2011 ANNUAL REPORT

Elders

Elders
Wool
Livestock
Farm Supplies
Grain Marketing
Insurance
Banking
Real Estate
Financial

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

Elders is an Australian company with leading businesses in rural services and automotive components supply.

Elders provides Australian and New Zealand primary producers with the physical, financial and service inputs for the achievement of the most successful production and sales from their efforts.

Our trading operations in livestock and wool work to add value and achieve premium prices in world markets.

Automotive operations are conducted through Futuris, Australia's leading automotive components supplier and an emerging tier one supplier to the Asia Pacific automotive industry.

Elders' 4 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.

High performance sales capability

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

Supply chain excellence

Cost and service-effective technology

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

Superior capital management

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

Our Business

Rural Services

Sales Revenue: $1,948 million
Employees: 2,409*

Network Operations
Supply of products and services to rural and regional clients including:
- Farm inputs: supply of agricultural chemicals, fertilisers, animal health and general rural merchandise
- Marketing and sale of farm outputs
- Real estate and property services
- Financial services distribution

Trading
Trading and supply chain initiatives that leverage Elders Network access to primary producers and Elders' relationships with international buyers of livestock, food and fibre

Australia
216 rural branches
94 Real Estate and Insurance stores
157 Real Estate franchises

New Zealand
14 rural branches
2 Insurance stores

Feedlots
Australia (2)
Indonesia (1)

Live Export
Long-haul breeding stock
Short-haul feeder cattle

Wool

China
Elders Fine Foods importation to Chinese markets

FUTURIS

Sales Revenue: $315 million
Employees: 967*

Futuris
Design and manufacture solutions, principally for the automotive sector:
- seating – full seating systems and seat hardware
- interiors – door trim, headliner, floor carpet and NVH systems
- controls – steering, pedals and ILVS assemblies
- aftermarket and vehicle personalisation
- manufacturing solutions – focusing on cleantech
- infrastructure – transport and communications

Australia
Supplier to Australian OEM passenger vehicle producers

International
Local manufacture and supply under contracts with vehicle producers in:
- China
- Thailand
- North America
- South Africa

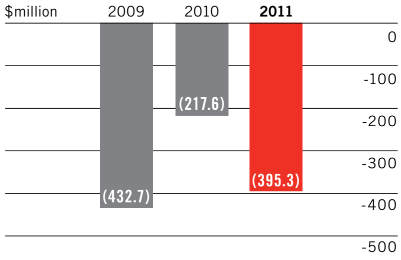
* Full time equivalent employees at 30 September 2011. Forestry and Corporate activities employed a further 90 and 11 FTE respectively at year-end.

2011 The Year in Brief

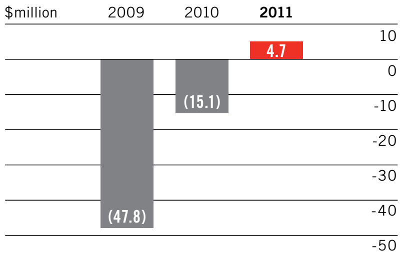
Key Financial Results

Year ended 30 September	**2011**	2010
$ million unless indicated otherwise		
Sales revenue from continuing operations	**2,263.1**	1,958.1
Underlying EBIT	**33.7**	2.6
Net underlying interest	**(26.6)**	(16.3)
Underlying profit before tax	**7.1**	(13.7)
Tax on underlying profit	**0.8**	3.7
Non-controlling interests	**(3.2)**	(5.1)
Underlying profit to shareholders	**4.7**	(15.1)
Non-recurring items after tax	**(400.0)**	(202.5)
Statutory (Reported) profit to shareholders	**(395.3)**	(217.6)
Cash flow from operating activities	**(23.8)**	(110.5)
Borrowings	**427.1**	497.6
Net debt	**345.5**	435.2
Net assets	**604.7**	1,006.1
Earnings per share (cents) - underlying basic	**1.0**	(3.5)
Earnings per share (cents) - underlying diluted	**0.5**	(3.5)
Earnings per share (cents) - statutory basic	**(88.1)**	(51.1)
Earnings per share (cents) - statutory diluted	**(88.1)**	(51.1)
Gearing	**57%**	43%

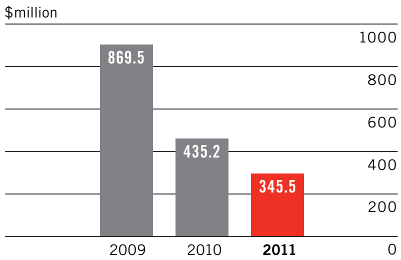
Statutory profit/(loss) to shareholders



Underlying profit/(loss) to shareholders



Net Debt



Reporting Period, Terms and Abbreviations

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

Annual Report

This document has been prepared to provide shareholders with an overview of Elders Limited's performance for the 2011 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 2011 Annual General Meeting of Elders Limited will be held on Tuesday, 20 December 2011, commencing at 10.00am in Hall A, Adelaide Convention Centre, North Terrace, Adelaide, South Australia. A formal Notice of Meeting has been mailed to shareholders. Additional copies can be obtained from the Company's registered office or downloaded from its website at www.elders.com.au.

ELDERS LIMITED ABN 34 004 336 636

Safety

Lost Time Injury Frequency Rate rose from 5.0 to 7.1

Medical Treatment Injury Frequency rate reduced from 29.4 to 19.4

Profit and loss

Statutory loss after tax of $(395.3) million compared with loss of ($217.6) million

Non-recurring items totalling $(400.0) million after tax:

- Forestry related items totalling $(335.4) million
- Rural Services items totalling $(22.9) million
- Automotive item of $(0.5) million
- Corporate legal, project and other items ($41.2) million
- Underlying profit after tax of $4.7 million vs underlying loss of $(15.1) million in previous corresponding period

Balance sheet and finance

Net debt of $345.5 million as at 30 September

Borrowings reduced from $497.6 million to $427.1 million

Gearing rose from 43% to 57%

Completion of successive refinancings has increased tenure and simplified structure

Corporate

Decision to withdraw from Forestry sector, with assets classified as discontinuing in 2011 accounts and excluded from underlying earnings calculations

Achievement of $23.6 million of cost savings across the company

Rural Services

Sales up 15% to $1,947.9 million due to Australian Network

Underlying EBIT of $25.0 million, up from $0.5 million

Statutory EBIT of $4.2 million down from $13.7 million

Successful integration of Go-to-Client and SalesPlus+ programs

Automotive

Sales up 23% to $315.2 million due to consolidation of joint ventures

Underlying EBIT of $15.3 million up from $15.0 million

Statutory EBIT of $15.3 million compared with 2010 Statutory EBIT of $15.8 million

New manufacturing operations established in Thailand and North America

New supply contracts won in Australia, China, Thailand and North America

From the Chairman

John Ballard

There is no sugar-coating the statutory result for 2011... but the year's results and actions also show grounds on which shareholders can expect a much improved performance.

Elders is dealing with its unprofitable and cash consuming Forestry assets, generating improved performance from its rural and automotive operations and reducing debt.

Your Company's profit and loss results for 2011 essentially comprise a large statutory loss and an encouraging, and improving, underlying result from its ongoing businesses in Rural Services and Automotive.

There is no 'sugar-coating' the statutory result of $(395.3)million for the year, the third successive loss reported by the Company.

I appreciate that this outcome, and the price performance of the Company's shares, is disconcerting and extremely disappointing for shareholders who have placed their trust in the Company, and the expectations of an improved result in 2011.

However, the board believes that the year's results and actions show the grounds on which shareholders can expect a much improved, and surer, performance from Elders in the near future. As my comments below, and this report, outline, Elders is dealing with unprofitable and cash-consuming forestry assets, generating improved operating performance from its traditional rural services and automotive operations and reducing debt levels.

The Statutory Loss for 2011 is essentially the product of unprofitable operations and activities which the Company has decided to exit.

The decisions to withdraw from the forestry sector, livestock vessel operation and the Elders Toepfer Grain (ETG) trading joint venture will see the discontinuation of operations and assets which were loss-making and, in the case of forestry, cash-consuming, albeit at the cost of a substantial negative impact on the 2011 statutory result.

The decision to exit forestry is significant, given the quantum of the forestry assets on the Company's balance sheet, and the investment made by previous boards and management of Futuris, as the Company was then known, to build a leadership position in this sector. The commitment to forestry was maintained despite difficult conditions for the industry on the strength of the medium term outlook for Australian certified plantation woodchips.

However, the deterioration in woodchip demand and pricing in 2011 has extended the payback horizons and returns beyond what is appropriate for shareholder value. The decision to liquidate the forestry assets and reinvest the released capital will enable Elders to accelerate debt reduction and leave the Company focussed on its profitable Rural Services and Automotive businesses.

Underlying performance, exclusive of non-recurring or 'one-off' items, improved considerably. Underlying net profit after tax recovered from last year's loss of $(15.1) million to a profit of $4.7 million.

I am pleased to report that this result was driven by Elders' traditional rural services network operations.

As shareholders will be aware, the Network operations have been the focus of a business transformation program. The turnaround in network performance in 2011 shows that improvement has occurred and is being reflected in increased sales and earnings generation at the network level. Further gains are still required for the achievement of a satisfactory return and the board is intent on ensuring that ongoing improvement is delivered and that the business gives an appropriate financial return for shareholders.

Unfortunately, the gains made in Network operations were offset somewhat by the reduced contribution from Rural Services' Trading operations which experienced a significant reduction in its Indonesian live export income. Automotive operations performed well in maintaining their contribution, despite contracting motor vehicle production volumes in Australia.

The results from Trading and Automotive meant that the improvement in Elders' underlying results was below that originally expected. Notwithstanding this, there has been a clear uplift in operating performance and results upon which the Company intends to build in 2012.

Elders reduced its borrowings by $70.5 million or 14% over the course of the year. However, the simple fact that interest consumed $26.6 million of the $33.7 million of underlying EBIT generated by the Company, highlights the need for further debt retirement.

Elders expects to achieve this over the course of 2012 and 2013 through the application of funds realised through the divestment of forestry assets.

Board

I am pleased to note the impending appointment of two new non-executive directors, Ms Anna Buduls and Ms Josephine Rozman, to the Company's Board. Ms Buduls and Ms Rozman will both stand for election at the Company's forthcoming Annual General Meeting.

Both candidates will bring experience and skills proven in areas of high relevance to Elders, having performed director or senior executive roles within agriculture and related sectors.

In this respect, I note that Ms Buduls and Ms Rozman are but two well-credentialed persons who have chosen to join Elders in the past year. The success of the Company in attracting the commitment of a number of regarded and proven executives since the start of the year has upgraded its management depth and evidences market confidence in its direction and strategy.

Corporate governance and continuous disclosure

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 in the Corporate Governance Statement commencing on page 21 of this report.

The presence of appropriate diversity within the Company's board and workforce is an important requirement if Elders is to optimise its access to, and utilisation of, the talent at its disposal.

The Corporate Governance Statement includes a statement on Elders' policy and objectives for the encouragement of appropriate diversity within the organisation.

Elders has adopted a Diversity Policy and is developing a strategy which will provide the framework necessary for Elders' compliance with the new ASX disclosure rules that will apply from the first financial year after 1 January 2011. The framework provides for three key areas of focus: the achievement of greater gender balance at all levels; age diversity; and employee flexibility as critical business strategies to help attract and retain the right people.

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

In 2011 Elders continued to focus on capital management initiatives to transform its operations to a capital-light structure that is appropriate for the seasonal nature of the business.

The key initiative completed during the year was the closing of a new syndicated finance facility with its core relationship banks as well as the introduction of a new core agribusiness financier in Rabobank (Australia Branch).

The new syndicated finance facilities were completed in September 2011 and provide Elders with increased committed cash lines and greater flexibility within a package that has a lower nominal total value.

The Company's commitment to capital light cash-focussed operations is evident in a number of decisions taken to divest or cease operations and redirect capital. These include international wool trading and forestry operations. It is expected that the liquidation of capital invested in these operations will be realised primarily in 2012. The sale of the shareholding in Rural Bank, announced prior to 2011, was completed during the year.

In addition, Elders undertook a number of other initiatives to improve its capital efficiency including bringing livestock payment terms into alignment with its receipt period, amendment to other agent sales terms to reduce working capital demands, amendments to the trade debtor financing facility, a company-wide focus on debtor collection and inventory management strategies.

Capital management will continue to assume a high significance in 2012 as the Company conducts the divestment of its forestry assets and applies the proceeds to debt reduction as they become available. Elders will also continue to investigate opportunities to further improve working capital through new and extended securitisation facilities.

Chief Executive Officer's Report to Shareholders

Malcolm Jackman

The Company clearly fell short of its most important profit objective. However, underlying results show that Elders is lifting its performance. Sales, network operations, costs and indebtedness all recorded outcomes clearly superior to that of 12 months ago.

Elders' financial statements for 2011 record a statutory loss of $(395.3) million, an outcome which is to a large part attributable to forestry and other unprofitable operations the Company has decided to exit and debt restructuring costs.

These accounted for $(362.3) million of the total non-recurring items of $(400.0) million after tax. Full details of the non-recurring items are provided in the Discussion and Analysis of the Financial Results on page 59 of this report.

While it is disappointing to report another statutory loss, it is relevant to note the improvement in underlying performance exclusive of these non-recurring items and, more particularly, the significance of four key outcomes from 2011:

1) improved sales and operating performance from Rural Services network operations;
2) the decision to exit Forestry operations altogether;
3) cost reduction; and
4) successive refinancing of finance facilities and debt reduction.

Operating results

Underlying EBIT from continuing operations was $33.7 million, well above the 2010 comparative of $2.6 million. Underlying net profit before tax was $7.1 million, which compares with the corresponding underlying loss of $(13.7) million in the previous year. The improvement in underlying performance was driven by Network operations, the first of the four key outcomes discussed below.

While these financial results are not yet appropriate, they nevertheless represent a positive turnaround after two consecutive years of decline and significant challenge for the business.

Improved sales and operating performance by Australian Network operations

Sales and EBIT generated by Australian Network operations rose significantly.

Sales rose by 13% to be $1,276.5 million compared with $1,127.0 million and Australian Network EBIT contribution of $59.0 million was 92% above the previous year's result of $30.8 million.

The decision to exit Forestry

The Company has decided to exit the forestry sector as shareholder value will be better served through the redirection of the invested capital.

The long-term outlook for Australian plantation forestry remains favourable, with additional demand from Chinese mills under construction, and some recovery in Japan expected to result in improved returns. However, the near and medium term outlook has weakened, with softening demand and prices falling significantly.

As a result, the capital requirement and investment horizons for participating have been extended beyond that compatible with Elders' financial and strategic objectives. Accordingly, it is considered that withdrawal from the sector, with release and redirection of capital is the most shareholder-value-accretive course of action. This strategy will see capital redirected from cash-consuming and loss-making assets to cash, earnings and share value positive applications, particularly debt reduction.

It is intended that the sale process be executed as rapidly as shareholder value considerations permit over the course of 2012.

Further discussion of the Forestry divestment and operations follows under the heading 'Asset held for Sale: Forestry'.

Improved cost performance

Elders' overhead, or SG&A (sales, general and administration) costs were reduced by $23.6 million, or 6% below that of the previous year.

The savings, which were realised across both operating and corporate expenditure, flowed from initiatives taken in the previous year to reduce costs to levels more sustainable in current markets.

The effectiveness of cost initiatives was blunted by rising prices for key inputs such as fuel and the pressure that is being placed on rural and regional wage costs by resource sector growth. As a result, the cost savings achieved in 2011 were lower than targeted.

Notwithstanding this, a 6% improvement in costs in the prevailing context is a significant reduction, and an important contributor to the lift in underlying earnings.

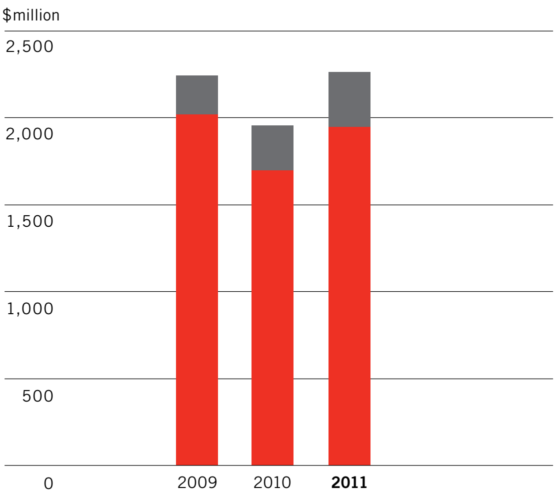
Successive refinancing of finance facilities and debt pay down

Elders completed two refinancings and reduced borrowings by $70.5 million, or 14%.

Through the refinancing, Elders introduced two new banks into its lending syndicate, simplified the lending structure considerably and secured increased tenure and committed cash lines.

Further debt reduction is necessary and planned for 2012.

Sales revenue by continuing operations



$million 12 months to 30 September:	2009*	2010*	**2011**
Rural Services	1,990.5	1,701.2	**1,947.9**
Automotive	224.6	256.9	**315.2**
Total	2,215.1	1,958.1	**2,263.1**

*2009 & 2010 sales revenue restated to exclude discontinued operations. Statutory results reported for 2009 were for a 15 month transition year, implemented to shift to a September year-end. A non-statutory result for the 12 months to September 2009 has been presented here to enable comparison of performance over the 12 months to September in years 2009 to 2011.

High performance sales capability

Elders has identified a High Performance Sales Capability as the critical ingredient for the satisfaction of its clients and shareholders.

The Company has researched, designed and commenced a change program to bring our sales culture, practices and capability to that required of a high performance sales organisation.

The program is changing our organisational philosophy and orientation from a historical focus on service around individual transactions to a client-centric culture with an emphasis on creating mutually valuable client relationships.

Beginning in October 2010, the Company's entire network sales force of 1,307 staff were provided with sales training and coaching under the banner of SalesPlus+, an Elders-specific structured sales activity management and reporting system. A second round of follow up training was completed prior to year end.

This program includes a bottom-to-top weekly sales discussion from customer-facing roles right through the management chain to CEO, ensuring the right activities are being implemented, and any problems preventing successful sales activity are quickly identified and resolved.

Early progress under the program is evident in sales activity, referrals, client contact and increased share of wallet. The focus in 2012 will be on continuing to embed this program to ensure it becomes part of our organisational DNA, driving competitive advantage.

Corporate Focus

As stated previously, Elders is seeking to rebuild itself as a capital-light, cash-focussed, high performance sales organisation.

The initiatives taken, and progress made, towards this objective have been outlined in this document under the headings of the strategic cornerstones of High Performance Sales Capability, Supply Chain Excellence, Superior Capital Management and Cost and Service-Effective Technology.

Emerging results from these programs are becoming apparent, such as the improved sales performance already highlighted and efficiencies in working capital. In particular, the pursuit of capital efficiency has resulted in some significant changes in corporate structure and focus during 2011.

Elders divested or discontinued a number of Rural Services assets and operations which were capital intensive or which are ancillary to the Company's principal focus on rural and regional distribution. These included:

- divestment of Elders' 40% shareholding in Rural Bank, with its attendant capital obligations, in order to concentrate on distribution of banking products;
- divestment of Elders' 50% shareholding in Elders Toepfer Grain in order to reduce exposure to trading volatility and concentrate our grain sector focus on the 'farm-gate services' of supply and sale of inputs and accumulation under contract;
- cessation of international wool trading operations to concentrate on farm-gate services to wool growers and to release and redirect invested capital into higher returning activities such as long-haul live export;
- sale and re-chartering of the MV Torrens, the sole livestock carrying vessel owned by Elders; and
- consolidation of Chinese operations into a single, more commercially focused enterprise.

This strategy has significantly sharpened the focus of Elders' Rural Services business to its core activities of rural and regional distribution and accumulation and supply chain activities.

Financial position

Elders made significant progress in reducing debt levels, with gross borrowings at year end of $427.1 million compared with $497.6 million as at 30 September 2010. Net debt was reduced from $435.2 million to $345.5 million. Elders has now reduced its gross borrowings by $810.3 million over the past two years. Further progress is expected in 2012 as forestry asset divestments are completed.

The reductions to borrowings in 2011 has not been reflected in lower gearing due to the impact on shareholders' equity of the year's statutory result and particularly the revaluations made in respect of forestry assets.

Safety

There has been a continuous focus on improving systems to enable reporting and improved safe practices in the workplace in Elders in 2011.

A new company-wide standard for occupational health and safety measurement and reporting was introduced, supported by a shift to on-line reporting systems. The new standard has removed anomalies between the Company's different businesses.

The new system, which includes new lower threshold criteria and definitions, has increased the ease of safety reporting and increased the likelihood that events will be recorded. The increase in the Company's 12 month rolling Lost Time Injury Frequency Rate (LTIFR) in 2011, from 5.0 to 7.1, is considered to have resulted from the more effective capture of occupational health and safety events by the new system and greater awareness by employees of reportable events.

The incidence of injuries requiring medical treatment was reduced from 29.4 to 19.4 per million hours worked reflecting improvement in safety awareness.

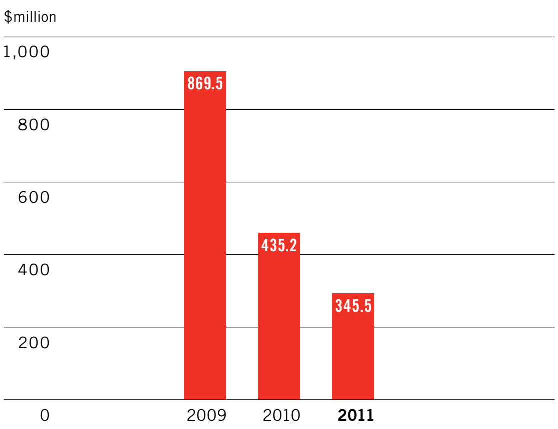
Human Resources

Elders employed 3,476 full time equivalent (FTE) employees as at 30 September 2011 compared with 3,349 FTE at the beginning of the year. The increase is due to the expansion of Automotive employment levels to meet the requirements of new contracts. Employment levels in Rural Services, Forestry and Corporate operations were reduced by a total of 101 FTE.

The movement in Rural Services employment numbers is attributable to efficiencies realised through the Cost-to Serve program, the cessation of non-core activities and the outsourcing of IT services. All IT services are now provided through a strategic business partner with minimal staff remaining in the retained organisation to provide contract management and strategic direction

2011 has been a year of ongoing culture change for Elders as it pursues its development as a high performance sales organisation. The Company's efforts and focus on this objective in 2011, outlined in the preceding text box, essentially have involved the

Net debt



training and implementation of new reporting and sales management procedures for Elders' front-line sales force.

Identification, retention and nurturing of the Company's talent is a key discipline for vibrant and competitive organisations. In 2011 Elders initiated a formal structured talent and succession process. The process is an investment in the Company's capacity to source the best candidates for its executive requirements internally and will support the advancement of gender diversity.

As noted by the Chairman earlier in this report, the Company has adopted a Diversity Policy. As at 30 September, women accounted for 11% of senior executives, 7% of senior managers, 12% of managers and 35% of employees.

Review of Continuing Operations

Detailed descriptions of operations, strategy and reporting of results for Elders' continuing businesses is provided from page 14 of this report.

Rural Services

Seasonal and market conditions over the course of 2011 were mixed, being generally positive for agricultural producers but challenging for trading operations.

A year which began with ongoing severe drought conditions in Western Australia, unfavourable cool and wet conditions in southern Australia and flooding and cyclones in northern Australia concluded with favourable conditions for most agricultural activities in most agricultural regions.

For rural service providers, this meant good and growing demand for agricultural chemicals, reduced need for fertiliser due to rainfall adequacy or flood and cyclone disruption and tight livestock markets as growers who were previously drought-affected began the process of restocking. Tight supply in wool markets saw prices reach the levels not experienced in over 40 years.

Real estate also recorded mixed trading conditions with activity levels and prices falling in residential markets whilst broadacre markets remained solid.

Elders' Trading operations were adversely affected by the tight livestock markets, the impact of cool wet weather on feedlot operations, historically high Australian dollar exchange rates and the disruption to live export operations brought by the Australian Government's summary suspension of live export to Indonesia.

Rural Service operations contributed underlying EBIT of $25.0 million in 2011, compared with $0.5 million in the previous year. The increase is attributable to the turnaround in Network operations highlighted earlier in this report.

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 2011 Elders initiated an enterprise-wide technology and process renewal program, Project Connect, that has been designed to upgrade the Company's capabilities and day-to-day performance in each of its sales, supply chain and capital management disciplines. Elders is being partnered by Accenture in the project.

The development stages of the program are fully underway. The Design and Build phases of the first release (Core Finance/HR/Indirect Procurement) have been completed per plan and budget and are on track for a March 2012 deployment.

Elders outsourced its information technology services to HP during the year. The initiative has reduced legacy risk and improved service provision. A seamless transition was completed in July. Our communications partnership with Telstra was renewed, reducing operating costs whilst renewing devices.

2012 will see the first release of Project Connect, the core Finance/Human Resources/Indirect Procurement modules, being deployed and the initiation of Release 2, which will address broader Sales requirements.

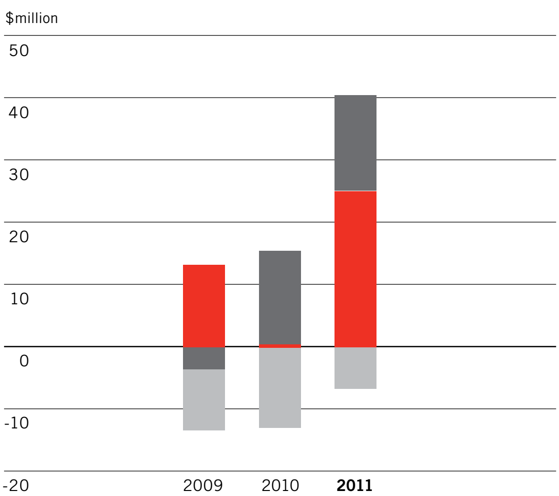
Seasonal conditions clearly underpinned the result, but the benefits of the business improvement initiatives and investments taken are also considered to be evident. These include investment in formal sales training for Elders' entire sales force, the introduction of new sales management and reporting systems, refinement to product range strategies and improved cost to serve.

The increased Rural Services' contribution was achieved despite a substantial reduction in income generated by Trading activities. Contribution from trading, which comprises feedlot operation and live export, fell by 50% or $7.2 million.

The Commonwealth Government's suspension of live export to Indonesia, which was imposed without warning in June as the industry was entering its peak Trading period, had a far-reaching effect throughout the northern Australian economy.

From Elders' perspective, the Company's revenue from live export to Indonesia was $49.9 million lower than in the previous year, a substantial proportion of which is attributable to the intervention. In addition, Elders suffered additional cost imposts of $1.1 million brought by the suspension and revised control orders, which have been recognised as a non-recurring item in 2011 statutory profit. The impact on our clients, and other businesses in northern Australia that depend on the trade, has been more severe.

Underlying EBIT by continuing operations



$million 12 months to 30 September:	2009*	2010*	**2011**
Rural Services	13.2	0.5	**25.0**
Automotive	(3.5)	15.0	**15.3**
Investment & other	(9.8)	(12.9)	**(6.6)**
Total	(0.1)	2.6	**33.7**

*2009 & 2010 underlying EBIT restated to exclude discontinued operations. Statutory results reported for 2009 were for a 15 month transition year, implemented to shift to a September year-end. A non-statutory result for the 12 months to September 2009 has been presented here to enable comparison of performance over the 12 months to September in years 2009 to 2011.

Automotive

Futuris Automotive effectively maintained its contribution despite a significant downturn in industry conditions. Automobile build rates declined due to lower vehicle sales and events such as the disruption brought to supply lines by the Japanese tsunami.

Motor vehicle construction by Futuris Automotives' Australian customers declined by 10% in comparison to the previous year.

Futuris generated underlying EBIT of $15.3 million from sales of $315.2 million which compares to the underlying EBIT of $15.0 million from sales of $256.9 million in 2010. 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 contracts and Elders will continue to support development of the business.

Asset held for sale: Forestry

As noted above, the Company has elected to withdraw from the Forestry sector and announced its intention to divest its forestry assets.

These assets comprise plantation properties, Elders' interest in plantation trees, ownership or interests in woodchip loading facilities, grower loans and other sundry assets such as woodchip stockpiles and property plant and equipment. The book value of the Forestry assets held for sale in the 2011 financial statements is $181.3 million.

The Forestry asset base is diverse, containing a variety of different asset types, some of which are subject to encumbrances, such as long term agreements with tree-owners.

For this reason, Elders anticipates that shareholder value will be best served by a staged approach to the divestment in which individual assets are marketed individually as circumstances recommend.

The initial focus has been on the sale of Central Queensland land, and at year-end the Company had sold, or contracted for sale, acreage in the region with a gross value of $19 million. Since year-end this position has been extended with 69% of Central Queensland holdings now having been sold, or contracted for sale, for a total gross sales value of $26.0 million

Progressive divestment of the balance of the forestry asset base will be pursued vigorously with a view to optimising the balance between book value realisation with the gains that accrue from timely capital release and reinvestment.

Conclusion, strategy and outlook

Elders' objectives for 2011 were for the delivery of improved financial results, a lift in sales performance and focus from its network operations and further debt reduction.

In reporting a large, and increased, statutory loss for the year, the Company clearly fell short of its ultimate, and most important, profit objective.

However, the substantial improvement in underlying results, and in virtually every other measure, shows that the Company is progressing and is lifting its performance. Elders' results in sales, network operations, costs and indebtedness at 30 September are all clearly superior to that of 12 months ago.

Importantly, further gains are expected to accrue from the strategies and initiatives that are currently in place and planned under the 4 Strategic Cornerstones that Elders has adopted: High Performance Sales Capability; Supply Chain Excellence; Cost and Service-Effective Technology and Superior Capital Management.

These initiatives are intended to enable the growth in operational earnings and reduction in debt and interest from which improved profit and share price outcomes for shareholders can be expected. Further discussion of the progress and plans for each of these cornerstones are contained in the text boxes that appear through this report.

In closing, I would like to acknowledge appreciation for the commitment of shareholders and ongoing efforts of our staff team. 2011 and the preceding years have been challenging for all concerned with the Company but the year's underlying results show that Elders has turned the corner and that, with your ongoing support, further and substantial improvement can be expected.

Malcolm Jackman
Chief Executive

Supply chain excellence

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

Elders' journey towards supply chain excellence is now two years into what is anticipated to be a three- to five-year transformation.

The key highlights for 2011 were the embedding of the critical supply chain processes such as sales and operations planning (S&OP) and ranging that were commenced in 2010.

Our three third-party distribution centres performed at an average line fill order level of around 85%, a figure well above the average reliability of the total supplier base. Continued improvements in reporting and key performance indicator measurement were made, allowing better stock management and movement decisions and hence better working capital management.

Our S&OP planning process became part of the "business as usual" rhythm of running our farm supplies business, with forecast accuracy at a total business level regularly exceeding 90% and, as a result, realising a reduction in both out-of-stocks and inventory-to-sales ratios.

Progress on a centralised product ranging and procurement strategy for core range products has also been made, with the key categories of AgChem, animal health and fertiliser now rationalised and with favourable supplier agreements in place.

Rural Services

Elders is one of the leading suppliers of rural services to the Australian and New Zealand farm sectors. Elders' mission is to be the 'Productivity Partner of Choice' for Australian and New Zealand farmers through the provision of the physical, financial and technical and advisory inputs for successful farming via its network of 230 branches and approximately 339 points of presence.

Description of Operations

Network operations in Australia 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 offers grain growers a range of cash-based grain marketing options through an accumulation agreement with Toepfer Australia.
- 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' below) 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.

Network operations in New Zealand provide wool and livestock agency services, farm supplies and financial services distribution.

Elders Network operations are supported by Trading and Network Related supply chain and distribution interests that leverage or support its relationships with the farm sectors.

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 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 at Lampung (PT Elders Indonesia).

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

Network Related

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.

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

Rural Services Results

$million 12 months to 30 September:	2011	2010
Sales – continuing operations	**1,947.9**	1,701.2
Sales – total	**1,986.1**	1,797.2
Depreciation & amortisation	**8.4**	10.3
Gross Margin:	**322.8**	306.8
Network: Australia	**276.8**	250.8
New Zealand	**18.2**	19.1
Trading	**27.8**	36.9
Costs:	**(301.9)**	(314.0)
Australia network	**(217.8)**	(220.0)
New Zealand	**(21.0)**	(25.2)
Trading	**(20.7)**	(22.6)
Support centres & other	**(42.4)**	(46.2)
Mark-to-market	**(7.2)**	(2.0)
Network-related Equity earnings	**11.3**	9.7
Underlying EBIT	**25.0**	0.5
Non-recurring items	**(20.8)**	13.2
Statutory EBIT	**4.2**	13.7
Operating Cash flow	**59.5**	69.1

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.

In December 2010 Elders divested its entire 40% share-holding in Rural Bank to the bank’s other shareholder Bendigo and Adelaide Bank Limited. The results attributable to the Rural Bank shareholding have accordingly been classified as discontinued.

Elders divested its 50% shareholding in Elders Toepfer Grain (ETG) Joint Venture to fellow joint venturer Toepfer International during the year. Accordingly, ETG has been classified as discontinued in the 2011 accounts.

Elders’ operational strategy is to maximise the revenue and margin generated by the Rural Services Network operations and to leverage its accumulation capability and relationships with the Australian and New Zealand farm sector to the growing domestic and international trade in food and fibre.

Results

Rural Services operations recorded a statutory EBIT of $4.2 million in 2011 which compares with the 2010 comparative of $13.7 million in the preceding year. Both results incorporate a number of non-recurring items which are detailed in the Discussion and Analysis of the Statement of Profit and Loss on page 59.

Underlying performance improved significantly, with the 2011 underlying EBIT of $25.0 million compared with $0.5 million in the previous year.

The principal factors in the underlying EBIT result were:

– increased sales and contribution from Australian Network operations;
– increased sales, and improved cost performance by New Zealand network operations;
– reduced contribution from Trading operations;
– an unfavourable mark-to-market adjustment of $(7.2) million to reflect exchange rates prevailing at balance date;
– improved cost performance, with total costs being reduced by $12.1 million; and
– slightly higher earnings from Network Related operations.

Australian Network

The improvement in financial results from Australian Network operations can essentially be attributed to increased sales and reduced costs.

Network contribution rose from $30.8 million to $59.0 million.

The Australian Network generated sales revenue of $1,276.5 million in 2011, 13% higher than the previous year’s sales of $1,127.0 million. Sales of farm supplies accounted for the bulk of the growth, with livestock and wool agency also increasing sales over the previous year.

Features of the sales result by service area included:

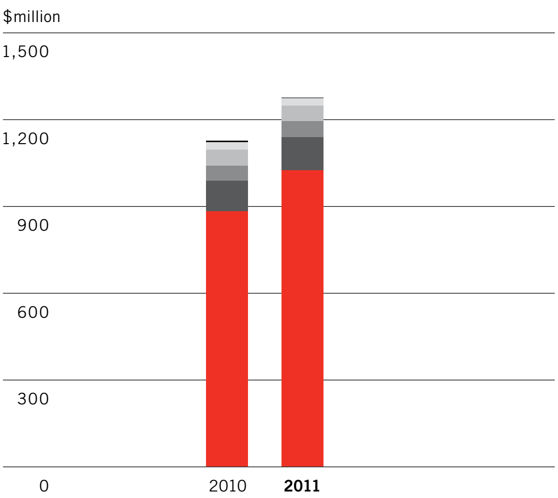
– Farm supply sales revenue of $1,023.9 million up 16% from $882.3 million. The movement is largely due to rises in the volume sold, and prices, of agricultural chemicals, higher fertiliser prices and increased seed sales. Total fertiliser volume increased marginally compared with the previous year, with demand for some categories being diminished due to the favourable conditions for pasture growth.

– Livestock agency revenue rose due to strong price increases brought by higher demand and reduced stock availability as growers restocked in the wake of good rainfall and feed availability in most pastoral regions. Revenue from livestock agency of $115.3 million in 2011 was 9% higher than the previous year's sales of $106.1 million. Elders sold 8.40 million sheep and 1.78 million cattle in 2011 compared with 9.30 million sheep and 1.96 million cattle in the previous year. Cattle sales realised an average price of $764.11 per head in 2011 ($644.86 in 2010) while the average sheep price was $119.79 per head ($95.37 in 2010).
– Wool agency revenue of $55.8 million was 8% higher than the previous corresponding period due to higher prices. The average price of wool sold was $1,248.97 per bale compared with $953.49 per bale in the 12 months to 30 September 2010. Bales sold fell from 489,800 to 484,900.
– Real estate sales revenue declined by 8% due to downturns in residential property and water rights activity levels. Broadacre turnover rose by 9%, increasing from $818.8 million to $891.6 million. Turnover in water rights contracted from $68.2 million to $28.3 million as strong rainfalls replenished supplies and availability.
– Financial Services distribution revenue increased from $24.8 million to $26.2 million.
– Other sales revenue of $3.0 million includes revenue from the accumulation of grain.

New Zealand

New Zealand network operations recorded improved financial results in 2011, although the business did not achieve the better than breakeven result originally targeted. The operations recorded a contribution of $(2.8) million compared to $(6.1) million in 2010.

Australian Network sales revenue



$ million, 12 months to 30 September:	2010	**2011**
Farm supplies	882.3	**1,023.9**
Livestock	106.1	**115.3**
Wool	51.8	**55.8**
Real Estate	56.8	**52.3**
Financial services	24.8	**26.2**
Other	5.2	**3.0**
Total	1,127.0	**1,276.5**

Elders generated sales revenue of $91.3 million from its New Zealand network operations in 2011, 3% higher than the previous year's result of $88.4 million. The growth is attributable to increased revenue from wool agency and farm supplies sales. Livestock operations recorded comparable sales to the previous year.

Trading

Trading operations include Elders' livestock and New Zealand wool trading, feedlot operations and Elders Fine Food in China which imports and distributes Australian agricultural produce.

Trading operations generated sales of $471.9 million and a contribution of $7.1 million in 2011, which compares respectively with sales of $446.5 million and a contribution of $14.3 million in the previous year. The increase in revenue is due to Feedlot and wool trading operations, the growth from which more than offset a $43.0 million decline in Live Export sales.

Elders' total live export volume of 135,000 head was 35% lower than the 2010 comparative of 207,000 head, having been adversely affected by Indonesian market restrictions and the Australian government imposed two-month suspension, and then gradual re-opening, of live export to Indonesia.

Australian feedlot operations increased revenue and throughput, an outcome which reflects the increased utilisation rates at the Killara feedlot since it became wholly owned by Elders. However, extremely unseasonal and wet conditions in southern Australia unfavourably affected efficiency and throughput at Charlton, which consequently reduced its contribution.

Network Related Equity Earnings

Network related operations comprise Elders' financial services joint ventures and the Australian Wool Handlers (AWH) logistics operation.

These operations contributed equity accounted income of $11.3 million, compared with $ 9.7 million for the twelve months to 30 September 2010.

Contributions from the individual operations are as follows:

$million 12 months to 30 September:	2010	**2011**
Elders Insurance	5.6	**6.2**
Elders Financial Planning	0.3	**0.5**
Australian Wool Handlers	3.2	**4.1**
Other	0.6	**0.5**
Total Network Related	9.7	**11.3**

Sustainability

Rural Services operations employed a total of 2,409 FTE as at 30 September, compared with 2,485 FTE at the beginning of the year. The 3% reduction reflects attrition resulting from the replacement 'freeze' for non-critical positions vacant announced in 2010.

Rural Services operations recorded a lost time injury frequency rate of 6.30, slightly worse than the corresponding figure of 5.60 in the twelve months to 30 September 2010. The increase follows the adoption of new definitional standards, under which a safety event is more likely to qualify as a lost time injury. The increase in LTI frequency rates is considered to be directly attributable to the adoption of the more conservative definition.

During the year Rural Services operations moved from paper-based to online occupational health and safety reporting systems. The change will improve reporting and consultation in relation to occupational health and safety throughout the business.

The management of safety when dealing with livestock continued to be a key focal point of the Company's safety initiatives. A full review of livestock management working procedures was completed with the resultant revisions and improvements to be introduced across Rural Services operations.

Feedlots

The 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).

In January 2011 the Charlton area was subject to severe flooding. Damage caused by the floodwaters resulted in an effluent leak at the Charlton feedlot. Authorities were notified immediately and the feedlot operation received a Pollution Abatement Notice from the Victorian Environmental Protection Authority (EPA). The Notice was subsequently closed by the EPA after the feedlot fulfilled all requirements imposed within the time requirements specified.

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 2011 or to the date of this Report.

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 from state to state and generally only apply to saleyards above a prescribed size.

No breaches of these environmental regulations were reported during the year ended 30 September 2011 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.

The regulatory environment for the transporting, handling, storage, sale and use of dangerous goods and chemicals is complex and subject to the various legislation and regulatory oversight separately applied in each state or territory. Agsafe provides assistance through the provision of accredited training and safety programs. No material incidents were reported in relation to the handling and storage of dangerous goods during the year or to the date of this Report.

Live Export

Elders is engaged in the export of cattle to international markets. Elders' live export trade encompasses the supply of 'feeder' stock for slaughter in Indonesia and 'long-haul' live export of dairy and breeding cattle to markets seeking to supplement their local herd. All live export operations are subject to Australian Government regulation and standards including the Australian Standards on the Export of Livestock (ASEL version 2.3) which provides comprehensive and detailed standards on the sourcing, preparation, management and transportation of livestock through the supply chain to the point of disembarkation.

A revised Export Control Order issued by the Australian Commonwealth Government in 2011 brought additional requirements for assurance of welfare, recording and reporting from disembarkation to the point of slaughter in respect of feeder cattle exported to Indonesia.

No breaches of regulatory or legislative requirements were recorded by Elders' live export operations in the year to 30 September 2011 or the date of this report.

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 being a Foundation Sponsor for the Australian Year of the Farmer, which aims to highlight the contribution of farmers during 2012, its partnerships 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 $56,554 between the months of October 2010 to September 2011 to support the costs of rural and regional breast care nurses. This money has helped fund the first full-time McGrath Elders Breast Care Nurse. The nurse is based at the Royal Flying Doctor Service base in Broken Hill and travels by air to support Australian families in rural and remote areas experiencing breast cancer.

Automotive

Futuris' primary operations encompass the design, manufacturing and supply of automotive seating and interior solutions in Australia, Thailand, South Africa, the United States of America and China.

Operations

The business and its joint ventures supply products and services for automotive seating, interiors, controls and aftermarket. Current customers include GM Holden and GM (Thailand), Ford (Australia and Thailand), Toyota, Chery Automobile, JAC Motors, GAC GoNow, Brilliance, GreenTech and Mercedes Benz. Contracts for future supply are held with Tesla Motors, Fisker Automotive 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 as well as Toyota) and a design and technical centre at Port Melbourne Victoria.

Operations in Australia account for over 95% of 2011 product sales as reported in statutory revenue. Production in Thailand and North America was at preliminary stages during the year but is expected to ramp up in 2012 in line with contract commitments. As Chinese operations are conducted through non-controlled joint ventures, their results are included as an equity-accounted share of net profit and therefore do not feature in statutory sales figures.

Futuris' vision is to establish itself as a leading global innovator of quality design and manufacturing solutions. In the automotive sector, Futuris' strategy is to be a tier one interiors supply partner of choice within the global automotive sector.

Futuris is also developing business outside the automotive sector through leveraging its capabilities in the design and delivery of manufacturing solutions. This includes the supply of cleantech manufacturing solutions and infrastructure for communications and transport such as signage, remote communications stations and telephone kiosks.

Conditions and results

Market conditions were softer than expected as passenger vehicle sales and production trended below previous years in Australia and lower growth rates were recorded in China. Manufacture of passenger vehicles in Australia in the year to 30 September was 10% below that of 2010.

Futuris generated sales of $315.2 million in 2011. This figure includes sales revenue of $68.6 million from operations that were previously joint ventures and consolidated for the first time in 2011. Sales revenue, excluding the incremental sales attributable to these operations, declined by 4% in comparison with the previous year.

Underlying and statutory EBIT for the year of $15.3 million was marginally higher than the 2010 underlying EBIT of $15.0 million and slightly below the 2010 statutory EBIT of $15.8 million.

Business Development

Business development activities in 2011 saw the securing of extensions to existing contracts in Australia and the winning of new business that will expand Futuris' Asia Pacific and North American sales and presence.

In Australia, extensions were secured for Futuris' major supply contracts with General Motors Holden for the MY14 model Commodore range.

In China, new business contracts were secured for the supply of seating to Brilliance Auto and GAC GoNow from 2011 onwards. These contracts will be performed through joint ventures.

In Thailand, the Company completed construction of a new manufacturing facility to supply product to Ford and General Motors Thailand commencing in 2012, as well as product for contracts in Australia and the USA.

In the USA, Futuris secured seating supply contracts with Tesla Motors and Fisker Automotive for supply from 2012 and 2013 respectively.

Automotive Financial Results

$million 12 months to 30 September:	2011	2010
Sales	**315.2**	256.9
Underlying EBITDA	**31.9**	29.8
Depreciation & Amortisation	**16.6**	14.8
Underlying EBIT	**15.3**	15.0
Futuris Automotive	**15.8**	15.4
Associates (equity acc)	**(0.5)**	(0.4)
Underlying EBIT	**15.3**	15.0
Non-recurring items	**-**	0.8
Statutory EBIT	**15.3**	15.8
Operating cash flow	**15.4**	35.6
Capital expenditure	**12.3**	9.2

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 (LTIFR) of 8.70 per million hours worked. This was the first year of recording to a new LTIFR definition. For comparison purposes, the previous methodology of Accute LTIFR was also recorded during the year to September, with a result of 2.90 compared with the preceding year's rate of 2.67 per million hours worked.

Human Resources

Futuris employed a total of 967 FTE as at 30 September compared with 738 at the same time in the previous year. The increase is attributable to increased employees in Australia and Thailand and the additions from acquired joint ventures.

In addition 318 FTE are employed by Futuris' offshore joint ventures (341 as at 30 September 2010).

Top left photo: Ford Territory second row seat assembly line at the Futuris Campbellfield manufacturing facility in Victoria.

Top right: Minister Richard Dalla-Riva (Victorian State Government Minister for Manufacturing, Exports and Trade) visited Futuris' Port Melbourne headquarters and announced a Global Export Grant award, in September 2011.

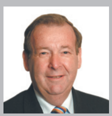
Futuris' automotive seating and interiors manufacturing facility in Rayong, Eastern Seaboard, Thailand, opened in September 2011.

Board of Directors

Mr John Charles Ballard MBA, FAICD (Chairman) – Age 65 – Appointed Chairman and non-executive director of the Board on 20 September 2010. He is also Chairman of the Nomination and Prudential Committee and a member of the Remuneration and Human Resources 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, Coco-Cola Amatil Limited, a Director of Woolworths Limited and Email Limited, Chairman of Wattyl Limited and Trustee of the Sydney Opera House. 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 Boards 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.

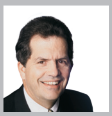
Mr Malcolm Geoffrey Jackman BSc BCom FAICD – Age 59 – Executive Director of the Board since October 2008. He is the Chief Executive and Managing Director of the Elders Group. Prior to joining the Company Mr Jackman was Chief Executive Officer and Managing Director of Coates Hire Limited, an ASX 200 company, 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. Prior to entering commerce Malcolm served as an Officer in the Royal New Zealand Navy. Mr Jackman is a resident of South Australia.

Mr Mark Charles Allison, BAgrSc, BEcon, GDM, FAICD – Age 50 – Non-executive director of the Board since November 2009. He is also a member of the 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 Raymond George Grigg, FSAE-I, FAICD – Age 70 – Non-executive director of the Board since February 2004. He is also Non-executive director of Futuris Automotive Group of companies, and a member of the Audit, Risk and Compliance Committee and Occupational Health and Safety Committee. Mr Grigg has extensive experience and leadership in senior management within the automotive industry, having joined the Board following a 47 year career with General Motors Corporation where 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 Chairman and President of the Royal Automobile Association of SA Inc, Chairman of RAA Insurance Ltd, President of the Australian Automobile Association, President – Federation Internationale De L'Automobile (FIA) – Asia Pacific Region and Deputy Chairman of Bedford Industries Inc. Mr Grigg is a resident of South Australia.

Mr Ian Graham MacDonald SF, Fin – Age 57 – Non-executive director of the Board since November 2006. He is a member of the Audit, Risk and Compliance Committee, and Chair of the Remuneration and Human Resources Committee. He is a director of Elders Forestry Management Ltd and APT Projects Ltd. He was a director of Elders Financial Services Group Ltd, Elders Insurance Ltd, Elders Insurance Agencies Pty Ltd, and Elders Trustees Ltd. He is a member of the Australian Institute of Company Directors and a Senior Fellow of the Financial Services Institute of Australasia. Mr MacDonald has had an extensive career in banking, 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, Rural Bank Ltd and Tasmanian Public Finance Corporation. Mr MacDonald is a resident of Victoria.



Mr James Hutchison (Hutch) Ranck, BS Econ, FAICD – Age 63 – Non-executive director of the Board since June 2008. He is also Chairman of the Occupational Health and Safety Committee and a member of the Nomination and Prudential Committee and Remuneration and Human Resources Committee. Mr Ranck had a long and distinguished career with DuPont where he held senior management positions in Australia and overseas in finance, chemicals, pharmaceuticals and agricultural products. He retired as Managing Director of DuPont Australia & New Zealand and Group Managing Director for DuPont operations in ASEAN on 31 May 2010. He is currently a director of the CSIRO and the Australian Bush Heritage Foundation. Mr Ranck is a resident of New South Wales.

Mr Robert Harvey Wylie, FCA – Age 61 – Non-executive director of the Board since November 2009. He is also Chairman of the Audit, Risk and Compliance Committee and a member of the Nomination and Prudential Committee. Mr Wylie is 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.

Company Secretaries

Mr Peter Gordon Hastings BA LLB GDLP Mr Hastings was appointed Company Secretary in February 2010. He previously held the position of Group Solicitor with the Elders Group since 1995, and General Counsel since February 2010.

Ms Sarah Jane Graves BA LLB GDLP ACIS Ms Graves was appointed Joint Company Secretary in August 2011. She has held the position of one of the Company's Group Solicitors since May 2010.

Corporate Governance Statement

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

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

The 2011 financial year has been a year in which your Company's businesses have enjoyed some measure of success (particularly in the emerging signs of a turnaround in Elders Rural Services business) mixed with the challenging circumstances created by events such as suspension of the live cattle trade to Indonesia, fewer new motor vehicle builds in Australia and particularly adverse weather conditions in Queensland. As has been communicated to shareholders in the past, the Board remains firmly of the belief that good corporate governance contributes long term value to stakeholders and as a result directors are committed to ensuring the Company's present governance framework is adhered to and that the Company keeps abreast of, and implements, all generally accepted enhanced governance arrangements.

The Board's Charter consolidates the principles, policies and practices of the Company's governance framework as reflected in this statement.

In developing the Company's 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 Best Practice Recommendations as revised in June 2010. Published on our website at www.elders.com.au is a table comparing the Company's governance practices with the Best Practice Recommendations.

The Board notes that the June 2010 amendments to the Best Practice Recommendations introduced recommendations in relation to diversity which do not apply to the Company until its reporting period commencing on 1 October 2011. Notwithstanding that the Company has developed a Diversity Policy (which has been adopted by the Board), which is an essential step in setting measurable diversity objectives. The Company will report on those objectives in its 2012 annual report.

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 and financial integrity and ethical behaviour.

Management and oversight

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

Board

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

- provide input into, and adopt, the strategic plan and budget of the Company as prepared by management;
- monitor performance against the business plan and budget;
- approve and monitor the progress of all material acquisitions, divestments, contracts and capital expenditure;

- approve capital raisings (debt or equity) by the Company;
- oversee the audit, compliance and financial and operational risk management functions of the Company;
- oversee the Company's financial reporting and communication to the Company's shareholders and the investment community and shareholder-relations generally;
- appoint and remove the Chief Executive and determine that person's remuneration (including termination benefits);
- review the performance of the Board as a whole and of individual directors; and
- monitor and assess the performance of the Chief Executive and the Company's senior executive team.

Committees

The Board has established a number of Board Committees (Nomination and Prudential Committee, Remuneration and Human Resources Committee, Occupational Health and Safety Committee and Audit, Risk 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 24 to 28.

In addition, a Group Risk Committee comprising members of the Company's Executive management and the National Risk Manager operates under a Board-endorsed Risk Management Policy and reports to the Board through the Audit, Risk and Compliance Committee on a regular basis.

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 comprehensive delegations 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 42 to 44.

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 ongoing Education

Board Composition

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

- the number of directors may not be less than 3 and not 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 of depth and 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 regulators. The purpose of these criteria is to ensure directors are fit and proper to act as directors of the Company having regard to, amongst other things, licences held by the Company and to its distribution arrangements with Rural Bank Limited. Further detail is set out in the Fit and Proper Person Policy section below.

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

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

Fit and Proper Person Policy

The Company has adopted a fitness and propriety regime given its distribution arrangements with Rural Bank Limited, a prudentially regulated Authorised Deposit Taking Institution, and its several Australian Financial Services Licences which ensures a robust selection process for directors generally 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 Person 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 governance responsibilities throughout the term of their appointment.

Director Skills & 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, five other independent non-executive directors and a managing director/chief executive. The qualifications, experience, special responsibilities and period of office of each director may be found on page 20 of this report.

The Company has announced its intention to appoint two new female directors on completion of fitness and propriety testing. The Company anticipates that this testing will be complete soon after the date of this report.

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 3 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, who was appointed Chairman on 21 September 2010, is a non-executive and has been determined by the Board to be independent.

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 & Other Resources

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

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

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

Director Induction and Training

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

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

Directors undertake training and development on an as needs basis. Directors are also regularly briefed on the Group's businesses and industry or technical issues impacting the Group. 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, who in turn evaluates the performance of all other senior executives. The evaluations are based on specific criteria, including the Company's business performance, whether long-term strategic objectives are being achieved and the achievement of individual performance objectives. This process was followed in respect of the 2011 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 the Board was subject to internal performance review, which was considered appropriate given the recent appointment of Mr Ballard as Chairman. 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 then determines 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 (AGM) cycle to ensure that the Board has the appropriate mix of expertise and experience.

At each 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 3 or more years and AGMs since they were last elected to office are required to retire and may stand for re-election. The directors obliged to retire under this rule are Mr Ray Grigg and Mr Hutch Ranck. Both Messrs Grigg and Ranck have advised the Chairman that they will offer themselves for re-election at the forthcoming AGM. The resolutions to re-elect Messrs Grigg and Ranck have the support of 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.

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 retirement of Mr Charles Bright at the Company's AGM held on 16 December 2010.

3. Board Committees

Relevant policies and charters:
- Nomination and Prudential Committee Charter
- Remuneration and Human Resources Committee Charter
- Audit, Risk and Compliance 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 each of the non-executive directors of the Company.

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.

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
- fulfilment of the Company's prudential obligations.

Key Activities During the Year

- The Committee monitored the competencies and composition of the members of the Board during the reporting period.
- The selection of two new female directors who will be appointed subject to the completion of fitness and propriety testing.

Remuneration and Human Resources Committee

Objective

The Board's objective is to ensure that the Company has adopted remuneration and human resources 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 37 to 58.

Membership

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

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

The Remuneration and Human Resources Committee comprises three independent directors and includes the Chairman of the Board. The Chief Executive 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 and Human Resources Committee meets the Recommendation 8.2 of the amended 2nd edition of the ASX Best Practice Recommendations.

Role

The Remuneration and Human Resources 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 objectives of the Committee are to:

- ensure the appropriate policies and procedures are in place to assess the remuneration levels of the CEO, executive management, the Company's employees generally and the Board itself;
- ensure the appropriate policies and procedures are in place to attract and retain the Chairperson, Non-Executive Directors, Executive Directors, CEO and executive management;
- ensure the Company (which includes all subsidiaries and, as appropriate, associated companies) adopts, monitors and applies appropriate remuneration policies and procedures that align with the creation of shareholder value;
- engage and motivate directors and senior executives to pursue the long-term growth and success of the Company;
- ensure a clear relationship between business performance and senior executive key performance indicators and their remuneration;
- align executive incentive awards with the creation of shareholder value; and
- ensure that the Company's human resources strategy, policies and procedures are appropriate to the Company's needs and clearly designed and executed.

The Committee meets its objectives by reviewing and making recommendations to the Board on:

- appropriate policies for compensation arrangements for the CEO, executive management, the Company's employees generally and the Board itself;
- the remuneration package for the CEO;
- KPIs relevant to the remuneration of the CEO and the performance of the CEO against those KPIs;
- the CEO's recommendations with respect to the remuneration of executive management;
- the CEO's plans for the remuneration of employees in general;
- the annual remuneration review applying generally across the Company;
- the competitiveness and appropriateness of the Company's remuneration policies and practices;
- remuneration of Company employees by gender;
- human resources policies and procedures to ensure alignment between remuneration and shareholder value creation;
- remuneration of Directors;
- employee share, option and rights schemes and other performance incentive programs;
- recruitment, retention, retirement and termination policies and benefits;
- Company superannuation arrangements;
- human resources strategy, policies and procedures (but not occupational health and safety);
- employment contracts for all directors, the CEO and those executive management contracts which are outside normal parameters;
- organisational development, including training and education;
- succession planning for executive management; and
- disclosures in the Company's annual report on remuneration matters.

Key Activities During the Year

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

- introduction of two new salary sacrifice equity schemes for employees;
- introduction of a short term incentive scheme designed to encourage high performance sales activity by the Company's sales employees;
- ongoing review of the remuneration arrangements, policy and structure for the Group. The review is discussed in the Remuneration Report on pages 37 to 58.

Audit, Risk and Compliance Committee

Objective

The Board is concerned to ensure the integrity of the Company's financial reporting and its regulatory and policy compliance and has established the Audit, Risk and Compliance Committee to assist it in achieving this objective.

Membership

The members of the Audit, Risk 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, Risk 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 20 of this report.

The Chief Executive, Chief Financial Officer and the General Manager Risk Assurance all have standing invitations to attend (and are expected to attend) meetings of the Committee. In addition, the audit engagement partner from the Company's auditors also has a standing invitation to attend the meetings of the Committee.

Role

The Audit, Risk 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 Audit, Risk and Compliance Committee assists the Board to meet its oversight responsibilities in relation to:

(a) the Company's financial statements and financial reporting;

(b) the Company's internal risk management processes, internal accounting and control systems;

(c) the Company's internal and external audit arrangements;

(d) the Company's compliance with legal and regulatory requirements; and

(e) the Company's review of risk management, internal compliance and control systems.

It does this by discharging its responsibilities set out in its charter, namely:

- monitoring the effectiveness of the Company's financial reporting and internal control policies and its procedures for the identification, assessment, reporting and management of financial risks;
- approving the appointment of the head of internal audit;
- approving the terms of reference of the internal audit department, requiring advice of the planned programme of audits and the reason for any change or delay in the programme;
- reviewing the management of financial matters and the freedom allowed to the internal auditors;
- reviewing reports on the Company from the internal auditors;
- considering and making recommendations to the Board about the appointment and retirement of the Company's External Auditors, and ensuring that the audit partner from the firm providing audit services is rotated from time to time in accordance with all applicable regulation and Company policy;
- meeting with the External Auditors;
- reviewing any auditor's letters addressed to management and management's responses;
- approving the scope of the audit, the terms of the annual audit engagement letter and audit fees;
- monitoring the independence, objectivity and performance of the External Auditors;
- monitoring the nature and quantum of non-audit services provided by the External Auditor, including the amount of fees paid for such services;
- reviewing any recommendations made by the External Auditor;
- co-ordinating internal and External Auditors and reviewing and approving any integrated audit plans;
- monitoring the consistency of accounting policies;
- reviewing the Company's statutory half and full year financial statements;
- monitoring the effectiveness of the Company's compliance programme;
- reviewing specific policies, systems and processes for addressing compliance with applicable laws and Company policy;
- reviewing the Company's main corporate governance policies including the Company's Delegations of Authority and the Company's Treasury Policy;
- receiving reports from management regarding compliance with laws;
- receiving recommendations from management on compliance policies, systems and processes relating to significant legal, compliance or regulatory matters;
- reviewing compliance with Company policies;
- overseeing the Company's process for dealing with the reporting of unacceptable conduct;
- assessing the adequacy of the Company's internal risk control systems;
- reviewing the Company's management processes for identifying and monitoring significant areas of risk for the Company; and
- regularly reviewing the Company's risk profile.

Key Activities During the Year

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

- review of the statutory and periodic financial statements of the Company; and
- assumption of oversight of the Company's risk identification, monitoring and profile.

Occupational Health and Safety Committee

The Board is committed to fulfilling the Company's obligation to operate its business in a safe manner and has established the Occupational Health and Safety Committee (OH&S Committee) to assist in meeting this objective.

Membership

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

Mr H 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. The Committee's objectives are to:

- ensure the appropriate policies and procedures are in place to ensure the Company meets its statutory obligations;
- ensure appropriate policies procedures and systems are in place to effectively manage, measure and improve OH&S activities; and
- oversee the provision by management of a healthy and safe working environment and culture for all employees, contractors, clients and other visitors to the Company's work premises, including by implementation and management of policies and procedures to make workplace harassment and bullying unacceptable.

The Committee meets its objectives by discharging the responsibilities set out in its charter, namely reviewing and making recommendations to the Board on:

- the plans and targets for OH&S management;
- cultural initiatives designed to build and foster OH&S leadership and demonstration of appropriate OH&S behaviours consistently at all levels;
- Company performance in relation to OH&S matters;
- the adequacy, integrity and effectiveness of the policy, critical systems, internal controls, and processes and procedures used to manage OH&S as well as the performance of the Company's OH&S function and management;
- the adequacy, integrity and effectiveness of Company management's processes for ensuring and monitoring compliance with OH&S statutory and reporting obligations;

- the internal process for determining and managing key OH&S risk areas, particularly on non-compliance with laws, regulations, standards and best practice guidelines;
- the impact of changes and emerging issues in OH&S legislation, community expectations, research findings and technology;
- reports submitted by Company management on OH&S performance and issues including reports on material issues such as serious injury or death associated with the Company's operations;
- presentations from business unit general managers on the OH&S management and performance of their operations; and
- visits to the Company's operational sites to familiarise committee members with the OH&S 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:

- establishing corporate OH&S standards for the Group;
- review of safe livestock handling procedures;
- review of issues connected with driver safety;
- establishing a network of safety committees;
- rollout of a new on-line incident reporting system.

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. 17 formal Board meetings were held during the current financial period to accommodate additional meeting requirements associated with specific or urgent matters. Attendance by directors at Board and Committee meetings held during the period ended 30 September 2011 is detailed below.

	Board of Directors		**Audit, Risk and Compliance Committee**		**Nomination and Prudential Committee**	
	Attended	Held	Attended	Held	Attended	Held
J Ballard	17	17	-	-	2	2
M Allison	17	17	-	-	2	2
C E Bright[1]	4	4	-	-	-	-
R Grigg	16	17	7	8	1	2
M Jackman	17	17	-	-	-	-
I MacDonald	17	17	8	8	2	2
J H Ranck	17	17	-	-	2	2
R Wylie	17	17	8	8	2	2

	Remuneration and Human Resources Committee		**Occupational Health and Safety Committee**	
	Attended	Held	Attended	Held
J Ballard	8	8	-	-
M Allison	-	-	4	5
C E Bright[1]	-	-	-	-
R Grigg	-	-	3	5
M Jackman	-	-	-	-
I MacDonald	8	8	-	-
J H Ranck	8	8	5	5
R Wylie	-	-	-	-

1. Mr Bright retired as a director on 16 December 2010

Where directors are unable to attend meetings either in person or by telephone (e.g. 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 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, Risk 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 exits 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, Risk and Compliance Committee approval;
  > the Audit, Risk 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, Risk and Compliance Committee with details of the amount of non-audit services undertaken by the external auditors as a proportion of all audit and non-audit engagements entered into by the Group for the period; and
  > as a general rule, the Company does not utilise external auditors for internal audit purposes or consulting matters, other than services which are in the nature of audit, such as review of tax compliance and acting as independent accountants preparing a report on forecast financial information for inclusion in the Company's capital raising prospectus.

The Audit, Risk 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 their respective businesses. All personnel are responsible for managing risks in their areas.

The Audit, Risk 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) meets quarterly and assists the Audit, Risk and Compliance Committee and the Board in the application of the Company's Risk Management Policy and monitoring of compliance with the Policy.

Membership

The Group Risk Committee comprises the CEO, Group Executives, Company Secretary, General Manager Risk Assurance and National Manager - Risk. Specialist support to the committee is provided by internal experts as required, including the General Counsel, General Manager, Taxation, and General Manager OH&S.

The GRC reports to the Board through the Audit, Risk and Compliance Committee.

During 2011 the GRC reviewed the Group's top 20 material business risks and reported to the Board on the effectiveness of the Company's management of those material business risks.

Responsibilities

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

- oversight of the risk management process;
- reviewing and monitoring the Company's risk profile;
- 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 adherence to the Company's risk management framework;
- receiving, considering and endorsing business trading charters for submission to the Company's Board 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 the Company with applicable regulatory obligations and significant related internal policies;
- providing regular advice to the Audit, Risk and Compliance Committee 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, Risk and Compliance Committee or Board.

Management Certificates

In accordance with the Board Charter, prior to approving the financial reports of the Company in respect of FY2011, 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.

The Company's treasury function operates within formal policy arrangements, and compliance with policy is regularly reported to the Board.

The primary objectives of the Treasury Policy are to have an appropriate debt maturity profile to fund on-going working capital and liquidity needs and to prudently manage exposures to variable interest rates and foreign exchange movements.

7. Conduct and Ethics

Relevant policies and charters:

– Code of Conduct
– Securities Dealing Policy
– Communications with the Market & Shareholders
– Fraud Control Policy
– Reporting of Unacceptable Conduct Policy
– Discrimination and Harassment Policy
– Occupational Health & 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 address the issues associated with alleged improper conduct including reporting, responsibility, confidentiality and effective investigation.

Securities Dealing Policy

The Board encourages non-executive directors and employees 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 53 of this Report.

The Company's Securities Dealing Policy prescribes trading windows during which directors and employees may trade in the Company's securities. Trading windows run for 6 weeks from announcement of the Company's full year results or half year results and 6 weeks from the Company's AGM.

Directors or staff must not deal in the Company's securities during any periods other than a trading window or at any time when that staff member or director is in possession of unpublished information that, if generally available, might materially affect the price of the Company's securities. Prior to dealing, a director or senior executive must seek clearance from the Company Secretary, or if the Company Secretary wishes to trade, the Chairman.

The Securities Dealing Policy also prohibits contractors from trading in the Company's securities if they are in possession of price-sensitive information.

The Securities Dealing 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 the maintenance of a Disclosure Committee comprised of management to consider disclosure issues (where circumstances permit, in conjunction with the Chairman of the Board), the communication of disclosure requirements and procedures to senior management together with procedures to facilitate the timely flow of relevant information to the Disclosure Committee;
- 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 AGM and full year and half year results briefings (which are announced in advance to the market and also archived and available for view on the Company's website), and an information subscription service through which interested parties can register for electronic advice of announcements. All public releases are archived and available for view on the Company's website at www.elders.com.au.

Significant investor briefings (other than the AGM and the half and full year result briefings which are webcast and stored as video or audio on the Company's website) are generally held by recorded telephone conference which requires registration so that attendees' details can be recorded. The Company generally allows investors to access the recorded facility by telephone for a short period after the event (usually 7 days) and thereafter to obtain a copy of the transcript or digital audio recording.

The Board is also concerned to ensure that shareholders 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 AGM 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 ASX Best Practice 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 has adopted a Diversity Policy and is in the process of establishing measurable diversity objectives. The Company will report on these objectives in its 2012 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 will not be tolerated in their relationships with other employees, potential employees, customers or people undertaking work for the Company. 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 an objective 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 and measuring targets;
- 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 2011.

Directors

The directors of the Company in office during the entire financial year and until the date of this report were as follows:

Non-Executive Directors:

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

Mr C Bright did not seek re-election as director at the last AGM, held on 16 December 2010. He had been a director since 2002.

Executive Director:

Malcolm Geoffrey Jackman
(Chief Executive Officer and Managing Director)

Company Secretaries:

Peter Gordon Hastings
Sarah Jane Graves

Ms Graves was appointed Joint Company Secretary on 19 August 2011.

A summary of the experience, qualifications and special responsibilities of each Director and each Company Secretary is provided on page 20 of this annual report.

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, real estate 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 $395.3m (2010: loss of $217.6m). A review of the operations and results of the consolidated entity and its principal businesses during the year is contained in pages 3 to 19 of this report.

Significant Changes in the State of Affairs

There were a number of significant changes in the state of affairs of the consolidated entity during the year which are referred to on pages 4 to 13 of this report.

Events Subsequent to Balance Date

No matter or circumstance has arisen since 30 September 2011 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 6 to 13 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

- No employee options were exercised during the year.
- No ordinary shares were issued under the Company's employee share plans during the year.
- No ordinary shares were issued to any other person during the year.

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 could not be paid until after 31 March 2012 and thereafter only upon satisfaction of several conditions.
On 1 September 2011, the Company refinanced its debt package. The Company's refinanced facilities require, amongst other things, that dividends be paid out of operating cash flows and only if the leverage ratio is not greater than 3.50:1. Given these restrictions, no dividends or hybrid distributions were paid during the 12 months to 30 September 2011.

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 has now been discontinued. Information on this element of the remuneration structure is provided in the Remuneration Report commencing on page 37 of this annual report.

The total quantity of options on issue as at 30 September 2011 would represent, if exercised, 0.175% 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	Issue Price	Option Expiry Date
31/08/2007	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	260,000	$12.90	25/11/2013
	640,000		

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 the previous financial year

Date Options Granted	Number of Lapsed Options	Issue Price	Option Expiry Date
25/10/2006	253,000	$20.20	25/10/2011
31/10/2006	135,300	$21.70	31/10/2011
25/11/2008	10,000	$12.90	25/11/2013
	398,300		

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	-	-
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	2,570,425

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 28.

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 37 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 17 and 19.

Rounding of Amounts

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

Non-Audit Services and Auditor Independence

Non-audit services provided by the Group's auditor, Ernst & Young to the Group during the course of the financial year are disclosed below. Based on advice received from the Audit, Risk 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 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit, Risk 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)	$204,795
Other compliance and assurance services	$45,413

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
14 November 2011

M G Jackman
Director

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 period ended 30 September 2011, 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

Ernst & Young

Mark Phelps
Partner

14 November 2011

Elders Limited
Remuneration Report 2011

The Directors of Elders Limited present this Remuneration Report for the consolidated entity for the year ended 30 September 2011. The information provided in this report has been audited as required by the *Corporations Act 2001 (Cth)* and forms part of the Directors' Report.

Message from the Board

Your Directors are cognisant of the expectations placed upon ASX-listed companies in respect of executive remuneration, but believe the Company should exceed those expectations by ensuring that shareholder interests are prominent in the governance of the Company's remuneration policies and practices. The loss of key executive leadership is as detrimental to shareholder interests as excessive or unjustified remuneration, hence the need to compete effectively for executive talent is a key consideration in the Board's deliberations. This has been especially true in recent years, during which the attraction, retention and motivation of experienced and skilled leadership has been particularly important to navigate the Company through its current business conditions and to return it to growth and acceptable shareholder return.

The Board of Directors is pleased to present the 2011 Remuneration Report. The Report has been written with the objective of communicating the Company's key 2011 remuneration principles and activities clearly, concisely and in full compliance with all relevant regulatory requirements.

John Ballard
Chairman of the Board

Ian MacDonald
Chairman of the Remuneration and Human Resources Committee

2011 Remuneration Highlights

Key Remuneration Activities in 2011

Remuneration outcomes in the Elders Group were again heavily influenced in 2011 (as they were in the preceding two years) by unsatisfactory returns to shareholders during the period. The Company's performance reflected in remuneration outcomes through:

- modest increases in fixed remuneration (an average of 3% across all employees);
- no Short Term Incentives were paid to key management personnel;
- no increase in non-executive director fees during this period, other than an increase in the fee payable to the Chairman of the Audit, Risk and Compliance Committee, in recognition of the significant workload associated with the role.

To position for the future, in 2011 the Company progressed the design of a business unit incentive framework, which was considered in detail by the Remuneration and Human Resources Committee and approved by the Board. In the case of the rural services business key underlying principles in the development of the framework were:

- clear line of sight and control, i.e. participants must be able to see a strong correlation between their own actions and the incentives they earn;
- the "bottom up" principle, whereby incentives accumulate from the bottom up instead of cascading from the top down. This principle recognises that the business will not deliver unless the front-line delivers, and hence no incentives should be payable at the top of the business unit structure (i.e. the most senior business unit leadership, including key management personnel) unless incentives are firstly payable at the bottom of that structure; and
- the importance of capital efficiency when measuring business performance for incentive purposes, to ensure that incentives are earned only on value-accretive sales, and that the incentive program will enhance, rather than erode, shareholder return.

The automotive framework has been redesigned so that it also removes Group earnings gateways concentrating only on business unit performance.

Short-term incentives in the Company's business units will therefore be driven by performance within the business unit rather than being dependent on overall Elders Group performance. The Board believes this approach, combined with other initiatives already in place, will result in an improvement in sales performance that will deliver a positive return to shareholders.

CEO and Senior Executive Remuneration Outcomes for 2011

The table below sets out the cash* benefits received by the Chief Executive, Malcolm Jackman, and the Group's senior executives in the 2011 financial year.

	Base Salary	STI	LTI	Superannuation	Total
M Jackman	1,069,021	0	0	15,343	1,084,364
M Hosking	670,625	0	0	18,750	689,375
M De Wit	641,250	266,500(2)	0	25,000	932,750
V Erasmus	576,529	0	0	15,343	591,872
A Dage	634,656	0	0	15,343	649,999
S McClure	348,008	0	0	21,369	369,377
S Hughes	451,851	0	0	36,148	487,999
R Tanti(1)	619,746	0	0	11,399	631,145

Notes:

(1) Mr Tanti ceased employment on 30 June 2011. His "base salary" included a payment of 10 months' salary in lieu of notice in accordance with his contract. This is disclosed under Termination Benefits at table 5a on page 52 of this report.

(2) Mr De Wit was entitled to receive a payment of $266,500 in the previous financial year pursuant to the terms of the STIP described on pages 43 and 44 of this report. This entitlement was paid to Mr De Wit in November 2010.

* Cash benefits include cash and cash equivalents paid during the financial year.

This table does not represent total remuneration which is disclosed at table 5a on page 52 of this report.

Section 1. Board Remuneration and Human Resources 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 and Human Resources Committee

The Remuneration and Human Resources Committee assists the Board in ensuring that the Company establishes and maintains remuneration strategies and policies that are aligned with the Company's overall objectives and accord with the practice set out in the ASX Corporate Governance Principles and Recommendations ("ASX Corporate Governance Principles"). The role and responsibilities of the Remuneration and Human Resources Committee are set out in the Corporate Governance Statement on page 21 of this Annual Report and the Committee's Charter is published on the Company's website at www.elders.com.au.

The Remuneration and Human Resources Committee is comprised entirely of non-executive directors. The Committee is briefed by management, but makes all decisions free of the influence of 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 the Company, 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 and Human Resources 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, 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 do not receive retirement benefits other than superannuation contributions disclosed in this report.

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, where appropriate and necessary, by advice from external remuneration consultants. The fees paid are, on metrics other than market capitalisation, slightly below the median of fees to non-executive directors of comparable companies.

Total fees for the financial year ended 30 September 2011 remain well 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 contributions are included in the aggregate fee limit.

During the financial year ended 30 September 2011, the annual base fee amount paid to each non-executive director, other than the Chairman, was $90,000 per annum. The Chairman receives an annual composite base fee of $300,000. Additional fees are payable to non-executive directors who sit on the Board Committees. Members of the Audit, Risk and Compliance Committee were paid $16,000 during the financial year with the Chairman receiving a pro-rata of $24,000 for the period 1 October 2010 to 31 March 2011 (i.e. $12,000) and a pro-rata of $30,000 for the period 1 April 2011 to 30 September 2011 (i.e. $15,000). Members of the Occupational Health and Safety Committee, and the Remuneration and Human Resources Committee receive $10,000 per annum as part compensation for time spent on committee business. It was decided not to increase base director fees set in 2006 during the 2011 financial year.

The Company maintains independent boards for the responsible entities within the group including Elders Forestry Management Limited and APT Projects Limited. 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.

Additional fees are received by Mr R Grigg who sits as a director on the Futuris Automotive Group Limited Board. This fee is included in the "Subsidiary Fees and Other Fees" column below. For the period from 1 October 2010 to 31 March 2011 those fees were $50,000 per annum (i.e. $25,000 for the 6 months) and from 1 April 2011 to 30 September 2011 $25,000 per annum (i.e. $12,500 for the 6 months) to reflect the reduced workload required by being a member of a subsidiary board.

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 2010 and 2011 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)	**2011**	**300,000**	**0**	**0**	**16,091**	**0**	**316,091**
	2010	60,227[1]	0	0	3,051	0	63,278
M C Allison	**2011**	**90,000**	**10,000**[3]	**0**	**9,000**	**0**	**109,000**
	2010	80,454	6,641[3]	0	7,838	0	94,933
R H Wylie	**2011**	**90,000**	**27,000**[4]	**0**	**10,530**	**0**	**127,530**
	2010	80,454	22,719[4]	0	9,286	**0**	112,459
R G Grigg[5]	**2011**	**90,000**	**26,000**[5]	**37,500**[5]	**13,815**	**0**	**167,315**
	2010	90,000	26,000[5]	50,000[5]	14,760	**0**	180,760
I G MacDonald	**2011**	**90,000**	**26,000**[6]	**50,000**[6]	**10,935**	**0**	**176,935**
	2010	90,000	22,666[6]	44,886[6]	14,825	0	172,377
J H Ranck	**2011**	**90,000**	**20,000**[7]	**0**	**9,900**	**0**	**119,900**
	2010	90,000	20,000[7]	0	9,900	0	119,900
S Gerlach (ex Chairman)	**2011**	**0**	**0**	**0**	**0**	**0**	**0**
(retired 21 September 2010)[2]	2010	350,000	0	0	14,824	150,000	514,824
G D Walters	**2011**	**0**	**0**	**0**	**0**	**0**	**0**
(retired 31 March 2010)	2010	45,000	12,000	16,458	11,700	0	85,158
C E Bright	**2011**	**22,500**	**2,500**[8]	**0**	**2,250**	**0**	**27,250**
(retired 16 December 2010)	2010	90,000	10,225	0	6,750	**2,025**	109,000
J C Fox (retired 18 December	**2011**	**0**	**0**	**0**	**0**	**0**	**0**
2009)[2]	2010	28,068	0	0	3,301	150,000	181,369
A Salim	**2011**	**0**	**0**	**0**	**0**	**0**	**0**
(resigned 30 October 2009)	2010	7,500	0	0	0	**0**	7,500
Total	**2011**	**772,500**	**111,500**	**87,500**	**72,521**	**0**	**1,044,021**
	2010	1,011,703	120,251	111,344	96,235	302,025	1,641,558

Notes:

(1) Mr 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) Each director marked (2) had an entitlement of $150,000 paid on retirement. No retirement benefits are available to any continuing directors.

(3) Mr Allison is a member of the OH&S Committee and received a fee of $10,000 for the financial period ($6,641 pro-rated for the 10 months to 30 September 2010).

(4) Mr Wylie is Chairman of the Audit, Risk and Compliance Committee and received a fee of $27,000 for the financial period ($22,719 pro-rated for the 10 months to 30 September 2010).

(5) Mr Grigg has chosen to salary sacrifice some or all of his fees into superannuation. For simplicity we have not split the short term payments to disclose the salary sacrificed superannuation portion. He is a member of the Audit, Risk and Compliance Committee for which he received $16,000 and a member of the OH&S Committee receiving $10,000 for the financial period. Mr Grigg is an Elders board representative on the operating subsidiary board Futuris Automotive Group Ltd and received a subsidiary board fee of $37,500 for the 12 months to 30 September 2011 ($50,000 in 2010).

(6) Mr MacDonald received a fee of $16,000 as a member of the Audit, Risk and Compliance Committee for the financial period ($16,000 for 2010). He also received a fee of $10,000 as Chairman of the Remuneration and Human Resources Committee for the financial period ($6,666 for the 8 months to 30 September 2010). Mr MacDonald is a director of Elders Forestry Management Limited and APT Projects Limited for which he received subsidiary director fees of $50,000 for the financial period ($44,886 pro-rated for 11 months to 30 September 2010).

(7) Mr Ranck received $20,000 in fees for the financial period as a member of both the Remuneration and Human Resources Committee and OH&S Committee ($20,000 in 2010).

(8) Mr Bright was a member of the Nomination and Prudential Committee and received a pro rata portion of his fees for the 2 months to 16 December 2010.

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
Non-executive Directors	
John Ballard	Chairman
Mark Allison	Director
Ray Grigg	Director
Hutch Ranck	Director
Ian MacDonald	Director
Rob Wylie	Director
Former non-executive Directors	
Charles Bright (retired 16 December 2010)	Director
Senior Executives	
Malcolm Jackman	Chief Executive & Managing Director
Mark Hosking	Chief Financial Officer
Mark De Wit	Managing Director Futuris Automotive
Vince Erasmus	Managing Director Elders Forestry
Sam McClure	Group General Manager Strategy and Business Development
Shaun Hughes	Chief Information Officer
Anthony Dage	Group General Manager Trading
Former Senior Executives	
Robert Tanti	Group General Manager Human Resources (ceased employment on 30 June 2011)

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

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

On an annual basis the Board reviews and approves the performance and remuneration plans and outcomes for the CEO on the recommendation of the Chairman and the Remuneration and Human Resources Committee. The plans and outcomes for the CEO's direct reports are reviewed and approved annually by the Remuneration and Human Resources 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 and Human Resources Committee reviews the key elements of employment contracts for business unit Managing Directors, 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

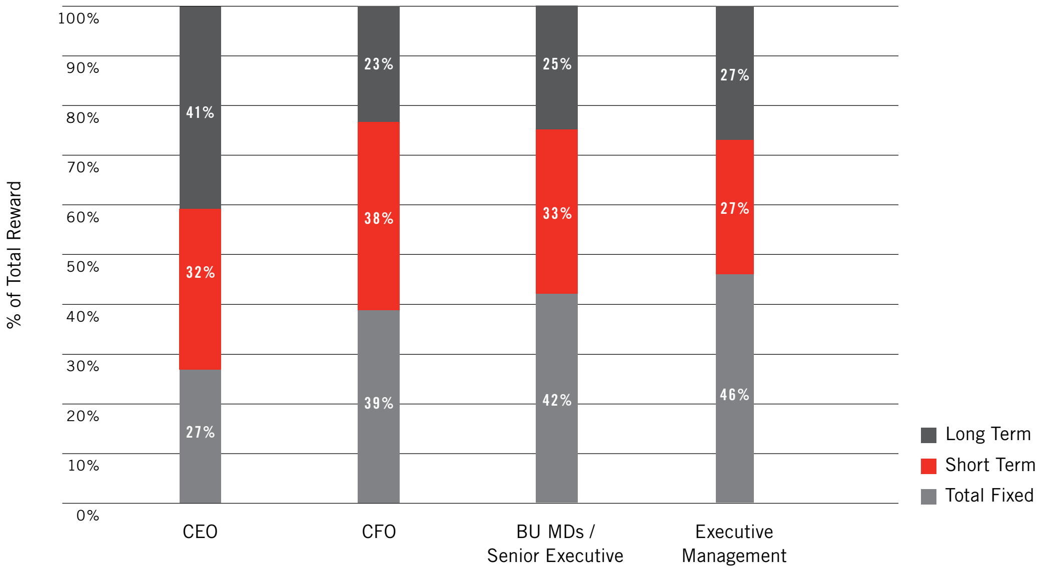
The remuneration structure has been designed to support the Board's remuneration policy. Executives' remuneration is made up of the following three elements:

- Total Fixed Remuneration;
- Short-term incentives; and
- Long-term incentives.

A description of each component is set out below. Remuneration packages are 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.

Figure 3a. Remuneration Structure



The above table assumes the 'at risk' remuneration components are at their maximum.

C. Total Fixed Remuneration (TFR)

Total Fixed Remuneration (TFR) is made up of base salary, retirement benefits and any other benefits (including Fringe Benefits Tax) 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 statutory maximum.

The level of TFR 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.

TFR is reviewed annually and is adjusted according to market relativity, company performance and the executive's performance over the previous year, as assessed through the Company's Performance Development Program (PDP). 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 applying in the financial period are set out in the table below:

Objective of STIP	STI objectives are to: • focus participants on achieving financial year performance goals which contribute to sustainable shareholder value; and • enable significant differentiation in pay based on performance against challenging commercial personal, people and safety targets.
What Key Performance Indicators (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 set for executives in each of the business units.
What financial KPIs are used?	The KPIs vary between participant (as set out above), but all schemes include underlying Earnings Before Interest and Tax (EBIT) and sales. All STIPs require the underlying Elders Group EBIT to be at least 91% of budget before any STI is paid.
What non-financial KPIs are used?	Non-financial KPIs may include performance measures relating to Safety, Market, Operations and People. The current scheme includes a lost time injury frequency rate (LTIFR) target.
How and when is performance assessed?	Following the end of each financial year each executive's performance is assessed by his or her immediate manager against the relevant KPIs and a performance matrix. Recommendations for STI payments are then referred to the CEO to ensure a consistent approach and to the Remuneration and Human Resources Committee for review and approval.

Exercise of discretion	The CEO, in conjunction with the Chairman, has the ability to recommend to the Remuneration and Human Resources Committee discretionary bonus payments to executives (except 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 will be eligible to receive pro rata entitlements.
STIP Payment	Payments are made in cash in mid December. Participants in the Deferred Employee Share Plan may elect to acquire shares in the Company.

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 in the 2011 financial year are highlighted below:

	CEO	**CFO**	**Business Unit MDs**	**Group Management Executives**
STI Opportunity (% of TFR)	Min 0% Max 120%	Min 0% Max 100%	Min 0% Max 80%	Min 0% Max 60%
Financial vs Non-financial KPIs	Financial 80% (budgeted underlying Group EBIT, budgeted Group cash flow and budgeted Group Sales) Non-Financial 20% (Safety)	Financial 80% (budgeted underlying Group EBIT, budgeted Group cash flow and budgeted Group Sales) Non-Financial 20% (Safety)	Financial 80% (budgeted underlying Group EBIT, budgeted Group cash flow and budgeted Group Sales) Non-Financial 20% (Safety)	Financial 80% (budgeted underlying Group EBIT, where relevant, budgeted underlying business unit EBIT, budgeted business unit or Group sales) Non-Financial 20% (Safety)
STI payments in respect of 2011 financial year	Nil	Nil	Nil	Nil
Discretionary Bonus	Nil	Nil	Nil	Nil

Employees in the categories below those levels set out in the table above (i.e. Senior Management, nominated Line Management, technical positions and sales support positions) may also be eligible to participate in the STIP to a maximum of 40% of TFR.

E. Long-term incentives

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

E1. Current Equity Schemes

Name of Plan	**Description**	**Eligibility Criteria**	**Number of Participants as at 30 September 2010**	**Number of Participants as at 30 September 2011**	**Number of Shares / Options / Rights Outstanding as at 30 September 2010**	**Number of Shares / Options / Rights Outstanding as at 30 September 2011**
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.	CEO	1	1	2,570,425(1)	2,570,425
		By invitation only.	0	24	0	5,546,587

Notes:

(1) In the 2010 Remuneration report, the number of rights outstanding in relation to the CEO ELTIRP was 856,808 rights. This represented the amount of rights issued not the amount of rights granted under accounting standards. As a result the 2010 comparative above has been restated. Refer to section E5 of the Remuneration Report, 'Discussion of Long Term incentive Plans' for further information.

E2. Discontinued Equity Schemes

Name of Plan	Description	Eligibility Criteria	Number of Participants as at 30 September 2010	Number of Participants as at 30 September 2011	Number of Shares / Options / Rights Outstanding as at 30 September 2010	Number of Shares / Options / Rights Outstanding as at 30 September 2011
Elders Employee Share Option Plan (EESOP)	EESOP is an employee option scheme. Options to acquire Elders shares were granted to selected eligible group executives at market (or premium) price, subject to a minimum of three years service.	Invitation only. The EESOP was suspended in 2009 and will be discontinued once all options lapse.	75	64	1,380,300	953,300
Elders Loan Share Plan (ELSP)	The ELSP was designed to provide an equity participation opportunity for all selected eligible group employees. Shares were provided and paid for by way of a non-recourse, interest free loan. Dividends are used to repay the loan. Shares vest three years after issue. There are no performance conditions once issued. No shares were issued under the ELSP during the financial year.	Invitation only. The ELSP was suspended in 2009 and will be discontinued.	3,276	1,559	2,023,846	981,468
Elders 'Save as You Earn' Plan (SAYE)	The SAYE plan is a deferred benefit employee share scheme, designed to enable employees to 'sacrifice' remuneration on a pre-tax basis and receive Elders shares in-lieu. Elders makes no contribution to this plan other than funding the costs of administration. No shares were issued under the SAYE Plan during the financial year.	All permanent employees. Operation of the SAYE was suspended in February 2009.	53	52	34,509	34,331

E3. Current Equity Saving Schemes

Name of Plan	Description	Eligibility Criteria	Number of Participants as at 30 September 2010	Number of Participants as at 30 September 2011	Number of Shares / Options / Rights Outstanding as at 30 September 2010	Number of Shares / Options / Rights Outstanding as at 30 September 2011
Deferred Employee Share Plan (DESP)	Implemented in 2011, this plan allowed for participants to salary sacrifice their pay to acquire restricted shares.	All permanent employees	N/A	19	N/A	39,980

E4. Retention Schemes

Name of Plan	Description	Eligibility Criteria	Number of Participants as at 30 September 2010	Number of Participants as at 30 September 2011	Number of Shares / Options / Rights Outstanding as at 30 September 2010	Number of Shares / Options / Rights Outstanding as at 30 September 2011
Retention Plan (general)	To retain the services of certain key employees during the period of Company "turn-around". 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.	0	15	0(1)	5,793,595
Retention Plan (Forestry Scheme 1)	Retention cash incentives for key Forestry employees who remained employed at 15 October 2011.	Discretionary	N/A	6	Nil	$523,238 paid on 15 October 2011
Retention Plan (Forestry Scheme 2)	Retention cash incentives for key Forestry employees who remain employed at 15 October 2012 or who cease employment before that date for a reason other than serious misconduct or resignation.	Discretionary	N/A	15	Nil	$1,247,161

Notes:

(1) In the 2010 Remuneration Report, the retention plan was disclosed on a provisional basis. As a result, a valuation of the service rights had not been performed and no expense was recognised at September 2010. Upon final accounting and receipt of a valuation, the grant date of the retention rights was deemed under accounting standards to be 15 October 2010, and as no retention rights were issued in 2010, it was appropriate that no accounting expense was recorded in relation to retention rights in 2010.

E5. Discussion of Long Term Incentive Plans

(a) General

As disclosed in last year's Remuneration Report, the EESOP has been replaced by the ELTIRP as the Company's principal Long Term Incentive Plan. The ELTIRP is based on the performance rights scheme for the CEO approved by shareholders at the AGM of the Company on 18 December 2009.

The Company envisages that none of the options remaining on issue under the EESOP will become exercisable given the effect of the 2009 consolidation of the Company's shares on the exercise price of those options.

A number of senior executives (including all key management personnel) have a contractual right to participate in ELTIRP up to certain percentages of TFR (which differ by employee). However, notwithstanding the right to participate in the ELTIRP, all awards (other than under the CEO's Long Term Incentive Plan which was approved by shareholders at the Company's 2009 AGM) remain at the Board's discretion.

(b) Dealing in Incentives and Equity

To prevent distortion of the functioning of the Company's long term incentives, the Company's Securities Trading Policy prohibits employees from entering into arrangements to protect the value of unvested awards convertible to equity (for example performance rights under the LTIRP), or vested awards subject to disposal restrictions.

Further, key management personnel are not permitted to deal in the Company's securities without prior permission from the Company and only during trading windows and are required to disclose all dealings on an annual basis. The measures are designed principally to manage insider trading risk, but also go some way to aligning the interests of Key Management Personnel with the Company's security holders generally.

(c) Performance Hurdles

The Company has adopted a relative Total Shareholder Return (TSR) performance hurdle to align the interests of the CEO 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			
10 November 2009	856,808	$1.776	Pursuant to the approval granted by the Shareholders at the 2009 AGM, the CEO was granted performance rights issuing as at 10 November 2009, as at 10 November 2010 and on or about 10 November 2011. Each performance right, which is issued at no cost to Mr Jackman, will, if they vest, constitute the right to acquire 1 ordinary share in the Company. The issue as at 10 November 2009 resulted in 856,808 performance rights being issued. These rights will be tested as set out below. **Tranche 1 (2009 Allocation)** TSR performance is measured over the two years from 10 November 2009 to 10 November 2011. **Tranche 2 (2009 Allocation)** TSR performance is measured over the three years from 10 November 2009 to 10 November 2012. **Tranche 3 (2009 Allocation)** TSR performance is measured over the four years from 10 November 2009 to 10 November 2013. The vesting of these performance rights depend on the Company's Total Shareholder Return (TSR) performance relative to the ASX/S&P 200 Accumulation Index, as determined by the following schedule: **Relative TSR** – **% of Tranche that vests** Below 50th percentile – Nil At 50th percentile – 50% 50th to 75th percentile – Pro-rata At 75th percentile – 100%
10 November 2010	878,852	$1.776	These rights will be tested as set out below. **Tranche 1 (2010 Allocation)** TSR performance is measured over the two years from 10 November 2010 to 10 November 2012. **Tranche 2 (2010 Allocation)** TSR performance is measured over the three years from 10 November 2010 to 10 November 2013. **Tranche 3 (2010 Allocation)** TSR performance is measured over the four years from 10 November 2010 to 10 November 2014. These performance rights vest according to the same schedule applying to the 2009 allocation.

(c) Performance Hurdles (continued)

Performance Conditions under the CEO and Executive LTIPs

Issue Date	Number of Performance Rights Granted	Denominator	Hurdle Description
CEO LTIP Grants			
10 November 2011	834,765	$1.776	These rights will be tested as set out below: **Tranche 1 (2011 Allocation)** TSR performance is measured over the two years from 10 November 2011 to 10 November 2013. **Tranche 2 (2011 Allocation)** TSR performance is measured over the three years from 10 November 2011 to 10 November 2014. **Tranche 3 (2011 Allocation)** TSR performance is measured over the four years from 10 November 2011 to 10 November 2015. These performance rights will vest according to the same schedule applying to the 2009 and 2010 allocations.
Key Management Personnel LTIP (Performance Rights) Grant			
10 November 2010	5,546,587	$0.646	The executive performance rights LTIP operates in the same way as the CEO performance rights LTIP except in relation to the grant formula. The maximum percentage of total fixed remuneration (TFR) of the grants varies by employee, the more senior the executive the greater the percentage.

Relationship between Elders' Financial Performance and Executive Rewards

Short Term Incentives

STI payments are awarded 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)	2011	2010	2009 (to 30/9/09)	2009 (to 30/6/09)	2008	2007
Sales Revenue	2,358.7	2,154.4	3,540.1	2,902.0	3,312.1	3,228.5
Underlying EBIT	33.7	34.0	40.3	16.8	171.7	169.4
Statutory Profit	(395.3)	(217.6)	(466.4)	(415.4)	36.4	105.4
Cashflow from Operating Activities	(23.8)	(110.5)	(523.3)	(370.8)	(14.1)	85.0

As none of the Elders' business units met their performance targets for the financial period, none of the key management personnel were awarded STI payments in respect of the period.

Long Term Incentives

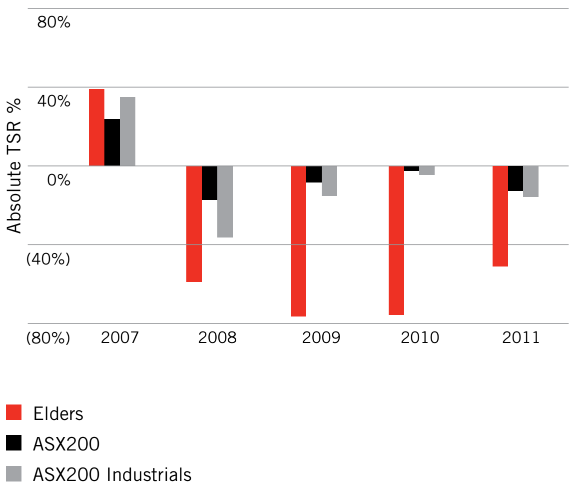
Other than general issues of options under the EESOP, LTIs only vest when the Company achieves superior returns for shareholders as measured by relative TSR.

(a) Relative Total Shareholder Return (TSR)

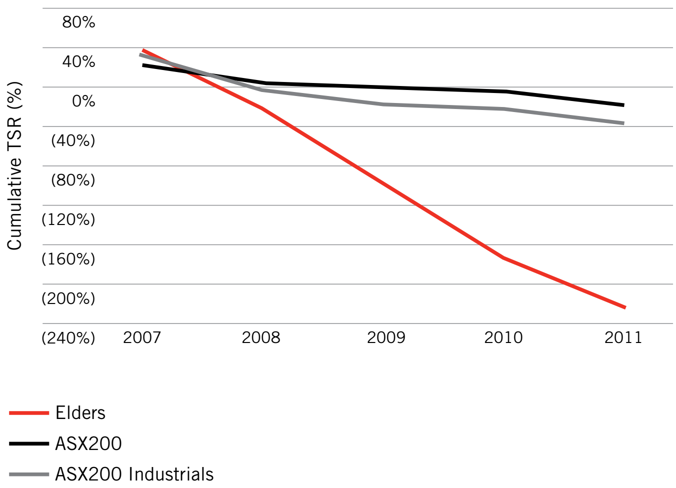
Elders' TSR has underperformed the ASX/S&P 200 Accumulation Index (All and Industrials) over the most recent financial period and on a cumulative basis over the period from 2007 to 2011.

Elders' relative TSR performance against these two comparator groups is as follows:

Absolute TSR %



Cumulative TSR %



Source: Capital IQ

Notes:

1. Each period consists of 12 months total shareholder return from, in the years 2007 and 2008, 1 July to 30 June, in 2009 the 15 months from 1 July 2008 to 30 September 2009 (to account for change in Elders financial year end in that year) and in 2010 and 2011, 1 October to 30 September.

Factors contributing to the calculation of TSR include dividends and share price. The history of both for the last 5 years is set out below:

Dividend History

Dividend	2011	2011	2010	2010	2009	2009	2008	2008	2007	2007
Type	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
Amount Per Share	Nil	Nil	Nil	Nil	Nil	Nil	0.0550	0.0400	0.0550	0.0400
Franking Rate	-	-	-	-	-	-	100.00	100.00	100.00	100.00

Share Price History 2006-2011

(b) Other LTIP Performance Hurdles for Senior Executives

Because no ELTIRP rights reached a testing date in the current financial period, no rights required testing against hurdles in that 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.

Section 4. Nominated Executives' Contract Terms

Formal employment contracts have been entered into with the Chief Executive and each of the 7 key management personnel. A summary of the key terms of those employment contracts 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 LTIRP 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 and Human Resources 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[1]	Termination Payments (only where Termination by Company)[1]	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 TFR if Elders Limited achieves financial and non-financial KPIs **LTI**: May earn up to 150% of TFR in Performance Rights if Elders Limited achieves financial and non-financial KPIs[2]
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 TFR in Performance Rights if Elders Limited achieves financial and non-financial KPIs
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 Sept 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 EBIT **LTI**: May earn up to 60% of TFR in Performance Rights if Elders Limited achieves financial and non-financial KPIs

Name	Employing Company	Date of Contract	Termination by Elders (without cause)	Termination by Employee[1]	Termination Payments (only where Termination by Company)[1]	Short and Long Term Incentives (refer to sections 3D and 3E above)
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 TFR 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 80% of fixed remuneration if the group achieves agreed KPIs and outperforms budget EBIT **LTI**: May earn up to 60% of TFR in Performance Rights if Elders Limited achieves financial and non-financial KPIs
A Dage	Elders Limited	1 July 2010	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 the group achieves agreed KPIs and outperforms budget EBIT **LTI**: May earn up to 60% of TFR in Performance Rights if Elders Limited achieves financial and non-financial KPIs
R Tanti[3]	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 TFR in Performance Rights if Elders Limited achieves financial and non-financial KPIs

Notes:

(1) Each of the nominated executives appearing in this table is entitled to terminate their contracts – on 3 months notice – if, following a shareholder gaining voting power greater than 50% or a sale of substantially all of the Company, there is a material diminution in the roles and responsibility of the executive. If the executive chooses to exercise that right of termination, the Company will pay the executive the equivalent of 12 months base salary.

(2) Given the structure of Mr Jackman's long term incentive scheme, which imposes a floor on the denominator of the issue formula that is significantly in excess of the current share price, the maximum potential earnings under that scheme is theoretical only.

(3) Mr Tanti ceased employment on 30 June 2011.

Section 5. Remuneration Disclosure Tables

Table 5a. Details of executive directors' and key management personnel remuneration for the 2010 and 2011 financial years

(A$)		Short Term Payments				Value of Share Based Incentives	Long Term	Post Employment	Termination Benefits	Total Remuneration	Total Performance Related
		Base Salary	Bonus	Other Non Monetary	Options[1]	Performance Rights[1]	Long Service Leave	Superannuation			
M Jackman	**2011**	**1,069,021**	**0**	**2,893**	**0**	**126,039**	**27,817**	**15,343**	**0**	**1,241,113**	**10%**
	2010	1,012,680	0	2,904	1,017,083[2]	34,841	15,599	14,645	0	2,097,752	50%
M Hosking	**2011**	**670,625**	**0**	**2,893**	**0**	**401,228**	**16,524**	**18,750**	**0**	**1,110,020**	**36%**
	2010	630,533	0	2,904	0	0	3,206	30,390	0	667,033	0%
M De Wit	**2011**	**641,250**	**0**	**0**	**0**	**0**	**18,510**	**25,000**	**0**	**684,760**	**0%**
	2010	641,250	266,500[5]	0	26,243	0	54,057	25,000	0	1,013,050	29%
V Erasmus	**2011**	**754,091**[7]	**0**	**0**	**5,931**	**0**	**9,602**	**15,343**	**199,188**[7]	**984,155**	**1%**
	2010	523,094	0	6,025	5,931	0	12,433	13,440	0	560,923	1%
S McClure	**2011**	**348,008**	**0**	**2,893**	**1,582**	**137,752**	**9,106**	**21,369**	**0**	**520,710**	**27%**
	2010	322,571	0	2,904	11,423	0	11,128	14,446	0	362,472	3%
S Hughes	**2011**	**451,851**	**0**	**2,893**	**2,372**	**161,520**	**10,965**	**36,148**	**0**	**665,749**	**25%**
	2010	371,560	0	2,904	2,372	0	3,453	33,440	0	413,729	1%
A Dage[3]	**2011**	**634,656**	**0**	**0**	**0**	**247,313**	**15,856**	**15,343**	**0**	**913,168**	27%
R Tanti	**2011**	**286,236**[4]	**0**	**2,178**	**0**	**0**	**0**	**11,399**	**333,510**[4]	**633,323**	0%
	2010	370,104	0	2,904	0	0	1,922	14,645	0	389,575	0%
M Guerin[6]	**2011**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	2010	482,065	0	20,928	(73,290)	0	0	40,850	695,975[6]	1,166,528	-6%
Total	**2011**	**4,855,738**	**0**	**13,750**	**9,885**	**1,073,852**	**108,380**	**158,695**	**532,698**	**6,752,998**	
	2010	4,353,857	266,500	41,473	989,762	34,841	101,798	186,856	695,975	6,671,062	

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 is not related to, nor indicative of the benefit (if any) that may ultimately be realised by each Senior Executive should the options or rights 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) These options were forfeited upon the approval of Mr Jackman's Performance Rights LTIP at the 2009 AGM. Mr Jackman received no value for the options which are recorded here for accounting purposes only.

(3) Mr Dage was not key management personnel in 2010.

(4) Mr Tanti ceased employment on 30 June 2011 and received a termination payment of $333,510 in lieu of notice of 10 months in accordance with his contract of employment.

(5) Payment pursuant to the terms of the STIP described on pages 43 and 44 of this report.

(6) Mr Guerin ceased employment on 1 July 2010 and received a termination payment of $695,975 in lieu of notice of 12 months in accordance with his contract of employment.

(7) Mr Erasmus received a cash incentive of $177,562 as part of the Retention Plan (Forestry Scheme 1). As this amount was paid in October 2011, it has not been disclosed in the table on page 39 of this report. If made redundant, Mr Erasmus will receive a redundancy payment no greater than the equivalent of 12 months base salary. Whilst the amount of the payment depends on future events and is therefore not capable of calculation, the maximum amount of any payment (not being payment in lieu of notice) is set out in the Termination Benefits column.

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	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)]	**2011**	**250,000**	**0**	**0**	**250,000**	**250,000**
	2010	0	250,000	0	250,000	250,000
J H Ranck[(1)]	**2011**	**128,334**	**0**	**0**	**128,334**	**128,334**
	2010	24,000	104,334	0	128,334	128,334
R G Grigg[(1)]	**2011**	**16,490**	**0**	**0**	**16,490**	**16,490**
	2010	3,156	13,334	0	16,490	16,490
I G MacDonald[(1)]	**2011**	**52,668**	**0**	**0**	**52,668**	**52,668**
	2010	26,000	26,668	0	52,668	52,668
M C Allison	**2011**	**0**	**0**	**0**	**0**	**0**
	2010	0	0	0	0	0
R H Wylie	**2011**	**6,000**	**0**	**0**	**6,000**	**6,000**
	2010	0	6,000	0	6,000	6,000
A Salim[(2)]	**2011**	**0**	**0**	**0**	**0**	**0**
	2010	3,354,558	0	0	3,354,558	3,354,558
J Fox[(3)]	**2011**	**0**	**0**	**0**	**0**	**0**
	2010	2,677	13,334	0	16,011	16,011
G D Walters[(4) (1)]	**2011**	**0**	**0**	**0**	**0**	**0**
	2010	16,100	13,334	0	29,434	29,434
S Gerlach[(5)]	**2011**	**0**	**0**	**0**	**0**	**0**
	2010	60,683	13,334	0	74,017	74,017
C E Bright[(6)]	**2011**	**21,479**	**0**	**0**	**21,479**[(6)]	**0**
	2010	8,146	13,333	0	21,479	21,479
Total	**2011**	**474,971**	**0**	**0**	**474,971**	**453,492**
	2010	3,495,320	453,671	0	3,948,991	3,948,991

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 (1)(7)	**2011**	**107,168**	**0**	**0**	**0**	**0**	**107,168**	**107,168**
	2010	13,000	0	0	94,168	0	107,168	107,168
M Hosking	**2011**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	2010	0	0	0	0	0	0	0
M De Wit	**2011**	**18,537**	**0**	**0**	**0**	**0**	**18,537**	**18,537**
	2010	5,203	0	0	13,334	0	18,537	18,537
V Erasmus	**2011**	**1,998**	**0**	**0**	**0**	**0**	**1,998**	**1,998**
	2010	1,998	0	0	0	0	1,998	1,998
S McClure	**2011**	**7,697**	**0**	**0**	**0**	0	**7,697**	**7,697**
	2010	1,030	0	0	6,667	0	7,697	7,697
S Hughes	**2011**	**17,087**	**0**	**0**	**0**	**0**	**17,087**	**17,087**
	2010	10,420			6,667	**0**	17,087	17,087
A Dage (8)	**2011**	**90,000**	**0**	**0**	**0**	**0**	**90,000**	**90,000**
R Tanti (9)	**2011**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	2010	0	0	0	0	0	0	0
M Guerin (10)	**2011**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	2010	27,070	0	0	26,667	**0**	53,737	53,737
Total	**2011**	**242,487**	**0**	**0**	**0**	**0**	**242,487**	**242,487**
	2010	58,721	0	0	147,503	0	206,224	206,224

Notes:

(1) Shares are held in name of spouse, jointly held or family superannuation company in which the director is a beneficiary.

(2) Mr Salim resigned on 30 October 2009. Balance is at the date of resignation.

(3) Mr Fox retired as a director on 18 December 2009. Balance is at the date of retirement.

(4) Mr Walters retired on 31 March 2010. Balance is at the date of retirement.

(5) Mr Gerlach retired as a director on 21 September 2010. Balance is at the date of retirement.

(6) Mr Bright retired as a director on 16 December 2010. Balance is at the date of retirement.

(7) Mr Jackman also has an interest in 1,000 Elders Hybrid convertible unsecured notes acquired by his family superannuation company on 11 September 2009.

(8) Mr Dage was not key management personnel in 2010.

(9) Mr Tanti ceased employment on 30 June 2011. Balance is at date of cessation.

(10) Mr Guerin ceased employment on 1 July 2010. Balance is at date of cessation.

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

EESOP holdings of Directors and Key Management Personnel

2011	Balance at beginning of period	Options Granted	Options Lapsed, Surrendered or foregone to 30 September 2011[1]	Balance at 30 September 2011	Exercisable
Directors					
M Jackman	0	0	0	0	0
Key Management Personnel					
M De Wit	40,000	0	10,000	30,000	30,000
V Erasmus	150,000	0	0	150,000	75,000
M Hosking	0	0	0	0	0
S McClure	22,500	0	0	22,500	12,500
S Hughes	15,000	0	0	15,000	0
A Dage[2]	0	0	0	0	0
R Tanti[3]	0	0	0	0	0
Total	**227,500**	**0**	**10,000**	**217,500**	**117,500**

2010	Balance at beginning of period	Options Granted	Options Lapsed, Surrendered or foregone to 30 September 2010	Balance at 30 September 2010	Exercisable
Directors					
M Jackman	400,000	0	400,000[4]	0	0
Key Management Personnel					
M De Wit	50,000	0	10,000	40,000	20,000
V Erasmus	150,000	0	0	150,000	75,000
M Guerin[5]	150,000	0	150,000	0	0
M Hosking	0	0	0	0	0
S McClure	22,500	0	0	22,500	5,000
S Hughes	15,000	0	0	15,000	0
R Tanti	0	0	0	0	0
Total	**787,500**	**0**	**560,000**	**227,500**	**100,000**

Notes:

(1) The value of options lapsed, surrendered or foregone was $36,209.

(2) Mr Dage was not key management personnel in 2010.

(3) Mr Tanti ceased employment on 30 June 2011.

(4) Mr Jackman agreed to forego these options upon approval of his Performance Rights LTIP at the 2009 AGM.

(5) Mr Guerin ceased employment on 1 July 2010.

No options were exercised in the financial period.

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

EESOP

As disclosed elsewhere in this Report, the EESOP is a suspended, and to be discontinued, plan. No options were issued or vested in the financial period. Accordingly, the Company is of the view that the EESOP is unlikely to provide any future opportunities to participants.

Performance Rights LTIP

2011	Granted Performance Rights (Number)	Vested Performance Rights (Number)	Grant Date	Tranche	Value at Grant Date ($) per right	Last Exercise and Expiry Date	Expensed at 30 September 2011 ($)	Performance Rights as % of Remuneration
Directors								
M Jackman	285,603	0	10 November 2009	1	0.11	10 November 2011	126,039	10%
	285,603	0	10 November 2009	2	0.12	10 November 2012		
	285,603	0	10 November 2009	3	0.12	10 November 2013		
	292,951	0	10 November 2009	1	0.11	10 November 2012		
	292,951	0	10 November 2009	2	0.12	10 November 2013		
	292,951	0	10 November 2009	3	0.12	10 November 2014		
	278,255	0	10 November 2009	1	0.11	10 November 2013		
	278,254	0	10 November 2009	2	0.12	10 November 2014		
	278,254	0	10 November 2009	3	0.12	10 November 2015		
Key Management Personnel								
M Hosking	696,325	0	29 June 2011	-	0.17 to 0.24	10 November 2012 to 10 November 2014	44,252	4%
S McClure	352,809	0	29 June 2011	-	0.17 to 0.24	10 November 2012 to 10 November 2014	22,421	4%
S Hughes	467,559	0	29 June 2011	-	0.17 to 0.24	10 November 2012 to 10 November 2014	29,714	4%
A Dage[(1)]	603,482	0	29 June 2011	-	0.17 to 0.24	10 November 2012 to 10 November 2014	38,352	4%
M De Wit	0	0	-	-	0	-	0	0
V Erasmus	0	0	-	-	0	-	0	0
R Tanti[(2)]	0	0	-	-	0	-	0	0

Notes:

(1) Mr Dage was not key management personnel in 2010.

(2) Mr Tanti ceased employment on 30 June 2011.

No Performance Rights exercised or lapsed during the financial year.

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

Performance Rights LTIP

2010	Granted Performance Rights (Number)	Vested Performance Rights (Number)	Grant Date	Tranche	Value at Grant Date ($) per right	Last Exercise and Expiry Date	Expensed at 30 September 2010 ($)	Performance Rights as % of Remuneration
Directors								
M Jackman	285,603	0	10 November 2009	1	0.11	10 November 2011	34,841	2%
	285,603	0	10 November 2009	2	0.12	10 November 2012		
	285,603	0	10 November 2009	3	0.12	10 November 2013		
	292,951	0	10 November 2009	1	0.11	10 November 2012		
	292,951	0	10 November 2009	2	0.12	10 November 2013		
	292,951	0	10 November 2009	3	0.12	10 November 2014		
	278,255	0	10 November 2009	1	0.11	10 November 2013		
	278,254	0	10 November 2009	2	0.12	10 November 2014		
	278,254	0	10 November 2009	3	0.12	10 November 2015		
Key Management Personnel								
M Hosking	0	0	-	-	0	-	0	0
S McClure	0	0	-	-	0	-	0	0
S Hughes	0	0	-	-	0	-	0	0
M De Wit	0	0	-	-	0	-	0	0
V Erasmus	0	0	-	-	0	-	0	0
R Tanti	0	0	-	-	0	-	0	0
M Guerin[1]	0	0	-	-	0	-	0	0

Notes:

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

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

Retention Plan

2011	Granted Service Rights (Number)[1]	Grants Forfeited (Number)	Closing Rights (Number)	Vested Service Rights (Number)	Equity Vesting Date	Value at Grant Date ($) per Rights	Expensed at 30 September 2011 ($)	Service Rights as % of Remuneration
Executives								
M Hosking	1,518,839	0	1,518,839	0	1 August 2013	0.61	356,976	32
S McClure	490,702	0	490,702	0	1 August 2013	0.61	115,331	22
S Hughes	560,802	0	560,802	0	1 August 2013	0.61	131,806	20
A Dage	889,077	0	889,077	0	1 August 2013	0.61	208,961	23
R Tanti	390,171	390,171	0	0	-	-	-	-
Totals	**3,849,591**	**390,171**	**3,459,420**	**0**	**-**	**-**	**813,074**	**-**

Notes:

(1) In the 2010 Remuneration Report, the retention plan was disclosed on a provisional basis. As a result a valuation of the service rights had not been performed and no expense was recognised at September 2010. Upon final accounting and receipt of a valuation, the grant date of the retention rights was deemed under accounting standards to be 15 October 2010, and as no retention rights were issued in 2010, it was appropriate that no accounting expense was recorded in relation to retention rights in 2010.

No Retention Rights were exercised during the financial year.

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 arm's length.

Discussion and Analysis of 2011 Financial Results

Reconciliation of Statutory and Underlying Profit

The statutory loss of $(395.3) million to shareholders for the 12 months to 30 September 2011 and the prior corresponding period (a loss of $(217.6) million) both included a number of items considered non-recurring as they are either the result of 'one-off' events and unrelated to operating performance or relate to discontinued operations.

Calculation of underlying profit by excluding these items is considered to enable more meaningful comparison of results between periods by providing like-for-like figures for continuing operations that are not impacted by anomalous or one-off events.

Underlying profit for the twelve months to 30 September is calculated as follows:

Statutory and Underlying profit reconcliation		
$million 12 months to 30 September:	**2011**	2010
Reported profit/(loss) after tax	**(395.3)**	(217.6)
Non-recurring items after tax:		
made up of:		
Rural Services	**(22.1)**	12.8
Forestry	**(391.8)**	(158.3)
Automotive	**(0.6)**	0.8
Corporate	**(38.1)**	(53.3)
Tax impact (Net)	**52.6**	(4.5)
Underlying NPAT to shareholders	**4.7**	(15.1)

The non-recurring items for the 12 months to 30 September 2011 comprise:

- Rural Services-related items of $(22.1) million before tax:
  - write-off of the carrying value of Elders' shareholding in HiFert $(10.6) million
  - a total charge of $(13.9) million in respect of the ETG joint venture, recognising Elders' share of trading losses and the write-off of capital. ETG has been divested
  - other results from discontinued operations of $(2.3) million in respect of BWK and EWI wool tops trading, the Merino Topline JV, NZ real estate and MV Torrens
  - project costs of $(6.4) million attributable to Go-to-Client and other projects
  - costs imposed by the Australian government's temporary suspension of live export to Indonesia and live export onerous contracts $(2.1) million
  - redundancy and closure costs relating to wool trading and international representative offices of $(2.5) million
  - net loss on sale of $(2.6) million on the divestment of the MV Torrens, BWK assets and selected residential real estate franchises
  - Rural Bank-related items totalling $22.3 million comprising net gain on sale ($17.7 million) and dividend ($6.4 million), net of other costs
  - other items totalling $(4.0) million including asset impairment, restructuring and write-off, non-recurring legal fees and losses
- Forestry related items totalling $(391.8) million before tax, chiefly arising from the decision to withdraw from the sector:
  - fair value adjustments of $(133.7) million to investment property made as a result of the realignment of carrying value from an ongoing forestry operation to estimated fair value for realisation following the reclassification of forestry assets as held for sale
  - fair value adjustments of $(43.8) million to other assets (receivables, own trees, property plant and equipment, inventory, non-current assets, pre-payment)
  - provisions for onerous contracts of $(47.3) million
  - fair value adjustments of $(148.0) million to estimates of accrued income arising from lower anticipated prices for woodfibre and reduction to anticipated yields arising from cyclone damage in the first half-year
  - Other provisions of $(7.4) million including provisions for make-good and redundancies
  - losses of $(7.2) million arising from the sale of ex-plantation land in Central Queensland
  - results of discontinued operations for FY11 of $(4.4) million.

Forestry assets have been classified as discontinued and as current assets held for sale. Accordingly, results from these assets will be treated as non-recurring.

- Automotive related non-recurring items of $(0.6) million profit before tax in relation to facility fees. As this is included in borrowing costs, it has nil impact at the EBIT level.
- Corporate items of $(38.1) million before tax:
  - costs of $(29.1) million incurred in completing successive debt restructurings during the period. This includes refinancing costs of $(7.2) million; a further $(15.4) million incurred through fair value adjustments and write off of the debt restructure provision associated with USPP debt repaid during the year and $(6.5) million in the close-out of USPP swap positions
  - interest of $(2.8) million [($13.3) million in 2010] attributable to debt that was compulsorily cancelled following the completion of the sale of the Rural Bank shareholding
  - impairment of non-core investments of $(4.1) million
  - legal and other project costs of $(2.1) million.
- A tax benefit of $52.6 million is recognised in connection with non-recurring items. This figure includes a $14.1 million gain arising from the decision by the ATO to allow bad debt deductions previously disallowed in the company's 2003 tax return. The tax benefit of other non-recurring items has been reduced by non-deductible impairments and fair value adjustments.
  - The tax arising in relation to a capital gain on the sale of Rural Bank of $6.6 million has been offset by available capital losses, resulting in no tax liability.

Key Profit and Loss Items

Key profit and loss outcomes for the year include:

- **Continuing sales revenue** of $2,263.1 million, up $305.0 million (16%):
  - Rural Services up $246.7 million
  - Automotive up $58.3 million.
- **Discontinuing sales revenue** of $95.6 million for the period relates to Forestry ($57.4 million), wool tops trading ($25.7 million) and divestment of MV Torrens ($12.5 million).
- **Depreciation and amortisation** from continuing operations was unchanged from the previous year.
- **Income from continuing joint ventures and associates** was up $1.6 million to $12.1 million:
  - Elders Insurance distribution joint venture up $0.6 million
  - AWH up $0.9 million.
- **Discontinued income from associates** of $(8.9) million is attributable to the Company's divested shareholding in ETG.
- **Reported net borrowing costs** of $(55.6) million includes underlying ($(26.6) million) and non-recurring borrowing costs ($(29.0) million)
- **Non-recurring borrowing costs** of $(29.0) million comprising $(16.4) million relating to the write-off of debt restructuring provision and fair value adjustments attributable to the debt paid down in the refinancing conducted during the year; costs of $(6.5) million to close out swap positions on repaid USPP debt, refinancing costs of $(3.1) million; interest of $(2.8) million attributable to debt that was compulsorily cancelled following the completion of the sale of the Rural Bank shareholding and other net costs of $(0.2) million.
- **Underlying net borrowing costs** of $(26.6) million were up $10.3 million higher. Underlying net borrowing costs have been adjusted to exclude the interest ($(2.8) million in FY11 and $(13.3) million in FY10) that was attributable to the Rural Bank shareholding, which has been reallocated to non-recurring borrowing costs above. Other borrowing costs largely relate to facility fees.

Cash Flow

Operating cash flow for 2011 featured positive cash generation from Rural Services and Automotive operations which was offset by larger aggregate outflows from Forestry and non-operating activities (principally through interest and borrowing costs) resulting in an outflow for the Company as a whole.

Features of operating cash flow results include:

- Rural Services' cash flow from operating activities of $59.5 million compared with $69.1 million in 2010
- Forestry recorded a cash outflow from operations of $(28.8) million compared with $(29.3) million in 2010
- Automotive operations generated a lower operating cash flow of $15.4 million than the 2010 comparative of $35.6 million
- Investment and other cash flow from operations includes a $36.3 million increase in working capital brought by expansion of the trade debtor financing facility and interest and finance costs.

Investing cashflow of $133.8 million was achieved through the proceeds of the sale of equity accounted investments (Rural Bank), forestry investment properties and property, plant and equipment.

Financing cash flows of $(108.4) million was essentially comprised of the net repayment of debt resulting from scheduled pay-downs and refinancing offset by inflows from new finance facilities.

Balance Sheet and Finance

Significant movements during the 12 months to 30 September include:

- Current receivables rose by $69.6 million due to increased Rural Services sales and debtor days.
- Current inventories rose by $13.2 million, due to Rural Services inventories which were higher to deal with strong ongoing demand, especially for Ag Chem supplies.
- Assets held for sale rose by $167.8 million reflecting the addition of Forestry assets pursuant to the decision to withdraw from the forestry sector and the writing-down of Elders' shareholding in HiFert to nil. The Forestry assets principally comprise investment property of $114.6 million, accrued income of $36.9 million plus receivables, property plant and equipment and equity accounted investments.
- Other non-current receivables fell by $182.8 million. The reduction is principally attributable to the revaluation to estimates of accrued income to reflect lower woodchip prices and price expectations and classification of the asset as being held for sale.
- Investments in associates and joint ventures reduced by $146.8 million reflecting the divestment of shareholdings in Rural Bank and ETG.
- Investment properties declined from $265.0 million to $3.0 million as a result of sales and fair value adjustments to realign fair value of forestry properties (from that for an ongoing forestry operation to estimated fair value for realisation) and the reclassification of the assets as being held for sale.
- Intangibles of $250.2 million principally comprise goodwill and intangible value attributed to the Elders brand and rural services network, Plexicor and automotive product development costs.
- Total provisions rose by $41.8 million, principally due to the provisioning made for onerous contracts necessitated by the decision to withdraw from forestry operations.
- Net tangible assets declined from $1.50 to $0.55 which is largely attributable to impact on the balance sheet of forestry asset revaluations.

Indebtedness

Features of net debt movements over the 12 months to 30 September:

- Net debt reduced by $89.7 million (21%).
- Gross borrowings were reduced by $70.5 million (14%) to $427.1 million due to the paydown in bank debt through scheduled repayments and in refinancings completed in December 2010 and September 2011.
- Notwithstanding lower debt levels, Gearing rose from 43% to 57%, essentially due to the reduction in Shareholders' Equity brought by the non-recurring items associated with Forestry.

10 Year Summary Financial Results

$ million year ended unless otherwise indicated	Sept 2011	Sept 2010	June 2009	June 2008	June 2007	June 2006	June 2005	June 2004	June 2003	June 2002
Profitability										
Sales revenue	**2,358.7**	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
Total revenue	**2,421.0**	2,251.0	3,049.3	3,496.1	3,366.9	3,422.6	3,232.0	2,791.0	2,844.8	2,537.6
Reported EBIT* by Segment										
Rural Services	**4.2**	13.7	-221.4	20.9	56.3	65.8	26.8	19.0	152.3	47.3
Financial Services	**-**	-	22.3	22.4	27.2	26.9	-	-	-	-
Forestry	**-391.8**	-158.6	-63.4	61.4	61.6	39.9	32.2	10.9	-	-
Automotive Systems	**15.3**	15.9	-59.8	26.2	9.5	16.3	99.3	19.5	19.3	30.7
Property	**-**	-	-	-	30.4	16.3	-3.3	7.5	0.3	4.8
Other	**-16.7**	-50.8	-61.7	-36.9	-16.2	-8.4	-11.8	-5.0	-5.5	17.1
Total EBIT	**-389.0**	-179.8	-384.0	94.0	168.8	156.8	143.2	51.9	166.4	99.9
Underlying** EBIT	**33.7**	2.6	16.8	171.7	169.4	157.1	131.3	96.1	84.0	91.9
Underlying** profit before tax	**7.1**	-13.7	-35.0	114.8	129.4	118.2	106.4	86.1	65.0	71.2
Tax (expense)/benefit	**0.8**	3.7	-6.2	21.0	20.2	-21.4	-47.9	-12.2	-38.5	-13.9
Abnormal & non-recurring items after tax	**-400.0**	-202.5	-388.5	-47.8	-1.0	-0.9	-13.2	-44.2	82.4	8.0
Minority interests	**-3.2**	-5.1	-1.9	9.6	-2.8	-9.0	-11.8	-5.9	-6.9	-2.9
Statutory profit	**-386.7**	-217.6	-415.4	36.4	105.4	87.4	58.6	23.8	102.0	62.4
Underlying profit after tax	**4.7**	-15.1	-26.9	84.2	106.4	88.3	71.8	62.8	48.0	56.5
Cash flow from operating activities	**-23.8**	-110.5	-370.8	-14.1	85.0	127.4	-9.3	121.1	-55.6	113.8
Shareholders' equity	**604.7**	1,006.1	747.8	1,296.2	1,196.6	1,227.9	970.3	961.2	843.6	749.1
Share information										
Dividend per share (cents)										
Interim	**-**	-	-	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
Total	**-**	-	-	9.5	9.5	9.0	9.0	8.0	8.0	8.0
Dividend provided for or paid#	**-**	-	-	73.4	65.4	59.9	53.7	52.3	50.6	48.7
Hybrid distribution	**-**	-	8.2	8.9	8.9	1.8	-	-	-	-
Share price^ ($ per share)	0.29	0.39^	0.28^	1.10^	2.78^	2.10^	1.82^	1.58^	1.68^	1.36^
Market capitalisation^	**130.1**	175.0	233.5	858.4	2,045	1,514	1,207	1,041	1,096	836
Number of shareholders^	**34,954**	40,075	33,361	32,187	31,956	33,337	35,394	40,028	42,625	45,508
Ordinary shares on issue^	**448,598,480**	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
Share issues	-	Share placement Share purchase 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 and convertible notes	Dividend reinvestment plan, conversion of options institutional placement	Dividend reinvestment plan, conversion of options	Dividend reinvestment plan, conversion of options	Dividend reinvestment plan, private placement conversion of options	Dividend reinvestment plan, conversion of options
Ratios and statistics										
Reported earnings per share (cents)	**-88.1**	**-51.1**	-51.51	4.82	14.5	13.1	8.9	3.6	16.2	10.2
Return on shareholders' equity %										
- Underlying profit	**0.8**	**-1.5**	2.2	6.5	8.9	7.2	7.4	6.5	5.7	7.5
- Reported profit	**-65.4**	**-21.6**	-55.6	2.8	8.8	7.1	6.0	2.5	12.1	8.3
Net tangible assets per share ($)	**0.55**	**1.50**	0.37	1.14	1.22	1.17	0.82	0.94	0.88	0.8
Gearing %†	**57%**	**43%**	104	40	31	16	32	0	0	16
Dividend payout ratio %	**-**	-	-	197	68	69	65	222	49	78

* 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 2011

Consolidated Statement of Comprehensive Income
For the Year ended 30 September 2011

	Note	2011 $000	2010 $000
Continuing operations			
Sales revenue	4	**2,263,116**	1,958,068
Cost of sales		**(1,816,539)**	(1,523,186)
Other revenues	4	**20,912**	22,852
Expenses	4	**(525,783)**	(513,108)
Share of profit of associates and joint ventures	12	**12,085**	10,489
Profit/(loss) on sale of non current assets	4	**(3,936)**	(709)
Profit/(loss) from continuing operations before net finance costs and income tax expense		**(50,145)**	(45,594)
Interest revenue	4	**21,792**	25,201
Finance costs	4	**(77,388)**	(57,823)
Profit/(loss) from continuing operations before income tax expense		**(105,741)**	(78,216)
Income tax (expense)/benefit	5	**12,074**	(31,019)
Profit/(loss) from continuing operations after income tax expense		**(93,667)**	(109,235)
Net profit/(loss) of discontinued operations, net of tax	39	**(297,501)**	(103,276)
Net profit/(loss) for the period		**(391,168)**	(212,511)
Other comprehensive income/(loss)			
Foreign currency translation		**1,381**	(8,639)
Cash flow hedge and fair value of derivatives		**1,384**	733
Recognition of share of reserve for losses in associate		**1,239**	730
Income tax on items of other comprehensive income		**423**	448
Other comprehensive income/(loss) for the period, net of tax		**4,427**	(6,728)
Total comprehensive income/(loss) for the period		**(386,741)**	(219,239)
Profit/(loss) for the period is attributable to:			
Non-controlling interest		**4,182**	5,117
Owners of the parent	23	**(395,350)**	(217,628)
		(391,168)	(212,511)
Total comprehensive income/(loss) for the period is attributable to:			
Non-controlling interest		**4,236**	5,047
Owners of the parent		**(390,977)**	(224,286)
		(386,741)	(219,239)
Reported operations			
Basic earnings per share (cents per share)	36	**(88.1)¢**	(51.1)¢
Diluted earnings per share (cents per share)	36	**(88.1)¢**	(51.1)¢
Continuing operations			
Basic earnings per share (cents per share)	36	**(21.8)¢**	(26.9)¢
Diluted earnings per share (cents per share)	36	**(21.8)¢**	(26.9)¢
Discontinued operations			
Basic earnings per share (cents per share)	36	**(66.3)¢**	(24.3)¢
Diluted earnings per share (cents per share)	36	**(66.3)¢**	(24.3)¢

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

Consolidated Statement of Financial Position
As at 30 September 2011

	Note	2011 $000	2010 $000
Current assets			
Cash and cash equivalents	26(b)	**81,614**	79,985
Trade and other receivables	6	**540,825**	471,160
Livestock	7	**53,198**	48,654
Forestry	8	**-**	2,144
Inventories	9	**188,439**	175,217
Derivative financial instruments	10	**664**	-
Non current assets classified as held for sale	39	**185,859**	18,111
Other	16	**23,626**	23,132
Total current assets		**1,074,225**	818,403
Non current assets			
Receivables	6	**16,930**	199,722
Forestry	8	**-**	25,051
Other financial assets	11	**17,852**	21,980
Investments in associates and joint ventures	12	**94,088**	240,878
Property, plant and equipment	13	**91,337**	128,641
Investment properties	14	**2,975**	265,022
Intangibles	15	**250,232**	259,047
Deferred tax assets	5	**119,483**	118,917
Other	16	**22,854**	18,919
Total non current assets		**615,751**	1,278,177
Total assets		**1,689,976**	2,096,580
Current liabilities			
Trade and other payables	17	**433,916**	357,283
Derivative financial instruments	10	**6,916**	3,601
Interest bearing loans and borrowings	18	**196,041**	279,486
Current tax payable	5	**40,834**	51,558
Provisions	19	**115,333**	72,007
Total current liabilities		**793,040**	763,935
Non current liabilities			
Payables	17	**2,583**	1,186
Derivative financial instruments	10	**-**	17,703
Interest bearing loans and borrowings	18	**231,023**	218,149
Deferred tax liabilities	5	**35,558**	64,881
Provisions	19	**23,089**	24,633
Total non current liabilities		**292,253**	326,552
Total liabilities		**1,085,293**	1,090,487
Net assets		**604,683**	1,006,093
Equity			
Contributed equity	20	**1,271,493**	1,273,863
Hybrid equity	21	**145,151**	145,151
Reserves	22	**(33,592)**	(35,668)
Retained earnings	23	**(781,322)**	(380,577)
Total parent entity equity interest		**601,730**	1,002,769
Non-controlling interests	25	**2,953**	3,324
Total equity		**604,683**	1,006,093

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

Consolidated Statement of Cash Flows
For the Year ended 30 September 2011

	Note	2011 $000	2010 $000
Cash flow from operating activities			
Receipts from customers		**6,781,813**	6,376,313
Payments to suppliers and employees		**(6,770,078)**	(6,473,637)
Dividends received		**14,020**	31,409
Interest received		**16,151**	22,569
Interest and other costs of finance paid		**(54,408)**	(53,425)
GST (paid)/refunded		**(22,292)**	(21,606)
Income taxes (paid)/refunded		**11,034**	7,904
Net operating cash flows	26(a)	**(23,760)**	(110,473)
Cash flow from investing activities			
Payment for property, plant and equipment		**(12,737)**	(18,260)
Purchase of equity accounted investments		**(1,050)**	(1,600)
Payment for investment properties		**(15)**	(6,354)
Payment for intangibles		**(1,333)**	-
Payment for controlled entities, net of cash acquired		**(28,155)**	5,311
Payment for design and development capitalised		**(8,756)**	(4,249)
Proceeds from sale of non current assets held for sale		**1,081**	1,020
Proceeds from sale of equity accounted investments		**163,910**	-
Proceeds from sale of property, plant and equipment		**7,357**	5,833
Proceeds from sale of investment properties		**14,550**	4,841
Proceeds from sale of intangibles		**2,745**	-
Proceeds from disposal of controlled entity		**-**	91,160
Payment for acquisition of non-controlling interest		**(10,005)**	(7,796)
Loans to associated entities		**(1,307)**	(4,450)
Repayment of loans by associated entities		**3,491**	4,999
Loans to growers		**-**	(959)
Loans repaid by growers		**4,053**	11,630
Net investing cash flows		**133,829**	81,126
Cash flow from financing activities			
Proceeds from issue of shares		**-**	550,000
Share issue costs		**-**	(19,500)
Proceeds from sale of reserved shares		**421**	-
Proceeds from borrowings		**64,026**	111,215
Repayment of borrowings		**(169,696)**	(896,324)
Principal repayments of lease liabilities		**(349)**	(481)
Partnership profit distributions/dividends paid		**(2,842)**	(3,446)
Net financing cash flows		**(108,440)**	(258,536)
Net increase/(decrease) in cash held		**1,629**	(287,883)
Cash/(overdraft) at the beginning of the financial year		**79,985**	367,868
Cash/(overdraft) at the end of the financial year	26(b)	**81,614**	79,985

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

Consolidated Statement of Changes in Equity
For the Year ended 30 September 2011

($000)	Issued capital	Reserves	Hybrid equity	Retained earnings	Non-controlling interest	Total equity
As at 1 October 2010	**1,273,863**	**(35,668)**	**145,151**	**(380,577)**	**3,324**	**1,006,093**
Profit/(loss) for the period	**-**	**-**	**-**	**(395,350)**	**4,182**	**(391,168)**
Other comprehensive income/(loss):						
Foreign currency translation	**-**	**1,327**	**-**	**-**	**54**	**1,381**
Net gains/(losses) on cash flow hedges	**-**	**1,384**	**-**	**-**	**-**	**1,384**
Recognition of share of reserve for losses in associate	**-**	**1,239**	**-**	**-**	**-**	**1,239**
Income tax on items of other comprehensive income	**-**	**423**	**-**	**-**	**-**	**423**
Total comprehensive income/(loss) for the period	**-**	**4,373**	**-**	**(395,350)**	**4,236**	**(386,741)**
Transactions with owners in their capacity as owners:						
Tax effect on share issue costs	**(2,370)**	**-**	**-**	**-**	**-**	**(2,370)**
Proceeds from sale of reserved shares	**-**	**421**	**-**	**-**	**-**	**421**
Partnership profit distributions/dividends paid	**-**	**-**	**-**	**-**	**(2,842)**	**(2,842)**
Acquisition of non-controlling interest	**-**	**-**	**-**	**-**	**(1,765)**	**(1,765)**
Excess paid for purchase of non-controlling interest	**-**	**(9,958)**	**-**	**-**	**-**	**(9,958)**
Cost of share based payments	**-**	**1,845**	**-**	**-**	**-**	**1,845**
Reallocation of equity	**-**	**5,395**	**-**	**(5,395)**	**-**	**-**
As at 30 September 2011	**1,271,493**	**(33,592)**	**145,151**	**(781,322)**	**2,953**	**604,683**
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	-	733	-	-	-	733
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	-	(6,658)	-	(217,628)	5,047	(219,239)
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/dividends paid	-	-	-	-	(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	-	5,099	-	(5,099)	-	-
As at 30 September 2010	1,273,863	(35,668)	145,151	(380,577)	3,324	1,006,093

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

Notes to the Consolidated Financial Statements
For the Year ended 30 September 2011

Note 1. Corporate Information

The consolidated financial report of Elders Limited for the year ended 30 September 2011 was authorised for issue in accordance with a resolution of the Directors on 14 November 2011.

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

The nature of the operations and principal activities of the Group are described in the Directors' Report and note 29.

Note 2. Summary 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). The financial report has also been prepared on a historical cost basis, except for investment properties and derivative financial instruments which have been measured at fair value, and biological assets that are measured at fair value less costs to sell.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated.

(b) Compliance with IFRS

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

(c) New Accounting Standards and Interpretations

(i) Changes in accounting policy and disclosures.
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 2010. Adoption of these Standards and Interpretations did not have any impact on the financial statements or performance of the Group:
- AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5,8,101,107,118,136,139] effective 1 January 2010.
- AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions [AASB 2] effective 1 January 2010.
- AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues.
- AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 3,7,121,128,131,132,139] effective 1 July 2010.
- Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments.

In 2010, the Group 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.

The Group has not elected to early adopt any other new standards or amendments that are issued but not yet effective.

(ii) Accounting Standards and Interpretations issued but not yet effective.
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ending 30 September 2011. None of these are expected to have a significant effect on the consolidated financial statements of the Group, excepting those outlined in the table below:

Note 2. Summary 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)	The revised AASB 124 simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition, including: • The definition now identifies a subsidiary and an associate with the same investor as related parties of each other; • 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 • 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.	1 January 2011	The amendments are not expected to have any impact on the financial statements.	1 October 2011
AASB 2010-5	Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]	This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRS by the IASB. These amendments have no major impact on the requirements of the amended pronouncements.	1 January 2011	The amendments are not expected to have any impact on the financial statements.	1 October 2011
AASB 2010-6	Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7]	The amendments increase the disclosure requirements for transactions involving transfers of financial assets. Disclosures require enhancements to the existing disclosures in IFRS 7 where an asset is transferred but is not derecognised and introduce new disclosures for assets that are derecognised but the entity continues to have a continuing exposure to the asset after the sale.	1 July 2011	The amendments are not expected to have any impact on the financial statements.	1 October 2011
AASB 2010-8	Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]	These amendments address the determination of deferred tax on investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that the carrying amount will be recoverable through sale. The amendments also incorporate SIC-21 Income Taxes – Recovery of Revalued Non-Depreciable Assets into AASB 112.	1 January 2012	The group has not yet determined the extent of the impact of the amendments, if any.	1 October 2012
AASB 2011-9	Amendments to Australian Accounting Standards – Presentation of Other Comprehensive Income [AASB 101]	This Standard requires entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss in subsequent periods (reclassification adjustments).	1 July 2012	The amendments are not expected to have any impact on the financial statements.	1 October 2012

Note 2. Summary 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 2011-4	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]	This Standard makes amendments to remove individual key management personnel disclosure requirements from AASB 124.	1 July 2013	The amendments are not expected to have any impact on the financial statements.	1 October 2013
AASB 9	Financial Instruments	AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. (a) Financial assets that are debt instruments will be 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. (b) 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. (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. (d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: • The change attributable to changes in credit risk are presented in other comprehensive income (OCI) • The remaining change is presented in profit or loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11.	1 January 2013	The group has not yet determined the extent of the impact of the amendments, if any.	1 October 2013
AASB 10	Consolidated Financial Statements	AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and UIG-112 Consolidation – Special Purpose Entities. The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. This is likely to lead to more entities being consolidated into the group.	1 January 2013	The group has not yet determined the extent of the impact of the amendments, if any.	1 October 2013

Note 2. Summary 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 11	Joint Arrangements	AASB 11 replaces AASB 131 Interests in Joint Ventures and UIG-113 Jointly- controlled Entities – Non-monetary Contributions by Ventures. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method. This may result in a change in the accounting for the joint arrangements held by the group. Consequential amendments were also made to other standards via AASB 2011-7 and amendments to AASB128.	1 January 2013	The group has not yet determined the extent of the impact of the amendments, if any.	1 October 2013
AASB 12	Disclosure of Interests in Other Entities	AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.	1 January 2013	The group has not yet determined the extent of the impact of the amendments, if any.	1 October 2013
AASB 13	Fair Value Measurement	AASB 13 establishes a single source of guidance under AASB for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. Consequential amendments were also made to other standards via AASB 2011-8.	1 January 2013	The group has not yet determined the extent of the impact of the amendments, if any.	1 October 2013

Note 2. Summary Of Significant Accounting Policies (continued)

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of 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 (the Group). Interests in associates and joint ventures are equity accounted and are not part of the consolidated group (see note 12).

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, transactions, unrealised gains and losses resulting from intra-group transactions and dividends 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 income statement 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.

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.

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.

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.

Note 2. Summary Of Significant Accounting Policies (continued)

(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 as a charge to other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

(f) Operating segments

An operating segment is a component of an entity 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.

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.

Note 2. Summary Of Significant Accounting Policies (continued)

(g) 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 consolidated 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
The results of subsidiaries incorporated in countries other than Australia, are translated into Australian Dollars (presentation currency) as at the date of each transaction. Assets and liabilities are translated at exchange rates prevailing at reporting date. Exchange variations resulting from the translation are recognised in the foreign currency translation reserve in equity.

On consolidation, exchange differences arising from the translation of net investments in overseas subsidiaries are taken to the foreign currency translation reserve. If such a subsidiary was sold, the proportionate share of exchange differences would be transferred out of equity and recognised in the statement of comprehensive income.

(h) 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 as 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.

(i) 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.

(j) Inventories

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

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 income statement.

Note 2. Summary Of Significant Accounting Policies (continued)

(k) 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 costs to sell. 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.

(l) Forestry

The accounting policy below in relation to forestry is only applicable to the prior period as the disposal groups of the Forestry division are now classified as non-current assets held for sale (refer note 2(n)).

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 are 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.

(m) 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).
- 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 future foreign currency sales).
- 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 when the forecast transaction occurs.

Note 2. Summary Of Significant Accounting Policies (continued)

(m) Derivative financial instruments and hedging (continued)

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.

(n) 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.

(o) 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. 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.

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 financial assets 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.

Note 2. Summary Of Significant Accounting Policies (continued)

(o) Investments and other financial assets (continued)

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 and keeping judgemental inputs to a minimum.

(p) Investments in associates and joint ventures

The Group's investments in its associates and joint ventures (equity accounted investments) are accounted for using the equity method of accounting in the consolidated financial statements and at cost in the parent.

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.

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

Under the equity method, equity accounted investments are carried in the consolidated financial statements at cost plus post acquisition changes in the group's share of net assets of the investment. Goodwill relating to the investment 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. Goodwill included in the carrying amount of the investment is not tested separately; rather the entire carrying amount of the investment is tested for impairment as a single asset. If impairment is recognised, the amount is not allocated to the goodwill of the investment.

The Group's share of its equity accounted investment 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 equity accounted investments 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 equity accounted investment equals or exceeds its interest in the investment, 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 equity accounted investment.

The reporting dates of the equity accounted investments are disclosed in note 12 and the equity accounted investment accounting policies conform to those used by the Group for like transactions and events on similar circumstances.

(q) 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.

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.

Note 2. Summary Of Significant Accounting Policies (continued)

(r) Investment properties

The accounting policy below in relation to plantation land investment properties is only applicable to the prior period as the disposal groups of the Forestry division are now classified as non-current assets held for sale (refer note 2(n)).

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met, and excludes 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 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. 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.

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.

(s) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date, whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in the arrangement.

(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. Contingent rents are recognised as revenue in the period in which they are earned.

Note 2. Summary Of Significant Accounting Policies (continued)

(t) 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.

(u) 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. Elders Limited performs its impairment testing every six months 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 15.

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 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(t) 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 bi-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.

Note 2. Summary Of Significant Accounting Policies (continued)

(u) Goodwill and intangibles (continued)

Design and Development
Research costs are expensed as incurred. An intangible asset arising from design and development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the asset during its development. Following the initial recognition of development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefit from the related project.

The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use, or more frequently when an indication of impairment arises during the reporting period. These development costs are Automotive related and primarily represent engineering costs incurred in developing products under awarded contracts.

Gains and losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit and loss when the asset is derecognised.

Expenditures on advertising and promotional expenses are recognised as a component of marketing expense in the statement of comprehensive income when the Group has either the right to access the goods or has received the services.

(v) Trade and other payables

Trade and other payables are carried at amortised cost and due to their short term nature they 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 supplier terms.

Financial guarantees
The fair value of financial guarantee contracts discussed in notes 28 and 37 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 37.

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.

(w) 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.

Note 2. Summary Of Significant Accounting Policies (continued)

(x) 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.

Warranty provisions
Provisions for warranty-related costs are recognised when the product is sold or service provided. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

Restructuring
Restructuring provisions are only recognised when general recognition criteria provisions are fulfilled. Additionally, the Group needs to follow a detailed formal plan about the business or part of the business concerned, the location and the number of employees affected, a detailed estimate of the associated costs, and appropriate time line. The people affected have a valid expectation that the restructuring is being carried out or the implementation has been initiated already.

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 respect of employees' service 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.

Make Good (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.

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.

Note 2. Summary Of Significant Accounting Policies (continued)

(y) 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).

The cost of equity-settled transactions with employees is measured by reference to the fair value at grant date. 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.

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 reacquired on market and held at the reporting date are classified as reserved shares held within a separate component of equity – reserved shares reserve (refer note 22).

(z) Hybrid notes

Hybrid notes are classified as equity. Incremental costs directly attributable to the issue of the hybrid notes are included in equity as a deduction, net of tax, from the proceeds.

(aa) 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 22). No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Note 2. Summary Of Significant Accounting Policies (continued)

(ab) 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.

(ac) 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
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.

(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.

(ad) Income tax and other taxes

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.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which the applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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.

Note 2. Summary Of Significant Accounting Policies (continued)

(ad) Income tax and other taxes (continued)

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.

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.

Note 3. Significant Accounting Judgements, Estimates and Assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which forms the basis of the carrying value of assets and liabilities that are not readily apparent from other sources.

Management have identified the following critical accounting policies for which significant judgement, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect the financial result or the financial position reported in future periods. Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable the future taxable profit will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and the level of future taxable profits together with future tax planning strategies.

Impairment of non-financial assets other than goodwill and indefinite life intangibles
The group assesses impairment of all assets at each reporting date by evaluating conditions specific to the group and to the particular asset that may lead to impairment. These include product and manufacturing performance, technology, climate, economic and political environments and future product expectations. If an impairment trigger exists the recoverable amount of the asset is determined.
It is the Group's policy to conduct bi-annual internal reviews of asset values, which is used as a source of information to assess for any indicators of impairment.

Classification of assets and liabilities as held for sale
The Group classifies assets and liabilities as held for sale when the carrying amount will be recovered through a sale transaction. The assets and liabilities must be available for immediate sale and the Group must be committed to selling the asset either through entering into a contractual sale agreement or the activation and commitment to a program to locate a buyer and dispose of the assets and liabilities.

Impairment of goodwill and intangibles with indefinite useful lives
The group determines whether goodwill and intangibles with indefinite useful lives are impaired on a bi-annual basis. This requires an estimation of the recoverable amount of the cash-generating units, using a value in use discounted cash flow methodology, to which goodwill and intangibles with indefinite useful lives are allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill and intangibles with indefinite useful lives including a sensitivity analysis are discussed in note 15.

Share based payment transactions
The group measures the cost of equity-settled transactions with employees with reference to the fair value of equity instruments at the date at which they are granted. The fair value is determined using the Monte Carlo simulation model. The related assumptions are detailed in note 34. The accounting estimates and assumptions relating to the equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

Make good provision
Provisions have been made for the present value of anticipated costs of future restoration of leased property. The provision includes the future cost estimates associated with the required restorations. The calculation of this provision requires assumptions, and in those assumptions there is uncertainties which may result in future actual expenditure differing from the amounts currently provided. The provisions are periodically reviewed and updated on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting both the expense and provision. The related carrying amount is disclosed in note 19.

Estimation of useful lives of assets
The estimation of useful lives of assets has been based on historical experience as well as lease terms (for leased assets). In addition, the condition of the assets is assessed bi-annually and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Note 4. Revenue and Expenses

	Note	2011 $000	2010 $000
Sales revenue:			
Sale of goods		**1,818,755**	1,578,298
Sale of biological assets		**204,104**	146,181
Commission and other selling charges		**209,569**	202,561
Other sales related income		**30,688**	31,028
		2,263,116	1,958,068
Discontinued operations:	39	**95,563**	196,313
		2,358,679	2,154,381
Other revenues:			
Change in fair value of financial and other assets		**403**	956
Dividends		**5**	54
Other		**20,504**	21,842
		20,912	22,852
Discontinued operations:	39	**16,191**	13,095
		37,103	35,947
Interest revenue:			
Associated entities		**1,747**	1,776
Other persons		**20,045**	23,425
		21,792	25,201
Discontinued operations:	39	**292**	1,759
		22,084	26,960
Expenses:			
Distribution expenses		**263,829**	273,666
Marketing expenses		**7,960**	4,646
Occupancy expenses		**36,999**	39,718
Administrative expenses		**130,088**	143,079
Forestry fair value adjustments and impairments		**54,727**	15,844
Impairment of assets retained		**7,252**	5,095
Refinancing, redundancy and other write offs		**18,253**	27,279
Change in fair value of financial and other assets		**-**	1,409
Other expenses		**6,675**	2,372
		525,783	513,108
Discontinued operations:	39	**366,080**	192,145
		891,863	705,253
Profit/(loss) on sale of non current assets:			
Property, plant and equipment		**(403)**	(709)
Intangibles		**(3,533)**	-
		(3,936)	(709)
Discontinued operations:	39	**6,472**	(8,861)
		2,536	(9,570)

Note 4. Revenue and Expenses (continued)

	Note	2011 $000	2010 $000
Finance costs:			
Interest expense - other entities		**42,388**	47,030
Finance lease charges		**45**	54
Other finance costs		**34,955**	10,739
		77,388	57,823
Discontinued operations:	39	**333**	1,025
		77,721	58,848
Specific expenses			
Depreciation and amortisation:			
Property, plant and equipment		**15,153**	16,293
Leased assets		**173**	189
Design and development		**4,806**	4,578
Patents, trademarks and other		**3,570**	2,648
		23,702	23,708
Discontinued operations:		**3,735**	2,280
		27,437	25,988
Employee benefit expense:			
Wages and salaries		**228,926**	213,146
Post employment benefits including superannuation		**17,909**	16,686
Workers compensation		**3,273**	2,316
Share based payments		**1,845**	2,136
		251,953	234,284
Discontinued operations:		**11,098**	12,944
		263,051	247,228
Operating lease expenditure		**85,953**	86,791
Foreign exchange net gains/(losses)		**(6,675)**	(2,372)

Note 5. Income Tax

	2011 $000	2010 $000
(a) Major components of income tax expense are:		
Income statement		
Current income tax		
Current income tax charge/(benefit)	**(10,612)**	3,346
Adjustments in respect of current income tax of previous years	**(16,952)**	89
Deferred income tax		
Origination and reversal of temporary differences	**(25,892)**	(2,583)
Income tax expense/(benefit) reported in the statement of comprehensive income	**(53,456)**	852
Statement of changes in equity		
Deferred income tax		
Income tax expense/(benefit) reported in equity	**1,947**	(6,298)

(b) 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:

	2011 $000	2010 $000
Accounting profit/(loss) before tax from:		
- Continuing operations	**(105,741)**	(78,216)
- Discontinued operations	**(338,883)**	(133,443)
Total Accounting profit/(loss) before tax	**(444,624)**	(211,659)
Income tax expense/(benefit) at 30% (2010: 30%)	**(133,387)**	(63,498)
Adjustments in respect of current income tax of previous years	**(16,952)**	89
Share of associate (profits)/losses	**(1,625)**	(10,213)
Non assessable (profits)/losses	**2,171**	1,491
Non deductible other expenses	**1,719**	3,418
Impairment expense	**72,624**	17,653
Non assessable dividends	**(1,979)**	-
Employee share plan costs	**-**	670
Losses available to offset against future taxable income	**34,617**	48,407
(Recognition)/derecognition of prior year tax losses	**(10,000)**	-
Other	**(644)**	2,835
Income tax expense/(benefit) as reported in the statement of comprehensive income	**(53,456)**	852
Aggregate Income tax expense/(benefit) is attributable to:		
- Continuing Operations	**(12,074)**	31,019
- Discontinued Operations	**(41,382)**	(30,167)
	(53,456)	852
Current tax payable/(receivable)	**40,834**	51,558

Note 5. Income Tax (continued)

	Statement of Financial Position		Statement of Comprehensive Income	
	2011 $000	2010 $000	**2011 $000**	2010 $000
Deferred income tax liabilities				
Revaluations of investment properties to fair value	**-**	(8,826)	**(8,826)**	(1,973)
Revaluations of foreign exchange contracts (cash flow hedges) to fair value	**-**	(3,113)	**(3,113)**	1,911
Shares in associated entities	**(422)**	(394)	**28**	(3,730)
Exchange rates to fair value	**-**	(1,084)	**(1,084)**	(1,324)
Non assessable accrued income	**(17,670)**	(36,781)	**(19,111)**	2,852
Forestry assets (standing timber)	**-**	(4,621)	**(4,621)**	(777)
Plant and equipment temporary differences	**(2,763)**	-	**2,763**	-
Research and development	**(6,283)**	(5,605)	**678**	81
Other debtors	**(4,383)**	(2,566)	**1,817**	(759)
Other	**(4,037)**	(1,891)	**2,146**	(586)
Gross deferred income tax liabilities	**(35,558)**	(64,881)	**(29,323)**	(4,305)
Deferred income tax assets				
Losses available to offset against future taxable income	**70,000**	60,030	**(9,970)**	3,000
Provision for employee entitlements	**12,496**	11,817	**(679)**	(84)
Other provisions	**11,432**	18,025	**6,593**	(5,665)
Forestry product investment income	**49**	961	**912**	3,329
Accrued expenditure	**3,219**	5,715	**2,496**	(3,102)
Deferred borrowing costs	**8,652**	6,765	**(1,887)**	2,484
Other capitalised expenses	**6,371**	11,680	**5,309**	(3,386)
Plant and equipment temporary differences	**-**	871	**871**	2,318
Other	**7,264**	3,053	**(4,211)**	(2,771)
Gross deferred income tax assets	**119,483**	118,917	**(566)**	(3,877)
Deferred income tax charge			**(29,889)**	(8,182)

Tax losses

The Group has tax losses for which no deferred tax assets is recognised in the statement of financial position of $94.1 million (2010: $62.9 million) which are available indefinitely for offset against future taxable profits subject to continuing to meet relevant statutory tests.

Unrecognised temporary differences

At 30 September 2011, there are no unrecognised temporary differences associated with the Group's investment in subsidiaries, associates or joint ventures, as the Group would have no additional tax liability.

Tax Consolidation

Elders and its 100% owned Australian resident subsidiaries are in a tax consolidated group. Elders Limited is the head entity of the tax consolidated group. Members of the Group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote.

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.

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 2011 (2010: $nil).

Note 6. Receivables

	2011 $000	2010 $000
Current		
Trade debtors [(i)]	489,814	417,072
Allowance for doubtful debts	(13,774)	(13,008)
	476,040	404,064
Amounts receivable from associated entities	23,478	28,116
Allowance for non-recovery	(7,366)	(10,462)
	16,112	17,654
Finance debtors	4,337	9,412
Allowance for non-recovery	(182)	(1,476)
	4,155	7,936
Other receivables	46,318	46,410
Allowance for non-recovery	(1,800)	(4,904)
	44,518	41,506
	540,825	471,160
Non current		
Amounts receivable from associated entities	7,244	16,749
	7,244	16,749
Other receivables	9,686	186,274
Allowance for non-recovery	-	(3,301)
	9,686	182,973
	16,930	199,722
Movements in the allowance for doubtful debts – trade debtors		
Opening balance of allowance for doubtful debts	13,008	10,759
Trade debts written off	(5,097)	(5,066)
Trade debts provided for during the year	5,863	7,315
Closing balance of allowance for doubtful debts	13,774	13,008
Movements in allowance for non-recovery – amounts receivable from associated entities, finance debtors and other receivables		
Opening balance of allowance for non-recovery	20,143	1,736
Amounts written off	(17,913)	(1,463)
Amounts provided for during the year	7,118	19,870
Closing balance of allowance for non-recovery	9,348	20,143

(i) Included in trade debtors is $156.4 million (2010: $72.7 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 $5.9 million (2010: $7.3 million) has been recognised by the Group. No individual amount within the impairment allowance is material.

Note 6. Receivables (continued)

	2011 $000	2010 $000
The ageing analysis of trade debtors is as follows:		
0-30 days	**376,759**	316,451
Trade debtors past due but not considered impaired		
31-60 days	**64,954**	54,117
61-90 days	**9,891**	9,758
+91 days	**24,436**	23,738
	99,281	87,613
Trade debtors past due and considered impaired		
31-60 days	**61**	47
61-90 days	**34**	47
+91 days	**13,679**	12,914
	13,774	13,008
Total trade debtors	**489,814**	417,072
The ageing analysis of other current receivables is as follows:		
0-30 days	**54,541**	36,367
Other current receivables past due but not considered impaired		
31-60 days	**285**	217
61-90 days	**(245)**	429
+91 days	**10,204**	8,592
	10,244	9,238
Other current receivables past due and considered impaired		
31-60 days	**1,800**	1,800
+91 days	**7,548**	3,104
	9,348	4,904
Total other current receivables	**74,133**	50,509

Related party receivables
For terms and conditions of related party receivables refer to notes 33 and 35.

Fair value and credit risk
Due to the short term nature of trade and other 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 37.

Foreign exchange and interest rate risk
Details regarding the foreign exchange and interest rate risk exposure are disclosed in note 37.

Note 7. Livestock

	2011 $000	2010 $000
Current		
Fair value at start of the period	**48,654**	43,752
Purchases during the period	**316,739**	338,899
Cost of sales during the period	**(312,404)**	(332,588)
Fair value increment/(decrement) in period	**209**	(1,409)
Fair value at the end of the period	**53,198**	48,654

At balance date 57,286 head of beef cattle (2010: 43,745) are included in livestock. The fair value methodology for Livestock assets is detailed in note 2(k).

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 8. Forestry

Current	-	2,144
Non current	-	25,051
	-	27,195
Fair value at start of the period	**27,195**	27,014
Purchases during the year	-	2,764
Transfer to receivables	**(113)**	-
Costs incurred in respect of forestry plantations	**1,447**	-
Harvest	**(2,079)**	-
Fair value increment in period	**782**	1,116
Impairment	**(27,232)**	(3,699)
Fair value at the end of the period	-	27,195

Note 8. Forestry (continued)

The disclosures below in relation to forestry are only applicable to the prior period as the disposal groups of the Forestry division are now classified as non-current assets held for sale (refer note 39).

Physical quantity of forestry plantation timber at the end of the 2010 year was 490,013 m^3.

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

CPI:	2010: 2.5% to 4%
Discount rate:	2010: 9-15%
Period to Harvest:	2010: Between 1-19 years, depending upon year of establishment and current harvest schedule for the individual property
Current woodchip FOB price:	2010: $207.40 per BDMT (Bone Dry Metric Tonne)

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 9. Inventory

	2011 $000	2010 $000
Current		
Raw materials and bulk stores – at net realisable value	**34,736**	35,666
Work in progress – at cost	**141**	226
Finished goods – at net realisable value	**153,562**	139,325
	188,439	175,217

Inventories recognised as an expense for the year ended 30 September 2011 totalled $1,313.0 million (2010: $1,149.8 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 $1.4 million (2010: $3.9 million) for the Group.

Note 10. Derivative Financial Instruments

	2011 $000	2010 $000
Current		
Asset	**664**	-
Liability	**6,916**	3,601
Non current		
Liability	**-**	17,703

(a) Instruments used by the group

The Group holds 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.

(b) Interest rate and credit risk

For financial risk management policies of the Group, refer to note 37.

Note 11. Other Financial Assets

Non current		
Unlisted investments, at cost (i)	**17,852**	21,980

(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.

Impairment losses of $4.1 million (2010: $nil) relating to these investments have been recorded in the Statement of Comprehensive Income.

Note 12. Investments in Associates and Joint Ventures

Name of Investment	**Balance date**	**Ownership interest**		**Consolidated entity investment**		**Contribution to net profit/(loss)**	
		2011 %	2010 %	**2011 $000**	2010 $000	**2011 $000**	2010 $000
Rural Bank Limited (i)		**-**	40	**-**	145,004	**-**	22,319
Elders Toepfer Grain Pty Ltd		**-**	50	**-**	8,921	**(8,921)**	1,046
AWH Pty Ltd	30 Jun	**50**	50	**46,602**	41,399	**4,055**	3,175
Kilcoy Pastoral Company Limited	30 Jun	**20**	20	**3,935**	4,147	**(211)**	(15)
Elders Financial Planning Pty Ltd	30 Sep	**49**	49	**5,566**	5,083	**484**	278
Elders Insurance (Underwriting Agency) Pty Limited	31 Dec	**25**	25	**3,441**	3,672	**6,257**	5,646
Futuris Automotive Interiors (Anhui) Company Ltd (ii)	31 Dec	**70**	70	**10,312**	10,364	**(351)**	446
Agricultural Land Trust	30 Jun	**49.7**	49.9	**17,053**	16,420	**1,233**	927
Other investments				**7,179**	5,868	**618**	(79)
				94,088	240,878	**3,164**	33,743

Share of profit of associates and joint ventures is attributable to:		
Continuing operations	**12,085**	10,489
Discontinued operations	**(8,921)**	23,254
	3,164	33,743

Note 12. Investments in Associates and Joint Ventures (continued)

(i) On 10 December 2010 the Group sold its investment in Rural Bank Limited for a cash consideration of $166.6 million, less transaction costs of $2.7 million. The profit on sale was $17.7 million before tax. The Group also received $6.4 million to recognise its share of Rural Bank's distributable profits from 1 July 2010, which has been treated as dividend income in the Statement of Comprehensive Income. Results within Rural Bank are classified as discontinued operations.

(ii) 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.

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

Impairment losses and impairment reversals relating to the following investments in associates and joint ventures have been taken to account:
- AWH Pty Ltd reversal of previously recorded impairment $1.1 million (2010: $nil)
- Forest Enterprises Australia $nil (2010: $32.4 million)
- Agricultural Land Trust $nil (2010: $0.5 million)
- Kilcoy Pastoral Company $nil (2010: reversal of previously recorded impairment $2.7 million).

(a) Share of Associates and Joint Ventures

	2011 $000	2010 $000
Share of associates' and joint ventures' statement of financial position		
Current assets	**53,444**	4,256,510
Non current assets	**109,028**	122,817
	162,472	4,379,327
Current liabilities	**40,608**	4,103,036
Non current liabilities	**54,074**	85,369
	94,682	4,188,405
Share of net assets of associates	**67,790**	190,922
Share of associates' and joint ventures' profit or loss		
Revenue	**170,398**	731,602
Profit before income tax	**8,114**	47,099
Income tax (expense)/benefit	**(4,950)**	(13,342)
Profit after income tax	**3,164**	**33,757**
Non controlling interests	**-**	(14)
Share of net results of associates	**3,164**	**33,743**
Share of associates' and joint ventures' commitments and contingent liabilities		
Capital expenditure commitments (contracted)	**143**	342
Operating lease commitments	**57,767**	64,945
Contingent liabilities	**-**	1,234

(b) Fair value of investment in listed entities

	Carrying amount		**Fair value***	
	2011 $000	2010 $000	**2011 $000**	2010 $000
Listed entities	**17,053**	16,420	**8,199**	6,003

* Fair value has been determined based on published price quotations. The Group's listed associates and joint ventures include Forest Enterprises Australia (FEA) and the Agricultural Land Trust. FEA is in voluntary administration and has both a nil carrying amount and a nil fair value as at 30 September 2011 and 30 September 2010.

Note 13. Property, Plant and Equipment

Reconciliation of carrying amounts at beginning and end of period:

Non current	Freehold land	Buildings	Leasehold improve-ments	Plant and equipment (owned)	Plant and equipment (leased)	Livestock carrier	Assets under construc-tion	Total
	$000	$000	$000	$000	$000	$000	$000	$000
2011								
Carrying amount at beginning of period	**10,616**	**14,237**	**15,748**	**77,878**	**832**	**3,287**	**6,043**	**128,641**
Additions	**268**	**459**	**129**	**(2,995)**	**415**	**1,433**	**13,028**	**12,737**
Additions through entities acquired	**-**	**-**	**-**	**3,699**	**-**	**-**	**-**	**3,699**
Disposals	**(1,597)**	**(932)**	**(798)**	**(421)**	**(48)**	**(3,464)**	**-**	**(7,260)**
Depreciation expense	**-**	**(928)**	**(2,070)**	**(14,634)**	**(173)**	**(1,256)**	**-**	**(19,061)**
Impairment	**(2,254)**	**-**	**(3,651)**	**(589)**	**-**	**-**	**-**	**(6,494)**
Transfer to held for sale	**(1,040)**	**-**	**(732)**	**(19,198)**	**-**	**-**	**-**	**(20,970)**
Exchange fluctuations	**144**	**145**	**17**	**(249)**	**-**	**-**	**(108)**	**(51)**
Transfers from assets under construction	**-**	**-**	**87**	**7,171**	**-**	**-**	**(7,258)**	**-**
Other transfers	**-**	**(15)**	**15**	**270**	**(174)**	**-**	**-**	**96**
Carrying amount at end of period	**6,137**	**12,966**	**8,745**	**50,932**	**852**	**-**	**11,705**	**91,337**
Cost	**6,709**	**23,337**	**24,464**	**214,033**	**1,375**	**-**	**11,705**	**281,623**
Accumulated depreciation and impairment	**(572)**	**(10,371)**	**(15,719)**	**(163,101)**	**(523)**	**-**	**-**	**(190,286)**
	6,137	**12,966**	**8,745**	**50,932**	**852**	**-**	**11,705**	**91,337**
2010								
Carrying amount at beginning of period	11,261	10,673	14,026	69,255	1,027	4,519	3,620	114,381
Additions	-	762	2,224	5,609	-	4,630	5,035	18,260
Additions through entities acquired	-	-	69	28,796	-	-	304	29,169
Disposals	(360)	(2,776)	(1,651)	(1,235)	-	-	(540)	(6,562)
Disposals through entities sold	-	-	-	(70)	-	-	-	(70)
Allocation of amounts held in provisions	-	-	-	(4,550)	-	-	-	(4,550)
Transfer (to)/from investment properties	145	2,700	-	-	-	-	-	2,845
Depreciation expense	-	(926)	(2,075)	(14,336)	(193)	(1,232)	-	(18,762)
Impairment	(519)	-	(927)	214	-	(4,630)	-	(5,862)
Exchange fluctuations	89	(71)	(20)	(181)	-	-	(25)	(208)
Transfers from assets under construction	-	-	-	2,296	55	-	(2,351)	-
Other transfers	-	3,875	4,102	(7,920)	(57)	-	-	-
Carrying amount at end of period	10,616	14,237	15,748	77,878	832	3,287	6,043	128,641
Cost	10,616	24,054	31,019	242,883	1,395	33,419	6,043	349,429
Accumulated depreciation and impairment	-	(9,817)	(15,271)	(165,005)	(563)	(30,132)	-	(220,788)
	10,616	14,237	15,748	77,878	832	3,287	6,043	128,641

Property, plant and equipment pledged as security for liabilities

Refer to note 18 for interest bearing loans and borrowings secured by property, plant and equipment.

Note 14. Investment Properties

	2011 $000	2010 $000
Non current		
Investment properties at fair value	**2,975**	265,022
Carrying amount at beginning of period	**265,022**	283,797
Acquisition of investment properties	**15**	6,354
Transfer (to)/from other property, plant and equipment	**-**	(2,845)
Fair value adjustments prior to classification of Forestry assets as held for sale	**7,790**	7,564
Transfer to non current assets held for sale	**(114,261)**	(1,050)
Disposal of investment properties	**(21,833)**	(4,853)
Fair value adjustments as a result of classification of Forestry assets as held for sale and impairments	**(133,707)**	(34,321)
Reverse discount on acquisition	**-**	10,649
Foreign exchange variation	**(51)**	-
Other	**-**	(273)
Carrying amount at end of period	**2,975**	265,022

Investment property pledged as security for liabilities
Refer to note 18 for interest bearing loans and borrowings secured by investment property.

The disclosures below in relation to investment properties are only applicable to the prior period as the disposal groups of the Forestry division are now classified as non-current assets held for sale (refer note 39).

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

Investment properties consist of 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.

(b) Valuation basis

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.

The fair value methodology for plantation land investments is detailed in note 2(r). In the prior period, fair value has been determined by the independent land valuation expert, Colliers Jardine using a desktop approach.

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.

Plantation Land
The assumptions used for the Plantation Land DCF valuation model in the prior period are as follows:

Future Land Price Index	2010: 4.5%
CPI	2010: 2.5%
Land discount rate (post-tax)	2010: 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

Note 15. Intangibles

Reconciliation of carrying amounts at beginning and end of period:

Non current	Patents, trademarks and licences	Goodwill	Brand Names	Development costs, rent rolls and other	Total
	$000	$000	$000	$000	$000
2011					
Carrying amount at beginning of period	**505**	**173,013**	**60,400**	**25,129**	**259,047**
Additions	**1,188**	**-**	**-**	**163**	**1,351**
Acquisition of controlled entity	**1,228**	**1,888**	**-**	**-**	**3,116**
Disposal of controlled entity	**-**	**(18)**	**-**	**-**	**(18)**
Disposals	**-**	**(6,227)**	**-**	**(51)**	**(6,278)**
Amortisation	**(182)**	**-**	**-**	**(3,388)**	**(3,570)**
Impairment	**-**	**(3,711)**	**-**	**-**	**(3,711)**
Exchange fluctuations	**-**	**283**	**-**	**12**	**295**
Carrying amount at end of period	**2,739**	**165,228**	**60,400**	**21,865**	**250,232**
Cost	**4,576**	**174,928**	**60,400**	**33,622**	**273,526**
Accumulated amortisation and impairment	**(1,837)**	**(9,700)**	**-**	**(11,757)**	**(23,294)**
	2,739	**165,228**	**60,400**	**21,865**	**250,232**
2010					
Carrying amount at beginning of period	146	145,487	60,400	22,487	228,520
Additions	412	-	-	95	507
Acquisition of controlled entity	-	89,774	-	11,900	101,674
Disposal of controlled entity	-	(9,942)	-	(5,813)	(15,755)
Disposals	-	-	-	(461)	(461)
Transfers	(34)	(306)	-	-	(340)
Amortisation	-	-	-	(2,648)	(2,648)
Impairment	(19)	(50,838)	-	(387)	(51,244)
Exchange fluctuations	-	(1,162)	-	(44)	(1,206)
Carrying amount at end of period	505	173,013	60,400	25,129	259,047
Cost	3,115	233,772	60,400	33,664	330,951
Accumulated amortisation and impairment	(2,610)	(60,759)	-	(8,535)	(71,904)
	505	173,013	60,400	25,129	259,047

Note 15. Intangibles (continued)

A description of each intangible asset is included below. Refer note 2(u) for the accounting policy in relation to goodwill and other intangible assets.

(a) 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 (b) 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 (b) 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 (b) 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 (b) of this note).

(b) 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 goodwill acquired in the previous financial year as part of the acquisition of MCK Holdings Pty Ltd has been allocated to the GM Worldwide, Ford Worldwide and Australia Other cash generating units in the Automotive segment.

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

	Goodwill		Brand Names	
	2011 $000	2010 $000	**2011 $000**	2010 $000
Rural Services Network	**65,681**	70,020	**60,400**	60,400
Rural Services New Zealand	**6,491**	9,926	**-**	-
MCK Holdings	**87,499**	87,499	**-**	-
Other CGU's	**5,557**	5,568	**-**	-
	165,228	173,013	**60,400**	60,400

Note 15. Intangibles (continued)

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

(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 14.1% pre-tax (2010: 15.2% 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 and margins are expected to increase in line with improved seasonal conditions on the east coast of Australia.
- Livestock and wool prices are expected to reduce as the record high prices in 2011 are anticipated to come back to historical levels.
- 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.

Selling, general and administrative expenses

- Minimal cost increases have been assumed for support centres while CPI growth in costs has been assumed for the Network itself.

Growth rate estimates

- Year 1 cash flows are based on the Board approved budget for the 2012 financial year.
- Growth for years 2 and 3 are based on a three year forecast model assuming increased earnings from Farm Supplies and Real Estate combined with minimal cost increases across the network.
- The growth rate for years 4 and 5 are based on a 3% 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 (2010: $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 14.3% pre-tax (2010:15.2% 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 area of seed production.
- 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 2011 financial year.

Growth rate estimates

- Year 1 cash flows are based on the Board approved budget for the 2012 financial year. This includes the impact of cost initiatives identified above.
- Growth for years 2 – 5 is 5% 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 $3.7 million (2010: $5.0 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 38 for details of the acquisition accounting. Goodwill of $87.5 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. For the purposes of impairment testing all goodwill and assets of Plexicor have been allocated to the cash generating units in the Automotive segment expected to benefit from the acquisition.

Note 15. Intangibles (continued)

(c) 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, there are reasonably possible changes in key assumptions that could cause the carrying value of the unit to materially exceed its recoverable amount:

- a decrease in expected future cash flows in excess of 5% across all years of the discounted cash flow model could result in an impairment; and
- an increase in the discount rate by more than 1%, 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.

Note 16. Other Assets

	2011 $000	2010 $000
Current		
Deferred expenses	**559**	1,432
Prepayments	**23,067**	21,700
	23,626	23,132
Non current		
Deferred design and development expenditure	**22,854**	18,919
As at beginning of period	**18,919**	18,459
Additions through entity acquired	**171**	96
Design and development expenditure capitalised	**8,756**	4,394
Impairment	**-**	548
Amortisation	**(4,806)**	(4,578)
Other	**(186)**	-
As at period end	**22,854**	18,919

Note 17. Trade and Other Payables

	2011 $000	2010 $000
Current		
Trade creditors	**359,839**	282,267
Other creditors and accruals	**69,213**	68,820
Payables to associated companies	**4,749**	2,994
Unearned forestry income	**115**	3,202
	433,916	357,283
Non current		
Payables	**2,583**	1,186
	2,583	1,186

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

Financial guarantees
Information regarding financial guarantees is set out in note 37.

Related party payables
For terms and conditions of related party payables refer to note 35.

Interest rate, foreign risk and liquidity risk
Information regarding interest rate, foreign exchange and liquidity risk exposure is set out in note 37.

Note 18. Interest Bearing Loans and Borrowings

	2011 $000	2010 $000
Current		
Secured loans	**56,218**	167,422
Trade receivables funding	**139,466**	111,215
Unsecured loans	**-**	620
Lease liabilities	**357**	229
	196,041	279,486
Non current		
Secured loans	**228,912**	122,357
Secured notes	**-**	94,649
Unsecured loans	**1,828**	1,016
Lease liabilities	**283**	127
	231,023	218,149
Total current and non current	**427,064**	497,635

Note 18. Interest Bearing Loans and Borrowings (continued)

(a) Financing arrangements

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

	Accessible $000	Drawn $000	Unused $000
2011			
Secured Loans			
- Facility A non revolving term facility	**180,893**	**180,893**	**-**
- Facility B working capital facility	**93,158**	**93,158**	**-**
- Facility D bilateral contingent facility	**37,030**	**-**	**37,030**
- Trade receivables funding	**265,600**	**139,466**	**126,134**
- Other	**19,287**	**11,079**	**8,208**
	595,968	**424,596**	**171,372**
Unsecured loans and lease liabilities	**2,468**	**2,468**	**-**
Total	**598,436**	**427,064**	**171,372**
2010			
Secured Loans			
- Tranche A1 term loan	122,357	122,357	-
- Tranche D1 revolver	116,800	75,000	41,800
- Trade receivables funding	265,600	111,215	154,385
- Other	116,884	92,422	24,462
	621,641	400,994	220,647
Secured notes	94,649	94,649	-
Unsecured loans and lease liabilities	1,992	1,992	-
Total	718,282	497,635	220,647

The Group also has an ancillary facility in relation to off balance sheet funding, such as bank guarantees, of $63.2 million. As at 30 September 2011, $37.6 million had been drawn.

(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 in 2010 have been calculated by discounting the expected future cash flows at prevailing market interest rates varying from 7.5% to 8.5%.

	2011		2010	
	Carrying amount $000	**Fair value $000**	Carrying amount $000	Fair value $000
Secured notes	**-**	**-**	94,649	98,806

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.

(c) Interest rate, foreign exchange and liquidity risk

Secured notes, which were repaid during the period, were issued in the United States of America financial markets and were denominated in United States dollars. Details regarding interest rate, foreign exchange and liquidity risk is disclosed in note 37.

Note 18. Interest Bearing Loans and Borrowings (continued)

(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:

	2011 $000	2010 $000
Current assets		
Floating charge		
Cash and cash equivalents	**50,773**	48,870
Trade and other receivables	**678,511**	498,860
Livestock	**49,015**	48,654
Forestry	**-**	2,122
Inventory	**167,350**	150,894
Other	**104,348**	24,414
	1,049,997	773,814
Non current assets		
Floating charge		
Receivables	**108,649**	48,052
Forestry	**-**	22,918
Other financial assets	**496,680**	492,471
Investments in associates and joint ventures	**55,484**	196,382
Property, plant and equipment	**77,449**	106,358
Investment properties	**-**	265,022
Intangibles	**149,675**	154,489
Other	**100,751**	131,164
	988,688	1,416,856
Total current and non current	**2,038,685**	2,190,670

Note 19. Provisions

Reconciliation of carrying amounts at beginning and end of period:

	Employee entitle-ments	Warranty	Restruc-turing and redundancy	Make good	Onerous contracts	Other	Total
	$000	$000	$000	$000	$000	$000	$000
2011							
As at beginning of period	**48,659**	**1,717**	**8,641**	**14,876**	**18,999**	**3,748**	**96,640**
Arising during year	**25,201**	**1,096**	**7,435**	**3,488**	**49,156**	**1,101**	**87,477**
Utilised	**(26,479)**	**(709)**	**(5,499)**	**(1,188)**	**(5,317)**	**(1,896)**	**(41,088)**
Unused amounts reversed	**(1,287)**	**(365)**	**(427)**	**(1,838)**	**(1,014)**	**(1,194)**	**(6,125)**
Discount rate adjustment	**1,000**	**-**	**-**	**228**	**-**	**-**	**1,228**
Provisions arising from entities acquired	**151**	**-**	**-**	**-**	**-**	**-**	**151**
Other	**38**	**-**	**336**	**-**	**99**	**(334)**	**139**
	47,283	**1,739**	**10,486**	**15,566**	**61,923**	**1,425**	**138,422**
Disclosed as:							
Current	**42,377**	**580**	**10,486**	**10,144**	**50,321**	**1,425**	**115,333**
Non current	**4,906**	**1,159**	**-**	**5,422**	**11,602**	**-**	**23,089**
Total	**47,283**	**1,739**	**10,486**	**15,566**	**61,923**	**1,425**	**138,422**
2010							
As at beginning of period	63,539	2,242	38,179	7,028	3,448	5,967	120,403
Arising during year	15,887	1,064	2,117	7,311	17,716	4,228	48,323
Utilised	(32,849)	(1,182)	(6,115)	(40)	(1,675)	(6,160)	(48,021)
Unused amounts reversed	(69)	(401)	(15,700)	(165)	(490)	(258)	(17,083)
Discount rate adjustment	(89)	-	-	742	-	-	653
Provisions allocated to property, plant and equipment	-	-	(4,550)	-	-	-	(4,550)
Provisions allocated to investment property	-	-	(2,437)	-	-	-	(2,437)
Provisions allocated to other assets	-	-	(2,853)	-	-	(29)	(2,882)
Provisions arising from entities acquired	2,240	(6)	-	-	-	-	2,234
	48,659	1,717	8,641	14,876	18,999	3,748	96,640
Disclosed as:							
Current	43,955	1,717	8,641	7,323	6,623	3,748	72,007
Non current	4,704	-	-	7,553	12,376	-	24,633
Total	48,659	1,717	8,641	14,876	18,999	3,748	96,640

Nature and timing of provisions

(i) Employee entitlements
Refer to note 2(x) 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 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.

Note 19. Provisions (continued)

(iii) Restructure and redundancy

The restructuring provision relates to the Group's:

- Provisions arising upon classification of the Forestry division being held for sale.
- 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.
- The redundancy provision relates to redundancies communicated to staff during the year.

(iv) 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

The onerous lease provision relates to amounts recognised as part of the Forestry held for sale classification of $47.3 million in the current year. In 2010, as part of the Forestry asset review an onerous lease provision of $15.0 million was recognised.

(vii) Other

The remaining provision balance in 'other' includes legal claims of $0.6 million (2010: $1.6 million).

Note 20. Contributed Equity

	2011 $000	2010 $000
Issued and paid up capital		
448,598,480 ordinary shares (September 2010: 448,598,480)	**1,271,493**	1,273,863

The movement in share capital is a result of the unwinding of the tax effect of the equity raising costs incurred in the 2010 financial year.

Effective 1 July 1998, the Corporations legislation abolished the concepts of authorised capital and par value shares. Accordingly the Company does not have authorised capital nor par value in respect of its issued capital.

Capital management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

Management are constantly adjusting the capital structure to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, management may change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Elders revised financing package (refer note 18) stipulates that the payment of ordinary dividends will be subject to the Company satisfying a Net Leverage Ratio of less than 3.5x at the last calculation date and satisfaction of an Elders approved dividend policy. No decision has been made in relation to the payment of dividends. Refer to note 24 for dividend disclosure.

Note 21. Hybrid Equity

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 was the 3 month bank bill swap rate plus a margin of 2.20% pa. On 30 June 2011, Elders accepted a one-off step up of 250bps in margin.

On future remarketing dates (every five years), 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 in margin or pursue a remarketing process to set a new margin.

Elders revised financing package (refer note 18) does not contain any express restrictions on the payment of distributions on the hybrid securities. No distributions were declared or paid during the year.

Note 22. Reserves

Reconciliation of carrying amounts at beginning and end of period:

	Business combina-tion reserve	Employee equity benefits reserve	Foreign currency translation reserve	Net unrealised gains reserve	Share of reserve for losses in associate	Reserved shares reserve	Total
	$000	$000	$000	$000	$000	$000	$000
2011							
Carrying amount at beginning of period	**(5,134)**	**(7,434)**	**(14,006)**	**(1,553)**	**6,163**	**(13,704)**	**(35,668)**
Foreign currency translation	**-**	**-**	**1,381**	**-**	**-**	**-**	**1,381**
Non-controlling interest share of movement	**-**	**-**	**(54)**	**-**	**-**	**-**	**(54)**
Transfer to statement of comprehensive income	**-**	**-**	**-**	**1,553**	**-**	**-**	**1,553**
Net gains/losses in cash flow hedges	**-**	**-**	**-**	**(169)**	**-**	**-**	**(169)**
Recognition for share of reserve for losses in associate	**-**	**-**	**-**	**-**	**1,239**	**-**	**1,239**
Income tax on items taken directly or transferred to equity	**-**	**-**	**423**	**-**	**-**	**-**	**423**
Sale of reserved shares	**-**	**-**	**-**	**-**	**-**	**421**	**421**
Excess paid for purchase of non-controlling interest	**(9,958)**	**-**	**-**	**-**	**-**	**-**	**(9,958)**
Cost of share based payments	**-**	**1,845**	**-**	**-**	**-**	**-**	**1,845**
Transfer to retained earnings	**-**	**(1,460)**	**-**	**-**	**(7,402)**	**14,257**	**5,395**
Transfers to reserved shares reserve	**-**	**3,968**	**-**	**-**	**-**	**(3,968)**	**-**
Carrying amount at end of period	**(15,092)**	**(3,081)**	**(12,256)**	**(169)**	**-**	**(2,994)**	**(33,592)**
2010							
Carrying amount at beginning of period	(10,312)	(13,695)	(5,795)	(6,396)	5,433	-	(30,765)
Foreign currency translation	-	-	(8,639)	-	-	-	(8,639)
Non-controlling interest share of movement	-	-	70	-	-	-	70
Transfer to statement of comprehensive income	-	-	-	2,598	-	-	2,598
Net gains/losses in cash flow hedges	-	-	-	(1,865)	-	-	(1,865)
Recognition for share of reserve for losses in associate	-	-	-	-	730	-	730
Income tax on items taken directly or transferred to equity	-	-	358	90	-	-	448
Excess paid for purchase of non-controlling interest	(5,480)	-	-	-	-	-	(5,480)
Cost of share based payments	-	2,136	-	-	-	-	2,136
Transfer to retained earnings	10,658	(9,579)	-	4,020	-	-	5,099
Transfers to reserved shares reserve	-	13,704	-	-	-	(13,704)	-
Carrying amount at end of period	(5,134)	(7,434)	(14,006)	(1,553)	6,163	(13,704)	(35,668)

Note 22. Reserves (continued)

Nature and purpose of reserves

Business combination reserve
The reserve is used to record the differences between the carrying value of non-controlling interests and the consideration paid/received, where there has been a transaction involving non-controlling interests that do not result in a loss of control.

Employee equity benefits reserve
This reserve is used to record the value of equity benefits (both options and share loans and other) 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
The reserve contained amounts relating to the Rural Bank investment. Rural Bank has APRA reporting requirements for a general provision for credit losses to be recognised directly in equity. Prior to the sale of Rural Bank the Group was 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.

Note 23. Retained Earnings

	2011 $000	2010 $000
Retained earnings at the beginning of the financial year	**(380,577)**	(158,012)
Net profit/(loss) attributable to members	**(395,350)**	(217,628)
Recognition for share of reserve for losses in associate	**-**	162
Transfer from business combinations reserve	**-**	(10,658)
Transfer from employee equity benefits reserve	**1,460**	9,579
Transfer from net unrealised gains reserve	**-**	(4,020)
Transfer from reserved shares reserve	**(14,257)**	-
Transfer from share of reserve for losses in associate	**7,402**	-
Retained earnings at the end of the financial year	**(781,322)**	(380,577)

Note 24. Dividends

	2011 $000	2010 $000
(a) Dividends proposed		
No final dividend will be paid (2010: Nil)	**-**	-
(b) Dividends paid during the year		
Current year interim		
- No interim dividend will be paid (2010: Nil)	**-**	-
Previous year final		
- No final dividend paid (2010: Nil)	**-**	-
Subsidiary equity dividends on ordinary shares:		
Dividends paid to external parties during the year		
- B&W Rural Pty Ltd dividend $2,041 per share fully franked (2010: $2,061 per share fully franked)	**1,000**	1,010
- B&W Rural Pty Ltd dividend $2,241 per share fully franked (2010: $1,468 per share fully franked)	**1,196**	720
	2,196	1,730

Elders revised financing package (refer note 18) stipulates that the payment of ordinary dividends will be subject to the Company satisfying a Net Leverage Ratio of less than 3.5x at the last calculation date and satisfaction of an Elders approved dividend policy. No decision has been made in relation to the payment of dividends.

(c) Franking credit balance

Franking credits available to the parent for subsequent financial years based on tax rate of 30% (2010: 30%)	**18,990**	19,700

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.

Note 25. Non-controlling Interest

Non-controlling interests comprise interests in the following items:		
Contributed equity	**1,688**	1,275
Retained earnings	**1,265**	2,049
	2,953	3,324

On 31 March 2011, the Group acquired an additional 24.5% interest in the controlled entity, B&W Rural, increasing the Group's interest to 75.5% for $11.0 million. The transaction resulted in the de-recognition of a non-controlling interest of $1.0 million and the recognition in equity of $10.0 million, being the excess paid for the purchase of the non-controlling interest.

Note 26. Cash Flow Statement Reconciliation

	2011 $000	2010 $000
(a) Reconciliation of net profit/(loss) after tax to net cash flows from operations		
Profit/(loss) after income tax expense	**(391,168)**	(212,511)
Adjustments for non cash items:		
Depreciation and amortisation	**27,437**	25,988
Share of associates and joint venture (equity accounted earnings)	**(3,164)**	(33,743)
Dividends from associates	**7,427**	31,355
Fair value adjustments to financial assets	**(340)**	(956)
Other fair value adjustments	**(14,100)**	(11,662)
Fair value adjustments and impairments	**333,186**	142,633
Movement in provision for:		
- doubtful debts	**12,981**	27,185
- employee entitlements	**24,914**	15,729
- other provisions	**57,666**	16,164
Other write downs	**1,397**	3,938
Net (profit)/loss on sale of non-current assets	**(2,536)**	616
Net (profit)/loss on sale of controlled entity	**-**	8,954
Cost of share based payments	**1,845**	2,136
Deferred tax asset	**(521)**	(2,918)
Deferred income tax	**(29,323)**	(5,457)
Provision for tax	**(10,724)**	13,547
Other non cash items	**(4,047)**	2,404
	10,930	23,402
- (Increase)/decrease in receivables and other assets	**(85,479)**	(80,228)
- (Increase)/decrease in inventories	**(14,619)**	52,006
- Increase/(decrease) in payables and accruals	**65,408**	(105,653)
Net cash flows from operating activities	**(23,760)**	(110,473)

(b) Cash and cash equivalents

Cash at bank and in hand	**81,614**	79,985

Cash includes $3.1 million (2010: $3.0 million) of cash held in trust on behalf of certain controlled entities.

(c) Non cash financing and investing activities

During the financial year, and the previous financial year, there were no non-cash financing and investing transactions.

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 $0.9 million (2010: $0.8 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.

	2011 $000	2010 $000
Finance lease commitments:		
- Within one year	**397**	254
- After one year but not after five years	**324**	134
Total minimum lease payments	**721**	388
Less amounts representing finance charges	**(81)**	(32)
Present value of minimum lease payments	**640**	356
Disclosed in the financial statements as:		
- current (note 18)	**357**	229
- non current (note 18)	**283**	127
	640	356
Operating leases commitments:		
- Within one year	**80,013**	88,946
- After one year but not later than five years	**175,919**	192,575
- After more than five years	**127,845**	120,411
Total minimum lease payments	**383,777**	401,932

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.

Operating lease commitments include the gross contractual obligations in relation to the Group's leases of forestry plantation land. No adjustments have been made to the contractual commitment given the decision to hold the disposal groups of the Forestry division for sale.

Property, plant and equipment commitments

Capital expenditure contracted for but not otherwise provided for in these accounts:		
- Within one year	**24,454**	720
- After one year but not later than five years	**34,800**	120
Total property, plant and equipment commitments	**59,254**	840

Note 28. Contingent Liabilities

	2011 $000	2010 $000
Contingent liabilities at balance date, not otherwise provided for in the financial statements, are as follows:		
Claims lodged for damages resulting from the use of products or services	**1,625**	1,300
Guarantees issued to third parties arising in the normal course of business	**19,241**	23,427
	20,866	24,727

Unquantifiable contingent liabilities

- The Group has contingent obligations in respect of leased premises, which have been sub-let to associated entities.
- 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.
- There have been a number of events that have recently impacted the Group's forestry operations, such as a fungal disease outbreak and a cyclone. To date no claims for damages have been lodged as a result of these events.
- The Forestry write-downs to accrued income and recognition of the current value of onerous lease liabilities in the consolidated financial statements may result in a breach of the current financial commitments and net tangible assets tests under Elders Forestry Management Limited's ("EFML") AFS licence if adopted by EFML and unless otherwise rectified. At this stage, Elders Limited does not consider that this risk is likely to impact its ability to execute an orderly winding down and exit from forestry.

Other contingent liabilities

As previously disclosed the Group has received amended income tax assessments from the Australian Taxation Office relating to two 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. An appeal by the Australian Taxation Office was heard by the Full Court on 21 and 22 February 2011. The Full Court has reserved its decision. Management consider 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 losses arising from the funding activities of the Group's in-house financier. Amended assessments attributable to the 2003 year were issued by the Australian Taxation Office denying the losses claimed. During the year, the Group received notification from the Australian Taxation Office that its objection to the amended assessments had been allowed in full. A provision previously raised against this exposure has been released to statutory profit and therefore it is the Company's view that a contingent liability no longer exists.

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 company's 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 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. 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.
- 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, and insulation packages.
- 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.

2011	Rural Services $000	Forestry $000	Automotive Components $000	Investment & Other $000	Total $000
External sales	1,986,121	57,384	315,174	-	2,358,679
Other revenues	9,006	9,608	17,582	907	37,103
Share of profit of associates and joint ventures	2,382	-	(451)	1,233	3,164
Profit/(loss) on sale of non current assets	9,782	(7,160)	9	(95)	2,536
Interest revenue	10,530	285	180	11,089	22,084
Total revenue	2,017,821	60,117	332,494	13,134	2,423,566
Earnings before interest, tax, depreciation and amortisation	12,619	(389,300)	31,823	(16,692)	(361,550)
Depreciation and amortisation	(8,378)	(2,479)	(16,566)	(14)	(27,437)
Segment result	4,241	(391,779)	15,257	(16,706)	(388,987)
Corporate net interest expense					(55,637)
Profit from ordinary activities before tax					(444,624)
Segment result	4,241	(391,779)	15,257	(16,706)	(388,987)
Less discontinued operations results	(1,790)	(337,052)	-	-	(338,842)
Continuing profit/(loss) before net borrowing costs and tax expense	6,031	(54,727)	15,257	(16,706)	(50,145)
Corporate net interest expense					(55,596)
Continuing profit/(loss) before tax expense					(105,741)
Segment assets	774,238	198,864	286,056	229,721	1,488,879
Unallocated assets (including tax assets)	-	-	-	-	201,097
Total assets	774,238	198,864	286,056	229,721	1,689,976
Segment liabilities	420,238	83,015	71,388	7,196	581,837
Unallocated liabilities (including tax liabilities)	-	-	-	-	503,456
Total liabilities	420,238	83,015	71,388	7,196	1,085,293
Net assets	354,000	115,849	214,668	222,525	604,683
Carrying value of equity investments	61,822	-	11,262	21,004	94,088
Acquisition of non current assets	11,034	117	13,491	27,404	52,046
Non cash income/(expense) other than depreciation and amortisation	(27,939)	(360,350)	(9,143)	5,156	(392,276)
Profit/(loss) on sale of non current assets and controlled entities	9,782	(7,160)	9	(95)	2,536

Note 29. Segment Information (continued)

2010	Rural Services $000	Forestry $000	Automotive Components $000	Investment & Other $000	Total $000
External sales	1,797,230	100,311	256,840	-	2,154,381
Other revenues	2,764	11,082	21,393	708	35,947
Share of profit of associates and joint ventures	32,968	-	(440)	1,215	33,743
Profit/(loss) on sale of non current assets	(2,537)	(7,281)	248	-	(9,570)
Interest revenue	7,302	713	85	18,860	26,960
Total revenue	1,837,727	104,825	278,126	20,783	2,241,461
Earnings before interest, tax, depreciation and 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)
Segment result	13,718	(158,552)	15,850	(50,787)	(179,771)
Less discontinued operations results	28,494	(142,708)	-	(19,963)	(134,177)
Continuing profit/(loss) before net borrowing costs and tax expense	(14,776)	(15,844)	15,850	(30,824)	(45,594)
Corporate net interest expense					(32,622)
Continuing profit/(loss) before tax expense					(78,216)
Segment assets	882,716	522,785	281,729	210,448	1,897,678
Unallocated assets (including tax assets)	-	-	-	-	198,902
Total assets	882,716	522,785	281,729	210,448	2,096,580
Segment liabilities	301,636	39,778	108,446	26,553	476,413
Unallocated liabilities (including tax liabilities)	-	-	-	-	614,074
Total liabilities	301,636	39,778	108,446	26,553	1,090,487
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)

Note 30. Supplementary Statement of Net Debt

(a) Statement of Net Debt

2011	Rural Services $000	Forestry $000	Automotive Components $000	Investment & Other $000	Total $000
Earnings before interest and tax	4,241	(391,779)	15,257	(16,706)	(388,987)
Depreciation and amortisation	8,378	2,479	16,566	14	27,437
Share of associates and joint venture (profit)	(2,382)	-	451	(1,233)	(3,164)
Dividends received from associates	6,835	-	-	592	7,427
Fair value adjustments on financial assets	(194)	(146)	-	-	(340)
Other fair value adjustments	(209)	(8,572)	-	(5,319)	(14,100)
Fair value adjustments and impairments	14,161	314,738	93	4,194	333,186
Movement in provision for:					
- doubtful debts	4,033	8,338	610	-	12,981
- employee entitlements	17,805	688	6,958	(537)	24,914
- other provisions	2,887	54,727	52	-	57,666
Other writedowns	1,217	1,724	(1,544)	-	1,397
Profit/(loss) on sale of non-current assets	(9,782)	7,160	(9)	95	(2,536)
Cost of share based payments	-	-	-	1,845	1,845
Interest received	9,916	285	180	5,770	16,151
Interest and other costs of finance paid	(13,068)	(333)	(4,802)	(36,205)	(54,408)
Tax (paid)/refund	(2,150)	-	(83)	13,267	11,034
Other non cash items	403	(18,307)	2,532	(4,201)	(19,573)
	42,091	(28,998)	36,261	(38,424)	10,930
Movement in working capital	17,421	188	(20,840)	(31,459)	(34,690)
Operating cash flow	59,512	(28,810)	15,421	(69,883)	(23,760)
Payment for property, plant and equipment	(9,113)	(102)	(3,522)	-	(12,737)
Purchase of equity accounted investments	-	-	(1,050)	-	(1,050)
Payment for investment properties	-	(15)	-	-	(15)
Payment for controlled entities, net of cash acquired	(751)	-	-	(27,404)	(28,155)
Payment for intangibles	(1,170)	-	(163)	-	(1,333)
Payment for design and development capitalised	-	-	(8,756)	-	(8,756)
Proceeds from sale of non current assets held for sale	-	1,081	-	-	1,081
Proceeds from sale of equity accounted investments	-	-	-	163,910	163,910
Proceeds from sale of property, plant and equipment	6,209	1,088	9	51	7,357
Proceeds from sale of investment properties	500	14,050	-	-	14,550
Proceeds from sale of intangibles	2,745	-	-	-	2,745
Payment for acquisition of non-controlling interest	(10,005)	-	-	-	(10,005)
Loans to associated entities	(1,307)	-	-	-	(1,307)
Repayment of loans by associated entities	2,120	-	-	1,371	3,491
Loans repaid by growers	-	4,053	-	-	4,053
Investing cash flow	(10,772)	20,155	(13,482)	137,928	133,829
Proceeds from sale of reserved shares	-	-	-	421	421
Intercompany movement	(51,618)	5,157	14,929	31,532	-
Partnership profit distributions/dividends paid	(2,842)	-	-	-	(2,842)
Other flows	(54,460)	5,157	14,929	31,953	(2,421)
Total flows	(5,720)	(3,498)	16,868	99,998	107,648
Opening net debt					(435,173)
Total flows					107,648
Fair value adjustment to debt					(17,925)
Closing net debt					(345,450)

Note 30. Supplementary Statement of Net Debt (continued)

(a) Statement of Net Debt (continued)

2010	Rural Services $000	Forestry $000	Automotive Components $000	Investment & Other $000	Total $000
Earnings before interest and 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 equity accounted investment	(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 from sale of non current assets held for sale	-	1,020	-	-	1,020
Proceeds from sale of property, plant and equipment	5,037	796	-	-	5,833
Proceeds from sale of investment property	-	4,841	-	-	4,841
Proceeds from disposal of controlled entity	4,547	86,613	-	-	91,160
Payment for acquisition of non-controlling interest	(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 issues of shares	-	-	-	550,000	550,000
Share issue costs	-	-	-	(19,500)	(19,500)
Intercompany movement	(43,507)	(59,577)	(25,699)	128,783	-
Partnership profit distributions	(3,446)	-	-	-	(3,446)
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 adjustments to debt					968
Consolidation of MCK Holdings (Plexicor)					(64,300)
Closing net debt					(435,173)

Note 30. Supplementary Statement of Net Debt (continued)

(b) Reconciliation of net debt balance to balance sheet

	2011 $000	2010 $000
Cash and cash equivalents	**81,614**	79,985
Interest Bearing Loans and Borrowings	**(427,064)**	(497,635)
Derivatives on Interest Bearing Loans and Borrowings	**-**	(17,523)
	(345,450)	(435,173)

Note 31. Auditors Remuneration

The auditor of Elders Limited is Ernst & Young.

	2011 $	2010 $
Amounts received or due and receivable by Ernst & Young (Australia) for:		
- auditing or review of financial statements	**1,427,871**	1,830,037
- tax services (primarily compliance)	**204,795**	420,382
- other compliance and assurance services	**45,413**	231,876
	1,678,079	2,482,295
Amounts received or due and receivable by related practices of Ernst & Young (Australia) for:		
- auditing or review of financial statements	**13,460**	141,180
	13,460	141,180
Amounts received or due and receivable by non Ernst & Young audit firms for:		
- auditing or review of financial statements	**-**	-
- tax services	**-**	-
- internal audit	**-**	-
- other services	**-**	-
	-	-

Note 32. Investments in Controlled Entities

(a) Schedule of controlled entities

	Country of Incorporation		% Held by Group 2011	2010
A Top Pty Ltd	Australia	(f)	**100**	100
Abbino Pty Ltd	Australia	(f)	**100**	100
Acehill Investments Pty Ltd	Australia	(c)	**100**	100
ACN 073 323 038 Pty Ltd	Australia	(f)	**100**	100
Agricultural Land Management Limited	Australia		**100**	100
AI Asia Pacific Operations Holding Limited	Hong Kong SAR		**100**	100
AI China Operations Holding Limited	Hong Kong SAR		**100**	100
AIM Metals Pty Ltd	Australia	(c)	**100**	100
Air International (China) Pty Ltd	Australia	(c)	**100**	100
Air International (India) Pty Ltd	Australia	(f)	**100**	100
Air International (Malaysia) Pty Ltd	Australia	(c)	**100**	100
Air International (Ventures) No 2 Pty Ltd	Australia	(c)	**100**	100
Air International Asia Pacific Operations Pty Ltd	Australia	(c)	**100**	100
Air International Vehicle Air Conditioning (Shanghai) Co Ltd	China		**100**	100
Albany Woolstores Pty Ltd	Australia	(f)	**66**	66
Aldetec Pty Ltd	Australia	(f)	**100**	100
Aldetec Unit Trust	Australia	(e)	**100**	100
APO Administration Limited	Hong Kong SAR		**100**	100
APT Finance Pty Ltd	Australia	(a)	**100**	100
APT Forestry Pty Ltd	Australia	(a)	**100**	100
APT Land Pty Ltd	Australia	(a)	**100**	100
APT Nurseries Pty Ltd	Australia	(a)	**100**	100
APT Projects Ltd	Australia	(f)	**100**	100
Argo Trust No. 2	Australia	(h)	**100**	100
Artreal Pty Ltd	Australia	(f)	**100**	100
Ashwick (Vic) No 102 Pty Ltd	Australia	(c)(f)	**100**	100
Austech Ventures Pty Ltd	Australia	(c)	**100**	100
Australian Combined Meat Processors Pty Ltd	Australia	(f)	**100**	100
Australian Plantation Timber Pty Ltd	Australia	(a)	**100**	100
Australian Retirement Managers Pty Ltd	Australia	(c)	**100**	100
Australian Topmaking Services Pty Ltd	Australia	(c)	**100**	100
B & W Rural Pty Ltd	Australia		**75.5**	51
Banks Marsden Pty Ltd	Australia	(f)	**100**	100
BWK Australia Pty Ltd	Australia	(f)	**100**	100
BWK Eastern Wool Industrial & Trading Joint Stock Corporation	Turkey		**91**	91
BWK Elders Industry and Trade	Turkey		**100**	100
BWK Holdings Pty Ltd	Australia	(a)	**100**	100
Canosac Limited	Hong Kong SAR	(e)	**100**	100
Carbon Bid Co Pty Ltd	Australia	(f)	**100**	100
Caversham Investments Pty Ltd	Australia	(f)	**100**	100
Caversham Landscape D. & C. Pty Ltd	Australia	(f)	**100**	100
Caversham Projects Pty Ltd	Australia	(f)	**100**	100
Caversham Property (Sales) Pty Ltd	Australia	(f)	**100**	100
Caversham Property Holdings Pty Ltd	Australia	(f)	**100**	100
Charlton Feedlot Pty Ltd	Australia	(a)	**100**	100
CP Ventures Pty Ltd	Australia	(c)	**100**	100
Danny F11 Investments Pte Ltd	Singapore		**100**	100
Dawley Pty Ltd	Australia	(f)	**100**	100
E Globulus Pty Ltd	Australia	(f)	**100**	100
E. & R. Steeden Pty Ltd	Australia	(f)	**100**	100
Elders Australia Aktien Holding GmbH & Co KG	Germany		**100**	100
Elders Australia Beteiligungs GmbH	Germany		**100**	100
Elders Burnett Moore WA Pty Ltd	Australia	(f)	**100**	100
Elders Card Ltd	New Zealand	(g)	**50**	50
Elders China Trading Company	China		**100**	100
Elders Communications Pty Ltd	Australia	(c)	**100**	100
Elders Direct Ltd	New Zealand	(g)	**50**	50

Note 32. Investments in Controlled Entities (continued)

(a) Schedule of controlled entities (continued)

	Country of Incorporation		% Held by Group 2011	2010
Elders Esperance Woodchip Terminal Pty Ltd	Australia	(f)	**100**	100
Elders Finance Pty Ltd	Australia	(a)	**100**	100
Elders Financial Services Group Pty Ltd	Australia	(c)	**100**	100
Elders Financial Solutions Pty Ltd	Australia	(f)	**100**	100
Elders Fine Foods (Shanghai) Company	China		**100**	100
Elders Forestry Finance Pty Ltd	Australia	(a)	**100**	100
Elders Forestry Holdings Pty Ltd	Australia	(f)	**100**	100
Elders Forestry Land Holdings	Australia	(f)	**100**	100
Elders Forestry Management Ltd	Australia		**100**	100
Elders Forestry Pty Ltd	Australia	(a)	**100**	100
Elders Global Wool Holdings Pty Ltd	Australia	(a)	**100**	100
Elders Hycube Pty Ltd	Australia	(f)	**100**	100
Elders Insurance Limited	New Zealand	(g)	**50**	50
Elders International Australia Pty Ltd	Australia	(a)	**100**	100
Elders Management Services Pty Ltd (formerly FGSF Pty Ltd)	Australia	(f)	**100**	100
Elders Meat Processing Pty Ltd	Australia	(f)	**100**	100
Elders Merchandise Limited	New Zealand	(g)	**50**	50
Elders Mortgage Brokers Pty Ltd	Australia	(f)	**100**	100
Elders Primary Wool Limited	New Zealand	(g)	**25**	25
Elders Project Management Pty Ltd	Australia	(f)	**100**	100
Elders Property Management Pty Ltd	Australia	(f)	**100**	100
Elders PT Indonesia	Indonesia		**100**	100
Elders Real Estate (NSW) Pty Ltd	Australia	(f)	**100**	100
Elders Real Estate (Qld) Pty Ltd	Australia	(f)	**100**	100
Elders Real Estate (Tasmania) Pty Ltd	Australia	(f)	**100**	100
Elders Real Estate (WA) Pty Ltd	Australia	(f)	**100**	100
Elders Real Estate Franchise (Vic) Pty Ltd	Australia	(f)	**100**	100
Elders Real Estate Ltd	New Zealand	(g)	**50**	50
Elders Rural Holdings Limited	New Zealand	(g)	**50**	50
Elders Rural Services Australia Limited	Australia		**100**	100
Elders Rural Services Limited	Australia	(a)	**100**	100
Elders Services Company Pty Ltd	Australia	(f)	**100**	100
Elders Stock (SI) Ltd	New Zealand	(g)	**35**	35
Elders Tasmanian Fibre Pty Ltd	Australia	(a)	**100**	100
Elders Telecommunications Infrastructure Pty Ltd	Australia	(f)	**100**	100
Elders Trustees Pty Ltd	Australia	(c)	**100**	100
Elders Underwriting Agency Pty Ltd	Australia	(f)	**100**	100
Elders Wairarapa Vet Service Ltd	New Zealand	(g)	**50**	50
Elders Webster Pty Ltd	Australia	(f)	**100**	100
Elders Wool International Pty Ltd	Australia	(a)	**100**	100
Elderstock Limited	New Zealand	(g)	**35**	35
EREF Pty Ltd	Australia	(f)	**100**	100
EVIA Rural Finance Ltd	New Zealand	(g)	**50**	50
EWI Pty Ltd	Australia	(f)	**100**	100
Family Hospitals Pty Ltd	Australia	(f)	**100**	100
Fares Exports Management Mexico, S.A. de C.V.	Mexico		**100**	100
Fares Exports Pty Ltd	Australia	(c)	**100**	100
Fares Exports Trading Mexico, S.A. de C.V.	Mexico		**100**	100
Farmers Investment Trust	Australia	(e)(i)	**-**	100
Futuris Agencies Pty Ltd	Australia	(f)	**100**	100
Futuris Automotive Group Ltd	Australia	(a)	**100**	100
Futuris Automotive Interiors (Australia) Pty Ltd	Australia	(a)	**100**	100
Futuris Automotive Interiors (Barbados) Inc	Barbados		**100**	100
Futuris Automotive Interiors (Hong Kong) Inc	Hong Kong SAR	(d)	**100**	-
Futuris Automotive Interiors (Mauritius) Inc	Mauritius		**100**	100
Futuris Automotive Interiors Trading (Shanghai) Co Ltd	China		**100**	100
Futuris Automotive Interiors (US) Inc	USA		**100**	100

Note 32. Investments in Controlled Entities (continued)

(a) Schedule of controlled entities (continued)

	Country of Incorporation		% Held by Group 2011	2010
Futuris Automotive Interiors Holdings Pty Ltd	Australia	(a)	**100**	100
Futuris Automotive Thailand Co Ltd	Thailand		**100**	100
Futuris Huaxiang Automotive Component (Mianyang) Co Ltd	China	(d)	**100**	-
Futuris Pty Ltd (formerly Futuris Automotive Pty Ltd)	Australia	(a)	**100**	100
Futuris Rural Pty Ltd	Australia	(c)(i)	**-**	100
Futuris Ventures Pty Ltd	Australia	(f)	**100**	100
Futuris/Tamper Joint Venture Unit Trust	Australia	(e)	**100**	100
Geelong Wool Combing Pty Ltd	Australia	(c)	**100**	100
George Moss (Qld) Pty Ltd	Australia	(f)	**100**	100
George Moss Pty Limited	Australia	(f)	**100**	100
Gisborne Farmers Ltd	New Zealand	(g)	**50**	50
Grouville Pty Ltd	Australia	(f)	**100**	100
Hallette Pty Ltd	Australia	(f)	**100**	100
Hollymont Pty Ltd	Australia	(c)	**100**	100
Hose & Pipe Pty Ltd	Australia	(c)	**100**	100
IMA Investment Management Australia (ADF) Pty Ltd	Australia	(c)	**100**	100
IMA Investment Management Australia Pty Ltd	Australia	(c)	**100**	100
Innerhadden Pty Ltd	Australia	(c)	**100**	100
ITC Portland Woodchip Terminal Pty Ltd	Australia	(f)	**100**	100
ITC Timerlands Pty Ltd	Australia	(a)	**100**	100
J.A. Gilmour & Sons (NSW) Pty Ltd	Australia	(f)	**100**	100
J.S. Brooksbank Pty Ltd	Australia	(f)	**100**	100
Jetoleaf Pty Ltd	Australia	(f)	**100**	100
JS Brooksbank & Co Australasia Ltd	New Zealand		**100**	100
JSB New Zealand Limited	New Zealand		**100**	100
Kentlake Holdings Pty Ltd	Australia	(f)	**100**	100
Keratin Holdings Pty Ltd	Australia	(a)	**100**	100
Killara Feedlot Pty Ltd	Australia	(a)	**100**	100
Kojonup Farm Pty Ltd	Australia	(f)	**100**	100
Leisure Industries International Pty Ltd	Australia	(f)	**100**	100
Manet Holdings Pty Ltd	Australia	(c)(i)	**-**	100
Manor Hill Pty Ltd	Australia	(f)	**100**	100
Marybrook Development Company Pty Ltd	Australia	(f)	**100**	100
Marybrook Investment Pty Ltd	Australia	(f)	**100**	100
Masterfund (WA) Pty Ltd	Australia	(f)	**100**	100
MCK Group Pty Ltd	Australia	(a)(b)	**100**	50
MCK Holdings (Australia) Pty Ltd	Australia	(a)(b)	**100**	50
MCK Holdings Pty Ltd	Australia	(a)(b)	**100**	50
MCK Pacific Pty Ltd	Australia	(a)(b)	**100**	50
Milltoc Pty Ltd	Australia	(c)	**100**	100
Mutual Benefit Consulting Pty Ltd	Australia	(f)	**100**	100
New Ashwick Pty Ltd	Australia	(f)	**100**	100
North Australian Cattle Company Pty Ltd	Australia	(a)	**100**	100
Pitt Son & Keene Pty Ltd	Australia	(f)	**100**	100
Plantation Pulpwood Terminals Pty Ltd	Australia	(f)	**100**	100
Plexicor Pty Ltd (formerly Domeni Pty Ltd)	Australia	(f)	**100**	100
Prestige Property Holdings Pty Ltd	Australia	(a)	**100**	100
Primac Elders Real Estate Pty Ltd	Australia	(f)	**100**	100
Primac Exports Pty Ltd	Australia	(c)	**100**	100
Primac Holdings Pty Ltd	Australia	(c)	**100**	100
Primac Pastoral Co Pty Ltd	Australia	(f)	**100**	100
Primac Pty Ltd	Australia	(c)	**100**	100
Primac Travel Pty Ltd	Australia	(f)	**100**	100
Rachid Fares Enterprises of Australia Pty Ltd	Australia	(f)	**100**	100
Redray Enterprises Pty Ltd	Australia	(c)	**100**	100
Relatran Pty Ltd	Australia	(f)	**100**	100
SA Bid Co Pty Ltd	Australia	(f)	**100**	100

Note 32. Investments in Controlled Entities (continued)

(a) Schedule of controlled entities (continued)

	Country of Incorporation		% Held by Group 2011	2010
Seed Production Limited	New Zealand	(g)	**50**	50
Steeden Holdings Pty Ltd	Australia	(f)	**100**	100
Steering Systems Australia Pty Ltd	Australia	(c)	**100**	100
Sycamore Enterprises Pty Ltd	Australia	(c)(i)	**-**	100
Sydney Woolbrokers Limited	Australia	(f)	**66**	66
Tashmore Pty Ltd	Australia	(f)	**100**	100
Therm Air Australia Pty Ltd	Australia	(c)	**100**	100
Tomkins Financial Services Pty Ltd	Australia	(f)	**100**	100
Topsoils of Australia Pty Ltd	Australia	(f)	**100**	100
Torrens Investments Pte Ltd	Singapore		**100**	100
Treecrop Pty Ltd	Australia	(f)	**100**	100
Trend-to-Zero Pty Ltd	Australia	(c)	**100**	100
Ultrasound Australia Pty Ltd	Australia	(a)	**100**	100
Ultrasound International Pty Ltd	Australia	(f)	**100**	100
Ultrasound Technical Services Pty Ltd	Australia	(f)	**100**	100
United Alliance Group Pty Ltd	Australia	(f)	**100**	100
Vickner Pty Ltd	Australia	(f)	**100**	100
Victorian Investment Corporation Pty Ltd	Australia	(c)	**100**	100
Victorian Producers Co-operative Company Pty Ltd	Australia	(c)	**100**	100
Vision Group of Companies Pty Ltd	Australia	(f)	**100**	100
Vockbay Pty Limited	Australia	(c)	**100**	100
WA Bid Co Pty Ltd	Australia	(f)	**100**	100
Windoware 2000 Pty Ltd	Australia	(f)	**100**	50
Wollkontor (London) Ltd	United Kingdom		**100**	100
Wool Exchange (WA) Pty Ltd	Australia	(f)	**67**	67
Wool Marketing Enterprises Pty Ltd	New Zealand	(g)	**25**	25
Yenley Pty Ltd	Australia	(f)	**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 (c).
- Entities acquired or registered during the period are denoted by (d).
- Entities exempted from audit requirements due to overseas legislation or non-corporate status are denoted by (e).
- Entities classified by the Corporations Act 2001 as small proprietary companies relieved from audit requirements are denoted by (f).
- Entities denoted by (g) are controlled entities, as the Group has the capacity to control via a dominance of financial, management and technological control.
- Entity denoted by (h) is a controlled special purpose entity related to trade receivable financing program.
- Entities denoted by (i) are entities that were disposed of, deregistered or liquidated during the year.

(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.

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 18 and in connection with the unsecured and convertible notes disclosed at note 20. 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.

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:

Note 32. Investments in Controlled Entities (continued)

(b) Deed of cross guarantee (continued)

	2011 $000	2010 $000
Statement of comprehensive income and retained earnings of the Closed Group		
Profit/(loss) from continuing operations before income tax	**(149,375)**	(106,488)
Income tax benefit/(expense)	**(9,896)**	(28,140)
Profit/(loss) after income tax from continuing operations	**(159,271)**	(134,628)
Profit/(loss) after tax from discontinued operation (refer note 39)	**(241,230)**	(1,378)
Net profit for the period	**(400,501)**	(136,006)
Other comprehensive income	**2,301**	447
Total comprehensive income for the period	**(398,200)**	(135,559)
Retained earnings at the beginning of the period	**(285,996)**	(213,142)
Impact of acquisitions/disposals	**214**	-
Impact of entities exiting or joining closed group	**(8,795)**	48,607
Transfers to and from reserves	**-**	14,545
Retained earnings at the end of the period	**(695,078)**	(285,996)
Consolidated statement of financial position of the Closed Group		
Current assets		
Cash and cash equivalents	**7,230**	1,805
Trade and other receivables	**537,822**	446,407
Livestock	**24,293**	12,416
Forestry	**-**	2,122
Inventories	**43,928**	47,346
Derivative financial instruments	**482**	-
Non current asset classified as held for sale	**83,573**	1,347
Other assets	**13,867**	13,278
Total current assets	**711,195**	524,721
Non current assets		
Receivables	**18,413**	48,052
Forestry	**-**	22,918
Other financial assets	**147,083**	373,097
Investments in associates and joint ventures	**81,719**	218,788
Property, plant and equipment	**47,429**	76,854
Investment property	**-**	261,496
Intangibles	**178,700**	133,703
Deferred tax assets	**106,926**	85,018
Other assets	**24,237**	19,077
Total non current assets	**604,507**	1,239,003
Total assets	**1,315,702**	1,763,724
Current liabilities		
Trade and other payables	**123,581**	81,961
Derivative financial instruments	**917**	19,882
Interest bearing loans and borrowings	**45,313**	23,129
Current tax liabilities	**84,299**	123,441
Provisions	**79,168**	23,375
Total current liabilities	**333,278**	271,788

Note 32. Investments in Controlled Entities (continued)

(b) Deed of cross guarantee (continued)

	2011 $000	2010 $000
Non current liabilities		
Payables	**496**	-
Interest bearing loans and borrowings	**229,025**	292,007
Deferred tax liabilities	**16,746**	17,897
Provisions	**14,318**	14,216
Total non current liabilities	**260,585**	324,120
Total liabilities	**593,863**	595,908
Net assets	**721,839**	1,167,816
Equity		
Contributed equity	**1,271,493**	1,273,863
Hybrid equity	**145,151**	145,151
Reserves	**273**	34,798
Retained earnings	**(695,078)**	(285,996)
Total equity	**721,839**	1,167,816

Note 33. Key Management Personnel

(a) Details of Key Management Personnel

Directors

JC Ballard	Chairman
CE Bright	Non Executive Director (resigned 16 December 2010)
RG Grigg	Non Executive Director
IG MacDonald	Non Executive Director
JH Ranck	Non Executive Director
RH Wylie	Non Executive Director
MC Allison	Non Executive Director
M Jackman	Managing Director and Chief Executive Officer

Other Key Management Personnel

M De Wit	Managing Director – Futuris Automotive Group Ltd
V Erasmus	Chief Operating Officer and Managing Director – Elders Forestry
M Hosking	Chief Financial Officer
S McClure	Group General Manager Strategy and Development
R Tanti	Group General Manager Human Resources (resigned 30 June 2011)
S Hughes	Chief Information Officer
A Dage	Group General Manager Trading

(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.

	2011 $	2010 $
Short term	**5,840,988**	5,905,128
Long term	**108,380**	101,798
Post employment	**231,216**	585,116
Termination benefits	**532,698**	695,975
Share based payments	**1,083,737**	1,024,603
	7,797,019	8,312,620

Note 33. Key Management Personnel (continued)

(c) Option holdings of Directors and other Key Management Personnel

(Number)	Balance at beginning of period	Options exercised	Options granted	Options lapsed / forfeited	Balance at end of period	Vested and exercisable at end of period
2011						
M De Wit	**40,000**	**-**	**-**	**(10,000)**	**30,000**	**30,000**
V Erasmus	**150,000**	**-**	**-**	**-**	**150,000**	**75,000**
S McClure	**22,500**	**-**	**-**	**-**	**22,500**	**12,500**
S Hughes	**15,000**	**-**	**-**	**-**	**15,000**	**-**
Total	**227,500**	**-**	**-**	**(10,000)**	**217,500**	**117,500**
2010						
M Jackman	400,000	-	-	(400,000)	-	-
M De Wit	50,000	-	-	(10,000)	40,000	20,000
M Guerin	150,000	-	-	(150,000)	-	-
V Erasmus	150,000	-	-	-	150,000	75,000
S McClure	22,500	-	-	-	22,500	5,000
S Hughes	15,000	-	-	-	15,000	-
Total	787,500	-	-	(560,000)	227,500	100,000

As at balance date there are $nil options (2010: $nil) which have vested but are unexercisable.

(d) Retention Rights of Directors and other Key Management Personnel

(Number) 2011	Balance at beginning of period	Rights exercised	Rights granted	Rights lapsed / forfeited	Balance at end of period	Vested at end of period
M Hosking	**-**	**-**	**1,518,839**	**-**	**1,518,839**	**-**
S McClure	**-**	**-**	**490,702**	**-**	**490,702**	**-**
S Hughes	**-**	**-**	**560,802**	**-**	**560,802**	**-**
A Dage	**-**	**-**	**889,077**	**-**	**889,077**	**-**
R Tanti	**-**	**-**	**390,171**	**(390,171)**	**-**	**-**
Total	**-**	**-**	**3,849,591**	**(390,171)**	**3,459,420**	**-**

(e) Long Term Incentive Rights held by Directors and other Key Management Personnel

(Number) 2011	Balance at beginning of period	Rights exercised	Rights granted	Rights lapsed / forfeited	Balance at end of period	Vested at end of period
M Jackman	**2,570,425**	**-**	**-**	**-**	**2,570,425**	**-**
M Hosking	**-**	**-**	**696,325**	**-**	**696,325**	**-**
S McClure	**-**	**-**	**352,809**	**-**	**352,809**	**-**
S Hughes	**-**	**-**	**467,559**	**-**	**467,559**	**-**
A Dage	**-**	**-**	**603,482**	**-**	**603,482**	**-**
Total	**2,570,425**	**-**	**2,120,175**	**-**	**4,690,600**	**-**
2010						
M Jackman	-	-	2,570,425	-	2,570,425	-
Total	-	-	2,570,425	-	2,570,425	-

Note 33. Key Management Personnel (continued)

(f) Shareholdings of Directors and other Key Management Personnel

(Ordinary shares) 2011	Balance at beginning of period	On exercise of options	Granted as remuneration	Net change other	Balance at end of period*
JC Ballard	**250,000**	-	-	-	**250,000**
CE Bright*	**21,479**	-	-	-	**21,479**
RG Grigg	**16,490**	-	-	-	**16,490**
IG MacDonald	**52,668**	-	-	-	**52,668**
JH Ranck	**128,334**	-	-	-	**128,334**
RH Wylie	**6,000**	-	-	-	**6,000**
M Jackman	**107,168**	-	-	-	**107,168**
M De Wit	**18,537**	-	-	-	**18,537**
V Erasmus	**1,998**	-	-	-	**1,998**
S McClure	**7,697**	-	-	-	**7,697**
S Hughes	**17,087**	-	-	-	**17,087**
A Dage	**90,000**	-	-	-	**90,000**
Total	**717,458**	-	-	-	**717,458**
2010					
S Gerlach*	60,683	-	-	13,334	74,017
JC Ballard	-	-	-	250,000	250,000
CE Bright	8,146	-	-	13,333	21,479
JC Fox*	2,677	-	-	13,334	16,011
RG Grigg	3,156	-	-	13,334	16,490
A Salim*	3,354,558	-	-	-	3,354,558
GD Walters*	16,100	-	-	13,334	29,434
IG MacDonald	26,000	-	-	26,668	52,668
JH Ranck	24,000	-	-	104,334	128,334
RH Wylie	-	-	-	6,000	6,000
M Jackman	13,000	-	-	94,168	107,168
M de Wit	5,203	-	-	13,334	18,537
M Guerin*	27,070	-	-	26,667	53,737
V Erasmus	1,998	-	-	-	1,998
S McClure	1,030	-	-	6,667	7,697
S Hughes	10,420	-	-	6,667	17,087
Total	3,554,041	-	-	601,174	4,155,215

(Hybrid equity) 2011					
M Jackman	**1,000**	-	-	-	**1,000**
2010					
M Jackman	1,000	-	-	-	1,000

* Balance at period end represents balance at date of cessation of services.

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.

(g) Loans to and transactions with Directors and other Key Management Personnel

As at 30 September 2011, a loan balance of $7,000 (2010: $7,000) was owing by V Erasmus.

During the 2011 financial year, JC Ballard purchased $16,408 worth of livestock and merchandise products from the Group, and sold $33,251 of livestock to the Group. During the 2010 financial year, CE Bright purchased $5,000 worth of merchandise from the Group. All transaction between Directors and Key Management Personnel are made at arm's length.

Other than those disclosed above, no other loans were granted to, and no other transactions were entered into, with Directors and other Key Management Personnel in either the 2010 or 2011 financial years.

Note 34. 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:

	2011	**2011**	2010	2010
	No. ('000)	**WAEP $**	No. ('000)	WAEP $
Outstanding at the beginning of the year	**1,380**	**19.27**	2,440	17.80
Lapsed during the year	**(427)**	**20.34**	(1,060)	15.85
Outstanding at the end of the year	**953**	**18.79**	1,380	19.27

The range of exercise prices for options outstanding at the end of the year was $12.90 - $24.50. The weighted average remaining contractual life for the share options outstanding as at 30 September 2011 is 1.08 years (2010: 1.53 years).

(b) Retention Plan (General)

The parent entity issues from time to time rights over ordinary shares to senior employees of the Group. The rights are issued at the sole discretion of the Directors as part of the employee's remuneration packages.

The Plan is designed 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.

As there are no vesting conditions other than continued employment, the fair value of the rights is equal to the share price on the day of issue, less any expected future dividends between the issue date and the vesting date. As at 30 September 2011 5,793,595 rights were outstanding, all with a maturity date of 1 August 2013. An expense of $1.4 million was recognised in profit and loss during the year in relation to the issue of service rights.

(c) Elders Long Term Incentive Rights Plans

The parent entity issues from time to time rights over ordinary shares to senior employees of the Group. The rights are issued at the sole discretion of the Directors as part of the employee's remuneration packages. Each right will convert to one ordinary share automatically on the vesting date assuming satisfaction of certain performance conditions as determined by the Board at the time of grant, continued employment (or earlier termination of employment for reason other than resignation or dismissal for poor performance or misconduct), and may vest earlier in the event of a takeover.

(i) CEO Long Term Incentive Plan
As at 30 September 2011 2,570,425 CEO rights were outstanding, with maturity dates between 10 November 2011 and 10 November 2015. An expense of $0.1 million was recognised in profit and loss during the year in relation to the rights issue.

(ii) Executive Long Term Incentive Plan
As at 30 September 2011 5,546,587 executive rights were outstanding, with maturity dates between 10 November 2012 and 10 November 2014. An expense of $0.4 million was recognised in profit and loss during the year in relation to the rights issue.

The fair value of the equity settled share rights was measured using the Monte Carlo simulation model, taking into account the terms and conditions upon which the instruments were granted.

Note 34. Share Based Payment Plans (continued)

(d) 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 (2010: 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.

Note 35. Related Party Disclosures

(a) Ultimate controlling entity

The ultimate controlling entity of the Group is Elders Limited.

(b) Transactions between Elders Limited (Parent Entity) and related parties in the wholly owned group

	2011 $000	2010 $000
Transactions with related parties in the wholly owned group:		
Intercompany loan movements	**865,741**	(596,326)
Interest recharged	**(34,322)**	(22,940)
Recharges – other	**(4,500)**	(3,500)
Balances with related parties in the wholly owned group:		
Owing to the Parent Entity	**527,680**	1,556,261
Owing from the Parent Entity	**(389,080)**	(590,742)
	138,600	965,519

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.

Note 35. Related Party Disclosures (continued)

(c) Transactions between controlled entities wholly owned and controlled entities not wholly owned

Details of entities not wholly owned are set out in note 32.

	2011 $000	2010 $000
Transactions with controlled entities not wholly owned:		
Intercompany loan movements	**10,401**	1,633
Dividends received	**2,286**	1,799
Sale of inventory	**-**	80
Loans advanced	**(27)**	-
Other	**-**	(66)
Balances with controlled entities not wholly owned:		
Owing to the Group	**334**	13,006
Owing from the Group	**(893)**	(905)
	(559)	12,101

Transactions with controlled entities not wholly owned are made in arms length transactions both at normal market prices and on normal commercial terms.

(d) Transactions between controlled entities and partly owned entities (associates and joint ventures)

Details of associates and joint ventures are set out in note 12.

	2011 $000	2010 $000
Transactions with partly owned entity		
Loan received	**1,754**	-
Loan repayments received	**5,830**	4,999
Interest received or receivable	**1,747**	2,646
Dividends received	**-**	30,781
Distribution fees received	**-**	22,593
Reimbursement of expense	**-**	26,732
Sale of inventory	**-**	5,383
Other services and recharges	**-**	10,405
Loans advanced	**(967)**	(4,450)
Capital contributions	**-**	(1,600)
Purchases	**-**	(64,726)
Entity no longer partly owned	**7,932**	689
Balances with partly owned entities:		
Owing to the Group	**23,356**	29,584
Owing from the Group	**(4,749)**	(2,000)
	18,607	27,584

Loans made to partly owned entities are priced on an arms length basis. 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.

Note 36. Earnings Per Share

	2011	2010
Weighted average number of ordinary shares ('000) used in calculating basic EPS	**448,598**	425,675
Dilutive share options ('000)	**471,306**	230,001
Adjusted weighted average number of ordinary shares used in calculating dilutive EPS ('000)	**919,904**	655,676

Hybrid notes have been included in the calculation of dilutive EPS, as they are believed to be dilutive when a statutory profit is made.

The following reflects the net profit/(loss) and share data used in the calculations of earnings per share (EPS):

	2011 $000	2010 $000
Reported operations		
Basic		
Net profit/(loss) attributable to members (after tax)	**(395,350)**	(217,628)
Dilutive		
Net profit/(loss) attributable to members (after tax)	**(395,350)**	(217,628)
Reported operations earnings per share:		
Basic earnings per share (cents per share)	**(88.1)¢**	(51.1)¢
Diluted earnings per share (cents per share)	**(88.1)¢**	(51.1)¢
Continuing operations		
Basic		
Net profit/(loss) attributable to members (after tax)	**(395,350)**	(217,628)
Less: Net loss/(profit) of discontinued operations (net of tax)	**297,501**	103,276
Net profit/(loss) of continuing operations (net of tax)	**(97,849)**	(114,352)
Dilutive		
Net profit/(loss) of continuing operations (net of tax)	**(97,849)**	(114,352)
Continuing operations earnings per share:		
Basic earnings per share (cents per share)	**(21.8)¢**	(26.9)¢
Diluted earnings per share (cents per share)	**(21.8)¢**	(26.9)¢
Discontinued operations		
Net profit/(loss) of discontinued operations (net of tax)	**(297,501)**	(103,276)
Discontinued operations earnings per share:		
Basic earnings per share (cents per share)	**(66.3)¢**	(24.3)¢
Diluted earnings per share (cents per share)	**(66.3)¢**	(24.3)¢

Note 37. Financial Instruments

The Group's principle financial instruments comprise receivables, payables, loans, finance leases, cash and other short term deposits and derivatives.

Risk exposures and responses

The Group manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets while protecting future financial security.

The group enters into derivative transactions, principally interest rate swap and forward currency contracts. The purpose is to manage the interest rate and currency risks arising from the Group's operations and its sources of finance. The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate and foreign exchange prices. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below.

(a) Interest rate risk

The Group's exposure to market interest rates relates primarily to the Groups short term and long term debt obligations. The level of debt is disclosed in note 18.

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:

	2011 $000	2010 $000
Financial assets		
Cash and cash equivalents	**81,614**	79,985
Amounts receivable from associated entities	**10,060**	14,213
	91,674	94,198
Financial liabilities		
Secured loans	**(424,596)**	(400,994)
Unsecured loans	**(1,828)**	(1,636)
	(426,424)	(402,630)
Net exposure	**(334,750)**	(308,432)

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 2011, 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)	
	2011 $000	2010 $000
+ 100 basis points	**(3,348)**	(3,084)
- 100 basis points	**3,348**	3,084

The impact on equity incorporates the impact on profit and is therefore of the same magnitude.

Note 37. Financial Instruments (continued)

(b) 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.

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 2011. 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.

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-5 years	> 5 years
	$000	$000	$000	$000	$000	$000
2011						
Non derivative financial assets:						
Cash and cash equivalents	**81,614**	**81,614**	**81,614**	**-**	**-**	**-**
Trade and other receivables	**580,877**	**587,719**	**566,189**	**1,924**	**19,606**	**-**
	662,491	**669,333**	**647,803**	**1,924**	**19,606**	**-**
Non derivative financial liabilities:						
Secured loans	**(424,596)**	**(473,514)**	**(173,513)**	**(52,007)**	**(247,994)**	**-**
Unsecured loans	**(1,828)**	**(2,216)**	**-**	**-**	**(2,216)**	**-**
Finance leases	**(640)**	**(721)**	**(199)**	**(198)**	**(324)**	**-**
Trade and other payables	**(436,499)**	**(436,499)**	**(433,916)**	**-**	**(2,583)**	**-**
Financial guarantees	**(19,241)**	**(19,241)**	**(19,241)**	**-**	**-**	**-**
	(882,804)	**(932,191)**	**(626,869)**	**(52,205)**	**(253,117)**	**-**
Net inflow/(outflow)	**(220,313)**	**(262,858)**	**20,934**	**(50,281)**	**(233,511)**	**-**
2010						
Non derivative financial assets:						
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
Non derivative financial liabilities:						
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	(358,469)	(358,469)	(357,283)	-	(1,186)	-
Financial guarantees	(19,030)	(19,030)	(19,030)	-	-	-
	(896,809)	(968,581)	(675,469)	(9,932)	(283,180)	-
Net inflow/(outflow)	(112,791)	2,789	(89,479)	(8,253)	(183,991)	284,512

Note 37. Financial Instruments (continued)

(b) 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.

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-5 years	> 5 years
	$000	$000	$000	$000	$000	$000
2011						
Derivative assets – net settled	**664**	**664**	**664**	**-**	**-**	**-**
Derivative liabilities – net settled	**(6,916)**	**(6,916)**	**(6,916)**	**-**	**-**	**-**
Total inflow/(outflow)	**(6,252)**	**(6,252)**	**(6,252)**	**-**	**-**	**-**
2010						
Derivative liabilities – net settled	(21,304)	(21,304)	(3,601)	-	(17,703)	-
Total inflow/(outflow)	(21,304)	(21,304)	(3,601)	-	(17,703)	-

(c) Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables, and derivative instruments. The Group's exposures to credit risk arise from potential default of the counterparty, with the maximum exposure equal to the carrying amount of the financial assets.

The ageing of the Groups' trade and other receivables at balance date is reported at note 6. 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. The Group's maximum exposure to credit risk at the reporting date was:

	2011 $000	2010 $000
Cash and cash equivalents	**81,614**	79,985
Trade and other receivables	**580,877**	704,033
Derivative financial assets	**664**	-
	663,155	784,018
Location of credit risk		
Australia	**494,207**	637,799
New Zealand	**47,629**	47,765
Asia (excluding China)	**8,553**	5,467
China	**25,326**	6,528
Europe	**1,130**	2,727
North America	**1,765**	-
Other	**2,267**	3,747
Total gross receivables	**580,877**	704,033

Note 37. Financial Instruments (continued)

(c) Credit risk (continued)

	2011 $000	2010 $000
Industry classification		
Rural	**302,944**	273,860
Forestry	**16,058**	194,351
Automotive	**67,193**	63,148
Investment and other	**194,682**	172,674
Total gross receivables	**580,877**	704,033

(d) 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 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.

At 30 September 2011, the Group had the following AUD exposures to foreign currencies that were not designated in cash flow hedges:

Financial assets		
Cash and cash equivalents – EUR	**5,594**	7,285
Cash and cash equivalents – USD	**3,906**	15,218
Cash and cash equivalents – NZD	**5,101**	2,623
Cash and cash equivalents – CNY	**1,747**	1,364
Cash and cash equivalents – Other	**5,746**	517
Receivables – EUR	**1,701**	2,891
Receivables – USD	**21,334**	3,205
Receivables – NZD	**50,821**	49,340
Receivables – CNY	**3,173**	3,973
Receivables – ZAR	**1,444**	1,622
Receivables – Other	**8,752**	2,093
	109,319	90,131

Note 37. Financial Instruments (continued)

(d) Foreign Currency Risk (continued)

	2011 $000	2010 $000
Financial liabilities		
Payables – EUR	**(8,445)**	(6,082)
Payables – USD	**(5,293)**	(7,283)
Payables – NZD	**(24,489)**	(22,672)
Payables – CNY	**(1,478)**	(2,146)
Payables – ZAR	**(2,531)**	-
Payables – Other	**(6,587)**	(1,173)
Interest bearing loans and borrowings – USD	**-**	(108,637)
Interest bearing loans and borrowings – NZD	**(10,642)**	(13,159)
Interest bearing loans and borrowings – CNY	**(1,320)**	(2,551)
Interest bearing loans and borrowings – ZAR	**(945)**	-
	(61,730)	(163,703)
Net exposure	**47,589**	(73,572)

Given the foreign currency balances included in the Statement of Financial Position 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)	
	2011 $000	2010 $000
EUR	**115**	(409)
USD	**(1,995)**	9,750
NZD	**(2,079)**	(1,613)
CNY	**(212)**	(64)
ZAR	**203**	(162)
Other	**(791)**	(144)

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.

Note 37. Financial Instruments (continued)

(e) 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:

	2011			2010		
	Quoted market price (Level 1)	**Valuation technique - market observable inputs (Level 2)**	**Valuation technique – non market observable inputs (Level 3)**	Quoted market price (Level 1)	Valuation technique - market observable inputs (Level 2)	Valuation technique – non market observable inputs (Level 3)
	$000	**$000**	**$000**	$000	$000	$000
Financial assets						
Derivatives	**-**	**664**	**-**	-	-	-
Financial liabilities						
Derivatives	**-**	**(6,916)**	**-**	-	(21,304)	-
	-	**(6,252)**	**-**	-	(21,304)	-

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 38. Business Combinations – Changes in the Composition of the Entity

(a) Controlled entities acquired

During the period there were immaterial business combinations that resulted in $1.8 million of goodwill being recognised.

Prior Period acquisitions
During the prior year the Group obtained control of the following material entities:
- Plantation Pulpwood Terminals Pty Ltd
- MCK Holdings Pty Ltd.

The accounting for both business combinations was provisional in the 2010 financial report on the basis that formal valuations of all assets and liabilities acquired were not finalised as at 30 September 2010. In accordance with AASB 3 Business Combinations, the Group has obtained formal valuations in respect to each entity.

No adjustments to the provisional accounting for Plantation Pulpwood Terminals Pty Ltd have been required however adjustments, including recognition of separately identifiable intangible assets, to the provisional accounting for MCK Holdings Pty Ltd have been made. These adjustments have been recorded retrospectively to the 2010 position.

Note 38. Business Combinations – Changes in the Composition of the Entity (continued)

(a) Controlled entities acquired (continued)

Final accounting for Plantation Pulpwood Terminals Pty Ltd (PPT) acquisition

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 prior period:

	Date Control Acquired	Proportion of Shares Acquired	Provisional 2010 $000	**Final 2010 $000**
	30 Aug 2010	50%		
Purchase consideration			7,641	**7,641**
Value of initial investment			-	**-**
Fair value adjustment on initial investment			-	**-**
Total consideration			7,641	**7,641**
Fair value of identifiable net assets acquired (see below)			12,641	**12,641**
Goodwill/(discount) on acquisition			(5,000)	**(5,000)**

The aggregate amounts of assets and liabilities acquired by major class:

	Acquiree's carrying amount $000	Provisional fair value $000	**Final fair value $000**
Cash and cash equivalents	412	412	**412**
Property, plant and equipment	15,320	20,320	**20,320**
Other assets	583	583	**583**
Trade and other payables	(8,542)	(8,542)	**(8,542)**
Provisions	(132)	(132)	**(132)**
Net identifiable assets acquired	7,641	12,641	**12,641**

Final accounting for MCK Holdings Pty Ltd (Plexicor) acquisition

The Group previously held a 50% interest in Plexicor which had been classified as an equity accounted investment. As at 30 September 2010 the Group determined that due to the influence Elders had over the operating and financial policies of Plexicor that control of that business existed.

At 30 September 2010, the external 50% shareholders had a put option for the remaining 50% of Plexicor. Due to the certainty of the option being exercised this amount was 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.

During the current year management have received independent valuations of the property, plant and equipment and separately identifiable intangible assets acquired in the business combination. This has resulted in adjustments to the acquisition accounting detailed below. The material separately identifiable intangible assets acquired consist of customer contracts and relationships. These intangible assets have been amortised in the current year with the financial impact recorded in the Statement of Comprehensive Income.

Note 38. Business Combinations – Changes in the Composition of the Entity (continued)

(a) Controlled Entities Acquired (continued)

Equity and consideration paid in prior period:

	Date Control Acquired	Proportion of Shares Acquired	Provisional 2010 $000	**Final 2010 $000**
	30 Sep 2010	50%		
Purchase consideration			27,100	**27,404**
Value of initial investment			20,941	**20,941**
Fair value adjustment on initial investment			-	**-**
Total consideration			48,041	**48,345**
Fair value of identifiable net assets acquired (see below)			(50,044)	**(39,154)**
Goodwill/(discount) on acquisition			98,085	**87,499**

The aggregate amounts of assets and liabilities acquired by major class:

	Acquiree's carrying amount $000	Provisional fair value $000	**Final fair value $000**
Cash and cash equivalents	12,540	12,540	**12,540**
Trade and other receivables	9,927	9,927	**9,927**
Inventories	6,829	6,829	**6,829**
Property, plant and equipment	9,859	9,859	**8,849**
Intangibles	-	-	**11,900**
Goodwill	12,022	-	**-**
Other assets	142	142	**142**
Tax assets and liabilities	2,914	(189)	**(189)**
Derivatives	(75)	(75)	**(75)**
Trade and other payables	(22,543)	(22,543)	**(22,543)**
Provisions	(2,234)	(2,234)	**(2,234)**
Interest bearing loans and liabilities	(64,300)	(64,300)	**(64,300)**
Net identifiable assets acquired	(34,919)	(50,044)	**(39,154)**

During the prior period there were other immaterial business combinations that resulted in $2.3m of goodwill being recognised.

Note 38. Business Combinations – Changes in the Composition of the Entity (continued)

(b) Controlled entities disposed

There were no controlled entities disposed of in the 2011 financial year.

	2011 $000	2010 $000
Proceeds received on disposal of assets/shares		
Cash	-	4,934
Share capital (i)	-	4,804
Cash balance disposed	-	(336)
Less costs of disposal	-	(51)
	-	9,351
The carrying amounts of assets and liabilities disposed of by major class are:		
Trade and other receivables	-	870
Other assets	-	148
Property, plant and equipment	-	70
Intangibles	-	15,755
Tax assets and liabilities	-	(32)
Trade and other payables	-	(5,648)
Provisions	-	(232)
Net assets/(liabilities) of entity sold	-	10,931
Profit/(loss) on disposal (before tax)	-	(1,580)
Additional loss on timber sale	-	(7,374)
Total profit/(loss) on disposal of controlled entities	-	(8,954)

(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 net assets in Elders Trustees Ltd and Tomkin 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 an 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.

Note 39. Discontinued Operations

Financial period 30 September 2011
As announced on 3 October 2011 the Board of Directors have resolved that the operations of the Group's Forestry division, a division which has interests in forestry plantations, will be held for sale. Refer to (a) below for further details.

Additionally results from the Group's investment in Elders Toepfer Grain Pty Ltd ("ETG"), Rural Bank Limited, Elf Pty Ltd (Hi-Fert) and the Torrens were classified as discontinued during the current year. These operations form part of the Rural Services segment. As required by AASB 5 Non-current Assets Held for Sale and Discontinued Operations the 2010 comparative discontinued operations disclosed below have been re-presented to show the effects of these classifications.

The Group's investment in ETG was sold during the period to Toepfer International. This resulted in a loss on sale of $5.0 million. In addition equity accounted losses of $8.9 million were recognised in the year.

The Rural Bank Limited investment was sold to Bendigo and Adelaide Bank Limited on 10 December 2010. Proceeds on sale were $166.6 million less transaction costs of $2.7 million. The profit on sale was $17.7 million.

The Group's shipping operation, the MV Torrens, was disposed on 30 September 2011. The Group has entered into a charter arrangement with the purchaser to continue to utilise the vessel for its live export operations.

During the year the Group entered into an arrangement to divest its shareholding in Hi-Fert under a call option agreement with Agrium Inc, its other shareholder. Agrium declined to exercise this option and Hi-Fert was subsequently placed in administration. An impairment of $10.6 million was recorded in the current year reducing the carrying value of the investment to nil.

Financial period 30 September 2010
Operations within Wool Processing, Seed Processing, Financial Planning, New Zealand Real Estate, Automotive Air Conditioning and results of Forest Enterprises Australia and Smartfibre Limited were classified as discontinued operations, or were disposed of during the period ended 30 September 2010 and reported as discontinued operations.

These items, with the exception of Automotive Air Conditioning and the investment in Forest Enterprises Australia, continue to be classified as discontinued operations in the current financial year.

Note 39. Discontinued Operations (continued)

	Continuing 2011 $000	Discontinued 2011 $000	Total 2011 $000	Continuing 2010 $000	Discontinued 2010 $000	Total 2010 $000
Sales revenue	**2,263,116**	**95,563**	**2,358,679**	1,958,068	196,313	2,154,381
Cost of sales	**(1,816,539)**	**(82,067)**	**(1,898,606)**	(1,523,186)	(165,833)	(1,689,019)
Other revenues	**20,912**	**16,191**	**37,103**	22,852	13,095	35,947
Other expenses	**(525,783)**	**(366,080)**	**(891,863)**	(513,108)	(192,145)	(705,253)
Share of profit of associates and joint ventures	**12,085**	**(8,921)**	**3,164**	10,489	23,254	33,743
Profit/(loss) on sale of non current assets	**(3,936)**	**6,472**	**2,536**	(709)	(8,861)	(9,570)
Profit/(loss) before net borrowing costs and tax expense	**(50,145)**	**(338,842)**	**(388,987)**	(45,594)	(134,177)	(179,771)
Interest revenue	**21,792**	**292**	**22,084**	25,201	1,759	26,960
Finance costs	**(77,388)**	**(333)**	**(77,721)**	(57,823)	(1,025)	(58,848)
Profit/(loss) before tax expense	**(105,741)**	**(338,883)**	**(444,624)**	(78,216)	(133,443)	(211,659)
Income tax benefit/(expense)	**12,074**	**41,382**	**53,456**	(31,019)	30,167	(852)
Net profit/(loss) for year	**(93,667)**	**(297,501)**	**(391,168)**	(109,235)	(103,276)	(212,511)
Net profit/(loss) attributable to non-controlling interest	**4,182**	**-**	**4,182**	5,117	-	5,117
Net profit/(loss) attributable to members of the parent entity	**(97,849)**	**(297,501)**	**(395,350)**	(114,352)	(103,276)	(217,628)
Revenue and expenses						
Sales revenue:						
Sale of goods	**1,818,755**	**75,637**	**1,894,392**	1,578,298	167,610	1,745,908
Sale of biological assets	**204,104**	**-**	**204,104**	146,181	-	146,181
Commission and other selling charges	**209,569**	**2,100**	**211,669**	202,561	3,064	205,625
Other sales related income	**30,688**	**17,826**	**48,514**	31,028	25,639	56,667
	2,263,116	**95,563**	**2,358,679**	1,958,068	196,313	2,154,381
Other expenses:						
Distribution expenses	**263,829**	**9,423**	**273,252**	273,666	9,182	282,848
Marketing expenses	**7,960**	**818**	**8,778**	4,646	1,968	6,614
Occupancy expenses	**36,999**	**980**	**37,979**	39,718	1,385	41,103
Administrative expenses	**130,088**	**18,699**	**148,787**	143,079	22,748	165,827
Forestry fair value adjustments	**54,727**	**325,583**	**380,310**	15,844	143,838	159,682
Write down of assets to be divested or discontinued	**-**	**10,577**	**10,577**	-	13,024	13,024
Impairment of assets retained	**7,252**	**-**	**7,252**	5,095	-	5,095
Restructuring, redundancy and refinancing costs	**18,253**	**-**	**18,253**	27,279	-	27,279
Change in fair value of financial and other assets	**-**	**-**	**-**	1,409	-	1,409
Other expenses	**6,675**	**-**	**6,675**	2,372	-	2,372
	525,783	**366,080**	**891,863**	513,108	192,145	705,253
Profit/(loss) on sale of non current assets						
Other financial assets	**-**	**-**	**-**	-	125	125
Non current assets held for sale	**-**	**588**	**588**	-	-	-
Equity accounted investments	**-**	**12,667**	**12,667**	-	-	-
Property, plant and equipment	**(403)**	**500**	**97**	(709)	(20)	(729)
Investment property	**-**	**(7,283)**	**(7,283)**	-	(12)	(12)
Intangibles	**(3,533)**	**-**	**(3,533)**	-	-	-
Controlled entities	**-**	**-**	**-**	-	(8,954)	(8,954)
	(3,936)	**6,472**	**2,536**	(709)	(8,861)	(9,570)

Note 39. Discontinued Operations (continued)

The net cash flow of the discontinued operations are as follows:

	2011 $000	2010 $000
Operating activities	**(23,476)**	(28,681)
Investing activities	**24,035**	90,069
Financing activities	**5,157**	(64,620)
Net cash inflow / (outflow)	**5,716**	(3,232)

(a) Assets and liabilities – held for sale operations

Forestry assets (i)		
Receivables	**44,031**	-
Investments in associates and joint ventures	**1,726**	1,676
Property, plant and equipment	**21,030**	-
Investment property	**114,561**	1,347
	181,348	3,023
Other (ii)	**4,511**	15,088
Fair value less costs to sell at the end of the period	**185,859**	18,111

(i) Forestry assets

As announced by the Company on 3 October 2011 the Board of Directors have resolved that all operations of the Group's Forestry division would be held for sale, effective 30 September 2011. This decision has been made following the receipt of credible, non-binding offers for various pulpwood plantation assets and the continued progress of divestment of forestry land situated in central Queensland. It is considered that shareholder value is better served by withdrawal from the Forestry sector to release and redirect capital to debt reduction and reinvestment in other operations.

The Forestry division comprises a number of separate disposal groups. The disposal groups are Pulpwood, Sandalwood, Red Mahogany, Teak, Central Queensland land, the investment in Smartfibre and the Grower loan book. The major classes of assets within the disposal groups are receivables, accrued income, investment properties and property, plant and equipment. There may be factors beyond the Group's control that impact the timing of the ultimate sale of these disposal groups however at present it is expected all disposal groups will be sold within twelve months of balance date.

Liabilities have also been recognised as a result of classifying the Forestry division as held for sale. Where it is expected that these liabilities will be settled and not sold to third parties they have been treated as part of continuing operations as they do not meet the accounting standard requirements of held for sale.

All disposal groups are reported in the Forestry segment as detailed in Note 29 of the financial report.

On transfer to the non current asset classified as held for sale category a number of fair value adjustments have been recognised to revalue these assets to the lower of their carrying value or fair value less costs to sell. These impairments arise from the following asset categories:

Note 39. Discontinued Operations (continued)

(i) Forestry assets (continued)

	2011 $000	2010 $000
Forestry assets – adjustments to carrying amounts on transfer to held for sale		
Receivables	**149,713**	-
Forestry	**25,462**	-
Inventory	**3,494**	-
Property, plant and equipment	**6,300**	-
Investment properties	**139,157**	-
	324,126	-

In addition, provisions for onerous leases and other obligations of $52.9 million have been recognised given the decision to hold the various disposal groups within the Forestry division for sale.

(ii) Other assets

The Group's investments in Hi-Fert and Seafood Delicacies Ltd are held for sale and have been classified in the statement of financial position as 'Non current assets held for sale' totalling $4.5 million (2010: $15.1 million).

Note 40. Parent Entity

Information relating to the parent entity of the Group, Elders Limited:

Current assets	**529,242**	1,565,025
Non current assets	**568,732**	546,680
Total assets	**1,097,974**	2,111,705
Current liabilities	**373,506**	610,620
Non current liabilities	**-**	99,863
Total liabilities	**373,506**	710,483
Net assets	**724,468**	1,401,222
Issued capital	**1,271,493**	1,273,863
Hybrid equity	**145,151**	145,151
Retained earnings	**(700,527)**	(15,571)
Employee equity reserve	**11,345**	11,132
Net unrealised gain reserve	**-**	351
Reserved shares reserve	**(2,994)**	(13,704)
Total equity	**724,468**	1,401,222

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 company's 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 unsecured notes.

Note 41. Subsequent Events

There is no matter or circumstance that has arisen since 30 September 2011 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:

1. In the opinion of the Directors:

(a) the financial statements and notes of Elders Limited for the financial year ended 30 September 2011 are in accordance with the Corporations Act 2001, including:

(i) Giving a true and fair view of its financial position as at 30 September 2011 and of its performance for the year ended on that date; and

(ii) Complying with Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(b)

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the year ended 30 September 2011.

3. In the opinion of the Directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 32 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the deed of cross guarantee.

On behalf of the Board

J C Ballard
Chairman

M G Jackman
Director

Adelaide
14 November 2011

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Independent audit report to members of Elders Limited

Report on the financial report

We have audited the accompanying financial report of Elders Limited, which comprises the consolidated statement of financial position as at 30 September 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(b), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers 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 complied with 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.

Opinion

In our opinion:

a. 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 as at 30 September 2011 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1 (b)

Report on the remuneration report

We have audited the Remuneration Report included in pages 37 to 58 of the directors' report for the year ended 30 September 2011. 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.

Opinion

In our opinion, the Remuneration Report of Elders Limited for the year ended 30 September 2011, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Mark Phelps

Mark Phelps
Partner
Adelaide
14 November 2011

ASX Additional Information

(a) Distribution of Equity Securities as at 31 October 2011

	No. of Shares	No. of Holders	No. of Hybrids	No. of Holders
1 - 1,000	5,637,986	19,428	556,698	2,207
1,001 - 5,000	20,011,327	7,560	301,004	142
5,001 - 10,000	23,330,586	2,995	119,450	16
10,001 - 100,000	115,176,839	4,601	352,789	13
100,001 - maximum	284,441,742	303	170,059	1
	448,598,480	**34,887**	**1,500,000**	**2,379**

	Ordinary Shares	Hybrids
The number of holders holding less than a marketable parcel	21,451	12

(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 31 October 2011

The twenty largest holders of Elders Ordinary Shares were as follows:	No. of Shares	% of Shares
Citicorp Nominees Pty Limited	53,446,288	11.91
Merrill Lynch (Australia) Nominees Pty Limited	45,722,471	10.19
National Nominees Limited	24,453,116	5.45
HSBC Custody Nominees (Australia) Limited	17,586,531	3.92
J P Morgan Nominees Australia Limited	14,450,913	3.22
HSBC Custody Nominees (Australia) Limited - A/C 2	14,276,247	3.18
Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	13,473,232	3.00
J P Morgan Nominees Australia Limited <Cash Income A/C>	7,618,130	1.70
Mr Adam Leon Ehrlich	3,500,000	0.78
Pacific Agrifoods Investments Pty Ltd	3,354,557	0.75
Mr Vasilios Votsaris	2,858,320	0.64
Heytesbury Pty Ltd	2,833,055	0.63
Pan Australian Nominees Pty Limited	2,408,969	0.54
Queensland Investment Corporation	2,173,327	0.48
Netherhill Pty Ltd	2,000,000	0.45
Suncorp Custodian Services Pty Limited <Sgaeit>	1,891,584	0.42
M F Custodians Ltd	1,594,259	0.36
Mr Kevin David Pfeiffer	1,500,330	0.33
Choice Petfoods Pty Ltd <The D Backman Family A/C>	1,500,000	0.33
Ocean View Nominees Pty Ltd <The P T Lionetti Family A/C>	1,150,000	0.26
Total	**217,791,329**	**48.55**

Total held by twenty largest ordinary shareholders as a percentage of this class is 48.55%

The twenty largest holders of Elders Hybrids were as follows:	Hybrids	% of Hybrids
J P Morgan Nominees Australia Limited <Cash Income A/C>	170,059	11.34
The Australian National University	50,000	3.33
Sandhurst Trustees Ltd <JMFG Consol A/C>	47,267	3.15
Cogent Nominees Pty Limited	37,416	2.49
Rotarn Pty Ltd <Rotarn Operating A/C>	27,218	1.81
J P Morgan Nominees Australia Limited	26,735	1.78
Gwynvill Trading Pty Limited	25,711	1.71
M F Custodians Ltd	24,858	1.66
National Nominees Limited	24,263	1.62
Brazil Farming Pty Ltd	19,900	1.33
Masfen Securities Limited	19,827	1.32
Bond Street Custodians Limited <Officium Special Situat A/C>	19,674	1.31
Luton Pty Ltd	19,000	1.27
RBC Dexia Investor Services Australia Nominees Pty Limited <GSENIP A/C>	10,920	0.73
Di Iulio Homes Pty Limited <Di Iulio Super Fund A/C>	10,000	0.67
Mr Guthrie John Williamson	10,000	0.67
Pan Australian Nominees Pty Limited	9,567	0.64
Equitas Nominees Pty Limited <PB MML 2656876 A/C>	9,081	0.61
3rd Pulitano Incorporation Pty Ltd <Giuseppe Pulitano Family A/C>	8,361	0.56
Apollo Holdings Limited	7,786	0.52
Total	**577,643**	**38.51**

Total held by twenty largest hybrid holders as a percentage of this class is 38.51%

(e) The number of shares held by the substantial shareholders listed on the Company's register of substantial shareholders as at 31 October 2011 were:

Shareholder	Number of shares
Mathews Capital Partners Pty Ltd – The Sabre Fund Mathews Capital Partners Pty Ltd – Focus Asset Management Pty Ltd ("Mathews")	48,938,821
QBE Insurance Group Limited	44,882,132
DFA Group	22,454,288

Shareholder Information

Share Registry

Computershare Investor Services Pty Ltd
Level 5, 115 Grenfell Street,
Adelaide, South Australia, 5000
Telephone: 1300 55 61 61
Facsimile: +61 (0)8 8236 2305
Website: www.computershare.com.au

Enquiries and share registry address

Shareholders with enquiries about their shareholdings should contact the Company's share registry, Computershare Investor Services Pty Ltd, on telephone: 1300 55 61 61.

Online shareholder information

Shareholders can obtain information about their holdings or view their account instructions online, as well as download forms to update their holder details. For identification and security purposes, you will need to know your Holder Identification Number (HIN/SRN), Surname/Company Name and Post/Country Code to access. This service is accessible via the Investor Centre on the Company's website or direct via the Computershare website.

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.

Notes

Company Directory

Directors
Mr John C Ballard MBA, FAICD, Chairman
Mr Malcolm G Jackman BSc Bcom, Managing Director
Mr Mark C Allison, BAgrSC, BEcon, GDM, FAICD
Mr Raymond G Grigg FSAE-I, FAICD
Mr Ian G MacDonald SF, Fin
Mr James H Ranck BS Econ FAICD
Mr Rob H Wylie, FCA

Secretaries
Mr Peter G Hastings BA LLB GDLP
Ms Sarah J Graves BA LLB GDLP ACIS

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
Commonwealth Bank of Australia
National Australia Bank
Rural Bank Limited
Coöperative Centrale Raiffeisen – Boerenleenbank
(Rabobank Australia)

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
The Trust Company (Australia) Limited (formerly known as Permanent Trustee Company Limited)
Level 3, 530 Collins Street
Melbourne, Victoria, 3000

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