

2010
ANNUAL
REPORT





Wool

Livestock

Farm Supplies

Grain Marketing

Insurance

Banking

Real Estate

Financial Pl

Our clients and their needs are our central focus ~ all day, every day.

Elders is an Australian company whose principal business is rural services.

Australian and New Zealand primary producers are the central focus of our business.

Elders provides the physical, financial and service inputs for them to achieve the most successful production and sales from their efforts.

Our trading operations and joint ventures work to add value and achieve premium prices for Australian agricultural produce in world markets.

Elders also operates leading businesses in forestry and automotive component manufacture.

Elders' four Strategic Cornerstones

Elders is building its future on four strategic cornerstones identified as being essential for the achievement of the excellence that our shareholders and clients desire:

Generating improved returns for our clients and shareholders by being the best at understanding and serving client needs.

Procuring and moving the right product at the right time most efficiently.

**High
performance
sales
capability**

**Supply
chain
excellence**

**Cost and
service-
effective
technology**

**Superior
capital
management**

Developing and applying technology to improve outcomes while meeting cost and service quality standards.

Managing the Company's financial resources to advantage efficient operation and improve shareholder value.

Our Business



Rural Services

- 338 Australian and 26 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
- Trading of livestock, wool and grain
- Network related – supply chain assets to leverage the network distribution and accumulation capability

Sales Revenue: \$1,712 million
Employees*: 2,485



Forestry

- One of Australia's largest hardwood plantation managers (by estate size)
- Manages over 170,000 hectares across Western Australia, Victoria, South Australia and Queensland
- Provider of MIS plantation grown hardwood

Sales Revenue: \$100 million
Employees*: 112



Futuris Automotive

- Design, manufacture and supply of automotive interior systems (seating, steering, trims, carpets etc)

Sales Revenue: \$257 million
Employees*: 738

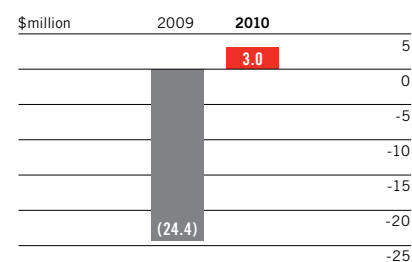
*Full time equivalent employees at 30 September 2010. A further 14 FTE employees are employed in Corporate roles.

2010 The Year in Brief

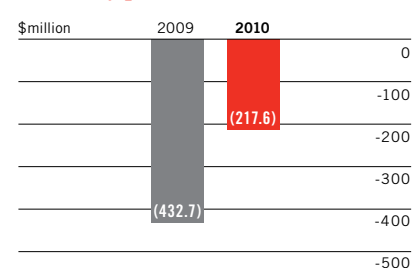
Key Financial Results

Year ended 30 September	2010	2009
<i>\$ million unless indicated otherwise</i>		
Sales Revenue from continuing operations	2,069.1	2,341.2
Underlying EBIT	34.0	37.0
Net interest	30.0	76.9
Underlying profit before tax	4.0	(39.9)
Minority interests	(5.0)	1.4
Tax (expense) credit on underlying profit	4.0	14.1
Underlying profit to shareholders	3.0	(24.4)
Non-recurring items after tax	(220.6)	(408.3)
Statutory (or 'Reported') profit	(217.6)	(432.7)
Cash flow from operating activities	(110.5)	(169.6)
Borrowings	497.6	1,199.3
Net Debt	435.1	869.5
Net Assets	1,006.1	701.7
Earnings per share (cents) - underlying basic	0.7	(30.1)
Earnings per share (cents)- statutory basic	(51.1)	(534.8)
Gearing	43%	124%

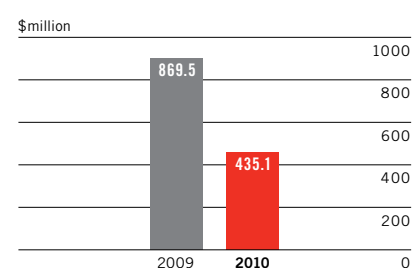
Underlying profit to shareholders



Statutory profit to shareholders



Net Debt



Reporting Period, Terms & Abbreviations

Reporting period

This document reports on the Company's financial and operating performance for the 2010 Financial Year, which comprised the 12 months to 30 September 2010.

This is the first 12-month report since Elders changed its balance date from 30 June to 30 September. The change, made to align the Company's financial reporting with agricultural industry practice, was effected through a 15 month transitional year to 30 September 2009.

As required by the Corporations Act, the financial statements contained in the Annual Financial Report of this document use the financial results published in the 2009 Annual Report (ie for the 15-months to 30 September 2009) as prior year comparatives.

As an aid to the understanding of results on a like-for-like basis the results for the previous corresponding period (ie for the 12 months to 30 September 2009) have been calculated and are utilised in the discussion and analysis of performance over the pages 4-23 and 64-65 of this document. It should be noted that these comparatives are unaudited and provided for comparative purposes only.

Abbreviations and terms

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.

The terms "2010" or "2010 financial year" refer to the 12 months ended 30 September 2010 unless otherwise stated. References to 2011 or subsequent years refer to the 12 months ended 30 September of that year.

References to 2009 relate to the 12 months ended 30 September unless otherwise stated. References to 2008 or preceding years refer to the 12 months ended 30 June of that year.

Underlying profit

This document uses analysis of underlying profit to enable analysis of performance between periods exclusive of the impact of non-recurring or 'one-off' items. Underlying profit measures reported by the Company have been calculated in accordance with the FINSIA/AICD principles for the reporting of underlying profit.

A reconciliation of underlying profit to statutory profit is disclosed in the Discussion and Analysis of the Financial Statements on page 64.

Annual Report

This document has been prepared to provide shareholders with an overview of Elders Limited's performance for the 2010 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 2010 Annual General Meeting of Elders Limited will be held on Thursday, 16 December 2010, commencing at 10.00 am in Hall B, 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

Safety

Lost Time Injury Frequency Rate reduced from 7.38 to 5.00

Profit and loss

Underlying profit after tax of \$3.0 million vs underlying loss of \$(24.4) million

Non-recurring items totalling \$(220.6) million after tax:

- Forestry related items totalling \$(144.9) million
- Rural Services items totalling \$0.8 million
- Automotive item of \$0.6 million
- Corporate including tax, legal and project costs of items of \$(60.9) million
- Discontinued operations and impairment of non-core assets \$(16.2) million

Reported loss after tax of \$217.6 million compared with loss of \$432.7 million

Balance sheet and finance

Net debt of \$435.1 million as at 30 September

Borrowings reduced from \$1,199.3 million to \$497.6 million

Gearing reduced from 124% to 43%

Net underlying interest reduced 61% to \$30 million.

Further debt reduction in prospect post-balance date with completion of Rural Bank shareholding sale

Corporate

Cost-to-Serve project initiated to reset cost base to sustainable level through \$45 million annualised reduction

Rural Services

Sales revenue from continuing operations down 15% to \$1,711.9 million

Underlying EBIT of \$23.4 million down 36% from \$36.5 million

Reported EBIT of \$13.7 million up from loss of \$(105.2) million

Go-to-Client project launched; a major investment in sales capability, discipline and building a client-centric company

Forestry

Sales revenue of \$100.3 million down from \$111.2 million

2010 MIS Project sales of \$1.6 million; MIS market contracted to 10% of 2008 level and 28% of 2009 level

Underlying EBIT of \$8.5 million, down from \$13.8 million in 2009

Reported EBIT loss of \$(158.6) million impacted by non-recurring items arising from collapse of FEA and impact of fungal infection and drought on certain plantations

Plantation woodchip price maintained

Acquired outstanding interests in Albany Chip Terminal (previous interest 50%)

Automotive

Sales revenue up 14% to \$256.9 million

Underlying EBIT of \$15.0 million up from underlying EBIT loss of \$(3.5) million

Chinese operations grew in scale, volume and earnings generated

New supply contracts won in China, Thailand and North America



John Ballard

From the Chairman

Elders has the potential to be a great Australian company again instead of simply being an Australian company with a great history.

This is the first annual report by your Company since I joined the board and assumed the role of Chairman.

The previous Chairman, Mr Stephen Gerlach, announced his impending retirement to the Company's 2009 annual general meeting of shareholders, and following a recruitment and interview process, my appointment was made in September 2010. I am delighted to be able to serve the shareholders of one of Australia's most historic and important companies. Elders is a core service provider to the Australian and New Zealand farm sector and has a brand and reputation that is synonymous worldwide for Australian agricultural enterprise.

But, as Elders' results for 2010 make clear, it is a Company which is dealing with challenges in a number of its markets, and moreover, with a pressing need to provide shareholders with an attractive return.

The timing of my appointment, subsequent to a major downgrade to Elders' earnings expectations in June, required me to consider the stark question of whether the Company can achieve the required turnaround in operating and shareholder value performance.

Clearly, I concluded affirmatively. Elders has, in its brand, presence and sheer involvement in agriculture throughout the country, the potential to be a great Australian company again instead of simply being an Australian company with a great history.

However promising that may sound, the gap in the Company's 2010 results compared with the prospectus expectations of September 2009 has asked some hard questions about Elders' performance during the year and the tasks required to regain momentum and to retain investor confidence and support.

The factors responsible for the variances against prospectus are addressed in detail by the Chief Executive in his report following. Without reiterating this analysis, the Company has been faced with the challenge of dealing with, and responding to, markets and trends diametrically opposed to those forecasts.

Elders has not been alone in experiencing adverse financial consequences from these factors, but it has been uniquely affected by the coincidence of price and activity downturns in rural services markets with unfavourable events in the forestry sector and its own forestry operations. The result was a statutory loss to shareholders of \$(217.6) million after tax, and if non-recurring items are excluded, an underlying net profit after tax of \$3.0 million.

Results such as these are patently unacceptable and the board has overseen rapid and extensive action by management to re-set Elders' debt and costs, reallocate capital and rationalise management and structures to levels appropriate for current markets.

The actions taken and planned are considered to have the necessary mix of severity and prudence to restore appropriate balance between sales and costs and leave Elders appropriately configured for the environment prevailing.

While the immediate restoration of profit is essential, the Company is also addressing the tasks required for realising the sector-leading sales returns and share price performance that should be generated from the Elders' brand and business.

This objective is being addressed in a structured manner across the business with initiatives to address specific needs such as lifting sales effectiveness and capability, supply chain efficiency and improving returns from forestry assets. Although the initiatives have varying timelines, the board expects advances to accumulate over the course of 2011 with further gains thereafter.

Board

As noted above, Mr Stephen Gerlach retired from the board, and as Chairman of the Company, after 17 years of service, including seven years as Chairman. Mr Graham Walters, a non-executive director and Chairman of the Audit Committee since 2002, also retired during the year. In addition, Mr Charles Bright, a non-executive director since 2002, has advised he will not seek re-election at the forthcoming annual general meeting.

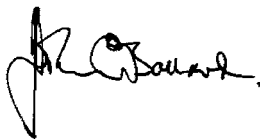
On behalf of shareholders, I would like to acknowledge the sustained contribution made by Mr Gerlach, Mr Walters and Mr Bright. In particular, Mr Gerlach has led Elders through some of its most challenging periods as it undertook its recapitalisation and refinancing amidst the volatility and uncertainty following the Global Financial Crisis.

The Company is committed to ongoing board renewal and the preservation of an appropriate balance of fresh thinking with the retention of valuable corporate knowledge. It is considered the current board has an appropriate mix: three of the six ongoing non-executive directors have served less than two years; two have served between two years and four years and one has served six years.

There is a growing, and overdue, recognition within the Australian corporate community of the importance of gender diversity within both company boards and management. Elders' board does not have gender diversity and it is intended that this will be redressed in the coming year.

Your Company is committed to an unequivocal and full discharge of its corporate governance and continuous disclosure obligations. Elders' corporate governance framework and practices are detailed commencing on page 25 of this report.

In closing I would like to express the appreciation of the directors for the efforts of the Company's employees during the year. Thank you for your contribution in what has been a demanding year.



John Ballard
Chairman

Superior capital management

Capital management was the subject of significant focus in 2010 as Elders worked to further improve its capital efficiency and optimise its financing structure.

Attention to capital management included further deleveraging along with actively managing inventory levels to maximise cash efficiency and mitigate re-pricing risk. Additional focus also was given to creditors to realise efficiencies through terms.

Attention to cash was reflected in an improved and stabilised operating cash flow in what has been a difficult trading environment.

Further capital management initiatives have commenced such as a move towards securitised facilities to ensure the financing structure is suitable and further aligned to the business requirements moving forward into 2011.

The agreement for the sale of Elders' shareholding in Rural Bank subsequent to year-end will release capital committed to a non-cash generating investment, enable a significant reduction in debt and provide the basis for Elders to address banking covenants that better reflect a business that is further advanced in its turnaround.



Malcolm Jackman

Chief Executive Officer's Report to Shareholders

Your Company's financial performance in 2010 was far short of the expectations held after the recapitalisation and refinancing completed at the beginning of the year.

Overview

As I outline below, this is not the result of one single factor but the outcome of a number of mostly unanticipated market trends and events, which meant that Elders simply could not generate the sales revenue and gross profit to realise its forecasts.

The year's results have not been accepted passively. Elders took up the challenge to realign its costs, debt, management and internal structures to the markets now prevailing and anticipated. Elders' bank debt levels has been cut to their lowest level in many years.

The reduction of costs has been accompanied by the roll-out of the Go-to-Client program to radically reinvigorate, and increase the rewards and accountability for, sales performance as well as ensuring the Company is truly client-centric.

The actions taken have been decisive and taken the Company through a period of intense change in the period since June, a process which will continue as Go-to-Client implementation proceeds.

The outcome is that Elders has been reconfigured for profitable operation in the low-price, low-margin farm supplies environment that emerged during 2010, and moreover, has committed to its greatest ever investment in upgrading its revenue generation capability.

Discussion of Results

Elders recorded a Statutory (Reported) Loss after tax of \$(217.6) million, a result which included significant non-recurring items totalling a charge of \$(220.6) million and, excluding these results, an underlying profit of \$3.0 million after tax.

These results represent an improvement on those of the previous year, when Elders recorded an underlying loss after tax of \$(24.4) million and a Reported loss of \$(432.7) million.

However, the 2010 results are well below the profit after tax of \$55.7 million forecast in the recapitalisation prospectus.

In essence, the variance against prospectus forecast has two sources:

1) The incurrance of non-recurring items.

The non-recurring items principally arose from Forestry operations and the provisions and charges arising from the impact of fungal infection and drought on the Company's plantations and the collapse of Forest Enterprises Australia. Other non-recurring items including impairment of a livestock carrying vessel, legal settlements and other costs and the results and impairment of discontinued operations. These non-recurring items are detailed and discussed in the Discussion and Analysis of the Financial Statements which commences on page 64.

2) Earnings generation from Rural Services and Forestry operations was much lower than anticipated. Collectively, the underlying EBIT generated from these operations was \$55.6 million below that forecast in the prospectus.

In the case of Rural Services, market conditions did not exhibit the recovery anticipated, with the result that sales were well below budget expectations. Prices for key farm supplies lines such as fertiliser and agricultural chemicals were expected to improve, but instead declined

High performance sales capability

substantially. Rural real estate markets were flat, with turnover being lower than anticipated, livestock sales volumes contracted as strong rainfall encouraged growers to rebuild herds and stock weights and the Indonesian live export market was curtailed. In New Zealand, rural markets were subdued as the sector experienced its most severe drought in history.

The Forestry result reflects the negligible MIS sales achieved following the withdrawal of bank support for investors and the downturn in MIS sales generally. Elders Forestry's MIS sales for 2010 of \$1.6 million, compares with the prospectus forecast of \$45 million.

The impact of these areas of underperformance against prospectus were offset slightly by gains where results were stronger than anticipated such as automotive operations, which exceeded prospectus forecasts significantly, recording underlying EBIT of \$15.0 million compared to a forecast \$6.7 million.

Faced with market events and trading results that were clearly outside expectations, Elders acted to reappraise its underlying business assumptions and models.

This was not simply a question of documenting "what happened" but of distinguishing between cyclical, seasonal and structural factors, the implications brought by each and, most importantly, how management of the Company's operations and assets can best serve shareholder value in the prevailing business climate.

The key conclusions of this analysis were:

- Cyclical and seasonal factors were responsible for the lower than anticipated sales volumes and activity levels in real estate, livestock and rural finance markets and in the New Zealand rural sector. Western Australia also experienced abnormally dry conditions and lower sales as a result.

Elders is working to establish itself as a high performance sales organisation.

The launch of the 'Go-to-Client' program in October 2010 was the culmination of work done over 2010 to research and design a structured, whole-of-organisation upgrade to bring Elders' sales culture, practices and capability to that required of a high performance sales organisation.

The program will change Elders organisational philosophy and orientation, and transform it from a delivered service-focus to a truly client-centric culture.

Program elements include:

- investment in sales training and coaching for all 2,000 sales and sales support staff
- the introduction of SalesPlus+ to structure sales management and performance reporting systems; including measures to instil client-centricity as the core focus;
- reforms to remuneration to incentivise and reward sales performers who are highly value accretive;
- the appointment of Zone Sales Performance Managers, a new position created to provide specialist outcome-focussed sales management support; and
- the 'Branchise' initiative to incentivise branch management for value creation through alignment with shareholder value objectives.

Changes will be evident on the front line with a revised network structure based around cost effective satisfaction of client needs and the introduction of service points and products to address client need gaps not being met by previous structures.

Go-to-Client deployment commenced in October 2010 and will continue to roll-out through 2011. It has been informed by, and built upon, the intensive analysis and evaluation undertaken of Elders' clients and their needs in the Go-to-Market program over 2008 and 2009.

While this has had a substantial adverse impact on Elders' performance against prospectus, these market segments are anticipated to recover as the benefits from the positive seasonal conditions in eastern Australia in 2010 are realised and New Zealand recovers from drought.

- The revenue and income available from farm supplies markets has been reduced considerably by what appear to be structural changes. These include persistently low prices and increased availability, and grower acceptance, of generic agricultural chemicals.

Elders' average fertiliser price for 2010 was 23% lower than in the preceding year, while agricultural chemical sales prices were 24% lower.

At this stage, there is no basis for assuming that the price outlook, and the increased availability and grower acceptance of generic product will change substantively in the near future.

- The MIS market in Australia has shrunk to less than 10% of its former size and no longer has the scale, acceptance amongst investors or support from financiers to be considered a reliable source of earnings on the scale previously generated. The retail MIS market is now sub-economic.
- Debt levels needed to be reduced further. As a result of the recapitalisation, Elders reduced its gross borrowings by 58% and net borrowing costs by 61% from the position at 30 September 2009. However these reductions were neither sufficient nor sustainable when compared with the lower earnings now being generated by rural services and forestry markets.

Given these conclusions, Elders has been working since June 2010 on reorganising and refinancing its businesses to that which is considered sustainable and adequately profitable given the market conditions now prevailing.

This exercise has been conducted around four key principles:

1. The re-setting of the cost base to allow acceptable returns in the low priced and competitive conditions that are expected to continue.

To this end, Elders initiated its Cost-to-Serve project to secure an 11% reduction in Elders' cost base and provide immediate improvement in profitability in 2011. It is intended that the cost reductions be achieved on an annualised basis by 31 December 2010. Cost reductions are on track for this objective.

Management structures have also been flattened to align with the cost demands of current markets and to bring the customer closer to senior executive and board decision making. For example, the levels of management between the CEO and branch manager have been halved from four to two.

2. The creation of a high performance sales organisation that will generate the growth in revenue required for sustainable increases in earnings.

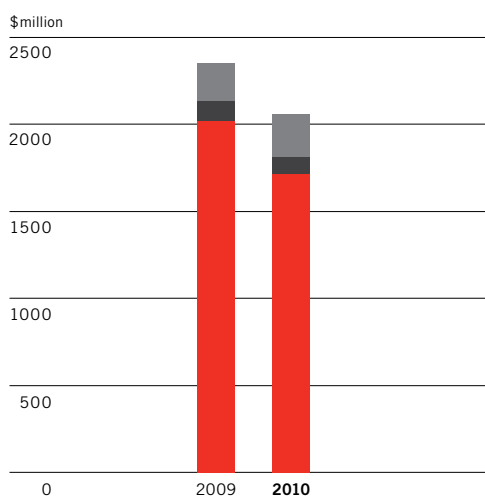
To this end, Elders initiated the second stage of its Business Transformation Project with the 'The Go-to-Client' Program. This multi-faceted program is a commitment to an ongoing investment in, and structuring of, Elders' sales capability, and is outlined in the text box on page 9. The implementation of the program is an acknowledgement of the critical role of sales excellence to Elders' future and its resolve that the Company succeed.

3. The concentration of effort and capital around Elders' core activities where it is anticipated that Elders can earn sustainable income within the foreseeable future.

To this end, Elders completed the implementation of its 'Aligned Partnerships' financial products distribution model with the sale of its 40% shareholding in Rural Bank. Under a conditional agreement signed in October 2010, Elders sold its shareholding in the bank to its joint venture partner Bendigo and Adelaide Bank in return for proceeds of \$175 million, an increase in network access fees and the retention of Elders' distribution rights through the Elders network.

The restructuring has released capital otherwise dedicated to bank ownership and enabled the business to concentrate its efforts around its core activity of rural distribution. The sale agreement is due for completion during November 2010, subsequent to the signing of this report.

Sales Revenue by Operations



\$million 12 months to 30 September:	2009	2010
■ Rural Services	2055.4	1711.9
■ Forestry	111.1	100.3
■ Automotive	224.6	256.9
■ Investment & other	-	-
Total	2341.2	2069.1

Other reforms were initiated under the 'concentrate on core sustainable business' strategy.

For example, Real Estate operations in Australia have been restructured with the decision to concentrate company ownership on the core traditional broadacre and rural property markets and franchise those operations focussed on residential property.

While rural real estate is clearly a core offering, a review of our New Zealand real estate operations indicated that they were unlikely to generate sustainable returns in the foreseeable future. Faced with a depressed rural property sector, the New Zealand real estate operations were not able to reach critical mass necessary for viable operation and accordingly have been closed.

4. The re-setting of debt levels and terms to that appropriate, given the earnings potential of the business in current markets.

While improvement in EBIT generation is anticipated through the aforementioned cost reduction and sale improvement initiatives, debt levels were higher than desirable given current trading and markets. Substantial reduction in debt levels will be achieved through the application of proceeds arising from completion of the Rural Bank sale, with pro forma gearing at 30 September inclusive of these funds being 27%.

This management plan has reconfigured Elders for the conditions that have emerged.

Debt and operating costs have been re-set to levels appropriate for current markets which, it is noted, are low price and therefore low margin generating environments. While growth is anticipated as sales initiatives gain traction and industry conditions improve, Elders has acted to ensure it is capable of generating improved returns should current conditions persist.

Safety

The Lost Time Injury Frequency Rate (LTIFR), improved during the year with the Company-wide LTIFR of 5.0 compared with 7.38 for the 12 months to 30 September 2009. There were, however, different performance trends with Forestry operations improving considerably following the divestment of timber processing operations, Automotive improving and Rural Services declining slightly.

Cost and service effective technology

The application of technology on cost and service-effective terms is an enabling cornerstone for Elders' sales performance, capital management and supply chain excellence objectives.

In 2010 Elders delivered system enhancements to support current operations and improvement programs (Forestry integration; Supply Chain optimisation; Financial control improvements; Go-To-Client sales performance development) and developed plans for the delivery of a new enterprise wide technology platform: Project Connect.

Project Connect has involved a whole-of-organisation review of information needs and required future business capabilities. From this a set of system requirements has been produced and a selection of appropriate tools made.

Focus in 2011 will be on the execution of Project Connect.

In keeping with the shift from holding company structure to an 'owner-operator' model the Company established a corporate safety management function during the year. As a result, a corporate safety management and improvement strategy and corporate safety standards have been established and adopted. The corporate safety management strategy incorporates minimum standards, which will apply across all business units and jurisdictions where Elders operates.

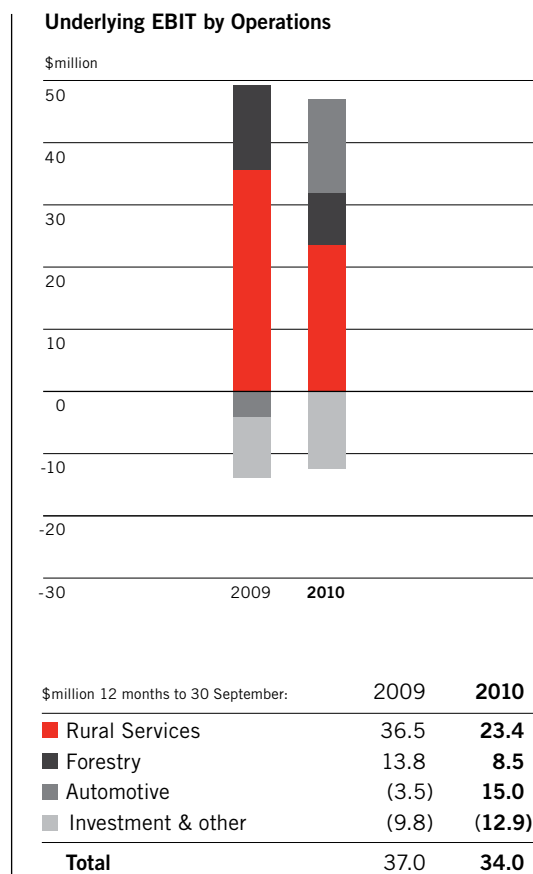
The safety management strategy will be used to drive continuous improvement of Elders' safety management systems and, through this, safety outcomes over the ensuing two years.

Profit

Elders generated sales revenue of \$2,069.1 million from continuing operations during the year which compares to \$2,341.2 million in the 12 months to 30 September 2009. The movement is attributable to Rural Services and Forestry which recorded reductions in sales revenue of \$293.5 million and \$10.9 million respectively.

Underlying EBIT was \$34.0 million, 8% lower than the previous corresponding period's result of \$37.0 million, with this movement also being attributable to lower contributions from Rural Service and Forestry operations.

It should be noted that the lower Rural Service EBIT compared with 2009 is the result of a restructuring of insurance operations in September 2009 which has enabled Elders to increase its 'bottom line' after tax income to shareholders.



While the sale of Elders' insurance operations to QBE and joint venturing of distribution activities removed a significant source of EBIT generation in Rural Services, it was also the cornerstone component in the Company's recapitalisation at the beginning of this year. This in turn enabled the 61% reduction to interest expense achieved in 2010. I am also pleased to report that the Elders Insurance joint venture has had an outstanding first year and performed above expectations.

Underlying profit before tax for 2010 was \$4.0 million which compares to the underlying loss of \$(39.9) million recorded in the 12 months to 30 September 2009. After accounting for tax and minority interests, Elders recorded an underlying net profit after tax of \$3.0 million, up from the loss in the previous corresponding period of \$(24.4) million.

As reported above, the financial results reported incorporated a number of non-recurring items which resulted in the Statutory Loss of \$(217.6) million.

Human Resources

Elders employed 3,349 full time equivalent employees at 30 September compared with 3,533 at the beginning of the year. The reduction is due to lower employment numbers in Rural Services, Forestry and Corporate with the large majority of the movement attributable to Rural Services. Elders is currently developing a Diversity Strategy, and has appointed a Diversity Co-ordinator, to advance the achievement of appropriate gender representation at all levels of the Company. Currently women account for 14% of Elders' management, 7% of senior management, 11% of senior executives and 36% of employees.

Review of Operations

Rural Services

Rural Services markets experienced mixed seasonal and trading conditions during the year. Seasonal conditions were, with the exception of Western Australia and New Zealand, amongst the best recorded for many years. Good rainfall replenished water and pasture resources, providing an immediate stimulus to crop planting in eastern and southern Australia, and flow-on benefits for future years.

However, the anticipated benefits of this on confidence and trading activity had yet to emerge in 2010 and market conditions were relatively tight. Livestock, wool and real estate market volumes contracted due to the impact of previous years' successive poor seasons. While the volume of cropping inputs rose, prices declined considerably.

Elders Rural Services operations contributed underlying EBIT of \$23.4 million in 2010, and comparison of this with the previous corresponding result of \$36.5 million requires recognition of the removal of insurance distribution income discussed under the heading 'Profit' above and the financial impact of changes to debtor financing arrangements between periods.

The effect of these events was that the 2009 result included net underlying EBIT of \$20.5 million that was not available to the Rural Services operations in 2010 (but which has been substantially recouped at the group level by interest savings).

Taking this structural change into account, it is apparent that the remaining Rural Services operations increased its EBIT generation in 2010, despite a 15% reduction in sales revenue brought by lower agency and livestock volumes and falling farm supply prices.

As advised in the 2009 Annual Report, the Rural Services operations are being subjected to a comprehensive business transformation project with the objective of lifting sales and performance levels for clients and shareholders.

Reform of supply chain and procurement functions was completed in 2010, with the resultant working capital and efficiency gains.

Whilst the poor seasons and low confidence levels in parts of Western Australia and New Zealand are of concern, the general outlook for the rural sector is positive and much improved. The progress made, which will be supplemented by the gains anticipated from the re-setting of the cost base and the Go-to-Client program, should see the business generate improved returns given reasonable conditions.

Forestry

The Australian plantation forestry sector is undergoing a severe rationalisation forced by the withdrawal of bank and investor support, the insolvency of at least five of the sector's larger participants and weaker short term demand for woodfibre from export markets due to global economic conditions.

Elders Forestry's results for the year have clearly been affected by this climate, as well as events specific to its operations. Underlying EBIT of \$8.5 million and MIS sales of \$1.6 million were recorded in 2010, which compares with the previous corresponding period's results of an underlying EBIT of \$13.8 million and MIS sales of \$23.8 million.

The fall in MIS sales is not simply attributable to investor sentiment but also to the fact that bank-backed finance packages with terms commercial for growers were not available for Elders Forestry to offer in 2010.

Supply chain excellence

Supply chain excellence is a critical element in Elders' sales and shareholder value performance.

The sales benefits of "right product- right time- right price" are self-evident. But equally important are the cost and working capital gains from planning and buying better, optimising logistics and inventory.

Elders' journey towards supply chain excellence is a little over a year into what is anticipated to be a three to five year transformation. Efforts over 2010 were focussed on introducing, embedding and optimising fundamental changes to its decision-making, sourcing, storage and freight.

Distribution centres were stocked with core ranged product. Electronic interfaces were installed between Elders and third party information technology platforms to facilitate timely and accurate data transfer, backed by a call centre to provide single-point support for the sales network on Supply Chain related issues. Order management processes were streamlined.

Gains in procurement were made as a formal and transparent source-to-contract process was embedded. Rationalisation of both the product range and supplier portfolio has progressed, contributing to a 15% lower end of year inventory position. Stock ranges are being optimised and average stock turns have been improved by 16%.

Implementation of formal Sales and Operations Planning (S&OP) has progressed to plan. Sophisticated demand forecasting, enabled by state-of-the-art software has now linked the key functions of marketing, sales and finance in an integrated process.

A performance management, KPI-driven culture is emerging and, with the basics in place, Elders will use 2011 to drive ongoing improvement in each individual element of its supply chain.

As the Elders Forestry estate is still maturing, MIS sales have been the principal source of earnings and cash flow for the business.

Statutory results incorporate this underlying profit and non-recurring items totalling a charge of \$(167.1) million, resulting in a statutory EBIT loss of \$(158.6) million. The non-recurring items, which are detailed in the Discussion and Analysis of 2010 Financial Results, include charges and provisions to recognise the impact of a fungal infection on central Queensland plantations and drought conditions on certain plantings in Esperance, Western Australia.

The value of the Company's shareholding in Forest Enterprises Australia has been written-off following the entry of that company into administration.

Directors commissioned an independent review of forestry land carrying values during the year. While the Company reviews all freehold investment property values over a rolling three-year schedule, Directors elected to accelerate this process in view of the volume of forestry land being taken to market, and pending, from liquidators of those forestry companies that became insolvent.

The independent desktop review affirmed the carrying value of all investment properties held excepting the Central Queensland properties given the decision to cease operations and exit the region.

At an operational level, Elders Forestry has continued to develop in scale and significance as the leading supplier of Forestry Stewardship Council certified woodchips. Sales volumes rose from 557,000 tonnes to 813,000 tonnes, against a backdrop of reduced industry demand. Elders Forestry also moved to 100% ownership of the Albany Woodchip Terminal (previous interest 50%); a key infrastructure point for the extensive plantations in the Albany region of Western Australia.

Woodchip sales and cash flows are expected to grow in coming years as plantations mature and area harvested expands. However, it is apparent from 2010, that the retail MIS market is effectively non-existent without bank or investor support. Elders Forestry has restructured its operations to reduce costs and optimise cash flow in the period while harvest and sales volume build. Fundraising and corporate development strategy will focus on finding and attracting alternative funding sources and potential partners with investment mandates that match the long term profiles inherent in forestry.

Automotive

Futuris Automotive generated underlying EBIT of \$15.0 million from sales of \$256.9 million in 2010 which compares to the underlying EBIT Loss of \$(3.5) million from sales of \$224.6 million in the previous corresponding period.

New contracts secured have broadened the business base for Chinese and Australian operations and provided the basis for supply of product into the Thailand and North American automotive sectors.

Futuris is developing in line with strategy as a competitive and profitable niche supplier to the Asian Pacific and North American automotive sectors. Further growth is in prospect from existing and potential contracts and Elders will continue to support development of the business for shareholder value.

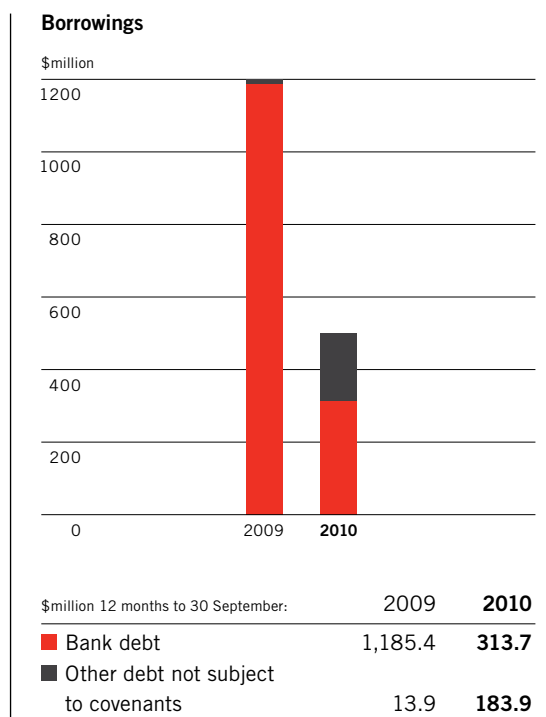
Discussion of sales, earnings and operational performance for individual operations is contained in the Discussion and Analysis of Operations commencing page 16.

Financial position

Elders is in a strong financial position.

At year's-end, net debt and gearing were \$435.1 million and 43% respectively compared with \$869.5 million and 124% at 30 September 2009. Further and substantive reductions are anticipated with the completion of the Rural Bank shareholding sale.

While the major reductions since 30 September 2009 have been achieved through equity issues and asset sales, Elders has also maintained a disciplined, conservative and proactive capital management regime that has enabled it to weather the balance sheet impact brought by market conditions.



Conclusion, strategy and outlook

The market's and Elders' expectations for improved trading conditions were clearly not realised in 2010.

Volatility, low prices and market collapses, such as occurred in forestry, have severely tested, and in some cases impaired, business plans and assumptions based on the recovery scenario expected.

While we cannot control markets, we can manage our Company.

Elders has acted decisively and vigorously to restructure its business, finances and implement major overhauls and investment of its sales practices and focus. Forestry remains a work in progress as industry rationalisation proceeds towards stabilisation, new industry entrants commit and funding mechanisms are established.

The prediction of outcomes for 2011 is a highly qualified and uncertain exercise. However, I can confidently state that Elders has made the changes that can reasonably be expected to bring improved performance. Elders is a company with much lower cost, much lower debt and a much greater focus on its sales than for many years.

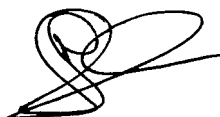
Strategic framework for excellence

Of course, this in itself is merely a start and ongoing improvement is required if the Company is to consistently achieve the excellence that its shareholders, clients and employees would desire.

This process is being conducted within the framework of four strategic pillars that have been featured in this report: superior capital management, high performance sales capability, supply chain excellence and cost and service effective technology.

Work being conducted is at various stages; the high performance sales and application of technology pillars are being advanced through the preparatory and development stages whilst capital management and supply chain excellence were the subject of execution and implementation in 2010. The year 2011 will see the implementation of the Go-to-Client sales program, the most significant restructuring of, and investment in, Elders' day-to-day-sales activity ever. The program, its content and intent is outlined in the text box on page 9.

Like the preceding year, 2010 was a very demanding year for the Company and all associated with it. The support of shareholders and clients, and the efforts of our team of employees have been vital to the progress made. Thank you all for your contribution. We look forward to reporting much improved performance in 2011.



Malcolm Jackman
Chief Executive Officer

Rural Services

Description of Operations

Network operations include 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 Elders' 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. Broadacre and lifestyle property services are primarily conducted through the Elders network and supporting real estate offices. Residential and metropolitan business is overwhelmingly conducted through franchise operations.
- **Insurance:** The Elders Insurance joint venture (outlined under 'Network Related' opposite) utilises the Elders network as a part of its distribution of a wide range of insurance cover to rural and regional Australia.
- **Banking:** Elders distributes banking products through the network under a distribution agreement with Rural Bank.

Elders' network operations are supported by Trading and Network Related supply chain interests that leverage or support its relationships with the Australian and New Zealand farm sectors. These operations include:

Trading

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.

Wool trading: Elders provides an indent buying function and exports greasy wool from Australia to all major wool importing countries. Elders exports wool from New Zealand to China and North Asia and Australasian carpet producers.

Feedlots: Elders operates cattle feedlots in Australia at Charlton, Victoria and Killara, New South Wales and in Indonesia (PT Elders Indonesia).

China operations: Elders Fine Foods is involved in the importation and distribution of Australian products in China.

Network Related

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.

The shareholding is subject to the sale agreement announced subsequent to year end. Under the agreement, Elders will sell its shareholding in Rural Bank to Bendigo and Adelaide Bank, whilst retaining existing distribution rights.

Elders Insurance: A 75:25 joint venture between QBE and Elders which distributes insurance products in rural and regional Australia under the Elders brand and through the Elders network under a 20-year agreement.



Rural Services Results

\$ million 12 months to 30 September:	2010	2009
Sales – continuing ops	1,711.9	2,005.4
Sales - total	1,797.2	2,404.1
Depreciation & amortisation	(10.2)	(11.4)
Gross Margin:	338.9	364.5
Network: Australia	250.8	277.9
New Zealand	20.7	22.5
Trading	32.5	36.2
Network Related	34.9	27.9
Costs:	(315.5)	(328.0)
Australia network	(193.4)	(212.1)
New Zealand	(26.7)	(25.8)
Trading	(18.5)	(16.7)
Network related	(3.0)	(2.8)
Support centres & other	(73.9)	(70.6)
Underlying EBIT	23.4	36.5
Non-recurring items	(9.7)	(141.7)
Reported EBIT	13.7	(105.2)
Operating Cash flow	69.1	(97.7)

Elders Financial Planning: a 51:49 joint venture between Millennium 3 (a subsidiary of ANZ) and Elders that provides financial planning solutions through advisors.

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.

Results

Statutory financial results for Rural Services operations for 2010 were affected by a number of non-recurring items which totalled a net charge of \$(9.7) million before tax.

These items have been detailed in the Discussion and Analysis of the Statement of Profit and Loss on page 64.

Exclusive of these items, Elders recorded underlying EBIT of \$23.4 million from Rural Services operations compared with \$36.5 million in the twelve months to 30 September 2009.

The key features of 2010 in comparison with the previous year include:

- the restructuring of insurance operations, the impact of which had a net unfavourable impact of \$20.9 million compared with the previous year;

- lower sales generation from Australian network operations;
- reduced contribution from Trading operations essentially due to disruption to the Indonesian live export trade brought by import restrictions;
- improved cost performance, with total costs being reduced by \$12.5 million; and
- slightly higher earnings from Network Related operations.

Australian Network

Sales revenue generated by the Australian network of \$1,125.6 million for the year was 19% lower than the previous year’s sales of \$1,393.2 million. Gross margin from Australian network operations was \$250.8 million, 10% lower than in 2009.

The lower revenue, margins and earnings from Australian network operations are attributable to lower revenue from the sale of farm supplies and real estate activities. Revenue from all other product lines was comparable or slightly higher than the previous year.

Features of the sales result by service area included:

- Farm supply sales revenue of \$882.3 million was down from \$1,154.6 million in 2009. The movement is largely due to lower prices for key agricultural chemicals and fertiliser lines and lower fertiliser sales. Agricultural chemical volumes recovered strongly, with volume sold increasing by 12% over 2009. However, total revenue from agricultural chemical sales fell by 15% due to lower prices.

- Livestock agency revenue of \$106.0 million was 3% higher than the previous year's sales of \$102.8 million. Strong rises in sheep prices more than offset the impact of lower sales volumes of sheep and cattle than in the previous year. Elders sold 9.30 million sheep and 1.96 million cattle in 2010 compared with 11.76 million sheep and 2.11 million cattle in the previous year. Cattle sales realised an average price of \$644.90 in 2010 (\$633.30 in 2009) while the average sheep price was \$95.40 (\$67.40 in 2009).

The lower volumes are largely attributable to the effects of previous years' drought on flock and herd numbers. The improvement in seasonal conditions during the year, together with the stronger prices is expected to encourage improvement in volumes in future years.

- Wool agency revenue of \$51.8 million was 9% higher than the previous corresponding period due to higher prices. The average price of wool sold was \$972.58 per bale compared with \$825.60 per bale in the 12 months to 30 September 2009. Bales sold fell from 474,916 to 450,707, with the reduction being attributable to the smaller wool clip yielded by a smaller national herd.

- Real estate sales revenue declined as turnover levels in both the broadacre and residential property sectors declined. Elders sold broadacre property valued at \$818.8 million (\$944.6 million in 2009) and residential property of \$786.3 million (\$826.4 million in 2009).

- Financial Services distribution revenue of \$24.9 million was 15% lower due to lower revenue resulting from the new insurance distribution arrangement with QBE (where income is principally sourced through equity share of the profit of a distribution joint venture) and reduced bank distribution fees.

- Other Income of \$3.7 million includes revenue earned in the accumulation of grain.

New Zealand

Activity levels in the New Zealand rural sector were subdued as a result of severe drought conditions.

New Zealand operations recorded sales revenue of \$135.8 million (\$143.7 million in 12 months to September 2009); comprising farm supplies sales \$43.0 million, wool sales \$72.7 million, livestock \$18.5 million, and other of \$1.6 million. The decrease in revenue from New Zealand is due to lower farm supplies sales, reflecting poor seasonal conditions.

During the year the decision was made to cease real estate operations in New Zealand, which have not been able to achieve sustainable scale in the depressed rural real estate market.

Trading

Trading operations include Elders' livestock and wool trading, feedlot operations, and the Elders Toepfer Grain joint venture.

Trading operations generated sales of \$434.2 million and a contribution of \$14.0 million in 2010, which compares respectively with sales of \$458.5 million and contribution of \$19.5 million in the previous year.

The movement in financial results can be attributed to reduced live export earnings and costs arising from the closure of the Indonesian market. Revenue from feedlot operation increased.

Network Related

Network related operations comprise Elders' financial services joint ventures, the Australian Wool Handlers (AWH) logistics operation, and Elders Fine Food in China which imports and distributes Australian agricultural produce.

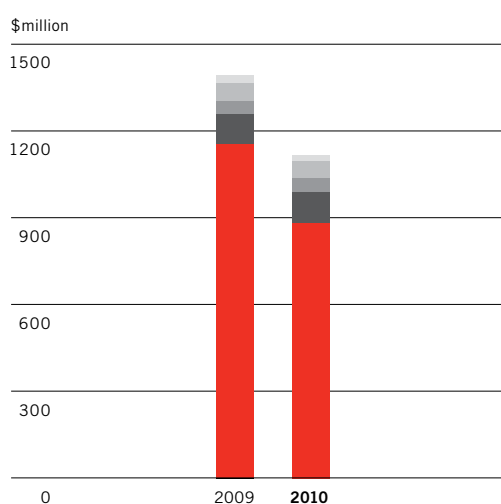
The Elders Toepfer Grain joint venture contributed equity accounted earnings of \$1.0 million, down from \$1.5 million due to more volatile and less profitable trading conditions in grain markets.

These operations contributed equity accounted income of \$33.1 million, compared with \$26.3 million for the twelve months to 30 September 2009.

Contributions from the individual operations are as follows:

\$ million	2009	2010
Rural Bank	22.3	22.3
Elders Insurance	-	5.6
Australian Wool Handlers	2.2	3.2
Elders Toepfer Grain	1.5	1.0
Other	0.3	1.0

Australian network sales revenue



\$ million, 12 months to 30 September:	2009	2010
■ Farm supplies	1,154.6	882.3
■ Livestock	102.8	106.1
■ Wool	47.6	51.8
■ Real Estate	61.0	56.8
■ Financial services	29.3	24.9
■ Other	(2.1)	3.7
Total	1,393.2	1,125.6

Business Transformation Project

In 2010 Elders undertook the second year of the Business Transformation Project, a comprehensive program designed to deliver a substantial improvement in the financial performance of rural services operations.

The Project, which is expected to take four years to complete, involves the restructuring of operations and processes and the introduction of a revitalised sales culture which aims to establish Elders as the “Productivity Partner of Choice” within the Australian and New Zealand rural sectors.

The Project entered its second stage with the introduction of reforms in supply chain and procurement, the implementation of standard management processes and the “Go-to-Client” initiatives aimed at establishing Elders as a high performance sales organisation. The Go-to-Client initiatives were announced during the final quarter and included the restructuring of sales management, reporting and incentive systems.

Sustainability

Rural Services operations employed a total of 2,485 FTE employees as at 30 September, compared with 2,647 FTE at the beginning of the year. The 6% reduction reflects attrition resulting from the replacement ‘freeze’ for non-critical positions vacant and the Cost-to-Serve program announcement in June.

Rural Services operations recorded a lost time injury frequency rate of 5.60, slightly worse than the corresponding figure of 5.38 in the twelve months to 30 September 2009.

Management of safety when dealing with livestock was the focus of increased attention in 2010, with the introduction of additional training to introduce and establish behaviours for safe working in stock yards. The training has been accompanied by the introduction of a policy of zero tolerance of unsafe or hazardous behaviours for employees working with livestock.

Regulation

Elders is committed to meeting its regulatory obligations not only with external laws, regulations, codes and standards, but also adherence to internal policies which are constantly under review.

Saleyards

State, Territory and local government regulations apply to saleyards owned and/or operated by Elders, in particular, in relation to effluent run-off, dust and noise. These regulations vary by jurisdiction and generally only apply to saleyards above a prescribed size.

No breaches of these environmental regulations were reported during the year ended 30 September 2010 or to the date of this Report.

Feedlots

Elders’ feedlots at Charlton (Victoria) and Killara (New South Wales) are also subject to local and state government environmental and animal welfare legislation. Operations at both feedlots are subject to quality assurance under the National Feedlot Accreditation Scheme (NFAS). The NFAS is independently administered and audited annually by Aus-Meat. 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 relevant Act, code of practice or accreditation scheme under which Killara or Charlton feedlots are approved and operate were reported during the year ended 30 September 2010 or to the date of this Report.

Farm supplies

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. 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.

Dangerous goods and chemicals

The regulatory environment which exists for the transporting, handling, storage, sale and use of dangerous goods and chemicals is complex. Whilst Agsafe provides assistance through the provision of accredited training and safety programs each State and Territory has legislative responsibility for the regulatory oversight of the industry.

No material incidents were reported in relation to the handling and storage of dangerous goods during the year.

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 partnership with Australian Land Management Group to promote environmental sustainability on Australian farms and the McGrath Foundation. Elders’ staff regularly raise funds for the Foundation and raised over \$102,000 to support the costs of rural and regional breast care nurses.

Forestry

Elders Forestry is a forestry company engaged in plantation establishment and management and the harvest, handling and export sale of woodfibre.

Description of Operations

Elders Forestry's operations have both Forestry Stewardship Council and Australian Forest Standard certification and, as of 30 September 2010, comprised an area under management of 170,000 hectares. Approximately 28% of the estate is owned with the balance leased.

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

The plantations are predominantly eucalypt, planted for woodchip, with smaller plantings in sandalwood which is grown for oil, and teak and red mahogany which produces high value timber. They are located in south-west Western Australia, Kununurra, the Green Triangle region of south-west Victoria and south-east South Australia and northern Queensland.

While the solidwood plantations have yet to reach maturity, *Eucalyptus globulus* (Tasmanian Bluegum) in the Albany and Green Triangle regions are being harvested. Woodchips produced from these locations are exported and sold to customers in Japan.

Elders Forestry owns and operates the Albany Chip Terminal, a woodchip handling and loading facility with a capacity of in excess of one million tonnes per annum. Elders Forestry moved from 50% to 100% ownership of the facility in August 2010. Financial results from the Albany Chip Terminal have been fully consolidated from the date of acquisition and equity accounted prior to that date.

Elders Forestry also holds a 50% interest in the SmartFibre joint venture, which handles and exports woodchip from its port and loading facilities in Bell Bay, Tasmania. This asset was originally included in the timber processing assets which were the subject of a sale agreement reported in the 2009 Annual Report. However the SmartFibre interest was retained after the Australian Consumer and Competition Commission indicated that it would oppose that element of the proposed transaction. SmartFibre has been classified as an asset held for sale.

The sale of all other timber processing assets was completed in December 2009.

Elders Forestry recognises revenue from a number of sources:

- Establishment income, which brings to account revenue generated by MIS sales to establish plantations. MIS sales revenue is recognised over a three year period starting from the year the sale is incurred.
- Other forestry related revenue including management fees, land rental and harvest and port fees which is included in sales revenue.
- Non-cash income arising from revaluation of investment properties held and SGARA income relating to proceeds anticipated from future harvests of company owned trees.
- Other income which includes agistment, land sub-leases, building leases and port fee charges.

Results

Elders Forestry recorded a statutory EBIT loss of \$(158.6) million and an underlying EBIT profit of \$8.5 million in 2010. These results compare to the statutory EBIT loss of \$(98.3) million and underlying EBIT profit of \$13.8 million for the 12 months to September 2009.

The statutory EBIT loss includes non-recurring items totalling a charge of \$(167.1) million.

The non-recurring items comprise:

- Charges and provisions of \$(72.3) million attributable to Central Queensland operations which Elders Forestry was advised during the year would not produce an economic harvest due to a fungal infection. Operations in the affected region have been ceased. The affected plantations will be terminated, the land remediated and freehold land sold. The charges and provisions arising from this include revisions to accrued income estimates, the writedown of land carrying values and other provisions including provisions for onerous leases provisions and replanting.
- The writing down of accrued income estimates from certain plantations in the Esperance region by \$(16.4) million following receipt of production estimate reports during the year projecting yields approximately 50% of original estimates due to the impact of below average rainfall.
- An onerous lease provision of \$(9.5) million on land lease obligations on properties held outside of Central Queensland.
- The write-off of the Company's \$32.4 million investment in Forest Enterprises Australia (FEA) following the appointment of an Administrator to that company.



Forestry Financial Results

\$ million 12 months to 30 September	2010	2009
Establishment income	13.0	36.7
Deferred fees	50.5	54.2
Harvest and port fees	36.8	20.3
External sales revenue	100.3	111.2
Other income	13.4	16.7
Total revenue	113.7	127.9
Underlying EBITDA	9.4	15.4
Depreciation & Amortisation	(0.9)	(1.6)
Underlying EBIT	8.5	13.8
Non-recurring items	(167.1)	(112.1)
Reported EBIT	(158.6)	(98.3)

- A charge of \$(43.8) million to write-off goodwill attached to the forestry business.
- Other including discount on acquisition of the Albany Chip Terminal totalling a net benefit of \$7.3 million.

Total revenue of \$113.7 million was generated from continuing operations in 2010, compared with \$127.9 million in the 12 months to 30 September 2009. The movement in revenue resulted predominantly from the impact of lower MIS sales in 2009 and 2010 on establishment income and management fees, offset in part by increased revenue from harvest and port operations.

Harvest and port fee income of \$36.8 million was 81% higher than last year. Growth in harvest volumes and greater throughput at the Albany Chip Terminal were the principal cause of the increase.

Elders Forestry harvested and sold 813,000 green metric tonnes of woodfibre in 2010, 46% more than the 557,000 tonnes in the previous corresponding period. Approximately 69% of this figure was from Elders Forestry plantations with the balance representing handling and sale of third-party woodfibre.

Income from value appreciation in Investment Property of \$8.8 million was lower than the previous corresponding period reflecting production forecasts and agricultural trends.

The 2010 MIS sales will fund the establishment of approximately 140 hectares of hardwood forest.

Sustainability

Environment

Elders Forestry, as a matter of policy, seeks to prevent, or otherwise minimise, mitigate or remediate any adverse impacts of its operations on the environment. No significant breaches of relevant environmental legislation or regulations occurred during the period covered by this report.

Elders Forestry holds ISO14001:1996 accreditation in respect of its environmental management system for its Forestry division.

The Company 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.

The company was further able to obtain the Australian Forest Certification Scheme (AFCS) in March 2010 which includes the Australian Forestry Standard (AFS) AS 4708, as the leading management standard which certifies extensive areas of native forests and plantations across Australia.

Elders Forestry 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 Elders Forestry's harvesting from state-owned native regrowth forests.

Elders Forestry contributes to the communities where it operates through support for local sporting, cultural and charity events and organisations.

Human resources and safety management

Elders Forestry had 112 FTE employees as at 30 September compared with 129 at the beginning of the year.

Elders Forestry achieved a substantial improvement in safety performance compared with the previous year, recording a lost time injury frequency rate of nil for 2010 compared with 20.98 in the previous year. The divestment of the timber processing operations is the most significant factor in this reduction supported by improved safety management in Forestry operations.

Automotive

Futuris Automotive’s operations encompass the design, manufacturing and supply of automotive seating and interior solutions in Australia, the United States of America and Thailand and through joint venture operations in China and South Africa.

Description of operations

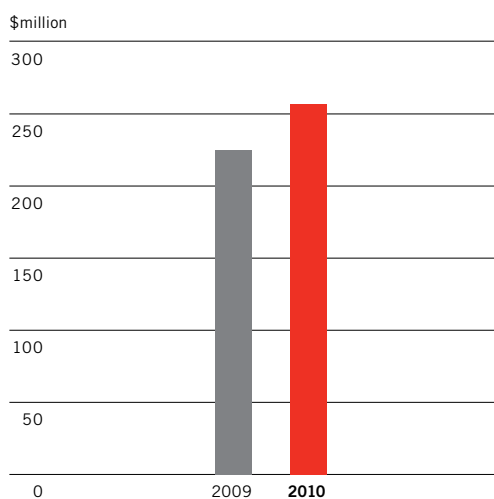
Futuris Automotive (Futuris) and its joint ventures supply products and services for automotive seating, interiors, controls, aftermarket, manufacturing solutions as well as infrastructure for transport and communications. Current customers include GM Holden, Ford Australia, Toyota, Chery Automobile, JAC Motors and Mercedes Benz. New customers for whom Futuris has secured future supply contracts include GM (Thailand), Ford (Thailand), Tesla Motors and BMW (South Africa).

Australian operations include assembly at Edinburgh Parks South Australia (supplying the adjacent GM Holden facility), and Campbellfield Victoria (supplying the adjacent Ford Broadmeadows facility) and a design and technical centre at Port Melbourne Victoria. Interior system operations at these locations include Plexicor, which produces soft and acoustic trim products for supply to Toyota, Ford and Holden.

Elders currently holds a 50% shareholding in Plexicor, with the balance of ownership the subject of a put option exercisable from 23 November. Earnings from Plexicor have been equity accounted for 2010 but as Elders has been deemed to have assumed effective control of the business at 30 September, the assets and liabilities of Plexicor have been consolidated as at balance date.

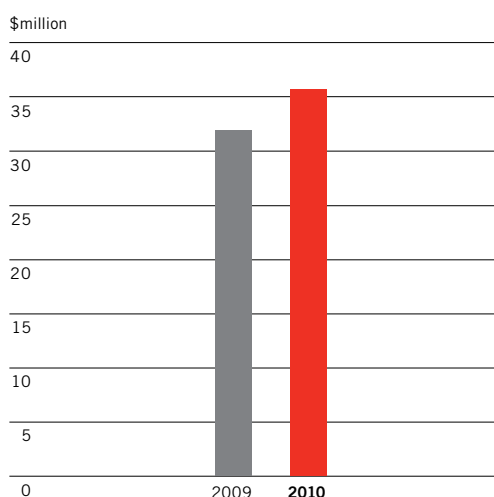
During the year Futuris divested its 35% interest in Air International Thermal Systems. A loss of \$12.6 million against book value was recorded in the sale, which has been accounted for in the Investment and Other segment.

Sales Revenue



\$ million, 12 months to 30 September:	2009	2010
Sales Revenue	224.6	256.9

Operating Cash Flow



\$ million, 12 months to 30 September:	2009	2010
Operating Cash Flow	31.8	35.6



Automotive Financial Results

\$ million 12 months to 30 September	2010	2009
Continuing Sales revenue	256.9	224.6
Underlying EBITDA	29.8	11.7
Depreciation & Amortisation	(14.8)	(15.2)
Underlying EBIT:		
Futuris Automotive	15.4	0.2
Associates (equity acc)	(0.4)	(3.7)
Underlying EBIT	15.0	(3.5)
Non-recurring items	0.8	(59.6)
Reported EBIT	15.9	(63.1)
Operating cash flow	35.6	31.8
Capital expenditure	9.2	4.2

Results

Financial results in 2010 from Futuris improved significantly, reflecting the stabilisation and improvement of the motor vehicle industry from the shocks brought by the Global Financial Crisis the previous year.

Futuris generated underlying EBIT of \$15.0 million in 2010 which compares to the underlying loss of \$(3.5) million for the twelve months to 30 September 2009. After recognition of non-recurring items totalling \$0.8 million the business recorded a statutory EBIT of \$15.9 million which compares to the previous corresponding period's statutory EBIT loss of \$(63.1) million.

The 2010 underlying profit was generated from sales revenue of \$256.9 million compared with \$224.6 million in the 12 months to 30 September 2009. The increase in sales revenue is attributable to increased volumes supplied to Australian customers.

Sales revenue figures do not incorporate results from the equity accounted operations in China. Activity levels increased in China as the volumes supplied by Futuris Interiors (Anhui) under its supply agreement with Chery Automobile increased and new contracts with JAC Motors commenced. The Anhui joint venture contributed equity accounted income of \$0.4 million to the 2010 result, up from the loss of \$(1.5) million in the previous corresponding period due to increased sales.

Futuris established operating facilities during the year in Thailand and the United States of America to service supply contracts won in those countries.

Sustainability

Futuris 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' 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' 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 recorded a lost time injury frequency rate of 2.67 per million hours worked during the year to September compared with the preceding year's rate of 6.35 per million hours worked.

Human resources

Futuris Automotive employed a total of 738 full time equivalent people in Australia at 30 September compared with 737 at the same time in the previous year. In addition 345 people are employed by Futuris Automotive and its offshore joint ventures (297 as at 30 September 2009).

Board of Directors



Mr John C Ballard, MBA, FAICD Chairman Age 64 - Appointed a non-executive director of the Board on 20 September 2010. He is also Chairman of the Elders Nomination and Prudential Committee and a member of the Elders Remuneration Committee. He has extensive experience across a wide range of industries as both a senior executive and a Non-executive Director. He was previously Managing Director and Chief Executive Officer of Southcorp Limited, Managing Director Asia Pacific, United Biscuits Limited and Managing Director Snack Foods, Coca-Cola Amatil Limited, a Director of Woolworths Limited and Email Limited, Chairman of Wattyl Limited, a Director of CSR Limited and subsequently Rinker Limited and a Trustee of the Sydney Opera House Trust. He is currently a Director of Fonterra Co-operative Group Limited, a Director of Magellan Flagship Fund Limited, a Director of International Ferro Metals Limited, Chairman of the Advisory Board at Pacific Equity Partners and a Director of the Sydney Neuro Oncology Group. Mr Ballard is a fellow of the Australian Institute of Company Directors and holds an MBA from Columbia University, New York, with a dual major in Marketing and International Business. He graduated Beta Gamma Sigma. Mr Ballard is a resident of New South Wales.



Mr James H (Hutch) Ranck, BS Econ Age 62 - Non-executive member of the Board since June 2008. He is also Chairman of the Elders Occupational Health and Safety Committee and a member of the Elders Nomination and Prudential and Remuneration Committees. He retired as Managing Director of DuPont Australia & New Zealand and Group Managing Director for DuPont operations in ASEAN on May 31, 2010. 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 a director of the Australian Bush Heritage Foundation. Mr Ranck is a resident of New South Wales.



Mr Raymond G Grigg, FSAE-I, FAICD Age 69 - Non-executive director of the Board since February 2004. He is also a non-executive director of Futuris Automotive Group of companies, and a member of the Elders Audit and Compliance and Occupational Health and Safety Committees. 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 Mr Grigg 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 the Australian Automobile Association and a non-executive director of Adtrans Group Limited and Bedford Industries Inc. Mr Grigg is a resident of South Australia.



Mr Ian G MacDonald, SF, Fin Age 56 - Non-executive director of the Board since November 2006. He is a member of the Audit and Compliance Committee, and Chair of the Remuneration Committee. He is a director of Rural Bank Ltd, Elders Forestry Management Ltd and Elders Trustees Ltd. He was a director of Elders Financial Services Group Ltd, Elders Insurance Ltd and Elders Insurance Agencies Pty Ltd and 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, having served National Australia Bank Ltd for 34 years in 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 Malcolm G Jackman, BSc Bcom Age 58 - 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 until 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 Rob H Wylie, FCA Age 60 - Non-executive director of the Board since November 2009. He is also Chairman of the Elders Audit and Compliance Committee. A Chartered Accountant with over 30 years of experience in accounting, audit and corporate governance, including experience in mergers, acquisitions and corporate advisory work. Most recently he held senior positions with Deloitte Touche USA LLP. Prior to this he was Deputy Managing Partner Asia Pacific. This followed a long career with Deloitte Australia, including eight years as national Chairman. Mr Wylie also served on the Global Board of Directors of Deloitte Consulting. He is a non-executive director of MaxiTRANS Industries and Centro Properties Limited. Mr Wylie is also a former National President of the Institute of Chartered Accountants in Australia. Mr Wylie is a resident of Victoria.



Mr Mark C Allison, BAgSc, BEcon, GDM, FAICD Age 49 - Non-executive director of the Board since November 2009. He is also a member of the Elders Occupational Health and Safety Committee. 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) Age 65 - Non-executive member of the Board since May 2002. He is a member of the Nomination and 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.

Company Secretary

Mr Peter Gordon Hastings, BA LLB GDLP Mr Hastings was appointed Company Secretary in February 2010. He has held the positions of Group Solicitor or General Counsel with the Elders Group between 1995 and 1998 and 2003 to date.

Corporate Governance Statement

This corporate governance statement summarises the key elements of the Company's governance framework and practices.

The 2010 financial year was again a challenging year for the Company, for the reasons highlighted by the Chairman and Chief Executive elsewhere in this report. In order to navigate this difficult period, the Company has ensured that its governance framework is adhered to at all times, the Board remaining firmly of the belief that good corporate governance contributes long-term value to stakeholders. Directors therefore are committed to ensuring not only that the Company's present governance framework is adhered to, but that the Company keeps abreast of and implements all generally accepted enhanced governance arrangements.

The Board is committed to acting in the best long-term interest of shareholders, customers, clients, 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 comply in all substantial respects 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.

The Board notes that in June 2010, the ASX Corporate Governance Council released amendments to the 2nd edition of the Corporate Governance Principles and Recommendations in relation to diversity, remuneration, trading policies and briefings. In light of these changes (which do not apply to the Company until its first reporting period commencing on or after 1 January 2011), the Company is actively reviewing its governance framework in order to incorporate the changes. The steps taken by the Company to adopt the changes are set out in this statement.

1. Operation of the Board

Relevant policies 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; and
- 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, 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 and Prudential Committee, Remuneration Committee, Occupational Health and Safety Committee and Audit and Compliance Committee) to increase the Board's efficiency and effectiveness in fulfilling the responsibilities set out in its charter. The role and responsibilities of these Committees are detailed in formal charters. The responsibilities and composition of the Board Committees are detailed on pages 29 to 32.

In addition, a Group Risk Committee comprising members of the Company's executive management operates under a Board-endorsed risk management policy and reports to the Board on a regular basis.

Composition overview

The current composition of the Board and the Board Committees is as set out in the table below:

	Board of Directors	Audit and Compliance Committee	Remuneration	Nomination and Prudential Committee	OH&S Committee
J Ballard	C		M	C	
M Jackman	MD				
M Allison	D				M
C Bright	D			M	
R Grigg	D	M			M
I MacDonald	D	M	C		
J Ranck	D		M	M	C
R Wylie	D	C			

C = Chair MD = Managing Director D = Director M = Member

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. 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 management 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 48 to 49.

Executive Committee

The Executive Committee comprises business unit managing directors and senior functional corporate managers who report directly to the Chief Executive. One of the functions of the Executive Committee is to assist in the oversight function and compliance with legislative obligations of 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.

2. 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 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 must not be less than 3 or more than 12 ;
- the majority of directors must be independent non-executive directors; the Chairman should be an independent director;
- the Board be comprised of directors who are financially literate and who together have an appropriate mix and depth of skills, experience and knowledge; and
- directors (and prospective directors) must satisfy prudential criteria approved by the Nomination and Prudential Committee having regard to guidelines and policies adopted by relevant regulators. The purpose of these criteria are to ensure directors are fit and proper to act as directors of the Company having regard, amongst other things, to licences held by the Company and to its ownership interest in Rural Bank Limited.

Fit and Proper Person Policy

The Company has certain obligations to comply with APRA Policy Statements, Policy Framework and Prudential Standards, given its 40% ownership of Rural Bank Limited, a prudentially regulated Authorised Deposit Taking Institution.

A significant part of compliance with those obligations is the Group's fitness and propriety testing, which ensures a robust selection process for directors consistent with the standards set by APRA. The criteria set down in the Company's Fit and Proper Policy are available on the Company's website at www.elders.com.au.

The Company's Fit and Proper policy and process provide the Company with assurance that existing and potential directors and persons appointed to senior executive positions within the Group are able to satisfy appropriate fitness and propriety standards that will enable them to discharge their prudential and general governance responsibilities throughout the term of their appointment.

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, six 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 24 of this report.

The Company's Directors acknowledge that the Board is composed entirely of male directors and that the participation of female directors would be of value to the Company and the Company's investors. Accordingly, the Company is actively developing a diversity policy and guidelines to address, amongst other things, female participation on the Board.

Director independence

The Company has adopted an Independence Policy that is published on the Company's 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 judgement.

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 John Ballard was appointed Chairman on 20 September 2010, succeeding Mr Stephen Gerlach who had been Chairman since 1 July 2003. The Board has determined that Mr Ballard is an independent non-executive director, and that Mr Ballard is fit and proper to act as a director of the Company.

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 obtaining prior consent from the Company Secretary which cannot be unreasonably withheld.

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 a needs basis. Directors are also regularly briefed on the Group's businesses and industry or technical issues impacting the Group and directors aim to have at least one meeting a year in conjunction with a tour of one of the Company's operations. At all other times, non-executive directors are encouraged to visit 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. 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 2010 financial year.

During the 2010 financial year directors implemented a number of recommendations made by Colin Carter & Associates in its 2009 review of board performance. In 2011 it is proposed the Board will be subject to internal performance review. In 2012, the Board proposes that it will again be subject to external review.

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 and 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. One of the Company's directors obliged to retire under this rule is Mr Charles Bright. Mr Bright has advised the Chairman that he will not be offering himself for re-election at the forthcoming AGM.

Directors who have filled casual vacancies are required to be elected at the first AGM 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 and 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. Mr John Ballard was selected in accordance with the above process and will stand for election at the Company's 2010 AGM.

Formal letters of appointment setting out key terms and conditions of appointment are in place for all directors.

The process of Board renewal continued during the course of the year with the appointment of Mr John Ballard as director and Chairman on 20 September 2010. As announced prior to last year's AGM, Mr Anthoni Salim resigned as a director of the Company on 30 October 2009. Dr Jim Fox and Mr Graham Walters retired as directors of the Company on 18 December 2009 and 31 March 2010 respectively.

3. Board Committees

Relevant policies and charters:

- Nomination and Prudential Committee Charter
- Audit and Compliance Committee Charter
- Remuneration Committee Charter
- Occupational Health and Safety Committee Charter

Nomination and 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.
- the prudential criteria that directors must satisfy at all times are met. The prudential criteria are set out in the Fit and Proper Person Policy section appearing in the Board Structure part of this statement above. The Nomination and Prudential Committee assists the Board in meeting its prudential objectives.

Membership

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

Mr J Ballard (Chairman)
Mr C Bright
Mr J Ranck

During the period in which the Company was searching for, selecting and appointing a new Chairman, the Nomination and Prudential Committee comprised all the members of the Board.

The Nomination and Prudential Committee currently comprises three independent directors and includes the Chairman of the Board. 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 Committee meets as the full Board to consider nomination issues, including, in the last financial year, selecting a successor Chairman to Mr Gerlach.

Role

The Nomination and 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 a new Chairman during the year following the completion of a comprehensive search;
- implementation of the outcome of an external 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 a new director (being the Chairman) and departure of three 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 43 to 63.

Membership

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

Mr I MacDonald (Chairman)
Mr J Ballard
Mr J Ranck

The Remuneration Committee comprises three independent directors and includes the Chairman of the Board. The Chief Executive Officer has a standing invitation to attend Committee meetings but must leave 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.

The Company notes that the composition of the Remuneration Committee meets Recommendation 8.2 of the amended 2nd edition of the Corporate Governance Principles and Recommendations released by the ASX Corporate Governance Council in June 2010.

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 – the direct report to the Chief Executive – 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 incentivise 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;
- review and recommend for Board approval, where appropriate, any employment contracts outside normal parameters.

The Company notes that the amendments to the 2nd edition of the Corporate Governance Principles and Recommendations released by the ASX Corporate Governance Council in June 2010 recommend that the Remuneration Committee be responsible for review of, and recommendation to, the Board on remuneration by gender. The Company's Remuneration Committee Charter does not yet include such an obligation, but will be amended to do so.

Key Activities During the Year

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

- introduction of a new Long Term Incentive (LTI) scheme for senior executives of the Company; and
- ongoing review of the remuneration arrangements, policy and structure for the Group. The review is discussed in the Remuneration Report on page 44.

Audit and Compliance Committee

Objective

The Board is concerned to ensure the integrity of the Company's financial reporting and its regulatory compliance 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 R Wylie (Chairman)
Mr I MacDonald
Mr R 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 of accounting and financial matters. The Committee Chairman, Mr R Wylie, has extensive experience in accounting and financial matters having formerly held a number of senior executive and non-executive roles with Deloitte in Australia and the United States. 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 24 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.

The Committee's 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 of the performance of the internal audit function;
 - > integrity and effectiveness of internal controls and regulatory compliance;
- improve the effectiveness of the internal and external audit functions and be 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:

- completion of the in-sourcing of the internal audit function, aligning the function's objectives with the streamlined business control structures and overseeing the appointment of appropriately qualified professionals;
- oversight of a review of the carrying value of the Group's forestry assets; and
- review of the statutory and periodic financial statements of the Company.

Occupational Health and Safety (OH&S) 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 and Safety Committee to assist in meeting this objective.

Membership

The members of the OH&S Committee at the date of this Report are:

Mr J Ranck (Chairman)
Mr R Grigg
Mr M Allison

The OH&S Committee comprises three independent directors and is chaired by Mr H Ranck. Committee members are appointed for an initial term of three years but are eligible for re-appointment. The Chief Executive has a standing invitation to attend all meetings of the Committee.

Role

The OH&S 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 and safety management;
- provide a forum for discussion between the Board and management on health and safety issues;
- review the Company's performance in relation to health and safety matters;
- review the adequacy and performance of the Company's health and safety functions and management;
- review the effectiveness of the Company's health and safety policy framework, management systems and internal controls including any health and safety standards, plans and audit process;
- monitor the social and ethical impact of the Company's operations and set standards for social and ethical practices as they relate to health and safety;
- consider the key risks arising from health and safety issues;
- monitor progress in the achievement of health and safety targets;
- monitor and consider the impact of changes and emerging issues in health and safety 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 and safety management and performance of their operations; and
- visit the Company's operational sites to familiarise committee members with the health and safety 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:

- continued improvement in health and safety awareness, incident reporting and management;
- continued improvement in the Group OH&S Framework Implementation Plan to improve the safety framework;
- continued improvement in Lost Time Incident Frequency Rate in most business units, and continued improvements in safety performance within the rural services business despite a marginally higher LTIFR compared with the prior year; and
- recruitment of a senior dedicated General Manager, OH&S with enhanced responsibilities and authority.

4. Attendance at meetings by Directors

Nine or ten formal Board meetings are scheduled each year with meetings generally held over one to two days. Fourteen formal Board meetings were held during the current financial period to accommodate additional meeting requirements associated with specific or urgent matters, as required. Attendance by directors at Board and Committee meetings held during the period ended 30 September 2010 is detailed below.

	Board of Directors		Audit and Compliance Committee		Nomination and Prudential Committee	
	Attended	Held	Attended	Held	Attended	Held
J Ballard ¹	1	1	-	-	-	-
S Gerlach ²	13	14	-	-	5	5
M Allison	13	14	-	-	4	4
C Bright	13	14	-	-	5	5
J Fox ³	3	3	-	-	1	1
R Grigg	14	14	7	8	4	4
M Jackman	14	14	-	-	3	4
I MacDonald	14	14	7	8	4	4
J Ranck	13	14	-	-	4	4
A Salim ⁴	-	-	-	-	-	-
G Walters ⁵	4	5	4	4	1	1
R Wylie	12	14	4	4	3	4
	Remuneration Committee		Occupational Health and Safety Committee		Other Committees**	
	Attended	Held	Attended	Held	Attended	Held
J Ballard ¹	-	-	-	-	-	-
S Gerlach ²	5	5	-	-	-	-
M Allison	-	-	5	5	2	3
C Bright	-	-	-	-	-	-
J Fox ³	3	3	-	-	-	-
R Grigg	-	-	5	5	2	4
M Jackman	-	-	-	-	7	7
I MacDonald	3	3	-	-	5	6
J Ranck	5	5	5	5	6	6
A Salim ⁴	-	-	-	-	-	-
G Walters ⁵	-	-	-	-	3	3
R Wylie	-	-	-	-	3	4

1. Mr Ballard was appointed a director on 20 September 2010

2. Mr Gerlach retired as a director on 21 September 2010

3. Dr Fox retired as a director on 18 December 2009

4. Mr Salim resigned on 30 October 2009

5. Mr Walters retired on 31 March 2010

** Includes Refinancing, Forestry Asset review and other Sub-Committees meetings

Where directors are unable to attend meetings either in person or by telephone (eg 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.

5. 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 audit prior to engaging external audit 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 auditor's 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.

6. 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, business risks are identified and properly managed, legal and regulatory obligations are satisfied, and business risks are 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 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 OH&S Committee is responsible for assessing the effectiveness of internal process for determining and managing key OH&S risks.

Group Risk Committee

The Group Risk Committee (GRC) assists the Board in the application of the Company's Risk Management Policy and monitoring of compliance with the policy. 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, General Manager OH&S 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 2010 the GRC reviewed the Group's material business risks on a quarterly basis.

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/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 FY2010, 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 ongoing working capital and liquidity needs and to prudently manage exposures to variable interest rates and foreign exchange movements.

7. Conduct and Ethics

Relevant policies and charters:

- Code of Conduct
- Share Trading Policy
- External Disclosure and Market Communications Policy
- Fraud Control Policy
- Reporting of Unacceptable Conduct Policy
- Discrimination and Harassment Policy
- Occupational Health and Safety Policy

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 59 of this report.

The Company's Share Trading Policy prohibits trading by directors or senior executives in the Company's securities at all times other than for a period of six weeks after:

- the announcement of the Company's full year results;
- the announcement of the Company's half year results;
- the Company's Annual General Meeting; and
- any rights trading period applying in respect of a prospectus issued by the Company, other than in exceptional circumstances.

Directors or senior executives must not deal in the Company's securities at other times 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 processes to ensure that directors and management are aware of and fulfil their obligations.

Each year the Company communicates to its shareholders and the investment markets through a programme 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 regular dialogue between senior executives and the Chief Executive and open lines of communication between the Chief Executive, the Chairman and members of the Board 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 Chief Executive;
- 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 announced in advance to the market and also archived and available to 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.

Significant investor briefings (other than the AGM and the half and full year result briefings which are webcast and stored as video on the Company's website) are generally held by recorded telephone conference which requires registration. The Company generally allows investors to access the recorded facility by telephone for a short period after the event (usually seven days) and thereafter to obtain a copy of the transcript or digital audio recording.

The Board notes that the amendments to the 2nd edition of the Corporate Governance Principles and Recommendations released by the ASX Corporate Governance Council in June 2010 include additional recommendations in connection with briefings. In light of these changes the Company is reviewing its External Disclosure and Market Communications Policy with a view to incorporating the new recommendations.

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.

Diversity

The Company acknowledges that the amendments to the 2nd edition of the Corporate Governance Principles and Recommendations released in June 2010 includes certain recommendations in relation to diversity. Those guidelines do not apply to the Company until the financial year commencing on 1 October 2011. Notwithstanding that, the Company is actively working towards production of its diversity policy and establishing measurable diversity objectives. The Company anticipates reporting fully on diversity in its 2011 Annual Report.

Zero tolerance of discrimination and harassment in the workplace

The Company is committed to ensuring that all of its employees are treated with integrity and respect and have the right to work in an environment free from discrimination and harassment. That commitment is embodied in a policy which provides that discriminatory or harassing behaviour by employees in their relationships with other employees, potential employees, customers or people undertaking work for the Company will not be tolerated. The policy defines procedures for dealing with complaints of discrimination or harassment, including the use of impartial contact officers to receive and advise on complaints.

Occupational Health and Safety

The Company believes that nothing done in the course of employment is so important that it cannot be done safely. For that reason, the Company has a policy that enshrines the objective of the Company to provide a safe and healthy environment for employees, contractors, clients and visitors. The Company strives to achieve this objective through:

- compliance measures aimed at ensuring all legal obligations are met;
- pro-active identification of hazards and assessment and control of the associated risks;
- providing employees, contractors and visitors with the knowledge and skill to discharge their OH&S obligations;
- consultative mechanisms to enable employees and contractors to contribute to effective OH&S management;
- setting, measuring and reporting against target;
- ensuring appropriate resources are provided to the OH&S function;
- integration of safety principles within the corporate philosophy, business management systems and commercial operations; and
- constant reinforcement of the safety message from the most senior management of the Company.

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 year ended 30 September 2010.

Directors

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

Non-Executive Directors:

John Charles Ballard (Chairman)
Mark Charles Allison
Charles Ernest Bright
Raymond George Grigg
Ian Graham MacDonald
James Hutchison Ranck
Robert Harvey Wylie

Executive Director:

Malcolm Geoffrey Jackman (Chief Executive Officer and Managing Director)

Mr J Ballard was appointed Chairman on 20 September 2010. He replaced Mr S Gerlach who resigned as Chairman effective from 20 September 2010, and as a director on 21 September 2010. Mr G Walters resigned as director effective 31 March 2010 and Dr J C Fox did not seek re-election as Deputy Chairman or Director at the last AGM. All other directors held their position as director for the whole of the year and up to the date of this report.

Company Secretary

Peter Gordon Hastings

Mr P G Hastings was appointed Company Secretary on 26 February 2010. He replaced Ms S C Furey who resigned as Company Secretary effective from 26 February 2010 and Mr R E Mallett who resigned as Company Secretary effective from 26 February 2010.

A summary of the experience, qualifications and special responsibilities of each director and the Company Secretary is provided on page 24.

Principal Activities

The principal activities of the Elders Group during the year were the:

- (a) Provision of services and inputs to the rural sector;
- (b) Provision of financial and other services to rural and regional customers;
- (c) Management of investor-funded hardwood plantations; and
- (d) Supply of automotive components.

Results and Review of Operations

The Group recorded a loss for the year, after tax and non-controlling interest, of \$217.6 million (2009: loss of \$466.4 million). A review of the operations and results of the consolidated entity and its principal businesses during the year is contained in pages 3 to 23 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 year 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 2010 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 of 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 7 to 15 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 year to 30 September 2010:

- 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.
- 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 build a stronger balance sheet.
- 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.
- A 10:1 share consolidation was completed in January 2010 and Elders Limited now has 448,598,480 ordinary shares on issue.

Dividends and Other Equity Distributions

On 4 September 2009 the Company announced that pursuant to the terms of its debt package, the Company had suspended distributions to hybrid investors for a period of 2 years and that dividends on ordinary shares can not be paid until after 31 March 2012 and thereafter only upon satisfaction of several conditions. Accordingly, no dividends or hybrid distributions were paid during the 12 months to 30 September 2010.

Share Options

Share options were issued in previous years to company executives as part of the Group's remuneration structure. Operation of the Elders Employee Share Option Plan (EESOP) was suspended in 2009 and will be discontinued. Information on this remuneration structure is provided in the Remuneration Report commencing on page 43 of this annual report.

The total quantity of options on issue as at 30 September 2010 would represent, if exercised, 0.23% 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 3 years.

Date Options Granted	Number of Options Granted	Exercise Price	Option Expiry Date
25/10/2006	253,000	\$20.20	25/10/2011
31/10/2006	135,300	\$21.70	31/10/2011
31/08/2006	80,000	\$24.50	18/08/2012
01/10/2007	200,000	\$24.50	01/10/2012
01/07/2003	100,000	\$13.70	01/07/2013
25/11/2008	270,000	\$12.90	25/11/2013
	1,038,300		

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

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

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	Exercise Price	Option Expiry Date
31/03/2005	20,000	\$20.00	31/03/2010
26/07/2006	10,800	\$22.50	08/08/2010
04/10/2005	165,500	\$20.60	04/10/2010
04/10/2005	62,500	\$20.60	04/10/2010
25/10/2006	15,000	\$18.30	31/10/2011
25/10/2006	10,000	\$19.20	31/10/2011
25/07/2006	192,200	\$21.70	31/10/2011
25/07/2006	20,000	\$21.70	31/10/2011
31/08/2007	20,000	\$25.40	18/08/2012
26/09/2008	75,000	\$13.20	26/09/2012
01/10/2007	25,000	\$24.50	01/10/2012
01/03/2008	75,000	\$24.50	01/03/2013
26/09/2008	125,000	\$13.20	26/09/2013
31/10/2008	311,000	\$12.90	31/10/2013
26/09/2008	200,000	\$13.20	26/09/2014
24/10/2005	75,000	\$20.60	25/10/2015
	1,402,000		

Directors' Interests

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

	No. of ordinary shares	No. of hybrids	No. of Performance Rights
Non-Executive Directors			
M C Allison	-	-	-
J C Ballard	250,000	-	-
C E Bright	21,479	-	-
R G Grigg	16,490	-	-
I G MacDonald	52,668	-	-
J H Ranck	128,334	-	-
R H Wylie	6,000	-	-
Executive Directors			
M G Jackman	107,168	1,000	856,808

At the date of this report, there are no options on issue to directors.

Directors' Meetings

Details of the number of meetings held by the Board of Directors, and Board committees and the attendance at those meetings is provided in the Corporate Governance section of this report on page 33.

Indemnification of Officers and Auditors

Insurance arrangements established in previous years 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 provided a limited indemnity to its auditor, Ernst & Young, for loss suffered by Ernst & Young from claims by a third party related to the audit service provided by Ernst & Young, excluding losses resulting from the proven negligent, wrongful or wilful acts or omissions of Ernst & Young.

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 43 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 19,21 and 23.

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 and Compliance 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:

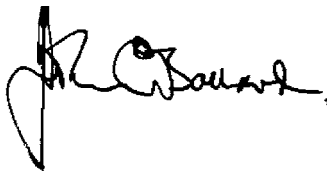
- all non-audit services have been reviewed by the Audit and Compliance Committee to ensure they do not impact on the impartiality or objectivity of the auditor; and
- the nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

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

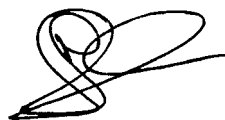
Tax services (primarily compliance)	\$420,382
Other compliance and assurance services	\$231,876

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.



J C Ballard
Chairman

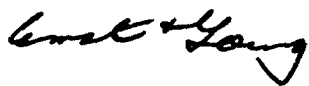


M G Jackman
Director

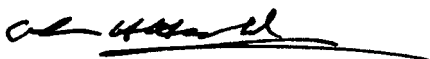
15 November 2010

Auditor's Independence Declaration to the Directors of Elders Limited

In relation to our audit of the financial report of Elders Limited for the financial year ended 30 September 2010, 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

15 November 2010

Elders Limited

Remuneration Report

2010

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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2010 Remuneration Highlights

Remuneration Outcomes for 2010

Remuneration outcomes in the Elders Group were heavily influenced in 2010 by the poor financial result of the consolidated Elders Group for the financial year ended 30 September 2010. The results of this poor performance on remuneration were:

- Limited increases in senior executive fixed salaries (for most senior executives 2%), except in the case of individuals assuming different or additional duties or responsibilities, and executives from the automotive division which performed ahead of budget;
- No Short Term Incentives were paid to senior executives or key management personnel, except again, in the case of the automotive division;
- No shares or instruments convertible to shares were issued under any long term incentive plan, other than the issue of performance rights to the Chief Executive and Managing Director, Malcolm Jackman, under the scheme approved by shareholders at the 2009 AGM, and the issue of Service Rights as a retention incentive for certain senior executives; and
- No increase in non-executive director fees.

Structural Changes in 2010

The remuneration structure of the Elders' Group has undergone a significant review during 2010 and this will continue in 2011. Progress during 2010 has been:

- the company began the process of reviewing the salary structure of the Group to determine its competitiveness and relevance;
- the introduction of new senior executive contracts that provide more contemporary provisions than the contracts they replace (the significant elements of the key management personnel contracts are set out in this report); and
- a redesigned long term incentive programme for senior executives with measurable performance benchmarks.

Elders faces a challenge common to business in cyclical industries; the problem of keeping employees motivated in the bottom part of the cycle. This problem is compounded in Elders' case by external and internal factors that have retarded financial performance. Elders will continue to refashion its remuneration arrangements in 2011 so that those arrangements assist in driving the behaviours required to produce acceptable returns to shareholders. In particular the company will, as early as possible in the 2011 financial year, introduce short term incentive programmes that reward sales people appropriately for outperformance.

CEO and Senior Executive Outcomes for 2010

The table below sets out the cash benefits received by the Chief Executive, Malcolm Jackman, and the Group's senior executives in the 2010 financial year.

	Base Salary	STI	LTI	Total
M Jackman	1,012,680	0	0	1,012,680
M Hosking	630,533	0	0	630,533
M de Wit	641,250	266,500	0	907,750
V Erasmus	523,094	0	0	523,094
M Guerin ¹	1,178,040	0	0	1,178,040
S McClure	322,571	0	0	322,571
S Hughes	371,560	0	0	371,560
R Tanti	370,104	0	0	370,104

¹ Mr Guerin ceased employment on 1 July 2010. His "base salary" included a payment, made on cessation of employment, of 12 months' salary in lieu of notice in accordance with his contract.

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 the Company 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 page 30 of this Annual Report and the Committee's Charter is published on the Company's website at www.elders.com.au.

The Remuneration Committee is comprised entirely of non-executive directors and makes all decisions free of the influence of management, despite being briefed by management.

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 a single 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.

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.

Executive directors do not receive director's fees.

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. With the retirement of Messrs Gerlach and Fox since last year's annual report, no serving directors are eligible for a 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 consideration the accountability 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 (if one is appointed), is \$90,000 per annum. The current Chairman receives an annual composite base fee of \$300,000. At present, the Company does not have a Deputy Chairman, although if one is appointed that position will attract 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 receiving \$24,000 per annum. Members of the Occupational Health and Safety Committee, the Nomination and Prudential Committee and Remuneration Committee receive \$10,000 per annum as part compensation for time spent on committee matters. It has been decided not to increase base director fees set in 2006 during the 2010 financial year and on and from the AGM, members of the Nomination and Prudential Committee will not receive a fee for sitting on that Committee.

The Company maintains independent boards for the responsible entities within the group including Elders Forestry Management Pty Ltd and APT Projects Pty Ltd. Mr I MacDonald acts as a director on these boards and is paid an additional fee for doing so. The amount of these fees is included in the "Subsidiary Fees and Other Fees" column below.

Further, additional fees are received by two non-executive directors (Messrs Grigg and MacDonald) who continue to sit on associated boards and board committees as follows:

1. Mr I MacDonald is an Elders' appointee on the Rural Bank Limited Board (at 30 September 2010, the Company maintained a 40% share in Rural Bank) and receives director fees from Rural Bank for this directorship. This fee is not included in the "Subsidiary Fees and Other Fees" column below given it is not paid by the Company; and
2. Mr R Grigg sits as a director on the Futuris Automotive Group Limited Board and receives an additional fee for this directorship. This fee is included in the "Subsidiary Fees and Other Fees" column below.

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 2009 and 2010 financial years are set out in the following table:

Table 2a (A\$)		Short Term Payments			Post Employment		Total
		Base Board Fee	Board Committee Fees	Subsidiary Fees and Other Fees	Superannuation	Other	
J C Ballard (Chairman) ⁽¹⁾	2010	60,227	0	0	3,051	0	63,278
S Gerlach (Chairman) ⁽⁸⁾	2010	350,000	0	0	14,824	150,000⁽⁹⁾	514,824
(retired 21 September 2010)	2009(15mths)*	437,500	0	0	17,181	0	454,681
	2009(12mths)**	350,000	0	0	13,745	0	363,745
J C Fox (Deputy Chairman)	2010	28,068	0	0	3,301	150,000⁽⁹⁾	181,369
(retired 18 December 2009)	2009(15mths)*	162,500	0	37,734 ⁽⁴⁾	17,181	0	217,415
	2009(12mths)**	130,000	0	37,734 ⁽⁴⁾	13,745	0	181,479
M C Allison	2010	80,454	6,641⁽¹⁰⁾	0	7,838	0	94,933
C E Bright	2010	90,000	10,225⁽³⁾	0	6,750	2,025	109,000
	2009(15mths)*	112,500	5,000 ⁽³⁾	43,333 ⁽³⁾	14,475	0	175,308
	2009(12mths)**	90,000	2,500 ⁽³⁾	43,333 ⁽³⁾	12,225	0	148,058
R G Grigg ⁽⁸⁾	2010	90,000	26,000⁽⁵⁾	50,000⁽⁵⁾	14,760	0	180,760
	2009(15mths)*	112,500	25,000 ⁽⁵⁾	62,500 ⁽⁵⁾	17,181	0	217,181
	2009(12mths)**	90,000	18,500 ⁽⁵⁾	50,000 ⁽⁵⁾	13,745	0	172,245
I G MacDonald ⁽⁶⁾	2010	90,000	22,666⁽⁶⁾	44,886⁽⁶⁾	14,825	0	172,377
	2009(15mths)*	112,500	20,000 ⁽⁶⁾	93,750 ⁽⁶⁾	17,181	0	243,431
	2009(12mths)**	90,000	16,000 ⁽⁶⁾	75,000 ⁽⁶⁾	13,745	0	194,745
J H Ranck	2010	90,000	20,000⁽²⁾	0	9,900	0	119,900
	2009(15mths)*	112,500	10,000 ⁽²⁾	0	11,212	0	133,712
	2009(12mths)**	90,000	5,000 ⁽²⁾	0	8,737	0	103,737
A Salim	2010	7,500	0	0	0	0	7,500
(resigned 30 October 2009)	2009(15mths)*	112,500	0	0	0	0	112,500
	2009(12mths)**	90,000	0	0	0	0	90,000
G D Walters	2010	45,000	12,000⁽⁷⁾	16,458⁽⁷⁾	11,700	0	85,158
(retired 31 March 2010)	2009(15mths)*	112,500	33,125 ⁽⁷⁾	72,734 ⁽⁷⁾	17,181	0	235,540
	2009(12mths)**	90,000	27,125 ⁽⁷⁾	65,234 ⁽⁷⁾	13,745	0	196,104
R H Wylie	2010	80,454	22,719	0	9,286	0	112,459
Total	2010	1,011,703	120,251	111,344	96,235	302,025	1,641,558
	2009(15mths)*	1,275,000	93,125	310,051	111,592	0	1,789,768
	2009(12mths)**	1,020,000	69,125	271,301	89,687	0	1,450,113

Notes:

- (1) J C Ballard was appointed a director and Chairman on 20 September 2010 but received fees for providing advisory services to the Board between 20 July 2010 and 19 September 2010.
- (2) J H Ranck was paid a pro-rated fee of \$10,000 for the 6 months to 30 September 2009 (\$5,000 to 30 June 2009) as a member of both the Remuneration Committee and OH&S Committee. He also received \$20,000 for the 12 months to 30 September 2010 as a member of both the Remuneration Committee and OH&S Committee.
- (3) C E Bright was an Elders Board representative on the main operating subsidiary board, Integrated Tree Cropping Ltd (ITC) (now known as Elders Forestry Pty Ltd) until 13 February 2009, and received ITC subsidiary board fees of \$33,333 and ITC Research and Development Committee fees of \$10,000. C Bright is also a member of the Nomination and Prudential Committee and received \$10,000 for the financial period (pro-rated fee of \$5,000 for the 6 months to 30 September 2009, and \$2,500 for the 3 months to 30 June 2009).
- (4) J C Fox sat on the main operating subsidiary board Elders Rural Services Ltd until February 2009 and received fees of \$37,734 (pro-rated for 6.5 months).
- (5) R G 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 \$50,000 for the financial period (\$62,500 for the 15 months to 30 September 2009 and \$50,000 to 30 June 2009). R Grigg is a member of the Board Audit and Compliance Committee for which he received \$16,000 for the financial period (\$20,000 for the 15 months to 30 September 2009, and \$16,000 to 30 June 2009). He is also a member of the OH&S Committee and received \$10,000 for the financial period (pro-rated fee of \$5,000 for 6 months to 30 September 2009, and \$2,500 to 30 June 2009).
- (6) I G MacDonald was 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 15 months to 30 September 2009 (\$75,000 to 30 June 2009). He is also a director of Elders Forestry Management Pty Ltd and APT Projects Pty Ltd for which he received \$44,886 of director fees for the financial period. 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 \$66,093 for the financial period (\$81,900 for the 15 months to 30 September 2009, and \$65,520 to 30 June 2009), but these fees are not included in the column "Subsidiary Fees & Other Fees" given they are not paid by the Company. Mr MacDonald also received a fee of \$16,000 for the financial period (\$20,000 for the 15 months to 30 September 2009, and \$16,000 to 30 June 2009) as a member of the Board Audit & Compliance Committee. He was also paid a fee of \$6,666 for the 8 months to 30 September 2010 as Chairman of the Remuneration Committee.
- (7) G D Walters was Chairman of the Elders Board Audit & Compliance Committee and received a Committee fee of \$12,000 for the financial period (\$30,000 for the 15 months to 30 September 2009, and \$24,000 to 30 June 2009). 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). Mr Walters also received \$30,000 for the financial period (\$32,500 for the 15 months to September 2009 and \$25,000 to 30 June 2009) for his role as Chairman and trustee director on the Mastersuper board. He remains Chairman and trustee director on the Mastersuper board notwithstanding his retirement as a director of Elders Limited.
- (8) Messrs Gerlach and Grigg have chosen to salary sacrifice some or all of their short term payments into superannuation. For simplicity we have not split the short term payments to disclose the salary sacrificed superannuation portion.
- (9) Each director marked ⁽⁹⁾ had an entitlement of \$150,000 paid on retirement. No retirement benefits are available to any continuing directors.
- (10) M C Allison is a member of the OH&S Committee and received a fee of \$6,641 (pro-rated for 10 months) for the financial period.

* Represents audited numbers for the 15 months to 30 September 2009.

** Represents audited numbers for the 12 months to 30 June 2009.

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:

Name	Position held	Name	Position held
Non-executive Directors		Senior Executives	
John Ballard (appointed 20 September 2010)	Chairman	Malcolm Jackman	Chief Executive & Managing Director
Mark Allison	Director	Mark Hosking	Chief Financial Officer
Charles Bright	Director	Mark de Wit	Managing Director Futuris Automotive
Ray Grigg	Director	Vince Erasmus	Managing Director Elders Forestry
Hutch Ranck	Director	Sam McClure	Group General Manager Strategy and Business Development (commenced role on 21 December 2009)
Ian MacDonald	Director	Shaun Hughes	Chief Information Officer (commenced role on 1 January 2009)
Rob Wylie	Director	Robert Tanti	Group General Manager Human Resources (commenced role on 4 May 2009)
Former Non-executive Directors		Former Executives	
Stephen Gerlach (retired 21 September 2010)	Chairman	Mike Guerin	Chief Operating Officer Rural Services (ceased employment on 1 July 2010)
Jim Fox (retired 18 December 2009)	Deputy Chairman		
Anthoni Salim (resigned 30 October 2009)	Director		
Graham Walters (retired 31 March 2010)	Director		

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
- 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 CEO's direct reports 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 or relevant line manager. The Remuneration Committee reviews the key elements of employment contracts for business unit Managing Directors, any non-standard contracts (if any) and the CEO's recommendations for equity incentives to senior executives. The Remuneration Committee also reviews incentive programs and employment terms offered to the wider group.

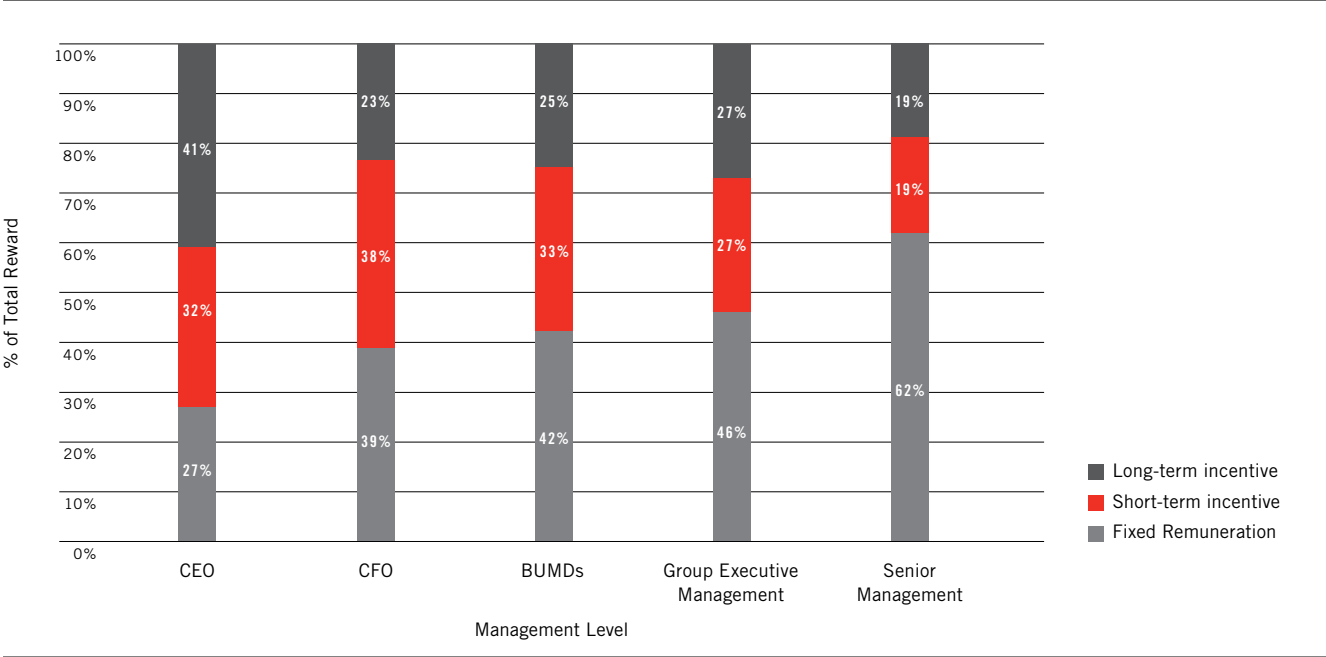
B. Remuneration structure

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

- Total 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



This table highlights the targeted proportion of fixed and “at risk” remuneration components at different executive levels.

C. Total Fixed Remuneration (TFR)

Total 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 miscellaneous benefits, and FBT associated with such benefits.

The level of fixed remuneration is set by reference to market activity for like positions and is determined by the level of knowledge required to perform the position, the problem solving complexities of the position, level of autonomy to make decisions and the particular capabilities, talents and experience the individual brings to the position.

Fixed remuneration is reviewed annually and is adjusted to, changes in market relativities, company performance and the executive’s performance over the previous year, as assessed through the Company’s Performance Development Program (PDP) (formerly known as Performance Management Evaluation or PME). The PDP assesses employee performance against a number of agreed key performance indicators.

D. Short-term incentives

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

Objective of STIP	<p>STI objectives are to:</p> <ul style="list-style-type: none"> • focus participants on achieving financial 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 Earnings Before Interest and Tax (EBIT) and cash flow measured as Earnings Before Interest Tax Depreciation and Amortisation. A minimum of 60% of KPIs at all levels are based on financial measures.
What non-financial KPIs are used?	Non-financial KPIs may include performance measures relating to safety, market, operations and people.
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, 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 STIPs 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 3 months.

While the Corporate and Business Unit STIPs 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	Group Management Executives
STI Opportunities (as % of base salary)	Threshold: 0% Max 120%	Threshold: 0% Max 100%	Threshold: 0% Max 80%	Threshold: 0% Max 60%
Financial vs Non-financial KPIs	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 60% (Budgeted Group EBIT, Balance Sheet & Cash flow) Non-financial 40%	Financial 60% (Budgeted Group EBIT, Balance Sheet & Cash flow) Non-financial 40%
STI Rewards paid in respect of 2010 financial year	Nil	Nil	\$266,500 paid to Mark DeWit	Nil
Discretionary Bonus	Nil	Nil	Nil	Nil

E. Long-term incentives

The Company 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 September 2009	Number of Current Participants as at 30 September 2010	Number of Shares/Options/Rights Outstanding as at 30 September 2009	Number of Shares/Options/Rights Outstanding as at 30 September 2010
Elders Long Term Incentive Rights Plan (ELTIRP)	Rights to Elders' shares are granted to selected eligible executives at the 10 day Volume Weighted Average Price (VWAP) subject to a minimum of 12 months service and performance conditions (see below) determined by the Board at the time of grant. This plan replaces the EESOP and the ELSP described below.	Invitation only for eligible executives.	Nil	1	Nil	856,808
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 (with the exception of general issues) performance of TSR relative to a comparator group in the ASX 200. Operation of the EESOP was suspended in 2009 and will be discontinued.	Invitation only for eligible group executives.	94	75	2,440,300	1,380,300
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. The ELSP was suspended in 2009 and will be discontinued.	Invitation only. Offers range from \$3,000 to \$17,500 per annum per employee depending on seniority and current year performance.	3,276	3,276	2,023,846	2,023,846

E. Long-term incentives (continued)

Name of Plan	Purpose	Eligibility Criteria	Number of Current Participants as at 30 September 2009	Number of Current Participants as at 30 September 2010	Number of Shares/Options/Rights Outstanding as at 30 September 2009	Number of Shares/Options/Rights Outstanding as at 30 September 2010
Elders 'Save as You Earn' Plan (SAYE)	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. 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 during the financial year.	All permanent employees.	64	53	96,498	34,509
Retention Plan (general)	To retain the services of certain key employees during the period of Company "turn-around". The Plan recognises that Australian economic conditions are generally good and quality employees have alternative employment options. It is important for Elders to preserve its senior management team to ensure successful execution of its business strategies. This scheme provides for the issue of service rights to selected executives in 3 tranches in August 2010, August 2011 and August 2012 for vesting on 1 August 2013. Shares will automatically issue on the vesting date assuming continued employment (or earlier termination of employment for a reason other than resignation or dismissal for poor performance or misconduct) and may vest earlier in the case of takeover.	By invitation only	Nil	16	Nil	2,118,911

Notes: All share and option numbers in the EESOP, ELSP and SAYE plans have been adjusted for the effect of the 10:1 share consolidation conducted by the Company during the year.

The EESOP was the principal Long Term Incentive Plan (LTIP) for executives 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, in the case of some issues, certain performance conditions are met (and subject to continued employment), or in the case of other issues, solely upon exercise of the option during an exercise period.

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.

Given changes in taxation treatment and general market practices, the Company has determined that the EESOP is no longer the most appropriate form of long term equity incentive for senior executives. As a result shareholders approved a performance rights based scheme for the CEO at the Annual General Meeting of the Company on 18 December 2009 and the Company has resolved to provide a performance rights scheme for other senior executives for 2011 and future years.

Following the resolution of Shareholders at the Company's 2009 AGM to approve the issue of performance rights to Mr Jackman, Mr Jackman agreed to forego all rights to options granted to him under the EESOP. As a result, Mr Jackman holds no employee options over shares in the Company.

As a replacement to the EESOP a number of senior executives (including all those who are key management personnel) have a contractual right to participate in performance rights based LTIP up to certain percentages of total fixed remuneration (which percentage differs by employee). However, notwithstanding the right to participate in the LTIP, all awards under the senior executive LTIP (except the CEO's LTIP which was approved by shareholders at the Company's 2009 AGM) are at the Board's discretion.

The specific performance hurdles and long term incentive allocations vary between the CEO and other senior executives. The relationship between the performance rights LTIP and Elders' financial performance are set out below. The Company has adopted a relative Total Shareholder Return performance hurdle to align the interests of the Chief Executive Officer and senior management 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 the CEO and Executive LTIPs

Issue Date	Number of Performance Rights Granted	Denominator	Hurdle Description										
CEO LTIP Grants													
As of 10 November 2009	856,808 performance rights	\$1.776	<p>Pursuant to the approval granted by the Shareholders at the 2009 AGM, the CEO was granted performance rights issuing as at 10 November 2009, and to be issued on or about 10 November 2010 and on or about 10 November 2011. Each performance right, which is issued at no cost to Mr Jackman, will, if exercisable, constitute the right to acquire 1 ordinary share in the Company. The issue as of 10 November 2009 resulted in 856,808 performance rights being issued. These rights will be tested as set out below.</p> <p>Tranche 1 (2009 Allocation) TSR performance is measured over the two years from 10 November 2009 to 10 November 2011.</p> <p>Tranche 2 (2009 Allocation) TSR performance is measured over the three years from 10 November 2009 to 10 November 2012.</p> <p>Tranche 3 (2009 Allocation) TSR performance is measured over the four years from 10 November 2009 to 10 November 2013.</p> <p>For performance rights to become exercisable the percentile ranking of Elders growth in its TSR relative to such growth in the ASX/S&P 200 Accumulation Index must equal or exceed the prescribed ranking, as follows:</p> <table border="1"> <thead> <tr> <th>Hurdle Rate</th> <th>% of Tranche that vests</th> </tr> </thead> <tbody> <tr> <td>Less than 50th percentile (median)</td> <td>Nil</td> </tr> <tr> <td>At the 50th percentile</td> <td>50%</td> </tr> <tr> <td>50th to 75th percentile</td> <td>Pro-rata</td> </tr> <tr> <td>At 75th percentile</td> <td>100%</td> </tr> </tbody> </table>	Hurdle Rate	% of Tranche that vests	Less than 50th percentile (median)	Nil	At the 50th percentile	50%	50th to 75th percentile	Pro-rata	At 75th percentile	100%
Hurdle Rate	% of Tranche that vests												
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 Board did not approve any issues of options in 2010 and presently does not intend to approve any issues in 2011.

Key Functional Managers and Other Key Managers EESOP Grants

Once again, the Board did not approve any issue of options in 2010 and presently does not intend to approve any issues in 2011.

Key Management Personnel LTIP (Performance Rights) Grant

The executive performance rights LTIP operates in the same way as the CEO performance rights LTIP, except that the comparator group for the purposes of the executive LTIP is presently a subset of the ASX200 Accumulation Index comprised of the Company and its competitors (AWB Limited, Graincorp Limited, Gunns Limited, Incitec Pivot Limited and Nufarm Limited). The Board reserves the right to alter the comparator group if the group ceases to be appropriate.

The maximum percentage of total fixed remuneration (TFR) of the grants varies by employee, the more senior the executive the greater the percentage.

Once again, the Board did not approve the issue of any performance rights to executives (other than to Mr Jackman) in the financial year.

The Company's Securities Trading Policy prohibits members of management and senior executives from entering into arrangements to protect the value of unvested EESOP awards or performance rights. This includes entering into contracts to hedge their exposure to options granted under the EESOP or performance rights LTIP.

Further, 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 this policy is monitored on an annual basis by the Company Secretary.

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 5 year period.

Performance Measure (\$ millions)	2010	2009 (to 30/9/09)	2009 (to 30/6/09)	2008	2007	2006
Sales Revenue	2,154.4 ⁽¹⁾	3,540.1	2,902.0	3,312.1	3,228.5	3,355.8
Underlying EBIT	34.0	40.3	16.8	171.7	169.4	157.1
Statutory Profit	(217.6)	(466.4)	(415.4)	36.4	105.4	87.4
Cashflow from Operating Activities	(110.5)	(523.3)	(370.8)	(14.1)	85.0	127.4

⁽¹⁾ Not an STI measure

Futuris Automotive was the only business unit that met its performance targets for the financial period. As a consequence only senior executives from that business were allocated STIs in respect of the period.

Long Term Incentives

Long Term Incentives (LTIs), other than general issues of options under the EESOP and service rights issued under the Retention Plan only vest when the Company achieves superior returns for shareholders as measured by Relative Total Shareholder Return (TSR). TSR is the total return to shareholders over a period based on the capital gain and dividends paid for that period, equal to the following formula:

$$TSR = (PE - PB + D) / PB$$

with:

PB = share price at beginning of period

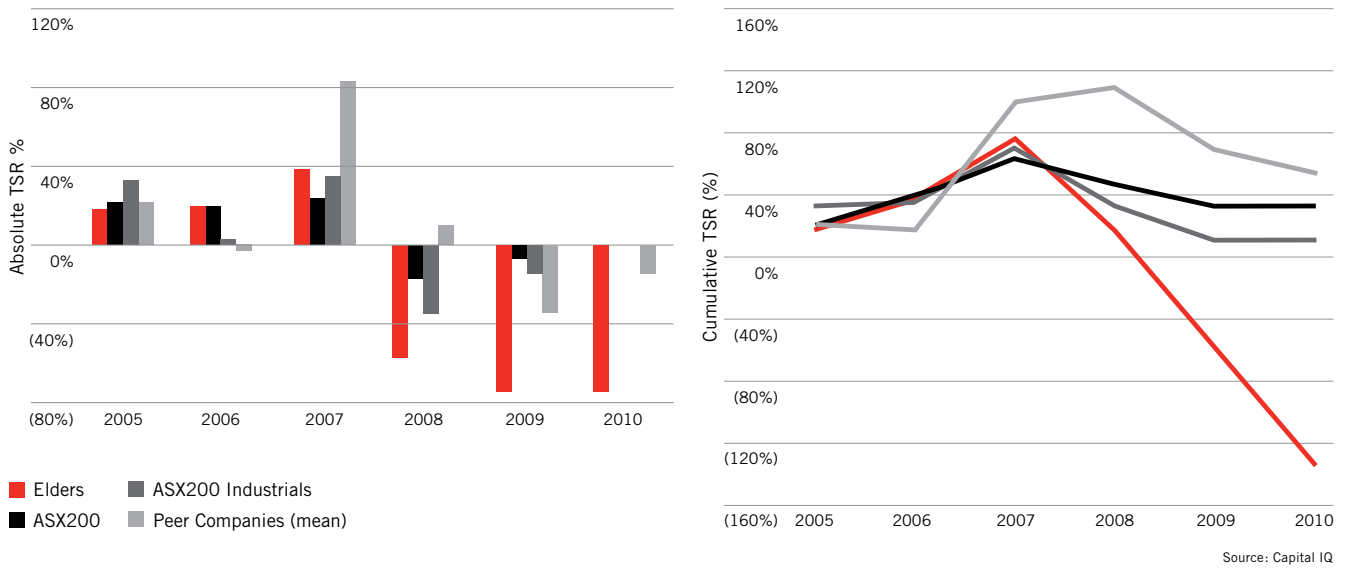
PE = share price at end of period

D = dividends paid

(a) Relative Total Shareholder Return (TSR)

Elders TSR has underperformed the ASX/S&P 200 Accumulation Index (All and Industrials) and the selected Peer Group⁽¹⁾ over the most recent financial period and on a cumulative basis over the period from 2005 to 2010.

Elders' relative TSR performance against two comparator groups (ASX 200/S&P) and the selected Peer Group⁽¹⁾ is set out as follows:



Notes:

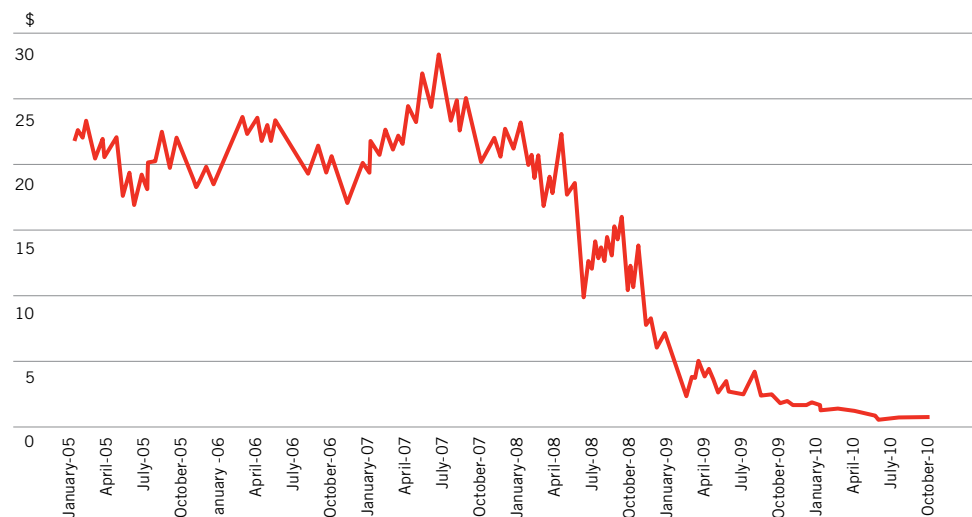
- Peer Group companies are AWB, Graincorp, Gunns, Incitec Pivot and Nufarm.
- Each period consists of 12 months total shareholder return from 1 July to 30 June except 2009 year which represents 15 months from 1 July 2008 to 30 September 2009 (to account for change in Elders financial year end).

Dividends and share price are the factors that contribute to the calculation of TSR. The history of both for the last 5 years is set out below:

Dividend History 2005 - 2010

Dividend	2010	2010	2009	2009	2008	2008	2007	2007	2006	2006	2005	2005
Type	Ordinary - final	Ordinary - interim	Ordinary - final	Ordinary - interim	Ordinary - final	Ordinary - interim	Ordinary - final	Ordinary - interim	Ordinary - final	Ordinary - interim	Ordinary - final	Ordinary - interim
Payment Date	-	-	-	-	28/10/08	1/4/08	24/10/07	5/04/07	25/10/06	3/4/06	26/10/05	4/4/05
Amount Per Share	Nil	Nil	Nil	Nil	0.0550	0.0400	0.0550	0.0400	0.0500	0.0400	0.0500	0.0400
Franking Rate	-	-	-	-	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Share Price History 2005-2010



(b) Other LTIP Performance Hurdles for Senior Executives

Because financial performance hurdles were not met for the Group and all businesses no LTIP performance options vested in respect of the current financial period.

(c) Futuris Automotive Exit Incentive Plan

The company has in place a 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 period to 30 September 2013. LTI awards vest either at the end of the plan period or on the sale of 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 providing incentive to executives it must reward senior executives for delivering superior results. At present the exercise prices of options issued under the Company's LTIP range from \$12.90 to \$25.40 leaving little or no opportunity for executives to benefit from the plans even if they achieve their respective performance hurdles. Accordingly, as discussed earlier in this report, the Remuneration Committee and the Board resolved during the year to replace the existing option plan with a new performance rights LTIP for senior executives described above.

The Company anticipates that the majority, if not all, the executive options on issue will pass their relevant expiry dates unexercised given the effect of the consolidation of the Company's shares undertaken in the financial period on the exercise price of those options.

Section 4. Nominated Executives' Contract Terms

Formal employment contracts have been entered into with the Chief Executive and each of the 7 executive key management personnel. A summary of the key terms of those employment contracts for nominated executives is outlined below.

Contracts for nominated executives have no fixed term. Grants pursuant to the various Short Term Incentive Plans are at the Board's discretion and are capped at a contractual maximum for relevant employees. Grants pursuant to the Long Term Incentive Plans are also at the Board's discretion subject to shareholder approval in the case of the Chief Executive, and capped at the contractual maximum for other participants. 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 Jackman	Elders Limited	February 2010	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 120% of Total Fixed Remuneration if Elders Limited achieves financial and non-financial KPIs LTI: May earn up to 150% of Total Fixed Remuneration in Performance Rights if Elders Limited achieves financial and non-financial KPIs
M Hosking	Elders Limited	14 April 2009	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 100% of fixed remuneration if business unit achieves agreed KPIs and outperforms budget EBIT LTI: May earn up to 60% of Total Fixed Remuneration in Performance Rights if Elders Limited achieves financial and non-financial KPIs

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)
M 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 80% 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 the period to 30 September 2013
V Erasmus	Elders Forestry Pty Ltd	23 March 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 80% of fixed remuneration if business unit achieves agreed KPIs and outperforms budget NPAT LTI: May earn up to 60% of Total Fixed Remuneration in Performance Rights if Elders Limited achieves financial and non-financial KPIs
S McClure	Elders Limited	7 November 2005	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 the group achieves agreed KPIs and outperforms budget EBIT LTI: May earn up to 60% of Total Fixed Remuneration in Performance Rights if Elders Limited achieves financial and non-financial KPIs
S Hughes	Elders Limited	21 July 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 the group achieves agreed KPIs and outperforms budget EBIT LTI: May earn up to 60% of Total Fixed Remuneration in Performance Rights if Elders Limited achieves financial and non-financial KPIs
R Tanti	Elders Limited	4 May 2009	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 the group achieves agreed KPIs and outperforms budget EBIT LTI: May earn up to 60% of Total Fixed Remuneration in Performance Rights if Elders Limited achieves financial and non-financial KPIs
M Guerin¹	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 EESOP with vesting subject to meeting budget EBIT performance hurdle.

Notes:

¹ M Guerin ceased employment on 1 July 2010

Section 5. Remuneration Disclosure Tables

Table 5a. Details of executive directors', key management personnel and the five highest paid executives' remuneration for the 2009 and 2010 financial year.

(A\$)		Short Term Payments			Value of Share Based Incentives		Long Term Payments	Post Employment	Total Remuneration	Total Performance Related	
		Base Salary	Bonus	Other Non Monetary	Options ⁽¹⁾	Performance Rights					Shares
M Jackman	2010	1,012,680	0	2,904	1,017,083⁽⁷⁾	34,841	0	15,599	14,645	2,097,752	50%
	2009(15mths)*	952,899	300,000	0	472,917	-	0	0	13,277	1,739,093	44%
	2009(12mths)**	702,899	0	0	408,227	-	0	0	9,661	1,120,787	36%
M Hosking⁽²⁾	2010	630,533	0	2,904	0	0	0	3,206	30,390	667,033	0%
	2009(15mths)*	277,836	65,000	0	0	-	0	0	25,005	367,841	18%
	2009(12mths)**	128,753	0	0	0	-	0	0	11,588	140,341	-
M de Wit	2010	641,250	266,500⁽⁶⁾	0	26,243	0	0	54,057	25,000	1,013,050	29%
	2009(15mths)*	731,885	0	43,791	44,229	-	0	26,394	53,294	899,593	5%
	2009(12mths)**	605,556	0	40,742	37,668	-	0	17,563	46,564	748,093	5%
V Erasmus	2010	523,094	0	6,025	5,931	0	0	12,433	13,440	560,923	1%
	2009(15mths)*	689,332	193,000	15,167	62,131	-	0	11,094	17,360	988,084	26%
	2009(12mths)**	548,588	0	15,167	60,649	-	0	8,580	13,745	646,729	9%
M Guerin⁽³⁾	2010	1,178,040	0	20,928	(73,290)	0	0	0	40,850	1,166,528	-6%
	2009(15mths)*	738,975	50,000	57,007	14,827	-	0	0	63,500	924,309	7%
	2009(12mths)**	588,975	0	50,757	11,862	-	0	0	50,000	701,594	2%
S McClure⁽⁴⁾	2010	322,571	0	2,904	11,423	0	0	11,128	14,446	362,472	3%
S Hughes⁽⁴⁾	2010	371,560	0	2,904	2,372	0	0	3,453	33,440	413,729	1%
R Tanti⁽⁴⁾⁽⁵⁾	2010	370,104	0	2,904	0	0	0	1,922	14,645	389,575	0%
Total	2010	5,049,832	266,500	41,473	989,762	34,841	0	101,798	186,856	6,671,062	
	2009(15mths)*	3,390,927	608,000	115,965	594,104	0	0	37,488	172,436	4,918,920	
	2009(12mths)**	2,574,771	0	106,666	518,406	0	0	26,143	131,558	3,357,544	

Notes:

- (1) 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. As required under the accounting standards, accounting expense that was previously recognised as remuneration has been reversed where a KMP has left Elders, resulting in equity instruments being forfeited.
- (2) M Hosking commenced employment with the Group on 14 April 2009.
- (3) M Guerin ceased employment on 1 July 2010 and received a payment in lieu of notice of 12 months in accordance with his contract of employment.
- (4) None of S McClure, S Hughes or R Tanti were key management personnel in 2009.
- (5) R Tanti commenced employment with the Group on 4 May 2009.
- (6) Payment pursuant to the terms described in the STI terms on page 56 of this report.
- (7) These options were forfeited upon approval of Mr Jackman's Performance Rights LTIP at the 2009 AGM.

* Represents audited numbers for the 15 months to 30 September 2009.

** Represents audited numbers for the 12 months to 30 June 2009.

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	Balance of shares held at date of signing Remuneration Report
Non-executive Directors								
J C Ballard⁽¹⁾	2010	-	-	-	250,000	-	250,000⁽⁴⁾	250,000⁽⁴⁾
S Gerlach	2010	60,683	-	-	13,334	-	74,017⁽²⁾	74,017⁽²⁾
	2009(15mths)*	49,253	-	-	11,430	-	60,683	60,683
	2009(12mths)**	49,253	-	-	11,430	-	60,683	60,683
J C Fox	2010	2,677	-	-	13,334	-	16,011⁽³⁾	16,011⁽³⁾
	2009(15mths)*	2,677	-	-	-	-	2,677	16,011
	2009(12mths)**	2,677	-	-	-	-	2,677	2,677
C E Bright	2010	8,146	-	-	13,333	-	21,479	21,479
	2009(15mths)*	8,146	-	-	-	-	8,146	21,479
	2009(12mths)**	8,146	-	-	-	-	8,146	8,146
R G Grigg	2010	3,156	-	-	13,334	-	16,490⁽⁴⁾	16,490⁽⁴⁾
	2009(15mths)*	3,156	-	-	-	-	3,156	16,490
	2009(12 mths)**	3,156	-	-	-	-	3,156	3,156
I G MacDonald⁽⁴⁾	2010	26,000	-	-	26,668	-	52,668	52,668
	2009(15mths)*	6,000	-	-	20,000	-	26,000	52,668
	2009(12mths)**	6,000	-	-	20,000	-	26,000	26,000
J H Ranck⁽⁴⁾	2010	24,000	-	-	104,334	-	128,334	128,334
	2009(15mths)*	17,000	-	-	7,000	-	24,000	37,334
	2009(12mths)**	-	-	-	17,000	-	17,000	24,000
A Salim	2010	3,354,558	-	-	-	-	3,354,558⁽⁵⁾	3,354,558⁽⁵⁾
	2009(15mths)*	3,354,558	-	-	-	-	3,354,558	3,354,558
	2009(12mths)**	3,354,558	-	-	-	-	3,354,558	3,354,558
G D Walters	2010	16,100	-	-	13,334	-	29,434⁽⁶⁾	29,434⁽⁶⁾
	2009(15mths)*	2,100	-	-	14,000	-	16,100 ⁽⁴⁾	29,434 ⁽⁴⁾
	2009(12mths)**	2,100	-	-	14,000	-	16,100 ⁽⁴⁾	16,100
M C Allison⁽¹⁰⁾	2010	-	-	-	-	-	-	-
	2009 (15mths)	-	-	-	-	-	-	-
R H Wylie⁽¹⁰⁾	2010	-	-	-	6,000	-	6,000	6,000
	2009 (15mths)	-	-	-	-	-	-	6,000
Total	2010	3,495,320	-	-	453,671	-	3,948,991	3,948,991
	2009(15mths)*	3,425,890	-	-	52,430	-	3,495,320	3,594,657
	2009(12mths)**	3,425,890	-	-	62,430	-	3,485,164	3,495,320

Table 6a. Share movements non-executive Directors and executives (continued)

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	Balance of shares held at date of signing Remuneration Report
M Jackman ⁽⁴⁾⁽⁷⁾	2010	13,000	0	0	94,168	0	107,168	107,168
	2009(15mths)*	3,000	0	0	10,000	0	13,000	39,668
	2009(12mths)**	3,000	0	0	10,000	0	13,000	13,000
M Hosking	2010	0	0	0	0	0	0	0
	2009(15mths)*	0	0	0	0	0	0	0
	2009(12mths)**	0	0	0	0	0	0	0
M de Wit	2010	5,203	0	0	13,334	0	18,537	18,537
	2009(15mths)*	5,203	0	0	0	0	5,203	18,537
	2009(12mths)**	5,203	0	0	0	0	5,203	5,203
V Erasmus	2010	1,998	0	0	0	0	1,998	1,998
	2009(15mths)*	1,998	0	0	0	0	1,998	1,998
	2009(12mths)**	1,998	0	0	0	0	1,998	1,998
M Guerin	2010	27,070	0	0	26,667	0	53,737 ⁽⁹⁾	53,737 ⁽⁹⁾
	2009(15mths)*	27,070	0	0	0	0	27,070	53,737
	2009(12mths)**	27,070	0	0	0	0	27,070	27,070
S McClure ⁽⁸⁾	2010	1,030	0	0	6,667	0	7,697	7,697
S Hughes ⁽⁸⁾	2010	10,420	0	0	6,667	0	17,087	17,087
R Tanti ⁽⁸⁾	2010	0	0	0	0	0	0	0
Total	2010	58,721	0	0	147,503	0	206,224	206,224
	2009(15mths)*	37,271	0	0	10,000	0	47,271	113,940
	2009(12mths)**	37,271	0	0	10,000	0	47,271	47,271

Prior year shareholding comparatives have been adjusted for the effects of the share consolidation that took place on 30 December 2009.

Notes:

- (1) J Ballard was appointed non-executive Director on 20 September 2010.
- (2) S Gerlach retired as a director on 21 September 2010. Balance is at date of retirement.
- (3) J Fox retired as a director on 18 December 2009. Balance is at the date of retirement.
- (4) Shares are held in name of spouse, jointly held or family superannuation company in which the director is a beneficiary.
- (5) A Salim resigned on 30 October 2009. Balance is at the date of resignation.
- (6) G Walters retired 31 March 2010. Balance is at date of retirement.
- (7) M Jackman also holds 1,000 Elders Hybrid convertible unsecured notes acquired on 11 September 2009.
- (8) None of S McClure, S Hughes or R Tanti were key management personnel in 2009.
- (9) M Guerin ceased employment on 1 July 2010. Balance is at date of cessation.
- (10) M Allison and R Wylie were both appointed non-executive Directors on 10 November 2009.

* Represents audited numbers for the 15 months to 30 September 2009.

** Represents audited numbers for the 12 months to 30 June 2009.

Table 6b. Aggregate Long Term Incentive Plan opportunities received and changes

Option holdings of Directors and Key Management Personnel

2010 (Number)	Balance at beginning of period	Options Granted	Options Lapsed, Surrendered or foregone or 30 September 2010 ⁽¹⁾	Vested at 30 September 2010		
				Balance at 30 September 2010	Exercisable	Not exercisable
Directors						
M Jackman	400,000	0	400,000 ⁽²⁾	0	0	0
Key Management Personnel						
M de Wit	50,000	0	10,000	40,000	20,000	0
V Erasmus	150,000	0	0	150,000	75,000	0
M Guerin	150,000	0	150,000	0	0	0
M Hosking	0	0	0	0	0	0
S McClure ⁽³⁾	22,500	0	0	22,500	5,000	0
S Hughes ⁽³⁾	15,000	0	0	15,000	0	0
R Tanti ⁽³⁾	0	0	0	0	0	0
Total	787,500	0	560,000	227,500	100,000	0

Notes:

(1) The value of options lapsed, surrendered or foregone was \$1,584,858

(2) M Jackman agreed to forego these options upon approval of his Performance Rights LTIP at the 2009 AGM

(3) None of S McClure, S Hughes or R Tanti were key management personnel in 2009

(4) No options were exercised in the financial period.

2009 (Number)	Balance at beginning of period	Options Granted	Options Lapsed or Surrendered 15 months to 30 September 2009	Vested at 30 September 2009		
				Balance at 30 September 2009	Exercisable	Not exercisable
Directors						
M Jackman	0	400,000	0	400,000	0	0
Key Management Personnel						
M de Wit	50,000	0	0	50,000	20,000	0
V Erasmus	75,000	75,000	0	150,000	0	0
M Guerin	75,000	75,000	0	150,000	0	0
M Hosking	0	0	0	0	0	0
Total	200,000	550,000	0	750,000	20,000	0

Table 6c. – Current Long Term Incentive Plan opportunities (by offer)

EESOP

	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
2010									
Directors									
M Jackman	0	0	-	0	0	0	-	-	-
Key Management Personnel									
M Hosking	0	0	-	0	0	0	-	-	-
M de Wit	0	0	-	0	0	0	-	-	-
V Erasmus	0	0	-	0	0	0	-	-	-
M Guerin ⁽³⁾	0	0	-	0	0	0	-	-	-
S McClure ⁽⁴⁾	0	0	-	0	0	0	-	-	-
S Hughes ⁽⁴⁾	0	0	-	0	0	0	-	-	-
R Tanti ⁽⁴⁾	0	0	-	0	0	0	-	-	-
2009									
Directors									
M Jackman (Tranche 1 TSR)	75,000	0	26 Sep 08	3.30	247,500	13.20	26 Sep 10	26 Sep 12	14.2
M Jackman (Tranche 2 TSR)	125,000	0	26 Sep 08	3.70	462,500	13.20	26 Sep 11	26 Sep 13	26.6
M Jackman (Tranche 3 TSR)	200,000	0	26 Sep 08	3.90	780,000	13.20	26 Sep 12	26 Sep 14	44.9
Key Management Personnel									
M Hosking	0	0	-	0	0	0	-	-	-
M de Wit	0	0	-	0	0	0	-	-	-
V Erasmus	75,000	0	28 Nov 08	0.24	17,793	12.90	28 Nov 11	28 Nov 13	3.4
M Guerin ⁽³⁾	75,000	0	28 Nov 08	0.47	35,585	12.90	28 Nov 11	28 Nov 13	1.2

Notes:

- (1) Exercisable subject to meeting performance hurdles.
- (2) The valuation of the options issued to M Jackman was prepared independently based on the Trinomial methodology.
Valuation of options issued to other KMPs were based on the Black Scholes methodology.
- (3) M Guerin ceased employment on 1 July 2010.
- (4) None of S McClure, S Hughes or R Tanti were key management personnel in 2009.

Performance Rights LTIP

	Granted Performance Rights (Number)	Vested Performance Rights (Number)	Grant Date	Value at Grant Date (\$) per right	Expensed at 30 September 2010 (\$)	Expiry and Last Exercise Date	Performance Rights as % of Remuneration
2010							
Directors							
M Jackman (Tranche 1 TSR)	285,603	-	10 Nov 2009	0.11	15,423	10 Nov 2011	150
M Jackman (Tranche 2 TSR)	285,603	-	10 Nov 2009	0.12	10,886	10 Nov 2012	
M Jackman (Tranche 1 TSR)	285,603	-	10 Nov 2009	0.12	8,532	10 Nov 2013	

Key Management Personnel

M Hosking	0	0	-	0	0	-	-
M de Wit	0	0	-	0	0	-	-
V Erasmus	0	0	-	0	0	-	-
M Guerin ⁽¹⁾	0	0	-	0	0	-	-
S McClure ⁽²⁾	0	0	-	0	0	-	-
S Hughes ⁽²⁾	0	0	-	0	0	-	-
R Tanti ⁽²⁾	0	0	-	0	0	-	-

2009

Directors

M Jackman	0	0	-	0	0	-	-
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Key Management Personnel

M Hosking	0	0	-	0	0	-	-
M de Wit	0	0	-	0	0	-	-
V Erasmus	0	0	-	0	0	-	-
M Guerin	0	0	-	0	0	-	-

Notes:

(1) M Guerin ceased employment on 1 July 2010.

(2) None of S McClure, S Hughes or R Tanti were key management personnel in 2009.

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.

Retention Plan

	Granted Service Rights (Number)	Vested Service Rights (Number)	Grant Date	Value at Grant Date (\$) per Rights ⁽²⁾	Expensed at 30 September 2010 (\$) ⁽²⁾	Expiry and Last Exercise Date	Service Rights as % of Remuneration
2010							
Key Management Personnel							
M Hosking	503,882	0	1 Aug 2010	N/A	N/A	1 Aug 2013	100
S McClure	162,793	0	1 Aug 2010	N/A	N/A	1 Aug 2013	60
S Hughes	186,049	0	1 Aug 2010	N/A	N/A	1 Aug 2013	60
R Tanti	176,746	0	1 Aug 2010	N/A	N/A	1 Aug 2013	60

(2) A valuation of the service rights issued on 1 August 2010 has not been performed and as such no expense has been recognised at 30 September 2010. We note that any expense, had it been recognised, would be immaterial.

Discussion and Analysis of 2010 Financial Results

Income statement

Elders recorded a statutory net loss after tax and minority interests of \$(217.6) million for the twelve months to 30 September 2010.

The loss, after profit attributable to non-controlling interest of \$5.1 million included non-recurring items totalling a loss of \$(220.6) million. Exclusive of these non-recurring items the Company recorded an underlying net profit after tax of \$3.0 million.

Underlying Loss Reconciliation	12 months September 2010
	\$m
Statutory loss after tax attributable to members	(217.6)
Profit before tax of non-recurring items:	
Forestry	(166.5)
Rural Services	(10.0)
Automotive	0.8
Corporate	(18.0)
Other non-core assets and discontinued items	(22.0)
Net tax including write-off of deferred tax asset	(4.9)
Loss after tax of non-recurring items	(220.6)
Underlying continuing profit after tax for the year attributable to members	3.0

The non-recurring items of \$(215.7) million before tax comprise:

- Forestry related items totalling \$(166.5) million before tax :
 - > impairments to accrued income estimates of \$(29.2) million to reflect revised production estimates from fungus affected plantation in Central Queensland and drought affected plantations in Esperance.
 - > Revision to property valuations in Central Queensland and other provisions and charges arising from the decision to terminate plantations rendered uneconomic by fungal infection and sell land holdings. The revaluation of Central Queensland property to net realisable value resulted in an impairment of \$(33.7) million. Other associated provisions and charges totalled \$(35.3) million. This figure includes provisions to recognise onerous leases, replant costs and write-offs in respect of Elders Forestry's own trees.
 - > \$(43.8) million to write off goodwill attached to the forestry business.
 - > \$(32.4) million to write-off of the value of the Company's investment in Forest Enterprises Australia, which entered liquidation during the year.
- Rural Services related items of \$(10.0) million before tax:
 - > impairment of assets of a net \$(8.8) million; offset by upgrade in value of abattoir interests.
 - > project and transformation costs of \$(9.3) million.
 - > other items totalling a net charge of \$(1.8) million, principally being legal settlement.
 - > offset by favourable results from discontinued operations of \$9.9 million.
- Automotive results included a \$0.8 million gain before tax attributable to the write back of previous impairments.
- Corporate items of \$(18.0) million before tax includes legal, project, refinance and other costs and other goodwill and asset impairments.
- Other non-core assets and discontinued operations totalling net \$(22.0) million before tax, principally relating to Air International Thermal Systems and aquaculture assets.

Balance sheet

Significant balance sheet items and movements include:

- Cash was reduced from \$367.9 million to \$80.0 million chiefly to achieve the debt repayment undertaken within the refinancing of corporate debt facilities.
- Current receivables of \$471.2 million fell by \$64.6 million, chiefly due to the receipt of proceeds from the sale of Timber processing assets during the period.
- Other non-current receivables of \$199.7 million include accrued income from forestry operations of \$156.9 million.
- Investments recognised under equity method reduced by \$42.3 million principally due to the write-off of the FEA shareholding and consolidation of the Plexicor joint venture offset by the addition of the Elders Insurance and Elders Financial Planning JV's.
- Property, plant and equipment rose \$15.3 million with increases from the acquisition of the Albany Chip Terminal and the consolidation of Plexicor assets offset by depreciation charges during the year.
- Investment properties declined from \$283.8 million to \$265.0 million due to impairment of Central Queensland forestry land.
- Intangibles of \$257.7 million increased by \$29.2 million principally due to the goodwill taken on with the consolidation of Plexicor, offset by the writing off of Forestry goodwill and sale of Elders Financial Planning.
- Gross borrowings of \$497.6 million are \$701.7 million lower than at the beginning of the year. The reduction in debt resulted from the recapitalisation and refinancing of the Company at the beginning of the year, offset in part by the additional \$111.2 million of debt associated with the previously off balance sheet debtor financing program and the additional debt of \$64.3 million brought on balance sheet at 30 September due to the consolidation of the Plexicor business

Net tangible asset per share fell from \$3.68 to \$1.31, with the movement reflecting the additional equity issued during the period as part of the recapitalisation process and the impact of the current year's trading and non-recurring items on shareholders equity.

Statement of cash flows

Substantial improvement in Elders' cash flow in 2010 has been masked by the impact of the on balance sheet recognition during the period of the Group's debtor financing program of \$111.2 million. The one-off impact has:

- reduced cash flow from operating activities by that amount, through an increase in working capital in the Investment and Other segment; and
- resulted in a corresponding financing inflow.

Operating cash flows excluding this impact were essentially break-even.

All operating divisions improved their operating cash flow compared with the prior reporting period.

The principal item in the \$81.1 million inflow from Investing activities were proceeds of \$86.6m from the divestment of timber processing assets to Gunns Ltd during the period.

The principal factors in the outflow of \$(258.5) million from Financing activities were net cash receipts of \$530.5 million from equity issues (net of share issue costs of \$19.5 million); an inflow of \$111.2 million associated with the on-balance sheet treatment this year of the Group's debtor financing program and debt repayments of \$(896.3) million.

10 Year Summary Financial Results

\$ million year ended unless otherwise indicated	Sept 2010	2009	2008	2007	2006	June 2005	2004	2003	2002	2001
Profitability										
Sales revenue	2,154.4	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
Total revenue	2,246.5	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
Reported EBIT* by Segment										
Rural Services ¹	13.7	-221.4	20.9	56.3	65.8	26.8	19.0	152.3	47.3	101.0
Financial Services ¹	-	22.3	22.4	27.2	26.9	-	-	-	-	-
Forestry	-158.6	-63.4	61.4	61.6	39.9	32.2	10.9	-	-	-
Automotive Systems	15.9	-59.8	26.2	9.5	16.3	99.3	19.5	19.3	30.7	22.4
Property	-	-	-	30.4	16.3	-3.3	7.5	0.3	4.8	1.4
Other	-50.8	-61.7	-36.9	-16.2	-8.4	-11.8	-5.0	-5.5	17.1	3.2
Total EBIT	-179.8	-384.0	94.0	168.8	156.8	143.2	51.9	166.4	99.9	128
Underlying** EBIT	34.0	16.8	171.7	169.4	157.1	131.3	96.1	84.0	91.9	88.6
Underlying** profit before tax	4.0	-35.0	114.8	129.4	118.2	106.4	86.1	65.0	71.2	65.2
Abnormal & non-recurring items after tax										
	220.6	-388.5	-47.8	-1.0	-0.9	-13.2	-44.2	82.4	8.0	39.4
Tax expense	4.0	-6.2	21.0	20.2	-21.4	-47.9	-12.2	-38.5	-13.9	-18.1
Minority interests	-5.0	-1.9	9.6	-2.8	-9.0	-11.8	-5.9	-6.9	-2.9	-6.5
Statutory profit	-217.6	-415.4	36.4	105.4	87.4	58.6	23.8	102.0	62.4	80.0
Underlying profit after tax	3.0	-26.9	84.2	106.4	88.3	71.8	62.8	48.0	56.5	55.8
Cash flow from operating activities										
	-110.5	-370.8	-14.1	85.0	127.4	-9.3	121.1	-55.6	113.8	188.8
Shareholders' equity										
	1,006.1	747.8	1,296.2	1,196.6	1,227.9	970.3	961.2	843.6	749.1	723.0
Share information										
Dividend per share (cents)										
Interim	-	-	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
Total	-	-	9.5	9.5	9.0	9.0	8.0	8.0	8.0	8.0
Dividend provided for or paid [#]										
Hybrid distribution	-	8.2	8.9	8.9	1.8	-	-	-	-	-
Share price [^] (\$ per share)	0.39 [^]	0.28 [^]	1.10 [^]	2.78 [^]	2.10 [^]	1.82 [^]	1.58 [^]	1.68 [^]	1.36 [^]	2.64 [^]
Market capitalisation [^]	175.0	233.5	858.4	2,045	1,514	1,207	1,041	1,096	836	1,595
Number of shareholders [^]	40,075	33,361	32,187	31,956	33,337	35,394	40,028	42,625	45,508	30,844
Ordinary shares on issue [^]	448,598,480	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
Share issues		Share placement plan, 10:1 share consolidation	Dividend reinvestment plan, (fully underwritten)	Dividend reinvestment plan, (fully underwritten), conversion of options and convertible notes	Dividend reinvestment plan, conversion of options convertible 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)	-51.1	-51.51	4.82	14.5	13.1	8.9	3.6	16.2	10.2	13.2
Return on shareholders' equity %										
- Underlying profit	0.4	2.2	6.5	8.9	7.2	7.4	6.5	5.7	7.5	7.7
- Reported profit	-21.6	-55.6	2.8	8.8	7.1	6.0	2.5	12.1	8.3	11.1
Net tangible assets per share (\$)	1.31	0.37	1.14	1.22	1.17	0.82	0.94	0.88	0.8	0.85
Gearing % [†]	43%	104	40	31	16	32	0	0	16	47
Dividend payout ratio %	-	-	197	68	69	65	222	49	78	61

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. Comparison between 2010 and preceding years should be taken into account 10:1 share consolidation completed January 2010.

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

Elders Limited

Annual Financial Report

30 September 2010

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Statement of Comprehensive Income

For the Year ended 30 September 2010

	Note	Consolidated	
		12 months	15 months
		September 2010 \$000	September 2009 \$000
Continuing operations			
Sales revenue	3	2,069,053	2,948,767
Cost of sales		(1,619,220)	(2,385,639)
Other revenues	3	39,067	47,009
Expenses	3	(652,417)	(795,001)
Share of net profits/(losses) of associates and joint ventures accounted for using the equity method	11	33,854	28,438
Profit/(loss) on sale of non current assets	3	(616)	11,427
Profit/(loss) from continuing operations before net finance costs and income tax expense		(130,279)	(144,999)
Interest revenue	3	25,328	9,315
Finance costs	3	(58,277)	(110,979)
Profit/(loss) from continuing operations before income tax expense		(163,228)	(246,663)
Income tax (expense)/benefit	4	(9,078)	49,169
Profit/(loss) from continuing operations after income tax expense		(172,306)	(197,494)
Net profit/(loss) of discontinued operations, net of tax	40	(40,205)	(270,006)
Net profit/(loss) for the period		(212,511)	(467,500)
Other comprehensive income/(loss)			
Foreign currency translation		(8,639)	(41)
Cash flow hedge and fair value of derivatives		4,753	(14,327)
Recognition of share of reserve for losses in associate		730	(7,701)
Income tax on items of other comprehensive income		448	4,024
Other comprehensive income/(loss) for the period, net of tax		(2,708)	(18,045)
Total comprehensive income/(loss) for the period		(215,219)	(485,545)
Profit/(loss) for the period is attributable to:			
Non-controlling interest		5,117	(1,074)
Owners of the parent	22	(217,628)	(466,426)
		(212,511)	(467,500)
Total comprehensive income/(loss) for the period is attributable to:			
Non-controlling interest		5,047	(919)
Owners of the parent		(220,266)	(484,626)
		(215,219)	(485,545)
Reported Operations			
Basic earnings per share (cents per share)	35	(51.1)¢	(576.5)¢
Diluted earnings per share (cents per share)	35	(51.1)¢	(576.5)¢
Continuing Operations			
Basic earnings per share (cents per share)	35	(41.7)¢	(242.3)¢
Diluted earnings per share (cents per share)	35	(41.7)¢	(242.3)¢
Discontinued Operations			
Basic earnings per share (cents per share)	35	(9.4)¢	(334.2)¢
Diluted earnings per share (cents per share)	35	(9.4)¢	(334.2)¢

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

Statement of Financial Position

As at 30 September 2010

	Note	Consolidated	
		September 2010 \$000	September 2009 \$000
Current Assets			
Cash and cash equivalents	25(b)	79,985	367,868
Trade and other receivables	5	471,160	535,785
Livestock	6	48,654	43,752
Forestry	7	2,144	-
Inventories	8	175,217	225,524
Derivative financial instruments	9	-	7,820
Non current assets classified as held for sale	11	18,111	16,599
Other	15	23,132	23,202
Total Current Assets		818,403	1,220,550
Non Current Assets			
Receivables	5	199,722	232,689
Forestry	7	25,051	27,014
Other financial assets	10	21,980	17,549
Investments in associates and joint ventures	11	240,878	283,224
Property, plant and equipment	12	129,651	114,381
Investment properties	13	265,022	283,797
Intangibles	14	257,733	228,520
Deferred tax assets	4	118,917	115,040
Other	15	18,919	18,459
Total Non Current Assets		1,277,873	1,320,673
Total Assets		2,096,276	2,541,223
Current Liabilities			
Trade and other payables	16	356,979	362,731
Derivative financial instruments	9	3,601	-
Interest bearing loans and borrowings	17	279,486	854,069
Current tax payable	4	51,558	38,047
Provisions	18	72,007	107,197
Total Current Liabilities		763,631	1,362,044
Non Current Liabilities			
Payables	16	1,186	-
Derivative financial instruments	9	17,703	49,924
Interest bearing loans and borrowings	17	218,149	345,204
Deferred tax liabilities	4	64,881	69,186
Provisions	18	24,633	13,206
Total Non Current Liabilities		326,552	477,520
Total Liabilities		1,090,183	1,839,564
Net Assets		1,006,093	701,659
Equity			
Contributed Equity	19	1,273,863	737,513
Hybrid Equity	20	145,151	145,151
Reserves	21	(35,668)	(30,765)
Retained earnings	22	(380,577)	(158,012)
Total Parent Entity Equity Interest		1,002,769	693,887
Non-controlling Interests	24	3,324	7,772
Total Equity		1,006,093	701,659

The accompanying notes form an integral part of this statement of financial position.

Statement of Cash Flows

For the Year ended 30 September 2010

	Consolidated	
	12 months September 2010 \$000 Inflows (Outflows)	15 months September 2009 \$000 Inflows (Outflows)
	Note	
Cash Flows from Operating Activities		
Receipts from customers		9,089,951
Payments to suppliers and employees		(9,525,238)
Dividends received		20,719
Interest received		21,318
Interest and other costs of finance paid		(110,826)
GST (paid)/refunded		(22,914)
Income taxes (paid)/refunded		(9,058)
Other operating inflows/(outflows)		12,722
Net operating cash flows	25(a)	(523,326)
Cash Flow from Investing Activities		
Payment for property, plant and equipment		(24,783)
Payment for investments		(20,134)
Payment for investment properties		(39,975)
Payment for controlled entities, net of cash acquired	39(a)	-
Payment for design and development capitalised		(4,422)
Proceeds from sale of property, plant and equipment		9,789
Proceeds from sale of investments		231,633
Proceeds from sale of investment properties		985
Proceeds from disposal of controlled entity		94,583
Acquisition of non controlling interest		-
Loans to associated entities		(36,999)
Repayment of loans by associated entities		8,383
Loans to growers		(16,352)
Loans repaid by growers		7,284
Net investing cash flows		209,992
Cash Flow from Financing Activities		
Proceeds from issue of shares		-
Share issue costs		-
Dividends and distributions paid		(38,281)
Dividends underwritten		26,879
Proceeds from borrowings		522,709
Repayment of borrowings		(69,442)
Principal repayments of lease liabilities		(1,464)
Partnership profit distributions		(3,242)
Net financing cash flows		437,159
Net increase/(decrease) in cash held		123,825
Cash/(overdraft) at the beginning of the financial year		244,043
Cash/(overdraft) at the end of the financial year	25(b)	367,868

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

Statement of Changes in Equity

For the Year ended 30 September 2010

Consolidated (\$'000)	Issued Capital	Reserves	Hybrid Equity	Retained Earnings	Non-controlling interest	Total Equity
As at 1 October 2009	737,513	(30,765)	145,151	(158,012)	7,772	701,659
Profit/(loss) for the period	-	-	-	(217,628)	5,117	(212,511)
Other comprehensive income/(loss)						
Foreign currency translation	-	(8,569)	-	-	(70)	(8,639)
Net gains/(losses) on cash flow hedges	-	4,753	-	-	-	4,753
Recognition of share of reserve for losses in associate	-	730	-	-	-	730
Income tax on items of other comprehensive income	-	448	-	-	-	448
Total comprehensive income/(loss) for the period	-	(2,638)	-	(217,628)	5,047	(215,219)
Transactions with owners in their capacity as owners:						
Shares issued	550,000	-	-	-	-	550,000
Transaction costs on share issue (net of tax)	(13,650)	-	-	-	-	(13,650)
Partnership profit distributions	-	-	-	-	(3,446)	(3,446)
Acquisition of non-controlling interest	-	-	-	-	(6,049)	(6,049)
Excess paid for purchase of non-controlling interest	-	(5,480)	-	-	-	(5,480)
Recognition of share of reserved losses in associate	-	-	-	162	-	162
Cost of share based payments	-	2,136	-	-	-	2,136
Reallocation of equity	-	1,079	-	(5,099)	-	(4,020)
As at 30 September 2010	1,273,863	(35,668)	145,151	(380,577)	3,324	1,006,093
As at 1 July 2008	694,118	16,190	145,151	353,991	86,726	1,296,176
Profit/(loss) for the period	-	-	-	(466,426)	(1,074)	(467,500)
Other comprehensive income/(loss)						
Foreign currency translation	-	(196)	-	-	155	(41)
Net gains/(losses) on cash flow hedges	-	(14,327)	-	-	-	(14,327)
Recognition of share of reserve for losses in associate	-	(7,701)	-	-	-	(7,701)
Income tax on items of other comprehensive income	-	4,024	-	-	-	4,024
Total comprehensive income/(loss) for the period	-	(18,200)	-	(466,426)	(919)	(485,545)
Transactions with owners in their capacity as owners:						
Business combinations	-	(38,159)	-	-	(75,912)	(114,071)
Cost of share based payments	446	9,404	-	-	-	9,850
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 non-controlling interest on controlled entity	-	-	-	-	4,317	4,317
Recognition of share of reserved losses in associate	-	-	-	5,576	-	5,576
Partnership profit distributions	-	-	-	-	(3,242)	(3,242)
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.

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 1. Corporate Information

This Annual Report provides the financial results of Elders Limited for the year ended 30 September 2010. During the previous financial period the Group changed its reporting date from 30 June to 30 September. Accordingly comparative amounts include the financial results for the 15 month period to 30 September 2009 and as such are not directly comparable to the current financial period.

The financial report of Elders Limited for the year ended 30 September 2010 was authorised for issue in accordance with a resolution of the Directors on 15 November 2010.

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 the Directors' report and note 29.

Note 2. Statement of Significant Accounting Policies

(a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB).

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 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.

(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.

(c) New Accounting Standards and Interpretations

Changes in accounting policy and disclosure

The accounting policies are consistent with those of the previous financial period except as follows:

The Group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 October 2009:

- AASB 2008-1 Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations effective 1 January 2009
- AASB 7 Financial Instruments: Disclosures effective 1 January 2009
- AASB 8 Operating Segments effective 1 January 2009
- AASB 101 Presentation of Financial Statements (revised 2007) effective 1 January 2009
- AASB 123 Borrowing Costs (revised 2007) effective 1 January 2009
- AASB Interpretation 16 Hedges of a Net Investment in a Foreign Operation effective 1 October 2008
- AASB 2008-1 Amendments to Australian Accounting Standard – Share-based Payment: Vesting Conditions and Cancellations [AASB 2] effective 1 January 2009
- AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project effective 1 January 2009
- AASB 2008-7 Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate effective 1 January 2009
- AASB 2009-3 Amendments to Australian Accounting Standards – Embedded Derivatives [AASB 139 and Interpretation 9] effective 30 June 2009
- AASB 2009-6 Amendments to Australian Accounting Standards operative for periods beginning on or after 1 January 2009 that end on or after 30 June 2009
- AASB 3 Business Combinations (revised 2008)
- AASB 127 Consolidated and Separate Financial Statements (revised 2008)
- AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127
- AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1 & AASB 5]
- AASB 2009-4 Amendments to Australian Accounting Standards arising from the Annual Improvements Project

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 2. Statement Of Significant Accounting Policies (continued)

(c) New Accounting Standards and Interpretations (continued)

The group has made a formal written election to early adopt the new and amended Australian Accounting Standards as of 1 October 2009:

- AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project

When the adoption of the Standard or Interpretation is deemed to have an impact on the financial statements or performance of the Group, its impact is described below:

AASB 3 Business Combinations (revised 2008) and AASB 127 Consolidated and Separate Financial Statements (revised 2008)

AASB 3 (revised 2008) introduces significant changes in the accounting for business combinations. Changes affect the valuation of non-controlling interests (previously "minority interests"), the accounting for transaction costs, the initial recognition and subsequent measurement of contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period when an acquisition occurs and future reported results.

AASB 127 (revised 2008) requires that a change in the ownership interest of a subsidiary (without a change in control) is to be accounted for as a transaction with owners in their capacity as owners. Therefore such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss in the statement of comprehensive income. Furthermore the revised Standard changes the accounting for losses incurred by a partially owned subsidiary as well as the loss of control of a subsidiary. The changes in AASB 3 (revised 2008) and AASB 127 (revised 2008) will affect future acquisitions, changes in, and loss of control of, subsidiaries and transactions with non-controlling interests.

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

AASB 7 Financial Instruments: Disclosures

The amended Standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to all financial instruments recognised and measured at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class. In addition, a reconciliation between the beginning and ending balance for level 3 fair value measurements is now required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in note 36. The liquidity risk disclosures are not significantly impacted by the amendments and are presented in note 36.

AASB 8 Operating Segments

AASB 8 replaced AASB 114 *Segment Reporting* upon its effective date. The Group concluded that the operating segments determined in accordance with AASB 8 are the same as the business segments previously identified under AASB 114. AASB 8 disclosures are shown in note 29.

AASB 101 Presentation of Financial Statements

The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity and included in the new statement of comprehensive income. The statement of comprehensive income presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present one statement.

AASB 123 Borrowing Costs

The revised AASB 123 requires capitalisation of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. 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.

AASB 2008-7 Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

The amendments delete the reference to the "cost method" making the distinction between pre and post acquisition profits no longer relevant. All dividends received are now recognised in profit or loss rather than having to be split between a reduction in the investment and profit and loss. However the receipt of such dividends requires an entity to consider whether there is an indicator of impairment of the investment in that entity. The receipt of dividends by Elders Limited during the year did not impact the recoverability of the Group's investments.

The amendments further clarify cases or reorganisations where a new parent is inserted above an existing parent of the group. It states that the cost of the subsidiary is the previous carrying amount of its share of equity items in the subsidiary rather than its fair value. The adoption of these amendments did not have any impact on the financial position or the performance of the Group.

Annual Improvements Project

In May 2008 and April 2009 the AASB issued omnibus of amendments to its Standards as part of the Annual Improvements Project, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions and application dates for each amendment. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Group.

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 2. Statement Of Significant Accounting Policies (continued)

(c) New Accounting Standards and Interpretations (continued)

- AASB 5 Non-current Assets Held for Sale and Discontinued Operations: clarifies that the disclosures required in respect of non-current assets and disposal groups classified as held for sale or discontinued operations are only those set out in AASB 5. The disclosure requirements of other Accounting Standards only apply if specifically required for such non-current assets or discontinued operations.
- AASB 8 Operating Segments: clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker. As the Group's chief operating decision maker does review segment assets and liabilities, the Group has continued to disclose this information in note 29.
- AASB 116 Property, Plant and Equipment: replaces the term "net selling price" with "fair value less costs to sell". The Group amended its accounting policy accordingly, which did not result in any change in the financial position.
- AASB 123 Borrowing Costs: the definition of borrowing costs is revised to consolidate the two types of items that are considered components of "borrowing costs" into one – the interest expense calculated using the effective interest rate method calculated in accordance with AASB 139. The Group has amended its accounting policy accordingly which did not result in any change in its statement of financial position.
- AASB 128 Investment in Associates: an investment in an associate is a single asset for the purpose of conducting the impairment test, including any reversal of impairment. Any impairment is not separately allocated to the goodwill included in the investment balance. Any impairment is reversed if the recoverable amount of the associate increases. The Group has amended its impairment accounting policy accordingly. The amendment had no impact on the Group's financial position or performance.
- AASB 136 Impairment of Assets: when discounted cash flows are used to estimate "fair value less cost to sell" additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate "value in use". The Group has amended its disclosures accordingly in note 14. The amendment also clarified that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in AASB 8 before aggregation for reporting purposes. The amendment has no impact on the Group as the annual impairment test is performed before aggregation.

Other amendments resulting from the Annual Improvements Project did not have any impact on the accounting policies, financial position or performance of the Group.

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 2010. These are outlined in the table below.

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2009-5	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project. [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	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.	1 January 2010	The amendments are not expected to have a material impact on the financial statements	1 October 2010
AASB 2009-8	Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions [AASB 2]	This 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. 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. 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.	1 January 2010	The amendments are not expected to have a material impact on the financial statements	1 October 2010

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 2. Statement Of Significant Accounting Policies (continued)

(c) New Accounting Standards and Interpretations (continued)

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2009-10	Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132]	The amendment provides relief to entities that issue rights in a currency other than their functional currency, from treating the rights as derivatives with fair value changes recorded in profit or loss. Such rights will now be classified as equity instruments when certain conditions are met.	1 February 2010	The amendments are not expected to have any impact on the financial statements	1 October 2010
AASB9	Financial Instruments	<p>AASB 9 includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement).</p> <p>These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes from AASB 139 are described below.</p> <p>(a) Financial assets are classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. This replaces the numerous categories of financial assets in AASB 139, each of which had its own classification criteria.</p> <p>(b) AASB 9 allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.</p> <p>(c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.</p>	1 January 2013	The group has not yet determined the extent of the impact of the amendments, if any.	1 October 2013
AASB 2009-11	Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	<p>The revised Standard introduces a number of changes to the accounting for financial assets, the most significant of which includes:</p> <ul style="list-style-type: none"> two categories for financial assets being amortised cost or fair value removal of the requirement to separate embedded derivatives in financial assets strict requirements to determine which financial assets can be classified as amortised cost or fair value, Financial assets can only be classified as amortised cost if (a) the contractual cash flows from the instrument represent principal and interest and (b) the entity's purpose for holding the instrument is to collect the contractual cash flows an option for investments in equity instruments which are not held for trading to recognise fair value changes through other comprehensive income with no impairment testing and no recycling through profit or loss on derecognition reclassifications between amortised cost and fair value no longer permitted unless the entity's business model for holding the asset changes changes to the accounting and additional disclosures for equity instruments classified as fair value through other comprehensive income 	1 January 2013	The group has not yet determined the extent of the impact of the amendments, if any.	1 October 2013

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 2. Statement Of Significant Accounting Policies (continued)

(c) New Accounting Standards and Interpretations (continued)

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 124 (Revised)	Related Party Disclosures (December 2009)	<p>The revised AASB 124 simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition, including:</p> <p>(a) the definition now identifies a subsidiary and an associate with the same investor as related parties of each other;</p> <p>(b) entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other; and</p> <p>(c) the definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other.</p> <p>A partial exemption is also provided from the disclosure requirements for government-related entities. Entities that are related by virtue of being controlled by the same government can provide reduced related party disclosures.</p>	1 January 2011	The amendments are not expected to have any impact on the financial statements	1 October 2011
AASB 2009-12	Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	<p>This amendment makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations.</p> <p>The amendment to AASB 124 clarifies and simplifies the definition of a related party.</p>	1 January 2011	The amendments are not expected to have any impact on the financial statements	1 October 2011
AASB 2009-14	Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement	<p>These amendments arise from the issuance of Prepayments of a Minimum Funding Requirement (Amendments to IFRIC 14). The requirements of IFRIC 14 meant that some entities that were subject to minimum funding requirements could not treat any surplus in a defined benefit pension plan as an economic benefit.</p> <p>The amendment requires entities to treat the benefit of such an early payment as a pension asset. Subsequently, the remaining surplus in the plan, if any, is subject to the same analysis as if no prepayment had been made.</p>	1 January 2011	The amendments are not expected to have any impact on the financial statements	1 October 2011
AASB 2010-3	Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 3, AASB 7, AASB 121, AASB 128, AASB 131, AASB 132 & AASB 139]	<p>Limits the scope of the measurement choices of non-controlling interest at proportionate share of net assets in the event of liquidation. Other components of NCI are measured at fair value.</p> <p>Requires an entity (in a business combination) to account for the replacement of the acquiree's share-based payment transactions (whether obliged or voluntarily), i.e., split between consideration and post combination expenses.</p> <p>Clarifies that contingent consideration from a business combination that occurred before the effective date of AASB 3 Revised is not restated.</p> <p>Eliminates the requirement to restate financial statements for a reporting period when significant influence or joint control is lost and the reporting entity accounts for the remaining investment under AASB 139. This includes the effect on accumulated foreign exchange differences on such investments.</p>	1 July 2010	The amendments are not expected to have any impact on the financial statements.	1 October 2010

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 2. Statement Of Significant Accounting Policies (continued)

(c) New Accounting Standards and Interpretations (continued)

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
Interpretation 19	Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	<p>This interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability are "consideration paid" in accordance with paragraph 41 of IAS 39. As a result, the financial liability is derecognised and the equity instruments issued are treated as consideration paid to extinguish that financial liability.</p> <p>The interpretation states that equity instruments issued in a debt for equity swap should be measured at the fair value of the equity instruments issued, if this can be determined reliably. If the fair value of the equity instruments issued is not reliably determinable, the equity instruments should be measured by reference to the fair value of the financial liability extinguished as of the date of extinguishment.</p>	1 July 2010	The amendments are not expected to have any impact on the financial statements.	1 October 2010

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent entity, Elders Limited, and its subsidiaries and special purpose entities (as outlined in note 32), as at and for the period ended 30 September each year (referred to collectively throughout these financial statements as the "Group"). Interests in associates are equity accounted and are not part of the consolidated group (see note 2(q)).

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

Special purpose entities are those entities over which the group has no ownership interest but in effect the substance of the relationship is such that the group controls the entity so as to obtain the majority of benefits from its operation.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries and special purpose entities 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 accounting records of the parent entity less any impairment charges. Dividends received from subsidiaries are recorded as a component of other revenues in the separate statement of comprehensive income of the parent entity, and do not impact the recorded cost of the investment. Upon receipt of dividend payments from subsidiaries, the parent will assess whether any indicators of impairment of the carrying value of the investment in the subsidiary exist. Where such indicators exist, to the extent that the carrying value of the investment exceeds its recoverable amount, an impairment loss is recognised.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values (see note 2(e)).

The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition.

A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction.

Non-controlling interests are allocated their share of net profit after tax in the statement of comprehensive income and are presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent.

Losses are attributed to the non-controlling interest even if that results in a deficit balance.

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 2. Statement of Significant Accounting Policies (continued)

(d) Basis of consolidation (continued)

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary.
- Derecognises the carrying amount of any non-controlling interest.
- Derecognises the cumulative translation differences, recorded in equity.
- Recognises the fair value of the consideration received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss.

(e) Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured.

(f) 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(w).

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. Refer further to information on share based payments transactions at note 2(ac) and 37.

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

(g) Operating segments

An operating segment is a component of equity that engages in business activities from which it may earn revenues or incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team.

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 2. Statement of Significant Accounting Policies (continued)

(g) Operating segments (continued)

The group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Nature of product and services,
- Nature of production processes,
- Type or class of customer for the products and services,
- Method used to distribute the products or provide the services, and if applicable,
- Nature of regulatory environment

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".

(h) Foreign Currency translation

(i) Functional and presentation currency

Both the functional and presentation currency of Elders Limited and its Australian subsidiaries is Australian dollars (AUD). Subsidiaries incorporated in countries other than Australia (see note 32), for which have a functional currency other than Australian Dollars, are translated to the presentation currency (see below for consolidation reporting).

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying 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 reporting date.

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.

(iii) Translation of Group Companies' functional currency to presentation currency

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 reporting date, and the statements of comprehensive income are translated at the weighted average exchange rates for the period.

Exchange variations resulting from the translation are recognised in the foreign currency translation reserve in equity.

All exchange differences in the consolidated financial report are taken to the statement of comprehensive income with the exception of differences arising on monetary items that forms part of the groups' net investment in a foreign operation. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in the statement of comprehensive income.

(i) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest bearing loans and borrowings in current liabilities on the statement of financial position.

(j) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less an allowance for impairment.

Collectability of trade receivables are reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor, default payment or debts greater than 60 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 2. Statement of Significant Accounting Policies (continued)

(k) Inventories

Inventories including raw materials, work in progress and finished goods are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location are accounted for as follows:

Raw materials – purchase cost is on the first in, first out basis. The cost of purchase comprises the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), transport, handling and other costs directly attributable to the acquisition of raw materials. Volume discounts and rebates are included in determining the cost of purchase.

Finished goods and work in progress – costs of direct materials and labour and a proportion of variable and fixed manufacturing overheads based on normal operating capacity. Costs are assigned on the basis of weighted average costs.

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 statement of comprehensive income.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(l) Livestock

The Group holds biological assets in the form of livestock and primarily beef cattle. 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. These assumptions are updated monthly and reflect the different categories of livestock held. The market value increments or decrements are recorded in the statement of comprehensive income.

(m) 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 statement of comprehensive income 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 and forecast of the net present values of future net cash flows from harvest and costs of maintaining plantations to maturity.

(n) Derivative financial instruments and hedging

The Group uses derivative financial instruments (including forward currency contracts, forward commodity contracts and interest rate swaps) to hedge its risks associated with foreign currency, commodity prices and interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value.

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Derivative assets and liabilities are classified as non-current in the statement of financial position when the remaining maturity is more than 12 months, or current when the remaining maturity is less than 12 months.

The fair values of forward currency contracts are calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swaps are determined using a valuation technique based on cash flows discounted to present value using current market interest rates. The fair value of commodity contracts are also determined using a discounted cash flow valuation technique using cash flow estimates based on observable forward prices for the commodity.

Any gains or losses arising from changes in fair value of derivatives, except for those that qualify as cash flow hedges, are taken directly to profit or loss for the year.

For the purposes of hedge accounting, hedges are classified as:

- Fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (Elders Limited does not currently have any fair value hedges).

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 2. Statement of Significant Accounting Policies (continued)

(n) Derivative financial instruments and hedging (continued)

- Cash flow hedges where they hedge the 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 (Elders Limited currently has cash flow hedges attributable to future foreign currency inventory purchases and payment of interest on borrowings).
- Hedges of a net investment in a foreign operation.

Hedges that meet the strict criteria for hedge accounting are accounted for as follows:

Cash flow hedges

Cash flow hedges are hedges of the Group's exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or to a forecast transaction and that could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, whilst the ineffective portion is recognised in profit and loss.

Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction (finance costs or inventory purchases) when the forecast transaction occurs.

The Group tests each of the designated cash flow hedges for effectiveness on a quarterly basis both retrospectively and prospectively using the Cumulative Dollar Offset Methodology. If the testing falls within the 80:125 range, the hedge is considered highly effective and continues to be designated as a cash flow hedge. For foreign currency cash flow hedges if the risk is over-hedged, the ineffective portion is taken immediately to other income/expense in the statement of comprehensive income. For interest rate cash flow hedges, any ineffective portion is taken to other expenses in the statement of comprehensive income.

If the forecast transaction is no longer expected to occur, amounts recognised in equity are transferred to the statement of comprehensive income.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked (due to being ineffective), amounts previously recognised in equity remain in equity until the forecast transaction occurs.

(o) 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 instead of use. 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 statement of comprehensive income and the assets and liabilities are presented separately on the face of the statement of financial position.

(p) Investments and other financial assets

Investments and financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are categorised as either financial assets at fair value through the profit or loss, loans and receivables, held to maturity investments, or available for sale assets, as appropriate. The classification depends on the purpose for which the assets were acquired or originated. Designation is re-evaluated at each reporting date, but there are restrictions on reclassifying to other categories.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets not at fair value through profit and loss, directly attributable transaction costs.

Recognition and derecognition

All regular way purchases and sales of financial assets are recognised on the trade date i.e., the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or when the entity transfers substantially all the risks and rewards of the financial assets. If the entity neither retains nor transfers substantially all of the risks and rewards, it derecognises the asset if it has transferred control of the assets.

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 2. Statement of Significant Accounting Policies (continued)

(p) Investments and other financial assets (continued)

Subsequent measurement

(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 with the intention of making a profit. 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 and the related assets are classified as current assets in the statement of financial position.

(ii) Loans and receivables

Loans and receivables including loan notes and loans to key management personnel 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. These are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current.

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 reporting date. For investments with no active market, fair values are determined using valuation techniques. Such techniques include using recent arms length market transactions, reference to the current market value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models, making as much use of available and supportable market data as possible.

(q) Investments in associates

The Group's investments in its associates are accounted for using the equity method of accounting in the consolidated financial statements and at cost in the parent. The associates are entities over which the Group has significant influence and that are neither subsidiaries nor joint ventures.

The Group generally deems they have significant influence if they have over 20% of the voting rights.

Under the equity method, investments in associates are carried in the consolidated financial statements at cost plus post acquisition changes in the group's share of net assets of the associates. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in associates. Goodwill included in the carrying amount of the investment in associate is not tested separately, rather the entire carrying amount of the investment is tested for impairment as a single asset. If an impairment is recognised, the amount is not allocated to the goodwill of the associate.

The Group's share of its associates' post-acquisition profits or losses is recognised in the statement of comprehensive income, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's statement of comprehensive income as a component of other income.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables and loans, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of an associate.

The reporting dates of the associates are disclosed in note 11 and the associates accounting policies conform to those used by the Group for like transactions and events on similar circumstances.

(r) Investments in joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. 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.

(s) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such costs include the cost of replacing parts that are eligible for capitalisation when the cost of replacing parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred.

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 2. Statement of Significant Accounting Policies (continued)

(s) Property, plant and equipment (continued)

Property, plant and equipment, excluding freehold land and assets under construction, are depreciated over the estimated useful economic life of specific assets 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 period. The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate at each financial year end.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount. These are included in the statement of comprehensive income.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

(t) Investment properties

Investment properties are initially measured at cost, including transaction costs. The carrying amount included the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met, and excluded the day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are measured at fair value, which is based on active market prices, adjusted if necessary, for the difference in the nature, location or condition of the specific asset at reporting date. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss 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; and
- 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 either when they have 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 the retirement or disposal of an investment property are recognised in profit and loss in the period of retirement or disposal.

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.

For a transfer from investment property to owner-occupied property or inventories, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under *Property, plant and equipment* up to the date of change in use.

For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in profit and loss. When the Group completes the construction or development of a self constructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in profit and loss.

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 2. Statement of Significant Accounting Policies (continued)

(u) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

(i) Group as a lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset 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 recognised as an expense in profit or loss.

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.

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

(ii) Group as a lessor

Leases in which the Group retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as rental income.

(v) Impairment of non financial assets other than goodwill and indefinite life intangibles

Non financial assets other than goodwill and indefinite life intangibles are tested for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

Elders Limited conducts a bi-annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non financial assets other than goodwill that suffered impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that impairment may be reversed.

(w) Goodwill and intangibles

Goodwill

Goodwill acquired in a business combination is initially measured at cost of the business combination being the excess of the consideration transferred over the fair value of the Group's net identifiable assets acquired and liabilities assumed. If this consideration transferred is lower than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination, irrespective of whether the other assets and liabilities of the Group are assigned to those units or group of units. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes, and is not larger than an operating segment determined in accordance with AASB 8.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which goodwill relates.

Goodwill is not amortised but is reviewed every six months for impairment, or more frequently if there is any indication that the carrying value may be impaired. Elders Limited performs its impairment testing using discounted cash flows under the fair value less costs to sell methodology and the value in use methodology, and independent valuations. Further details on methodology and assumptions used are outlined in note 14.

When the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit (group of cash-generating units) and an operation within that unit is

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 2. Statement of Significant Accounting Policies (continued)

(w) Goodwill and intangibles (continued)

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 manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

Intangibles

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

The useful lives of these intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over their useful lives and tested for impairment whenever there is an indication that the intangible asset may be impaired (see note 2(v) for methodology). The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit and loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level consistent with the methodology outlined for goodwill above. Such intangibles (brand names) are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in accounting estimate and is thus accounted for on a prospective basis.

Expenditure incurred in developing, maintaining or enhancing brand names is expensed in the year in which it is incurred.

(x) Design and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit and loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs (see note 2(z)). Other development expenditure is recognised in profit and loss as incurred.

Capitalised development expenditure is measured at cost less 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.

(y) Trade and other payables

Trade and other payables are carried at amortised cost and due to their short term nature are not discounted. They 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. The amounts are unsecured and are usually paid within 30 days of recognition.

Financial guarantees

The fair value of financial guarantee contracts discussed in notes 28 and 36 have been assessed using a probability weighted discounted cash flow approach. In order to estimate the fair value under this approach the following assumptions are made:

- Probability of Default (PD): This represents the likelihood of the guaranteed party defaulting in a one year period and is assessed based on historical default rates of companies rated by Standard & Poors.
- Loss Given Default (LGD): This represents the proportion of the exposure that is not expected to be recovered in the event of a default by the guaranteed party and is based on the result of studies into the recovery rate for unsecured debt obligations.
- Exposure at Default (EAD): This represents the maximum loss that Elders Limited is exposed to if the guaranteed party were to default. The model assumes the guaranteed loan/facility/contract is at maximum possible exposure at the time of the default and hence, equates to the values disclosed in notes 28 and 36.

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 2. Statement of Significant Accounting Policies (continued)

(y) Trade and other payables (continued)

When the uncertainty associated with an assumption was sufficient to warrant consideration for a range of possible assumptions, the midpoint of the range was used for valuation purposes.

The value of the financial guarantee over each future year of the guarantee's life is then equal to PDxLGDxEAD, which is discounted over the contractual term of the guarantee, to reporting date to determine the fair value. The discount rate adopted is the five year Commonwealth government bond yield as at 30 September. The contractual term of the guarantee matches the underlying obligation to which it relates.

(z) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(aa) Provisions and employee benefits

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.

When the group expects some or all of the provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

Employee leave benefits

(i) Wages, salaries, annual leave and sick 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. Expenses for non accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(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.

Other provisions

(i) Warranty

A provision for warranties is recognised when the underlying products and services are sold. The provision is based on historical warranty date and a weighting of all possible outcomes against their associated probabilities.

(ii) Restoration

Where the group has entered 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.

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 2. Statement of Significant Accounting Policies (continued)

(aa) Provisions and employee benefits (continued)

(iii) Dividend

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

(iv) Restructuring

A provision for restructuring or termination benefits is recognised when the Group has approved a detailed plan and formal restructuring plan, and the restructuring or terminations have either commenced or been publicly announced. Future operating losses are not provided for.

(v) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of complying with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

(ab) Pensions and other post employment benefits

The Group maintains an Australian-based defined benefits superannuation fund. The defined benefits section of the fund has been closed since December 1996.

With respect to the defined benefit 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.

Actuarial gains and losses for the defined benefits section of the fund are recognised as profit or loss in the statement of comprehensive income.

(ac) Share based payments

Equity settled transactions

The Group provides benefits to employees (including key management personnel) in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

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, further details of which are given in note 37.

In valuing equity settled transactions, no account is taken of any of the vesting conditions, other than:

- Non vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment in equity, and
- Conditions that are linked to the price of the shares of Elders Limited (market conditions).

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).

At each subsequent reporting date until vesting, the cumulative charge to the statement of comprehensive income is the product of:

- The grant date fair value of the award.
- The current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met.
- The expired portion of the vesting period.

The charge to the statement of comprehensive income for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding entry to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition or non-vesting condition is considered to vest irrespective of whether or not that market condition or non-vesting is fulfilled, provided that all other conditions are satisfied.

If a non-vesting condition is within the control of the Group, Company or the employee, the failure to satisfy the condition is treated as a cancellation. If a non-vesting condition within the control of neither the Group, Company nor employee is not satisfied during the vesting period, any expense for the award not previously recognised is recognised over the remaining vesting period, unless the award is forfeited.

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 2. Statement of Significant Accounting Policies (continued)

(ac) Share based payments (continued)

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

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 held by the Employee Share Loan Plan at the reporting date are classified in reserves. Shares forfeited under the Employee Share Loan Plan are held within a separate component of equity – reserved shares reserve (refer note 21).

(ad) 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 have been made quarterly at the discretion of Directors however Elders' current restructured financing arrangements restricts Elders from paying distributions on the Hybrid notes up until and including 30 September 2011.

(ae) 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.

Reserved shares

The Group's own equity instruments, which are reacquired for later use in employee share-based payment arrangements (reserved shares), are held as a separate component of equity (reserved shares reserve – refer note 21). No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

(af) Earnings per share

Basic earnings per share is calculated as net profit for the year attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and hybrid equity dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- Costs of servicing equity (other than dividends) and hybrid equity dividends.
- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses.
- Other non-discretionary changes in revenues and expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(ag) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable 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:

(i) Sale of goods

Revenue from the sale of goods is recognised when there has been a transfer of risks and rewards to the customer (through the execution of a sales agreement at the time of delivery of the goods to the customer), no further work or processing is required, the quantity and quality of the goods has been determined, the price is fixed and generally title has passed (for shipped goods this is the bill of lading).

(ii) Rendering of services – non insurance related

Revenue from the rendering of services is recognised by reference to the stage of completion of a contract or contracts in progress at reporting date or at time of completion of the contract and billing by the customer.

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.

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 2. Statement of Significant Accounting Policies (continued)

(ag) Revenue recognition (continued)

(iii) Interest income

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.

(iv) Dividend income

Revenue is recognised when the Group's right to receive the payment is established.

(v) 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 statement of financial position as a liability and recognised in subsequent periods.

(ah) Income tax and other taxes

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

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

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

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
- when the taxable temporary difference is associated with investments in subsidiaries, associates and interests in joint ventures and 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 credits 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:

- when 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
- when the deductible temporary difference is 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 reporting 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.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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 reporting date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

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 statement of financial position.

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 2. Statement of Significant Accounting Policies (continued)

(ah) Income tax and other taxes (continued)

Cash flows are included in the statement of cash flows 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.

(ai) General Insurance activities

The summary of accounting policies in relation to general insurance activities below is only relevant to the comparative period as it relates to 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.

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 reporting 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.

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 reporting 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.

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 2. Statement of Significant Accounting Policies (continued)

(ai) General Insurance activities (continued)

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 reporting 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 statement of comprehensive income 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 statement of financial position 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 reporting date.

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 statement of financial position.

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 statement of financial position and subsequent measurement is at fair value with any resultant unrealised profits and losses recognised in the statement of comprehensive income.

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 2. Statement of Significant Accounting Policies (continued)

(ai) General Insurance activities (continued)

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 statement of cash flows, 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 reporting date.
- Unlisted fixed interest securities are recorded at amounts based on valuations using rates of interest equivalent to the yields obtainable on comparable investments at reporting 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 statement of comprehensive income.

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 reporting 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 reporting 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 2010	Sept 2009	Sept 2010	Sept 2009
	Short-Tail	Short-Tail	Liability	Liability
Discount Rate	-	4.80%	-	4.80%
Discount Mean Term (Years)	-	0.36	-	2.46
Claims Handling Expense Ratio	-	5.0%	-	6.0%
Ultimate Gross Loss Ratio Latest Accident Year	-	80%	-	50%

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.

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 2. Statement of Significant Accounting Policies (continued)

(ai) General Insurance activities (continued)

Discount Rate

Discount rates derived from market yields on Commonwealth Government securities as at the reporting 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).

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: Earthquakes Bushfires Cyclones Hail Storms	The Group's underwriting strategy requires individual risk premiums to be differentiated in order to reflect the higher loss frequency in particular geographical areas. The Group has modelled aggregated risk by postcode using commercially available catastrophe models. The Group's exposure data across the Australian portfolio encompasses all fire risks. Based on the probable maximum loss per the models, the Group purchases catastrophe reinsurance cover to limit exposure to any single event.

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 3. Revenue and Expenses

	Note	Consolidated	
		12 months	15 months
		September 2010 \$000	September 2009 \$000
Sales revenue:			
Sale of goods		1,657,964	2,417,823
Sale of biological assets		151,507	180,138
Commission and other selling charges		202,536	265,864
Other sales related income		57,046	84,942
		2,069,053	2,948,767
<i>Discontinued operations:</i>	40	85,328	591,316
		2,154,381	3,540,083
Other revenues:			
Change in fair value of financial assets designated as fair value through profit and loss		10,849	8,459
Dividends		54	406
Other		28,164	38,144
		39,067	47,009
<i>Discontinued operations:</i>	40	1,880	60,898
		40,947	107,907
Interest revenue:			
Associated entities		1,776	1,816
Other persons		23,552	7,499
		25,328	9,315
<i>Discontinued operations:</i>	40	1,632	17,461
		26,960	26,776
Expenses:			
Distribution expenses		279,324	341,761
Marketing expenses		6,548	15,926
Occupancy expenses		40,660	55,926
Administrative expenses		160,195	210,908
Losses on forestry review		142,039	-
Impairment of assets retained		9,725	42,125
Refinancing, redundancy and other write offs		12,517	123,077
Other expenses		1,409	5,278
		652,417	795,001
<i>Discontinued operations:</i>	40	57,836	717,470
		710,253	1,512,471
Profit/(loss) on sale of non current assets:			
Property, plant and equipment		(729)	(95)
Profit on sale of investments		113	57,225
Profit on sale of controlled entities		-	(45,703)
		(616)	11,427
<i>Discontinued operations</i>	40	(8,954)	112,682
		(9,570)	124,109

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 3. Revenue and Expenses (continued)

	Note	Consolidated	
		12 months September 2010 \$000	15 months September 2009 \$000
Finance costs:			
Interest expense - other entities		47,030	100,091
Finance lease charges		54	6
Other finance costs		11,193	10,882
		58,277	110,979
<i>Discontinued operations:</i>	40	571	5,772
		58,848	116,751
Specific expenses			
Depreciation and amortisation:			
Property, plant and equipment		18,460	25,212
Leased assets		193	44
Design and development		4,578	6,314
Patents, trademarks and other		2,648	3,587
		25,879	35,157
<i>Discontinued operations:</i>		109	10,385
		25,988	45,542
Employee benefit expense:			
Wages and salaries		225,033	289,638
Post employment benefits including superannuation		17,570	25,111
Workers compensation		2,238	2,481
Share based payments		2,136	6,781
		246,977	324,011
<i>Discontinued operations</i>		251	35,759
		247,228	359,770
Operating lease expenditure		86,791	123,467
Foreign exchange net gains/(losses)		(2,372)	(484)
Provision for doubtful debts and bad debts written off		27,185	5,955

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 4. Income Tax

	Consolidated	
	12 months September 2010 \$000	15 months September 2009 \$000
(a) Major components of income tax expense are:		
Income Statement		
<i>Current income tax</i>		
Current income tax charge/(benefit)	3,346	(21,551)
Adjustments in respect of current income tax of previous years	89	(583)
<i>Deferred income tax</i>		
Origination and reversal of temporary differences	(2,583)	23,304
Income tax expense/(benefit) reported in income statement	852	1,170
Statement of Changes in Equity		
<i>Deferred income tax</i>		
Income tax expense/(benefit) reported in equity	(6,298)	(4,024)
(b) A reconciliation of income tax expense applicable to accounting profit/(loss) 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	(163,228)	(246,663)
- Discontinued operations	(48,431)	(219,667)
Total Accounting profit/(loss) before tax	(211,659)	(466,330)
Income tax expense/(benefit) at 30% (2009: 30%)	(63,498)	(139,899)
Adjustments in respect of current income tax of previous years	89	(583)
Share of associate (profits)/losses	(10,213)	2,522
Non assessable (profits)/losses	1,491	10,405
Non deductible depreciation and amortisation	-	71
Non deductible other expenses	3,418	1,115
Impairment expense	17,653	107,488
Employee share plan costs	670	2,248
Losses available to offset against future taxable income	48,407	23,678
Other	2,835	(5,875)
Income tax expense/(benefit) as reported in the statement of comprehensive income	852	1,170
<i>Aggregate Income tax expense/(benefit) is attributable to:</i>		
- Continuing Operations	9,078	(49,169)
- Discontinued Operations	(8,226)	50,339
	852	1,170
Current tax payable/(receivable)	51,558	38,047

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 4. Income Tax (continued)

	Statement of Financial Position		Statement of Comprehensive Income	
	September 2010 \$000	September 2009 \$000	12 months September 2010 \$000	15 months September 2009 \$000
Consolidated				
<i>Deferred income tax liabilities</i>				
Revaluations of investment properties to fair value	(8,826)	(10,799)	(1,973)	2,528
Revaluations of foreign exchange contracts (cash flow hedges) to fair value	(3,113)	(1,202)	1,911	1,224
Shares in associated entities	(394)	(4,124)	(3,730)	3,161
Exchange rates to fair value	(1,084)	(2,408)	(1,324)	1,363
Non assessable accrued income	(36,781)	(33,929)	2,852	14,907
Forestry assets (standing timber)	(4,621)	(5,398)	(777)	301
Research and development	(5,605)	(5,524)	81	(2,580)
Other debtors	(2,566)	(3,325)	(759)	(1,751)
Other	(1,891)	(2,477)	(586)	(1,514)
Gross deferred income tax liabilities	(64,881)	(69,186)	(4,305)	17,639
<i>Deferred income tax assets</i>				
Losses available to offset against future taxable income	60,030	63,030	3,000	4,121
Provision for employee entitlements	11,817	11,733	(84)	2,053
Other provisions	18,025	12,360	(5,665)	(129)
Forestry product investment income	961	4,290	3,329	5,533
Accrued expenditure	5,715	2,613	(3,102)	(257)
Deferred borrowing costs	6,765	9,249	2,484	(8,693)
Other capitalised expenses	11,680	8,294	(3,386)	(4,679)
Plant and equipment temporary differences	871	3,189	2,318	7,945
Other	3,053	282	(2,771)	(229)
Gross deferred income tax assets	118,917	115,040	(3,877)	5,665
Deferred income tax charge			(8,182)	23,304

Tax losses

The group has deferred tax assets attributable to tax losses not recognised in the financial statements of \$62.9 million (2009: \$14.5 million) that are available indefinitely for offset against future taxable profits of the companies in which the losses arose.

Unrecognised temporary differences

At 30 September 2010, there are no unrecognised temporary differences associated with the Group's investment in subsidiaries, associate or joint venture, as the group has no liability for additional taxation should unremitted earnings be remitted (2009: \$nil)

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.

Taxation of financial arrangements (TOFA)

Legislation is in place which changes the tax treatment of financial arrangements including the tax treatment of hedging transactions. The group has assessed the potential impact of these changes on the Group's tax position. No impact has been recognised and no adjustments have been made to the deferred tax and income tax balances as at 30 September 2010.

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 5. Receivables

	Consolidated	
	September 2010 \$000	September 2009 \$000
Current		
Trade debtors ⁽ⁱ⁾	417,072	333,912
Allowance for doubtful debts	(13,008)	(10,759)
	404,064	323,153
Amounts receivable from associated entities	24,017	21,865
Allowance for non-recovery	(10,462)	-
	13,555	21,865
Finance debtors	9,412	11,965
Allowance for non-recovery	(1,476)	-
	7,936	11,965
Other receivables	50,509	180,538
Allowance for non-recovery	(4,904)	(1,736)
	45,605	178,802
	471,160	535,785
Non Current		
Other receivables	186,994	186,064
Allowance for non-recovery	(3,301)	-
	183,693	186,064
Amounts receivable from associated entities	16,029	46,625
	199,722	232,689
<i>Movements in the allowance for doubtful debts – trade debtors</i>		
Opening balance of allowance for doubtful debts	10,759	7,636
Trade debts written off	(5,066)	(2,185)
Trade debts provided for during the year	7,315	5,308
Closing balance of allowance for doubtful debts	13,008	10,759
<i>Movements in allowance for non-recovery – amounts receivable from associated entities, other receivables, and finance debtors</i>		
Opening balance of allowance for non-recovery	1,736	3,531
Amounts written off	(1,463)	(1,795)
Amounts provided for during the year	19,870	-
Closing balance of allowance for non-recovery	20,143	1,736

(i) Included in trade debtors is \$72.7 million (2009: \$76.2 million) which is subject to credit insurance with various terms and conditions.

Trade receivables are non interest bearing and are generally on 30 to 90 day terms with the exception of livestock receivables which are on 14 day terms. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. An impairment loss of \$ 7.3 million (2009: \$5.3 million) has been recognised by the Group. No individual amount within the impairment allowance is material.

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 5. Receivables (continued)

	Consolidated	
	September 2010 \$000	September 2009 \$000
The ageing analysis of trade debtors is as follows:		
0-30 days	316,451	273,998
Trade debtors past due but not considered impaired		
31-60 days	54,117	22,087
61-90 days	9,758	5,519
+91 days	23,738	21,549
	87,613	49,155
Trade debtors past due and considered impaired		
31-60 days	47	13
61-90 days	47	29
+91 days	12,914	10,717
	13,008	10,759
Total trade debtors	417,072	333,912
The ageing analysis of other current receivables is as follows:		
0-30 days	36,367	166,212
Other current receivables past due but not considered impaired		
31-60 days	217	733
61-90 days	429	722
+91 days	8,592	11,135
	9,238	12,590
Other current receivables past due and considered impaired		
31-60 days	1,800	-
+91 days	3,104	1,736
	4,904	1,736
Total other current receivables	50,509	180,538

Related party receivables

For terms and conditions of related party receivables refer to notes 33 and 34.

Fair value and credit risk

Due to the short term nature of current receivables, their carrying value is assumed to approximate their fair value. For other receivables the carrying amount is not materially different to their fair values.

The maximum exposure to credit risk is the fair value of each class of receivables. Details regarding credit risk exposure are disclosed in note 36.

Foreign exchange and interest rate risk

Details regarding the foreign exchange and interest rate risk exposure are disclosed in note 36.

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 6. Livestock

	Consolidated	
	September 2010 \$000	September 2009 \$000
Current		
Fair value at start of the period	43,752	37,023
Purchases during the period	338,899	336,486
Cost of sales during the period	(332,588)	(329,822)
Fair value increment/(decrement) in period	(1,409)	65
Fair value at the end of the period	48,654	43,752

At balance date 43,745 head of beef cattle (2009: 49,240) are included in livestock.

The fair value methodology for Livestock assets is detailed in note 2(l).

The group is exposed to a number of risks related to its livestock:

Regulatory and environmental risks

The Group is subject to laws and regulations and has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and ensure systems in place are adequate to manage those risks.

Financial/supply and demand risk

The Group is exposed to financial risk in respect of livestock activity. The primary financial risk associated with this activity occurs due to the length of time between expending cash on the purchase and ultimately receiving cash from the sale to third parties. The Group's strategy to manage this financial risk is to actively review and manage its working capital requirements.

The Group is exposed to risks arising from fluctuations in price and sales volumes. Where possible, the Group manages these risks by aligning volumes with market supply and demand.

Other risks

The Group's livestock are exposed to the risk of damage from diseases and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular health inspections and industry pest and disease surveys.

Note 7. Forestry

Current	2,144	-
Non Current	25,051	27,014
	27,195	27,014
Fair value at start of the period (note 2(m))	27,014	25,716
Purchases during the year	2,764	1,474
Impairment	(3,699)	1
Harvest	-	(1,785)
Fair value increment in period	1,116	1,608
Fair value at the end of the period	27,195	27,014

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 7. Forestry (continued)

Physical quantity of forestry plantation timber at the end of the year is 490,013 m³ (2009: 519,639 m³).

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

CPI:	2.5-4% (2009: 2.5% to 5%)
Discount rate :	9-15% (2009: 9%)
Period to Harvest:	Between 1-19 years, depending upon year of establishment and current harvest schedule for the individual property
Current woodchip FOB price:	\$207.40 per BDMT (Bone Dry Metric Tonne) (2009: \$207.40)

The group is exposed to a number of risks related to its plantations:

Regulatory and environmental risks

The Group is subject to laws and regulations and has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and ensure systems in place are adequate to manage those risks.

Financial/supply and demand risk

The Group is exposed to financial risk in respect of forestry activity. The primary financial risk associated with this activity occurs due to the length of time between expending cash on the purchase or planting and maintenance of the plantations and ultimately receiving cash from the sale of timber to third parties. The Group's strategy to manage this financial risk is to actively review and manage its working capital requirements.

The Group is exposed to risks arising from fluctuations in price and sales volumes. Where possible, the Group manages these risks by aligning harvest volumes with market supply and demand.

Climate and other risks

The Group's plantations are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces. The Group conducts regular plantation health inspections and is involved in industry pest and disease surveys.

Note 8. Inventory

	Consolidated	
	September 2010 \$000	September 2009 \$000
Current		
Raw materials and bulk stores – at net realisable value	35,666	47,172
Work in progress – at cost	226	1,229
Finished goods – at net realisable value	139,325	177,123
	175,217	225,524

Inventories recognised as an expense for the year ended 30 September 2010 totalled \$1,523.8 million (2009: \$2,228.5 million). This expense has been included in the cost of sales line item as a cost of inventories. In addition inventory write-downs recognised as an expense totalled \$3.9 million (2009: \$9.1 million) for the Group.

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 9. Derivative Financial Instruments

	Consolidated	
	September 2010 \$000	September 2009 \$000
Current		
Asset/(liability) - derivatives	(3,601)	7,820
Non Current		
Asset/(liability) - derivatives	(17,703)	(49,924)

(a) Instruments used by the group

At 30 September 2010, 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.

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
<i>At 30 September 2010</i>				
Interest Rate Swaps	204,054	Nov 2014 to Jun 2015	5.67% to 6.67%	3
Cross Currency Swaps	136,113	Sep 2012 to Jun 2015	BBSW + Margin	4
<i>At 30 September 2009</i>				
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

(b) Interest rate and credit risk

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

Note 10. Other Financial Assets

	Consolidated	
	September 2010 \$000	September 2009 \$000
Non Current		
Unlisted investments, at cost ⁽ⁱ⁾	21,980	17,549

(i) These investments are measured at historical cost less impairment as fair value cannot be reliably measured, due to the equity instruments not being traded in a liquid market environment. Management believes that the measurement at historical cost is reasonable and the most appropriate at reporting date

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 11. Investments in Associates and Joint Ventures

	Consolidated	
	September 2010 \$000	September 2009 \$000
Associates *		
- listed	16,420	49,031
- unlisted	215,537	226,341
	231,957	275,372
Investment in Joint Ventures:		
- unlisted	8,921	7,852
	240,878	283,224
Contribution to net profit/(loss) for Associates:		
- listed	927	(2,434)
- unlisted	31,770	(15,765)
	32,697	(18,199)
Contribution to net profit/(loss) for Joint Ventures:		
- unlisted	1,046	17,502
	33,743	(697)
Aggregate Associate or Joint Venture contribution to net profit/(loss) is attributable to:		
- Continuing Operations	33,854	28,438
- Discontinued Operations	(111)	(29,135)
	33,743	(697)

* The Group's investments in Hi-Fert, Seafood Delicacies Ltd, Smartfibre and certain forestry properties are held for sale and have been classified in the statement of financial position as "Non current assets held for sale" totalling \$18.1 million (2009: \$16.6 million). The Group's investment in Kilcoy has been reclassified to Investments in Associates on the basis that a sale within 12 months is no longer probable.

(a) Interests in associates

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 2010 %	Sept 2009 %	Sept 2010 \$000	Sept 2009 \$000
Futuris Automotive Interiors (Anhui) Company Ltd ^(a)	Automotive	31 Dec	70	70	10,364	11,786
MCK Holdings Pty Ltd (Plexicor) ^(b)	Automotive	30 Jun	50	50	-	21,819
Rural Bank Limited	Banking	30 Jun	40	40	145,004	148,017
AWH Pty Ltd (formerly Australian Wool Handlers Pty Ltd)	Wool processing	30 Jun	50	50	41,399	38,224
Elders Financial Planning Pty Ltd	Financial services	30 Sep	49	-	5,083	-
Forest Enterprises Australia Ltd (in voluntary administration)	Forestry	30 Jun	13.5	27	-	32,405
Agricultural Land Trust (formerly Westralia Property Trust)	Land management	30 Jun	49.9	49.9	16,420	16,626
Kilcoy Pastoral Company Limited	Meat processing	30 Jun	20	20	4,147	-
Other investments					9,540	6,495
					231,957	275,372

Notes to the Financial Statements

For the Year ended 30 September 2010

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

(a) Interests in associates (continued)

All associates are Australian resident companies, except Futuris Automotive Interiors (Anhui) Company Ltd which is incorporated in Mauritius.

(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) As at 30 September 2010 the group determined control over MCK Holdings Pty Ltd existed. Consequently the entity has been consolidated in the financial statements of the Group. Refer to note 24 and 39 for further information.

(c) Impairment losses relating to the following investments in associates that have been taken to account:

- Forestry Enterprises Australia Ltd \$32.4 million (2009: \$66.2 million)
- AWH Pty Ltd \$nil (2009: \$1.2 million)
- Agricultural Land Trust \$0.5 million (2009: \$4.2 million)
- Air International Thermal \$nil (2009: \$9.1 million)
- Kilcoy Pastoral Company reversal of previously recorded impairment \$2.7 million (2009: \$nil million)

	Consolidated	
	12 months September 2010 \$000	15 months September 2009 \$000
<i>Share of associates' statement of financial position</i>		
Current assets	4,204,351	1,538,921
Non current assets	122,779	555,649
	4,327,130	2,094,570
Current liabilities	4,059,941	1,659,588
Non current liabilities	85,151	210,287
	4,145,092	1,869,875
Share of net assets of associates	182,038	224,695
<i>Share of associates' profit or loss</i>		
Revenue	385,990	363,630
Profit before income tax	45,605	(18,357)
Income tax (expense)/benefit	(12,894)	158
Profit after income tax	32,711	(18,199)
Non controlling interests	(14)	-
Share of net results of associates	32,697	(18,199)
<i>Commitments and contingent liabilities</i>		
Share of associates' capital expenditure commitments (contracted)	342	6,451
Share of associates' operating lease commitments	64,945	19,823
Share of associates' contingent liabilities	1,234	1,802

On 8 May 2009 the Group's investment in Rural Bank Limited was reduced from 50% to 40%, therefore the nature of the investment was reclassified from a joint venture to an associate. The comparative period share of associate's profit and loss only includes Rural Bank Limited results from May to September 2009.

Notes to the Financial Statements

For the Year ended 30 September 2010

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

(b) Interests in Rural Bank Limited

	Consolidated	
	12 months September 2010 \$000	15 months September 2009 \$000
<i>Summary of statement of financial position of Rural Bank Limited</i>		
Finance receivables	4,138,246	3,631,433
Other assets	9,392	717,578
Total assets	4,147,638	4,349,011
Finance deposits	3,625,009	3,723,836
Other liabilities	167,156	277,388
Total liabilities	3,792,165	4,001,224
Net assets	355,473	347,787
Share of net assets	142,189	139,114
Reconciling items:		
Dividend	3,888	10,244
Origination fees	(1,073)	(1,341)
	145,004	148,017
<i>Summary of share of profit of Rural Bank Limited</i>		
Profit before income tax	31,884	38,884
Tax expense	(9,565)	(11,738)
	22,319	27,146
Timing variance in origination fees recognised	-	576
Share of net results	22,319	27,722
<i>Share of commitments and contingent liabilities of Rural Bank Limited</i>	1,686	1,397
(c) Interests in joint ventures		
<i>Share of joint ventures' statement of financial position</i>		
Current assets	52,159	44,833
Non current assets	38	15,840
	52,197	60,673
Current liabilities	43,095	41,000
Non current liabilities	218	-
	43,313	41,000
Share of net assets	8,884	19,673
<i>Share of joint ventures' profit or loss</i>		
Revenue	345,612	378,673
Profit before income tax	1,494	1,911
Income tax expense	(448)	(602)
Share of net results of joint venture	1,046	1,309
<i>Share of commitments and contingent liabilities of joint ventures</i>	-	92

(d) Fair value of investment in listed entities

	Carrying amount		Fair value*	
	2010 \$000	2009 \$000	2010 \$000	2009 \$000
Listed entities (equity accounted)	16,420	49,031	6,003	18,406

* Fair value has been determined based on published price quotations. The group's listed equity accounted investments include Forest Enterprises Australia Ltd ("FEA") and the Agricultural Land Trust. FEA is in voluntary administration and has both a nil carrying amount and nil fair value at 30 September 2010.

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 12. Property, Plant and Equipment

	Consolidated	
	September 2010 \$000	September 2009 \$000
Non Current		
<i>Freehold land – cost</i>	10,616	11,261
<i>Buildings</i>		
Cost	24,054	18,249
Accumulated depreciation and impairment	(9,817)	(7,576)
	14,237	10,673
<i>Leasehold improvements</i>		
Cost	31,019	28,020
Accumulated amortisation and impairment	(15,271)	(13,994)
	15,748	14,026
<i>Plant and equipment (owned)</i>		
Cost	243,893	283,639
Accumulated depreciation and impairment	(165,005)	(214,384)
	78,888	69,255
<i>Plant and equipment (leased)</i>		
Cost	1,395	1,547
Accumulated amortisation and impairment	(563)	(520)
	832	1,027
<i>Livestock Carrier</i>		
Cost	33,419	28,789
Accumulated depreciation and impairment	(30,132)	(24,270)
	3,287	4,519
<i>Assets under construction – cost</i>	6,043	3,620
Total property, plant and equipment	129,651	114,381

Property, plant and equipment pledged as security for liabilities

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

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:

<i>Freehold land</i>		
Carrying amount at beginning of period	11,261	13,727
Additions	-	1,652
Disposals	(360)	(2,453)
Transfer (to)/from investment properties	145	-
Impairment	(519)	-
Exchange fluctuations	89	(13)
Transfers/other	-	(1,652)
Carrying amount at period end	10,616	11,261

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 12. Property, Plant and Equipment (continued)

	Consolidated	
	September 2010 \$000	September 2009 \$000
<i>Buildings</i>		
Carrying amount at beginning of period	10,673	25,693
Additions	762	1,378
Disposals	(2,776)	(9,868)
Transfer (to)/from investment properties	2,700	-
Depreciation expense	(926)	(2,166)
Impairment	-	(3,140)
Exchange fluctuations	(71)	(127)
Transfers/other	3,875	(1,097)
Carrying amount at period end	14,237	10,673
<i>Leasehold improvements</i>		
Carrying amount at beginning of period	14,026	13,583
Additions	2,224	2,755
Additions through entity acquired	69	-
Disposals	(1,651)	(2,652)
Depreciation expense	(2,075)	(2,861)
Impairment	(927)	-
Exchange fluctuations	(20)	-
Transfers/other	4,102	3,201
Carrying amount at period end	15,748	14,026
<i>Plant and equipment (owned)</i>		
Carrying amount at beginning of period	69,255	207,770
Additions	5,609	12,890
Additions through entity acquired	29,806	-
Disposals	(1,235)	(28,775)
Disposal through entity sold	(70)	(101,597)
Allocation of amounts held in provisions	(4,550)	-
Depreciation expense	(14,336)	(25,500)
Impairment	214	(10,171)
Exchange fluctuations	(181)	402
Transfers from assets under construction	2,296	-
Transfers/other	(7,920)	14,236
Carrying amount at period end	78,888	69,255
<i>Plant and equipment (leased)</i>		
Carrying amount at beginning of period	1,027	5,885
Additions	-	330
Disposals	-	(4,220)
Depreciation expense	(193)	(718)
Transfers from assets under construction	55	-
Transfers/other	(57)	(250)
Carrying amount at period end	832	1,027

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 12. Property, Plant and Equipment (continued)

	Consolidated	
	September 2010 \$000	September 2009 \$000
<i>Livestock Carrier</i>		
Carrying amount at beginning of period	4,519	18,825
Additions	4,630	97
Depreciation expense	(1,232)	(1,923)
Impairment	(4,630)	(12,480)
Carrying amount at period end	3,287	4,519
<i>Assets under construction</i>		
Carrying amount at beginning or period	3,620	27,498
Additions	5,035	4,433
Additions through entity acquired	304	-
Disposals	(540)	(671)
Impairment	-	(15,604)
Exchange fluctuations	(25)	4
Transfers to other classes of PPE	(2,351)	(12,040)
Carrying amount at period end	6,043	3,620

Note 13. Investment Properties

Non Current

Investment properties at fair value as per valuation	265,022	283,797
Carrying amount at beginning of period	283,797	256,417
Transfer (to)/from other property, plant, equipment	(2,845)	2,663
Fair value adjustments, net	7,564	10,672
Acquisition of investment properties	6,354	39,975
Transfer to non current assets held for sale	(1,050)	-
Disposal of investment properties	(4,853)	(985)
Impairment adjustment	(34,321)	(25,626)
Reverse discount on acquisition	10,649	-
Foreign exchange variation	-	681
Other	(273)	-
Carrying amount at end of period	265,022	283,797

Investment property pledged as security for liabilities

Refer to note 17 for interest bearing loans and borrowings secured by investment property.

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

Land and Buildings

Rental income	-	286
	-	286

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.

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 13. Investment Properties (continued)

(b) Valuation basis

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.

Investment properties are carried at fair value. 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 arms length transaction at the date of valuation. In determining fair value, the expected net cash flows applicable to each property have been discounted to their present value using a market determined, risk-adjusted, discount rate applicable to the respective asset.

At March 2010, the Board initiated an independent review, of forestry asset values in light of industry uncertainty and developments in the Forestry division. Ernst and Young were commissioned to oversee the review and it involved the assessment of carrying values to include 100% of Elders Forestry freehold estate and future income and harvest yield forecasts. As a result an impairment loss of \$34.3m was recognised against investment properties. The loss relates specifically to properties in Central Queensland which were affected by fungal disease.

The fair value methodology for plantation land investments is detailed in note 2(t). Fair value has been determined by the independent land valuation expert, 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% (2009: 4.5%)
CPI	2.5% (2009: 2.5%)
Land discount rate (post-tax)	9.0% (2009: 9.0%)
Future land rental income	Between 0-30% of final net harvest proceeds
Lease period	Between 1-20 years depending upon the individual property

Land and Buildings

Land and Buildings have been impaired by \$nil (2009: \$25.6 million).

Note 14. Intangibles

	Consolidated	
	September 2010 \$000	September 2009 \$000
Non Current		
Patents, trade marks and licences	3,115	3,224
Accumulated amortisation and impairment	(2,610)	(3,078)
	505	146
Goodwill	244,358	168,341
Accumulated impairment	(60,759)	(22,854)
	183,599	145,487
Brand names	60,400	60,400
Development costs, rent roll & other	21,764	29,662
Accumulated amortisation and impairment	(8,535)	(7,175)
	13,229	22,487
Total intangibles	257,733	228,520

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 14. Intangibles (continued)

(a) Reconciliation of carrying amounts at the beginning and end of the period

	Consolidated	
	September 2010 \$000	September 2009 \$000
<i>Patents, trade marks and licences</i>		
As at beginning of period	146	5,328
Additions	412	-
Disposals	-	(4,310)
Amortisation	-	(872)
Impairment	(19)	-
Transfers/other	(34)	-
As at period end	505	146
<i>Goodwill</i>		
As at beginning of period	145,487	207,886
Acquisition of controlled entity	98,085	-
Additions	2,275	18,371
Disposals	(10,248)	(67,390)
Impairment	(50,838)	(13,380)
Exchange fluctuations	(1,162)	-
As at period end	183,599	145,487
<i>Brand names</i>		
As at beginning of period	60,400	60,519
Disposals	-	(119)
As at period end	60,400	60,400
<i>Development costs, rent rolls and other</i>		
As at beginning of period	22,487	33,103
Additions	95	1,117
Disposals	(6,274)	(6,546)
Amortisation	(2,648)	(5,187)
Impairment	(387)	-
Exchange fluctuations	(44)	-
As at period end	13,229	22,487

A description of each intangible asset is included in section (b) of this note.

Refer note 2(w) for the accounting policy in relation to goodwill and other intangible assets.

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 14. Intangibles (continued)

(b) Description of the Group's intangible assets and goodwill

(i) Patents, trade marks and licences

Patents and licences have been acquired through business combinations and are carried at cost less accumulated impairment losses. These intangible assets have been determined to have finite useful lives and are amortised over their useful lives and tested for impairment whenever there is an indicator of impairment (refer section (c) of this note).

(ii) Goodwill

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is subject to impairment testing on an annual basis or whenever there is an indication of impairment (refer section (c) of this note).

(iii) Brand names

The brand name value represents the value attributed to the Elders brand when acquired through business combinations and are carried at cost less accumulated impairment losses. Brand names have been determined to have indefinite useful life due to there being no foreseeable limit to the period over which they are expected to generate net cash inflows, given the strength and durability of our brand and the level of marketing support. The Brand has been in the rural and regional Australian Market for many years, and the nature of the industry we operate in is such that brand obsolescence is not common, if appropriately supported by advertising and marketing spend. Brand names are not amortised but are subject to impairment testing on an annual basis or whenever there is an indication of impairment (refer section (c) of this note).

Expenditure incurred in developing, maintaining or enhancing brand names is expensed in the year that it occurred.

(iv) Development costs, rent rolls and other

Development costs and rent rolls have been acquired through business combinations and are carried at cost less accumulated impairment losses. These intangible assets have been determined to have finite useful lives and are amortised over their useful lives and tested for impairment whenever there is an indicator of impairment (refer section (c) of this note).

(c) Impairment tests for goodwill and intangibles with indefinite useful lives

For the purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination, irrespective of whether the other assets and liabilities of the Group are assigned to those units or group of units. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes, and is not larger than an operating segment determined in accordance with AASB 8.

The carrying amount of goodwill and brand names attributed to each of these cash generating units is as follows:

Consolidated	Goodwill		Brand Names	
	September 2010 \$000	September 2009 \$000	September 2010 \$000	September 2009 \$000
Rural Services Network	70,020	70,020	60,400	60,400
Rural Services New Zealand	9,926	16,542	-	-
Forestry	-	43,764	-	-
MCK Holdings (Plexicor)	98,085	-	-	-
Other CGU's	5,568	15,161	-	-
	183,599	145,487	60,400	60,400

(i) Rural Services Network CGU

The recoverable amount of Goodwill and Brand Names 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 15.2% pre-tax (2009: 13.0% 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

- Farm supplies volumes are expected to marginally increase in line with improved seasonal conditions on the east coast of Australia despite price levels remaining stable.
- Livestock prices are expected to weaken however volumes are forecast to be consistent with 2010.
- Real estate activity in broadacre is forecast to increase with improving rural conditions however activity in residential markets is expected to decrease over the forecast period.

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 14. Intangibles (continued)

(c) Impairment tests for goodwill and intangibles with indefinite useful lives (continued)

Selling, general and administrative expenses

- Significant reduction in expenses is expected through restructure initiatives undertaken by management during the 2010 financial year.

Growth rate estimates

- Year 1 cash flows are based on the Board approved budget for the 2011 financial year.
- Growth for years 2 – 4 is based on a three year forecast model assuming a straight line increase for inflation and price in addition to the cost reductions detailed above.
- The growth rate for year 5 is based on a 5% nominal growth factor.

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.

Management has determined there is no impairment in the current year for the Rural Services CGU (2009: \$nil).

(ii) Rural Services New Zealand CGU

The recoverable amount of 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 15.2% pre-tax (2009: 13.0% 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 New Zealand CGU was based on the following key assumptions:

Gross margins

- Trading conditions for farm supplies are expected to improve principally in the areas of chemicals and seed.
- Rural confidence is expected to recover in line with strong and improving terms of trade and the general economic conditions in New Zealand.

Selling, general and administrative expenses

- Significant reduction in expenses is expected through restructure initiatives undertaken by management during the 2010 financial year.

Growth rate estimates

- Year 1 cash flows are based on the Board approved budget for the 2011 financial year. This includes the impact of cost initiatives identified and implemented during 2010.
- Growth for years 2 – 5 is 3% based on a 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.

Management has recorded an impairment of \$5.0 million (2009: \$1.0 million) for the Rural Services New Zealand CGU.

(iii) MCK Holdings

MCK Holdings ("Plexicor") was consolidated into the Group on 30 September 2010. Refer note 39 for details of provisional acquisition accounting. Goodwill of \$86.1 million acquired is represented by the difference between consideration paid and the fair value of the identifiable assets and liabilities acquired. In addition Plexicor had \$12.0 million of goodwill in its statement of financial position. All goodwill and assets of Plexicor will be tested for impairment going forward in line with the Group's policy.

(d) Sensitivity to change in assumptions

(i) Rural Services Network CGU

With regard to the assessment of the value in use of the Rural Services Network CGU, management believe that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount, with the exception of:

- an decrease in expected future cash flows in excess of 59% in the forecast year 1 and then expected growth rates applied to that base thereafter could result in an impairment; and
- a decrease in the expected future cash in the forecast year 1 in excess of 34% with no growth applied thereafter, could result in an impairment.

(ii) Rural Services New Zealand CGU

With regard to the assessment of the value in use of the Rural Services New Zealand CGU, any negative change to the above key assumptions will cause the carrying value of the unit to exceed its recoverable amount.

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 15. Other Assets

	Consolidated	
	September 2010 \$000	September 2009 \$000
Current		
Deferred expenses	1,432	2,063
Prepayments	21,700	21,139
	23,132	23,202
Non Current		
Deferred design and development expenditure	18,919	18,459
As at beginning of period	18,459	27,058
Design and development expenditure capitalised	4,394	3,963
Additions through entity acquired	96	-
Amortisation	(4,578)	(6,314)
Impairment	548	(6,248)
As at period end	18,919	18,459

Note 16. Trade and Other Payables

Current		
Trade creditors	282,267	244,526
Other creditors and accruals	69,510	100,889
Payables to associated companies	2,000	-
Unearned forestry income	3,202	17,316
	356,979	362,731
Non Current		
Payables	410	-
Other creditors and accruals	776	-
	1,186	-

(a) Fair Value

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

(b) Financial guarantees

Information regarding financial guarantees is set out in note 36.

(c) Related party payables

For terms and conditions of related party payables refer to note 34.

(d) Interest rate, foreign risk and liquidity risk

Information regarding interest rate, foreign exchange and liquidity risk exposure is set out in note 36.

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 17. Interest Bearing Loans and Borrowings

	Consolidated	
	September 2010 \$000	September 2009 \$000
Current		
Secured loans	167,422	702,419
Unsecured loans	620	1,603
Lease liabilities	229	453
Secured notes	-	149,594
Trade receivables funding	111,215	-
	279,486	854,069
Non Current		
Secured loans	122,357	245,064
Unsecured loans	1,016	-
Lease liabilities	127	112
Secured notes	94,649	100,028
	218,149	345,204
Total Current and Non Current	497,635	1,199,273

During the financial period, Elders completed negotiations in respect of its trade receivables financing program. As a result of the new program, a secured interest bearing liability for the trade receivables portfolio has been recognised on the balance sheet as a current liability.

(a) Financing arrangements

The Group has access to the following financing facilities with a number of financial institutions.

	Maturity	Consolidated		
		Accessible \$000	Drawn \$000	Unused \$000
2010				
Secured Loans				
- Tranche A1 Term Loan	Sep '12	122,357	122,357	-
- Tranche D1 Revolver	Mar '11	116,800	75,000	41,800
- Other	Various	299,484	203,637	95,847
		538,641	400,994	137,647
Secured Notes				
- Tranche A2 – Series A	Nov '14	16,994	16,994	-
- Tranche A2 – Series B	May '15	33,568	33,568	-
- Tranche A3 – Series C	Nov '14	12,612	12,612	-
- Tranche A3 – Series D	May '15	24,953	24,953	-
- Tranche A4 – Series D	Nov '14	28,197	28,197	-
		116,324	116,324	-
- Costs to be amortised over the period of the loan	Nov '14	(21,675)	(21,675)	-
		94,649	94,649	-
Unsecured loans and lease liabilities		1,992	1,992	-
Total		635,282	497,635	137,647

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 17. Interest Bearing Loans and Borrowings (continued)

(a) Financing arrangements (continued)

	Maturity	Consolidated		
		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	-
- Tranche A2 – Series B	May '15	37,919	37,919	-
- Tranche A3 – Series C	Nov '14	14,450	14,450	-
- Tranche A3 – Series D	May '15	28,293	28,293	-
- Tranche B2 – Series F	Sep '10	78,018	78,018	-
- Tranche C2 – Series G	Nov '09	71,576	71,576	-
- Tranche A4 – Series D	Nov '14	30,691	30,691	-
		280,313	280,313	-
- Costs to be amortised over the period of the loan	Nov '14	(30,691)	(30,691)	-
		249,622	249,622	-
Unsecured loans and lease liabilities		2,168	2,168	-
Total		1,219,895	1,199,273	20,622

Tranches A2, A3 & A4 maturities are subject to "Note Holder Put Rights" to September 2012.

(b) Fair values

Unless disclosed below, the carrying amount of the Group's current and non current borrowings approximate their fair value. The fair values have been calculated by discounting the expected future cash flows at prevailing market interest rates varying from 7.5% to 8.5% (2009: 7.5% to 8.5%).

	2010		2009	
	Carrying amount \$000	Fair value \$000	Carrying amount \$000	Fair value \$000
Secured loans	400,994	400,994	947,483	947,483
Secured notes	94,649	98,806	249,622	249,622
	495,643	499,800	1,197,105	1,197,105

The parent entity and certain controlled entities have potential financial liabilities which may arise from certain contingencies disclosed in note 28. However the Directors do not expect those potential financial liabilities to crystallise into obligations and therefore financial liabilities disclosed in the above table are the director's estimate of amounts that will be payable by the Group. No material losses are expected and as such, the fair values disclosed are the directors' estimate of amounts that will be payable by the group.

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 17. Interest Bearing Loans and Borrowings (continued)

(c) Interest rate, foreign exchange and liquidity risk

Secured notes are issued in the United States of America financial markets and are denominated in United States dollars. Details regarding interest rate, foreign exchange and liquidity risk is disclosed in note 36.

(d) Assets pledged as security

Secured loans and secured notes are secured by various fixed and floating charges over the assets of the controlled entities concerned. Lease liabilities are secured by a charge over the leased assets.

The carrying amount of assets pledged as security for current and non-current interest bearing liabilities are:

	Consolidated	
	September 2010 \$000	September 2009 \$000
Current assets		
<i>Floating charge</i>		
Cash and cash equivalents	48,870	297,823
Trade and other receivables	155,550	198,948
Inventory	150,894	68,176
Other	418,500	10,186
	773,814	575,133
Non Current assets		
<i>Floating charge</i>		
Receivables	48,052	238,480
Inventories	-	27,014
Other financial assets	492,471	563,987
Investments in associates and joint ventures	196,382	242,824
Property, plant and equipment	106,358	58,758
Investment properties	268,619	273,921
Other	304,974	165,977
	1,416,856	1,570,961
Total Current and Non Current	2,190,670	2,146,094

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 18. Provisions

	Consolidated	
	September 2010 \$000	September 2009 \$000
Current		
Employee entitlements	43,955	50,333
Warranty	1,717	2,242
Restructuring	6,883	36,179
Redundancy	1,758	2,000
Make good	7,323	7,028
Onerous Contracts	6,623	3,448
Other	3,748	5,967
	72,007	107,197
Non Current		
Employee entitlements	4,704	13,206
Make good	7,553	-
Onerous Contracts	12,376	-
	24,633	13,206
Total provisions	96,640	120,403

For a description of the nature and timing of the cash flows associated with the above provisions, refer to section (b) below.

(a) Movement in provisions

<i>Employee entitlements</i>		
As at beginning of period	63,539	67,559
Arising during year	15,887	35,111
Utilised	(32,849)	(38,619)
Unused amounts reversed	(69)	(753)
Provisions arising from business combinations	2,240	-
Discount rate adjustment	(89)	241
As at period end	48,659	63,539
<i>Warranty</i>		
As at beginning of period	2,242	2,722
Arising during year	1,064	1,866
Utilised	(1,182)	(1,187)
Unused amounts reversed	(401)	(1,159)
Provisions arising from business combinations	(6)	-
As at period end	1,717	2,242

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 18. Provisions (continued)

(a) Movement in provisions (continued)

	Consolidated	
	September 2010 \$000	September 2009 \$000
<i>Restructuring</i>		
As at beginning of period	36,179	6,889
Arising during year	-	57,086
Utilised	(3,786)	(27,796)
Unused amounts reversed	(15,670)	-
Provisions allocated to property, plant and equipment	(4,550)	-
Provisions allocated to investment property	(2,437)	-
Provisions allocated to inventory	(2,853)	-
As at period end	6,883	36,179
<i>Redundancy</i>		
As at beginning of period	2,000	917
Arising during year	2,117	3,353
Utilised	(2,329)	(1,806)
Unused amounts reversed	(30)	(464)
As at period end	1,758	2,000
<i>Make good</i>		
As at beginning of period	7,028	6,306
Arising during year	7,311	137
Utilised	(40)	(14)
Unused amounts reversed	(165)	-
Discount rate adjustment	742	599
As at period end	14,876	7,028
<i>Onerous contracts</i>		
As at beginning of period	3,448	-
Arising during year	17,716	3,448
Utilised	(1,675)	-
Unused amounts reversed	(490)	-
As at period end	18,999	3,448
<i>Other</i>		
As at beginning of period	5,967	25,459
Arising during year	4,228	8,114
Utilised	(6,160)	(26,175)
Unused amounts reversed	(258)	(1,431)
Provisions allocated to other assets	(29)	-
As at period end	3,748	5,967

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 18. Provisions (continued)

(b) Nature and timing of provisions

(i) Employee entitlements

Refer to note 2(aa) and 2(ab) for the relevant accounting policy and a discussion of the significant estimations and assumptions applied in the measurement of this provision.

(ii) Warranty

A provision for warranties is recognised when the underlying products and services are sold. The provision is based on historical warranty date and a weighting of all possible outcomes against their associated probabilities.

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 the majority of these costs will be incurred in the next financial year and all will have been incurred within two years of the reporting 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.

(iii) Restructure

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, was substantially completed at June 2010.

(iv) Redundancy

The redundancy provision relates to redundancies communicated to staff during the year.

(v) Make Good

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.

(vi) Onerous leases

As part of the Forestry asset review, testing of the anticipated benefit of leased properties resulted in a total onerous lease provision of \$15.0 million to be recognised.

(vii) Other

The remaining provision balance in 'other' includes legal claims of \$1.6 million (2009: \$1.3 million).

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 19. Contributed Equity

	Consolidated	
	September 2010 \$000	September 2009 \$000
Issued and paid up capital		
448,598,480 ordinary shares (September 2009: 819,165,045)	1,273,863	737,513

On 4 September 2009, Elders announced an equity raising comprising the offering of \$550 million of new ordinary shares in Elders (New Shares) at an offer price of \$0.15 per New Share. The offering 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.

A 10:1 share consolidation of Elders Limited shares was completed in January 2010.

Movements in ordinary shares:

	September 2010		September 2009	
	Number	\$000	Number	\$000
Opening balance	819,165,045	737,513	780,545,644	694,118
Issued capital	3,666,671,060	550,000	-	-
Share issue costs (net of tax)	-	(13,650)	-	-
Employee bonus shares	-	-	345,752	446
Dividends underwritten	-	-	23,812,167	26,879
Dividend reinvestment plan	-	-	14,461,482	16,070
Balance before share consolidation	4,485,836,105	1,273,863	819,165,045	737,513
Share consolidation 10:1	448,598,480	-	-	-
Closing balance	448,598,480	1,273,863	819,165,045	737,513

As a result of the share consolidation, the calculation of basic and diluted earnings per share have been adjusted retrospectively.

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.

(a) 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.

Elders' current financing arrangements restrict Elders from paying dividends on shares until 31 March 2012. Refer to note 23 for dividend disclosure.

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 20. Hybrid Equity

	Consolidated	
	September 2010 \$000	September 2009 \$000
Issued and fully paid up	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 remarketing date) the distribution rate will be the 3 month bank bill swap rate plus a margin of 2.20% pa. On a remarketing 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 remarketing 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.

Note 21. Reserves

Business combination reserve	(5,134)	(10,312)
Employee equity benefits reserve	(7,434)	(13,695)
Foreign currency translation reserve	(14,006)	(5,795)
Net unrealised gains reserve	(1,553)	(6,396)
Share of reserve for losses in associate	6,163	5,433
Reserved shares reserve	(13,704)	-
	(35,668)	(30,765)

(a) Movement in reserves

Business combination reserve:

Opening balance	(10,312)	27,847
Arising during the period	-	(38,159)
Excess paid for purchase of non-controlling interest	(5,480)	-
Transfer to retained earnings	10,658	-
Closing balance	(5,134)	(10,312)

Employee equity benefits reserve:

Opening balance	(13,695)	(23,099)
Current period share option expense	2,136	(1,378)
Current period share plan expense	-	8,734
Transfer to retained earnings	(9,579)	-
Transfer to reserved shares reserve	13,704	-
Other share plan transfers	-	2,048
Closing balance	(7,434)	(13,695)

Foreign currency translation reserve:

Opening balance	(5,795)	(5,599)
Currency translation differences	(10,217)	(348)
Currency translation differences realised	1,578	307
Non-controlling interest share of movement	70	(155)
Income tax on items taken directly or transferred to equity	358	-
Closing balance	(14,006)	(5,795)

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 21. Reserves (continued)

	Consolidated	
	September 2010 \$000	September 2009 \$000
<i>Net unrealised gains reserve:</i>		
Opening balance	(6,396)	3,907
Net gains/(losses) on cash flow hedges	733	(14,327)
Transfer to retained earnings	4,020	-
Income tax on items taken directly or transferred to equity	90	4,024
Closing balance	(1,553)	(6,396)
<i>Share of reserve for losses in associate:</i>		
Opening balance	5,433	13,134
Current period movement	730	(7,701)
Closing balance	6,163	5,433
<i>Reserved shares reserve:</i>		
Opening balance	-	-
Transfer from employee equity benefits reserve	(13,704)	-
Closing balance	(13,704)	-
Total Reserves	(35,668)	(30,765)

(b) 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, including key management personnel 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.

Net unrealised gains reserve

This reserve records 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 associate

Rural Bank 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 Rural Bank's reserve for credit losses directly in equity.

Reserved Shares Reserve

This reserve represents shares that have been forfeited by employees that were issued under the employee share loan plan. In previous financial periods this balance was included in the Employee Equity Benefits Reserve.

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 22. Retained Earnings

	Consolidated	
	September 2010 \$000	September 2009 \$000
Retained earnings at the beginning of the financial year	(158,012)	353,991
Net profit/(loss) attributable to members	(217,628)	(466,426)
Dividends to shareholders	-	(51,153)
Recognition for share of reserve for losses in associate	162	5,576
Transfer from business combinations reserve	(10,658)	-
Transfer from employee equity benefits reserve	9,579	-
Transfer from net unrealised gains reserve	(4,020)	-
Retained earnings at the end of the financial year	(380,577)	(158,012)

Note 23. Dividends

a) Dividends proposed

No final dividend will be paid (2009: Nil)	-	-
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b) Dividends paid during the year

Current year interim

- No interim dividend will be paid (2009: Nil)	-	-
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Previous year final

- No final dividend paid (2009: 5.5¢ per share, fully franked)	-	42,949
- No hybrid distribution paid (2009: fully franked)	-	8,204
	-	51,153

Subsidiary equity dividends on ordinary shares:

Dividends paid to external parties during the year		
- B&W Rural Pty Ltd dividend \$1,030 per share fully franked (2009: \$4,460 per share fully franked)	1,010	2,186
- B&W Rural Pty Ltd dividend \$1,468 per share fully franked (2009: \$nil per share fully franked)	720	-
- Killara Feedlot Pty Ltd dividend \$nil per share (2009: 0.2¢ per share unfranked)	-	107
- Killara Feedlot Pty Ltd dividend \$nil per share (2009: \$0.17 per share unfranked)	-	905
	1,730	54,351

Elders' current restructured financing arrangements restrict Elders from paying dividends on shares until after 31 March 2012.

c) Franking credit balance

Franking credits available to the parent for subsequent financial years based on tax rate of 30% (2009: 30%)	19,700	15,790
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The above amounts represent the balance of the franking account as at the end of the financial period, 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; and
- franking credits that may be prevented from being distributed in subsequent financial years.

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 24. Non-controlling Interests

	Consolidated	
	September 2010 \$000	September 2009 \$000
Non-controlling interests comprise interests in the following items:		
Contributed equity	1,275	13,332
Retained earnings	2,049	(5,560)
	3,324	7,772

On 1 April 2010, the Group acquired an additional 46.75% interest in the controlled entity, Killara Feedlot Pty Ltd, increasing the Group's interest to 100% for \$11.2 million. The transaction resulted in the de-recognition of a non-controlling interest of \$6.0 million and the recognition in equity of \$5.2 million, being the excess paid for the purchase of the non-controlling interest.

Note 25. Cash Flow Statement Reconciliation

(a) Reconciliation of net profit after tax to net cash flows from operations

Profit/(loss) after income tax expense	(212,511)	(467,500)
<i>Adjustments for:</i>		
Depreciation and amortisation	25,988	45,542
Share of associates and joint venture (profit)	(33,743)	697
Dividends from associates	31,355	19,900
Dividend received as DRP	-	(7,703)
Fair value adjustments to financial assets	(956)	(8,181)
Other fair value adjustments	(11,662)	(10,672)
Impairment of assets	142,633	320,334
Movement in provision for:		
- doubtful debts	27,185	5,065
- employee entitlements	15,729	10,937
- other provisions	16,164	12,211
Other write downs	3,938	9,509
Net (profit)/loss on sale of non-current assets	616	(41,563)
Net (profit)/loss on sale of controlled entity	8,954	(82,546)
Cost of share based payments	2,136	7,548
Deferred tax asset	(2,918)	(35,862)
Deferred income tax	(5,457)	15,384
Provision for tax	13,547	15,105
Other non cash items	2,404	19,868
	23,402	(171,927)
- (Increase)/decrease in receivables and other assets	(80,228)	(150,184)
- (Increase)/decrease in inventories	52,006	93,277
- Increase/(decrease) in payables and accruals	(105,653)	(294,492)
Net cash flows from operating activities	(110,473)	(523,326)

(b) Cash and Cash equivalents

Cash at bank and in hand	79,985	367,868
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Cash includes \$3.0 million (2009: \$0.5 million) of cash held in trust on behalf of certain controlled entities.

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 25. Cash Flow Statement Reconciliation (continued)

(c) Non cash financing and investing activities

During the financial year there were no non-cash financing and investing transactions (2009: 14,461,482 ordinary shares for \$16.1 million). These transactions are not reflected in the prior period statement of cash flows.

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. Consequently only comparative information is provided.

	Consolidated	
	September 2010 \$000	September 2009 \$000
<i>Profit from ordinary activities includes the following results from general insurance activities:</i>		
Direct premium revenue	-	535,451
Outward reinsurance premiums	-	(241,326)
	-	294,125
Claims expense	-	(399,220)
Reinsurance and other recoveries	-	213,839
Claims handling costs	-	(9,323)
Net claims incurred	-	(194,704)
Underwriting expenses		
- Amortisation of deferred acquisition costs	-	(104,843)
- Recurring acquisition costs	-	(25,737)
- Other underwriting costs	-	(6,326)
	-	(136,906)
Other underwriting revenue	-	54,918
Net underwriting result	-	17,433
Investment revenue	-	12,510
General and administration expenses	-	(17,521)
Profit from ordinary activities before income tax	-	12,422
Income tax (expense)	-	(4,527)
Net profit	-	7,895

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 26. Results of Insurance Activities (continued)

(a) Net claims incurred comprises:

	September 2010			September 2009		
	Current Year \$000	Prior Year \$000	Total \$000	Current Period \$000	Prior Period \$000	Total \$000
Gross claims incurred and related expenses						
-undiscounted	-	-	-	(440,693)	35,305	(405,388)
Reinsurance and other recoveries - undiscounted	-	-	-	227,696	(15,308)	212,388
Net claims incurred - undiscounted	-	-	-	(212,997)	19,997	(193,000)
Discount and discount movement						
- gross claims	-	-	-	9,070	(12,225)	(3,155)
Discount and discount movement - reinsurance and other recoveries	-	-	-	(5,078)	6,529	1,451
Net discount movement	-	-	-	3,992	(5,696)	(1,704)
Total direct claims incurred	-	-	-	(209,005)	14,301	(194,704)

(b) 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)

	2010 %	2009 %
Long Tail Classes	-	16.5
Short Tail Classes	-	8.9
Overall Margin Allowing for Diversification	-	12.0

Note 27. Expenditure Commitments

Finance lease commitments – Group as a lessee

The Group has finance leases and hire purchase contracts for various items of plant and machinery with a carrying amount of \$0.8 million (2009: \$1.0 million). These lease contracts expire within one to four 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.

	Consolidated	
	September 2010 \$000	September 2009 \$000
<i>Lease commitments:</i>		
<i>Finance leases:</i>		
- Within one year	254	495
- After one year but not after five years	134	116
Total minimum lease payments	388	611
Less amounts representing finance charges	(32)	(46)
Present value of minimum lease payments	356	565

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 27. Expenditure Commitments (continued)

	Consolidated	
	September 2010 \$000	September 2009 \$000
Disclosed in the financial statements as:		
- current (note 17)	229	453
- non current (note 17)	127	112
	356	565
<i>Operating leases:</i>		
- Within one year	88,946	87,273
- After one year but not later than five years	192,575	211,401
- After more than five years	120,411	141,256
Total minimum lease payments	401,932	439,930

Operating leases commitments – Group as a lessee

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.

Property plant and equipment commitments

Capital expenditure contracted for but not otherwise provided for in these accounts:

- Within one year	700	14,649
- After one year but not later than five years	120	-
	820	14,649

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	1,300	797
Guarantees issued to third parties arising in the normal course of business.	23,427	28,962
	24,727	29,759

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.
- The Group has provided a guarantee to a third party in relation to the obligations of Caversham Property Developments Pty Limited, a former subsidiary of Elders Limited. The directors are of the view that the Group's liability under the guarantee is unquantifiable and remote.
- The Group has provided an indemnity to Toepfer International ("TI") in connection with half of any losses suffered as a result of default by the joint venture, Elders Toepfer Grain ("ETG"), in connection with a loan facility provided by TI to ETG. The directors are of the view that the probability of this indemnity being called upon is remote.
- 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 based on the net exposure are likely to be material.
- Elders Forestry Management Ltd ("EFM") is the responsible entity of the Elders Forestry group's forestry management investment schemes. EFM 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. As at 1 November 2010 no claims for damages have been lodged as a result of the outbreak of this disease.

Other contingent liabilities

As previously disclosed the Group has received amended income tax assessments from the Australian Taxation Office 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 appealed the amended assessments increasing the capital gain. On 31 August 2010 the Federal Court upheld the Group's appeal against the amended assessments. The Australian Taxation Office has appealed the Federal Court decision. Management consider

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 28. Contingent Liabilities (continued)

the current provisioning in relation to this matter to be adequate and will continue to vigorously defend its position 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. During the year the matter was settled. There is no impact to the net profit/(loss) for the period.

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.

Note 29. Segment Information

Identification of reportable segments

The Group has identified its operating segments to be the four segments of Rural Services, Forestry, Automotive Components and Investment & Other. In the prior period Financial Services was also considered a segment until the operations were disposed. This is the basis on which internal reports are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining allocation of resources. Discrete financial information about each of these operating businesses is reported to the executive management team on at least a monthly basis. The Group operates predominantly within Australia. All other geographical operations are not material to the financial statements.

Type of product and service

- Rural Services include the provision of a range of agricultural products and services through a common distribution channel and the investment in Rural Bank. Rural Bank was previously included in the Financial Services segment.
- Financial Services included the provision of a range of financial services through a common distribution channel. The net assets within this segment were significantly divested in financial year 2009. The investment in Rural Bank is now reported in the Rural Services segment.
- Forestry includes the Group's interests in forestry plantations.
- Automotive Components include the manufacturing and sales of automotive components of which the key components are seating, interior trim, 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.

Accounting policies and intersegment transactions

The accounting policies used by the group in reporting segments internally are the same as those contained in note 2 to the accounts. Segment results have been determined on a consolidated basis and represent the earnings before corporate net financing costs and income tax expense.

	Rural Services	Forestry	Automotive Components	Investment & Other	Total
<i>12 months September 2010</i>	\$000	\$000	\$000	\$000	\$000
External sales	1,797,230	100,311	256,840	-	2,154,381
Other revenue	7,529	9,514	21,726	19,568	58,337
Share of net profit (loss) of associates	32,968	-	(440)	1,215	33,743
Total revenue	1,837,727	109,825	278,126	20,783	2,246,461
Earnings before interest, tax, depreciation & amortisation	23,994	(157,613)	30,603	(50,767)	(153,783)
Depreciation & amortisation	(10,276)	(939)	(14,753)	(20)	(25,988)
Segment Result	13,718	(158,552)	15,850	(50,787)	(179,771)
Corporate net interest expense					(31,888)
Profit from ordinary activities before tax					(211,659)

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 29. Segment Information (continued)

	Rural Services	Forestry	Automotive Components	Investment & Other	Total
<i>12 months September 2010</i>	\$000	\$000	\$000	\$000	\$000
Segment assets	882,716	522,785	281,425	210,448	1,897,374
Unallocated assets (including tax assets)	-	-	-	-	198,902
Total assets	882,716	522,785	281,425	210,448	2,096,276
Segment liabilities	301,636	39,778	108,142	26,553	476,109
Unallocated liabilities (including tax liabilities)	-	-	-	-	614,074
Total liabilities	301,636	39,778	108,142	26,553	1,090,183
Net assets	581,080	483,007	173,283	183,895	1,006,093
Carrying value of equity investments	210,130	50	10,327	20,371	240,878
Acquisition of non current assets	13,795	14,674	(3,317)	-	25,152
Non cash income/(expense) other than depreciation and amortisation	(20,233)	(199,103)	(33,593)	48,176	(204,753)
Profit/(loss) on sale of non current assets and controlled entities	(2,537)	(7,281)	248	-	(9,570)

	Rural Services	Financial Services	Forestry	Automotive Components	Investment & Other	Total
<i>15 months September 2009</i>	\$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	26,998	-	(2,668)	(25,986)	959	(697)
Total revenue	2,733,789	551,806	181,235	326,988	4,360	3,798,178
Earnings before interest, tax, depreciation & amortisation	(240,874)	136,301	(94,040)	(39,974)	(92,226)	(330,813)
Depreciation & amortisation	(18,400)	(1,109)	(6,583)	(19,431)	(19)	(45,542)
Segment Result	(259,274)	135,192	(100,623)	(59,405)	(92,245)	(376,355)
Corporate net interest expense						(89,975)
Profit from ordinary activities before tax						(466,330)
Segment assets	990,072	18,675	726,160	194,279	129,129	2,058,315
Unallocated assets (including tax assets)	-	-	-	-	-	482,908
Total assets	990,072	18,675	726,160	194,279	129,129	2,541,223
Segment liabilities	358,995	11,428	30,718	61,174	70,744	533,059
Unallocated liabilities (including tax liabilities)	-	-	-	-	-	1,306,505
Total liabilities	358,995	11,428	30,718	61,174	70,744	1,839,564
Net assets	631,077	7,247	695,442	133,105	58,385	701,659
Carrying value of equity investments	197,065	-	32,405	33,605	20,149	283,224
Acquisition of non current assets	32,368	817	45,816	10,259	54	89,314
Non cash income/(expense) other than depreciation and amortisation	(185,006)	123,032	(103,652)	(39,460)	(52,366)	(257,452)
Profit/(loss) on sale of non current assets and controlled entities	43,611	137,981	(43,163)	28	(14,348)	124,109

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 continued to receive part of this income as reimbursements for distribution costs under the new joint venture arrangement.

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 30. Supplementary Statement of Net Debt

(a) Statement of Net Debt

	Rural Services	Forestry	Automotive Components	Investment & Other	Total
<i>12 months September 2010</i>	\$000	\$000	\$000	\$000	\$000
Earnings before interest & tax	13,718	(158,552)	15,850	(50,787)	(179,771)
Depreciation and amortisation	10,276	939	14,753	20	25,988
Share of associates and joint venture (profit)	(32,968)	-	440	(1,215)	(33,743)
Dividends received from associates	30,781	-	-	574	31,355
Fair value adjustments on financial assets	852	(225)	-	(1,583)	(956)
Other fair value adjustments	2,622	(9,893)	-	(4,391)	(11,662)
Impairment of assets	7,421	134,245	(790)	1,757	142,633
Movement in provision for:					
- doubtful debts	8,116	8,213	-	10,856	27,185
- employee entitlements	3,112	1,036	9,481	2,100	15,729
- other provisions	(6,661)	21,335	746	744	16,164
Other writedowns	2,222	-	1,716	-	3,938
Profit/(loss) on sale of non-current assets	957	(93)	(248)	-	616
Profit/(loss) on sale of controlled entity	1,580	7,374	-	-	8,954
Cost of share based payments	23	-	23	2,090	2,136
Interest received	7,302	713	85	14,469	22,569
Interest and other costs of finance paid	(1,963)	(454)	-	(51,008)	(53,425)
Tax (paid)/refund	(1,878)	-	-	9,782	7,904
Other non cash items	3,914	1,662	1,867	(9,655)	(2,212)
	49,426	6,300	43,923	(76,247)	23,402
Movement in working capital	19,728	(35,565)	(8,351)	(109,687)	(133,875)
Operating cash flow	69,154	(29,265)	35,572	(185,934)	(110,473)
Payments for property, plant and equipment	(12,195)	(1,091)	(4,974)	-	(18,260)
Purchase of investments	(1,600)	-	-	-	(1,600)
Payments for investment properties	-	(6,354)	-	-	(6,354)
Purchase of controlled entity, net of cash acquired	-	(7,229)	12,540	-	5,311
Payment for design and development capitalised	-	-	(4,249)	-	(4,249)
Proceeds on sale of property, plant & equipment	5,037	796	-	-	5,833
Proceeds from sale of investments	-	1,020	-	-	1,020
Proceeds from sale of investment property	-	4,841	-	-	4,841
Proceeds from disposal of controlled entity	4,547	86,613	-	-	91,160
Acquisition of non-controlling interests	(7,796)	-	-	-	(7,796)
Loans to associated entities	(3,333)	-	-	(1,117)	(4,450)
Repayment of loans by associated entities	4,070	802	-	127	4,999
Loans to growers	-	(959)	-	-	(959)
Loans repaid by growers	-	11,630	-	-	11,630
Investing cash flow	(11,270)	90,069	3,317	(990)	81,126
Proceeds from issue of shares	-	-	-	550,000	550,000
Share issue costs	-	-	-	(19,500)	(19,500)
Partnership profit distributions	(3,446)	-	-	-	(3,446)
Other financing inflows(outflows)	(43,507)	(59,577)	(25,699)	128,783	-
Other flows	(46,953)	(59,577)	(25,699)	659,283	527,054
Total Flows	10,931	1,227	13,190	472,359	497,707
Opening net debt					(869,548)
Total Flows					497,707
Fair value adjustment to debt					968
Consolidation of MCK Holdings Pty Ltd (Plexicor)					(64,300)
Closing net debt					(435,173)

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 30. Supplementary Statement of Net Debt (continued)

(a) Statement of Net Debt (continued)

	Rural Services	Financial Services	Forestry	Automotive Components	Investment & Other	Total
<i>15 months September 2009</i>	\$000	\$000	\$000	\$000	\$000	\$000
Earnings before interest & tax	(259,274)	135,192	(100,623)	(59,405)	(92,245)	(376,355)
Depreciation and amortisation	18,400	1,109	6,583	19,431	19	45,542
Share of associates and joint venture (profit)	(26,998)	-	2,668	25,986	(959)	697
Dividends received from associates	15,689	-	3,153	-	1,058	19,900
Dividends received under DRP	(7,703)	-	-	-	-	(7,703)
Fair value adjustments on financial assets	(6,953)	-	-	-	(1,228)	(8,181)
Other fair value adjustments	-	-	(10,672)	-	-	(10,672)
Impairment of assets	224,148	-	66,200	19,084	10,902	320,334
Movement in provision for:						
- doubtful debts	5,104	(39)	-	-	-	5,065
- employee entitlements	12,609	119	(29)	(1,762)	-	10,937
- other provisions	-	14,640	(319)	(4,279)	2,169	12,211
Other writedowns	11,157	-	(1,648)	-	-	9,509
Profit/(loss) on sale of non-current assets	(43,611)	340	231	(28)	1,505	(41,563)
Profit/(loss) on sale of controlled entity	-	(138,321)	42,932	-	12,843	(82,546)
Cost of share based payments	(589)	229	85	399	7,424	7,548
Interest received	966	13,739	314	25	6,274	21,318
Interest and other costs of finance paid	(7,462)	-	(1,492)	(266)	(101,606)	(110,826)
Tax (paid)/refund	(16,194)	(7,810)	1,332	7,957	5,657	(9,058)
Other non cash items	2,153	-	1,051	60	18,652	21,916
	(78,558)	19,198	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	(345,781)	7,614	(84,940)	14,938	(115,157)	(523,326)
Payments for property, plant & equipment	(12,574)	(817)	(5,841)	(5,551)	-	(24,783)
Payments for investments	(19,794)	-	-	(286)	(54)	(20,134)
Payments for investment properties	-	-	(39,975)	-	-	(39,975)
Payment for design and development capitalised	-	-	-	(4,422)	-	(4,422)
Proceeds from sale of property, plant and equipment	7,130	-	2,352	307	-	9,789
Proceeds from sale of investments	195,073	34,442	-	-	2,118	231,633
Proceeds from sale of investment property	-	-	985	-	-	985
Proceeds from disposal of controlled entity	-	65,715	(193)	-	29,061	94,583
Loans to associated entities	(3,375)	-	-	-	(33,624)	(36,999)
Repayment of loans by associated entities	1,928	258	3,049	-	3,148	8,383
Loans to growers	-	-	(16,352)	-	-	(16,352)
Loans repaid by growers	-	-	7,284	-	-	7,284
Investing cash flow	168,388	99,598	(48,691)	(9,952)	649	209,992
Dividends paid	(3,198)	-	-	-	(35,083)	(38,281)
Dividends underwritten	-	-	-	-	26,879	26,879
Partnership profit distributions	(3,242)	-	-	-	-	(3,242)
Other flows	(6,440)	-	-	-	(8,204)	(14,644)
Total Flows	(183,833)	107,212	(133,631)	4,986	(122,712)	(327,978)
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)

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 30. Supplementary Statement of Net Debt (continued)

(b) Reconciliation of net debt balance to balance sheet

	Consolidated	
	September 2010 \$000	September 2009 \$000
Cash and cash equivalents	79,985	367,868
Interest Bearing Loans and Borrowings	(497,635)	(1,199,273)
Derivatives on Interest Bearing Loans and Borrowings	(17,523)	(38,143)
	(435,173)	(869,548)

Note 31. Auditors Remuneration

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⁾	1,830,037	2,647,524
- tax services (primarily compliance)	420,382	141,268
- fees in relation to investigative accountants report and preparation of prospectus	-	1,764,345
- other compliance and assurance services	231,876	242,062
	2,482,295	4,795,199
<i>Amounts received or due and receivable by related practices of Ernst & Young (Australia) for:</i>		
- auditing or review of financial statements	141,180	432,650
	141,180	432,650
<i>Amounts received or due and receivable by non Ernst & Young audit firms for:</i>		
- auditing or review of financial statements	-	21,000
- tax services	-	474,091
- internal audit	-	669,442
- other services ⁽ⁱⁱ⁾	-	5,817,176
	-	6,981,709

(i) A full statutory audit as at 30 June 2009 and 30 September 2009 was conducted in the 15 month period ended 30 September 2009.

(ii) Other services including specific projects.

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 32. Investments in Controlled Entities

(a) Schedule of controlled entities

		% Held by Group	
		September 2010	September 2009
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 (in liquidation)	(a)	-	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 (Malaysia) Pty Ltd	(a)	100	100
Air International (Ventures) No 2 Pty Ltd	(a)	100	100
Air International Asia Pacific Operations 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	(k)	100	100
Aldetec Unit Trust	(f)	100	100
AMG Marketing & Research Pty Ltd (in liquidation)	(g)	-	100
APO Administration Limited	(c)(e)	100	100
APT Finance Pty Ltd	(a)	100	100
APT Forestry Pty Ltd	(a)	100	100
APT Land Pty Ltd	(a)	100	100
APT Nurseries Pty Ltd	(a)	100	100
APT Projects Ltd	(g)	100	100
AR Finance Pty Ltd	(l)	-	100
Argo Trust No. 2	(i)	100	-
Artreal Pty Ltd	(g)	100	100
Ashwick (Vic) No 102 Pty Ltd	(a)	100	100
Austech Ventures Pty Ltd (formerly Austech Ventures Ltd)	(a)	100	100
Australian Combined Meat Processors Pty Ltd	(g)(h)	50	50
Australian Plantation Timber Pty Ltd (formerly Australian Plantation Timber Ltd)	(a)	100	100
Australian Retirement Managers Pty Ltd	(a)	100	100
Australian Topmaking Services Pty Ltd (formerly Australian Topmaking Services Limited)	(a)	100	100
B & W Rural Pty Ltd	(h)	51	51
Balcooma Pty Ltd	(l)	-	100
Banks Marsden Pty Ltd	(g)	100	100
BHC Sales & Marketing Pty Ltd	(g)	100	100
Bremer Woll K�ammerei AG	(c)	100	100
BREWA Umwelt Service GmbH	(c)	100	100
BWK Australia Pty Ltd	(g)	100	100
BWK Chemifraser GmbH	(c)	100	100
BWK Eastern Wool Industrial & Trading Joint Stock Corporation	(c)	91	91
BWK Elders Europe GmbH	(c)	100	100
BWK Elders Eurotop GmbH	(c)	51	51

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 32. Investments in Controlled Entities (continued)

(a) Schedule of controlled entities (continued)

		% Held by Group	
		September 2010	September 2009
BWK Elders Industry and Trade	(c)	100	100
BWK Holdings Pty Ltd	(a)	100	100
Canosac Limited	(c)(f)	100	100
Carbon Bid Co Pty Ltd	(g)	100	100
Caversham Investments Pty Ltd	(k)	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	(k)	100	100
Charlton Feedlot Pty Ltd	(a)	100	100
CP Ventures Pty Ltd (formerly 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 Globulus Pty Ltd	(g)	100	100
E. & R. Steeden Pty Ltd	(k)	100	100
Elders Australia Aktien Holding GmbH & Co KG	(c)	100	100
Elders Australia Beteiligungs GmbH	(c)	100	100
Elders Burnett Moore WA Pty Ltd	(g)	100	100
Elders China Trading Company	(c)	100	100
Elders Communications Pty Ltd	(a)	100	100
Elders Esperance Woodchip Terminal Pty Ltd (formerly ITC Esperance Woodchip Terminal Pty Ltd)	(g)	100	100
Elders Finance Pty Ltd	(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 Forestry Finance Pty Ltd (formerly ITC Finance Pty Ltd)	(a)	100	100
Elders Forestry Land Holdings (formerly ITC Land Holdings Pty Ltd)	(g)	100	100
Elders Forestry Management Ltd (formerly ITC Project Management Ltd)		100	100
Elders Forestry Pty Ltd (formerly ITC Ltd)	(a)	100	100
Elders Global Wool Holdings Pty Ltd	(a)	100	100
Elders Hycube Pty Ltd	(g)	100	100
Elders International Australia Pty Ltd (formerly Elders International Australia Limited)	(a)	100	100
Elders Meat Processing Pty Ltd	(g)	100	100
Elders Mortgage Brokers Pty Ltd	(g)	100	100
Elders Project Management Pty Ltd	(g)	100	100
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	(l)	100	100
Elders Rural Holdings Limited	(c)(h)	50	50
Elders Rural Services Australia Limited		100	100

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 32. Investments in Controlled Entities (continued)

(a) Schedule of controlled entities (continued)

		% Held by Group	
		September 2010	September 2009
Elders Rural Services Limited	(a)	100	100
Elders Services Company Pty Ltd	(g)	100	100
Elders Tasmanian Fibre Pty Ltd (formerly ITC Fibre Pty Ltd)	(a)	100	100
Elders Telecommunications Infrastructure Pty Ltd	(g)	100	100
Elders Trustees Pty Ltd (formerly Elders Trustees Ltd)	(a)(b)	100	100
Elders Underwriting Agency Pty Ltd	(g)	100	100
Elders Webster Pty Ltd	(g)	100	100
Elders-GM Properties (SA) Pty Ltd (in liquidation)	(k)	-	100
Elders-GM Properties (Vic) Pty Ltd (in liquidation)	(k)	-	100
EREF Pty Ltd	(g)	100	100
Elders Wool International Pty Ltd (formerly BWK Elders Australia Pty Ltd)	(a)	100	100
EWI Pty Ltd (formerly Elders Wool International Pty Ltd)	(a)	100	100
Family Hospitals Pty Ltd	(k)	100	100
Fares Exports Management Mexico, S.A. de C.V.	(c)	100	100
Fares Exports Pty Ltd	(a)	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
Futuris Agencies Pty Ltd	(k)	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 (US) Inc	(c)	100	100
Futuris Automotive Interiors Holdings Pty Ltd	(a)	100	100
Futuris Automotive Interiors Trading (Shanghai) Co Ltd	(c)	100	100
Futuris Automotive Pty Ltd	(a)	100	100
Futuris Rural Pty Ltd	(a)	100	100
Futuris Ventures Pty Ltd	(k)	100	100
Futuris/Tamper Joint Venture Unit Trust	(f)	100	100
Geelong Wool Combing Pty Ltd (formerly Geelong Wool Combing Ltd)	(a)	100	100
George Moss (Qld) Pty Ltd	(k)	100	100
George Moss Pty Limited	(k)	100	100
Grouville Pty Ltd	(g)	100	100
H W Hayes & Sons (Ipswich) Pty Ltd	(l)	-	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 Pty Ltd (formerly Innerhadden Ltd)	(a)	100	100
Elders Forestry Holdings Ltd (formerly Integrated Tree Cropping Ltd)	(g)	100	100
ITC Portland Woodchip Terminal Pty Ltd	(g)	100	100
J.A. Gilmour & Sons (NSW) Pty Ltd	(g)	100	100
J.S. Brooksbank Pty Ltd	(g)	100	100
Jetoleaf Pty Ltd	(g)	100	100
JS Brooksbank & Co Australasia Ltd	(c)	100	100

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 32. Investments in Controlled Entities (continued)

(a) Schedule of controlled entities (continued)

		% Held by Group	
		September 2010	September 2009
JSB New Zealand Limited	(c)	100	100
Kentlake Holdings Pty Ltd	(g)	100	100
Keratin Holdings Pty Ltd	(a)	100	100
Killara Feedlot Pty Ltd	(a)(b)	100	53
Kojonup Farm Pty Ltd	(g)	100	100
Leisure Industries International Pty Ltd	(k)	100	100
Manet Holdings Pty Ltd	(a)	100	100
Manor Hill Pty Ltd (in liquidation)	(a)	-	100
Marybrook Development Company Pty Ltd	(g)	100	100
Marybrook Investment Pty Ltd (formerly Marybrook Investments Ltd)	(k)	100	100
MCK Group Pty Ltd	(d)	50	50
MCK Holdings Pty Ltd	(d)	50	50
MCK Holdings (Australia) Pty Ltd	(d)	50	50
MCK Pacific Pty Ltd	(d)	50	50
Milltoc Pty Ltd	(a)	100	100
Miranda Bay Pty Ltd	(g)	100	100
Mutual Benefit Consulting Pty Ltd	(g)	100	100
Mylang Pty Ltd (in liquidation)	(k)	-	100
Neues Wolkontor GmbH	(c)	100	100
New Ashwick Pty Ltd	(g)	100	100
North Australian Cattle Company Pty Ltd	(a)	100	100
Pacrim Meat & Livestock Trading Pty Ltd	(l)	-	100
Pakenham Properties Pty Ltd	(l)	-	100
Pernatty Pty Ltd (in liquidation)	(l)	-	100
Pitt Son & Keene Pty Ltd	(g)	100	100
PlantTech Pty Ltd	(k)(l)	-	100
Plantation Pulpwood Terminals Pty Ltd	(d)(g)	100	50
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 Pastoral Co Pty Ltd	(g)	100	100
Primac Pty Ltd	(a)	100	100
Primac Superannuation No. 1 Pty Ltd	(l)	-	100
Primac Superannuation No. 2 Pty Ltd	(l)	-	100
Primac Superannuation Nominees Pty Ltd	(l)	-	100
Primac Travel Pty Ltd	(g)	100	100
PT Elders Indonesia	(c)	100	100
Rachid Fares Enterprises of Australia Pty Ltd	(g)	100	100
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 (in liquidation)	(g)	-	100
Steeden Holdings Pty Ltd	(k)	100	100
Steering Systems Australia Pty Ltd	(a)	100	100
Sycamore Enterprises Pty Ltd	(a)	100	100

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 32. Investments in Controlled Entities (continued)

(a) Schedule of controlled entities (continued)

		% Held by Group	
		September 2010	September 2009
Sydney Woolbrokers Limited	(g)	66	66
Tashmore Pty Ltd	(g)	100	100
Therm Air Australia Pty Ltd	(a)	100	100
Tomkins Financial Services Pty Ltd	(l)	-	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	(l)	-	100
Ultrasound Australia Pty Ltd	(a)	100	100
Ultrasound International Pty Ltd	(k)	100	100
Ultrasound Technical Services Pty Ltd	(k)	100	100
United Alliance Group Pty Ltd (formerly United Alliance Group Ltd)	(g)	100	100
Vickner Pty Ltd	(g)	100	100
Victorian Investment Corporation Pty Ltd	(a)	100	100
Victorian Producers Co-operative Company Pty Ltd	(a)	100	100
Vision Group of Companies Pty Ltd	(g)	100	100
Vockbay Pty Limited	(a)	100	100
WA Bid Co Pty Ltd	(g)	100	100
Windoware 2000 Pty Ltd	(d)	50	50
Wool Exchange (WA) Pty Ltd	(g)	67	67
Wooltech Marketing Pty Ltd	(l)	-	100
Yenley Pty Ltd	(g)	100	100

- The parties that comprise the Closed Group are denoted by (a). Parties added to the Closed Group during the year are denoted by (b). Parties removed from the Closed Group during the year are denoted by (k).
- Entities incorporated in a country other than Australia are denoted by (c).
- Entities acquired during the period are denoted by (d).
- Entities audited by firms other than the parent entity auditors or by affiliates of the parent entity auditor are denoted by (e).
- Entities exempted from audit requirements due to overseas legislation or non-corporate status are denoted by (f).
- Entities classified by the Corporations Act 2001 as small proprietary companies relieved from audit requirements are denoted by (g).
- Entities denoted by (h) are controlled entities, as the Group has the capacity to control via a dominance of financial, management and technological control.
- Entity denoted by (i) is a controlled special purpose entity related to trade receivable financing program.
- Entities denoted by (j) are entities where an entity controlled by the parent entity holds a controlling interest in the entity.
- Entities denoted by (l) are entities that were disposed of, deregistered or liquidated during the year. An equity interest has been retained in some of these entities.

(b) Deed of cross guarantee

Pursuant to Australian Securities and Investments Commission Class Order 98/1418 (as amended) 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 lodgement of financial reports, and directors' reports.

As a condition of the Class Order, Elders Limited, and the controlled entities subject to the Class Order, entered into a Deed of Cross Guarantee. 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.

A consolidated statement of comprehensive income and consolidated statement of financial position, comprising the Company and the controlled entities which are a party to the deed, after elimination of all transactions between parties to the Deed of Cross Guarantee, for the year ended 30 September is set out as follows:

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 32. Investments in Controlled Entities (continued)

(b) Deed of cross guarantee (continued)

	Consolidated	
	September 2010 \$000	September 2009 \$000
<i>Statement of comprehensive income and retained earnings of the Closed Group</i>		
Profit/(loss) from continuing operations before income tax	(106,488)	45,157
Income tax benefit/(expense)	(28,140)	40,634
Profit/(loss) after income tax from continuing operations	(134,628)	85,791
Profit/(loss) after tax from discontinued operation (refer note 40)	(1,378)	(203,778)
Net profit for the period	(136,006)	(117,987)
Other comprehensive income	447	-
Total comprehensive income for the period	(135,559)	(117,987)
Retained earnings at the beginning of the period	(213,142)	(32,660)
Impact of acquisitions/disposals	-	(11,342)
Impact of entities exiting or joining closed group	48,607	-
Transfers to and from reserves	14,545	-
Dividends provided for or paid	-	(51,153)
Retained earnings at the end of the period	(285,996)	(213,142)
<i>Consolidated statement of financial position of the Closed Group</i>		
Current assets		
Cash and cash equivalents	1,805	297,823
Trade and other receivables	102,412	198,948
Livestock	12,416	-
Forestry	2,122	-
Inventories	47,346	68,176
Non Current asset classified as held for sale	1,347	-
Other assets	357,273	10,186
Total Current assets	524,721	575,133
Non Current assets		
Receivables	48,052	238,480
Forestry	22,918	-
Inventories	-	27,014
Other financial assets	373,097	563,987
Investments in associates and joint ventures	218,788	242,824
Property, plant and equipment	76,854	58,758
Investment property	261,496	273,921
Intangibles	133,703	70,661
Deferred tax assets	85,018	76,857
Other assets	19,077	18,459
Total Non Current assets	1,239,003	1,570,961
Total assets	1,763,724	2,146,094
Current liabilities		
Trade and other payables	81,961	104,804
Derivative financial instruments	19,882	38,733
Interest bearing loans and borrowings	23,129	830,017
Current tax liabilities	123,441	65,877
Provisions	23,375	24,118
Total Current liabilities	271,788	1,063,549

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 32. Investments in Controlled Entities (continued)

(b) Deed of cross guarantee (continued)

	Consolidated	
	September 2010 \$000	September 2009 \$000
Non Current liabilities		
Interest bearing loans and borrowings	292,007	344,019
Deferred tax liabilities	17,897	12,713
Provisions	14,216	5,194
Total Non Current liabilities	324,120	361,926
Total liabilities	595,908	1,425,475
Net assets	1,167,816	720,619
Equity		
Contributed equity	1,273,863	737,513
Hybrid equity	145,151	145,151
Reserves	34,798	47,408
Retained earnings	(285,996)	(213,142)
Non-controlling interests	-	3,689
Shareholder equity attributable to members of Elders Limited	1,167,816	720,619

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.

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.

(c) Country of Incorporation of entities not incorporated in Australia

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
AI China Operations Holding 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
BREWA Umwelt Service GmbH	Germany
BWK Chemifraser GmbH	Germany
BWK Eastern Wool Industrial & Trading Joint Stock Corporation	Turkey
BWK Elders Europe GmbH	Germany
BWK Elders Eurotop GmbH	Germany
BWK Elders Industry and Trade	Germany
Canosac Limited	Hong Kong SAR
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	New Zealand

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 32. Investments in Controlled Entities (continued)

(c) Country of Incorporation of entities not incorporated in Australia (continued)

Company	Country of Incorporation
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 (US) Inc	USA
Futuris Automotive Interiors Trading (Shanghai) Co Ltd	China
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

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 2010	September 2009
AWE McNicol Transport (2005) Ltd	-	25
Elders Card Ltd	50	50
Elders Direct Ltd	50	50
Elders Insurance Ltd	50	50
Elders Merchandise Limited	50	50
Elders Primary Wool Limited	25	25
Elders Real Estate Ltd	50	50
Elders Stock (SI) Ltd	35	35
Elders Wairarapa Vet Services Ltd	50	50
Elderstock Ltd	35	35
EPW Southland Woolbrokers Ltd	-	25
Evia Rural Finance Ltd	50	50
Gisbourne Farmers Ltd	50	34
Hawkes Bay Wool Processors (2005) Ltd	-	25
Seed Production (NZ) Limited	50	50
Wool Marketing Enterprises Ltd	25	25

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 33. Key Management Personnel

(a) Details of Key Management Personnel

Directors

S Gerlach	Chairman (retired 21 September 2010)
J C Ballard	Chairman (appointed Director and Chairman 20 September 2010)
C E Bright	Non Executive Director
J C Fox	Non Executive Director (retired 18 December 2009)
R G Grigg	Non Executive Director
A Salim	Non Executive Director (resigned 30 October 2009)
G D Walters	Non Executive Director (retired 31 March 2010)
I G MacDonald	Non Executive Director
J H Ranck	Non Executive Director
R H Wylie	Non Executive Director (appointed 10 November 2009)
M C Allison	Non Executive Director (appointed 10 November 2009)
M G Jackman	Managing Director and Chief Executive Officer

Other Key Management Personnel

M G de Wit	Managing Director – Futuris Automotive Group Ltd
M S Guerin	Chief Operating Officer – Elders Ltd (ceased employment 1 July 2010)
V M Erasmus	Chief Operating Officer and Managing Director – Elders Forestry
M G Hosking	Chief Financial Officer
S McClure	Group General Manager Strategy and Development
R Tanti	Group General Manager Human Resources
S Hughes	Chief Information Officer

S McClure, R Tanti and S Hughes are considered Key Management Personnel from 1 October 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.

	Consolidated	
	September 2010 \$	September 2009 \$
Short term	5,905,128	8,519,717
Long term	101,798	157,845
Post employment	585,116	693,178
Termination benefits	695,975	4,495,050
Share based payments	1,024,603	(190,097)
	8,312,620	13,675,693

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 33. Key Management Personnel (continued)

(c) Option holdings of Directors and other Key Management Personnel

September 2010 (Number)	Balance at beginning of period	Options Exercised	Options Granted	Options Lapsed / Forfeited	Balance at end of period	Vested and exercisable at 30 Sept 2010
Directors						
M G Jackman	400,000	-	-	(400,000)	-	-
Key Management Personnel						
M G de Wit	50,000	-	-	(10,000)	40,000	20,000
M S Guerin	150,000	-	-	(150,000)	-	-
V Erasmus	150,000	-	-	-	150,000	75,000
M G Hosking	-	-	-	-	-	-
S McClure	22,500	-	-	-	22,500	5,000
R Tanti	-	-	-	-	-	-
S Hughes	15,000	-	-	-	15,000	-
Total	787,500	-	-	(560,000)	227,500	100,000

September 2009 (Number)

Directors						
M G Jackman	-	-	400,000	-	400,000	-
L P Wozniczka	800,000	-	-	(625,000)	175,000	175,000
Key Management Personnel						
M G de Wit	50,000	-	-	-	50,000	20,000
M S Guerin	75,000	-	75,000	-	150,000	-
V Erasmus	75,000	-	75,000	-	150,000	-
M G Hosking	-	-	-	-	-	-
B A Griffiths	40,000	-	-	-	40,000	20,000
T P Plant	110,000	-	75,000	(185,000)	-	-
P Zachert	75,000	-	75,000	(87,500)	62,500	62,500
Total	1,225,000	-	700,000	(897,500)	1,027,500	277,500

As at balance date there are \$nil options (2009: \$nil) which have vested but are unexercisable.

The prior year comparatives have been adjusted for the effect of the share consolidation as disclosed in note 19.

(d) Shareholdings of Directors and other Key Management Personnel

September 2010 <i>Ordinary shares</i>	Balance at beginning of period	On Exercise of Options	Granted as Remuneration	Net Change Other	Balance at end of period
Directors					
S Gerlach	60,683	-	-	13,334	74,017
J C Ballard	-	-	-	250,000	250,000
C E Bright	8,146	-	-	13,333	21,479
J C Fox*	2,677	-	-	13,334	16,011
R G Grigg	3,156	-	-	13,334	16,490
A Salim*	3,354,558	-	-	-	3,354,558
G D Walters*	16,100	-	-	13,334	29,434
I G MacDonald	26,000	-	-	26,668	52,668
J H Ranck	24,000	-	-	104,334	128,334
R H Wylie	-	-	-	6,000	6,000
M G Jackman	13,000	-	-	94,168	107,168

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 33. Key Management Personnel (continued)

(d) Shareholdings of Directors and other Key Management Personnel (continued)

September 2010 <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	5,203	-	-	13,334	18,537
M S Guerin*	27,070	-	-	26,667	53,737
V Erasmus	1,998	-	-	-	1,998
M G Hosking	-	-	-	-	-
S McClure	1,030	-	-	6,667	7,697
R Tanti	-	-	-	-	-
S Hughes	10,420	-	-	6,667	17,087
Total	3,554,041	-	-	601,174	4,155,215
September 2010 (Hybrid equity)					
Directors					
M Jackman	1,000	-	-	-	1,000
September 2009					
<i>Ordinary shares</i>					
Directors					
S Gerlach	49,253	-	-	11,430	60,683
C E Bright	8,146	-	-	-	8,146
J C Fox	2,677	-	-	-	2,677
R G Grigg	3,156	-	-	-	3,156
A Salim	3,354,558	-	-	-	3,354,558
G D Walters	2,100	-	-	14,000	16,100
I G MacDonald	6,000	-	-	20,000	26,000
J H Ranck	17,000	-	-	7,000	24,000
M G Jackman	3,000	-	-	10,000	13,000
L P Wozniczka	452,134	-	-	-	452,134
Key Management Personnel					
M G de Wit	5,203	-	-	-	5,203
M S Guerin	27,070	-	-	-	27,070
V Erasmus	1,998	-	-	-	1,998
M G Hosking	-	-	-	-	-
B A Griffiths	117,302	-	-	(46,392)	70,910
T P Plant	24,755	-	-	-	24,755
P Zachert	143,004	-	-	-	143,004
Total	4,217,356	-	-	16,038	4,233,394
September 2009 (Hybrid equity)					
Directors					
M Jackman	-	-	-	1,000	1,000

* Balance at period end represents balance at date of cessation of services.

The prior year comparatives have been adjusted for the effect of the share consolidation as disclosed in note 19. Movements in net change other for the year ended 30 September 2010 includes rounding due to the share consolidation.

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 Year ended 30 September 2010

Note 33. Key Management Personnel (continued)

(e) Loans to Directors and other Key Management Personnel

	Balance at beginning period	Interest Charged	Loan Written Off	Loan Repaid/ Advanced	Balance at end of period	Highest owing in period
	\$000	\$000	\$000	\$000	\$000	\$000
Executives ⁽ⁱ⁾						
September 2010	6	1	-	-	7	-
September 2009	806	27	-	827	6	821

(i) There is one key executive within the loan group (2009: two)

(f) 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 2010 \$000	September 2009 \$000
Sales through rural agency services	C E Bright	5	717
Purchase of merchandise	C E Bright	-	28
Purchases through rural agency services	C E Bright	-	240

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:

- Sales of goods
- Provision of insurance services
- Provision of rural agency services
- Provision of deposit facilities

Notes to the Financial Statements

For the Year ended 30 September 2010

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

	Parent	
	12 months September 2010 \$000	15 months September 2009 \$000
<i>Transactions with related parties in the wholly owned group:</i>		
Loans repaid / (advanced)	(596,326)	614,992
Interest recharged	(22,940)	(47,089)
Recharges – other	(3,500)	(7,750)
<i>Balances with related parties in the wholly owned group:</i>		
Owing to the parent entity	1,556,261	1,132,565
Owing from the parent entity	(590,742)	(789,812)
	965,519	342,753

Transactions with related parties in the wholly owned group are made in arms length transactions both at normal market prices and on normal commercial terms.

(c) Transactions with controlled entities not wholly owned

Details of entities not wholly owned are set out in note 32.

<i>Transactions with controlled entities not wholly owned:</i>		
Loan repayments received	1,633	-
Interest received or receivable	-	2
Dividends received	1,799	3,198
Sale of inventory	80	5,838
Purchases	1,749	-
Recharges – other	(1,815)	612
<i>Balances with controlled entities not wholly owned:</i>		
Owing to the Group	13,006	20,948
Owing from the Group	(905)	(5,990)
	12,101	14,958

Transactions with controlled entities not wholly owned are made in arms length transactions both at normal market prices and on normal commercial terms.

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 34. Related Party Disclosures (continued)

(d) Transactions with other partly owned entities

Details of associates and joint ventures are set out in note 11.

Transaction type	Class of entity	Consolidated	
		September 2010 \$000	September 2009 \$000
<i>Loans with partly owned entity</i>			
Loans advanced	Associate	(4,450)	(28,908)
Loan repayments received	Associate	4,999	5,609
Interest received or receivable	Associate	2,646	2,267
Loan repayments made	Associate	-	(6,081)
Interest paid or payable	Associate	-	(220)
<i>Other transactions</i>			
Dividends received	Associate	30,781	12,404
Distribution fees received	Associate	20,122	8,265
Reimbursement of expense	Associate	26,732	-
Sale of inventory	Associate	5,383	35,712
Sale of plant and equipment	Associate	-	7
Other services and recharges	Associate	10,405	43,815
Capital contributions	Associate	(1,600)	-
Purchases	Associate	(64,726)	(102,433)
Acquisition of investments	Associate	-	(10,801)
Other	Associate	689	-
Dividends received	Joint Venture	-	31,749
Distribution fees received	Joint Venture	2,471	20,480
Reimbursement of expense	Joint Venture	-	13,858
Sale of inventory	Joint Venture	-	42
Other services and recharges	Joint Venture	-	190
Capital contributions	Joint Venture	-	(31,500)
Purchases	Joint Venture	-	(561)
<i>Balances with partly owned entities:</i>			
Owing to the Group	Associate	29,183	68,490
Owing from the Group	Associate	2,000	(2)
Owing to the Group	Joint Venture	401	-
Owing from the Group	Joint Venture	-	(1)

Loans made to partly owned entities are priced on an arms length basis are to be settled in cash within six months of the reporting date. None of the balances are secured.

Transactions with partly owned entities are made in arms length transactions both at normal market prices and normal commercial terms.

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 35. Earnings Per Share

	Consolidated	
	September 2010 \$'000	September 2009 \$'000
Weighted average number of ordinary shares ('000) used in calculating basic EPS	425,675	80,908
Dilutive share options ('000)	126,568	21,479
Adjusted weighted average number of ordinary shares used in calculating dilutive EPS ('000)	552,243	102,387

Hybrid notes have been included in the calculation of dilutive EPS, as they are believed to be dilutive for the current financial period.

The following reflects the net profit/(loss) and share data used in the calculations of earnings per share (EPS):

Reported Operations

Basic

Net profit/(loss) attributable to members (after tax)	(217,628)	(466,426)
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Dilutive

Operating profit/(loss) after tax	(217,628)	(466,426)
Interest on convertible notes	-	-
Net profit/(loss) attributable to members (after tax) adjusted for the effect of convertible notes	(217,628)	(466,426)

Reported Operations earnings per share:

Basic earnings per share (cents per share)	(51.1)¢	(576.5)¢
Diluted earnings per share (cents per share)	(51.1)¢	(576.5)¢

Continuing Operations

Basic

Net profit/(loss) attributable to members (after tax)	(217,628)	(466,426)
Less: Net loss/(profit) of discontinued operations (net of tax)	40,205	270,424
Net profit/(loss) of continuing operations (net of tax)	(177,423)	(196,002)

Dilutive

Net profit/(loss) of continuing operations (net of tax)	(177,423)	(196,002)
Interest on convertible notes	-	-
Net profit/(loss) of continuing operations (net of tax) adjusted for the effect of convertible notes	(177,423)	(196,002)

Continuing Operations earnings per share:

Basic earnings per share (cents per share)	(41.7)¢	(242.3)¢
Diluted earnings per share (cents per share)	(41.7)¢	(242.3)¢

Discontinued Operations

Net profit/(loss) of discontinued operations (net of tax)	(40,205)	(270,424)
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Discontinued Operations earnings per share:

Basic earnings per share (cents per share)	(9.4)¢	(334.2)¢
Diluted earnings per share (cents per share)	(9.4)¢	(334.2)¢

As a result of the share consolidation detailed in note 19, the calculation of basic and diluted earnings per share have been adjusted retrospectively.

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 36. Financial Instruments

Exposure to commodity, interest rate, liquidity, credit and foreign currency 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

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 statement of comprehensive income.

The Group currently has cash flow hedges attributable to future foreign currency inventory purchases related to automotive components. Otherwise 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 2010 \$000	September 2009 \$000
Consolidated		
+/- 10%	-	+/- 1,111

The impact on equity incorporates the impact on profit and is therefore of the same magnitude.

(b) Interest rate risk

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 Year ended 30 September 2010

Note 36. Financial Instruments (continued)

(b) Interest rate risk (continued)

	Consolidated	
	September 2010 \$000	September 2009 \$000
<i>Financial assets</i>		
Cash and cash equivalents	79,985	367,868
Amounts receivable from associated entities	14,213	34,569
Other receivables	-	10,216
	94,198	412,653
<i>Financial liabilities</i>		
Secured loans	(400,994)	(947,483)
Unsecured loans	(1,636)	-
	(402,630)	(947,483)
Net Exposure	(308,432)	(534,830)

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 so as to manage its cash flow volatility arising from interest rate changes. 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 2010, 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 2010 \$000	September 2009 \$000
Consolidated		
+ 100 basis points	(3,084)	(5,348)
- 100 basis points	3,084	5,348

The impact on equity incorporates the impact on profit and is therefore of the same magnitude. Movements in profit are due to higher/lower interest costs from variable rate debt and cash balances. The sensitivity is lower in 2010 than 2009 because of lower debt levels.

(c) Liquidity risk

Liquidity risk arises from the financial liabilities of the group and the group's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due.

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. The Group manages its liquidity risk by monitoring the total cash inflows and outflows expected in a weekly basis. Elders Limited has established comprehensive risk reporting covering its business units that reflect expectations of management of the expected settlement of financial assets and liabilities.

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 36. Financial Instruments (continued)

(c) Liquidity risk (continued)

A. Non derivative financial liabilities

The following liquidity risk disclosures reflect all contractually fixed pay-offs, repayments and interest resulting from the recognised financial liabilities and financial guarantees as of 30 September 2010. For the other obligations the respective undiscounted cash flows for the respective upcoming fiscal years are presented. The timing of cash flows for liabilities is based on the contractual terms of the underlying contract.

However, where the counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Group can be required to pay. When the Group is committed to make amounts available in instalments, each instalment is allocated to the earliest period in which the Group is required to pay. For financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee can be called.

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows of non-derivative financial instruments.

Consolidated						
	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-5 years	> 5 years
	\$000	\$000	\$000	\$000	\$000	\$000
September 2010						
<i>Non derivative financial assets:</i>						
Cash and cash equivalents	79,985	79,985	79,985	-	-	-
Trade and other receivables	704,033	891,385	506,005	1,679	99,189	284,512
	784,018	971,370	585,990	1,679	99,189	284,512
<i>Non derivative financial liabilities:</i>						
Secured loans	(400,994)	(430,521)	(293,959)	(4,735)	(131,827)	-
Secured notes	(116,324)	(158,485)	(4,735)	(4,735)	(149,015)	-
Unsecured loans	(1,636)	(1,688)	(335)	(335)	(1,018)	-
Finance leases	(356)	(388)	(127)	(127)	(134)	-
Trade and other payables	(358,165)	(358,165)	(356,979)	-	(1,186)	-
Financial guarantees	(19,030)	(19,030)	(19,030)	-	-	-
	(896,505)	(968,277)	(675,165)	(9,932)	(283,180)	-
Net inflow/(outflow)	(112,487)	3,093	(89,175)	(8,253)	(183,991)	284,512
September 2009						
<i>Non derivative financial assets:</i>						
Cash and cash equivalents	367,868	367,868	367,868	-	-	-
Trade and other receivables	780,969	962,666	551,581	3,301	143,014	264,770
	1,148,837	1,330,534	919,449	3,301	143,014	264,770
<i>Non derivative financial liabilities:</i>						
Secured loans	(947,483)	(1,040,149)	(371,747)	(374,138)	(294,264)	-
Secured notes	(280,313)	(342,480)	(81,124)	(87,060)	(42,752)	(131,544)
Unsecured loans	(1,603)	(1,603)	(1,603)	-	-	-
Finance leases	(565)	(611)	(322)	(173)	(116)	-
Trade and other payables	(362,731)	(362,731)	(362,731)	-	-	-
Financial guarantees	(28,962)	(28,962)	(28,962)	-	-	-
	(1,621,657)	(1,776,536)	(846,489)	(461,371)	(337,132)	(131,544)
Net inflow/(outflow)	(472,820)	(446,002)	72,960	(458,070)	(194,118)	133,226

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 36. Financial Instruments (continued)

(c) Liquidity risk (continued)

B. Derivative financial instruments

Due to the unique characteristics and inherent risks to derivative instruments, the Group (through the Group Treasury Function) separately monitors liquidity risk arising from transacting in derivative instruments.

The table below details the liquidity risk arising from derivative financial liabilities held by the group at balance date. Net settled derivative liabilities comprise forward commodity contracts that are used as economic hedges of commodity purchases and forward exchange and interest rate hedges that are used to hedge future principle and interest repayments of interest bearing loans and borrowings.

Consolidated						
	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-5 years	> 5 years
	\$000	\$000	\$000	\$000	\$000	\$000
September 2010						
Derivative assets – net settled	-	-	-	-	-	-
Derivative liabilities – net settled	(21,304)	(21,304)	(3,601)	-	(17,703)	-
Total inflow/(outflow)	(21,304)	(21,304)	(3,601)	-	(17,703)	-
September 2009						
Derivative assets – net settled	7,820	7,820	7,820	-	-	-
Derivative liabilities – net settled	(49,924)	(49,924)	(21,521)	(10,616)	-	(17,787)
Total inflow/(outflow)	(42,104)	(42,104)	(13,701)	(10,616)	-	(17,787)

(d) Credit risk

The Group's exposures to credit risk on the balance sheet are indicated by the carrying amounts of its financial assets. The Group's maximum exposure to credit risk at the reporting date was:

	Consolidated	
	September 2010	September 2009
	\$000	\$000
Cash and cash equivalents	79,985	367,868
Trade and other receivables	704,033	779,811
Derivative financial assets	-	7,820
	784,018	1,155,499
<i>Location of credit risk</i>		
Australia	637,799	676,093
New Zealand	47,765	-
Asia (excluding China)	5,467	3,259
China	6,528	16,034
Europe	2,727	19,432
Other	3,747	64,993
Total gross receivables	704,033	779,811

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 36. Financial Instruments (continued)

(d) Credit risk (continued)

	Consolidated	
	September 2010 \$000	September 2009 \$000
<i>Industry classification</i>		
Rural	273,860	304,221
Financial Services	-	2,604
Forestry	194,351	322,127
Automotive	63,148	61,453
Investment and Other	172,674	89,406
Total gross receivables	704,033	779,811

The aging of the Groups' trade and other receivables at balance date is reported at note 5.

The credit risk associated with cash and derivatives is located primarily in Australia.

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 amounts disclosed do not reflect expected losses and are shown gross of provisions.

(e) Foreign Currency 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, AUD/NZD and AUD/EUR exchange rates. These are primarily generated from the following activities:

- Purchase and sale contracts written in foreign currency, or priced in AUD but determined from a foreign currency value at a future date;
- Receivables and payables denominated in foreign currencies;
- Commodity derivatives traded in a currency other than AUD;
- Commodity cash prices that are partially determined by movements in exchange rates;
- Costs of sale such as transportation and commission denominated in foreign currency; and
- 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 statement of comprehensive income.

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 36. Financial Instruments (continued)

(e) Foreign Currency Risk (continued)

At 30 September 2010, the Group had the following AUD exposures to foreign currencies that were not designated in cash flow hedges:

	Consolidated	
	September 2010 \$000	September 2009 \$000
<i>Financial Assets</i>		
Cash and cash equivalents – EUR	7,285	19,273
Cash and cash equivalents – USD	15,218	20,436
Cash and cash equivalents – NZD	2,623	2,241
Cash and cash equivalents – CNY	1,364	2,034
Cash and cash equivalents – Other	517	584
Receivables – EUR	2,891	17,109
Receivables – USD	3,205	17,809
Receivables – NZD	49,340	52,384
Receivables – CNY	3,973	3,567
Receivables – ZAR	1,622	1,861
Receivables – Other	2,093	1,456
	90,131	138,754
<i>Financial Liabilities</i>		
Payables – EUR	(6,082)	(4,105)
Payables – USD	(7,283)	(1,183)
Payables – NZD	(22,672)	(19,910)
Payables – CNY	(2,146)	-
Payables – Other	(1,173)	(323)
Interest bearing loans and borrowings - EUR	-	(10,215)
Interest bearing loans and borrowings – USD	(108,637)	(249,622)
Interest bearing loans and borrowings – NZD	(13,159)	(10,661)
Interest bearing loans and borrowings – CNY	(2,551)	(3,796)
	(163,703)	(299,815)
Net exposure	(73,572)	(161,061)

Given the foreign currency balances included in the balance sheet at balance date, if the Australian dollar at that date strengthened by 10% with all other variables held constant, then the impact on post tax profit/(loss) and equity arising on the balance sheet exposure would be as follows:

	Post Tax Profit/Equity Higher/(Lower)	
	September 2010 \$000	September 2009 \$000
Consolidated		
EUR	(409)	(2,206)
USD	9,750	21,256
NZD	(1,613)	(2,405)
CNY	(64)	(181)
ZAR	(162)	(186)
Other	(144)	(172)

The impact on equity incorporates the impact on profit and is therefore of the same magnitude. A 10% weakening of the Australian dollar against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables are held constant.

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 36. Financial Instruments (continued)

(f) Fair value of financial assets and liabilities

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

- Level 1 – the fair value is calculated using quoted prices in active markets.
- Level 2 – the fair value is estimated using 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 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The fair value of financial instruments as well as the method used to estimate the fair values are summarised in the table below:

Consolidated	September 2010			September 2009		
	Quoted market price (Level 1) \$000	Valuation technique - market observable inputs (Level 2) \$000	Valuation technique – non market observable inputs (Level 3) \$000	Quoted market price (Level 1) \$000	Valuation technique - market observable inputs (Level 2) \$000	Valuation technique – non market observable inputs (Level 3) \$000
<i>Financial assets</i>						
Derivatives	-	-	-	-	7,820	-
<i>Financial liabilities</i>						
Derivatives	-	(21,304)	-	-	(49,924)	-
	-	(21,304)	-	-	(42,104)	-

Quoted market prices represent the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs. The fair value of the listed entity investments are based on active quoted market prices.

For financial instruments not quoted in active markets, the group uses valuation techniques such as present value technologies, comparison to similar instruments for which active market observable prices exist and other relevant models used by market participants.

Note 37. Share Based Payment Plans

(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		September	
	2010	2010	2009	2009
	No. ('000)	WAEP \$	No. ('000)	WAEP \$
Outstanding at the beginning of the year	2,440	17.80	2,534	20.90
Issued during the year	-	-	1,108	13.00
Lapsed during the year	(1,060)	15.85	(1,202)	20.10
Exercised during the year	-	-	-	-
Outstanding at the end of the year	1,380	19.27	2,440	17.80

The prior year comparatives have been adjusted for the effect of the share consolidation as disclosed in note 19.

The range of exercise prices for options outstanding at the end of the year was \$12.90 - \$25.40.

The weighted average remaining contractual life for the share options outstanding as at 30 September 2010 is 1.53 years (2009: 3.06 years).

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 37. Share Based Payment Plans (continued)

(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 (2009: 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 have since been issued.

(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 models 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 EESOP in 2010, no valuation inputs are disclosed for 2010:

	September 2010	September 2009
Dividend Yield (%)	-	4.50
Expected Volatility (%)	-	35.00
Risk-free interest rate (%)	-	5.38
Expected life of options (years)	-	3.00
Option exercise price (\$)	-	1.32
Weighted average share price at measurement date (\$)	-	1.49

Note 38. Superannuation Commitments

The Group maintains an Australian-based defined benefits superannuation fund. The defined benefits section of the fund has been closed since December 1996.

Comprehensive actuarial valuations are made at three yearly intervals, and the last such assessment was made as at 30 June 2010, by S Mules, F.I.A.A from Mercer Investment Nominees Ltd. The next actuarial valuation is to be conducted as at 30 June 2013.

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. 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.

As at 30 June 2010 the defined benefit fund position is of an immaterial surplus of assets over liabilities and thus disclosure of the components of the net benefit income recognised in the Group statement of comprehensive income in accordance with AASB 119 Employee Benefits has not been made.

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 39. Business Combinations – Changes in the Composition of the Entity

(a) Controlled Entities Acquired

During the year the Group obtained control of the following material entities:

- Plantation Pulpwood Terminals Pty Ltd
- MCK Holdings Pty Ltd

Plantation Pulpwood Terminals Pty Ltd (PPT)

During the 2010 financial year, the Group acquired the remaining 50% of the voting shares of PPT on 30 August 2010 resulting in PPT becoming a wholly owned subsidiary.

Equity and consideration paid in current period:

	Date Control Acquired	Proportion of Shares Acquired	Sept 2010 \$000
	30 Aug	50%	
Purchase consideration			7,641
Contingent consideration			-
Total consideration			7,641
Fair value of identifiable net assets acquired (see below)			12,641
Goodwill/(discount) on acquisition			(5,000)

The aggregate amounts of assets and liabilities acquired by major class:

	Acquiree's carrying amount \$000	Fair value \$000
Cash and cash equivalents	412	412
Property, plant and equipment	15,320	20,320
Other assets	583	583
Trade and other payables	(8,542)	(8,542)
Provisions	(132)	(132)
Net identifiable assets acquired	7,641	12,641
Outflow of cash to acquire the entities, net of cash acquired:		
Cash consideration		(7,641)
Cash balance acquired		412
Net Inflow/(outflow) of cash		(7,229)

The accounting for the PPT business combination is provisional on the basis that formal valuations of all assets and liabilities acquired have not been finalised. It is intended that these will be finalised within 12 months with any adjustments to the provisional acquisition accounting being recorded retrospectively.

MCK Holdings Pty Ltd (Plexicor)

The Group has previously held a 50% interest in Plexicor which has been classified as an equity accounted investment. As at 30 September 2010 the Group has determined that due to the influence Elders has over the operating and financial policies of Plexicor that control of that business now exists.

The external 50% shareholders have a put option for the remaining 50% of Plexicor. The value of this option is currently \$27.1 million. Due to the certainty of this option being exercised this amount has been recorded as a liability in the statement of financial position at 30 September 2010 and treated as consideration for the purchase of the remaining 50% of Plexicor as part of the business combination.

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 39. Business Combinations – Changes in the Composition of the Entity (continued)

(a) Controlled Entities Acquired (continued)

	Date Control Acquired	Proportion of Shares Acquired	Sept 2010 \$000
	30 Sep	50%	
Purchase consideration			27,100
Value of initial investment			20,941
Total consideration			48,041
Fair value of identifiable net assets acquired (see below)			(50,044)
Goodwill/(discount) on acquisition			98,085

The aggregate amounts of assets and liabilities acquired by major class:

	Acquiree's carrying amount \$000	Fair value \$000
Cash and cash equivalents	12,540	12,540
Trade and other receivables	9,927	9,927
Inventories	6,829	6,829
Property, plant and equipment	9,859	9,859
Goodwill	12,022	-
Other assets	142	142
Tax assets and liabilities	2,914	(189)
Derivatives	(75)	(75)
Trade and other payables	(22,543)	(22,543)
Provisions	(2,234)	(2,234)
Interest bearing loans and liabilities	(64,300)	(64,300)
Net identifiable assets acquired	(34,919)	(50,044)
Outflow of cash to acquire the entities, net of cash acquired:		
Cash consideration payable (refer above)		(27,100)
Cash balance acquired		12,540
Net Inflow/(outflow) of cash		(14,560)

The accounting for the Plexicor business combination is provisional due to control being obtained on the last day of the financial year. Formal valuations of all assets and liabilities acquired have not been finalised. Specifically identifiable intangible assets have not been separated from the goodwill acquired. In accordance with AASB 3 Business Combinations it is intended that valuations will be completed within 12 months with any adjustments to the provisional acquisition accounting, including recognition of separately identifiable intangible assets, being recorded retrospectively.

During the period there were other immaterial business combinations that resulted in \$2.3 million of goodwill being recognised.

Prior period acquisitions

There were no controlled entities acquired during the September 2009 financial period.

(b) Controlled Entities Disposed

The Group disposed of its net assets in Elders Trustees Ltd and Tomkins Financial Services Pty Limited on 4 December 2009 to Millennium 3 Financial Services Group Pty Ltd. As part of this transaction, the Group acquired 49% interest in Elders Financial Planning Pty Ltd and records this as an investment in associate.

On 7 December 2009, the Group sold its 100% interest in PlantTech Pty Ltd to Seed Technology and Marketing Pty Ltd ("Seedmark"), which was previously a 50% investment held by the Group through PlantTech Pty Ltd. The Group now still owns 50% of Seedmark subsequent to the transaction.

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 39. Business Combinations – Changes in the Composition of the Entity (continued)

(b) Controlled Entities Disposed (continued)

	Consolidated	
	September 2010 \$000	September 2009 \$000
<i>Proceeds received on disposal of assets/shares</i>		
Cash	4,934	308,454
Share capital ⁽ⁱ⁾	4,804	-
Receivables	-	96,213
Cash balance disposed	(336)	(209,356)
Less costs of disposal	(51)	(7,277)
	9,351	188,034
<i>The carrying amounts of assets and liabilities disposed of by major class are:</i>		
Trade and other receivables	870	345,421
Inventories	-	73,683
Other Assets	148	145,313
Property, plant and equipment	70	101,597
Intangibles	15,755	51,644
Other financial assets	-	47,090
Tax assets and liabilities	(32)	(4,367)
Trade and other payables	(5,648)	(369,455)
Provisions	(232)	(213,499)
Interest bearing loans and liabilities	-	(25,289)
Net assets/(liabilities) of entity sold	10,931	152,138
Non-controlling interests	-	(48,511)
Profit/(loss) on disposal (before tax)	(1,580)	84,407
Additional loss on Timber sale	(7,374)	-
Additional loss on disposal of other controlled entities	-	(1,951)
Total profit/(loss) on disposal of controlled entities	(8,954)	82,456

(i) The share capital received as part of the proceeds relates to 49% share in Elders Financial Planning Pty Ltd (previously Pinnacle Partners Pty Ltd). This is a joint venture with Millennium 3 Financial Services Group Pty Ltd which owns the remaining 51%.

Prior period disposals

- 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 ITC Timber Pty Ltd, an entity which held Elders hardwood timber processing operations as well as its 50% stake in Smartfibre Pty Ltd ("Smartfibre").

On 28 October 2009 the Australian Competition and Consumer Commission (ACCC) issued a Statement of Issues in relation to the sale. To address the ACCC's concerns, the sale was restructured to exclude ITC Timber's 50% stake in Smartfibre.

As at 30 September 2009, the group recognised an overall loss of \$44.2 million in relation to the Timber sale. This included a profit before tax of \$7.4 million for the sale of Smartfibre. As a result of the restructured sale, the Group has derecognised the \$7.4 million profit before tax in the current period.

As at 30 September 2010, the investment in Smartfibre Pty Ltd is classified as 'Non current assets classified as held for sale'.

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 40. Discontinued Operations

Financial period 30 September 2010

Operations within Wool Processing, Seed Distribution, Financial Planning, New Zealand Real Estate, Automotive Air Conditioning and results within Forest Enterprises Australia Ltd and Smartfibre Pty Ltd were classified as discontinued operations during the year ended 30 September 2010. The comparative statement has been re-presented to show the effects of these classifications.

Financial period 30 September 2009

Operations within Horticulture, Wool Processing, Insurance broking, Timber and Telecommunications division were classified as discontinued operations, or were disposed of during the period ended 30 September 2009 and reported as discontinued operations.

	Continuing 12 months September 2010 \$000	Discontinued 12 months September 2010 \$000	Consolidated 12 months September 2010 \$000	Continuing 15 months September 2009 \$000	Discontinued 15 months September 2009 \$000	Consolidated 15 months September 2009 \$000
Sales revenue	2,069,053	85,328	2,154,381	2,948,767	591,316	3,540,083
Cost of sales	(1,619,220)	(69,799)	(1,689,019)	(2,385,639)	(249,647)	(2,635,286)
Other revenues	39,067	1,880	40,947	47,009	60,898	107,907
Other expenses	(652,417)	(57,836)	(710,253)	(795,001)	(717,470)	(1,512,471)
Share of net profits/(loss) of associates and joint ventures accounted for using the equity method	33,854	(111)	33,743	28,438	(29,135)	(697)
Profit/(loss) on sale of non current assets	(616)	(8,954)	(9,570)	11,427	112,682	124,109
Profit/(loss) before net borrowing costs and tax expense	(130,279)	(49,492)	(179,771)	(144,999)	(231,356)	(376,355)
Interest revenue	25,328	1,632	26,960	9,315	17,461	26,776
Finance costs	(58,277)	(571)	(58,848)	(110,979)	(5,772)	(116,751)
Profit/(loss) before tax expense	(163,228)	(48,431)	(211,659)	(246,663)	(219,667)	(466,330)
Income tax benefit/(expense)	(9,078)	8,226	(852)	49,169	(50,339)	(1,170)
Net profit/(loss) for year	(172,306)	(40,205)	(212,511)	(197,494)	(270,006)	(467,500)
Net profit/(loss) attributable to minority interest	5,117	-	5,117	(1,492)	418	(1,074)
Net profit/(loss) attributable to members of the parent entity	(177,423)	(40,205)	(217,628)	(196,002)	(270,424)	(466,426)

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 40. Discontinued Operations (continued)

	Continuing 12 months September 2010 \$000	Discontinued 12 months September 2010 \$000	Consolidated 12 months September 2010 \$000	Continuing 15 months September 2009 \$000	Discontinued 15 months September 2009 \$000	Consolidated 15 months September 2009 \$000
Revenue and Expenses						
<i>Sales revenue:</i>						
Sale of goods	1,657,964	82,618	1,740,582	2,417,823	257,541	2,675,364
Sale of biological assets	151,507	-	151,507	180,138	1,565	181,703
Commission and other selling charges	202,536	2,710	205,246	265,864	9,526	275,390
Insurance premium revenue	-	-	-	-	294,124	294,124
Other sales related income	57,046	-	57,046	84,942	28,560	113,502
	2,069,053	85,328	2,154,381	2,948,767	591,316	3,540,083
<i>Other expenses:</i>						
Distribution expenses	279,324	3,524	282,848	341,761	148,278	490,039
Marketing expenses	6,548	66	6,614	15,926	8,725	24,651
Occupancy expenses	40,660	443	41,103	55,926	2,601	58,527
Administrative expenses	160,195	3,676	163,871	210,908	78,211	289,119
Insurance claims & related expenses	-	-	-	-	194,565	194,565
Loss on forestry review	142,039	-	142,039	-	-	-
Write down of assets to be divested or discontinued	-	40,799	40,799	-	284,893	284,893
Impairment of assets retained	9,725	-	9,725	42,125	-	42,125
Restructuring, redundancy and refinancing costs	12,517	-	12,517	123,077	-	123,077
Other expenses	1,409	9,328	10,737	5,278	197	5,475
	652,417	57,836	710,253	795,001	717,470	1,512,471
<i>Profit / (Loss) on sale of non current assets:</i>						
- property, plant and equipment	(729)	-	(729)	(95)	2,462	2,367
- investments	125	-	125	57,225	(18,029)	39,196
- Investment property	(12)	-	(12)	-	-	-
- controlled entities	-	(8,954)	(8,954)	(45,703)	128,249	82,546
	(616)	(8,954)	(9,570)	11,427	112,682	124,109

The net cash flow of the discontinued operations are as follows:

	12 months September 2010 \$000	15 months September 2009 \$000
Operating activities	(9,217)	57,729
Investing activities	-	(14,947)
Financing activities	(5,043)	(12,058)
Net cash inflow / (outflow)	(14,260)	30,724

Notes to the Financial Statements

For the Year ended 30 September 2010

Note 41. Parent Entity

Information relating to the parent entity of the Group, Elders Limited:

	Parent	
	September 2010 \$000	September 2009 \$000
Current assets	1,565,025	1,441,604
Non current assets	546,680	537,769
Total Assets	2,111,705	1,979,373
Current liabilities	610,620	954,311
Non current liabilities	99,863	142,316
Total liabilities	710,483	1,096,627
Net assets	1,401,222	882,746
Issued capital	1,273,863	737,513
Hybrid equity	145,151	145,151
Retained earnings	(15,571)	(9,902)
Employee equity reserve	11,132	9,733
Net unrealised gain reserve	351	251
Reserved shares reserve	(13,704)	-
Total equity	1,401,222	882,746

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 is a party 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.

Note 42. Subsequent Events

Rural Bank

On 26 October 2010 Elders announced that it had entered into an agreement to sell its interest in Rural Bank. Under the agreement, which is subject to regulatory and financier approval, the group will realise gross proceeds of \$165.0 million. As disclosed in note 11, the carrying amount of the investment as at 30 September 2010 is \$145.0 million.

Other

There is no other matter or circumstance that has arisen since 30 September 2010 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.

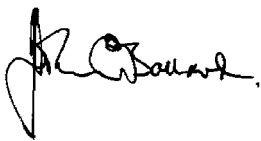
Directors' Declaration

In accordance with a resolution of the directors of Elders Limited, I state that:

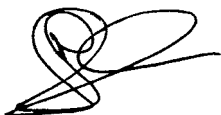
In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) Giving a true and fair view of the consolidated entity's financial position as at 30 September 2010 and of its performance for the year ended on that date; and
 - (ii) Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001.
- (b) the financial statements and notes also comply with the International Financial Reporting Standards as disclosed in note 2(b); and
- (c) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.
- (d) 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 year ended 30 September 2010.
- (e) 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.

On behalf of the Board



J C Ballard
Chairman



M G Jackman
Director

Adelaide
15 November 2010

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 statement of financial position as at 30 September 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year 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 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 judgement, 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.

Auditor's Opinion

In our opinion:

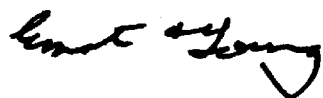
1. the financial report of Elders Limited is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the consolidated entity's financial position at 30 September 2010 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting 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 43 to 63 of the directors' report for the year ended 30 September 2010. 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 year ended 30 September 2010, complies with section 300A of the *Corporations Act 2001*.



Ernst & Young



Alan Herald
Partner
Adelaide
15 November 2010

ASX Additional Information

(a) Distribution of Equity Securities as at 10 November 2010

	No of Shares	No of Holders	No of Hybrids	No of Holders
1 - 1,000	6,646,473	21,261	611,220	2,455
1,001 - 5,000	23,414,877	8,782	311,037	149
5,001 - 10,000	27,546,827	3,562	88,371	11
10,001 - 100,000	118,412,329	4,983	362,798	17
100,001 - maximum	272,577,974	247	126,574	1
	448,598,480	38,835	1,500,000	2,633

	Ordinary Shares	Hybrids
The number of holders holding less than a marketable parcel	814	0

(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 10 November 2010

The twenty largest holders of Elders Ordinary Shares were as follows:	No of Shares	% of Shares
Citicorp Nominees Pty Limited	67,212,277	14.98
Merrill Lynch (Australia) Nominees Pty Limited	39,409,924	8.79
HSBC Custody Nominees (Australia) Limited	35,335,436	7.88
National Nominees Limited	27,702,546	6.18
J P Morgan Nominees Australia Limited	13,362,420	2.98
HSBC Custody Nominees (Australia) Limited-GSCO ECA	7,618,784	1.70
J P Morgan Nominees Australia Limited <Cash Income A/C>	4,288,400	0.96
Share Direct Nominees Pty Ltd <10026 Account>	3,614,449	0.81
Pacific Agrifoods Investments Pty Ltd	3,354,557	0.75
Woodross Nominees Pty Ltd	2,892,802	0.64
Suncorp Custodian Services Pty Limited <Aet>	2,001,217	0.45
Netherhill Pty Ltd	1,680,000	0.37
M F Custodians Ltd	1,594,259	0.36
Queensland Investment Corporation	1,535,098	0.34
Comsec Nominees Pty Limited	1,503,907	0.34
Mr Kevin David Pfeiffer	1,500,330	0.33
Ocean View Nominees Pty Ltd <The P T Lionetti Family A/C>	1,150,000	0.26
NEFCO Nominees Pty Ltd	1,080,856	0.24
LPC Investments Pty Ltd <The LPC Family A/C>	1,006,700	0.22
Mr Neville Roach + Mrs Gladys Roach <NJ & GC Roach S/F A/C>	1,000,000	0.22
Total	218,843,962	48.78

Total held by twenty largest ordinary shareholders as a percentage of this class is 48.78%

The twenty largest holders of Elders Hybrids were as follows:	Hybrids	% of Hybrids
J P Morgan Nominees Australia Limited <Cash Income A/C>	126,574	8.44
The Australian National University	50,000	3.33
M F Custodians Ltd	27,775	1.85
Easn Pty Ltd <Sane Superannuation Fund A/C>	27,000	1.80
HSBC Custody Nominees (Australia) Limited	25,726	1.72
Gwynvill Trading Pty Limited	25,711	1.71
Ubs Wealth Management Australia Nominees Pty Ltd	25,009	1.67
Cogent Nominees Pty Limited	24,916	1.66
RBC Dexia Investor Services Australia Nominees Pty Limited <GSENI A/C>	22,014	1.47
LUTON Pty Ltd	22,000	1.47
Brazil Farming Pty Ltd	19,900	1.33
Masfen Securities Limited	19,827	1.32
National Nominees Limited	15,504	1.03
Bond Street Custodians Limited <Officium Special Situat A/C>	13,186	0.88
Mr Gabriel Berger	11,924	0.79
Rbc Dexia Investor Services Australia Nominees Pty Limited <MLCI A/C>	11,598	0.77
Hsbc Custody Nominees (Australia) Limited - A/C 3	10,613	0.71
Dahlonega Pty Ltd <Dickens A/C>	10,095	0.67
Di Iulio Homes Pty Limited <Di Iulio Super Fund A/C>	10,000	0.67
Mr Guthrie John Williamson	10,000	0.67
Total	509,372	33.96

Total held by twenty largest hybrid holders as a percentage of this class is 33.96%

(e) The number of shares held by the substantial shareholders listed in the Company's register of substantial shareholder as at 10 November 2010 were:

Shareholder	Number of shares
Bank of America Corporation	63,769,195
Mathews Capital Partners Pty Ltd - The Sabre Fund	48,938,821
Mathews Capital Partners Pty Ltd - Focus Asset Management Pty Ltd ("Mathews")	
QBE Insurance Group Limited	44,882,132

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 on-line, 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.

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 and Corporate Relations, Mr Don Murchland by telephone 08 8425 4617 or via email don.murchland@elders.com.au. Securities analysts, institutional and other potential investors seeking information about the Company should contact Don Murchland.

Company Directory

Directors

Mr John C Ballard MBA, FAICD Chairman
Mr James H Ranck BS Econ
Mr Raymond G Grigg, FSAE-I, FAICD
Mr Ian G MacDonald SF, Fin
Mr Malcolm G Jackman BSc Bcom
Mr Rob H Wylie, FCA
Mr Mark C Allison, BAgrSc, BEcon, GDM, FAICD
Mr Charles E Bright, BA, MA(Oxon)

Secretary

Mr Peter G Hastings BA LLB GDLP

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

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

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

