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NZ Poultry Enterprises Limited
Financial Statements
for the year ended 25 April 2010

Contents

Directors' report

The Board of Directors have pleasure in presenting the annual report of NZ Poultry Enterprises Limited, incorporating the financial statements and the auditors' report, for the year ended 25 April 2010.

With the unanimous agreement of all shareholders, the Company has taken advantage of the reporting concessions available to it under section 211(3) of the Companies Act 1993.

The Board of Directors of NZ Poultry Enterprises Limited authorised these financial statements presented on pages 5 to 39 for issue on 20 September 2010.

For and on behalf of the Board.

Director

Director

PRICEWATERHOUSECOOPERS

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Auditors' Report

To the shareholders of NZ Poultry Enterprises Limited

We have audited the financial statements on pages 5 to 39. The financial statements provide information about the past financial performance and cash flows of the Company and Group for the period ended 25 April 2010 and their financial position as at that date. This information is stated in accordance with the accounting policies set out on pages 10 to 17.

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 auditors' 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 opinion we have formed.

Directors' Responsibilities

The Company's Directors are responsible for the preparation and presentation of the financial statements which give a true and fair view of the financial position of the Company and Group as at 25 April 2010 and their financial performance and cash flows for the period ended on that date.

Auditors' Responsibilities

We are responsible for expressing an independent opinion on the financial statements presented by the Directors and reporting 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:

(a) the significant estimates and judgements made by the Directors in the preparation of the financial statements; and

(b) 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 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.

We have no relationship with or interests in the Company or any of its subsidiaries other than in our capacities as auditors

PRICEWATERHOUSECOOPERS

Auditors' Report
NZ Poultry Enterprises Limited

Unqualified Opinion

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

In our opinion:

(a) proper accounting records have been kept by the Company as far as appears from our examination of those records; and

(b) the financial statements on pages 5 to 39:

  (i) comply with generally accepted accounting practice in New Zealand;

  (ii) comply with International Financial Reporting Standards; and

  (iii) give a true and fair view of the financial position of the Company and Group as at 25 April 2010 and their financial performance and cash flows for the period ended on that date.

Our audit was completed on 20 September 2010 and our unqualified opinion is expressed as at that date.

Price Waterhouse Coopers

Chartered Accountants — Auckland

NZ Poultry Enterprises Limited
Income Statement
For the year ended 25 April 2010

	Notes	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent 2010 $'000	Parent 2009 $'000
Revenue	5	**401,761**	464,293	**-**	-
Cost of sales		**282,942**	340,887	**-**	-
Gross profit		**118,819**	123,406	**-**	-
Other income	6	**4,141**	2,760	**27,919**	32,275
Expenses	7				
Distribution		**(29,373)**	(32,548)	**-**	-
Administration		**(23,664)**	(23,289)	**-**	-
Other		**(9,278)**	(11,286)	**(4,718)**	(4,767)
Finance costs - net		**(30,976)**	(45,296)	**(2,927)**	(2,698)
Profit before income tax		**29,669**	13,747	**20,274**	24,810
Income tax expense	8	**(7,060)**	(957)	**(6,094)**	(7,443)
Profit for the year		**22,609**	12,790	**14,180**	17,367

The above statement should be read in conjunction with the accompanying notes.

Statement of Comprehensive Income

For the year ended 25 April 2010

	Consolidated		Parent	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Profit for the period	**22,609**	12,790	**14,180**	17,367
Other comprehensive income				
Cash flow hedges, net of tax	**(4,322)**	(2,610)	**-**	-
Other comprehensive income for the period, net of tax	**(4,322)**	(2,610)	**-**	-
Total comprehensive income for the period	**18,287**	10,181	**14,180**	17,367

The above statement should be read in conjunction with the accompanying notes.

	Notes	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent 2010 $'000	Parent 2009 $'000
Assets					
Current assets					
Cash and cash equivalents	10	**12,575**	2,496	**-**	-
Trade and other receivables	11	**72,265**	66,869	**4,669**	3,035
Inventories	12	**30,647**	46,906	**-**	-
Derivative financial instruments	15	**287**	11,419	**-**	-
Biological assets	16	**14,544**	12,111	**-**	-
Total current assets		**130,318**	139,801	**4,669**	3,035
Non-current assets					
Receivables	17	**200**	18	**275,219**	261,717
Property, plant and equipment	13	**217,704**	217,585	**-**	-
Derivative financial instruments	15	**1,070**	369	**-**	-
Deferred tax assets	14	**3,567**	7,244	**-**	-
Intangible assets	18	**286,761**	279,928	**-**	-
Biological assets	16	**9,011**	7,413	**-**	-
Total non-current assets		**518,313**	512,557	**275,219**	261,717
Total assets		**648,631**	652,358	**279,888**	264,752
Liabilities					
Current liabilities					
Current tax liabilities		**15,397**	17,616	**6,094**	7,443
Derivative financial instruments	15	**2,702**	1,908	**-**	-
Trade and other payables	20	**67,096**	80,378	**5,243**	5,768
Total current liabilities		**85,195**	99,902	**11,337**	13,211
Non-current liabilities					
Derivative financial instruments	15	**13,701**	18,687	**-**	-
Interest bearing liabilities	21	**319,231**	321,552	**34,568**	31,738
Total non-current liabilities		**332,932**	340,239	**34,568**	31,738
Total liabilities		**418,127**	440,141	**45,905**	44,949
Net assets		**230,504**	212,217	**233,983**	219,803
Equity					
Issued capital	22	**200,000**	200,000	**200,000**	200,000
Reserves	23(a)	**(5,522)**	(1,200)	**-**	-
Retained earnings	23(c)	**36,026**	13,417	**33,983**	19,803
Total equity		**230,504**	212,217	**233,983**	219,803

The above statement should be read in conjunction with the accompanying notes.

Consolidated	Notes	**Issued capital $'000**	**Hedge reserve $'000**	**Retained earnings $'000**	**Total equity $'000**
Balance at 27 April 2008		200,000	1,410	627	202,037
Comprehensive Income	23	-	(2,610)	12,790	10,180
Total recognised Income and expense		-	(2,610)	12,790	10,180
Balance at 26 April 2009		200,000	(1,200)	13,417	212,217

Consolidated	Notes	**Issued capital $'000**	**Hedge reserve $'000**	**Retained earnings $'000**	**Total equity $'000**
Balance at 26 April 2009		200,000	(1,200)	13,417	212,217
Comprehensive Income	23	-	(4,322)	22,609	18,287
Total recognised income and expense		-	(4,322)	22,609	18,287
Balance at 25 April 2010		200,000	(5,522)	36,026	230,504

Parent	**Share capital $'000**	**Retained earnings $'000**	**Total equity $'000**
Balance at 27 April 2008	200,000	2,436	202,436
Comprehensive income	-	17,367	17,367
Balance at 26 April 2009	200,000	19,803	219,803

Parent	**Share capital $'000**	**Retained earnings $'000**	**Total equity $'000**
Balance at 26 April 2009	200,000	19,803	219,803
Comprehensive income	-	14,180	14,180
Balance at 25 April 2010	200,000	33,983	233,983

The above statement should be read in conjunction with the accompanying notes.

	Notes	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent 2010 $'000	Parent 2009 $'000
Cash flows from operating activities					
Receipts from customers		**397,293**	463,554	-	-
Net GST collected		**419**	1,219	-	-
Net income tax (paid)		**(3,748)**	(1,584)	**(7,444)**	(1,199)
Payments to suppliers		**(246,727)**	(311,368)	-	-
Payments to employees		**(76,555)**	(76,612)	-	-
Other operating expenses		**(7,791)**	(9,936)	**(1,309)**	339
Interest (paid)/received		**(25,780)**	(38,248)	**23,907**	28,370
Net cash inflow from operating activities	29	**37,110**	27,025	**15,154**	27,510
Cash flows from investing activities					
Purchase of subsidiary		-	(101)	-	-
Payments for property, plant and equipment		**(13,137)**	(10,784)	-	-
Payments for increase in intangibles		**(7,435)**	(319)	-	-
Loans to subsidiaries		-	-	**(13,520)**	(24,475)
Loan for repurchase/purchase of shares		**(1,634)**	(3,035)	**(1,634)**	(3,035)
Proceeds from sale of property, plant and equipment		**3,679**	9,066	-	-
Proceeds from sale of goodwill		**250**	29,053		
Proceeds from insurance for material damage		-	-	-	-
Net cash (outflow) / inflow from investing activities		**(18,277)**	23,880	**(15,154)**	(27,510)
Cash flows from financing activities					
Repayment of principal on borrowings		**(8,754)**	(53,375)	-	-
Net cash (outflow) from financing activities		**(8,754)**	(53,375)	-	-
Net increase (decrease) in cash and cash equivalents		**10,079**	(2,470)	-	-
Cash and cash equivalents at the beginning of the financial year		**2,496**	4,966	-	-
Cash and cash equivalents at end of year	10	**12,575**	2,496	-	-

The above statement should be read in conjunction with the accompanying notes.

1 General information

NZ Poultry Enterprises Limited (the Company) and its subsidiaries (together the Group) is an investment holding company and its subsidiary is a fully integrated poultry producer, involved in the breeding, hatching, processing, marketing and distribution of poultry products. The address of its registered office is C/- Bell Gully, Level 22, Vero Centre, 48 Shortland Street, Auckland.

The Company was incorporated on 29 October 2007.

These consolidated financial statements are for the year ended 25 April 2010. The financial statements have been approved for issue by the directors on 20 September 2010.

2 Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP). They comply with International Financial Reporting Standards (IFRS) and New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and other applicable New Zealand Financial Reporting Standards, as appropriate for profit-oriented entities.

Entities reporting

The financial statements for the 'Parent' are for NZ Poultry Enterprises Limited as a separate legal entity.

The consolidated financial statements for the 'Group' are for the economic entity comprising NZ Poultry Enterprises Limited and its subsidiaries.

The Company and Group are designated as profit-oriented entities for financial reporting purposes.

Statutory base

NZ Poultry Enterprises Limited is a limited liability company which is domiciled and incorporated in New Zealand. It is registered under the Companies Act 1993.

The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993 and the Companies Act 1993.

The financial statements have been rounded to the nearest one thousand dollars.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets and liabilities as identified in specific accounting policies below.

Critical accounting estimates

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

Adoption of new and amended standards

The Group has adopted the following new and amended IFRS's for the year ended 25 April 2010:

(i) IFRS 7 'Financial instruments - Disclosures' (amendment) - effective 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. This change in accounting policy only results in additional disclosures.

(ii) IAS 1 (revised) 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. The change in accounting policy only impacts the presentation of the financial statements.

2 Significant accounting policies (continued)

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of NZ Poultry Enterprises Limited ('company' or 'Parent entity') as at 25 April 2010 and the results of all subsidiaries for the year then ended. NZ Poultry Enterprises Limited and its subsidiaries together are referred to in these financial statements as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Net Asset Acquisitions

The excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the identifiable net assets acquired, the difference is recognised directly in the income statement.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The Group and Parent financial statements are presented in New Zealand dollars, which is NZ Poultry Enterprises Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

2 Significant accounting policies (continued)

(d) Revenue recognition
Revenue comprises the fair value of the consideration received or receivable for the sale of goods, net of Goods and Services Tax, rebates and discounts. Revenue is recognised as follows:

(i) Sale of goods
Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards have been transferred to the buyers. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or associated costs.

(ii) Interest income
Interest income is recognised using the effective interest method.

(e) Income tax
The income tax expense or revenue for the period is the total of the current period's taxable income based on the national income tax rate plus/minus any prior years' under/over provisions, plus/minus movements in the deferred tax balance except where the movement in deferred tax is attributable to a movement in reserves.

Movements in deferred tax are attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements and any unused tax losses or credits. Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or loss or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only to the extent that it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The income tax expense or revenue attributable to amounts recognised directly in equity are also recognised directly in equity. The associated current or deferred tax balances are recognised in these accounts as usual.

(f) Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities 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, and bank overdrafts.

(g) Trade and other receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the amount the company expects to collect. The movement in the provision during the period is recognised in 'Other expenses' in the income statement.

Subsequent recoveries of amounts previously written off are credited against 'Other expenses' in the income statement.

(h) Inventories
Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and production overheads necessary to bring the inventories into their present location and condition. Cost is determined on a first in, first out basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2 Significant accounting policies (continued)

(i) Biological assets

(i) Valuation of live birds

The fair value of live birds is estimated for recognition and measurement based on the market price (as at balance sheet date) for the birds, and the market cost of expenses related to the live birds. Where there is no active market for the birds, the fair value is estimated based on the market price of the agricultural produce produced from the biological assets.

Assets in this category are classified as current assets if the expected life of the asset is less than 12 months.

(j) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either; (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in note 15. Movements in the cash flow hedging reserve in shareholders' equity are shown in note 23.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect the income statement (for instance when the forecast purchase or sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(iii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

(k) Fair value estimation

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the company is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

2 Significant accounting policies (continued)

(l) Financial assets

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

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

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. It is Group policy to designate a financial asset if there exists the possibility it will be sold in the short term and the asset is subject to frequent changes in fair value. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet (note 11).

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intention and ability to hold to maturity.

(m) Impairment

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets that have an indefinite useful life including goodwill, are not subject to amortisation and are tested annually for impairment irrespective of whether any circumstances identifying a possible impairment have been identified. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The 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 flows (cash generating units).

(n) Property, plant and equipment

All property, plant and equipment except freehold land are stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation of property, plant and equipment is charged on a straight-line basis so as to write off the cost of the assets over their expected useful life. The following estimated lives have been used:

* Buildings	40 years
* Plant and equipment	3 - 30 years
* Motor vehicles	3 - 6 years

Capital work in progress is not depreciated until commissioned.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

2 Significant accounting policies (continued)

(n) Property, plant and equipment (continued)
Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(o) Intangible assets
(i) Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired business/associate at the date of acquisition.

Goodwill on acquisitions of businesses is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or immediately if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

(ii) Brands
Separately acquired trademarks and licences are shown at historical cost. Trademarks and licences acquired in a business combination are recognised at fair value at the acquisition date. Trademarks are not amortised. Instead trademarks are tested for impairment annually, or immediately if events or changes in circumstances indicate that there might be impairment, and are carried at cost less accumulated impairment losses. Trademarks have an indefinite useful life due to the unique nature of the brand in the New Zealand market. Gains and losses on the disposal of an entity or business unit include the trademark relating to the entity or business unit sold. Trademarks are allocated to cash-generating units for the purpose of impairment testing.

(iii) Other intangibles
Other intangibles are payments made in the course of business that are capitalised over the term of the agreement to which they relate. This ranges from 5 to 19 years. These costs are amortised over this same term.

(iv) Computer software
Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring the specific software to use. These costs are amortised over their estimated useful lives (three to five years).

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. ..irect costs include the software development employee costs and an appropriate portion of relevant overheads.

(p) Goods and Services Tax (GST)
The income statement has been prepared so that all components are stated exclusive of GST. All items in the balance sheet are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

(q) Trade and other payables
These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade payables are recognised initially at fair value.

(r) Provisions
Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2 Significant accounting policies (continued)

(s) Employee benefits

Liabilities for wages and salaries, including non-monetary benefits and annual leave to be settled within 12 months of the reporting date are recognised in 'other payables' in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. The Group's net obligation in respect of long service leave is the present value of the amount of future benefit that employees have earned in return for their service in the current and prior periods.

(t) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. 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 balance sheet date. Borrowing costs are recognised as expenses in the period in which they are incurred, except where they are included in the costs of qualifying assets. Borrowing costs include interest on related company borrowing.

(u) Research and development costs

Research and development expenditure is expensed as incurred. Development expenditure is not capitalised as it is not deemed probable that expenditure will result in future economic benefits until the development phase is completed.

(v) Leases

Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(w) Cashflow

Cash and cash equivalents are considered to be cash on hand, bank current accounts, cash on deposit and bank overdrafts. Cash flows are shown exclusive of Goods and Services Tax (GST). Operating activities are the principal revenue-producing activities of the entity and other activities that are not investing or financing activities. Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents. Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the entity.

(x) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the settlement-date – the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'other' in the period in which they arise.

(y) Issued capital

Ordinary shares are classified as equity.

2 Significant accounting policies (continued)

(z) Standards, amendments and interpretations to existing standards that are not yet effective
The group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective:

* NZ IFRS 3 (Revised) 'Business Combinations' effective from 1 July 2009).The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interests' proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed.

* IAS 38 (amendment), 'Intangible Assets'. The amendment is part of the IASB's annual improvements project published in April 2009 and the group and company will apply IAS 38 (amendment) from the date IFRS 3 (revised) is adopted. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives.

The impact on the result for NZ Poultry Enterprises from the above standards is minimal.

3 Financial risk management

The Group's activities expose it to a variety of material financial risks including currency, interest rate, credit, and liquidity risks. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure and mitigate different types of risk to which it is exposed. Risk management is carried out under policies approved by the Board of Directors and executive management.

(a) Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments, as well as credit exposures to customers.

Credit risk to customers is managed by credit checking procedures and the application of and adherence to credit limits. The Group uses several tools to mitigate upfront risk including the use of independent credit ratings, credit references, past experience, financial reviews and obtaining security assets.

The maximum credit risk on cash and cash equivalents, trade and other receivables and derivative financial instruments is best represented by their carrying amounts.

(b) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value risk. The Group manages its cash flow interest rate risk within the parameters of its banking facility agreements, including the use of instruments such as interest rate swaps, swaptions and swaption collars.

(c) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future operational transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

Forward contracts are the key instrument used to manage foreign exchange risk although other derivatives approved by the Board may be used from time to time.

The Group's material exposure during the reporting period was to USD and AUD denominated grain and other animal feed imports.

(ii) Summarised sensitivity analysis

As cash balances are not subject to foreign exchange risk these have been excluded from this analysis. Interest rate risk and foreign exchange risk assumptions have been made on estimated changes in the market.

Interest rate risk

At 25 April 2010 if market interest rates had been 1% higher/lower with all other variables held constant, post tax profit for the year would have been $503,000 (2009: $602,000) lower/higher mainly as a result of higher/lower interest expense on floating borrowings. The parent post tax profit would not have been effected by a change in market interest rates (2009:$0).

Other components of equity would have been $2,521,000 (2009: $3,664,000) lower or $2,513,000 (2009: $3,716,000) higher as a result of a decrease/increase in the fair value of derivatives designated as cash flow hedges of floating rate borrowings.

Foreign exchange risk

At 25 April 2010 if foreign exchange rates had been 10% higher with all other variables held constant, equity would have been $289,000 (2009: $4,507,000) lower as a result of a decrease in fair value of derivatives designated as cash flow hedges.

At 25 April 2010 if foreign exchange rates had been 10% lower with all other variables held constant, equity would have been $358,000 (2009: $3,785,000) higher as a result of an increase in fair value of derivatives designated as cash flow hedges.

Other price risk

At 25 April 2010 if market electricity rates had been 1% higher/lower with all other variables held constant, there would have been a minmimal impact on post tax profit for the year and other components of equity would have been $52,000 higher/lower as a result of an increase/decrease in fair value of derivatives designated as cash flow hedges.

3 Financial risk management (continued)

(d) Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions and pay debts when they fall due. The Group was in compliance with all of its banking facility agreements as at 25 April 2010.

Maturities of financial liabilities
The tables below analyse the Group's and the Parent entity's financial liabilities into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are calculated using estimated cash outflows. Interest rate swaps cash outflows have been calculated using the forward interest rates applicable at the reporting date. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Consolidated	Less than 1 year	Between 1 and 2 years	between 2 and 5 years	over 5 years	Total contractual cash flows	Carrying amount (assets) / liabilities
25 April 2010	$'000	$'000	$'000	$'000	$'000	$'000
Trade payables	67,096	-	-	-	67,096	67,096
Interest Bearing Liabilites	35,522	29,020	370,700	-	435,242	319,232
Interest rate swaps	3,952	3,819	5,583	-	13,354	13,834
Forward foreign exchange contracts inflow	(46,180)	-	-	-	(46,180)	-
Forward foreign exchange contracts outflow	48,771	-	-	-	48,771	-
Net Forward foreign exchange contracts	2,591	-	-	-	2,591	2,569
Total	**109,161**	**32,839**	**376,283**	**-**	**518,283**	**402,730**

Consolidated	Less than 1 year	Between 1 and 2 years	between 2 and 5 years	over 5 years	Total contractual cash flows	Carrying amount (assets) / liabilities
26 April 2009	$'000	$'000	$'000	$'000	$'000	$'000
Trade payables	80,377	-	-	-	80,377	80,377
Interest Bearing Liabilites	24,743	33,336	294,175	115,607	467,861	321,552
Interest rate swaps	7,250	5,436	7,814	-	20,500	20,500
Forward foreign exchange contracts inflow	(4,386)	-	-	-	(4,386)	-
Forward foreign exchange contracts outflow	4,532	-	-	-	4,532	-
Net Forward foreign exchange contracts	146	-	-	-	146	95
Total	**112,516**	**38,772**	**301,989**	**115,607**	**568,884**	**422,524**

Parent	Less than 1 year	Between 1 and 2 years	between 2 and 5 years	over 5 years	Total contractual cash flows	Carrying amount (assets) / liabilities
25 April 2010	$'000	$'000	$'000	$'000	$'000	$'000
Trade payables	5,243	-	-	-	5,243	5,243
Interest Bearing Liabilites	-	-	51,451	-	51,451	34,568
Total	**5,243**	**-**	**51,451**	**-**	**56,694**	**39,811**

Parent	Less than 1 year	Between 1 and 2 years	between 2 and 5 years	over 5 years	Total contractual cash flows	Carrying amount (assets) / liabilities
26 April 2009	$'000	$'000	$'000	$'000	$'000	$'000
Trade payables	5,768	-	-	-	5,768	5,768
Interest Bearing Liabilites	-	-	-	51,451	51,451	31,738
Total	**5,768**	**-**	**-**	**51,451**	**57,219**	**37,506**

3 Financial risk management (continued)

(e) Capital risk management

The Group's and the Parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern and to maintain an optimal capital structure, so that they can continue to provide returns for shareholders and benefits for other stakeholders.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, sell assets or apply cash reserves to reduce debt.

The Group monitors capital, being the total equity of the group in conjunction with the financial undertakings pursuant to its debt financing agreements. These financial undertakings include an Interest Cover Ratio, Total Leverage Ratio and Debt Service Cover Ratio. The Group ensures that it operates within the parameters of these financial undertakings at all times.

(f) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement and for disclosure purposes.

The following table presents the Groups financial assets and liabilities that are measured at fair value by level of fair value measurement hierarchy.

Consolidated	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
At 25 April 2010				
Financial assets				
Derivatives used for hedging	-	1,357	-	1,357
Total assets	-	1,357	-	1,357
Financial liabilities				
Derivatives used for hedging	-	16,403	-	16,403
Total Liabilities	-	16,403	-	16,403
At 26 April 2009				
Financial assets				
Derivatives used for hedging	-	11,788	-	11,788
Total assets	-	11,788	-	11,788
Financial liabilities				
Derivatives used for hedging		20,595		20,595
Total Liabilities	-	20,595	-	20,595

Financial instruments are categorised based on the following fair value measurement hierarchy:

Level 1

Level 1 includes instruments where fair value measurement is based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

The Group has no financial instruments measured at fair value in level 1.

Level 2

Level 2 includes instruments where fair value measurement is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is as prices) or indirectly (that is derived from prices).

Financial instruments measured at fair value included in level 2 comprise derivatives used for hedging. The fair value of derivatives that are not traded in an active market is determined by valuation techniques. All significant inputs used to fair value derivatives used for trading are observable and therefore these instruments are included at level 2.

Level 3

Level 3 includes instruments where fair value measurement is based on unobservable inputs.

The Group has no financial instruments measured at fair value in level 3.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Impairment testing of goodwill
Note 18 provides information about the impairment testing of goodwill.

Property, plant and equipment
Judgements have been made in relation to the Group's depreciation rates and the carrying value of property, plant and equipment as disclosed in note 13.

Financial instruments
Judgements have been made in relation to the Group's carrying value of derviatives as disclosed in note 15.

Provisions
Judgements have been made in relation to the Group's provisions for accounts receivables and inventories as disclosed in note 11 and 12.

Biological assets
Judgements have been made in relation to the Group's biological assets as disclosed in note 2(i) and 16.

5 Revenue

	Consolidated		Parent	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Sale of goods	**401,761**	464,293	**-**	-
	401,761	464,293	**-**	-

6 Other income

	Consolidated		Parent	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Gain on disposal of property, plant and equipment	**3,679**	1,100	**-**	-
Proceeds from sale of goodwill	**250**	1,321	**-**	-
Interest income	**207**	339	**24,011**	28,207
Other income	**5**	-	**3,908**	4,068
	4,141	2,760	**27,919**	32,275

7 Expenses

	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent 2010 $'000	Parent 2009 $'000
Profit before income tax includes the following specific expenses:				
Depreciation				
Buildings	3,752	3,312	-	-
Plant and equipment	9,149	9,301	-	-
Motor vehicles	117	98	-	-
Total depreciation	13,018	12,710	-	-
Amortisation				
Other intangibles	754	440	-	-
Software	289	455	-	-
Total amortisation	1,043	895	-	-
Total depreciation and amortisation	14,061	13,606	-	-
Other operating expenses				
Debts written off / recovered	1,311	795	-	-
Changes in provision for doubtful debts	(1,297)	(1,305)	-	-
	14	(510)	-	-
Interest and finance charges paid/payable	30,976	45,296	2,927	2,698
Lease payments	11,582	11,338	-	-
Employee benefits				
Wages and salaries	78,336	77,187	-	-

For fees paid to auditors see note 24.

8 Income tax expense

	Consolidated		Parent	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
(a) Income tax expense				
Current tax on profits for the year	**21,420**	20,555	**6,094**	7,443
Adjustments in respect of prior years	**(1,120)**	(245)	**-**	-
Total Current tax	**20,300**	20,310	**6,094**	7,443
Deferred tax	**(13,515)**	(18,110)	**-**	-
Impact of change in tax rate	**-**	(1,507)	**-**	-
Under (over) provided in prior years	**275**	263	**-**	-
Total Deferred tax	**(13,240)**	(19,354)	**-**	-
Income tax expense	**7,060**	957	**6,094**	7,443

(b) Numerical reconciliation of income tax expense to prima facie tax payable

Profit from continuing operations before income tax expense	**29,669**	13,747	**20,274**	24,810
Tax calculated at domestic tax rate applicable to profits	**8,901**	4,124	**6,082**	7,443
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Depreciation and amortisation	**(453)**	(715)	**-**	-
Entertainment	**39**	34	**-**	-
Capital Gain on Sale of Assets	**-**	(1,072)	**-**	-
Non deductible expenses	**182**	-	**2**	-
Revaluation of biological assets	**(63)**	66	**-**	-
Sundry items	**(701)**	9	**10**	-
Under / (over) provided in prior years	**(845)**	(1,489)	**-**	-
Income tax expense / (benefit)	**7,060**	957	**6,094**	7,443

	Consolidated		Parent	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
(c) Imputation credit account				
Opening balance	**3,592**	2,000	**-**	-
Tax payments, net of refunds and other	**3,749**	1,592	**-**	-
Closing balance	**7,341**	3,592	**-**	-

9 Financial instruments summary

Assets as per balance sheet	Consolidated Derivatives used for hedging $'000	Consolidated Loans and receivables $'000	Parent Derivatives used for hedging $'000	Parent Loans and receivables $'000
At 25 April 2010				
Derivative financial instruments	1,357	-	-	-
Trade and other receivables	-	65,682	-	4,669
Cash and cash equivalents	-	12,575	-	-
	1,357	78,257	-	4,669
At 26 April 2009				
Derivative financial instruments	11,788	-	-	-
Trade and other receivables	-	61,667	-	3,035
Cash and cash equivalents	-	2,496	-	-
	11,788	64,163	-	3,035

Liabilities as per balance sheet	Derivatives used for hedging $'000	Measured at amortised cost $'000	Derivatives used for hedging $'000	Measured at amortised cost $'000
At 25 April 2010				
Derivative financial instruments	16,403	-	-	-
Trade and other payables	-	67,096	-	5,243
Interest bearing liabilities		319,231		34,568
	16,403	386,327	-	39,811
At 26 April 2009				
Derivative financial instruments	20,595	-	-	-
Trade and other payables	-	80,378	-	5,768
Interest bearing liabilities	-	321,552	-	31,738
	20,595	401,930	-	37,506

10 Cash and cash equivalents

	Consolidated		Parent	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Cash at bank and in hand	**12,575**	2,496	-	-
	12,575	2,496	-	-

(a) Fair value

The carrying amount for cash and cash equivalents equals the fair value.

11 Trade and other receivables

	Consolidated		Parent	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Trade receivables	**60,682**	59,400	-	-
Other debtors	**738**	1,136	-	-
Provision for doubtful receivables	**(607)**	(1,904)	-	-
Related party receivables (note 27)	**4,669**	3,035	**4,669**	3,035
Prepayments	**6,783**	5,202	-	-
	72,265	66,869	**4,669**	3,035

(a) Bad and doubtful trade receivables

The Group has recognised a gain/(loss) of $(14,000) in respect of bad and doubtful trade receivables during the period ended 25 April 2010 (2009: $510,000). The gain/(loss) has been included in 'Other expenses' in the income statement.

There are no other significant amounts that are past due but not impaired.

(b) Fair value

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

12 Inventories

	Consolidated		Parent	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Raw materials	**10,488**	21,475	-	-
Finished goods	**20,159**	25,431	-	-
	30,647	46,906	-	-

13 Property, plant and equipment

Consolidated	Capital work in progress $'000	Freehold land $'000	Buildings $'000	Plant and equipment $'000	Motor vehicles $'000	Total $'000
At 27 April 2008						
Cost	18,850	42,295	81,918	85,669	361	229,093
Accumulated depreciation	-	-	(433)	(1,785)	(4)	(2,222)
Net book amount	18,850	42,295	81,485	83,884	357	226,871
Period ending 26 April 2009						
Opening net book amount	18,850	42,295	81,485	83,884	357	226,871
Additions	(10,358)	-	11,727	9,334	80	10,783
Disposals	-	(932)	(1,388)	(6,342)	(3)	(8,665)
Depreciation write back on disposals	-	-	(318)	1,621	3	1,306
Depreciation charge	-	-	(3,311)	(9,301)	(98)	(12,710)
Reclassifications	-	-	(507)	519	(12)	-
Closing net book amount	8,492	41,363	87,688	79,715	327	217,585
At 26 April 2009						
Cost	8,492	41,363	91,519	89,389	450	231,213
Accumulated depreciation	-	-	(3,831)	(9,674)	(123)	(13,628)
Net book amount	8,492	41,363	87,688	79,715	327	217,585

13 Property, plant and equipment (continued)

Consolidated	Capital work in progress $'000	Freehold land $'000	Buildings $'000	Plant and equipment $'000	Motor vehicles $'000	Total $'000
Period ending 25 April 2010						
Opening net book amount	8,492	41,363	87,688	79,715	327	217,585
Additions	2,114	-	4,034	12,114	101	18,363
Disposals	-	(2,220)	(2,036)	(1,249)	(49)	(5,554)
Depreciation write back on disposals	-	-	8	308	13	329
Depreciation charge	-	-	(3,752)	(9,149)	(117)	(13,018)
Reclassification	-	-	-	-	-	-
Closing net book amount	10,606	39,143	85,941	81,740	275	217,704
At 25 April 2010						
Cost	10,606	39,143	93,516	100,254	503	244,022
Accumulated depreciation	-	-	(7,575)	(18,514)	(229)	(26,318)
Net book amount	10,606	39,143	85,941	81,740	274	217,704

14 Deferred tax assets

	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent 2010 $'000	Parent 2009 $'000
The balance comprises temporary differences attributable to:				
Doubtful debts	**182**	646	-	-
Employee benefits	**2,516**	2,115	-	-
Inventory	**(2,349)**	(1,795)	-	-
Fixed assets	**(17,068)**	(16,940)	-	-
Losses available from group companies	**14,490**	18,850	-	-
Tax effect on cashflow hedge reserve	**4,495**	2,642	-	-
Other provisions	**1,302**	1,725	-	-
Net deferred tax assets	**3,567**	7,244	-	-
Movements:				
Opening balance	**7,244**	(4,498)	-	-
Credited (charged) to the income statement	**13,515**	18,110	-	-
Utilisation of losses in group	**(18,849)**	(10,181)	-	-
Deferred tax movement on cashflow hedge reserve	**1,853**	2,642		
Other	**(195)**	1,171	-	-
Closing balance	**3,567**	7,244	-	-

15 Derivative financial instruments

	Consolidated		Parent	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Current assets				
Forward foreign exchange contracts - cash flow hedges ((a)(ii))	**287**	11,419	-	-
Interest rate swaps - cash flow hedges ((a)(i))	-	-	-	-
Total current derivative financial instrument assets	**287**	11,419	-	-
Non-current assets				
Interest rate swaps - cash flow hedges ((a)(i))	**480**	369	-	-
Electricity - cash flow hedges ((a)(i))	**590**	-	-	-
Total non-current derivative financial instrument assets	**1,070**	369	-	-
Total derivative financial instrument assets	**1,357**	11,788	-	-
Current liabilities				
Forward foreign exchange contracts - cash flow hedges ((a)(ii))	**2,569**	95	-	-
Interest rate swaps - cash flow hedges ((a)(i))	**133**	1,813	-	-
Total current derivative financial instrument liabilities	**2,702**	1,908	-	-
Non-current liabilities				
Interest rate swaps - cash flow hedges ((a)(i))	**13,701**	18,687	-	-
Total non-current derivative financial instrument liabilities	**13,701**	18,687	-	-
Total derivative financial instrument liabilities	**16,403**	20,595	-	-
Net derivative financial instruments	**(15,046)**	(8,807)	-	-

(a) Instruments used by the Group

The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest and foreign exchange rates in accordance with the Group's financial risk management policies.

(i) Interest rate swap contracts

Bank loans of the Group currently bear an average variable interest rate of 4.8% (2009: 5.8%). It is policy and also a banking facility requirement to protect part of the loans from exposure to increasing interest rates. Accordingly, the Group has entered into interest rate swap contracts under which it pays a portion of its interest at fixed rates.

Swaps currently in place cover approximately 76.6% of the senior and subordinated debt facilities outstanding and are timed to expire as each loan repayment falls due. The average fixed interest rate during the year was 8.8% (2009: 10.5%).

The contracts require settlement of net interest receivable or payable quarterly. The settlement dates coincide with the dates on which interest is payable on the underlying debt. The contracts are settled on a net basis.

The gain or loss from re-measuring the hedging instruments at fair value is deferred in the hedging reserve.

15 Derivative financial instruments (continued)

(ii) Forward exchange contracts - cash flow hedges

The Group operations are primarily domestic but also involve international purchases and exports. In order to protect against exchange rate movements, the Group has entered into forward exchange contracts to purchase United States and Australian dollars and to sell Australian dollars.

These contracts are hedging highly probable forecasted purchases and sales for future financial years. The contracts are timed to mature when payments for major purchases including grain shipments are scheduled to be made and when sales receipts are expected to be received.

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in equity reserves. When the cash flows occur, the related amount in equity is released to profit in conjunction with the cash flow.

Group

During the period ended 25 April 2010, all hedges were fully effective

Parent entity

No foreign exchange contracts are held.

16 Biological assets

	Consolidated		Parent	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Carrying value at 25 April 2010				
Poultry	**23,555**	19,524	-	-
	23,555	19,524	-	-

The biological assets have been split as follows on the face of the balance sheet:

Current biological assets	**14,544**	12,111	-	-
Non-current biological assets	**9,011**	7,413	-	-
Total biological assets	**23,555**	19,524	-	-

The biological assets have been valued in accordance with the accounting policy described in note 2(i)

17 Non-current receivables

	Consolidated		Parent	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Related party receivable (note 27)	-	-	**275,219**	261,699
Other Receivables	**200**	18	-	18
	200	18	**275,219**	261,717

18 Intangible assets

Consolidated	Other intangible assets $'000	Goodwill $'000	Trademarks $'000	Computer software $'000	Total $'000
At 27 April 2008					
Cost	1,510	264,189	35,150	1,589	302,438
Accumulated amortisation	(85)	-	-	(93)	(178)
Net book amount	1,425	264,189	35,150	1,496	302,260
Period ending 26 April 2009					
Opening net book amount	1,425	264,189	35,150	1,496	302,260
Additions	150	101	-	169	420
Disposals	(600)	(19,501)	(1,650)	(956)	(22,707)
Amortisation charge	(440)	-	-	(455)	(895)
Amortisation writeback on disposals	503	-	-	349	852
Reclassification	(99)	99	-	-	-
Closing net book amount	939	244,887	33,500	602	279,928
At 26 April 2009					
Cost	961	244,887	33,500	801	280,150
Accumulated amortisation	(22)	-	-	(199)	(221)
Net book amount	939	244,887	33,500	602	279,928

Consolidated					
Period ending 25 April 2010					
Opening net book amount	939	244,887	33,500	602	279,928
Additions	1,787	5,505	-	584	7,876
Amortisation charge	(754)	-	-	(289)	(1,043)
Closing net book amount	1,972	250,392	33,500	897	286,761
At 25 April 2010					
Cost	2,748	250,392	33,500	1,385	288,025
Accumulated amortisation	(776)	-	-	(488)	(1,264)
Net book amount	1,972	250,392	33,500	897	286,761

(a) Impairment tests for goodwill

The goodwill relates to the acquisition of NZ Poultry Finance Limited in 2008 and net asset acquisitions. Management have undertaken an impairment review and have concluded that the goodwill is not impaired based on the current and future expected trading performance of the group.

19 Investment in subsidiaries

Investments in subsidiaries are accounted for in the consolidated financial statements using the purchase accounting method and are carried at cost by the Parent entity. The Parent holds 100% of the shares in NZ Poultry Finance Ltd.

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2(b)

Name of the entity	**Country of incorporation**	**Class of shares**	**Equity Holding 2010**	**Equity Holding 2009**
NZ Poultry Finance Limited	New Zealand	Ordinary	**100%**	100%
NZ Poultry Holdings Limited	New Zealand	Ordinary	**100%**	100%
Tegel Foods Limited	New Zealand	Ordinary	**100%**	100%
Poultry Share Scheme Trustee Limited	New Zealand	Controlled	**100%**	100%

20 Trade and other payables

	Consolidated		**Parent**	
	2010 $'000	2009 $'000	**2010 $'000**	2009 $'000
Trade payables	**36,779**	54,385	**428**	570
Amounts due to related parties	**4,484**	4,892	**4,484**	4,892
Accruals and other payables	**15,934**	12,983	**331**	306
Employee benefits	**9,899**	8,118	**-**	-
	67,096	80,378	**5,243**	5,768

Related parties payable made up as follows:

	Consolidated		**Parent**	
	2010 $'000	2009 $'000	**2010 $'000**	2009 $'000
Pacific Equity Partners	**2,118**	2,188	**2,118**	2,188
ANZ Capital	**1,790**	2,147	**1,790**	2,147
NZ Food Company Holdings Limited	**576**	557	**576**	557
	4,484	4,892	**4,484**	4,892

Due to the nature of the trade and other payables their carrying value is assumed to approximate their fair value.

21 Non-current liabilities - Interest bearing liabilities

	Consolidated		Parent	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Secured				
Bank borrowings	230,957	239,172	-	-
Subordinated debt facility	53,706	50,642	-	-
Mezzanine Debt facility	34,568	31,738	34,568	31,738
Total secured non-current interest bearing borrowings	319,231	321,552	34,568	31,738
Total non-current interest bearing liabilities	319,231	321,552	34,568	31,738

The other loans of the parent and a subsidiary incur interest at rates from 4.3% to 9.8% (2009: 5.5% to 15.4%), maturing from three to five years and are secured over the assets of the Group.

(a) Financing arrangements

	Consolidated		Parent	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Bank loan facilities				
Working capital facilities	35,000	35,000	-	-
Unused at balance date	35,000	35,000	-	-

The working capital facility is linked in with the senior debt facility (within Bank borrowings above) which expires in 4 years.

22 Issued capital

	Number on issue		Value	
	2010	2009	2010	2009
(a) Consolidated	'000	'000	$'000	$'000
Share capital				
Ordinary shares	200,000	200,000	200,000	200,000
Management performance shares (note 28)	22,867	22,867	229	229
	222,867	222,867	200,229	200,229
Treasury Shares				
Management performance shares (note 28)	(22,867)	(22,867)	(229)	(229)
	200,000	200,000	200,000	200,000
(b) Parent				
Share capital				
Ordinary shares	200,000	200,000	200,000	200,000
Management performance shares (note 28)	22,867	22,867	229	229
	222,867	222,867	200,229	200,229
Treasury Shares				
Management performance shares (note 28)	(22,867)	(22,867)	(229)	(229)
	200,000	200,000	200,000	200,000

(c) Ordinary shares

As at 25 April 2010, ordinary shares comprised 200,000,000 (2009:200,000,000) authorised issued and fully paid shares in NZ Poultry Enterprises Limited. Each share carries one voting right.

(c) Management performance shares

As at 25 April 2010, management performance shares comprised 22,866,667 (2009: 22,866,667) management performance shares with no voting rights. On a defined exit event subject to achieving specified performance criteria, a proportion of these shares may be reclassified as ordinary shares.

23 Reserves and retained earnings

	Consolidated		Parent	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
(a) Reserves				
Hedge reserve	**(5,522)**	(1,200)	**-**	-
	(5,522)	(1,200)	**-**	-

(b) Nature and purpose of reserves

(i) Hedging reserve - foreign exchange, interest rates and electricity swaps

The hedging reserve is used to record gains or losses on cash flow hedge instruments, as described in note 2(j). Hedged gains or losses are recognised in the income statement in conjunction with the income or expense associated with the underlying transaction.

(c) Retained earnings

Movements in retained earnings are as follows:

	Consolidated		Parent	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Opening balance	**13,417**	627	**19,803**	2,436
Net profit for the year	**22,609**	12,790	**14,180**	17,367
Closing balance	**36,026**	13,417	**33,983**	19,803

24 Remuneration of auditors

During the period the following fees were paid or payable for services provided by the auditor of the Group.

	Consolidated		Parent	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
PricewaterhouseCoopers auditor of the group and parent				
Audit fees for the audit of the financial statements	**160**	165	**-**	-
Tax fees, compliance and tax advice	**309**	204	**198**	-
Other services, transaction services	**27**	157	**10**	-
Total remuneration for services	**496**	526	**208**	-

25 Commitments

(a) Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	Consolidated		Parent	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Property, plant and equipment	**3,838**	3,073	**-**	-
	3,838	3,073	**-**	-

(b) Lease commitments: as lessee

(i) Operating leases

The Group leases premises, plant and equipment. Operating leases held over properties give the Group the right to renew the lease subject to a redetermination of the lease rental by the lessor.

	Consolidated		Parent	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	**10,509**	10,103	**-**	-
Later than one year but not later than five years	**26,528**	19,665	**-**	-
Later than five years	**20,125**	24,625	**-**	-
	57,162	54,393	**-**	-

25 Commitments (continued)

	Consolidated		Parent	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
(c) Other commitments for expenditure				
Raw material purchasing commitments are as follows:				
Within one year	**40,362**	41,901	**-**	-
	40,362	41,901	**-**	-

26 Contingencies

As at 25 April 2010 the Group and Parent had no contingent liabilities or assets.

27 Related party transactions

(a) Parent entities

The ultimate Parent entity within the Group is NZ Poultry Enterprises Limited (incorporated in New Zealand) of which 43.1% of the ordinary shares are owned by various Pacific Equity Partners funds and 26.7% of the ordinary shares are owned by ANZ Capital at balance date. As a result, the various Pacific Equity Partners funds and ANZ Capital are regarded as related parties.

(b) Directors

The names of persons who were directors of the company at any time during the financial year were: Rickard Jan Rolfe Gardell, Anthony Kevin Kerwick, Simon David Pillar, Ronald Duje Vela, Douglas Alexander McKay, and David Brown.

(c) Key management and personnel compensation

Key management personnel compensation comprising short-term benefits for the period to 25 April 2010 is $2,827,000 (2009: $2,646,000). The key management personnel are the management who have the greatest authority for the strategic direction and operational management of the Company.

(d) Subsidiaries

The Group is controlled by NZ Poultry Enterprises Limited. The Company has three wholly owned subsidiary companies, NZ Poultry Finance Limited, NZ Poultry Holdings Limited and Tegel Foods Limited.

(e) Transactions with related parties

Transactions with related parties are priced on an arms length basis. The following transactions occurred with related parties:

	Consolidated		**Parent**	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Transactions:				
Management fee from NZ Poultry Finance Limited	**-**	-	**3,908**	4,068
Management fee to Pacific Equity Partners	**(2,118)**	(2,204)	**(2,118)**	(2,204)
Management fee to ANZ Capital	**(1,790)**	(1,864)	**(1,790)**	(1,864)
Interest received from NZ Poultry Finance Limited	**-**	-	**24,011**	28,189
Management fee to NZ Food Company Holdings Limited [1]	**(1,966)**	(2,045)	**(512)**	(495)
	(5,874)	(6,113)	**23,499**	27,694
Balances with related parties:				
Current receivable from NZ Poultry Management Shares Limited [2]	**4,669**	3,035	**4,669**	3,035
Current payable to Pacific Equity Partners	**(2,118)**	(2,188)	**(2,118)**	(2,188)
Current payable to ANZ Capital	**(1,790)**	(2,147)	**(1,790)**	(2,147)
Current payable to NZ Food Company Holdings Limited	**(576)**	(557)	**(576)**	(557)
Loans to NZ Poultry Finance Limited	**-**	-	**275,219**	261,699
	185	(1,857)	**275,404**	259,842

[1] The management fee includes the charge made by NZ Food Company Holdings Limited to the NZ Poultry Enterprises Group for management services and overhead costs.

[2] As at balance date, NZ Poultry Management Shares Limited holds 4,668,869 (2009 : 3,034,986) ordinary shares in NZ Poultry Enterprises Limited that were purchased at market price. The current receivable represents the amount paid by the Group on behalf of NZ Poultry Management Shares Limited to purchase the shares.

28 Management performance share scheme

On 29 May 2008 (the Issue Date), the Board introduced a Management Performance Share Scheme (the Scheme) to attract and retain senior members of the Group's management team. The Scheme enables certain employees to acquire equity in NZ Poultry Enterprises Limited at market value on the Issue Date. Management Performance Shares have been issued to Poultry Share Scheme Trustee Limited to be held on trust for the benefit of the members of the Scheme. These shares carry no rights as regards dividends or voting and cannot be sold or transferred.

At 25 April 2010, Management Performance Shares comprised 22,866,667 shares (2009: 22,866,667), with an issue price of $1 per share when called. Upon a share sale, listing or trade sale (exit event), a proportion of the Management Performance Shares will be reclassified as ordinary shares of NZ Poultry Enterprises Limited for the benefit of employees under the terms of the Scheme. The reclassification percentage will depend on the sale price achieved, the internal rate of return achieved and the tenure of members of the Scheme. No entitlements were exercised, forfeited or expired during the period. None of the Management Performance Shares were eligible to be reclassified at balance date.

The assessed fair value of the Scheme of $1,562,944 (2009: $1,562,944), which is equity-settled, was derived using a recognised pricing framework that takes into account the reclassification criteria, the equity value at issue date and the expected volatility of the Group's equity returns, combined with a simulation model. The model inputs for shares issued during the year ended 25 April 2010 included an Ordinary Share price and Management Performance Share issue price at issue date of $1, an expected price volatility of 20% based on comparative equity volatility of comparative listed entities and a risk free interest rate of 6.1% to 7.2%. The assessed fair value of the Scheme will be recognised over an estimated period to reclassification. For the year ended 25 April 2010 the share-based component of the related party transaction with key management personnel was estimated to be $312,000 (2009: $312,000).

29 Reconciliation of profit after income tax to net cash inflow from operating activities

	Consolidated		Parent	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Profit for the year	**22,609**	12,790	**14,180**	17,367
Adjusted for				
Depreciation expense	**13,019**	12,710		
Amortisation of intangibles	**1,043**	895		
Increase in intangibles	-	97		
Foreign currency translation adjustment	**(13,605)**	15,787		
Amortised finance costs	**1,919**	2,934	**150**	150
Capitalised Interest	**4,515**	4,469	**2,681**	2,597
(Increase)/decrease in biological assets	**(211)**	221		
Changes in fair value of financial instruments	**1,680**	(1,881)		
Impact of changes in working capital items				
(Increase) / decrease in debtors and prepayments	**(5,396)**	(4,284)	**(1,634)**	2,206
Increase / (decrease) in creditors and provisions	**(13,282)**	7,034	**(525)**	4,188
Increase / (decrease) in inventories	**16,259**	(4,896)	-	-
Current derivatives	**11,926**	(11,264)	-	-
Deferred tax assets	**3,677**	(7,244)	-	-
Deferred tax liabilities	-	(4,498)	-	-
Current tax assets	-	-	**(1,349)**	6,244
Current tax liabilities	**(2,219)**	8,471	-	-
Biological assets	**(2,433)**	1,686		
Less:				
Receivables and payables relating to funding	-	3,035	**18**	(5,242)
Payable related to sale of assets	-	(6,581)	-	-
Loss / (surplus) on disposal of assets	**(3,948)**	(2,421)	-	-
Less amounts not involving cash flows	**1,557**	(35)	**1,633**	-
Net cash inflow from operating activities	**37,110**	27,025	**15,154**	27,510

30 Subsequent events

Subsequent to balance date the government announced a change to the company tax rate from 30% to 28% and a reduction in the depreciation rate on buildings with an estimated useful life of 50 years or more to 0%, with effect from the start of the 2011/2012 year. These changes will impact the deferred tax asset in the future as the amount of the expected future benefit will reduce by approximately $9,615,000. These adjustments have not been recognised in these financial statements as the changes were not substantially enacted at 25 April 2010.