

New Zealand Wool Services
INTERNATIONAL LIMITED

Annual Report 2009



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Dear Shareholders

New Zealand Wool Services International Limited (WSI) presents its full year results for the year ended 30 June 2009.

The group reports a loss of \$4.38 million after tax, compared to last year's profit of \$2.39 million. This result can be broken down as follows:

Operating Result

A tax paid operating profit of \$0.514 million for the financial year ended 30 June.

While operating performance in the first six months was good, the second half of the financial year was adversely affected by the world credit crisis, which precipitated the worst recession for 70 years, resulting in:

- a slow moving wool commodity market, affecting stock turnover and scouring volumes;
- difficult trading conditions impacting a number of our customers, resulting in bankruptcies, affecting the ability of others to pay, or at least pay on time, and forcing others to default on contracts;
- a collapse in wool prices, along with major fluctuations in the rate of exchange.

Non Operating Activities

Despite the positive operating performance, two non-trading items have affected the final reported result, which means the group reports an accounting loss for the year of \$4.38 million:

1. A negative tax adjustment of \$1.685 million, due to a determination received from the Inland Revenue Department (IRD) declining a deduction in the 2007 year. While directors have received professional advice that the company has a strong case to challenge the IRD determination and will do so vigorously, they have taken the view that while uncertainty exists as to the final tax position, provision should be made for this amount.
2. A post tax effect write off of \$3.209 million, being the investment WSI contributed towards rationalising the scouring industry. This investment was made in the best long term interests of WSI shareholders and New Zealand wool growers, and is likely to provide the company improved future profitability.

However, as these benefits are yet to accrue, directors have taken the conservative view to expense this investment in the year made.

Group	2009 \$000	2008 \$000
Operating revenue	150,561	179,215
Operating surplus before tax	1,073	3,580
Income tax expense	(559)	(1,190)
Operating surplus after tax	514	2,390
Non operating costs	(4,894)	-
Net surplus/(deficit)	(4,380)	2,390
Total equity	30,355	35,107

Marketing and export

In the year under review, export turnover fell 16 per cent. While this would normally be a disappointment, under the present international economic circumstances it is understandable.

Europe and the United States experienced the most significant effects of the international credit crisis and recession. As a consequence we closed our United Kingdom subsidiary and are now dealing direct with customers in Europe and the United Kingdom. To mitigate this office closure we have also strengthened long standing agency connections through our Raymond Dale acquisition.

While the older economies suffered, Asian markets withstood the downturn more robustly.

In particular we anticipate China and India will recover more quickly, with manufacturing business increasingly migrating to Asia as international economic revitalisation progresses. Our existing offices and networks in both these countries will enable WSI to capitalise on this trend.

Currency fluctuation hindered our trading performance. During the year the New Zealand dollar dropped against the United States dollar from 80 cents to 50 cents, then recovered to 65 cents at year end. Since balance date it has appreciated further, rising past 70 cents. Normally currency devaluation precipitates a corresponding rise in wool prices. This time the opposite occurred: wool prices and the New Zealand dollar dropped simultaneously, further damaging our profitability.

We rationalised the business of our subsidiary Raymond Dale Wool Marketing Limited. All its administration functions are now handled at WSI head office in Christchurch, creating considerable cost savings.

Purelana

With a number of refinements during the year, Purelana continues to gain momentum, and is one of the reasons for confidence as the company emerges from recession.

Purelana was developed to maintain and strengthen our export offering, taking advantage of the superior qualities of New Zealand strong wool, and the company's unparalleled vertical integration from grower to processor to market.

Our clients increasingly recognise Purelana wool for its consistency, reliability and superior quality.

Likewise, more and more woolgrowers acknowledge the inherent benefits of the brand and consign their wool clip for processing into Purelana, seeing it as a step in the right direction for the New Zealand wool industry.

Purelana's brand strategy is based on exclusive supply contracts with woolgrowers, connecting the farm gate to the world market. An added advantage of direct supply contracts, for both woolgrowers and WSI, is the removal of uncertainty associated with the traditional auction system.

Processing

Our North and South Island scouring plants, at Whakatu and Kaputone respectively, performed well.

We expanded storage at both scours, improving flows to supply each and increasing our ability to process wool in a timely manner. Stock levels are lower than for many years and we have improved stock turn.

Rationalisation within the New Zealand wool-scouring sector, in part driven by reduced wool volumes, was confirmed by a Commerce Commission decision in March 2009 enabling one of the other players in the sector to acquire significant assets of a third party.

While WSI had no direct part in this acquisition, it did contribute financially to enable the acquisition to take place. This rationalisation is good news for WSI in the longer term as the closure of Clifton wool scour in Invercargill and most of the productive capacity of Clive wool scour in Hawkes Bay removes facilities and shrinks the country's scouring capacity closer to actual wool production.

WSI's role in this rationalisation involved absorbing plant and equipment from the redundant scours to the industry's best advantage. We now own two of the five wool scours that remain in operation in New Zealand. Throughput at these remaining plants will inevitably rise as the world economy improves.

Consolidating production into more modern and efficient scours, where quality control is easier to achieve, will work to the long-term advantage of all parties involved in growing, processing and exporting New Zealand wool.

Procurement

WSI remains committed to addressing its production requirements and fulfilling the orders of its clients through diversified procurement alternatives, including the traditional auction system and on-line tendering.

As noted above, ongoing development of the Purelana direct supply initiative continued to set standards for innovation in the relationship between woolgrowers and the rest of the industry.

Our strong ties with Canterbury Romney and its well-established supplier network provide a mainstay of our procurement operation in the South Island. In the North Island part ownership of Rural Wool Link serves a similar function, enabling WSI to source wool on a regular basis.

We will continue to develop and implement these and other procurement strategies to enact our philosophy of bringing growers closer to the market wherever possible.

Outlook

In previous years we have noted the importance of reform for the New Zealand wool industry. As noted above, rationalisation of wool scours is a positive step but much more needs to be done to rejuvenate the industry.

Economic uncertainty and disruption of markets during the year has further reinforced the view that reform must occur in the marketing and distribution of New Zealand wool.

Wherever possible, we are working with like-minded organisations to accelerate the process. When it happens, WSI is well positioned to play an important role in a future that provides better returns for all participants.

Given the adverse conditions in 2008/09, we have weathered the storm of economic recession reasonably well. Where we can control critical factors, we are confident about our result in the coming year. Unfortunately, exchange rates remain a major determinant over which we have no control.

Trend statement

	2009	2008	2007	2006	2005
In thousands of New Zealand dollars					
Financial Performance					
Operating revenue	150,561	179,215	144,599	131,599	119,052
Surplus before tax	(3,821)	3,580	1,948	4,429	561
Income tax	(559)	(1,190)	920	(1,521)	424
Minority interests share of surplus	-	-	-	(48)	(10)
Operating surplus after tax and minority interests	(4,380)	2,390	2,868	2,860	975
Financial Position					
Total current assets	61,663	100,637	77,804	47,149	40,562
Total non current assets	25,612	25,142	26,506	17,599	18,800
Total assets	87,275	125,779	103,590	64,748	59,362
Total current liabilities	56,061	90,187	66,549	28,590	24,374
Total non current liabilities	859	485	4,336	5,203	6,141
Total liabilities	56,920	90,672	70,885	33,793	30,515
Paid in capital	28,804	28,804	28,804	28,804	28,804
Minority interests	-	-	-	2,047	2,115
Other equity	1,551	6,303	3,901	104	(2,072)
Total equity	30,355	35,107	32,705	30,955	28,847
Dividend per share (cents) (all fully imputed)	-	1	-	3	1

Directors' declaration

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In the opinion of the directors of New Zealand Wool Services International Limited, the financial statements and notes, on pages 9 to 50:

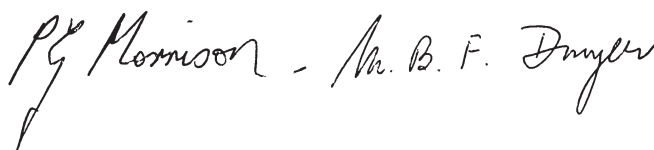
- comply with New Zealand generally accepted accounting practice and give a true and fair view of the financial position of the company and the group as at 30 June 2009 and the results of their operations and cash flows for the year ended on that date;
- have been prepared using appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.

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

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

The directors are pleased to present the financial statements of New Zealand Wool Services International Limited for the year ended 30 June 2009.

For and on behalf of the board of directors:



P G Morrison
Director
9 October 2009

M B F Dwyer
Director
9 October 2009

Auditor's report

Auditor's Report

To the Shareholders of New Zealand Wool Services International Limited

We have audited the financial statements on pages 9 to 50. The financial statements provide information about the past financial performance of the company and group and their financial position as at 30 June 2009. This information is stated in accordance with the accounting policies set out on pages 13 to 21.

This report is made solely to the company's shareholders, as a body, in accordance with Section 205(1) of the Companies Act 1993. Our audit has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Directors' Responsibilities

The directors are responsible for the preparation of financial statements which comply with generally accepted accounting practice in New Zealand and give a true and fair view of the financial position of the company and group as at 30 June 2009 and of their financial performance and cash flows for the year ended on that date.

Auditor's Responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the directors and report our opinion to you.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the directors in the preparation of the financial statements; and
- whether the accounting policies are appropriate to the circumstances of the company and group, consistently applied and adequately disclosed.

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

Ernst & Young provides taxation advice to the company and group.

Unqualified Opinion

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

In our opinion:

- proper accounting records have been kept by the company as far as appears from our examination of those records; and
- the financial statements on pages 9 to 50:
 - comply with generally accepted accounting practice in New Zealand; and
 - comply with International Financial Reporting Standards; and
 - give a true and fair view of the financial position of the company and group as at 30 June 2009 and their financial performance and cash flows for the year ended on that date.

Our audit was completed on 9 October 2009 and our unqualified opinion is expressed as at that date.

Ernst & Young

Christchurch

Balance sheet

As at 30 June 2009

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In thousands of New Zealand dollars	Note	Group		Company	
		2009	2008	2009	2008
Assets					
Property, plant and equipment	12	17,969	18,844	648	200
Intangible assets	13	6,145	6,145	-	-
Investments in equity accounted investees	14	109	153	150	150
Investments in subsidiaries	29	-	-	13,474	13,474
Deferred tax assets	15	1,389	-	1,273	-
Total non-current assets		25,612	25,142	15,545	13,824
Cash and cash equivalents	18	1,431	403	1,305	22
Inventories	16	30,204	53,674	29,229	34,827
Derivatives		1,969	88	1,969	88
Current tax assets		1,465	2,910	896	2,203
Trade and other receivables	17	26,594	43,562	27,357	32,598
Total current assets		61,663	100,637	60,756	69,738
Total assets		87,275	125,779	76,301	83,562
Equity					
Share capital	19	28,804	28,804	28,804	28,804
Reserves	19	2,704	2,387	359	60
Retained earnings/(deficits)	19	(1,153)	3,916	(7,296)	(918)
Total equity attributable to equity holders of the company		30,355	35,107	21,867	27,946
Total equity	19	30,355	35,107	21,867	27,946
Liabilities					
Deferred tax liabilities	15	859	485	356	340
Total non-current liabilities		859	485	356	340
Cash and cash equivalents	18	22,800	32,800	22,800	26,300
Loans and borrowings	21	23,410	41,856	20,082	20,196
Derivatives		-	585	-	259
Trade and other payables	22	9,851	14,946	11,196	8,521
Total current liabilities		56,061	90,187	54,078	55,276
Total liabilities		56,920	90,672	54,434	55,616
Total equity and liabilities		87,275	125,779	76,301	83,562

The notes on pages 13 to 50 are an integral part of these financial statements.

Income statement

For the year ended 30 June 2009

In thousands of New Zealand dollars	Note	Group		Company	
		2009	2008	2009	2008
Continuing operations					
Revenue	5	150,561	179,215	129,263	128,794
Cost of sales	6	(139,148)	(163,521)	(125,804)	(122,731)
Gross profit		11,413	15,694	3,459	6,063
Administrative expenses	7	(8,517)	(7,350)	(4,148)	(2,537)
Impairment of intangible assets	8	(4,584)	-	(4,584)	-
Results from operating activities		(1,688)	8,344	(5,273)	3,526
Finance income	10	196	68	1,576	123
Finance expenses	10	(2,285)	(4,827)	(1,950)	(3,794)
Net finance costs	10	(2,089)	(4,759)	(374)	(3,671)
Share of profit/(loss) of equity accounted investee	14	(44)	(5)	-	-
Profit/(loss) before income tax		(3,821)	3,580	(5,647)	(145)
Income tax expense/(benefit)	11	559	1,190	42	(98)
Profit/(loss) from continuing operations		(4,380)	2,390	(5,689)	(47)
Profit/(loss) for the period attributable to equity holders of the company		(4,380)	2,390	(5,689)	(47)
Earnings per share					
Basic earnings per share (New Zealand dollars)	20	(0.063)	0.034	-	-

The notes on pages 13 to 50 are an integral part of these financial statements.

Statement of recognised income and expense

For the year ended 30 June 2009

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In thousands of New Zealand dollars	Note	Group		Company	
		2009	2008	2009	2008
Foreign currency translation differences for foreign operations		5	-	-	-
Effective portion of changes in fair value of cash flow hedges		200	(91)	171	(93)
Income tax on income and expense recognised directly in equity	15	112	103	128	33
Income and expense recognised directly in equity		317	12	299	(60)
Profit/(loss) for the period		(4,380)	2,390	(5,689)	(47)
Total recognised income and expense for the period	19	(4,063)	2,402	(5,390)	(107)

The notes on pages 13 to 50 are an integral part of these financial statements.

Statement of cash flows

For the year ended 30 June 2009

In thousands of New Zealand dollars	Note	Group		Company	
		2009	2008	2009	2008
Cash flows from operating activities					
Cash receipts from customers		153,472	179,836	134,200	129,115
Cash paid to suppliers and employees		(136,627)	(178,376)	(136,348)	(132,556)
Net receipts from foreign exchange		3,544	712	3,544	712
Interest received		196	69	5	56
Interest paid		(3,664)	(4,599)	(2,128)	(3,329)
Income tax paid		(3,025)	(188)	398	(185)
Net cash from/(used in) operating activities	27	13,896	(2,546)	(329)	(6,188)
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		66	42	-	23
Acquisition of subsidiary, net of cash acquired		(1,306)	-	-	-
Acquisition of property, plant and equipment		-	(1,078)	(610)	(106)
Loan to associate repaid		-	-	-	-
Loans to employees		-	(71)	-	(71)
Loans to employees repaid		-	-	-	-
Net cash from/(used in) investing activities		(1,240)	(1,107)	(610)	(154)
Cash flows from financing activities					
Advances from subsidiaries		-	-	7,065	5,585
Advances to subsidiaries		-	-	(653)	(4,136)
Repayment of borrowings		(938)	(4,938)	-	(4,000)
Dividends paid		(690)	-	(690)	-
Net cash from/(used in) financing activities		(1,628)	(4,938)	5,722	(2,551)
Net (decrease)/increase in cash and cash equivalents		11,028	(8,591)	4,783	(8,893)
Cash and cash equivalents at 1 July (net overdraft)		(32,397)	(23,806)	(26,278)	(17,385)
Cash and cash equivalents at 30 June (net overdraft)	18	(21,369)	(32,397)	(21,495)	(26,278)

The notes on pages 13 to 50 are an integral part of these financial statements.

Notes to the financial statements

For the year ended 30 June 2009

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1. Reporting entity

New Zealand Wool Services International Limited (the 'company') is a company domiciled in New Zealand, registered under the Companies Act 1993 and listed on the alternative market ('NZAX') operated by the New Zealand Stock Exchange. The company is an issuer in terms of the Financial Reporting Act 1993.

The financial statements of the company as at and for the year ended 30 June 2009 comprise the company and its subsidiaries (together referred to as the 'group') and the group's interest in associates.

New Zealand Wool Services International Limited is primarily involved in the marketing, processing and selling of New Zealand wool.

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ('NZ GAAP'). They comply with New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS'), and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. These statements also comply with International Financial Reporting Standards ('IFRS').

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

- derivative financial instruments are measured at fair value;
- commodity trader inventories and forward sales contracts are measured at fair value less costs to sell.

(c) Functional and presentation currency


These financial statements are presented in New Zealand dollars (\$), which is the company's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest thousand.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 4 (b) –Determination of the fair value of inventories;
 - Note 11 – Uncertain tax positions.
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Notes to the financial statements Continued

For the year ended 30 June 2009

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by group entities.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the group. Control exists when the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Investments in subsidiaries in the parent company's accounts are recognised at cost less impairment.

(ii) Associates (equity accounted investees)

Associates are those entities in which the group has significant influence, but not control, over the financial and operating policies. Associates are accounted for using the equity method (equity accounted investees). The consolidated financial statements include the group's share of the net surplus of the associate. Investments in associates in the parent company's accounts are recognised at cost less impairment.

(iii) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(iv) Step acquisitions when the group already has control

When the group acquires a further equity investment when a control already exists goodwill is determined by comparing the fair value of consideration paid and the fair value of the assets and liabilities acquired at the date that control is obtained.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign currency differences arising on retranslation are recognised in profit or loss.

(ii) Foreign operations

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

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

(c) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

A financial instrument is recognised if the group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the group's contractual rights to the cash flows from the financial assets expire or if the group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset.

Cash and cash equivalents comprise cash balances and call deposits. Bank borrowings that are 'at call' seasonal funds and form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Cash and cash equivalents are classified as loans and receivables for the purpose of allocation to a financial asset category.

Accounting for finance income and expense is discussed in note 3(l).

Trade and other receivables

Trade and other receivables are stated at their cost less impairment losses. Trade and other receivables are classified as loans and receivables for the purpose of allocation to a financial asset category.

Interest-bearing borrowings

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

Trade and other payables

Trade and other payables are stated at cost.



Notes to the financial statements Continued

For the year ended 30 June 2009

(ii) Derivative financial instruments

The group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational and financing activities. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value and transaction costs are expensed immediately. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

Cash flow hedges

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in equity is transferred to profit or loss in the same period that the hedged item affects profit or loss.

The group does not endeavour to meet the requirements of hedge accounting to foreign exchange contracts because there is an offsetting effect within the income statement with the company's accounting policy to account for inventories and forward sale contracts at fair value less costs to sell. See accounting policy (g).

(iii) Share capital

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

(d) Property, plant and equipment

(i) Recognition and measurement


Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.



(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The depreciation rates used for the current and comparative periods are as follows:

- building 3% per annum
- plant and equipment 5-40% per annum
- office equipment 6-40% per annum
- motor vehicles 12-18% per annum

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

(e) Intangible assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries and associates. The goodwill in the group's balance sheet relates to an acquisition post 1 July 2006. The goodwill represents the excess of the cost of the acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognised immediately in profit or loss.

Acquisitions of minority interests

Goodwill arising on the acquisition of a minority interest in a subsidiary represents the excess of the cost of the additional investment over the carrying amount of the net assets acquired at the date of exchange.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment.

(f) Leased assets

Leases in terms of which the group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Notes to the financial statements Continued

For the year ended 30 June 2009

(g) Inventories

The group is a wool commodity trader as defined by NZ IAS 2 Inventories. All wool inventories are measured at fair value less costs to sell. In addition, the group enters forward sales contracts for the sale of wool. These contracts are also measured at fair value less costs to sell.

Movements in the fair value less costs to sell of wool inventories and forward sales contracts are recognised in the income statement.

Other stocks (ie scour consumables) are valued at the lower of cost or net realisable value.

(h) Impairment

The carrying amounts of the group's assets are reviewed at each balance sheet date to determine whether there is any objective evidence of impairment.

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

(i) Impairment of receivables

The recoverable amount of the group's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest. Receivables with a short duration are not discounted.

Impairment losses on an individual basis are determined by an evaluation of the exposures on an asset by asset basis. All individual receivables are subject to this approach.

(ii) Non-financial assets

The carrying amounts of the group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill the recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.



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

(i) Employee benefits

(i) Defined contribution plans

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

(ii) Other long-term employee benefits

The group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

(iii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(j) Revenue

Goods sold

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable.

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

Transfers of risks and rewards occur when sales are invoiced on shipment.

(k) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.



Notes to the financial statements Continued

For the year ended 30 June 2009

(l) Finance income and expenses

Finance income comprises interest income on funds invested, dividend income, changes in the fair value of financial assets at fair value through profit or loss, and foreign currency gains. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest expense on borrowings, foreign currency losses, and changes in the fair value of financial assets at fair value through profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method.

(m) Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(n) Earnings per share

The group presents a basic earnings per share ('EPS') calculation for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period. The company does not have any share options or convertible notes, therefore has not presented a diluted EPS.

(o) Segment reporting

A segment is a distinguishable component of the group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The group's primary format for segment reporting is based on business segments.

(p) New standards adopted and interpretations not yet adopted

A number of new interpretations are not yet effective at the time that the financial statements were approved but are applicable to the company and group, and have not been applied in preparing these consolidated financial statements:

- NZ IAS 1 Presentation of financial statements (revised) supersedes the 2003 version of NZ IAS 1. The revised standard introduces 'total comprehensive income' (i.e. changes in equity during a period, other than those resulting from transactions with owners in their capacity as owners), and a 'Statement of comprehensive income.' It requires all non-owner changes in equity to be presented in one statement (ie a Statement of Comprehensive Income) or two statements (ie an Income Statement and a Statement of Comprehensive Income). The revised standard will be mandatory for the group's 2010 financial statements and will impact the disclosures in the group's primary statements.
- NZ IFRS 3 Business Combinations (revised) and NZ IAS 27: Consolidated and separate financial statements (amended) were issued in February 2008 and become mandatory for accounting periods beginning on or after 1 July 2009. They will impact how future business combinations and transactions involving minority interests will be accounted for. The group is not currently able to consider the impact that the revised and amended standards will have on the consolidated financial statements.
- NZ IFRS 4 Insurance Contracts (revised) changes the scope of the standard slightly from 'an entity which undertakes insurance or reinsurance activities' to 'an entity which issues insurance contracts' to align with the scope set out in paragraph 2. The revised standard will be mandatory for the group's 2010 financial statements and is not expected to have any impact on the group's consolidated financial statements.
- NZ IFRS 8 Operating Segments introduces a new way of determining segments with a focus on information provided to the 'chief operating decision maker.' In addition it sets out requirements for related disclosures about products and services, geographical areas and major customers. The new standard will be mandatory for the group's 2010 financial statements. The group has not yet considered the impact of the standard on its financial statements.
- NZ IAS 23 Borrowing Costs supersedes the earlier version of the standard. The main change from the previous version is the removal of the option to expense borrowing costs incurred in respect of 'qualifying assets' for full reporting entities. The amended standard will be effective for the 2010 Group financial statements. The group has not yet considered the impact of the standard on its financial statements.
- IFRS 7 Financial Instruments: Disclosures requires fair value measurements to be disclosed by source of inputs. The group has not yet considered the impact of the standard on its financial statements.
- NZ IAS 39 Financial Instruments: Recognition and Measurement clarifies the application of underlying hedge accounting principles. The amendment is not expected to have any impact on the group's financial statements.

4. Determination of fair values

A number of the group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Notes to the financial statements Continued

For the year ended 30 June 2009

(a) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of the acquisition of minority interest is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In March/April 2007 land acquired as part of the acquisition of minority interests was revalued to \$2,490,000 and buildings were revalued to \$7,010,000.

The land and buildings at Kaputone Wool Scour were valued in March 2007 by Mr C Stanley, a registered valuer with TelferYoung (Canterbury) Limited. Mr Stanley is a member of the New Zealand Institute of Valuers. The valuations were undertaken on a current market value basis.

The land and buildings at Whakatu Wool Scour were valued in April 2007 by Mr F Spencer, a registered valuer with Logan Stone Limited.

Mr Spencer is a member of the New Zealand Institute of Valuers. The valuations were undertaken on a current market value basis.

(b) Inventory

Commodity trader inventories and forward sales contracts are measured at fair value less costs to sell.

The fair value is determined based on the group's assessment of the quality of the inventory and current market conditions. Current wool auction prices at the balance sheet date are used to assist the group in this process.

The carrying amount of inventories recognised at fair value is disclosed in Note 16.

(c) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(d) Derivatives

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

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



5. Revenue

In thousands of New Zealand dollars	Group		Company	
	2009	2008	2009	2008
Sale of goods	150,561	179,215	129,263	128,794
Total revenues	<u>150,561</u>	<u>179,215</u>	<u>129,263</u>	<u>128,794</u>

6. Cost of sales

Costs of sales consist of the following items:

In thousands of New Zealand dollars	Group		Company	
	2009	2008	2009	2008
Sale of inventory	144,435	161,957	130,766	122,093
Change in fair value of inventory and forward sale contracts	(1,743)	2,276	(1,418)	1,350
Net foreign exchange (gain)/loss	(3,544)	(712)	(3,544)	(712)
	<u>139,148</u>	<u>163,521</u>	<u>125,804</u>	<u>122,731</u>

7. Administrative expenses

The following items of expenditure are included in administrative expenses:

In thousands of New Zealand dollars	Group		Company	
	2009	2008	2009	2008
Auditor's remuneration comprises:				
audit of financial statements – Ernst & Young	47	45	24	20
taxation services – Ernst & Young	33	-	33	-

Notes to the financial statements Continued

For the year ended 30 June 2009

8. Impairment of intangible assets

In thousands of New Zealand dollars	Group		Company	
	2009	2008	2009	2008
Impairment of intangible assets	4,584	-	4,584	-
Total impairment of intangible assets	4,584	-	4,584	-

In April 2009 the company made a contribution to the rationalisation of the scouring industry creating an intangible asset that would provide future benefits. As these future benefits are yet to accrue the intangible asset has been expensed in the year to June 2009.

9. Personnel expenses

Personnel expenses are as follows:

In thousands of New Zealand dollars	Group		Company	
	2009	2008	2009	2008
Included in cost of sales				
Wages and salaries	2,471	2,967	-	-
Included in administrative expenses				
Wages and salaries	2,945	2,737	1,729	1,458
Payments to defined contribution schemes	193	205	106	107
Personnel expenses	5,609	5,909	1,835	1,565

10. Finance income and expense

In thousands of New Zealand dollars	Group		Company	
	2009	2008	2009	2008
Interest income on cash balances	196	68	6	56
Dividend income	-	-	-	67
Subvention income	-	-	1,570	-
Finance income	196	68	1,576	123
Interest expense on borrowings	(2,285)	(4,827)	(1,950)	(3,794)
Finance expense	(2,285)	(4,827)	(1,950)	(3,794)
Net finance costs	(2,089)	(4,759)	374	(3,671)

11. Income tax expense in the income statement

In thousands of New Zealand dollars	Group		Company	
	2009	2008	2009	2008
Current tax expense				
Current period	-	672	(776)	(518)
Adjustment for prior periods	1,686	-	2,203	-
Deferred tax expense				
Origination and reversal of temporary differences	(1,127)	518	(1,385)	420
Total income tax expense/(benefit)	559	1,190	42	(98)

The adjustment for prior periods includes a \$1.686 million negative tax adjustment due to a determination having been received from the Inland Revenue declining a deduction in the 2007 year. The company intends to challenge this determination, however while uncertainty exists as to the final tax position, provision has been made for this amount.

Notes to the financial statements Continued

For the year ended 30 June 2009

Reconciliation of effective tax rate

	Group		Company	
	2009	2008	2009	2008
In thousands of New Zealand dollars				
Net Surplus/(Deficit) as per the financial statements	(3,821)	3,580	(5,647)	(145)
Permanent differences	5,684	(46)	5,787	(56)
	<u>1,863</u>	<u>3,533</u>	<u>140</u>	<u>(201)</u>
Tax @ 30% (2008: 33%)	559	1,166	42	(67)
Impact of change in tax rates	-	24	-	(31)
	<u>559</u>	<u>1,190</u>	<u>42</u>	<u>(98)</u>

Imputation credits

	Group		Company	
	2009	2008	2009	2008
In thousands of New Zealand dollars				
Imputation credits at 1 July	1,576	1,048	1,512	964
New Zealand tax payments, net of refunds	177	515	120	515
Imputation credits attached to dividends received	-	33	-	33
Imputation credits attached to dividends paid	(342)	-	(342)	-
Other credits/(debits)	(429)	-	(416)	-
Imputation credits forfeited	-	(20)	-	-
Imputation credits at 30 June	<u>982</u>	<u>1,576</u>	<u>874</u>	<u>1,512</u>

12. Property, plant and equipment

Group In thousands of New Zealand dollars	Land and buildings	Plant and equipment	Office Equipment	Motor Vehicles	Total
Cost					
Balance at 1 July 2007	11,105	22,597	829	467	34,998
Additions	192	655	83	142	1,072
Disposals	-	-	(13)	(87)	(100)
Balance at 30 June 2008	<u>11,297</u>	<u>23,252</u>	<u>899</u>	<u>522</u>	<u>35,970</u>
Balance at 1 July 2008	11,297	23,252	899	522	35,970
Additions	165	1,188	64	97	1,514
Disposals	(34)	(37)	(22)	(99)	(192)
Balance at 30 June 2009	<u>11,428</u>	<u>24,403</u>	<u>941</u>	<u>520</u>	<u>37,292</u>
Depreciation and impairment losses					
Balance at 1 July 2007	1,593	12,378	750	140	14,861
Depreciation for the year	299	1,870	84	76	2,329
Disposals	-	-	(13)	(51)	(64)
Balance at 30 June 2008	<u>1,892</u>	<u>14,248</u>	<u>821</u>	<u>165</u>	<u>17,126</u>
Balance at 1 July 2008	1,892	14,248	821	165	17,126
Depreciation for the year	304	1,810	61	118	2,293
Disposals	(7)	(35)	(13)	(41)	(96)
Balance at 30 June 2009	<u>2,189</u>	<u>16,023</u>	<u>869</u>	<u>242</u>	<u>19,323</u>
Carrying amounts					
At 1 July 2007	9,512	10,219	79	327	20,137
At 30 June 2008	9,405	9,004	78	357	18,844
At 1 July 2008	9,405	9,004	78	357	18,844
At 30 June 2009	9,239	8,380	72	278	17,969

Notes to the financial statements Continued

For the year ended 30 June 2009

Company

In thousands of New Zealand dollars

	Land and buildings	Plant and equipment	Office Equipment	Motor Vehicles	Total Company
Cost					
Balance at 1 July 2007	-	-	570	237	807
Additions	-	-	41	65	106
Disposals	-	-	(13)	(53)	(66)
Balance at 30 June 2008	-	-	598	249	847
Balance at 1 July 2008	-	-	598	249	847
Additions	148	292	40	87	567
Disposals	-	-	-	(19)	(19)
Balance at 30 June 2009	148	292	638	317	1,395
Depreciation and impairment losses					
Balance at 1 July 2007	-	-	551	67	618
Depreciation for the year	-	-	19	53	72
Disposals	-	-	(12)	(31)	(43)
Balance at 30 June 2008	-	-	558	89	647
Balance at 1 July 2008	-	-	558	89	647
Depreciation for the year	-	-	30	70	100
Disposals	-	-	-	-	-
Balance at 30 June 2009	-	-	588	159	747
Carrying amounts					
At 1 July 2007	-	-	19	170	189
At 30 June 2008	-	-	40	160	200
At 1 July 2008	-	-	40	160	200
At 30 June 2009	148	292	50	158	648

Security

Security over property, plant and equipment is disclosed in Note 21.

13. Intangible assets

Group	Underwriting agreement	Goodwill
Cost		
Balance at 1 July 2007	-	6,145
Additions	4,584	-
Impairment	(4,584)	-
Balance at 30 June 2008 and at 30 June 2009	-	6,145
Carrying amounts		
At 1 July 2007	-	6,145
At 30 June 2008 and at 30 June 2009	-	6,145

Amortisation and impairment charge

Please refer to note 8 for further details of impairment of the underwriting agreement.

Goodwill has been tested for impairment at 30 June 2009 and no impairment charge was deemed necessary.

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

Group	2009	2008
NZ Scouring Operation	6,145	6,145

The recoverable amount of the goodwill associated with the NZ scouring operation has been based on the value in use of the assets.

Cashflows have been projected for the next five years. The key assumptions in determining the value in use were as follows: –

- Cashflows were based on the group's internal budgets and represent the best estimates of cashflows based on reasonable and supportable assumptions;
- Sales growth was assumed to be 2.5 per cent per annum over the period that the cashflows were reviewed;
- Expenses were expected to grow at between four per cent and five per cent;
- The pre-tax weighted average cost of capital is assumed to be ten per cent per annum;
- The current intercompany pricing structure is assumed to remain stable and is consistent with the price that would be received in an arms length transaction.

Notes to the financial statements Continued

For the year ended 30 June 2009

14. Equity accounted investees

The group's share of losses in its equity accounted investees for the year was \$44,000 (2008: loss of \$5,000).

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

	Ownership	Total assets	Total liabilities	Revenues	Profit/(loss)
2008					
Rural Wool Link (associate)	50%	956	650	11,243	1
2009					
Rural Wool Link (associate)	50%	625	407	7,720	(88)
Movements in carrying value of equity accounted investees:					
Group		2009	2008		
Balance at 1 July		153	224		
Share of profit/(loss)		(44)	(5)		
Dividend payment		-	(66)		
Balance at 30 June		<u>109</u>	<u>153</u>		

15. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2009	2008	2009	2008	2009	2008
In thousands of New Zealand dollars						
Property, plant and equipment	-	-	503	519	503	519
Derivatives	-	-	154	26	154	26
Inventories	(31)	(280)	202	393	171	113
Provisions	(155)	(174)	-	-	(155)	(174)
Group Losses	(1,190)	-	-	-	(1,190)	-
Other items	(13)	-	-	1	(13)	1
Net tax (assets)/liabilities	<u>(1,389)</u>	<u>(454)</u>	<u>859</u>	<u>939</u>	<u>530</u>	<u>485</u>

Company	Assets		Liabilities		Net	
	2009	2008	2009	2008	2009	2008
In thousands of New Zealand dollars						
Property, plant and equipment	-	-	-	-	-	-
Derivatives	-	-	154	26	154	26
Inventories	-	-	202	393	202	393
Provisions	(83)	(79)	-	-	(83)	(79)
Group Losses	(1,190)	-	-	-	(1,190)	-
Net tax (assets)/liabilities	(1,273)	(79)	356	419	(917)	340

Movement in temporary differences during the year

Group

In thousands of New Zealand dollars	Balance 1 Jul 07	Recognised in profit or loss	Recognised in equity	Balance 30 Jun 08	Balance in profit or loss	Recognised in equity	Balance 30 Jun 09
Balance 30 Jun 09							
Property, plant and equipment	589	-	(70)	519	-	(16)	503
Derivatives	(149)	208	(33)	26	-	128	154
Inventories	(161)	274	-	113	58	-	171
Provisions	(233)	59	-	(174)	19	-	(155)
Group losses	-	-	-	-	(1,190)	-	(1,190)
Other items	24	(23)	-	1	(14)	-	(13)
	70	518	(103)	485	(1,127)	112	(530)

Notes to the financial statements Continued

For the year ended 30 June 2009

Company	Balance 1 Jul 07	Recognised in profit or loss	Recognised in equity	Balance 30 Jun 08	Balance in profit or loss	Recognised in equity	Balance 30 Jun 09
In thousands of New Zealand dollars							
Derivatives	26	33	(33)	26	-	128	154
Inventories	-	393	-	393	(191)	-	202
Provisions	(73)	(6)	-	(79)	(4)	-	(83)
Group losses	-	-	-	-	(1,190)	-	(1,190)
	(47)	420	(33)	340	(1,385)	128	(917)

16. Inventories

In thousands of New Zealand dollars	Group		Company	
	2009	2008	2009	2008
Inventories				
Raw materials at cost	1,080	867	-	-
Commodity trader inventories				
Wool stock allocated to sales, but unshipped	20,835	23,268	20,940	19,265
Unallocated to sales	9,447	28,547	9,447	14,252
Total inventories at cost	31,362	52,682	30,387	33,517
Adjustment to fair value:				
Stock	(1,457)	1,780	(1,457)	1,178
Forward sales	299	(789)	299	132
Total inventories	30,204	53,674	29,229	34,827

The cost of sales shown in the income statement represents the amount of wool stock expensed during the period.

17. Trade and other receivables

In thousands of New Zealand dollars	Group		Company	
	2009	2008	2009	2008
Trade and other receivables due from related parties	-	-	2,216	8,404
Trade receivables & discounted bills	26,105	43,056	24,652	23,688
Loans to Managing Director	239	251	239	251
Loans to other employees	250	255	250	255
Total	26,594	43,562	27,357	32,598

The loans to the managing director and employees, which relate to shares purchased in the company, have a current interest rate of 5.25 per cent and are secured by a mortgage over shares. All loans are made on an on call basis.

The profile of trade receivables of the group at 30 June is as follows:

In thousands of New Zealand dollars	Gross receivable	Impairment	Gross receivable	Impairment
	2009	2009	2008	2008
Trade and other receivables				
Not past due	23,914	-	39,110	-
Past due 0-30 days	86	-	3,596	-
Past due 31-120 days	369	-	620	-
Past due 121-360 days	1,958	-	236	-
Past due more than one year	267	-	-	-
Total	26,594	-	43,562	-

Notes to the financial statements Continued

For the year ended 30 June 2009

The status of trade receivables of the company at 30 June is as follows:

In thousands of New Zealand dollars	Gross receivable 2009	Impairment 2009	Gross receivable 2008	Impairment 2008
Trade and other receivables				
Not past due	24,677	-	28,146	-
Past due 0-30 days	86	-	3,596	-
Past due 31-120 days	369	-	620	-
Past due 121-360 days	1,958	-	236	-
Past due more than one year	267	-	-	-
Total	<u>27,357</u>	<u>-</u>	<u>32,598</u>	<u>-</u>

18. Cash and cash equivalents

In thousands of New Zealand dollars	Group		Company	
	2009	2008	2009	2008
Bank balances and cash	1,431	403	1,305	22
Bank overdrafts used for cash management purposes	(22,800)	(32,800)	(22,800)	(26,300)
Cash and cash equivalents in the statement of cash flows	<u>(21,369)</u>	<u>(32,397)</u>	<u>(21,495)</u>	<u>(26,278)</u>

The effective interest rate on bank overdrafts in the year was 7.2 per cent (2008: 8.7 per cent)

19. Capital and reserves

Reconciliation of movement in capital and reserves

Group

In thousands of New Zealand dollars	Share Capital	Translation reserve	Revaluation reserve	Hedging reserve	Retained earnings	Total
Balance at 1 July 2007	28,804	9	2,246	120	1,526	32,705
Recognised income and expenses	-	-	70	(58)	2,390	2,402
Dividends to equity holders	-	-	-	-	-	-
Balance at 30 June 2008	28,804	9	2,316	62	3,916	35,107
Balance at 1 July 2008	28,804	9	2,316	62	3,916	35,107
Recognised income and expenses	-	5	16	296	(4,380)	(4,063)
Dividends to equity holders	-	-	-	-	(689)	(689)
Balance at 30 June 2009	28,804	14	2,332	358	(1,153)	30,355

Company

In thousands of New Zealand dollars	Share capital	Hedging reserve	Retained deficits	Total
Balance at 1 July 2007	28,804	120	(871)	28,053
Recognised income and expenses	-	(60)	(47)	(107)
Dividends to equity holders	-	-	-	-
Balance at 30 June 2008	28,804	60	(918)	27,946
Balance at 1 July 2008	28,804	60	(918)	27,946
Recognised income and expenses	-	299	(5,689)	(5,390)
Dividends to equity holders	-	-	(689)	(689)
Balance at 30 June 2009	28,804	359	(7,296)	21,867

Notes to the financial statements Continued

For the year ended 30 June 2009

Share capital	Ordinary shares	
In thousands of shares	2009	2008
On issue at 1 January	68,988	68,988
Held as treasury stock	512	512
On issue at 30 June	69,500	69,500

All issued shares are fully paid, have no par value and have rights to dividends. Upon winding up shareholders rank equally with regard to the company's assets.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations as well as from the translation of liabilities that hedge the company's net investment in a foreign subsidiary.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Revaluation reserve

The revaluation reserve relates to the revaluation of property, plant and equipment as part of a step acquisition of entities that are already controlled.

Dividends

No dividends were declared in the year ending 30 June 2009. For the year ending 30 June 2008 a dividend of \$690,000 (1 cent per share) was paid.



20. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 30 June 2009 was based on the loss attributable to ordinary shareholders of \$4,380,000 (2008: profit \$2,390,000) and the number of ordinary shares outstanding of 69,500,000 (2008: 69,500,000), calculated as follows:

Profit attributable to ordinary shareholders

In thousands of New Zealand dollars	Continuing operation 2009	Total 2009	Continuing operations 2008	Total 2008
Net profit/(loss) for the period (\$000's)	(4,380)	(4,380)	2,390	2,390
Ordinary shares (000's)	69,500	69,500	69,500	69,500
Net profit/(loss) attributable to ordinary shareholders				
(dollars per share)	(0.063)	(0.063)	0.034	0.034

21. Loans and borrowings

This note provides information about the contractual terms of the group's interest-bearing loans and borrowings. For more information about the company's exposure to interest rate and foreign currency risk, see note 23.

In thousands of New Zealand dollars	Group		Company	
	2009	2008	2009	2008
Non-current liabilities	-	-	-	-
Current liabilities				
Secured bank loans	3,328	4,266	-	-
Loans and borrowings	20,082	37,590	20,082	20,196
	<u>23,410</u>	<u>41,856</u>	<u>20,082</u>	<u>20,196</u>

Notes to the financial statements Continued

For the year ended 30 June 2009

The effective interest rates of the at call debt and the term loan for the year ending 30 June 2009 were between 4.15 per cent and 13.5 per cent (2008:9.14 per cent – 11.41 per cent). A portion of this debt has been hedged by an interest rate swap, which has a fixed interest rate of 4.11 per cent. Please refer to Note 23 for further information.

Bank loans and overdrafts are secured by a composite debenture over the group assets and by mortgage over the land and buildings of subsidiary companies. A right of set off exists within each bank's facility.

The group meets its day to day working capital requirements through loans and borrowings, which are due for renewal on 31 October 2009. The group was in breach of its interest cover ratio financial covenant at 30 June 2009, however an appropriate waiver was provided by ANZ National Bank at this time.

The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show the group should be able to operate within the level of its current facility. The group has held discussions with its bankers about its future borrowing needs and no matters have been drawn to its attention to suggest that the current facility will not be renewed on acceptable terms.

22. Trade and other payables

	Group		Company	
In thousands of New Zealand dollars	2009	2008	2009	2008
Trade payables due to related parties	-	-	2,673	2,466
Other trade payables	9,368	14,335	8,212	5,808
Employee Payables	433	508	261	193
Non-trade payables and accrued expenses	50	103	50	54
Total	9,851	14,946	11,196	8,521

23. Financial instruments

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

The group manages commodity price risks through negotiated supply contracts and forward physical contracts. However, these contracts are for the purpose of the receipt in accordance with the group's expected usage requirements only and are not accounted for as financial instruments.

Credit risk

Management has a credit policy in place under which each new customer is individually analysed for credit worthiness and assigned a purchase limit before the standard payment and delivery terms and conditions are offered. Purchase limits are reviewed on a regular basis. Sales are usually made with the protection of a letter of credit or export insurance. The group does not require any collateral as security to support financial instruments due to the standing of the financial institutions with which it deals.

The group's exposure to credit risk is mainly influenced by its customer base. As such it is concentrated to the default risk of its industry. Geographically credit risk is spread across a variety of regions. The group's maximum exposure to credit risk for invoiced sales outstanding is \$4,849,000 (2008 \$7,190,000) and can be summarised by geographic regions as follows:

In thousands of New Zealand dollars	Carrying amount	Insured debt	Net Exposure	
			2009	2008
New Zealand	3,868	769	3,099	3,767
Other Asia Pacific countries	5,932	5,723	209	880
United Kingdom	6,342	5,713	629	1,188
European countries	9,228	8,390	838	974
Other regions	735	661	74	381
Trade receivables and discounted bills	26,105	21,256	4,849	7,190

Notes to the financial statements Continued

For the year ended 30 June 2009

In the normal course of its business the group is exposed to credit risk from trade debtors and amounts due from financial institutions.

Export sales are usually made with the protection of a letter of credit, export insurance or retained ownership.

The group does not require any collateral as security to support financial instruments due to the standing of the financial institutions with which it deals.

The maximum credit risk for the company in respect of invoiced sales is \$1,768,000 (2008: \$3,315,000).

Interest Rate and liquidity risk

The group primarily funds its ongoing activities with short-term borrowings funded at the buying rate for bank accepted bills plus a margin of 1.3 per cent. All such borrowing is arranged within the terms of bank credit facilities, which stood at \$40,500,000 at balance date. Borrowings are drawn in New Zealand dollars. In addition, the group borrows against documents established by overseas customers when arranging payment for wool purchased from the group. The term of such borrowing is generally within 120 days. Interest rate swaps and options are used to hedge repricing risk on floating rate and fixed term borrowings.

Hedging

Interest rate swaps, denominated in New Zealand dollars, have been entered into to achieve an appropriate mix of fixed and floating rate exposure within the group's policy. Current swaps mature in 2014 and have a fixed swap rate of 4.11 per cent. At 30 June 2009, the group had interest rate swaps with a notional contract amount of \$12,500,000 (2008:\$6,500,000). The group classifies interest rate swaps as cash flow hedges.

The net fair value of swaps at 30 June 2009 was \$358,805 (2008: \$61,705).

The following table details the group's interest rate risk relating to financial instruments as at 30 June 2009 and the period in which the interest rate risk reprices:



In thousands of New Zealand dollars Group	Note	Total	2009			2008		
			0-6 Months	6-12 Months	4-5 Years	Total	0-6 Months	6-12 Months
Fixed rate instruments								
Secured bank loans	21	3,328	468	2,860	-	4,266	468	3,798
Loans and borrowings	21	20,082	20,082	-	-	37,590	37,590	-
		<u>23,410</u>	<u>20,550</u>	<u>468</u>	<u>-</u>	<u>41,856</u>	<u>38,058</u>	<u>3,798</u>
Variable rate instruments and related derivatives								
Cash and cash equivalents	18	1,432	1,432	-	-	403	403	-
Bank overdraft	18	22,800	13,800	9,000	-	32,800	32,800	-
Notional amount of interest rate Swap		(12,500)	-	-	(12,500)	(6,500)	-	(6,500)
		<u>11,732</u>	<u>15,232</u>	<u>9,000</u>	<u>(12,500)</u>	<u>26,703</u>	<u>33,203</u>	<u>(6,500)</u>
Company								
Fixed rate instruments								
Loans and borrowings	21	20,082	20,082	-	-	20,196	20,196	-
		<u>20,082</u>	<u>20,082</u>	<u>-</u>	<u>-</u>	<u>20,196</u>	<u>20,196</u>	<u>-</u>
Variable rate instruments and related derivatives								
Cash and cash equivalents	18	1,305	1,305	-	-	22	22	-
Bank overdraft	18	22,800	13,800	9,000	-	26,300	26,300	-
Notional amount of interest rate swap		(12,500)	-	-	(12,500)	(6,500)	-	(6,500)
		<u>11,605</u>	<u>15,105</u>	<u>9,000</u>	<u>(12,500)</u>	<u>19,822</u>	<u>26,322</u>	<u>(6,500)</u>

Notes to the financial statements Continued

For the year ended 30 June 2009

Liquidity risk represents the group's ability to meet its contractual obligations. The group evaluates its liquidity requirements on an ongoing basis. In general, the group generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has credit lines in place to cover potential shortfalls. It is the group's policy to provide credit and liquidity enhancement only to wholly owned subsidiaries. The following table details the group's exposure to liquidity risk as at 30 June 2009. It shows the group's financial liabilities and the period in which they contractually settle.

Note In thousands of New Zealand dollars	Balance Sheet	Cash Flows	0-6 Months	6-12 Months	1-2 Years	
2009						
Group						
Non derivative liabilities						
Secured bank loans	21	3,328	3,391	-	-	-
Bank overdraft	18	22,800	22,800	13,800	9,000	-
Loans and borrowings	21	20,082	20,082	20,082	-	-
Trade and other payables	22	9,851	9,851	-	-	-
Company						
Non derivative liabilities						
Bank overdraft	18	22,800	22,800	13,800	9,000	-
Loans and borrowings	21	20,082	20,082	20,082	-	-
Trade and other payables	22	11,196	11,196	11,196	-	-

In thousands of New Zealand dollars	Note	Balance Sheet	Cash Flows	0-6 Months	6-12 Months	1-2 Years
2008						
Group						
Non derivative liabilities						
Secured bank loans	21	4,266	4,600	662	3,938	-
Bank overdraft	18	32,800	32,800	32,800	-	-
Loans and borrowings	21	37,590	37,590	37,590	-	-
Trade and other payables	22	14,946	14,946	14,946	-	-
Company						
Non derivative liabilities						
Bank overdraft	18	26,300	26,300	26,300	-	-
Loans and borrowings	21	20,196	20,196	20,196	-	-
Trade and other payables	22	8,521	8,521	8,521	-	-

Foreign currency risk

The group is exposed to foreign currency risk on sales that are denominated in a currency other than the company's functional currency, New Zealand dollars (\$), which is the presentation currency of the group. The currencies in which transactions are primarily denominated are Australian dollars (AUD), U.S. dollars (USD), British pound (GBP) and European euro (EUR). The group uses forward exchange contracts to hedge its foreign currency risk. All of the forward exchange contracts have maturities of less than one year at the balance sheet date. The group's exposure to foreign currency risk can be summarised as follows:

Notes to the financial statements Continued

For the year ended 30 June 2009

In thousands of New Zealand dollars	Total	USD	GBP	EUR	AUD	Other
2009						
Group and company						
Foreign currency risk						
Forward sales	39,920	14,701	9,870	10,911	4,061	377
Foreign exchange contracts notional amount	(22,743)	(4,017)	(6,860)	(8,644)	(3,168)	(54)
Foreign exchange options notional amounts	(3,873)	(3,873)	-	-	-	-
Net unhedged exposure	13,304	6,811	3,010	2,267	893	323
2008						
Group						
Foreign currency risk						
Forward sales	48,314	18,718	12,543	11,813	4,686	554
Foreign exchange contracts notional amount	(33,697)	(11,146)	(8,876)	(10,481)	(2,838)	(356)
Foreign exchange options notional amounts	(1,472)	(1,472)	-	-	-	-
Net unhedged exposure	13,145	6,100	3,667	1,332	1,848	198
Company						
Foreign currency risk						
Forward sales	26,660	14,925	2,911	4,138	4,686	-
Foreign exchange contracts notional amounts	(17,636)	(9,060)	(2,761)	(2,977)	(2,838)	-
Foreign exchange options notional amounts	(1,472)	(1,472)	-	-	-	-
Net unhedged exposure	7,552	4,393	150	1,161	1,848	-

The company eliminates foreign exchange risk of sales by the time of shipment. The forward sales above have been converted to New Zealand dollars at the year-end spot rate.

Other market price risk

The entity is not exposed to substantial other market price risk arising from financial instruments.

Capital management

The group's capital includes share capital, reserves and retained earnings. The group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. The group is subject to banking covenants, which do place capital requirements on the group.

The group's policies in respect of capital management and allocation are reviewed regularly by the board of directors. There have been no material changes in the group's management of capital during the period.

Sensitivity analysis

In managing interest rate and currency risks the group aims to reduce the impact of short-term fluctuations on the group's earnings. Over the longer-term, however, permanent changes in foreign exchange and interest rates will have an impact on profit.

At 30 June 2009 it is estimated that a one-percentage point increase in interest rates would decrease the group's profit before tax by \$90,000 (2008: \$268,000). This figure has been determined by calculating one per cent of the group's financial liabilities that are subject to variable interest rates at 30 June 2009.

The calculation includes the impact of interest rate swaps.

The following table summaries the sensitivity of the group's financial assets and financial liabilities to foreign exchange risk.

Foreign exchange risk		+5%		-5%	
In thousands of New Zealand dollars					
2009	Carrying amount	Profit	Equity	Profit	Equity
Equity					
Net unhedged exposure	13,304	(634)	-	700	-
2008					
Net unhedged exposure	13,145	(676)	-	750	-

Notes to the financial statements Continued

For the year ended 30 June 2009

The calculation is performed by recalculating foreign exchange derivatives and foreign currency denominated forward sales at a spot rate that is five percentage points higher (and lower) than the actual spot rate at the balance date.

The above calculations exclude any interaction between exchange rates, interest rates and the wool commodity price. Because of the fluid nature of the group's exposure to the commodity and financial instruments it is not practical to estimate the dollar value impact of all these changes.

Classification and fair values

There are no differences between the fair value and carrying value of financial instruments.

24. Operating leases

Leases as lessee

Non-cancellable operating lease rentals include lease of premises, a vehicle and photocopier and are payable as follows:

	Group		Company	
	2009	2008	2009	2008
In thousands of New Zealand dollars				
Less than one year	609	80	170	7
Between one and five years	1,714	30	564	1
More than five years	-	-	-	-

25. Capital commitments

During the year ended 30 June 2009 the group entered into a contract to purchase scouring plant and equipment for \$90,000 (2008: \$288,750).

26. Contingencies

	Group		Company	
	2009	2008	2009	2008
In thousands of New Zealand dollars				
Guarantee to ANZ National Bank Limited	-	-	-	10,765

In 2008 the company provided a guarantee to the ANZ National Bank for subsidiary company borrowings.

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

In thousands of New Zealand dollars	Note	Group		Company	
		2009	2008	2009	2008
Profit for the period		(4,380)	2,390	(5,689)	(47)
Adjustments for:					
Depreciation	12	2,032	2,329	100	72
Increase in future tax benefit taken to profit and loss	15	(1,127)	518	(1,385)	420
Change in fair value of derivatives	7	(1,743)	2,276	(1,418)	1,350
Share of profit of equity accounted investees	14	41	5	-	-
Gain on sale of property, plant and equipment		54	(5)	62	-
		(743)	5,123	(2,641)	1,842
Movement in working capital					
Change in inventories		23,470	(11,231)	5,598	(5,780)
Change in trade and other receivables		(540)	1,489	4,963	61
Change in current tax assets		1,445	484	1,307	(704)
Change in trade and other payables		(5,019)	(1,789)	2,406	(2,657)
Change in provisions and employee benefits		(75)	31	65	17
Adjustment for working capital items which do not relate to operating activities					
Amounts due from group companies		-	-	204	2,460
Other accounts		(262)	957	(6,542)	(1,380)
		19,019	(10,059)	8,001	(7,983)
Net cash from operating activities		13,896	(2,546)	(329)	(6,188)

Notes to the financial statements Continued

For the year ended 30 June 2009

28. Related parties

The ultimate parent company of the group is New Zealand Wool Services International Limited.

During the year New Zealand Wool Services International Limited (the company) had material transactions with Kaputone Wool Scour (1994) Limited, Whakatu Wool Scour Limited, New Zealand Wool Services International (UK) Limited, Raymond Dale Wool Marketing Limited, and Rural Wool Link Limited.

Advances were received from and made to Kaputone Wool Scour (1994) Limited, Whakatu Wool Scour Limited and Raymond Dale Wool Marketing Limited on which interest was received. At 30 June 2009 the amount receivable from Whakatu Wool Scour Limited is \$785,649 (2008: (\$376,362), from Raymond Dale Wool Marketing Limited is \$1,429,523 (2008: (\$7,935,428)). These balances are all repayable at call. The company has received \$2,670,237 in advances from Kaputone Wool Scour (1994) Limited. In 2008 the company received \$2,156,285 in advances.

Kaputone Wool Scour (1994) Limited and Whakatu Wool Scour Limited processed wool for the company and Raymond Dale Wool Marketing Limited at market prices. Of all wool processed for the company, Kaputone Wool Scour (1994) Limited processed \$6,661,778 by value (2008: \$8,071,337) and Whakatu Wool Scour Limited processed \$6,336,813 by value (2008: \$5,834,466). The amount outstanding at 30 June 2009 is \$731,576 (2008: \$822,791) payable on normal monthly credit terms.

A management and accounting services fee of \$5,000 was charged to Kaputone Wool Scour (1994) Limited (2008: \$5,000) and an accounting services fee of \$5,000 was charged to Whakatu Wool Scour Limited (2008: \$5,000). The full amounts were still outstanding at 30 June 2009 and are receivable by 30 September 2009.

The company purchased wool from Rural Wool Link Limited at market prices, to the value of \$6,596,960 (2008: \$4,424,522). The amount outstanding at 30 June 2009 is \$(2008: \$624,797). A dividend payment of \$67,000 relating to the 2008 year is due but not yet paid from Rural Wool Link. There is no dividend payment for the 2009 year. Key management personnel include directors and executive management. Key management personnel remuneration is comprised of:

	Group	
In thousands of New Zealand dollars	2009	2008
Short term benefits	871	800

29. Group entities

Significant subsidiaries and equity accounted investees

	Note	Country of Ownership		Interest (%)	
		Incorporation	2009	2008	2008
Subsidiaries					
Kaputone Wool Scour (1994) Limited		New Zealand	100		100
Whakatu Wool Scour Limited		New Zealand	100		100
Raymond Dale Wool Marketing Limited		New Zealand	100		100
New Zealand Wool Services International (UK) Limited		United Kingdom	100		100
Equity accounted investees					
Rural Wool Link Limited	14	New Zealand	50		50

30. Segment reporting

Segment information is presented in respect of the group's geographical segments.

Geographical segments

The business supplies wool to the following geographical segments

- Asia Pacific
- United Kingdom
- Europe (other)
- Other

Notes to the financial statements Continued

For the year ended 30 June 2009

The group does not allocate profits, assets and liabilities by segment, as it is not practical to do so. Revenues by segment are presented in the table below

In thousands of New Zealand dollars

Segment	2009	2008
Asia Pacific	87,208	109,473
United Kingdom	15,212	32,560
Europe (other)	37,916	30,044
Other	10,225	7,138
Total	<u>150,561</u>	<u>179,215</u>

31. Subsequent event

Subsequent to balance date there have been no significant events materially affecting the group.



The business and affairs of New Zealand Wool Services International Limited are managed under the direction of the board of directors. The board is elected by shareholders to oversee the management of the company. It is responsible for corporate governance matters and reporting to shareholders.

The board establishes the company's objectives, determines the strategies for achieving those objectives, and monitors management performance. It also establishes delegated authority limits for capital expenditure, treasury and remuneration.

The board meets at least six times each year. Directors receive monthly reports, including statements of profit and loss and balance sheet.

At the date of signing the annual report, the board consisted of five non-executive directors of whom three, Messrs. PG Morrison (Chairman), DM Kirke and PAH Jackson, are independent directors. DMJ Houldsworth is a representative of Woolpak Holdings Limited and SJ Natrass a representative of Plum Duff Limited (formerly Forresters New Zealand Limited). There is one executive director, Mr MBF Dwyer.

The constitution of the company requires at least one-third of the directors, or if their number is not a multiple of three, then the number nearest to one third, excluding the managing director, to retire from office at the annual meeting each year. Those retiring may offer themselves for re-election. The directors who retire by rotation are those who have been longest in office since their last election. This year Messrs Morrison and Houldsworth will resign at the annual meeting by rotation and offer themselves for re-election.

Board meetings

Details of attendances at the seven board meetings held during the year ended 30 June 2009 were:

PG Morrison	7/7
PAH Jackson	7/7
MBF Dwyer	7/7
DM Kirke	6/7
DMJ Houldsworth	7/7
SJ Natrass	5/7

Board committees

The board has two committees, each operating under specific terms of reference approved by the board. These committees make recommendations to the board.

The audit committee has a number of specific responsibilities, including:

- Reviewing the appointment of the independent auditor, their plan for the annual audit, and addressing any recommendations made;
- Reviewing the recommending audit fees;
- Reviewing all financial information to be issued to the public, and any dividend proposals;
- Establishing a framework of internal control mechanisms to ensure proper management of the group's affairs and reviewing their adequacy and effectiveness.

The committee meets with the auditors as and when required. The members are currently David Houldsworth (Chair), Stuart Natrass and Pat Morrison.

The remuneration and appointments committee makes recommendation to the board on remuneration policies and packages applicable to the senior executives of the company.

When appropriate, the committee will make recommendations on the appointment of directors. The members are Pat Morrison, David Houldsworth and Stuart Natrass.

Reporting and disclosure

The board focuses on providing accurate, adequate and timely information to both existing shareholders and the market generally. This enables all investors to make good quality decisions about the company.

The directors' shareholdings and all trading of shares during the year are disclosed later in the report. The NZX is advised if a director or officer trades in the company's shares.

The policy of the board is that directors and senior employees are required to seek board approval to trade in the company's shares.

Remuneration

The remuneration of the individual board members and the managing director are provided in the section headed "Directors' Remuneration." The shareholders have approved up to \$200,000 to be paid as directors' fees.

Risk assessment


The company has in place policies and procedures to identify areas of significant business risk and implement procedures to effectively manage those risks. Where appropriate, the board obtains advice directly from external advisers.

Treasury policy

Exposure to foreign exchange and interest rate risk is managed in accordance with set limits.

Board of directors

PG (Pat) Morrison – CMG

- Independent director since 1996
 - Chairman of the board of directors since 1997
 - Chairman of the board's remuneration committee and member of the board's audit committee
 - Chairman of Kaputone Wool Scour (1994) Limited and Whakatu Wool Scour Limited.
- 

MBF (Michael) Dwyer

- Managing director since 1992
- Director of Kaputone Wool Scour (1994) Limited, Whakatu Wool Scour Limited and Rural Wool Link Limited.
- Director of Lanolin Trading Company Limited

DM (Derek) Kirke

- Independent director since 1993.


PAH (Peter) Jackson

- Independent director since 1997.

DMJ (David) Houldsworth

- Non-independent director since 1999
- Chairman of the board's audit committee
- Member of the board's remuneration committee.

SJ (Stuart) Natrass

- Non-independent director since 2002
 - Member of the board's audit committee
 - Member of the board's remuneration committee
- 

Disclosures under the Companies Act 1993

Directors' remuneration and other benefits for year ended 30 June 2009

	Directors, fees	Salary
In thousands of New Zealand dollars		
PG Morrison	50	-
MBF Dwyer		
Managing Director	-	300
DM Kirke	30	-
PAH Jackson	30	-
DMJ Houldsworth	30	-
SJ Natrass	30	-

Financial assistance

A loan of \$501,000 for the purpose of financing the purchase of shares in the company was provided to Michael Dwyer in December 2003 (reduced to \$232,100 by December 2008) on commercial terms and conditions. The loan is renewable annually. No other financial assistance has been given to directors, or to related parties.

Directors' shareholding

	30.06.09	30.06.08
	Shares	Shares
PG Morrison	166,095	166,095
DM Kirke	648,433	648,433
PAH Jackson	379,515	379,515
SJ Natrass	356,080	356,080
MBF Dwyer	4,282,601	4,264,986

Holdings by associated parties:

DMJ Houldsworth's family trust company, Bentwood Investments Limited holds 12,888 shares.

Dealings in WSI shares by directors and related parties

September 2008

Purchase of 17,615 shares by MBF Dwyer at a cost of \$0.40 per share

Employees remuneration and other benefits of \$100,000 or more

During the year the number of employees of the group, including employees holding office overseas but excluding employees holding office as directors of the company, who received remuneration and other benefits that exceeded \$100,000 were as follows:

Remuneration	Number of Employees
\$110,001 - \$120,000	2
\$120,001 - \$130,000	1
\$140,001 - \$150,000	3
\$160,001 - \$170,000	2
\$180,001 - \$190,000	1
\$190,001 - \$200,000	1
\$200,000 - \$210,000	1

Auditor's remuneration

The amounts paid to the auditors of the company and its subsidiaries are disclosed in Note 7 to the Financial Statements.

Changes in accounting policies

There have been no changes in accounting policies. The accounting policies applied are consistent with those used in the previous period.

Indemnification and insurance of directors and officers

As provided under its constitution, the company has effected directors' and officers' liability insurance for all directors and officers against liabilities to other parties that may arise from their positions as directors or officers. Certain criminal actions are excluded, for example where penalties and fines are imposed in respect of criminal breaches of the law. The policy premium is paid by the company.

Other statutory disclosures

Shareholder information

The company's shares are listed on the alternative market operated by the New Zealand Exchange, known as the NZAX.

Distribution of security holders and security holdings as at 30 June 2009

Size of holding	No of security holders	No of securities	
1 - 1,000	197	192,555	0.28%
1,001 - 5,000	3,285	6,831,271	9.83%
5,001 -10,000	305	2,106,402	3.03%
10,001 - 100,000	145	3,387,404	4.87%
100,001 - 500,000	12	3,037,383	4.37%
500,001 and over	8	53,432,711	76.88%
	3,952	68,987,726	99.26%
Treasury stock		512,274	0.74%
		69,500,000	100%

Number

Plum Duff Limited (formerly Forresters New Zealand Limited)	30,592,451
Woolpak Holdings Limited	13,795,830
MBF Dwyer	4,282,601

At 30 June 2009 the total number of issued voting securities of New Zealand Wool Services International Limited was 69,500,000.

Twenty largest registered holders of equity securities as at 30 June 2009

	TOTAL	%
Plum Duff Limited (formerly Forresters New Zealand Limited)	30,592,451	44.02
Woolpak Holdings Limited	13,795,830	19.85
MBF Dwyer	4,282,601	6.16
Scales Superannuation Management Limited	1,611,651	2.32
JW Dawson	1,001,545	1.44
PH Steel	1,000,100	1.44
DM Kirke	648,433	0.93
IA, LM Caradus & DW Irvine	500,100	0.72
GW Deakins	450,100	0.65
Annan Investments Limited	420,000	0.60
PA Jackson	379,515	0.55
SJ Natrass	356,080	0.51
WH Carson	200,943	0.29
Ann-Marie Kearney	199,299	0.28
BK Reay	188,946	0.27
B D Lewis	181,770	0.26
AJ and MJ Hubbard	174,435	0.25
Seadown Holdings Ltd	170,200	0.25
PG Morrison	166,095	0.24
HC Zingel	150,000	0.22
	56,470,094	81.25

Earnings per share	2009	2008
	(6.3c)	3.4c

Directory

Directory

Board of Directors
Chairman: PG Morrison
Managing Director: MBF Dwyer
Directors: DM Kirke
PAH Jackson
DMJ Houldsworth
SJ Natrass

Registered Office

First Floor
30 Sir William Pickering Drive
PO Box 29 383
Christchurch

Share Register

Link Market Services Ltd
138 Tancred Street
PO Box 384
Ashburton
Phone: 03 308 8887
Fax: 03 308 1311
Email: info@linkmarketservices.co.nz

Auditors

Ernst & Young

Bankers

ANZ National Bank of New Zealand Limited



