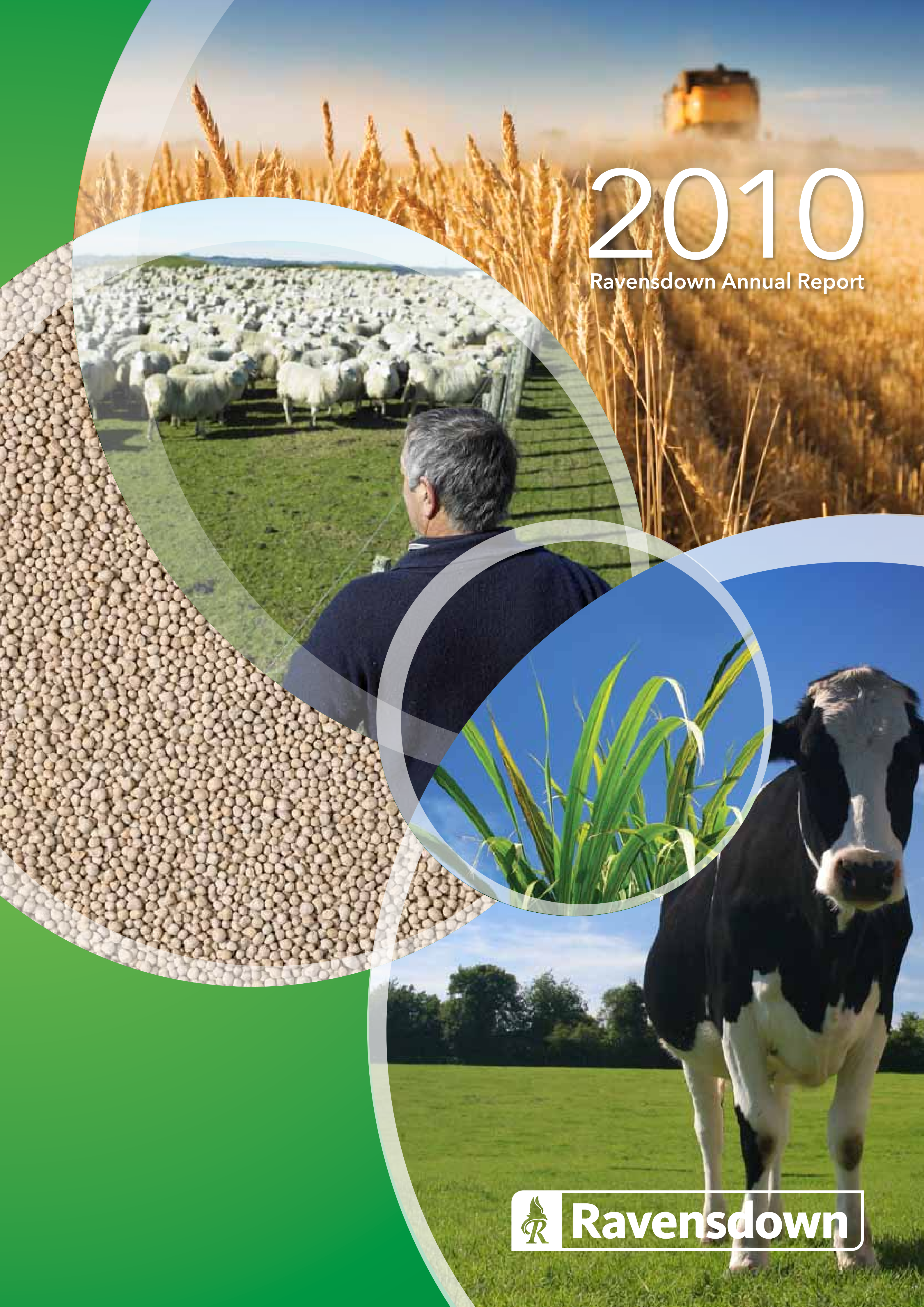
2010
Ravensdown Annual Report



Financial highlights

Ravensdown Fertiliser Co-operative

Chairman and CEO's Report

We finished the 2008-2009 year with a feeling of some relief.

That year was one of the more difficult your Co-operative has faced with enormous fluctuations in commodity prices and massive reductions in fertiliser purchases by you, our shareholders, as a result of the accompanying collapse in world food prices in late 2008. The impact of the problems you, our farmers, were experiencing in early 2009 continued into the start of the 2009-2010 year.

Almost all the world's fertiliser companies suffered significantly through the 2008-2009 period and, indeed, we were one of the very few companies to achieve a profit during that period.

The spring of 2009 was a difficult period. As we got through that, confidence lifted and sales volumes rose in the autumn of 2010 in New Zealand to give a year-end total which was a major relief from the previous year, but still well below the level you all require for maintenance of your existing farming systems. We had an increase in sales in New Zealand of 13% from the previous financial year and this was an encouraging result.

We entered the 2009-2010 year with pricing signals that encouraged the use of DAP over superphosphate and that is what you did.

As we got further through the year, international pricing normalised with adjustments up in DAP pricing, and down in phosphate rock and this then gave a significant lift to the superphosphate products we manufacture ourselves.

Throughout 2009 we saw a continuation of the low commodity prices that had resulted from the major fertiliser price collapse in October 2008. These prices started to firm quite significantly in early 2010. We were concerned that the next commodity

boom was commencing, fortunately however, the prices flattened out, but at a level substantially above the low points. For instance, DAP dropped to USD300 per tonne in November/December 2009 and then increased rapidly over the first three months of 2010 to go above USD500 per tonne. Since then, it has fluctuated between USD450 and USD500 per tonne and this level of volatility looks likely to continue. The decrease in rock prices that were required by such a reduction in DAP did not come, but now with the increase in DAP, superphosphate and urea are an extremely cost-effective way to apply your N, P and S.

As we look forward, we remain extremely concerned about the potential upside in fertiliser commodity prices. There has also been a flurry of takeover activity amongst the fertiliser companies with the consolidation of potash suppliers in Russia, the takeover bid for Potash Corp by BHP and the expansionary moves by Agrium to attempt to create a position in Australasia.

Managing nutrients

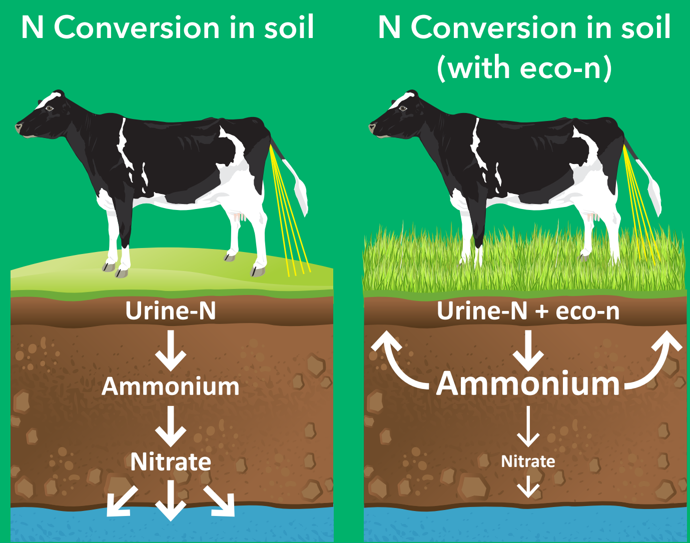
We took the opportunity of reduced fertiliser selling activity through the 2008-2010 period to ensure all our key account managers and account managers focused on providing you with Nutrient Management Plans. To a large extent these have been completed and we are proud that our staff stepped up to this challenge and carried out Nutrient Management Plans for all of our dairy farmers purchasing over 50 tonnes of fertiliser and for a number of our other large customers in other sectors. We have worked throughout the organisation to put in place the procedures to maximise the efficiency in the production of these Nutrient Management Plans. One of the benefits of having our own in-house laboratory, ARL, is that soil analysis results, together with the GPS co-ordinates that define where the samples have been taken, flow seamlessly through not only to the Nutrient Management Plans, but also to the information our Customer Centre staff have in front of them when they discuss your fertiliser needs with you. When we combine this with the utilisation of eco-n and proof of placement through our ground and aerial spreading operations, we are providing you with comprehensive services and reports ensuring that you are complying with the environmental constraints you may be working under.

Eco-n – protecting the environment

It has not been an easy year for our eco-n sales with the escalation of the cost for this product in 2008, together with a reduction in sales resulting in a stock overhang.

We are buoyed by the increased focus we are now seeing from a number of you using eco-n.

This very important environmental tool reduces your nitrate leaching into ground water and reduces your nitrous oxide emissions (the country is getting the benefit because this is now being counted as a reduction in New Zealand carbon footprint in the ICC inventory tables, and we are still working to get your contribution to this recognised). The science behind eco-n now appears very broadly accepted. We no longer see challenges to our well-researched statements that eco-n significantly reduces nitrate leaching and greenhouse gas emissions. The issue of variable pasture growth remains a tool that our competitors use against this product, unfortunately impacting on its uptake. What we do remind you is that none of the fertiliser products guarantee a precise increase in pasture growth due to biological and climatic variables of your property. The pasture response of urea itself can be variable as you will all know.



eco-n:

- Increases pasture production
- Maintains more plant-available Ammonium-N
- Reduces nitrate leaching

By the time you receive this document we will have moved through yet another irritating chapter in the continuing attempts by our competitor to deny Ravensdown shareholders (and indeed New Zealand) the ownership of the patent for eco-n – in which you have all invested a considerable amount of money to get it to its current state of scientific clarity. This additional cost of very expensive lawyers is a waste of your money.

Groundspreading

We are enjoying significant support for our Ravensdown spreading operations.

Despite the fact that our footprint through the country is still limited, some 3,000 of you carried out your spreading using Ravensdown's facilities. This not only ensures fertiliser is applied properly and accurately, using high quality spreading gear equipped with GPS, but also gives the proof of placement. During the 2009-2010 year we issued 18,000 maps of fertiliser spread.

We are continuing to work on the technology involved here and can now not only provide you with these maps over the internet, but can also provide you with consolidated maps where you can see in any area the total amount of each of the nutrients you have applied to each of your farming blocks. We store this data for you and maintain the storage systems.

Aerial spreading

Our aerial spreading operations also had a tough year, but significant work carried out at Wanganui Aero Work ensured this business was profitable albeit in a modest way. The joint venture aerial spreading businesses in the South Island are now being integrated with Ravensdown and are in good shape to meet the anticipated increase in demand as we move forward.

Lime

Our lime operation had a difficult year. After increased tonnage in 2008-2009 as farmers switched from fertiliser to lime applications, we saw the trend reverse this year, which resulted in a decline in lime sales. The business made a modest profit, but less than budgeted. Despite this, 6,000 of you purchased lime from Ravensdown in this financial year.

Agchem

There was significant disruption in the world agricultural chemical market caused by the rapid fall in active ingredient prices resulting in very difficult trading conditions faced by all

major agricultural chemical operators. Again, we believe we continue to deliver you, our shareholders, real value here.

Animal health

We continue to enjoy a lot of support in the animal health area with more than 3,000 of you purchasing our drenches and 4,000 purchasing the animal health supplements.

The importance of Fertmark

One of the issues many of you continue to talk to us about is how you should interpret the information from the various other sellers of 'fertiliser products' who come up your drive. We say to you that it's not our role to critically review the competing products because you developed the Fertmark scheme through Federated Farmers to handle this exact issue. Unfortunately, many of you do not demand that these suppliers of 'other fertiliser products' have Fertmark registration on their products before you buy them. Where a 'fertiliser supplier' does have Fertmark registration, it is extremely important that this product meets the Fertmark requirements. FertResearch – the industry-good body that has us and our competitor as its members – felt uncomfortable about claims made about the product SustaiN and so took this to the Fertiliser Quality Council to be addressed under Fertmark. Unfortunately, when the results of the Fertiliser Quality Council investigation went against SustaiN, the companies concerned then took out injunctions against the Fertiliser Quality Council, FertResearch and Ravensdown to attempt to prevent the publication of this information. When the rest of the support for Fertmark disappeared, Ravensdown was left standing alone to ensure Fertmark results were allowed to be seen by you – the farmers. This cost us $135,000 of your money. We resent having to pay this, but believe the integrity of Fertmark must be maintained, and we remain in dialogue with our friends at Federated Farmers to encourage them to step up to the plate when the next of these instances arise.

Australian operations

Our businesses in Australia had a very encouraging year in that we had a positive start in Queensland with strong support from the canegrowers and significant growth in WA, but with a disappointing financial result. The WA business grew significantly by 21%. This was a particularly good result given the major problem caused by a vessel containing DAP, MAP and compounds running aground in Morocco resulting not only in a significant delay in the arrival date of the shipment and deterioration in the quality of the product. The patience of you, our WA farmers, in staying with us through this problem is very much appreciated and one we will continue to remember as we move forward. The message received from WA farmers is not to get discouraged by any of the issues that have resulted, to look at the quality requirements the WA market demands (and they are different to those of New Zealand) and in meeting those, support will continue to grow.

The strong desire from our farmers in WA to continue with the co-operative is inspirational. We continued to strengthen our facilities in WA with a major upgrade of our despatch facilities at the Kwinana site. There are a number of other enhancements being carried out over the 2010-2011 year.

As with the rest of the world, agricultural chemicals (in particular glyphosate) were a problem to us in WA.

This, combined with the impairment of some slow moving stock items and the cost of the late arrival of the Moroccan vessel resulted in a poor financial performance from WA. The underlying trading result, however, was much better.

In Queensland, we also had a strong year with a lot of support and a profitable operation.

As we opened the bookings for the 2010 ratooning season, we got a further lift in support, and we now have a significant amount of equity (AUD6.5m at July 2010) in our operation, Ravensdown Fertiliser Australia.

The message from those of you in Queensland has been the same. You would like to support us more and we need to make sure we provide you with the right products and services to enable you to do that. Part of this is more open access to the products without the necessity to comprehensively forward order. This will be allowable once we complete the Townsville store giving us facilities in Brisbane and Townsville.

Coal to urea plant

During the year, we also supplied fertiliser product into Direct Farm Inputs in South Australia, Victoria and southern New South Wales. This is a growing business for Ravensdown, albeit in a different structure and with different partners.

Super into Australia

One of the other successes of our Australian business has been the uptake of New Zealand produced single superphosphate. This product has predominantly been shipped out of our Dunedin works with some coming from Christchurch. It has been well accepted in the markets in WA, Victoria and southern New South Wales where we have already sold a considerable amount.

This not only allows us to fill out our product range in Australia, it provides our Australian shareholders with access to this very important fertiliser product and it also gives a big lift in the efficiency of the operation of our New Zealand superphosphate plants.

Coal to urea

During the year, we talked to you about the very exciting coal-to-urea project we are investigating in collaboration with Solid Energy. Solid Energy is a good partner for this because of its ownership of a large amount of lignite coal in Southland and expertise with the extraction of that coal. We have determined that the operating costs of such a plant would mean it would be very competitive at current world prices for urea. Of concern to us is the maturity of the technology and the capital cost of the project. These are both being reviewed through detailed examination of the development of coal gasification technology in China. China leads the world in the development and utilisation of this technology with a large number of plants operating and under construction.

We will learn from these and when the time is right for this project to proceed, we will propose it.

Ravensdown directors

In the late 1970s a group of farmers got together and created Ravensdown. You may well have been involved in this process and you will certainly know farming leaders throughout New Zealand who did get involved in this process. Over the years you, as the owners of Ravensdown, have continued to be well-served by those who have put their talents and energies into providing governance for Ravensdown by serving as directors on our board. You are well represented here.

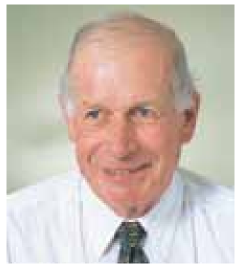
The directors of Ravensdown work tirelessly and intelligently to ensure your Co-operative meets your needs and that it constructively grows.

During the year, four directors retired by rotation and stood again for re-election. Three were re-elected unopposed and one was re-elected following an election process involving one other candidate.

Because of other commitments, we lost the services of Bruce Irvine as he retired from the board but we are very pleased to have recruited Liz Coutts as an independent director. Liz comes with significant management and governance experience. This experience has already proved extremely valuable in the

continuing debate that occurs around the board table and she also, importantly, chairs our audit committee.

On a sad note



It is with sadness we note that during the year we lost one of the early pioneers of Ravensdown – Jim Bull. Jim was an icon of New Zealand farming. He showed amazing initiative and drive to create a farming empire and also took many roles, both inside and outside the agricultural industry. We were very fortunate that one of the roles he did adopt was on the board of Ravensdown, for many years serving as Deputy Chairman. As a board member with a sharp and critical intelligence he never failed to provoke and inspire in discussions with our board and management.

A strong Co-operative

The reason for Ravensdown's success through such a difficult period can be largely attributed to the tireless and smart workings of our staff at all levels of the organisation. Not only did they rise to the challenge of a major reduction in revenue and the associated cost cuttings this involved, but they also used this period to introduce many new developments that have taken your Co-operative significantly forward.

Financial result

It was a big year for Ravensdown with a total of almost 1.3m tonnes of fertiliser sold, which was up 21% on last year.

Sales increased by 13% in New Zealand and 54% in Australia, indicating a significant increase in market share in both markets. During the year we passed on substantial price decreases as the world price of fertiliser commodities dropped.

As a result of this, despite the increase in sales, our turnover reduced by $58m to $834m. We produced $43m from operating activities – a marked increase on the $10m achieved in the 2008-2009 year. This is a reflection of us doing what we should – that is running our operation successfully and profitably. We reduced our financing costs reflecting the very positive operating cash flow of $126m compared with a negative $21m in the previous year. In Australia, we faced two significant one-off issues which resulted in a $6m loss in operating activities which was a reversal of last year's $15m positive result. The loss in WA was due to a combination of:

1. Additional costs incurred with the grounding of the fertiliser ship in Morocco
2. The stock impairment of slow moving fertiliser and glyphosate during the year

Outlook

As we look forward, we see a very positive future. We are anticipating significant growth in our fertiliser business in New Zealand as more of you – our loyal shareholders – return your businesses to maintenance fertiliser applications. We anticipate continuing and increased support for all the other non-fertiliser products and services in New Zealand with you continuing the growth you have demonstrated in these products over the last few years.

We are also anticipating significant growth in WA and Queensland, and the introduction of more fertiliser into the South Australian markets.

The extension of our product range and geographic diversity brings benefits to the Co-operative through increased volumes, improved economies of scale and new revenue streams adding a broader more integrated offer to our customers.

You can be sure that in all of these activities our focus remains primarily on what you set us up for – to give you your fertiliser at the lowest possible net cost.

The Ravensdown Advantage

A successful integrated business working to increase the productivity and sustainability of your business.

Knowledgeable people

ARL

Nutrient Management Plans

Eco-n

Distribution

Spreading and proof of placement

In the community

vodafone

HOUSE OF TRAVEL

Adding value

A growing trans-Tasman business, increasing our efficiencies and reducing costs.

Trans-Tasman

Sourcing

Manufacturing

Fertiliser

Lime

Agchem

Animal Health

Customer Centre

Knowledgeable passionate people working for farmers

We employ the best people to bring you the best products, services and advice.

You gave the Customer Centre team an average excellence rating of 90% in our annual service survey.

Soil testing using GPS technology gives you accurate information so you only put on what you need – it's better for your pocket and your environment.

ARL

Our 100% owned lab provides high-tech analysis so you can find out what you're missing.

ARL's record contribution to Ravensdown in 2009-10 reflects the extremely positive year for our analytical lab, which included expansion in Western Australia and Queensland.

- We carried out 59,175 soil tests (including additional tests)
- Our performance is benchmarked against 10 major national and international laboratory comparative programmes
- Independent assessment is assured with our IANZ accreditation
- All Ravensdown shareholders get a 15% discount on soil and plant (including feed) analysis

Nutrient Management Plans

Capture your farm information and provide you with the most cost efficient nutrient options.

With farmers' land use being put under the spotlight, you need to prove you're managing your nutrients responsibly. Our nutrient management plans allow you to have efficient nutrient use and be profitable.

Financial and environmental benefits

- Identifies nutrient requirements for your farm production
- Allows efficient use of effluent nutrients
- Calculates total cost of all nutrients applied
- Demonstrates environmental mitigation options
- Helps budget nutrients more efficiently
- Identifies nutrient losses
- Provides nutrient history for the farm and tracks fertiliser expenditure

We invested $9m in the dairy sector by providing nearly 3,000 nutrient management plans to dairy farmers.

eco-n

More grass, less leaching, lower emissions. It's good for your farm, your industry and your future.

- Eco-n is one of the most important agricultural products in New Zealand and Ravensdown is the largest supplier of nitrification inhibitor technology to the dairy industry
- Eco-n is being trialled around New Zealand to measure nutrient losses to the environment, and dry matter production
- We're in the second year of three year trials funded by Ministry of Agriculture and Forestry (MAF), the fertiliser industry, DairyNZ, Fonterra, and Pastoral Greenhouse Gas Research Consortium (PGgRc)
- Users can have confidence eco-n gives results with 15 internationally peer reviewed published papers including a recently published paper in Nature Geoscience
- Patents for Australia and Argentina have been approved

Sales for autumn 2010 are double last autumn's, coming on the back of improved dairy returns and demonstrating the value our customers place on the benefits of eco-n to their farming business.

Distribution

Getting our quality products to you at the lowest cost, while focusing on providing excellent service.

Stores network

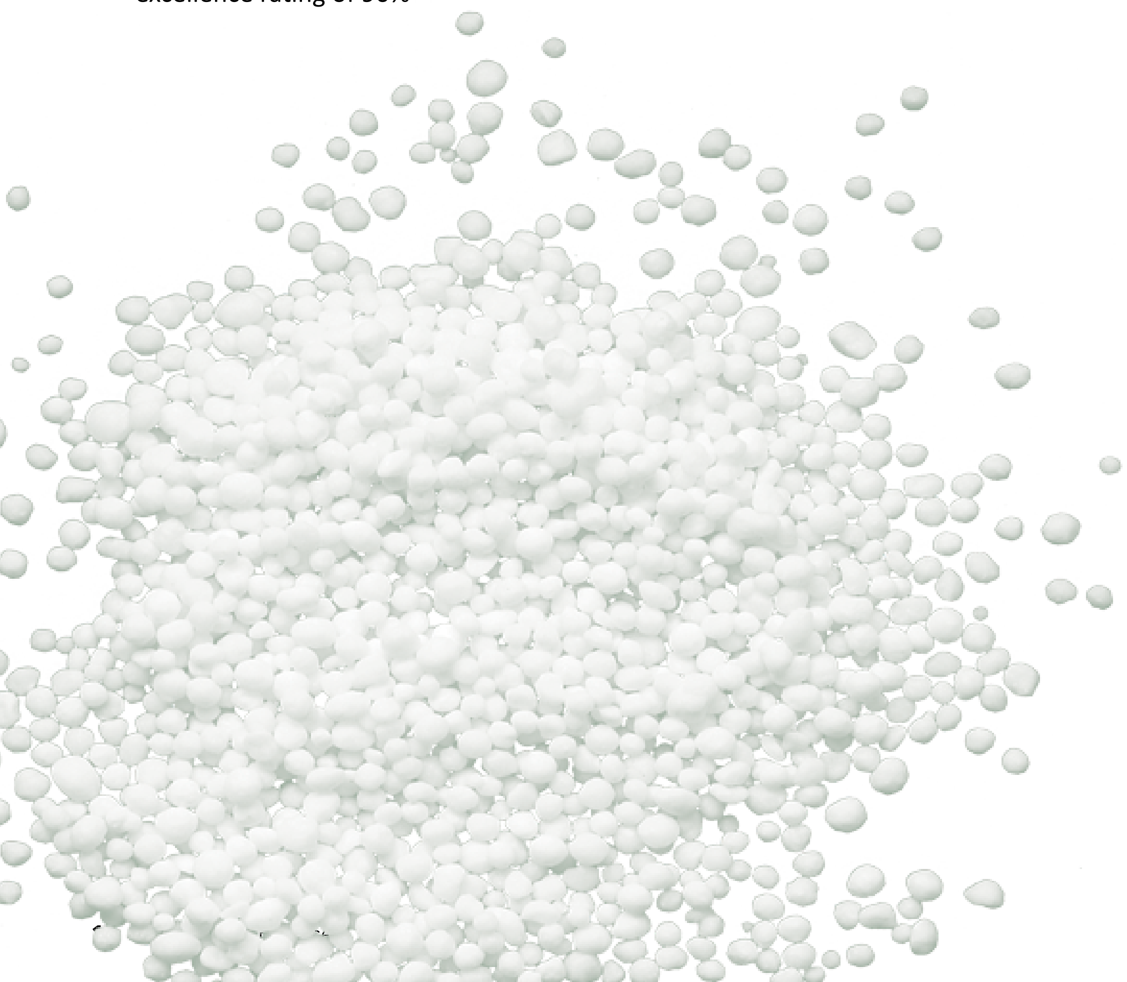
- Our 93 stores throughout New Zealand focus on improving customer service to you and in our annual service survey you gave the stores an average excellence rating of 90%
- After much consideration we closed two stores and three consignment stores, mainly because of falling tonnages, increased urea silo usage and improved freight to farm transport

On-farm delivery

Having agchem and animal health products delivered on farm within 3 to 5 working days of ordering continues to be a popular option.

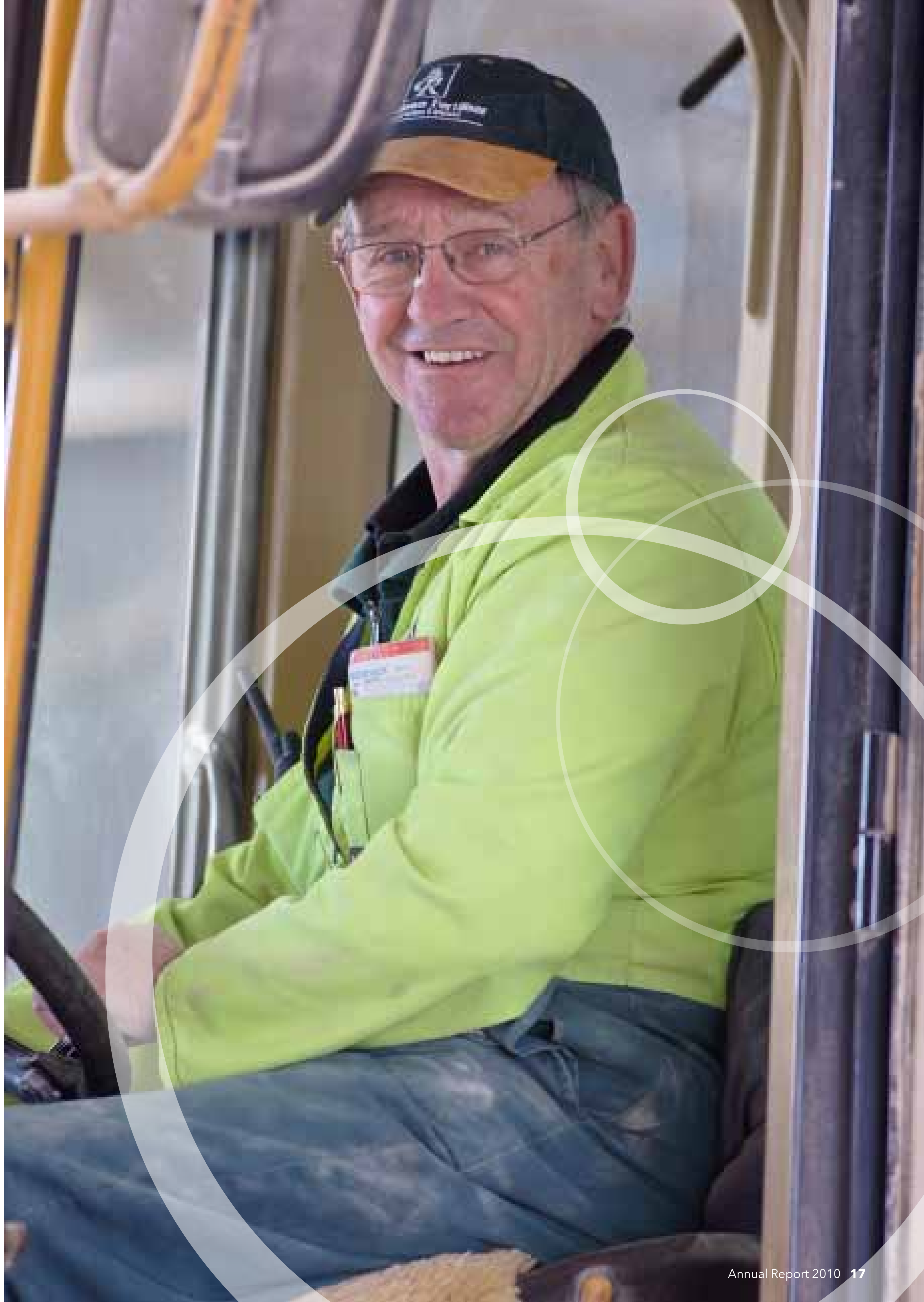
Pick-up points

The 45 pick-up points throughout New Zealand for agchem and animal health products, with overnight delivery when ordered by 1pm increased convenience.



Silos

Our larger silos have proved popular and we now have 950 silos installed around the country.



The precise way to grow

Putting on your products sustainably and efficiently – saving you money and looking after the environment.

Spreadmark

Our spreading gives you:

- RavTrack guidance
- Options for all terrain and crops
- Experienced local operators
- Industry certified applications

Ground spreading

Our ground spreading joint ventures spread 32,000 ha more this year compared to last year. However, it was another tough year for the 53 spreading joint ventures trucks, as tonnages applied remained lower than fertiliser maintenance requirements.

- Ravensdown customers have valued the added production and environmental benefits of our "proof of placement" technology and Spreadmark certified vehicles
- We're leading the way with application technology so you get the maximum production for your fertiliser dollar
- As part of Precision Agriculture, we're investigating Variable Rate Application which allows nutrients to be applied at different rates in the same paddock

18,000 proof of placement maps sent to customers in 2009-10.

Aerial spreading

After an extremely challenging 2008-09 year, our Wanganui Aero Work rationalised the business and turned a profit with flying hours increasing by 1,000 compared to last year.

- The business comprises 18 planes and choppers and we anticipate becoming even more successful as volumes increase
- Our aerial spreading JV Aerial Sowing expanded its capacity in Canterbury/North Otago when we bought a Cresco from Phil Brown, who retired
- Crescos are the ideal aircraft for hill country application, however, they aren't being made any more. At Wanganui Aero Work we have a specialist workshop that maintains these stalwarts of the industry

Community involvement

Supporting our communities.

Ravensdown supports the Ewe Hogget competition and Nelson and Fiona Hancox were the overall winner this year.

Stefan and Annalize du Plessis were sharemilkers of the year. Ravensdown sponsors this important competition.

Former Ravensdown Key Account Manager Grant McNaughton was the 2010 Young Farmer of the Year. Andrew Scott won the inaugural Ravensdown Agri-Skills Challenge.

The National Bank YOUNG FARMER CONTEST

NEW ZEALAND DAIRY INDUSTRY AWARDS TRUST *Passion for Progression*

FEDERATED FARMERS OF NEW ZEALAND

Ben Hindmarsh was this year's Hugh Williams Ravensdown Memorial Scholarship recipient.

The Federated Farmers/Ravensdown Agri Business Person for 2010 was Graeme Harrison, the Wellington based founder and Chairman of ANZCO Foods.

- Through our partnership with the South Island Dairying Development Centre (SIDDC) we helped at the Federated Farmers farm open day at Lincoln University dairy farm
- Ravensdown is a partner sponsor in SIDDC and Southland Dairy Demonstration Farm helping to develop excellence in dairying in the South Island
- We also supported a number of industry conferences during the year including the South Island Dairy Event, Grasslands, Groundspreading, Horticulture, NZAAA, Foundation for Arable Research

SIDDC South Island Dairying Development Centre

SOUTHLAND DEMONSTRATION FARM

New Zealand Grassland Association

SIDE

FOUNDATION FOR ARABLE RESEARCH FAR

Horticulture™ New Zealand

Adding value

Making things easier for you.

- Nearly 1,000 shareholders take part in our Travel Dollars scheme and this is growing monthly
- Direct debit offers savings to you and us. During the year we provided $20m in additional shareholder savings and made our Loyalty Rewards easier to understand

HOUSE OF TRAVEL

vodafone

- 2,000 customers are enjoying cheaper phone calls as a result of our partnership with Vodafone
- Feedback has been positive for our use of email to pass on important news

- My Ravensdown is a secure website where you can place orders, check your shareholding details, view fertiliser plans and much more
- We offer flexible finance options – aimed to fit with your seasonal fluctuations
- Our disaster relief package helped nearly 1,000 drought-affected farmers throughout the country manage through the crisis and recover as quickly as possible

Australia

Trans-Tasman efficiencies through sourcing shipping and distribution.

Amazing support by Australian customers saw sales increase by 54% during the year, reinforcing the benefits of Ravensdown being a trans-Tasman operation.

Western Australia highlights

- The grounding of a shipment out of Morocco created some delivery and quality issues which we worked hard to address
- We led pricing down following the challenging 2008-09 year and continue to work hard to get you the best possible prices
- A $1.4m upgrade at Kwinana improved load out times at our major despatch point
- We launched UAN and our first shipment was sold-out before it had arrived in WA
- We continued our partnership with one of Australia's leading grain marketing companies, Emerald
- The new purpose-built agchemical distribution centre opened in Welshpool, Perth, increasing efficiency
- Following feedback from you, we are making further improvements to our statements so they are easier to understand
- We introduced Fertiliser Service Agreements to give you certainty around your fertiliser supply while providing flexibility around pricing
- We developed soil testing through our lab ARL that's specifically suited to the Australia market
- We improved the quality of our agchemicals by introducing a robust quality assurance system
- Attending field days like Dowerin, Newdegate, Wagin and Mingenew and hosting regional shareholder dinners gave you the opportunity to provide feedback on your Co-operative, letting us know what we are doing well and where we can improve
- We're delivering on the Australian Shareholder Incentive Scheme for the second year in a row

Ravensdown Fertiliser Australia highlights

CANEGROWERS

- In our first full year of operation in Queensland we received strong support from CANEGROWER members with 38% purchasing from Ravensdown Fertiliser Australia
- We have brought forward our five year establishment plan because of the strong support received
- We have introduced agronomy support in Mackay
- We've bought a new bagging plant because 86% of the fertiliser ordered was in 1-tonne bags
- We are introducing Ravensdown's technology, systems and Customer Centre to support Queensland farmers
- In the 12 months since we began operating in Queensland we have taken on-board farmer and grower feedback and improved our offer. We now have more planting and ratooning products, we don't require a deposit, we've improved bag quality, and we're offering a range of payment options when ordering
- New premises in Townsville and Brisbane mean we'll soon be able to supply fertiliser throughout the year, providing a greater range of blended products and including options for horticultural and arable farms
- ARL soil testing services were introduced in January to help Queensland growers meet new Reef Regulation criteria

Our move into the Queensland market has provided growers and farmers with three key benefits:

- Access to a co-operative model and values
- Price corrections so prices now more accurately reflect what you should have been paying for your fertiliser
- As Ravensdown Fertiliser Australia shareholders, you also get A$20/tonne Founding Member Rebate, A$10/tonne bonus shares, A$10.40/t rebate for the 2009-10 season

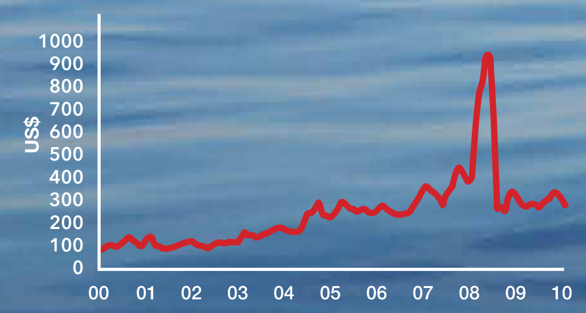
Sourcing products from around the world

We continue to search the world to get you the best quality products at the best prices.

After the extremely volatile 2009 year, nutrient prices tracked down following the reduction in food commodities. With recent coarse grain crops failing in Russia, world nutrient prices are strengthening, and continue to track the movement in food commodities.

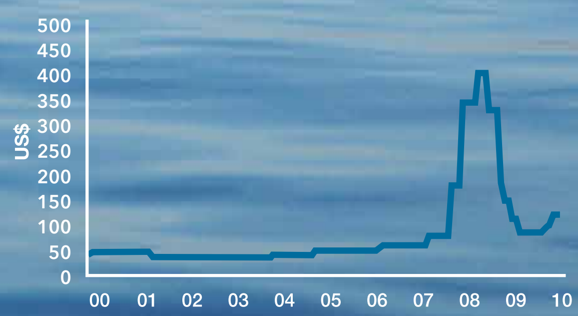
Potash (FOB)

Urea (FOB)



DAP (FOB)

Phosphate rock (FOB)



Sulphur (FOB)

Manufacturing

Ravensdown has focused on improving the physical quality of its superphosphate, and reducing its impact on the environment.



We achieved tertiary certification after an ACC Workplace Safety Management Practices Programme.

Ravensbourne

- We installed a new reverse osmosis water treatment plant, resulting in reduced costs, improved environmental performance
- We have a continual focus on strong systems in and outside the works. A community odour survey had positive results
- We invested $0.5m in a new storm water system
- We continue to focus on further improving the physical quality to meet the handling requirements and customer expectations in Australia

Hornby

- Air permit consent granted for 20 years after a four and a half year process
- We met the stringent Australian Quarantine Inspection Standards and sent our first bulk shipment of super to Australia
- We filled about 1,800 bulk bags for our Queensland market
- In the last two years we have replaced both cooling towers at Hornby, implementing the most modern technology available

Awatoto

- A new environmental weather monitoring system gives operators access to real time, site specific, weather conditions
- An upgraded Energy Management System allows active management of energy demands with alarms, alerts and automatic load shedding
- We upgraded the acid plant components, including installing a new super heater and acid coolers along with increased automated plant control and monitoring

79,000 tonnes of superphosphate manufactured for Australia since 2008.

Fertiliser

Products so you can grow the most cost-efficient crops. We help you put the right product in the right place.

Superphosphate is into its second hundred years of use and is still the backbone of farming in New Zealand.

Clarendon phosphate reserve

We're continuing to test samples from across the Milton deposit where there are very promising pockets. We think we can extract about 20,000 tonnes that can be mixed with other rock to produce a much better granule.

Lignite to fertiliser

Ravensdown continues to investigate partnering with Solid Energy on a coal to urea plant in Southland. We are still working through this possibility and investigating new technology being rolled out in China.

Flexi-N

Sales of Ravensdown's Flexi-N product (technology that gives the flexibility to apply super and urea together) dramatically increased in New Zealand and has given farmers more flexibility when applying the product.

Year on year change in nutrient sales and sales tonnage - New Zealand

This graph demonstrates year-on-year changes in nutrient sales in New Zealand. We're in a much better position compared to the last couple of years but we are still some way off maintenance.

Lime

Lime sales were 20% down on the previous 12 months due to increased fertiliser demand and the drought restricting sales in autumn 2010, particularly in Waikato and Northland.

Final surveys are being completed at the Dipton quarry to protect the Castle Rock heritage face. We will also establish a new processing plant at the quarry.

We carried out electrical upgrades at Waikeratu and Whiterock to allow automation during the 2010-11 processing plants' upgrades.

Following an accident at Geraldine, we have appointed a health and safety advisor to oversee all quarries and ensure our expected high standards are met across all sites. We will also invest in operational improvements and staff training in the updated Standard Operating Procedures.

With the ETS impacting on coal, fuel and electricity, lime prices had to increase at all sites, particularly at the three quarries that dry limestone before crushing.

We are confident lime sales will increase during 2010-11.

Agchem

Products and tools to maximise your pasture and crops.

We had a 5% increase in volume. Quality is assured with our internationally recognised and tested formulations.

New Zealand

- The business continues to be supported by shareholders
- Electronic agrochemical recommendations are giving shareholders easy to use complete documents
- Our continual focus on quality drives this business

Australia

- It's been a year of consolidation for the Australian agchem business as we worked through high priced inventory from the previous financial year
- A strong emphasis continues on sourcing raw materials at the lowest sustainable cost and implementing a robust quality assurance system from raw materials to end use on the farm
- Systems and processes have also been implemented so this business can be more efficient and effective
- The new purpose-built agchem distribution centre in Welshpool, Perth is providing efficiency gains

Animal health

Products for healthy animals.

We achieved a 6% increase in sales volume compared to last year.

Animal health

- Our drench formulations are internationally recognised and tested
- Our prices are competitive with additional rewards
- We're backed by a team of technical experts led by our in-house veterinarian
- We're New Zealand's largest magnesium supplier
- We're New Zealand's third largest drench supplier
- New products are Teat Safe® (two teat sprays), Bloat Safe® (bloat remedy) and Drenching Hook Kit

Nutrition

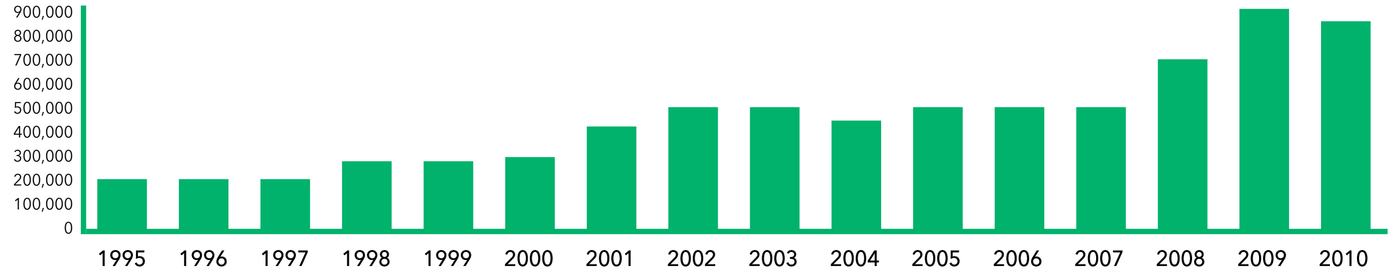
The year was mixed for nutrition. We pulled out of the South Island in response to arable farmer concerns, but in the North Island we helped many farmers get through the drought.

- Our aim is to provide North Island dairy farmers with better quality feed options
- We've helped them increase production by offering products using grain
- We experienced some stocking issues as demand exceeded supply during the drought and we implemented contracts to smooth the process

Finance at a glance

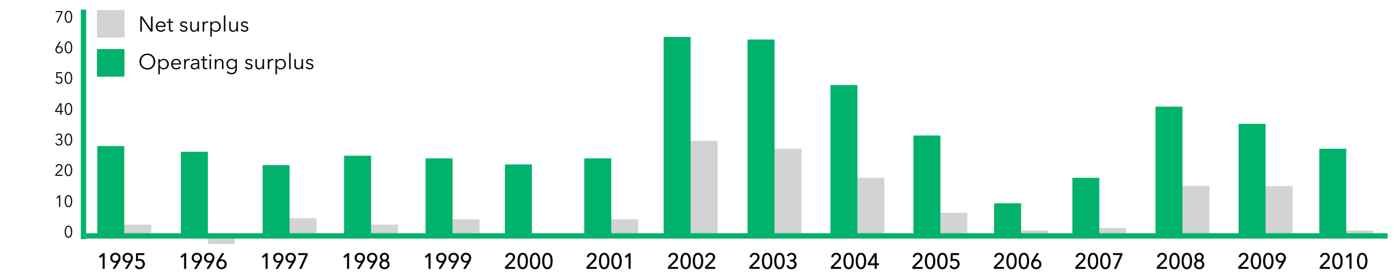
Sales revenue ($'000)

Total sales made by Ravensdown after removing inter-company transactions



Operating surplus compared with net surplus after rebate and tax ($million)

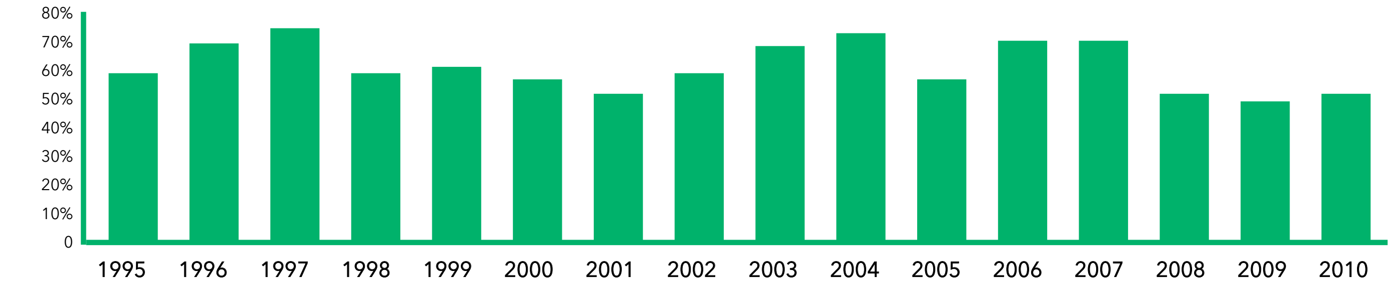
Compares the profit achieved by the company prior to rebate distribution and tax with the profit retained by the company



(2007 onwards in accordance with NZIFRS)

Equity ratio %

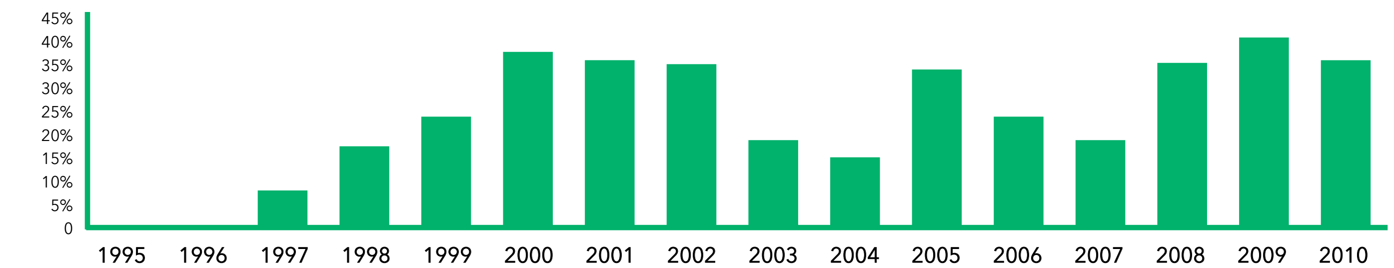
The ratio of equity to total assets compares the money creditors contribute to the business with the money owners contribute



(Calculation excludes financial derivatives, provisions and deferred tax)

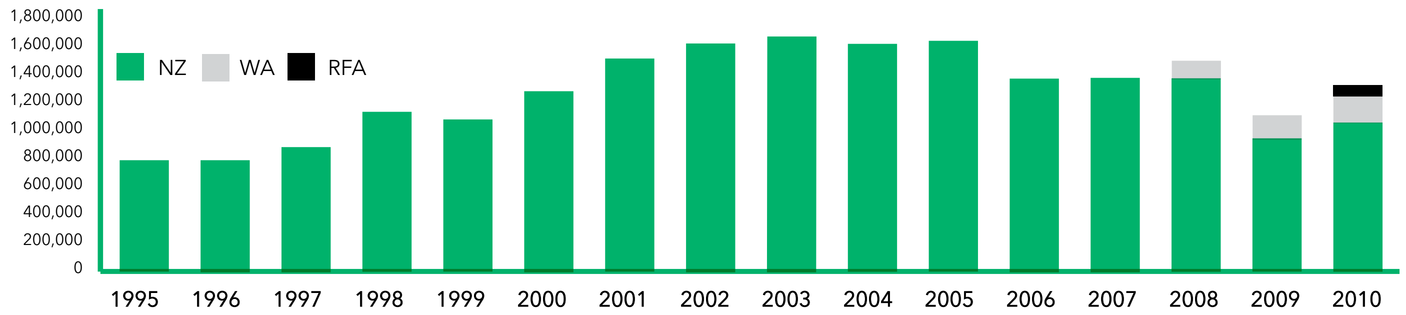
Debt ratio %

Bank debt divided by total assets – illustrates how much bank debt is used to fund assets



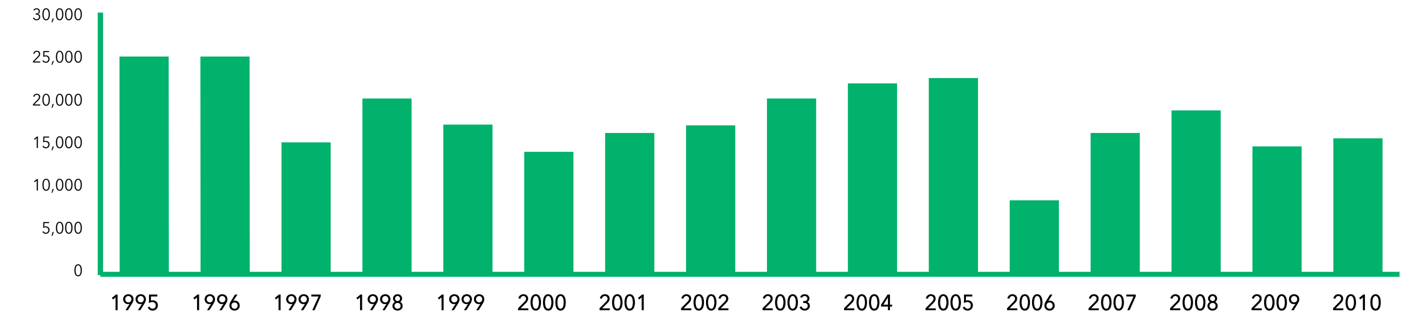
Fertiliser sales (tonnes)

Total shareholder fertiliser purchases



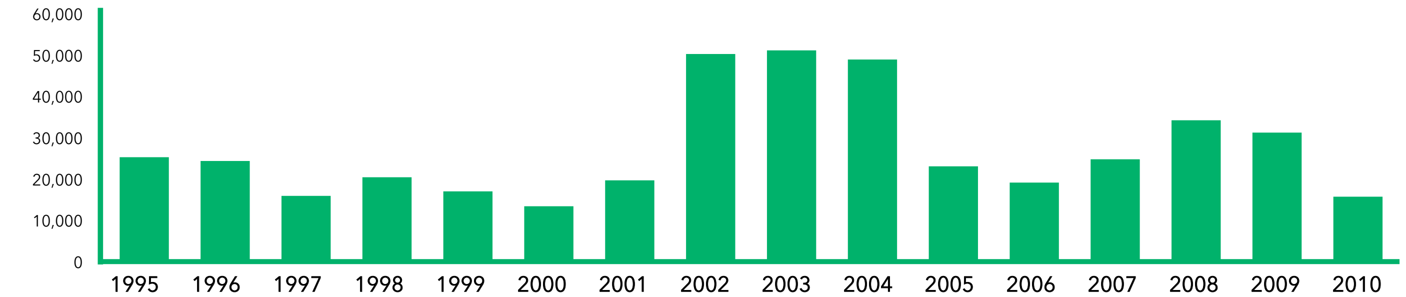
Value of rebate to shareholders ($'000)

Total dollar of distribution to shareholders comprising rebates



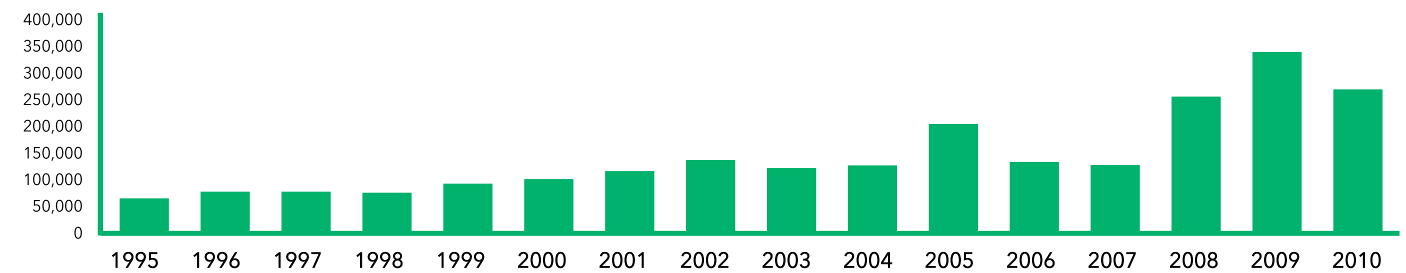
Value of distribution to shareholders ($'000)

Total dollar value of distribution to shareholders comprising rebates and bonus issues



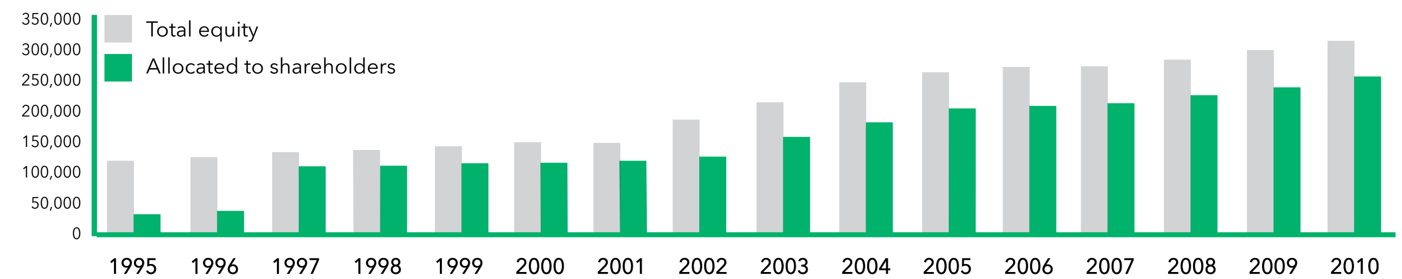
Inventory ($'000)

Total inventory held by Ravensdown, including manufactured product, raw materials, stock in transit at balance date and spare parts



Share capital relative to total equity ($'000)

Total dollar value contributed by owners compared to total equity



(Excludes hedging reserve)

Corporate governance policy

The board and management of Ravensdown are committed to maintaining the highest standards of corporate governance. This report outlines the policies and procedures under which Ravensdown is governed.

Code of Ethics

Ravensdown's Code of Ethics governs its conduct. It expects its employees and directors to maintain high ethical standards and has published a Code of Business Conduct to guide management and employees in carrying out their duties. The code sets out policies relating to discrimination, sensitive transactions, observance of relevant laws, confidentiality of company information and proper recording of transactions. Separate policies also set out high standards for environmental and health and safety performance. These policies are embodied in the Ravensdown's procedures and processes and are enforced by disciplinary action where necessary.

Responsibility of the board of directors

The board is elected by and responsible to the shareholders for the performance of the Co-operative.
The board's role is to:

- Establish the strategic direction and objectives of the company
- Set the policy framework within which the company will operate
- Appoint the Chief Executive Officer
- Delegate appropriate authority to the Chief Executive for the day-to-day management of the company
- Approve the company's systems of internal financial control; monitor and approve budgets; monitor monthly financial performance and approve rebates

Board committees

The Board has four standing committees, described below. Special project committees are formed when required.

Audit Committee

The committee comprises five directors one of whom is appointed chair and has appropriate financial experience and qualifications. The Chief Executive Officer and Chief Financial Officer attend as exofficio members and the external auditors attend by invitation of the Chair. The committee meets a minimum of four times each year and its main responsibilities are:

- Review the annual budgets, financial statements, proposed rebates and pricing
- Advise the board on accounting policies, practices and disclosure
- Review the scope and outcome of the external audit
- Review the effectiveness of the organisation's internal control environment
- Review the resourcing and scope of the internal audit function
- Review the risk management framework and the legislative compliance system and ensure there are adequate controls in place

The committee reports the proceedings of each of its meetings to the full board.

Remuneration Committee

The committee comprises four directors. It meets as required to:

- Review the remuneration packages of the Chief Executive and senior managers
- Make recommendations in relation to director remuneration

Remuneration packages are reviewed annually. Independent external surveys and advice is used as a basis for establishing remuneration packages.

Share Surrenders and Co-operative Structure Committee

This committee comprises four directors. It meets as required to consider and make recommendations to the board regarding surrender, allotment and transfer applications from shareholders.

Superannuation Committee

The Superannuation Committee is the trustee of the Ravensdown Staff Superannuation Scheme. The committee comprises two directors, two management representatives and a staff representative. It meets a minimum of twice each year and is responsible for the supervision of the scheme, including the ongoing investment strategy.

Directors' independence and performance

Twelve of the 14 directors are elected to represent shareholders in the areas of the company's operations. The elected directors are required to retire every three years and elections for the vacant positions are held. Two independent directors are appointed by the board to bring additional experience and skills. The Chief Executive Officer is not a member of the board.

All directors' performances are evaluated using the Institute of Directors Evaluation System. The evaluation is designed to measure performance through peer review and self-assessment, and appropriate strategies for personal development are then agreed and actioned. The evaluation system also gives feedback on the Chairman's performance.

Risk identification and management

The company has developed a comprehensive risk management framework to identify, assess and monitor new and existing risks. Annual risk updates are performed and risk improvement plans created and acted on. The Chief Executive and the executive team are required to report on major risks affecting the business and to develop strategies to mitigate these risks. Additionally as part of this work, management is also responsible for ensuring an appropriate insurance programme exists.

External auditor independence

To ensure that the independence of the company's external auditor is maintained, the board has agreed the external auditor should not provide any services which could affect its ability to perform the audit impartially. This is monitored by the Audit Committee which also reviews the quality and effectiveness of the external auditor.

Stakeholder relations

The company is committed to acting in a socially responsible manner with all stakeholders, including the wider community. The company constantly strives to lessen the environmental impact of its manufacturing and other sites. Staff are seen as key to the company's success and the company facilitates the development and training of its staff and actively pursues a policy of internal promotion where possible. All material contracts and purchases are awarded on a competitive bid basis where possible and the company aims to treat all potential suppliers fairly.

Duty to shareholders

Ravensdown keeps shareholders informed of all major developments affecting their company through regular communications. Shareholders' input and participation is actively encouraged at the annual meeting and regional meetings. As shareholders make up the majority of the company's customers, individual interactions and communications with shareholders happen regularly.

Directors' meetings

The table below sets out the number of meetings and attendance for the board and main committees throughout the financial year.

	Board of Directors		Audit Committee		Remuneration Committee		Surrenders Committee		Superannuation Committee	
Director	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
W T McLeod	10	10	4	4	2	2			3	3
P D Willock	10	10	4	4	2	1				
JFC Henderson	10	10	4	4			10	10		
E M Coutts	8	8	3	3						
P G Inger	10	9	4	3						
A P Reilly	10	10			2	2				
C J Dennison	10	10			2	2				
B D Watt	10	9					10	9		
S G Gower	10	10					10	10		
A C Howey	10	9							3	3
J L Williams	10	10								
A S Wright	10	10								
R T Turton	10	10					5	5		
G J Cosgrove	10	10								

Directors' declaration

In the opinion of the directors of Ravensdown Fertiliser Co-operative Limited, the financial statements and notes, on pages 38 to 79:

- comply with New Zealand generally accepted accounting practice and give a true and fair view of the financial position of the Company and the Group as at 31 May 2010 and the results of their operations and cash flows for the year ended on that date
- have been prepared using appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.

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

The directors consider that they have taken adequate steps to safeguard the assets of the Company and the Group, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide a reasonable assurance as the integrity and reliability of the financial statements.

The directors are pleased to present the financial statements of Ravensdown Fertiliser Co-operative Limited for the year ended 31 May 2010.

For and on behalf of the Board of Directors:

W T McLeod Director	P D Willock Director

29 July 2010

2010 Financial Statements

Income statement
for the year ended 31 May

In thousands of New Zealand dollars	Note	Group 2010	Group 2009 Re-presented	Company 2010	Company 2009 Re-presented
Revenue	7	834,431	891,556	833,616	883,181
Cost of sales		(738,056)	(830,785)	(748,024)	(820,578)
Gross profit		96,375	60,771	85,592	62,603
Sales and marketing		(20,834)	(19,747)	(20,722)	(19,716)
Administrative expenses	8	(25,451)	(23,183)	(20,125)	(20,863)
Other operating expenses		(6,848)	(7,595)	(6,629)	(7,588)
Results from operating activities before transactions with shareholders and finance costs		43,242	10,246	38,116	14,436
Finance income	10	1,491	58,637	1,644	58,872
Finance expenses	10	(17,143)	(32,201)	(16,969)	(31,971)
Net finance costs	10	(15,652)	26,436	(15,325)	26,901
Discount on acquisition	6	30	-	-	-
Share of profit/(loss) of equity accounted investees (after tax)	15	(205)	(603)	-	-
Profit before rebate and income tax		27,415	36,079	22,791	41,337
Rebates		(16,745)	(14,399)	(14,892)	(14,399)
		10,670	21,680	7,899	26,938
Income tax (expense)/credit	11	(10,474)	(6,900)	(9,214)	(7,360)
Profit for the year before bonus share issue		**196**	**14,780**	**(1,315)**	**19,578**
Bonus share issue		-	(11,497)	-	(11,497)
Profit for the year attributable to the equity holders		**196**	**3,283**	**(1,315)**	**8,081**
Profit attributable to:					
Owners of the company		233	3,283	(1,315)	8,081
Non-controlling interest		(37)	-	-	-
Profit for the year attributable to the equity holders		**196**	**3,283**	**(1,315)**	**8,081**

The notes on pages 49 to 79 are an integral part of these financial statements.

Statement of comprehensive income
for the year ended 31 May

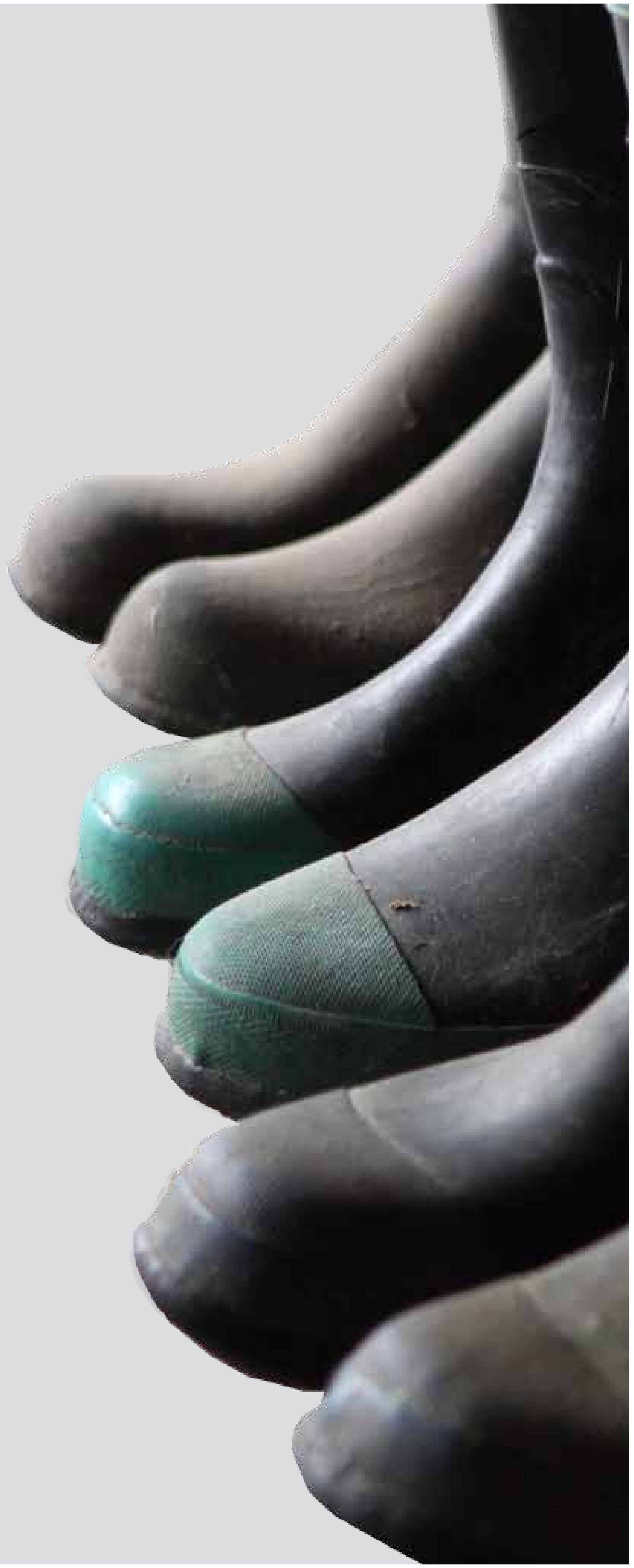
In thousands of New Zealand dollars	Note	Group 2010	Group 2009	Company 2010	Company 2009
Profit for the period		**196**	**3,283**	**(1,315)**	**8,081**
Foreign currency translation differences for foreign operations		(196)	(1,550)	(238)	(1,550)
Revaluation of non current assets		1,844	4,521	1,844	977
Effective portion of changes in fair value of cash flow hedges		(36,293)	206,630	(36,293)	206,630
Net change in fair value of cash flow hedges transferred to inventory		(2,227)	(112,166)	(2,227)	(112,166)
Net change in fair value of cash flow hedges transferred to profit or loss		1,926	(182)	1,926	(182)
Income tax on income and expense recognised directly in equity	11	11,630	(29,268)	11,446	(27,887)
Income and expense recognised directly in equity		**(23,316)**	**67,985**	**(23,542)**	**65,822**
Total comprehensive income for the period		**(23,120)**	**71,268**	**(24,857)**	**73,903**
Attributable to:					
Owners of the company		(23,083)	71,268	(24,857)	73,903
Non-controlling interest		(37)	-	-	-
Total comprehensive income for the period		**(23,120)**	**71,268**	**(24,857)**	**73,903**

The notes on pages 49 to 79 are an integral part of these financial statements.

Statement of financial position

As at 31 May

In thousands of New Zealand dollars	Note	Group			Company		
		2010	2009 Re-presented	2008 Re-presented	2010	2009 Re-presented	2008 Re-presented
Assets							
Property, plant and equipment	12	231,569	228,585	215,324	204,072	204,396	197,710
Intangible assets	13	6,050	6,039	5,107	5,308	5,290	5,076
Mining deposits	14	14,270	14,883	1,370	2,868	2,887	1,370
Investments in equity accounted investees	15	8,181	8,150	11,790	8,201	8,112	10,654
Other financial assets	16	7,955	14,868	1,199	49,679	57,049	28,226
Deferred tax assets	17	-	-	1,214	-	-	1,826
Total non-current assets		268,025	272,525	236,004	270,128	277,734	244,862
Inventories	18	262,781	334,542	249,758	236,598	332,560	248,369
Other financial assets	16	12,837	39,928	2,001	12,837	39,928	2,001
Current tax assets		7,587	-	568	8,122	-	124
Trade and other receivables	19	123,273	111,842	128,351	148,009	112,573	128,178
Cash and cash equivalents	22	16,694	9,198	10,170	8,914	4,529	4,355
Total current assets		423,172	495,510	390,848	414,480	489,590	383,027
Total assets		691,197	768,035	626,852	684,608	767,324	627,889
Liabilities							
Loans and borrowings	23	69,856	172,553	25,000	69,856	172,553	25,000
Redeemable preference shares	21	5,452	-	-	-	-	-
Other financial liabilities	24	3,179	412	11,289	3,179	412	11,289
Deferred Tax Liabilities	17	23,191	29,414	-	19,108	25,710	-
Total non-current liabilities		101,678	202,379	36,289	92,143	198,675	36,289
Loans and borrowings	23	164,649	143,814	193,031	164,649	143,814	193,031
Trade and other payables	27	74,466	47,909	76,254	77,117	47,217	77,162
Other financial liabilities	24	969	1,208	33,043	969	1,208	33,043
Current tax liabilities		-	2,876	-	-	3,797	-
Provision for rebate and bonus share issue	25	15,115	26,002	28,435	14,643	26,002	28,435
Provisions	26	7,451	11,447	10,903	7,451	11,447	10,903
Total current liabilities		262,650	233,256	341,666	264,829	233,485	342,574
Total liabilities		364,328	435,635	377,955	356,972	432,160	378,863
Net Assets		**326,869**	**332,400**	**248,897**	**327,636**	**335,164**	**249,026**
Equity							
Share capital	20	250,084	232,755	220,520	250,084	232,755	220,520
Reserves		57,572	80,888	12,903	55,183	78,725	12,903
Retained earnings		18,990	18,757	15,474	22,369	23,684	15,603
Parent interests		**326,646**	**332,400**	**248,897**	**327,636**	**335,164**	**249,026**
Non-controlling interests		**223**	-	-	-	-	-
Total Equity		**326,869**	**332,400**	**248,897**	**327,636**	**335,164**	**249,026**



The notes on pages 49 to 79 are an integral part of these financial statements.

Statement of changes in equity

As at 31 May

Group

In thousands of New Zealand dollars	Attributable to equity holders of the Company						Non-controlling interest	Total equity
	Co-operative shares	Translation reserve	Hedging reserve	Revaluation reserve	Retained earnings	Total		
Balance at 1 June 2008	**220,520**	**2,294**	**(29,159)**	**39,768**	**15,474**	**248,897**	**-**	**248,897**
Profit for the period	**-**	**-**	**-**	**-**	**3,283**	**3,283**	**-**	**3,283**
Foreign currency translation differences for foreign operations	-	(1,550)	-	-	-	**(1,550)**	-	**(1,550)**
Revaluation of property, plant and equipment, net of tax	-	-	-	3,544	-	**3,544**	-	**3,544**
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	144,634	-	-	**144,634**	-	**144,634**
Net change in fair value of cash flow hedges transferred to inventory, net of tax	-	-	(78,516)	-	-	**(78,516)**	-	**(78,516)**
Net change in fair value of cash flow hedges transferred to profit or loss, net of tax	-	-	(127)	-	-	**(127)**	-	**(127)**
Total other comprehensive income	**-**	**(1,550)**	**65,991**	**3,544**	**-**	**67,985**	**-**	**67,985**
Total comprehensive income for the period	**-**	**(1,550)**	**65,991**	**3,544**	**3,283**	**71,268**	**-**	**71,268**
Co-operative shares issued	8,876	-	-	-	-	**8,876**	-	**8,876**
Co-operative shares surrendered	(6,494)	-	-	-	-	**(6,494)**	-	**(6,494)**
Co-operative shares allotted on bonus issue	9,853	-	-	-	-	**9,853**	-	**9,853**
Total contributions by and distributions to owners	**12,235**	**-**	**-**	**-**	**-**	**12,235**	**-**	**12,235**
Balance at 31 May 2009	**232,755**	**744**	**36,832**	**43,312**	**18,757**	**332,400**	**-**	**332,400**
Balance at 1 June 2009	**232,755**	**744**	**36,832**	**43,312**	**18,757**	**332,400**	**-**	**332,400**
Profit for the period	**-**	**-**	**-**	**-**	**233**	**233**	(37)	**196**
Foreign currency translation differences for foreign operations	-	(196)	-	-	-	**(196)**	-	**(196)**
Revaluation of property, plant and equipment, net of tax	-	-	-	2,361	-	**2,361**	-	**2,361**
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	(25,270)	-	-	**(25,270)**	-	**(25,270)**
Net change in fair value of cash flow hedges transferred to inventory, net of tax	-	-	(1,559)	-	-	**(1,559)**	-	**(1,559)**
Net change in fair value of cash flow hedges transferred to profit or loss, net of tax	-	-	1,348	-	-	**1,348**	-	**1,348**
Total other comprehensive income	**-**	**(196)**	**(25,481)**	**2,361**	**-**	**(23,316)**	**-**	**(23,316)**
Total comprehensive income for the period	**-**	**(196)**	**(25,481)**	**2,361**	**233**	**(23,083)**	**(37)**	**(23,120)**
Co-operative shares issued	11,500	-	-	-	-	11,500	-	**11,500**
Co-operative shares surrendered	(5,668)	-	-	-	-	(5,668)	-	**(5,668)**
Co-operative shares allotted on bonus issue	11,497	-	-	-	-	11,497	-	**11,497**
Net opening capital - minority interest	-	-	-	-	-	-	260	**260**
Total contributions by and distributions to owners	**17,329**	**-**	**-**	**-**	**-**	**17,329**	**260**	**17,589**
Balance at 31 May 2010	**250,084**	**548**	**11,351**	**45,673**	**18,990**	**326,646**	**223**	**326,869**

The notes on pages 49 to 79 are an integral part of these financial statements.

Statement of changes in equity
As at 31 May

Company

In thousands of New Zealand dollars	Co-operative shares	Translation reserve	Hedging reserve	Revaluation reserve	Retained earnings	Total equity
Balance at 1 June 2008	**220,520**	**2,294**	**(29,159)**	**39,768**	**15,603**	**249,026**
Profit for the period	**-**	**-**	**-**	**-**	**8,081**	**8,081**
Foreign currency translation differences for foreign operations	-	(1,550)	-	-	-	(1,550)
Revaluation of property, plant and equipment, net of tax	-	-	-	1,381	-	1,381
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	144,634	-	-	144,634
Net change in fair value of cash flow hedges transferred to inventory, net of tax	-	-	(78,516)	-	-	(78,516)
Net change in fair value of cash flow hedges transferred to profit or loss, net of tax	-	-	(127)	-	-	(127)
Total other comprehensive income	**-**	**(1,550)**	**65,991**	**1,381**	**-**	**65,822**
Total comprehensive income for the period	**-**	**(1,550)**	**65,991**	**1,381**	**8,081**	**73,903**
Co-operative shares issued	8,876	-	-	-	-	8,876
Co-operative shares surrendered	(6,494)	-	-	-	-	(6,494)
Co-operative shares allotted on bonus issue	9,853	-	-	-	-	9,853
Total contributions by and distributions to owners	**12,235**	**-**	**-**	**-**	**-**	**12,235**
Balance at 31 May 2009	**232,755**	**744**	**36,832**	**41,149**	**23,684**	**335,164**
Balance at 1 June 2009	**232,755**	**744**	**36,832**	**41,149**	**23,684**	**335,164**
Profit for the period	**-**	**-**	**-**	**-**	**(1,315)**	**(1,315)**
Foreign currency translation differences for foreign operations	-	(238)	-	-	-	(238)
Revaluation of property, plant and equipment, net of tax	-	-	-	2,177	-	2,177
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	(25,270)	-	-	(25,270)
Net change in fair value of cash flow hedges transferred to inventory, net of tax	-	-	(1,559)	-	-	(1,559)
Net change in fair value of cash flow hedges transferred to profit or loss, net of tax	-	-	1,348	-	-	1,348
Total other comprehensive income	**-**	**(238)**	**(25,481)**	**2,177**	**-**	**(23,542)**
Total comprehensive income for the period	**-**	**(238)**	**(25,481)**	**2,177**	**(1,315)**	**(24,857)**
Co-operative shares issued	11,500	-	-	-	-	11,500
Co-operative shares surrendered	(5,668)	-	-	-	-	(5,668)
Co-operative shares allotted on bonus issue	11,497	-	-	-	-	11,497
Total contributions by and distributions to owners	**17,329**	**-**	**-**	**-**	**-**	**17,329**
Balance at 31 May 2010	**250,084**	**506**	**11,351**	**43,326**	**22,369**	**327,636**

The notes on pages 49 to 79 are an integral part of these financial statements.

Statement of cash flows

For the year ended 31 May

	Group		Company	
In thousands of New Zealand dollars	2010	2009	2010	2009
Cash flows from operating activities				
Cash receipts from customers	818,036	906,955	793,736	890,235
Dividend received	28	1	28	3,004
	818,064	906,956	793,764	893,239
Cash was applied to				
Cash paid to suppliers and employees	676,142	923,738	656,417	907,803
Income tax paid	16,095	3,856	16,673	4,172
	692,237	927,594	673,090	911,975
Net Cash from/(used in) operating activities	**125,827**	**(20,638)**	**120,674**	**(18,736)**
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment	794	1,269	423	619
Cash received from held-to-maturity investments	500	-	-	-
Cash acquired on acquisition	210	486	-	-
Proceeds of shares in subsidiaries	-	-	-	285
Loans repaid by subsidiaries	-	-	16,886	430
Loans repaid by equity accounted investees	1,284	589	1,284	589
	2,788	2,344	18,593	1,923
Cash was applied to				
Acquisition of property, plant and equipment	17,453	23,652	13,204	18,458
Purchase of held-to-maturity investments	520	-	-	-
Acquisition of other non-current assets	287	2,021	287	2,021
Purchase of investments	50	-	50	-
Acquisition of shares in subsidiary	230	6,508	260	6,508
Loans advanced to subsidiaries	-	-	14,639	5,961
Loans advanced to equity accounted investees	2,080	2,525	2,080	2,525
	20,620	34,706	30,520	35,473
Net cash from/(used in) investing activities	**(17,832)**	**(32,362)**	**(11,927)**	**(33,550)**
Cash flows from financing activities				
Interest received	6,780	6,643	6,879	6,846
Bank advances	-	95,131	-	95,131
Proceeds from issue of redeemable preference shares	4,071	-	-	-
Proceeds from issue of share capital	77	189	77	189
	10,928	101,963	6,956	102,166

The notes on pages 49 to 79 are an integral part of these financial statements.

Statement of cash flows *(continued)*

For the year ended 31 May

	Group		Company	
In thousands of New Zealand dollars	2010	2009	2010	2009
Cash was applied to				
Bank advances	81,112	-	81,116	-
Interest paid	16,531	31,947	16,357	31,717
Repay share capital	5,668	6,494	5,668	6,494
Payment of rebates	7,892	9,789	7,892	9,789
	111,203	48,230	111,033	48,000
Net cash from/(used in) financing activities	**(100,275)**	**53,733**	**(104,077)**	**54,166**
Net (decrease)/increase in cash and cash equivalents	7,720	733	4,670	1,880
Cash and cash equivalents at 1 June	9,198	10,170	4,529	4,355
Effect of exchange rate fluctuations on cash held	(224)	(1,705)	(285)	(1,706)
Cash and cash equivalents at 31 May	**16,694**	**9,198**	**8,914**	**4,529**
Cash and cash equivalents comprises				
Cash on hand	16,038	8,760	8,304	4,091
Bank balances	656	438	610	438
Cash and cash equivalents in the statement of cash flows	**16,694**	**9,198**	**8,914**	**4,529**

The notes on pages 49 to 79 are an integral part of these financial statements.

Reconciliation of the profit for the period with the net cash from operating activities

	Group		Company	
In thousands of New Zealand dollars	2010	2009	2010	2009
Profit for the period	196	14,780	(1,315)	19,578
Adjustments for:				
Items classified as financing activities				
Rebates to shareholders	16,745	14,399	14,892	14,399
Interest received	(6,780)	(6,643)	(6,879)	(6,846)
Interest paid	17,143	32,201	16,969	31,971
Discount on acquisition/business combination	(30)	-	-	-
Items not involving cash flows				
Depreciation and loss (gain) on disposals	17,068	15,301	15,030	13,557
Amortisation of intangible assets	573	298	288	289
Net (gain)/loss on financial instruments	-	(22)	-	(22)
Decrease (increase) in deferred taxation	4,887	(375)	4,508	(705)
Revaluation of Government Bond	2	(9)	-	-
Equity accounted (profits) losses from associated companies	205	603	-	-
Income tax expense	(10,506)	3,419	(11,966)	3,893
(Increase) decrease in inventories	71,182	(83,432)	95,166	(83,226)
(Increase) decrease in trade and other receivables and prepayments	(11,425)	18,551	(36,113)	18,954
Increase (decrease) in trade and other payables	26,163	(29,119)	29,731	(29,987)
Change in provisions and employee benefits	404	(590)	363	(591)
Net cash from operating activities	**125,827**	**(20,638)**	**120,674**	**(18,736)**

The notes on pages 49 to 79 are an integral part of these financial statements.

Notes to the financial statements

1. Reporting entity

Ravensdown Fertiliser Co-operative Limited (the "Company") is a company domiciled in New Zealand, registered under the New Zealand Companies Act 1993, the New Zealand Co-operative Companies Act 1996, the Australian Corporations Act 2001 and the Western Australia Companies Co-operative Act 1943. The Company is an issuer in terms of the Financial Reporting Act 1993.

Financial statements for the Company and consolidated financial statements are presented. The consolidated financial statements of Ravensdown Fertiliser Co-operative Limited as at and for the year ended 31 May 2010 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities.

Ravensdown Fertiliser Co-operative Limited is primarily involved in the supply of inputs and services to the agricultural sectors in New Zealand and Australia.

2. Basis of preparation

(a) Statement of compliance
The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand International Financial Reporting Standards ("NZ IFRS"), and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. The financial statements comply with International Financial Reporting Standards ("IFRS").

The financial statements were approved by the Board of Directors on 29 July 2010.

(b) 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
- certain items of property, plant and equipment that are revalued in accordance with the Group's policy of revaluation

The methods used to measure fair values are disclosed further in note 4.

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

(d) Use of estimates and judgements
In the application of NZ IFRS management are required 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.

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

The following notes contain balances subject to significant estimates and judgements:

- Business combinations (note 6)
- Fair value of land and buildings (note 12)
- Provisions (note 26)
- Fair value of derivatives (note 28)
- Contingencies (note 31)

(e) Change in accounting policy
Starting as of 1 June 2009, the Group has changed its accounting policy regarding the treatment of the bonus share issue. The bonus share issue is recognised in the statement of comprehensive income where in the past this was recognised directly in equity. This change reflects that the bonus issue is distributed on the basis of shareholder patronage during the financial year. The change has also meant that a provision is recognised in the financial statements at the time there is an expectation that a bonus issue will be made. Previously the bonus share issue was recognised on the date of distribution. The change in the accounting policy has meant that the comparatives for the year to 31 May 2009 have been restated.

The Group applies revised NZ IAS 1 Presentation of Financial Statements (2007), which became effective as of 1 January 2009. As a result, the Group presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities except as explained in note 2(e), which addresses the change in accounting policies.

Notes to the financial statements *(continued)*

(a) Basis of consolidation

(i) 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.

(ii) Associates and joint ventures (equity accounted investees)

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 joint ventures are accounted for using the equity method (equity accounted investees).

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 or joint control commences until the date that significant influence or joint control ceases. When 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.

(iii) 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) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Group at 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 the exchange rate at that date.

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 the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of a financial liability designated as a hedge of the net investment in a foreign operation (see (iii) below).

(ii) 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 exchange rates at the reporting date. The income and expenses of foreign operations are translated to New Zealand dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in the foreign currency translation reserve (FCTR). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss as an adjustment to the profit or loss on disposal.

(iii) Hedge of net investment in foreign operation

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in foreign operation are recognised in other comprehensive income and presented within equity, in the FCTR, to the extent that a hedge is effective. To the extent that the hedge is ineffective, such differences are recognised in profit or loss. When the hedged net investment is disposed of, the cumulative amount in FCTR is transferred to profit or loss as an adjustment to the profit or loss on disposal.

(c) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents, held-to-maturity investments, 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 described 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's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits. Cash and cash equivalents for the purpose of financial asset classification are classified as loans and receivables.

Accounting for finance income and expense is disclosed in note 3(m).

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 they are measured at amortised cost using the effective interest method less any impairment losses.

Other

Subsequent to initial recognition, other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses. Other than those classified as held-to-maturity all non-derivative financial assets are classified as loans and receivables. All non-derivative financial liabilities are classified as other amortised cost.

Investments in equity securities

Investments in equity securities of subsidiaries, associates and joint ventures are measured at cost in the separate financial statements of the Company.

Trade and other receivables

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

Interest-bearing borrowings

Interest-bearing borrowings are classified as other non-derivative financial instruments.

Trade and other payables

Trade and other payables are stated at cost.

(ii) Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational and financing activities.

In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However derivatives that do not qualify for hedge accounting are accounted for as held-for-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 remeasurement 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. In the event that a hedging instrument is sold, terminated or exercised prior to maturity and the original forecast transaction is no longer forecast to occur, the resultant gain/loss is recognised immediately in the profit or loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, except for land and buildings which are revalued with changes in fair value recognised directly in equity.

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 costs of dismantling and removing the items and restoring the site on which they are located.

Notes to the financial statements *(continued)*

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.

(ii) 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 the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation
Depreciation is recognised in profit or loss to allocate the cost or revalued amount of an asset, less any residual value, over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The estimated useful lives and the depreciation methodology for the current and comparative periods are as follows:

Land	**indefinite**	
Land improvements	25 years	Diminishing value
Buildings	30 years	Straight line
Fixed plant and equipment	15 years	Straight line
Mobile plant and motor vehicles	5 years	Diminishing value
Office equipment	2-10 years	Diminishing value
Fixed and rotary wing aircraft	7 years	Hours flown

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

(e) Intangible assets

(i) Resource consents
Costs incurred in obtaining resource consents for the three manufacturing sites owned by the Company are capitalised and amortised from the granting of the consent on a straight-line basis for the period of the consent.

(ii) Research and development
Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss when incurred.

Development costs are capitalised if they 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.

(iii) Goodwill
Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

(iv) Other intangible assets
Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

(v) Subsequent expenditure
Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss when incurred.

(vi) Amortisation
Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

Patents and registrations	6-20 years
Resource consents	14-20 years

(f) Leased assets
Leases where the Group assumes substantially all the risks and rewards of ownership are classified as finance leases.

Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and 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. Leases that are not finance leases are classified as operating leases, refer to note l.

(g) Inventories
Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Impairment
The carrying amounts of the Group's assets, with the exception of inventories and deferred tax assets are reviewed at each balance sheet date to determine whether there is any objective evidence of impairment.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the income statement.

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

Impairment losses on an individual basis are determined by an evaluation of the exposures on an instrument by instrument basis.

(ii) Non-financial assets
The carrying amounts of the Group's non-financial assets other than 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 asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash inflows that are largely independent from other assets and groups. Impairment losses are recognised in profit or loss, except to the extent they are used to offset a credit balance previously recognised directly in equity as a revaluation surplus. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) 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.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Employee benefits

(i) Defined contribution plans
Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due.

(ii) Long-term employee benefits
The Group provides certain employees with long service leave. An accrual is recognised on an actuarial basis over the period of service. The discount rate applied is the Government Bond rate for terms equivalent to the expected utilisation of the long service leave. Actuarial gains and losses are recognised in the profit or loss in the period in which they arise.

(j) Provisions
A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(k) Revenue

(i) Goods sold
Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances and trade discounts. 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.

(ii) Services
Revenue from services rendered is recognised in profit or loss at the date when the service is rendered.

(iii) Dividends received
Dividend income is recognised on the date that the

Notes to the financial statements *(continued)*

right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(l) Lease payments
Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(m) Finance income and expenses
Finance income comprises interest income on funds invested. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions and gains or losses on interest rate hedging instruments that are recognised in profit or loss. All borrowing costs other than those relating to hedging instruments are recognised in profit or loss using the effective interest method.

(n) Income tax expense
Income tax expense comprises current and deferred tax. Income tax expense 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 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 in respect of previous years.

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 following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and equity accounted investees to the extent that they probably will 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 substantively enacted by 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 difference 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 realised.

(o) Mining deposits
The Group owns various lime quarries throughout New Zealand. These are measured at either fair value on acquisition or the costs associated with developing existing quarries to extend their economic life. The resources are amortised on a per tonne of extraction basis.

(p) New standards and interpretations adopted early
There have been no standards or interpretations adopted early for the year ended 31 May 2010.

(q) New standards and interpretations not yet adopted
A number of new amendments and interpretations not yet effective for the year ended 31 May 2010, may impact the Group and have not been applied in preparing these consolidated financial statements:

- NZ IFRS 8 Operating Segments supersedes the earlier version of the standard. The revised standard clarifies that segment information with respect to total assets is required only if such information is reported to the chief operating decision makers. The amended standard will be effective for the Group's 2011 financial statements. The Group will continue to report total assets by segment because the information is reported to the chief operating decision makers.
- NZ IAS 17 Leases supersedes the earlier version of the standard. The revised standard clarifies that when a lease includes both the land and building elements, an entity should determine the classification of each element based on paragraphs 7 – 13 of NZ IAS 17, taking account of the fact that land normally has an indefinite economic life. The amended standard will be effective for the Group's 2011 financial statements. The Group has not yet considered the impact of the standard on its financial statements.
- NZ IAS 7 Statement of Cash Flows supersedes the earlier version of the standard. The revised standard clarifies that only expenditure that results in the recognition of an asset can be classified as cash flow from investing activities. The amended standard will be effective for the Group's 2011 financial statements. The Group has not yet considered the impact of the standard on its financial statements.
- NZ IAS 36 Impairment of Assets supersedes the earlier version of the standard. The revised standard clarifies that the largest unit to which goodwill should be allocated is the operating segment level. The amended standard will be effective for the Group's 2011 financial statements and will have no material impact.
- NZ IFRS 9 Financial Instruments is the first standard issued as part of a wider project to replace NZ IAS 39. NZ IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The standard will be effective for the Group's 2014 financial statements. The Group has not yet considered the impact of the standard on its financial statements.
- NZ IAS 24 Related Party Disclosures (revised 2009) supersedes the earlier version of the standard. The revised standard amends the definition of a related party. The amended standard will be effective for the Group's 2012 financial statements. The Group has not yet considered the impact of the standard on its financial statements.

4. 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 in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Property, plant and equipment
The fair value of property, plant and equipment is based on market values. The market value of property is the estimated amount for which a 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. External valuations are obtained to determine fair value.

(b) Inventory
The fair value of inventory acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventory.

(c) 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.

(d) Derivatives
The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

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

(e) Non-derivative financial liabilities
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.

5. Segment reporting

The Group supplies farm inputs to customers in New Zealand and Australia which is the basis for the two reportable segments. The business is managed primarily on these geographical lines. This is reflected in the management structure responsible for key resource allocation decisions and performance assessment.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis

Segment expenditure on reportable non-current assets is the total cost incurred during the period to acquire non-current assets other than financial instruments and deferred tax assets.

5. Segment reporting *(continued)*

2010 Group

In thousands of New Zealand dollars	New Zealand	Australia	Adjustments	Total
Total external revenues	596,683	237,748	-	834,431
Intersegment revenue	13,390	11,863	(25,253)	-
Total segment revenue	610,073	249,611	(25,253)	834,431
Segment result before transactions with shareholders and finance costs	54,915	(6,110)	(5,563)	43,242
Net finance costs				(15,652)
Discount on acquisition				30
Share of profit of equity accounted investees				(205)
Rebates				(16,745)
Income tax expense				(10,474)
Profit for the period				**196**

2009 Group

In thousands of New Zealand dollars	New Zealand	Australia	Adjustments	Total
Total external revenues	691,719	199,837	-	891,556
Intersegment revenue	14,781	6,506	(21,287)	-
Total segment revenue	706,500	206,343	(21,287)	891,556
Segment result before transactions with shareholders and finance costs	(5,552)	15,398	400	10,246
Net finance costs				26,436
Share of profit of equity accounted investees				(603)
Rebates				(14,399)
Income tax expense				(6,900)
Profit for the period				**14,780**

Subsequent to the publication of the 2009 annual report it became apparent that the classification of total external revenues between New Zealand and Australia for the 2009 year was mis-stated. The effect was that the New Zealand segment revenue was overstated by $34.98 million and the Australian segment revenue was understated by $34.98 million. The segment result before transactions with shareholders and finance costs remained accurate. This annual report discloses the corrected comparative figures.

2010 Group

In thousands of New Zealand dollars	New Zealand	Australia	Adjustments	Total
Total assets	520,213	169,466	1,518	691,197
Total liabilities	(198,898)	(167,265)	1,835	(364,328)
Investment in equity accounted investees (included in total assets)	8,181	-	-	8,181
Expenditure on reportable non-current assets	15,802	3,603	-	19,405
Depreciation expense	14,489	2,546	-	17,035
Amortisation expense	277	-	-	277
Entity wide products and services				
Farm inputs - external revenue				813,182
Services and other income				21,249
Total Group revenue				**834,431**

2009 Group

In thousands of New Zealand dollars	New Zealand	Australia	Adjustments	Total
Total assets	580,649	183,012	4,374	768,035
Total liabilities	(259,674)	(171,867)	(4,094)	(435,635)
Investment in equity accounted investees (included in total assets)	8,150	-	-	8,150
Expenditure on reportable non-current assets	25,944	3,881	-	29,825
Depreciation expense	15,871	2,252	-	18,123
Amortisation expense	281	-	-	281
Entity wide products and services				
Farm inputs - external revenue				872,729
Services and other income				18,827
Total Group revenue				**891,556**

6. Acquisition and disposal of businesses

In thousands of New Zealand dollars

Aerial Sowing Limited

In October 2009 the Company purchased a further 25% of the shares in Aerial Sowing Ltd, taking the shareholding to 75%. The business operates two topdressing planes in the Central South Island.

The acquisition had the following effect on the Group's assets and liabilities on acquisition date:

	Note	Recognised Values on acquisition
Cash and cash equivalents		210
Trade and other receivables		193
Property, plant and equipment	12	1,135
Accumulated depreciation	12	(166)
Trade and other payables		(333)
Net identifiable assets and liabilities		**1,039**
Fair value of assets acquired through step acquisition		260
Consideration paid (cash)		230
Discount on acquisition (recognised in the income statement)		**30**

The value of assets and liabilities recognised on acquisition are their estimated fair values. The discount on acquisition has been recognised in the income statement.

7. Revenue

	Group		Company	
In thousands of New Zealand dollars	**2010**	**2009**	**2010**	**2009**
Sales	832,893	889,155	831,637	877,412
Dividends received	28	1	28	3,004
Other income	1,510	2,400	1,951	2,765
Total revenues	**834,431**	**891,556**	**833,616**	**883,181**

8. Administrative expenses

The following items of expenditure are included in administrative expenses:

	Group		Company	
In thousands of New Zealand dollars	**2010**	**2009**	**2010**	**2009**
Auditor's remuneration to KPMG comprises:				
Audit of financial statements	136	99	102	97
Other fees	4	3	4	3
Total auditor's remuneration	**140**	**102**	**106**	**100**

9. Personnel expenses

	Group		Company	
In thousands of New Zealand dollars	**2010**	**2009**	**2010**	**2009**
Wages and salaries	40,519	37,668	35,132	32,880
Superannuation - defined contribution	2,700	2,559	2,504	2,388
Increase in liability for long-service leave	60	124	60	124
Total personnel expenses	**43,279**	**40,351**	**37,696**	**35,392**

The increase in the personnel expenses from the 2009 to the 2010 year reflects the reinstatement of the Ravensdown employee incentive scheme which was suspended during the 2009 financial year in response to the economic downturn.

10. Finance income and expense

	Group		Company	
In thousands of New Zealand dollars	**2010**	**2009**	**2010**	**2009**
Gain on realisation of financial derivatives	71	56,709	71	56,709
Interest income on held-to-maturity assets	37	37	-	-
Intercompany interest	-	-	509	477
Interest income other	1,383	1,891	1,064	1,686
Finance income	1,491	58,637	1,644	58,872
Interest expense on financial liabilities measured at amortised cost	(14,605)	(32,119)	(14,431)	(31,889)
Fair value of cash flow hedges transferred from equity	(1,926)	182	(1,926)	182
Unwinding of discount on contingent deferred consideration	(612)	(264)	(612)	(264)
Finance expense	(17,143)	(32,201)	(16,969)	(31,971)
Net finance costs	**(15,652)**	**26,436**	**(15,325)**	**26,901**

11. Income tax expenses in the income statement

	Group		Company	
In thousands of New Zealand dollars	**2010**	**2009**	**2010**	**2009**
Current tax expense				
Current period	5,143	6,261	4,469	7,063
Adjustment for prior periods	(92)	570	(115)	557
	5,051	6,831	4,354	7,620
Deferred tax expense				
Origination and reversal of temporary differences	1,060	989	616	660
Change in building depreciation	4,557	-	4,557	-
Reduction in tax rate	(314)	-	(313)	-
Adjustment for prior periods	120	(920)	-	(920)
	5,423	69	4,860	(260)
Total income tax expense	**10,474**	**6,900**	**9,214**	**7,360**

11. Income tax expenses in the income statement *(continued)*

Reconciliation of effective tax rate

In thousands of New Zealand dollars	Group 2010	Group 2009	Company 2010	Company 2009
Profit for the year before bonus share issue	196	14,780	(1,315)	19,578
Total income tax expense	10,474	6,900	9,214	7,360
Profit excluding income tax	10,670	21,680	7,899	26,938
Income tax using the Company's domestic tax rate	3,201	6,504	2,370	8,081
Non-deductible expenses	2,866	488	2,704	486
Tax exempt income	(1)	-	(1)	(826)
Other	137	258	12	(18)
Change in building depreciation	4,557	-	4,557	-
Reduction in tax rate	(314)	-	(313)	-
Under/(over) provided in prior periods	28	(350)	(115)	(363)
Total income tax expense	**10,474**	**6,900**	**9,214**	**7,360**

Income tax recognised directly in equity

In thousands of New Zealand dollars	Group 2010	Group 2009	Company 2010	Company 2009
Derivatives	(11,113)	28,291	(11,113)	28,291
Revaluation of property, plant and equipment	(333)	(404)	(333)	(404)
Revaluation of minerals of Ravensdown Supreme Limited	(184)	1,381	-	-
Total income tax recognised directly in equity	**(11,630)**	**29,268**	**(11,446)**	**27,887**

Income tax recognised directly in other comprehensive income

Group

In thousands of New Zealand dollars	2010 Before tax	2010 Tax (expense) / benefit	2010 Net of tax	2009 Before tax	2009 Tax (expense) / benefit	2009 Net of tax
Foreign currency translation differences for foreign operations	(196)	-	(196)	(1,550)	-	(1,550)
Revaluation of property, plant and equipment	1,844	517	2,361	4,521	977	3,544
Effective portion of changes in fair value of cash flow hedges	(36,293)	11,023	(25,270)	206,630	61,996	144,634
Net change in fair value of cash flow hedges transferred to inventory	(2,227)	668	(1,559)	(112,166)	(33,650)	(78,516)
Net change in fair value of cash flow hedges transferred to profit or loss	1,926	(578)	1,348	(182)	(55)	(127)
	(34,946)	**11,630**	**(23,316)**	**97,253**	**29,268**	**67,985**

Company

In thousands of New Zealand dollars	2010 Before tax	2010 Tax (expense) / benefit	2010 Net of tax	2009 Before tax	2009 Tax (expense) / benefit	2009 Net of tax
Foreign currency translation differences for foreign operations	(238)	-	(238)	(1,550)	-	(1,550)
Revaluation of property, plant and equipment	1,844	333	2,177	977	404	1,381
Effective portion of changes in fair value of cash flow hedges	(36,293)	11,023	(25,270)	206,630	(61,996)	144,634
Net change in fair value of cash flow hedges transferred to inventory	(2,227)	668	(1,559)	(112,166)	33,650	(78,516)
Net change in fair value of cash flow hedges transferred to profit or loss	1,926	(578)	1,348	(182)	55	(127)
	(34,988)	**11,446**	**(23,542)**	**93,709**	**(27,887)**	**65,822**

Imputation credits

In thousands of New Zealand dollars	Group 2010	Group 2009	Company 2010	Company 2009
Imputation credits at 1 June	26,393	26,799	25,304	25,598
New Zealand tax payments, net of refunds	11,639	4,447	11,688	4,559
Imputation credits attached to bonus share issues	(5,663)	(4,853)	(5,663)	(4,853)
Imputation credits at 31 May	**32,369**	**26,393**	**31,329**	**25,304**
The imputation credits are available to shareholders of the Company:	31,329	25,304		
Through the Company	1,040	1,089		
Through subsidiaries	**32,369**	**26,393**		

12. Property, plant and equipment

Group

In thousands of New Zealand dollars	Note	Land and improvements	Buildings and improvements	Plant, machinery and vehicles	Capital works in progress	Total
Cost or valuation						
Balance at 1 June 2008		35,566	92,794	202,784	5,730	336,874
Acquisitions through business combinations		1,179	203	3,229	-	4,611
Other additions		881	2,375	6,009	14,736	24,001
Transfer from capital works in progress		-	-	15,166	(15,166)	-
Revaluations		2,315	(3,210)	-	-	(895)
Disposals		(130)	(110)	(1,844)	-	(2,084)
Effect of movements in exchange rates		71	724	323	-	1,118
Balance at 31 May 2009		**39,882**	**92,776**	**225,667**	**5,300**	**363,625**
Balance at 1 June 2009		39,882	92,776	225,667	5,300	363,625
Acquisitions through business combinations	6	-	-	1,135	-	1,135
Other additions		216	2,975	7,842	6,949	17,982
Transfer from capital works in progress		-	82	3,523	(3,605)	-
Revaluations		818	(1,948)	-	-	(1,130)
Disposals		-	-	(1,807)	-	(1,807)
Effect of movements in exchange rates		(16)	(186)	(88)	(15)	(305)
Balance at 31 May 2010		**40,900**	**93,699**	**236,272**	**8,629**	**379,500**
Depreciation and impairment losses						
Balance at 1 June 2008		-	492	121,058	-	121,550
Acquisitions through business combinations		-	(23)	(1,145)	-	(1,168)
Depreciation for the year		-	2,389	15,734	-	18,123
Revaluations		-	(2,304)	-	-	(2,304)
Disposals/capitalised		-	(1)	(1,160)	-	(1,161)
Balance at 31 May 2009		**-**	**553**	**134,487**	**-**	**135,040**
Balance at 1 June 2009		-	553	134,487	-	135,040
Acquisitions through business combinations	6	-	-	166	-	166
Depreciation for the year		-	3,248	13,787	-	17,035
Revaluations		-	(3,291)	-	-	(3,291)
Disposals/capitalised		-	-	(1,019)	-	(1,019)
Balance at 31 May 2010		**-**	**510**	**147,421**	**-**	**147,931**
Carrying amounts						
At 1 June 2008		35,566	92,302	81,726	5,730	215,324
At 31 May 2009		**39,882**	**92,223**	**91,180**	**5,300**	**228,585**
At 1 June 2009		39,882	92,223	91,180	5,300	228,585
At 31 May 2010		**40,900**	**93,189**	**88,851**	**8,629**	**231,569**

Company

In thousands of New Zealand dollars	Land and improvements	Buildings and improvements	Plant, machinery and vehicles	Capital works in progress	Total
Cost or valuation					
Balance at 1 June 2008	35,559	90,881	179,506	5,580	311,526
Other additions	881	2,374	809	14,872	18,936
Transfer from capital works in progress	-	-	15,166	(15,166)	-
Disposals	(130)	(110)	(875)	-	(1,115)
Revaluations	2,315	(3,590)	-	-	(1,275)
Effect of movements in exchange rates	71	724	323	-	1,118
Balance at 31 May 2009	**38,696**	**90,279**	**194,929**	**5,286**	**329,190**
Balance at 1 June 2009	38,696	90,279	194,929	5,286	329,190
Other additions	213	2,971	3,356	6,922	13,462
Transfer from capital works in progress	3	82	4,188	(4,273)	-
Disposals	-	-	(1,549)	-	(1,549)
Revaluations	818	(1,948)	-	-	(1,130)
Effect of movements in exchange rates	(17)	(186)	(63)	-	(266)
Balance at 31 May 2010	**39,713**	**91,198**	**200,861**	**7,935**	**339,707**
Depreciation and impairment losses					
Balance at 1 June 2008	-	54	113,762	-	113,816
Depreciation for the year	-	2,293	11,436	-	13,729
Revaluations	-	(2,240)	-	-	(2,240)
Disposals	-	(1)	(510)	-	(511)
Balance at 31 May 2009	**-**	**106**	**124,688**	**-**	**124,794**
Balance at 1 June 2009	-	106	124,688	-	124,794
Depreciation for the year	-	3,191	11,960	-	15,151
Revaluations	-	(3,291)	-	-	(3,291)
Disposals	-	-	(1,019)	-	(1,019)
Balance at 31 May 2010	**-**	**6**	**135,629**	**-**	**135,635**
Carrying amounts					
At 1 June 2008	35,559	90,827	65,744	5,580	197,710
At 31 May 2009	**38,696**	**90,173**	**70,241**	**5,286**	**204,396**
At 1 June 2009	38,696	90,173	70,241	5,286	204,396
At 31 May 2010	**39,713**	**91,192**	**65,232**	**7,935**	**204,072**

Revaluations
Land and improvements and Buildings and improvements were independently valued as at 31 May 2010 by Mr H Doherty SNZPI, ANZIV, AREINZ of Harcourts Team Wellington.
The methods used by the valuer are described in Note 4.
If the cost model had been used the carrying value of land and buildings would have been $80.4 million (2009: $82.2 million) for the Company and Group.

13. Intangible assets

Group

In thousands of New Zealand dollars	Patents and Registrations	Resource Consents	Goodwill	Total
Cost				
Balance at 1 June 2008	1,318	4,441	-	5,759
Other acquisitions	-	491	722	1,213
Balance at 31 May 2009	**1,318**	**4,932**	**722**	**6,972**
Balance at 1 June 2009	1,318	4,932	722	6,972
Other acquisitions	38	250	-	288
Balance at 31 May 2010	**1,356**	**5,182**	**722**	**7,260**
Amortisation				
Balance at 1 June 2008	339	313	-	652
Amortisation for the year (Administrative expenses)	83	198	-	281
Balance at 31 May 2009	**422**	**511**	**-**	**933**
Balance at 1 June 2009	422	511	-	933
Amortisation for the year (Administrative expenses)	81	196	-	277
Balance at 31 May 2010	**503**	**707**	**-**	**1,210**
Carrying amounts				
At 1 June 2008	979	4,128	-	5,107
At 31 May 2009	**896**	**4,421**	**722**	**6,039**
At 1 June 2009	896	4,421	722	6,039
At 31 May 2010	**853**	**4,475**	**722**	**6,050**

Company

In thousands of New Zealand dollars	Patents and Registrations	Resource Consents	Goodwill	Total
Cost				
Balance at 1 June 2008	1,168	4,441	-	5,609
Other acquisitions	-	491	-	491
Balance at 31 May 2009	**1,168**	**4,932**	**-**	**6,100**
Balance at 1 June 2009	1,168	4,932	-	6,100
Other acquisitions	38	250	-	288
Balance at 31 May 2010	**1,206**	**5,182**	**-**	**6,388**
Amortisation				
Balance at 1 June 2008	220	313	-	533
Amortisation for the year (Administrative expenses)	78	199	-	277
Balance at 31 May 2009	**298**	**512**	**-**	**810**
Balance at 1 June 2009	298	512	-	810
Amortisation for the year (Administrative expenses)	74	196	-	270
Balance at 31 May 2010	**372**	**708**	**-**	**1,080**
Carrying amounts				
At 1 June 2008	948	4,128	-	5,076
At 31 May 2009	**870**	**4,420**	**-**	**5,290**
At 1 June 2009	870	4,420	-	5,290
At 31 May 2010	**834**	**4,474**	**-**	**5,308**

Total research and development expense recognised in profit and loss is $1.7 million (2009: $1.9 million)

Patents and Registrations
Costs associated with acquiring patents and registrations are capitalised and amortised over the life of the assets. The assets primarily comprise patents and registrations that enable the Group to distribute animal health and agrochemical products throughout New Zealand and Australia.

Resource consents
Costs incurred in obtaining resource consents for the Group's three manufacturing sites are capitalised and amortised from the granting of the consent on a straight line basis for the period of the consent. The remaining life of the resource consents range between 11 years and 20 years.

Goodwill
The purchase of the remaining 50% share in Supreme Lime Limited on 29 May 2009 resulted in goodwill of $722,000 being recognised on acquisition.

The 2010 operating results of Supreme Lime Limited and managements expectations of future results give no indication of impairment to this asset.

14. Mining deposits

Movements in carrying value of mining deposits:

	Group		Company	
In thousands of New Zealand dollars	**2010**	**2009**	**2010**	**2009**
Balance at 1 June	14,883	1,370	2,887	1,370
Acquisitions through business combinations	-	12,000	-	-
Other additions/ (reversals)	(319)	1,530	-	1,534
Amortisation for the year (Administrative expenses)	(294)	(17)	(19)	(17)
Balance at 31 May	**14,270**	**14,883**	**2,868**	**2,887**

Amortisation of the mining deposits is on a per tonne extracted basis.

15. Equity accounted investees

Movements in carrying value of equity accounted investees:

	Group		Company	
In thousands of New Zealand dollars	**2010**	**2009**	**2010**	**2009**
Balance at 1 June	8,150	11,790	8,112	10,654
Share of profit/(loss)	(205)	(603)	-	-
Associate becoming subsidiary in the year	(519)	(3,870)	(666)	(3,375)
Associate capital supplied in the year	60	1,667	60	1,667
Loans to associates	695	(834)	695	(834)
Balance at 31 May	**8,181**	**8,150**	**8,201**	**8,112**

Summary financial information for equity accounted investees, not adjusted for the percentage ownership held by the Group:

In thousands of New Zealand dollars	**Total assets**	**Total liabilities**	**Revenues**	**Profit/(loss)**
2009 Equity accounted investments	12,688	5,496	9,057	(678)
2010 Equity accounted investments	11,210	7,011	9,065	(190)

16. Other financial assets

	Group		Company	
In thousands of New Zealand dollars	**2010**	**2009**	**2010**	**2009**
Investments in subsidiaries	-	-	42,252	42,697
Held-to-maturity investments	528	516	-	-
Other investments	94	44	94	44
Derivatives	7,333	14,308	7,333	14,308
Other financial assets - non-current	**7,955**	**14,868**	**49,679**	**57,049**
Derivatives	12,837	39,928	12,837	39,928
Other financial assets - current	**12,837**	**39,928**	**12,837**	**39,928**

Held-to-maturity investments consist of a Government Bond which is held as a requirement of the Insurance Companies Deposits Act 1953 by Ravensdown Fertiliser Insurance Company Limited. It has an interest rate of 6.5% (2009 7%) and matures within 3 years.

17. Deferred tax assets and liabilities

Unrecognised deferred tax assets
The Company and Group do not have any unrecognised deferred tax assets.

Recognised deferred tax assets and liabilities
Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
In thousands of New Zealand dollars	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Property, plant and equipment	-	-	18,399	14,497	18,399	14,497
Derivatives	(1,232)	(486)	5,904	16,271	4,672	15,785
Inventories	(131)	(20)	-	-	(131)	(20)
Trade and other payables	(1,337)	(1,319)	-	58	(1,337)	(1,261)
Provisions	(562)	(2,052)	-	-	(562)	(2,052)
Other items	(428)	(298)	2,578	2,763	2,150	2,465
Tax (assets)/liabilities	**(3,690)**	**(4,175)**	**26,881**	**33,589**	**23,191**	**29,414**

Company	Assets		Liabilities		Net	
In thousands of New Zealand dollars	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Property, plant and equipment	-	-	16,758	13,605	16,758	13,605
Derivatives	(1,232)	(486)	5,904	16,271	4,672	15,785
Inventories	(131)	(20)	-	-	(131)	(20)
Trade and other payables	(1,264)	(1,319)	-	-	(1,264)	(1,319)
Provisions	(562)	(2,052)	-	-	(562)	(2,052)
Other items	(365)	(289)	-	-	(365)	(289)
Tax (assets)/liabilities	**(3,554)**	**(4,166)**	**22,662**	**29,876**	**19,108**	**25,710**

Movement in temporary differences during the year

Group						
In thousands of New Zealand dollars	**Property, plant and equipment**	**Derivatives**	**Payables**	**Provisions**	**Other**	**Total**
Balance 1 June 08	15,448	(12,506)	(964)	(3,315)	123	(1,214)
Acquired in business combination	-	-	-	-	1,382	1,382
Recognised in profit or loss	(547)	-	(296)	1,350	(438)	69
Recognised in other comprehensive income	(404)	28,291	-	-	1,381	29,268
Effect of movements in exchange rates	-	-	(1)	(87)	(3)	(91)
Balance 31 May 09	**14,497**	**15,785**	**(1,261)**	**(2,052)**	**2,445**	**29,414**
Acquired in business combination	-	-	-	-	-	-
Recognised in profit or loss	4,264	-	(76)	1,477	(242)	5,423
Recognised in other comprehensive income	(333)	(11,113)	-	-	(184)	(11,630)
Effect of movements in exchange rates	(29)	-	-	13	-	(16)
Balance 31 May 10	**18,399**	**4,672**	**(1,337)**	**(562)**	**2,019**	**23,191**

17. Deferred tax assets and liabilities *(continued)*

Company

In thousands of New Zealand dollars	Property, plant and equipment	Derivatives	Payables	Provisions	Other	Total
Balance 1 June 08	14,777	(12,506)	(905)	(3,315)	123	(1,826)
Recognised in profit or loss	(768)	-	(413)	1,350	(429)	(260)
Recognised in other comprehensive income	(404)	28,291	-	-	-	27,887
Effect of movements in exchange rates	-	-	(1)	(87)	(3)	(91)
Balance 31 May 09	**13,605**	**15,785**	**(1,319)**	**(2,052)**	**(309)**	**25,710**
Recognised in profit or loss	3,515	-	55	1,477	(187)	4,860
Recognised in other comprehensive income	(333)	(11,113)	-	-	-	(11,446)
Effect of movements in exchange rates	(29)	-	-	13	-	(16)
Balance 31 May 10	**16,758**	**4,672**	**(1,264)**	**(562)**	**(496)**	**19,108**

18. Inventories

	Group		Company	
In thousands of New Zealand dollars	**2010**	**2009**	**2010**	**2009**
Finished goods	242,527	298,374	218,259	298,090
Raw materials	14,843	31,008	14,843	31,008
Plant spare parts	5,411	5,160	3,496	3,462
	262,781	**334,542**	**236,598**	**332,560**

19. Trade and other receivables

	Group		Company	
In thousands of New Zealand dollars	**2010**	**2009**	**2010**	**2009**
Trade receivables	120,211	108,251	142,798	106,214
Other receivables	-	937	2,419	3,930
Prepayments	3,062	2,654	2,792	2,429
	123,273	**111,842**	**148,009**	**112,573**

20. Share capital and reserves

The movement in shares for the Company and Group is as follows-:

Share capital
Ordinary co-operative shares

	Ordinary co-operative shares	
In thousands of shares	**2010**	**2009**
On issue at 1 June	233,257	221,284
Shares allotted on bonus issue	11,497	9,853
Shares allotted during the year	11,583	8,697
Less: shares surrendered during the year	(5,668)	(6,577)
On issue at 31 May	**250,669**	**233,257**

At 31 May 2010, 249,329,626 shares (2009: 232,148,242) were fully paid. 1,340,240 shares (2009: 1,108,583) are paid up to an average value of $0.56 (2009: $0.55) per share. The share quota is reviewed from time to time by the Board of Directors and is currently set at 184 shares per tonne.

Voting rights are held by transacting shareholders being entitled to one vote per share held. For votes on Area issues no transacting shareholder shall vote more than 3.5% of the total number of shares held by transacting shareholders in respect of the relevant Area. On other issues no transacting shareholder shall vote more than that number of shares which equates to 0.125% of the shares held by all transacting shareholders. The Company may redeem shares in accordance with the Companies Act 1993. Upon winding up, shares rank equally with regard to the Company's residual assets.

The co-operative shares are repayable under certain conditions, and will mature when shares are redeemable by the shareholder. Co-operative shares may be repaid when there is a deceased estate or when the shareholder has ceased farming. Shares may also be repaid if there has been a 5 year time lapse since the last transaction. Co-operative shares have a nominal value of one New Zealand dollar.

Reserves
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 branch.

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 occurred.

Revaluation reserve
The revaluation reserve relates to the revaluation of freehold land and freehold buildings.

21. Redeemable preference shares

In thousands of shares	Redeemable preference shares 2010	2009
On issue at 1 June	-	-
Shares allotted during the year	4,363	-
On issue at 31 May	**4,363**	**-**

During the year ended 31 May 2010 4,363,142 redeemable preference shares were issued with a nominal value of one Australian dollar (2009: nil). All issued shares are fully paid.

The holders of redeemable preference shares are not entitled to receive dividends but are entitled to receive rebates. Redeemable preference shares do not carry the right to vote. All shares rank equally with regard to the Group's residual assets, except that holders of redeemable preference shares participate only to the extent of the face value of the shares. The redeemable preference shares are classified as liabilities.

22. Cash and cash equivalents

	Group		Company	
In thousands of New Zealand dollars	**2010**	**2009**	**2010**	**2009**
Bank balances	11,872	8,017	5,403	3,348
Foreign currency accounts	656	438	610	438
Call deposits	7,002	3,620	5,737	3,620
Cash and cash equivalents	19,530	12,075	11,750	7,406
Bank overdrafts with a right of offset against current accounts	(2,836)	(2,877)	(2,836)	(2,877)
Cash and cash equivalents in the statement of cash flows	**16,694**	**9,198**	**8,914**	**4,529**

23. Loans and borrowings

	Year of maturity	Group		Company	
In thousands of New Zealand dollars		**2010**	**2009**	**2010**	**2009**
Non current liabilities					
Loans and borrowings	2012	69,856	172,553	69,856	172,553
Current liabilities					
Loans and borrowings	2011	164,649	143,814	164,649	143,814

The above loans are drawings on the Company's revolving credit facility. At 31 May 2010 the facility available was $405 million (2009 $550 million). The interest rate is currently 4.35% (2009 4.0%).

The revolving credit facility agreement is subject to a Negative Pledge agreement dated 25 August 2008. Various covenants apply to the facility. There have not been any breaches of the banking covenants in the year. Two tranches of the revolving credit facility terminate in the 2011 financial year and are therefore disclosed as current. Management are currently in negotiations with the facility agent to roll over the terminating tranches.

24. Other financial liabilities

	Group		Company	
In thousands of New Zealand dollars	**2010**	**2009**	**2010**	**2009**
Non-current liabilities				
Derivatives	3,179	412	3,179	412
	3,179	**412**	**3,179**	**412**
Current liabilities				
Derivatives	969	1,208	969	1,208
	969	**1,208**	**969**	**1,208**

25. Provision for rebate and bonus share issue

	Group			Company		
In thousands of New Zealand dollars	**2010**	**2009**	**2008**	**2010**	**2009**	**2008**
Rebate	15,115	14,505	18,582	14,643	14,505	18,582
Bonus issue	-	11,497	9,853	-	11,497	9,853
	15,115	**26,002**	**28,435**	**14,643**	**26,002**	**28,435**

Provisions for rebates and bonus share issues are recognised when the obligations and the amounts of the distributions can be measured reliably. Previously before the change in accounting policy (note 2(e)), bonus share issues were recognised on the date of the distribution directly in share capital. The issuance of the share capital remains on the date of the distribution.

26. Provisions

In thousands of New Zealand dollars	Group and Company 2010	2009
Balance at start of period	11,447	10,903
Provisions made during the period	-	-
Unwinding of provisions during the period	(4,538)	-
Unwind of discount	612	264
Effects of movements in exchange rates	(70)	280
Deferred rebate provision	**7,451**	**11,447**

The provision for deferred rebate relates to the acquisition of United Farmers Co-operative Company Ltd in 2008.

27. Trade and other payables

	Group		Company	
In thousands of New Zealand dollars	**2010**	**2009**	**2010**	**2009**
Trade payables	56,099	31,304	57,256	29,689
Non-trade payables and accrued expenses	13,752	12,152	13,271	12,152
Employee benefits	4,057	3,805	3,792	3,569
Other payables	558	648	2,798	1,807
	74,466	**47,909**	**77,117**	**47,217**

28. Financial instruments

Exposure to credit, interest rate, foreign currency, commodity price and liquidity risks arises in the normal course of the Group's business.

Credit risk
The Group's exposure to credit risk is mainly influenced by its customer base and banking counterparties. Management has a credit policy in place under which each new customer is rigorously analysed for credit worthiness. The Group's customer base is primarily concentrated in the agriculture sector.

The risk is mitigated through most customers also being shareholders of the Company. There is no material exposure to an individual counterparty.

Investments and derivatives are only made with reputable financial banks.

Liquidity risk
Liquidity risk represents the Group's ability to meet its contractual obligations. The Group evaluates its liquidity requirements on an ongoing basis. In general, the Group generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has credit lines in place to cover potential shortfalls.

Market risk
The Group enters into derivative arrangements in the ordinary course of business to manage foreign currency and interest rate risks. A financial risk management committee provides oversight for risk management and derivative activities. The Board re-evaluates risk policies on a regular basis.

Foreign currency risk
The Group is exposed to foreign currency risk on purchases and borrowings that are denominated in a currency other than the Company's functional currency, New Zealand dollars ($), which is the presentation currency of the Group. The currencies in which transactions are primarily denominated is U.S. dollars (USD) and Australian dollars (AUD). The Group hedges up to 100% of all trade payables denominated in a foreign currency.

At any point in time, the Group also hedges up to 100% of its estimated foreign currency exposure in respect of forecasted purchases over a period that is approved by the Board. The Group uses forward exchange contracts to hedge its foreign currency risk.

The investment in the Australian branch is hedged by way of Australian dollar denominated borrowings.

Interest rate risk
Interest rate swaps have been entered into to achieve an appropriate mix of fixed and floating rate exposure within the Group's policy.

Commodity price risk
The Group is exposed to commodity price risk. This is partially mitigated through negotiated long term supply contracts and through geographical diversity of suppliers.

Quantitative disclosures

Credit risk
The carrying amount of financial assets represents the Group's maximum credit exposure.

The Group has not renegotiated the terms of any financial assets which would result in the carrying amount no longer being past due or avoid a possible past due status.

28 Financial instruments *(continued)*

The status of trade receivables at the reporting date is as follows:

	Gross receivable		Impairment	
In thousands of New Zealand dollars	**2010**	**2009**	**2010**	**2009**
Trade receivables				
Not past due	103,619	99,671	-	-
Past due 1 - 30 days	11,853	6,794	-	-
Past due more than 30 days	5,794	3,685	1,055	962
Total	**121,266**	**110,150**	**1,055**	**962**

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

In thousands of New Zealand dollars	**2010**	**2009**
Balance at 1 June	962	966
Impairment loss recognised/(reversed)	93	(4)
Balance at 31 May	**1,055**	**962**

The impairment loss as at 31 May 2010 has been calculated following a line by line review of the accounts receivable ledgers. In instances where management have felt that collection in full may not be achieved, management has revised their expectations downwards.

Liquidity risk

Group 2010

The following table sets out the contractual cash flows for all financial liabilities and all derivatives.

In thousands of New Zealand dollars	**Carrying value**	**Contractual cash flows**	**0-3 months**	**3-12 months**	**1-3 years**
Non-derivative financial liabilities					
Trade and other payables	74,466	74,466	74,466	-	-
Loans and borrowings	234,505	240,297	167,108	2,535	70,654
	308,971	314,763	241,574	2,535	70,654
Derivative financial instruments					
Gross settled cash flow hedge derivatives:					
Inflow		550,953	143,475	216,862	190,616
Outflow		(546,062)	(139,454)	(215,310)	(191,298)
	16,611	4,891	4,021	1,552	(682)
Net settled cash flow hedge derivatives	(590)	(7,963)	(323)	(969)	(6,671)

28 Financial instruments *(continued)*

Group 2009

The following table sets out the contractual cash flows for all financial liabilities and all derivatives.

In thousands of New Zealand dollars	Carrying value	Contractual cash flows	0-3 months	3-12 months	1-3 years
Non-derivative financial liabilities					
Trade and other payables	47,909	47,909	47,909	-	-
Loans and borrowings	319,192	326,843	2,883	149,392	174,568
	367,101	374,752	50,792	149,392	174,568
Derivative financial instruments					
Gross settled cash flow hedge derivatives:					
Inflow		560,001	114,063	277,188	168,750
Outflow		(513,029)	(104,167)	(250,210)	(158,652)
	53,824	46,972	9,896	26,978	10,098
Net settled cash flow hedge derivatives	(1,208)	(1,119)	(331)	(788)	-

Company 2010

The following table sets out the contractual cash flows for all financial liabilities and all derivatives.

In thousands of New Zealand dollars	Carrying value	Contractual cash flows	0-3 months	3-12 months	1-3 years
Non-derivative financial liabilities					
Trade and other payables	77,117	77,117	77,117	-	-
Loans and borrowings	234,505	240,297	167,108	2,535	70,654
	311,622	317,414	244,225	2,535	70,654
Derivative financial instruments					
Gross settled cash flow hedge derivatives:					
Inflow		550,953	143,475	216,862	190,616
Outflow		(546,062)	(139,454)	(215,310)	(191,298)
	16,611	4,891	4,021	1,552	(682)
Net settled cash flow hedge derivatives	(590)	(7,963)	(323)	(969)	(6,671)

Company 2009

The following table sets out the contractual cash flows for all financial liabilities and all derivatives.

In thousands of New Zealand dollars	Carrying value	Contractual cash flows	0-3 months	3-12 months	1-3 years
Non-derivative financial liabilities					
Trade and other payables	47,217	47,217	47,217	-	-
Loans and borrowings	319,192	326,843	2,883	149,392	174,568
	366,409	374,060	50,100	149,392	174,568
Derivative financial instruments					
Gross settled cash flow hedge derivatives:					
Inflow		560,001	114,063	277,188	168,750
Outflow		(513,029)	(104,167)	(250,210)	(158,652)
	53,824	46,972	9,896	26,978	10,098
Net settled cash flow hedge derivatives	(1,208)	(1,119)	(331)	(788)	-

Foreign currency exchange risk
The exposure to foreign currency risk can be summarised as follows:

	Group and Company	
In thousands of foreign currency	**USD**	**AUD**
2010		
Foreign currency risk		
Trade payables	(12,750)	-
Net balance sheet - foreign operations	-	(47)
Net balance sheet exposure before hedging activity	(12,750)	(47)
Forward exchange contracts relating to trade payables	12,750	-
Net unhedged exposure	-	(47)
NZD Equivalent	-	(59)
Sensitivity to 10% strengthening of NZD (pre tax):		
Increase/(decrease) on equity	(50,730)	5
Increase/(decrease) on profit	1,700	-
Sensitivity to 10% weakening of NZD (pre tax):		
Increase/(decrease) on equity	62,286	(6)
Increase/(decrease) on profit	(1,870)	-

28 Financial instruments *(continued)*

In thousands of foreign currency	Group and Company USD	AUD
2009		
Foreign currency risk		
Trade payables	(35)	-
Net balance sheet - foreign operations	-	(13,617)
Net balance sheet exposure before hedging activity	(35)	(13,617)
Forward exchange contracts relating to trade payables	35	-
Net unhedged exposure	-	(13,617)
NZD Equivalent	-	(16,688)
Sensitivity to 10% strengthening of NZD (pre tax):		
Increase/(decrease) on equity	(51,164)	1,556
Increase/(decrease) on profit	5	-
Sensitivity to 10% weakening of NZD (pre tax):		
Increase/(decrease) on equity	62,715	(1,712)
Increase/(decrease) on profit	(6)	-

The above disclosures relate to the valuation of foreign exchange exposures as at 31 May. The Group has foreign exposures throughout the financial year which fluctuate both in terms of the amount of the exposures at any one time and the effect of movements in the exchange rate.

Foreign exchange derivatives
There were no gains or losses on held-for-trading derivatives recognised in profit during 2010 or 2009.

Interest rate risk

Cashflow sensitivity
At 31 May 2010 it is estimated that a general increase of one percentage point in interest rates would decrease the Group's profit before income tax by approximately $2.2 million (2009: $3.0 million). A decrease of one percentage point would increase the Group's profit before income tax by the same amount.

Cashflow sensitivity for the Company is materially the same as the Group.

Fair value sensitivity
At 31 May 2010 it is estimated that a general increase of one percentage point in interest rates would increase the Group's equity (pre tax) by approximately $2.3 million (2009: $0.2 million). A decrease of one percentage point would decrease the Group's equity (pre tax) by the same amounts.

Fair value sensitivity for the Company is materially the same as the Group.

Capital management
The Group's capital includes share capital, reserves and retained earnings.

The Group's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business.

This target is achieved through balancing retention of certain reserves with the allocation of bonus issues and the Group's share rebate process.

The Group's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

There have been no material changes in the Group's management of capital during the period.

The Group is subject to external banking covenants. There have not been any breaches of the Group's banking covenants in the year.

Fair values
Carrying values approximate the fair values of all financial assets and liabilities.

Fair value hierarchy
The Group has financial instruments carried at fair value. The following hierarchy defines the valuation method used to value these instruments:
- 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 (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

All Group financial instruments carried at fair value are defined as level 2 for valuation purposes for 2010 and 2009. At 31 May 2010 the fair value of the Group's financial instruments was $16.0 million (2009: $52.6 million).

29. Operating leases

Leases as lessee
Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
In thousands of New Zealand dollars	**2010**	**2009**	**2010**	**2009**
Less than one year	6,197	6,452	6,187	6,442
Between one and five years	15,617	16,373	15,605	16,351
More than five years	30,682	27,253	30,682	27,253
Total lease commitments	**52,496**	**50,078**	**52,474**	**50,046**

The Group leases motor vehicles and store premises. The leases typically run for a period of 3 years, with an option to renew the lease after that date.

Lease payments are increased every 3 years to reflect market rentals. Some leases provide for additional rent payments that are based on changes in a local price index.

During the year ended 31 May 2010 $6.9 million was recognised as an expense in the income statement in respect of operating leases (2009: $6.8 million).

30. Capital commitments

At 31 May 2010 the Group had capital commitments of $8.4 million (2009: $5.7 million)

31. Contingencies

The Company and the Group had no material contingent liabilities at balance date (2009: nil).

32. Related parties

In thousands of New Zealand dollars	Group 2010	Group 2009	Company 2010	Company 2009
Transactions with Subsidiaries				
Dividends received	-	-	-	3,003
Loan funds received	-	-	6,907	487
Loan funds paid	-	-	(2,995)	(6,094)
Closing advances / receivables	-	-	23,252	253
Closing loans / payables	-	-	(2,240)	(1,159)
Transactions with Associates				
Dividends received	28	-	28	-
Loan funds received	1,309	1,570	1,309	1,570
Loan funds paid	(2,020)	(2,905)	(2,020)	(2,905)
Closing advances / receivables	453	1,263	453	1,263
Closing loans / payables	(558)	(648)	(558)	(648)
Transactions with key management personnel (including directors)				
Sales of goods and services	3,133	2,871	3,133	2,871
Purchases of goods and services	(78)	(157)	(78)	(157)
Closing advances / receivables	-	-	-	-
Closing loans / payables	(10)	(9)	(10)	(9)
Key management personnel compensation comprised:				
Short-term employee benefits	(4,621)	(4,475)	(4,621)	(4,475)
Superannuation contributions	(323)	(284)	(323)	(284)

All transactions with related parties are priced on an arm's length basis.

33. Group entities

Significant subsidiaries and associates

	Note	Country of Ownership Incorporation	Interest (%) 2010	Interest (%) 2009
Analytical Research Laboratories Limited		New Zealand	100.0%	100.0%
Ravensdown Growing Media Limited		New Zealand	100.0%	100.0%
Ravensdown Fertiliser Insurance Company Limited		New Zealand	100.0%	100.0%
Wanganui Aero Work (2004) Limited		New Zealand	100.0%	100.0%
Profarmer Limited		New Zealand	100.0%	100.0%
Spreading Southland Limited		New Zealand	100.0%	100.0%
Spreading Waikato Limited (previously Steve Forbes Bulk Spreading Limited)		New Zealand	100.0%	100.0%
Ravensdown Supreme Limited		New Zealand	100.0%	100.0%
Ravensdown Fertiliser Australia Limited		Australia	100.0%	0.0%
Ravensdown Holdings Australia Limited		New Zealand	100.0%	0.0%
Aerial Sowing Limited	6	New Zealand	75.0%	50.0%*

* This subsidiary was previously accounted for as an associate.

Equity accounted investees				
Ravensdown Windy Point Limited		New Zealand	50.0%	50.0%
Advanced Spreading Limited		New Zealand	33.3%	33.3%
Spreading Sandford Limited		New Zealand	50.0%	50.0%
Spreading Canterbury Limited		New Zealand	50.0%	50.0%
Spreading FBT Limited		New Zealand	50.0%	50.0%
Methane Reduction Technologies Limited		New Zealand	50.0%	50.0%

34. Subsequent events

Subsequent to the financial year end Management engaged the BNZ as Facility Agent to seek approval from all lenders to extend the facilities expiring in the current year for a further three year term.

Resolution of Directors

RESOLVED that in the opinion of the Board of Directors, Ravensdown Fertiliser Co-operative Limited has through the year ended 31 May 2010 and since that date of registration of the company under the Co-operative Companies Act 1996, been a Co-operative Company within the meaning of that Act on the following grounds:

1. Ravensdown Fertiliser Co-operative Limited carried on, as its principal activity, a Co-operative activity as that term is defined in the Co-operative Companies Act 1996;

2. The constitution of Ravensdown Fertiliser Co-operative Limited states its principal activities as being Co-operative activities; and

3. Not less than 60% of the voting rights of Ravensdown Fertiliser Co-operative Limited were held by Transacting Shareholders as that term is defined in the Co-operative Companies Act 1996.

Dated 27 July 2010

William Thomas McLeod	Patrick David Willock	Bevin David Watt
Christopher John Dennison	Antony Charles Howey	Anthony Page Reilly
Allan Stuart Wright	James Leonard Williams	Rhys Trevor Turton
Scott Gordon Gower	Gary John Cosgrove	Elizabeth Mary Coutts
Peter Glen Inger		

Statutory information

for the year ended 31 May 2010

Directors and remuneration

Remuneration of directors or former directors of the company received during the year was as follows:

W.T. McLeod	$141,864
P.D. Willock	$63,672
J.F.C. Henderson	$50,938
A.P. Reilly	$50,938
B.D. Watt	$50,938
A.S. Wright	$50,938
C.J. Dennison	$50,938
A.C. Howey	$50,938
S.G. Gower	$50,938
P.G. Inger	$50,938
J.L. Williams	$50,938
R.T. Turton	$50,938
G.J. Cosgrove	$50,938
E.M. Coutts	$43,966 Appointed 17 August 2009

The Chairman is provided with a company motor vehicle. The Chairman also receives directors' fees in relation to Ravensdown Fertiliser Australia Limited and these are included in the above.

Entries recorded in the Interests Register

Per Section 140(2) of the Companies Act 1993 the Directors gave notice that they are Directors or Members of the following named organisations and will therefore be interested in all transactions between these organisations and Ravensdown Fertiliser Co-operative Limited and its subsidiaries:

W.T. McLeod

Chairman/Shareholder	Morrinsville Transport Ltd
Director/Shareholder	Regional Transport Ltd
Director/Shareholder	Morrinsville Transport Management Services Ltd
Director/Shareholder	MTL Properties Ltd
Shareholder	Fonterra Co-operative Group Limited
Chairman	Fertiliser Manufacturers Research Association
Director/Shareholder	Dunvegan Farms Ltd
Director/Shareholder	New Skyes Agriculture Limited
Director	New Zealand Phosphate Company

S.G. Gower

Owner	High Glades Station
Trustee	Riverhills Trust

B.D. Watt

Partner	Independent Enterprises
Managing Director	The Grazing Bank Limited
Managing Director	Southern Oil Limited
Councillor	New Zealand Institute of Primary Industry Management

A.P. Reilly

Director/Shareholder	Avondale Dairies Limited
Chairman	Waingaro Dairy Limited
Director	Cold Storage Nelson Limited
Councillor	New Zealand Co-operative Association

Statutory information

for the year ended 31 May 2010

Director/Shareholder	A.P & K.M. Reilly Ltd
Director	Network Tasman Ltd
J.F.C. Henderson	
Director/Shareholder	Hinau Station Limited
Director/Shareholder	C-Dax Systems Limited
Partner	Evans Henderson Woodbridge
Director	Athlumney Farms Ltd
Director	Clearsky Dairies Ltd
Director	Premier Dairies Ltd
Director	Tututotara Dairy Limited
Trustee	Lagore Enterprises Trust
Director	Coronet Peak Station (Queenstown) Limited
C.J. Dennison	
Managing Director/ Shareholder	Dennison Farms Ltd
Chairman/Shareholder	Lower Waitaki Irrigation Company
Director	South Island Barley Society
A.C. Howey	
Trustee	Te Aiterakihi Trust
Director/Shareholder	Levels Plain Irrigation Company Limited
Director/Shareholder	Levels Irrigation Limited
Director/Shareholder	Alpine Fresh Limited
Director/Shareholder	Opuha Water Limited
Director/Shareholder	Southern Packers
Director/Shareholder	Meadowlinks Farm Estate
Chairman/Shareholder	Seedlands Limited
Director/Shareholder	Seedlands Property Ltd
Director/Shareholder	Meadows Road Investment Limited
Director	Levels Plain Holdings Limited
Director	Opuha Dam Ltd
Director	Grainstor Limited
Director	Elite Seeds Ltd
P.G. Inger	
Director/Shareholder	Journeys End Limited
Director/Shareholder	Pukeko Creek Limited

Director/Shareholder	Topuni Holdings Limited
Director	Subway Investments Limited
Director/Shareholder	The Promised Land 2005 Limited
Director	Sleepy Hollow Farm Limited
Director	Blue Moon Limited
Director/Shareholder	Tall Kauri Limited
Director/Shareholder	Stonebridge Investments Limited
Director	Karoola Limited
Trustee	The Tapora Trust
Trustee	The Stinger Trust
J.L. Williams	
Partner	J L Williams Partnership
A.S. Wright	
Director/Shareholder	Annat Farms Ltd
Director/Shareholder	Otarama Investments Ltd
Chairman	Foundation for Arable Research
Chairman	NZ Nuffield Farming Scholarship Trust
E.M. Coutts	
Director	EBOS Group Ltd
Director	Skellerup Holdings Ltd
Chairman	Urwin & Co Ltd
R.T. Turton	
Director/Shareholder	Turton Partners
Councillor	Co-operative Federation of Western Australia
G.J. Cosgrove	
Director/Shareholder	Irwin Valley Pty. Ltd.
Director/Shareholder	Cosgrove Farming Co.
Director/Shareholder	Westwind Pty.Ltd.
Director/Shareholder	Depothill Pty Ltd.
P.D. Willock	
Chairman	Eastland Helicopter Rescue Trust

Related party transactions

Like most co-operative companies, Ravensdown Fertiliser Co-operative Limited has frequent transactions with its farming Directors in the ordinary course of business. All transactions are conducted at arms length.

Share dealings of directors

Apart from the entry recorded above, none of the directors has acquired or disposed of any shares other than through the normal quota shareholding process.

Directors' indemnity or insurance

The company has arranged policies of liability insurance which ensure that generally directors and company executives will incur no monetary loss as a result of actions undertaken by them as directors or employees. Certain actions are specifically excluded, for example the incurring of penalties and fines which may be imposed in respect of breaches of the law.

Loans to directors

There were no loans by the group to directors.

Use of company information

No notices from any director were received by the board during the year requesting use of company information received in their capacity as directors which would not otherwise have been available to them.

Donations

No donations were made to any charities during the year.

Executive officers remuneration

	No. of Officers
$100,000 - $110,000	26
$110,000 - $120,000	17
$120,000 - $130,000	11
$130,000 - $140,000	9
$140,000 - $150,000	7
$160,000 - $170,000	2
$170,000 - $180,000	1
$190,000 - $200,000	1
$220,000 - $230,000	1
$230,000 - $240,000	1
$250,000 - $260,000	1
$260,000 - $270,000	1
$270,000 - $280,000	1
$280,000 - $290,000	1
$300,000 - $310,000	2
$310,000 - $320,000	1
$480,000 - $490,000	1
$850,000 - $860,000	1

Executive remuneration includes salary, bonuses and employer's contribution to superannuation and health schemes received in their capacity as employees. Company vehicles are provided to some employees and are included in the remuneration figures.

Audit Report

KPMG

Audit report

To the shareholders of Ravensdown Fertiliser Co-operative Limited

We have audited the financial statements on pages 38 to 79. The financial statements provide information about the past financial performance and financial position of the company and group as at 31 May 2010. This information is stated in accordance with the accounting policies set out on pages 49 to 51.

Directors' responsibilities
The Directors are responsible for the preparation of financial statements which give a true and fair view of the financial position of the company and group as at 31 May 2010 and the results of their operations and cash flows for the year ended on that date.

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

Basis of opinion
An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:
- the significant estimates and judgements made by the Directors in the preparation of the financial statements;
- whether the accounting policies are appropriate to the company's and group's circumstances, consistently applied and adequately disclosed.

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

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

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

In our opinion:
- proper accounting records have been kept by the company as far as appears from our examination of those records;
- the financial statements on pages 38 to 79:
  - comply with New Zealand generally accepted accounting practice;
  - give a true and fair view of the financial position of the company and group as at 31 May 2010 and the results of their operations and cash flows for the year ended on that date.

Our audit was completed on 29 July 2010 and our unqualified opinion is expressed as at that date.

KPMG
Christchurch

Executive committee

Rodney Green

B.Sc, M.Sc. Tech, FNZIM

Chief Executive Officer

Rodney has been CEO for 14 years. After graduating with degrees in chemistry and geology he had 10 years experience in the ceramic industry. Before joining Ravensdown he worked for 17 years in the cement industry in a variety of works and general management roles including two years managing a cement business in China.

Ross Aimer

B.Com. Admin

General Manager Sales

Ross started with Ravensdown in 1998 as Chief Information Officer. He held this position for five years before spending four years as General Manager Lower North Island. He became General Manager Sales in 2008.

Richard Christie

B.Ag.Sc, M.B.A

General Manager Strategic Development

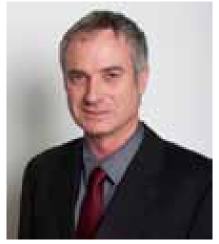
Richard has worked in the fertiliser industry for 20 years, starting as a Field Officer. He has also worked in the dairy industry and for Federated Farmers. He has been in his current role since starting with Ravensdown in 1998.

Sean Connolly

B.Com, C.A

Chief Financial Officer

Sean has been with Ravensdown for six years, starting as Financial Controller – New Ventures. He has been CFO since 2005.



Andrew Grundy

B.Ag.Sc

General Manager Supply Chain

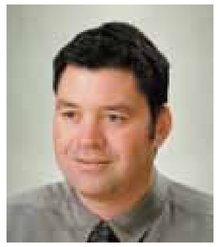
Andrew started work in the agricultural sector in 1978 and joined Ravensdown as a Field Officer in 1994. He was then South Island Logistics Manager before becoming General Manager Supply in 2002. His role expanded to General Manager Supply Chain in 2009.

Shane Harold

B.Ag

General Manager Manufacturing and Lime

Shane joined Ravensdown as a Field Officer 22 years ago and became Sales Manager in Nelson in 1993. In 1998 he was Sales Manager for Upper North Island, helping us expand into this new area. Shane became General Manager Lime and Spreading in 2002 and took up his current role in 2009.



Mark McAtamney

B.Com

Chief Information Officer

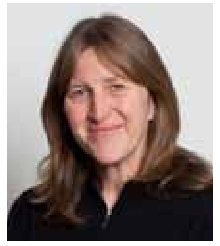
Mark started with Ravensdown in 2001 as Business Systems Manager. For the last seven years he has been the Chief Information Officer responsible for developing our leading edge technologies.

Mike Manning

B.Ag.Sc, CP Ag

General Manager Key Clients and R&D

Mike started work with Ravensdown in 1981 and has held a number of roles including Area Manager, Product Manager, Marketing Manager, R & D Manager Supply Manager and GM Upper North Island. He has been in his current role since 2007.



Tracey Paterson

B.A, Dip. PR, Dip Comm

General Manager Human Resources

Tracey started working for Ravensdown in Human Resources nine years ago moving from AFFCO – the meat processor based out of Auckland. Prior to working in primary industry based roles, she spent 10 years in health as an HR practitioner through a period of massive change and development.

Alan Thomson

B.Com, Dip Ag

General Manager Australia

Alan joined Ravensdown in 1984 as a Field Officer. He was promoted to Sales Manager and then moved into marketing. He was General Manager Marketing for 10 years and was appointed General Manager Western Australia in January 2008. This was extended to General Manager Australia in 2009.

Mike Whitty

B.Ag.Com, C.A

General Manager Marketing

Mike has been with Ravensdown for 13 years. He started in 1997 as Chief Financial Officer and then became General Manager South Island. He was appointed General Manager Manufacturing and Stores in 2007 and became General Manager Marketing in 2009.

Board of Directors

Bill McLeod	Chris Dennison	Tony Howey	Tony Reilly	Stuart Wright	Jim Williams	John Henderson	Scott Gower	Patrick Willock	Bevin Watt	Glen Inger	Elizabeth Coutts	Rhys Turton	Gary Cosgrove

Board of Directors' wards

1. Bevin Watt
Dip.Ag, MNZIPM
Contract grazing broker, sheep farmer
Gore
Elected 2001
Committees: Hugh Williams Scholarship and Surrenders

2. Chris Dennison
B.Com.Ag
Dairy and arable farmer, trading livestock
Oamaru
Elected 2005
Committees: Hugh Williams Scholarship (Chair) and Remuneration

3. Tony Howey
Arable farmer
Timaru
Elected 2006
Committees: Superannuation

4. Tony Reilly
B.Com.Ag
Dairy farmer
Takaka
Elected 2004
Committees: Remuneration

5. Stuart Wright
B.Ag.Com
Arable farmer
Sheffield
Elected 2007

6. Jim Williams
Arable farmer/livestock finisher
Masterton
Elected 2007

7. John Henderson
LLB
Lawyer, sheep, beef and deer farmer
Hunterville
Elected 2004
Committees: Surrenders (Chair) and Audit

8. Scott Gower
Sheep and beef farmer
Ohura
Elected 2006
Committees: Surrenders

9. Patrick Willock
Deputy Chairman
Retired sheep, beef and agroforestry farmer
Gisborne
Elected 2000
Committees: Remuneration (Chair) and Audit

10. Bill McLeod
Chairman
Dairy farmer, transport operator
Morrinsville
Elected 2000
Committees: Remuneration, Superannuation (Chair) and Audit

Independent Directors

Glen Inger
Dairy, beef and agroforestry farmer
Auckland
Appointed 2007
Committees: Audit

Elizabeth Coutts
Auckland
Appointed 2009
Committees: Audit (Chair)

Western Australia Directors

Gary Cosgrove
Arable farmer
Elected 2008

Rhys Turton
Arable farmer
Elected 2008
Committees: Surrenders