an increasing interest on this type of investment and we see tremendous potential for this business stream.

DIVISIONAL REVIEW

AgriTech

Seeds

The Canterbury earthquakes had a disruptive impact on the operations of the New Zealand Seeds business. Our new distribution centre at Rolleston had recently been commissioned and was in the process of being stocked at the time of the September earthquake. The building itself came through the earthquake well, but much of the pallet racking collapsed causing damage to seeds and disruption to distribution over the early part of the season. Subsequently we increased external storage costs due to the limited availability of the Rolleston facility.

The Australian Seed business was considerably impacted by an unusually wet year following a number of years of drought. The net result has seen reduced demand as farmers were unable to get onto pastures to re-sow due to sodden ground, or there is an abundance of grass growth reducing the need to re-pasture.

The South American business had a good trading year with the result meeting expectations. In Uruguay, early year sales were adversely affected by very wet conditions and as a consequence there were reduced wheat and barley plantings. Offsetting this was excellent pasture seed sales driven by high commodity prices. We are placing an increased focus on pasture seed category as the prospects for pastoral farming improve in that market category. The developing Brazil business met all of its goals for the year with an increased number of cultivar registrations and the building of strategic alliances with government and research organisations.

During the year our Uruguay business launched a Joint Venture company with Argentine Cooperative Association (ACA) to import and distribute domestic fertiliser. ACA is one of the biggest fertiliser companies in the region and provides the experience and supply chain access to significantly increase our market share in South America.

International trading conditions improved as the year progressed from an in-market price perspective. While the strong NZ dollar challenged returns, the International Seed business has taken advantage of the improved trading climate and exceeded expectations for the year on the back of increased sales to Europe of commodity and proprietary grass seed.

Grain

PGG Wrightson Grain operates throughout New Zealand, providing products and services to arable growers, livestock and dairy farmers and food and feed manufacturers. Key business activities include cereal plant breeding, cultivar product development and seed sales, agronomic and crop production research and maize and cereal crop procurement, processing and supply. The business performed well throughout the year with highlights including strong sales of cereal planting seed during both spring and autumn seasons, the successful introduction of new wheat and triticale cultivars to the market and completion of an additional maize grain storage facility in the Waikato.

Nutrition

Agri-feeds is the leading importer of cane molasses as a liquid feed supplement for dairy farming in New Zealand. The company performed well for the year, increasing overall volume by 18% from the prior year and strategically, achieving a doubling of value added liquid feeds sales. Molasses is a first half of the financial year product and demand is driven by the Fonterra advance payout.

Agri-feeds made good progress with the ongoing rollout of RumenX, a new calf rearing system from Argentina. Volume continued to grow and the first year of a 'whole of life' dairy calf trial was completed with AgResearch. Agri-feeds also own Time Capsule, a treatment for facial eczema in dairy, beef and sheep in the North Island.

Looking Forward

A critical ingredient of our 'back to basics' approach is ensuring that our business is both attentive and responsive to the evolving requirements of our rural clients.

In that regard there are some positive trends emerging. Relationships between our clients and staff reflect increasing confidence that we are on the right track. While we have identified some areas that need improvement, we are seeking constant improvement through initiatives such as leadership and sales training in order to better engage with our clients.

As a final comment, I can't overstate the commitment and dedication of our staff during a year that presented often challenging and difficult working conditions. It speaks volumes for the culture and personality of our business and certainly augurs well for the future.

George Gould
Managing Director

PGG Wrightson Turf was the sole supplier of turf surface for the development phase of the Forsyth Barr Stadium in Dunedin, which opened in time for the 2011 international rugby games. The Turf division is New Zealand's leading supplier of seed, fertiliser, agrichemical and equipment to councils, golf courses, major stadia (both in New Zealand and Australia), bowls greens, landscape and environmental markets.

Photo: Darcy Schack, JAM Photographics.

PGG Wrightson Seeds' new 7,200 m^2 seed storage, coating and mixing plant in Rolleston is built to minimise impact on the environment. The structure has adopted an innovative water catchment system that utilises a swale to capture rain water off the roof and the 1,500m^2 canopy, recycling it back into the system for plumbing and for landscaping purposes.

Sustainability Report

Corporate Social Responsibility

The current global marketplace constantly reinforces the inherent value that exists in being an active corporate citizen, balancing interests of stakeholders in a way that contributes tangibly to the long term growth of our country's economy.

As a company PGG Wrightson also strives to position itself to attract and retain the best talent available to us. This ethos 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 clients and the communities within which we operate. PGG Wrightson is proud of the role it plays in the community, through initiatives such as the IHC Calf & Rural Scheme, which annually raises more than $1 million for our communities and through regional drought support. We are also proud of the success of the PGG Wrightson Cash for Communities programme which this year raised more than $82,000 for funding community schools and deserving organisations such as the IHC, St John and the Christchurch Earthquake fund.

We recognise our responsibility as a leading rural services provider to play our part in rural education and supporting sustainable farm practices. In that regard we are also a firm supporter of the Environmental Awards Trust initiative and National Farm Environment Awards which promote a balance between farm prosperity and environmental best practice on farm.

This year PGG Wrightson also launched its Seminar Series, a road show of free forums aimed at sharing leading research and knowledge with Sheep & Beef and Dairy farming clients around the country. The inaugural series of 11 seminars attracted more than 1,000 farmer clients and the feedback was overwhelmingly positive.

Community engagement is also at the heart of the PGG Wrightson National Shearing Round which we have sponsored for more than 25 years, and the annual Ahuwhenua Trophy / BNZ Maori Excellence in Farming programme, which acknowledges and celebrates business excellence in New Zealand's pastoral sector. It is also why we support the

Young Horticulturalist of the Year awards which aim to inspire and acknowledge the talents of young people employed in the horticultural industry and the national Silver Secateurs Grape Vine pruning competition, which recognise prudent vine management practice – an integral part of the production of quality New Zealand wines.

PGG Wrightson is supporting a nationwide campaign to clean up Rural New Zealand in preparation for international rugby games in 2011, assisting with the distribution of bags via PGG Wrightson stores to help with the clean-up of rural roads.

All of these have a common thread; they support a healthy and vibrant rural sector, helping to assure there is a future for New Zealand's farming family for generations to come.

Measurement

During the first quarter of 2011 PGG Wrightson, with the assistance of sustainability specialists Green Fox Ltd, developed an emissions reporting package built on data compiled both in-company and from external suppliers.

We are measuring our emissions from fleet vehicles, rental vehicles, air travel, taxis, accommodation, electricity and reticulated gas. In the year ending June 2011, total fleet emissions dropped by 7.6% year on year. This resulted from a reduction in the size of the fleet and move away from petrol powered vehicles. On average, the monthly CO^2 output per vehicle dropped by 8kg.

The procurement team for non-merchandise products and services now include corporate social responsibility factors in the criteria for supplier selection. Also, as part of their quarterly KPI reporting, suppliers are asked to report on relevant sustainability factors. For example, Corporate Express report on the quantity and type of items we purchase from their Earthsaver range of stationery items.

The environment and ETS

PGG Wrightson is a foundation partner in the Pastoral Greenhouse Gas Research Consortium which is investing in greenhouse gas mitigation science and options for the benefit of New Zealand livestock farmers.

New Zealand faces a challenge in implementing appropriate mechanisms for mitigating the production of greenhouse gases and passing on its obligations under the Kyoto protocol to sectors of the economy.

As part of the global community, PGG Wrightson supports efforts to mitigate the reduction of greenhouse gases and believes that to protect New Zealand farmers - some of the most efficient producers in the world - a common global approach is required. We are not convinced that any further costs should be imposed on the New Zealand farming sector in the absence of a similar cost structure within our major global competitors.

Board of Directors 2011

Sir John Anderson

KBE

Chairman

Sir John is currently Chairman of Television New Zealand, the New Zealand Venture Investment Fund, the Wellington Regional Strategy Committee and NPT Limited. He serves as a Director on the Board of the Commonwealth Bank of Australia.

Sir John was formerly Chief Executive of the ANZ National Bank until his retirement in 2005. He had held advisory and governance roles for successive governments through the 1980s and 1990s.

George Gould

LLB

Managing Director

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

Sir Selwyn Cushing

KNZM, CMG, FCA

Sir Selwyn was appointed to the Wrightson Limited Board in March 2005 following the acquisition of Williams & Kettle Limited, 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 Limited, New Zealand Rural Properties Trust Management Limited and Skellerup Holdings Limited. He has been a member of the New Zealand Exchange for 30 years and has been involved with many corporate investment projects.

Bruce Irvine

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

Bruce was appointed to the PGG Wrightson Limited Board in June 2009 and is Chairman of the Audit Committee. Bruce is also a Director of Pyne Gould Corporation Limited and its subsidiaries. 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 Limited, House of Travel Holdings Limited, Godfrey Hirst NZ Limited, Heartland New Zealand Limited, Market Gardeners Limited, Rakon Limited, Scenic Circle Hotels Limited and Skope Industries Limited.

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 and is a member of Agria's Remuneration Committee. Alan is the sole Director of Brothers Capital Limited, which is Agria's largest shareholder. Alan is the Chairman of the Board of Directors and a member of the nomination committee of China Pipe Group Limited, a Hong Kong-listed company that manufactures construction and energy related pipes in Asia. His wholly-owned investment vehicle, Singapore Zhongxin Investment Co Limited, is the largest controlling shareholder of China Pipe Group Limited. Alan is also the Deputy Chairman of Commerce of Chamber in Shenzhen, China.
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 Limited in June 2004.

Keith is a chartered accountant specialising in Directorships. He is Chairman of Tourism Holdings Limited and Goodman NZ Limited, Deputy Chairman of The Warehouse Limited, and a Director of Mighty River Power Limited and a number of private companies. He is a Past President of The New Zealand Institute of Chartered Accountants.

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 became a Director of Pyne Gould Guinness Limited in 1995.

Tao Xie (XT)

Bachelors Degree

XT is the Chief Executive Officer / Director of Agria Corporation, the majority shareholder in PGG Wrightson Limited.

XT 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.

Leadership Team

Cedric Bayly

General Manager
PGG Wrightson Wool

A doyen of the Wool industry, Cedric was appointed as GM: PGG Wrightson Wool in early August 2011. Most recently he was the national manager of Elders Primary Wool and for nine years was GM Wool at Williams & Kettle, one of the main components of the PGG and Wrightson merger in 2005.

Julian Daly

General Counsel &
Company Secretary

Appointed to the leadership team in July 2010, Julian is a former General Counsel for DB Breweries and has previously worked for law firms in the Middle East and New Zealand. He is responsible for the legal affairs of the Group and is involved in a range of transactions including the capital raising, takeover offers and the recent sale of PGG Wrightson Finance to Heartland New Zealand.

Stephen Guerin

General Manager
Rural Supplies and Fruitfed

Stephen is the former GM Fruitfed Supplies where he spent 23 years in various roles. He was appointed GM Rural Supplies and Fruitfed Supplies in May 2011. He is responsible for all aspects of the Rural Supplies and Fruitfed Supplies retail businesses.

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 2001 he was appointed as GM for this business and was responsible for the growth of the seeds operation. In 2005 he was appointed as GM South America and as Group GM South America in 2009. He is responsible for running the AgriServices part of the business in South America.

John McKenzie

Group General Manager
AgriTech

John was the founder of specialist proprietary forage seed company Agricom Limited which was purchased by Pyne Gould Guinness in July 2005. He has reporting to him the businesses in New Zealand, Australia, South America and the International Seeds Group, together with R&D, production, Turf and Grain.

Nigel Thorpe

General Manager
Livestock

Nigel was appointed as GM Livestock in May 2011. He is a 30-year veteran in stock and station businesses and has held various livestock management roles with PGG Wrightson both in New Zealand and Australia, where he was GM Livestock and Real Estate. He held the position of beef supply chain manager, South Island, from 2009.

Rob Woodgate

Chief Financial Officer

Formerly the Group Financial Controller, Rob was appointed as CFO in August 2010. He has been intimately involved in a number of high profile transactions, having worked on the capital raise, takeover and sale of assets. He is responsible for the management of the Group's shared services which includes accounting, treasury, audit, HR, IT, property and procurement. Rob has held a number of senior finance roles in New Zealand and the UK.

Regional Team

Store type key

- PGG Wrightson store
- PGG Wrightson & Fruitfed store(s)
- Fruitfed store

* Store placement and region lines are an indication only - map details are not to scale.

Northland

Regional Manager
Robert McLean

Retail Manager
Aaron Gravatt

Bay of Plenty

Regional Manager
Richard Weightman

Retail Manager
Tim Smith

Waikato

Regional Manager
Grant Higgins

Retail Manager
Jamie Urwin

Manawatu/Taranaki

Regional Manager
Matt Langtry

Retail Manager - Manawatu
Matt Langtry

Retail Manager - Taranaki
Richard Bell

East Coast

Regional Manager
Tom Mowat

Retail Manager
Tim Smith

Wairarapa/Tasman

Regional Manager
Duncan Fletcher

Retail Manager - Wairarapa
Matt Langtry

Area Manager - Tasman
Hugh Murchison

Canterbury

Regional Manager
Chris Adam

Retail Manager
Brian McCutcheon

Mid/South Canterbury

Regional Manager
Chris Adam

Retail Manager
Brian McCutcheon

Otago

Regional Manager
Grant Edwards

Retail Manager
Mike Kwiat

Southland

Regional Manager
John O'Neill

Retail Manager
Graeme Lemin

Directors' Responsibility Statement

FOR THE YEAR ENDED 30 JUNE 2011

The Directors are responsible for ensuring that the financial statements give a true and fair view of the financial position of PGG Wrightson as at 30 June 2011 and the financial performance and cash flows for the year ended on that date.

The Directors consider that the financial statements of PGG Wrightson 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 PGG Wrightson 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 97 for the year ended 30 June 2011.

For and on behalf of the Board.

Sir John Anderson
Chairman

George Gould
Managing Director

Corporate Governance Code

1. Introduction

1.1 The Board of PGG Wrightson 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. 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 Investors Centre > 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.

2.3 The Board has also adopted a Fraud Prevention and Management Policy.

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 eight 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 three 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 13 times in the year ended 30 June 2011. Directors also meet on other occasions for strategic planning and hold conference calls as required.

4. Director 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.

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 Investors Centre > 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 6 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; and
- Overseeing matters relating to the values, ethics and financial integrity of the Group.

Until 31 August 2011, the Audit Committee was responsible for providing audit oversight of PGG Wrightson Finance Ltd, and was 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 attended 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 Investors Centre > Governance.

In 2010 the members of the Remuneration and Appointments Committee were G A C Gould (Chairman to 31 January 2011), T Xie and Sir John Anderson. Since the appointment of G A C Gould as Managing Director, the Remuneration and Appointments Committee has consisted of the remainder of the Board, chaired by 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; and
- To review succession planning and senior management development plans.

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 Investors Centre > 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 Investors Centre > 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; and
- 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 2011 $000	GROUP 2010 $000	COMPANY 2011 $000	COMPANY 2010 $000
Continuing operations					
Operating revenue	4,5	1,243,407	1,091,406	740,095	676,403
Cost of sales		(967,210)	(827,166)	(595,273)	(526,077)
Gross profit		276,197	264,240	144,822	150,326
Other income	6	973	21	6,063	6,726
Employee benefits expense		(130,794)	(119,504)	(80,088)	(76,886)
Research and development		(4,861)	(3,630)	(1)	(12)
Other operating expenses	7	(92,085)	(83,956)	(58,362)	(60,224)
		(226,767)	(207,069)	(132,388)	(130,396)
EBITDA		**49,430**	**57,171**	**12,434**	**19,930**
Depreciation and amortisation expense		(10,124)	(7,057)	(6,338)	(4,817)
Results from continuing operating activities		**39,306**	**50,114**	**6,096**	**15,113**
Equity accounted earnings of associates	8	789	1,959	–	–
Non operating items	9	(22,029)	(1,041)	18,838	(1,337)
Fair value adjustments	10	(25,764)	7,376	(15,133)	4,701
Profit/(loss) from continuing operations before interest and income taxes		(7,698)	58,408	9,801	18,477
Net interest and finance costs	11	(28,087)	(36,462)	(25,174)	(14,870)
Profit/(loss) from continuing operations before income taxes		(35,785)	21,946	(15,373)	3,607
Income tax (expense)/income	12	585	(6,604)	(3,095)	102
Profit/(loss) from continuing operations		(35,200)	15,342	(18,468)	3,709
Discontinued operations					
Profit/(loss) from discontinued operations (net of income taxes)	13	4,533	7,962	–	(971)
Profit/(loss) for the year		**(30,667)**	**23,304**	**(18,468)**	**2,738**

STATEMENT OF COMPREHENSIVE INCOME CONTINUED

FOR THE YEAR ENDED 30 JUNE

	NOTE	GROUP 2011 $000	GROUP 2010 $000	COMPANY 2011 $000	COMPANY 2010 $000
Other comprehensive income/(loss)					
Foreign currency translation differences for foreign operations		2,678	(3,890)	–	–
Effective portion of changes in fair value of cash flow hedges		(513)	(2,991)	–	–
Defined benefit plan actuarial gains / (losses)		648	(4,106)	648	(4,106)
Deferred tax on movement of actuarial gains / (losses) on employee benefit plans		(194)	1,054	(194)	1,054
Other comprehensive income/(loss) for the period, net of income tax		2,619	(9,933)	454	(3,052)
Total comprehensive income/(loss) for the period		**(28,048)**	**13,371**	**(18,014)**	**(314)**
Profit/(loss) attributable to:					
Shareholders of the Company		(31,648)	22,670	(18,468)	2,738
Non-controlling interest		981	634	–	–
Profit/(loss) for the year		**(30,667)**	**23,304**	**(18,468)**	**2,738**
Total comprehensive income/(loss) attributable to:					
Shareholders of the Company		(28,996)	12,724	(18,014)	(314)
Non-controlling interest		948	647	–	–
Total comprehensive income/(loss) for the year		**(28,048)**	**13,371**	**(18,014)**	**(314)**
Earnings/(loss)per share					
Basic earnings per share (New Zealand Dollars)	14	(0.04)	0.04		
Continuing operations					
Basic earnings per share (New Zealand Dollars)	14	(0.05)	0.03		

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 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, net of tax	–	–	–
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			
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**
Balance at 1 July 2010	640,174	(1,243)	27,977
Total comprehensive income for the period			
Profit or loss	–	–	–
Other comprehensive income			
Reclassification to retained earnings	–	–	1,550
Foreign currency translation differences	–	(1,566)	894
Effective portion of changes in fair value of financial instruments	–	–	–
Defined benefit plan actuarial gains and losses, net of tax	–	–	–
Total other comprehensive income	–	(1,566)	2,444
Total comprehensive income for the period	–	(1,566)	2,444
Transactions with shareholders, recorded directly in equity			
Contributions by and distributions to shareholders			
Interest on convertible redeemable notes	–	–	–
Dividends to shareholders	–	–	–
Total contributions by and distributions to shareholders	–	–	–
Changes in ownership interests in subsidiaries			
Initial recognition of non-controlling interest	–	–	–
Total changes in ownership interests in subsidiaries	–	–	–
Balance at 30 June 2011	**640,174**	**(2,809)**	**30,421**

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
	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**
	790	2,277	(12,664)	(375)	(23,216)	1,750	635,470
	–	–	–	–	(31,648)	981	(30,667)
	–	(993)	–	375	(932)	–	–
	(145)	–	–	–	3,528	(33)	2,678
	–	(513)	–	–	–	–	(513)
	–	–	454	–	–	–	454
	(145)	(1,506)	454	375	2,596	(33)	2,619
	(145)	(1,506)	454	375	(29,052)	948	(28,048)
	–	–	–	–	(2,762)	–	(2,762)
	–	–	–	–	–	(319)	(319)
	–	–	–	–	(2,762)	(319)	(3,081)
	–	–	–	–	–	–	–
	–	–	–	–	–	–	–
	645	**771**	**(12,210)**	**–**	**(55,030)**	**2,379**	**604,341**

STATEMENT OF CHANGES IN EQUITY CONTINUED

FOR THE YEAR ENDED 30 JUNE

	SHARE CAPITAL $000	REALISED CAPITAL AND OTHER RESERVES $000	HEDGING RESERVE $000
COMPANY			
Balance at 1 July 2009	408,850	24,542	993
Total comprehensive income for the period			
Profit or loss	–	–	–
Other comprehensive income			
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			
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**	**993**
Balance at 1 July 2010	640,174	24,542	993
Total comprehensive income for the period			
Profit or loss	–	–	–
Other comprehensive income			
Reclassification to retained earnings	–	–	(993)
Defined benefit plan actuarial gains and losses, net of tax	–	–	–
Total other comprehensive income	–	–	(993)
Total comprehensive income for the period	–	–	(993)
Transactions with shareholders,recorded directly in equity			
Contributions by and distributions to shareholders			
Interest on convertible redeemable notes	–	–	–
Total contributions by and distributions to shareholders	–	–	–
Balance at 30 June 2011	**640,174**	**24,542**	**–**

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

	DEFINED BENEFIT PLAN RESERVE $000	FAIR VALUE RESERVE $000	RETAINED EARNINGS $000	TOTAL EQUITY $000
	(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
	(12,664)	**(375)**	**(31,176)**	**621,494**
	(12,664)	(375)	(31,176)	621,494
	–	–	(18,468)	(18,468)
	–	375	618	–
	454	–	–	454
	454	375	618	454
	454	375	(17,850)	(18,014)
	–	–	(2,761)	(2,761)
	–	–	(2,761)	(2,761)
	(12,210)	**–**	**(51,787)**	**600,719**

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE

	NOTE	GROUP 2011 $000	GROUP 2010 $000	COMPANY 2011 $000	COMPANY 2010 $000
ASSETS					
Current					
Cash and cash equivalents	15	216	24,246	–	7,074
Short-term derivative assets	16	5,357	4,483	2,982	3,414
Trade and other receivables	17	230,055	208,510	360,784	364,401
Finance receivables	18	–	419,857	–	–
Income tax receivable		551	6,637	–	10,826
Assets classified as held for sale	19	509,350	44	560	44
Biological assets	20	25,367	23,029	25,367	23,029
Inventories	21	230,260	218,260	48,233	51,375
Total current assets		1,001,156	905,066	437,926	460,163
Non-current					
Long-term derivative assets	16	746	1,157	95	149
Finance receivables	18	–	110,262	–	–
Biological assets	20	198	184	198	184
Deferred tax asset	22	8,003	8,410	1,966	2,127
Investment in subsidiaries	23	–	–	119,502	104,627
Investments in equity accounted associates	24	168	3,759	126	2,266
Other investments	25	10,663	85,378	519	31,817
Intangible assets	26	333,909	335,506	293,414	304,551
Property, plant and equipment	27	94,183	77,160	45,474	51,766
Total non-current assets		447,870	621,816	461,294	497,487
Total assets		**1,449,026**	**1,526,882**	**899,220**	**957,650**

STATEMENT OF FINANCIAL POSITION CONTINUED

AS AT 30 JUNE

	NOTE	GROUP 2011 $000	GROUP 2010 $000	COMPANY 2011 $000	COMPANY 2010 $000
LIABILITIES					
Current					
Bank overdraft	15	–	–	2,564	–
Debt due within one year – PGW	15	52,194	23,809	11,000	–
Short-term derivative liabilities	16	2,674	1,704	2,088	1,555
Accounts payable and accruals	28	222,513	226,156	133,561	135,315
Income tax payable		–	–	445	–
Liabilities classified as held for sale	19	417,198	–	–	–
Finance current liabilities		–	361,292	–	–
Total current liabilities		694,579	612,961	149,658	136,870
Non-current					
Long-term debt – PGW	15	124,500	177,868	124,500	177,855
Long-term debt – PWF	15	–	21,000	–	–
Long-term derivative liabilities	16	821	3,049	770	2,970
Other long-term provisions	28	7,815	1,563	6,603	255
Finance term liabilities		–	56,765	–	–
Defined benefit liability	29	16,970	18,206	16,970	18,206
Total non-current liabilities		150,106	278,451	148,843	199,286
Total liabilities		844,685	891,412	298,501	336,156
EQUITY					
Share capital	30	640,174	640,174	640,174	640,174
Reserves	30	16,818	16,762	12,333	12,496
Retained earnings	30	(55,030)	(23,216)	(51,788)	(31,176)
Total equity attributable to shareholders of the Company		601,962	633,720	600,719	621,494
Non-controlling interest		2,379	1,750	–	–
Total equity		604,341	635,470	600,719	621,494
Total liabilities and equity		**1,449,026**	**1,526,882**	**899,220**	**957,650**

These consolidated financial statements have been authorised for issue on 29 August 2011.

Sir John Anderson
Chairman

George Gould
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 2011 $000	GROUP 2010 $000	COMPANY 2011 $000	COMPANY 2010 $000
Cash flows from operating activities					
Cash was provided from:					
Receipts from customers		1,278,524	1,144,437	723,963	660,042
Dividends received		3,628	495	3,371	5,968
Interest received		61,240	69,938	5,822	9,929
		1,343,392	1,214,870	733,156	675,939
Cash was applied to:					
Payments to suppliers and employees		(1,282,016)	(1,083,573)	(728,952)	(633,139)
Interest paid		(47,564)	(76,296)	(16,972)	(14,627)
Income tax paid		(8,894)	(11,657)	(6,160)	(8,000)
		(1,338,474)	(1,171,526)	(752,084)	(655,766)
Net cash flow from operating activities	31	**4,918**	**43,344**	**(18,928)**	**20,173**
Cash flows from investing activities					
Cash was provided from:					
Proceeds from sale of property, plant and equipment		440	11,682	1,655	10,787
Net decrease in finance receivables		83,252	25,053	–	4,470
Proceeds from sale of investments		56,179	57	6,784	157
		139,871	36,792	8,439	15,414
Cash was applied to:					
Purchase of property, plant and equipment		(4,270)	(10,521)	(1,491)	(2,477)
Purchase of intangibles (software)		(896)	(2,079)	(88)	(1,859)
Cash paid for purchase of investments		(11,718)	(5,810)	(4,748)	(34,045)
		(16,884)	(18,410)	(6,327)	(38,381)
Net cash flow from investing activities		122,987	18,382	2,112	(22,967)

STATEMENT OF CASH FLOWS CONTINUED

FOR THE YEAR ENDED 30 JUNE

	NOTE	GROUP 2011 $000	GROUP 2010 $000	COMPANY 2011 $000	COMPANY 2010 $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 external borrowings		11,000	21,000	11,000	–
Loans to related parties		–	1,322	–	21,009
Repayment of loans by related parties		145	–	53,758	–
Increase in secured debentures		16,892	26,531	–	–
		28,037	288,524	64,758	260,681
Cash was applied to:					
Dividends paid to minority interests		(319)	–	–	–
Interest paid on convertible redeemable notes		(2,762)	(1,249)	(2,762)	(1,249)
Repayment of bonds		(7,458)	(25,233)	–	–
Net decrease in clients' deposit and current accounts		(15,826)	(12,214)	–	–
Finance facility fees		(2,557)	(8,444)	(1,463)	(5,537)
Repayment of external borrowings		(79,433)	(324,863)	(53,355)	(276,110)
		(108,355)	(372,003)	(57,580)	(282,896)
Net cash flow from financing activities		(80,318)	(83,479)	7,178	(22,215)
Net (decrease)/increase in cash held		47,587	(21,753)	(9,638)	(25,009)
Opening cash/(bank overdraft)		24,246	45,999	7,074	32,083
Cash and cash equivalents		71,833	24,246	(2,564)	7,074
Comprises:					
PGG Wrightson Finance Limited	13	71,617	9,277	–	–
Rest of the Group	15	216	14,969	(2,564)	7,074
		71,833	24,246	(2,564)	7,074

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 2011 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 the IASB, as applicable for profit oriented entities.

These statements were approved by the Board of Directors on 29 August 2011.

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
33	Classification and valuation of financial instruments
34	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
19	Carrying value of assets held for sale
20	Valuation of Biological Assets
21	Valuation of Seeds inventory
23	Business combinations determination of fair value
26	Goodwill impairment assessment and measurement of cash generating unit recoverable amounts
28	Provisions and contingencies
29	Measurement of defined benefit obligations
38	Measurement of share based payments

3 SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Consolidation

Subsidiaries

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

Associates 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.

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 Other Comprehensive Income and 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.

Trade and Other Receivables

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

Interest-bearing Borrowings

Interest-bearing borrowings are classified as other financial liabilities and are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest rate method.

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.

(e) 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.

(f) 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.

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.

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. Buildings are 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.

(g) 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 profit or loss 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 or loss as incurred. Development costs of seed cultivars are substantially indistinguishable from the cultivar research costs.

(h) 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 statement of financial position. Amounts payable under operating lease arrangements are recognised in profit or loss.

(i) 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.

(j) 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.

(k) Impairment

The carrying value of the Group's assets are reviewed at each reporting 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 profit or loss unless the asset is carried at a revalued amount in accordance with another standard.

Impairment of Equity Instruments

The Group assesses at each reporting 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 profit or loss.

Impairment of 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 receivables 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.

In determining the fair value using value in use thought is given to external market evidence. A significant market transaction should be considered when determining the value in use.

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.

(l) 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 other comprehensive income and the defined benefit plan reserve 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.

(m) 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.

(n) 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.

(o) 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.

(p) 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.

(q) 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 assets at the reporting date. The market price of biological assets intended for export is determined by recent transactions in the market place. The fair value of biological assets intended for domestic processing is determined by applying the market price of stock weight offered by meat processors to the stock weight at the reporting date.

Stock counts of livestock quantities are performed by the Group at each reporting date.

Investments in equity

The fair value of financial assets at fair value through profit or loss and available-for-sale financial assets is determined by reference to the market price, unless other objective reliable evidence suggests a different value. 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 broker quotes, if available. If broker quotes are not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price at the reporting date 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.

(r) 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.

(s) 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 2011, and have not been applied in preparing these consolidated financial statements. None of these standards are expected to have a significant impact on these financial statement except for:

- NZ IFRS 9 *(2009) 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 could change the classification and measurement of financial assets. The Group does not plan to adopt these standards early and the extent of the impact has not yet been determined.
- IFRS 9 *(2010) Financial Instruments* has also been issued. This standard adds the requirements related to the classification and measurement of financial liabilities and derecognition of financial assets and liabilities to the version issued in 2009. It also includes details on how to measure fair value. The Group does not plan to adopt these standards early and the extent of the impact has not yet been determined.
- 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. AgriServices is further separated into three 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.
- *Other AgriServices*. Includes Insurance, Real Estate, Irrigation and Pumping, Wool, AgNZ (training and consulting), South American activities to supply products and services into the Uruguayan rural services industry and Regional Admin.
- *AgriTech*. Includes Seed and Grain (research and development, manufacturing and distributing forage seed, turf 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.

During 2010 the Group undertook a restructuring which resulted in the alignment of the business into two primary groupings of AgriServices and AgriTech. These groupings represented the Group's view of how future trading was best grouped. Additional minor changes to the alignment has occurred in the year ended 30 June 2011. Comparative information has been re-presented so that it conforms with the realignment. An additional restatement to the comparatives for the year ended 30 June 2011 has been made in respect of the conditional sale of PGG Wrightson Finance Limited and its reclassification to discontinued operations. Other non-segmented amounts relate to certain Corporate activities including Finance, Treasury, HR, Funds Management and other support services including corporate property services and include adjustments for discontinued operations and consolidation adjustments.

The profit/(loss) for each business unit combine to form total profit/(loss) for the AgriServices and AgriTech segments. Certain other revenues and expenses are held at the Corporate level for the Corporate functions noted above.

Assets allocated to each business unit combine to form total assets for the AgriServices and AgriTech business segments. Certain other assets are held at a Corporate level including those from the Corporate level for the Corporate functions noted above.

4 SEGMENT REPORTING (CONTINUED)

(b) Operating Segment Information

	MERCHANDISING **(i)		LIVESTOCK		OTHER AGRISERVICES **(ii)	
	2011 $000	2010 $000	2011 $000	2010 $000	2011 $000	2010 $000
Total segment revenue	566,367	541,678	139,581	87,337	114,929	66,152
Intersegment revenue	–	–	–	–	–	–
Total external operating revenues	566,367	541,678	139,581	87,337	114,929	66,152
EBITDA	24,239	22,162	16,386	12,555	(10,200)	(7,961)
Depreciation and amortisation	(3,211)	(1,551)	(439)	(477)	(859)	(1,075)
Results from operating activities	**21,028**	**20,611**	**15,947**	**12,078**	**(11,059)**	**(9,036)**
Equity earnings of associates	–	80	(213)	(19)	56	1,845
Non operating items	(1,435)	(205)	(12,443)	(1,706)	(1,800)	5
Fair value adjustments	(169)	–	2,507	–	(17,853)	–
Profit before interest	**19,424**	**20,486**	**5,798**	**10,353**	**(30,656)**	**(7,186)**
Net interest and finance costs	(55)	(11,942)	91	(2,814)	1,456	872
Profit before income tax	**19,369**	**8,544**	**5,889**	**7,539**	**(29,200)**	**(6,314)**
Income tax expense	(6,094)	(2,541)	(5,107)	(1,965)	7,054	2,421
Profit from continuing operations	**13,275**	**6,003**	**782**	**5,574**	**(22,146)**	**(3,893)**
Discontinued operations	–	–	–	–	–	–
Profit for the year	**13,275**	**6,003**	**782**	**5,574**	**(22,146)**	**(3,893)**
Segment assets	61,859	101,642	78,163	159,234	22,241	653,606
Equity accounted investees	–	30	67	428	4	3,240
Assets held for sale	–	–	–	–	–	–
Total segment assets	61,859	101,672	78,230	159,662	22,245	656,846
Segment liabilities	(44,681)	(37,104)	(78,254)	(53,799)	(38,656)	(460,532)
Capital expenditure (incl software)	159	589	359	367	530	4,724

* 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.

AGRISERVICES 2011 $000	AGRISERVICES 2010 $000	AGRITECH **(iii) 2011 $000	AGRITECH **(iii) 2010 $000	TOTAL OPERATING SEGMENTS 2011 $000	TOTAL OPERATING SEGMENTS 2010 $000	OTHER **(iv) 2011 $000	OTHER **(iv) 2010 $000	TOTAL 2011 $000	TOTAL 2010 $000
820,877	695,167	479,410	451,392	1,300,287	1,146,559	2,812	11,631	1,303,099	1,158,190
–	–	(59,692)	(66,784)	(59,692)	(66,784)	–	–	(59,692)	(66,784)
820,877	695,167	419,718	384,608	1,240,595	1,079,775	2,812	11,631	1,243,407	1,091,406
30,425	26,756	38,047	40,675	68,472	67,431	(19,042)	(10,260)	49,430	57,171
(4,509)	(3,103)	(3,357)	(2,106)	(7,866)	(5,209)	(2,258)	(1,848)	(10,124)	(7,057)
25,916	**23,653**	**34,690**	**38,569**	**60,606**	**62,222**	**(21,300)**	**(12,108)**	**39,306**	**50,114**
(157)	1,906	8	54	(149)	1,960	938	(1)	789	1,959
(15,678)	(1,906)	(1,885)	262	(17,563)	(1,644)	(4,466)	603	(22,029)	(1,041)
(15,515)	–	(1,364)	91	(16,879)	91	(8,885)	7,285	(25,764)	7,376
(5,434)	**23,653**	**31,449**	**38,976**	**26,015**	**62,629**	**(33,713)**	**(4,221)**	**(7,698)**	**58,408**
1,492	(13,884)	(4,835)	(23,928)	(3,343)	(37,812)	(24,744)	1,351	(28,087)	(36,461)
(3,942)	**9,769**	**26,614**	**15,048**	**22,672**	**24,817**	**(58,457)**	**(2,870)**	**(35,785)**	**21,947**
(4,147)	(2,085)	(2,470)	(5,400)	(6,617)	(7,485)	7,202	880	585	(6,605)
(8,089)	**7,684**	**24,144**	**9,648**	**16,055**	**17,332**	**(51,255)**	**(1,990)**	**(35,200)**	**15,342**
–	–	–	–	–	–	4,533	7,962	4,533	7,962
(8,089)	**7,684**	**24,144**	**9,648**	**16,055**	**17,332**	**(46,722)**	**5,972**	**(30,667)**	**23,304**
162,263	914,482	399,401	551,985	561,664	1,466,467	377,844	56,656	939,508	1,523,123
71	3,698	21	61	92	3,759	76	–	168	3,759
–	–	–	–	–	–	509,350	–	509,350	–
162,334	918,180	399,422	552,046	561,756	1,470,226	887,270	56,656	1,449,026	1,526,882
(161,591)	(551,435)	(224,116)	(120,465)	(385,707)	(671,900)	(458,978)	(219,512)	(844,685)	(891,412)
1,048	5,680	2,621	2,838	3,669	8,518	2,587	(1,411)	6,256	7,107

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	
	2011 $000	2010 $000	2011 $000	2010 $000	2011 $000	2010 $000
Total segment revenue	444,070	426,673	122,297	115,005	566,367	541,678
Intersegment revenue	–	–	–	–	–	–
Total external operating revenues	444,070	426,673	122,297	115,005	566,367	541,678
EBITDA	17,218	16,068	7,021	6,094	24,239	22,162

(ii) Other AgriServices

	INSURANCE		REAL ESTATE		IRRIGATION & PUMPING	
	2011 $000	2010 $000	2011 $000	2010 $000	2011 $000	2010 $000
Total segment revenue	3,460	4,290	17,477	16,224	23,597	16,974
Intersegment revenue	–	–	–	–	–	–
Total external operating revenues	3,460	4,290	17,477	16,224	23,597	16,974
EBITDA	2,963	3,841	(846)	(1,959)	2,070	1,719

(iii) AgriTech

	SEEDS AND GRAIN		AGRIFEEDS		SOUTH AMERICA	
	2011 $000	2010 $000	2011 $000	2010 $000	2011 $000	2010 $000
Total segment revenue	328,001	322,316	55,727	43,598	95,682	85,478
Intersegment revenue	(59,692)	(66,784)	–	–	–	–
Total external operating revenues	268,309	255,532	55,727	43,598	95,682	85,478
EBITDA	28,421	31,674	5,474	5,152	4,152	3,849

(iv) Other

	HR & CORPORATE SERVICES		FUNDS MANAGEMENT		FINANCE (PWF)	
	2011 $000	2010 $000	2011 $000	2010 $000	2011 $000	2010 $000
Total segment revenue	5,986	7,551	666	4,217	55,129	59,655
Intersegment revenue	–	–	–	–	–	–
Total external operating revenues	5,986	7,551	666	4,217	55,129	59,655
EBITDA	(16,688)	(15,705)	600	3,942	5,448	13,293

AGNZ 2011 $000	AGNZ 2010 $000	WOOL 2011 $000	WOOL 2010 $000	SOUTH AMERICA 2011 $000	SOUTH AMERICA 2010 $000	REGIONAL OVERHEAD 2011 $000	REGIONAL OVERHEAD 2010 $000	OTHER AGRISERVICES 2011 $000	OTHER AGRISERVICES 2010 $000
5,842	6,297	40,951	406	22,517	20,768	1,085	1,193	114,929	66,152
–	–	–	–	–	–	–	–	–	–
5,842	6,297	40,951	406	22,517	20,768	1,085	1,193	114,929	66,152
1,551	1,815	(917)	331	3,064	2,243	(18,085)	(15,951)	(10,200)	(7,961)

AGRITECH 2011 $000	AGRITECH 2010 $000
479,410	451,392
(59,692)	(66,784)
419,718	384,608
38,047	40,675

GROUP ELIMINATION / CONSOLIDATION & DISCONTINUED OPERATIONS ADJUSTMENT 2011 $000	GROUP ELIMINATION / CONSOLIDATION & DISCONTINUED OPERATIONS ADJUSTMENT 2010 $000	OTHER 2011 $000	OTHER 2010 $000
(58,969)	(59,792)	2,812	11,631
–	–	–	–
(58,969)	(59,792)	2,812	11,631
(8,402)	(11,790)	(19,042)	(10,260)

4 SEGMENT REPORTING (CONTINUED)

(c) Geographical Segment Information

The Group operates predominantly in New Zealand with some operations in Australia, South America and the United Kingdom.

The Australian, South American and United Kingdom 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.

	GROUP 2011 $000	GROUP 2010 $000
Revenue derived from outside the Group		
New Zealand	1,062,494	915,928
Australia	62,281	69,442
South America	118,199	106,036
United Kingdom	433	–
Total revenue derived from outside the Group	1,243,407	1,091,406
Non current assets excluding financial instruments and deferred tax		
New Zealand	394,802	576,046
Australia	32,735	18,537
South America	11,377	17,666
United Kingdom	207	–
Total non current assets excluding financial instruments and deferred tax	439,121	612,249

5 OPERATING REVENUE

		CONTINUING OPERATIONS		DISCONTINUED OPERATIONS		TOTAL	
	NOTE	2011 $000	2010 $000	2011 $000	2010 $000	2011 $000	2010 $000
Group							
Sales		1,132,043	994,071	407	491	1,132,450	994,562
Commissions		88,256	74,791	539	572	88,795	75,363
Construction contract revenue		18,599	13,556	–	–	18,599	13,556
NZFSU management fee		160	3,141	–	–	160	3,141
Interest revenue on finance receivables		4,349	5,847	54,183	58,730	58,532	64,577
Total operating revenue	13	**1,243,407**	**1,091,406**	55,129	59,793	1,298,536	1,151,199
Company							
Sales		654,796	586,740	–	138	654,796	586,878
Commissions		63,002	71,124	–	–	63,002	71,124
Construction contract revenue		18,599	13,556	–	–	18,599	13,556
Interest revenue on finance receivables		3,698	4,983	–	–	3,698	4,983
Total operating revenue	13	**740,095**	**676,403**	–	138	740,095	676,541

6 OTHER INCOME

	CONTINUING OPERATIONS		DISCONTINUED OPERATIONS		TOTAL	
	2011 $000	2010 $000	2011 $000	2010 $000	2011 $000	2010 $000
Group						
Dividend income	322	18	–	–	322	18
Other investment income	651	3	–	–	651	3
	973	**21**	–	–	973	21
Company						
Dividend income	3,172	5,491	–	–	3,172	5,491
Interest income on preference share investment in PWF	2,708	1,232	–	–	2,708	1,232
Other investment income	183	3	–	–	183	3
	6,063	**6,726**	–	–	6,063	6,726

7 OPERATING EXPENSES

	2011 $000	2010 $000
Group		
Operating expenses include the following items:		
Audit of financial statements – KPMG	577	666
Other non-audit services for accounting opinions paid to KPMG	31	31
Directors' fees	853	952
Donations	6	5
Doubtful debts – (decrease)/increase in provision for doubtful debts	4,585	10,723
Doubtful debts – bad debts written off	1,147	1,077
Foreign currency (profits)/losses	1,804	215
Marketing	10,130	10,386
Motor vehicle costs	8,058	8,000
Rental and operating lease costs	29,797	26,367
Other expenses	35,097	25,534
	92,085	**83,956**
Company		
Audit of financial statements – KPMG	420	446
Other non-audit services for accounting opinions paid to KPMG	15	7
Directors' fees	801	912
Donations	2	1
Doubtful debts – (decrease)/increase in provision for doubtful debts	4,473	2,382
Doubtful debts – bad debts written off	916	376
Foreign currency (profits)/losses	(111)	296
Marketing	4,392	6,572
Motor vehicle costs	5,514	5,811
Rental and operating lease costs	19,868	18,554
Other expenses	22,072	24,867
	58,362	**60,224**

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 2011										
Continuing										
50% Agritranz Limited	409	17	426	(295)	–	(295)	2,516	(2,445)	71	15
51% Forage Innovations Limited	802	–	802	(674)	–	(674)	735	(621)	114	8
50% Gramina Pty Limited	51	–	51	(7)	–	(7)	127	(127)	–	–
50% Canterbury Sale Yards (1996) Limited	96	4	100	(22)	–	(22)	570	(500)	70	9
Disposed/Impaired										
33% NZ Velvet Marketing Company Limited	–	–	–	–	–	–	9,168	(9,129)	39	(29)
50% Velvet Logistics Limited	–	–	–	–		–	932	(1,033)	(101)	(124)
50% Kelso Wrightson (2004) Limited	–	–	–	–	–	–	61	(43)	18	9
50% The New Zealand Merino Company Limited	–	–	–	–		–	11,254	(8,260)	2,994	901
	1,358	21	1,379	(998)	–	(998)	25,363	(22,158)	3,205	**789**
30 June 2010										
49% Wool Partners International Limited	32,193	32,245	64,438	(49,956)	(902)	(50,858)	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
	45,458	40,190	85,648	(56,521)	(6,243)	(62,764)	227,342	(227,531)	(189)	**1,959**

On 1 July 2010 the Group sold its 50% interest in Northfuels Limited for book value. The Group's investment in Grasslands Innovations Limited via PGG Wrightson Seeds increased from 50% to 70% on 1 July 2010 resulting in a change in accounting method from an equity accounted associate to a consolidated subsidiary.

The Group sold its 50% shareholding in The New Zealand Merino Company Limited on 30 June 2011. The sale price was $7,625,000 based on an independent valuation.

8 EQUITY ACCOUNTED EARNINGS OF ASSOCIATES (CONTINUED)

PGG Wrightson Limited had a loan to Wool Growers Holdings Limited (WGH) secured by the ordinary shares held by WGH in Wool Partners International Limited (WPI). As a result of an unsuccessful capital raise by Wool Partners Co-operative the Company is entitled to exercise its security under its loan leading to WPI becoming a 100% subsidiary of PGG Wrightson Limited and resulting in a change in accounting method from an equity accounted associate to a fully consolidated subsidiary. The security was exercised on 10 August 2011 and control was deemed to be effective from 1 March 2011.

The Group did not consolidate losses from 1 July 2010 through to the date that Wool Partners International Limited (WPI) became a 100% subsidiary of the Group as the carrying value of the Group's equity accounted interest was nil. This was on the basis that the Group's other investment in WPI would be able to be repaid in the short to medium term following a successful capital raise.

The Group impaired its investment in NZ Velvet Marketing Company Limited, Kelso Wrightson (2004) Limited and Velvet Logistics Limited during the period.

9 NON OPERATING ITEMS

	NOTE	GROUP 2011 $000	GROUP 2010 $000	COMPANY 2011 $000	COMPANY 2010 $000
Gains/(loss) on sale of businesses, property plant and equipment		1,615	5,425	(4,639)	5,210
Discount on acquisition on purchase of business	23	3,286	666	–	–
Defined benefit superannuation plan	29	(1,656)	(2,420)	(1,656)	(2,420)
Restructuring		(8,499)	(2,116)	(7,298)	(1,769)
Management fee from subsidiaries	38	–	–	46,807	–
Silver Fern Farms supply contract	28	(9,555)	–	(9,555)	–
Other non operating items		(7,220)	(2,596)	(4,821)	(2,358)
		(22,029)	**(1,041)**	**18,838**	**(1,337)**

10 FAIR VALUE ADJUSTMENTS

	NOTE	GROUP 2011 $000	GROUP 2010 $000	COMPANY 2011 $000	COMPANY 2010 $000
Continuing Operations					
Fair value adjustments on investments		2,165	2,584	–	–
Impairment on consolidation of WPI		(18,302)	–	(18,302)	–
BioPacific Ventures	25	(3,153)		–	–
Assets held for sale	19	(793)	–	(793)	–
Biological assets	20	564	–	564	–
Derivatives not in qualifying hedge relationships		4,729	4,454	3,398	4,701
Commodity contracts		639	–	–	–
		(14,151)	7,038	(15,133)	4,701
PWF held for sale adjustments					
Assets held for sale	19	(9,441)	–	–	–
Derivatives not in qualifying hedge relationships PWF		(2,172)	338	–	–
		(11,613)	338	–	–

11 INTEREST – FINANCE INCOME AND EXPENSE

	GROUP 2011 $000	GROUP 2010 $000	COMPANY 2011 $000	COMPANY 2010 $000
Finance income contains the following items:				
Interest earned on interest rate swaps	–	7	–	7
Interest received from Group companies	1	–	1	20,438
Other interest income	2,707	5,491	2,123	3,708
Finance income	2,708	5,498	2,124	24,153
Interest funding expense				
Interest on interest rate swaps	(3,069)	(7,829)	(3,069)	(7,829)
Interest on bank loans and overdrafts	(13,616)	(25,313)	(11,949)	(24,217)
Bank facility fees	(12,967)	(7,469)	(12,385)	(6,790)
Net loss on foreign denominated subsidiary loans	(1,143)	(1,419)	105	(257)
Finance expense	(30,795)	(42,030)	(27,298)	(39,093)
Less finance expenses from discontinued operations	–	70	–	70
Net interest and finance costs	**(28,087)**	**(36,462)**	**(25,174)**	**(14,870)**

12 INCOME TAX EXPENSE

	GROUP 2011 $000	GROUP 2010 $000	COMPANY 2011 $000	COMPANY 2010 $000
Current tax expense				
Current year	7,892	13,570	3,128	(109)
Tax on discontinued operations	(6,542)	(3,755)	–	69
Adjustments for prior years	(1,722)	(6,765)	(66)	(64)
	(372)	3,050	3,062	(104)
Deferred tax expense				
Origination and reversal of temporary differences	(7,515)	(4,657)	(745)	(1,664)
Effect of change in tax rates	1,045	1,988	502	1,996
Tax on discontinued operations	3,795	–	–	–
Adjustments for prior years	2,462	6,223	276	(330)
	(213)	3,554	33	2
Total income tax expense	**(585)**	**6,604**	**3,095**	**(102)**
Profit for the year	(30,667)	23,304	(18,468)	2,738
Total income tax expense	(585)	6,604	3,095	(102)
Tax on discontinued operations	2,747	3,824	–	–
Profit excluding income tax	(28,505)	33,732	(15,373)	2,636

12 INCOME TAX EXPENSE (CONTINUED)

	GROUP 2011 %	GROUP 2011 $000	GROUP 2010 %	GROUP 2010 $000	COMPANY 2011 %	COMPANY 2011 $000	COMPANY 2010 %	COMPANY 2010 $000
Income tax using the Company's domestic tax rate	30.0%	(8,552)	30.0%	10,120	30.0%	(4,612)	30.0%	791
Effect of tax rates in foreign jurisdictions	(4.6%)	1,310	2.8%	952	0.0%	–	0.0%	–
Non-deductible expenses	(28.4%)	8,107	6.4%	2,169	(43.2%)	6,634	78.1%	2,058
Effect of reduction in corporate tax rate	(3.7%)	1,045	(1.2%)	(412)	(3.3%)	502	(15.3%)	(403)
Adjustment to deferred tax on buildings	0.0%	–	7.1%	2,400	0.0%	–	91.0%	2,400
Deductible expenses included in other comprehensive income	2.8%	(812)	(0.9%)	(303)	5.3%	(812)	(11.5%)	(303)
Taxable dividends from equity accounted associates	(3.3%)	932	0.6%	212	(6.1%)	932	8.0%	212
Tax effect of discontinued operations	9.6%	(2,747)	(11.3%)	(3,824)	0.0%	–	0.0%	–
Tax exempt income	2.1%	(608)	(12.4%)	(4,168)	(1.6%)	241	(169.3%)	(4,463)
Under/(over) provided in prior years	(2.6%)	740	(1.6%)	(542)	(1.4%)	210	(14.9%)	(394)
	2.1%	**(585)**	19.6%	**6,604**	(20.1%)	**3,095**	(3.9%)	**(102)**

	GROUP 2011 $000	GROUP 2010 $000	COMPANY 2011 $000	COMPANY 2010 $000
Income tax recognised directly in equity				
Deferred tax on movement of actuarial gains/losses on employee benefit plans	(194)	1,054	(194)	1,054
Total income tax recognised directly in equity	(194)	1,054	(194)	1,054
Imputation credits				
Balance as at 1 July	2,592	(5,250)	2,592	(5,250)
Taxation paid (net of refunds)	–	6,500	–	6,500
Imputation credits/RWT attached to dividends received	1,288	229	1,288	229
Transfers, refunds and adjustments	–	1,113	–	1,113
Balance as at 30 June	3,880	2,592	3,880	2,592

13 DISCONTINUED OPERATIONS

In June 2011 the Group entered into a conditional share sale agreement with Heartland New Zealand Limited to sell its finance subsidiary PGG Wrightson Finance Limited (PWF) to Heartland's wholly-owned subsidiary Heartland Building Society (Heartland). The purchase price is to be an amount equal to the adjusted net tangible assets of PWF as at the completion date of the transaction, being 31 August 2011. An impairment loss of $2.737 million has been recognised on transfer of the assets to held for sale following the share sale agreement.

In connection with the transaction PWF will transfer certain excluded loans to a wholly owned PGG Wrightson special purpose vehicle, which will work to realise or refinance these facilities over the short to medium term.

The transaction is conditional upon a number of approvals, including PGG Wrightson and Heartland shareholder approvals, where required, PWF debt holder consent, PWF and Heartland trustee consents, Heartland's capital raising, as well as relevant Regulatory and Crown consents.

Profits attributable to the discontinued operation were as follows:

	GROUP 2011 $000	GROUP 2010 $000	COMPANY 2011 $000	COMPANY 2010 $000
Results of discontinued operations				
Revenue	55,129	59,793	–	138
Expenses	(50,020)	(47,738)	–	(1,178)
	5,109	12,055	–	(1,040)
Fair value adjustments	2,171	(338)	–	–
Results from operating activities	7,280	11,717	–	(1,040)
Income tax expense	(2,747)	(3,755)	–	69
Profit/(loss) for the year	**4,533**	**7,962**	**–**	**(971)**
Basic and diluted earnings per share (New Zealand dollars)	0.01	0.01	0.00	0.00
Cash flows from discontinued operations				
Net cash from operating activities	4,814	20,129	–	(509)
Net cash from/(used in) discontinued operation	4,814	20,129	–	(509)
Effect of disposal on the financial position of the Group				
Property, plant and equipment	(47)	(588)	–	(588)
Intangibles	(280)	–	–	–
Inventories and biological assets	–	(41)	–	(41)
Trade and other receivables	(430,731)	–	–	–
Cash and cash equivalents	(71,617)	–	–	–
Trade and other payables	417,198	–	–	–
Income tax	(6,115)	–	–	–
Net identifiable assets and liabilities	(91,592)	(629)	–	(629)

14 EARNINGS PER SHARE AND NET TANGIBLE ASSETS

Basic earnings per share

The calculation of basic earnings per share at 30 June 2011 was based on the profit/(loss) attributable to ordinary shareholders of ($30,667,000) (2010: profit of $23,304,000) by the weighted average number of shares, 758,136,443 (2010: 549,601,194) on issue. There are no dilutive shares or options (2010: Nil).

	GROUP 2011 $000	GROUP 2010 $000
Number of shares		
Weighted average number of ordinary shares for earnings per share calculation	758,136	549,601
Number of ordinary shares at year end	754,849	758,441

The company acquired 3,591,769 PGG Wrightson Limited shares during the period in accordance with the terms of the senior executive share incentive scheme. In return, the loans provided to the executives for purchase of the shares under the scheme were cancelled. The shares (previously held as treasury stock) were cancelled upon acquisition. The acquisition and cancellation had no impact on profit or cash for the period ended 30 June 2011.

	GROUP 2011 $000	GROUP 2010 $000
Net Tangible Assets		
Total assets	1,449,026	1,526,882
Total liabilities	(844,685)	(891,412)
less intangible assets	(333,909)	(335,506)
less deferred tax	(8,003)	(8,410)
	262,429	**291,554**
	GROUP 2011 $	GROUP 2010 $
Net tangible assets per security at year end	0.35	0.38
Earnings per share	(0.04)	0.04

15 CASH AND BANK FACILITIES

	GROUP 2011 $000	GROUP 2010 $000	COMPANY 2011 $000	COMPANY 2010 $000
Cash and cash equivalents/(bank overdraft)	216	24,246	(2,564)	7,074
Current bank facilities	(52,194)	(23,809)	(11,000)	–
Term bank facilities	(124,500)	(198,868)	(124,500)	(177,855)
	(176,478)	**(198,431)**	**(138,064)**	**(170,781)**

The Company has bank facilities of $239.5 million (2010: $293.0 million), Group $365.5 million (2010: $413.0 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 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 $124.5 million that matures on 31 August 2012.
- A working capital facility of $75.0 million that matures on 29 February 2012.
- Overdraft and guarantee facilities of $40.0 million.

The Group bank facilities include a $100 million syndicated facility with security over PGG Wrightson Finance Limited assets that ranks equally with bond and debenture investors. The facility matures on 1 December 2013. There is also an overdraft facility of $1.0 million.

During the period Wool Partners International Limited (WPI) became a fully owned subsidiary of the Group. WPI has bank facilities of $24.5 million and an overdraft facility of $0.5 million. As at 30 June 2011 and during the period ending 30 June 2011 WPI was not in compliance with banking covenants imposed by the ANZ National Bank Limited. Subsequent to 30 June 2011 ANZ National Bank Limited has waived its rights arising from previous non-compliance of those covenants, and up to and including 30 September 2011. From 30 September 2011 onwards the waiver will cease to be effective and the facilities will (unless otherwise agreed) become immediately repayable on 30 September 2011.

16 DERIVATIVE FINANCIAL INSTRUMENTS

	GROUP 2011 $000	GROUP 2010 $000	COMPANY 2011 $000	COMPANY 2010 $000
Derivative assets held for risk management	6,103	5,640	3,077	3,563
Derivative liabilities held for risk management	(3,495)	(4,753)	(2,858)	(4,525)
Net derivatives held for risk management	**2,608**	**887**	**219**	**(962)**

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 2011 $000	GROUP 2010 $000	COMPANY 2011 $000	COMPANY 2010 $000
Accounts receivable	219,000	179,441	120,069	108,312
Less provision for doubtful debts	(8,734)	(7,040)	(6,081)	(4,978)
Net accounts receivable	210,266	172,401	113,988	103,334
Other receivables and prepayments	19,789	36,109	12,973	27,811
Amounts owing from subsidiaries	–	–	233,229	231,341
Trade receivables due from related parties	–	–	594	1,915
	230,055	**208,510**	**360,784**	**364,401**
Analysis of movements in provision for doubtful debts				
Balance at beginning of year	(7,040)	(3,020)	(4,978)	(2,579)
Movement in provision	(1,694)	(4,020)	(1,103)	(2,399)
Balance at end of year	**(8,734)**	**(7,040)**	**(6,081)**	**(4,978)**

Receivables denominated in currencies other than the functional currency comprise $36.6 million (2010: $86.8 million) of trade receivables denominated in AUD $20.6 million (2010:$17.4 million), USD $13.3 million (2010: $59.6 million), EUR $2.4 million (2010: $9.3 million) and GBP $0.3 million (2010: $0.5 million).

18 FINANCE RECEIVABLES

As a result of the Group entering into a conditional share sale agreement to sell its finance subsidiary PWF to Heartland Building Society, PWF has been reclassified to discontinued operations (Note 13). Finance Receivables are included in assets held for sale (Note 19).

	GROUP 2011 $000	GROUP 2010 $000	COMPANY 2011 $000	COMPANY 2010 $000
Finance receivables – less than one year	–	432,107	–	–
Finance receivables – greater than one year	–	110,262	–	–
	–	542,369	–	–
Less provision for doubtful debts	–	(12,250)	–	–
	–	**530,119**	**–**	**–**
Impairment:				
Balance at the beginning of the period	–	(3,627)	–	–
Impaired losses recognised in the income statement	–	(8,253)	–	–
Amounts written off in the income statement	–	(696)	–	–
Reversals of amounts previously recognised in the income statement	–	326	–	–
Movement in specific provision and bad debts written off	**–**	**(12,250)**	**–**	**–**

18 FINANCE RECEIVABLES (CONTINUED)

	GROUP NOT IMPAIRED 2011 $000	GROUP IMPAIRED 2011 $000	GROUP NOT IMPAIRED 2010 $000	GROUP IMPAIRED 2010 $000	COMPANY NOT IMPAIRED 2011 $000	COMPANY IMPAIRED 2011 $000	COMPANY NOT IMPAIRED 2010 $000	COMPANY IMPAIRED 2010 $000
The status of the receivables at the reporting date is as follows:								
Not past due	–	–	454,485	–	–	–	–	–
Past due 0 – 90 days	–	–	564	12,925	–	–	–	–
Past due 91 – 365 days	–	–	11,411	28,410	–	–	–	–
Past due more than 1 year	–	–	10,541	24,033	–	–	–	–
Impairment	–	–	–	(12,250)	–	–	–	–
	–	**–**	**477,001**	**53,118**	**–**	**–**	**–**	**–**

	GROUP 2011 $000	GROUP 2010 $000	COMPANY 2011 $000	COMPANY 2010 $000
Asset Quality – Finance Loans and Receivables				
Neither past due or impaired	–	454,485	–	–
Individually impaired loans	–	65,368	–	–
Past due loans	–	22,516	–	–
Provision for credit impairment	–	(12,250)	–	–
Total carrying amount	**–**	**530,119**	**–**	**–**
Aging of Past Due but not Impaired				
Past due 1-90 days	–	564	–	–
Past due 91-180 days	–	560	–	–
Past due 180-365 days	–	10,851	–	–
Past due more than 365 days	–	10,541	–	–
Total past due but not impaired assets	**–**	**22,516**	**–**	**–**
90 Day Past Due Assets (includes impaired assets)				
Balance at the beginning of the year	–	36,404	–	–
Additions to 90 day past due assets	–	44,008	–	–
Reduction in 90 day past due assets	–	(6,017)	–	–
Balance at the end of the year	**–**	**74,395**	**–**	**–**
Impaired Assets				
Balance at the beginning of the year	–	23,104	–	–
Additions to individually impaired assets	–	42,960	–	–
Amounts written off	–	(696)	–	–
Transfer to productive ledger	–	–	–	–
Balance at the end of the year	**–**	**65,368**	**–**	**–**
Provision for credit impairment	–	(12,250)	–	–
Net carrying amount of impaired assets	**–**	**53,118**	**–**	**–**

19 ASSETS HELD FOR SALE

PGG Wrightson Finance Limited

As a result of the conditional share sale agreement signed with Heartland New Zealand Limited to sell PGG Wrightson Finance Limited (PWF) to Heartland Building Society the assets of PWF included in the share sale agreement have been classified as held for sale. An impairment of $2.7 million has been recognised on reclassification of these assets to held for sale. Certain loans are excluded from the sale and are to be transferred to a wholly owned PGG Wrightson special purpose vehicle, which will work to realise or refinance these facilities over the short to medium term. Accordingly, the Group has also classified these assets as held for sale. An impairment of $6.7 million has been recognised on reclassification of these assets to held for sale.

Properties

The Group currently has three properties classed as held for sale. The properties are on the market and are held at market value (Note 10). An impairment of $0.8 million has been recognised on reclassification to held for sale.

An total impairment loss of $10.2 million (2010: Nil) on the re-measurement of the disposal groups to the lower of their carrying amount and fair value less costs to sell has been recognised in Fair Value Adjustments.

	GROUP 2011 $000	GROUP 2010 $000	COMPANY 2011 $000	COMPANY 2010 $000
Assets classified as held for sale				
Property, plant and equipment	607	44	560	44
Intangibles	280	–	–	–
Cash and cash equivalents	71,617	–	–	–
Finance and other and other receivables	436,846	–	–	–
	509,350	**44**	**560**	**44**
Liabilities classified as held for sale				
Finance and other payables	(417,198)	–	–	–
	(417,198)	**–**	**–**	**–**

20 BIOLOGICAL ASSETS

	NOTE	GROUP 2011 $000	GROUP 2010 $000	COMPANY 2011 $000	COMPANY 2010 $000
Livestock					
Opening balance		23,213	3,861	23,213	3,861
Increase due to acquisitions		45,968	42,858	45,968	42,858
Decrease due to sales		(44,072)	(23,817)	(44,072)	(23,817)
Net decrease due to births, deaths and category changes		(108)	311	(108)	311
Changes in fair value	10	564	–	564	–
Closing balance		**25,565**	**23,213**	**25,565**	**23,213**
Current		25,367	23,029	25,367	23,029
Non-current breeding stock		198	184	198	184
		25,565	**23,213**	**25,565**	**23,213**

As at 30 June 2011, livestock held for sale comprised 17,641 cattle, 81,491 sheep and 302 other (consisting of bulls and deer) (2010: 20,161 cattle, 95,195 sheep and 11,967 other (consisting of bulls, deer and semen)). During the year the Group sold 27,655 cattle, 283,097 sheep and 24 other (2010: 10,548 cattle, 148,208 sheep and 1,079 other).

21 INVENTORY

	GROUP 2011 $000	GROUP 2010 $000	COMPANY 2011 $000	COMPANY 2010 $000
Merchandise/finished goods	225,778	201,092	48,443	51,663
Work in progress	11,363	22,941	1,758	369
Less provision for inventory write down	(6,881)	(5,773)	(1,968)	(657)
	230,260	**218,260**	**48,233**	**51,375**

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 2011 $000	ASSETS 2010 $000	LIABILITIES 2011 $000	LIABILITIES 2010 $000	NET 2011 $000	NET 2010 $000
Recognised deferred tax assets and liabilities						
Deferred tax assets and liabilities are attributable to the following:						
Group						
Property, plant and equipment	35	599	(3,258)	(8,628)	(3,223)	(8,029)
Intangible assets	–	–	(2,001)	(145)	(2,001)	(145)
Provisions	11,814	17,942	–	–	11,814	17,942
Other items	1,438	–	(25)	(1,358)	1,413	(1,358)
Tax (asset)/liability	**13,287**	**18,541**	**(5,284)**	**(10,131)**	**8,003**	**8,410**
Company						
Property, plant and equipment	–	–	(2,391)	(8,046)	(2,391)	(8,046)
Intangible assets	–	–	(1,986)	–	(1,986)	–
Provisions	6,343	11,531	–	–	6,343	11,531
Other items	–	–	–	(1,358)	–	(1,358)
Tax (asset)/liability	**6,343**	**11,531**	**(4,377)**	**(9,404)**	**1,966**	**2,127**

22 DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

	BALANCE 1 JUL 2009 $000	RECOGNISED IN PROFIT OR LOSS $000	RECOGNISED IN OTHER COMPREHENSIVE INCOME $000	BALANCE 30 JUN 2010 $000	RECOGNISED IN PROFIT OR LOSS $000	RECOGNISED IN OTHER COMPREHENSIVE INCOME $000	BALANCE 30 JUN 2011 $000
Movement in temporary differences during the year							
Group							
Property, plant and equipment	(6,964)	923	–	(6,041)	5,218	–	(823)
Change in deferred tax on buildings	–	(2,400)	–	(2,400)	–	–	(2,400)
Change in corporate tax rate	–	412	–	412	(1,046)	–	(634)
Intangible assets	(169)	24	–	(145)	(1,856)	–	(2,001)
Employee benefits	4,569	–	1,054	5,623	(1,515)	(194)	3,914
Provisions	7,724	4,595	–	12,319	(3,785)	–	8,534
Other items	(1,358)	–	–	(1,358)	2,771	–	1,413
	3,802	3,554	1,054	**8,410**	(213)	(194)	**8,003**
Company							
Property, plant and equipment	(6,516)	467	–	(6,049)	6,058	–	9
Change in deferred tax on buildings	–	(2,400)	–	(2,400)	–	–	(2,400)
Change in corporate tax rate	–	403	–	403	(502)	–	(99)
Intangible assets	(169)	169	–	–	(1,986)	–	(1,986)
Employee benefits	4,569	–	1,054	5,623	(2,478)	(194)	2,951
Provisions	4,545	1,363	–	5,908	(2,417)	–	3,491
Other items	(1,358)	–	–	(1,358)	1,358	–	–
	1,071	2	1,054	**2,127**	33	(194)	**1,966**

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 2011 %	2010 %
Agriculture New Zealand Limited	New Zealand	PGG Wrightson Limited	100%	100%
Agri-Feeds Limited	New Zealand	PGG Wrightson Limited	100%	100%
AgriTech South America Limited (formerly PGG Wrightson Investments Limited)	New Zealand	PGG Wrightson Limited	100%	100%
Grasslands Innovation Limited	New Zealand	PGG Wrightson Limited	70%	50%
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 Real Estate Limited	New Zealand	PGG Wrightson Limited	100%	0%
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%
Wool Partners International Limited (Renamed PGG Wrightson Wool 1 July 2011)	New Zealand	PGG Wrightson Limited	100%	49%
PGG Wrightson Funds Management Limited	New Zealand	AgriTech South America 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	AgriTech South America Limited	100%	100%
Wrightson Pas S.A. Limited	Uruguay	AgriTech South America 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 2011, the Group made the following acquisitions;

- On 22 November 2010, PGG Wrightson Seeds Australia Pty Ltd, a subsidiary of the Group purchased the assets and business of Keith Seeds. Keith Seeds operations cover the production of pasture and oil seeds, a variety of legumes and birdseed. It exports to South America, the Middle East, Europe, Asia, and North America and is based in the town of Keith, South Australia. In the year to 30 June 2011 it contributed a loss of $1.2 million.

23 GROUP ENTITIES (CONTINUED)

- On 1 December 2010, the Group purchased the assets of the maize seed division of Corson Grain. This business covers development, production and marketing of maize and sweetcorn hybrid seed. In the year to 30 June 2011 this business contributed a loss of $0.6 million.
- On 9 May 2011, the Group purchased the assets and business of Southedge Seeds in Australia. Southedge Seeds operations cover the production of tropical pasture seed. Southedge Seeds is located in the town of Mareeba, on the Atherton Tablelands of northern Queensland, Australia. In the year to 30 June 2011 it contributed a loss of $0.2 million.
- As a result of PGG Wrightson Limited assuming control over WPI effective from 1 March 2011 and exercising its security under its loan to WGH on 10 August 2011, WPI became a subsidiary of PGG Wrightson Limited. In the year to 30 June 2011 it contributed a loss of $0.2 million.

If these acquisitions had occurred on 1 July 2010, the estimated Group revenue would have been $131.7 million higher and profit would have been $4.4 million higher for the year ended 30 June 2011.

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

	CORSON GRAIN	KEITH SEEDS	SOUTH EDGE SEEDS	WPI	DI SANTI LIVE EXPORT SA	GRASSLANDS INNOVATION	GROUP $000	COMPANY $000
Cash balances	–	–	–	(1,651)	–	1,948	297	–
Trade debtors and accruals	–	119	176	15,404	–	2,802	18,501	–
Inventory	494	1,798	1,837	13,237	–	2	17,368	–
Current assets	494	1,917	2,013	26,990	–	4,752	36,166	–
Intangible assets	500	–	–	601	–	–	1,101	–
Property plant and equipment	1,672	8,421	1,046	3,962	–	–	15,101	–
Non-current assets	2,172	8,421	1,046	4,563	–	–	16,202	–
Trade creditors and accruals	(89)	(1,017)	(1,279)	(5,561)	–	(3,745)	(11,691)	–
Term bank facilities	–	–	–	(22,450)	–	–	(22,450)	–
Current liabilities	(89)	(1,017)	(1,279)	(28,011)	–	(3,745)	(34,141)	–
Advances	101	–	–	(15,012)	516	(987)	(15,382)	–
Non-current liabilities	101	–	–	(15,012)	516	(987)	(15,382)	–
Goodwill arising on acquisition	–	–	215	11,470	–	–	11,685	–
	–	–	215	11,470	–	–	11,685	–
Discount on acquisition	–	(3,286)	–	–	–	–	(3,286)	–
		(3,286)					(3,286)	–
Cash paid	**2,678**	**6,035**	**1,995**	**–**	**516**	**20**	**11,244**	**–**

In 2010 the Group purchased the assets of Keith Seeds in Australia. Valuations of the assets were performed at the time of acquisition. The amount paid for certain assets was lower than their fair value and resulted on a gain on purchase of business of $3.286 million and a corresponding increase in property, plant and equipment and inventory.

In addition, from 21 September 2010 Grasslands Innovation Limited has been accounted for as a subsidiary rather than an equity accounted associate. Grasslands Innovation Limited did hold not any property, plant and equipment. Net assets added to the Group as part of this change are included above. The Group increased its investment in BioPacific Ventures requiring a cash outflow of $0.8 million.

24 EQUITY ACCOUNTED ASSOCIATES

	NOTE	GROUP 2011 $000	GROUP 2010 $000	COMPANY 2011 $000	COMPANY 2010 $000
Movement in carrying value of equity accounted investees					
Opening balance		3,759	3,268	2,266	3,150
New investments		–	141	–	131
Reclassification		–	–	876	–
Divestment of Associate		(1,047)	–	(2,599)	–
Impairment of investments in associates		(226)	(1,135)	(417)	(1,015)
Share of profit/(loss)	8	789	1,959	–	–
Dividends received		(3,107)	(474)	–	–
Closing balance		**168**	**3,759**	**126**	**2,266**

There is no goodwill included in the carrying value of equity accounted investees (2010: Nil).

25 OTHER INVESTMENTS

	NOTE	GROUP 2011 $000	GROUP 2010 $000	COMPANY 2011 $000	COMPANY 2010 $000
NZ Farming Systems Uruguay Limited		–	15,476	–	–
BioPacificVentures Limited	36	9,435	12,084	–	–
Sundry other investments including saleyards		1,290	6,280	442	226
Advances to associates		(62)	51,538	77	31,591
		10,663	**85,378**	**519**	**31,817**

The Company sold its investment in NZ Farming Systems Uruguay Limited (NZFSU) during the period. The sale price was equivalent to the fair value of the investment.

The Company sold its 50% investment in the New Zealand Merino Company Limited during the period for a sale price of $7.625 million. Previously, the investment was held at cost.

During the year new information became available in respect to the fair value of the Group's investment in BioPacific Ventures. Accordingly the Group recognised a change in fair value of the investments held under BioPacific Ventures of $3.2 million. Previously, the investment was held at cost. The investment is now classified as level 3 in the financial instruments note (Note 33).

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 small 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 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**
Balance at 1 July 2010	25,774	500	336,984	363,258	20,541	–	307,246	327,787
Additions	896	–	–	896	540	–	–	540
Added as part of a business combination	131	1,012	11,685	12,828	–	–	–	–
Disposals and reclassifications	(9,584)	–	–	(9,584)	(7,995)	–	–	(7,995)
Impairment	(3,044)	–	–	(3,044)	(3,044)	–	–	(3,044)
Effect of movement in exchange rates	(10)	–	(1,787)	(1,797)	–	–	–	–
Balance at 30 June 2011	**14,163**	**1,512**	**346,882**	**362,557**	**10,042**	**–**	**307,246**	**317,288**
Amortisation and impairment losses								
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	581	–	–	581	573	–	–	573
Balance at 30 June 2010	**10,597**	**75**	**17,080**	**27,752**	**6,738**	**–**	**16,498**	**23,236**
Balance at 1 July 2010	10,597	75	17,080	27,752	6,738	–	16,498	23,236
Amortisation for the year	2,432	–	–	2,432	2,103	–	–	2,103
Added as part of a business combination	41	500	–	541	–	–	–	–
Disposals and reclassifications	(6,502)	–	4,425	(2,077)	(5,890)	–	4,425	(1,465)
Balance at 30 June 2011	**6,568**	**575**	**21,505**	**28,648**	**2,951**	**–**	**20,923**	**23,874**
Carrying amounts								
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**
At 1 July 2010	**15,177**	**425**	**319,904**	**335,506**	**13,803**	**–**	**290,748**	**304,551**
At 30 June 2011	**7,595**	**937**	**325,377**	**333,909**	**7,091**	**–**	**286,323**	**293,414**

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 (CGUs) were based on the value in use, being higher than the fair value less costs to sell.

	GROUP 2011 $000	GROUP 2010 $000
The aggregate carrying amounts of goodwill allocated to each unit are as follows:		
Livestock	80,000	80,000
Other AgriServices	22,046	18,401
AgriTech	223,331	221,503
	325,377	**319,904**

The value in use was determined by discounting the expected post tax future cash flows generated from the continuing use of each unit. Cash flows were projected based on a combination of actual operating results, the 2012 budget, 2013 and 2014 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.

The Directors have considered market share transactions in the current year and concluded that the value in use model, and assumptions made, continue to be appropriate for the medium to long term assessment of goodwill.

Key assumptions used in the discounted cash flow projections

Key assumptions used in the calculation of recoverable amounts are the discount rate, growth rates including the terminal growth rate, working capital assumptions and capital expenditure.

Discount rate

A discount rate based on the Group's calculated weighted average cost of capital was used. A post tax discount rate of 9.1% was applied (2010: 8.78%). This discount rate was assessed for reasonableness by an external advisor.

Growth rates used

2012 cash flows are based on the budget approved by the Board of Directors. The 2012 budget was based on a business as usual model and involved Livestock, Store, Retail and Regional Managers and the equivalent on the AgriTech side who prepared a detailed bottom-up budget for the period. This included actual 2011 results and made no allowance for any transactions that were not announced as at 30 June 2011. The budget provided the following for the respective cash generating units:

Livestock – The 2012 budget takes a conservative view on livestock tallies and prices, with modest growth over the following 2 years. Following that, new Export Livestock contracts are expected to be implemented.

Other AgriServices – Other AgriServices shows a step change in 2012 due to the acquisition of the wool business, with additional growth in future years consistent with the Directors' plans for focusing operations in this sector.

AgriTech – 2012 will see a recovery in the Australian market following 2011's extreme weather events. Growth through development of recent acquisitions is expected to provide further improvements over a number of years.

The Directors believe that the planned growth per year for each cash generating unit, for the next five years is reasonably achievable and is consistent with the medium term growth rates for the industry.

The 2013 and 2014 cash flows are based on forecasts prepared on the same basis as the 2012 budgets, with the exception of Corporate costs, which remain constant. This is considered to be appropriate due to the focus on the AgriServices and AgriTech divisional strategy. The 2015 and 2016 years assume a 10% growth rate (2010: 5%) which is slightly reduced from the budgeted Group growth rate.

The table below summarises the EBITDA growth assumptions within the respective value in use models.

GROWTH RATE	2012	2013	2014	2015	2016
Livestock	(1%)	4%	3%	10%	10%
Other AgriServices	191%	26%	18%	10%	10%
AgriTech	37%	11%	10%	10%	10%
Group	**25%**	**11%**	**11%**	**10%**	**10%**

26 INTANGIBLE ASSETS (CONTINUED)

Terminal growth rate

All CGUs have five years of cash flows included in their discounted cash flow models. Beyond this period a long term growth rate of 3% (2010: 2%) has been applied in perpetuity to determine a terminal value of the CGU.

Working capital assumptions

The cash flow impact of movements in working capital is forecast based on the following key working capital assumptions.

Debtor days	57
Creditor days	(73)
Inventory days	72
	56

Capital expenditure

The capital asset base is forecast to remain constant. As capital assets reach the end of their useful lives, they will be replaced, meaning that capital expenditure is forecast to offset expected depreciation of the current asset base.

Other Key Assumptions

- 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 is 28%.
- The value in use models assumed that the current proposed sale of PGG Wrightson Finance Limited to Heartland New Zealand Limited is finalised.
- Cash flows from the exit of loans to be retained by PGW following the sale of PGG Wrightson Finance Limited are expected to occur during the 2012 financial year.

Sensitivity to changes in assumptions

The estimated recoverable amounts of all CGU's tested for impairment exceed the carrying value by the amounts detailed in the table below.

	GROUP 2011 $000	GROUP 2010 $000
Excess of recoverable amount over carrying value		
Livestock	8,307	83,587
Other AgriServices	155,035	80,161
AgriTech	248,844	211,705
	412,186	375,453
Group	**33,299**	**516,814**

Management have assessed the carrying value of the net assets in CGU's with no goodwill allocation and consider those assets are fully recoverable and not impaired.

Management have identified five key assumptions for which there could be a reasonable possible change that could cause the carrying amount to exceed the recoverable amount. The table below shows the amount that each of these assumptions are required to change individually, in isolation of all other assumptions, in order for the estimated recoverable amount to be equal to the carrying amount.

	CHANGE IN DISCOUNT RATE %	DECREASE IN ACTUAL EBITDA AGAINST FORECAST ANNUAL EBITDA (2012-2015)	CHANGE IN CAPITAL EXPENDITURE PER YEAR ABOVE DEPN & AMORT $000	INCREASE IN WORKING CAPITAL DAYS	(DECREASE) IN TERMINAL GROWTH %
Livestock	0.7%	(5.5%)	756	13	N/A*
Other AgriServices	16.9%	(93.0%)	14,108	194	N/A*
AgriTech	5.4%	(40.0%)	22,644	112	N/A*
Group	**0.3%**	**(4.0%)**	**3,030**	**7**	**(0.5%)**

*No reasonable change could arise in this assumption which would result in an impairment within this CGU.

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 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**
Balance at 1 July 2010	15,600	31,473	89,853	1,511	138,437
Additions	216	103	3,615	1,426	5,360
Added as part of a business combination	–	–	15,271	54	15,325
Disposals and transfers to other asset classes	(340)	(4,749)	(26,306)	–	(31,395)
Revalued on initial measurement	484	2,054	1,882	–	4,420
Effect of movements in exchange rates	38	268	233	–	539
Balance at 30 June 2011	**15,998**	**29,149**	**84,548**	**2,991**	**132,686**
Depreciation and impairment losses					
Balance at 1 July 2009	–	5,088	55,061	–	60,149
Depreciation for the year	–	13	5,557	–	5,570
Depreciation on discontinued operations	–	–	(209)	–	(209)
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)	(2,658)	–	(4,129)
Effect of movements in exchange rates	–	94	(397)	–	(303)
Balance at 30 June 2010	**–**	**3,762**	**57,515**	**–**	**61,277**
Balance at 1 July 2010	–	3,762	57,515	–	61,277
Depreciation for the year	–	378	8,047	–	8,425
Depreciation on discontinued operations	–	–	(204)	–	(204)
Depreciation recovered to COGS	–	–	(529)	–	(529)
Additions	–	–	(3)	–	(3)
Added as part of a business combination	–	–	226	–	226
Disposals and transfers to other asset classes	–	(1,083)	(28,789)	–	(29,872)
Effect of movements in exchange rates	–	210	(1,027)	–	(817)
Balance at 30 June 2011	**–**	**3,267**	**35,236**	**–**	**38,503**
Carrying amounts					
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**
At 1 July 2010	**15,600**	**27,711**	**32,338**	**1,511**	**77,160**
At 30 June 2011	**15,998**	**25,882**	**49,312**	**2,991**	**94,183**

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 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)2	–	–	–	–	–
Effect of movements in exchange rates	–	–	–	–	–
Balance at 30 June 2010	**14,431**	**26,675**	**49,995**	**1,318**	**92,419**
Balance at 1 July 2010	14,431	26,675	49,995	1,318	92,419
Additions	–	142	763	586	1,491
Added as part of a business combination	–	–	–	–	–
Disposals and transfers to other asset classes)	(340)	(4,252)	(25,080)	–	(29,672)
Revalued on initial measurement	–	–	–	–	–
Effect of movements in exchange rates	–	–	–	–	–
Balance at 30 June 2011	**14,091**	**22,565**	**25,678**	**1,904**	**64,238**
Depreciation and impairment losses					
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**
Balance at 1 July 2010	–	3,246	37,407	–	40,653
Depreciation for the year	–	–	4,235	–	4,235
Depreciation on discontinued operations	–	–	–	–	–
Depreciation recovered to COGS	–	–	–	–	–
Additions	–	–	–	–	–
Added as part of a business combination	–	–	–	–	–
Disposals and transfers to other asset classes	–	(936)	(25,188)	–	(26,124)
Effect of movements in exchange rates	–	–	–	–	–
Balance at 30 June 2011	**–**	**2,310**	**16,454**	**–**	**18,764**
Carrying amounts					
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**
At 1 July 2010	**14,431**	**23,429**	**12,588**	**1,318**	**51,766**
At 30 June 2011	**14,091**	**20,255**	**9,224**	**1,904**	**45,474**

Property, plant and equipment under construction

During the year ended 30 June 2011, the Group completed property projects in Wellsford, Walton and Rolleston. A property project in Ashburton has been committed for completion in the following year.

28 TRADE AND OTHER PAYABLES

	GROUP 2011 $000	GROUP 2010 $000	COMPANY 2011 $000	COMPANY 2010 $000
Trade creditors	144,202	146,800	88,037	96,296
Loyalty reward programme	1,318	1,603	1,318	1,603
Deposits received in advance	8,687	11,619	8,172	11,398
Accruals and other liabilities	61,579	56,312	31,650	17,417
Employee entitlements	14,542	11,385	10,689	8,378
Amounts owing to subsidiaries	–	–	298	478
	230,328	**227,719**	**140,164**	**135,570**
Payable within 12 months	222,513	226,156	133,561	135,315
Payable beyond 12 months	7,815	1,563	6,603	255
	230,328	**227,719**	**140,164**	**135,570**

Payables denominated in currencies other than the functional currency comprise $59.2 million (2010: $77.6 million) of trade payables denominated in USD $30.6 million (2010: $53.7 million), AUD $8.1 million (2010: $21.6 million), EUR $18.9 million (2010: $1.7 million) and GBP $1.6 million (2010: $0.6 million).

Provisions

Silver Fern Farms Supply Contract

In 2009 the Company entered into a supply contract with Silver Fern Farms Limited. The contract term expires in September 2019. To the extent that the Company is unable to meet the annual supply targets under the contract, in certain circumstances it is required to make a payment to Silver Fern Farms in respect of the shortfall. Due to the level of supply and current livestock market trends the Directors consider that it is appropriate to create a provision of approximately $9.6 million which represents the Directors best estimate of the expected short supply liability over the remaining term of the contract. See also contingent liabilities commentary in Note 37.

	GROUP 2011 $000	GROUP 2010 $000	COMPANY 2011 $000	COMPANY 2010 $000
Balance as at 1 July	–	–	–	–
Provision	9,555	–	9,555	–
Balance as at 30 June	**9,555**	**–**	**9,555**	**–**

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	1,603	1,919	1,603	1,919
Additional provision made	795	864	795	864
Amount utilised	(1,080)	(1,180)	(1,080)	(1,180)
Balance as at 30 June	**1,318**	**1,603**	**1,318**	**1,603**

29 DEFINED BENEFIT ASSET / LIABILITY

	GROUP 2011 $000	GROUP 2010 $000	COMPANY 2011 $000	COMPANY 2010 $000
Present value of funded obligations	(69,145)	(66,040)	(69,145)	(66,040)
Fair value of plan assets	52,175	47,834	52,175	47,834
Total defined benefit asset / (liability)	**(16,970)**	**(18,206)**	**(16,970)**	**(18,206)**

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		WRIGHTSON RETIREMENT PLAN	
	2011	2010	2011	2010
Group / Company				
Plan assets consist of:				
NZ equities	63%	65%	63%	65%
Fixed interest	34%	33%	34%	33%
Cash	3%	2%	3%	2%
	100%	100%	100%	100%

Actuarial Assumptions:

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

	2011	2010
Discount rate used (10 year New Zealand Government Bond rate)	5.04%	5.35%
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 remaining 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.

	2011 $000	2010 $000	2009 $000	2008 $000	2007 $000
Historical information					
Present value of the defined benefit obligation	69,145	66,040	61,863	68,705	71,709
Fair value of plan assets	(52,175)	(47,834)	(48,183)	(69,528)	(74,662)
Deficit / (surplus) in the plan	**16,970**	**18,206**	**13,680**	**(823)**	**(2,953)**

The Group expects to pay $3.761 million (2011: $2.244 million) in contributions to defined benefit plans in 2012. Member contributions are expected to be $1.128 million (2011: $1.378 million).

29 DEFINED BENEFIT ASSET / LIABILITY (CONTINUED)

	NOTE	GROUP 2011 $000	GROUP 2010 $000	COMPANY 2011 $000	COMPANY 2010 $000
Movement in the liability for defined benefit obligations:					
Liability for defined benefit obligations at 1 July		66,040	61,863	66,040	61,863
Benefits paid by the plan		(4,980)	(5,631)	(4,980)	(5,631)
Current service costs and interest		4,486	5,236	4,486	5,236
Member contributions		1,378	1,651	1,378	1,651
Actuarial (gains)/losses recognised in equity		2,221	2,921	2,221	2,921
Liability for defined benefit obligations at 30 June		69,145	66,040	69,145	66,040
Movement in plan assets:					
Fair value of plan assets at 1 July		47,834	48,183	47,834	48,183
Contributions paid into the plan		3,622	3,127	3,622	3,127
Benefits paid by the plan		(4,980)	(5,631)	(4,980)	(5,631)
Expected return on plan assets		2,830	2,816	2,830	2,816
Actuarial gains/(losses) recognised in equity		2,869	(661)	2,869	(661)
Fair value of plan assets at 30 June		52,175	47,834	52,175	47,834
Expense recognised in profit or loss:					
Current service costs		2,113	2,939	2,113	2,939
Interest on obligation		2,373	2,297	2,373	2,297
Expected return on plan assets		(2,830)	(2,816)	(2,830)	(2,816)
Recognised in Non-Trading Items	9	**1,656**	**2,420**	**1,656**	**2,420**
Actual return on plan assets		5,577	2,126	5,577	2,126
Gains and losses recognised in equity:					
Cumulative gains/(losses) at 1 July		(18,942)	(14,416)	(18,942)	(14,416)
Net profit and loss impact from current period costs		(1,656)	(2,420)	(1,656)	(2,420)
Recognised during the year		648	(2,106)	648	(2,106)
Cumulative gains/(losses) at 30 June		(19,950)	(18,942)	(19,950)	(18,942)

30 CAPITAL AND RESERVES

	NO. OF SHARES 2011 000	NO. OF SHARES 2010 000	GROUP 2011 $000	GROUP 2010 $000	COMPANY 2011 $000	COMPANY 2010 $000
On issue at 1 July	758,441	315,816	640,174	408,850	640,174	408,850
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)
Share cancellation	(3,592)	–	–	–	–	–
Share capital on issue at 30 June	**754,849**	**758,441**	**640,174**	**640,174**	**640,174**	**640,174**

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

Retained earnings equals accumulated undistributed profit.

Dividends

No dividends were declared and paid by the Group for the year ended 30 June (2010: $Nil).

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

	GROUP 2011 $000	GROUP 2010 $000	COMPANY 2011 $000	COMPANY 2010 $000
Profit after taxation	(30,667)	23,304	(18,468)	2,738
Add/(deduct) non-cash / non operating items:				
Depreciation and amortisation expense	10,124	7,255	6,338	4,817
Fair value adjustments	25,764	(7,038)	15,133	(4,701)
Net profit on sale of assets/investments	(4,901)	(6,099)	4,639	(6,059)
Bad debts written off (net)	1,904	1,077	916	376
Increase in provision for doubtful debts	12,639	10,723	4,473	2,382
(Increase)/decrease in deferred taxation	407	(4,608)	161	(1,056)
Equity accounted earnings from associates	(789)	(1,959)	–	–
Management fee from subsidiaries	–	–	(46,807)	–
Contractual obligations accrual	11,564	–	9,789	–
Discontinued operations	(4,533)	–	–	–
Financing costs	2,557	8,444	1,463	5,537
Other non-cash items	1,892	(3)	(7,476)	(4,276)
	56,628	7,792	(11,371)	(2,980)
Add/(deduct) movement in working capital items:				
Movement in working capital due to sale/purchase of businesses	24,064	(349)	(113)	(787)
(Increase)/decrease in inventories and biological assets	(30,897)	(33,845)	1,613	(12,925)
(Increase)/decrease in accounts receivable and prepayments	(40,908)	(20,266)	(16,954)	(21,525)
(Increase)/decrease in assets held for sale	(92,108)	7,973	(516)	7,973
Increase/(decrease) in trade creditors, provisions and accruals	8,166	54,978	(2,030)	57,652
Increase/(decrease) in income tax payable/receivable	6,086	3,757	11,271	(9,973)
Increase/(decrease) in net finance assets	101,766	–	–	–
Increase/(decrease) in term loans	2,788	–	17,640	–
	(21,043)	12,248	10,911	20,415
Net cash flow from operating activities	**4,918**	**43,344**	**(18,928)**	**20,173**

32 EMPLOYEE SHARE PURCHASE SCHEME

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

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

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

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

Shares held by the Scheme

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

	GROUP 2011 000	GROUP 2010 000	COMPANY 2011 000	COMPANY 2010 000
Ordinary shares				
Allocated to employees (fully paid)	327	327	327	327
Not yet allocated to employees	52	52	52	52
Percentage of total ordinary shares	0.05%	0.05%	0.05%	0.05%

All shares held by the Scheme that are fully paid carry full voting rights. The Scheme acquired Nil shares during the year (2010: 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 Julian Daly, General Counsel and Company Secretary, and Rob Woodgate, Chief Financial Officer. If the shares have voting rights, the Corporate Trustee is entitled to exercise that voting power.

	GROUP 2011 $000	GROUP 2010 $000	COMPANY 2011 $000	COMPANY 2010 $000
Financial Commitments				
Advances from PGG Wrightson Limited	138	170	138	170

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 (2010: Nil) had been pledged to external financial institutions as security.

33 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 $107.5 million (2010: $85.4 million) for the Group and $44.2 million (2010: $35.3 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 $560.7 million (Company: $67.0 million) of interest rate contracts at balance date (2010: Group $635.2 million, Company $210.0 million).

33 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 2011, 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%	
	2011 $000	2010 $000	2011 $000	2010 $000
Impact on net profit after tax	(443)	(250)	452	257
Members' equity	(443)	(2,325)	452	2,389

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.

33 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). 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 2011						
Assets						
Cash and cash equivalents	216	–	–	–	216	216
Derivative financial instruments	5,357	746	–	–	6,103	6,103
Trade receivables	210,266	–	–	–	210,266	210,266
Finance receivables	–	–	–	–	–	–
	215,839	**746**	**–**	**–**	**216,585**	**216,585**
Liabilities						
Bank facilities	64,037	125,367	–	–	189,404	176,694
Derivative financial instruments	2,674	821	–	–	3,495	3,495
Trade and other payables	221,641	–	–	–	221,641	221,641
Finance liabilities	–	–	–	–	–	–
	288,352	**126,188**	**–**	**–**	**414,540**	**401,830**
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	40,229	210,768	870	–	251,867	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
	633,777	**249,018**	**27,998**	**–**	**910,793**	**861,587**

33 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 2011						
Assets						
Cash and cash equivalents	–	–	–	–	–	–
Derivative financial instruments	2,982	95	–	–	3,077	3,077
Trade receivables	347,811	–	–	–	347,811	347,811
	350,793	**95**	**–**	**–**	**350,888**	**350,888**
Liabilities						
Bank overdraft	2,564	–	–	–	2,564	2,564
Bank facilities	22,455	125,367	–	–	147,822	135,500
Derivative financial instruments	2,088	770	–	–	2,858	2,858
Trade and other payables	131,992	–	–	–	131,992	131,992
	159,099	**126,137**	**–**	**–**	**285,236**	**272,914**
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
Finance receivables	–	–	–	–	–	–
	347,078	**146**	**3**	**–**	**347,227**	**347,227**
Liabilities						
Bank facilities	16,420	189,755	870	–	207,045	177,855
Derivative financial instruments	1,555	2,582	388	–	4,525	4,525
Trade and other payables	124,172	–	–	–	124,172	124,172
	142,147	**192,337**	**1,258**	**–**	**335,742**	**306,552**

33 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 2011						
Finance receivables	–	–	–	–	–	–
	–	**–**	**–**	**–**	**–**	**–**
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**
Company 2011						
Finance receivables	–	–	–	–	–	–
	–	**–**	**–**	**–**	**–**	**–**
Company 2010						
Finance receivables	–	–	–	–	–	–
	–	**–**	**–**	**–**	**–**	**–**

33 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 2011				
Cash and cash equivalents	2	173	36	31
Trade and other receivables	271	13,345	20,575	2,426
Trade and other payables	(1,619)	(30,535)	(8,079)	(18,904)
Net balance sheet position	(1,346)	(17,017)	12,532	(16,447)
Forward exchange contracts				
Notional forward exchange cover	(1,327)	(17,174)	12,667	(16,408)
Net unhedged position	**(19)**	**157**	**(135)**	**(39)**
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**
Company 2011				
Cash and cash equivalents	–	36	1	–
Trade and other receivables	260	10,363	207	277
Trade and other payables	–	(21,570)	(6,468)	–
Net balance sheet position	260	(11,171)	(6,260)	277
Forward exchange contracts				
Notional forward exchange cover	260	(11,207)	(6,675)	277
Net unhedged position	**–**	**36**	**415**	**–**
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)**

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.

33 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 2011					
Assets					
Cash and cash equivalents	216	–	–	–	216
Derivative financial instruments	–	–	–	6,103	6,103
Trade and other receivables	210,266	–	–	–	210,266
Finance receivables	–	–	–	–	–
	210,482	**–**	**–**	**6,103**	**216,585**
Liabilities					
Bank facilities	176,694	–	–	–	176,694
Derivative financial instruments	28,000	(28,000)	–	3,495	3,495
Trade and other payables	–	–	–	221,641	221,641
Finance liabilities	–	–	–	–	–
	204,694	**(28,000)**	**–**	**225,136**	**401,830**
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**

33 FINANCIAL INSTRUMENTS (CONTINUED)

	WITHIN 12 MONTHS $000	1 TO 2 YEARS $000	OVER 2 YEARS $000	NON INTEREST BEARING $000	TOTAL $000
Company 2011					
Assets					
Cash and cash equivalents	–	–	–	–	–
Derivative financial instruments	–	–	–	3,077	3,077
Trade and other receivables	347,811	–	–	–	347,811
	347,811	**–**	**–**	**3,077**	**350,888**
Liabilities					
Bank overdraft	2,564	–	–	–	2,564
Bank facilities	135,500	–	–	–	135,500
Derivative financial instruments	28,000	(28,000)	–	2,858	2,858
Trade and other payables	–	–	–	131,992	131,992
	166,064	**(28,000)**	**–**	**134,850**	**272,914**
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
Finance receivables	–	–	–	–	–
	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
	354,855	**(143,000)**	**(34,000)**	**128,697**	**306,552**

33 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	AVAILABLE FOR SALE $000	TOTAL CARRYING AMOUNT $000	FAIR VALUE $000
Group 2011						
Assets						
Cash and cash equivalents	–	216	–	–	216	216
Derivative financial instruments	6,103	–	–	–	6,103	6,103
Trade and other receivables	–	210,266	–	–	210,266	210,266
Other investments	–	(62)	1,290	9,435	10,663	10,663
	6,103	**210,420**	**1,290**	**9,435**	**227,248**	**227,248**
Liabilities						
Derivative financial instruments	3,495	–	–	–	3,495	3,495
Trade and other payables	–	–	221,641	–	221,641	221,641
Bank facilities	–	176,694	–	–	176,694	176,694
	3,495	**176,694**	**221,641**	**–**	**401,830**	**401,830**
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
Finance 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**

33 FINANCIAL INSTRUMENTS (CONTINUED)

	FAIR VALUE $000	LOANS AND RECEIVABLES $000	OTHER AMORTISED COST $000	AVAILABLE FOR SALE $000	TOTAL CARRYING AMOUNT $000	FAIR VALUE $000
Company 2011						
Assets						
Cash and cash equivalents	–	–	–	–	–	–
Derivative financial instruments	3,077	–	–	–	3,077	3,077
Trade and other receivables	–	347,811	–	–	347,811	347,811
Other investments	–	77	442	–	519	519
	3,077	**347,888**	**442**	**–**	**351,407**	**351,407**
Liabilities						
Bank overdraft	–	2,564	–	–	2,564	2,564
Derivative financial instruments	2,858	–	–	–	2,858	2,858
Trade and other payables	–	–	131,992	–	131,992	131,992
Bank facilities	–	135,500	–	–	135,500	135,500
	2,858	**138,064**	**131,992**	**–**	**272,914**	**272,914**
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**

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.

33 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 2011					
Assets	– Derivative financial instruments	–	6,103	–	6,103
	– Other investments	–	–	9,435	9,435
		–	**6,103**	**9,435**	**15,538**
Liabilities	– Derivative financial instruments	–	3,495	–	3,495
		–	**3,495**	**–**	**3,495**
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**
Company 2011					
Assets	– Derivative financial instruments	–	3,077	–	3,077
		–	**3,077**	**–**	**3,077**
Liabilities	– Derivative financial instruments	–	2,858	–	2,858
		–	**2,858**	**–**	**2,858**
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**

33 FINANCIAL INSTRUMENTS (CONTINUED)

	2011	2010
Interest rates used for determining fair value		
Loans and receivables	11.9%	11.7%
Debentures – secured	7.1%	6.4%
Bonds	6.5%	8.5%

(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 2011 $000	GROUP 2010 $000
Total finance receivables, trade and other receivables		
New Zealand	164,804	692,381
Australia	17,784	11,179
South America	47,088	35,022
United Kingdom	333	–
	230,009	738,582

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.

34 OPERATING LEASES

	GROUP 2011 $000	GROUP 2010 $000	COMPANY 2011 $000	COMPANY 2010 $000
Non-cancellable operating lease rentals are payable as follows:				
Within one year	21,737	23,756	18,854	20,069
Between one and five years	45,903	51,181	41,295	42,853
Beyond five years	31,823	30,410	30,424	29,473
	99,463	105,347	90,573	92,395

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 13 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 $1.332 million (2010: $1.360 million).

35 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. Other business units have similar but less material cycles. The Group recognises this is the nature of the industry and plans and manages its business accordingly.

36 COMMITMENTS

	GROUP 2011 $000	GROUP 2010 $000
There are commitments with respect to:		
Capital expenditure not provided for, including Brazil Farm	183	17,134
Commitments to extend credit (PWF)	51,765	60,205
Investment in BioPacific Ventures	1,412	1,916
Purchase of land – Corson Grain	1,800	–
	55,160	79,255

Investment in BioPacific Ventures

The Group has committed $14.0 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 2011 $12.588 million has been drawn on the committed level of investment (2010: $12.084 million), which is included in other investments.

Investment in Brazil Farm

The Company entered into an agreement during 2007 to purchase a farm in Brazil. During 2011 the farm purchase, which had not settled, was considered not to fit within the Group's objectives. The purchase was cancelled resulting in a loss on disposal of $2.652 million, being the non-refundable portion of the deposit paid.

Corson Grain

The Group has committed to buy land as part of its purchase of the Corson Grain business. The property is to be purchased for $1.8 million in November 2013.

There are no material commitments relating to investment in associates.

37 CONTINGENT LIABILITIES

	GROUP 2011 $000	GROUP 2010 $000
There are contingent liabilities with respect to:		
Guarantees	20,978	32,354
PGG Wrightson Loyalty Reward Programme	416	506
PGG Wrightson Finance Limited	1,500	–
	22,894	32,860

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.

PGG Wrightson Finance Limited

PWF received monies in repayment of a loan, the priority of which may be subject to challenge. This contingent liability is estimated to be approximately $1.5 million.

Silver Fern Farms Supply Contract

To the extent that the Company is unable to meet the annual supply targets under the Silver Fern Farms supply contract, in certain circumstances it is required to make a payment to Silver Fern Farms in respect of the shortfall. Beyond the shortfall payment obligations estimated in Note 28, the Directors consider that an additional shortfall payment liability is not probable based on the initiatives being actively implemented to meet the supply targets.

There are no contingent liabilities relating to investments in associates.

38 RELATED PARTIES

Company and ultimate controlling party

The immediate parent of the Group is Agria (Singapore) Pte Ltd and the ultimate controlling party of the Group is Agria Corporation.

Transactions with key management personnel

Share based payments to former Managing Director and Senior Executives

The Company had entered into share and loan schemes with the former Managing Director and senior executives which enabled the acquisition of tranches of shares in the Company with a loan from the Company. No interest was payable on the loans whilst the individuals were employed by the Company and the terms of the schemes allowed for the loans to be written off pro rata in instalments over a period of five years subject to meeting performance criteria.

The Company acquired 2,500,000 PGG Wrightson Limited (PGW) shares in respect of the former Managing Director, Mr T Miles, in accordance with the terms of the senior executive share incentive scheme. Mr Miles left his employment on 19 October 2010 and his scheme terminated as a result of his resignation. Under the terms of the scheme, PGW acquired the shares which were cancelled upon acquisition. The acquisition and cancellation had no impact on profit for the year ended 30 June 2011.

Three additional share and loan schemes were entered into in 2009 with senior executives. The terms of these schemes were the same as those for the former Managing Director. The senior executives left their employment during the year ended 30 June 2011 and their share schemes terminated as a result. Under the terms of the schemes, PGW acquired a total of 1,091,769 of the shares which were cancelled upon acquisition. The acquisition and cancellation had no impact on profit for the year ended 30 June 2011.

As at 30 June 2011 the loan balance outstanding for both Managing Director and senior executives was $Nil (2010: $Nil) and the number of shares for which unrestricted ownership has been transferred is Nil (2010: Nil). The cost of these non-transferred shares was included in equity as treasury stock (2010: included in investments).

Key Management Personnel compensation

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

	GROUP 2011 $000	GROUP 2010 $000
Key management personnel compensation comprised:		
Short-term employee benefits	4,956	4,414
Post-employment benefits	–	18
Termination benefits	3,342	309
Other long-term benefits	–	–
Share-based payments	–	–
	8,298	4,741

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

Other Transactions with Key Management Personnel

A number of Directors, senior executives 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, senior executives and entities over which they have control or significant influence were as follows:

KMP/Director	Transaction	TRANSACTION VALUE 2011 $000	BALANCE OUTSTANDING 2011 $000	TRANSACTION VALUE 2010 $000	BALANCE OUTSTANDING 2010 $000
Michael Thomas	Debenture and rural saver deposits	1,208	1,567	11	359
Barry Brook (retired October 2009)	Purchase of retail goods, debenture and rural saver deposits	–	–	57	118
John McKenzie	Purchase of retail goods, sale of seed under production contracts	1,940	9	1,822	–
Sir Selwyn Cushing	Purchase of retail goods, debentures and secured deposits	(124)	4,225	2,507	4,350
George Gould	Purchase of retail goods	91	8	–	–

From time to time Directors and senior executives 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 minor or domestic in nature.

	TRANSACTION VALUE 2011 $000	BALANCE OUTSTANDING 2011 $000	TRANSACTION VALUE 2010 $000	BALANCE OUTSTANDING 2010 $000
Other Related Party Transactions				
Sale of goods and services				
NZFSU – Management and Investor Services	1,666	–	6,787	19,234

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 Group agreed to cancel its management contract with NZFSU during the period.

Management fees from Subsidiaries

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

	2011 $000	2010 $000
Agriculture New Zealand Limited	2,750	–
Agri-feeds Limited	10,000	–
PGG Wrightson Seeds Limited	15,000	–
PGG Wrightson Funds Management Limited	19,057	–
	46,807	–

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.

39 EVENTS SUBSEQUENT TO BALANCE DATE

Sale of PGG Wrightson Finance

On 15 August 2011 PWF bondholders, secured depositors and unsecured depositors approved the sale of the Company. The sale now requires the completion of Heartland's capital raising and approval by the New Zealand Treasury for the Crown, to be finalised. The expected date for completion for all approvals remains 31 August 2011.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF PGG WRIGHTSON LIMITED

Report on the Company and Group Financial Statements

We have audited the accompanying financial statements of PGG Wrightson Limited ("the company") and the group, comprising the company and its subsidiaries, on pages 28 to 97. The financial statements comprise the statements of financial position as at 30 June 2011, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, for both the company and the group.

Directors' Responsibility for the Company and Group Financial Statements

The directors are responsible for the preparation of company and group financial statements in accordance with generally accepted accounting practice in New Zealand and International Financial Reporting Standards that give a true and fair view of the matters to which they relate, and for such internal control as the directors determine is necessary to enable the preparation of company and group financial statements that are free from material misstatement whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these company and group financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the company and group financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the company and group financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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. Other than in our capacity as auditors we have no relationship with, or interests in, the company.

Opinion

In our opinion the financial statements on pages 28 to 97:

- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards;
- give a true and fair view of the financial position of the company and the group as at 30 June 2011 and of the financial performance and cash flows of the company and the group for the year then ended.

Carrying Value of Goodwill

Without modifying our opinion, we draw attention to Note 26 of the financial statements which describes the assumptions used to determine the value in use in order to support the carrying value of goodwill as at 30 June 2011, and the sensitivity of key assumptions for which there is a reasonable possibility of change that would cause the carrying amount of goodwill to exceed its recoverable amount.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993, we report that:

- we have obtained all the information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by PGG Wrightson Limited as far as appears from our examination of those records.

KPMG

29 August 2011
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 2010 to 30 June 2011 (*Interest ceased during the year.)

DIRECTOR	INTEREST	ORGANISATION
Sir John Anderson	Chairman	Television New Zealand
		NPT Limited
		Capital & Coast District Health Board* (to December 2010)
		New Zealand Venture Investment Fund
		Commissioner of the Hawke's Bay District Health Board* (to December 2010)
	Director	Commonwealth Bank of Australia
	Trustee	Canterbury Business Recovery Trust Fund
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
	Director/Trustee Shareholder	PGG Wrightson Employee Benefits Plan Limited
	Unit Holder	NZ Rural Property Trust
B R Irvine	Chairman	Christchurch City Holdings Limited
		Heartland NZ Limited and Subsidiaries
	Director	House of Travel Holdings Limited
		Godfrey Hirst NZ Limited and Subsidiaries
		Market Gardeners Limited and Subsidiaries
		Pyne Gould Corporation Limited and Subsidiaries
		Rakon Limited and Subsidiaries
		Scenic Circle Hotels Limited
		Skope Industries Limited
		Canterbury Business Recovery Group Limited
	Director/Shareholder	BR Irvine Limited
G Lai	Director	Soft Power Holdings Limited
		Brothers Capital Limited
		Singapore Zhongxin Investments Co. Ltd
	Chairman/Director	Agria Corporation (NYSE:GRO)
	Chairman/Non-Exec Director	China Pipe Group Limited (HKSE: 0380)
T M Miles*	Trustee	Eastbourne Trust
(resigned 19 October 2010)		MR Miles Trust
	Director	PGG Wrightson Finance Limited* (resigned 19 October 2010)
	Director/Shareholder	Jeffries Miles Consulting Limited
		Jeffries Miles Property Limited

DIRECTOR	INTEREST	ORGANISATION
K R Smith	Chairman	Goodman (NZ) Limited
		Healthcare Holdings Limited (and subsidiaries)
		Mobile Surgical Services Limited
		Tourism Holdings Limited
	Deputy Chairman	The Warehouse Group Limited
	Director	Electronic Navigation Limited
		Enterprise Motor Group Limited and subsidiaries and associates
		Mighty River Power Limited
	Director / Shareholder	Harpers Holding Limited
	Member	New Zealand Advisory Board of LEK Consulting Limited* (Member to February 2011)
W D Thomas	Chairman	NZ Velvet Marketing Co Limited* (Chairman to 19 November 2010)
	Director	PGG Wrightson Finance Limited
		PGG Wrightson Wool Limited (was Wool Partners International Limited) (Director from 21 March 2011)
		Velvet Logistics Limited* (Director to 1 December 2010)
	Trustee	Longbeach Trust
T Xie (XT)	CEO / Director	Agria Corporation (NYSE: GRO)
	Director/Shareholder	Agria (Singapore) Pte. Ltd
		Agria Asia Investments Limited (was Southrich Limited) (Director from 30 June 2011)
		PGG Wrightson Finance Limited
	Director	Tongyu Heavy Industry Co. Limited
		China Mengniu Dairy Co. Limited
G A C Gould	Director/Shareholder	Pyne Gould Corporation Limited* (Director to 31 January 2010)
Appointed Managing Director		Glenmark Farms Limited
1 February 2011	Director	Christchurch International Airport Limited
		Orion New Zealand Limited

In addition:

- Sir Selwyn Cushing, G A C Gould, K R Smith 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.

DIRECTORS' REMUNERATION

The following persons held office, or ceased to hold office, as a Director during the year to 30 June 2011 and received the following remuneration (including the value of any benefits). Figures are gross and exclude GST (if any):

DIRECTOR	DIRECTOR'S FEES	AUDIT COMMITTEE	REMUNERATION & APPOINTMENTS COMMITTEE	CREDIT COMMITTEE	TOTAL REMUNERATION
Sir John Anderson *Chairman*	$210,000		$3,750		$213,750
Sir Selwyn Cushing	$80,000	$10,000			$90,000
B R Irvine	$80,000	Chairman $20,000			$100,000
T M Miles (1) *Previous Managing Director*					$4,318,535
G Lai	$80,000				$80,000
T Xie	$80,000		$5,000		$80,000
G A C Gould (2) *Managing Director*	$46,889		$4,396		$676,285
K R Smith	$80,000	$10,000			$90,000
W D Thomas	$80,000			$10,000	$90,000

(1) T Miles resigned as Managing Director on 19 October 2010. He did not receive Directors' fees. His remuneration received in the year to 30 June 2011 listed above is comprised of base salary and benefits of $615,410, a short term incentive of $703,125 paid on 30 October 2010 for performance during the year to 30 June 2010, and an ex gratia payment of $3,000,000 paid on 30 October 2010. T Miles also had a long term share incentive programme as disclosed in Note 38 to the financial statements.

(2) G A C Gould was appointed as Managing Director on 1 February 2011. Since this appointment he has not received Directors' fees. His total remuneration received in the year to 30 June 2011 listed above includes payment for Managing Director services since 1 February 2011 of $625,000.

DIRECTORS' SHAREHOLDINGS

		30 JUNE 2011	30 JUNE 2010
Sir John Anderson	– Beneficial interest	150,000	150,000
Sir Selwyn Cushing (1)	– Beneficially owned	108,264	108,264
	– Beneficial interest	3,067,323	5,900,251
B R Irvine (2)		–	–
GAC Gould (2)		–	–
T M Miles	– Beneficially owned	–	3,746,774
	– Beneficial interest	–	113,809
G Lai (3)		–	–
T Xie (3)		–	–
K R Smith	– Beneficially owned	18,328	18,328
	– Non beneficial interest	154,760	154,760
W D Thomas	– Beneficially owned	24,501	24,501
	– Beneficial interest	24,450	24,450

(1) Sir Selwyn Cushing is a Director and non beneficial Trustee for the PGG Wrightson Employee Benefits Plan Limited holding 4,000,000 shares as at 30 June 2011.

(2) B R Irvine and G A C Gould* are associated persons of substantial security holder Pyne Gould Corporation Limited which holds 72,171,074 shares as at 30 June 2011.

*interest ceased during the year

(3) G Lai and T Xie are associated persons of substantial security holders Agria (Singapore) Pte Ltd, Agria Asia Investments Limited, Agria Group Limited and Agria Corporation (together Agria Group), with Agria (Singapore) Pte Limited holding 379,068,619 shares as at 30 June 2011.

DIRECTORS' SHARE TRANSACTIONS

The Directors of the Company have notified the Company of the following share transactions between 1 July 2010 and 30 June 2011:

DIRECTOR	TRANSACTION	DATE	NUMBER	PRICE PER SHARE OR TOTAL CONSIDERATION
Sir Selwyn Cushing	Beneficial interest through the sale of ordinary shares by H & G Limited in the Agria Takeover Offer	2 May 2011	2,832,928	$0.60
B R Irvine	Associated person interest through the sale of ordinary shares by substantial security holder Pyne Gould Corporation Limited in the Agria Takeover Offer	2 May 2011	66,656,006	$0.60
G A C Gould	Associated person interest* through the sale of ordinary shares by substantial security holder Pyne Gould Corporation Limited in the Agria Takeover Offer	2 May 2011	66,656,006	$0.60
	**interest ceased during the year*			
G Lai	Associated person interest through the on-market acquisition of ordinary shares by substantial security holder Agria (Singapore) Pty Limited in the Agria Takeover Offer	2 May 2011	234,963,939	$0.60
T Xie (XT)	Associated person interest through the on-market acquisition of ordinary shares by substantial security holder Agria (Singapore) Pty Limited in the Agria Takeover Offer	2 May 2011	234,963,939	$0.60
T M Miles	Beneficial interest through on market sale of ordinary shares in the Eastbourne Trust	14 Dec 2010	113,809	$0.49
	Beneficial ownership through the sale of ordinary shares by T M Miles in the Agria Takeover Offer	2 May 2011	1,246,774	$0.60
	Beneficial ownership in off-market transfer of ordinary shares from T M Miles to PGG Wrightson Limited	30 June 2011	2,500,000	$2.75

DIRECTORS' INDEPENDENCE

The Board has determined that as at 30 June 2011:

- Sir John Anderson, K R Smith and W D Thomas are Independent Directors;
- Sir Selwyn Cushing, B R Irvine, G Lai and T Xie are not Independent Directors by virtue of their association with a substantial security holder; and
- G A C Gould is not an Independent Director by virtue of being an Executive Director.

NZX WAIVERS

No waivers have been granted and published by the NZX during the 12 months ending 30 June 2011.

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, B R Irvine and G A C Gould* 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. Pyne Gould Corporation Limited has signed a confidentiality agreement in favour of the Company. 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.

** 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 but excludes Managing Directors whose remuneration is disclosed in the Directors' Remuneration section.

REMUNERATION RANGE	NUMBER OF EMPLOYEES
$ 100,000 – $ 110,000	49
$ 110,001 – $ 120,000	31
$ 120,001 – $ 130,000	23
$ 130,001 – $ 140,000	16
$ 140,001 – $ 150,000	18
$ 150,001 – $ 160,000	14
$ 160,001 – $ 170,000	11
$ 170,001 – $ 180,000	7
$ 180,001 – $ 190,000	13
$ 190,001 – $ 200,000	2
$ 200,001 – $ 210,000	2
$ 210,001 – $ 220,000	5
$ 220,001 – $ 230,000	1
$ 230,001 – $ 240,000	3
$ 240,001 – $ 250,000	1
$ 250,001 – $ 260,000	2
$ 260,001 – $ 270,000	4
$ 270,001 – $ 280,000	1
$ 280,001 – $ 290,000	2
$ 290,001 – $ 300,000	1
$ 300,001 – $ 310,000	1
$ 310,001 – $ 320,000	2
$ 330,001 – $ 340,000	3
$ 380,001 – $ 390,000	1
$ 400,001 – $ 410,000	1
$ 460,001 – $ 470,000	1
$ 530,001 – $ 540,000	1
$ 560,001 – $ 570,000	1

The Board's Remuneration and Appointments Committee approves PGG Wrightson'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 on behalf of the Group. 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	JS Daly (A), GAC Gould (A), JD McKenzie (A), RJ Woodgate (A), TM Miles (R), JC Dale (R)
Agritech South America Limited *(previously PGG Wrightson Investments Limited)*	JS Daly (A), GAC Gould (A), RJ Woodgate (A), JC Dale (R), TM Miles (R), MR Thomas (A)(R)
Agriculture New Zealand Limited	JS Daly (A), GAC Gould (A), RJ Woodgate (A), TM Miles (R), JC Dale (R), MR Thomas (A)(R)
Agri-feeds Limited	JS Daly (A), GAC Gould (A), JD McKenzie (A), RJ Woodgate (A), TM Miles (R), JC Dale (R)
Forage Innovations Limited (51%)	JD McKenzie, DHF Green
Grasslands Innovation Limited (70%)	AW Elliott, DHF Green, JD McKenzie
PGG Wrightson Consortia Research Limited	JS Daly (A), GAC Gould (A),JD McKenzie (A), RJ Woodgate (A), TM Miles (R), JC Dale (R)
PGG Wrightson Employee Benefits Plan Ltd	Sir Selwyn Cushing, JS Daly (A), RJ Woodgate (A), JC Dale (R), MR Thomas (R)
PGG Wrightson Employee Benefits Plan Trustee Limited	Sir Selwyn Cushing, JS Daly (A), RJ Woodgate (A), JC Dale (R), MR Thomas (R)
PGG Wrightson Finance Limited	M Allen (Chairman), G Hansen, MR Thomas, WD Thomas, T Xie
PGG Wrightson Funds Management Limited	JS Daly (A), GAC Gould (A), RJ Woodgate (A), TM Miles (R), JC Dale (R), MR Thomas (A)(R)
PGG Wrightson Genomics Limited	JD McKenzie, JS Daly (A), GAC Gould (A), RJ Woodgate (A), TM Miles (R), JC Dale (R)
PGG Wrightson Real Estate Limited	JS Daly (A), GAC Gould (A), TM Miles (R), MR Thomas (R)
PGG Wrightson Seeds Limited	JS Daly (A), GAC Gould (A), JD McKenzie (A), TM Miles (R), JC Dale (R)
PGG Wrightson Trustee Limited	Sir Selwyn Cushing, JS Daly (A), RJ Woodgate (A), JC Dale (R), MR Thomas (R)
PGW Corporate Trustee Limited	JS Daly (A), RJ Woodgate (A), TM Miles (R), JC Dale (R)
Wrightson Seeds Limited	GAC Gould (A), JD McKenzie (A), RJ Woodgate (A), TM Miles (R), JC Dale (R)
Australian Companies	
Agricom Australia Pty Limited	JD McKenzie, SD Carden (A), GAC Gould (A), RJ Woodgate (A), JC Dale (R), TM Miles (R), GR Wade (R)
AusWest Seeds Pty Limited	JD McKenzie, SD Carden (A), GAC Gould (A), JC Dale (R), TM Miles (R), GR Wade (R)
Gramina Pty Limited (50%)	AW Elliott, JD McKenzie, D Woodfield
PGG Seeds Australia Pty Limited	JD McKenzie, SD Carden (A), GAC Gould (A), JC Dale (R) , TM Miles (R), GR Wade (R)
PGG Wrightson Real Estate Australia Pty Limited	GAC Gould (A), SD Carden (A), RJ Woodgate (A), JC Dale (R) , TM Miles (R), GR Wade (R)
PGG Wrightson Seeds (Australia) Pty Limited	JD McKenzie, GAC Gould (A), RJ Woodgate (A), JC Dale (R) , TM Miles (R), GR Wade (R)
Stephen Pasture Seeds Pty Ltd (Australia)	JD McKenzie, GAC Gould (A), RJ Woodgate (A), JC Dale (R) , TM Miles (R), GR Wade (R)

GENERAL DISCLOSURES (CONTINUED)

LEGAL COMPANY NAME	PGG WRIGHTSON DIRECTORS
South American Companies	
Afinlux S.A (51.2%) (Uruguay)	C Miguel De Leon, R Rodriguez, R Puente
Agrosan S.A. (Uruguay)	C Miguel de León, GAC Gould (A), JD McKenzie (A), RJ Woodgate (A), MR Thomas (R), JC Dale (R)
Alfalfares S.A (51%) (Argentina)	C Miguel de León, R Moyano
Escritorio Romualdo Rodriguez – Ltda (Uruguay) (51%)	C Miguel de León, R Puente, R Rodriguez
Hunker S.A. (Uruguay)	C Miguel de León, GAC Gould (A), RJ Woodgate (A), JD McKenzie (A), MR Thomas (R), JC Dale (R)
Guarneri y Ghilino Ltda (51.3%) (Brazil)	Administrator: Idogal S.A.
Idogal S.A. (51.52%) (Uruguay)	C Miguel de León, R Puente, N Guarneri
Juzay S.A (Uruguay)	C Miguel De Leon, GAC Gould (A), JD McKenzie (A), RJ Woodgate (A), MR Thomas (R), J Dale (R)
Kroslyn S.A (Uruguay)	C Miguel de León
Lanelle S.A (70%) (Uruguay)	C Miguel de León, F Bachino, GAC Gould (A), MR Thomas (R)
NZ Ruralco Participacoes Ltda (Brazil)	H De Boni Junior
PGG Wrightson Uruguay Limited S.A (Uruguay)	C Miguel de León, GAC Gould (A)
Wrightson Pas S.A. (Uruguay)	C Miguel de León, JD McKenzie, GAC Gould (A), RJ Woodgate (A), JC Dale (R), MR Thomas (R)

SHAREHOLDER INFORMATION

PGG Wrightson Limited is quoted on the New Zealand Stock Market of NZX Limited (code PGW). As at 31 July 2011, PGG Wrightson Limited had 754,848,774 ordinary shares on issue.

SUBSTANTIAL SECURITY HOLDERS

At 31 July 2011, 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 2011.

SHAREHOLDER	NUMBER OF SHARES	DATE OF NOTICE
Pyne Gould Corporation Ltd	72,171,074	3 May 2011
Ngai Tahu Capital Ltd*	379,068,619	28 June 2011
New Hope Group* (1)	379,068,619	28 June 2011
Agria Group* (2)	379,068,619	28 June 2011

* Nature of connection between substantial security holders: Agria Group , New Hope Group and Ngai Tahu Capital Limited are each party to a shareholders agreement dated 17 April 2011 together with Agria (Singapore) Pte Limited and Agria Asia Investments Limited.

(1) Substantial security holder notice received from New Hope International (Hong Kong) Limited and New Hope Group Co., Ltd (together New Hope Group)

(2) Substantial security holder notice received from Agria (Singapore) Pte Ltd, Agria Asia Investments Limited, Agria Group Limited and Agria Corporation (together Agria Group)

TWENTY LARGEST REGISTERED SHAREHOLDERS

The 20 largest shareholders in PGG Wrightson Limited as at 31 July 2011 were:

SHAREHOLDER		NUMBER OF SHARES HELD	% OF SHARES HELD
1.	Agria (Singapore) Pte Limited	379,068,619	50.22%
2.	Pyne Gould Corporation Limited	72,171,074	9.56%
3.	HSBC Nominees (New Zealand) Limited*(A/C 90)	20,897,368	2.77%
4.	National Nominees New Zealand Limited*	19,156,610	2.54%
5.	Accident Compensation Corporation	15,080,940	2.00%
6.	AMP Investments Strategic Equity Growth Fund	12,111,689	1.60%
7.	Citibank Nominees (New Zealand) Limited*	11,032,261	1.46%
8.	HSBC Nominees (New Zealand) Limited* (A/C 45)	8,574,621	1.14%
9.	New Zealand Superannuation Fund Nominees Ltd	7,623,726	1.01%
10.	Tea Custodians Limited*	5,122,613	0.68%
11.	NZ Guardian Trust Investment Nominees Limited	4,823,290	0.64%
12.	NZGT Nominees Limited – AIF Equity Fund*	4,611,991	0.61%
13.	Asteron Life Limited*	4,379,036	0.58%
14.	Forsyth Barr Custodians Limited	4,006,806	0.53%
15.	PGG Wrightson Employee Benefits Plan Limited	4,000,000	0.53%
16.	H & G Limited	3,067,323	0.41%
17.	Maxima Investments Limited	3,012,011	0.40%
18.	Custodial Services Limited (A/C 3)	2,988,044	0.40%
19.	Masfen Securities Limited	2,469,837	0.33%
20.	FNZ Custodians Limited	1,786,650	0.24%

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

ANALYSIS OF SHAREHOLDINGS

Distribution of ordinary shares and shareholdings at 31 July 2011 was:

SIZE OF HOLDING	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES	% OF SHARES
1 – 499	1,037	298,929	0.04%
500 – 999	2,365	1,636,071	0.22%
1,000 – 4,999	5,739	14,124,136	1.87%
5,000 – 9,999	2,283	15,605,361	2.07%
10,000 – 49,999	2,927	59,299,721	7.86%
50,000 – 99,999	329	21,347,529	2.83%
100,000 – 499,999	173	29,284,907	3.88%
500,000 – 999,999	17	11,542,488	1.53%
1,000,000 and above	21	601,709,632	79.70%
Total	**14,891**	**754,848,774**	**100.00%**

Registered addresses of shareholders as at 31 July 2011 were:

ADDRESS	NUMBER OF SHAREHOLDERS	% OF SHAREHOLDERS	NUMBER OF SHARES	% OF SHARES
New Zealand	14,653	98.41%	372,842,694	49.39%
Australia	136	0.91%	1,759,697	0.23%
Other	102	0.68%	380,246,383	50.38%
Total	**14,891**	**100.00%**	**754,848,774**	**100.00%**

CORPORATE DIRECTORY

COMPANY NUMBER 142962

BOARD OF DIRECTORS AS AT 30 JUNE 2011

Sir John Anderson, *Chairman*

Sir Selwyn Cushing

George Gould

Bruce Irvine

Guanglin Lai

Keith Smith

Bill Thomas

Tao Xie

MANAGING DIRECTOR

George Gould *(appointed 1 February 2011)*

CHIEF FINANCIAL OFFICER

Robert Woodgate

GENERAL COUNSEL & COMPANY SECRETARY

Julian Daly

REGISTERED OFFICE

PGG Wrightson Limited
57 Waterloo Road
PO Box 292
Christchurch 8140
Telephone 64 3 372 0800
Fax 64 3 372 0801

AUDITOR

KPMG
62 Worcester Boulevard
PO Box 1739
Christchurch 8140
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.

PGG Wrightson

www.pggwrightson.co.nz