



**REFOCUSED
RECAPITALISED
REENERGISED**

**2009
ANNUAL
REPORT**



- Wool
- Livestock
- Farm Supplies
- Grain Marketing
- Insurance
- Banking
- Real Estate
- Financial pl

REFOCUSED

with the concentration of resources and management effort around the Elders Brand and Network and the Australian primary production sector

RECAPITALISED

with a strong balance sheet and expanded shareholder base

REENERGISED

with the completion of structural reform, the introduction of new management and the identification of opportunities and strategies to unlock improved performance and value for shareholders



OUR BUSINESS



Rural Services

- 391 Australian and 22 New Zealand points of presence
- Farm inputs – supply of agricultural chemicals, fertilisers, animal health and general rural merchandise
- Production advice
- Farm outputs – marketing and sale of livestock, wool and grain
- Financial and real estate services, including Elders' 40% interest in Rural Bank
- Network related – supply chain assets to leverage the network distribution/accumulation capability

Revenue*: \$2,186 million
Employees†: 2,393



Forestry

- One of Australia's largest hardwood plantation managers (by estate size)
- Manages over 165,000 hectares across Western Australia, Victoria, South Australia and Queensland
- Provider of MIS plantation grown hardwood

Revenue*: \$185 million
Employees†: 106



Futuris Automotive

- Design, manufacture and supply of automotive interior systems (seating, steering, trims, carpets etc)
- 35% minority stake in Air International Thermal Systems (65% held by Unitas), a supplier of automotive air-conditioning and cooling systems

Revenue*: \$270 million
Employees†: 566

*12 months to 30 June 2009

† Full time equivalent employees at 30 September 2009

2009 THE YEAR IN BRIEF

REPORTING

- Adoption of 30 September balance date with 15-month transition year to 30 September 2009

FINANCIAL RESULTS

- Underlying loss after tax of \$51.8 million versus underlying profit of \$84.2 million in 2008
- Non-recurring items totalling (\$414.7) million:
 - > Gain on divested assets \$55.3 million
 - > Results from discontinued operations (\$153.8) million
 - > Impairment of assets retained (\$101.4) million
 - > Restructuring, redundancy, refinancing, relocation and major project costs (\$115.3) million
 - > Write-down of assets to be divested or discontinued (\$99.5) million
- Reported loss after tax of \$466.4 million
- Refinancing and recapitalisation completed subsequent to year-end:
 - > Cash of \$550 million raised through equity raising
 - > Net proceeds applied to debt reduction
 - > Bank debt refinanced with core debt term extended to 3 years
- Pro forma gearing 30 September post recapitalisation of 32%
- Dividend suspended (previously 9.5 cents per share fully franked)

CORPORATE

- Appointment of new Chief Executive Officer
- Announcement and implementation of Agenda for Change program:
 - > Company name changed from Futuris Corporation Limited to Elders Limited
 - > Organisational and management restructure to single company structure built around Elders brand and network
 - > Change in business model to “owner-operator focus” with divestment of non-core minority shareholdings in AAco, Webster, Amcom and other smaller interests
- Adoption of Aligned Partnerships model for financial services:
 - > Joint venturing of insurance distribution
 - > Sale of insurance underwriting
 - > Rural Bank shareholding reduced from 50% to 40%

RURAL SERVICES

- Underlying EBIT of \$8.8 million; down from \$57.5 million
- Completion of Phase 1 of Elders Business Transformation Project
- Successful entry into deregulated export wheat market by Elders Toepfer Grain
- Poised for recovery as markets stabilise and Elders Business Transformation Project gains emerge

FINANCIAL SERVICES

- Equity accounted income of \$27.7 million from Rural Bank versus \$20.5 million in 2008
- Income from banking and insurance distribution to be reported within Rural Services from 2010



FORESTRY

- **Underlying EBIT of \$5.9 million, compared with \$61.4 million in 2008:**
 - > Excludes EBIT of \$4.2 million for 2009 from Timber processing operations divested subject to regulatory approval
- **2009 MIS project sales of \$23.7 million, market share increased in significantly contracted MIS market**
- **Plantation woodchip price maintained**
- **Named Forest Manager of the Year by Forestry Stewardship Council**
- **Contract signed for sale of timber processing assets for \$100 million, subject to regulatory approval**
- **Improvement expected in 2010 with MIS market recovery**

AUTOMOTIVE

- **Underlying EBIT of (\$15.1) million, compared with 2008 underlying profit of \$26.2 million:**
 - > Underlying EBIT of \$6.8 million from Futuris Automotive
 - > Underlying EBIT of (\$21.9) million from associates
- **Named winner of global automotive industry awards for product and supply chain management excellence**
- **Chinese operations achieve critical mass and positive earnings**
- **Improvement expected in 2010 as a result of 2009 restructuring and stabilisation of industry conditions**

ELDERS LIMITED

ABN 34 004 336 636

Reporting Period, Terms and Abbreviations

This Report uses terms and abbreviations relevant to the Company and its accounts.

The terms “the Company”, “Elders Limited”, “Elders” and “the Group” are used in this report to refer to Elders Limited and/or its subsidiaries.

In 2009 Elders secured ASIC approval to change its balance date to 30 September. The change from a 30 June balance date to a 30 September balance date has been effected through a 15 month transition period ending 30 September 2009.

This document reports on that period. Comparative figures provided are from the last audited annual accounts, the 12 months ended 30 June 2008.

Accordingly the terms “2009” or “2009 financial year” refer to the 15 months ended 30 September 2009 unless otherwise stated. ‘Year-end’ refers to 30 September 2009 unless otherwise stated. References to 2008 or preceding years refer to the 12 months ended 30 June of that year. References to 2010 or subsequent years refer to the 12 months ended 30 September of that year. Negative numbers are designated by brackets, for example (\$7.0) million unless otherwise indicated.

Annual General Meeting

This document has been prepared to provide shareholders with an overview of Elders Limited’s performance for the 2009 financial year and its outlook.

The Annual Report is mailed to shareholders who elect to receive a copy and is available free of charge on request (see Shareholder Information printed in this Report).

The Annual Report can be accessed via the Company’s website at www.elders.com.au.

Notice of Meeting

The 2009 Annual General Meeting of Elders Limited will be held on Friday, 18 December 2009, commencing at 10.00am in Hall A, Adelaide Convention Centre, North Terrace, Adelaide, South Australia. A formal Notice of Meeting has been mailed to shareholders. Additional copies can be obtained from the Company’s registered office or downloaded from its website at www.elders.com.au.

FROM THE CHAIRMAN



Stephen Gerlach

This is the first Annual Report issued by the Company since it adopted the name of its principal business, Elders, and changed its balance date to 30 September. The change to balance date has been effected through the 15 month transition year from 1 July 2008 to 30 September 2009 (“2009”) which is reported on in this document. Subsequent reports will address the 12 months to 30 September.

The change in name and date are among the more prominent outcomes of the realignment and acceleration of strategy to which the Directors committed the Company at the conclusion of the previous financial year. More specifically, Directors identified two avenues to be addressed for improved performance: firstly, the concentration of resources and effort around the Elders brand and network; and secondly, the reduction of debt to sustainable levels.

This strategy has been pursued with vigour, through a wide ranging program that commenced with the recruitment and appointment of an experienced and capable new Chief Executive Officer, Mr Malcolm Jackman in September 2008. As at the date of this report, the objective of rebuilding the business around Elders has been substantially advanced and the objective of low sustainable debt levels has been achieved.

There is no doubt that Elders has completed the year in a stronger position than which it began, and is much better equipped to perform and to attract investor support.

Reaching this position in the midst of the volatile trading conditions and reticent finance markets brought by the Global Financial Crisis has been challenging and complex.

The task of securing of the Company’s ongoing financing proved to be more demanding and protracted than originally anticipated. Poor trading conditions in each of the Company’s markets saw cash flow deteriorate and indebtedness rise, while the Company’s financiers moved to require a restructure rather than the simple facility rollover that was previously contemplated.

In these circumstances, which were reflected in a sharply reduced share price, the securing of commitments from lenders and equity underwriters ultimately required the Company to issue equity at values that were lower than would have been reasonably expected earlier in the year. The Company also committed to a tight cash management regime under which it has agreed to suspend payment of hybrid distributions for a period of two years and agreed to not pay ordinary dividends until after 31 March 2012.

The objective of rebuilding the business around Elders has been substantially advanced and the objective of low sustainable debt levels has been achieved.

The Board appreciates that shareholders would clearly have preferred a package featuring a smaller, higher priced, issue with a rights component and without restriction on the ability to pay dividends and distributions. However, this was not an option available to the Company and the package employed was that which was necessary to win the support needed from Elders' lenders and equity underwriters for the completion of the refinancing and recapitalisation exercises.

The \$400 million conditional placement has substantially upgraded the depth and range of institutional involvement on the Company's share register. The \$150 million Share Purchase Plan (SPP) gave shareholders the opportunity to purchase shares on the same terms as the placement. The SPP was successful in this regard, with 100% of applications up to the \$20,000 cap being met in full and 99% of all shareholders who held 15,000 shares or more being granted all of the new shares for which they applied.

A cornerstone element of the re-capitalisation was the partnership with QBE Limited which involved the sale of Elders' underwriting operations, the joint venturing of insurance distribution under the Elders' brand and a \$55 million equity investment by QBE in Elders. QBE has been a long-term investor in the Company and on behalf of the board, I welcome QBE as a major shareholder.

The recapitalisation was completed on 2 November. The recapitalisation has substantially strengthened the Company's balance sheet with pro-forma gearing as at that date estimated to be 32% compared with 128% as at 30 September 2009. Further reduction is due to occur with the completion of asset sales under contract or subject to sales process.

As a result of the equity issue the Company's shares on issue have expanded to 4,486 million, a larger volume than is preferable. The share consolidation proposed in the Notice of Meeting for the Company's forthcoming Annual General Meeting will result in a more manageable share base with less price volatility.

Elders' Reported Loss of \$466.4 million for 2009 (which includes \$415.4 million for the 12 months to June) includes non-recurring items totalling (\$414.7) million. By and large, these non-recurring items have either resulted from the program to rebuild the Company around Elders' core operations, discontinue non-core and non-performing operations or from actions taken to bring asset values or operations into line with markets which featured lower demand, lower prices and buyer uncertainty.

Results prior to non-recurring items reflect the impact of these markets on operating results, with Rural Services, Automotive and Forestry all recording significantly lower underlying EBIT than the previous year.

The drivers responsible for the lower financial results in 2009 are expected to either reverse or wane during 2010 and thereby support improved market conditions and earnings.

Elders approaches this new year with confidence, a stronger balance sheet and a structured program for the delivery of financial improvement and better returns for shareholders.

Board renewal is an ongoing process and two Directors have indicated they will step down from the Board. The Company's Deputy Chairman, Dr Jim Fox will retire after 24 years service, while Mr Anthoni Salim has retired after serving on the board for over six years. Both directors have made valuable contributions to the Company and on behalf of shareholders I would like to record our appreciation for their efforts.

I welcome new appointees Mr Robert Wylie and Mr Mark Allison to the Board of Directors. Mr Wylie and Mr Allison, both of whom joined the Board after year-end, bring experience and expertise in accounting, financial management, rural distribution and farm services that is highly relevant to the Company.

In closing I also acknowledge the work of the Company's employees in what has been a demanding year. Thank you for your efforts. You have the Board's best wishes for the New Year.



Stephen Gerlach
Chairman

CHIEF EXECUTIVE OFFICER'S REPORT

Elders has emerged from a year of extraordinary volatility in the world's financial markets, and those for our own goods and services, in a sound financial position and with the expectation of strong improvement in the new year.

The years results have been largely shaped by three events:

- 1) The consequences of the global financial crisis that commenced in September 2008 on capital markets, and on the farm supply, real estate, automotive and forestry markets in which the Company operates.
- 2) The Company's implementation of the Agenda for Change company renewal program from 1 December 2008.
- 3) The execution of the first stage of the Elders Business Transformation Program, which aims to lift the sales and earnings performance of the Company's Rural Services operations.

While the impact of the former is evident in the years operating and underlying results, the Agenda for Change has brought fundamental change to, and throughout, the Company. These changes include a new:

- identity
- structure
- financial and operating paradigm
- strategy
- reporting period
- capital structure.

The Elders Business Transformation program has reformed the operating and cost structure and day-to-day management of the Rural Services operations. This three to five year program is totally re-orienting the Rural Services operations around its customers, and has as its objective the delivery of a low-cost, leading organisation with a better service proposition for clients, increased market share and substantially improved returns for shareholders.

The implementation of both the Agenda for Change and the Transformation Program has brought short term cost, with the programs accounting for the overwhelming majority of the non-recurring items that adversely affected the reported profit for 2009.

However, these costs will be more than outweighed by the expected benefits from these programs as well as the refinancing and recapitalisation of the Company completed shortly after year end.

In particular, the reforms delivered by the Agenda for Change program proved pivotal to securing the necessary commitments from debt and equity capital providers. Through these commitments, Elders issued \$550 million of new equity in the months of October and November, almost all of which has been applied to debt reduction.

The end result of the Company's efforts in 2009 is that Elders is now refocused, recapitalised and reenergised, possessing the structure and balance sheet with which it can effectively pursue its plans for lifting shareholder returns.

SAFETY

Safety performance improved over the year with each business unit recording improvement. The Lost Time Injury Frequency Rate for 2009 was 5.62 well down on the corresponding figure of 8.64 as at 30 June 2008.

While this improvement is positive, the only acceptable safety outcome is an incident-free and injury-free performance and the Company is committed to the achievement of that outcome.

With this objective, the Company commissioned a comprehensive external survey of safety perceptions during the year. Implementation of the Report resulted in management, induction and training, communication, performance measurement and incentivisation practices being reviewed for their effectiveness in supporting the achievement of our safety objectives. As a result, a range of initiatives will be implemented in 2010 to reinforce the importance of safety as the first and foremost concern of each employee in their workplace.

Elders has emerged from a year of extraordinary volatility in the world's financial markets, and those for our own goods and services, in a sound financial position and with the expectation of strong improvement in the new year.



Malcolm Jackman

PROFIT

Elders' results for 2009 feature substantially reduced underlying and reported profits.

After interest, tax and minority interests the Company recorded an underlying loss to shareholders of \$51.8 million for the 15 months to 30 September 2009. This figure includes an underlying loss of \$26.9 million for the 12 months to 30 June. In comparison the FY2008 underlying net profit to shareholders was \$84.2 million.

After inclusion of non-recurring items totalling a charge of \$414.7 million Elders has recorded a reported loss after tax and minority interests of \$466.4 million. The non-recurring items which are detailed further in the Discussion and Analysis of the Financial Statements on page 54 of this report, essentially relate to discontinued or divested assets and project, impairments and restructuring and transformation costs.

The loss was generated from sales revenue of \$3,540.1 million (\$2,902.0 million for the 12 months to June) compared with \$3,312.1 million in 2008. The reduction in revenue for the 12 months to June reflects lower sales by each of the Company's operations, with the exception of Financial Services.

REVIEW OF OPERATIONS

All operations, with the exception of Financial Services, generated significantly less earnings than in the previous year. To a large extent this can be attributed to the volatility and general downturn in trading conditions and prices across the world economy during the year. However, each of our operations were affected differently, with their final outcomes for 2009 reflecting their particular circumstances.

Rural Services experienced sharp contraction in sales and earnings but made substantial progress in its Business Transformation Project. Underlying EBIT generated from Rural Services of \$8.8 million for the year (\$9.6 million for the 12 months to 30 June) compares with \$57.5 million in 2008. The earnings outcome can be attributed to the combination of significantly reduced demand across its product and service range, lower prices, especially on key product lines such as fertiliser and agricultural chemicals and the disruption to operations incurred in the implementation of first stage of the Business Transformation Project.

The first stage of the project has brought major changes to the totality of Rural Services operations:

- The old State-Office-based management structure has been replaced with a regional system where management focus is applied to regions of common agricultural activity rather than by state boundaries. The 20 management regions that have resulted have enabled a tighter management focus than was possible under the previous six state offices. Regional management has been relocated from capital cities to the regions they serve.
- Support services have been restructured and centralised, to be more relevant to the needs of the network and lower cost.
- The 'Go to Market' model has been redesigned and restructured to maximise the relevance of the Elders to its clients, and the effectiveness of its sales proposition.
- Refinement of role responsibilities and recognition systems for better alignment with organisational objectives.
- Reduced network operation and support service costs.

Having largely addressed the structural requirements for improved performance in Phase 1, the transformation project has now moved to specific measures to improve the sales, cost and margins. These include reform of supply chain and procurement systems and practices, the standardisation of processes across the network and ongoing cost improvement.

While the transformation project is anticipated to take three to five years to complete, the financial benefits of the project are expected to emerge from 2010.

FINANCIAL SERVICES

The Company moved to a more capital efficient Financial Services model during the 2009. Elders has moved from an 'ownership and control' focus to 'aligned partnerships' focussed on sales and distribution through relationships with leading specialist financial services companies. The new structure has enabled Elders to realise capital and value from within the Financial Services businesses it has developed whilst retaining involvement in distribution through the network.

Initiatives taken to implement the new model comprised:

- > Reduction of Elders' interest in Elders Rural Bank from 50% to 40% through sale of 10% to fellow shareholder Bendigo and Adelaide Bank. The sell down enabled Elders to realise capital of \$33.9 million and provided the bank, renamed Rural Bank, with a level of independence that will facilitate growth that would otherwise not be available under the existing structure. Rural Bank will continue to hold preferred distribution rights for banking products through the Elders network.
- > Sale of Elders' insurance underwriting operations to QBE accompanied by joint venturing of insurance distribution with QBE. Elders will hold a 25% interest in the Elders Insurance Managed General Insurance Agency, which will continue to distribute through the Elders network. The partnership with QBE has been accompanied by a major investment in Elders by QBE through subscription to \$55 million in new shares in Elders to acquire a substantial shareholding interest in the Company. Gross proceeds from the sale of the Elders Insurance underwriting and distribution operations were \$270 million.
- > The signing of Heads of Agreement for the sale of a 51% interest in Elders' wealth management operations to M3, a subsidiary of ING Australia Limited for a net \$5 million.

In total, these transactions realised capital exceeding \$360 million, a critical element in the Company's recapitalisation. Importantly, the new financial services model will present reduced capital demands and is expected to support the growth of financial services in the Elders network through access to products from specialist financial services providers. Financial results from the distribution of financial services products will be reported within Rural Services henceforth.

The 2009 result includes increased income from banking which rose from \$20.5 million after tax in 2008 to \$27.7 million after tax (\$22.2 million for the 12 months to June).

FORESTRY

Forestry operations contributed underlying EBIT of \$5.9 million (\$10.6 million for the 12 months to 30 June) compared with \$61.4 million in 2008.

The movement in annual results can largely be attributed to the reduced establishment income resulting from lower MIS sales and the loss recorded by associate Forest Enterprises Australia Limited (FEA). 2009 was an extraordinarily difficult year for MIS with industry sales of forestry schemes falling by 76 per cent in the wake of uncertainty created by global financial markets and the collapse of two of the sector's two companies.

ITC's performance in this climate was creditable, increasing market share and restricting its reduction in sales to 37 per cent.

Improved results are expected from MIS and plantation operations in 2010 due to recovery in the MIS market as the investor focus which was captured by the aforementioned corporate failures shifts to successful operators such as ITC.

Commercial forestry is characterised by long lead times. ITC is now 10 years into a 12-year estate establishment cycle. It is expected that, within two to three years, harvest volumes and plantation rotation will see the business transform from being cash negative to being a net generator of cash for the medium to long term. This outlook, together with the anticipated demand for woodfibre and other timber products, and the value of ITC's landholdings, highlight the long term value and significance of ITC.

Agenda for Change Program Overview

	Company Structure	Refocus on Elders	Financial performance	Engage the market
Objectives	<ul style="list-style-type: none"> • Owner operator instead of holding company • Manage the company as a whole rather than in silos • Simplify and clarify strategy 	<ul style="list-style-type: none"> • Back the Elders transformation program • Leadership at the farm gate • Concentrate resources on core assets 	<ul style="list-style-type: none"> • Act immediately on non-performing and non-core assets • Significantly reduce leverage in the business and strengthen the balance sheet • Cash returns rather than equity accounted earnings 	<ul style="list-style-type: none"> • Clear communication of strategy • Transparency in financial reporting • Engage openly with all key stakeholders • Present clear proposition for investors
Achievements	<ul style="list-style-type: none"> ✓ Reorganised around Elders with single management structure ✓ Sale of non-core minority interests ✓ Subsidiary boards removed ✓ New and re-invigorated management team 	<ul style="list-style-type: none"> ✓ Change in company name and identity to Elders ✓ New go-to-market strategy implemented ✓ Operations and support centres restructured ✓ Reinvesting in the distribution network 	<ul style="list-style-type: none"> ✓ Significant asset divestments completed, agreed or expected ✓ Significant reduction in future capital demands through Rural Bank and insurance transactions ✓ Independent review of forestry completed ✓ Application of stringent cash and return metrics 	<ul style="list-style-type: none"> ✓ Agenda for Change announced ✓ Adoption of a more conservative management and measurement of gearing ✓ Change of balance date to 30 September

ITC's Timber processing operations have steadily improved their performance in recent years despite the flat demand levels for timber products in Australia. However, as a manufacturing operation, the timber processing operations fell outside Elders' business strategy. A contract for sale of the Timber processing operations for \$100 million was agreed with Gunns Limited on 31 August 2009 and is awaiting regulatory approval for completion.

AUTOMOTIVE

The world's automotive sector has been particularly affected by the economic volatility of the 12 months to 30 September. Futuris Automotive's results evidence this impact, with its underlying EBIT contribution falling from \$26.2 million in 2008 to a loss of \$15.1 million for 2009 (a loss of \$15.5 million for the 12 months to June).

The loss result is attributable to 35% owned associate Air International Thermal Systems which recorded an underlying loss of \$17.6 million (\$17.6 million for 12 months to June).

Given the severity of the downturn in vehicle build, Futuris Automotive's result from its Australian operations represent a solid performance. Chinese operations are developing satisfactorily and are now contributing positively to Company earnings and cash flow.

Improved and profitable results are expected from automotive operations in 2010. Operations are now restructured to sustainable cost levels and demand levels appear to have stabilised, and in some areas are improving.

Automotive operations fall outside our stated focus on agribusiness. Futuris Automotive is performing relatively well in the circumstances, and growing as a successful niche automotive component supplier in the Asia Pacific region. However, transaction valuations in the current climate are not giving appropriate recognition for the underlying asset values. Accordingly, Elders anticipates continuing to hold and support the ongoing development of this successful business until shareholder value considerations make sale to a natural owner a suitable course of action.

FINANCIAL POSITION

At 30 September Elders was poised to realise a total transformation in its financial and capital position as a result of its refinancing and recapitalisation.

Net debt at 30 September of \$900.7 million compares with the corresponding figure of \$976.4 million as at 30 June and \$698.4 million at the beginning of the year. However, post recapitalisation pro forma net debt at 30 September was \$387.9 million.

Further debt reduction is expected in the first half of the 2010 financial year through the completion of the ITC Timber processing sale and the securing of contracts for the sale of the Company's shareholding in HiFert.

The Company's debt has been refinanced into a syndicated secured facility with a three year term expiring in September 2012.

AGENDA FOR CHANGE PROGRAM

As noted by the Chairman in his opening comments, the Agenda for Change program has seen the Company commit to being a world class agribusiness leveraging the power of the Elders' brand and network.

Apart from the more conspicuous changes such as Company name and reporting date, the embracing of the program means that Elders has committed to wide-ranging changes in its approach to shareholder value generation, investment allocation, performance measurement and reporting and engagement with markets.

The program and progress is detailed in the text box opposite.

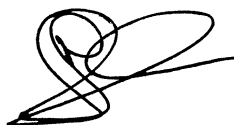
The central element of the program is the transition from the investment orientated holding company structure that prevailed previously to a single company structure with a single integrated management team and an owner operator focus on cash and shareholder value creation.

This transition has effectively been made. Remaining items for completion under the Agenda for Change essentially comprise the divestment of a limited number of minority interests and non-core assets.

With the appropriate structures, balance sheet and financing now in place, the focus of our efforts has shifted to the delivery of sustainable improvements in shareholder returns.

2009 has been an extremely demanding year for all associated with the Company. Elders is now in a position to move forward.

I am conscious that this position has only been reached through the ongoing support of shareholders, as well as our clients and the efforts of our team of employees, many of whom are also shareholders. Thank you all for your contribution in 2009.



Malcolm Jackman
Chief Executive

RURAL SERVICES



Rural Services Financial Results

\$ million	2009	12 months June 2009	2008
Sales	2,665.0	2,185.6	2,472.3
EBIT			
Network: Australia	78.9	62.4	119.2
New Zealand	(8.4)	(5.7)	(2.3)
Network related	25.2	21.1	8.7
Support centres & other	(86.9)	(68.2)	(68.1)
Underlying EBIT	8.8	9.6	57.5
Non-recurring items:	(295.8)	(231.0)	(36.6)
Reported EBIT	(287.0)	(221.4)	20.9

Major features and outcomes

- Underlying EBIT fell from \$57.5 million to \$8.8 million
- Non-recurring items of \$(295.8) million from business restructuring, transformation and discontinuation or sale of operations
- Business Transformation progresses to second stage
- Successful entry into deregulated Australian wheat market
- Operational review, restructuring and business improvement underway

DESCRIPTION OF OPERATIONS

Elders is one of the leading suppliers of rural services to the Australian and New Zealand farm sectors. Through a network that includes a network of 285 branches and approximately 410 points of presence, Elders provides Australian and New Zealand farmers with the financial, physical and technical and advisory inputs for successful farming.

Network operations encompass the following product and service offerings:

- **Farm supplies:** Elders is one of Australia's leading suppliers of rural farm inputs, including seeds, fertilisers, agricultural chemicals, animal health products and general rural merchandise, backed by professional advice on agronomy, genetics and animal health to primary producers.
- **Livestock:** Elders provides a range of marketing activities from agency sales at the farm gate through to feedlot and export options backed by animal health advice, production management solutions and breeding services.
- **Wool:** Elders is the largest seller of Australian greasy wool and has an extensive range of products, services, facilities and alliances to help growers maximise returns from their wool. These include wool handling, buying and selling greasy wool, marketing and selling options and risk management solutions.
- **Grain:** Elders exclusively accumulates grain for Elders Toepfer Grain ("ETG"), a joint venture between Elders and Toepfer International, offering growers a range of cash-based grain marketing options. The joint venture combines Rural Services' strength in grain accumulation with Toepfer's expertise in risk management and global trading.
- **Real Estate:** Elders primarily operates in the broadacre, rural residential and lifestyle property markets via 177 branches, 44 stand alone and 33 franchise locations across rural and regional Australia. Elders also operates in the metropolitan residential market via 132 franchises.
- **Insurance:** Elders is a 25% shareholder in Elders Insurance; an insurance distribution joint venture that utilises the Elders network. Elders Insurance distributes

a wide range of insurance cover including home contents, motor vehicles, business and farm, and a range of specialist insurance such as crop, livestock and landlord.

- **Banking:** Elders distributes banking products under an exclusive distribution agreement with Rural Bank.

Elders network operations are supported by supply chain interests that leverage or support its relationships with the Australian farm sector. These network related operations include:

- **Australian Wool Handlers ("AWH"):** Elders holds a 50% interest in AWH, Australia's largest wool logistics company, which handles approximately half of the national clip.
- **Elders Toepfer Grain:** ETG is a 50:50 joint venture between Elders and Toepfer International. ETG leverages the accumulation capability of the Rural Services network and the international trading and risk management capabilities of Toepfer International.
- **Livestock Export & Trading:** Elders' operations consist of live export and feedlots, which provides additional sales and marketing options for clients.
- **Live export:** Conducted through North Australian Cattle Company and Universal Live Exports, which facilitate the trade of feeder and breeding cattle respectively to international markets, including Indonesia, Mexico, China and Russia.
- **Feedlots and associated meat trading are conducted at three feedlots:** Charlton, Killara (53% interest) and PT Elders Indonesia.
- **China operations:** Elders Fine Foods is involved in the importation and distribution of Australian products in China.
- **Rural Bank:** Elders holds a 40% interest in Rural Bank (formerly known as Elders Rural Bank), a joint venture with Bendigo and Adelaide Bank. Rural Bank is an APRA regulated authorised deposit taking institution that specialises in rural lending and also provides a range of depository products tailored to meet the needs of rural and metropolitan customers.
- **Elders Insurance:** A 75:25 joint venture between QBE and Elders which distributes insurance products in rural and regional Australia under the Elders brand for a 20 year term.

Elders has undertaken to concentrate its rural service operations around core network and network related activities under the Elders Business Transformation and Agenda for Change programs. As a result, Elders divested a number of interests and assets considered non-core In 2009. These included interests in the fodder production, citrus packing and horticulture sectors. Elders also initiated a sales process for its 50% interest in fertiliser distributor HiFert.

RESULTS

Results for 2009 highlight the volatility and uncertainty that prevailed in rural services markets during the year and the costs incurred in restructuring the Elders Rural Services business during the year under the Agenda for Change and Elders Business Transformation programs.

The reported EBIT loss of \$287.0 million from Rural Services for the year includes non-recurring items totalling a charge of \$295.8 million. These items, which are detailed further in the Discussion and Analysis of the Profit and Loss statement, include: the results from discontinued operations (\$158.4 million); writedown of assets to be divested or discontinued (\$85.2 million); impairment of assets to be retained (\$19.4 million); major project costs written off (\$28.1 million); Business Transformation Program costs (\$32.8 million) offset by a net gain of \$28.1 million on the sale of assets.

Underlying EBIT from Rural Services operations for the year was \$8.8 million (\$9.6 million in the 12 months to 30 June) compared with \$57.5 million in the previous year. The movement in underlying EBIT generation is attributable to a sharp contraction in Australian network earnings, consolidation of New Zealand network earnings for the first time, offset in part by strong growth from livestock export and trading.

Australian network earnings were adversely affected by the contraction in demand and prices, particularly in farm supply markets.

Australian network sales from continuing operations were \$1,728.4 million (\$1,416.9 million for 12 months to June) compared with \$1,570.4 million in 2008.

Features of the Australia network revenue result by product include:

- Farm supplies revenue was lower on a like-period-basis due to lower volumes and sharp contraction in prices of key lines such as agricultural chemicals and fertiliser. Revenue from the sale of farm supplies for the 12 months to 30 June was down 6% to \$1,169 million; gross margin down 27%. Elders sold 656,000 tonne (t) of fertiliser (548,000 (t) for 12 months to June, 763,000 (t) in FY08).
- Livestock: Impact of lower volumes was partly offset by higher average price for cattle and sheep.
- Wool sales revenue declined as sales and receival volumes were affected by lower wool production and market uncertainty and lower prices.
- Real Estate sales revenue fell following contraction in vendor and buyer activity.
- Financial Services distribution revenue fell as demand for credit eased during the year and new banking distribution fee arrangements were applied.

Australian network sales revenue

From continuing operations

\$ million	2009	12 months June 2009	2008
Farm supplies	1,424.5	1,169.0	1,241.4
Livestock	127.3	102.7	132.9
Wool	58.4	49.0	66.9
Real Estate	76.9	62.1	87.8
Financial services	38.9	31.9	40.9
Other	2.4	2.2	0.5
Total	1,728.4	1,416.9	1,570.4

Results from New Zealand network operations, which recorded an EBIT loss of \$8.4 million (loss of \$5.7 million in 12 months to June), are consistent with the development of the business and the severe downturn in trading conditions experienced by the New Zealand farm sector during the year.

New Zealand operations recorded sales revenue of \$103.6 million (\$86.3 million in 12 months to June); comprising farm supplies sales \$60.6 million, wool sales \$26.4 million, livestock \$11.5 million, real estate \$1.5 million and financial services distribution \$3.6 million.

Network related operations generated sales of \$540.4 million (\$416.0 million in 12 months to June) compared with \$308.4 million in FY08 (exclusive of discontinued operations).

Network related sales for 2009 included:

- revenue of \$526.3 million (12 months to June: \$404.4 million) from livestock and other trading (FY08: \$302.9 million), with the growth sourced from increased live export and to a lesser extent feedlots.
- revenue of \$14.1 million attributable to the Elders Fine Foods operations in China which imports and distributes Australian agricultural produce (12 months to June: \$11.6 million).
- Equity accounted earnings from:
 - > AWH of \$2.6 million (\$2.3 million in 12 months to June versus \$2.8 million in FY08). AWH earnings contracted as wool bales handled fell due to smaller wool clip.
 - > Elders Toepfer Grain of \$1.4 million, being Elders' 50% share of ETG's earnings from the purchase and sale of grain. ETG sold 3.8 million tonnes of grain in 2009 (3.1 million in the year to 30 June).

Elders generated revenue of \$2.1 million (\$2.0 million in 12 months to June) from accumulation of grain for ETG through the Elders network.

BUSINESS TRANSFORMATION PROJECT

Elders committed its Rural Service operations to a Business Transformation process shortly before the beginning of the 2009 financial year. The program aims to achieve a substantial improvement in the financial performance of the business and, as at 30 September, Elders had progressed into the second year of a three to four year program.

The first phase, which concentrated on the restructure of operations, is largely complete. Actions completed during this phase included restructuring of network management from a state capital city-based model to a regional management system, reform of the Company's 'Go-to-Market' strategy, centralisation and rationalisation of support centre functions under a new organisation structure.

The current (second phase) will focus on implementation of reforms to drive improvement in performance through addressing supply chain and procurement, the implementation of standard management processes, cost reduction and Go-to-Market initiatives.

SUSTAINABILITY

Environment

Elders feedlots at Charlton (Victoria) and Killara (New South Wales) are subject to local, state and federal government environmental and animal welfare legislation. Operations at both feedlots are quality assured under the National Feedlot Accreditation Scheme, which is independently administered and audited annually by Aus-Meat. Charlton Feedlot is also ISO9001:2004 (Quality Business Management) and ISO14001:2008 (Environmental Management) accredited and externally audited by NCSI. In addition, the operations are conducted under the provisions of the Australian Code of Practice for the Welfare of Cattle in Beef Feedlots (1996) and the Australian Model Code of Practice for the Welfare of Animals – Cattle (1992). No breaches of any of the relevant acts, codes of practice or accreditation schemes under which Killara or Charlton feedlots are approved and operate were reported during the year ended 30 June 2009 or to the date of this Report.

Certain states have state and local government regulations that apply to saleyards owned and/or operated by Elders, in particular, in relation to effluent run-off, dust and noise. These regulations vary from state to state and generally only apply to saleyards above a prescribed size. No breaches of these environmental regulations were reported during the year ended 30 June 2009 or to the date of this Report.

Elders' farm supplies operations are subject to state environmental regulations governing the storage, handling and transportation of dangerous goods such as agricultural and veterinary chemicals and fertilisers. The majority of Elders farm supplies operations are accredited under the Agsafe co-regulatory accreditation program. The program provides accreditation for premises and training and accreditation for individuals in the safe transport, handling and storage of agricultural and veterinary chemicals.

Licences for the handling and storage of dangerous goods are obtained and maintained by Elders wherever necessary as part of the Agsafe process. No material incidents were reported in relation to the handling and storage of dangerous goods during the year.

Human Resources

Elders' employee numbers decreased in 2009 as a result of the streamlining of business operations under the Elders Business Transformation and Agenda for Change programs. Elders Rural Services employs 3,187 employees representing full time equivalent (FTE) 2,393 employees compared with employment of 4,400 people, representing 2,752 FTE employees at the start of the year.

Elders continues to invest to support the development and productivity of its employees and maintain a workplace that is progressive and fair for all. Training is a critical element of this commitment. In 2009 this included employment of 34 Trainees in regional Australia as part of its new regionally focussed organisation structure.

Elders supports its commitment to occupational health and safety with training, workshops and communications programs. The incidence of lost time injuries per million hours worked was reduced from 3.30 to 2.94 during the year.


Elders maintain a large vehicle fleet to conduct its operations throughout rural and regional Australia. A range of initiatives including a duty of care program, driver education programs, incident reporting and accident management systems support the safe operation of the vehicle fleet.

Community

As a rural service organisation, Elders is committed to supporting the communities which it serves. Elders provides employment and a range of services to its network of branches throughout Australia. Elders branches support local initiatives and charities and Elders staff members participate in community service organisations.

At a corporate level, Elders' initiatives supported a number of charities and a number of non-government organisations and initiatives of relevance to its client base. Elders' major commitments are its 5-year partnership with Landcare Australia to promote environmental sustainability on Australian farms and the McGrath Foundation. Elders fund raising for the Foundation raised over \$100,000 per annum for rural and regional breast care nurses.

FORESTRY



Elders conducts its forestry operations through ITC; a forestry company engaged in plantation establishment and management, the harvest, handling and export sale of woodfibre and the sustainable production of value-added hardwood timber products.

ITC's forestry operations have Forestry Stewardship Council certification and as of 30 September 2009 comprised an area under management in excess of 165,000 hectares. Approximately 28% of the ITC estate is owned with the balance leased.

Plantation operations consist of hardwood forests, managed on behalf of investors, who have funded the estate through subscription to managed investment schemes (MIS) or through direct investment. MIS sales presently account for the large majority of plantation funding raised.

The plantations are predominantly eucalypt, with smaller plantings in sandalwood, teak and red mahogany. They are located in south-west Western Australia, Kununurra, the Green Triangle region of south-west Victoria and south-east South Australia and in both central and northern Queensland.

ITC exports wood chips to Japanese customers from Albany, Western Australia through its investment in Plantation Pulpwood Terminals (trading as Albany Chipping Terminal), a 50/50 joint venture with Timbercorp Limited (Liquidators appointed), Plantation Pulpwoods Terminals owns and operates a 1 million tonne per annum capacity woodchip handling and loading facility.

ITC has a 13.5% interest in FEA, an ASX listed integrated MIS forestry and timber company. Earnings from FEA are equity accounted earnings within ITC's financial results.

Value adding timber processing was conducted through ITC hardwood sawmilling operations during 2009. These operations are the subject of a sales contract announced 31 August 2009, which is subject regulatory approval.

Forestry Financial Results

\$ million	2009	12 months June 2009	2008
Total Revenue	181.2	198.2	231.3
Underlying EBITDA	7.6	16.8	66.6
Depreciation & Amortisation	6.6	6.2	5.2
Equity accounted income	(2.7)	(1.4)	12.2
Underlying EBIT	5.9	10.6	61.4
Non-recurring items	(106.6)	(74.0)	0.1
Reported EBIT	(100.6)	(63.4)	61.4
MIS sales	23.7	23.7	37.6

Major features and outcomes

- Total revenue lower due to lower equity accounted income, & lower sales
- Underlying EBIT of \$5.9 million, down from \$61.4 million
- Reported EBIT loss affected by non-recurring items of \$(106.6) million,
- MIS market share increased in difficult market: project sales of \$23.7 million
- Sale of Timber processing operations
- Export Woodchip price maintained
- Winner of FSC Large Forestry Manager of the Year Award 2009

PERFORMANCE

ITC recorded a reported EBIT loss of \$100.6 million in 2009 and an underlying EBIT profit of \$5.9 million (\$10.6 million in the 12 months to June).

The reported loss includes non-recurring items totalling \$106.6 million being impairment to the value of ITC's shareholding in FEA and to the value of timber processing assets.

The deterioration in total revenue and EBIT results in the three months to September 2009 is due to greater than anticipated operating losses by FEA in the period to 30 June 2009 and impairments arising from reduction to the value of the net asset backing per share of ITC's FEA shares following the decision to not participate in a FEA equity raising.

Underlying EBIT for the year was adversely affected by the loss of \$3.4 million incorporated to recognise ITC's share of FEA's after tax loss. The 2008 accounts incorporated a profit of \$11.0 million in respect of the shareholding in FEA.

ITC generated sales revenue of \$211.4 million in 2009 financial year (\$184.9 million in 12 months to June) compared with \$191.3 million in 2008. Sales during the period were affected by the reduction to establishment income resulting from lower MIS sales.

ITC's 2009 MIS projects generated sales of \$23.7 million which compares to \$37.6 million in the previous year. The 2009 MIS sales will fund the plantation of approximately 3,700 hectares of hardwood forest. ITC harvested and sold woodfibre from 2,994 hectares of plantation in the Albany and Bunbury region in 2009 (2,300 in 2008).

Income from value appreciation in Investment Property and SGARA for 2009 was \$12.4 million (\$12.4 million in the 12 months to June) compared with \$25.6 million in the previous year. The movement is reflective of a larger value uplift in 2008 as a result of land sale and leaseback transactions conducted in that year.

The combination of the lower sales, investment property and SGARA income and equity accounted income resulted in a reduction in total revenue.

Notwithstanding the generally reduced demand for commodities during the year, ITC succeeded in negotiating maintenance of the export price for certified plantation grown woodfibre to Japan at \$207.40 per bone dry metric tonne.

Subsequent to year end, ITC was named the Large Forest Manager of the Year for 2009 by the Forestry Stewardship Council, an internationally recognised award for environmental excellence.

SUSTAINABILITY

Environment

ITC, as a matter of policy seeks to prevent, or otherwise minimise, mitigate or remediate any adverse impacts of its operations on the environment and the broader communities in which it operates. No significant breaches of relevant environmental legislation or regulations occurred during the period covered by this report.

ITC holds ISO14001:1996 accreditation in respect of its environmental management system for its Forestry operations. The Heyfield operations of ITC's Timber division in eastern Victoria also secured ISO14001 accreditation in June 2006.

ITC was successfully audited under its Forest Stewardship Council (FSC) certification during the year. Approximately 80% of the Company's plantations under management are now FSC certified.

ITC continued its corporate partnership with leading environmental organisation, WWF-Australia. The partnership seeks to encourage sustainable forestry management practices across the forestry sector whilst also jointly pursuing the uptake of credible forest certification by forest owners across Australia, including the public authorities who license ITC Timbers harvesting from state-owned native regrowth forests.

Human resources and safety management

ITC had 106 Full Time Equivalent employees as at 30 September compared with 426 at the beginning of the year.

ITC's achieved a substantial improvement in safety performance compared with the previous year, recording a lost time injury frequency rate of 20.98 for 2009 compared with 46.4 in the previous year.

AUTOMOTIVE

OPERATIONS

Futuris Automotive's primary operations encompass the design, manufacturing and supply of automotive interiors solutions (Interiors) and a 35% investment in Air International Thermal Systems (Thermal). Interiors is Australia's leading domestic based supplier of automotive interior solutions.

The Interiors business designs and supplies automotive seating and interior solutions. Interiors' product range includes seating, steering, pedals, window regulators, door trims, headliners, floor carpets, parcel shelves, acoustic and aftermarket products. These products are supplied to high profile automotive manufacturers including GM Holden, Ford, Toyota and Chery Automobile. The supply of these products is assisted through a number of joint venture partnerships with automotive market participants globally including:

- **Anhui JV:** a joint venture in Anhui province (China), whose operations involve the manufacture of seating systems for supply to Chery and JAC.
- **Feltex JV:** a joint venture in South Africa, whose operations involve the manufacture of floor carpet and mats for Daimler (Mercedes Benz).
- **Plexicor:** a 50% interest in MCK Pacific in Australia, a manufacturer of soft trim and acoustic trim products for supply to Toyota, Ford and GM Holden.

All of these joint ventures are equity accounted by Elders and the Company incorporates their financial results according to its equity share of their after-tax results.

The Thermal business is engaged in the design and manufacturing of HVAC (air conditioning) and Power Train Cooling systems in the US, Asia and Australia. Thermal's products are supplied to global automotive manufacturers including GM, Suzuki, Ford, Mitsubishi and Mazda.

The business has been restructured to align with substantial reductions to automotive build schedules arising from current economic conditions and as a result is expected to deliver positive cash flow. Management of the business will continue to focus on the maintenance of positive cash flow, leveraging returns on volume turnaround and positioning for a favourable sale outcome when market conditions improve.

Automotive Financial Results

\$ million	12 months		
	2009	June 2009	2008
Sales	333.0	270.1	384.2
Underlying EBITDA	4.3	0.0	42.3
Depreciation & Amortisation	19.4	15.5	16.1
Underlying EBIT:			
Futuris Automotive	6.8	5.6	23.9
Associates (equity account)	(21.9)	(21.1)	2.3
Underlying EBIT	(15.1)	(15.5)	26.2
Non-recurring items	(44.3)	(44.3)	-
Reported EBIT	(59.4)	(59.8)	26.2

Results

Results from Automotive operations show the impact of a severe contraction to vehicle build schedules during the year.

The downturn in motor vehicle industry activity brought lower supply requirements for Futuris Automotive's existing programs and delay or cancellation of new supply programs. The major operating and financial impact was experienced by 35%-owned associate Thermal, through its exposure to US vehicle production.

The realignment of business structure, costs and valuations to levels appropriate for the new market conditions resulted in non-recurring items totalling \$44.3 million. However, the measures taken have seen costs and operations brought to sustainable levels, with the business recording a positive operating cash flow of \$14.9 million for the year (\$4.0 million for the 12 months to 30 June).

Underlying EBIT for the year was a loss of \$15.1 million (\$15.5 million loss for the 12 months to June) which compares to the profit of \$26.2 million in 2008. The loss incorporates an underlying profit of \$6.8 million (\$5.6 million in 12 months to 30 June) from Futuris Automotive operations and an underlying loss of \$21.9 million from associates (loss of \$21.1 million in 12 months to 30 June).

The improvement in underlying EBIT results between the 12 months to June and the full year figure are considered indicative of the improving market conditions in the motor vehicle sector.

In China, Futuris Automotive Interiors (Anhui) completed its first full year of operation. The joint venture's activities increased with the addition of contracts for the supply of seating to JAC, supplementing existing supply agreements with Chery. Results improved over the course of the year with ramp-up in production volumes, and by the third quarter the joint venture had reached profitable operation levels.

Major features and outcomes

- Sales and earnings down due to significantly lower vehicle demand and build
- Business restructured to meet lower volume market
- EBIT loss incurred due to results from associate Thermal Systems
- Chinese operations fully operational, profitable after first full year
- Non-recurring items for restructuring, impairments to meet market conditions
- Futuris Automotive named winner of a number of global automotive industry awards

Futuris Automotive received a number of globally recognised automotive industry awards during the year. These included 3 awards at the 2009 Automotive News PACE™ awards ceremony in Michigan, USA recognising the innovation in its PET enviroTUF™ automotive carpet solutions, which is manufactured from post-consumer PET bottles.

The businesses' supply chain management capabilities were recognised with the Boston Strategies International 2008 award. The award, which was made after a global supply chain benchmark study in which 500 diverse companies responded.

SUSTAINABILITY

Futuris Automotive conducts its operations within the parameters of management plans to ensure its day-to-day activities are completed safely and in an environmentally and socially responsible manner.

Environment

Futuris Automotive's key manufacturing plants in Australia are all accredited to ISO 14001 certification.

The organisation's operating facilities are subject to relevant environmental protection legislation and regulation in the areas in which they operate. There were no reportable incidents or breaches of applicable environmental legislation arising from Futuris Automotive's operations during the year.

Safety

Safety is managed through a series of safety committees at each operation which report to senior management on performance. Futuris Automotive recorded a lost time injury frequency rate of 6.35 per million hours worked during the year compared to the preceding years rate of 10.98 per million hours worked.

Human Resources

Futuris Automotive employed a total of 744 people in Australia at 30 June 2009 compared with 1,044 at the same time in the previous year. The 2009 employment represents 566 Full Time Equivalent employees. In addition 300 people are employed by Futuris Automotive and its offshore joint ventures (268 as at 30 June 2008).

BOARD OF DIRECTORS



Mr Stephen Gerlach, AM, LLB Chairman Mr Gerlach age 64 – Non-executive member of the Board since November 1996 and Chairman since July 2003. He chairs the Company's Nomination & Prudential and Remuneration Committees. Formerly Managing Partner of Adelaide legal firm Finlaysons, Mr Gerlach has extensive experience as a corporate advisor and company director. Mr Gerlach also holds directorships at Santos Limited (Chairman) and Santos Finance Ltd (Chairman). He is the Chairman of Foodbank SA Inc., a director of Foodbank Australia Ltd and a Trustee of the Australian Cancer Research Foundation. Mr Gerlach previously served as a director of Southcorp Limited from 1994 to 2005. Mr Gerlach is a resident of South Australia.



Mr Mark C Allison, BAgSc, BEcon, GDM, FAICD Mr Allison age 48 – was appointed a Non-executive director of the Board on 10 November 2009. He has extensive experience spanning 25 years in the agribusiness sector. He is a former Managing Director of Wesfarmers Landmark Limited and Wesfarmers CSBP Limited. Prior to his appointment at Wesfarmers in 2001, Mr Allison held senior positions with Orica Limited as General Manager of Crop Care Australasia and with Incitec Limited as General Manager – Fertilisers. Between 1982 and 1996 Mr Allison performed a series of senior sales, marketing and technical roles in the Crop Protection, Animal Health and Fertiliser industries. Mr Allison was the Managing Director of Makhteshim Agan Australasia Pty Ltd from 2005 to 2007 and Managing Director and Chief Executive Officer of Jeminex Limited from 2007 to 2008. Mr Allison is a resident of New South Wales.



Mr Charles E Bright, BA, MA(Oxon) Mr Bright age 64 – Non-executive member of the Board since May 2002. He is a member of the Nomination & Prudential Committee and Chairman of BWK AG Supervisory Board. Mr Bright has over 30 years' experience in investment banking with positions including Chairman of Potter Warburg Securities and Head of Corporate Finance for HSBC in Australia. Mr Bright also served as Chairman of Australian Agricultural Company Limited until January 2009 and a director of Tassal Group Limited (August 2005 – September 2009) and Webster Limited (August 2005 – February 2009). Mr Bright is a resident of Victoria.



Dr James C Fox, BE, MEngSci, PhD Dr Fox age 58 – Non-executive director and Deputy Chairman, Chairman of the Occupational Health, Safety and Environment Committee and member of the Remuneration and Nomination & Prudential Committees. He resigned as director of Elders Rural Services Ltd in April 2009. A non-executive director of Elders since July 1985, Dr Fox has more than 25 years experience as a public company director across a range of internationally based businesses. His particular track record is in the building of innovative, technology based companies in competitive international markets. After eight years working with a large international management consulting company, he started his own technology based product and service company in 1987. Following the merger of Dr Fox's company with the then listed Vision Systems Limited in 1993, he was appointed CEO of the combined group until his retirement in 2006 following a heavily competed takeover of the company. Dr Fox is Chairman of Biota Ltd and also a director of Air New Zealand Ltd, MS Research Australia Ltd, Altitude Ltd, iSoft Group Ltd and TTP Group Plc (UK), and was a director of Optiscan Ltd from 1 July to 30 November 2009. Dr Fox is a resident of Victoria.



Mr Raymond G Grigg, FSAE-I, FAICD Mr Grigg age 68 – Non-executive director of the Board since February 2004. He is also Non-executive director of the Futuris Automotive Group of companies, and a member of the Elders Audit & Compliance Committee. Mr Grigg has extensive experience and leadership in senior management within the automotive industry, having joined the Board following a 47 year career with General Motors Corporation where he held a number of senior positions both in Australia and overseas. At retirement Mr Grigg was President and Representative Director, General Motors Asia Pacific (Japan) as well as Chairman, CEO and Representative Director of GM Japan. Previous positions held include General Manager-Operations at GM Holden in Australia and Executive Director, GM International CKD Operations in Germany. Mr Grigg is also Vice President of the Royal Automobile Association of SA Inc and a non-executive director of Adtrans Group Limited and Bedford Industries Inc. Mr Grigg is a resident of South Australia.



Mr James H (Hutch) Ranck, BS Econ Mr Ranck age 61 – Non-executive director of the Board since June 2008. He is Managing Director of DuPont Australia & New Zealand and Group Managing Director for DuPont operations in ASEAN. Mr Ranck has had a long and distinguished career with Du Pont where he has held senior management positions in Australia and overseas in finance, chemicals, pharmaceuticals and agricultural products. He is currently Chair of the BCA Education, Skills and Innovation Task Force and a director of the Business Council of Australia and the Australian Bush Heritage Foundation. Mr Ranck is a resident of New South Wales.



Mr Malcolm G Jackman, BSc, BCom Mr Jackman age 57 – Executive Director of the Board since October 2008. He is the Chief Executive and Managing Director of the Elders Group. Prior to joining the Company Mr Jackman was Chief Executive Officer and Managing Director of Coates Hire Ltd, an ASX 200 listed company, from 2003 until its sale in January 2008. Prior to Coates Mr Jackman was Chief Executive Officer of Manpower Australia/New Zealand from 1996-2003. Mr Jackman was also a non-executive director of Rubicor Group Ltd from 2005 until 2008. Mr Jackman is a resident of South Australia.



Mr Ian G MacDonald, SF Fin Mr MacDonald age 55 – Non-executive member of the Board since November 2006 and a member of the Audit & Compliance Committee. He is a director of Rural Bank Ltd and Elders Trustees Ltd. He was a director of Elders Insurance Ltd and Elders Insurance Agencies Pty Ltd until the sale of these companies on 30 September 2009. He is a member of the Australian Institute of Company Directors and a Senior Fellow of the Financial Services Institute of Australasia. Mr MacDonald has had an extensive career in banking both in Australia and internationally, having served National Australia Bank Ltd for 34 years including performance of a number of senior management roles, including Chief Operating Officer, Yorkshire Bank, Executive General Manager, Financial Services Australia, and Group Chief Information Officer. Mr MacDonald is a director of Arab Bank Australia Ltd and CPT Global Ltd. Mr MacDonald is a resident of Victoria.



Mr Graham D Walters, AM, FCA Mr Walters age 67 – Non-executive member of the Board since January 2002. He is the Chairman of the Audit & Compliance Committee and was a director of the Elders Financial Services Group until 1 September 2008 and Elders Rural Services Ltd from November 2007 until April 2009. Mr Walters has extensive experience in accounting, having formerly held roles as Chairman of Partners at KPMG South Australia and as a Member of the National Board of KPMG. Mr Walters also holds directorships of Australian Rail Track Corporation Limited, BioInnovation SA and the Adelaide Festival of Arts. He is also the local Chairman of Westpac Banking Corporation in South Australia. Mr Walters is a resident of South Australia.



Mr Rob H Wylie, FCA Mr Wylie age 59 – was appointed a Non-executive director of the Board on 10 November 2009. A Chartered Accountant with over 30 years of experience in accounting, audit and corporate governance, including experience in mergers, acquisitions and corporate advisory work. Mr Wylie's past executive positions and non-executive directorships include Executive Partner (Office of the Chief Executive Officer) and National Managing Director Corporate Governance Services (New York), Deloitte & Touche USA; Deputy Managing Partner, Deloitte Asia Pacific; and Chairman, Director – Board of Partners, Chief Executive Officer, Deloitte Australia. Mr Wylie is currently a non-executive director of MaxiTRANS Industries and Centro Properties Group. Mr Wylie is also a former National President and State Chairman – Victoria for the Institute of Chartered Accountants in Australia and former Victorian Board Member of the Australian Institute of Company Directors. Mr Wylie is a resident of Victoria.

Company Secretaries

Ms Sonya C Furey, BEc(Acc), LLM, FCA Ms Furey was appointed Group Tax Manager in December 1999 and Company Secretary in December 2002. Prior to joining the Company, Ms Furey held a management role at KPMG, Corporate Tax Consulting. Ms Furey holds a Bachelor of Economics (Accounting) from Flinders University of South Australia and a Master of Laws (Corporate and Commercial) from the University of Adelaide. She is a Fellow of the Institute of Chartered Accountants and a Fellow of the Taxation Institute of Australia.

Mr Ross E Mallett, JD, BBus, FCIS, FCPA Mr Mallett was appointed Company Secretary in March 2008. Before joining the Company Mr Mallett was Deputy Company Secretary of BHP Billiton Ltd and prior to that held senior company secretarial roles at WMC Resources Ltd and CRA Limited (now Rio Tinto Ltd). Mr Mallett holds a Juris Doctor from Monash University and a Bachelor of Business from Deakin University. He is a Fellow, National Councillor, Director and former National President of Chartered Secretaries Australia and a Fellow of CPA Australia.

CORPORATE GOVERNANCE STATEMENT

The 2009 financial period represented a period of considerable challenge and change for the Company.

As set out on page 11 of this Annual Report, in December 2008 the Company's new Chief Executive announced the Agenda for Change Program. During this period of operational change the Board has also made a number of changes to the governance framework and policies in place throughout the Group to improve their effectiveness. The Board has driven these changes to ensure that the Company's corporate governance framework is in accordance with best practice. The directors believe that good corporate governance contributes long term value to stakeholders and are therefore committed to enhancing corporate values and culture and continuous improvement in governance.

This corporate governance statement summarises the key changes made to the governance framework during the 2009 financial year and sets out the key elements of the Company's governance framework and practices.

The Board is committed to acting in the best long-term interest of shareholders, customers, employees and the community. The Board has in place a Board Charter that consolidates the principles, policies and practices of its governance framework as reflected in this statement.

In developing our governance framework we have taken into account the Corporate Governance Principles and Recommendations (Best Practice Recommendations) published by the ASX Corporate Governance Council (ASXCGC). We believe that the Company's governance practices are consistent with the ASXCGC's Corporate Governance Principles and Recommendations, which were revised in August 2007. Published on our website at www.elders.com.au is a table comparing the Company's governance practices with the ASXCGC's Corporate Governance Principles and Recommendations.

OPERATION OF THE BOARD

Relevant polices and charters:

- Board Charter
- Company constitution

Role of the Board

The Board is ultimately responsible for the governance of the Company. It has implemented governance policies and practices that are designed to:

- Provide clear accountability.
- Protect the rights and interests of shareholders and other stakeholders.
- Provide for proper management of the Company's assets;
- Support the achievement of the Company's fiduciary, environmental, safety, social and other obligations.
- Preserve and enhance the Company's reputation and standing in the community.
- Support the achievement of shareholder value within a framework of appropriate risk assessment and management.

The corporate governance policies and practices are reinforced by a commitment by the Company to the highest standards of legislative compliance and financial integrity and ethical behaviour.

Management and Oversight

The Board Charter defines those duties that are reserved for the Board and its Committees and those that are delegated to management.

Board

The main responsibilities of the Board as set out in the Board Charter are to:

- Provide input into, and adopt, the strategic plan and budget of the Company as prepared by management.
- Monitor performance against the business plan and budget;
- Approve and monitor the progress of all material acquisitions, divestments, contracts and capital expenditure;
- Approve capital raisings (debt or equity) by the Company;
- Oversee the audit, compliance and financial and operational risk management functions of the Company;
- Oversee the Company's financial reporting and communication to the Company's shareholders and the investment community and shareholder-relations generally;
- Appoint and remove the Chief Executive and determine that person's remuneration (including termination benefits);
- Review the performance of the Board as a whole and of individual directors; and
- Monitor and assess the performance of the Chief Executive and the Company's senior executive team.

Committees

The Board has established a number of Board Committees (Nomination & Prudential Committee, Remuneration Committee, Occupational, Health, Safety and Environment Committee and Audit and Compliance Committee) to increase the Board's efficiency and effectiveness in fulfilling these responsibilities. The role and responsibilities of these Committees are detailed in formal charters. In addition, a Group Risk Committee comprising members of the Company's Executive Committee operates under a Board-endorsed risk management policy and reports to the Board on a regular basis. The responsibilities and composition of these committees are detailed on pages 25 to 29.

Delegation of Responsibility to Management

The Board delegates responsibility for the day-to-day operation and administration of the Company to the Chief Executive. Mr Malcolm Jackman was appointed as Chief Executive of the Company on 29 September 2008 and Managing Director on 20 October 2008 following the resignation of former Chief Executive Mr Les Wozniczka on 26 September 2008. The Board monitors the Chief Executive's performance on an ongoing basis through regular management reporting and through the reporting of the various Board Committees and Group Risk Committee. The Company has in place a comprehensive delegation of authority under which the Chief Executive and the Executive Committee operate. The Board regularly reviews the obligations set out in the Board Charter and the delegations of authority.

The process for evaluating the performance of senior executives is set out in the Remuneration Report on pages 39 and 40.

Executive Committee

In January 2009 the Company disbanded the independent subsidiary boards that had oversight over the key operating business units and reformed the Group's management structure into a single integrated executive management team, the Executive Committee, comprising business unit managing directors and senior functional corporate managers who report directly to the CEO. One of the functions of the Executive Committee is to assist in the oversight function and to comply with obligations of prudentially regulated entities within the Group.

Company Secretary

Under the Board Charter, the Company Secretary is accountable to, and reports directly to, the Board (through the Chairman where appropriate) on all governance matters.

BOARD STRUCTURE COMPOSITION, INDEPENDENCE, TRAINING AND ASSESSMENT

Relevant policies and charters:

- Board Charter
- Company Constitution
- Prudential Criteria
- Director Independence Policy
- Board Performance Assessment
- Director Induction and On-going Education

Board Composition

The composition of the Board is determined by the Company's Constitution and by Board Policy, which includes the following requirements:

- The number of directors may be not less than three and not more than 12;
- The majority of directors must be independent non-executive directors;
- The Chairman should be an independent director; and
- Directors (and prospective directors) must satisfy prudential criteria arising from the Company's undertaking to comply with all requirements of specified regulators in respect of licences the Company holds.

Fit and Proper Person Policy

The Company has a fit and proper person policy and process to provide directors with assurance that existing and potential directors and persons appointed to senior executive positions within the Group are able to satisfy appropriate fitness and proprietary standards that will enable them to discharge their prudential responsibilities throughout the term of their appointment.

The Company has made an undertaking to comply with all requirements of specified regulators in respect of licences the company holds including the Company's undertaking to comply with APRA Policy Statements, Policy Framework and Prudential Standards relating to the prudential supervision of conglomerates in respect of its ownership interest in Rural Bank Ltd. The prudential criteria set down in the Company's Fit and Proper Policy are set out below and on the Company's website at www.elders.com.au:

- Any director or proposed director of the Company must comply with appropriate prudential standards formulated by the Company which reflect APRA's or another specified regulators prudential standards and guidelines (Prudential Criteria);
- Any director who does not comply with those Prudential Criteria (or who is the subject of an adverse determination by APRA) is disqualified from continuing to hold the office of director;
- Limits are imposed on board representation by directors affiliated with any one substantial shareholder to prevent any substantial shareholder from exercising an undue measure of control and influence over the policies or operations of the Company and Rural Bank Limited;
- A standing committee of the Board (the Nomination and Prudential Committee) formulates, reviews and administers appropriate Prudential Criteria; and

- The key principles of the Prudential Criteria adopted by the Company are that directors and certain senior executives of the Group should be able to meet the following compliance requirements:
 - > possess the confidence, character, diligence, honesty, integrity and judgement to perform properly the duties of the responsible person position held;
 - > the person is not disqualified under the *Banking Act 1959*, the *Insurance Act 1973* or the *Superannuation Industry (Supervision) Act 1993* from holding their position; and
 - > the person has either no conflict of interest in performing their duties or if the person has a conflict of interest, it would be prudent for the Company to conclude that the conflict will not create a material risk that the person will fail to perform properly their duties.
- In addition to these general criteria, the Company will also apply (but not be restricted to) the following specific criteria for an individual to qualify as a “fit and proper” person. That they have never:
 - > failed to discharge responsibilities as a director or manager of, or a professional service provider to, a body corporate, statutory body, partnership, trust, or commercial or professional enterprise of any kind (entity) with diligence, honesty, integrity or judgement;
 - > been the subject of justifiable criticism, discipline, punishment, adverse findings, directions or orders, by a court, tribunal, official inquiry, regulatory agency, complaints handling body, dispute resolution body, or professional or industry body concerning conduct in relation to:
 - the management of an entity; or
 - commercial or professional activities.
 - > been the subject of civil or criminal proceedings, or enforcement action, in relation to:
 - the management of an entity; or
 - commercial or professional activities.
 - > been expelled or excluded from, or refused admission to, a professional or industry body, or a clearing house or exchange;
 - > been involved with the affairs of an entity that was expelled or excluded from, or refused admission to, a professional or industry body, or a clearing house or exchange;
 - > been refused a licence or authorisation relating to a commercial or professional activity, or had such a licence or authorisation revoked;
 - > been involved with the affairs of an entity that was refused a licence or authorisation relating to a commercial or professional activity, or had such a licence or authorisation revoked;
 - > had their appointment terminated, or resigned or been asked to resign, from a position as director or manager of, or professional service provider to, an entity in circumstances which reflected adversely on their competence, character, diligence, honesty, integrity or judgement in discharging their responsibilities in the position;
 - > seriously or persistently failed to manage their debts or financial affairs in accordance with contractual or other legal obligations in circumstances where such failure caused loss to others;
 - > been, or acted as, a director or manager of, or professional advisor to, an entity that:
 - was, or later came to be, insolvent;
 - was, or later came to be, under insolvency administration;
 - was, or later came to be, under statutory or judicial management; or
 - failed to repay, or otherwise failed to meet its financial obligations to, creditors or beneficiaries; and engaged in unreasonable or unlawful conduct that caused or contributed to the insolvency, placement under insolvency administration or statutory or judicial management, or failure to repay or otherwise meet obligations to creditors or beneficiaries;
 - > contravened any regulatory requirement or professional standard relating to:
 - the management of an entity; or
 - commercial or professional activities;
 - > been unreasonably or improperly obstructive of, or misleading or untruthful in dealing with, a court, tribunal, official inquiry, regulator, complaints handling body, dispute resolution body, or professional or industry body;
 - > breached a fiduciary obligation or other legal or professional obligation involving trust or conflict of interest or perpetrated or participated in negligent, deceitful or otherwise discreditable business or professional practices; or
 - > failed to comply with a fit and proper policy of an APRA-regulated institution.

Director skills and experience

The Board is to be comprised of individuals with an appropriate mix and depth of skills, experience and knowledge in order to meet the Board’s responsibilities and objectives.

The Board of Directors currently comprises an independent non-executive chairman who is elected by the full Board, eight other independent non-executive directors and a managing director/chief executive. The qualifications, experience, special responsibilities and period of office of each director may be found on page 20 of this report.

Director Independence

The Company has adopted an Independence Policy that is published on the website. The policy states that the majority of the Board must comprise independent directors.

In determining whether or not a director is to be considered independent, the Board will have regard to whether the director:

- Is a substantial shareholder in the Company;
- Within the last three years, has been an employee of the Company, a material adviser to the Company or a principal or employee of any material adviser to the Company;
- Is a material supplier to, or a material customer of, the Company;
- Is directly or indirectly associated with any of the above persons;
- Is otherwise free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director’s ability to act in the best interests of the Company; and
- Is of independent character and judgment.

In assessing materiality, the Company takes a qualitative approach rather than setting strict quantitative thresholds. Whether an interest, relationship or business is 'material' is considered having regard to the nature, circumstances and activities of the director and from the perspective of the Company, the persons and entities with whom the director has an affiliation, and the director.

The Board does not believe that the period of service of a director necessarily hinders the director's ability to exercise independent thought and judgement and to act in the best interests of the Company. The directors believe that experience and knowledge of the Company's operations are important contributors to the efficient working of the Board and the best interests of the Company.

Chairman

The Board Charter prescribes that the Chairman should be an independent director and details his responsibilities. Mr Stephen Gerlach was appointed Chairman on 1 July 2003. The Board has determined that Mr Gerlach is an independent non-executive director. The Chairman's role includes:

- Providing effective leadership to the Board in all Board matters;
- Publicly representing the Board's views to stakeholders;
- Promoting effective relations between the Board and management;
- Leading the process of review of the performance of the Board, Committees and individual directors;
- Guiding the setting of agenda items and conduct of Board and shareholder meetings; and
- Overseeing succession of non-executive directors and the Chief Executive.

Access to Independent Professional Advice and Other Resources

Directors may obtain independent, professional advice, at the Company's expense, on matters relevant to the Company's affairs to assist them in carrying out their duties as directors, subject to providing prior notice to the Chairman.

All directors have direct access to and may seek information directly from the Company's External and Internal Auditors provided that all such enquiries are first advised to the Chairman and the Chief Executive.

Directors have access to the Company's management and company information through the Chief Executive to assist them in carrying out their duties as directors.

Director Induction and Training

Upon appointment, new directors are given a detailed briefing by the Chairman on key board issues and by the Chief Executive and senior executives on the nature of the Company's business and its key drivers. New directors are also provided with appropriate background documentation. Issues covered in the induction include:

- The Company's financial, strategic, operational and risk management position;
- Directors' rights, duties and responsibilities; and
- The role of the Board and the Board committees.

Directors undertake training and development on an as needs basis. Directors are also regularly briefed on the

Group's businesses and industry or technical issues impacting the Group and at least one meeting a year is held in conjunction with a tour of one of the Company's operations.

Other Non-executive Director Activities/ Involvement

In addition to the time spent in preparation for and attendance at Board and committee meetings, non-executive directors visit operational sites and assist the Company in local, national and international industry matters. Non-executive directors are also involved in business and strategic planning meetings.

Board Performance Assessment

The Board reviews its own performance and that of its Committees on an ongoing basis. The Chairman also holds individual discussions with each director to discuss their performance on a needs basis. The non-executive directors are responsible for evaluating the performance of the Chief Executive, who in turn evaluates the performance of all other senior executives. The evaluations are based on specific criteria, including the Company's business performance, whether long-term strategic objectives are being achieved and the achievement of individual performance objectives. This process was followed in respect of the 2009 financial year.

During the 2009 financial year a formal board review was conducted by an external board performance consultant (Colin Carter & Associates). The review of the Board and Board Committees collectively and of individual directors, including the Chairman, was conducted by means of survey and individual interviews of directors and senior management on board performance issues. Board members received a written report on the review findings and recommendations which was then used as a basis for discussion at meetings of the Board in September and November 2009.

The Board Charter prescribes that before a director is recommended for re-election, the Chairman consults with the other directors regarding the director's effectiveness. Based upon the outcome of these consultations, the Board shall then determine whether or not to recommend the director for re-election.

The Nomination & Prudential Committee assists in this review process.

Appointment of Directors and Re-election

The composition of the Board is reviewed on an annual basis coinciding with the annual general meeting cycle to ensure that the Board has the appropriate mix of expertise and experience.

At each annual general meeting (AGM) of the Company, one third of directors (other than the managing director and directors who have been appointed since the previous AGM) and any other director who will at the conclusion of the meeting have been in office for three or more years and AGMs since they were last elected to office are required to retire and may stand for re-election. Directors who have filled casual vacancies are required to be elected at the first annual general meeting following their appointment to the Board.

When a vacancy exists, or when it is considered that the Board would benefit from the services of a new director with particular skills, the Nomination & Prudential Committee selects candidates with appropriate expertise and experience for consideration by the full Board. The Committee also takes into account the Prudential Criteria and may seek advice from external consultants if necessary in selecting candidates for board positions. The Board then appoints the most suitable candidate who must stand for election at the next general meeting of shareholders and re-election at three yearly intervals.

Formal letters of appointment setting out key terms and conditions are in place for all directors. The process of Board renewal continued during the course of the year with the appointments of Mr Rob Wylie and Mr Mark Allison as directors on 10 November 2009. Mr Anthoni Salim resigned as a director of the Company on 30 October 2009. Dr Jim Fox has also indicated his intention to stand down as director at the December 2009 AGM.

BOARD COMMITTEES

Relevant policies and charters:

- Nomination & Prudential Committee Charter
- Audit & Compliance Committee Charter
- Remuneration Committee Charter
- Occupational Health, Safety & Environment Committee Charter

Nomination & Prudential Committee

Objective

The Board's objective in relation to Board nomination and review is to ensure that:

- The Company has adopted selection, appointment and review practices that result in a board:
 - > with an effective composition, size, mix of skill sets and experience and commitment to adequately discharge its responsibilities and duties and add value to the Company and its shareholders;
 - > that has a proper understanding of, and competence to deal with, the current and emerging issues of the businesses of the Company; and
 - > can effectively review and challenge the performance of management and exercise independent judgement.
- Shareholders and other stakeholders understand and have confidence in those selection, appointment and review practices; and
- The prudential criteria that directors must satisfy at all times, arising out of the Company's undertaking to comply with the requirements of Specified Regulators to protect the value of the Company's substantial assets allocated to financial services activities, are met. The prudential criteria is set out in the Fit and Proper Person Policy section on pages 22 and 23. The Nomination & Prudential Committee assists the Board in meeting its prudential objectives.

Membership

The members of the Nomination & Prudential Committee at the date of this Report are:

Mr S Gerlach (Chairman)
Mr C E Bright
Dr J C Fox

The Nomination & Prudential Committee currently comprises three independent directors and includes the Chairman of the Board and Deputy Chairman. The Chief Executive Officer has a standing invitation to attend the Committee meetings and may participate in discussions on matters concerning the main Board, but has no voting rights with respect to such matters. Members are appointed for an initial term of three years, but are eligible for re-appointment. From time to time the full Board meets to consider nomination issues.

Role

The Nomination & Prudential Committee operates under a formal charter adopted by the Board which can be viewed on the Company's website at www.elders.com.au.

The Committee's principal responsibilities are to regularly review and make recommendations to the Board on:

- The necessary and desirable competencies of members of the Boards of the Company and its subsidiaries and their committees;
- Appropriate processes for the review of the performance of the Boards of the Company and its subsidiaries;
- Appropriate policies with respect to the maximum period of service and retirement age for directors;
- Appropriate succession plans for the Boards of the Company and its subsidiaries and the Chief Executive Officer;
- The appropriate size of the Board so as to encourage efficient decision-making;
- Recommendations for the appointment (including re-appointment in the case of directors retiring by rotation) and removal of directors of the Company and its subsidiaries;
- The scope and content of letters of appointment of non-executive directors;
- Skills development and continuing education programs for directors of the Company and its subsidiaries;
- Appropriate induction procedures designed to allow new directors to participate fully and actively in board decision-making at the earliest opportunity and the effectiveness of those procedures; and
- Fulfillment of the Company's prudential obligations.

Key Activities During the Year

The Committee oversaw the following significant activities during the reporting period:

- Appointment of new CEO during the year following the completion of an international search;
- Completion of a comprehensive review of the effectiveness of the Board conducted by an external board performance consultant; and
- Continuation of the process of Board renewal with the appointment of two new directors and impending departure of two long standing directors.

Remuneration Committee

Objective

The board's objective is to ensure that the Company has adopted remuneration policies that meet the needs of the Company and encourage a performance oriented culture.

A summary of the Company's remuneration policies and practices is set out in the Remuneration Report on pages 36 to 53.

Membership

The members of the Remuneration Committee at the date of this Report are:

Mr S Gerlach (Chairman)
Dr J C Fox
Mr J H Ranck

The Remuneration Committee comprises three independent directors and includes the Chairman of the Board and Deputy Chairman. The Chief Executive Officer has a standing invitation to attend Committee meetings but leaves the meeting during those periods in which consideration is being given to his compensation arrangements. Committee members are appointed for an initial term of three years, but are eligible for re-appointment.

Role

The Remuneration Committee operates under a formal charter adopted by the Board which can be viewed on the Company's website at www.elders.com.au.

The Committee's principal responsibilities are to:

- Ensure that appropriate policies are in place for compensation arrangements for the Chief Executive Officer, senior management, the Company and its employees generally and the Board itself;
- Advise and make recommendations to the Board on employee share and option schemes, executive option plans, performance incentive packages, superannuation entitlements, retirement and termination benefits and policies;
- Review the Chief Executive Officer's recommendations with respect to the remuneration of key executives, including members of the Executive Committee, and his plans for the remuneration of employees in general to ensure that the Company's remuneration policies are sufficiently competitive and equitable to retain and motivate a high quality workforce;
- Review any equity plans and make recommendations to the Board on equity plans for Directors and the Chief Executive Officer, in particular. Committee approval is required for key executive equity plans and for the terms of any broadly based Group equity plan; and
- Review and recommend for Board approval, where appropriate, any employment contracts outside normal parameters.

Key Activities During the Year

The Committee oversaw the following significant activities during the reporting period:

- Setting of termination benefits for the former CEO and contract terms and remuneration benefits for the incoming CEO;
- Appointment of Mr R Tanti reporting directly to the CEO with responsibility for human resources and support services; and
- Review of the remuneration arrangements, policy and structure for the Group. The review is discussed in detail in the Remuneration Report on pages 37 and 45.

Audit and Compliance Committee

Objective

The Board is concerned to ensure the integrity of the Company's financial reporting is independently verified and has established the Audit and Compliance Committee to assist it in achieving this objective.

Membership

The members of the Audit and Compliance Committee at the date of this Report are:

Mr G D Walters (Chairman)
Mr I G MacDonald
Mr R G Grigg

All members of the Audit and Compliance Committee are independent, non-executive directors. At least one member of the Committee is required to be a qualified accountant or other financial professional with experience in accounting and financial matters. The Committee Chairman Mr G Walters has extensive experience in accounting and financial matters having formerly held the role of Chairman of Partners at KPMG South Australia. Committee members are appointed for an initial term of three years but are eligible for re-appointment.

Details of the members' qualifications can be found on page 20 of this report.

Representatives of Company's management attend meetings from time to time at the discretion and invitation of the Committee.

Role

The Audit and Compliance Committee operates under a formal charter adopted by the Board which can be viewed on the Company's website at www.elders.com.au. Its primary functions are to:

- Assist the Board in meeting its oversight responsibility in relation to:
 - > integrity of financial statements and financial accounting policies and practices;
 - > external auditor's qualifications, performance and independence;
 - > oversight and performance of the internal audit function;
 - > integrity and effectiveness of internal controls and regulatory compliance; and
 - > credibility and objectivity of the accountability process;
- Improve the effectiveness of the internal and external audit functions and provide a forum for improving communication between the Board and the external auditors and, where applicable, the internal auditors;
- Facilitate the maintenance of the independence of the external auditor;
- Provide a structured reporting line for internal audit facilitating the maintenance of the objectivity of the internal audit functions;
- Improve the quality of external reporting of financial information and reports; and
- Assist in establishing the objectives, and the assessment of the performance, of the internal audit function.

Key Activities During the Year

The Committee oversaw the following significant activities during the reporting period:

- Change in financial year end from 30 June to 30 September through the use of a 15 month transitional financial period to 30 September 2009. The change was introduced to bring the Company's reporting into line with seasonal cycles and that of other agriculture focused companies;
- Significant revaluations were made to the assets of the Group's businesses following a restructuring of the Group that emanated from the Company's "Agenda for Change" program; and

- The Company moved from a substantially outsourced internal audit model to a substantially in-house model allowing development of a skill set and capability that may more effectively meet business needs.

Occupational Health, Safety and Environment (OHSE) Committee

The Board is committed to fulfilling the Company's obligation to operate its business in a safe, ethically responsible and sustainable manner and has established the Occupational Health, Safety and Environment Committee to assist in meeting this objective.

Membership

The members of the OHSE Committee at the date of this Report are:

Dr J C Fox (Chairman)

Mr R G Grigg

Mr J H Ranck

The OHSE Committee comprises three independent directors and is chaired by the Deputy Chairman of the Board. Committee members are appointed for an initial term of three years but are eligible for re-appointment.

Role

The OHSE Committee operates under a formal charter adopted by the Board which can be viewed on the Company's website at www.elders.com.au. Its primary functions are to:

- Establish the strategic direction and targets for health, safety and environmental management;
- Provide a forum for discussion between the Board and management on health, safety and environment issues;
- Review the Company's performance in relation to health, safety and environment matters;
- Review the adequacy and performance of the Company's Health, Safety & Environment functions and management;
- Review the effectiveness of the Company's Health, Safety & Environment policy framework, management systems and internal controls including any health, safety and environment standards, plans and audit process;
- Monitor the social, environmental and ethical impact of the Company's operations and set standards for social, environmental and ethical practices;
- Consider the key risks arising from Health, Safety & Environment issues;
- Monitor progress in the achievement of health, safety and environment targets;
- Monitor and consider the impact of changes and emerging issues in health, safety and environment legislation, community expectations, research findings and technology;
- Consider reports submitted by Company management on health, safety and environment performance and issues including reports on material issues such as serious injury or death or significant environmental incidents associated with the Company's operations;
- Receive and consider presentations from business unit managers on the health, safety and environment management and performance of their operations; and
- Visit the Company's operational sites to familiarise committee members with health, safety and environment issues associated with the operations on those sites and to assure members that appropriate systems and controls have been implemented.

Key Activities During the Year

The Committee oversaw the following significant activities during the reporting period:

- Survey on employee safety perceptions;
- Development of Group OH&S Framework Implementation Plan to improve the safety framework; and
- Introduction of more effective Group OH&S reporting to management and Board.

ATTENDANCE AT MEETINGS BY DIRECTORS

Nine to ten formal Board meetings are scheduled each year with meetings generally held over one to two days. 19 formal Board meetings were held during the current financial period to accommodate the extended (15 month) reporting period and additional meeting requirements associated with the restructuring of the Company's debt and equity structure. Additional meetings are convened to consider specific or urgent matters, as required. Attendance by directors at Board and Committee meetings held during the period ended 30 September 2009 is detailed on the following page.

On eight occasions during the financial period the non-executive directors met without management being present.

Where directors are unable to attend meetings either in person or by telephone (for example if they are overseas) the Chairman or the Chief Executive endeavours to canvass their views on key matters prior to the meeting in order to represent their views at the meeting.

EXTERNAL AUDIT INDEPENDENCE POLICY

Relevant policies and charters:

- Non-Audit Services Policy

The Company has in place a formal policy that:

- Details the Group's position in respect of the key issues which may impair, or appear to impair, external audit independence;
- Details the internal procedures implemented to ensure the independence of auditors; and
- Establishes a framework that enables the Audit and Compliance Committee to evaluate compliance with the policy and report to the Board on compliance.

The key principles in the policy are:

- An auditor is not independent if:
 - > an employment relationship exists or could be deemed to exist, between the Company and the auditor, its officers or former officers, employees or former employees, or certain relatives;
 - > a financial relationship exists between the auditor and the Company; and
 - > specific non-audit services (including information technology and human resources services) are provided to the Company by the auditor.

- In relation to the provision of other non-audit services the following guidelines must be followed:
 - > management must consider the actual, perceived and potential impact upon the independence of external auditors prior to engaging external auditors to undertake any non-audit service;
 - > the outsourcing of any internal audit project to the external auditors or the undertaking of any joint internal/external audit review, will require prior Audit and Compliance Committee approval;
 - > the Audit and Compliance Committee must consider whether the provision of such non-audit services is compatible with maintaining the external auditors' independence, by obtaining assurance and confirmation that the additional services provided by the external auditor are not in conflict with the audit process. In order to assist with this assessment, management will provide the Audit and Compliance Committee with details of the amount of non-audit services undertaken by the external auditors as a proportion of all audit and non-audit engagements, entered into by the Group for the period; and
 - > as a general rule, the Company does not utilise external auditors for internal audit purposes or consulting matters, other than services which are in the nature of audit, such as review of tax compliance and acting as independent accountants preparing a report on forecast financial information for inclusion in the Company's capital raising prospectus.

The Audit and Compliance Committee is responsible for ongoing review of the External Audit Independence Policy and reports to the Board on the continuing suitability of the policy and recommended changes to the existing policy as and when required.

RISK MANAGEMENT

Relevant policies and charters:

- Risk Management Policy
- Group Risk Committee Charter

The Board has in place a Risk Management Policy and Framework to assist the Company in achieving its risk management objectives – to ensure the Group's assets are protected against financial loss, legal and regulatory obligations are satisfied, and business risks are identified and properly managed, and appropriately monitored by the Board.

Under the Risk Management Policy the Board is responsible for oversight of the risk management process and framework. Senior executive management have primary responsibility for identification and management of significant risks within the Group's businesses and are accountable to the board for designing, implementing and monitoring the process of risk management and integrating it into the day to day activities of the Group's businesses. Business Unit Managers are responsible for monitoring and managing key business risks for the respective businesses. All personnel are responsible for managing risks in their own areas.

The Audit and Compliance Committee is responsible for assessing the effectiveness of internal processes for determining and managing key financial and compliance obligations and the OHSE Committee is responsible for assessing the effectiveness of internal process for determining and managing key OHSE risks.

Director Attendance at Meetings

	Board of Directors		Audit and Compliance Committee		Nomination and Prudential Committee ⁺		Remuneration Committee		Occupational Health, Safety and Environment Committee		Other Committees ^{**}	
	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held
S Gerlach	19	19			4	4	4	4			12	12
C E Bright	19	19			4	4					8	8
J C Fox	16	19			4	4	4	4	2	2	7	7
R G Grigg	18	19	12	14	2	2			2	2	3	3
M G Jackman [#]	12	12									26	30
I G MacDonald	18	19	14	14	2	2					25	29
J H Ranck	19	19			2	2	3	3	2	2	12	12
A Salim [*]	5	19			1	2						
G D Walters	19	19	14	14	2	2					18	18
L Wozniczka [^]	6	6					1	1				

* Mr Salim resides in Jakarta and owing to business commitments was unable to attend a number of meetings

[^] Resigned from the Board 26/09/08

[#] Joined the Board 20/10/08

** Includes Refinance Committee, ACo Sub-Committee and Equity Raising Due Diligence Committee meetings

⁺ Nomination via Prudential Committee met as the full Board on two occasions

Group Risk Committee

During the year the Group Risk Committee (GRC) was established to assist the Board in the application of the Company's Risk Management Policy and monitoring of compliance with the policy. The GRC took over this role from the former Corporate Risk and Compliance Committee. The GRC reports to the Board on risk management on a regular basis through the Chief Executive.

Membership

The Group Risk Committee comprises the Chief Executive/Managing Director, Group Executive team, Company Secretary and General Manager Risk, Compliance and Audit. Specialist support to the committee is provided by internal experts as required, including the General Counsel, General Manager Taxation, Group Safety Manager and National Risk Manager.

The GRC reports to the Board through the Chief Executive and copies of all GRC minutes are provided to the next Board meeting and Audit and Compliance Committee meeting.

During 2009 the GRC reviewed the Group's material business risks and reported to the Board on the effectiveness of the Company's management of those material business risks.

Responsibilities

The Committee operates under the Risk Management Policy and is responsible for:

- Oversight of the risk management process;
- Considering and, where appropriate, making recommendations to the Board with respect to risk appetite, risk framework and policy;
- Establishing, approving and reviewing corporate risk management strategy in-line with the Risk Management Policy;
- Reviewing and monitoring Elders' risk profile and adherence to the Elders risk management framework;
- Receiving, considering and endorsing business trading charters for submission to Elders Board of Directors for approval;
- Reviewing credit limits, mark-to-market trading positions, and credit committee functions of Elders and its subsidiaries;
- Monitoring the risk management activities of business divisions and subsidiaries through receipt and consideration of risk reports from the Company;
- Overseeing compliance by Elders with applicable Australian Prudential Regulation Authority compliance obligations and significant related internal policies;
- Providing regular advice to the Board about GRC activities and making appropriate recommendations; and
- Providing an escalation point for identification of matters (material business risks) to be drawn to the attention of the CEO, Board Audit and Compliance Committee and/or Board.

The Committee is also responsible for ongoing review of the risk management framework and policy and reports to the Board on the continuing suitability of the framework and policy and for recommending changes to the framework and policy as and when required.

Management Certificates

In accordance with the Board Charter, prior to approving the financial reports of the Company in respect of the 2009 financial year, the Board received from the Chief Executive and the Chief Financial Officer a certificate stating that:

- The declaration provided under section 295A of the Corporations Act is based on a sound system of risk management and internal control; and
- That the system is operating effectively in all material respects in relation to financial reporting risks.

Treasury Policy

The Company's treasury operation is responsible for managing currency and interest rate risks together with managing the Company's finance facilities.

Treasury operates within formal policies and compliance with key policies is regularly reported to the Board. The primary objectives are to have an appropriate debt maturity profile to fund on-going working capital and liquidity needs and to prudently manage exposures to variable interest rates and foreign exchange movements.

CONDUCT AND ETHICS

Code of Conduct

The Board is committed to promoting conduct and behaviour that is honest, fair, legal and ethical and respects the rights of the Company's shareholders and other stakeholders in the Company, including clients and customers, suppliers, creditors and employees. The Board has adopted a code of conduct that details the conduct and behaviour it expects from its members and the employees of the Company.

The Code, which may be accessed from the Company's website, details the Company's position with respect to dealings with parties with whom the Company engages, use of position and company information, gifts and gratuities and conflicts of interest and the principles the Company promotes with respect to honesty and integrity, occupational health and safety, equal opportunity, legal compliance, competition, privacy, environment and community.

The Board has also adopted a Reporting of Unacceptable Conduct Policy to encourage and facilitate disclosure of unacceptable conduct, including fraud or illegal activity, occurring in the Company. The Policy and the associated reporting process addresses the issues associated with alleged improper conduct including reporting, responsibility, confidentiality and effective investigation.

Share Trading Policy

The Board encourages non-executive directors to own the Company's securities to further align their interests with the interests of other shareholders. Details of directors' shareholdings in the Company can be found on page 34 of this report.

During the year the Company adopted a revised Share Trading Policy that prescribes black out periods during which directors and senior executives may not trade. Black out periods generally run from the end of the Company's full year and half year to the date of the release of the Company's full year results or half year results.

Senior executives are prohibited from entering into arrangements to hedge their exposure to invested options awarded under the Employee Share Option Plan.

Directors or senior executives must not deal in the Company's securities during black out periods or at any time when directors or senior executives are in possession of unpublished information that, if generally available, might materially affect the price of the Company's securities. Prior to dealing, a director must seek clearance from the Chairman and senior executives must seek clearance from the Company Secretary.

The Share Trading Policy also prohibits employees and contractors from trading in the Company's securities if they are in possession of price-sensitive information.

The Share Trading Policy can be found on the Company's website at www.elders.com.au.

Continuous Disclosure and Communication with Shareholders

The Board is committed to timely disclosure of information and communicating effectively with its shareholders. This commitment is effected through the application of the External Disclosure and Market Communications Policy and a Communications strategy which includes process to ensure that directors and management are aware of, and fulfill, their obligations.

Each year the Company communicates to its shareholders and the investment markets through a program of regular announcements. In addition:

- The Company releases briefings on Company developments and events to the market as a whole;
- The Company's senior management interacts with members of the investment community and financial and business media through a variety of forums including results briefings, 'one on one' meetings and discussions; and
- Background and technical information is provided to institutional investors, market analysts and the financial and business media to support major announcements made to the ASX and minor announcements made about the Company's on-going business activities.

External Disclosure and Market Communications Policy

Under the Policy the Company has instituted (and monitors) procedures designed to ensure:

- The Company's compliance with continuous disclosure obligations contained in applicable ASX Listing Rules and the *Corporations Act 2001*. Procedures followed to achieve this include the formation of a Disclosure Advisory Group that works with the Chief Executive in the consideration of disclosure issues, the communication of disclosure requirements and procedures to senior management together with procedures to facilitate the timely flow of relevant information to the Disclosure Advisory Group;
- The timely release and dissemination of information (within the requirements of continuous disclosure obligations) necessary for the formation of an informed and balanced view of the Company;
- Information disclosed in investor or media briefings is not "market sensitive". If market sensitive information is inadvertently disclosed during a briefing it will immediately be released to the market at large through the ASX; and
- That stakeholders have equal opportunity, subject to reasonable means, to access information issued externally by the Company. This is addressed through a broad range of media including the Company's website, webcasts of the Company's Annual General Meeting and full year and half year results briefings (which are also archived and available for view on the Company's website), and an information subscription service through which interested parties can register for electronic advice of announcements. All public releases are archived and available for view on the Company's website at www.elders.com.au.

The Board is also concerned to ensure that shareholders are in a position to participate effectively in general meetings and to this end:

- The Company has adopted in all substantial respects the ASX Corporate Governance Council guidelines for communication with shareholders and improving shareholder participation at general meetings; and
- It is a term of engagement of the Company's external auditors that they attend the Company's Annual General Meetings and are available to answer questions about the conduct of the audit of the Company and the preparation and content of the auditor's report in respect of the relevant reporting period.

Disclosure of Governance Information

Information concerning the Company's governance framework and practices, principles and policies is posted on the Company's website at www.elders.com.au in the section marked: About Us: Corporate Governance.

DIRECTORS' REPORT

The Directors present their report for the 15 months ended 30 September 2009.

Directors

The Directors of the Group in office at the date of this report are:

Non-Executive Directors:

Stephen Gerlach (*Chairman*)
James Charles Fox (*Deputy Chairman*)
Charles Ernest Bright
Raymond George Grigg
Ian Graham MacDonald
James Hutchison Ranck
Graham Douglas Walters
Robert Harvey Wylie
Mark Charles Allison

Executive Director:

Malcolm Geoffrey Jackman
(*Chief Executive Officer and Managing Director*)

Mr M G Jackman was appointed Chief Executive Officer on 29 September 2008 and Managing Director on 20 October 2008. He replaced Mr Les Wozniczka who resigned as Chief Executive Officer and Managing Director effective from 26 September 2008. All other directors held their position as director for the whole of the year and up to the date of this report. Mr A Salim resigned as director on 30 October 2009. Messrs M C Allison and R H Wylie were appointed non-executive directors on 10 November 2009.

Company Secretaries:

Sonya Catherine Furey
Ross Edwin Mallett

A summary of the experience, qualifications and special responsibilities of each director and each Company Secretary is provided on page 20.

Principal Activities

The principal activities of the Elders Group during the 15 month period were the:

- Provision of services and inputs to the rural sector;
- Provision of financial and other services to rural and regional customers;
- Management of investor-funded hardwood plantations and manufacture of quality sawn timber products; and
- Supply of automotive components.

Results and Review of Operations

The Group recorded a loss for the 15 month period, after tax and outside equity interest, of \$466.4 million (2008: profit of \$36.5 million). A review of the operations and results of the consolidated entity and its principal businesses during the 15 month period is contained in pages 3 to 19 of this report.

Significant Changes in the State of Affairs

There were a number of significant changes in the state of affairs of the consolidated entity during the 15 month period which are referred to on pages 4 to 19 of this report.

Events Subsequent to Balance Date

No matter or circumstance has arisen since 30 September 2009 which is not otherwise dealt with in this report or in the consolidated financial statements, that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Likely Developments and Future Results

Discussion on likely developments in the operations of the consolidated entity and the expected results for those operations in future financial years is included in the information on pages 6 to 11 of this report. Further information about the likely developments in the operations of the consolidated entity and the expected results for those operations in subsequent financial years has not been included in this report because, in the opinion of the directors, their inclusion would prejudice the interests of the consolidated entity.

Share and Other Equity Issues During the Year

The following information summarises the equity issues made by the Company during the 15 months to 30 September 2009:

- No employee options were exercised during the year;
- No fully paid ordinary shares were issued under the Company's employee share plan during the year. The Company's employee share plan was suspended in March 2009;
- 14,461,482 fully paid ordinary shares were issued in accordance with the terms of the Company's dividend reinvestment plan (DRP). A further 23,812,167 ordinary shares were issued in accordance with the terms of the underwriting agreement in respect of the DRP;
- A conditional placement of 2,666,666,667 ordinary shares was made at \$0.15 per fully paid share on 19 October 2009 to institutional investors as part of an equity raising to reduce Elders' debt obligations and to build a stronger balance sheet; and
- 1,000,004,393 ordinary shares were issued under the Company's Share Purchase Plan (SPP) to participating shareholders on 2 November 2009 at \$0.15 per fully paid share. Funds raised from the SPP were used to retire existing debt.

Dividends and Other Equity Distributions

Details of dividends paid or payable in respect of the year are as follows:

Dividends paid on fully paid ordinary shares:	\$000
Final 2008 dividend of 5.5 cents paid on 28 October 2008 (franked to 100%)	42,949
Distributions paid on Elders Hybrids:	\$000
Quarterly distribution of 1.7663 cents paid on 30 September 2008 (franked to 100%)	2,649
Quarterly distribution of 1.6754 cents paid on 31 December 2008 (franked to 100%)	2,513
Quarterly distribution of 1.0960 cents paid on 31 March 2009 (franked to 100%)	1,643
Quarterly distribution of 0.9316 cents paid on 30 June 2009 (franked to 100%)	1,397

On 4 September 2009 the Company announced that directors had resolved not to declare a final dividend for the year ending 30 September 2009. It is the Board's intention that the Company will resume distribution of dividends as soon as practicable subject to satisfaction of its balance sheet, cash flow management and financial performance objectives. The payment of dividends is subject to the discretion of the directors and will depend on many factors, including Elders' results of operations, financial condition, general business conditions, restrictions imposed by financing facilities and Elders Hybrid securities and legal restrictions on the payment of dividends. In particular, Elders' restructured financing arrangements impose restrictions on the payment of distributions on Elders Hybrids until and including 30 September 2011. These restrictions activate a "dividend stop" under the terms of the Elders Hybrids which prevents Elders from paying dividends on its shares until the stop is lifted under the terms of the Elders Hybrids. Elders' restructured financing arrangements also prevent Elders from paying dividends on shares until after 31 March 2012 (and, thereafter, more limited restrictions apply).

Share Options

Share options are issued to company executives as part of the Group's remuneration policy. Information on this policy and associated procedures is provided in the Remuneration Report commencing on page 36 of this annual report.

The total quantity of options on issue as at 30 September 2009 represented 2.81% of the Group's issued ordinary shares.

Details of options over unissued shares at the date of this report are as follows:

(1) Options on Issue:

All options listed in this table are subject to minimum tenure restrictions of three years.

Date Options Granted	Number of Options Granted	Issue Price	Option Expiry Date
31/03/05	200,000	\$2.00	31/03/10
26/07/06	108,000	\$2.25	8/08/10
4/10/05	1,655,000	\$2.06	4/10/10
4/10/05	625,000	\$2.06	4/10/10
25/10/06	150,000	\$1.83	31/10/11
25/10/06	100,000	\$1.92	31/10/11
25/10/06	2,530,000	\$2.02	25/10/11
25/07/06	1,950,000	\$2.17	31/10/11
25/07/06	200,000	\$2.17	31/10/11
31/08/07	1,000,000	\$2.54	18/08/12
26/09/08	750,000	\$1.32	26/09/12
1/10/07	2,225,000	\$2.45	1/10/12
1/03/08	750,000	\$2.45	1/03/13
1/07/03	1,000,000	\$1.37	1/07/13
26/09/08	1,250,000	\$1.32	26/09/13
31/10/08	2,360,000	\$1.29	31/10/13
31/10/08	3,450,000	\$1.29	31/10/13
26/09/08	2,000,000	\$1.32	26/09/14
24/10/05	750,000	\$2.06	25/10/15
	23,053,000		

(2) Options issued since the end of the previous financial year:

Date Options Granted	Number of Options Granted	Issue Price	Option Expiry Date
26/09/08	750,000	1.32	26/09/12
26/09/08	1,250,000	1.32	26/09/13
28/11/08	2,880,000	1.29	28/11/13
28/11/08	4,200,000	1.29	28/11/13
26/09/08	2,000,000	1.32	26/09/14
	11,080,000		

(3) Options exercised since the end of the previous financial year:

No options have been exercised since the end of the previous financial year.

(4) Options lapsed since the end of previous financial year:

Date Options Granted	Number of Lapsed Options	Option Issue Price	Option Expiry Date
7/10/03	250,000	\$1.71	7/10/08
1/10/04	775,000	\$1.68	27/10/09
8/08/05	120,000	\$2.25	8/08/10
4/10/05	125,000	\$2.06	4/10/10
4/10/05	910,000	\$2.06	4/10/10
25/10/06	990,000	\$2.02	25/10/11
1/10/07	1,325,000	\$2.45	1/10/12
1/07/08	1,000,000	\$1.37	1/07/13
31/10/08	1,500,000	\$2.36	31/10/13
28/11/08	750,000	\$1.29	28/11/13
28/11/08	520,000	\$1.29	28/11/13
31/10/08	1,500,000	\$2.36	31/10/14
25/10/06	750,000	\$2.06	25/10/15
25/10/06	1,500,000	\$2.06	25/10/16
	12,015,000		

Directors' Interests

At the date of this report, the interests of the directors in shares and other equity securities of the Group are:

	No. of ordinary shares		No. of hybrids	
	Beneficial Interest	Non-beneficial Interest	Beneficial Interest	Non-beneficial Interest
Non-Executive Directors				
C E Bright	236,826	-	-	-
J C Fox	160,099	-	-	-
S Gerlach	740,156	-	-	-
R G Grigg	164,894	-	-	-
I G MacDonald	393,334	-	-	-
J H Ranck	373,334	-	-	-
G D Walters	294,334	-	-	-
Executive Directors				
M G Jackman	396,668	-	1,000	-

At the date of this report, the following options are on issue to directors.

	No. of options(a)	Exercise Price	Expiry	No. of options exercised in year
M G Jackman	750,000	1.32	26/09/12	nil
M G Jackman	1,250,000	1.32	26/09/13	nil
M G Jackman	2,000,000	1.32	26/09/14	nil

(a) Each option issue is subject to performance hurdles.

Directors' Meetings

Details of the number of meetings held by the Board of Directors and Board committees and director attendance at those meetings is provided in the Corporate Governance section of this report on page 28.

Indemnification of Officers and Auditors

Insurance arrangements established in the previous year concerning officers of the consolidated entity were renewed during the period.

The consolidated entity paid an insurance premium in respect of a contract insuring each of the directors of the Company named earlier in this report and each full time executive officer, director and secretary of Australian Group entities against all liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by law. The terms of the policy prohibit the disclosure of the premiums paid.

Each director has entered into a Deed of Access, Insurance and Indemnity which provides:

- That the Company will maintain an insurance policy insuring the director against any liability incurred by the director in the director's capacity as an officer of the Company to the maximum extent allowed by law;
- For indemnity against liability as a director, except to the extent of indemnity under the insurance policy or where prohibited by law; and
- For access to company documents and records, subject to undertakings as to confidentiality.

The consolidated entity has not entered into any agreement to indemnify its auditor.

Remuneration of Directors and Senior Executives

Details of the remuneration arrangements in place for directors and senior executives of the Group are set out in the Remuneration Report commencing on page 36 of this Annual Report. In compiling this report the Group has met the disclosure requirements prescribed in the Australian accounting standards and the *Corporations Act 2001*.

Environmental Regulation Performance

The Elders Group is subject to a range of environmental legislation in the places that it operates. Details of the Group's Environmental Regulation Performance can be found on pages 15, 17 and 19.

Rounding of Amounts

The parent entity is a Group of the kind specified in Australian Securities and Investments Commission class order 98/0100. In accordance with that class order, amounts in the financial report and directors' report have been rounded to the nearest thousand dollars unless specifically stated to be otherwise.

Non-Audit Services and Auditor Independence

Non-audit services provided by the Group's auditor, Ernst & Young, to the Group during the course of the financial year are disclosed below. Based on advice received from the Audit Committee the directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed under the Corporations Act for the following reasons:

- All non-audit services have been reviewed by the Audit Committee to ensure they do not impact on the impartiality or objectivity of the auditor; and
- The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Ernst & Young received or are due to receive the following amounts for the provision of non-audit services:

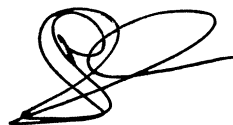
Tax services (primarily compliance)	\$141,268
Other compliance and assurance services	\$242,062
Fees in relation to independent accounts report and preparation of prospectus	\$1,764,345

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out below.

This report has been made in accordance with a resolution of directors.



S Gerlach
Chairman

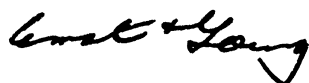


M G Jackman
Managing Director

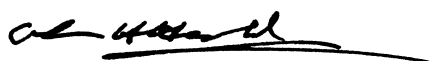
16 November 2009

Auditor's Independence Declaration to the Directors of Elders Limited and the consolidated entity

In relation to our audit of the financial report of Elders Limited for the financial 15 month period ended 30 September 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Ernst & Young



Alan Herald
Partner

Adelaide
16 November 2009

ELDERS LIMITED

REMUNERATION REPORT

2009

This Remuneration Report forms part of the Directors' Report and details the remuneration arrangements in place for directors and senior executives of the Group. In compiling this report the Group has met the remuneration disclosure requirements prescribed in the Australian Accounting Standards, the Corporations Act 2001 and the revised ASX Corporate Governance Principles and Recommendations ("ASX Corporate Governance Principles").

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SECTION 1 BOARD REMUNERATION COMMITTEE

The Company's overall objective is to generate strong returns for shareholders and to deliver enhanced shareholder value through performance in the short and longer terms. To achieve those objectives the Company needs to have the best, brightest, most experienced and committed people available to it. The Company's remuneration strategy is a key factor in delivering the Company's overall objective.

Role of Remuneration Committee

The Remuneration Committee assists the Board to ensure that Elders establishes and maintains remuneration strategies and policies that are aligned with the Company's overall objectives and accord with best practice as set down in the ASX Corporate Governance Principles. The role and responsibilities of the Remuneration Committee are set out in the Corporate Governance Statement on pages 25 and 26 of this Annual Report and the Committee's Charter is published on the Company's website at www.elders.com.au.

Group Remuneration Strategy

The Elders Group remuneration strategy seeks to encourage a performance orientated culture that will:

- Provide competitive reward opportunities to attract and retain high calibre executives and to motivate them to pursue sustainable long term growth and success for Elders, its employees and shareholders;
- Align the rewards and interests of directors and senior executives with the long term growth and success of the Group within an appropriate control framework;
- Demonstrate a clear relationship between senior executive performance and remuneration; and
- Be consistent and responsive to the needs of each operating business and the Group as a whole.

The Group remuneration strategy has been developed to allow each operating business the autonomy to manage remuneration policies and procedures within the framework established for the Group and in line with budget targets. All remuneration determinations for executives above a predetermined level of seniority within the Group, or those which would otherwise fall outside the established framework, must be individually approved by the Chief Executive, the Elders' Remuneration Committee or the Board, as appropriate.

During the year Mr Robert Tanti was appointed Group General Manager Human Resources & Corporate Services. Mr Tanti is in the process of reforming the remuneration policy and structure into a more streamlined, consistent and principle based system reflecting the "one company" approach referred to in the Agenda for Change. The new policy and structure that will be rolled out in the 2010 financial period will include Short Term Incentive Plan (STIP) and Long Term Incentive Plan (LTIP) arrangements and contract terms for Elders Limited executives.

SECTION 2 NON-EXECUTIVE DIRECTORS' REMUNERATION

A. Board Policy

Non-executive directors are remunerated by way of fees in the form of cash and superannuation, as a consequence of the superannuation guarantee levy, and generally in accordance with Recommendation 8.2 of the ASX Corporate Governance Principles. No directors' fees are paid to executive directors.

Non-executive directors do not participate in the Company's cash or equity incentive plans and directors appointed after 30 June 2004 do not receive retirement benefits other than superannuation contributions disclosed in this report. Directors appointed to the Board prior to 30 June 2004 are entitled to receive \$150,000 on retirement. Only two directors are eligible for this retirement benefit.

Non-executive directors have formal letters of appointment with the Company. Length of tenure is governed by the Company's Constitution and the ASX Limited Listing Rules, which provides that all non-executive directors are subject to re-election by shareholders every three years.

B. Non-executive Directors' Remuneration

Non-executive director fees are reviewed by the Board on an annual basis, taking into account the qualifications and time commitment of each director, supported by advice from external remuneration consultants. The fees paid are generally consistent with those paid to non-executive directors of comparable companies, while remaining within the aggregate fee limit of \$1,800,000 per annum approved by shareholders at the Company's 2006 Annual General Meeting. Statutory superannuation guarantee contribution amounts are included in the aggregate fee limit.

As at the date of this report, the annual base fee amount paid to each non-executive director, other than the Chairman and the Deputy Chairman, is \$90,000 per annum. The Chairman receives an annual composite fee of \$350,000 and the Deputy Chairman receives a fee of \$130,000. Additional fees are payable to non-executive directors who sit on the Board Committees. Members of the Audit and Compliance Committee are paid \$16,000 per annum with the chairman of that committee receiving \$24,000 per annum. In April 2009 following a review of director fees, based on input from independent remuneration advisers, the Board resolved that members of the Occupational Health, Safety and Environment Committee, Remuneration Committee and Nomination & Prudential Committee should receive \$10,000 per annum as part compensation for time spent on committee matters. The chairmen of these committees during the financial period (Messrs Gerlach and Fox) did not receive an additional fee for sitting on these committees as such a fee is incorporated into their composite base fees. As a consequence of the review of directors' fees it was decided not to increase base director fees set in 2006 during the 2009 financial year.

Until February 2009 it was Board policy that a non-executive director would sit on boards of the Company's main operating businesses to extend oversight to those subsidiary boards. Additional fees were paid to non-executive directors who sat on subsidiary boards, with fees ranging from \$60,000 to \$75,000 per annum depending on the size and complexity of the operating divisions and the estimated time commitment.

In February 2009 it was decided to collapse the independent boards of Elders Rural Services Ltd and ITC Limited to streamline the reporting framework and from that time, management of those businesses reported exclusively to the Elders' Chief Executive. Additional fees are paid to three non-executive directors (Messrs Grigg, MacDonald and Walters) who continue to sit on subsidiary and associated boards and board committees.

The Board encourages non-executive directors to own securities in the Group to further align their interests with the interests of other shareholders. Details of directors' shareholdings in the Group can be found in table 6a of this Report. All shares held by directors were acquired by the directors on market. Details of non-executive directors' remuneration for the 2008 and 2009 financial years are set out in the following table:

Non-Executive Directors' Remuneration 2008 and 2009

Table 2a (A\$)		Short Term Payments ⁽⁷⁾			Post Employment	Total
		Base Board Fee	Board Committee Fees	Subsidiary Fees & Other Fees	Superannuation	
S Gerlach (Chairman) ⁽⁷⁾⁽⁸⁾	2009 (15mths)	437,500	-	-	17,181	454,681
	2009 (12mths)	350,000	-	-	13,745	363,745
	2008 (12mths)	350,000	-	-	12,686	362,686
J C Fox (Deputy Chairman) ⁽⁸⁾	2009 (15mths)	162,500⁽³⁾	-	37,734⁽³⁾	17,181	217,415
	2009 (12mths)	130,000 ⁽³⁾	-	37,734 ⁽³⁾	13,745	181,479
	2008 (12mths)	130,000	-	68,333	17,850	216,183
C E Bright	2009 (15mths)	112,500	5,000⁽²⁾	43,333⁽²⁾	14,475	175,308
	2009 (12mths)	90,000	2,500 ⁽²⁾	43,333 ⁽²⁾	12,225	148,058
	2008 (12mths)	90,000	-	60,000	12,686	162,686
R G Grigg ⁽⁷⁾	2009 (15mths)	112,500	25,000⁽⁴⁾	62,500⁽⁴⁾	17,181	217,181
	2009 (12mths)	90,000	18,500 ⁽⁴⁾	50,000 ⁽⁴⁾	13,745	172,245
	2008 (12mths)	90,000	16,000	50,000	14,040	170,040
W H Johnson	2009 (15mths)	-	-	-	-	-
	2009 (12mths)	-	-	-	-	-
	2008 (12mths)	42,045	-	150,000	6,590	198,635
I G MacDonald	2009 (15mths)	112,500	20,000⁽⁵⁾	175,650⁽⁵⁾	17,181	325,331
	2009 (12mths)	90,000	16,000 ⁽⁵⁾	140,520 ⁽⁵⁾	13,745	260,265
	2008 (12mths)	90,000	9,333	132,400	20,856	252,589
J H Ranck	2009 (15mths)	112,500	10,000⁽¹⁾	-	11,212	133,712
	2009 (12mths)	90,000	5,000 ⁽¹⁾	-	8,737	103,737
	2008 (12mths)	2,077	-	-	-	2,077
A Salim	2009 (15mths)	112,500	-	-	-	112,500
	2009 (12mths)	90,000	-	-	-	90,000
	2008 (12mths)	90,000	-	-	-	90,000
G D Walters	2009 (15mths)	112,500	33,125	72,734	17,181	235,540
	2009 (12mths)	90,000	27,125	65,234 ⁽⁶⁾	13,745	196,104
	2008 (12mths)	90,000	24,000 ⁽⁶⁾	137,500 ⁽⁶⁾	22,635	274,135
Total	2009 (15mths)	1,275,000	93,125	391,951	111,592	1,871,668
	2009 (12mths)	1,020,000	69,125	336,821	89,687	1,515,633
	2008 (12mths)	974,122	49,333	598,233	107,343	1,729,031

Notes:

- (1) J H Ranck was paid a pro-rata fee of \$10,000 for the six months to 30 September (\$5,000 to 30 June) as a member of the Elders Remuneration Committee and OHSE Committee.
- (2) C E Bright was an Elders Board representative on the main operating subsidiary board, Integrated Tree Cropping Ltd (ITC) until February 2009, and received ITC subsidiary board fees of \$33,333 and ITC Research and Development Committee fees of \$10,000. Mr Bright is also a member of the Nominations Committee and received pro-rata fee of \$5,000 for the six months to 30 September (\$2,500 to 30 June) for being a member.
- (3) J C Fox received a Deputy Chairman fee of \$162,500 for the financial period (\$130,000 to 30 June) and sat on the main operating subsidiary board Elders Rural Services Ltd until February 2009 and received fees of \$37,734 (pro-rata for eight months).
- (4) R G Grigg is a member of the Elders Board Audit & Compliance Committee and received an Elders Board Audit Committee fee of \$20,000 for the financial period (\$16,000 to 30 June). R Grigg is also an Elders Board representative on the main operating subsidiary board Futuris Automotive Group Ltd and received a Futuris Automotive subsidiary board fee of \$62,500 for the financial period (\$50,000 to 30 June). Mr Grigg is also a member of the OHSE Committee and received a pro-rata fee of \$5,000 for six months to 30 September (\$2,500 to 30 June).
- (5) I G MacDonald is an Elders Board representative on the main operating subsidiary board Elders Financial Services Group Pty Ltd for which he received a subsidiary board fee of \$93,750 for the financial period (\$75,000 to 30 June). Mr MacDonald is also an Elders representative on the board of Rural Bank Ltd (RB) in which Elders holds a 40% interest. Mr MacDonald received a RB board fee of \$81,900 for the financial period (\$65,520 to 30 June). Mr MacDonald also received a fee of \$20,000 to 30 September (\$16,000 to 30 June) as a member of the Elders Board Audit & Compliance Committee.
- (6) G D Walters is Chairman of the Elders Board Audit & Compliance Committee and received an Elders Board Audit & Compliance Committee fee of \$30,000 for the financial period (\$24,000 to 30 June). Mr Walters was also an Elders Board representative on the main operating subsidiary board Elders Financial Services Group Pty Ltd (EFSG) until 1 September 2008 and received a pro-rata EFSG subsidiary board fee of \$12,500 (for three months) and for his role as Chairman of the EFSG Audit Committee (until 1 September 2008) received a pro-rata fee of \$3,125. He was also an Elders Board representative on the main operating subsidiary board Elders Rural Services Ltd until December 2008 and received pro-rata fees of \$27,734 (for six months) and received a fee of \$32,500 for the financial period (\$25,000 to 30 June) for his role as Chairman and trustee director on the Mastersuper Board.
- (7) In addition to statutory superannuation guarantee contributions, directors may salary sacrifice their short term payments into superannuation. A number of directors have chosen to do so and are marked (7). For simplicity we have not split the short term payments to disclose the salary sacrificed superannuation portion.
- (8) Each director marked (8) has an entitlement of \$150,000 to be paid on retirement. Retirement benefits ceased from 30 June 2004.

SECTION 3 EXECUTIVE DIRECTOR AND SENIOR EXECUTIVE REMUNERATION

The disclosure in this section relates to the remuneration of key management personnel of both the Company and the consolidated entity (being those persons with authority and responsibility for planning, directing and controlling the activities of the Company during the financial year).

Key management personnel for the purposes of this report include the following persons who were non-executive directors and senior executives during the financial year:

Non-executive Directors		Senior Executives	
Name	Position held	Name	Position held
S Gerlach	Chairman	M G Jackman	Chief Executive (appointed 29 September 08) and Managing Director (appointed 20 October 08)
J C Fox	Deputy Chairman	M G De Wit	Managing Director Futuris Automotive
C E Bright	Director	V Erasmus	Managing Director Integrated Tree Cropping
R G Grigg	Director	B A Griffiths	Executive Chairman Futuris Automotive (until 30 September 09)
J H Ranck	Director	M S Guerin	Managing Director Rural Services (until 17 August 09) Chief Operating Officer (from 18 August 09)
I G MacDonald	Director	T P Plant	Managing Director Financial Services (until 30 September 09)
A Salim	Director	M G Hosking	Chief Financial Officer (Appointed 14 April 09)
G D Walters	Director		
		Former Executives	
		L P Wozniczka	Former Chief Executive Officer and Managing Director (resigned 26 September 08)
		P Zachert	Former Chief Financial Officer (resigned 30 June 2009)

A. Board policy

The Board seeks to align employee remuneration with the commercial needs and performance of each operating business and the objectives of the consolidated entity as a whole.

The Board has delegated to the Remuneration Committee oversight of the Company's remuneration policies and practices. Remuneration policies and practices are benchmarked to the market by external, independent consultants to ensure that remuneration for executives meets a range of criteria, including:

- That executives are appropriately rewarded having regard to their role and responsibilities;
- An appropriate balance between fixed and "at risk" remuneration components is maintained and in relation to the "at risk" component, an appropriate balance between short term and long term incentives;
- Performance measures reflect long term drivers of shareholder value;
- Paying for performance, where superior or upper quartile remuneration is only paid for demonstrable superior performance; and
- Remuneration is competitive when compared to both internal and external relativities.

The Board reviews and approves the performance and remuneration plans and outcomes for the CEO on the recommendation of the Chairman and the Remuneration Committee on an annual basis. The plans and outcomes for the business unit Managing Directors are reviewed and approved annually by the Remuneration Committee on the recommendation of the CEO and the CEO approves the plans and outcomes for senior executives on the recommendation of the business unit Managing Directors. The Remuneration Committee reviews the key elements of employment contracts for business unit Managing Directors, any non-standard contracts and the CEO's recommendations for equity incentives to senior executives.

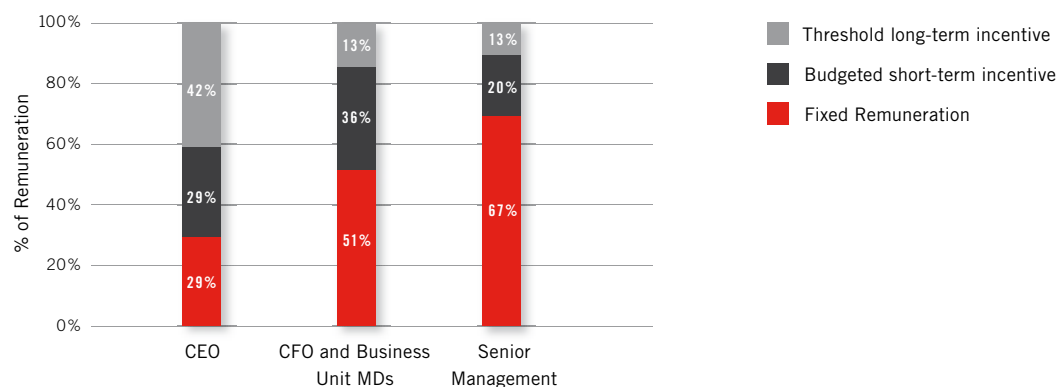
B. Remuneration structure

The remuneration structure has been designed to support the Board's remuneration policy. Executives' remuneration is made up of the following three main elements:

- Fixed remuneration – including salary, non-monetary benefits (including Fringe Benefits Tax (FBT) grossed-up) and superannuation;
- Short-term incentives; and
- Long-term incentives.

A description of each component is set out below. Remuneration packages are strategically structured to ensure a portion of an executive's reward depends on meeting individual, business unit or group targets and objectives, including maximising returns for shareholders. Generally, the portion of 'at risk' remuneration (being short and long-term incentive elements) increases with seniority.

Table 3a. Target Remuneration Structure



The above table highlights the targeted proportion of fixed and 'at risk' remuneration components at different executive levels.

C. Fixed Remuneration

Fixed remuneration is made up of base salary, retirement benefits and any other benefits that the executive has nominated to receive as part of his or her package. These benefits may include motor vehicle leases, car parking and any additional superannuation contributions beyond the mandatory 9% Company contributions.

Executives may also receive non-monetary benefits in addition to their stated total remuneration. These may include product allowances and other miscellaneous benefits, and FBT associated with such benefits.

The level of fixed remuneration is set by reference to the market and is determined by the scope of the role and the level of knowledge, skill and experience required of the individual.

Fixed remuneration is reviewed annually and is adjusted to reflect each executive's performance over the previous year, as assessed through each business unit's Performance Management Evaluation (PME) program. The PME program assesses employee performance against a number of agreed key performance objectives.

D. Short-term incentives

All executives participate in either an Elders' Group or a business unit Short Term Incentive (STI) plan. A summary of the key features of the STI plan currently in place are set out in the table below:

Objective of STI	STI objectives are to: <ul style="list-style-type: none"> • focus participants on achieving calendar year performance goals which contribute to sustainable shareholder value; and • provide significant bonus differential based on performance against challenging commercial, personal, people and safety targets.
What KPIs are used?	The KPIs used to assess group performance may vary from year to year and from business to business, depending on changing business objectives. Both financial and non-financial KPIs include a target and stretch component to drive performance. Group wide performance goals are set for the CEO and CFO and corporate office executives and business unit specific performance goals are established for executives in each of the business units.
What financial KPIs are used?	Business financial KPIs include Budgeted Net Profit After Tax (NPAT), Cashflow, Budgeted Earnings Before Interest and Tax (EBIT) and Return on Net Assets (RONA). A minimum of 50% of KPIs at CEO, CFO and Business Unit Managing Director level are based on financial KPIs.
What non-financial KPIs are used?	Non-financial KPIs may include performance measures relating to safety, business excellence, continuous improvement and delivery of long term strategic initiatives.
How and when is performance assessed?	Following the signing of the Group's accounts at the end of each financial year each executive's performance is assessed by his or her immediate manager against the financial results of the Group and/or the relevant businesses and against the achievement of personal non-financial KPIs established at the start of the financial period. Assessments are made on the basis of whether threshold targets or stretch targets are met and then recommendations for STI payments are referred to the Chief Executive to ensure a consistent approach and to the Remuneration Committee for review and approval.
Exercise of discretion	The Chief Executive, in conjunction with the Chairman, the Remuneration Committee and the Board, has the authority to make discretionary bonus payments to executives (except in relation to himself) when superior performance warrants additional reward.
Service Condition	Executives who become eligible to participate in the STIs during the course of the year, either through joining the Group or being promoted within the Group may be eligible to receive pro rata entitlements as long as they have been in the role for at least three months.
Election to take STI as Deferred Shares	Payments of short-term incentives are generally cash based, however, selected senior executives are required to take part of their incentive in the form of fully paid shares. Other executives may elect to take part or all of the incentive in the form of fully paid ordinary shares in lieu of cash. The shares may be new shares issued by the Company or may be purchased on-market. If the shares are purchased they are issued at their average market cost and in accordance with the terms of the Company's Employee Share – Save As You Earn Plan.

While the Corporate and Business Unit STIs share a number of common features the incentive opportunity and application of performance KPIs varies across the various levels in the executive group. The differences are highlighted below:

	CEO	CFO	Business Unit MDs	Senior Executives
STI Opportunities (as % of base salary)	Threshold: 0% Max 100%	Threshold: 0% Max 100%	Threshold: 0% Max 60-80%	Threshold: 0% Max 30-60%
Financial versus Non-financial KPIs ⁽¹⁾	Financial 60% (Budgeted Group EBIT, Balance Sheet & Cash flow) Non-financial 40%	Financial 60% (Budgeted Group EBIT, Balance Sheet & Cash flow) Non-financial 40%	Financial 50-62% (Budgeted Business EBIT/NPAT & RONA) Non-financial 10-38%	Mix of Business Unit Budgeted EBIT, NPAT, RONA and individual non-financial KPIs
STI Rewards paid in respect of 2009 financial year	Decision made not to pay STI	Decision made not to pay STI	STI of \$118,125 paid to Tim Plant (MD EFSG) and \$128,000 paid to Vince Erasmus for meeting business KPIs set by former subsidiary boards. No STI payment was awarded to Mike Guerin	STIs were paid to executives of EFSG and ITC for meeting business KPIs set by former subsidiary boards. Elders Rural Services and Elders Limited executives did not receive an STI payment
Discretionary Bonus	\$300,000 bonus paid for the significant effort required to successfully complete the Company's refinancing, asset sales and recapitalisation activities	\$65,000 bonus paid for the significant effort required to successfully complete the Company's refinancing, asset sales and recapitalisation activities	Bonuses were paid to Tim Plant (\$65,000), Vince Erasmus (\$65,000) and Mike Guerin (\$50,000) for their significant contribution to the Company's refinancing, recapitalisation and asset sales	Special bonuses were awarded to key executives involved in management of the Group's refinancing, recapitalisation and asset sales

(1) STI's are only paid when performance KPIs of the Company and/or businesses are met.

E. Long-term incentives

Elders Limited has a number of long term equity participation and incentive programs in place. These plans are summarised below.

Name of Plan	Purpose	Eligibility Criteria	Number of Current Participants as at 30 June 2009	Number of Current Participants as at 30 Sept 2009	Number of Shares/Options Outstanding as at 30 June 2009	Number of Shares/Options Outstanding as at 30 Sept 2009
Elders Employee Share Option Plan (EESOP)	EESOP is a qualifying Division 13A (ITAA 36) employee option scheme. Options to acquire Elders shares are granted to selected eligible group executives at market (or premium) price, subject to a minimum of three years' service and performance conditions (see below) determined by the Board at the time of grant.	Invitation only for eligible group executives	103	94	25,523,000	24,403,000
Elders Loan Share Plan (ELSP)	The ELSP is designed to provide an equity participation opportunity for all selected eligible group employees, including executives. Shares are provided and paid for by way of a non-recourse, interest-free loan. Dividends are used to repay the loan. Shares do not vest for three years. There are no performance conditions once issued. Operation of the ELSP was suspended in February 2009 following significant deterioration in the Elders share price. No shares were issued under the ELSP during the financial year.	Invitation only. Offers range from \$3,000 to \$17,500 per annum per employee depending on seniority and current year performance	3,277	3,276	20,192,643	20,192,643

E. Long-term incentives (continued)

Name of Plan	Purpose	Eligibility Criteria	Number of Current Participants as at 30 June 2009	Number of Current Participants as at 30 Sept 2009	Number of Shares/Options Outstanding as at 30 June 2009	Number of Shares/Options Outstanding as at 30 Sept 2009
Elders 'Save as You Earn' Plan (SAYE)	<p>The SAYE plan is a qualifying Division 13A (ITAA 36) deferred benefit employee share scheme, designed to enable employees to 'sacrifice' remuneration entitlements on a pre-tax basis and receive Elders shares in-lieu. Tax on these shares can be deferred for up to 10 years. Elders makes no contribution to this plan other than supporting the costs of administration.</p> <p>Operation of the SAYE was suspended in February 2009 following significant deterioration in the Elders share price. No shares were issued under the SAYE Plan after February 2009.</p>	All permanent employees	64	64	964,972	964,972

The EESOP is the principal Long Term Incentive Plan (LTIP) for executives and is designed to reward executives for delivering long-term shareholder returns. The plan was last approved by shareholders in October 2007. Under the plan, participants are issued with employee options which may create an entitlement to newly issued ordinary shares in the Company if certain performance conditions are met (and subject to continued employment).

EESOP option allocations are generally approved by the Remuneration Committee following the signing of the Company's annual accounts with options being issued following the annual general meeting. The Company is presently evaluating the most appropriate form of LTIP equity incentive for 2009 and the future as part of the restructuring of Group remuneration arrangements. Refer to section (d) on page 45 for further information on the review of the Long Term incentives.

Participation in all plans is at the Board's discretion, and, with the exception of the CEO, CFO and Business Unit managing directors, no individual has a contractual right to participate in the plan or to receive any guaranteed benefit under any plan. In the case of the CEO and Managing Director, options are only issued after shareholder approval is given unless issued prior to being appointed Managing Director, as was the case with options issued to Malcolm Jackman on 26 September 2008.

The Company's Securities Trading Policy prohibits senior executives from entering into arrangements to protect the value of unvested EESOP awards. This includes entering into contracts to hedge their exposure to options granted under the EESOP. Key Management Personnel are not permitted to deal in the Company's securities without prior permission from the Company and are required to disclose all dealings on an annual basis. Adherence to the Policy is monitored on an annual basis by the Company Secretary.

The specific performance hurdles and option allocations vary with grants to the three classes of executive (CEO, CFO and Business Unit Managing Directors and key functional and other key managers). The relationship between the LTIP rewards and Elders' financial performance are set out on the next page. The Company has adopted a relative Total Shareholder Return performance hurdle to align the interests of the Chief Executive Officer with those of shareholders. This performance measure was selected following consultation with external remuneration experts as being the most appropriate and widely used measure of shareholder value.

Performance Conditions under Elders Employee Share Option Plan (EESOP)

Issue Date	Number of Options Granted	Issue Price	Hurdle Description
CEO EESOP Grants			
26 September 2008	4,000,000 options in three tranches	\$1.32	As part of his employment contract the CEO was granted four million options issued in three tranches and exercisable over the period 26 September 2010 to 26 September 2012 subject to the meeting of specified Total Shareholder Return (TSR) performance hurdles
	Tranche 1 750,000 options		Tranche 1 TSR performance is measured over the two years from 26 September 2008 to 26 September 2010
	Tranche 2 1,250,000 options		Tranche 2 TSR performance is measured over the three years from 26 September 2008 to 26 September 2011
	Tranche 3 2,000,000 options		Tranche 3 TSR performance is measured over the four years from 26 September 2008 to 26 September 2012
			For options to vest the percentile ranking of Elders growth in its Accumulation Index relative to such growth in the ASX/S&P 200 Accumulation Index must equal or exceed the prescribed ranking, as follows:
		Hurdle Rate	% of Tranche options that vest
		Less than 50th percentile (median)	Nil
		At the 50th percentile	50%
		50th to 75th percentile	Pro-rata
		At 75th percentile	100%

CFO and Business Unit Managing Directors EESOP Grants

The CFO and Business Unit Managing Directors may be offered, at the discretion of the Board, three equal tranches of up to 250,000 options with each tranche being subject to Group or business unit RONA, NPAT and/or EBIT performance hurdles, as follows:

Tranche 1 (33%) – with performance assessed initially over the first financial year after options are issued

Tranche 2 (33%) – with performance assessed over the second financial year after options are issued

Tranche 3 (33%) – with performance assessed over the third financial year after options are issued

The performance hurdles are cumulative across the three years over which the hurdles are measured. Therefore, if the hurdle is not met in respect of the first financial year, and, for example, the first and second financial year performance when added together exceeds the sum of the first and second year financial hurdle, the **Tranche 1** hurdle will be satisfied.

If the performance hurdle in respect of each tranche is met, the options may only be exercisable during the period 3 to 5 years following their date of issue. All unvested and unexercised options will lapse on their fifth anniversary.

Key Functional Managers and Other Key Managers EESOP Grants

Options may be issued within strict limits, at the discretion of the Board, to selected deserving employees based on excellent performance over the preceding 12 months. No future performance conditions are imposed in respect of these options. However, for the options to vest, employees must continue to be employed by the Company for at least three years from the date of issue. Allocation of long term incentives to key managers encourages future performance, improves the retention rate for these important contributors and increases alignment of their interests with those of shareholders.

Relationship between Elders' Financial Performance and Executive Rewards

Short Term Incentives

Short Term Incentives (STIs) are paid to executives on achievement of a range of financial and non-financial performance targets. The following table shows the Company's performance in relation to a number of financial and operational performance measures over a five year period.

Performance Measure (\$ millions)	2009 (to 30/9/09)	2009 (to 30/6/09)	2008	2007	2006	2005
Sales Revenue	3,540.1	2,902.0	3,312.1	3,228.5	3,355.8	3,174.7
Underlying EBIT	12.8	16.8	171.7	169.4	157.1	131.3
Statutory Profit	(466.4)	(415.4)	36.4	105.4	87.4	58.6
Cashflow from Operating Activities	(523.3)	(370.8)	(14.1)	85.0	127.4	(9.3)

The Financial Services Group and ITC were the only business units that met performance targets set by the former independent subsidiary boards for the financial period. As a consequence only senior executives from these business were allocated STIs in respect of the period.

At the beginning of 2009 as a result of the global financial crisis and its impact on economic conditions in Australia and the operating results being experienced by the Company, the Board decided to freeze all salaries for employees for a period of at least 12 months and similarly agree not to make any adjustment to director's Fees. The operational performance of the Company during our financial year (15 months to 30 September 2009) has not been satisfactory and no discretionary corporate and personal performances bonuses have been paid to employees other than where previous performance commitments have been made under the general STI program for the Company. That has included the CEO and Senior Executives. However, the Board Remuneration Committee and the Board have considered at length the position of the CEO and certain Executives who were responsible for managing the bank refinancing process, asset sales and the recent equity raising together with all the other corporate restructuring processes and activities which have been put in place surrounding those matters. These were all vital measures required to be effected in a short time frame in order to enable the Company to meet the future requirements of its shareholders in its now very changed strategic, financial, banking and economic circumstances. In all cases those measures were completed and significant progress has been made in regard to the issues arising out of the Agenda for Change, including the refinancing, recapitalisation and asset sales.

As a consequence of those considerations the Board decided to pay a number of smaller one-off bonuses to the CEO and certain Senior Executives to reflect the enormous commitment and effort required of them to meet those objectives. The CEO special bonus in that regard amounted to \$300,000.

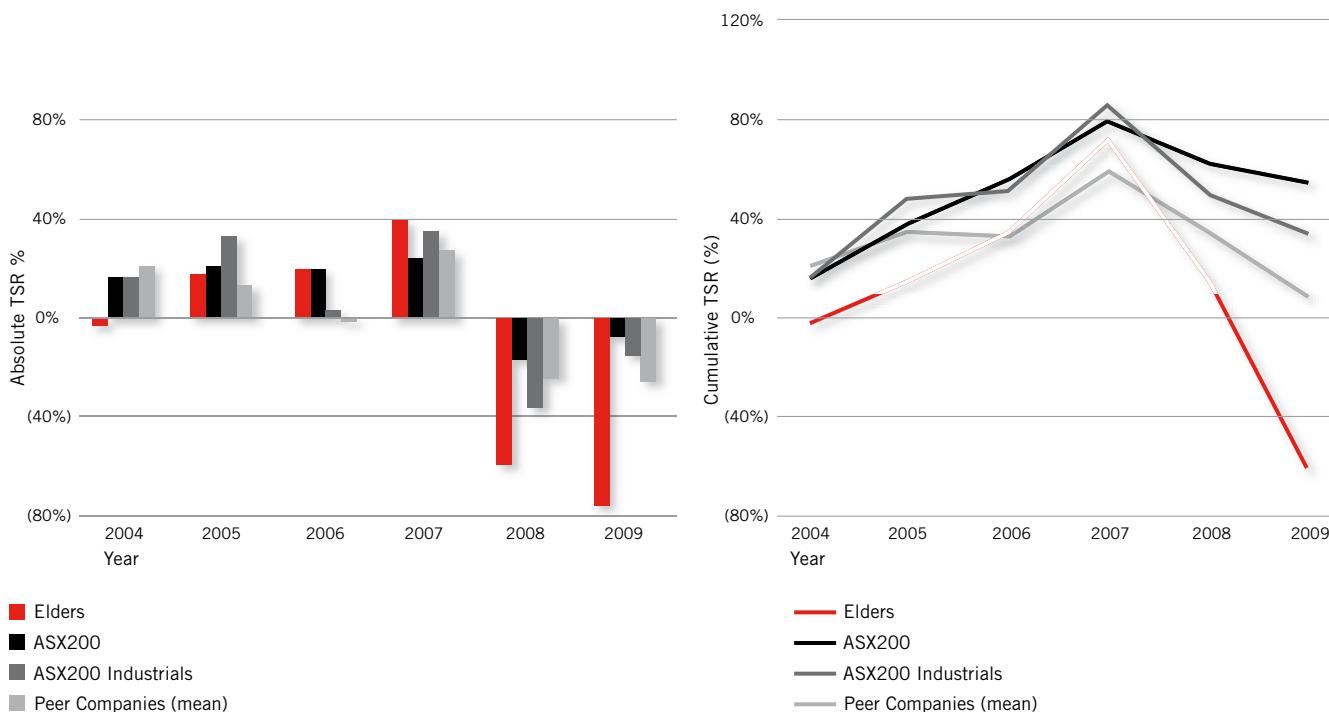
Long Term Incentives

Long Term Incentives (LTIs) only vest when the Company achieves superior returns for shareholders as measured by relative Total Shareholder Return (TSR) for the CEO and RONA, NPAT and/or EBIT for other senior executives.

(a) Total Shareholder Return (TSR)

Elders' TSR has underperformed the ASX/S&P 200 Accumulation Index (All and Industrials) and the selected Peer Group* over the most recent financial period and on a cumulative basis over the period from 2004 to 2009. While none of the CEOs LTI performance options are due to be measured until at least September 2010 it is unlikely that the CEO's 2008 Tranche 1 options will vest as the TSR performance hurdles over the period 26 September 2008 to the present will not be met.

Elders' relative TSR performance against two comparator groups (ASX 200/S&P) and the selected Peer Group* is set out as follows:



*The selected Peer Group comprised Bendigo and Adelaide Bank Limited, AWB Limited, Bank of Queensland Limited, Gunns Limited, GrainCorp Ltd and Ruralco Holdings Ltd. Data presented for 2009 in the graphs is based on a 15 month financial period compared with 12 month financial periods for 2004 to 2008.

(b) Other LTI Performance Hurdles for Senior Executives

Because the RONA, NPAT and/or EBIT performance hurdles were not met for the Group and all businesses, no LTI performance options vested in respect of the current financial period.

(c) Futuris Automotive Exit Incentive Plan

During the year the Company established a new long term incentive plan for Futuris Automotive Interiors (FAI) which seeks to reward the FAI executive team for increases in the market value of the business over the five years to 30 September 2013. LTI awards vest either at the end of the plan period or on the sale of the business and can range from 0.5 to 5 times the fixed salary of an executive should maximum target increase in value be achieved for the business.

(d) Review of Long Term Incentives

The Board and Remuneration Committee are aware that for an incentive plan to be effective in retaining and motivating executives it must reward senior executives for delivering superior results. The exercise prices of options issued under the Company's existing option plan will range from \$12.90 to \$25.40 (if the proposed 10:1 share consolidation is approved by shareholders at the 2009 AGM) leaving little or no opportunity for executives to benefit from the plans even if they achieve their respective performance hurdles. Accordingly, the Remuneration Committee is proposing to replace the existing option plan with a new LTI for senior executives based on performance rights.

The directors propose to discontinue issuances of options under the existing option plan and implement a new Long Term Incentive Plan for senior executives under which performance rights, being rights to acquire securities on terms established by the directors ("Performance Rights") will be issued.

The Company will seek the approval of shareholders to grant to Mr Jackman Performance Rights during November of each of 2009, 2010 and 2011 to acquire ordinary shares in the Company.

Each Performance Right will constitute the right to acquire 1 ordinary share in the Company if it becomes exercisable as described below. The number of Performance Rights to be issued in a given year will be determined in accordance with the following formula:

$$N = (150\% \times \text{TFR}) \div \text{Share Price Denominator}$$

where fractions are rounded up and:

N = the number of Performance Rights issued in the applicable year, subject to meeting the performance hurdles associated with the Performance Rights

TFR = Mr Jackman's total fixed remuneration in Australian dollars for the year during which the calculation is made

Share Price Denominator = the greater of (i) the volume weighted average of the closing price of the Company's shares on ASX for the 10 trading days immediately preceding the issue date of the Performance Rights (which, if the share consolidation resolution is passed by shareholders at the 2009 AGM, will be calculated on a post-consolidated basis) and (ii) \$1.776 (or, \$0.1776 if the share consolidation resolution is not passed).

Given that the 'Share Price Denominator' is subject to a floor, the number of Performance Rights that may be issued over the 3 years (and, therefore, the number of ordinary shares in the Company for which they might become exercisable) will not exceed 2,570,425 if the share consolidation Resolution is passed (or 25,704,249 on a pre-consolidation basis), assuming a TFR of \$1,014,461.

The Company intends to issue the Performance Rights to Mr Jackman, subject to shareholder approval, as of 10 November 2009 and on or about 10 November 2010 and 10 November 2011.

No price is payable by Mr Jackman for the grant or exercise of the Performance Rights. Mr Jackman has agreed that if the share consolidation Resolution is passed, he will forego the options granted to him under the Company's existing option plan.

The directors consider that, in order to align Mr Jackman's interests with those of the shareholders, an appropriate Long Term Incentive Plan which rewards him for performance excellence must be implemented. Accordingly, the performance conditions attached to the Performance Rights are linked to the achievement of sustainable shareholder returns (measured by a relative Total Shareholder Return ("TSR") target). This performance measure will focus Mr Jackman's attention on building and maintaining the solid financial performance of the Company, in order to deliver sustained growth in long-term shareholder value.

The Performance Rights granted to Mr Jackman in a given year will become exercisable (and the performance hurdle will be measured):

- as to the first third of the relevant Performance Rights, at the completion of the 2 year period commencing on the date of issue of the Performance Rights;
- as to the second third of the relevant Performance Rights, at the completion of the 3 year period commencing on the date of issue of the Performance Rights; and
- as to the final third of the relevant Performance Rights, at the completion of the 4 year period commencing on the date of issue of the Performance Rights,

and, in each case, subject to meeting the performance hurdles associated with the Performance Rights.

TSR Performance Hurdles

The TSR performance hurdles measure the Company's relative growth of the TSR performance from 10 November 2009, compared with that of the ASX200 Accumulation Index (including the Company but excluding resources and property trusts) ("TSR Benchmark")⁽¹⁾ to 10 November in each year of measurement. In the event that the Company's TSR performance in a given measurement period is greater than the performance of the 50th percentile of the TSR Benchmark, the Performance Rights will be exercisable as set out in the table below (and otherwise, will not be exercisable):

Percentile of the Company's growth in its TSR relative to growth for the TSR Benchmark over the measurement period for the relevant tranche of Performance Rights	% of the TSR Performance Rights of the relevant tranche of Performance Rights that become exercisable
At 50th percentile	50%
50th to 75th percentile	Pro-rata
At 75th percentile	100%

Worked example: An illustration of how the new Long Term Incentive Plan will operate is as follows:

- on 10 November 2010, the Company will issue the number of Performance Rights determined on that date in accordance with the above formula (the "2010 Example Performance Rights"). That calculation will occur as follows:
 - > on 10 November 2010, the Company will calculate the volume weighted average of the closing price of the Company's shares on ASX for the immediately preceding 10 trading days. For the purposes of this example, assume that the share consolidation resolution is passed and the result of the calculation is \$2.00;
 - > since this is greater than \$1.776, that volume weighted average price will be used as the 'Share Price Denominator' in the formula; and
 - > assuming a TFR of \$1,014,461 for the year during which 10 November 2010 falls, the formula applies so that $N = 760,846$. That is, the number of 2010 Example Performance Rights issuable will be 760,846 (N) (and they will, subject to meeting the performance hurdles associated with the Performance Rights, be exercisable for a maximum of 760,846] ordinary shares in the Company);
- the performance hurdle for the first third of the 2010 Example Performance Rights (ie 253,616 Performance Rights being a third of 760,846) will be measured on 10 November 2012. Assuming the Company's growth in its TSR relative to the Benchmark TSR between 10 November 2010 and 10 November 2012 is in the 72nd percentile, 182,604 of the first third of the 2010 Example Performance Rights will be exercisable for 182,604 ordinary shares in the Company, being a number of ordinary shares equal to 72% of 253,616, the maximum number into which that third of the 2010 Example Performance Rights could have converted; and
- the performance hurdle for, and number of ordinary shares issuable, if any, in respect of, the second and final thirds of the 2010 Example Performance Rights will be measured in the same manner on 10 November 2013 and 10 November 2014, respectively (in each case, in respect of the Company's growth in its TSR relative to the Benchmark TSR between 10 November 2010 and that date).

(1) Directors will retain discretion to apply a different TSR Benchmark if the ASX 200 Accumulation Index ceases to be appropriate.

SECTION 4. NOMINATED EXECUTIVES' CONTRACT TERMS

Formal employment contracts have been entered into with the Chief Executive and each of the 6 key management personnel. A summary of the key terms of employment contracts for nominated executives applying during the 15 months to 30 September 2009 is outlined in table 4a below.

Contracts for nominated executives have no fixed term. Participation in various Short Term Incentive Plans is at the Board's discretion. Participation in the Long Term Incentive Plans is also at the Board's discretion and subject to shareholder approval in the case of the Chief Executive. Participants who cease employment before either the performance or service conditions have been met will forfeit all unvested entitlements, unless otherwise determined by the Board in circumstances such as death, redundancy, total and permanent disability and retirement.

Elders may terminate employment contracts immediately for cause, in which case the executive is not entitled to any payment other than the value of fixed remuneration up to the termination date. The Board, following the recommendation of the Remuneration Committee, may amend the terms of the Chief Executive's employment contract. The Chief Executive, in consultation with the Chairman, has the authority to amend the terms of employment contracts of his direct reports, where circumstances warrant.

Table 4a. Summary of the Key Terms of Employment Contracts for Nominated Executives

Name	Employing Company	Date of Contract	Termination by Elders (without cause)	Termination by Employee	Termination Payments (only where Termination by Company)	Short and Long Term Incentives (refer to sections 3D and 3E above)
M G Jackman ⁽¹⁾	Elders Ltd	29 September 2008	12 months' notice	12 months' notice	Payment in lieu of notice based on Base Salary Discretion of Board to pay portion of STI and LTI	STI: May earn up to 100% of fixed remuneration if CEO achieves financial and non-financial KPIs LTI: Refer section 3E above
M G De Wit	Futuris Automotive Group Ltd	1 January 2009	3 months' notice	3 months' notice	Payment in lieu of notice based on Base Salary. Discretion of Board to pay portion of STI and LTI	STI: May earn up to 50% of fixed remuneration plus superannuation if business unit achieves budget EBIT LTI: May earn from 0.5 to 5 times fixed salary under Futuris Auto Exit Incentive Scheme based on maximum increase in value of business over five years to 30 September 2013
V Erasmus	Integrated Tree Cropping Ltd	23 March 2006 (as amended)	12 months' notice	12 months' notice	Payment in lieu of notice based on Base Salary Discretion of CEO to pay portion of STI and LTI	STI: May earn up to 80% of fixed remuneration if business unit achieves agreed KPIs LTI: Awarded 750,000 options (250,000 pa) under EEOP with vesting subject to meeting budget NPAT performance hurdle (\$1 million NPAT outperformance in 2010)
B A Griffiths ⁽²⁾	Futuris Automotive Group Ltd	30 August 2005 (as amended)	12 weeks' notice	4 weeks' notice	Payment of \$2 million	STI: May earn up to 50% of fixed remuneration if business unit achieves quantitative and qualitative financial KPIs set by CEO LTI: May earn 2-3% of any increase in value of Company's automotive operations under special value creation incentive
M S Guerin	Elders Rural Services Ltd	1 March 2008	12 months' notice	6 months' notice	Payment in lieu of notice based on Base Salary. Discretion of CEO to pay portion of STI and LTI	STI: May earn up to 60% of fixed remuneration if business unit achieves agreed KPIs and outperforms budget EBIT LTI: Awarded 750,000 options (250,000 pa) under EEOP with vesting subject to meeting budget EBIT performance hurdle
M G Hosking ⁽³⁾	Elders Ltd	14 April 2009	6 months' notice	3 months' notice	Payment in lieu of notice based on Base Salary Discretion of CEO to pay portion of STI and LTI	STI: May earn up to 100% of fixed remuneration if business unit achieves agreed KPIs and outperforms budget EBIT LTI: Yet to be determined

Table 4a. Summary of the Key Terms of Employment Contracts for Nominated Executives (continued)

Name	Employing Company	Date of Contract	Termination by Elders (without cause)	Termination by Employee	Termination Payments (only where Termination by Company)	Short and Long Term Incentives (refer to sections 3D and 3E above)
T P Plant ⁽⁴⁾	Elders Financial Services Group Pty Ltd	9 August 2006 (as amended)	12 months' notice	6 months' notice	Payment in lieu of notice based on Base Salary. Discretion of CEO to pay portion of STI and LTI	STI: May earn up to 60% of fixed remuneration if business unit achieves agreed KPIs and outperforms budget EBIT LTI: Awarded 750,000 options (250,000 pa) under EEOP with vesting subject to meeting budget EBIT performance hurdle. All options were cancelled following cessation of employment
L P Wozniczka ⁽⁵⁾	Elders Ltd	26 February 2004 (as amended)	12 months' notice	12 months' notice	Payment in lieu of notice based on Base Salary. Discretion of Board to pay portion of STI and LTI. (refer below for details of actual termination arrangements)	STI: Could earn up to 150% of fixed remuneration if he achieved agreed KPIs and Group outperformed budget EBIT LTI: Awarded 3,000,000 options (1,500,000 pa) under EEOP with vesting subject to meeting TSR and EPS growth performance hurdles. All unvested options were cancelled following cessation of employment
P Zachert ⁽⁶⁾	Elders Ltd	18 December 2002 (as amended)	12 months' notice	6 months' notice	Payment in lieu of notice based on Base Salary	STI: Could earn up to 60% of fixed remuneration if Group achieved budget NPAT LTI: Awarded 750,000 options (250,000 pa) under EEOP with vesting subject to meeting budget NPAT performance hurdle. All unvested options were cancelled following cessation of employment

Notes:

- (1) Mr Jackman was appointed Chief Executive on 29 September 2008 and Managing Director on 20 October 2008.
- (2) Mr Griffith role as Executive Chairman of Futuris Automotive was terminated by agreement on 30 September 2009. As part of his termination it was agreed that he be paid \$2 million as specified in his employment contract with such payment reflecting his accrued entitlements over 35 years with the Company.
- (3) Mr Mark Hosking was appointed Chief Financial Officer on 14 April 2009.
- (4) Mr Tim Plant ceased employment on 30 September 2009 following the sale of EFSG's insurance business to QBE. Tim's accrued entitlements were transmitted with the business to the QBE/Elders joint venture where he has taken the role of Managing Director Elders Insurance.
- (5) Mr Les Wozniczka resigned as Chief Executive Officer and Managing Director effective on 26 September 2008. Details of his termination payment are set out below.
- (6) Mr Zachert resigned as Chief Financial Officer effective 30 June 2009. Mr Zachert was paid a termination payment comprising 12 months pay in lieu of notice and leave entitlements.

Termination Benefits Paid to Former Chief Executive

On 29 September 2008 the Company announced that the resignation of former Chief Executive Officer Mr Les Wozniczka became effective on 26 September 2008 following completion of the search for his successor. Mr Wozniczka's termination arrangements were as follows.

Payment in lieu of notice: Under the terms of his contract Mr Wozniczka was required to give 12 months' notice of termination. The Board exercised its discretion under the contract to pay Mr Wozniczka 12 months' salary (\$1,391,300) in lieu of notice.

Short Term Incentive: No short term incentive was paid as performance criteria were not met

Long Term Incentive: Mr Wozniczka was entitled to exercise 1,750,000 options that have previously vested under the terms of the Elders Employee Share Option Plan following the achievement of performance hurdles. Details of vested options were disclosed in the 2008 Elders Limited Remuneration Report published in the Company's 2008 Annual Report. The 1,750,000 options comprise: 1,000,000 options issued in 2003 with an exercise price of \$1.37 and 750,000 options issued in 2005 with an exercise price of \$2.06.

Ex Gratia Payment: The Board resolved to exercise its discretion to pay Mr Wozniczka an ex-gratia payment of \$500,000 in recognition of his contribution to the Company generally, and as part compensation for agreeing to relinquish unvested performance options.

Other Entitlements: In addition to the above benefits, Mr Wozniczka was entitled to be paid his normal accrued holiday leave, long service leave and other contractual and statutory entitlements, amounting to \$584,704.

SECTION 5. REMUNERATION DISCLOSURE TABLES

Table 5a: Details of Executive Directors', Key Management personnel and the Five Highest Paid Executives Remuneration for the 2008 and 2009 financial year.

(A\$)		Short Term Payments			Value of Share Based Incentives		Long Term Payments	Post Employment	Total Remuneration ⁽⁷⁾	Total Performance Related
		Base Salary	Bonus	Other Non Monetary	Options ⁽⁶⁾	Shares	Long Service Leave	Superannuation		
M G Jackman ⁽¹⁾	2009 (15 months)	952,899	300,000	-	472,917	-	-	13,277	1,739,093	44%
	2009 (12 months)	702,899	-	-	408,227	-	-	9,661	1,120,787	36%
	2008 (12 months)	-	-	-	-	-	-	-	-	-
M G De Wit	2009 (15 months)	731,885	-	43,791	44,229	-	26,394	53,294	899,593	5%
	2009 (12 months)	605,556	-	40,742	37,668	-	17,563	46,564	748,093	5%
	2008 (12 months)	439,947	312,500	-	49,738	7,810	-	48,592	858,587	43%
V Erasmus	2009 (15 months)	689,332	193,000	15,167	62,131	-	11,094	17,360	988,084	26%
	2009 (12 months)	548,588	-	15,167	60,649	-	8,580	13,745	646,729	9%
	2008 (12 months)	510,734	271,500	26,063	77,666	7,810	-	13,129	906,902	39%
B A Griffiths ⁽³⁾	2009 (15 months)	2,738,973	-	-	27,827	-	17,106	120,175	2,904,081	1%
	2009 (12 months)	595,449	-	-	24,546	-	14,327	100,002	734,324	3%
	2008 (12 months)	608,839	200,000	-	39,310	7,810	-	72,391	928,350	27%
M S Guerin	2009 (15 months)	738,975	50,000	57,007	14,827	-	-	63,500	924,309	7%
	2009 (12 months)	588,975	-	50,757	11,862	-	-	50,000	701,594	2%
	2008 (12 months)	175,841	105,000	8,333	58,463	-	-	15,826	363,463	45%
M G Hosking ⁽⁴⁾	2009 (15 months)	277,836	65,000	-	-	-	-	25,005	367,841	18%
	2009 (12 months)	128,753	-	-	-	-	-	11,588	140,341	-
	2008 (12 months)	-	-	-	-	-	-	-	-	-
T P Plant	2009 (15 months)	807,763	183,125	-	(121,197)	-	-	17,360	887,051	7%
	2009 (12 months)	642,505	-	-	61,490	-	-	13,745	717,740	9%
	2008 (12 months)	574,371	315,000	-	88,665	7,810	-	13,129	998,975	41%
P Zachert ⁽²⁾	2009 (15 months)	1,186,568	-	-	(988)	-	103,251	13,797	1,302,628	-
	2009 (12 months)	1,186,568	-	-	(988)	-	103,251	13,797	1,302,628	-
	2008 (12 months)	555,801	115,000	-	88,646	7,810	-	13,129	780,386	27%
L P Wozniczka ⁽⁵⁾	2009 (15 months)	2,219,087	-	4,283	(689,843)	-	-	257,818	1,791,345	(39%)
	2009 (12 months)	2,219,087	-	4,283	(689,843)	-	-	257,818	1,791,345	(39%)
	2008 (12 months)	1,427,592	-	21,651	624,477	-	-	204,280	2,278,000	27%
Total	2009 (15 months)	10,343,318	791,125	120,249	(190,097)	-	157,845	581,586	11,804,026	
	2009 (12 months)	7,629,836	-	110,949	(86,390)	-	143,721	516,920	7,903,580	
	2008 (12 months)	4,293,125	1,319,000	56,047	1,026,965	39,050	-	380,476	7,114,663	

Notes:

- (1) M G Jackman was appointed CEO on 29 September 2008.
- (2) P Zachert resigned as CFO on 30 June 2009. On termination, in accordance with the terms of his employment agreement, Mr Zachert received a termination payment amounting to \$603,750. Mr Zachert was also paid leave entitlements of \$185,700 expensed in current and previous years. These leave entitlements are not included in the remuneration table above.
- (3) B A Griffiths role as Executive Chairman of Futuris Automotive was terminated by agreement on 30 September 2009. As part of his termination it was agreed that he be paid \$2 million as specified in his employment contract with such payment reflecting his accrued entitlements over 35 years with the Company. Mr Griffiths was also paid leave entitlements of \$637,581 expensed in the current and previous years. These leave entitlements are not included in the remuneration table above.
- (4) M G Hosking was appointed CFO on 14 April 2009.
- (5) L P Wozniczka resigned as Chief Executive and Managing Director on 26 September 2008. Mr Wozniczka received a termination package amounting to \$1,891,300. Mr Wozniczka was also paid leave entitlements of \$584,704 expensed in previous years. These leave entitlements are not included in the remuneration table above.
- (6) In accordance with AASB 2, the accounting value represents a proportion of the fair value of options that had not yet fully vested as at the commencement of the financial year. Where applicable this value includes an assumption that options will vest at the end of their vesting period even though the executive only receives this value if performance hurdles are met. The amount included as remuneration does not represent a cash payment, is not related to, nor indicative of the benefit (if any) that may ultimately be realised by each Senior Executive should the options become exercisable. The accounting value is determined at the date the options were granted when Company share prices and option exercise prices were in excess of \$1.29. As required under the accounting standards, accounting expense that was previously recognised as remuneration has been reversed where a Key Management Person has left Elders, resulting in equity instruments being forfeited.
- (7) Not all remuneration is paid in cash. Remuneration also includes value attributed to share and option incentive awards, accrued long service leave, superannuation contributions and other forms of non-monetary remuneration.

SECTION 6. EQUITY INSTRUMENTS IN RELATION TO DIRECTORS AND EXECUTIVES

Table 6a. Share Movements Non-Executive Directors and Executives

		Shares held at start of year	Shares acquired during the year as part of remuneration	Shares acquired during the year through the vesting of LTIP	Other shares acquired/ (disposed of) during the year	Other changes during the year	Balance of shares held at end of financial period (30 June/ 30 Sep 09)	Balance of shares held at reporting date
Non-executive Directors								
S Gerlach	2009 (15 months)	492,522	-	-	114,300	-	606,822	740,156
	2009 (12 months)	492,522	-	-	114,300	-	606,822	606,822
	2008	478,491	-	-	14,031	-	492,522	492,522
J C Fox	2009 (15 months)	26,765	-	-	-	-	26,765	160,099
	2009 (12 months)	26,765	-	-	-	-	26,765	26,765
	2008	26,765	-	-	-	-	26,765	26,765
C E Bright	2009 (15 months)	103,492	-	-	-	-	103,492	236,826
	2009 (12 months)	103,492	-	-	-	-	103,492	103,492
	2008	103,492	-	-	-	-	103,492	103,492
R G Grigg	2009 (15 months)	31,560	-	-	-	-	31,560	164,894
	2009 (12 months)	31,560	-	-	-	-	31,560	31,560
	2008	31,560	-	-	-	-	31,560	31,560
I G MacDonald ⁽¹⁾	2009 (15 months)	60,000	-	-	200,000	-	260,000	393,334
	2009 (12 months)	60,000	-	-	200,000	-	260,000	260,000
	2008	60,000	-	-	-	-	60,000	60,000
J H Ranck	2009 (15 months)	-	-	-	240,000	-	240,000	373,334
	2009 (12 months)	-	-	-	170,000	-	170,000	240,000
	2008	-	-	-	-	-	-	20,000
A Salim	2009 (15 months)	33,545,578	-	-	-	-	33,545,578	33,545,578
	2009 (12 months)	33,545,578	-	-	-	-	33,545,578	33,545,578
	2008	33,545,578	-	-	-	-	33,545,578	33,545,578
G D Walters	2009 (15 months)	21,000	-	-	140,000	-	161,000	294,334
	2009 (12 months)	21,000	-	-	140,000	-	161,000	161,000
	2008	21,000	-	-	-	-	21,000	21,000
Total	2009 (15 months)	34,280,917	-	-	694,300	-	34,975,217	35,908,555
	2009 (12 months)	34,280,917	-	-	624,300	-	34,905,217	34,905,917
	2008	34,266,886	-	-	14,031	-	34,280,917	34,300,917

Table 6a. Share Movements Non-Executive Directors and Executives (continued)

		Shares held at start of year	Shares acquired during the year as part of remuneration	Shares acquired during the year through the vesting of LTIP	Other shares acquired/ (disposed of) during the year	Other changes during the year	Balance of shares held at end of year	Balance of shares held at reporting date
Executives								
M G Jackman ⁽¹⁾⁽³⁾	2009 (15 months)	30,000	-	-	100,000	-	130,000	396,668
	2009 (12 months)	30,000	-	-	100,000	-	130,000	130,000
	2008	-	-	-	-	-	-	-
M G De Wit	2009 (15 months)	51,980	-	-	-	-	51,980	185,314
	2009 (12 months)	51,980	-	-	-	-	51,980	51,980
	2008	41,694	10,286 ⁽²⁾	-	-	-	51,980	51,980
V Erasmus	2009 (15 months)	19,955	-	-	-	-	19,955	19,955
	2009 (12 months)	19,955	-	-	-	-	19,955	19,955
	2008	9,669	10,286 ⁽²⁾	-	-	-	19,955	19,955
B A Griffiths	2009 (15 months)	1,173,019	-	-	(463,917)	-	709,102	963,338
	2009 (12 months)	1,173,019	-	-	(463,917)	-	709,102	709,102
	2008	1,540,439	10,286 ⁽²⁾	-	(377,706)	-	1,173,019	1,173,019
M S Guerin	2009 (15 months)	270,698	-	-	-	-	270,698	537,365
	2009 (12 months)	270,698	-	-	-	-	270,698	270,698
	2008	-	40,698 ⁽²⁾	-	230,000	-	270,698	270,698
M G Hosking	2009 (15 months)	-	-	-	-	-	-	-
	2009 (12 months)	-	-	-	-	-	-	-
	2008	-	-	-	-	-	-	-
T P Plant	2009 (15 months)	247,554	-	-	-	-	247,554	247,554
	2009 (12 months)	247,554	-	-	-	-	247,554	247,554
	2008	115,175	132,379 ⁽²⁾	-	-	-	247,554	247,554
P Zachert	2009 (15 months)	1,430,043	-	-	-	-	1,430,043	2,896,710
	2009 (12 months)	1,430,043	-	-	-	-	1,430,043	1,430,043
	2008	1,323,606	106,437 ⁽²⁾	-	-	-	1,430,043	1,430,043
L P Wozniczka ⁽⁴⁾	2009 (15 months)	4,521,341	-	-	-	-	4,521,341	4,521,341
	2009 (12 months)	4,521,341	-	-	-	-	4,521,341	4,521,341
	2008	4,521,341	-	-	-	-	4,521,341	4,521,341
Total	2009 (15 months)	7,744,590	-	-	(363,917)	-	7,380,673	9,914,011
	2009 (12 months)	7,744,590	-	-	(363,917)	-	7,380,673	7,380,673
	2008	8,261,453	310,372	-	(147,706)	-	8,424,119	8,424,119

Notes:

- (1) Shares are held in name of spouse or family superannuation company in which the director is a beneficiary.
- (2) The 2008 comparative figure has been amended to replace the estimate of shares acquired as part of the STI with actual shares acquired.
- (3) M G Jackman held 30,000 shares when appointed Chief Executive Officer on 29 September 2008. He also holds 1,000 Elders Hybrid convertible unsecured notes acquired on 11 September 2009.
- (4) L P Wozniczka resigned from the Company effective on 26 September 2008. Shares shown at year end and reporting date reflect his holding on 26 September 2008.

Table 6b. Aggregate Long Term Incentive Plan Opportunities Received and Changes

Option holdings of Directors and Key Management Personnel

2009 (Number)	Balance at beginning of period	Options Granted	Options Lapsed or Surrendered to 30 June 2009 ⁽²⁾	Balance at 30 June 2009	Options Lapsed or Surrendered 3 months to 30 September 2009 ⁽²⁾	Balance at 30 September 2009	Vested at 30 September 2009	
							Exercisable	Not exercisable
Directors								
M G Jackman ⁽¹⁾	-	4,000,000	-	4,000,000	-	4,000,000	-	-
L P Wozniczka	8,000,000	-	(6,250,000)	1,750,000	-	1,750,000	1,750,000	-
Key Management Personnel								
M G De Wit	500,000	-	-	500,000	-	500,000	200,000	-
V Erasmus	750,000	750,000	-	1,500,000	-	1,500,000	-	-
B A Griffiths	400,000	-	-	400,000	-	400,000	200,000	-
M S Guerin	750,000	750,000	-	1,500,000	-	1,500,000	-	250,000
M G Hosking ⁽¹⁾	-	-	-	-	-	-	-	-
T P Plant	1,100,000	750,000	-	1,850,000	(1,850,000)	-	-	-
P Zachert	750,000	750,000	(875,000)	625,000	-	625,000	625,000	-
Total	12,250,000	7,000,000	(7,125,000)	12,125,000	(1,850,000)	10,275,000	2,775,000	250,000

(1) Messrs Jackman and Hosking were not Key Management Personnel in 2008.

(2) The value of options lapsed or surrendered was \$812,028.

No options were exercised in the 15 months to 30 September.

2008 (Number)	Balance at beginning of period	Options Exercised	Options Granted	Options Lapsed or Surrendered	Balance at 30 June 2008	Vested at 30 June 2008	
						Exercisable	Not Exercisable
Directors							
L P Wozniczka ⁽¹⁾	5,000,000	-	3,000,000	-	8,000,000	1,000,000	750,000
Key Management Personnel							
M G De Wit	300,000	-	200,000	-	500,000	100,000	-
V Erasmus	750,000	-	-	-	750,000	-	400,000
B A Griffiths ⁽¹⁾	300,000	-	100,000	-	400,000	100,000	300,000
M S Guerin	-	-	750,000	-	750,000	-	250,000
T P Plant	1,100,000	-	-	-	1,100,000	100,000	500,000
P Zachert ⁽¹⁾	750,000	-	-	-	750,000	-	625,000
Total	8,200,000	-	4,050,000	-	12,250,000	1,300,000	2,825,000

(1) Messrs L P Wozniczka, P Zachert and B A Griffiths, reported as Key Management Personnel in 2008, are no longer employees of the Group.

Table 6c. Current Long Term Incentive Plan Opportunities

	Granted Options (Number) ⁽¹⁾	Vested Options (Number)	Grant Date	Value at Grant Date (\$) per share ⁽²⁾	Value at Grant Date (\$)	Exercise Price (\$)	First Exercise Date	Expiry and Last Exercise Date	Options as % of Remuneration
2009									
Directors									
M G Jackman (Tranche 1 TSR)	750,000	-	26 Sep 08	0.33	247,500	1.32	26 Sep 10	26 Sep 12	14.2
M G Jackman (Tranche 2 TSR)	1,250,000	-	26 Sep 08	0.37	462,500	1.32	26 Sep 11	26 Sep 13	26.6
M G Jackman (Tranche 3 TSR)	2,000,000	-	26 Sep 08	0.39	780,000	1.32	26 Sep 12	26 Sep 14	44.9
Key Management Personnel									
M G De Wit	-	-	-	-	-	-	-	-	-
V Erasmus	750,000	-	28 Nov 08	0.047	35,250	1.29	28 Nov 11	28 Nov 13	3.4
B A Griffiths	-	-	-	-	-	-	-	-	-
M S Guerin	750,000	-	28 Nov 08	0.047	35,250	1.29	28 Nov 11	28 Nov 13	1.2
M G Hosking	-	-	-	-	-	-	-	-	-
T P Plant	750,000	-	28 Nov 08	0.047	35,250	1.29	28 Nov 11	28 Nov 11	4.0
P Zachert	750,000	-	28 Nov 08	0.047	35,250	1.29	28 Nov 11	28 Nov 13	2.7
2008									
Directors									
L P Wozniczka (Tranche 1 TSR)	750,000	-	24 Oct 07	0.25	187,500	2.36	30 Jun 10	30 Jun 13	8.2
L P Wozniczka (Tranche 2 TSR)	750,000	-	24 Oct 07	0.37	277,500	2.36	30 Jun 11	30 Jun 14	12.2
L P Wozniczka (Tranche 1 EPS)	750,000	-	24 Oct 07	0.39	292,500	2.36	30 Jun 10	30 Jun 13	12.8
L P Wozniczka (Tranche 2 EPS)	750,000	-	24 Oct 07	0.42	315,000	2.36	30 Jun 11	30 Jun 14	13.8
Key Management Personnel									
M G De Wit	-	-	-	-	-	-	-	-	-
V Erasmus	-	200,000	-	-	-	-	-	-	-
B A Griffiths	-	-	-	-	-	-	-	-	-
M S Guerin	750,000	250,000	1 Mar 08	0.42	315,000	2.45	1 Mar 11	1 Mar 13	86.7
G Hunt	-	187,500	-	-	-	-	-	-	-
T P Plant	-	250,000	-	-	-	-	-	-	-
P Zachert	-	125,000	-	-	-	-	-	-	-

(1) Exercisable subject to meeting performance hurdles.

(2) The valuation of the options issued to Messrs Wozniczka and Jackman was prepared independently based on the Trinomial methodology. Valuation of options issued to other KMPs were based on the Black Scholes methodology.

All equity transactions with directors and key executives other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arms' length.

DISCUSSION AND ANALYSIS OF FINANCIAL STATEMENTS

1. Income statement

Elders has reported a statutory loss of \$466.4 million for the 15 months to 30 September 2009 (loss of \$415.4 million for 12 months to 30 June). The reported loss includes significant and non-recurring items totalling a loss of \$414.7 million after tax.

Exclusive of these non-recurring items the Company recorded an underlying loss after tax of \$51.8 million (loss of \$26.9 million for 12 months to 30 June).

In comparison, Elders reported a statutory profit of \$36.5 million and underlying profit after tax of \$84.2 million in 2008.

The non-recurring items include:

- **Write-down of assets to be divested or discontinued** totalling \$99.5 million after tax comprising:
 - > The Company's 50% shareholding in HiFert has been written down by \$57.0 million to reflect current fertiliser market valuations.
 - > Abattoir interests were written down (\$4.6 million). One interest was divested, with the remaining interest subject to an ongoing sales process.
 - > Horticulture and Fodder interests (\$4.3 million). Divestment of these assets was completed during the year.
 - > Shareholding in Aspen Development Trust (\$14.9 million) which is to be sold.
 - > Shareholdings in Aquaculture investments to be divested (\$17.9 million of which \$14.4 million was made in the June accounts).
 - > PlantTech, written-down as at June 30 based on discounted cash flows (\$0.9 million).
- **Net gain on sale of assets divested** during the year totalling \$55.3 million after tax. Relevant assets include Australian Agricultural Company, Amcom, Webster, Run Corp, Broadwater Hospitality Management, Elders Insurance and ITC's timber processing operations.
- **Results from discontinued or discontinuing assets** totalling a loss of \$153.8 million after tax. This figure includes results from BWK Wool processing in Germany and Turkey which are being closed, horticulture and aquaculture interests, AAco, PlantTech, ITC Timber, Amcom and the HiFert fertiliser business which is subject to a sales process.

- **Impairments to assets to be retained** (\$101.4 million)
The impairments relate to the Company's shareholdings in FEA, Agricultural Land Trust, Australian Wool Handlers, Air International Thermal Systems and impairment to the of the MV Torrens following a revision to estimated life.
- **Rural Services major projects and transformation costs** (\$42.7 million) incorporating expenditure, redundancy costs and write-offs of capitalised costs.
- **Automotive write-offs and restructuring** costs totalling \$27.8 million including redundancies, write-off of stock, design and development expenditure, tooling and provision for onerous leases.
- **Other** (\$44.7 million) includes mark-to-market on the Company's employee share plan and payments and provisions relating to executive management changes and refinancing costs (\$32.0 million). Of this figure, (\$24.8 million) was incurred in the three months to 30 September.

Significant revenue and expense items for the year include:

- Sales revenue from continuing operations of \$2,853.9 million (12 months to June: \$2,627.6 million) compared with \$3,274.7 million. Discontinued operations generated sales revenue of \$686.2 million. All business units recorded lower sales from their continuing operations.
- Income from associates and joint ventures of \$3.8 million (\$0.5 million profit at 30 June) compared with \$51.2 million in 2008. The chief factors in the movement compared with 2008 were: losses incurred by automotive joint ventures and associates (total of \$(28.3) million); a \$14.6 million reduction in income from FEA; a \$15.5 million reduction in income from HiFert; and the cessation of income from divested interests in Webster and iiNet. Income from Rural Bank rose from \$20.5 million to \$27.7 million.
- Borrowing costs for continuing operations of \$112.2 million (\$75.2 million for 12 months to 30 June) compared with \$72.3 million for 2008. Interest attributable to discontinuing operations for 2009 was \$4.5 million. The increase in interest reflects terms applied to debt under an extension to the Company's debt from 30 June to 30 September 2009 under the refinancing process. Completion of the refinancing has resulted in the negotiation of competitive new terms.

- Interest revenue from continuing operations was \$13.0 million. Interest revenue from discontinued operations of \$13.7 million essentially relates to the divested insurance underwriting business.
- Depreciation and amortisation from continuing operations for 2009 of \$36.2 million (\$34.0 million in 12 months to June) compares with \$42.6 million in 2008. The reduction is attributable to the sale of Amcom and discontinuation of BWK.

2. Balance sheet

Gearing as at 30 September was 128% (131% at 30 June) compared with 54% at 30 June 2008. The increase in gearing compared with the start of the year is the result of higher net debt and the reduction to shareholders equity resulting from the years financial results.

Net debt at 30 September of \$900.7 million compared with \$976.4 million at 30 June and \$698.4 million at the beginning of the year. The growth in net debt over 2009 reflects increased gross debt. However, gross debt has since been reduced substantially by the recapitalisation subsequent to year end.

Year-end cash of \$367.9 million includes the proceeds from the sale of Elders Insurance Limited totalling \$270 million which was used to retire debt subsequent to 30 September.

Other significant movements in the balance sheet during the year included:

- Current inventories were reduced from \$396.8 million to \$225.5 million due to the sale of the timber processing operations and inventory reduction in Elders Rural Services.
- Investments accounted for using the equity method reduced from \$694.5 million to \$283.2 million. The movement is largely attributable to the divestment, or in the case of Elders Rural Bank, sell down of shareholdings in associates, during the period. Divestments included iiNet, AAcO, Run Corporation and Webster. In addition the value of the Company's shareholding in FEA was written down by \$66.2 million.
- Property, plant and equipment reduced from \$313.0 million to \$114.4 million with the major factors being the divestment of Amcom, the sale of timber processing operations and writedowns to automotive assets.

- Intangibles reduced from \$306.8 million to \$228.5 million with the sale of Amcom, insurance and timber processing operations and impairments contributing to the movement.

Statement of cash flows

Elders' cash flow has strong seasonal influence, with cash outflows in the six months to December usually offset by equal or greater cash inflows in the six months to June.

Operating cash flow was significantly weaker than customary, with the size of the outflow reported for the year being exacerbated by the fact that the 15 month transitional year period adopted in 2009 incorporated 9 months when the business typically experiences significant cash outflow.

Operating activities generated a cash outflow of \$523.3 million for 2009 (outflow of \$370.8 million in 12 months to June). The result featured a larger than normal outflow in the period to December due to working capital build up, followed by a weaker than normal inflow in the period to June and a customary outflow in the three months to September. Segmental analysis of cash flows is provided in Note 30 of the 2009 financial statements.

10 YEAR SUMMARY FINANCIAL RESULTS

\$ million unless otherwise indicated	15 Months Sept 2009	12 months June 2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Profitability											
Sales revenue	3,540.1	2,902.0	3,312.1	3,228.5	3,355.8	3,174.7	2,707.3	2,464.3	2,145.8	1,968.4	1,759.7
Total revenue	3,798.2	3,049.3	3,496.1	3,366.9	3,422.6	3,232.0	2,791.0	2,844.8	2,537.6	2,177.7	1,832.6
Reported EBIT* by Segment											
Rural Services ¹	-287.0	-221.4	20.9	56.3	65.8	26.8	19.0	152.3	47.3	101.0	86.7
Financial Services ¹	162.9	22.3	22.4	27.2	26.9	-	-	-	-	-	-
Forestry	-100.6	-63.4	61.4	61.6	39.9	32.2	10.9	-	-	-	-
Automotive Systems	-59.4	-59.8	26.2	9.5	16.3	99.3	19.5	19.3	30.7	22.4	21.1
Property	-	-	-	30.4	16.3	-3.3	7.5	0.3	4.8	1.4	-
Other	-92.3	-61.7	-36.9	-16.2	-8.4	-11.8	-5.0	-5.5	17.1	3.2	11.6
Total EBIT	-376.4	-384.0	94.0	168.8	156.8	143.2	51.9	166.4	99.9	128	119.4
Underlying** EBIT	12.8	16.8	171.7	169.4	157.1	131.3	96.1	84.0	91.9	88.6	108.9
Underlying*** profit before tax	-77.9	-35.0	114.8	129.4	118.2	106.4	86.1	65.0	71.2	65.2	81.1
Abnormal & non-recurring items after tax	-414.7	-388.5	-47.8	-1.0	-0.9	-13.2	-44.2	82.4	8.0	39.4	10.5
Tax expense	-24.7	-6.2	21.0	20.2	-21.4	-47.9	-12.2	-38.5	-13.9	-18.1	-12.3
Minority interests	-1.5	-1.9	9.6	-2.8	-9.0	-11.8	-5.9	-6.9	-2.9	-6.5	-5.1
Statutory profit	-466.4	-415.4	36.4	105.4	87.4	58.6	23.8	102.0	62.4	80.0	74.2
Underlying profit after tax	-51.8	-26.9	84.2	106.4	88.3	71.8	62.8	48.0	56.5	55.8	61.5
Cash flow from operating activities											
	-523.3	-370.8	-14.1	85.0	127.4	-9.3	121.1	-55.6	113.8	188.8	64.7
Shareholders' equity											
	701.7	747.8	1,296.2	1,196.6	1,227.9	970.3	961.2	843.6	749.1	723.0	692.4
Share information											
Dividend per share (cents)											
Interim	-	-	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Final	-	-	5.5	5.5	5.0	5.0	4.0	4.0	4.0	4.0	4.0
Total	-	-	9.5	9.5	9.0	9.0	8.0	8.0	8.0	8.0	8.0
Dividend provided for or paid [#]	-	-	73.4	65.4	59.9	53.7	52.3	50.6	48.7	48.4	47.9
Hybrid distribution	8.2	8.2	8.9	8.9	1.8	-	-	-	-	-	-
Share price [^] (\$ per share)	0.2	0.3	1.10	2.78	2.1	1.82	1.58	1.68	1.36	2.64	1.8
Market capitalisation [^]	196,599.6	233,462.0	858.4	2,045	1,514	1,207	1,041	1,096	836	1,595	1,087
Number of shareholders [^]	36,042	33,361	32,187	31,956	33,337	35,394	40,028	42,625	45,508	30,844	28,233
Ordinary shares on issue [^]	819,165,045	819,165,045	780,545,644	735,640,128	720,911,089	663,243,696	659,138,427	652,293,766	614,870,776	605,136,707	604,159,207
Share issues		Dividend reinvestment plan, (fully underwritten)	Dividend reinvestment plan, (fully underwritten)	Dividend reinvestment plan, (fully underwritten), conversion of options and convertible notes	Dividend reinvestment plan, conversion of options Convertible notes conversion	Dividend reinvestment plan, conversion of options institutional placement	Dividend reinvestment plan, conversion of options	Dividend reinvestment plan, conversion of options	Dividend reinvestment plan, private placement conversion of options	Dividend reinvestment plan, conversion of options	Dividend reinvestment plan, conversion of options
Ratios and statistics											
Reported earnings per share (cents)	-57.65	-51.51	4.82	14.5	13.1	8.9	3.6	16.2	10.2	13.2	12.9
Return on shareholders' equity %	-	-									
- Underlying profit	1.8	2.2	6.5	8.9	7.2	7.4	6.5	5.7	7.5	7.7	8.9
- Reported profit	-66.5	-55.6	2.8	8.8	7.1	6.0	2.5	12.1	8.3	11.1	10.7
Net tangible assets per share (\$)	0.37	0.37	1.14	1.22	1.17	0.82	0.94	0.88	0.8	0.85	0.84
Gearing % [†]	128	104	40	31	16	32	0	0	16	47	54
Dividend payout ratio %	-	-	197	68	69	65	222	49	78	61	62

¹ Prior to 2006 Financial services result reported within Rural Services.

* Reported earnings before interest and tax (inclusive of non-recurring and abnormal items).

** Underlying profit and earnings results excluding abnormal and non-recurring items (includes material profit/loss on asset disposal).

[#] In respect of dividends declared for the financial year.

[^] As at period end.

[†] As measured by ratio of net interest-bearing debt/shareholders equity.

ELDERS LIMITED

ANNUAL FINANCIAL REPORT

30 SEPTEMBER 2009

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INCOME STATEMENT

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

	Note	Consolidated		Parent	
		15 months September 2009 \$000	12 months June 2008 \$000	15 months September 2009 \$000	12 months June 2008 \$000
Continuing operations					
Sales revenue	3	2,853,917	3,274,659	-	-
Cost of sales		(2,281,434)	(2,426,096)	-	-
Other revenues	3	47,264	112,510	6,694	166,780
Expenses	3	(969,408)	(869,750)	(67,924)	(31,056)
Share of net profits/(losses) of associates and joint ventures accounted for using the equity method	11	3,766	51,236	-	1,204
Profit/(loss) on sale of non current assets	3	120,846	(2,369)	6,358	-
Profit/(loss) from continuing operations before net finance costs and income tax expense		(225,049)	140,190	(54,872)	136,928
Interest revenue	3	13,045	15,422	48,891	20,545
Finance costs	3	(112,230)	(72,320)	(72,180)	(32,404)
Profit/(loss) from continuing operations before income tax expense		(324,234)	83,292	(78,161)	125,069
Income tax (expense)/benefit	4	10,125	(7,712)	19,003	(15,093)
Profit/(loss) from continuing operations after income tax expense		(314,109)	75,580	(59,158)	109,976
Net profit/(loss) of discontinued operations, net of tax	40	(153,391)	(29,490)	-	-
Net profit/(loss) for the year		(467,500)	46,090	(59,158)	109,976
Attributable to:					
Minority interest		(1,074)	9,643	-	-
Members of the parent	22	(466,426)	36,447	(59,158)	109,976
Reported Operations					
Basic earnings per share (cents per share)	35	(57.65)¢	4.82¢		
Diluted earnings per share (cents per share)	35	(57.65)¢	4.40¢		
Continuing Operations					
Basic earnings per share (cents per share)	35	(38.64)¢	8.71¢		
Diluted earnings per share (cents per share)	35	(38.64)¢	7.96¢		
Discontinued Operations					
Basic earnings per share (cents per share)	35	(19.01)¢	(3.89)¢		
Diluted earnings per share (cents per share)	35	(19.01)¢	(3.56)¢		

The accompanying notes form an integral part of this income statement.

BALANCE SHEET

AS AT 30 SEPTEMBER 2009

	Note	Consolidated		Parent	
		September 2009 \$000	June 2008 \$000	September 2009 \$000	June 2008 \$000
Current Assets					
Cash and cash equivalents	25(b)	367,868	244,043	293,100	42,162
Trade and other receivables	5	535,785	633,782	1,147,872	1,213,663
Current tax receivable	4	-	-	-	13,315
Livestock	6	43,752	37,023	-	-
Inventories	8	225,524	396,846	-	-
Derivative financial instruments	9	7,820	706	-	-
Non current assets classified as held for sale	11	16,599	-	-	-
Other	15	23,202	132,277	632	-
Total Current Assets		1,220,550	1,444,677	1,441,604	1,269,140
Non Current Assets					
Receivables	5	232,689	241,328	11,183	25,628
Forestry	7	27,014	25,716	-	-
Other financial assets	10	17,549	27,232	374,590	204,592
Investments in associates and joint ventures	11	283,224	694,492	75,562	101,758
Property, plant and equipment	12	114,381	312,983	236	236
Investment properties	13	283,797	256,417	-	-
Intangibles	14	228,520	306,836	-	-
Deferred tax assets	4	115,040	79,178	76,198	35,019
Other	15	18,459	27,058	-	-
Total Non Current Assets		1,320,673	1,971,240	537,769	367,233
Total Assets		2,541,223	3,415,917	1,979,373	1,636,373
Current Liabilities					
Trade and other payables	16	362,731	966,726	802,479	299,979
Interest bearing loans and borrowings	17	854,069	164,905	149,594	-
Current tax payable	4	38,047	32,000	-	-
Provisions	18	107,197	208,136	2,238	6,450
Total Current Liabilities		1,362,044	1,371,767	954,311	306,429
Non Current Liabilities					
Interest bearing loans and borrowings	17	345,204	550,657	100,028	320,614
Derivative financial instruments	9	49,924	52,366	38,143	51,456
Deferred tax liabilities	4	69,186	53,802	4,145	5,933
Provisions	18	13,206	91,149	-	-
Total Non Current Liabilities		477,520	747,974	142,316	378,003
Total Liabilities		1,839,564	2,119,741	1,096,627	684,432
Net Assets		701,659	1,296,176	882,746	951,941
Equity					
Contributed equity	19	737,513	694,118	737,513	694,118
Hybrid equity	20	145,151	145,151	145,151	145,151
Reserves	21	(30,765)	16,190	9,984	12,263
Retained earnings	22	(158,012)	353,991	(9,902)	100,409
Total Parent Entity Interest In Equity		693,887	1,209,450	882,746	951,941
Minority interest	24	7,772	86,726	-	-
Total Equity		701,659	1,296,176	882,746	951,941

The accompanying notes form an integral part of this balance sheet.

CASH FLOW STATEMENT

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

	Consolidated		Parent	
	15 months September 2009 \$000 Inflows (Outflows)	12 months June 2008 \$000 Inflows (Outflows)	15 months September 2009 \$000 Inflows (Outflows)	12 months June 2008 \$000 Inflows (Outflows)
Note				
Cash Flows From Operating Activities				
Receipts from customers	9,089,951	8,979,463	23,723	4,261
Payments to suppliers and employees	(9,525,238)	(8,890,863)	(46,446)	(57,270)
Dividends received	20,719	28,840	14,749	21,450
Interest received	21,318	13,635	1,676	6,809
Interest and other costs of finance paid	(110,826)	(72,318)	(53,883)	(43,611)
GST (paid)/refunded	(22,914)	(15,299)	-	(2,411)
Income taxes (paid)/refunded	(9,058)	(30,291)	(6,624)	(30,939)
Other operating inflows/(outflows)	12,722	(27,261)	-	-
Net operating cash flows	25(a) (523,326)	(14,094)	(66,805)	(101,711)
Cash Flows from Investing Activities				
Payment for property, plant and equipment and investment properties	(64,758)	(129,847)	-	-
Payment for investments	(20,134)	(107,461)	(14,500)	(43,010)
Payment for design and development	(4,422)	(7,124)	-	-
Proceeds from sale of property, plant and equipment and investment properties	10,774	97,835	-	-
Proceeds from sale of investments	231,633	23,079	33,862	36,686
Loans to controlled entities	-	-	414,584	277,615
Loans to associated entities	(36,999)	(28,017)	(8,004)	(3,813)
Repayment of loans by related parties	8,383	-	-	-
Loans to growers	(16,352)	(5,219)	-	-
Loans repaid by growers	7,284	4,299	-	-
Loans repaid by third parties	-	52,266	-	53,545
Payment for controlled entities, net of cash acquired	39(a) -	2,323	-	-
Proceeds from disposal of controlled entity	94,583	15,437	-	-
Net investing cash flows	209,992	(82,429)	425,942	321,023
Cash Flows from Financing Activities				
Proceeds from issue of shares and other equity	-	7,082	-	2,415
Proceeds from borrowings	522,709	250,186	-	-
Repayment of borrowings	(69,442)	(148,156)	(100,000)	(136,132)
Principal repayments of lease liabilities	(1,464)	(1,331)	-	-
Partnership Profits	(3,242)	-	-	-
Dividends and Distributions paid	(38,281)	(58,340)	(35,078)	(56,590)
Dividends underwritten	26,879	46,815	26,879	46,815
Net financing cash flows	437,159	96,256	(108,199)	(143,492)
Net increase/(decrease) in cash held	123,825	(267)	250,938	75,820
Cash/(overdraft) at the beginning of the financial year	244,043	244,310	42,162	(33,658)
Cash/(overdraft) at the end of the financial year	25(b) 367,868	244,043	293,100	42,162

The accompanying notes form an integral part of this cash flow statement.

STATEMENT OF CHANGES IN EQUITY

15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Consolidated (\$000)	Issued Capital	Convertible Notes	Reserves	Hybrid Equity	Retained Earnings	Minority Interest	Total Equity
As at 1 July 2008	694,118	-	16,190	145,151	353,991	86,726	1,296,176
Currency translation differences	-	-	(196)	-	-	155	(41)
Cash flow hedge reserve and fair value of derivatives	-	-	(10,303)	-	-	-	(10,303)
Partnership profits	-	-	-	-	-	(3,242)	(3,242)
Total income and expense for the period recognised directly in equity	-	-	(10,499)	-	-	(3,087)	(13,586)
Profit for period	-	-	-	-	(466,426)	(1,074)	(467,500)
Total income and expense for the period	-	-	(10,499)	-	(466,426)	(4,161)	(481,086)
Attributable to:							
Equity holders of the parent							(476,925)
Minority Interest							(4,161)
Equity Transactions:							
Business combinations	-	-	(38,159)	-	-	(75,912)	(114,071)
Sale of Investment	-	-	-	-	-	-	-
Cost of share based payments	446	-	9,404	-	-	-	9,850
Shares vested to employees (net)	-	-	-	-	-	-	-
Dividend Reinvestment Plan	16,070	-	-	-	-	-	16,070
Dividends to shareholders	-	-	-	-	(42,949)	(3,198)	(46,147)
Dividends Underwritten	26,879	-	-	-	-	-	26,879
Hybrid Equity Distribution	-	-	-	-	(8,204)	-	(8,204)
Recognition of minority interests in controlled entity	-	-	-	-	-	4,317	4,317
Recognition of share of reserve for losses in associate	-	-	(7,701)	-	5,576	-	(2,125)
As at 30 September 2009	737,513	-	(30,765)	145,151	(158,012)	7,772	701,659

The accompanying notes form an integral part of this statement of changes in equity.

STATEMENT OF CHANGES IN EQUITY

15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Consolidated (\$'000)	Issued Capital	Convertible Notes	Reserves	Hybrid Equity	Retained Earnings	Minority Interest	Total Equity
As at 1 July 2007	608,493	54,263	(22,408)	145,151	403,063	8,039	1,196,601
Currency translation differences	-	-	3,615	-	-	-	3,615
Cash flow hedge reserve	-	-	3,415	-	-	-	3,415
Partnership profits	-	-	-	-	-	(1,653)	(1,653)
Total income and expense for the period recognised directly in equity	-	-	7,030	-	-	(1,653)	5,377
Profit for year	-	-	-	-	36,447	9,643	46,090
Total income and expense for the period	-	-	7,030	-	36,447	7,990	51,467
Attributable to:							
Equity holders of the parent							43,477
Minority Interest							7,990
Equity Transactions:							
Issue of share capital, employee share plan	11,453	-	-	-	-	-	11,453
Exercise of options	2,415	-	-	-	-	-	2,415
Business combinations	-	-	27,501	-	-	72,160	99,661
Sale of Investment	-	-	-	-	-	(768)	(768)
Cost of share based payments	-	-	2,449	-	-	-	2,449
Shares vested to employees (net)	-	-	(1,274)	-	-	-	(1,274)
Dividend Reinvestment Plan	23,988	-	-	-	-	-	23,988
Dividends to shareholders	-	-	-	-	(72,848)	-	(72,848)
Dividends Underwritten	46,815	-	-	-	-	-	46,815
Hybrid Equity Distribution	-	-	-	-	(9,779)	-	(9,779)
Convertible notes converted	954	(378)	-	-	-	-	576
Convertible notes matured	-	(53,885)	-	-	-	-	(53,885)
Acquisition of minority interests in controlled entity	-	-	-	-	-	(695)	(695)
Recognition of share of reserve for losses in associate	-	-	2,892	-	(2,892)	-	-
As at 30 June 2008	694,118	-	16,190	145,151	353,991	86,726	1,296,176

The accompanying notes form an integral part of this statement of changes in equity.

STATEMENT OF CHANGES IN EQUITY

15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Parent (\$'000)	Issued Capital	Convertible Notes	Reserves	Hybrid Equity	Retained Earnings	Total Equity
As at 1 July 2008	694,118	-	12,263	145,151	100,409	951,941
Currency translation differences	-	-	(12,395)	-	-	(12,395)
Cash flow hedge reserve	-	-	3,007	-	-	3,007
Total income and expenses for the period recognised directly in equity	-	-	(9,388)	-	-	(9,388)
Profit for period	-	-	-	-	(59,158)	(59,158)
Total income and expense for the period	-	-	(9,388)	-	(59,158)	(68,546)
Attributable to:						
Equity holders of the parent						(68,546)
Minority interest						
Equity transactions:						
Issue of share capital, employee share plan	-	-	-	-	-	-
Exercise of options	-	-	-	-	-	-
Cost of share based payments	446	-	7,109	-	-	7,555
Shares vested to employees (net)	-	-	-	-	-	-
Dividend Reinvestment Plan	16,070	-	-	-	-	16,070
Dividends to shareholders	-	-	-	-	(42,949)	(42,949)
Dividends underwritten	26,879	-	-	-	-	26,879
Hybrid Equity Distribution	-	-	-	-	(8,204)	(8,204)
Convertible notes converted	-	-	-	-	-	-
Convertible notes matured	-	-	-	-	-	-
As at 30 September 2009	737,513	-	9,984	145,151	(9,902)	882,746
As at 1 July 2007	608,493	54,263	4,355	145,151	71,011	883,273
Currency translation differences	-	-	74	-	-	74
Cash flow hedge reserve	-	-	7,638	-	-	7,638
Total income and expenses for the period recognised directly in equity	-	-	7,712	-	-	7,712
Profit for year	-	-	-	-	109,976	109,976
Total income and expense for the period	-	-	7,712	-	109,976	117,688
Attributable to:						
Equity holders of the parent						117,688
Minority interest						-
Equity transactions:						
Issue of share capital, employee share plan	11,453	-	-	-	-	11,453
Exercise of options	2,415	-	-	-	-	2,415
Cost of share based payments	-	-	522	-	-	522
Shares vested to employees (net)	-	-	(326)	-	-	(326)
Dividend Reinvestment Plan	23,988	-	-	-	-	23,988
Dividends to shareholders	-	-	-	-	(70,799)	(70,799)
Dividends underwritten	46,815	-	-	-	-	46,815
Hybrid Equity Distribution	-	-	-	-	(9,779)	(9,779)
Convertible notes converted	954	(378)	-	-	-	576
Convertible notes matured	-	(53,885)	-	-	-	(53,885)
As at 30 June 2008	694,118	-	12,263	145,151	100,409	951,941

The accompanying notes form an integral part of this statement of changes in equity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 1. Corporate Information

The Group changed its name from Futuris Corporation Limited to Elders Limited as at 30 April 2009. This is the first Annual Report provided with the reporting date of 30 September 2009, providing financial results for the 15 month period to 30 September 2009.

The financial report of Elders Limited for the 15 month period ended 30 September 2009 was authorised for issue in accordance with a resolution of the Directors on 16 November 2009.

Elders Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

The nature of the operations and principal activities of the Group are described in Note 29.

Note 2. Statement of Significant Accounting Policies

(a) Basis of accounting

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards.

This report has been prepared on a historical cost basis, except for investment properties, derivative financial instruments and available for sale financial assets that have been measured at fair value, and biological assets that are measured at fair value less estimated point of sale costs. The carrying values of recognised assets and liabilities that are hedged with fair value hedges are adjusted to record changes in the fair values attributable to the risks that are being hedged.

This report has been prepared on the basis that the sale of ITC Timber Pty Ltd, an entity which holds Elders' hardwood timber processing operations as well as its 50% stake in Smartfibre Pty Ltd proceeds. Refer to Note 28.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the class order applies.

The accounting policies and disclosures are consistent with those of the previous financial year.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Australian Accounting Standards and Interpretations that have recently been issued or amended, but are not yet effective, have not been adopted by the Group for the annual reporting period ending 30 September 2009. These are outlined in the table below.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 2. Statement Of Significant Accounting Policies (continued)

(b) Statement of compliance (continued)

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB Int. 16	Hedges of a Net Investment in a Foreign Operation	This Interpretation requires that the hedged risk in a hedge of a net investment in a foreign operation is the foreign currency risk arising between the functional currency of the net investment and the functional currency of any parent entity. This also applies to foreign operations in the form of joint ventures, associates or branches.	1 October 2008	The Group does not currently hedge any of its net investments in foreign operations. The application of AASB Int. 16 is not expected to have any impact on the Group's financial report.	1 October 2009
AASB Int. 17 and AASB 2008-13	Distributions of Non-cash Assets to Owners and consequential amendments to Australian Accounting Standards AASB 5 and AASB 110	The Interpretation outlines how an entity should measure distributions of assets, other than cash, as a dividend to its owners acting in their capacity as owners. This applies to transactions commonly referred to as spin-offs, split offs or demergers and in-specie distributions.	1 July 2009	The application of AASB Int. 17 is not expected to have any impact on the Group's financial report.	1 October 2009
AASB Int. 18	Transfers of Assets from Customers	<p>This Interpretation provides guidance on the transfer of assets such as items of property, plant and equipment or transfers of cash received from customers. The Interpretation provides guidance on when and how an entity should recognise such assets and discusses the timing of revenue recognition for such arrangements and requires that once the asset meets the condition to be recognised at fair value, it is accounted for as an 'exchange transaction'.</p> <p>Once an exchange transaction occurs the entity is considered to have delivered a service in exchange for receiving the asset.</p> <p>Entities must identify each identifiable service within the agreement and recognise revenue as each service is delivered.</p>	Applies prospectively to transfer of assets from customers received on or after 1 July 2009	The application of AASB Int. 18 is not expected to have any impact on the Group's financial report.	1 October 2009
AASB 8 and AASB 2007-3	Operating Segments and consequential amendments to other Australian Accounting Standards	New Standard replacing AASB 114 <i>Segment Reporting</i> , which adopts a management reporting approach to segment reporting.	1 January 2009	AASB 8 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements, although it may indirectly impact the level at which goodwill is tested for impairment. In addition, the amendments may have an impact on the Group's segment disclosures.	1 October 2009

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 2. Statement of Significant Accounting Policies (continued)

(b) Statement of compliance (continued)

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 123 (Revised) and AASB 2007-6	Borrowing Costs and consequential amendments to other Australian Accounting Standards	The amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised.	1 January 2009	These amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised. The Group has previously elected to capitalise borrowing costs associated with qualifying assets and as such the amendments are not expected to have any financial impact.	1 October 2009
AASB 101 (Revised), AASB 2007-8 and AASB 2007-10	Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards	Introduces a statement of comprehensive income. Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentation requirements for restatements or reclassifications of items in the financial statements, changes in the presentation requirements for dividends and changes to the titles of the financial statements.	1 January 2009	These amendments are only expected to affect the presentation of the Group's financial report and will not have a direct impact on the measurement and recognition of amounts disclosed in the financial report. The Group has not determined at this stage whether to present a single statement of comprehensive income or two separate statements.	1 October 2009
AASB 2008-1	Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations	The amendments clarify the definition of “vesting conditions”, introducing the term “non-vesting conditions” for conditions other than vesting conditions as specifically defined and prescribe the accounting treatment of an award that is effectively cancelled because a non-vesting condition is not satisfied.	1 January 2009	The Group has share-based payment arrangements that may be affected by these amendments. The Group is in the process of determining the impact of these amendments, if any.	1 October 2009
AASB 2008-2	Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation	The amendments provide a limited exception to the definition of a liability so as to allow an entity that issues puttable financial instruments with certain specified features, to classify those instruments as equity rather than financial liabilities.	1 January 2009	These amendments are not expected to have any impact on the Group's financial report as the Group does not have on issue or expect to issue any puttable financial instruments as defined by the amendments.	1 October 2009
AASB 3 (Revised)	Business Combinations	The revised Standard introduces a number of changes to the accounting for business combinations, the most significant of which includes the requirement to have to expense transaction costs and a choice (for each business combination entered into) to measure a non-controlling interest (formerly a minority interest) in the acquiree either at its fair value or at its proportionate interest in the acquiree's net assets. This choice will effectively result in recognising goodwill relating to 100% of the business (applying the fair value option) or recognising goodwill relating to the percentage interest acquired. The changes apply prospectively.	1 July 2009	The Group has not entered into any business combinations since balance date. Any impact will depend on whether the Group enters into a business combination subsequent to the adoption of the standard.	1 October 2009

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 2. Statement of Significant Accounting Policies (continued)

(b) Statement of compliance (continued)

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 127 (Revised)	Consolidated and Separate Financial Statements	There are a number of changes arising from the revision to AASB 127 relating to changes in ownership interest in a subsidiary without loss of control, allocation of losses of a subsidiary and accounting for the loss of control of a subsidiary. Specifically in relation to a change in the ownership interest of a subsidiary (that does not result in loss of control) – such a transaction will be accounted for as an equity transaction.	1 July 2009	If the Group changes its ownership interest in existing subsidiaries in the future, without loss of control, the change will be accounted for as an equity transaction. This will have no impact on goodwill, nor will it give rise to a gain or loss in the Group's income statement.	1 October 2009
AASB 2008-3	Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127	Amending Standard issued as a consequence of revisions to AASB 3 and AASB 127. Refer above.	1 July 2009	Refer to AASB 3 (Revised) and AASB 127 (Revised) above.	1 October 2009
AASB 2008-5	Amendments to Australian Accounting Standards arising from the Annual Improvements Project	<p>The improvements project is an annual project that provides a mechanism for making non-urgent, but necessary, amendments to IFRSs. The IASB has separated the amendments into two parts: Part 1 deals with changes the IASB identified resulting in accounting changes; Part II deals with either terminology or editorial amendments that the IASB believes will have minimal impact.</p> <p>This was the first omnibus of amendments issued by the IASB arising from the Annual Improvements Project and it is expected that going forward, such improvements will be issued annually to remove inconsistencies and clarify wording in the standards.</p> <p>The AASB issued these amendments in two separate amending standards; one dealing with the accounting changes effective from 1 January 2009 and the other dealing with amendments to AASB 5, which will be applicable from 1 July 2009 [refer below AASB 2008-6].</p>	1 January 2009	These amendments are not expected to have any material impact on the Group's financial report.	1 October 2009
AASB 2008-6	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	<p>This was the second omnibus of amendments issued by the IASB arising from the Annual Improvements Project.</p> <p>Refer to AASB 2008-5 above for more details.</p>	1 July 2009	The amendments in AASB 2008-6 are disclosure related and so will have no impact on the amount included in the Group's financial statements.	1 October 2009

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 2. Statement of Significant Accounting Policies (continued)

(b) Statement of compliance (continued)

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2008-7	Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	<p>The main amendments of relevance to Australian entities are those made to AASB 127 deleting the “cost method” and requiring all dividends from a subsidiary, jointly controlled entity or associate to be recognised in profit or loss in an entity’s separate financial statements (i.e., parent company accounts). The distinction between pre- and post-acquisition profits is no longer required. However, the payment of such dividends requires the entity to consider whether there is an indicator of impairment.</p> <p>AASB 127 has also been amended to effectively allow the cost of an investment in a subsidiary, in limited reorganisations, to be based on the previous carrying amount of the subsidiary (that is, share of equity) rather than its fair value.</p>	1 January 2009	<p>Recognising all dividends received from subsidiaries, jointly controlled entities and associates as income will likely give rise to greater income being recognised by the parent entity after adoption of these amendments.</p> <p>In addition, if the Group enters into any group reorganisation establishing new parent entities, an assessment will need to be made to determine if the reorganisation meets the conditions imposed to be effectively accounted for on a ‘carry-over basis’ rather than at fair value.</p>	1 October 2009
AASB 2008-8	Amendments to Australian Accounting Standards – Eligible Hedged Items	The amendment to AASB 139 clarifies how the principles underlying hedge accounting should be applied when (i) a one-sided risk in a hedged item is being hedged and (ii) inflation in a financial hedged item existed or was likely to exist.	1 July 2009	The application of hedge accounting is currently limited to the Automotive Segment. The Group is in the process of determining the impacts of AASB 2008-8, if any.	1 October 2009
AASB 2009-2	Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments [AASB 4, AASB 7, AASB 1023 & AASB 1038]	<p>The main amendment to AASB 7 requires fair value measurements to be disclosed by the source of inputs, using the following three-level hierarchy:</p> <ul style="list-style-type: none"> > quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); > inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and > inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3). <p>These amendments arise from the issuance of <i>Improving Disclosures about Financial Instruments (Amendments to IFRS 7)</i> by the IASB in March 2009.</p> <p>The amendments to AASB 4, AASB 1023 and AASB 1038 comprise editorial changes resulting from the amendments to AASB 7.</p>	Annual reporting periods beginning on or after 1 January 2009 that end on or after 30 April 2009	The amendments in AASB 2009-2 are disclosure related and will have no direct impact on the amounts included in the Group’s financial statements.	1 October 2009

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 2. Statement of Significant Accounting Policies (continued)

(b) Statement of compliance (continued)

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2009-4	Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16]	<p>The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting.</p> <p>The main amendment of relevance to Australian entities is that made to IFRIC 16 which allows qualifying hedge instruments to be held by any entity or entities within the group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements in AASB 139 that relate to a net investment hedge are satisfied. More hedging relationships will be eligible for hedge accounting as a result of the amendment.</p> <p>These amendments arise from the issuance of the IASB's Improvements to IFRSs. The amendments pertaining to IFRS 5, 8, IAS 1, 7, 17, 36 and 39 have been issued in Australia as AASB 2009-5 (refer below).</p>	1 July 2009	The Group does not currently hedge any of its net investments in foreign operations. The amendments in AASB 2009-4 are not expected to have any impact on the Group's financial report.	1 October 2009
AASB 2009-5	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 and 139]	<p>The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting.</p> <p>The main amendment of relevance to Australian entities is that made to AASB 117 by removing the specific guidance on classifying land as a lease so that only the general guidance remains. Assessing land leases based on the general criteria may result in more land leases being classified as finance leases and if so, the type of asset which is to be recorded (intangible v property, plant and equipment) needs to be determined.</p> <p>These amendments arise from the issuance of the IASB's Improvements to IFRSs. The AASB has issued the amendments to IFRS 2, IAS 38, IFRIC 9 as AASB 2009-4 (refer above).</p>	1 January 2010	The Group has not yet determined the extent of the impact of the amendments, if any.	1 October 2010

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 2. Statement of Significant Accounting Policies (continued)

(b) Statement of compliance (continued)

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2009-7	Amendments to Australian Accounting Standards [AASB 5, 7, 107, 112, 136 & 139 and Interpretation 17]	These comprise editorial amendments and are expected to have no major impact on the requirements of the amended pronouncements.	1 July 2009	The amendments in AASB 2009-7 are editorial in nature and are not expected to have any direct impact on the amounts in the Group's financial report.	1 October 2009
AASB 2009-8	Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions (AASB 2)	<p>The Standard makes amendments to Australian Accounting Standard AASB 2 Share-based Payment and supersedes Interpretation 8 Scope of AASB 2 and Interpretation 11 AASB 2 – Group and Treasury Share Transactions.</p> <p>The amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction.</p> <p>The amendments clarify the scope of AASB 2 by requiring an entity that receives goods or services in a share-based payment arrangement to account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash.</p>	1 January 2010	The Group has not yet determined the extent of the impact of the amendments, if any.	1 October 2010
AASB 2009-10	Amendments to Australian Accounting Standards – Classification of rights issues [AASB 132]	<p>The Standard makes amendments to Australian Accounting Standard AASB 132 Financial Instruments: Presentation as a consequence of the issuance of Classification of Rights Issues.</p> <p>The amendments clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all existing owners of the same class of its own non-derivative equity instruments.</p>	1 February 2010	The Group has not yet determined the extent of the impact of the amendments, if any.	1 October 2010

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 2. Statement of Significant Accounting Policies (continued)

(c) Basis of consolidation

The consolidated financial statements include the financial statements of the parent entity, Elders Limited, and its controlled entities, referred to collectively throughout these financial statements as the "Group".

All inter-entity balances and transactions have been eliminated. Where an entity either began or ceased to be controlled during the year, the results are included only from the date control commenced or up to the date control ceased.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Investments in subsidiaries held by the Group are accounted for at cost in the separate financial statements of the parent entity.

Financial statements of foreign controlled entities presented in accordance with overseas accounting principles are, for consolidation purposes, adjusted to comply with Group policy and generally accepted accounting principles in Australia.

(d) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Impairment of goodwill and intangibles with indefinite useful lives

The Group determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating units to which the goodwill and intangibles with indefinite useful lives are allocated. The assumptions used in this estimation of recoverable amount are discussed in note 2(r).

Share based payment transactions

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using both an external valuer for certain instruments and internally with a Black-Scholes model, refer further to information on share based payments transactions at note 2(x) and note 37.

Other significant accounting estimates and assumptions are disclosed elsewhere in the financial statements where relevant.

(e) Cash and cash equivalents

For the purposes of the cash flow statement, cash includes cash on hand and in banks and money market investments, net of outstanding bank overdrafts. For the purpose of the balance sheet bank overdrafts are included within interest bearing loans and borrowings in current liabilities and cash only includes cash on hand and in banks and money market investments.

(f) Trade and other receivables

Trade and other receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(g) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the first in, first out basis, and comprises the cost of purchase including costs of bringing the inventories to sale location. In the case of manufactured goods, direct materials, direct labour costs, variable overhead and a portion of fixed overhead costs allocated on the basis of normal operating capacity are included.

Where commodity inventories are acquired principally for the purpose of selling in the near term and generating a profit, such commodities are measured at fair value less costs to sell with changes in fair value less costs to sell recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 2. Statement of Significant Accounting Policies (continued)

(h) Livestock

The Group holds biological assets in the form of livestock, primarily beef cattle and sheep. These assets are measured at fair value, which has been determined based upon various assumptions, including livestock prices, less point of sale costs and other incidental costs, mortality rates, average daily weight gain, average daily feed price and the dress percentage. These assumptions are updated monthly and reflect the different categories of livestock held. The market value increments or decrements are recorded in the net profit.

(i) Forestry

The Group has interests in forestry plantations through plantation areas established and maintained on its own account and interests in the forestry managed investment schemes, which have reverted to the consolidated entity as a result of default by an original grower and forfeiture of their plantation interest. Forestry plantation timber owned by the Group is valued at each reporting date at fair value and increments and decrements in fair value are recognised in the income statement in the financial period in which they occur.

Fair value is determined as follows:

- Up until the time at which the initial inventory of the plantation is conducted (expected to be between four to six years) by applying historical costs; and
- After initial inventory and up until harvest of the timber – anticipated fair value less estimated point of sale costs.

As there is no active and liquid market for immature forestry plantation timber, fair value less estimated point of sales costs is based on forecast plantation growth and yields at the current average annual growth rates, prices based on the current price plus indexation of between 2.5% and 5% per annum and forecast of the net present values of future net cash flows from harvest at a discount rate of 9% and costs of maintaining plantations to maturity.

(j) Investments and other financial assets

Financial assets are classified as either financial assets at fair value through the profit or loss, loans and receivables, held to maturity investments, or available for sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value. In the case of investments not at fair value through profit or loss they include directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year end.

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category “financial assets at fair value through profit or loss”. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss based on quoted market bid prices at the close of business on the balance date.

(ii) Held to maturity investments

Non derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the Group has the positive intention and ability to hold to maturity. Investments that are held for an undefined period are not included in this classification. Held to maturity investments are subsequently measured at amortised cost.

For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

(iii) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit and loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iv) Available for sale investments

Available for sale investments are those non derivative financial assets that are designated as available for sale or are not classified as any of the preceding categories. After initial recognition, available for sale investments are measured at fair value with gains or losses being recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair values are determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of similar instruments, or discounted cash flow analysis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 2. Statement of Significant Accounting Policies (continued)

(k) Investment in associates

Interests in associated entities are brought to account using the equity method. Associates are entities over which the Group has significant influence and that are neither subsidiaries nor joint ventures. Under this method, the investment in associates is initially recognised at cost. Subsequently the investment is carried at cost plus post-acquisition changes in the Group's share of net assets of the associate, less any impairment in value and adjusted for any differences in accounting policies. The consolidated income statement reflects the Group's share of the results of operations of the associate.

Where there has been a change recognised directly in the associate's equity, the Group recognises its share of any changes and discloses this, when applicable in the consolidated statement of changes in equity.

(l) Investment in joint ventures

Interests in joint venture entities are accounted for by applying the equity method of accounting. The Group identifies joint venture entities where the Group is in a position of joint control over the entity. Investments in joint venture entities are carried at the equity accounted amount less any impairment in value.

(m) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Property, plant and equipment, excluding freehold land and assets under construction, are depreciated over their useful economic lives as follows:

	Life	Method
Buildings	50 years	Straight line
Leasehold improvements	Lease term	Straight line
Plant and equipment – owned	3 to 10 years	Straight line and units of production
Plant and equipment – leased	Lease term	Straight line
Livestock carrier	2.5 years	Straight line
Network Infrastructure	5 to 25 years	Straight line

The useful lives are consistent with those of the prior year.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

(n) Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the period in which they arise.

For plantation land, the basis of valuation is changed to fair value when a sub-lease is granted on the property. Fair value for plantation land is determined using a discounted cash flow (DCF) valuation model. The DCF valuation model incorporates the following factors:

- recent external indicators including current purchase price of equivalent land or independent land valuations,
- the Future Land Price Index to the year after harvest,
- estimation of the present value of future rental income, either as annuity income or as a portion of deferred harvest proceeds,
- the number of years to harvest the current plantation,
- the land discount rate,
- the terminal land value derived from unencumbered land value after harvest.

The DCF valuation model and assumptions are reviewed on a half yearly basis.

All plantation land held for more than 12 months is subject to a three year rotational assessment by an independent valuer.

Investment properties are derecognised when they have either been disposed of or, when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on derecognition of an investment property are recognised in the income statement in the period of derecognition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 2. Statement of Significant Accounting Policies (continued)

(n) Investment properties (continued)

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

Investment properties disposed of during the year are revalued prior to disposal with the revaluation recognised as a fair value change in the income statement rather than a loss or gain on disposal.

(o) Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is not amortised but is reviewed annually for impairment, or more frequently if there is any indication that the carrying value may be impaired.

As at the acquisition date, any goodwill acquired is allocated to each of the cash generating units expected to benefit from the combination's synergies. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes, and is not larger than a segment based on either the Group's primary or secondary reporting format determined in accordance with AASB114 Segment Reporting.

(p) Intangible assets

Intangible assets acquired separately are capitalised at cost and from a business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets. The useful lives of these intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised on a straight line basis over their useful lives (5-15 years).

Brand names, which are considered to have an indefinite life, are not amortised but are regularly tested for impairment. Expenditure incurred in developing, maintaining or enhancing brand names is expensed in the year in which it is incurred.

Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the period in which the expenditure is incurred.

(q) Design and development

Research costs are expensed as incurred.

Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured and the Group can demonstrate the technical feasibility of completing the asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the asset during its development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Any expenditure carried forward is amortised from the commencement of commercial production on a straight-line basis over the period of the expected benefit, which is over a 3 year period. These development costs are Automotive related and primarily represent engineering costs incurred in developing products under awarded contracts.

(r) Impairment

Non-financial assets

The carrying values of all assets, other than inventories and deferred tax assets, are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 2. Statement of Significant Accounting Policies (continued)

(r) Impairment (continued)

If any indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount is the greater of fair value less costs to sell and value in use. 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.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Assumptions used by each cash generating unit for cash flow projections when determining the value in use is to use the budgeted results for the following three years, after which a growth rate was added, and discounted based on an appropriate weighted average cost of capital. The weighted average cost of capital is a more reflective rate of each cash generating units position in terms of the time value of money and the risks it faces and therefore considered more appropriate than an incremental borrowing rate or other market borrowing rate.

Impairment for goodwill is determined by assessing the recoverable amount of the cash generating unit to which the goodwill relates. When the recoverable amount of the cash-generating unit (or group of cash generating units) is less than the carrying amount, and impairment loss is recognised. Where goodwill forms part of a cash generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash generating unit retained. Impairment losses for goodwill are not subsequently reversed.

Intangible assets are tested for impairment where an indicator of impairment exists, and in the case of indefinite life intangibles annually, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, or more frequently when an indicator of impairment arises during the reporting year indicating that the carrying value may not be recoverable.

Financial Assets

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (ie the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in the income statement.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred on financial assets carried at cost (because its fair value cannot be reliably measured) the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the income statement. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

(s) Trade and other payables

Trade and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that remain unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 2. Statement of Significant Accounting Policies (continued)

(t) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

(u) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Certain subsidiaries are affected by warranty claims. Claims are covered by a provision for warranty, which has been calculated based on past experience of the level of repairs and returns.

Where subsidiaries have entered into leasing arrangements that require the leased asset to be returned at the end of the lease term in its original condition an estimate is made of the costs of restoration or dismantling of any improvements and a provision is raised.

A provision for dividend is not recognised as a liability unless the dividends are declared, on or before, reporting date.

Provisions for restructuring or termination benefits are only recognised when a detailed plan has been approved and the restructuring or termination benefits have either commenced or been publicly announced, or when firm contracts have been entered into.

If the effect of the time value of money is material, 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, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(v) Provision for employee entitlements

(i) Wages, salaries, and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in provisions in respect of employee's services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(w) Pensions and other post employment benefits

The Group maintains an Australian-based superannuation fund comprising both an accumulation section and a defined benefits section. The defined benefits section of the fund has been closed since December 1996 and all employees after that date must join the accumulation section.

With respect to the accumulation section of the fund, employees are entitled to accumulated benefits on retirement, resignation, disability or death. During the year, Group contributions are paid in accordance with legislative requirements, the fund's rules and employee salary packages. Employees may also contribute to the fund. The assets of the accumulation section of the fund are sufficient to satisfy all benefits that would be vested in the event of termination.

With respect to the defined benefit section of the fund, relevant Group entities are obliged to contribute to the fund as set out in the Trust Deed and in accordance with legal requirements. During the year, superannuation entitlements are paid in accordance with legislative requirements at levels necessary to ensure that there are sufficient assets to meet the liabilities determined by actuarial valuations undertaken at regular intervals not exceeding three years. Member contributions are at a set rate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 2. Statement of Significant Accounting Policies (continued)

(w) Pensions and other post employment benefits (continued)

The Group's subsidiary, BWK AG, also maintains a defined benefit fund, referred to as provision for pensions. This provision is calculated by applying the projected unit credit method. This calculation is based on no growth in the fund, an interest rate for accounting purposes of 4.5% as well as mortality tables provided by an independent actuary.

Actuarial gains and losses for the defined benefits section of the fund are recognised in the income statement.

(x) Share based payment

The Group provides benefits to employees in the form of share-based payment transactions, which may include shares or rights over shares (equity-settled transaction such as options).

There are currently two share based plans in place to provide these benefits:

- (i) Employee Share Option Plan (ESOP), which provides benefits to senior executives; and
- (ii) Employee Share Loan Plan (ESLP), which provides benefits to all employees.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using a trinomial model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

- (i) the extent to which the vesting period has expired; and
- (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest.

This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Shares in the Group re-acquired on market and held by the Employee Share Plan at the reporting date are classified in reserves.

(y) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are included in equity as a deduction, net of tax, from the proceeds.

(z) Hybrid notes

Hybrid notes are classified as equity. Incremental costs directly attributable to the issue of the Hybrid notes are included in equity as a deduction, net of tax, from the proceeds. Distributions to note holders are made quarterly at the discretion of Directors.

(aa) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of dilutive options, dilutive convertible notes and dilutive hybrid notes).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 2. Statement of Significant Accounting Policies (continued)

(ab) Revenue

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

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably.

Rendering of services – non insurance related

Where the contract can be reliably measured, it is probable that the economic benefits associated with the transaction will flow to the Group and the stage of completion can be reliably measured. Stage of completion is measured by reference to the labour hours incurred to date as a percentage of total estimated labour hours for each contract. Where the contract outcome cannot be reliably measured, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Interest and dividend income

Dividend revenue is recognised when the shareholder's right to receive the payment is established. Interest revenue is recognised as it accrues using the effective interest rate method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Forestry revenue

Revenue from the provision of forestry services is recognised by reference to the financial period during which the relevant services are provided. Any unearned portion of these fees at financial year end is brought to account in the balance sheet as a liability and recognised in subsequent periods.

(ac) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership.

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Leases where the lessor retains substantially all the risks and rewards of ownership of the asset are classified as operating leases.

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

(ad) General insurance activities

Significant accounting estimates and assumptions

The ultimate liability arising from claims made under insurance contracts

Provision is made for the estimated cost of claims incurred but not settled at the balance date. This provision consists of estimates of both the expected ultimate cost of claims notified to the Group as well as the expected ultimate cost of claims incurred but not reported to the Group ("IBNR"). The estimated cost of claims includes direct expenses that are expected to be incurred in settling those claims.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimate of the cost of settling claims already notified to the Group, where more information about the claims is generally available. Liability and other long tail classes of business, where claims settlement may not happen for many years after the event giving rise to the claim, typically display greater variability between initial estimates and final settlement due to delays in reporting claims, uncertainty in respect of court awards and future claims inflation. Claims in respect of property and other short tail classes are typically reported and settled sooner after the claim event, giving rise to more certainty. The estimation techniques and assumptions used in determining the outstanding claims provision and the associated reinsurance and other recoveries are described below.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 2. Statement of Significant Accounting Policies (continued)

(ad) General insurance activities (continued)

In calculating the estimated cost of unpaid claims the Group uses a variety of estimation techniques, generally based upon statistical analyses of historical experience, which assumes that the development pattern of the current claims will be consistent with past experience. Allowance is made, however, for changes or uncertainties which may create distortions in the underlying statistics or which might cause the cost of unsettled claims to increase or reduce when compared with the cost of previously settled claims including:

- Changes in Group processes which might accelerate or slow down the development and/or recording of paid or incurred claims, compared with the statistics from previous periods;
- Changes in the legal environment;
- The effects of inflation;
- Changes in the mix of business;
- The impact of large losses; and
- Movements in industry benchmarks.

A component of these estimation techniques is usually the estimation of the current cost of notified but not paid claims. In estimating the cost of these the Group has regard to the claim circumstances as reported, any information available from loss adjusters and information on the cost of settling claims with similar characteristics in the previous period.

Large claims impacting each relevant business class are generally assessed separately, being measured on a case by case basis or projected separately in order to allow for the possible distortive effect of the development and incidence of these large claims.

Where possible the Group adopts multiple techniques to estimate the required level of provisions. This assists in giving greater understanding of the trends inherent in the data being projected. The projections given by the various methodologies also assist in setting the range of possible outcomes.

The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each accident year.

Provisions are calculated gross of any reinsurance recoveries. A separate estimate is made of the amounts that will be recoverable from reinsurers based upon the gross provisions.

Details of specific assumptions used in deriving the outstanding claims liability at year end are detailed below.

Assets Arising from Reinsurance Contracts

Assets arising from contracts with the Group's reinsurers are determined using the same methods described above. In addition, the recoverability of these assets is assessed at each balance date to ensure that the balances properly reflect the amounts that will ultimately be received, taking into account counterparty and credit risk. Impairment is recognised where there is objective evidence that the Group may not receive amounts due to it and these amounts can be reliably measured.

Accounting policies in relation to general insurance activities are as follows:

Premium Revenue

Premium comprises amounts charged to policyholders, excluding taxes collected on behalf of third parties. The earned portion of premium received and receivable, including unclosed business, is recognised as revenue. Premium on unclosed business is brought to account based upon the pattern of booking of renewals and new business.

Unearned Premium

Unearned premium is calculated based on the term of the risk which closely approximates the pattern of risks underwritten based on the 365th method.

At each balance date, the adequacy of the unearned premium liability is assessed on a net of reinsurance basis against the present value of the expected future cash flows relating to potential future claims in respect of the relevant insurance contracts, plus an additional risk margin to reflect the inherent uncertainty of the central estimate. The assessment is carried out at the divisional level, being a portfolio of contracts that are broadly similar and managed together as a single portfolio. If the unearned premium liability, less related intangible assets and deferred acquisition costs, is deficient, then the resulting deficiency is recognised in the income statement of the Group. The deficiency is recognised first by writing down any related intangible assets and then related deferred acquisition costs, with any excess being recorded in the balance sheet as an unexpired risk liability.

Outwards Reinsurance Premiums

Premium ceded to reinsurers is recognised as an expense in accordance with the pattern of reinsurance service received. Accordingly, a portion of outwards reinsurance premium is treated as a prepayment at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 2. Statement of Significant Accounting Policies (continued)

(ad) General insurance activities (continued)

Outstanding Claims Liability

The provision for outstanding claims is measured as the central estimate of the present value of expected future claims payments plus a risk margin. The expected future payments include those in relation to claims reported but not yet paid; claims incurred but not reported ("IBNR"); claims incurred but not enough reported ("IBNER"); and estimated claims handling costs.

The expected future payments are discounted to present value using a risk free rate.

A risk margin is applied to the central estimate, net of reinsurance and other recoveries, to reflect the inherent uncertainty in the central estimate.

Reinsurance and Other Recoveries Receivable

Reinsurance and other recoveries receivable on paid claims, reported claims not yet paid, IBNR and unexpired risk liabilities are recognised as revenue.

Amounts recoverable are assessed in a manner similar to the assessment of outstanding claims. Recoveries are measured as the present value of the expected future receipts, calculated on the same basis as the provision for outstanding claims.

Acquisition Costs

A portion of acquisition costs relating to unearned premium revenue is deferred in recognition that it represents future benefits to the organisation. Deferred acquisition costs are measured at the lower of cost and recoverable amount. A write-down to recoverable amount is recognised where the present value of expected future claims (including settlement costs) in relation to business written to the reporting date exceeds related unearned premiums. Deferred acquisition costs are amortised over the period expected to benefit from the expenditure.

Fire Brigade and Other Charges

Fire service levies and other charges received or receivable from policyholders are included in premiums. A liability for fire brigade and other charges is recognised on business written to the reporting date, regardless of whether assessments have been issued by the appropriate authority. Levies and charges payable by the organisation are expensed on the same basis as the recognition of premium revenue, with the portion relating to unearned premium being recorded as a prepayment.

Assets Backing General Insurance Liabilities

The Group has determined that all assets are held to back general insurance liabilities and are valued at fair value in the balance sheet.

The following policies apply to assets held to back general insurance liabilities:

Financial Assets

Financial assets are designated at fair value through profit or loss. Initial recognition is at cost in the balance sheet and subsequent measurement is at fair value with any resultant unrealised profits and losses recognised in the income statement.

Details of fair values of different types of assets are listed below:

- Cash assets and bank overdrafts are carried at face value of the amounts deposited or drawn. The carrying amount of cash assets and bank overdrafts approximate to their fair value. For the purposes of the cash flow statement, cash includes cash on hand, deposits held at call with banks and investments in money market instruments, net of bank overdrafts;
- Fixed interest securities are initially recognised at cost and the subsequent fair value is taken as the quoted bid price of the instrument at the balance sheet date; and
- Unlisted fixed interest securities are recorded at amounts based on valuations using rates of interest equivalent to the yields obtainable on comparable investments at balance date.

Financial assets are derecognised when the rights to receive future cash flows from the assets have expired, or have been transferred, and Elders Insurance Limited has transferred substantially all the risks and rewards of ownership.

Receivables

Amounts due from policyholders are initially recognised at face value, being the amounts due. They are subsequently measured at fair value which is approximated by taking the initially recognised amount and reducing it for impairment as appropriate.

A provision for impairment of receivables is established when there is objective evidence that Elders Insurance Limited will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows. The discount is calculated using a risk free rate. The impairment charge is recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 2. Statement of Significant Accounting Policies (continued)

(ad) General insurance activities (continued)

Actuarial Assumptions and Methods

Short Tail Classes

With short tail classes, there is not a significant delay between the occurrence of the claim and the claim being reported to the Group. The costs of claims notified to the Group at the balance sheet date are estimated on a case by case basis to reflect the individual circumstances of each claim. The ultimate expected cost of claims is projected from this data by reference to statistics which show how estimates of claims incurred in previous periods have developed over time to reflect changes in the underlying estimates of the cost of notified claims and late notifications.

Liability

Claims estimates for the Group's liability business are derived from analysis of the results of several different actuarial methods. Ultimate numbers of claims are projected based on the past reporting patterns. Payments experience is analysed based on averages paid per claim incurred and averages paid per claim finalised. Historic case estimate development is also used to develop a model of future payments. The resulting average claim sizes from these models are analysed, along with the loss ratios and other statistics, in order to determine a final estimate of outstanding claims.

Claims inflation is incorporated into the resulting projected payments, to allow for both general economic inflation as well as any superimposed inflation detected in the modelling of payments experience. Superimposed inflation arises from non-economic factors such as developments of legal precedent.

Projected payments are discounted to allow for the time value of money. The liability class of business is also subject to the possible emergence of new types of latent claims, but no specific allowance is included for this as at the balance sheet date. Such uncertainties are considered when setting the risk margin appropriate for this class.

The following assumptions have been made in determining the outstanding claims liabilities:

	Sept 2009 Short-Tail	June 2008 Short-Tail	Sept 2009 Liability	June 2008 Liability
Discount Rate	4.80%	6.9%	4.80%	6.9%
Discount Mean Term (Years)	0.36	0.35	2.46	2.50
Claims Handling Expense Ratio	5.0%	5.0%	6.0%	6.0%
Ultimate Gross Loss Ratio Latest Accident Year	80%	74%	50%	47%

Process Used to Determine Assumptions

A description of the processes used to determine these assumptions is provided below:

Average Weighted Term to Settlement

The average weighted term to settlement is calculated separately by class of business based on historic settlement patterns.

Expense Rate

Claims handling expenses were calculated by reference to past experience of claims handling costs as a percentage of past payments.

Discount Rate

Discount rates derived from market yields on Commonwealth Government securities as at the balance date have been adopted.

Insurance Contracts - Risk Management Policies and Procedures

The financial condition and operation of the Group are affected by a number of key risks including insurance risk, interest rate risk, currency risk, credit risk, market risk, liquidity risk, financial risk, compliance risk and operational risk.

Objectives in Managing Risks Arising from Insurance Contracts and Policies for Mitigating those Risks

The Group has the objective to control insurance risk thus reducing the volatility of operating profits. In addition to the inherent uncertainty of insurance risk, which can lead to significant variability in the loss experience, profits from insurance business are affected by market factors, particularly competition and movements in asset values. Short-term variability is, to some extent, a feature of insurance business.

In accordance with Prudential Standards GPS220 Risk Management and GPS230 Reinsurance Management issued by the Australian Prudential Regulation Authority (APRA), the Board and senior management of the Group have developed, implemented and maintained a sound and prudent Risk Management Strategy (RMS) and Reinsurance Management Strategy (REMS).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 2. Statement of Significant Accounting Policies (continued)

(ad) General insurance activities (continued)

The RMS and REMS identify the Group's policies and procedures, processes and controls that comprise its risk management and control systems. These systems address all material risks, financial and non-financial, likely to be faced by the Group. Annually, the Board certifies to APRA that adequate strategies have been put in place to monitor those risks, that the Group has systems in place to ensure compliance with legislative and prudential requirements and that the Board has satisfied itself as to the compliance with RMS and REMS.

The RMS and REMS have been approved by the Board and submitted to APRA. Key aspects of the processes established in the RMS to mitigate risks include:

- The maintenance and use of sophisticated management information systems, which provide up to date, reliable data on the risks to which the business is exposed at any point in time;
- Actuarial models, using information from the management information systems, are used to calculate premiums and monitor claims patterns. Past experience and statistical methods are used as part of the process;
- Documented procedures are followed for underwriting and accepting insurance risks;
- Natural disasters such as bushfires are more challenging to manage. The Group monitors exposure to such risks through special modelling techniques involving the collation of data on weather patterns which support decisions on limiting exposure;
- Reinsurance is used to limit the Group's exposure. When selecting a reinsurer the Group only consider those companies that provide high security. In order to assess this, the Group uses rating information from the public domain or gathered through internal investigations;
- In order to limit concentrations of credit risk, in purchasing reinsurance the Group has regard to existing reinsurance assets and seeks to limit excess exposure to any single reinsurer or group of related reinsurers; and
- The mix of assets in which the Group invests is driven by the nature and term of the insurance liabilities. The management of assets and liabilities is closely monitored to attempt to match the maturity dates of assets with the expected pattern of claim payments.

Terms and Conditions of Insurance Business

The terms and conditions attaching to insurance contracts affect the level of insurance risk accepted by the Group. The majority of direct insurance contracts written are entered into on a standard form basis. There are no special terms and conditions in any non standard contracts that have a material impact on the financial statements.

Concentration of Insurance Risk

The Group's exposure to concentrations of insurance risk is mitigated by a diversified portfolio. Specific processes for monitoring identified key concentrations are set out below:

Risk	Source of Concentration	Risk Management Measures
Natural Catastrophes	Properties concentrated in regions that are subject to: <ul style="list-style-type: none"> • Earthquakes • Bushfires • Cyclones • Hail Storms 	<p>The Group's underwriting strategy requires individual risk premiums to be differentiated in order to reflect the higher loss frequency in particular geographical areas.</p> <p>The Group has modelled aggregated risk by postcode using commercially available catastrophe models.</p> <p>The Group's exposure data across the Australian portfolio encompasses all fire risks.</p> <p>Based on the probable maximum loss per the models, the Group purchases catastrophe reinsurance cover to limit exposure to any single event.</p>

(ae) Income tax

Income tax disclosed in the income statement comprises of current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at balance date, and any adjustments to tax payable in respect of previous years.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 2. Statement of Significant Accounting Policies (continued)

(ae) Income tax (continued)

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

(af) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(ag) Foreign currency translation

Both the functional and presentation currency of Elders Limited and its Australian subsidiaries is Australian dollars (AUD).

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All exchange differences in the consolidated financial report are taken to the income statement with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in the income statement. Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

As at the reporting date the assets and liabilities of overseas subsidiaries are translated into the presentation currency of Elders Limited at the rate of exchange ruling at the balance sheet date, and the income statements are translated at the weighted average exchange rates for the period.

The exchange differences arising on the retranslation are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 2. Statement of Significant Accounting Policies (continued)

(ah) Derivative financial instruments

The Group uses derivative financial instruments to manage its exposure to foreign exchange, commodity price and interest rate risks. Such derivative financial instruments are stated at fair value.

The fair value of derivative financial instruments is determined by reference to quoted market prices. Where a quoted market price is not available, the fair value is the estimated amount the consolidated entity would receive or pay to terminate the derivative financial instrument taking into account available market information.

The gain or loss arising from changes in fair value is recognised immediately in the income statement, unless the derivative qualifies for hedge accounting, in which case the accounting treatment is set out below.

For the purposes of hedge accounting, hedges are classified as either fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability; or cash flow hedges where they hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction.

In relation to fair value hedges which meet the conditions for special hedge accounting, any gain or loss from re-measuring the hedging instrument at fair value is recognised immediately in the income statement.

Any gain or loss attributable to the hedged risk on re-measurement of the hedged item is adjusted against the carrying amount of the hedged item and recognised in the income statement. Where the adjustment is to the carrying amount of a hedged interest-bearing financial instrument, the adjustment is amortised to the income statement such that it is fully amortised by maturity.

In relation to cash flow hedges to hedge firm commitments which meet the conditions for special hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity and the ineffective portion is recognised in the income statement.

When the hedged firm commitment results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses that had previously been recognised in equity are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability.

For all other cash flow hedges, the gains or losses that are recognised in equity are transferred to the income statement in the same year in which the hedged firm commitment affects the net profit and loss, for example when the future sale actually occurs.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss recognised in equity is kept in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the income statement.

(ai) Derecognition of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Group could be required to repay.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 2. Statement of Significant Accounting Policies (continued)

(ai) Derecognition of financial assets and financial liabilities (continued)

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

(aj) Business combinations

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the combination. Where equity instruments are issued in a business combination, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and calculation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Except for non current assets or disposal groups classified as held for sale (which are measured at fair value less costs to sell), all identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of the business combination over the fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the Group's share of the net fair value of the identifiable net assets of the subsidiary, the difference is recognised as a gain in the income statement, but only after reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of the consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(ak) Non current assets and disposal groups held for sale and discontinued operations

Non current assets and disposal groups are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction. They are not depreciated or amortised. For an asset or disposal group to be classified as held for sale, it must be available for immediate sale in its present condition and its sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non current asset (or disposal group) is recognised at the date of de-recognition.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the income statement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 3. Revenue and Expenses

	Note	Consolidated		Parent	
		15 months September 2009 \$000	12 months June 2008 \$000	15 months September 2009 \$000	12 months June 2008 \$000
Sales revenue:					
<i>Continuing operations</i>					
Sale of goods		2,300,502	2,302,774	-	-
Sale of biological assets		181,612	407,776	-	-
Commission and other selling charges		275,390	280,463	-	-
Insurance premium revenue	26	-	193,144	-	-
Other sales related income		96,413	90,502	-	-
		2,853,917	3,274,659	-	-
<i>Discontinued operations</i>	40	686,166	37,456	-	-
		3,540,083	3,312,115	-	-
Other revenue:					
<i>Continuing operations</i>					
Change in fair value of financial assets designated as fair value through profit and loss		8,459	30,290	(2,282)	4,706
Dividends					
- Controlled entities		-	-	-	150,000
- Other persons		406	3,920	8,976	-
Other		38,399	78,300	-	12,074
		47,264	112,510	6,694	166,780
<i>Discontinued operations</i>	40	60,643	4,826	-	-
		107,907	117,336	6,694	166,780
Interest revenue:					
<i>Continuing operations</i>					
- Controlled entities		-	-	47,089	20,509
- Associated entities		4,660	3,396	723	-
- Other persons		8,385	12,026	1,079	36
		13,045	15,422	48,891	20,545
<i>Discontinued operations</i>	40	13,731	-	-	-
		26,776	15,422	48,891	20,545

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 3. Revenue and Expenses (continued)

	Note	Consolidated		Parent	
		15 months September 2009 \$000	12 months June 2008 \$000	15 months September 2009 \$000	12 months June 2008 \$000
Expenses:					
<i>Continuing operations</i>					
Distribution expenses		453,020	487,006	-	-
Marketing expenses		16,926	14,666	-	-
Occupancy expenses		12,010	17,492	-	1,096
Administrative expenses		168,515	154,713	67,924	26,835
Insurance claims & related expenses		-	128,981	-	-
Impairment losses		165,548	-	-	-
Other expenses		153,389	66,892	-	3,125
		969,408	869,750	67,924	31,056
<i>Discontinued operations</i>	40	543,063	53,535	-	-
		1,512,471	923,285	67,924	31,056
Depreciation and amortisation:					
Property, plant and equipment		24,713	34,901	-	72
Leased assets		44	678	-	-
Design and development		6,314	4,046	-	-
Patents, trademarks and other		5,232	2,959	-	-
		36,303	42,584	-	72
<i>Discontinued operations</i>		9,239	-	-	-
		45,542	42,584	-	72
Finance costs:					
Interest expense – other entities		101,342	70,344	61,298	31,168
Finance lease charges		6	404	-	-
Other finance costs		10,882	1,572	10,882	1,236
		112,230	72,320	72,180	32,404
<i>Discontinued operations</i>	40	4,521	11	-	-
		116,751	72,331	72,180	32,404
Specific net gains and (expenses):					
Profit/(loss) on sale of non current assets					
- Property, plant and equipment		(101)	(553)	-	-
- Profit on sale of investments		38,401	(1,816)	6,358	-
- Profit on sale of controlled entities		82,546	-	-	-
		120,846	(2,369)	6,358	-
<i>Discontinued operations</i>	40	3,263	-	-	-
		124,109	(2,369)	6,358	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 3. Revenue and Expenses (continued)

	Consolidated		Parent	
	15 months September 2009 \$000	12 months June 2008 \$000	15 months September 2009 \$000	12 months June 2008 \$000
Reported Profit/(loss) before tax:	(466,330)	37,075	(78,161)	-
<i>Add back: Non-recurring gains/(losses):</i>				
Telco operations closure costs	-	(12,948)	-	-
Horticulture operations closure costs	(4,668)	(6,710)	-	-
Loss on sale of Rail and Bus division	(2,802)	(16,189)	-	-
Seed and Fodder impairments	(4,861)	(1,278)	-	-
Restructuring, redundancy and relocation costs	(70,738)	(22,472)	(14,305)	-
Write off/impairment other projects and activities	(36,101)	(13,134)	-	-
Discount on acquisition	-	6,042	-	-
Derivative fair value gain	-	3,853	-	-
Profit on sale/Discount on acquisition	109,070	4,441	-	-
Impairment losses on telecommunications closure	-	(6,453)	-	-
Impairment losses on assets retained	(99,928)	(6,300)	-	-
Impairment losses on intangibles	-	(6,581)	-	-
Write down of assets to be divested/discontinued	(223,613)	-	-	-
Results from assets to be divested/discontinued	(9,158)	-	-	-
Refinancing costs	(45,669)	-	(45,669)	-
Net non-recurring loss before tax	(388,468)	(77,729)	(59,974)	-
Underlying profit/(loss) before tax	(77,862)	114,804	(18,187)	-
Reported tax benefit/(expense)	(1,170)	9,015	-	-
<i>Add back: Tax benefit/(expense) on non-recurring items</i>	25,788	(29,965)	(15,467)	-
Net Profit attributable to minority interest	1,492	(9,643)	-	-
<i>Underlying profit/(loss) after tax</i>	(51,752)	84,211	(33,654)	-
Non-recurring losses	(388,468)	(77,729)	(59,974)	-
Tax benefit/(expense) on non-recurring items	(25,788)	29,965	15,467	-
Minority interest	(418)	-	-	-
Non-recurring losses after tax	(414,674)	(47,764)	(44,507)	-
Employee benefit expense:				
- Wages and salaries	305,701	287,332	10,956	13,040
- Post employment benefits including superannuation	26,638	23,345	-	473
- Workers compensation	2,482	4,337	-	57
- Share based payments	7,161	3,009	-	522
	341,982	318,023	10,956	14,092
<i>Discontinued operations</i>	17,788	-	-	-
	359,770	318,023	10,956	14,092
Other Impairment Losses:				
Impairment losses	99,928	2,332	-	-
Impairment reversals	-	(989)	-	-
Impairment losses (net)	99,928	1,343	-	-
Operating leases - minimum lease payments	123,467	67,253	556	574
Foreign exchange net gains/(losses)	(484)	(251)	(69)	-
Provision for doubtful debts and bad debts written off	5,955	1,026	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 4. Income Tax

	Consolidated		Parent	
	15 months September 2009 \$000	12 months June 2008 \$000	15 months September 2009 \$000	12 months June 2008 \$000
(a) Major components of income tax expense are:				
Income Statement				
<i>Current income tax</i>				
Current income tax charge/(benefit)	(21,551)	(5,752)	(11,837)	1,692
Adjustments in respect of current income tax of previous years	(583)	(5,335)	(368)	42,980
<i>Deferred income tax</i>				
Origination and reversal of temporary differences	23,304	2,072	(6,798)	(29,579)
Income tax expense/(benefit) reported in income statement	1,170	(9,015)	(19,003)	15,093
Statement of Changes in Equity				
<i>Deferred income tax</i>				
Net loss on revaluation of cash flow hedges	(4,024)	3,274	(4,024)	3,274
Income tax expense/(benefit) reported in equity	(4,024)	3,274	(4,024)	3,274
(b) A reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Group's effective income tax rate is as follows:				
Accounting profit/(loss) before tax from:				
- Continuing operations	(324,234)	83,292	(78,161)	125,069
- Discontinued operations	(142,096)	(46,217)	-	-
Total Accounting profit/(loss) before tax	(466,330)	37,075	(78,161)	125,069
Income tax expense/(benefit) at 30% (2008: 30%)	(139,899)	11,123	(23,448)	37,521
Adjustments in respect of current income tax of previous years	(583)	(5,335)	(368)	42,980
Share of associate (profits)/losses	2,522	(12,151)	-	(361)
Non assessable (profits)/losses	10,405	(4,062)	1,912	252
Non deductible depreciation and amortisation	71	1,852	-	-
Non deductible other expenses	1,115	1,843	81	29
Impairment expense	107,488	-	-	-
Non assessable dividends	-	(596)	-	(45,000)
Employee share plan costs	2,248	924	2,190	141
Non transferrable foreign losses	16,678	-	-	-
Losses recognised by Parent entity	-	-	-	(20,406)
Other	1,125	(2,613)	630	(63)
Income tax expense/(benefit) as reported in income statement	1,170	(9,015)	(19,003)	15,093
<i>Aggregate Income tax expense is attributable to:</i>				
- Continuing Operations	(10,125)	7,712	(19,003)	15,093
- Discontinued Operations	11,295	(16,727)	-	-
	1,170	(9,015)	(19,003)	15,093
Current tax payable/(receivable)	38,047	32,000	-	(13,315)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 4. Income Tax (continued)

	Balance Sheet		Income Statement	
	15 months September 2009 \$000	12 months June 2008 \$000	15 months September 2009 \$000	12 months June 2008 \$000
Deferred income tax at 30 September (2008: 30 June) relates to the following:				
Consolidated				
<i>Deferred income tax liabilities</i>				
Revaluations of investment properties to fair value	(10,799)	(8,269)	2,528	1,175
Revaluations of foreign exchange contracts (cash flow hedges) to fair value	(1,202)	(5,669)	1,224	307
Shares in associated entities	(4,124)	(8)	3,161	1,034
Exchange rates to fair value	(2,408)	(835)	1,363	(1,142)
Non assessable accrued income	(33,929)	(19,022)	14,907	10,753
Forestry assets (standing timber)	(5,398)	(5,669)	301	1,131
Plant and equipment temporary differences	-	1,404	-	(2,757)
Prepayments	-	(52)	-	(3)
Research and development	(5,524)	(8,182)	(2,580)	935
Other debtors	(3,325)	(4,915)	(1,751)	1,046
Other	(2,477)	(2,585)	(1,514)	(7,694)
Gross deferred income tax liabilities	(69,186)	(53,802)	17,639	4,785
<i>Deferred income tax assets</i>				
Losses available to offset against future taxable income	63,030	33,109	4,121	(578)
Provision for employee entitlements	11,733	14,794	2,053	(80)
Other provisions	12,360	13,607	(129)	(1,837)
Forestry product investment income	4,290	9,822	5,533	2,252
Accrued expenditure	2,613	1,450	(257)	268
Deferred borrowing costs	9,249	988	(8,693)	210
Other capitalised expenses	8,294	4,220	(4,679)	(2,261)
Plant and equipment temporary differences	3,189	-	7,945	-
Other	282	1,188	(229)	(687)
Gross deferred income tax assets	115,040	79,178	5,665	(2,713)
Deferred income tax charge			23,304	2,072
Parent				
<i>Deferred income tax liabilities</i>				
Unrealised gain/loss on financial instruments	(4,145)	(5,891)	2,277	235
Other debtors	-	-	-	589
Shares in associated entities	-	(29)	-	-
Other	-	(13)	-	218
Gross deferred income tax liabilities	(4,145)	(5,933)	2,277	1,042

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 4. Income Tax (continued)

	Balance Sheet		Income Statement	
	15 months September 2009 \$000	12 months June 2008 \$000	15 months September 2009 \$000	12 months June 2008 \$000
<i>Deferred income tax assets</i>				
Losses available to offset against future taxable income ⁽ⁱ⁾	63,030	30,470	-	(30,470)
Accrued expenditure	23	15	(136)	(80)
Deferred borrowing costs	9,246	975	(8,703)	201
Prepayments	-	-	-	(3)
Other debtors	80	506	156	-
Provisions	2,559	1,927	(624)	(727)
Other	1,260	1,126	232	458
Gross deferred income tax assets	76,198	35,019	(9,075)	(30,621)
Deferred income tax charge			(6,798)	(29,579)

(i) Group losses not previously recognised in the Parent entity.

Estimated deferred tax assets attributable to tax losses not recognised in the financial statements of \$14.50 million (2008: \$19.09 million) that are available indefinitely for offset against future taxable profits of the companies in which the losses arose.

At 30 September 2009, there is no recognised or unrecognised deferred income tax liability (2008: \$Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries, associates or joint venture, as the Group has no liability for additional taxation should these amounts be remitted.

Tax Consolidation

Elders and its 100% owned subsidiaries are in a tax consolidated group. Members of the group have entered into a tax sharing arrangement in order to allocate income tax expense to wholly owned subsidiaries.

Wholly owned Australian subsidiaries are required to make contributions to the head entity for tax liabilities and deferred tax balances arising from external transactions occurring after the implementation of tax consolidations. The contributions are calculated as a percentage of taxable income as if each subsidiary is a stand alone entity. Contributions are payable following payment of the liabilities by Elders. The assets and liabilities arising under the tax funding agreement are recognised as intercompany assets and liabilities with a consequential adjustment to income tax expense or benefit.

In addition the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or upon leaving the Group.

The head entity of the tax consolidated group is Elders Limited.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 5. Receivables

	Consolidated		Parent	
	September 2009 \$000	June 2008 \$000	September 2009 \$000	June 2008 \$000
Current				
Trade debtors ⁽ⁱ⁾	333,912	421,781	-	-
Allowance for doubtful debts	(10,759)	(7,636)	-	-
	323,153	414,145	-	-
Amounts receivable from:				
- controlled entities	-	-	1,132,565	1,198,435
- associated entities	34,228	36,821	8,667	964
	34,228	36,821	1,141,232	1,199,399
Finance debtors	11,965	825	-	-
Allowance for doubtful debts	-	-	-	-
	11,965	825	-	-
Reinsurance and other recoveries receivable	-	69,689	-	-
Deferred settlements	23,194	36,450	5,750	-
Other receivables	143,823	78,225	892	14,266
Allowance for non-recovery	(578)	(2,373)	(2)	(2)
	166,439	181,991	6,640	14,264
	535,785	633,782	1,147,872	1,213,663
Movements in the allowance for doubtful debts – trade debtors				
Opening balance of allowance for doubtful debts	7,636	11,082	-	-
Trade debts written off	(2,185)	(4,771)	-	-
Trade debts provided for during the year	5,308	1,325	-	-
	10,759	7,636	-	-
Movements in allowance for non-recovery – other receivables				
Opening balance of allowance for non-recovery	2,373	2,638	2	-
Other receivables written off	(1,795)	(304)	-	-
Other receivables provided for during the year	-	39	-	2
	578	2,373	2	2
Non Current				
Reinsurance and other recoveries receivable	-	29,974	-	-
Deferred settlements	5,375	20,187	5,375	-
Other receivables	180,689	130,525	-	20,186
Allowance for non recovery	-	-	-	-
	186,064	130,525	5,375	20,186
Amounts receivable from associated entities	46,625	60,642	5,808	5,442
	232,689	241,328	11,183	25,628

(i) Included in trade debtors is \$76.29 million (2008: \$118.19 million) which is subject to credit insurance with various terms and conditions.

NOTES TO THE FINANCIAL STATEMENTS FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 5. Receivables (continued)

Trade receivables are non interest bearing and are generally on 30 to 90 day terms. An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired. An allowance of \$5.31 million (2008: provision recovery of \$1.03 million) has been recognised in the Income Statement for the current year for specific debtors for which such evidence exists. These amounts have been measured as the difference between the carrying amount of the trade receivables and the estimated future cash flows expected to be received.

	Consolidated		Parent	
	September 2009 \$000	June 2008 \$000	September 2009 \$000	June 2008 \$000
The ageing analysis of trade debtors is as follows:				
0-30 days	273,998	326,229	-	-
Trade debtors past due but not considered impaired				
31-60 days	22,087	47,548	-	-
61-90 days	5,519	6,567	-	-
+91 days	21,549	33,801	-	-
	49,155	87,916	-	-
Trade debtors past due and considered impaired				
31-60 days	13	-	-	-
61-90 days	29	922	-	-
+91 days	10,717	6,714	-	-
	10,759	7,636	-	-
Total trade debtors	333,912	421,781	-	-
The ageing analysis of other current receivables is as follows:				
0-30 days	130,655	31,561	890	-
+31 days not past due	-	33,616	-	14,266
	130,655	65,177	890	14,266
Other current receivables past due but not considered impaired				
31-60 days	733	-	-	-
61-90 days	722	-	-	-
+91 days	11,135	10,675	-	-
	12,590	10,675	-	-
Other current receivables past due and considered impaired				
31-60 days	-	-	-	-
61-90 days	-	-	-	-
+91 days	578	2,373	2	-
	578	2,373	2	-
Total other current receivables	143,823	78,225	892	14,266

Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

For terms and conditions relating to related party receivables refer to note 34.

Details regarding the effective interest rate and credit risk of non current receivables are disclosed in note 36.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 6. Livestock

	Consolidated		Parent	
	September 2009 \$000	June 2008 \$000	September 2009 \$000	June 2008 \$000
Current				
Fair value at start of the period (note 2(h))	37,023	55,121	-	-
Purchases during the year	336,486	244,882	-	-
Cost of sales during the year	(329,822)	(261,634)	-	-
Fair value increment/(decrement) in period	65	(1,346)	-	-
Fair value at the end of the period	43,752	37,023	-	-

At balance date 49,240 head of beef cattle (2008: 41,856) are included in livestock.

Note 7. Forestry

Non Current				
Fair value at start of the period (note 2(i))	25,716	21,421	-	-
Purchases during the year	1,474	526	-	-
Costs incurred in respect of forestry plantations	1	829	-	-
Harvest	(1,785)	-	-	-
Fair value increment in period	1,608	2,940	-	-
Fair value at the end of the period	27,014	25,716	-	-

Physical quantity of forestry plantation timber at the end of the year is 519,639 m³ (2008: 550,000 m³).

The fair value methodology for Forestry Assets is detailed in Note 2(i). The assumptions used in the valuation model to determine fair value less point of sale costs are as follows:

- CPI 2.5% to 5% (2008: 2.5% to 5%);
- Discount rate 9% (2008: 9%);
- Period to harvest – between 2 to 12 years depending upon year of establishment and current harvest schedule for the individual property; and
- Current woodchip FOB price \$207.40 per bone dry metric tonne (BDMT) (2008: \$207.40).

Note 8. Inventories

Current				
Raw materials and bulk stores – at net realisable value	47,172	64,884	-	-
Work in progress – at cost	1,229	32,504	-	-
Finished goods – at net realisable value	177,123	270,689	-	-
– at fair value less cost to sell ⁽ⁱ⁾	-	28,769	-	-
	177,123	299,458	-	-
	225,524	396,846	-	-

(i) The Group's commodities are measured at fair value less costs to sell.

Inventory write-downs recognised as an expense totalled \$9.06 million (2008: \$2.82 million) for the Group and \$Nil for the parent entity (2008: \$Nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 9. Derivative Financial Instruments

	Consolidated		Parent	
	September 2009 \$000	June 2008 \$000	September 2009 \$000	June 2008 \$000
Current				
<i>Asset</i>				
Forward exchange contracts	7,820	706	-	-
Non Current				
Liability				
Forward exchange contracts	49,924	52,366	38,143	51,456

Derivative financial instruments are used by the Group in the normal course of business in order to hedge exposure to fluctuations in interest and foreign exchange rates.

For financial risk management policies of the Group, refer to note 36.

Note 10. Other Financial Assets

Non Current				
Unlisted investments				
Other entities, at cost ⁽ⁱ⁾	17,549	27,332	60	60
Controlled entities, at cost ⁽ⁱ⁾	-	-	382,845	212,847
Provision for diminution	-	-	(8,315)	(8,315)
	17,549	27,332	374,590	204,592

(i) These investments are measured at cost less impairment as fair value cannot be reliably measured, due to the equity instruments not being traded in a liquid market environment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 11. Investments in Associates and Joint Ventures

	Consolidated		Parent	
	September 2009 \$000	June 2008 \$000	September 2009 \$000	June 2008 \$000
Associates *				
- listed	49,031	342,790	-	-
- unlisted	226,341	169,647	75,562	3,523
	275,372	512,437	75,562	3,523
Investment in Joint ventures:				
- unlisted	7,852	182,055	-	98,235
	283,224	694,492	75,562	101,758
Contribution to net profit / (loss) for Associates:				
- listed	(2,434)	13,596	-	-
- unlisted	(15,765)	18,760	-	1,204
	(18,199)	32,356	-	1,204
Contribution to net profit / (loss) for Joint ventures:				
- unlisted	17,502	18,880	-	-
	(697)	51,236	-	1,204
Aggregate Associate or Joint Venture contribution to net profit/(loss) is attributable to:				
- Continuing Operations	3,766	51,236	-	1,204
- Discontinued Operations	(4,463)	-	-	-
	(697)	51,236	-	1,204

* The Group's investments in Hi-Fert, Aqa Oysters Ltd, Seafood Delicacies Ltd and Kilcoy are held for sale and have therefore been re-classified in the balance sheet to "Non current assets held for sale" for \$16.599m.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 11. Investments in Associates and Joint Ventures (continued)

(a) Interests In Associates

(i) Details of material interests in associated entities are as follows:

Name of Associate	Principal activity of Associate	Balance date of Associate	Ownership Interest		Consolidated Entity Investment	
			Sept 2009 %	June 2008 %	Sept 2009 \$000	June 2008 \$000
Air International Thermal (US) Holdings Inc ⁽ⁱ⁾	Automotive	31 Dec	35	35	-	4,096
Air International Thermal (Belgium) NC ⁽ⁱⁱ⁾	Automotive	31 Dec	35	35	-	-
Futuris Automotive Interiors (Anhui) Company Ltd ^{(iii) (a)}	Automotive	31 Dec	70	70	11,786	12,114
MCK Holdings Pty Ltd (Plexicor) ^(b)	Automotive	31 Dec	50	50	21,819	23,948
Rural Bank Limited ^(f)	Banking	30 Jun	40	50	148,017	-
Elders Rural Holdings Limited ^(iv)	Agribusiness	30 Jun	50	50	-	3,931
Australian Agricultural Company Ltd ^(c)	Beef production	31 Dec	-	43	-	126,026
AWH Pty Ltd (formerly Australian Wool Handlers Pty Ltd)	Wool processing	30 Jun	50	50	38,224	36,769
Forest Enterprises Australia Ltd	Forestry	30 Jun	27	31	32,405	105,149
ELF Pty Ltd (Hi-Fert Pty Ltd) ^(d)	Fertiliser	30 Jun	50	50	-	71,436
Agricultural Land Trust (formerly Westralia Property Trust)	Land management	30 Jun	50	51	16,626	20,985
Webster Ltd ^(e)	Agribusiness	30 Jun	-	33	-	21,164
iiNet Limited ^(g)	Telecommunications	30 Jun	-	22	-	68,530
Other – non strategic investments					6,495	18,289
					275,372	512,437

All associates other than (i) to (iv) are Australian resident companies.

Air International Thermal (US) Holdings Inc is incorporated in the USA, Air International Thermal (Belgium) NC is incorporated in Belgium, Futuris Automotive Interiors (Anhui) Company Ltd is incorporated in Mauritius and Elders Rural Holdings Limited is incorporated in New Zealand.

(a) Futuris Automotive Interiors (Anhui) Company Ltd is considered a jointly controlled entity due to the control provided in the shareholders' agreement to the minority parties.

(b) The consolidated entity has entered into an agreement with MCK Holdings Pty Ltd which includes a put option for the remaining 50% of the equity not held by the Elders Limited Group, contingent on certain events occurring, including the takeover of all or part of the Group.

(c) On 14 April 2009 the shares in Australian Agricultural Company Limited (AACo) were sold, resulting in Elders Limited having nil ownership interest in AACo Limited.

(d) Hi-Fert Pty Ltd is in the process of being sold, therefore it has been reclassified in the balance sheet to 'Non current assets classified as held for sale' and is now stated at lower of cost and fair value less costs to sell.

(e) On 19 December 2009 the shares in Webster Limited were sold, resulting in Elders Limited having nil ownership interest in Webster Limited.

(f) On 8 May 2009 the Group's investment in Rural Bank Limited was reduced from 50% to 40%, therefore the nature of the investment has been reclassified from a joint venture to an associate.

(g) Investment in iiNet Limited was reduced to nil with the sale of the Group's Amcom investment. Refer to note 39 for more details.

There are impairment losses relating to the following investments in associates that have been taken to account:

- > Forest Enterprises Australia \$66.2m
- > AWH Pty Ltd \$1.149m
- > Agricultural Land Trust \$4.202m
- > Air International Thermal \$9.116m.

NOTES TO THE FINANCIAL STATEMENTS FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 11. Investments in Associates and Joint Ventures (continued)

	Consolidated		Parent	
	15 months September 2009 \$000	12 months June 2008 \$000	15 months September 2009 \$000	12 months June 2008 \$000
(ii) Share of associates' profit or loss ⁽ⁱ⁾				
Revenue	363,630	414,231	-	6,816
Profit before income tax	(18,357)	45,717	-	1,528
Income tax (expense)/benefit	158	(12,882)	-	(324)
Profit after income tax	(18,199)	32,835	-	1,204
Outside minority equity interests	-	(469)	-	-
Share of net results of associates	(18,199)	32,366	-	1,204

(iii) Share of associates' balance sheet

Current assets	1,538,921	462,365	3,377	3,560
Non current assets	555,649	879,233	3,300	952
	2,094,570	1,341,598	6,677	4,512
Current liabilities	1,659,588	311,593	442	538
Non current liabilities	210,287	423,269	2,712	147
	1,869,875	734,862	3,154	685
Net assets	224,695	606,736	3,523	3,827

(iv) Commitments and contingent liabilities

Share of associates' capital expenditure commitments (contracted)	6,451	7,279	-	-
Share of associates' operating lease commitments	19,823	16,846	-	-
Share of associates' contingent liabilities	1,802	-	-	-

⁽ⁱ⁾ Share of associates' profit or loss includes Rural Bank Limited results from May to September 2009.

(b) Interests in Joint Ventures

(i) Interest in Rural Bank Limited

On 8 May 2009 the Group reduced its shareholding in Rural Bank Limited from 50% to 40%. The Group has sold a 10% stake holding to the other holding party, Bendigo and Adelaide Bank Limited. The Group's investment in Rural Bank Limited is recorded as an investment in associate for 30 September 2009 (2008: recorded as a joint venture).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 11. Investments in Associates and Joint Ventures (continued)

	Consolidated	
	15 months September 2009 \$000	12 months June 2008 \$000
a. Summary of balance sheet of Rural Bank Limited		
Finance receivables	3,631,433	3,639,631
Other assets	717,578	676,910
Total assets	4,349,011	4,316,541
Finance deposits	3,723,836	3,729,305
Other liabilities	277,388	273,216
Total liabilities	4,001,224	4,002,521
Net assets	347,787	314,020
Share of net assets	139,114	157,010
Reconciling items:		
Dividend	10,244	-
Origination fees	(1,341)	-
	148,017	157,010
b. Summary of share of profit of Rural Bank Limited		
Profit before income tax	38,884	29,334
Tax expense	(11,738)	(8,803)
	27,146	20,531
Timing variance in origination fees recognised, due to dissimilar accounting policies	576	-
Share of net results	27,722	20,531
c. Share of commitments and contingent liabilities of Rural Bank Limited	1,397	20
(ii) Interest in other joint ventures		
a. Share of other joint ventures' balance sheet		
Current assets	44,833	35,461
Non current assets	15,840	25,002
	60,673	60,463
Current liabilities	(41,000)	35,257
Non current liabilities	-	465
	(41,000)	35,722
Net assets	19,673	24,741
b. Share of other joint ventures' profit or loss		
Revenue	378,673	119,596
Profit before income tax	1,911	(1,050)
Income tax expense	(602)	(611)
Share of net results of joint venture	1,309	(1,661)
c. Share of commitments and contingent liabilities of other joint ventures	92	442

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 12. Property, Plant and Equipment

	Consolidated		Parent	
	September 2009 \$000	June 2008 \$000	September 2009 \$000	June 2008 \$000
Non Current				
<i>Freehold land – cost</i>	11,261	13,727	-	-
<i>Buildings</i>				
Cost	18,249	30,627	11	11
Accumulated depreciation and impairment	(7,576)	(4,934)	-	-
	10,673	25,693	11	11
<i>Leasehold improvements</i>				
Cost	28,020	26,076	-	-
Accumulated amortisation and impairment	(13,994)	(12,493)	-	-
	14,026	13,583	-	-
<i>Plant and equipment (owned)</i>				
Cost	283,639	489,428	225	225
Accumulated depreciation and impairment	(214,384)	(281,658)	-	-
	69,255	207,770	225	225
<i>Plant and equipment (leased)</i>				
Cost	1,547	8,363	-	-
Accumulated amortisation and impairment	(520)	(2,478)	-	-
	1,027	5,885	-	-
<i>Livestock Carrier</i>				
Cost	28,789	27,203	-	-
Accumulated depreciation and impairment	(24,270)	(8,378)	-	-
	4,519	18,825	-	-
<i>Assets under construction – cost</i>	3,620	27,498	-	-
Total property, plant and equipment	114,381	312,983	236	236

Refer to note 17 for interest bearing loans and borrowings secured by property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 12. Property, Plant and Equipment (continued)

	Consolidated		Parent	
	September 2009 \$000	June 2008 \$000	September 2009 \$000	June 2008 \$000
Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:				
<i>Freehold land</i>				
Carrying amount at 1 July	13,727	15,141	-	-
Additions	1,652	153	-	-
Disposals	(2,453)	(2,036)	-	-
Reversal of impairment	-	989	-	-
Exchange fluctuations	(13)	14	-	-
Transfers	(1,652)	(534)	-	-
Carrying amount at period end	11,261	13,727	-	-
Buildings				
Carrying amount at 1 July	25,693	25,464	11	11
Additions	1,378	3,648	-	-
Disposals	(9,868)	(6,138)	-	-
Depreciation	(2,166)	(1,799)	-	-
Impairment	(3,140)	-	-	-
Exchange fluctuation	(127)	395	-	-
Transfers	(1,097)	4,123	-	-
Carrying amount at period end	10,673	25,693	11	11
Leasehold improvements				
Carrying amount at 1 July	13,583	17,824	-	25
Additions	2,755	1,677	-	-
Disposals	(2,652)	(334)	-	-
Amortisation	(2,861)	(2,485)	-	(25)
Acquisition through entity acquired	-	458	-	-
Impairment	-	(48)	-	-
Transfers	3,201	(3,509)	-	-
Carrying amount at period end	14,026	13,583	-	-
Plant and equipment				
Carrying amount at 1 July	207,770	120,077	225	272
Additions	12,890	26,001	-	-
Acquisition through entity acquired	-	98,854	-	-
Disposals	(130,372)	(13,171)	-	-
Depreciation	(25,500)	(28,205)	-	(47)
Impairment	(10,171)	(6,334)	-	-
Transfers	14,236	9,787	-	-
Exchange fluctuation	402	761	-	-
Carrying amount at period end	69,255	207,770	225	225

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 12. Property, Plant and Equipment (continued)

	Consolidated		Parent	
	September 2009 \$000	June 2008 \$000	September 2009 \$000	June 2008 \$000
<i>Leased plant and equipment</i>				
Carrying amount at 1 July	5,885	8,125	-	-
Additions	330	193	-	-
Disposals	(4,220)	(2,316)	-	-
Transfers	(250)	561	-	-
Amortisation	(718)	(678)	-	-
Carrying amount at period end	1,027	5,885	-	-
<i>Livestock Carrier</i>				
Carrying amount at 1 July	18,825	21,176	-	-
Additions	97	61	-	-
Depreciation	(1,923)	(2,412)	-	-
Impairment	(12,480)	-	-	-
Disposals	-	-	-	-
Carrying amount at period end	4,519	18,825	-	-
<i>Assets under construction</i>				
Carrying amount at 1 July	27,498	12,641	-	-
Additions	4,433	24,017	-	-
Disposals	(671)	(39)	-	-
Exchange fluctuation	4	43	-	-
Impairment	(15,604)	(777)	-	-
Transfers	(12,040)	(8,387)	-	-
Carrying amount at period end	3,620	27,498	-	-

Note 13. Investment Properties

Non Current

Investment properties as per valuation	283,797	256,417	-	-
<i>Investment properties – at fair value</i>				
Carrying amount at 1 July	256,417	248,257	-	-
Transfer from other property, plant, equipment	2,663	-	-	-
Fair value adjustments, net	10,672	22,324	-	-
Impairment adjustment	(25,626)	-	-	-
Acquisition of investment properties	39,975	77,810	-	-
Disposal of investment properties	(985)	(92,070)	-	-
Foreign exchange variation	681	96	-	-
Carrying amount at period end	283,797	256,417	-	-

(a) Amounts recognised in profit and loss for investment properties

<i>Land and Buildings</i>				
Rental income	286	227	-	-
Direct operating expenses from property that generated rental income	-	-	-	-
Direct operating expenses from property that did not generate rental income	-	-	-	-
	286	227	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 13. Investment Properties (continued)

Plantation Land

The Group does not separately recognise rental income from plantation land in profit and loss. This income is embedded within the harvest proceeds from plantations. Therefore it is not possible to provide a definitive rental income value and associated direct expenses generated from rental income to disclose. Rental income is not considered to be a significant revenue item.

The Plantation Land not yet used to generate income has some immaterial expenses associated with the land. These costs are not separately recorded and therefore cannot be separately identified.

(b) Valuation basis

The fair value represents the amount at which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction at the date of valuation, in accordance with Australian Valuation Standards.

The fair value methodology for plantation land investments is detailed in Note 2(n). The independent land valuation expert is Colliers Jardine using a desktop approach.

Plantation Land

The assumptions used for the Plantation Land DCF valuation model are as follows:

Future Land Price Index	4.5% (2008: 4.5%)
CPI	2.5% (2008: 2.5%)
Land discount rate (post-tax)	9% (2008: 9%)
Future land rental income	Between 0% and 30% of final net harvest proceeds
Lease period	Between 1 and 20 years depending upon the individual property

Land and Buildings

Land and Buildings have been impaired by \$25.6m (2008:nil). The impairment of this property is a direct result of the Board's decision during the current financial reporting period, to exit the wool processing business in Bremen, Germany. Fair value was determined with reference to advice received from an external sales agent expert engaged in facilitating the sale of this property.

In 2008, the fair value was determined based on valuations performed by Robert C Spiess as at 30 June 2007. Robert C Spiess are independent, certified property valuers and developers.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 14. Intangibles

	Consolidated		Parent	
	September 2009 \$000	June 2008 \$000	September 2009 \$000	June 2008 \$000
Non Current				
Patents, trade marks and licences – (gross carrying amount)	3,224	12,623	-	-
Accumulated amortisation and impairment	(3,078)	(7,295)	-	-
Net carrying amount	146	5,328	-	-
Goodwill – (gross carrying amount)	168,341	225,444	-	-
Accumulated impairment	(22,854)	(17,558)	-	-
Net carrying amount	145,487	207,886	-	-
Brand names – (gross carrying amount)	60,400	60,519	-	-
Development costs, rent roll & other – (gross carrying amount)	29,662	37,242	-	-
Accumulated amortisation and impairment	(7,175)	(4,139)	-	-
Net carrying amount	22,487	33,103	-	-
Total intangibles	228,520	306,836	-	-

Reconciliation of movement:

Patents, trade marks and licences

As at 1 July	5,328	9,243	-	-
Additions	-	-	-	-
Disposal/Transfers	(4,310)	(2,866)	-	-
Amortisation/Impairment	(872)	(1,049)	-	-
As at period end	146	5,328	-	-

Goodwill

As at 1 July	207,886	196,698	-	-
Acquisition of subsidiary	-	14,615	-	-
Additions	18,371	8,721	-	-
Impairment	(13,380)	(6,484)	-	-
Disposal/Transfers	(67,390)	(5,664)	-	-
As at period end	145,487	207,886	-	-

Brand names

As at 1 July	60,519	60,400	-	-
Additions	-	228	-	-
Impairment	-	(109)	-	-
Disposal/Transfers	(119)	-	-	-
As at period end	60,400	60,519	-	-

Development costs, rent rolls and other

As at 1 July	33,103	21,982	-	-
Additions	1,117	16,754	-	-
Disposal /Transfers	(6,546)	1,232	-	-
Amortisation/Impairment	(5,187)	(6,865)	-	-
As at period end	22,487	33,103	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 14. Intangibles (continued)

Refer Note 2 (o) and (p) for the accounting policy in relation to goodwill and other intangible assets.

Goodwill acquired through business combinations and acquisitions has been allocated to the respective cash generating unit (CGU) for impairment testing based on a value in use calculation.

Impairment tests for goodwill and intangible assets with indefinite useful lives

Goodwill acquired through business combinations and brand names have been allocated to CGU according to business segments and operations within those segments.

The carrying amount of goodwill and brand names attributed to each of these cash generating units is as follows:

	Goodwill		Brand Names	
	September 2009 \$000	June 2008 \$000	September 2009 \$000	June 2008 \$000
Rural Services Network	69,204	95,850	60,400	60,400
Rural Services New Zealand	17,366	-	-	-
Forestry	43,764	43,764	-	-
Timber	-	32,725	-	-
Other CGU's	15,153	35,547	-	119
	145,487	207,886	60,400	60,519

Parent: nil (2008: nil)

Goodwill

Rural Services Network CGU

The recoverable amount for Goodwill for Rural Services Network CGU has been determined based on a value in use calculation using cash flow projections approved by management that covers a period of 5 years. Future cash flows are based on budgets and forecasts taking into account current market conditions and known future business events that will impact cash flows. The discount rate applied to the cash flow projections is 9.1% pre-tax (2008: 14.5% pre-tax) which has been determined based on a weighted average cost of capital calculation.

The calculation of value in use for the Rural Services Network CGU was based on the following key assumptions:

Gross margins

- General trading conditions for farm supplies are expected to normalise with stable commodity prices and rainfall returning to average seasonal timing;
- Rural confidence is expected to recover in line with strong and improving farmer terms of trade;
- Stronger livestock prices are expected consistent with data released by the Australian Bureau of Agricultural and Resource Economics (ABARE);
- Real estate activity in both broadacre and residential markets are expected to increase over the forecast period; and
- Slight decline in wool earnings with weaker demand resulting from the global economic downturn.

Selling, general and administrative expenses

- Significant reduction in expenses is expected through restructure initiatives undertaken by management over the 2009 financial year.

Growth rate estimates

- Growth for years 1-3 is based on a three year forecast incorporating transformation and restructure benefits as recently announced in the 'Agenda for Change' strategy. These forecasted benefits were completed with extensive external consultation and are based on various assumptions for each individual product group within the Rural Services Network; and
- The growth rate assumption for years 4 and 5 is 3% based on nominal growth.

Discount rates

- Discount rates reflect management's estimate of the time value of money and the risk specific to each unit that are not already reflected in the cash flows. Post tax discount rates have been applied as the entity has substantial tax losses that can be utilised up to year 5.

Management has determined there is no impairment in the current year for the Rural Services CGU (2008: \$nil).

Rural Services New Zealand CGU

The recoverable amount for Goodwill for Rural Services New Zealand CGU has been determined based on a value in use calculation using cash flow projections approved by management that covers a period of 5 years. Future cash flows are based on budgets and forecasts taking into account current market conditions and known future business events that will impact cash flows. The discount rate applied to the cash flow projections is 9.1% pre-tax (2008: 14.5% pre-tax) which has been determined based on a weighted average cost of capital calculation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 14. Intangibles (continued)

The calculation of value in use for the Rural Services New Zealand CGU was based on the following key assumptions:

Gross margins

- General trading conditions for farm supplies are expected to normalise with stable commodity prices and rainfall returning to average seasonal timing;
- Rural confidence is expected to recover in line with strong and improving farmer terms of trade;
- Real estate activity in both broadacre and residential markets are expected to increase over the forecast period; and
- Stable wool prices and volumes throughout the forecast period.

Selling, general and administrative expenses

- Significant reduction in expenses is expected through restructure initiatives undertaken by management over the 2009 financial year.

Growth rate estimates

- Growth for years 1 – 3 is based on a three year forecast incorporating transformation and restructure benefits identified through a review performed by an external consultant. These initiatives have been substantially implemented by management in 2009; and
- The growth rate assumption for years 4 and 5 is 3% based on nominal growth.

Discount rates

- Discount rates reflect management's estimate of the time value of money and the risk specific to each unit that are not already reflected in the cash flows. Post tax discount rates have been applied as the entity has substantial tax losses that can be utilised up to year 5.

Management has recorded an impairment of \$1,001,000 (2008: \$nil) for the Rural Services New Zealand CGU.

Forestry CGU

The recoverable amount for Goodwill for Forestry CGU has been determined based on a value in use calculation using cash flow projections approved by management that covers a period of 20 years. Future cash flows are based on budgets and forecasts for 2010 and then keeping quantities consistent and increasing sales price and costs by inflation of 2.5%, after taking into account current market conditions and known business events that will impact future cash flows. The discount rate applied to the cash flow projections is 12.0% pre-tax (2008: 14.5% pre tax) which has been determined based on a weighted average cost of capital calculation.

Management has determined there is no impairment in the current year for the Forestry CGU (2008: \$nil).

Brand Names

The brand name value represents the value attributed to the Elders brand when acquired. The carrying amount of the brand name is supported by an independent valuation. An independent valuation was undertaken in June 2005 and was reviewed and confirmed in June 2009.

The recoverable amount for Brand Names for the Rural Services CGU has been determined based on a value in use calculation using cash flow projections approved by management. Future cash flows are based on budgets and forecasts taking into account current market conditions and known future business events that will impact cash flows. The discount rate applied to the cash flow projections is 9.1% pre-tax (2008: 14.5% pre-tax) which has been determined based on a weighted average cost of capital calculation.

The calculation of value in use for the Rural Services Network CGU was based on the following key assumptions:

Gross margins

- General trading conditions for farm supplies are expected to normalise with stable commodity prices and rainfall returning to average seasonal timing;
- Rural confidence is expected to recover in line with strong and improving farmer terms of trade;
- Stronger livestock prices are expected consistent with data released by the Australian Bureau of Agricultural and Resource Economics (ABARE);
- Real estate activity in both broadacre and residential markets are expected to increase over the forecast period; and
- Slight decline in wool earnings with weaker demand resulting from the global economic downturn.

Selling, general and administrative expenses

- Significant reduction in expenses is expected through restructure initiatives undertaken by management over the 2009 financial year.

Growth rate estimates

- Growth for years 1 – 3 is based on a three year forecast incorporating transformation and restructure benefits as recently announced in the 'Agenda for Change' strategy. These forecasted benefits were completed with extensive external consultation and are based on various assumptions for each individual product group within the Rural Services Network; and
- The growth rate assumption for years 4 and 5 is 3% based on nominal growth.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 15. Other Assets

	Consolidated		Parent	
	September 2009 \$000	June 2008 \$000	September 2009 \$000	June 2008 \$000
Current				
Insurance deferred acquisition costs	-	27,019	-	-
Reinsurance premium ceded	-	84,550	-	-
Deferred expenses	2,063	1,919	-	-
Prepayments	21,139	18,790	632	-
	23,202	132,277	632	-
Non Current				
Deferred design and development expenditure				
- as at 1 July	53,016	64,936	-	-
- current period costs	(5,300)	(11,920)	-	-
	47,716	53,016	-	-
Accumulated amortisation	(29,257)	(25,958)	-	-
	18,459	27,058	-	-

Note 16. Payables

Current				
Trade creditors ⁽ⁱ⁾	199,828	458,960	-	-
Other creditors and accruals	145,587	274,905	12,667	4,450
Unearned insurance premium	-	193,227	-	-
Unearned forestry income	17,316	39,634	-	-
Loans from controlled entities ⁽ⁱⁱ⁾	-	-	789,812	295,529
	362,731	966,726	802,479	299,979

(i) Trade and other creditors are non interest bearing and are normally settled on 30 day terms.

(ii) Loans from controlled entities are interest bearing based on commercial rates and repayable on demand.

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

Details regarding the effective interest rate and credit risk of non-current payables are disclosed in note 36.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 17. Interest Bearing Loans and Liabilities

	Consolidated		Parent	
	September 2009 \$000	June 2008 \$000	September 2009 \$000	June 2008 \$000
Current				
Secured loans (a)	702,419	30,704	-	-
Unsecured loans	1,603	133,006	-	-
Lease liabilities (b)	453	1,196	-	-
Secured notes (a) (d)	149,594	-	149,594	-
	854,069	164,905	149,594	-
Non Current				
Secured loans (a)	245,064	22,107	-	-
Unsecured loans	-	301,501	-	100,000
Lease liabilities (b)	112	6,435	-	-
Unsecured notes (c)	-	220,614	-	220,614
Secured notes (a) (d)	100,028	-	100,028	-
	345,204	550,657	100,028	320,614
Total Current and Non Current	1,199,273	715,562	249,622	320,614

(a) Secured loans and secured notes are secured by various fixed and floating charges over the assets of the controlled entities concerned. The total assets pledged as security are as follows:

Total Current assets	930,110	-	1,441,604	-
Total Non Current assets	1,366,630	-	537,769	-
	2,296,740	-	1,979,373	-

(b) Lease liabilities are secured by a charge over the leased assets.

(c) For 2008 comparative purposes, unsecured notes are issued in the United States of America financial markets and are denominated in United States dollars. Terms of maturity vary between November 2009 and May 2015. The notes have been swapped into Australian dollars as noted in Note 36(g).

(d) Secured notes are issued in the United States of America financial markets and are denominated in United States dollars. Refer to (h) below for further information.

(e) The carrying amount of the Group's current and non current borrowings are held at their fair value.

(f) During the current and prior years, there were no defaults or breaches of any of the loans.

(g) Details regarding the liquidity, effective interest rate and credit risk of interest bearing liabilities are disclosed in note 36.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 17. Interest Bearing Loans and Liabilities (continued)

(h) Financing arrangements.

The Group has access to the following financing facilities with a number of financial institutions.

	Maturity	Consolidated			Parent		
		Accessible \$000	Drawn \$000	Unused \$000	Accessible \$000	Drawn \$000	Unused \$000
2009							
Secured Loans							
Tranche A1 Term Loan	Sep '12	127,214	127,214	-	-	-	-
Tranche B1 Asset Sales Bridge	Sep '10	344,737	344,737	-	-	-	-
Tranche C1 Equity Bridge	Oct '09	316,272	316,272	-	-	-	-
Tranche D1 Revolver	Mar '11	116,777	116,777	-	-	-	-
Tranche D2 Ancillary	Mar '11	35,000	19,414	15,586	-	-	-
Other	Various	28,105	23,069	5,036	-	-	-
		968,105	947,483	20,622	-	-	-
Secured Notes							
- Tranche A2 – Series A	Nov '14	19,366	19,366	-	19,366	19,366	-
- Tranche A2 – Series B	May '15	37,919	37,919	-	37,919	37,919	-
- Tranche A3 – Series C	Nov '14	14,450	14,450	-	14,450	14,450	-
- Tranche A3 – Series D	May '15	28,293	28,293	-	28,293	28,293	-
- Tranche B2 – Series F	Sep '10	78,018	78,018	-	78,018	78,018	-
- Tranche C2 – Series G	Nov '09	71,576	71,576	-	71,576	71,576	-
- Tranche A4 – Series D	Nov '14	30,691	30,691	-	30,691	30,691	-
		280,313	280,313	-	280,313	280,313	-
Costs to be amortised over the period of the loan	Nov '14	(30,691)	(30,691)	-	(30,691)	(30,691)	-
		249,622	249,622	-	249,622	249,622	-
Other unsecured loans and lease liabilities		2,168	2,168	-	-	-	-
Total		1,219,895	1,199,273	20,622	249,622	249,622	-
2008							
Multi-option facilities		975,000	428,502	546,498	100,000	100,000	-
Other		84,046	58,811	25,235	-	-	-
		1,059,046	487,313	571,733	100,000	100,000	-
Unsecured Notes							
- November 2009		48,294	48,294	-	48,294	48,294	-
- November 2014		30,184	30,184	-	30,184	30,184	-
- May 2015		142,136	142,136	-	142,136	142,136	-
		220,614	220,614	-	220,614	220,614	-

- Tranches B1, C1, B2 & C2 are to be repaid from asset sales and equity proceeds; and
- Tranches A2, A3 & A4 maturities are subject to "Note Holder Put Rights" to September 2012.

For 2008

- \$100 million of the multi option facilities are provided on a five year bullet basis with ability to refresh (current maturity December 2012) and are subject to compliance with various banking covenants;
- \$475 million of the multi option facilities are provided on a three year evergreen basis with annual review/extension (current maturity December 2010) and are subject to compliance with various banking covenants;
- \$400 million of the multi option facilities are provided on a 364 day evergreen basis with biannual review/extension (current maturity June 2009) and are subject to compliance with various banking covenants. A further \$100 million is available for leasing, contingent instruments, and other facilities; and
- \$100.8 million being the balance of the facilities are provided to controlled entities on varying terms.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 18. Provisions

	Consolidated		Parent	
	September 2009 \$000	June 2008 \$000	September 2009 \$000	June 2008 \$000
<i>Employee entitlements (a)</i>				
As at 1 July	67,559	71,312	-	-
Arising during year	35,111	20,525	-	-
Utilised	(38,619)	(20,770)	-	-
Unused amounts reversed	(753)	(2,880)	-	-
Discount rate adjustment	241	(628)	-	-
As at Period End	63,539	67,559	-	-
<i>Insurance claims (b)</i>				
As at 1 July	191,285	184,357	-	-
Arising during year	401,671	216,419	-	-
Utilised or disposed of	(362,885)	(208,778)	-	-
Unused amounts reversed	(234,370)	-	-	-
Discount rate adjustment	4,299	(713)	-	-
As at Period End	-	191,285	-	-
<i>Warranty (d)</i>				
As at 1 July	2,722	5,977	-	-
Arising during year	1,866	3,234	-	-
Utilised	(1,187)	(2,248)	-	-
Unused amounts reversed	(1,159)	(4,261)	-	-
As at Period End	2,242	2,722	-	-
<i>Restructuring (e)</i>				
As at 1 July	6,889	4,811	-	-
Arising during year	57,086	7,242	-	-
Utilised	(27,796)	(5,164)	-	-
As at Period End	36,179	6,889	-	-
<i>Redundancy (g)</i>				
As at 1 July	917	2,319	-	-
Arising during year	3,353	1,027	-	-
Utilised	(1,806)	(2,429)	-	-
Unused amounts reversed	(464)	-	-	-
As at Period End	2,000	917	-	-
<i>Make good provision (c)</i>				
As at 1 July	6,306	5,532	-	-
Arising during year	137	404	-	-
Utilised	(14)	-	-	-
Discount rate adjustment	599	546	-	-
As at Period End	7,028	6,306	-	-
<i>Other (f)</i>				
As at 1 July	23,607	18,436	6,450	7,000
Arising during year	13,414	21,790	2,887	6,450
Utilised	(26,175)	(12,579)	(7,099)	(6,456)
Unused amounts reversed	(1,431)	(4,040)	-	(544)
As at Period End	9,415	23,607	2,238	6,450

NOTES TO THE FINANCIAL STATEMENTS FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 18. Provisions (continued)

	Consolidated		Parent	
	September 2009 \$000	June 2008 \$000	September 2009 \$000	June 2008 \$000
Total Current	107,197	208,136	2,238	6,450
Total Non Current	13,206	91,149	-	-
	120,403	299,285	2,238	6,450

- (a) All employee entitlements for parent entity employees are recognised in a controlled entity's balance sheet.
- (b) The weighted average term to settlement from balance date of outstanding claims is expected to be less than 12 months. Refer to note 26 for more details about Insurance activities for the Group. On 30 September 2009, the Insurance business was sold, therefore there is no Insurance Claim provision. Refer to Note 39 for more details.
- (c) A make good provision is recorded at the commencement of a lease or operation being the present value of restoration obligations, while the cost of future restoration is capitalised as part of the asset. The capitalised cost is depreciated over the life of the lease or project and the provision is increased as the discounting of the liability unwinds.
- (d) A provision is recognised for expected warranty claims on products sold during the last five years, based on past experience of the level of repairs and returns. It is expected that most of these costs will be incurred in the next financial year and all will have been incurred within two years of the balance sheet date. Assumptions used to calculate the provision for warranties were based on current sales levels and current information available about returns based on the two-year warranty period for all products sold.
- (e) The restructuring provision relates to the Group's exit from its wool processing and trading operations (BWK). This provision was recognised on announcement of the exit strategy in December 2008. The most significant part of the restructure, being the exit of the operation in Germany and Turkey, is expected to be substantially completed by June 2010.
- (f) The remaining provision balance in 'other' includes provision for onerous leases (\$5.3m), legal claims (\$1.3m) and other items.
- (g) The redundancy provision relates to redundancies communicated to staff during the year and that will be paid by December 2009.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 19. Contributed Equity

	Consolidated		Parent	
	September 2009 \$000	June 2008 \$000	September 2009 \$000	June 2008 \$000
Issued and paid up capital				
819,165,045 ordinary shares (2008: 780,545,644)	737,513	694,118	737,513	694,118
Movements during year:	September 2009		June 2008	
	Number	\$000	Number	\$000
Opening balance, 1 July	780,545,644	694,118	735,640,128	608,493
Conversion of options	-	-	1,387,500	2,415
Issued capital, employee share plan	-	-	5,746,830	11,453
Employee Bonus Shares	345,752	446	-	-
Dividends underwritten	23,812,167	26,879	24,609,680	46,815
Dividend reinvestment plan	14,461,482	16,070	12,757,050	23,988
Convertible notes converted	-	-	404,456	954
Closing balance	819,165,045	737,513	780,545,644	694,118

Effective 1 July 1998, the Corporations legislation abolished the concepts of authorised capital and par value shares. Accordingly the Company does not have authorised capital nor par value in respect of its issued capital.

Capital management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

Management are constantly adjusting the capital structure to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, management may change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

In accordance with the APRA requirements of Elders Insurance Limited, there was an imposed Minimum Capital Requirement ("MCR") of 150%, Management had a target MCR of 175%, and managed capital to that level by paying dividends or obtaining capital from the parent (Refer to Note 2). Management monitored the achievement of the MCR Management Target on a monthly basis, in addition the calculation was incorporated into the Budget and was monitored as part of that budgeting process. During the year the MCR at all times exceeded 150%. With the sale of Elders Insurance Limited this is no longer a requirement for the Elders Limited Group.

Note 20. Hybrid Equity

	Consolidated		Parent	
	September 2009 \$000	June 2008 \$000	September 2009 \$000	June 2008 \$000
Hybrid equity				
Issued and fully paid up	145,151	145,151	145,151	145,151

1,500,000 perpetual, subordinated, convertible unsecured notes ("Hybrids") were issued in April 2006 at \$100 each. If the Board resolves to pay them, distributions will be paid quarterly in arrears on 31 March, 30 June, 30 September and 31 December each year. Distributions are frankable. Until 30 June 2011 (the first remarking date) the distribution rate will be the 3 month bank bill swap rate plus a margin of 2.20% pa. On a remarking date, Elders has discretion to either redeem the Hybrid for cash or convert the Hybrid into ordinary shares. Alternatively, Elders can accept a one-off step up of 250 bps in margin or pursue a remarking process to set a new margin.

Elders' current restructured financing arrangements restricts Elders from paying distributions on Elders Hybrids until and including 30 September 2011.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 21. Reserves

	Consolidated		Parent	
	September 2009 \$000	June 2008 \$000	September 2009 \$000	June 2008 \$000
<i>Business combination reserve:</i>				
Opening balance, 1 July	27,501	-	-	-
Arising during the year	(38,159)	27,501	-	-
Closing balance	(10,658)	27,501	-	-
<i>Employee equity benefits reserve:</i>				
Opening balance, 1 July	(23,605)	(24,780)	2,622	2,426
Current year share option expense	(1,378)	734	(1,479)	434
Current year share plan expense	8,734	1,715	8,415	88
Other share plan transfers	2,048	(1,274)	175	(326)
Closing balance	(14,201)	(23,605)	9,733	2,622
<i>Foreign currency translation reserve:</i>				
Opening balance, 1 July	(4,747)	(8,362)	-	(74)
Currency translation differences	(503)	3,541	-	-
Currency translation differences realised	307	74	-	74
Closing balance	(4,943)	(4,747)	-	-
<i>Net unrealised gains reserve:</i>				
Opening balance, 1 July	3,907	492	9,641	2,003
Application of AASB 132 and 139	(12,425)	3,618	(12,397)	-
Cash flow hedge reserve	2,122	(203)	3,007	7,638
Closing balance	(6,396)	3,907	251	9,641
<i>Share of reserve for losses in joint venture:</i>				
Opening balance, 1 July	13,134	10,242	-	-
Current year movement	(7,701)	2,892	-	-
Closing balance	5,433	13,134	-	-
Total Reserves	(30,765)	16,190	9,984	12,263

Nature and purpose of reserves:

Business combination reserve

This reserve is used to record fair value adjustments to those assets acquired by the Group in a business combination.

Employee equity benefits reserve

This reserve is used to record the value of equity benefits (both options and share loans) provided to employees and Directors as part of their remuneration.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. It is also used to record the effect of hedging net investments in foreign operations.

Net unrealised gains reserve

This reserve records fair value changes on available-for-sale investments and the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

Share of reserve for losses in joint venture

Rural Bank (RB) has APRA reporting requirements for a general provision for credit losses to be recognised directly in equity. The Group therefore is required to recognise the proportionate interest in RB's reserve for credit losses directly in equity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 22. Retained Earnings

	Consolidated		Parent	
	September 2009 \$000	June 2008 \$000	September 2009 \$000	June 2008 \$000
Retained earnings at the beginning of the financial year	353,991	403,063	100,409	71,011
Net profit/(loss) attributable to members	(466,426)	36,447	(59,158)	109,976
Dividends provided for or paid	(51,153)	(82,627)	(51,153)	(80,578)
Movements in equity (refer to Statement of Changes in Equity)	5,576	(2,892)	-	-
Retained earnings at the end of the financial year	(158,012)	353,991	(9,902)	100,409

Note 23. Dividends

a) Dividends proposed

No final dividend will be paid (2008: 5.5¢ per share, fully franked)	-	42,930	-	42,930
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b) Dividends paid during the year

Current year interim

- No interim dividend will be paid (2007: 4¢ per share, partly franked)	-	30,515	-	30,515
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Previous year final

- fully franked dividend of 5.5¢ per share (2007: 5¢ per share, fully franked)	42,949	40,284	42,949	40,284
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Hybrid distribution fully franked	8,204	9,779	8,204	9,779
	51,153	80,578	51,153	80,578

Subsidiary Equity dividends on ordinary shares:

Dividends paid to external parties during the year

- B&W Rural Pty Ltd fully franked dividend paid 31 October 2008 of \$4,460 per share	2,186	-	-	-
- Killara Feedlot Pty Ltd unfranked dividend paid 26 August 2008 of 0.2¢ per share	107	-	-	-
- Killara Feedlot Pty Ltd unfranked dividend paid 17 February 2009 of \$0.17 per share	905	-	-	-
- Amcom fully franked dividend paid November 2007 of 0.5¢ per share and paid April 2008 of 0.3¢ per share	-	2,049	-	-
	54,351	82,627	51,153	80,578

Elders' current restructured financing arrangements restricts Elders from paying dividends on shares until after 31 March 2012.

c) Franking credit balance

	Parent	Parent
	September 2009 \$000	June 2008 \$000
Franking credits available for subsequent financial years based on tax rate of 30% (2008: 30%)	15,790	22,501

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax;
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date;
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date;
- franking credits that may be prevented from being distributed in subsequent financial years; and
- franking credits that have been added to the Parent due to the acquisition of Integrated Tree Cropping Ltd.

The impact on the franking account of the dividend recommended by the directors since year end, but not recognised as a liability at year end, will be a reduction in the franking account of:

- (18,399)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 24. Minority Interests

	Consolidated		Parent	
	15 months September 2009 \$000	12 months June 2008 \$000	15 months September 2009 \$000	12 months June 2008 \$000
Minority interests comprise interests in the following items:				
Contributed equity	13,332	58,323	-	-
Retained earnings	(5,560)	28,403	-	-
	7,772	86,726	-	-

Note 25. Notes to Cash Flow Statement

(a) Reconciliation of net profit /(loss) after tax to net cash flows from operations

Profit after income tax expense	(466,426)	36,447	(59,158)	109,976
Depreciation and amortisation	45,542	42,584	-	72
Share of associates and joint venture (profit)	697	(51,236)	-	(1,204)
Dividends from associates	19,900	33,527	14,749	12,085
Dividend received as DRP	(7,703)	-	-	-
Dividend from controlled entities	-	-	-	(143,000)
Interest income from controlled entities	-	-	(24,763)	(20,509)
Fair value adjustments to financial assets	(18,853)	(26,094)	2,282	(783)
Impairment of assets	99,928	21,955	-	-
Movement in provision for:				
- doubtful debts	5,065	(3,711)	-	-
- employee entitlements	10,937	(4,492)	-	-
- other provisions	33,179	11,014	2,169	(550)
Other write downs	220,406	-	-	-
Deferred tax asset	(35,862)	(635)	-	(29,234)
Deferred income tax	15,384	(4,063)	-	(2,258)
Provision for tax	15,105	(29,341)	-	(38,026)
Net (profit)/loss on sale of non-current assets	(41,563)	2,369	-	-
Net (profit)/loss on sale of controlled entity	(82,546)	18,525	(6,358)	-
Cost of share based payments	7,548	2,449	8,587	522
Other non cash items	7,335	7,429	(9,774)	(7,812)
Operational cash flow generated	(171,927)	56,727	(72,266)	(120,721)
Change in operating assets and liabilities net of effects of acquisitions and disposals of entities and the consolidation of controlled entities:				
- (Increase)/decrease in receivables and other assets	(150,184)	(136,640)	23,434	26,378
- (Increase)/decrease in inventories	93,277	(12,395)	-	-
- Increase/(decrease) in payables and accruals	(294,492)	78,214	(17,973)	(7,368)
Net cash flows from operating activities	(523,326)	(14,094)	(66,805)	(101,711)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 25. Notes to Cash Flow Statement (continued)

(b) Non cash financing and investing activities

During the financial year the following non-cash transactions occurred. These transactions are not reflected in the cash flow statement:

- the issue of 14,461,482 ordinary shares for the value of \$16.1 million under the terms of the dividend reinvestment plan (2008: 12,757,050 ordinary shares for \$24.0 million); and
- no receivables were settled by way of conversion into an equity interest in 2009 (2008: nil).

	Consolidated		Parent	
	15 months September 2009 \$000	12 months June 2008 \$000	15 months September 2009 \$000	12 months June 2008 \$000
Cash and Cash Equivalents				
Cash at bank and in hand	367,868	244,043	293,100	42,162
Short-term deposits	-	-	-	-
	367,868	244,043	293,100	42,162

Cash at year end includes \$nil (2008: \$158.15 million) of insurance cash, the use of which is subject to restrictions in accordance with the Insurance Act and the Insurance (Agents and Brokers) Act. Cash also includes \$0.54 million (2008: \$17.31 million) of cash held in trust on behalf of certain controlled entities.

Note 26. Results of Insurance Activities

The summary of financial position below reflects the contribution to the Group of the general insurance activities of Elders Insurance Limited (EIL). EIL was a wholly owned entity of the parent entity and was subject to prudential supervision by the Australian Prudential Regulatory Authority until its disposal on 30 September 2009.

Profit from ordinary activities includes the following results from general insurance activities:

Direct premium revenue	535,451	339,037	-	-
Outward reinsurance premiums	(241,326)	(145,893)	-	-
	294,125	193,144	-	-
Claims expense	(399,220)	(243,975)	-	-
Reinsurance and other recoveries	213,839	121,432	-	-
Claims handling costs	(9,323)	(6,438)	-	-
Net claims incurred ^(a)	(194,704)	(128,981)	-	-
Underwriting expenses				
- Amortisation of deferred acquisition costs	(104,843)	(64,254)	-	-
- Recurring acquisition costs	(25,737)	(15,495)	-	-
- Other underwriting costs	(6,326)	(3,279)	-	-
	(136,906)	(83,028)	-	-
Other underwriting revenue	54,918	35,709	-	-
Net underwriting result	17,433	16,844	-	-
Investment revenue	12,510	11,886	-	-
General and administration expenses	(17,521)	(12,801)	-	-
Profit from ordinary activities before income tax	12,422	15,929	-	-
Income tax (expense)	(4,527)	(4,880)	-	-
Net profit	7,895	11,049	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 26. Results of Insurance Activities (continued)

(a) Net claims incurred comprises:

	September 2009			June 2008		
	Current Year \$000	Prior Year \$000	Total \$000	Current Year \$000	Prior Year \$000	Total \$000
Gross claims incurred and related expenses - undiscounted	(440,693)	35,305	(405,388)	(279,792)	27,086	(252,706)
Reinsurance and other recoveries - undiscounted	227,696	(15,308)	212,388	133,677	(10,371)	123,306
Net claims incurred – undiscounted	(212,997)	19,997	(193,000)	(146,115)	16,715	(129,400)
Discount and discount movement - gross claims	9,070	(12,225)	(3,155)	9,409	(7,116)	2,293
Discount and discount movement - reinsurance and other recoveries	(5,078)	6,529	1,451	(5,004)	3,130	(1,874)
Net discount movement	3,992	(5,696)	(1,704)	4,405	(3,986)	419
Total direct claims incurred	(209,005)	14,301	(194,704)	(141,710)	12,729	(128,981)

Process for Determining Risk Margin

The overall risk margin was determined allowing for diversification between different APRA business classes and the relative uncertainty of the outstanding claims estimate for each class. Uncertainty was analysed for each class taking into account potential uncertainties relating to the actuarial models and assumptions, the quality of underlying data used in the models, the general insurance environment and the impact of legislative reform.

The assumptions regarding uncertainty for each class were applied to the net central estimates and the results were aggregated, allowing for diversification in order to arrive at an overall provision which is intended to have a 90% probability of sufficiency.

Risk Margins Applied (Net of Diversification)

	September 2009 %	June 2008 %
Long Tail Classes	16.5	27.1
Short Tail Classes	8.9	15.0
Overall Margin Allowing for Diversification	12.0	19.9

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 27. Expenditure Commitments

	Consolidated		Parent	
	September 2009 \$000	June 2008 \$000	September 2009 \$000	June 2008 \$000
Lease Commitments				
<i>Finance leases:</i>				
- not later than one year	495	1,520	-	-
- later than one year but not later than five years	116	7,047	-	-
- later than five years	-	-	-	-
Minimum lease payments	611	8,567	-	-
Future finance charges	(46)	(936)	-	-
Lease liabilities	565	7,631	-	-
Disclosed in the financial statements as:				
- current (note 17)	453	1,196	-	-
- non current (note 17)	112	6,435	-	-
	565	7,631	-	-
<i>Operating leases:</i>				
- not later than one year	74,387	66,740	556	574
- later than one year but not later than five years	176,758	167,936	1,390	2,297
- later than five years	134,145	132,931	-	2,871
	385,290	367,607	1,946	5,742

The Group has finance leases and hire purchase contracts for various items of plant and machinery with a carrying amount of \$1.03 million (2008: \$5.89 million). These lease contracts expire within 1 to 4 years. The leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the specific entity that holds the lease.

The Group leases the majority of its branch networks and capital city properties under operating leases. The lease commitments comprise base amounts adjusted where necessary for escalation clauses primarily based on inflation rates. Leases generally provide the Group with a right of renewal at the end of the lease term. The extent of lease commitments is a factor that is considered in the calculation of certain borrowing covenants.

Capital Expenditure Commitments

Capital expenditure contracted for but not otherwise provided for in these accounts:

- not later than one year	14,649	38,878	-	-
- later than one year but not later than five years	-	-	-	-
- over five years	-	-	-	-
	14,649	38,878	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 28. Contingent Liabilities

Contingent liabilities at balance date, not otherwise provided for in these financial statements, are as follows:

Claims lodged for damages resulting from the use of products or services ^(e)	797	3,258	-	-
Discounted Trade Bills	-	550	-	-
Guarantees issued to third parties arising in the normal course of business	67,830	93,881	67,830	93,881
	68,627	97,689	67,830	93,881

Unquantifiable contingent liabilities

- The Group has contingent obligations in respect of leased premises, which have been sub-let to associated entities.
- The Group has provided a guarantee for the performance of an associated entity under a lease agreement.
- Benefits are payable under service agreements with executive directors and officers of the Group under certain circumstances such as termination or achievement of prescribed performance hurdles.
- There have been various legal claims lodged for damages resulting from the use of products or services of the Group for which no provision has been raised as it is not currently probable that these claims will succeed and it is not practical to estimate the potential effect of these claims. The directors' are of the view that none of these claims are likely to be material.
- ITC Project Management Ltd ("ITCPM") is the responsible entity of the ITC Group's forestry management investment schemes. ITCPM has established a large plantation estate in central Queensland which has been impacted by a fungal disease which causes tree mortality and growth impairment. The impacted plantations have been established as part of various schemes promoted between 2000 and 2007. The directors are unable at this point to quantify the financial effect that the disease may have on Elders and are undertaking further review and analysis.

Other contingent liabilities

- The consolidated entity has entered into an agreement with MCK Holdings Pty Ltd which includes a put option for the remaining 50% of the equity of Plexicor not held by the Elders Limited Group, contingent on certain events occurring, including the takeover of all or part of the Group. If the put option is exercised, the purchase price would be approximately \$27 million and the Elders Limited Group would become responsible for Plexicor's \$70 million debt.
- As previously disclosed the Group has received amended income tax assessments from the Australian Taxation Office ("ATO") relating to three separate matters which are disputed.

The first matter relates to the capital gain arising on the disposal of the Group's interest in its Building Products division in October 1997. The Group has appealed the amended assessments increasing the capital gain. Management consider the current provisioning in relation to this matter to be adequate and will vigorously defend the assessments through the appeal process.

The second matter relates to the utilisation of a capital loss arising on the disposal of the Elders wool handling business in 1998 and utilised during the years 1998 to 2003. The amended assessments deny the capital loss. The Group continues to be of the view that current provisioning is adequate in respect of these assessments. The Group is confident of the position it has adopted and intends to defend vigorously the losses claimed.

The third matter relates to the utilisation of losses arising from the funding activities of the Group's in-house financier. The amended assessments are attributable to the 2003 year denying the losses claimed. A provision has been raised against this potential exposure. The Group is confident of the position it has adopted and intends to defend vigorously the deductions claimed

Other guarantees

- As disclosed in Note 32, the parent entity has entered into a Deed of Cross Guarantee with certain controlled entities. The effect of this Deed is that Elders Limited and each of these controlled entities has guaranteed to pay any deficiency of any of the companies party to the Deed in the event of any of those companies being wound up.
- The parent entity and certain entities in the Group are parties to various guarantees and indemnities pursuant to bank facilities and operating lease facilities extended to the Group and commitments under the convertible and unsecured notes.

Other matters

On 28 October 2009 the Australian Competition and Consumer Commission (ACCC) issued a Statement of Issues in relation to the proposed sale of ITC Timber Pty Ltd, an entity which holds Elders' hardwood timber processing operations as well as its 50% stake in Smartfibre Pty Ltd to Gunns Limited.

The ACCC has raised issues of concern with a small part of the overall transaction. The ACCC has also identified other issues which may be of concern and which require further analysis. Elders intends to work with Gunns to address all the issues identified by the ACCC and is confident that a transaction with Gunns can be completed. Gunns have provided an "in principle" agreement to acquire those assets to which the ACCC gives final approval.

In the event the entire transaction was not to proceed, total assets of \$152 million and total liabilities of \$14.2 million would need to be consolidated into the Group's balance sheet as at 30 September 2009 and the receivable for the sale proceeds of \$96.2 million would be eliminated. The loss on sale of \$4.2 million including costs (after impairments of \$40.0 million) would also not be recognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 29. Segment Information

The Group is organised and managed separately according to the nature of the products and services provided. The consolidated entity comprises the following distinguishable components; Rural Services, Financial Services, Forestry, Automotive Components and Investment & Other.

Rural Services include the provision of a range of agricultural products and services through a common distribution channel.

Financial Services include the provision of a range of financial services through a common distribution channel and the associate Rural Bank.

Forestry includes the Group's interests in forestry plantations and processing.

Automotive Components include the manufacturing and sales of Automotive components of which the key components are seating, heating ventilating and air-conditioning systems.

The Investment & Other segment includes the general investment activities not associated with the other business segments and the administrative corporate office activities.

Segment results have been determined on a consolidated basis and represent the earnings before corporate net borrowing costs and income tax expense.

The Group operates predominantly within Australia. All other geographical operations are not material to the financial statements.

Business Segments						
	Rural ⁽ⁱ⁾ Services	Financial Services	Forestry	Automotive Components	Investment & Other	Total
15 months September 2009	\$000	\$000	\$000	\$000	\$000	\$000
External sales	2,664,984	322,612	211,416	333,020	8,051	3,540,083
Other revenue	41,807	229,194	(27,513)	19,954	(4,650)	258,792
Share of net profit/(loss) of associates	(724)	27,722	(2,668)	(25,986)	959	(697)
Total revenue	2,706,067	579,528	181,235	326,988	4,360	3,798,178
Underlying EBIT	8,804	23,733	5,943	(15,057)	(10,642)	12,781
Significant items	(295,800)	139,181	(106,566)	(44,348)	(81,603)	(389,136)
Segment Result	(286,996)	162,914	(100,623)	(59,405)	(92,245)	(376,355)
Earnings before interest, tax, depreciation & amortisation	(268,596)	164,023	(94,040)	(39,974)	(92,226)	(330,813)
Depreciation & amortisation	(18,400)	(1,109)	(6,583)	(19,431)	(19)	(45,542)
Segment Result	(286,996)	162,914	(100,623)	(59,405)	(92,245)	(376,355)
Corporate net interest expense						(89,975)
Profit from ordinary activities before tax						(466,330)
Segment assets	842,055	166,692	726,160	194,279	129,129	2,058,315
Unallocated assets (including tax assets)	-	-	-	-	-	482,908
Segment liabilities	358,995	11,428	30,718	61,174	70,744	533,059
Unallocated liabilities (including tax liabilities)	-	-	-	-	-	1,306,505
Carrying value of equity investments	48,972	148,017	32,505	33,582	20,148	283,224
Acquisition of property, plant & equipment, intangible assets and other non current assets, including design and development	17,201	15,984	45,816	10,259	54	89,314
Non cash expenses other than depreciation and amortisation	263,664	(2,038)	65,881	16,453	21,234	365,194
Profit/(loss) on sale of investments and controlled entities	41,041	137,986	(42,932)	(7)	(14,346)	121,742

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 29. Segment Information (continued)

Business Segments

	Rural Services	Financial Services	Forestry	Automotive Components	Investment & Other	Total
12 months June 2008	\$000	\$000	\$000	\$000	\$000	\$000
External sales	2,472,331	218,534	191,344	384,241	45,665	3,312,115
Other revenue	13,965	49,909	27,714	21,374	19,796	132,758
Share of net profit (loss) of associates	9,460	20,531	12,200	2,269	6,776	51,236
Total revenue	2,495,756	288,974	231,258	407,884	72,237	3,496,109
Underlying EBIT	57,537	22,407	61,351	26,168	4,250	171,713
Significant items	(36,668)	-	87	-	(41,148)	(77,729)
Segment Result	20,869	22,407	61,438	26,168	(36,898)	93,984
Earnings before interest, tax, depreciation & amortisation	36,201	23,019	66,634	42,268	(31,554)	136,568
Depreciation & amortisation	(15,332)	(612)	(5,196)	(16,100)	(5,344)	(42,584)
Segment Result	20,869	22,407	61,438	26,168	(36,898)	93,984
Corporate net interest expense						(56,909)
Profit from ordinary activities before tax						37,075
Segment assets	1,190,632	711,580	734,380	258,719	371,892	3,267,203
Unallocated assets (including tax assets)	-	-	-	-	-	148,714
Segment liabilities	583,383	465,782	71,337	96,071	101,803	1,318,376
Unallocated liabilities (including tax liabilities)	-	-	-	-	-	811,549
Carrying value of equity investments	296,771	156,943	106,202	40,239	94,337	694,492
Acquisition of property, plant & equipment, intangible assets and other non current assets, including design and development	67,104	28,333	88,601	17,145	40,880	242,063
Non cash expenses other than depreciation and amortisation	16,852	9	-	(6,540)	2,446	12,767
Profit/(loss) on sale of investments	(1,816)	-	-	-	-	(1,816)

(i) The profit made by Rural Services as a result of providing distribution services to the Insurance Division during the 15 month period to 30 September 2009 has been treated as continuing in the Rural Services segment. This is because Rural Services will continue to receive part of this income as reimbursements for distribution costs under the new joint venture arrangement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 30. Supplementary Statement of Net Debt by Segment

(a) Statement of Net Debt

	Rural Services	Financial Services	Forestry	Automotive Components	Investment & Other	Total
15 months September 2009	\$000	\$000	\$000	\$000	\$000	\$000
Earnings before interest & tax	(286,996)	162,914	(100,623)	(59,405)	(92,245)	(376,355)
Depreciation and amortisation	18,400	1,109	6,583	19,431	19	45,542
Equity accounted earnings	724	(27,722)	2,668	25,986	(959)	697
Dividends received from associates	940	14,749	3,153	-	1,058	19,900
Dividends received under DRP	(7,703)	-	-	-	-	(7,703)
Profit/(loss) on sale of property, plant & equipment	(2,570)	5	(5)	(35)	2	(2,603)
Profit/(loss) on sale of investments	(41,041)	335	-	7	1,503	(39,196)
Profit/(loss) on sale of controlled entities	-	(138,321)	42,932	-	12,843	(82,546)
Profit on sale of investment properties	-	-	236	-	-	236
Interest (net)	(6,496)	13,739	(1,178)	(241)	(95,332)	(89,508)
Tax (paid)/refund	(16,194)	(7,810)	1,332	7,957	5,657	(9,058)
Share based payments	(589)	229	85	399	7,424	7,548
Impairment losses and write downs	224,146	-	66,200	19,084	10,902	320,332
Fair value adjustments on financial assets	(6,953)	-	(10,672)	-	679	(16,946)
Provisions and other	31,025	14,720	(945)	(5,981)	18,914	57,733
Operating cash flow before movements in working capital	(93,307)	33,947	9,766	7,202	(129,535)	(171,927)
Movement in working capital	(267,223)	(11,584)	(94,706)	7,736	14,378	(351,399)
Operating cash flow	(360,530)	22,363	(84,940)	14,938	(115,157)	(523,326)
Capital expenditure	(12,574)	(817)	(45,816)	(5,551)	-	(64,758)
Proceeds on sale of property, plant and equipment	7,130	-	3,337	307	-	10,774
Proceeds sale of investments	195,073	34,442	-	-	2,118	231,633
Proceeds sale of controlled entity	-	65,715	(193)	-	29,061	94,583
Payments for investments and other	(4,627)	(15,167)	-	(286)	(54)	(20,134)
D&D capitalised	-	-	-	(4,422)	-	(4,422)
Loans to associated parties (net)	(3,375)	-	3,049	-	(30,476)	(30,802)
Loans to/from growers (net)	-	-	(9,068)	-	-	(9,068)
Loans to employees	1,928	-	258	-	-	2,186
Investing cash flow	183,555	84,173	(48,433)	(9,952)	649	209,992
Dividends paid	(3,198)	-	-	-	(51,153)	(54,351)
Dividends underwritten	-	-	-	-	42,949	42,949
Other	(3,242)	-	-	-	-	(3,242)
Other flows	(6,440)	-	-	-	(8,204)	(14,644)
Opening net debt						(522,975)
Total flows						(327,978)
De-consolidation of Amcom debt						23,027
De-consolidation of Broadwater debt						15
De-consolidation of Timber debt						3,980
Consolidation of Elders Rural Holdings debt						(29,231)
Fair value adjustments to debt						(16,386)
Closing net debt						(869,548)

Capitalised borrowing costs of \$30.7m have been offset against interest bearing liabilities and will be expensed over the life of the debt.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 30. Supplementary Statement of Net Debt by Segment (continued)

(a) Statement of Net Debt (continued)

	Rural Services	Financial Services	Forestry	Automotive Components	Investment & Other	Total
12 months June 2008	\$000	\$000	\$000	\$000	\$000	\$000
Earnings before interest & tax	20,869	21,957	61,438	25,548	(35,828)	93,984
Depreciation and amortisation	15,332	612	5,196	16,100	5,344	42,584
Equity accounted earnings	(9,460)	(20,531)	(12,200)	(2,269)	(6,776)	(51,236)
Dividends received from associates	6,394	12,085	2,490	4,185	2,994	28,148
Profit/(loss) on sale of property, plant & equipment	(1,133)	(2)	(998)	726	1,960	553
Profit on sale of investments	1,816	-	-	-	-	1,816
Profit on sale of controlled entities	-	-	-	-	-	-
Profit on sale of investment properties	-	-	479	-	-	479
Discount on acquisition	(1,743)	-	(1,351)	-	(6,042)	(9,136)
Interest (net)	(354)	13,312	(543)	(60)	(71,038)	(58,683)
Tax (paid)/refund	(8,393)	(8,658)	2,525	(1,227)	(14,538)	(30,291)
Share based payments	1,003	410	342	172	522	2,449
Impairment losses/(reversals)	4,588	64	-	-	134	4,786
Fair value adjustments on financial assets	(830)	-	(25,264)	-	(3,824)	(29,918)
Provisions and other	15,003	35,832	(39,490)	15,907	10,835	38,087
Operating cash flow before movements in working capital	43,092	55,081	(7,376)	59,082	(116,257)	33,622
Movement in working capital	5,152	(38,370)	(4,041)	1,165	(11,622)	(47,716)
Operating cash flow	48,244	16,711	(11,417)	60,247	(127,879)	(14,094)
Capital expenditure	(28,842)	(100)	(86,427)	(7,326)	(7,152)	(129,847)
Proceeds on sale of property, plant and equipment	2,939	24	94,324	548	-	97,835
Proceeds sale of investments	7,877	4,715	-	-	25,924	38,516
Proceeds sale of controlled entity	-	-	-	-	-	-
Payments for investments and other	(32,775)	(28,234)	(829)	(22,573)	(23,050)	(107,461)
D&D capitalised	-	-	-	(7,124)	-	(7,124)
Loans to associated parties (net)	(16,973)	-	591	-	(11,635)	(28,017)
Loans repaid from third parties (net)	-	-	-	-	52,266	52,266
Loans from growers (net)	-	-	(920)	-	-	(920)
Loans to employees	-	-	-	-	-	-
Acquisition of controlled entity (net)	-	-	-	-	2,323	2,323
Investing cash flow	(67,774)	(23,595)	6,739	(36,475)	38,676	(82,429)
Proceeds from issue of shares and other equity	-	-	-	-	7,082	7,082
Dividends paid	(974)	-	-	-	(57,366)	(58,340)
Dividends underwritten	-	-	-	-	46,815	46,815
Repayment of matured equity instrument	-	-	-	-	(53,885)	(53,885)
Other	-	-	-	-	(131)	(131)
Other flows	(974)	-	-	-	(57,485)	(58,459)
Total	(20,504)	(6,884)	(4,678)	23,772	(146,688)	(154,982)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 30. Supplementary Statement of Net Debt by Segment (continued)

(a) Statement of Net Debt (continued)

	Rural Services	Financial Services	Forestry	Automotive Components	Investment & Other	Total
June 2008	\$000	\$000	\$000	\$000	\$000	\$000
Opening net debt						(364,948)
Total flows						(154,982)
Consolidation of Amcom debt						(15,318)
Convertible notes classified as debt converted to equity during the year (non cash movement)						576
Fair value adjustments to debt						11,697
Closing net debt						(522,975)

(b) Reconciliation of Net Debt balance to Balance Sheet

	Consolidated	
	15 months September 2009 \$000	12 months June 2008 \$000
Cash and cash equivalents	367,868	244,043
Interest Bearing Loans and Borrowings	(1,199,273)	(715,562)
Derivatives on Interest Bearing Loans and Borrowings	(38,143)	(51,456)
	(869,548)	(522,975)

Note 31. Auditors Remuneration

	Consolidated		Parent	
	15 months September 2009 \$	12 months June 2008 \$	15 months September 2009 \$	12 months June 2008 \$
The auditor of Elders Limited is Ernst & Young.				
<i>Amounts received or due and receivable by Ernst & Young (Australia) for:</i>				
- auditing or review of financial statements ⁽ⁱ⁾	2,647,524	2,113,296	446,644	265,776
- tax services (primarily compliance)	141,268	253,662	92,100	221,027
- fees in relation to investigative accountants report and preparation of prospectus	1,764,345	-	1,764,345	-
- other compliance and assurance services	242,062	272,316	74,903	158,779
	4,795,199	2,639,274	2,377,992	645,582
<i>Amounts received or due and receivable by related practices of Ernst & Young (Australia) for:</i>				
- auditing or review of financial statements	432,650	265,048	-	-
	432,650	265,048	-	-
<i>Amounts received or due and receivable by non Ernst & Young audit firms for:</i>				
- auditing or review of financial statements	21,000	30,000	-	-
- tax services	474,091	156,274	216,671	124,624
- internal audit	669,442	741,634	-	87,758
- other services ⁽ⁱⁱ⁾	5,817,176	2,090,494	4,217,182	412,688
	6,981,709	3,018,402	4,433,853	625,070

The auditor of Elders Limited is Ernst & Young.

*Amounts received or due and receivable by
Ernst & Young (Australia) for:*

- auditing or review of financial statements ⁽ⁱ⁾	2,647,524	2,113,296	446,644	265,776
- tax services (primarily compliance)	141,268	253,662	92,100	221,027
- fees in relation to investigative accountants report and preparation of prospectus	1,764,345	-	1,764,345	-
- other compliance and assurance services	242,062	272,316	74,903	158,779
	4,795,199	2,639,274	2,377,992	645,582

*Amounts received or due and receivable by
related practices of Ernst & Young (Australia) for:*

- auditing or review of financial statements	432,650	265,048	-	-
	432,650	265,048	-	-

*Amounts received or due and receivable by
non Ernst & Young audit firms for:*

- auditing or review of financial statements	21,000	30,000	-	-
- tax services	474,091	156,274	216,671	124,624
- internal audit	669,442	741,634	-	87,758
- other services ⁽ⁱⁱ⁾	5,817,176	2,090,494	4,217,182	412,688
	6,981,709	3,018,402	4,433,853	625,070

(i) This includes full statutory audit as at 30 June 2009 and as at 30 September 2009.

(ii) Other services including specific projects.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 32. Investments in Controlled Entities

		% Held by Group	
		September 2009	June 2008
A Top Pty Ltd	(g)	100	100
Abbino Pty Ltd	(g)	100	100
Acehill Investments Pty Ltd	(a)	100	100
ACN 073 323 038 Pty Ltd	(g)	100	100
Active Leisure (Sports) Pty Ltd	(a)	100	100
Agribusiness Insurance Brokers Pty Ltd	(j)	-	100
Agricultural Land Management Limited		100	100
AI Asia Pacific Operations Holding Limited	(c)(e)	100	100
AI China Operations Holding Limited	(c)(e)	100	100
AIM Metals Pty Ltd	(a)	100	100
Air International (China) Pty Ltd	(a)	100	100
Air International (India) Pty Ltd	(g)	100	100
Air International (Ventures) No 2 Pty Ltd	(a)	100	100
Air International Asia Pacific Operations Pty Ltd	(a)	100	100
Air International (Malaysia) Pty Ltd	(a)	100	100
Air International Vehicle Air Conditioning (Shanghai) Co Ltd	(c)	100	100
Albany Woolstores Pty Ltd	(g)	66	66
Aldetec Pty Ltd	(a)	100	100
Aldetec Unit Trust	(f)	100	100
Amcom Pty Ltd	(j)	-	50
Amcom Telecommunications Limited	(j)	-	50
Amnet Internet Services Pty Ltd	(j)	-	50
Amnet IT Services Pty Ltd	(j)	-	50
Amnet IX Pty Ltd	(j)	-	50
AMG Marketing & Research Pty Ltd	(g)	100	100
APO Administration Limited	(c)(e)	100	100
APT Finance Pty Ltd	(a)	100	100
APT Forestry Pty Ltd	(a)	100	100
APT Projects Ltd	(g)	100	100
APT Land Pty Ltd	(a)	100	100
APT Nurseries Pty Ltd	(a)	100	100
Artreal Pty Ltd	(g)	100	100
Ashwick (Vic) No 102 Pty Ltd	(a)	100	100
Austech Ventures Ltd	(a)	100	100
Australian Combined Meat Processors Pty Ltd	(i)	50	50
Australian Plantation Timber Ltd	(a)	100	100
Australian Retirement Managers Pty Ltd (formerly Australian Retirement Managers Limited)	(a)	100	100
AR Finance Pty Ltd (in liquidation)	(g)	100	100
Australian Topmaking Services Limited	(a)	100	100
B & W Rural Pty Ltd	(h)	51	51
Balcooma Pty Ltd (in liquidation)	(g)	100	100
Banks Marsden Pty Ltd	(g)	100	100
Bedcell Pty Ltd	(j)	-	100
BHC Sales & Marketing Pty Ltd	(g)	100	100
Brimhall Pty Ltd	(j)	-	100
Broadwater Hospitality Pty Ltd	(j)	-	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 32. Investments in Controlled Entities (continued)

		% Held by Group	
		September 2009	June 2008
Broadwater Hospitality Management Pty Ltd	(j)	-	100
Bremer Woll Kammerei AG	(c)(e)	100	100
BWK Australia Pty Ltd	(g)	100	100
BWK Elders Australia Pty Ltd	(a)	100	100
BWK Elders Europe GmbH	(c)(e)(i)	100	100
BWK Holdings Pty Ltd	(a)	100	100
BWK Elders Europtop GmbH	(c)	51	100
BWK Elders Industry and Trade	(c)	100	100
BWK Chemifraser GmbH	(c)	100	100
BWK Eastern Wool Industrial & Trading Joint Stock Corporation	(c)	91	100
BREWA Umwelt Service GmbH	(c)	100	100
Carbon Bid Co Pty Ltd	(g)	100	100
Canosac Limited	(c)(f)	100	100
Caversham Investments Pty Ltd	(a)	100	100
Caversham Landscape D. & C. Pty Ltd	(g)	100	100
Caversham Projects Pty Ltd	(g)	100	100
Caversham Property (Sales) Pty Ltd	(g)	100	100
Caversham Property Holdings Pty Ltd	(a)	100	100
Charlton Feedlot Pty Ltd	(a)	100	100
Colotti Pty Ltd	(j)	-	100
Costilla Pty Ltd	(j)	-	100
CP Ventures Ltd	(a)	100	100
Danny F11 Investments Pte Ltd	(c)	100	100
Dawley Pty Ltd	(g)	100	100
Domeni Pty Ltd	(g)	100	100
E. & R. Steeden Pty Ltd	(a)	100	100
E Globulus Pty Ltd	(g)	100	100
Elders Australia Aktien Holding GmbH & Co KG	(c)	100	100
Elders Australia Beteiligungs GmbH	(c)(h)	100	90
Elders Burnett Moore WA Pty Ltd	(g)	100	100
Elders China Trading Company	(c)	100	100
Elders Communications Pty Ltd	(a)	100	100
Elders Distribution Company Pty Ltd	(j)	-	100
Elders Finance Pty Ltd (formerly <i>Futuris Administration Pty Ltd</i>)	(a)	100	100
Elders Financial Services Group Pty Ltd	(a)	100	100
Elders Financial Solutions Pty Ltd	(g)	100	100
Elders Fine Foods (Shanghai) Company	(c)	100	100
Elders Global Wool Holdings Pty Ltd	(a)	100	100
Elders-GM Properties (SA) Pty Ltd	(a)	100	100
Elders-GM Properties (Vic) Pty Ltd	(a)	100	100
Elders Hycube Pty Ltd	(g)	100	70
Elders Insurance Ltd	(j)	-	100
Elders Insurance Agencies Pty Ltd	(j)	-	100
Elders International Australia Limited	(a)	100	100
Elders Meat Processing Pty Ltd (formerly <i>Harvey Meat Processing Pty Ltd</i>)	(g)	100	100
Elders Mortgage Brokers Pty Ltd	(g)	100	100
Elders Project Management Pty Ltd	(g)	100	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 32. Investments in Controlled Entities (continued)

		% Held by Group	
		September 2009	June 2008
Elders Property Management Pty Ltd	(g)	100	100
Elders Real Estate (NSW) Pty Ltd	(g)	100	100
Elders Real Estate (Qld) Pty Ltd	(g)	100	100
Elders Real Estate (Tasmania) Pty Ltd	(g)	100	100
Elders Real Estate (WA) Pty Ltd	(g)	100	100
Elders Real Estate Franchise (Vic) Pty Ltd	(g)	100	100
Elders Risk Management Pty Ltd	(j)	100	100
Elders Rural Holdings Limited	(c)	50	50
Elders Rural Services Limited (formerly Elders Australia Limited)	(a)	100	100
Elders Rural Services Australia Limited (formerly Elders Limited)		100	100
Elders Services Company Pty Ltd	(d)	100	-
Elders Telecommunications Infrastructure Pty Ltd	(g)	100	100
Elders Trustees Limited		100	100
Elders Underwriting Agency Pty Ltd	(g)	100	100
Elders Webster Pty Ltd	(g)	100	100
Elders Wool International Pty Ltd	(g)	100	100
EREF Pty Ltd	(g)	100	100
Ezesoftwrite Pty Ltd	(j)	-	50
Family Hospitals Pty Ltd	(a)	100	100
Fares Exports Pty Ltd	(a)	100	100
Fares Exports Management Mexico, S.A. de C.V.	(c)	100	100
Fares Exports Trading Mexico, S.A. de C.V.	(c)	100	100
Farmers Investment Trust	(f)	100	100
FGSF Pty Ltd	(g)	100	100
Future Proof Technologies (WA) Pty Ltd	(j)	-	50
Futuris Agencies Pty Ltd	(a)	100	100
Futuris Automotive Pty Ltd	(a)	100	100
Futuris Automotive Group Ltd	(a)	100	100
Futuris Automotive Interiors (Australia) Pty Ltd	(a)	100	100
Futuris Automotive Interiors (Barbados) Inc	(c)	100	100
Futuris Automotive Interiors Holdings Pty Ltd	(a)	100	100
Futuris Automotive Interiors Trading (Shanghai) Co Ltd	(c)	100	-
Futuris Automotive Interiors (US) Inc	(c)	100	100
Futuris Rural Pty Ltd	(a)	100	100
Futuris Ventures Pty Ltd	(a)	100	100
Futuris/Tamper Joint Venture Unit Trust	(f)	100	100
Geelong Wool Combing Ltd	(a)	100	100
George Moss (Qld) Pty Ltd	(a)	100	100
George Moss Pty Limited	(a)	100	100
Grouville Pty Ltd	(g)	100	100
H W Hayes & Sons (Ipswich) Pty Ltd	(g)	100	100
Hallette Pty Ltd	(g)	100	100
Hollymont Ltd	(a)	100	100
Hose & Pipe Pty Ltd	(a)	100	100
IMA Investment Management Australia (ADF) Pty Ltd	(a)	100	100
IMA Investment Management Australia Pty Ltd	(a)	100	100
Innerhadden Ltd	(a)	100	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 32. Investments in Controlled Entities (continued)

		% Held by Group	
		September 2009	June 2008
Integrated Tree Cropping Ltd	(g)	100	100
ITC Ltd	(a)	100	100
ITC Esperance Woodchip Terminal Pty Ltd		100	100
ITC Fibre Pty Ltd	(a)	-	100
ITC Finance Pty Ltd	(a)	100	100
ITC Land Holdings Pty Ltd	(g)	100	100
ITC Portland Woodchip Terminal Pty Ltd		100	100
ITC Project Management Ltd	(g)	100	100
ITC Timber Pty Ltd	(j)	-	100
ITC Timber Alexandra Pty Ltd	(j)	-	100
ITC Timber China Pty Ltd	(j)	-	100
ITC Timber Heyfield Pty Ltd	(j)	-	100
ITC Timber Seymour Pty Ltd	(j)	-	100
ITC Timber Tasmania Pty Ltd	(j)	-	100
ITC Timberlands Ltd	(j)	-	100
J.A. Gilmour & Sons (NSW) Pty Ltd	(g)	100	100
JSB New Zealand Limited	(c)	100	100
JS Brooksbank & Co Australasia Ltd	(c)	100	100
J.S. Brooksbank Pty Ltd	(i)	100	100
Jetoleaf Pty Ltd	(g)	100	100
Kentlake Holdings Pty Ltd	(g)	100	100
Keratin Holdings Pty Ltd	(a)	100	100
Killara Feedlot Pty Ltd	(i)	53	53
Kojonup Farm Pty Ltd	(g)	100	100
Leisure Industries International Pty Ltd	(a)	100	100
M.E. Deniliquin Pty Ltd	(j)	-	100
Manet Holdings Pty Ltd	(a)	100	100
Manor Hill Pty Ltd	(a)	100	100
Marybrook Development Company Pty Ltd	(g)	100	100
Marybrook Investments Ltd	(a)	100	100
Milltoc Pty Ltd	(a)	100	100
Miranda Bay Pty Ltd	(g)	100	100
Mutual Benefit Consulting Pty Ltd	(g)	100	100
Mylang Pty Ltd	(a)	100	100
New Ashwick Pty Ltd	(g)	100	100
Neues Wolkontor GmbH	(c)	100	100
North Australian Cattle Company Pty Ltd	(a)	100	100
Pacrim Meat & Livestock Trading Pty Ltd (<i>in liquidation</i>)	(g)	100	100
Pakenham Properties Pty Ltd	(g)	100	100
Pernatty Pty Ltd (<i>in liquidation</i>)	(g)	100	100
Pitt Son & Keene Pty Ltd	(g)	100	100
PlantTech Pty Ltd	(a)	100	100
Prestige Property Holdings Pty Ltd	(a)	100	100
Primac Elders Real Estate Pty Ltd	(g)	100	100
Primac Exports Pty Ltd	(a)	100	100
Primac Holdings Pty Ltd	(a)	100	100
Primac Pty Ltd	(a)	100	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 32. Investments in Controlled Entities (continued)

		% Held by Group	
		September 2009	June 2008
Primac Pastoral Co Pty Ltd	(g)	100	100
Primac Superannuation No. 1 Pty Ltd	(g)	100	100
Primac Superannuation No. 2 Pty Ltd	(g)	100	100
Primac Superannuation Nominees Pty Ltd (<i>in liquidation</i>)	(g)	100	100
Primac Travel Pty Ltd	(g)	100	100
PT Elders Indonesia	(c)	100	100
Rachid Fares Enterprises of Australia Pty Ltd	(g)	100	100
Rescue Technology Group Pty Ltd	(j)	-	50
Redray Enterprises Pty Ltd	(a)	100	100
Relatran Pty Ltd	(g)	100	100
SA Bid Co Pty Ltd	(g)	100	100
Southern Wool Services (Goulburn) Pty Ltd	(g)	100	100
Steeden Holdings Pty Ltd	(a)	100	100
Steering Systems Australia Pty Ltd	(a)	100	100
Sycamore Enterprises Pty Ltd	(a)	100	100
Sydney Woolbrokers Limited	(i)	100	66
Tashmore Pty Ltd	(g)	100	100
Therm Air Australia Pty Ltd	(a)	100	100
Tomkins Financial Services Pty Ltd		100	100
Topsoils of Australia Pty Ltd	(g)	100	100
Torrens Investments Pte Ltd	(c)	100	100
Treecrop Pty Ltd	(g)	100	100
Trend-to-Zero Pty Ltd	(a)	100	100
Ultra Enterprises Pty Ltd (<i>in liquidation</i>)	(g)	100	100
Ultrasound Australia Pty Ltd	(a)	100	100
Ultrasound International Pty Ltd	(a)	100	100
Ultrasound Technical Services Pty Ltd	(a)	100	100
United Alliance Group Ltd	(g)	100	100
Victorian Investment Corporation Pty Ltd	(a)	100	100
Victorian Producers Co-operative Company Pty Ltd	(a)	100	100
Victorian Group of Companies Pty Ltd	(g)	100	100
Vickner Pty Ltd	(g)	100	100
Vision Group of Companies Pty Ltd	(d)	100	-
Vockbay Pty Limited	(a)	100	100
VP Services Pty Ltd	(j)	-	100
VP Travel Pty Ltd	(j)	-	100
WA Bid Co Pty Ltd	(g)	100	100
Wool Exchange (WA) Pty Ltd	(g)	67	67
Wooltech Marketing Pty Ltd	(g)	100	100
Yenley Pty Ltd	(g)	100	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 32. Investments in Controlled Entities (continued)

- (i) Pursuant to Australian Securities and Investments Commission Class Order 98/1418 dated 13 August 1998, relief has been granted to these controlled entities of Elders Limited from the Corporations Act 2001 requirements for preparation, audit and publication of accounts. As a condition of the Class Order, Elders Limited, and the controlled entities subject to the Class Order, entered into a deed. The effect of the deed is that Elders Limited has guaranteed to pay any deficiency in the event of the winding up of any member of the Closed Group, and each member of the Closed Group has given a guarantee to pay any deficiency, in the event that Elders Limited or any other member of the closed group is wound up.
- (ii) The parties that comprise the Closed Group are denoted by (a) above. Parties added to the Closed Group during the year are denoted by (b) above. Parties removed from the Closed Group during the year are denoted by (k) above.

	Parent	
	15 months September 2009 \$000	12 months June 2008 \$000

The consolidated income statement and balance sheet of the entities which are members of the Closed Group are as follows:

Consolidated income statement of the Closed Group

Profit/(loss) from continuing operations before income tax	38,502	80,773
Income tax benefit/(expense)	(3,098)	6,804
Profit/(loss) after income tax from continuing operations	35,404	87,577
Profit/(loss) after tax from discontinued operation (refer note 40)	(153,391)	(29,490)
Net profit for the period	(117,987)	58,087
Retained earnings at the beginning of the period	(32,660)	(16,600)
Impact of acquisitions/disposals	(11,342)	4,422
Dividends provided for or paid	(51,153)	(78,569)
Retained earnings at the end of the period	(213,142)	(32,660)

Consolidated balance sheet of the Closed Group

Current Assets

Cash assets	297,823	229,225
Receivables	198,948	494,856
Inventories	68,176	142,466
Other	10,186	121,938
Total current assets	575,133	988,485

Non Current Assets

Receivables	238,480	231,082
Investments in associates and joint ventures	242,824	441,593
Other financial assets	563,987	573,711
Inventories	27,014	25,720
Property, plant and equipment	58,758	110,583
Investment properties	273,921	221,597
Intangibles	70,661	119,273
Deferred tax assets	76,857	58,555
Other	18,459	27,058
Total non current assets	1,570,961	1,809,172
Total assets	2,146,094	2,797,657

NOTES TO THE FINANCIAL STATEMENTS FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 32. Investments in Controlled Entities (continued)

	Parent	
	15 months September 2009 \$000	12 months June 2008 \$000
Current Liabilities		
Payables	104,804	898,678
Interest bearing liabilities	830,017	134,055
Current tax liabilities	65,877	18,063
Derivative financial instruments	38,733	-
Provisions	24,118	167,425
Total current liabilities	1,063,549	1,218,221
Non Current Liabilities		
Interest bearing liabilities	344,019	526,079
Derivative Financial Instruments	-	52,366
Deferred tax liabilities	12,713	38,783
Provisions	5,194	67,361
Total non current liabilities	361,926	684,589
Total liabilities	1,425,475	1,902,810
Net Assets	720,619	894,847
Equity		
Contributed equity	737,513	694,118
Hybrid equity	145,151	145,151
Reserves	47,408	88,238
Retained earnings	(213,142)	(32,660)
Outside Equity Interest	3,689	-
Shareholder equity attributable to members of Elders Limited	720,619	894,847

Certain members of the Closed Group, in addition to certain controlled entities, are guarantors in connection with the consolidated entity's borrowings facilities disclosed at note 17 and in connection with the unsecured and convertible notes disclosed at note 19.

(iii) Certain branch locations are subject to agreements whereby profits are shared on a proportionate 50% basis albeit under the control of the controlled entities within the Group.

(iv) All companies are incorporated and carry on business in Australia except for the companies designated by (c) above which are incorporated in the following countries:

Company	Country of Incorporation
AI Asia Pacific Operations Holdings Limited	Hong Kong SAR
Air International Vehicle Air Conditioning (Shanghai) Co Ltd	China
APO Administration Limited	Hong Kong SAR
Bremer Woll K�ammerei AG	Germany
BWK Elders Europe GmbH	Germany
BWK Elders Eurotop GmbH	Germany
BWK Elders Industry and Trade	Germany
BWK Chemifraser GmbH	Germany
BWK Eastern Wool Industrial & Trading Joint Stock Corporation	Turkey
BREWA Umwelt Service GmbH	Germany
Canosac Limited	Hong Kong SAR

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 32. Investments in Controlled Entities (continued)

Company	Country of Incorporation
Danny F11 Investments Pte Ltd	Singapore
Elders Australia Aktien Holding GmbH & Co KG	Germany
Elders Australia Beteiligungs GmbH	Germany
Elders China Trading Company Ltd	China
Elders Fine Foods (Shanghai) Company	China
Elders Rural Holdings Limited (xi)	New Zealand
Fares Exports Management Mexico, S.A. de C.V.	Mexico
Fares Exports Trading Mexico, S.A. de C.V.	Mexico
Futuris Automotive Interiors (Barbados) Inc	Barbados
Futuris Automotive Interiors Trading (Shanghai) Co Ltd	China
Futuris Automotive Interiors (US) Inc	USA
JSB New Zealand Limited	New Zealand
JS Brooksbank & Co Australasia Ltd	New Zealand
Neues Wolkontor GmbH	Germany
PT Elders Indonesia	Indonesia
Torrens Investments Pte Ltd	Singapore

- (iv) Entities acquired during the period are denoted by (d).
- (v) Entities audited by firms other than the parent entity auditors or by affiliates of the parent entity auditor are denoted by (e).
- (vi) Entities exempted from audit requirements due to overseas legislation or non-corporate status are denoted by (f).
- (vii) Entities classified by the Corporations Act 2001 as small proprietary companies relieved from audit requirements are denoted by (g). In addition, a number of small proprietary companies are party to the Class Order deed referred to in (i).
- (viii) Entities denoted by (h) are controlled entities, as the Group has the capacity to control via a dominance of financial, management and technological control.
- (ix) Entities denoted by (i) are entities where an entity controlled by the parent entity holds a controlling interest in the entity.
- (x) Entities denoted by (j) are entities that were disposed of or liquidated during the year. An equity interest has been retained in some of these entities.
- (xi) The following entities are subsidiaries of Elders Rural Holdings Limited (incorporated in New Zealand). All of these subsidiaries are also incorporated in New Zealand, and the ultimate shareholding held by the Group is as follows:

Company	% Held by Group	
	September 2009	June 2008
AWE McNicol Transport (2005) Ltd	25	-
Elders Card Ltd	50	-
Elders Direct Ltd	50	-
Elders insurance Ltd	50	-
Elders Merchandise Limited	50	-
Elders Primary Wool Limited	25	-
Elders Real Estate Ltd	50	-
Elders Stock (SI) Ltd	35	-
Elderstock Ltd	35	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 32. Investments in Controlled Entities (continued)

Company	% Held by Group	
	September 2009	June 2008
Elders Wairarapa Vet Services Ltd	50	-
EPW Southland Woolbrokers Ltd	25	-
Evia Rural Finance Ltd	50	-
Gisbourne Farmers Ltd	34	-
Hawkes Bay Wool Processors (2005) Ltd	25	-
Seed Production (NZ) Ltd	50	-
Wool Marketing Enterprises Ltd	25	-

Note 33. Key Management Personnel

(a) Details of Key Management Personnel

Directors

S Gerlach	Chairman
C E Bright	Non Executive Director
J C Fox	Non Executive Director
R G Grigg	Non Executive Director
A Salim	Non Executive Director
G D Walters	Non Executive Director
I G MacDonald	Non Executive Director
J H Ranck	Non Executive Director
M G Jackman	Director and Chief Executive Officer (appointed 29 September 2008)
L P Wozniczka	Director and Chief Executive Officer (resigned 26 September 2008)

Other Key Management Personnel

M G De Wit	Managing Director – Futuris Automotive Group Ltd
B A Griffiths	Executive Chairman – Futuris Automotive Group Ltd
M S Guerin	Chief Operating Officer – Elders Ltd
V Erasmus	Managing Director – ITC Ltd
T P Plant	Managing Director – Elders Financial Services Group (resigned 30 September 2009)
P Zachert	Chief Financial Officer (resigned 30 June 2009)
M G Hosking	Chief Financial Officer (appointed 14 April 2009)

(b) Remuneration of Specified Directors and other Key Management Personnel

For information on Group Remuneration Policy, Structure and the relationship between remuneration payment and performance please refer to the Remuneration Report on pages 36 to 53 of the Annual Report.

Compensation by Category

	Consolidated		Parent	
	September 2009	June 2008	September 2009	June 2008
	\$	\$	\$	\$
Short term	13,014,767	9,814,591	5,005,673	2,120,042
Long term	157,845	-	103,251	-
Post employment	693,178	505,525	309,897	217,409
Share based payments	(190,097)	1,066,013	(217,914)	720,932
	13,675,693	11,386,129	5,200,907	3,058,383

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 33. Key Management Personnel (continued)

(c) Option holdings of Directors and other Key Management Personnel

September 2009 (Number)	Balance at beginning of period	Options Exercised	Options Granted	Options Lapsed	Balance at end of period	Vested at 30 Sept 2009 ⁽¹⁾	
						Exercisable	Not exercisable
Directors							
M G Jackman	-	-	4,000,000	-	4,000,000	-	-
L P Wozniczka	8,000,000	-	-	(6,250,000)	1,750,000	1,750,000	-
Key Management Personnel							
M G De Wit	500,000	-	-	-	500,000	200,000	-
V Erasmus	750,000	-	750,000	-	1,500,000	-	-
B A Griffiths	400,000	-	-	-	400,000	200,000	-
M S Guerin	750,000	-	750,000	-	1,500,000	-	250,000
M G Hosking	-	-	-	-	-	-	-
T P Plant	1,100,000	-	750,000	(1,850,000)	-	-	-
P Zachert	750,000	-	750,000	(875,000)	625,000	625,000	-
Total	12,250,000	-	7,000,000	(8,975,000)	10,275,000	2,775,000	250,000

June 2008

(Number)

Directors							
L P Wozniczka	5,000,000	-	3,000,000	-	8,000,000	1,000,000	750,000
Key Management Personnel							
M G De Wit	300,000	-	200,000	-	500,000	100,000	-
V Erasmus	750,000	-	-	-	750,000	-	400,000
B A Griffiths	300,000	-	100,000	-	400,000	100,000	300,000
G Hunt	1,250,000	(687,500)	-	(562,500)	-	-	-
M S Guerin	-	-	750,000	-	750,000	-	250,000
T P Plant	1,100,000	-	-	-	1,100,000	100,000	500,000
P Zachert	750,000	-	-	-	750,000	-	625,000
Total	9,450,000	(687,500)	4,050,000	(562,500)	12,250,000	1,300,000	2,825,000

(1) Options vested in respect of performance conditions, length of service conditions still required to be met.

(d) Shareholdings of Directors and other Key Management Personnel

September 2009 Ordinary shares	Balance at beginning of period	On Exercise of Options	Granted as Remuneration	Net Change Other	Balance at end of period
Directors					
S Gerlach	492,522	-	-	114,300	606,822
C E Bright	103,492	-	-	-	103,492
J C Fox	26,765	-	-	-	26,765
R G Grigg	31,560	-	-	-	31,560
A Salim	33,545,578	-	-	-	33,545,578
G D Walters	21,000	-	-	140,000	161,000
I G MacDonald	60,000	-	-	200,000	260,000
J H Ranck	-	-	-	240,000	240,000
M G Jackman	30,000	-	-	100,000	130,000
L P Wozniczka	4,521,341	-	-	-	4,521,341

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 33. Key Management Personnel (continued)

(d) Shareholdings of Directors and other Key Management Personnel (continued)

September 2009 <i>Ordinary shares</i>	Balance at beginning of period	On Exercise of Options	Granted as Remuneration	Net Change Other	Balance at end of period
Key Management Personnel					
M G De Wit	51,980	-	-	-	51,980
B A Griffiths	1,173,019	-	-	(463,917)	709,102
M S Guerin	270,698	-	-	-	270,698
V Erasmus	19,955	-	-	-	19,955
T P Plant	247,554	-	-	-	247,554
P Zachert	1,430,043	-	-	-	1,430,043
Total	42,045,507	-	-	330,383	42,355,890
<i>Convertible Notes & Hybrid Instruments</i>					
Directors					
M G Jackman	-	-	-	1,000	1,000
L P Wozniczka	1,500	-	-	-	1,500
June 2008					
<i>Ordinary shares</i>					
Directors					
S Gerlach	478,491	-	-	14,031	492,522
C E Bright	103,492	-	-	-	103,492
J C Fox	26,765	-	-	-	26,765
R G Grigg	31,560	-	-	-	31,560
W H Johnson	23,548,181	-	-	-	23,548,181
A Salim	33,545,578	-	-	-	33,545,578
G D Walters	21,000	-	-	-	21,000
I G MacDonald	60,000	-	-	-	60,000
J H Ranck	-	-	-	-	-
L P Wozniczka	4,521,341	-	-	-	4,521,341
Key Management Personnel					
M G De Wit	41,694	-	10,286	-	51,980
B A Griffiths	1,540,439	-	10,286	(377,706)	1,173,019
G Hunt	709,529	-	-	-	709,529
M S Guerin	-	-	40,698	230,000	270,698
V Erasmus	9,669	-	10,286	-	19,955
T P Plant	115,175	-	132,379	-	247,554
P Zachert	1,323,606	-	106,437	-	1,430,043
Total	66,076,520	-	310,372	(133,675)	66,253,217
Directors					
L P Wozniczka	51,100	-	-	(49,600)	1,500

All equity transactions with directors and key executives other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arms length.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 33. Key Management Personnel (continued)

(e) Loans to Directors and other Key Management Personnel

	Balance at beginning period	Interest Charged \$000	Interest not Charged ⁽ⁱ⁾ \$000	Loan Written Off \$000	Loan Repaid/ Advanced \$000	Balance at end of period \$000	Highest owing in period \$000
Directors							
September 2009	-	-	-	-	-	-	-
June 2008	-	-	-	-	-	-	-
Executives ⁽ⁱⁱ⁾							
September 2009	806	27	-	-	(827)	6	821
June 2008	696	10	-	-	100	806	1,593
Total							
September 2009	806	27	-	-	(827)	6	821
June 2008	696	10	-	-	100	806	1,593

(i) Interest not charged includes employee share scheme interest

(ii) There are 2 key executives within the loan group (2008: 3)

Details of individuals with loans above \$100,000 in the reporting period are as follows:

Executives							
P Zachert	689	18	-	-	(707)	-	704
J V M Erasmus	117	9	-	-	(120)	6	117

Terms and Conditions

The loan to Mr Zachert was made in June 2008 and was a short term personal loan with interest being charged at a commercial interest rate of 9%. The loan was unsecured, however the Company had sufficient lien over the annual leave, salary and bonus entitlements of Mr Zachert to ensure the loan was repaid in full. The loan was repaid in full in November 2008.

The loan to Mr Erasmus relates to a bridging loan to purchase a house and other assets pending foreign house sale. Interest is charged at the Australian Taxation Office deemed rate for Fringe Benefits Tax purposes of 9% for 2007/08 and 5.85% for 2008/2009.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 33. Key Management Personnel (continued)

(f) Other Transactions and Balances with Directors and other Key Management Personnel

The aggregate amounts recognised in respect of the following types of transactions with directors of entities in the Group and their director-related entities were:

Transaction type	Director concerned	Consolidated	
		September 2009 \$000	June 2008 \$000
Sales through rural agency services	W H Johnson	-	381
	C E Bright	717	390
Purchase of merchandise	W H Johnson	-	658
	C E Bright	28	75
Purchases through rural agency services	W H Johnson	-	7
	C E Bright	240	8

The above transactions were made on commercial terms and conditions and at market rates.

In addition, directors of the parent entity or its controlled entities, or their director-related entities, may purchase goods and services from the Group in their domestic dealings and within normal customer or employee relationships on terms and conditions no more favourable than those available in similar arms length dealings.

The amounts involved are immaterial to the Group and include the following:

- (i) Sales of goods
- (ii) Provision of insurance services
- (iii) Provision of rural agency services
- (iv) Provision of deposit facilities

Note 34. Related Party Disclosures

(a) Ultimate Controlling Entity

The ultimate controlling entity of the Group is Elders Limited.

(b) Transactions with related parties in the wholly owned group

Transactions between the parent entity and related parties in the wholly owned group during the financial periods ended 30 September 2009 and 30 June 2008 consisted of:

- (i) loans advanced by Elders Limited;
- (ii) loans repaid by Elders Limited;
- (iii) the receipt and payment of interest on the above loans;
- (iv) the payment of dividends to Elders Limited;
- (v) the receipt of management fees by Elders Limited;
- (vi) the provision of accounting and administrative services;
- (vii) the provision of transport services;
- (viii) the provision of guarantees and credit facilities; and
- (ix) the transfer of tax losses as permitted by the Income Tax Assessment Act.

These transactions were undertaken on commercial terms and conditions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 34. Related Party Disclosures (continued)

(c) Transactions with controlled entities not wholly owned

Transactions between the wholly owned Group and partly owned controlled entities consisted of:

	Consolidated	
	15 months	12 months
	September	June
	2009	2008
	\$000	\$000
Dividend income	3,423	1,079
Interest income	2	-
Recharges – other	612	352
Sales	5,838	3,725

All transactions with controlled entities not wholly owned are conducted on commercial terms and conditions.

Balances with controlled entities not wholly owned.

Owing to the Group	20,948	17,059
Owing from the Group	(5,990)	(4,008)

(d) Transactions with other partly owned related parties consisted of:

Transaction type	Class of related party	Consolidated		Parent	
		September	June	September	June
		2009	2008	2009	2008
		\$000	\$000	\$000	\$000
Loans to other related parties					
Loans advanced	Associate	(27,825)	(12,475)	(6,200)	-
Loans advanced	Joint Venture	(1,083)	-	-	-
Loan repayments received	Associate	5,609	1,431	-	-
Loan repayments received	Joint Venture	-	1,748	-	-
Loan repayments made	Associate	(6,081)	-	-	-
Interest received or receivable	Associate	2,267	1,237	362	-
Interest paid or payable	Associate	(220)	-	-	-
Other transactions					
Dividends received	Associate	12,404	21,167	4	-
Dividend received	Joint Venture	31,749	12,085	31,749	12,085
Distribution fees received	Joint Venture	20,840	34,590	-	-
Distribution fees received	Associate	8,265	-	-	-
Management fee paid on transfer of cash accounts	Joint Venture	-	(104)	-	-
Reimbursement of expenses	Joint Venture	13,858	15,743	-	-
Transfer of cash accounts	Joint Venture	-	72	-	-
Capital contributions	Joint Venture	(31,500)	(19,000)	(31,500)	(19,000)
Purchases	Associate	(102,433)	(133,456)	-	-
Purchases	Joint Venture	(561)	(666)	-	-
Sale of inventory	Associate	35,712	58,536	-	-
Sale of inventory	Joint Venture	42	157	-	-
Sale of plant & equipment	Associate	7	-	-	-
Other services & recharges	Associate	43,185	24,770	-	-
Other services & recharges	Joint Venture	190	420	-	-
Acquisition of investments	Associate	(10,801)	(39,794)	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 34. Related Party Disclosures (continued)

(d) Transactions with other partly owned related parties (continued)

All transactions with other related parties are conducted on commercial terms and conditions.

Transaction type	Class of related party	Consolidated		Parent	
		September 2009 \$000	June 2008 \$000	September 2009 \$000	June 2008 \$000
Balances with other partly owned related parties					
Owing to the Group	Associate	79,843	65,887	-	-
Owing from the Group	Associate	(2)	-	-	-
Owing to the Group	Joint Venture	3,725	4,242	-	-
Owing from the Group	Joint Venture	(1)	-	-	-

Note 35. Earnings Per Share

	Consolidated	
	15 months September 2009 \$000	12 months June 2008 \$000
The following reflects the net profit and share data used in the calculations of earnings per share (EPS)		

Reported Operations

Basic

Net profit attributable to members (after tax)	(466,426)	36,447
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Dilutive

Operating profit/(loss) after tax	(466,426)	36,447
Interest on convertible notes	-	-
Net profit/(loss) attributable to members (after tax) adjusted for the effect of convertible notes	(466,426)	36,447

Continuing Operations

Basic

Net profit/(loss) attributable to members (after tax)	(466,426)	36,447
Less: Net profit/(loss) of discontinued operations (net of tax)	153,809	29,490
Net profit/(loss) of continuing operations (net of tax)	(312,617)	65,937

Dilutive

Net profit/(loss) of continuing operations (net of tax)	(312,617)	65,937
Interest on convertible notes	-	-
Net profit/(loss) of continuing operations (net of tax) adjusted for the effect of convertible notes	(312,617)	65,937

Discontinued Operations

Net profit/(loss) of discontinued operations (net of tax)	(153,809)	(29,490)
Weighted average number of ordinary shares ('000) used in calculating basic EPS	809,056	756,662
Dilutive share options ('000)	214,784	71,864
Adjusted weighted average number of ordinary shares used in calculating dilutive EPS ('000)	1,023,840	828,526

Hybrid notes have been included in the calculation of dilutive EPS, as they are believed to be dilutive.

Basic underlying earnings per share (cents per share)	(6.40) ¢	11.13 ¢
Diluted underlying earnings per share (cents per share)	(6.40) ¢	10.16 ¢

Underlying earnings are earnings from ordinary activities adjusted for specific non recurring items.

Non recurring items (net of tax) used in calculating underlying basic and dilutive EPS is \$414.674 million (2008: \$47.764 million).

See note 3 for reconciliation between reported loss and underlying loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 36. Financial Instruments

Exposure to commodity, interest rate, credit and foreign exchange risks arise in the normal course of business. The Group has policies in place to manage these exposures within Board approved limits.

(a) Commodity risk exposures

The Group enters into contracts for the purchase and sale of various commodities, in the ordinary course of business operations. Differences in the timing of purchase and sale contracts create an exposure to commodity price risk.

All business units that have exposure to commodity price risk operate within the confines of a Board approved risk management policy. The Group enters into futures, swaps and option contracts to manage commodity price risk within the established Board approved limits.

The Group classifies financial instrument commodity purchase and sale contracts, commodity futures, swaps and option contracts as fair value derivatives. All open contracts are fair valued at balance date with any gains and losses on these contracts, together with the associated costs to completion of these contracts, being recognised immediately through the income statement.

The Group has elected not to apply hedge accounting for the financial reporting of commodity contracts classed as financial instruments.

The sensitivity analysis below estimates the impact of a +/- 10% movement in the price of wool, with all other variables held constant. This analysis excludes the impact of these price movements on agency commission related to these commodities.

	Post Tax Profit/Equity Higher/(Lower)	
	September 2009 \$000	June 2008 \$000
Consolidated		
+/- 10%	+/- 1,111	+/- 787
Parent		
+/- 10%	-	-

The impact on equity incorporates the impact on profit and is therefore of the same magnitude.

(b) Interest rate risk exposures

The Group is exposed to interest rate risk through primary financial assets and liabilities, modified through derivative financial instruments.

Cross currency interest swaps are used to hedge the Australian dollar value of cash flows associated with the payment of principal and interest on long term fixed rate borrowings and to swap a fixed rate exposure into an Australian floating interest rate exposure.

Interest rate swap agreements are used to convert floating interest rate exposures on certain debt to fixed rates. These swaps entitle the Group to receive, or oblige it to pay, the amounts, if any, by which actual interest payments on nominated loan amounts exceed or fall below specified interest amounts.

At balance date, the Group had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk that are not designated in cash flow hedges:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 36. Financial Instruments (continued)

(b) Interest rate risk exposures (continued)

	Consolidated		Parent	
	September 2009 \$000	June 2008 \$000	September 2009 \$000	June 2008 \$000
Financial Assets				
Non current receivables				
- Debtors	-	2,179	-	-
- Other debtors	10,216	5,715	5,375	-
- Receivables from associates	34,569	30,668	5,808	5,442
- Reinsurance and other recoveries receivable	-	29,974	-	-
Cash and cash equivalents	367,868	244,043	293,100	42,162
	412,653	312,579	304,283	47,604
Financial Liabilities				
Bank loans	(947,483)	(451,846)	-	-
Loan from associate	-	(6,081)	-	-
	(947,483)	(457,927)	-	-
Net Exposure	(534,830)	(145,348)	304,283	(47,604)

The Group's policy is to manage its finance costs using a mix of fixed and variable rate debt. The Group constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing, alternative hedging positions and the mix of fixed and variable interest rates.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date. At 30 September 2009, if interest rates had moved as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

	Post Tax Profit/Equity Higher/(Lower)	
	September 2009 \$000	June 2008 \$000
Consolidated		
+ 100 basis points	(5,348)	(1,453)
- 100 basis points	5,348	1,453
Parent		
+ 100 basis points	3,043	(476)
- 100 basis points	(3,043)	476

The impact on equity is not materially different to the post tax profit impact given the loans are fair valued to the extent they are hedged. Movements in profit are due to higher/lower interest costs from variable rate debt and cash balances. The sensitivity is higher in 2009 than 2008 because of higher debt levels.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 36. Financial Instruments (continued)

(c) Liquidity risk exposures

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and committed available lines of credit.

Consolidated	Maturing In			Total \$000
	1 Year or Less \$000	Over 1 to 5 Years \$000	More than 5 Years \$000	
September 2009				
Financial liabilities				
Secured loans	710,528	278,994	-	989,522
Unsecured loans	1,603	-	-	1,603
Secured Notes				
- Tranche A2 – Series A	-	26,814	-	26,814
- Tranche A2 – Series B	-	53,669	-	53,669
- Tranche A3 – Series C	-	20,007	-	20,007
- Tranche A3 – Series D	-	40,046	-	40,046
- Tranche B2 – Series F	78,888	-	-	78,888
- Tranche C2 – Series G	71,965	-	-	71,965
- Tranche A4 – Series D	-	36,752	-	36,752
- Costs to be amortised over the period of the loan	-	(36,752)	-	(36,752)
Finance leases	453	112	-	565
Payables	236,640	406	-	237,046
Other payables	125,687	-	-	125,687
Tax payables	38,047	-	-	38,047
	1,263,811	420,048	-	1,683,859
June 2008				
Financial liabilities				
Secured loans	30,704	22,107	-	52,811
Unsecured loans	133,006	301,496	-	434,502
Unsecured notes 1999 (A)	-	48,294	-	48,294
Unsecured notes 1999 (B)	-	-	30,184	30,184
Unsecured notes 2005	-	-	142,136	142,136
Finance leases	1,193	6,438	-	7,631
Payables	966,726	-	-	966,726
Taxation payable	32,000	-	-	32,000
	1,163,629	378,335	172,320	1,714,284

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 36. Financial Instruments (continued)

(c) Liquidity risk exposures (continued)

Parent	Maturing In			Total \$000
	1 Year or Less \$000	Over 1 to 5 Years \$000	More than 5 Years \$000	
September 2009				
Financial liabilities				
Secured Notes				
- Tranche A2 – Series A	-	26,814	-	26,814
- Tranche A2 – Series B	-	53,669	-	53,669
- Tranche A3 – Series C	-	20,007	-	20,007
- Tranche A3 – Series D	-	40,046	-	40,046
- Tranche B2 – Series F	78,888	-	-	78,888
- Tranche C2 – Series G	71,965	-	-	71,965
- Tranche A4 – Series D	-	36,752	-	36,752
- Costs to be amortised over the period of the loan	-	(36,752)	-	(36,752)
Payables	802,476	-	-	802,476
	953,329	140,536	-	1,093,865
June 2008				
Financial liabilities				
Unsecured loans				
Unsecured loans	-	100,000	-	100,000
Unsecured notes 1999 (A)	-	48,294	-	48,294
Unsecured notes 1999 (B)	-	-	30,184	30,184
Unsecured notes 2005	-	-	142,136	142,136
Payables	299,979	-	-	299,979
	299,979	148,294	172,320	620,593

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 36. Financial Instruments (continued)

(d) Credit risk exposures

The Group's exposures to credit risk on the balance sheet are indicated by the carrying amounts of its financial assets. The Group minimises concentrations of credit risk by undertaking transactions with a large number of debtors in various locations and industries. The credit risk amounts do not take into account the value of any collateral or security. The creditworthiness of counterparties is regularly monitored and subject to defined credit policies, procedures and limits. The following amounts disclosed do not reflect expected losses and are shown gross of provisions.

	September 2009 \$000	June 2008 \$000
Location of credit risk		
Australia	676,093	803,122
Asia (excluding China)	3,259	5,446
China	16,034	28,257
Europe	19,432	35,002
Japan	-	20,919
North America	1,656	24
Other	63,337	3,213
Total gross receivables	779,811	895,982
Industry classification		
Rural	304,221	245,395
Automotive	61,453	91,863
Financial Services	2,604	254,331
Forestry	322,127	170,503
Other ⁽ⁱ⁾	89,406	133,890
Total gross receivables	779,811	895,982

(i) includes \$14.86 million (2008: \$56.64 million) in relation to deferred settlement of the property sale transaction.

The credit risk associated with cash is located primarily in Australia.

(e) Foreign Exchange Risk

The Group is exposed to movements in the exchange rates of a number of currencies, in the ordinary course of business operations. The predominant exposure is to movements in the AUD/USD and AUD/EUR exchange rates. These are primarily generated from the following activities:

- (i) Purchase and sale contracts written in foreign currency, or priced in AUD but determined from a foreign currency value at a future date;
- (ii) Receivables and payables denominated in foreign currencies;
- (iii) Commodity derivatives traded in a currency other than AUD;
- (iv) Commodity cash prices that are partially determined by movements in exchange rates;
- (v) Costs to sale such as transportation and commission denominated in foreign currency; and
- (vi) Funding raised in foreign currency.

Foreign exchange risk is managed within Board approved limits using forward foreign exchange and foreign currency option contracts. Where possible, exposures are netted off against each other to minimise the cost of hedging.

In managing foreign exchange risk, hedge accounting will be applied for financial reporting purposes for selected exposures based upon the size and duration of the exposure.

Where hedge accounting is not applied, foreign currency contracts are fair valued at balance date with gains and losses recognised immediately through the income statement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 36. Financial Instruments (continued)

(e) Foreign Exchange Risk (continued)

At 30 September 2009, the Group had the following exposures to foreign currencies that were not designated in cash flow hedges:

	Consolidated		Parent	
	September 2009 \$000	June 2008 \$000	September 2009 \$000	June 2008 \$000
Financial Assets				
Cash and cash equivalents – EUR	19,273	1,950	-	-
Cash and cash equivalents – USD	20,436	1,003	13	-
Cash and cash equivalents – NZD	2,241	-	-	-
Cash and cash equivalents – GBP	24	40	-	-
Cash and cash equivalents – RMB	2,034	939	-	-
Cash and cash equivalents – IDR	525	151	-	-
Cash and cash equivalents – Other	35	247	-	-
Debtors – EUR	16,308	16,779	-	-
Debtors – USD	17,809	3,963	-	-
Debtors – NZD	26,142	-	-	-
Debtors – ZAR	93	1,242	-	-
Debtors – JPY	51	23	-	-
Debtors – RMB	1,185	493	-	-
Debtors – TRL	-	2,166	-	-
Debtors – Other	1,390	331	-	-
Loans – NZD	11,965	-	-	-
Loans – CNY	1,858	-	-	-
Loans – ZAR	1,768	-	-	-
Other debtors – EUR	801	1,777	-	-
Other debtors – NZD	984	-	-	-
Other debtors – CNY	-	225	-	-
Other debtors – RMB	524	-	-	-
Other debtors – TRL	-	1,160	-	-
Other debtors – Other	15	73	-	-
Receivables from associates – EUR	-	1,151	-	-
Receivables from associates – NZD	13,293	1,079	-	-
	138,754	34,792	13	-
Financial Liabilities				
Trade and other payables – EUR	(4,105)	(1,395)	-	-
Trade and other payables – USD	(1,183)	(3,769)	-	-
Trade and other payables – NZD	(19,910)	-	-	-
Trade and other payables – Other	(323)	(631)	-	-
Bank Overdrafts – MYR	-	-	-	-
Interest bearing loans and borrowings – EUR	(10,215)	(36,890)	-	-
Interest bearing loans and borrowings – USD	-	(10,099)	-	-
Interest bearing loans and borrowings – CNY	-	(81)	-	-
Interest bearing loans and borrowings – RMB	(3,796)	(1,698)	-	-
Interest bearing loans and borrowings – NZD	(9,058)	-	-	-
Loans from related parties – NZD	(1,603)	-	-	-
	(50,193)	(54,563)	-	-
Net exposure	88,561	(19,771)	13	-

Given the Group effectively hedges its overall foreign currency position in relation to ordinary business activities, exchange rate movements will have an insignificant impact on profit and equity and therefore no sensitivity analysis has been provided. The foreign exchange risk in relation to the secured USD notes is considered at (g).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 36. Financial Instruments (continued)

(f) Fair value of financial assets and liabilities

The fair value of derivative financial instruments is determined by reference to quoted market prices. Where a quoted market price is not available, the fair value is the estimated amount the consolidated entity would receive or pay to terminate the derivative financial instrument taking into account available market information.

All financial assets and liabilities have been recognised in the balance sheet at their net fair values, except for the following:

	Carrying Amount		Fair Value	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Financial Assets				
Listed shares (equity accounted - refer note 11)	49,031	342,790	18,406	449,786

(g) Hedging activities

At 30 September 2009, the Group had a number of interest rate swap agreements and cross currency swap agreements in place. These swaps are used to hedge the movements in interest rates and the changes in fair value of borrowings denominated in a foreign currency (USD).

The Group also held a number of forward exchange contracts designated as hedges of contracted future sales to customers and contracted future purchases from suppliers for which the Group has firm commitments. The foreign currency contracts are being used to hedge the foreign currency risk of the firm commitments.

In respect of the previous unsecured USD notes, the Group effectively hedged its overall foreign currency position and exchange rate movements had an insignificant impact on profit and equity and therefore no sensitivity analysis was performed. In respect of the new debt, the Group has not yet achieved hedge effectiveness and Elders is currently working with the financiers to achieve this. Given that the debt position of the Group is dependant on various factors, including the capital raising and finalisation of the sale of assets, sensitivity analysis has not been performed.

The terms of these swap agreements and forward contracts are as follows:

	Amount in Total \$AUD'000	Maturity	Pay Rate/Exchange Rate	Number of Contracts
At 30 September 2009				
Interest Rate Swaps	429,054	Oct 2009 to June 2015	5.49% to 7.42%	10
Cross Currency Swaps	291,709	Nov 2009 to June 2015	BBSW + Margin	5
At 30 June 2008				
Interest Rate Swaps	379,054	Sep 2009 to June 2015	5.49% to 6.67%	5
Cross Currency Swaps	291,709	Nov 2009 to May 2015	BBSW + Margin	5

Note 37. Share Based Payment Plans

	Consolidated		Parent	
	September 2009	June 2008	September 2009	June 2008
The number of full time equivalents employed at 30 September are:	3,088	4,317	18	23

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 37. Share Based Payment Plans (continued)

(a) Employee option ownership scheme

The parent entity issues from time to time options over ordinary shares to senior employees of the Group. These options are issued at the sole discretion of the Directors as part of employees' remuneration packages.

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options issued during the year:

	September 2009 No. ('000)	September 2009 WAEP \$	June 2008 No. ('000)	June 2008 WAEP \$
Outstanding at the beginning of the year	25,338	2.09	18,488	1.91
Issued during the year	11,080	1.30	10,000	2.36
Lapsed during the year	(12,015)	2.01	(1,762)	1.97
Exercised during the year	-	-	(1,388)	1.74
Outstanding at the end of the year	24,403	1.78	25,338	2.09

The range of exercise prices for options outstanding at the end of the year was \$1.29 - \$2.54.

The weighted average remaining contractual life for the share options outstanding as at 30 September 2009 is 3.06 years (2008: 4.13 years).

The expense recognised in the income statement in relation to these options is disclosed in note 3.

(b) Employee share plan (ESP)

Shareholders approved the implementation of an ESP at a general meeting in November 1989 and October 1998. Within the ESP, two schemes exist. The general terms and conditions of these schemes comprise:

- (i) General Employee Scheme under which permanent employees may acquire shares in the parent company with a market value ranging from \$3,000 to \$17,500 per year per employee; and
- (ii) Incentive Scheme under which selected employees will be eligible to acquire shares in the parent company on such terms as the Directors decide are appropriate in the circumstances of the employee.

During the financial year no ordinary shares (2008: nil) in the parent company were transferred to eligible employees for nil consideration under the Incentive Scheme.

Shares are issued to eligible employees by way of an interest free loan and are subject to holding restrictions, which prevent the employee dealing in the shares until the restriction period has expired. All shares issued under the plan rank equally with other shares of their class and participants enjoy all rights attaching to that class of shares. Any loan is repayable from dividends and the proceeds of sale of shares issued under the plan but is otherwise non-recourse to the employee, the shares being held by the Trustee as security for repayment of loan. This plan is accounted for and valued as an option plan, with the contractual life of each option equivalent to the estimated loan life.

The ESP was suspended in 2009 and no new shares were issued.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 37. Share Based Payment Plans (continued)

(c) Option pricing model

The fair value of the share options is estimated as at the date of grant using either Trinomial or Black-Scholes valuation model and taking into account the terms and conditions upon which the options were granted, (options with external market conditions are valued using the Trinomial method).

The following table lists the inputs to the model used for the period. Given no share options were issued under the ESP, no valuation inputs were required in 2009:

	September 2009	June 2008
Dividend Yield (%)	-	-
Expected Volatility (%)	-	32.00
Risk-free interest rate (%)	-	6.89
Expected life of options (years)	-	3.00
Option exercise price (\$)	-	1.99
Weighted average share price at measurement date (\$)	-	1.97

Note 38. Superannuation Commitments

Details of the Group's superannuation fund (accumulation and defined benefit) as extracted from the plan's most recent financial reports, being 30 June 2009, are as follows:

	June 2009 \$000	June 2008 \$000
Net market value of plan assets	594,699	680,945
Accrued benefits as at 30 June 2009 (2008)	(594,699)	(680,945)
Excess of plan assets over accrued benefits	-	-

Contributions to the accumulation section of the fund by the employer are paid in accordance with legislative requirements, the fund's rules and employee salary packages. Employees may also contribute. The assets of the accumulation section of the fund are sufficient to satisfy all benefits that would be vested in the event of termination.

Funding recommendations made by the actuary are based on assumptions of various matters such as future salary levels, mortality rates, membership turnover and interest rates. Comprehensive actuarial valuations are made at three yearly intervals, and the last such assessment was made as at 30 June 2007, by S Mules, F.I.A.A from Mercer Investment Nominees Ltd. The next actuarial valuation is to be conducted as at 30 June 2010.

The objective of the valuation is to ensure that the benefit entitlements of employees are fully funded by the time they become payable. To achieve this objective, the actuary has used the aggregate funding method, which entails contributions to be paid out as a constant percentage of members' salaries over their working lifetimes.

The defined benefit fund does not comprise a material portion of the fund and thus disclosure of the components of the net benefit income recognised in the Group income statement in accordance with AASB 119 Employee Benefits has not been made.

NOTES TO THE FINANCIAL STATEMENTS FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 39. Business Combinations Changes in the Composition of the Entity

(a) Controlled Entities Acquired

There were no controlled entities acquired during the September 2009 financial year.

During the 2008 financial year, the Group acquired an additional 1.06% share in Amcom Limited, resulting in Amcom becoming a controlled entity on 19 December 2007 (subsequent to this acquisition, the Group disposed of its share in Amcom, refer to Note 39 part (b) for further details).

Equity and consideration paid in current period	Date Control Acquired	Proportion of Shares	June 2008 \$000
Amcom Limited			
- Purchase consideration	19/12/07	0.95%	1,539
- Fair Value of identifiable assets acquired (refer below)			(1,372)
Goodwill on acquisition relating to step acquisitions			167
Discount relating to Amcom Limited purchased from step acquisitions			(6,042)
Discount relating to other immaterial business combinations			(3,094)
Total discount recognised on business combinations			(9,136)

The aggregate amounts of assets and liabilities acquired by major class:	Acquiree's carrying amount \$000	Fair value \$000
Cash	3,862	3,862
Receivables	4,731	4,731
Inventories	1,452	1,452
Investments	30,843	55,391
Property, plant and equipment	61,467	101,427
Intangibles	14,802	14,802
Other assets	1,931	1,931
Tax assets and liabilities	16	(11,972)
Creditors and provisions	(11,871)	(11,871)
Borrowings	(15,318)	(15,318)
Net identifiable assets acquired	91,915	144,435
Minority interests 49.96%	-	(72,160)
Less interest already acquired at 49.09%	-	(70,903)
	91,915	1,372

Outflow of cash to acquire the entities, net of cash acquired:

Cash consideration	(1,539)	(1,539)
Cash balance acquired	3,862	3,862
Net Inflow/(Outflow) of cash	2,323	2,323

A discount was recognised on the acquisition of Amcom Ltd representing the excess of fair value over book value of the iiNet equity investment and the fair value of Amcom's fibre network, taken at each step of the acquisition process.

Amcom was equity accounted through to 30 November 2007 after which Amcom was consolidated.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 39. Business Combinations (continued)

(b) Controlled Entities Disposed

The Group disposed of its controlling interest in Amcom Limited in two tranches. The initial tranche of 170 million shares were sold on 1 September 2008, resulting in Amcom Limited no longer being a controlled entity of the Group. The remaining 100 million shares were sold on 10 December 2008.

On 31 August 2009, the Group entered into binding contracts to effect the sale of the Elders Insurance Ltd and Elders Insurance Agencies Pty Ltd companies to QBE, inclusive of the insurance distribution operations, which will be conducted by a joint venture between QBE and Elders (25% interest) under a 20 year exclusive distribution agreement. Settlement of the sale occurred on 30 September 2009.

On 31 August 2009, the Group entered into a binding purchase and sale agreement with Gunns Limited for the sale of the Timber group of companies listed below (effective 31 July 2009):

ITC Fibre Pty Ltd
ITC Timber Pty Ltd
ITC Timber Alexandra Pty Ltd
ITC Timber China Pty Ltd
ITC Timber Heyfield Pty Ltd
ITC Timber Seymour Pty Ltd
ITC Timber Tasmania Pty Ltd

This sale has not yet settled and accordingly the proceeds are shown as a receivable as at 30 September 2009.

On 11 September 2007, the Group sold the following Transit companies:

Air International Transit Pty Ltd
Air International (UK) Holdings Ltd
Air International Coachair Pty Ltd
Air International (Ventures) No 3 Pty Ltd
Clima Air Conditioning Pty Ltd
Clima Air Conditioning (SA) Pty Ltd
Air International Transit (China) Co Ltd
Transit Systems (US) Inc
Air International Transit (Taiwan) Co Ltd
Air International (UK) Ltd
Air International Coachair Sdn Bhd
Air International (Malaysia) Sdn Bhd
APM-Coachair Sdn Bhd
Coachair (Thailand) Company Ltd
AI Coachair Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 39. Business Combinations (continued)

(b) Controlled Entities Disposed (continued)

	Consolidated	
	September 2009 \$000	June 2008 \$000
Proceeds received on disposal of shares:		
Cash	308,454	15,437
Receivables	96,213	-
Cash balance disposed	(209,356)	-
Less costs of disposal	(7,277)	(3,400)
Net Proceeds	188,034	12,037
The carrying amounts of assets and liabilities disposed of by major class are:		
Receivables	325,421	17,865
Inventories	73,683	18,212
Other Assets	145,313	690
Property, plant and equipment	101,597	2,943
Capitalised costs	-	2,186
Intangibles	51,644	-
Investments	47,090	-
Tax assets and liabilities	(4,367)	-
Payables	(361,092)	(11,842)
Provisions	(213,499)	8,722
Unearned revenue/billings in advance	(6,565)	-
Other Liabilities	(1,798)	-
External borrowings	(25,289)	(8,214)
Net assets/(liabilities) of entity sold	132,138	30,562
Minority Interests	(48,511)	-
Profit/(loss) on disposal (before tax)	104,407	(18,525)
Loss on disposal of other controlled entities	(932)	-
Total profit/(loss) on disposal of controlled entities	103,475	(18,525)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 40. Discontinued Operations and Businesses Disposed

Operations within Horticulture, Wool Processing, Insurance broking, Timber and Telecommunications division were disposed of during the 15 month period ended 30 September 2009 and are reported as discontinued operations. This note shows the results of the continuing businesses and the discontinued business for comparative purposes only.

	Continuing 15 months September 2009 \$000	Discontinued 15 months September 2009 \$000	Consolidated 15 months September 2009 \$000	Continuing 12 months June 2008 \$000	Discontinued 12 months June 2008 \$000	Consolidated 12 months June 2008 \$000
Sales revenue	2,853,917	686,166	3,540,083	3,274,659	37,456	3,312,115
Cost of sales	(2,281,434)	(353,852)	(2,635,286)	(2,426,096)	(34,953)	(2,461,049)
Other revenues	47,264	60,643	107,907	112,510	4,826	117,336
Other expenses	(969,408)	(543,063)	(1,512,471)	(869,750)	(53,535)	(923,285)
Share of net profits/(loss) of associates and joint ventures accounted for using the equity method	3,766	(4,463)	(697)	51,236	-	51,236
Profit/(loss) on sale of non current assets	120,846	3,263	124,109	(2,369)	-	(2,369)
Profit/(loss) before net borrowing costs and tax expense	(225,049)	(151,306)	(376,355)	140,190	(46,206)	93,984
Interest revenue	13,045	13,731	26,776	15,422	-	15,422
Borrowing costs	(112,230)	(4,521)	(116,751)	(72,320)	(11)	(72,331)
Profit/(loss) before tax expense	(324,234)	(142,096)	(466,330)	83,292	(46,217)	37,075
Income tax benefit/(expense)	10,125	(11,295)	(1,170)	(7,712)	16,727	9,015
Net profit/(loss) for year	(314,109)	(153,391)	(467,500)	75,580	(29,490)	46,090
Net profit/(loss) attributable to minority interest	(1,492)	418	(1,074)	9,643	-	9,643
Net profit/(loss) attributable to members of the parent entity	(312,617)	(153,809)	(466,426)	65,937	(29,490)	36,447
Revenue and Expenses						
Sales revenue:						
Sale of goods	2,300,502	373,388	2,673,890	2,302,774	37,456	2,340,230
Sale of biological assets	181,612	1,565	183,177	407,776	-	407,776
Commission and other selling charges	275,390	17,088	292,478	280,463	-	280,463
Insurance premium revenue	-	294,125	294,125	193,144	-	193,144
Other sales related income	96,413	-	96,413	90,502	-	90,502
	2,853,917	686,166	3,540,083	3,274,659	37,456	3,312,115
Other expenses:						
Distribution expenses	453,020	142,578	595,598	487,006	10,909	497,915
Marketing expenses	16,926	8,336	25,262	14,666	603	15,269
Occupancy expenses	12,010	1,622	13,632	17,492	374	17,866
Administrative expenses	168,515	66,925	235,440	154,713	7,823	162,536
Insurance claims and related expenses	-	194,704	194,704	128,981	-	128,981
Impairment losses	165,548	46,019	211,567	-	-	-
Other expenses	153,389	82,879	236,268	66,892	33,826	100,718
	969,408	543,063	1,512,471	869,750	53,535	923,285

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 30 SEPTEMBER 2009

Note 40. Discontinued Operations and Businesses Disposed (continued)

	Continuing 15 months September 2009 \$000	Discontinued 15 months September 2009 \$000	Consolidated 15 months September 2009 \$000	Consolidated 12 months June 2008 \$000	Discontinued 12 months June 2008 \$000	Consolidated 12 months June 2008 \$000
--	---	---	---	--	--	--

Revenue and Expenses (continued)

Profit/(loss) on sale of
non current assets

- property, plant and equipment	(101)	2,468	2,367	(553)	-	(553)
- investments	38,401	795	39,196	(1,816)	-	(1,816)
- controlled entities	82,546	-	82,546	-	-	-
	120,846	3,263	124,109	(2,369)	-	(2,369)

Cash flow information – discontinued operations

	15 months September 2009 \$000	12 months June 2008 \$000
The net cash flow of the discontinued operations:		
Operating activities	59,912	-
Investing activities	(14,947)	-
Financing activities	(12,058)	-
Net cash inflow	32,907	-

Note 41. Subsequent Events

Anticipated sale of Hi-Fert Pty Ltd

As at 30 September 2009, Elders treated the investment in Hi-Fert Pty Ltd as an asset held for sale. At the date of these financial statements, Elders is undertaking a sale process and the investment has been written down to its fair value less costs to sell. These negotiations are not complete.

Equity Raising

On 4 September 2009, Elders announced an equity raising comprising the following offering of \$550 million of new ordinary shares in Elders (New Shares) at an offer price of \$0.15 per New Share. The offering, as detailed below, was approved by ordinary resolution at the Extra-ordinary General Meeting held on 15 October 2009. The offering comprised of:

- \$400 million fully underwritten conditional placement to institutional investors; and
- \$150 million Share Purchase Plan (“SPP”).

As a consequence of approval of this offering, an additional 2.67 billion ordinary shares were issued on 19 October 2009 under the conditional placement and 1.00 billion ordinary shares were issued on 2 November 2009 under the SPP.

Elders’ current restructured financing arrangements has resulted in the majority of the interest bearing liabilities being classified as current (refer Note 17). This has resulted in total current liabilities exceeding total current assets as at 30 September 2009. Once the funds raised through the equity raising detailed above are applied against the interest bearing liabilities this situation will be reversed.

Securitisation

On 1 October 2009, Elders completed negotiations in respect of its trade receivables securitisation programme (RSP). As a result of the new RSP, the assets and liabilities of the RSP will be consolidated with the Group. The RSP has the capacity to purchase receivables from Elders and related entities of Elders up to an aggregate level of \$320 million, with a forecast average utilisation of around \$200 million.

Forest Enterprises Australia Pty Ltd (FEA)

As announced on 9 October 2009, Elders did not participate in the capital raising announced by FEA on 16 September 2009. As a result of not participating in the FEA capital raising, Elders’ FEA interest has been diluted from 27% to 13.5%.

Other

There is no other matter or circumstance that has arisen since 30 September 2009 which is not otherwise dealt with in this report or in the consolidated financial statements, that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

DIRECTORS' DECLARATION

(1) In the opinion of the directors:

(a) the financial statements and notes of the company and of the Group are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the company's and Group's financial position as at 30 September 2009 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards and Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

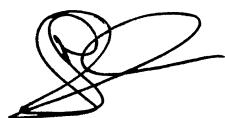
(2) This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the 15 month period ending 30 September 2009.

(3) In the opinion of the directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the closed group identified in note 32, will be able to meet any obligations or liabilities to which they are, or may become subject by virtue of the deed of cross guarantee.

Signed in accordance with a resolution of the directors.



G D Walters
Director



M G Jackman
Director

Adelaide
16 November 2009

Independent auditor's report to the members of Elders Limited

Report on the financial report

We have audited the accompanying financial report of Elders Limited, which comprises the balance sheet as at 30 September 2009, and the income statement, statement of changes in equity and cash flow statement for the 15 month period ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's opinion

In our opinion:

1. the financial report of Elders Limited is in accordance with the *Corporations Act 2001, 1*, including:
 - i giving a true and fair view of the financial position of Elders Limited and the consolidated entity at 30 September 2009 and of their performance for the 15 month period ended on that date; and
 - ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the remuneration report

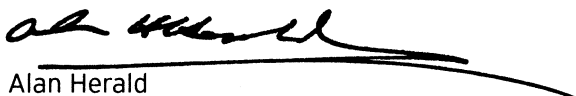
We have audited the Remuneration Report included in pages 37 to 53 of the directors' report for the year ended 30 September 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion the Remuneration Report of Elders Limited for the period ended 30 September 2009, complies with section 300A of the *Corporations Act 2001*.



Ernst & Young



Alan Herald
Partner
Adelaide
16 November 2009

ASX ADDITIONAL INFORMATION

(a) Distribution of Equity Securities as at 2 November 2009

			No of Shares	No of Holders	No of Hybrids	No of Holders
1	-	1,000	2,509,003	7,196	660,909	2,522
1,001	-	5,000	28,799,480	10,280	282,204	142
5,001	-	10,000	39,926,737	5,204	120,474	17
10,001	-	100,000	426,553,452	11,025	436,413	17
100,001	-	maximum	3,988,047,433	5879	0	0
			4,485,836,105	39,584	1,500,000	2,698

	Ordinary Shares	Hybrids
The number of holders holding less than a marketable parcel	12,677	3

(b) Voting rights

- (i) Ordinary Shares: all ordinary shares carry one vote per share without restriction.
(ii) Elders Hybrids: Hybrids do not carry any voting rights under the Company's constitution.

(c) Stock Exchange quotation

The company's ordinary shares and Elders Hybrids are listed on the Australian Securities Exchange. The Home Exchange is Melbourne.

(d) Twenty Largest Shareholders as at 2 November 2009

The twenty largest holders of Elders Ordinary Shares were as follows:	No of Shares	% of Shares
Citicorp Nominees Pty Limited	619,011,732	13.80
HSBC Custody Nominees Australia Limited	506,118,014	11.28
J P Morgan Nominees Australia Limited	284,860,771	6.35
National Nominees Limited	281,680,431	6.28
ANZ Nominees Limited <Cash Income A/C>	174,040,869	3.88
HSBC Custody Nominees (Australia) Limited-GSCO ECA	138,474,530	3.09
UBS Nominees Pty Ltd	110,915,729	2.47
Cogent Nominees Pty Limited	90,633,720	2.02
RBC Dexia Investor Services Australia Nominees Pty Limited <GSJBW A/C>	52,567,281	1.17
Pacific Agrifoods Investments Pty Ltd	33,545,578	0.75
Citicorp Nominees Pty Limited <CFSIL Cwlth Aust Shs 19 A/C>	31,567,778	0.70
Citicorp Nominees Pty Limited <CFSIL CFS WS Small Comp A/C>	23,886,831	0.53
Queensland Investment Corporation	22,003,706	0.49
Ecapital Nominees Pty Limited <Settlement A/C>	20,547,684	0.46
Invia Custodian Pty Limited <GSJBW Managed A/C>	19,129,662	0.43
HSBC Custody Nominees (Australia) Limited - A/C 2	19,011,560	0.42
CS Fourth Nominees Pty Ltd <Unpaid A/C>	18,751,472	0.42
UBS Wealth Management Australia Nominees Pty Ltd	16,801,302	0.37
Netherhill Pty Ltd	16,500,000	0.37
Invia Custodian Pty Limited <CATUMNAL Noms No 2 A/C>	16,000,000	0.36
Total	2,496,048,650	55.64

Total held by twenty largest ordinary shareholders as a percentage of this class is 55.64%

The twenty largest holders of Elders Hybrids were as follows:	Hybrids	% of Hybrids
ANZ Nominees Limited <Cash Income A/C>	90,868	6.06
The Australian National University	50,000	3.33
UBS Wealth Management Australia Nominees Pty Ltd	46,947	3.13
M F Custodians Ltd	31,237	2.08
RBC Dexia Investor Services Australia Nominees Pty Limited <GSENI A/C>	28,090	1.87
HSBC Custody Nominees (Australia) Limited	25,197	1.68
Luton Pty Ltd	22,000	1.47
Equity Trustees Limited <EQT High Inc Wholesale A/C>	20,056	1.34
HSBC Custody Nominees (Australia) Limited-GSCO ECA	18,360	1.22
RBC Dexia Investor Services Australia Nominees Pty Limited <MLCI A/C>	18,205	1.21
National Nominees Limited	16,346	1.09
J P Morgan Nominees Australia Limited	14,521	0.97
Cogent Nominees Pty Limited	12,640	0.84
Mr Stephen Philip Goldberg + Mrs Janine Heather Goldberg <Stejagold Super Fund A/C>	12,250	0.82
Jilliby Pty Ltd	11,500	0.77
Di Iulio Homes Pty Limited <Di Iulio Super Fund A/C>	11,100	0.74
Dahlonga Pty Ltd <Dickens A/C>	10,095	0.67
Tree Pot Pty Ltd <Tree Pot A/C>	10,000	0.67
Mr Orlando Berardino Di Iulio + Ms Catharina Maria Koopman	9,257	0.62
Mrs Janine Heather Goldberg	8,500	0.57
Total	467,169	31.14

Total held by twenty largest hybrid holders as a percentage of this class is 31.14%

(e) The number of shares held by the substantial shareholders listed in the Company's register of substantial shareholder as at 2 November 2009 were:

Shareholder	Number of shares
QBE Insurance Group Limited	371,166,667
ING Group	265,666,667

SHAREHOLDER INFORMATION

Share Registry

Computershare Investor Services Pty Ltd
Level 5, 115 Grenfell Street,
Adelaide, South Australia, 5000
Telephone: 1300 55 61 61
Facsimile: +61 (0)8 8236 2305
Website: www.computershare.com.au

Enquiries and share registry address

Shareholders with enquiries about their shareholdings should contact the Company's share registry, Computershare Investor Services Pty Ltd, on telephone: 1300 55 61 61.

Online shareholder information

Shareholders can obtain information about their holdings or view their account instructions online, as well as download forms to update their holder details. For identification and security purposes, you will need to know your Holder Identification Number (HIN/SRN), Surname/Company Name and Post/Country Code to access. This service is accessible via the Investor Centre on the Company's website or direct via the Computershare website.

Dividends and Distributions

On 4 September 2009 the Company announced that it would not declare a final dividend for the year ending 30 September 2009. When and whether Elders resumes paying dividends depends on many factors, including contractual restrictions. Under the terms of the Elders Hybrids, Elders will not be permitted to pay a distribution on the Elders Hybrids due on 30 September 2009. In addition, Elders' restructured financing arrangements will restrict Elders from paying distributions on Elders Hybrids until and including 30 September 2011.

As a consequence of non-payment of Elders Hybrid distributions for any reason, under the Elders Hybrids terms, Elders will be prevented from paying a dividend on its Shares until such time as the "dividend stop" is lifted in accordance with those terms. Also, Elders' restructured financing arrangements restrict Elders from paying dividends on Shares until after 31 March 2012 (and thereafter, more limited restrictions apply).

Tax and dividend/interest payments

Elders is obliged to deduct tax from dividend/interest payments (which are not fully franked) to holders registered in Australia who have not quoted their tax file number (TFN) to the Company. Shareholders who have not already quoted their TFN can do so by contacting Computershare. A notification form is available from either the Company's or Computershare's website.

Change of address

Shareholders who have changed their address should advise Computershare in writing. Written notification can be mailed or faxed to Computershare at the address given above and must include both old and new addresses and the security holder reference number (SRN) of the holding. Change of address forms are available for download from either the Company's or Computershare's website. Alternatively, holders can amend their details on-line via Computershare's website. Shareholders who have broker sponsored holdings should contact their broker to update these details.

Annual Report mailing list

Shareholders who wish to vary their annual report mailing arrangements should advise Computershare in writing. Electronic versions of the report are available to all via the Company's website. Annual Reports will be mailed to all shareholders who have elected to be placed on the mailing list for this document. Report election forms can be downloaded from either the Company's or Computershare's website.

Forms for download

All forms relating to amendment of holding details and holder instructions to the Company are available for download from either the Company's or Computershare's website.

Investor information

Information about the Company is available from a number of sources:

- Website: www.elders.com.au
- E-news: Shareholders can nominate to receive company information electronically. This service is hosted by Computershare and holders can register via the Investor Centre on the Company's website or direct via Computershare's website.
- Publications: the annual report is the major printed source of company information. Other publications include the Half-yearly report, company press releases, presentations and Open Briefings. All publications can be obtained either through the Company's website or by contacting the Company.
- Direct enquiry with the General Manager, Investor Relations, Mr Don Murchland by telephone 08 8425 4617 or via email dmurchland@elders.com.au. Securities analysts, institutional and other potential investors seeking information about the Company should contact Don Murchland.

Shareholders' Calendar*

2009	
1 October	Start of 2010 financial year
16 November	Announcement of full year result and final dividend
18 December	Annual General Meeting
2010	
10 May	Announcement of half-year financial results
30 September	End of financial year
15 November	Announcement of 2010 full year results

*Dates may be subject to change

Company Directory

Directors

Mr Stephen Gerlach, AM, LLB Chairman
Mr Mark C Allison, BAgrSc, BEcon, GDM, FAICD
Mr Charles E Bright, BA MA(Oxon)
Dr James C Fox, BE MEngSci PhD
Mr Raymond G Grigg, FSAE-I FAICD
Mr James H (Hutch) Ranck, BS Econ
Mr Malcolm G Jackman, BSc BCom
Mr Ian G MacDonald, SF Fin
Mr Graham D Walters, AM FCA
Mr Rob H Wylie, FCA

Secretaries

Ms Sonya C Furey, BEc(Acc), LLM, FCA
Mr Ross E Mallett, JD BBus, FCIS, FCPA

Registered Office

Level 3, 27 Currie Street
Adelaide, South Australia, 5000
Telephone: (08) 8425 4999
Facsimile: (08) 8410 1597
Email: information@elders.com.au
Website: www.elders.com.au

Share Registry

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Telephone: 1300 55 61 61
Facsimile: +61 (0)8 8236 2305
Website: www.computershare.com.au

Auditors

Ernst & Young

Bankers

Australia & New Zealand Banking Group
BNP Paribas
Citigroup
Commonwealth Bank of Australia
HSBC Bank
National Australia Bank
Westpac Banking Corporation

Stock Exchange Listings

Elders Limited ordinary shares and subordinated convertible unsecured notes (Elders Hybrids) are listed on the Australian Securities Exchange under the ticker codes "ELD" and "ELDPA"

Trustee for Elders Hybrids

Permanent Trustee Company Limited
151 Rathdowne Street
Carlton South, Victoria, 3053

**2009
ANNUAL
REPORT**



Mixed Sources

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forests and other controlled sources
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